

CHEROKEE METROPOLITAN DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS

July 8, 2008

MINUTES

The Regular Meeting of the Board of Directors of the Cherokee Metropolitan District was held on Tuesday, July 8, 2008, at 5:30 p.m. at 6250 Palmer Park Blvd., Colorado Springs, Colorado.

BOARD OF DIRECTORS PRESENT

Ted Schubert	Gayle Jones
Steve Hasbrouck	Andy Anderson
Robert Lovato	

OTHERS PRESENT

Kip Petersen	Jim Culichia
Dian Hardekopf	Sandy DeCarolis
Art Sintas	Griff Rainford
Sara Howard	Todd Laxson
Bryan English	Scott Hoelting
Auditor	

OTHER GUESTS SIGNING ATTENDANCE LOG

Mary Hernandez	Chloe Olson
Michael Rasdall	Dave Mattes
Lynne Bliss	Wade Antener
Dave Mattes and Family	Norbert Pirri
James Boone	Jan Olson
Mark Fontana	

ITEM 1:

The meeting was called to order by Chairman Ted Schubert at 5:30 p.m.

ITEMS 2 and 3:

Mr. Schubert asked if there were any changes or amendments that needed to be made to the agenda. There were none noted.

*****MOTION*****

MS. JONES MADE A MOTION TO APPROVE THE AGENDA AS WRITTEN FOR THE REGULAR MEETING OF JULY 8, 2008. SECONDED BY MR. ANDERSON. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT APPROVED. MOTION CARRIED (5-0).

ITEM 4:

The Minutes of the Regular Meeting of June 10, 2008, were reviewed. Mr. Schubert asked if there were any changes that needed to be made to the Minutes. There were none noted.

*****MOTION*****

MS. JONES MADE A MOTION TO APPROVE THE MINUTES, AS WRITTEN, FOR THE REGULAR MEETING OF JUNE 10, 2008. SECONDED BY MR. HASBROUCK. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT APPROVED. MOTION CARRIED (5-0).

ITEM 5:⇒ Public Comments

- Mr. Schubert asked for a show of hands from the audience who wished to speak. There was a show of three hands.
- Mr. Norbert Pirri noticed the phone number listed in the local phone directory was incorrect when he tried to call the District Office on July 2, 2008. Mr. Petersen stated he was aware of the inconsistency, and Qwest has been notified many times to correct the number. Once Mr. Pirri reached the office, he spoke with Mark Cuchiara about the abhorrent condition of the island in front of his home on Pawnee Circle. He was assured maintenance would be performed; however, he said that was a week ago. It was unclear to Mr. Pirri as to who oversaw the contractor's work, and Mr. Sintas advised that there was transition underway with the monitoring of the District's parks and islands. Ms. DeCarolis has recently been designated to oversee their condition, and the Pawnee Island would most likely be the first of several to be xeriscaped in the District. Mr. Petersen said he would contact the District's contracted maintenance company to immediately follow up on the condition of the island.
- Mr. Wade Antener made the suggestion to place the Minutes of the Regular Meetings on the District's website. Ms. Hardekopf stated they were already on the website and have been for quite some time. His other suggestion, which had already been brought to the

attention of the Board, was to start xeriscaping District-owned islands.

- Mr. James Boone, a concerned resident living on Okeechobee Drive, was very upset about the District's outrageous sewer charge. He said CSU charged only \$1 a month for their sewer rates. He scolded the Board by saying the District was "dragging their feet;" and if they couldn't take care of it, he would. Mr. Petersen responded that the City's sewer charges in reality were closer to \$20/month. He said in 2005, a rate study for the District was conducted to determine where our water and sewer rates should be based on operation and maintenance costs and also based on the construction of the new wastewater treatment facility which is being built to keep the District in compliance with our permitting. Mr. Petersen gave a brief explanation on the history of the District and that the District was not part of Colorado Springs Utilities, and they never have been. Mr. Boone asked how customers could obtain utilities without using the services of the District. He said the District was not doing a very good job and to get somebody who could. Mr. Anderson asked Mr. Boone what was wrong, and he was told it was the cost factor; therefore, the service was not good because the cost was too much. Mr. Sintas said he would stop by Mr. Boone's home tomorrow at 10:00 a.m. to discuss his bill and talk with him further about his concerns.

