



**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
CATHEDRAL PINES METROPOLITAN DISTRICT
HELD NOVEMBER 29, 2022
AT 6:00 P.M.**

Pursuant to posted notice, the special meeting of the Board of Directors of the Cathedral Pines Metropolitan District was held on Tuesday, November 29th at 6:00 PM, at 13975 Milam Road, Colorado Springs, CO, and via telephone and video conference call.

In attendance were Directors:

Bill Heeter
Lynn Shepherd
Ecton Espenlaub
Rick Stauch
Debbie Perry

Also in attendance were:

Kevin Walker, WSDM District Managers
Rebecca Hardekopf, WSDM District Managers
Jamie Adams, Warren Management (via online)
Laura Gardner, Gardner Law Firm

Public in attendance were:

Jennifer Eisenhart
Jim Eisenhart
Patricia Gee
Kevin Elhers
Kevin Combs
Bill Parzybok
Bill Kappel
Kristin Jones

1. Call to Order: President Heeter called the meeting to order at 6:00 PM.

2. Declaration of Quorum/Director Qualifications/Reaffirmation of Disclosures: President Heeter confirmed a quorum was present. There were no additional disclosures made by Board Members.

3. Approval of the Agenda: President Heeter requested Establish Next Board Meeting Schedule be moved under 14. Other Business. Director Shepherd moved to approve the Agenda as amended; seconded by Director Stauch. Motion passed unanimously.

4. Approval of Board Meeting Minutes – October 24, 2022: Director Perry requested a change to the Minutes that reflects that the Lodge can be sold as a residence if the zoning codes are changed. Director

Stauch moved to approve the October 24, 2022, Meeting Minutes as amended; seconded by Director Shepherd. Motion passed unanimously.

5. Public Hearing on 2022 Amended Budget and 2023 Budget: Director Perry handed out a Lodge Expenditure analysis, that she prepared, to the Board (*included as an attachment for reference to these minutes*). Director Shepherd moved to open the Public Hearing on the 2022 Amended Budget and 2023 Budget; seconded by Director Espenlaub. Motion passed unanimously.

Director Perry presented a detailed analysis on Lodge revenues and expenses for 2022 that was based on the Profit and Loss report provided by WSDM and Bills.com. She went over the 2022 Lodge expenditures for 2022 of \$147,723. Director Perry explained that at her job she divides out the overhead expenses and must take a percentage for overhead expenditures. Based on her analysis she determined that the percentage of the Lodge expenditures, calculated from total expenditures, is 51% of the overhead expenditure cost, this year were \$86,840. She explained that looked at the approximate cost to build the Lodge and allocated a portion of the bond expenditures to the Lodge. That analysis came out to \$1.25 Million to build, there is \$4.7 Million outstanding. The full cost of the Lodge includes the portion of the bond, overhead expenses, and actual expenditures which she totaled to be \$270,064 to date for 2022. While the Lodge income for 2022 was \$47,100, so the Lodge loss is large in 2022. The Board discussed Director Perry's analysis and questioned the 51% of overhead costs for management. Director Perry commented that the number of bills that are paid would decrease significantly without the Lodge, Warren Management would not be taking care of the Lodge. Director Perry commented that the Lodge is a losing venture at this point, and the \$115,000 is a lot lower than the actual expenditure. The Board discussed COVID and the impact on Lodge bookings which book a year in advance. Director Perry commented that WSDM spends a lot of time paying bills for the Lodge. Mr. Walker noted the reduction in fees would not be that substantial because WSDM does not do that much for the Lodge except pay bills. Ms. Hardekopf noted the payables take about one hour per month. Director Perry commented that her opinion is that bookkeeping services would be lower without the Lodge.

