

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE CHEROKEE METROPOLITAN DISTRICT HELD

February 13, 2018

A Regular Board of Directors' Meeting of the Cherokee Metropolitan District was held on February 13, 2018, at 1:00 p.m. at the District offices located at 6250 Palmer Park Boulevard, Colorado Springs, CO. The meeting was open to the public.

ATTENDANCE:

In attendance were Directors:

Jan Cederberg; President
Dave Mattes; Vice-President
Melody Helton; Secretary
Larry Keleher; Director
David Hacker; Director

Also, in attendance were:

Kurt Schlegel; General Manager
Cathy Fromm; Chief Financial Officer
Kathryn Sellars; General Counsel
Peter Johnson; PC Johnson Attorney at Law, LLC
Will Koger; Forsgren Associates, Inc.
Al Watson; Development Services, Inc.
Roger Sams; GMS, Inc.
Gary Barber
Jonathon Smith; CMD Staff
Dan Farmer
Assunta Manning
Roger Stolz
Abe Irshib – Schriever AFB
Master Sergeant Kiffer – Schriever AFB
Ms. Acoster – Schriever AFB
Jessie Trevino
and approximately 100 residents of The Springs Mobile Home Park

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CHANGE IN MEETING ROOMS:

Due to the number of people attending today's meeting, the Board meeting was moved to the apparatus bay at the District headquarters.

CALL TO ORDER:

Mr. Schlegel conducted a roll call of Officers and President Cederberg, noting that a quorum of the Board was present, called the meeting to order at 1:15 p.m. Director Cederberg led those in attendance in the Pledge of Allegiance.

CONFLICTS & DISCLOSURE STATEMENTS:

Mr. Schlegel stated that the required Conflict Disclosure Statements have been filed with the Colorado Secretary of State. No additional or unreported conflicts or disclosures were noted by any of the Directors.

AGENDA:

Director Cederberg requested that item #7 be moved up in the agenda to immediately precede item #3 – Consent Agenda; Mr. Schlegel requested that item #3-D-1 be removed from the Consent Agenda and that an item #3-E be added to address an agreement for services for the repair of the roof on a District operated Chlorinator building located on Peterson Air Force Base; Director Keleher requested that two (2) additional items be added to the proposed Executive Session, specifically referencing Colo. Rev. Stat. § 24-6-402(4)(e), for a conference with the District's water rights legal counsel and general counsel for the purpose of receiving legal advice on negotiations and strategy regarding provision of water for the Bentgrass Metropolitan District, and Colo. Rev. Stat. § 24-6-402(4)(e), for a conference with the District's general counsel regarding a pending legal matter.

Director Keleher moved that the Board amend the agenda as described. Upon a second by Director Hacker, a vote was taken and the motion carried unanimously.

Director Helton then moved that the Board approve the agenda as amended. Upon a second by Director Hacker, a vote was taken and the motion carried unanimously.

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NEW BUSINESS:

2018 Rate and Fee Schedule. Mr. Schlegel explained the process that the District went through during 2016 and 2017 for reviewing and adjusting the District's Rate and Fee schedule. A professional rate and fee analysis was completed and presented to the Board of Directors in late 2016, public meetings were held to discuss the proposed rate and fee schedule, residents requested that all rate payers be treated the same and that no one entity or person receive special consideration, and the Directors suggested several changes to the proposed rate and fee schedule based on equity for all consumers. A public hearing on the proposed rate and fee schedule for 2018 was advertised as required by law and was held at the Board's November 14, 2017 meeting. Fourteen rate payers attended this meeting and several gave public comment regarding the proposed rate and fee schedule. Subsequently the Board approved and adopted the 2018 rate and fee schedule to take effect in January 1, 2018.

After invoices for water and wastewater services were mailed to rate payers in January 2018, the District received a letter from Roberts Communities, the management of The Springs Mobile Home Park, citing that the increase was unfairly burdening their residents for water being delivered to the mobile home park. Mr. Schlegel explained that all rate payers were placed on an inclining block rate, per the comments received from the public and direction given by the Board. While staff expected increases in bills it was evident that large connection customers, those being the 2" to 6" meter connections, were being adversely affected by this rate structure. Mr. Schlegel stated that he has recommended that the District institute a single block rate for all 2" through 6" metered connection rate payers and for all bulk water sales. The Directors then requested comments from those in attendance. Nine (9) residents of the mobile home park stated that they believed the new rates were unfair and asked for the Board's consideration of a revised rate schedule. Two (2) members of Roberts Communities also spoke in favor of reducing the amount being charged for their water.

