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## RECORD OF PROCEEDINGS

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### **Minutes of a Regular Meeting Of the Board of Directors Cotton Ranch Metropolitan District November 15, 2022**

The Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on November 15, 2022 at 3:00 p.m., with participants attending via Zoom, in accordance with the applicable statutes of the State of Colorado.

**Attendance** The following Directors were present and acting:

- Chris Meister (Via Zoom)
- Beric Christiansen (Via Zoom)
- David Nordin (Via Zoom)
- Michael Pritchard (Via Zoom)
- Bob Rulon (Via Zoom)

Also in attendance were:

- Craig Wenkheimer (Via Zoom)
- Eric Johnson (Via Zoom)
- Owen Lococo (Via Zoom)
- Ken Marchetti, Marchetti & Weaver, LLC (Via Zoom)
- Cheri Curtis, Secretary for the Meeting (Via Zoom)

#### **Call To Order**

The Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District was called to order by Director Meister on November 15, 2022 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 and this company provides services to the District managing and operating the District's raw water irrigation system.

There are certain business transactions between the District and Cotton Ranch Homeowners Association (CRHOA) and Directors Christiansen and Nordin are

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also members of the Executive Board of CRHOA. While both the District and CRHOA serve substantially the same constituency, transactions between the two entities could constitute a potential conflict of interest. The Board noted, for the record, that these disclosures are reported at this time with the intent of fully complying with laws pertaining to personal conflicts.

**Agenda** No changes.

**Minutes** The Board reviewed the Minutes of the August 9, 2022 Regular meeting. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the August 9, 2022 Regular Meeting minutes as presented.

**Public Input** Craig Wenkheimer and Eric Johnson were in attendance to hear about the irrigation water rate increases. Director Meister and Mr. Marchetti explained operating costs go up with inflation annually and the system is aging and will eventually need to be replaced. The increase will be used in part to build a reserve for replacement of the system.

#### **Cancellation of**

**2002A Bonds** In 2021 the Board was able to refund the 2002A bonds along with the subordinate bonds that converted in 2017, 2019 and 2020 to general obligation bonds. ANB Bank had entered into a Commitment to Lend agreement with the District in 2017 related to converting the subordinate bonds and now that all the subordinate bonds have all been converted ANB would like to formally cancel the Commitment to Lend dated August 1, 2017. By motion duly made and seconded it was unanimously

**RESOLVED** to cancel the 2017 ANB Commitment to Lend Agreement.

#### **2023 Election**

**Resolution** The next regularly scheduled election for Board seats will be held on May 2, 2023. The 2023 Election Resolution appointing Cheri Curtis as the DEO was presented. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the 2023 Election Resolution as presented.

#### **2023 Meeting**

**Calendar** The 2023 meeting calendar presented. The Board discussed cancelling the February meeting. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the 2023 meeting calendar as presented.

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#### **Improvements on District Property**

Neither the Town of Gypsum or the Gypsum Creek Golf are interested in the tract of land owned by the District adjacent to Cotton Ranch Drive. This item will be added to the action item list for discussion of potential future improvements. Mr. Lococo suggested the Board wait to make plans until the Town of Gypsum determines the improvements for the adjacent golf course and swimming pool properties.

#### **1276 S Legend Drive**

The Board received a request for forgiveness or reduction of water user fee overage charges from the property owners at 1276 S. Legend Drive. By motion duly made and seconded it was unanimously

**RESOLVED** to charge the base fee for the three months and split the overage charges with the property owner.

#### **392 Legend Drive**

The Board received a request from the owner of 392 Legend Drive to consider using the Valley Floor base water allowances for the properties at 392, 396, and 400 Legend Drive. The intent would be to keep the grass growing and prevent mud from flowing onto the road. The Board suggested the owners build a retainer to prevent mud flowing. The Board agreed to deny the request. A letter will be drafted, reviewed by the Board, and then sent to the owner.

#### **Financial Report**

The October 31, 2022 financial statements were included in the packet and presented by Mr. Marchetti. The District needs to make sure the Town of Gypsum doesn't need to invoice the District for the Wolford water lease. The Board discussed frustrations with Comcast damaging the District's irrigation system while installing the fiber cable and the numerous redundant requests for locates. Mr. Lococo stated the Town of Gypsum holds the bonds for Comcast and they are required to repair any damage they create.

#### **2023 Budget Hearing**

Mr. Marchetti reviewed the 2023 proposed budget. The 2023 budget includes expenditures for staining the lower pump house and replacing a Parshall measuring flume. The public hearing on the 2023 proposed budget was opened for public comment. Hearing no comments, the public hearing on the proposed 2023 budget was closed. By motion duly made and seconded it as unanimously

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**RESOLVED** to adopt the 2022 budget; to set the debt service mill levy at 34.000 mills and the operating mill levy at 1.345 mills, resulting in a total mill levy of 35.345 mills; and to appropriate funds for spending in 2023, all as documented in the formal budget resolution incorporated herein by reference.

#### **2023 Fee Rate**

**Schedule** The public hearing on the proposed 2023 fee rate schedule was opened for public comment. Hearing no further comments, the public hearing on the proposed 2023 fee rate schedule was closed. By motion duly made and seconded it as unanimously

**RESOLVED** to approve the 2023 rate schedule to increase irrigation user fee rates on the Valley Floor to \$84 per month, \$42 for Sky Legend and \$21 for the Villas all as documented in the formal fee rate schedule resolution incorporated herein by reference.

#### **Accounts**

**Receivable** The list of outstanding accounts was reviewed. Overdue balances were discussed.

#### **Payments of**

**Claims** The Board reviewed the payment of claims lists. By motion duly made and seconded, it was

**RESOLVED** to ratify approval of the November 15, 2022 payment of claims, as presented. Director Meister abstained from voting.

#### **2022 Audit**

#### **Engagement**

#### **Letter**

The audit engagement letter from Chadwick, Steinkirchner, Davis & Co. to perform the 2021 audit of the District's financials was presented for approval. The cost to perform the audit will be \$5,625. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the 2022 audit engagement letter with Chadwick, Steinkirchner, Davis and Co. as presented.

#### **Operations**

#### **Report**

The raw water system performed well this year with no major breaks. The pumps are serviced annually to prolong their useful life. The new meters installed in 2022 are working well and will show if there is a leak in the system. Director Meister suggested the District should consider adding a storage area near the lower pumphouse for meters and safety equipment.

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#### **Replacement of the Raw Water System**

Heritage Links replaced the golf course main lines. Director Meister has contacted their representative, Tim Hubert, to start the discussion to determine the costs to the District of replacing the system in a future year.

#### **Action Item List**

Director Meister is working with Brent Biggs who will be providing a proposal to prepare an Auto CAD file of the District's water system. Action Item List Item 165 is updated to include the Town of Gypsum's approved improvements for the Golf Course.

#### **Tap Fees Schedules**

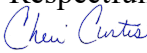
The schedule of tap fees received was included in the Board packet.

**Next Meeting** Unless there is a reason to call a special meeting, the next meeting is scheduled for February 14, 2023.

#### **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 held this 15th day of November, 2022.

Respectfully submitted,  
  
Cheri Curtis  
Secretary for the Meeting