
RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors Cotton Ranch Metropolitan District November 1, 2011

A Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on November 1, 2011 at 1:00 p.m., at the offices of Robertson & Marchetti, P.C., 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Chris Meister
- Tim Garton
- Bob Rulon
- Tom Pohl
- Beric Christiansen

Also in attendance were:

- Penny Bortz, Cotton Ranch Property Owner
- Ken Marchetti, Robertson & Marchetti, P.C.
- Cissy Olson, Secretary for the Meeting

Call To Order

A Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District was called to order by Director Meister on November 1, 2011 at 1:03 p.m. noting a quorum was present.

Disclosure of Potential Conflicts of Interest

The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Director Meister requested that members of the Board disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting.

It was noted that there had been filed with the Board and Secretary of State, disclosure of potential conflict of interest statements for Timothy R. Garton and Chris Meister and that the statements had been filed in accordance with statute, indicating the following conflicts: Timothy R. Garton owns 66 unplatted and undeveloped lots within District. Additionally, Timothy R. Garton was assigned a 30% indirect financial interest in the proceeds of the Cotton Ranch Metropolitan District Series 2002A bonds which are owned by Cotton Ranch Bond Partners, LLC. Chris Meister reported that he is the owner of Meister Builders, Inc., a

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building, operations and management firm and this company provides services to the District managing and operating the District's raw water irrigation system. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to personal conflicts.

Consideration of Changes to the Agenda

The Board agreed to rearrange the order of the agenda in order to allow public input related to the Certification of Delinquent Irrigation Accounts to the Eagle County Treasurer's office on December 1, 2011.

Public Input

The meeting was opened up to public comment regarding the Certification of Delinquent Accounts.

Penny Bortz and her husband live at 240 Red Fox Drive and are listed on the District's Delinquent Account list for collection of past due irrigation usage by the Eagle County Treasurer. Ms. Bortz would like a one-time credit for her September excess water usage. Ms. Bortz reported that her excess irrigation usage between August 15th and September 15th was \$647.60 and that there were no signs or evidence that indicated that her irrigation system had a leak. Ms. Bortz also offered to pay her outstanding balance of \$1,373.91 by November 15th in order to be removed from the District's Certification of Delinquent Accounts list to the County Treasurer's office.

The Board discussed Ms. Bortz's request and reviewed a history of Ms. Bortz's irrigation usage. After discussion the Board agreed to make a one-time adjustment of \$597.60 to Ms. Bortz's September irrigation statement reducing the excess water usage from \$647.60 to \$50. By motion duly made and seconded it was unanimously

RESOLVED to authorize American Conservation and Billing Solutions to adjust Ms. Bortz's September excess raw water irrigation usage between August 15th and September 15th from \$647.60 to \$50.

At 1:10 p.m. Director Christiansen joined the meeting and at 1:12 p.m. Ms. Bortz left the meeting.

Parcel B Director Pohl would like to know who maintains Parcel B which is located near the 10th hole on the Gypsum Creek Golf Course and is platted as a drainage easement for an augmentation pond which happens to overlap Lot 165 and Parcel B. Director Pohl researched ownership of the parcel and found it to be owned by Cotton Ranch LLC. According to Director Pohl, a letter was sent to the Cotton

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Ranch HOA complaining that the pond has become stagnant and unsightly and tends to attract mosquitoes during the summer months. Director Meister offered to contact Vince Cook, the owner of Cotton Ranch LLC, to discuss the problem.

The Board discussed the location and maintenance of Parcel B and if it would be appropriate for the Town of Gypsum to assume ownership of the parcel since the pond is located within an easement meant to be used by the golf course.

Operations Director Meister reported that water has been overflowing at the open bar ditch by the Gypsum Middle School. The ditch needs to be cleaned out however it cannot be done until the water level drops significantly. Director Meister offered to contact the Town of Gypsum about cleaning out the ditch once the water level recedes.

Minutes The Board reviewed the Minutes of the August 9, 2011 meeting. After discussion and by motion duly made and seconded, it was unanimously

RESOLVED to approve the August 9, 2011 minutes with revisions.