Mr. Schlegel reminded the Directors that no decision could be made at this meeting, since a public hearing will be required for any rate and fee schedule change, and that he had placed a notice for a public hearing at the Board's March 13, 2018 business meeting in the event they chose to consider amending the rate schedule. The Board members stated that they were in favor of considering this action at their March 13, 2018 meeting and instructed Mr. Schlegel to make the appropriate arrangements for the meeting and public hearing.

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The Board then requested a break at 2:04 p.m. while staff moved the meeting back to the Board room for the remainder of the meeting.

The Board meeting was reconvened at 2:22 p.m.

CONSENT AGENDA:

The Consent Agenda consists of matters that occur in the normal course of business and are approved with one motion and vote. The Board discussed item #3-D (regarding Driving Range mats) Director Helton moved that the Board approve the Consent Agenda as presented. Upon a second by Director Mattes, a roll call vote was taken and resulted in the following:

Director Keleher – YES

Directors Mattes – YES

Director Helton – YES

Director Hacker – YES

Director Cedereberg – NO

The motion carried 4 to 1

CORRESPONDENCE:

Mr. Schlegel presented the Board with a letter received from Colorado Springs Utilities (CSU) regarding their request to meet and confer on regional water service.

PUBLIC COMMENT:

Mr. Jessie Trevino commented on the estimated cost to replace a furnace / air conditioner at the Golf Course Clubhouse, the letter received from CSU, and the estimated cost for replacing golf carts at the Cherokee Ridge Golf Course.

EXECUTIVE SESSION:

Director Cederberg moved that the Board enter into an Executive Session for the following items:

- Pursuant to C.R.S. § 24-6-402(4)(e), for determining positions relative to matters that may be subject to negotiations, developing a strategy for negotiations, and instructing negotiators, regarding request for water from Bent Grass Metropolitan District
- Pursuant to C.R.S. § 24-6-402(4)(b), for a conference with the District's General Counsel for purpose of receiving legal advice purpose of receiving legal advice on specific legal questions and pursuant to C.R.S. § 24-6-402(4)(e), for determining positions relative to matters that may be subject to negotiations, developing a strategy for

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negotiations, and instructing negotiators, concerning several pending legal matters.

Upon a second by Director Hacker, a vote was taken and the motion carried unanimously. Members of the public and uninvolved staff were asked to leave the room and the Board entered into Executive Session at 2:45 p.m.

Upon a duly made motion, second, and subsequent vote the Executive Session was terminated at 4:40 p.m. The Executive Session included the following individuals:

| | |
|--------------------|--------------|
| Director Cederberg | Ms. Sellars |
| Director Mattes | Mr. Johnson |
| Director Helton | Mr. Smith |
| Director Keleher | Mr. Schlegel |
| Director Hacker | |

The General Session of the Board of Director's meeting was reconvened at 4:52 p.m. The public and members of staff were invited back into the Boardroom.

ATTORNEY'S ITEMS:

Mr. Johnson addressed the Board regarding current water issues he is working on for the District including, but not necessarily limited to:

- Contact with Kerri Preisser regarding Dawson aquifer water
 - Nothing new to report at this time
- Case #09CW115 - Cherokee / Fontana, Addition of Fountain Mutual Irrigation Company (FMIC) Shares
 - Status conference was held on January 26, 2018
 - Counsel will review the revised decree and coordinate with CMD staff regarding further comments
- Case #17CW3027 – TC&C, LLC
 - The Court entered the final decree on January 29, 2018
 - This matter will be dropped from future reports
- Horse Creek Water Users Association / Horse Creek Farms
 - The Board directed Counsel to reply to Mr. Riviezzio and relay to him that they require additional information regarding historical pumping, water quality, etc. before moving forward with further discussion and/or negotiations

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- Cherokee Metropolitan District's Replacement Plan
 - Counsel is in process of drafting Cherokee's position statement, which is due February 15, 2018
- Colorado Ground Water Commission (CGWC) Rulemaking Hearing
 - Rulemaking hearing will take place June 18 through June 22, 2018 in Denver
 - The District has received "Party Status" for this proceeding
- PRI #2, LLC Augmentation Pan
 - Developer wishes to add stock watering to their approved water use
 - Mr. Johnson suggested that the District file a statement of opposition to ensure a proper change of use
 - Director Mattes moved that the Board authorize its water rights counsel, Mr. Johnson, to file a statement of opposition on behalf of the Cherokee Metropolitan District in Case #17CW3071 in Water Division 2, concerning the application of PRI #2, LLC, substantially in the form of the draft statement of opposition provided with Mr. Johnson's report. Upon a second by Director Hacker, a vote was taken and the motion carried unanimously.

