
RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors Cotton Ranch Metropolitan District September 29, 2016

A Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on September 29, 2016 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:

-) Chris Meister
-) Craig Jagger
-) Beric Christiansen
-) Tom Pohl

The following Director was absent and excused:

-) Chris Sauro

Also in attendance were:

-) Ken Marchetti, Marchetti & Weaver, LLC
-) Cheri Curtis, Secretary for the Meeting
-) Matt Dalton, District General Counsel (by telephone)

Call To Order

The Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District was called to order by Director Meister on September 29, 2016 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. The Board noted, for the record, that this

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

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 Sauro and that the statement had been filed in accordance with statute, indicating that Mr. Sauro is a principal of Sunnyside Gardens, a landscaping 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 this disclosure is restated at this time with the intent of fully complying with laws pertaining to personal conflicts.

Changes to the Agenda

There were no changes presented.

Minutes

The Board reviewed the Minutes of the August 9, 2016 Regular meeting. After discussion and by motion duly made and seconded it was unanimously

RESOLVED to approve the August 9, 2016 Regular Meeting minutes as presented.

Public Input

There was no public input.

Transfer of 2002A Bonds

The District's 2002A bonds which are owned by Gypsum/Ironwood, LLC, an affiliate of the Pauls Corporation, are being sold to Collegiate Peaks Bank. In connection with this sale the Board has been requested to provide a supplemental tax compliance and bring down certificate stating that to the best of the District's knowledge it is in compliance with all representations and covenants it made in its prior tax certificates related to these bonds. Questions were presented by the Board on the accuracy of the certificate and reasons to adopt the resolution. Matt Dalton, the District's general counsel responded to the questions. By motion duly made and seconded it was unanimously

RESOLVED to approve the Supplemental Tax Compliance and Bring Down Certificate as presented, a copy of which is incorporated herein by this reference.

Operations

Director Meister met with certain property owners to discuss irrigation and billing issues. Director Meister suggested extending a one-time credit to property owners with irrigation issues that have been resolved, such as faulty irrigation clocks or system leaks. Director Pohl stated the Board should not give a credit on an

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account that is not in compliance with the design guidelines for landscaping until the property is brought into compliance. The Board agreed to extend a one-time forgiveness to property owners who have corrected an irrigation problem and are in compliance with the landscaping design guidelines.

Water Billing

Issues

Lovins – Director Meister reported he met with Jon Lovins and showed him how to set his irrigation clock. Director Meister confirmed the Lovins’ irrigated landscaping area exceeds the Sky Legend limit of 1,500 square feet. Director Pohl suggested educating property owners on irrigation restrictions when plans are submitted to the Design Review Board. The Board agreed to send a letter to the Lovins stating their irrigated landscaping is out of compliance and once it is brought into compliance the Board will waive 50% of the overage charges. The letter will reiterate this is a one-time forgiveness. The Lovins are welcome to attend an upcoming Board meeting if they disagree with the Board’s decision.

Pump & Pump House

Issues

With the golf course separating its irrigation system from the District’s system, the District is now maintaining the lower pump house which houses the District’s irrigation pumps. The District blasted and stained the building in 2016. There was a recent issue with three pumps running at the same time due a power surge, indicating a potential need for the pumps to be checked more regularly, possibly even daily. Director Meister agreed to look into a potential notification system which will report the status of the pumps.

The Board discussed safety issues related to the pump houses.

Northline

GIS

The Board reviewed the information provided on the Northline GIS system. The Board discussed the justification for the expenditure versus the benefits. The discussion was tabled at this time.

Needham

Tap Fee

The Board agreed to refund the tap fee to Paul Needham since he has decided to not build on his lot.

Irrigation Extension to

Sky Legend

Island

The project is on hold until the District can piggyback on another project in the area.

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Communication to Property

Owners The Board reviewed the proposed communication to property owners on the irrigation system, costs, and limits. The Board made changes to the letters that will be sent to all property owners. A final draft of the letters will be sent to the Board for review before being sent to property owners.

Meter Reads Director Meister suggested reading Sky Legend meters more often to help identify leaks in individual systems. The Board discussed having the meters read in June, August and October. Director Pohl suggested the Board review the cost for a third meter read to determine if the benefits justify the cost. Discussion followed on the costs. By motion duly made and seconded it was unanimously

RESOLVED to approve reading the meters in Sky Legend on June 15, August 15, and October 15 in 2017.

Financial Statements

Mr. Marchetti presented the August 31, 2016 financial report. Board members will review the 2017 budget individually and report any desired changes prior to the next Board meeting.

Accounts Payable

The Board reviewed the August and September 2016 accounts payable lists. Director Meister questioned the cost of utility locates. By motion duly made and seconded, it was

RESOLVED to approve the September accounts payable list and ratify the August 2016 accounts payable lists, as presented.

Action Items List

The action item list was reviewed.

Tap Fees The Villas tap fees schedule was reviewed.

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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 29th day September, 2016.

Respectfully submitted,



Cheri Curtis

Secretary for the Meeting