ITEM 6:

⇒ Draft Audit Report - Scott Hoelting

- Scott Hoelting, representing Hoelting & Co., Inc., the District's Auditors, provided to the Board a draft of the 2007 audit report and a handout (see attached) summarizing the report with a breakdown of the Water & Wastewater Fund; Golf Course Fund; Parks Fund and the Street Light Fund. Mr. Hoelting reviewed the highlights on the summary sheet and explained that the management report was still needed; once completed, the report would then be filed by the end of July with the State. Mr. Hoelting invited any questions or comments and also stated that they could call him to meet for any further explanations.

ITEM 7:

⇒ Legal Report - Jim Culichia

- Mr. Culichia updated the Board on the status of acquiring the easement on the Gunzelman (Poleson) Well. He stated there has been a lack of response and involvement from the property owner. To facilitate the completion of acquiring the easement, his office may proceed with the legal process in getting the easement reconfigured. Legal costs associated with this would be deducted from the purchase price of the well. The Board encouraged Mr. Culichia to move forward with this action.
- The court case to determine Cherokee's jurisdiction in the Denver Basin aquifers underlying the District was scheduled for a referee's hearing on July 2, 2008; however, at the last minute Mr. Wells wasn't available, and the hearing was cancelled. The attorneys have now gotten a response from the city raising the questions on the mythology of calculating the lawn irrigation return flows (LIRFS). The hearing has been rescheduled for the 17th or 18th of July.
- The Judge for the Denver Basin Waters under the leased land cancelled the oral arguments, feeling that he had enough information so they were not needed. Mr. Culichia stated that there should be a ruling soon.

ITEM 8:

⇒ Engineering Report -

There was no engineering report to give at this time.

ITEM 9:

⇒ Manager's Report - Kip Petersen

- Mark Fontana, owner of Golf World, 6865 Galley Rd., has been receiving wastewater flows from the District for the past 30 years to irrigate his golf course. Mr. Petersen advised the Board that, with the wastewater treatment facility in the construction stages, the effluent availabilities for Mr. Fontana will be diminished. Mr. Fontana proposed a possible solution which would entail buying water from three of the Sand Creek Wells. This would require some research into augmentation water and possible re-drilling of the wells. Both Mr. Petersen and Ms. Jones expressed their commitment in assisting Mr. Fontana the best they could. Mr. Fontana said that if the District didn't do something, his life's work would be dissolved. Mr. Petersen advised that a formal proposal to Mr. Fontana would be forthcoming, and no motion was necessary.

- Mr. Petersen felt the groundbreaking ceremony for the new wastewater treatment facility went very well, and construction will commence approximately July 15. Although he was disappointed in the media coverage of the ceremony, he expressed his wholehearted appreciation to the staff for doing a great job.
- Of the 28 acre feet of the water buy back from CAR 3 Investment, LLC, 13.9 acre feet have already been sold. Also, Grant Langdon is interested in obtaining in-basin water for an area within the Upper Black Basin. Mr. Petersen advised that once the contempt case has been satisfied, the District would consider selling this in-basin water at \$16,000 per acre ft. He was not asking for a commitment from the Board in the meeting; however, in 18 months, these wells will be available for development for areas within the basin. These wells cannot have the water exported out for use within our District, since our district is outside the basin.
- After many months of discussion and negotiations with the developers of the Sterling Ranch area; Cherokee has suspended all planning and discussions at this time.