WATER RIGHTS CONSULTANT REPORT:

Water Rights Consultant Report: Mr. Barber presented his monthly report, which included the following items:

- Horse Creek Water Rights
 - Mr. Johnson has been in contact with Mr. Rivezzio concerning Cherokee's concerns
- FMIC Shares
 - Awaiting a proposed sales contract for the potential purchase of up to 46 FMIC shares
- Alluvial Aquifer Storage and Recharge (ASR)
 - Submitted grant request for the Pikes Peak Regional Water Authority, which included the ASR study
- New Groundwater Opportunities
 - Discussed potential of Savage's Denver Basin water rights and Board directed to proceed to obtain more information

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- Discussed potential of Poleson's Upper Black Squirrel Alluvium water and Board directed to proceed to obtain more information

Development Services, Inc.: Mr. Watson updated the Board on the status of the following projects:

- Sundance Water Project:
 - Sacrificial anodes installed at 50 of 54 locations
 - Completion delayed at Banning Lewis Ranch
 - System testing and report due in late February or early March 2018
- Water Tanks #1 & #2 Rehabilitation Projects
 - Tank #1 erection is underway – 25% complete
 - Work associated with Change Order #1 for miscellaneous changes in underground piping for Tank #1 is complete
 - Engineering proposals for chlorination modifications were presented
 - Director Helton moved that the Board select SGM as the preferred provider, based on cost and Mr. Watson's recommendation. Upon a second by Director Hacker, a vote was taken and the motion carried unanimously.
- Ellicott 30" Pipeline Rehabilitation / Repair Project
 - Segment #1 – 24" slip-line design is ongoing
 - Met with District staff to choose valve locations
 - The Board directed Mr. Watson and Mr. Koger to reevaluate the cost and operational functionality of maintaining a 30" supply line vs. a 24" supply line, and report their findings to the Board at their next meeting
- Sundance Wellfield Expansion
 - Well #DA-1 drilled to 1,030 feet
 - Screen and casing installation is underway
 - Gas Chlorination preliminary design is being reviewed

ENGINEERING REPORTS: Forsgren Associates, Inc.: Mr. Koger updated the Board on the status of the following projects:

- Water Reclamation Facility (WRF) Compliance Support
 - Mr. Koger presented a current project timeline tracking and projection tool for the Board and explained their progress to date

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- General Electric equipment has proven unreliable, looking to other vendors for similar technology for review
- Tech Evaluation report due to the Board in March
- Permitting and planning will follow the Board's decision and direction
- Small Hydropower Feasibility Study
 - Mr. Koger presented a current project timeline tracking and projection tool for the Board and explained their progress to date
- Mobile Office Permitting with El Paso County
 - Mr. Koger presented a current project timeline tracking and projection tool for the Board and explained their progress to date
 - Resubmitting permit applications with additional requested information on February 16, 2018
- Headworks Facility Access
 - Mr. Koger presented a current project timeline tracking and projection tool for the Board and explained their progress to date
 - Option #1 – West entrance to Peterson Field will not be pursued based on input from the Air Force and the Colorado Springs airport staff
- On-Call Engineering Work Order NO. 2018-02
 - Mr. Koger presented a Work Order for the Board's review and consideration.
 - Director Mattes moved that the Board approve and execute Forsgren Work Order No. 2018-02 for development of a Water Distribution Master Plan at a price to not exceed \$149,800.00. Upon a second by Director Hacker, a vote was taken and the motion carried unanimously.

GMS, Inc.: Mr. Sams reported on the status of the following projects:

- Sweetwater Well No. 5
Mr. Sams presented the following items to the Board for their consideration –
 - Proposed lease agreement with Tri-States Generation and Transmission Association for use of land within the existing Tri-States easement
 - Waiting for red-lined version from Tri-States
 - Will be presented at the Board's March 2018 meeting