Vacant Lot Cleaning Director Rulon announced that someone has been doing a great job of cleaning and removing all debris located on the private vacant lots within the District.

Case 05CW10 Update The Board reviewed the Patrick Miller Kropf October 25, 2011 water legal report. The final ruling and decree for Case 05CW10 has been approved and granted by the Water Court. The District will be required to either file an application to make the conditional water rights absolute or seek a finding of reasonable diligence in the development of the water rights no later than October 31, 2017.

Case 04CW239 Update The remaining opposers in Case 04CW239 are the Horse Pasture HOA group and the State. Patrick Miller Kropf provided a signed stipulation to the attorney for the Horse Pasture group on October 4th incorporating all of the final non-substantive changes they requested.

Patrick Miller Kropf responded to the State's concerns, and has addressed all of the Colorado Water Conservation Board's concerns and most of the Division Engineer's concerns. They will send a revised ruling to address these final comments and expect to finalize a stipulation with them later this year.

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School District 2002 Settlement Agreement

Update Ms. Kropf found that the School District has never conveyed an easement for the pipeline connecting the Chatfield & Bartholomew Ditch to the East Swamp Drain as was required by the 2002 Settlement Agreement. The School District pointed out that the pipeline falls within a twenty-foot utility easement. Mr. Jeff Shreeve, of the Town's public works department, investigated the area and said it is unclear that the valve for the turnout is in the utility easement and if the pipeline located in the utility easement has enough room to be maintained or replaced if necessary. Ms. Kropf has asked Mr. Shreeve to confirm the exact location of the pipeline within the easement and will provide his findings and a recommendation on whether the School District should provide a simple easement.

Golf Course Easement Agreement Update

The Town of Gypsum has been working with Hines Irrigation Consultants to finalize a map needed as an exhibit of the irrigation infrastructure to be included as part of an Easement Agreement between the Golf Course and the District. Hines recently provided the map and once the Agreement is completed Mr. Kropf will circulate a copy of the draft.

Director Meister would like to see the meets and bounds of the easement center line included in the map exhibit. Director Meister will contact Hines Irrigation about the map modification.

Raw Water Update

Director Meister announced that Ray Wilmore, the owner of Eagle Landscaping, has moved out of town and will no longer be available to repair the District's irrigation mainlines. Director Meister reported he has contacted both Shawn Gerber, who is currently providing the irrigation system maintenance at Sky Legend, and the Gypsum Creek Golf Course in order to receive proposals for future maintenance of the District's irrigation system.

Director Meister contacted Grand Junction Pipe and Supply to get an estimate for upgrading the filtration system of the residential raw water irrigation system. Director Meister presented a proposal of \$25,853 which includes a bypass option that will enhance the longevity of the current system. The Board discussed the proposal, the age and state of the existing system, the cost to improve the District's irrigation system and how to fund future irrigation system improvements.

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Director Meister announced that the Sky Legend irrigation mainlines have been blown out for the 2011 irrigation season, and the valley floor irrigation mainlines will be blown out on November 7th.

Proposed Changes to the Rules and Regulations

The District's raw water irrigation system mainlines have been constructed within an easement granted to the District and in certain areas those easements are located underneath driveways. Currently there is no provision in the District's Rules and Regulations indicating who is obligated to repair or replace the driveway in the event it is removed for repairs to the irrigation mainline. Recently the District experienced a water leak in the irrigation system which was originally anticipated to require removal of a driveway in order to repair the mainline. Director Meister stated that the contractor was able to make a modification to the irrigation line and avoid removing the driveway.

