

CHEROKEE METROPOLITAN DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS

June 23, 2010

MINUTES

The Special Meeting of the Board of Directors of the Cherokee Metropolitan District was held on Wednesday, June 23, 2010, at 5:30 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	Jon Waker
Dian Hardekopf	Lily Baker
Jim Culichia	Sara Howard
Pete Heidebrecht	Griff Rainford
Sandy DeCarolis	Todd Laxson
Len & Susan Meyer	Janie Lane
Brian Beaudette	Lee Rosenbaum

OTHER GUESTS SIGNING ATTENDANCE LOG

Andy Anderson	Dave & Ruthann Hacker
Gayle Jones	Michael Rasdall
Mary Hernandez	David Mattes
Dave Mattes	Chloe Olson
Assunta Manning	Ward Olson
Frank Gonzalez	Ken Emricson
Sean Chambers	Jon Maroon

ITEM 1:

The meeting was called to order by Chairman Robert Lovato at 5:32 p.m. Ms. Hardekopf called roll call of the Board of Directors, all Directors were present.

ITEMS 2 AND 3:

Mr. Lovato asked if there were any changes or amendments that needed to be made to the June 23rd Special Meeting Agenda. Mr. Lovato requested a change to be made to amend the evenings agenda by adding an Executive Session citing CRS 24-6-402(4)(b) Legal Consultation and also CRS 24-6-402(4)(f) Personnel Matter. He then requested Item 4 of the Agenda, Presentation/Discussions Regarding Replacement Plan, be removed from the evening's meeting and to be discussed at a future date to be determined.

*****MOTION*****

MR. BEAHAN MADE A MOTION TO APPROVE THE AGENDA OF THE SPECIAL MEETING OF JUNE 23, 2010, AS AMENDED. SECONDED BY MR. HAMMERS. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT IN FAVOR. MOTION CARRIED (5-0).

*****MOTION*****

MR. HAMMERS MADE A MOTION TO ENTER INTO AN EXECUTIVE SESSION CITING CRS 24-6-402(4)(b) LEGAL CONSULTATION AND CRS 24-6-402(4)(f) PERSONNEL MATTER. SECONDED BY MS. CEDERBERG. ALL BOARD MEMBERS PRESENT IN FAVOR. MOTION CARRIED (5-0).

Executive Session was entered into at 5:36 p.m.

*****MOTION*****

MR. BEAHAN MADE A MOTION TO COME OUT OF EXECUTIVE AND RETURN THE MEETING TO THE OPEN SESSION. SECONDED BY MR. HASBROUCK. ALL BOARD MEMBERS PRESENT IN FAVOR. MOTION CARRIED (5-0).

The Special Meeting reconvened at 6:51 p.m.

At this time, Mr. Lovato stated that during the Executive Session discussions to except Mr. Petersen's resignation took place and asked the Board to entertain a motion to accept Mr. Petersen's resignation setting his employment contract in place. Comments from the public were made questioning why this was happening.

*****MOTION*****

MR. HAMMERS MADE A MOTION TO ACCEPT MR. PETERSEN'S RESIGNATION. SECONDED BY MR. BEAHAN. WITH A ROLL CALL

VOTE, ALL BOARD MEMBERS PRESENT WERE IN FAVOR. MOTION CARRIED (5-0).

Ms. Cederberg wanted it noted that she only voted to accept Mr. Petersen's resignation because he asked her to do so, it was not a light decision.

Mr. Lovato asked Mr. Petersen if he would like to explain this decision. Mr. Petersen stated that at the last Board Meeting, he commented that if he felt the Board had lost confidence in his ability to manage Cherokee that he would offer his resignation. He felt a sense of discord among some of the Board concerning several issues. He explained that the Board would honor his employment contract of him giving a 6 month notice with a year severance. However, the Board did choose to accept the resignation with Mr. Petersen working until the end of July, but allowing an additional 6 months plus one year severance. He also noted that one additional month for unused vacation time would also be provided. Mr. Petersen stated that he will work with Mr. Chambers during the transition. Mr. Lovato noted that if the transition could be accomplished sooner, an earlier "last day" for Mr. Petersen could be accommodated.

Mr. Lovato requested the Board to entertain a motion to appoint Mr. Sean Chambers, who was present at the meeting, as Interim General Manager, immediately so he would be able to work with Mr. Petersen in the transition.

*****MOTION*****

MR. HAMMERS MADE A MOTION TO APPOINT MR. SEAN CHAMBERS AS INTERIM 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 that discussion regarding Cherokee hiring a new attorney for general counsel on day to day operations also took place during executive session. Mr. Lovato requested the Board to entertain a motion to appoint Mr. Kevin Donovan, who was present at the meeting, as general counsel to support the District's legal requirements.

