

CHEROKEE METROPOLITAN DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS

July 7, 2010

MINUTES

The Special Meeting of the Board of Directors of the Cherokee Metropolitan District was held on Wednesday, July 7, 2010, at 2:30 p.m. at 6250 Palmer Park Blvd., Colorado Springs, Colorado.

BOARD OF DIRECTORS PRESENT

Robert Lovato	Steve Hasbrouck
Dave Hammers	Jan Cederberg
Bill Beahan	

OTHERS PRESENT

Kip Petersen	Todd Laxson
Sean Chambers	Dian Hardekopf
Kevin Donovan	Sandy DeCarolis
Art Sintas	Lily Baker
Sara Howard	

OTHER GUESTS SIGNING ATTENDANCE LOG

Andy Anderson	Dave & Ruthann Hacker
Gayle Jones	Dave Doran
Mary Hernandez	Rita & Ken Martinez
Lynne Bliss	Chloe Olson
Ken Emricson	Dave Mattes
Jon & Marcia Maroon	Mariah Olson
Cecile Delgado	Larry Keleher
Jean Beam	Kim Woehrel
Gary Barber	Tom Pyle

ITEM 1:

The meeting was called to order by Chairman Robert Lovato at 2:30 p.m. Ms. Hardekopf called roll call of the Board of Directors, all Directors were present except for Mr. Hammers.

ITEMS 2 AND 3:

Mr. Lovato asked if there were any changes or amendments that needed to be made to the July 7th Special Meeting Agenda. Mr. Beahan requested to add Public Comments as 3a. Mr. Hasbrouck supported that request. Mr. Lovato requested to add the welcome and introduction of UBS Board of Director, Dave Doran, as 3b. If needed, Mr. Lovato asked to add an Executive Session under 5a and possibly to follow after that, attorney/client discussion. Ms. Cederberg asked to add 5b, discussion on plan to hire a permanent Manager.

*****MOTION*****

MS. CEDERBERG MADE A MOTION TO APPROVE THE AGENDA OF THE SPECIAL MEETING OF JULY 7, 2010, AS AMENDED. SECONDED BY MR. BEAHAN. ALL BOARD MEMBERS PRESENT IN FAVOR. MOTION CARRIED (4-0).

Mr. Hammers arrived at 2:34 p.m.

ITEM 3a:⇒ Public Comments

Mary Hernandez said she was deeply troubled and disheartened by all the developments which had transpired. She believed everything had been done behind the public's back. She asked the Board how long they had known Mr. Donovan and Mr. Chambers. Mr. Lovato stated he didn't know Mr. Donovan until he introduced himself to him at the May meeting and he didn't meet Mr. Chambers until their last discussion with Kip at the last board meeting. Mr. Beahan stated he has known Mr. Donovan since a week before the last meeting and that Sean had called him wanting to know what was going on but he was not at liberty to discuss anything. Ms. Hernandez asked as to how Mr. Chambers knew of the meeting whereby he was designated Interim General Manager, and Mr. Lovato stated when it was learned Mr. Petersen submitted his resignation prior to the Board Meeting, Mr. Hammers notified Mr. Chambers and invited him to the meeting. Mr. Lovato stated no one had asked Mr. Petersen for his resignation. Mr. Beahan was under the impression that, at the last Board Meeting, they were going to consider selection of new attorneys and that Mr. Petersen was possibly resigning.

Mr. Anderson said he had a hard time believing that nothing was going on behind the public's back because Mr. Donovan and Mr. Chambers were already present at the meeting before any decisions had been made to make personnel changes. Mr. Lovato stated the Sunshine Act was never violated, Mr. Petersen resigned, and they were present at that evening's meeting to hire new counsel.

Tom Pyle introduced himself to the Board and said he had been wondering a long time as to how a Board Member could represent the citizens of the District when they were not actual residents of the District. He believed the Board should submit to the same consequences as the residents, i.e. water restrictions and rate increases. Mr. Lovato stated the Board represents the residents of the District, and they need not live within the District but only own property within the District to meet the qualifications to run for a Board Member position.

Mr. Maroon wanted to thank Kip for the last four years of service and hard work; working through conflict and difficulties to get this District back on track. A round of applause for Kip erupted from the audience.

Ms. Cederberg stated there was cake for Kip after the evening's meeting.

ITEM 3b:

⇒ Welcome and Introduction of Mr. Dave Doran

Mr. Doran wanted to thank Mr. Petersen for everything he had done stating difficult decisions had to be made by the Board members. This was his first time he was invited to be present at a Cherokee Board Meeting. He believed both UBS and Cherokee should not continue to litigate to death legal issues that are pending, and he believed UBS had won all its cases so far on merit and has prevailed. He and the UBS Board want to work with this Board and need to sit down and resolve issues and he believes their attorneys need to refrain from attending these meetings. Mr. Lovato stated the times he has visited with Mr. Doran have been enlightening. He also wishes to sit down, and pull both Boards together to resolve issues. Mr. Hammers suggested a workshop should be arranged to discuss issues and find some middle ground.