ITEM 10:

⇒ Water/Wastewater Report – Art Sintas

- Mr. Sintas provided an update on the District's water demands (see attached). Demands for June were 4.580 mgd compared to the same time last year of 3.767 and 5.21 mgd for June 2006.
- A chart graph (attached) was provided to the Board indicating the water demands for the past seven years. The Pikes Peak Wells have produced 390 acre feet of a total of 840 acre feet available, which equals to 45% capacity. Tipton Well has produced 53 acre feet of 225 acre feet total, equaling 24% of its capacity, and is currently turned off. Guthrie Well has not been turned on. As of this date, the District has received 82% of its allotment from the Pueblo West water purchase that is wheeled through the City of Colorado Springs; this equals 205 acre feet of a total of 250 acre feet. Total of all sources consumed equals 43%.
- The Stage 2 Water Conservation Plan is currently in effect. To date, 697 watering violation warnings have been issued, with 75 second violations of \$50, 10-third violations of \$100, 3-fourth violations of \$350, and 1-fifth violation of \$600. Seventy-six sod permits were sold with May 15th being the purchase deadline.

At this time, Mr. Schubert asked for a five-minute break. The meeting recessed at 6:38 p.m.

The regular meeting resumed at 6:44 p.m.

ITEM 11:

⇒ Golf Course, Pro Shop – Todd Laxson

- Referring to his June 2008 memo (see attached), Mr. Laxson provided a year-to date comparison of revenue and sales of 2007 and 2008. Driving range sales are ahead of 2007 by 6%. The Grill is up over 190% for 2008, and year to date, total revenue is less than 1% behind last year at this time.
- The 4th Annual Jim Lipp Memorial Match Play tournament was held in June. The Golf Channel was at the Course on June 14th to hold a local and regional drive, chip and putt competition for junior golfers. The Golf Channel was pleased with the facility; they have already been in contact with the Golf Course about securing a date in calendar year 2009.
- The Golf Course has been mentioned in two separate publications. *Avid Golfer* ranked the top ten 9-hole facilities in the state, and not only is the Cherokee Ridge Golf Course in the top ten, they are the top facility south of Denver. Also, *Colorado Springs Style* did a feature story on Judy Bell, the Director of the USGA fundraising arm, whereby she talked about the Pikes Peak Linkers program and commented on how fortunate they were to have Cherokee Ridge as their “headquarters” for programming.

Maintenance – Griff Rainford

- Mr. Rainford updated the Board on the June maintenance of the Golf Course (see attached). The course recorded a total of .57 inches of rain and is starting to show the stress of very little precipitation.
- In June, greens were fertilized and watering has continued at a reduced level. Half way through the irrigation season, the Course has consumed 48% of total water as compared to last year’s total.
- The new well was started on June 13th, and attempts have been made to keep it running at a regular rate since June 16. On most days, the well pumps at 30 to 40 gpm. Total pumped is 950,000 gallons to date.

ITEM 11:

⇒ Old Business

There was no old business to report.

ITEM 12:

⇒ New Business

- Ms. Hardekopf asked that all Board Members sign the bank signature cards. Once the Board has a change in any member, it is the requirement of the bank for all members to sign the new signature card.

ITEM 13:

⇒ Executive Session: CRS 24-6-402(4)(b)

*****MOTION*****

MS. JONES MADE A MOTION TO ENTER INTO AN EXECUTIVE SESSION CITING 24-6-402(4)(b) LEGAL CONSULTATION. SECONDED BY MR. ANDERSON. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT APPROVED. MOTION CARRIED (5-0).

Executive Session was entered into at 6:59 p.m.

*****MOTION*****

MS. JONES MADE A MOTION TO COME OUT OF EXECUTIVE SESSION AND RETURN THE MEETING TO THE OPEN SESSION OF THE REGULAR MEETING. SECONDED BY MR. ANDERSON. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT APPROVED. MOTION CARRIED (5-0).

The Regular Session began at 7:53 p.m.

Mr. Petersen stated that the Board gave some direction on negotiations of water purchases and discussed legal strategy on an open case.

ITEM 14:

⇒ Adjournment

There being no further business to come before the Board at this time, a motion was made for adjournment.

The Meeting adjourned at 7:55 p.m.

Gayle Jones, Treasurer

Board Members

Term Expires

Ted Schubert, President

May, 2010

Steve Hasbrouck, Vice President

May, 2012

Gayle Jones, Secretary

May, 2010

Andy Anderson, Director

May, 2010

Robert Lovato, Director

May, 2012