*****MOTION*****

MR. HAMMERS MADE A MOTION TO APPOINT MR. KEVIN DONOVAN AS GENERAL COUNSEL. 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 requested a motion to enter into Executive Session. At this time, many of the public as well as Ms. Cederberg and Mr. Hasbrouck were clearly upset. At this time, Ms. Cederberg left the room and Mr. Hasbrouck left the meeting at 7:00 p.m., before the motion was made.

*****MOTION*****

MR. HAMMERS MADE A MOTION TO ENTER INTO AN EXECUTIVE SESSION CITING CRS 24-6-402(4)(b) LEGAL CONSULTATION. SECONDED BY MR. BEAHAN. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT IN FAVOR. MOTION CARRIED (3-0).

Ms. Cederberg returned to the meeting and the Executive Session was entered into at 7:05 p.m.

*****MOTION*****

MR. HAMMERS MADE A MOTION TO COME OUT OF EXECUTIVE SESSION AND RETURN THE SPECIAL MEETING TO OPEN SESSION. SECONDED BY MR. BEAHAN. ALL BOARD MEMBERS PRESENT IN FAVOR. MOTION CARRIED (4-0).

The Special Meeting reconvened at 8:13 p.m.

Mr. Lovato announced that Mr. Sean Chambers will be the interim General Manager as motioned on previously in the meeting. The position is interim until such time as the Board determines the path they will take going forward. The compensation plan for Mr. Chambers will start at \$75,000 a year, and will receive all benefits as the full-time employees; he will be on a 90 probationary period as is company policy.

Mr. Lovato stated that Cherokee will go to a different model of having Mr. Kevin Donovan as General Counsel for the District for the day to day operations and go with subject matter experts for litigation, using Felt, Monson, and Culichia, for the Wastewater Treatment Plant and subject matters that they have been working with. Mr. Donovan will work with Felt, Monson, and Culichia and determine which subject matters will be handled by their firm or other proper counsel to represent Cherokee.

Mr. Lovato then opened the meeting up for public comments asking that comments be kept to two minutes. Mr. Mattes told Mr. Petersen he knows he may be upset, but he now has the mill stone off his shoulders and he will be happier in the morning. Mr. Petersen thanked Mr. Mattes and let him know he had the well chart information that he requested.

Mr. Anderson wanted to know how all the changes could transpire within minutes of this evening's special meeting. He wanted an answer as to when all of these decisions were being discussed. Mr. Lovato stated that his point

was taken and asked if any Board Member had a comment. Mr. Beahan stated that these are Public Comments, not Public Debate.

Several persons from the audience asked this same questions as to how the developments which took place at this evening's meeting could have transpired in one evening, setting as the example of electing an Interim Manager, who was present at the evening's meeting, even before it was known that Mr. Petersen was going to submit his resignation. Mr. Lovato stated resumes were received by the Board to review additional counsel and a resume from Mr. Chambers. Mr. Lovato reminded the audience that current legal counsel was not fired, but quite the contrary, additional counsel was hired. All the Board Members had the opportunity to review the resumes and were invited to meet with potential hires one on one.

Ms. Manning asked as to when the public was informed of the decisions which were made in this evening's meeting, as nothing was noted on the posted Agenda. Mr. Lovato stated the Board has the ability to change or amend any Agenda at the meeting once it has begun.

Ms. Hernandez wanted to know if the person replacing Mr. Petersen had experience and background for the position, and Mr. Lovato stated Mr. Chamber's resume including qualifications will be available Monday and/or at the next regularly scheduled Board Meeting. Ms. Hernandez expressed her disappointment with the Board. Ms. Cederberg wanted it noted that the lawyer resumes had been emailed to her, however, she was unaware that any changes or appointments would be made and if so, would not happen this fast.

Ms. Jones asked the name of the second attorney assisting Mr. Donovan who was already seated at the table of the Board of Directors. She was told the attorneys were invited to sit at the Board after the Executive Session held earlier had adjourned. Mr. Donovan stated he will be seeking the professional advice of Mr. Farry, who specializes in legal litigation, and he will also be asking for the assistance of current legal counsel to try to resolve current lawsuits in a timelier manner. Mr. Chambers stated Mr. Donovan's hourly rate was not as much as that of Mr. Culichia's, and the goal of new legal counsel was for efficiency to resolve and work quickly through these lawsuits.

Mr. Mattes questioned the number of existing lawsuits and asked the Board to develop a status report on the stages of the lawsuits. Mr. Chambers stated he was committed to not raising water rates any higher then they currently are.

Ms. Manning along with a couple of other attendees questioned why Mr. Chambers happened to attend this evening's Special Board Meeting; they wanted to know who invited him. Mr. Chambers stated that he had been putting his resume out there in hopes that the position for General Manager would become available and that these are public meetings so he thought he

would attend. After being questioned again, he stated that he was also invited by the Board of Directors. Ms. Manning was very upset as she felt she and the public had been lied to and felt she could not trust Mr. Chambers after this. Mr. Chambers stated that he will work at earning her trust.

ITEM 5:

The meeting was adjourned at 8:36 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