Mr. Kevin Combs commented that he was against reducing the mill levy. Mr. Kevin Elhers discussed a significant point, the Service Plan calls for the Lodge to be available for residents and that it could not be sold without approval of the residents and a change to the service plan. Mr. Kevin Combs discussed Lodge revenue and commented that the expenses should be relative to revenue. He inquired on the more significant changes on the budget line items with the Board, of which the Board explained the changes. Mr. Bill Parzybok asked about accumulated depreciation being considered in the Lodge Expenditure analysis handed out. Director Perry clarified she did not go that detailed, and Mr. Kevin Combs clarified that governmental entities don't depreciate assets like corporations do. Mr. Bill Parzybok asked about maintenance and capital expenditures. Ms. Jennifer Eisenhart asked about VenQ and the number of events booked. Ms. Hardekopf confirmed that VenQ has done 28 contracts. Director Shepherd explained that VenQ was contracted to run and execute the Lodge events under the parameters set by the District. VenQ was hired in the first quarter of 2022 and was paid a retainer for the first six months as there was little business booked due to COVID, the resignation of previous management, and the transition to VenQ.

Mr. Kevin Combs commented that the Lodge is an amenity for the community and the City of Colorado Springs is growing and could increase the demand for places like this. He noted there were 2 years of no revenue due to the pandemic and it would be premature to make decisions on the Lodge. Director Stauch agreed that it is premature to decide on the Lodge coming off of two years without revenue, but the expenditures stayed the same. He noted that he is not satisfied with the current Lodge

Management and its lack of sufficient bookings. Mr. Kevin Elhers commented that the Board needs to address this issue over the next couple of years of whether it is more profitable to lease out the Lodge or not. Mr. Kevin Combs commented that the focus needs to be taken away from profitability because this is a non-profit organization. President Heeter commented that the Board needs to address the 2023 Budget and the Lodge can be discussed later in the agenda.

Ms. Jennifer Eisenhart discussed the District's service contracts and commented that the storage rental price could be higher. The Board explained that all service contracts can only be for 1 year commitment because the District is a governmental entity. Ms. Jennifer Eisenhart brought up a concern that the shed being rented out is not at a high enough rate. Mr. Kevin Walker confirmed that the original calculation was based on the market rate to rent commercial space per square foot.

After discussion, the Board agreed to change the Lodge Income line item to \$115,000 and Lodge Management line item would be 30% of the revenues which totals \$34,500. The Board reviewed the remaining 2023 Budget line items. The Board agreed on \$50,000 for the reserve fund. Director Perry asked about the debt service fund comment in the 2021 Audit. Mr. Walker explained they carried forward more money than they should have and recommended a contingency of \$5,000. Director Espenlaub moved to close the Public Hearing; seconded by Director Shepherd. Motion passed unanimously.

- a. Review and Adopt the 2022 Amended and 2023 Budget Resolution: The Board discussed the mill levy and possible reduction. The Board requested feedback from members of the public, that were present, on the mill levy and 3 out of 7 members present were in favor of leaving the mill levy at 19 mills while the remaining 4 were in favor of a reduction. After discussion, Director Stauch moved to retain the mill levy at 19 mills; seconded by Director Shepherd. Motion passed with 3 in favor, Director Perry opposed, and President Heeter abstaining. President Heeter moved to adopt the 2022 Amended and 2023 Budget Resolution with the changes as discussed; seconded by Director Shepherd. Motion passed with 4 in favor and Director Perry opposed.

6. Irrigation Proposals Review: President Heeter reported 2 out of 7 companies provided proposals for the irrigation project. President Heeter noted he would like additional proposals and requested the Board table this item until January. President Heeter commented that he would like Kimley-Horn to distribute to their connections. The board agreed.

7. Long Term Landscaping Plan Discussion: The Board agreed to table this item until the January Board meeting.

8. Flying Horse North Sketch Plan Approval Update: Director Stauch discussed next steps and reported there is a meeting scheduled with the Executive Director of Planning at El Paso County.

9. Other Issues

- a. Additional Mailbox Parcel Update: President Heeter reported the mailbox is installed and just needs to be keyed.
- b. Possible Sale of Lodge Follow-up: There was no additional discussion.

10. Financial Update

- a. Review and Approve Unaudited Financials as of October 31, 2022: Ms. Hardekopf presented the Unaudited Financials as of October 31, 2022. Director Perry asked about VenQ payments on the Profit & Loss report. Ms. Hardekopf will research and get back to the Board. After

review, President Heeter moved to approve the Unaudited Financials as of October 31, 2022; seconded by Director Stauch. Motion passed unanimously.

