



**MINUTES OF AN EMERGENCY MEETING  
OF THE BOARD OF DIRECTORS OF THE  
CATHEDRAL PINES METROPOLITAN DISTRICT  
HELD MARCH 24, 2020  
AT 10:00 A.M.**

Pursuant to posted notice, the emergency meeting of the Board of Directors of the Cathedral Pines Metropolitan District was held on Tuesday, March 24<sup>th</sup> at 10:00 a.m., via telephone conference call.

In attendance were Directors:

Bill Heeter  
John Kelley  
Lynn Shepherd  
Ecton Espenlaub (joined the meeting late)

Also in attendance were:

Jamie Adams, Warren Management  
Lina Hoekman, Lodge Manager  
K. Sean Allen, Esq., White Bear  
Kevin Walker, Walker Schooler District Managers

1. Call to Order: The meeting was called to order at 10:00 AM by President Heeter.

2. Approval of the Agenda: President Heeter proposed a few changes to the Agenda: a recap from Director Kelley of his meeting with Sean Allen, District counsel, and a discussion under New Business on developing By Laws for the Metro Board. He noted Mr. Walker had sent him an example and wanted to brief the Board and get feedback. Director Shepherd moved to approve; seconded by President Heeter. Motion passed unanimously.

3. Approval of the Resolution Declaring Emergency Procedures and Authorizing Teleconferencing for Regular and Special Meetings: Mr. Walker explained the Resolution and that it allows the Board to meet via telephone and the Board will ratify decisions once they are able to meet again in person. Director Espenlaub joined the meeting. Director Shepherd moved to approve; seconded by President Heeter. Motion passed unanimously.

4. Approval of Board Meeting Minutes – Regular Meeting February 18, 2020: Director Shepherd moved to approve the February 18, 2020 Meeting Minutes; seconded by Director Kelley. Motion passed unanimously.

5. Financial Matters:

a. 2019 Financial adjustments

- Recast of Lodge Revenues Update: Mr. Walker explained they have developed a spreadsheet that is accurate from 2018 with the new accounting policy and new contract. This costs about \$44,000 in income that was used last year that we will have to take out of this year income. Mr. Walker explained what was happening in the past was if the cash went into the bank, it was available for use. So, each year deposits or payments were treated as available immediately. What was essentially happening is the District was spending next year's income in the previous year. Having operated that way for 12 years it was the habit and was done last year. \$44,000 in 2020 income was spent in 2019. Director Espenlaub asked about the timing of depositing the money that made it non-refundable. Mr. Walker said that is an option but not the policy that was adopted. Mr. Walker explained the Auditors will need to know how to deal with this issue before the 2019 Audit. The Board will also need to process an amendment to the 2019 and 2020 Budgets to reflect this rule. Mr. Walker said he will need to figure out how to amend the budgets. He explained they policy of making income available once it is non-refundable. President Heeter suggested looking at this more closely and seeing how Lodge revenue will be affected by the Coronavirus and the impacts to the Budget. Director Shepherd noted that there have only been 2 cancellations so far and the rest have all agreed to reschedule, so that is a good sign and there is still interest in booking on the other end of the lockdown. The Board discussed looking at different scenarios and variables to better manage the situation. Mr. Walker noted he has made calls to FEMA to find out the status of the money, but they have not returned phone calls. Mr. Walker said he is inclined to take this to our Representative and two Senators to see if they can help.
- b. Review of Unaudited Financial Statements as of February 29, 2020: Mr. Walker explained that due to the current circumstances, he would recommend the Board postpone adopting and approving the unaudited financial statements.
  - c. Approval of Payables for the Period Ending March 13, 2020: Director Espenlaub moved to approve the Payables for the period ending March 13, 2020; seconded by Director Shepherd. Motion passed unanimously.

## 6. Management Matters:

- a. Capital Funding General Discussion:
- b. Lodge – Lynn/Lina: Mrs. Hoekman told the Board that she has received numerous calls. Five events have been rescheduled and two are requesting a cancellation with a refund of some sort. There have not been a lot of incoming leads, but there have been a few calls from displaced events that are looking for a new place to go but they are wary of booking for obvious reasons. She noted the impact is industry-wide right now, and everything seems to be put on hold. Ms. Hoekman said she thinks they will see an impact financially, but the Lodge is in a good position because most of the clients are going to be getting their deposits back that have booked elsewhere, and they may be looking to book somewhere more cost-effective and intimate which is a perfect fit. Mrs. Hoekman said she has been communicating with the clients and giving them lots of love. She noted she spent 45 minutes on the phone with a client who was so upset and scared due to the big financial investment. Mrs. Hoekman explained that if she can get them to reschedule it is best for the clients and for the Lodge. She noted she is pushing to have clients reschedule for a 2020 date because 2021 may be overloaded

with events. Events in March and April have been postponed with one event rescheduling in May and one in June.