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- Proposed utility easement for Mountain View Electric
 - Required for needed electrical service to the Sweetwater Well #5
 - Director Helton moved that the Board approve and grant a utility easement for Mountain View Electric Association's use across District owned property for electric power service to the Sweetwater Well #5 and authorize the District's President to execute the necessary documents. Upon a second by Director Mattes, a vote was taken and the motion carried unanimously.
- Easement agreement with Daniel L. Farmer
 - Director Keleher moved that the Board enter into an agreement with Daniel L. Farmer to procure an easement for the District's use to accommodate Sweetwater Well #5 construction, operation, and maintenance and authorize the District President to execute the necessary documents. Upon a second by Director Hacker, a vote was taken and the motion carried unanimously.
- Easement agreement with Daniel L. Farmer
 - Requested by Mr. Farmer to accommodate his agricultural operations
 - Director Helton moved that the Board grant an easement for use of a portion of the District's property to Danial L. Farmer, et al, for access to accommodate agricultural operations on adjacent land owned by the Farmer parties and authorize the Board's President to execute the necessary documents. Upon a second by Director Keleher, a vote was taken and the motion carried unanimously.
- District operational easement
 - Required for perpetual benefit for construction, operation, and maintenance of Sweetwater Well #5
 - Will be presented at the Board's March 2018 meeting
- Pipeline Construction Contract
 - Bid opening held on January 31, 2018

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- Low bid and recommended contractor is Habitat Construction, LLC
- Director Helton moved that the Board award a construction contract to Habitat Construction, LLC for the Sweetwater Well #5 Pipeline Project in the amount of \$170,580.96 and authorize the Board of Directors to execute the necessary contract documents. Upon a second by Director Hacker, a vote was taken and the motion carried unanimously.
- Status Report on on-going projects
 - Mr. Sams provided a written report on GMS's activities in January 2018
- AFCURE activities and preparation, with District's legal counsel, for WQCC Regulation No. 32 Issues Formulation Hearing (IFH) and other WQCD workgroup and stakeholder activities
 - Triennial review and rulemaking hearing scheduled for June 12, 2018
- Mr. Sams also included a document that describes District related Development Reviews that are in-process as of February 13, 2018

FINANCIAL ITEMS:

Review of Cash Position and Financial Statements: Ms. Fromm presented the District's Unaudited Cash Position and Financial Statements dated December 2017 to the Directors for their review and discussed the contents in detail with the Board members.

Ratification of Claims Paid Between Meetings: Mr. Schlegel presented a list of Water & Wastewater Account claims that were previously reviewed by Directors and paid, for the period that closed on January 15, 2018. After review of these claims Director Helton moved that the Board ratify the payment of claims totaling \$199,299.51, represented by checks #44946 through #45045. Upon a second by Director Hacker, a vote was taken and the motion carried unanimously.

Mr. Schlegel presented a list of Golf Course Account claims that were previously reviewed by Directors and paid, for the period that closed on January 15, 2018. After review of these claims Director Helton moved that the Board ratify the payment of claims totaling \$9,371.21, represented by checks #10396 through #10410 (check

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#10380 was voided). Upon a second by Director Keleher, a vote was taken and the motion carried unanimously.

Mr. Schlegel presented a list of Water and Wastewater Account claims that were previously reviewed by Directors and paid, for the period that closed on January 31, 2018. After review of these claims Director Helton moved that the Board ratify the payment of claims totaling \$368,745.99, represented by checks #45046 through #45162. Upon a second by Director Mattes, a vote was taken and the motion carried unanimously.

Mr. Schlegel presented a list of Golf Course Account claims that were previously reviewed by Directors and paid, for the period that closed on January 31, 2018. After review of these claims Director Helton moved that the Board ratify the payment of claims totaling \$7,172.97, represented by checks #10411 through #10429. Upon a second by Director Hacker, a vote was taken and the motion carried unanimously.

District Credit Card Statements: Mr. Schlegel presented the Board with a summary of the District's credit card charges dated January 26, 2018 for their review. These statements have already been processed and paid.

STAFF REPORTS:

District Department Managers provided their monthly operational reports in the Board's meeting packets.

Technical Services Report – Mr. Beaudette:

- The Directors asked what duties Mr. Beaudette performs for the District.
 - Mr. Schlegel ran through a list of what functions and duties are assigned to this position
 - Director Helton requested copy of the Technical Services Administrator job description

Human Resources and Information Technology Report – Mr. Ortega

- Mr. Ortega's report included a request to purchase additional security system upgrades including six (6) new cameras, repositioning of one (1) camera, adding audio capability to the camera in the lobby area, increase server storage to 16 TB, and purchase of two (2) video client licenses

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- Director Helton requested to see other bids that were received
- Director Keleher moved that the Board approve the purchase request with BW Systems for an amount to not exceed \$19,549.74. Upon a second by Director Mattes, a vote was taken and the motion carried unanimously.

