
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Cotton Ranch Metropolitan District August 11, 2020

A Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on August 11, 2020 at 3:00 p.m., at the Gypsum Creekside Grill, 530 Cotton Ranch Road, Gypsum, Eagle County, Colorado with certain 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
- Michael Pritchard
- Bob Rulon (Via Zoom)
- Beric Christiansen (Via Zoom)

The following Director was absent and excused:

- David Nordin

Also in attendance were:

- Ken Marchetti, Marchetti & Weaver, LLC (Via Zoom)
- Cheri Curtis, Secretary for the Meeting

Call To Order

A Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District was called to order by Director Meister on August 11, 2020 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.

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Directors Christiansen and Nordin reported that they also serve on the executive board of Cotton Ranch Homeowners Association (CRHOA). There are certain business transactions between the District and 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 Mr. Marchetti added a discussion on the 2021 reassessment and the effects of the Gallagher amendment to the agenda.

Minutes The Board reviewed the Minutes of the May 12, 2020 Regular meeting. By motion duly made and seconded it was unanimously

RESOLVED to approve the May 12, 2020 Regular Meeting minutes as presented.

Public Input There was no public input.

392, 396 & 400

Sky Legend The Board reviewed the information provided from the owners of the three properties at the end of Sky Legend Drive. The builder did not complete the backyard landscaping so the Cotton Ranch HOA agreed to use the developer landscape deposit to install and establish the landscaping in 2019. The owners are still receiving large water bills to get the landscaping established during the first year period. They requested the CRHOA use the remaining landscape deposit to cover the excess water bills. The request was denied by the HOA.

The owners then requested the District consider a reduction in the water bills due to the circumstances. The District has already doubled the amounts for the base and first tier water usage. The Board agreed the issue is between the owners and the CRHOA. A letter will be drafted to the owners and reviewed by the Board for approval.

Locates Meister Builders had agreed to provide locating services after the District terminated the prior service provider. With Comcast installing fiber-optics throughout Cotton Ranch, Meister Builders was not able to continue providing the services due to the volume of locate calls. 1st Call Locating was recommended by Comcast and hired to provide the service. After the first two weeks of providing services, the cost was too great for the District to continue the contract. 1st Call Locating was billing for each property. Meister Builders has agreed to provide the service again. Locates will be based on \$70 for the first lot locate and

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then \$65 per hour for additional lot locates on the same ticket. Comcast has stated they should be out of Cotton Ranch by the end of August.

Replacement of the Raw Water System

Director Meister indicated with lowering the pressure in the system, there are no anticipated issues with the system for another five to ten years. When the system is replaced, Director Meister suggested using 100-year pipe. Director Meister indicated the new system could be installed in the same location as the existing system through a “bullet” process. The Board discussed the costs of replacing the system in the current location or moving the mainlines to backyards to avoid boring costs. When the time comes that the system will need to be replaced the Board will work with an irrigation company that specializes in systems of this type to make a recommendation and cost estimates.

It was also suggested as an alternative to replacing the system, the District could consider approaching the Town of Gypsum to allow Cotton Ranch property owners to use domestic water for lawn watering. It might be less expensive to convert individual properties to the Town’s domestic system then replace the entire irrigation mainlines if the Town has sufficient treatment capacity to provide treated water for irrigation. This option can also be kept open for further evaluation as the time for replacement approaches.

Financial and Long-Range Report

The July 31, 2020 financial statements were included in the packet. The discussion started with the potential repeal of the Gallagher Amendment that will be on the November ballot. If the repeal is successful, it will allow the District to continue to collect the property taxes at the current level and to increase proportionate with the increase in home values. If the repeal of the Gallagher Amendment is not successful, the residential assessment rate could be reduced from 7.15 % to a projected rate of 5.88% in 2021, which would have a negative effect on the District’s property tax assessments starting in 2022. The Board discussed the possibility of the repeal passing.

Mr. Marchetti presented the current tax assessments options; both with the Gallagher Amendment effects in future years and without the Gallagher Amendment if repealed. The next re-assessment is based on property sales from July 1, 2018 to June 30, 2020 for the District’s 2022 budget. The long-range plan included the financial impacts to the District if the Gallagher Amendment is not repealed.

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2020 Bond

Redemption There was a discussion on whether to pay down the 2017 bonds or convert another piece of the sub-ordinate bonds if funds are available at the end of 2020. The November Board packet will include a comparison of the impacts to the District between paying down the 2017 bonds or on the subordinate bonds. The discussion was tabled to the November meeting. At that time the Board will know the outcome of the Repeal of the Gallagher Amendment.

Accounts

Receivable The list of outstanding accounts was reviewed.

Accounts

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

RESOLVED to ratify approval of the May 12 through August 11, 2020 accounts payable lists, as presented.

Operations Report

The raw water irrigation system and pump houses are operating with few issues. Beaver dams are being removed from the ditches when necessary. New screen intakes for both pump houses need to be included in the 2021 budget.

Director Meister noted there are several yards in Cotton Ranch and Sky Legend that appear to be receiving water regularly but their meter readings do not show any water usage. An internal audit comparing water pumped monthly to water being metered on individual lawns should show if property owners are bypassing meters.

Action Item

List The action item list was reviewed. Replacement of the irrigation system mainlines will be added to the list.

Tap Fees

Schedules The schedule of new tap fees received was included in the Board packet for review.

Adjournment

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

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RESOLVED to adjourn the Regular Meeting of the Cotton Ranch Metropolitan District Board of Directors held this 11th day of August, 2020.

Respectfully submitted,



Cheri Curtis
Secretary for the Meeting