- b. Review and Ratify Approval of Payables through the period ending November 29, 2022: Ms. Hardekopf presented the Payables through the period ending November 29, 2022. Director Espenlaub asked about Waste Connections invoices. Ms. Hardekopf will research and get back to the Board. Director Stauch asked about documentation for Kimley-Horn. After review, Director Espenlaub moved to approve the Payables excluding Kimley-Horn \$7675, excluding the \$4000 for mailboxes until President Heeter has more explanation for them being taped off, and including Waste Connections if the invoice is received; Director Perry added she would like to review further support for the reimbursement of \$2300 to Bill Heeter; seconded by Director Shepherd. Motion passed unanimously. President Heeter indicated that support was provided earlier but WSDM will investigate further.
- c. FEMA Update: Mr. Walker reported that FEMA has requested additional documentation. Documents will be submitted for \$19,000, and the other \$30,000 is missing documentation so legal counsel is assisting with the submittal.

11. Lodge Management Update

- a. Lodge Expectations for 2023: The Board tabled this item until the January Board meeting.

12. Legal Matters: The Board agreed to discuss this item after Executive Session.

- a. Review and Consider Approval of WSDM – District Managers Engagement Letter: The Board informed Mr. Walker and Ms. Hardekopf that they approved the WSDM contract for 2023.
- b. Consider Approval of Warren Management Contract Renewal:
- c. Review and Consider Approval of BiggsKofford 2022 Audit Engagement Letter: Director Shepherd moved to approve the BiggsKofford 2022 Audit Engagement Letter; seconded by Director Perry. Motion passed unanimously.
- d. Consider Adoption of 2023 Annual Administrative Resolution: Ms. Gardner presented the 2023 Annual Administrative Resolution. President Heeter moved to approve the 2023 Annual Administrative Resolution with legal counsel's changes as needed; seconded by Director Stauch. Motion passed unanimously.
- e. Consider Adoption of Resolution Calling the May 2, 2023 Direct Election: Director Espenlaub moved to adopt the Resolution Calling the May 2, 2023 Director Election pending the edits to the DEO; seconded by President Heeter. Motion passed unanimously.
- f. Review and Consider Renewal for A Cut Above Landscape Shed Rental Contract: President Heeter moved to approve the Renewal for A Cut Above Landscape Shed Rental Contract; seconded by Director Shepherd. Motion passed unanimously.
- g. Discussion of Legal Counsel Attendance at Future Meetings: President Heeter requested Board approval to decide when legal counsel is needed at a Board meeting when drafting the Agendas. The board agreed.

13. Public Comment: The Board opened the meeting for public comment. Mrs. Jennifer Eisenhart asked about the irrigation proposals and the budgeted amount. President Heeter said they hope to have multiple proposals that come in lower than \$250,000 and there is the possibility of a grant which could be up to 50% of the total cost. He noted a lot of the irrigation companies are completely booked with other jobs through the first part of 2023.

14. Other Business

- a. Establish Next Board Meeting Schedule: The Board scheduled 2023 Board meetings for the second Monday of every month at 10:00 AM. The February meeting will be held on February

21, 2023 at 6:00 PM as part of the Annual Meeting and the November Board meeting will be held on November 14, 2023 at 6:00 PM as part of the annual meeting renewal for next year items, like the budget.

15. Executive Session (§24-6-402(4)(f) C.R.S.)

- a. Discuss Management Contracts for 2023: Director Shepherd moved to enter into Executive Session pursuant to §24-6-402(4)(f) C.R.S. for the purpose of discussing management contracts for 2023; seconded by Director Espenlaub. Motion passed unanimously. Director Stauch motioned to adjourn the executive session and resume the regular scheduled meeting at 9:08 PM; seconded by Director Espenlaub. Motion passed unanimously.

16. Adjournment: Director Espenlaub moved to adjourn; seconded by Director Stauch. Motion passed unanimously at 9:20 PM.

Respectfully Submitted,

Rebecca Harris (formerly Hardekopf)

By: Rebecca Hardekopf, District Manager

THESE MINUTES ARE APPROVED AS THE OFFICIAL NOVEMBER 29, 2022 MINUTES OF THE CATHEDRAL PINES METROPOLITAN DISTRICT.