Ms. Cederberg wanted to make clear that she too had heard rumors around the time of the election and would like to know what is going on with the Board.

ITEM 4:⇒ Assumption of General Manager Responsibilities

Mr. Lovato asked Mr. Chambers if he felt confident at this time to take on the responsibilities of Cherokee's General Manager position. Mr. Chambers stated he felt very confident to assume the responsibilities left by Mr. Petersen. Mr. Petersen referred to a memo given to the Board and commented that he chose not to 'teach' but to explain and show Mr. Chambers the projects and issues currently being dealt with and where all files were located. Discussion entailed as to selecting Mr. Chambers as General Manager, under interim status, or hiring Mr. Chambers in a permanent capacity. It was Mr. Petersen's opinion Mr. Chambers needed the authority and title to proceed successfully as General Manager, and whether his term was three months, six months, or six years, he served at the will of Board.

*****MOTION*****

MR. HAMMERS MADE A MOTION FOR MR. CHAMBERS TO ASSUME THE RESPONSIBILITIES OF GENERAL MANAGER. SECONDED BY MR. BEAHAN. WITH A ROLL CALL VOTE, MR. HASBROUCK-NO; MR. HAMMERS-YES; MS. CEDERBERG-NO; MR. BEAHAN-YES; MR. LOVATO-YES. MOTION CARRIED (3-2).

Mr. Lovato stated the Board would be putting together a plan to possibly hire a permanent General Manager, but for the time being, Mr. Chambers would perform his duties at the full capacity of General Manager.

Mr. Petersen thanked his staff for all their hard work, dedication, and support to both him and the company; and also thanked the community for all of their support through the years.

ITEM 5:⇒ Interviews/Discussions with Water Attorney Candidates

Four candidates were interviewed for the District's new water attorney. Martha (Martie) Whitmore, representing Martha Phillips Whitmore LLC, was present at the meeting; Kevin Kinnear, representing Porzak Browning & Bushong LLP; William Tourtillott and Roger Williams, representing Ryley Carlock and Applewhite, were telephonically interviewed. All candidates provided a synopsis of their legal expertise and experience. Board Members selectively questioned the candidates' awareness of the current legal challenges facing the District and its future, their hourly billing rate, and any conflicts of interest they may have representing the District. There were a few other firms invited to interview but didn't because of conflicts of interest.

After the interview process, Mr. Lovato raised the concern about current legal time constraints that needed immediate attention and as to which water attorney would best be able to handle the issues. Mr. Donovan stated that three legal issues were pending and needed to be acted on immediately: The Recharge vs. Replacement Plan in which the Supreme Court has returned the writ of prohibition back to Judge Maes, for a decision, briefs are due by July 23rd; oral arguments on Wells 14-17 which are due September 30th, and the World of Golf Substitute Water Supply Plan due July 15.

Mr. Chambers stating that Felt, Monson, and Culichia should finish the Recharge VS. Replacement issue and the Substitute Water Supply Plan as it may be difficult to get another water attorney up to speed in time.

In conclusion, Mr. Beahan felt the District needed a fresh understanding with new attorneys working for the District; Ms. Cederberg believed the firm of Felt, Monson & Culichia was doing a fine job and would keep them; Mr. Hasbrouck stated he was getting the impression that the District was trying to 're-invent the wheel,' by believing the District was trying to find new attorneys to do the jobs the current attorneys are doing, however, he did not want to make a decision at this evenings meeting; Mr. Hammers stated that Roger William's Firm to handle water issues and Ms. Whitmore to handle issues involving UBS District; Mr. Lovato and Mr. Chambers were impressed with Ms. Whitmore and felt Mr. Donovan should task her for UBS issues. There was a general consensus to make the selection of the new water attorney at the next Board Meeting July 13.

Ms. Hernandez made the comment that she likes our current attorney's however; if the Board is going to change she believed the District should hire only one attorney to provide services to the District so that person could bond and establish a good rapport with its residents and staff. Ms. Rita Martinez supported Ms. Hernandez's suggestion except that she felt the current attorney's schmoozed the residents too much.

Ms. Hardekopf asked Mr. Donovan if Cherokee had received a copy of his contract so that it could be placed in the District's files. Mr. Donovan stated he had it available and would get that to her as soon as possible.

Mr. Chambers will be organizing various workshops for the Board, with the first being on the Replacement Plan modeling and another for financial emphasis.

The discussion of hiring a permanent General Manager will be moved to Old Business at the July 13th Board Meeting.

ITEM 6:

The meeting was adjourned at 6:12 p.m.

Jan Cederberg, Secretary

Board Members

Term Expires

Robert Lovato, President	May, 2012
Steve Hasbrouck, Vice President	May, 2012
Jan Cederberg, Secretary/Treasurer	May, 2014
Dave Hammers, Director	May, 2014
William Beahan, Director	May, 2014