Golf Course Operations Report – Mr. Laxson

- Carpet replacement in the Clubhouse is complete
- Director Cederberg stated that she would like for staff to obtain designs and bids for adding a patio area to the North side of the clubhouse and an awning for the West patio
 - Mr. Schlegel stated that he and staff will obtain and present at a later date
- Mr. Laxson was recognized for his becoming a Certified Professional Teacher and Coach through the PGA Certified Professional Program
- Purchase request to replace five (5) golf carts was presented and the Board requested additional information before considering the request
 - Staff will provide and reintroduce the item for the Board's consideration at their March 2018 meeting
- Purchase request for the replacement of one (1) of two (2) heating, ventilation, and air conditioning (HVAC) units at the Golf Course
 - Director Cederberg questioned why replace the clubhouse unit when she believes the other unit that serves the snack bar should be replaced
 - Mr. Schlegel stated that the contracted maintenance company did an evaluation and found that this unit was most in need of replacement and that the Golf Course budget will only support the replacement of one unit at this time
 - The Board requested additional information, which staff will provide and reintroduce the item for the Board's consideration at their March 2018 meeting

Parks Report – Director Cederberg

- Staff is obtaining bids for an additional parking area at the Eastridge Park, near the basketball courts
- Staff has obtained a quote for the installation of sidewalks along Shawnee Drive, on the East side of Eastridge Park
- Dog Park signs are working and people are picking up their pet's refuse

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- Mr. Schlegel stated that the Parks Committee has recommended that the District install and maintain trees along the East and North perimeter of the Dog Parks at an estimated cost of \$5,000
 - Director Helton moved that the Board authorize staff to spend up to \$5,000 for the purchase and installation of perimeter trees at the dog parks. Upon a second by Director Mattes, a vote was taken and the motion carried unanimously.

OLD BUSINESS:

General Manager Position

Mr. Schlegel stated that staff has not received any applications or resumes for the full-time General Manager position, which has been advertised again by the District. The Directors discussed the qualifications required of possible applicants as well as the designated salary or pay range for this position. The Directors requested that staff increase the advertised salary range for this position to \$90,000 to \$125,000 per year. Mr. Schlegel will work with the Human Resources Specialist to make this amendment and update the advertisements for this position.

MANAGER'S ITEMS:

Leave Sharing Bank Program – Mr. Schlegel introduced a proposed Leave Sharing Program for the District that staff and counsel have been working to develop. If authorized this program would allow District staff to donate accrued unused sick leave to a Leave Sharing Bank for use by District staff for medical emergency situations only. After some discussion Director Helton moved that the Board authorize and approve the establishment of a Leave Sharing Bank Program for the District. Upon a second by Director Keleher, a vote was taken and the motion carried unanimously.

PUBLIC COMMENT:

Ms. Manning inquired as to the need for having general counsel attend each meeting in-person and Total Dissolved Solids (TDS) program testing.

DIRECTOR'S ITEMS & COMMENTS:

Director Keleher thanked the Board and District staff for the card and flowers following his recent injury.

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Director Helton commented on:

- Her attendance at the Colorado Water Congress's (CWC) annual convention held in Denver
- Her request that staff and consultants provide Ms. Connie King with any information regarding other entities being required to comply with TDS standards, and
- Her conversations with individuals that she met at the CWC convention regarding possible funding sources for TDS compliance

Director Hacker stated that he is not pleased with the District's stance on employee health insurance contribution, would like to revisit the issue, and requested that the item be placed on a future meeting agenda for discussion.

NEXT MEETING:

**NEXT BOARD MEETING IS SCHEDULED FOR TUESDAY –
March 13, 2018 @ 1:00 p.m.**

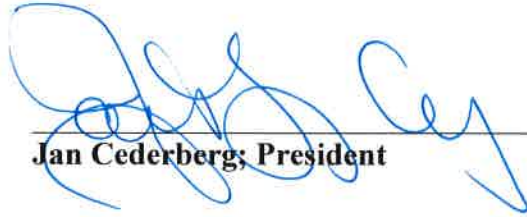
ADJOURNMENT:

There being no further business to come before the Board, upon motion duly made, seconded and unanimously carried, the meeting was adjourned at 8:17 p.m.

Respectfully Submitted,


Secretary for the Meeting

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Jan Cederberg; President



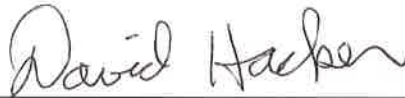
Dave Mattes; Vice President



Melody Helton; Secretary



Larry Keleher; Assistant Secretary



David Hacker; Assistant Secretary