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## RECORD OF PROCEEDINGS

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### Minutes of the Special Meeting Of the Board of Directors Cotton Ranch Metropolitan District August 6, 2019

A Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on August 6, 2019 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
- Beric Christiansen
- Bob Rulon
- David Nordin
- Craig Jagger

Also in attendance were:

- Justin Kirkland
- Ruth Powers
- Eric Weaver, Marchetti & Weaver, LLC
- Ken Marchetti, Marchetti & Weaver, LLC
- Cheri Curtis, 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 August 6, 2019 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.

**Minutes** The Board reviewed the Minutes of the June 19, 2019 Special meeting. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the June 19, 2019 Special Meeting minutes as revised.

### **Irrigation Water**

**Tier Rates** At the April 8, 2019 Special Meeting, a public hearing was held on raising tier rates for raw water irrigation. At that meeting, the Board agreed to raise the rates to control water usage, noting the need to reduce water usage in Sky Legend. The rates per gallon went from \$.003 to \$.01 for tier one and from \$.005 to \$.03 for Tier two for both Sky Legend and the Valley Floor.

Director Meister presented to the Board water usage from 2018 to 2019 noting most properties are not using excess water in 2019 and lawns are turning brown due to reduced watering. The Valley floor has plenty of water available and the brown lawns are affecting the overall appearance of Cotton Ranch. Director Meister has been working with property owners to adjust irrigation systems to irrigate lawns properly. The lower pumphouse water pressure has been increased to 100 psi. The upper pump house water pressure was increased from 80 psi to 90 psi.

The base cost for irrigation water on the Valley Floor calculates at \$2.33 per 1,000 gallons for the base rate. Cotton Ranch is at 61% build-out and Sky Legend is at 41% build-out. Director Meister proposed setting per gallon rates for Tier one at \$.0034 and \$.0053 for Tier two for the Valley Floor. The Board discussed leaving the tier rates for Sky Legend as adopted in April. By motion duly made and seconded it was unanimously

**RESOLVED** to adjust the tier rates for the Valley Floor and leave Sky Legend tier rates as approved in April, 2019. The Valley Floor tier rates per gallon will be \$.0034 for Tier 1 and \$.0053 for Tier 2. Sky Legend will remain per gallon at \$.01 for Tier 1 and \$.03 for Tier 2.

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AmCoBi billed the wrong amount in June and July. Their system was calculating by 1,000 gallons, not per gallon. This worked in the favor of property owners. The Board agreed to not make adjustment for prior billings. **The Board discussed the anticipated excess overage charges in Sky Legend. The Board will review concerns and consider waiving overage charges one time only on a case by case basis.**

#### **Green Development Ditch**

**Crossing** Mr. Marchetti provided a draft letter to Scott Green regarding the Ditch Crossing agreement for the proposed development for the Board's review. By motion duly made and seconded it was unanimously

**RESOLVED** to approve sending the letter to Scott & Cappie Green as drafted. Director Meister signed the letter on behalf of the Board.

#### **Villas Letter Agreement**

The final version of the Villas Letter Agreement for tap fees, water usage and maintenance was presented to the Board for approval. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the Villas Letter Agreement as revised. Director Meister executed the Agreement on behalf of the Board.

#### **Legend Dr**

**Landscaping** The builder for 392, 396, and 400 Legend Drive did not complete the landscaping in accordance with the plans. The Cotton Ranch HOA used the builder's deposit to complete the landscaping. Temporary irrigation was installed to establish the native landscaping. The Board approved billing the HOA at the lower water usage rate to get the new landscaping established.

#### **Financial Report**

The June 30, 2019 financial statements were presented. Mr. Marchetti is showing approximately \$740,000 of the sub-ordinate bonds will convert in 2020 with the increased assessed value based on the May 2020 Abstract of Assessments.

#### **Accounts Receivable**

The list of outstanding accounts was reviewed. Director Rulon noted there is a new owner at 230 Black Bear. Ms. Curtis will update the records for this property.

#### **201 Legend**

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**Drive** Director Meister provided pictures showing the owner is taking water before the meter at 201 Legend Drive. The owner is disputing the water overage charges. Director Meister is going to do more research on the account and the Sky Legend meter readings. A letter to the owner of 201 Legend Drive will be drafted for the Board's approval. It was noted the property is accessed from Fox Hollow and therefore the address is now 37 Fox Hollow.

**10A Black Bear** The owner of 10A Black Bear is disputing the \$200 broken meter fee for 2018 claiming they never received the broken meter letter. It was agreed to invite the owners of 10A Black Bear to the next meeting to gather more information from them before making a decision. The Board needs to know the date the meter was replaced when making a decision. The Board discussed possibly reducing the broken meter fee to \$100 per month.

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

**RESOLVED** to approve the August 2019 accounts payable list, as presented and ratify the July payables lists as presented.

Ruth Powers and Eric Weaver joined the meeting at 4:35 p.m.

**Bill.Com** Ms. Curtis presented the concept of using Bill.com for invoice approval and check preparation. The process will allow signers to approve invoices online rather than physically printing and signing checks. Once approved by a Board member/signer Bill.com will send the payment to the vendor either as an e-payment or in check form depending on the vendor's preference. There is a monthly charge from Bill.com based on the number of approvers and checks written each month but this charge is expected to be offset by savings from not having to print and mail checks to vendors. Bill.com syncs with the accounting software increasing the efficiency of the service. By motion duly made and seconded it was unanimously

**RESOLVED** to approve using Bill.com for payment of invoices

**Future Funding** When Colorado's special district statute (Title 32) was originally adopted, metropolitan districts were not authorized to provide covenant enforcement and design review services so these services have historically been provided by home owners associations, including Cotton Ranch HOA. However, a few years ago

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Colorado statutes were revised to permit metro districts to provide design review and covenant enforcement services. With districts and homeowner associations serving the same property owners, it can create duplicate overhead costs to have both a metro district and an HOA and some communities have begun consolidating the metro district services with the HOA services into the metro district. The Board requested a list of pros and cons for consolidating these services in Cotton Ranch.

**Operations** The raw water irrigation system is working well. The new water filtration system in Sky Legend is working better than expected. The 2020 budget includes installation of the filtration system for the Valley Floor.

Sky Legend and the Villas property owners are using less water than in 2018. The Valley Road trees and Cotton Ranch Road landscaping is being irrigated on Monday, Wednesday and Fridays. Staff has been spending time cleaning sprinklers on the Valley Floor. This procedure should be eliminated with installation of the new filtration system on the Valley Floor.

There have been no pump or motor replacements in 2019. A leak in the system was repaired this week.

**Action Item  
List**

The action item list was presented and reviewed by Director Meister.

**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

**RESOLVED** to adjourn the Special Meeting of the Cotton Ranch Metropolitan District Board of Directors held this 6th day August, 2019.

Respectfully submitted,



Cheri Curtis  
Secretary for the Meeting