President Heeter asked about the refund policy. Mrs. Hoekman explained the Lodge is technically protected and we do not have to give any refunds because of the Act of God clause in the contract. The only thing they are entitled to is the less the 50% Administrative fee from the booking deposit unless they are within 90 days of the event. One of the refunds that was requested was a client who just paid their final payment and then 2 days later events were cancelled. He is not requesting his deposit back, but he is requesting his final payment back. Mrs. Hoekman said she thinks refunding his final payment would be fair, but she would like to protect the revenue of the Lodge moving forward and reviewing refunds on a case by case basis. The Board discussed that they agree with Mrs. Hoekman's suggestions moving forward and communicating with the clients to reschedule their events and working with clients on a case by case basis regarding refunds.

Mrs. Hoekman's asked the Board about residents and how they would like to address refunds. She noted it has not come up yet because the 2 resident events that have been postponed and they are happy with that. The Board directed Mrs. Hoekman to keep the same policy for refunds as non-resident events. Mr. Walker asked if Mrs. Hoekman could write up her suggestions and recommendations in a draft form for the Board to review so everyone is on the same page as far as policy. Mrs. Hoekman said she will do that.

Mrs. Hoekman explained the Board requested she make a recommendation on her top Lodge capital improvements. Considering the current situation with COVID-19 and Lodge income, she feels that it is fine to suspend all spending outside of necessary maintenance items.

Mrs. Hoekman discussed that the Lodge is currently functioning as a self-service venue, but she would like to get it to luxury. She explained three phases to get there by the end of the year. The first phase would be the biggest with structure, regulation and contract changes. These changes will set us up for success moving forward and streamline the way the guests are using the property, how event professionals are using the property and remove liability from the Lodge and put us in a stronger position. Mrs. Hoekman said she can send a red line contract with things she would like to add and change. One big change would be making the deposits non-refundable. She noted it is industry standard and could prevent events that cancelled and then are booked by a resident at a lower. Another change would be requiring that clients purchase their own Event Insurance. It costs \$150 to \$200 depending on the policy, and it covers them for anything that might happen during their event. She noted this is also becoming industry standard for most venues. Another contract item would be adding some stipulations and vendor requirements. One requirement would be that clients must choose from a list of approved caterers, and they could provide a good variety of price points. If they choose to self-cater or have a food truck, then they need to employ event staffing. This will change the client experience and protect the Lodge. She explained they have been struggling with cleanliness and people getting upset about cleaning kitchen equipment that was used. This will create the luxury experience for the client because they will feel taken care of. She noted a few affordable options for staffing

services that could be used. Director Espenlaub commented that he thinks it is a good idea and another option could be having a caterer be submitted for approval to be used at the Lodge if they are not already. Mrs. Hoekman explained that outside of catering and bartending, the only other vendor they would have stipulations on would be event rentals. This would help with pickup and drop-off of equipment and damage done to the Lodge by requiring the vendors to follow the rules of the Lodge. Mrs. Hoekman discussed work-flow structure and proposed the Lodge use a program called 17 hats that costs \$300/year that allows us to hold all the client information in a single portal. It would allow contracts to be signed and returned electronically, as well as storing work-flow documents that can all be housed in one place. It allows files and information to be accessed by Walker Schooler District Managers as well as the Board and Lodge staff.

Director Kelley said he has questions on some of these items and would like to get data behind the recommendations, except for the work-flow structure because that is something that could help once it is populated and set up. He said he is a little concerned about such a significant change in approach given the finances. President Heeter asked if the Board is willing to move forward with the 17hats program. Director Espenlaub moved to approve the purchase of 17hats; seconded by President Heeter. Motion passed unanimously.

Director Kelley said he would like to see the red line contract prepared by Mrs. Hoekman, as well as data and information about vendor requirements. He would like to spend time talking about the majority of clients that pick our venue and the reasons why they pick our venue. He added that we don't want to take action that is going to drive people away. President Heeter suggested that Mrs. Hoekman, and Directors Shepherd and Kelley meet to discuss this separately.

Mrs. Hoekman discussed phase 2 of her Lodge plan and marketing. She said they are reaching out to professionals that might have done events at the Lodge before to get images they might have to create a strong online social presence. She noted she has also created an Instagram account for the Lodge, but there are no images to post yet. Mrs. Hoekman discussed the website and that the hosting is only \$17 monthly. The website will bring relevant content that is shareable and clickable to event blogs to get our name out there and let people know we have such a beautiful location. Director Kelley requested they add the website to their extended discussions. Mrs. Hoekman discussed a styled shoot for the Lodge once the grass is green and looking the best. She explained there is not typically a cost involved since we will use our preferred vendors and they help by sponsoring their services for the shoot. The Board agreed they would like Mrs. Hoekman to get the website moving forward and approved the \$17 monthly hosting fee.