Mr. Dalton, the District's attorney, drafted two potential additions in the District's Rules and Regulations related to this type of occurrence. The first modification in Article III, Ownership & Operation of Facilities, Section 3.2.2 states that in the event the District removes an encroaching improvement, the District shall not be obligated to replace the improvement, but shall be obligated only to restore the surface of any disturbed ground to its original, reasonable condition prior to the installation of the "improvement" or driveway. The additional inclusion further states that the District shall not be responsible for the actual repaving of a driveway or the related costs. The second modification found in Article IV, Use of Irrigation Water Systems, Section 4.1.5 states that "*All persons shall be responsible for determining and being aware of the location of the Irrigation Water System prior to and during the performance of any and all maintenance, construction or other activities that may in any way impact the Irrigation Water System.*"

The Board discussed encroaching easements and how a typical utility company responds to replacement of a driveway over an easement. After further discussion the Board agreed to ask Mr. Dalton to re-draft Section 3.2.2 using the same terms that a utility company has implemented regarding encroaching easements. The Board discussed Mr. Dalton's second proposal and by motion duly made and seconded it was unanimously

RESOLVED to approve Section 4.1.5 as presented.

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2010 Irrigation Water

Billings Delinquent

Balances The District has several delinquent raw water irrigation balances from 2010 that are over \$150 and more than six months past due. The Board reviewed the Resolution Certifying Delinquent Accounts for Collection by the County Treasurer and the list of properties on Exhibit A of the Resolution. After discussion the Board agreed to approve the Resolution and certify any unpaid accounts effective as of November 30, 2011 listed on Exhibit A. By motion duly made and seconded it was unanimously

RESOLVED to approve the Resolution Certifying Delinquent Accounts for Collection by the County Treasurer as presented, and to certify all delinquent accounts listed on Exhibit A effective November 30, 2011.

Resolution Calling the May 2012 Election

The Board seats of Directors Garton, Pohl, and Christiansen are available for election on May 8, 2012 and the District is required to call an election for these seats. By motion duly made and seconded, it was

RESOLVED to adopt the resolution calling for an election, appointing a designated election official, and providing for the cancellation of the election if it is unnecessary. A copy of the formal resolution is incorporated herein by this reference.

2012 Budget Hearing

Mr. Marchetti reviewed the District's 2012 preliminary budget numbers noting that the District's assessed value has dropped from \$19,787,380 for 2010's tax collections to \$18,548,230 for 2011's tax collections to \$11,283,210 for 2012's tax collections. The operating mill levy will remain at 1.345 and the debt service mill levy will be increased from 37.929 mills to 61.628 mills but the amount of property taxes the District receives will decrease from \$728,463 in 2011 to \$712,715 in 2012.

The meeting was opened up to public comment on the budget. There being no public input, the public session was closed. The Board discussed the 2012 budget and by motion duly made and seconded it was unanimously

RESOLVED to approve the resolution adopting the 2012 budget, to appropriate funds, and to set the mill levy rate. A copy of the formal resolution for this purpose is incorporated herein by this reference.

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Audit Engagement

Letter The Board reviewed the Chadwick, Steinkirchner, Davis, & Co 2011 audit engagement letter and by motion duly made and seconded it was unanimously

RESOLVED to engage the auditing firm of Chadwick, Steinkirchner, Davis, & Co to perform the District's 2011 annual audit.

2012 Meeting

Schedule The Board reviewed the 2012 meeting calendar and after discussion it was agreed to add a 5th meeting date in the calendar year. By motion duly made and seconded it was unanimously

RESOLVED to adopt the second Tuesday of February, May, July, September, and November at 1:00 p.m. as the regularly scheduled meeting dates as presented.

Accounts

Payable The Board reviewed the September accounts payable list and by motion duly made and seconded, it was unanimously

RESOLVED to ratify approval of the September accounts payable list as presented.

The Board reviewed the November accounts payable list and by motion duly made and seconded, it was

RESOLVED to approve the November accounts payable list as presented.

Directors Garton, Rulon, Pohl, and Christensen voted aye and Director Meister abstained.

Action Log List

The Board reviewed and updated the Action Log list.

Adjournment

There being no further business to come before the Board and by motion duly made and seconded it was unanimously

RESOLVED to adjourn the Special Meeting of the Cotton Ranch Metropolitan District Board of Directors this 1st day of November, 2011.

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Respectfully submitted,



Cissy Olson
Secretary for the Meeting