
RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors Cotton Ranch Metropolitan District July 5, 2017

A Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on July 5, 2017 at 3:00 p.m., at the offices of Marchetti & Weaver, LLC, 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:

- Craig Jagger
- Tom Pohl
- Beric Christiansen
- Chris Meister (Arrived at 3:40 p.m.)

The following Directors was absent and excused:

- Chris Sauro

Also in attendance were:

- Jonathan Heroux, Piper Jaffrey – Bond Underwriter (By Telephone)
- Tom Peltz, Kutak Rock – Bond Counsel (By Telephone)
- Matt Dalton, Spencer Fane – General Counsel (By Telephone)
- Ken Marchetti, Marchetti & Weaver, LLC
- Cheri Curtis, Secretary for the Meeting

Call To Order

The Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District was called to order by Director Christiansen on July 5, 2017 at 3:00 p.m. noting a quorum was present.

Disclosure of Potential Conflicts of Interest

The Board discussed the requirements pursuant to 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 regarding any matters scheduled for discussion at this meeting.

It was noted that there had been filed with the District and Secretary of State a disclosure of potential conflict of interest statement for Chris Meister and that the statement had been filed in accordance with statute, indicating that Mr. Meister is the owner of Meister Builders, Inc., a building, operations and management firm

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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 this disclosure is restated at this time with the intent of fully complying with laws pertaining to personal conflicts.

Changes to the

Agenda The discussion on the bond refunding was moved to the top of the agenda.

Potential Bond

Refunding Jonathan Heroux stated the District received individual responses from the six banks that were distributed to the Board. Only four banks met the District's requirements. Texas Capital Bank and NBH Bank submitted the best rates in the 3.0% range. The Board reviewed the proposals from the individual banks.

Director Pohl questioned whether the District had the ability to request Texas Capital Bank make the same offer as ANB Bank to honor the same rate for the subordinate bonds when they convert. Mr. Heroux agreed to ask the question of Texas Capital Bank. Mr. Peltz cautioned the Board to not alter the process that could hold up the closing on redemption of the senior bonds. The Board agreed to move forward on the bond closing as submitted.

Director Meister joined the meeting at 3:40 p.m.

The Board agreed to move forward with refinancing the bonds with Texas Capital Bank.

Minutes The Board reviewed the Minutes of the May 31, 2017 Special meeting. By motion duly made and seconded it was unanimously

RESOLVED to approve the May 31, 2017 Special Meeting minutes as presented.

2016 Audit The 2016 draft audit was distributed to the Board with changes to the footnote related to authorized but unissued debt. By motion duly made and seconded it was unanimously

RESOLVED to approve the 2016 draft audit as presented with the additional footnote.

Financial

Report Mr. Marchetti reviewed the May 31, 2017 financial statements. The 2018 assessed value is based on the preliminary Eagle County report. The contingency

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in the water funds has already been used in 2017. Director Pohl questioned the ability to move funds from the operating fund to the utility fund. The Board would need to amend the 2017 budget to move funds.

Director Meister suggested switching out the sprinkler heads on the berm on Valley Road. The current heads are clogging from the sediment in the irrigation water and are not working properly. The Board discussed whether the District or the POA should fund the replacement of the sprinkler heads.

Accounts Payable

The Board reviewed the June 2017 accounts payable lists. By motion duly made and seconded, it was

RESOLVED to approve the June accounts payable list, as presented.

Accounts Receivable

The list of outstanding accounts was reviewed. The Board questioned the process on collections and it was noted accounts over six-months old can be collected through property taxes

Rules & Regulations

The Board agreed to revise the rules and regulations to require a \$2,500 deposit when tapping into the District's water system to cover line breaks during construction. By motion duly made and seconded it was unanimously

RESOLVED to approve the above stated revision in the District's Rules and Regulations.

Operations

The line on Whitetail has been extended for the landscaping improvements. The pump house is being cleaned to remove acid. There was a suggestion to install a filtration system in the pumphouse for a cost of \$30,000 to \$35,000 for the lower pump house. The cost to install a filtration system in the Sky Legend Pumphouse has not been determined. It was suggested phasing the cost into the budget over a few years. Director Meister will obtain proposals for filtration systems for both pumphouses with Sky Legend being the priority. The Town of Gypsum is considering installing a separate pump in Sky Legend in 2018 and conveying the existing pump to the District. The Board discussed installing filtration at the same time. The District would be responsible for the purchase of the mag meter and filtration system.

The Board is considering sandblasting and staining the Sky Legend pump house in 2018. \$5,000 will be included in the 2018 budget.

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Action Item

List AutoCAD File – This item is a work in progress.

Realignment of Chatfield/Bartholomew Ditch - The Town and/or the School District is considering selling the property that the C&B ditch crosses. The Board discussed piping the ditch with the cost to be paid by the School District. Adjacent property owners could be contacted for input. The Board agreed the concept of piping the Chatfield/Bartholomew Ditch across the School District's property should be pursued if the Town of Gypsum and the Eagle County School District are interested.

Letter to Scott Russell – Staff will draft a letter to Scott Russell. The District needs a survey of upper Pump House and to determine if there is an area in Sky Legends for a park area.

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 5th day July, 2017.

Respectfully submitted,



Cheri Curtis
Secretary for the Meeting