Mrs. Hoekman discussed Phase 3 and ideas on how they will engage in the community by outreach and give back opportunities for the Lodge such as a sponsorship of a non-profit event. President Heeter asked if she could come back next month with a more comprehensive plan on how to recruit the business community and corporate outreach for daytime events.

Director Shepherd explained that due to the current COVID-19 situation, Mrs.

Hoekman has not been compensated because there have not been any events although she has been doing a ton of work for the Lodge. The contract did not originally have any interim way of compensation because she was going to pick up the existing event schedule, but that has now changed. Director Shepherd suggested that the Board consider some level of compensation for Mrs. Hoekman for the work that has been done as far as maintaining the clients and rescheduling. Director Kelley said he wants to make sure whatever we decide to give her is thought about considering her existing compensation plan in the RFP. He said the compensation for Mrs. Hoekman is probably going to go on for a couple more months and it probably needs to so she can make sure the planning and administrative things are in place while we have the time and to help accelerate growth when we come out of this. He suggested making a memorandum to the contract to cover this period. Mr. Walker said he will communicate with Mrs. Hoekman about the original RFP monthly compensation and will draft a memo about the amended contract for the Board. Director Kelley suggested getting a check to Mrs. Hoekman as soon as possible. Mr. Walker said if the Board approved a payment, they could cut the check quickly and they could then amend the contract to reflect. After discussion, Director Espenlaub moved to approve a \$3,500 payment to Mrs. Hoekman for March; seconded by Director Shepherd. Motion passed unanimously.

Director Kelley said he would like to have a discussion to prioritize the capital improvement items that the Board has been working on as well as discuss those items from Mrs. Hoekman's list. He suggested making it a topic at next month's board meeting or holding a special meeting beforehand to approve those capital improvement items. President Heeter suggested discussing the landscaping plans as well. Director Espenlaub noted pavers will be the biggest capital expense for the trails.

c. Trails/Community Maintenance – Ecton:

- Director Espenlaub reported he is expected to finish the bike path by Jackson Hollow and the trail across the dam within the next week or two. President Heeter noted he had a conversation with someone from the County that was out on the trails and he gave high praise for the steps that Director Espenlaub put in.
- Plan to eliminate MVEA meters: Director Espenlaub discussed there are 28 meters and he would be replacing 15 of them.
- Light Replacement: Director Espenlaub discussed the new light on the low setting is not very bright and you don't really see the light on the ground from a distance through the clear glass. He suggested a frosting film on the glass. Director Espenlaub said he can switch it to bright instead. Mr. Walker asked about streetlights and the ability for driver's eyes to adjust and cautioned against creating a dangerous situation and asked if the County had any say about this; Director Espenlaub said the County does not require streetlights at all. Director Espenlaub confirmed if we replaced the 14 lights it would be \$4,200 and the lifespan is 3 years and battery replacement cost is around \$125.

d. Landscaping, Irrigation and ponds – Jamie, Bill (interim)

- Meet with contractor to discuss invoicing, suspended projects, 2020 plan: President Heeter went over his meeting with A Cut Above on the 2020 landscaping projects and noted he has asked A Cut Above to develop a

more comprehensive plan and vision for the community instead of doing it on a sporadic basis.

- e. Disposition of Storage Shed – Bill: Director Kelley said the investment that the District has already made in the storage shed should be retained if possible and he would like to develop a capital improvement list for improving it. He said he will focus on how this property can generate additional income for the District. He also discussed using the shed as an alternate venue space that could be offered in addition to the Lodge for different purposes. Mr. Walker noted the PUD plan does not allow it for an event location, so it would need to be re-zoned which would create an opportunity for the neighbors to comment on that. Mr. Walker noted he hasn't specifically looked at the zoning so he would need to review it. He also noted there are building codes and getting the shed to 2020 code could be a substantial investment. Director Espenlaub suggested using the shed as storage for the Lodge.
- f. Solicitation for Open Board Position: President Heeter explained they had 3 candidates and one asked to be removed for consideration. One of the candidates has already been interviewed in the past. President Heeter suggested that Directors Espenlaub and Shepherd continue as the interview committee and interview the other candidate and give a recommendation to the Board in April. The Board agreed and hope to fill the position next month.
- g. Joint Recycling Day – Bill: President Heeter explained that as an HOA member, he wanted to bring an idea to the Board for feedback on a joint recycling day sponsored by both the Metro District and the HOA. He noted the HOA's annual chipping program has been very well received in the past, so there was the idea to offer both electronic recycling as well as a paper shredding and recycling event for the community. He explained the HOA and District would coordinate and share the costs for the event and suggested scheduling it the weekend after Memorial Day. Mr. Walker said he will check the service plan amendments and do some research on this. Mr. Kelly expressed the opinion that this is not allowed by the Service Plan.

Director Kelley asked about recycling at the Lodge. Mrs. Adams explained the Board has not taken action on changing trash providers. The current HOA vendor is not willing to make any change in pricing. The Board discussed suspending trash services at the Lodge until at least April.

## 7. Legal Matters:

Concerns regarding communications in past activities: Director Kelley discussed his conversation with Mr. Allen. He noted Mr. Allen's comments from the discussion that was provided to the Board. Director Kelley pointed out his concern with the interview committee and the use or non-use of the evaluation criteria that was in the RFP. Director Kelley discussed a charge by WBA on January 31, 2020 that is titled, "Work on revisions to interview committee's correspondence to Mr. Kelley." Director Kelley said he is not aware of this correspondence and he hasn't seen it, but he would like to. He said he also asked for a summary of the election decision process which the Board agreed to provide but he has not seen it yet, so he is not sure if these two are the same. President Heeter said he is not aware of Mr. Allen working on these things. Mr. Walker said he has seen a draft of the work product, but he is not sure if it has been completed or reviewed by Mr. Allen. President Heeter said the

question they had was should they release anything that has information regarding the decision-making process, and he was waiting to hear back from Mr. Allen. He discussed in the private sector, you do not provide that information to anyone who interviews for the position because it opens the decision-makers to a lawsuit, but as a governmental body, he wasn't sure about the process. He noted they were just looking for clarification on what to do. Director Kelley said in his discussions, Mr. Allen did not seem to be aware of that and his only involvement was the review of the correspondence from January 31<sup>st</sup> and he wasn't sure on the status of the document after it left his office. President Heeter said he can follow up on the document. Director Kelley said he would like to see the document.

Director Kelley discussed the roles of the Directors and that no single Director regardless of the title they hold has any greater authority or decision-making authority than any other Director. He went on to say that the power of the Board is in the abilities of the Directors to discuss and then decide and move forward with the business of the District. Director Kelley said that is his perspective and Mr. Allen reaffirmed that. He said he doesn't know if any of the Directors have a different opinion, but it sounded reasonable to him. Director Kelley said if any of the Directors still have bad feelings about what has transpired then he would like to get together at some point and discuss further at another meeting to resolve remaining issues. President Heeter said he doesn't see the role of President as having more authority than any other and he looks at the Board as a team. He noted that every Director does have their roles on the Board in his view. President Heeter discussed how By Laws could help designate these things. Director Kelley agreed that it is up to the Board to figure out responsibility and assign them as we are comfortable doing. The Board agreed they wanted to move forward and focus on the tasks at hand.

Director Kelley requested a copy of the executed Lodge Manager contract. Mr. Walker explained the file size is too large to email, so as soon as he can get to the office and scan it, he will send it out to everyone.

Director Kelley noted a breakdown of communication on both sides and asked that if any board member has an issue, give the other board member the benefit of the doubt and call them. The Board agreed that was a good point.

8. New Business: Director Espenlaub suggested that for future agendas, we put the Lodge at the top so that Mrs. Hoekman doesn't have to sit through the rest of the Board's agenda items.

President Heeter discussed the By Laws and how it would be helpful for the Board to understand what the guidelines are. President Heeter said he will come back to the Board with a starting point of discussion. Director Espenlaub asked Mr. Walker if he has other districts that have By Laws for the board members. Mr. Walker said no, but there have been various boards that have started the process, so he has drafts of By Laws. Mr. Walker noted the template he sent to President Heeter is from the Special District Association and is a great place to start.

9. Public Comment: There was no public comment.

10. Other Business: Next Regular scheduled Board Meeting April 21, 2020

11. Adjournment: Director Shepherd moved to adjourn; seconded by Director Espenlaub. Motion passed unanimously at 12:22 P.M.m

Respectfully Submitted,

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By: Kevin Walker, District Manager

THESE MINUTES ARE APPROVED AS THE OFFICIAL MARCH 24, 2020 MINUTES OF THE CATHEDRAL PINES METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

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Bill Heeter, President

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Lynn Shepherd, Vice President

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Ecton Espenlaub, Treasurer

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John Kelley, Director

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VACANT, Director