
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Cotton Ranch Metropolitan District November 6, 2018

A Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on November 6, 2018 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
- Craig Jagger
- Bob Rulon
- Tom Pohl

Also in attendance were:

- JT Landreth
- Dave Nordin
- Tony Martinez
- Ken Marchetti, Marchetti & Weaver, LLC
- Cheri Curtis, Secretary for the Meeting

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 6, 2018 at 3:05 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.

Public Input There was no public input.

Minutes The Board reviewed the Minutes of the August 14, 2018 Regular meeting. By motion duly made and seconded it was unanimously

RESOLVED to approve the August 14, 2018 Regular Meeting minutes as revised.

Continuation

Meeting It was noted the meeting will need to be continued to meet the requirements to notify property owners of delinquent accounts that will be certified to the Eagle County Treasurer and to make a decision on water rate increases. The Board agreed to continue this meeting to November 28 at 5:00 p.m. at the Creekside Grill.

Audit

Engagement The 2018 audit engagement letter from Chadwick Steinkirchner and Davis was presented. The cost will remain at \$5,250 for the 2018 audit preparation. By motion duly made and seconded it was unanimously

RESOLVED to approve the 2018 audit engagement letter as presented at a cost not to exceed \$5,250.

Meeting

Calendar The proposed 2019 meeting calendar was presented. The May meeting was moved to April 9, 2019 so it can be held before the irrigation system is turned on for the 2019 irrigation season. By motion duly made and seconded it was unanimously

RESOLVED to approve the 2019 meeting calendar with regular meetings scheduled for February 12, April 9, August 13 and November 12.

Parks Director Pohl reported Mountain Recreation District (previously WECMRD) is looking at partnering for future parks.

Financial Report

The September 30, 2018 financial statements were included in the Board packet and presented by Mr. Marchetti. The utility fund expenses have exceeded the budget and the 2018 budget will need to be amended at the first meeting in 2019.

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The 2019 proposed budget was included in the financials. The Board discussed the 2019 water rates and budgeted expenses. Marchetti and Weaver's office will review the water billing tiers and corresponding water rates for consideration by the Board at the next meeting. Director Meister suggested increasing the base rate by \$4 for the Valley floor and \$2 for Sky Legend monthly for 2019. An analysis of water fees relative to available water rights will be presented at the next meeting.

The drought that caused the call on the Eagle River which affected Sky Legend water usage was discussed. Cotton Ranch was able to obtain Stratton and Company Ditch water from the Town of Gypsum under a Substitute Water Supply Plan. The amount that the Town will charge Cotton Ranch for this Substitute Water Supply Plan has not yet been determined. Director Meister suggested the District request a LEDE Reservoir (named after ranchers Lundgren, Erickson, Doll and Engstrom) lease for 40-acre feet of water that could be used in future drought years. The Board discussed possibly replacing the Wolford Lease with a LEDE Reservoir Lease.

\$15,000 is budgeted for street landscape maintenance in 2019. The budget for the pumphouse repairs was increased to \$30,000 for the installation of a filtration system in the upper pumphouse. A filtration system for the lower pumphouse is planned for 2020. Director Meister reported the golf course spent \$2 million to replace the golf course irrigation system. A very rough estimate of the cost to replace the District's system could be between \$5 - \$10 million which is primarily because the current lines are under property owners' driveways. It was agreed it was better to continue making repairs while increasing the budget and water rates to maintain the system.

David Nordin suggested requesting the Town of Gypsum (TOG) be involved in maintaining the landscaping on Cotton Ranch Road to the golf course. Director Pohl stated the TOG is increasing sewer rates for planned improvements for the Town's sewer system.

2019 Budget Hearing

The public hearing on the 2019 budget was opened for comment. Hearing no public comment, the public session was continued to the November 28, 2018 continuation meeting. The Board discussed the need to balance the budget in the utility fund. Approval of the 2019 budget was tabled to the November 28, 2019 continuation meeting.

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Delinquent

Accounts A list of the delinquent accounts was presented for collection by the Eagle County Treasurer with property tax collections. The Board will notify property owners of the meeting on November 28, 2018.

Accounts

Receivable The list of outstanding accounts was reviewed.

Accounts

Payable The Board reviewed the November 2018 accounts payable lists. By motion duly made and seconded, it was

RESOLVED to approve the November 2018 accounts payable list, as presented and ratify the September and October payables list as presented.

Water Rights

Application Mr. Marchetti reported that a diligence filing is required to be made every six years for the District's and Town's joint conditional water rights. This filing was made by Patrick Miller Noto and no issues were identified in the filing. We are waiting for a response from the Court. Director Meister explained the allocation of the water rights and the cost of this filing as being 66% the responsibility of the Town and 34% the District.

Operations

The Board noted water calls may continue to happen in future years. Mr. Landreth informed the Board he has domestic water rights for future homes that could possibly be used for future irrigation rights but he didn't elaborate.

The Villas extended the irrigation mainline and has tapped into the line extension for each building. Mr. Landreth requested a clarification on the tap fees for the project, whether the tap fee covers the entire building or if each unit in the building must pay a separate tap fee. Discussion was tabled to the November 28, 2018 meeting. The Board suggested that a contract be entered into between the District and the Villas homeowners' association clarifying that the line extension constructed by the Villas developer is owned by and the maintenance responsibility of the Villas.

Both pumphouses are operating properly with only one pump going down this year. A rebuilt pump costs \$10,000 with a rebound motor and labor for installation is \$5,000. Each year as the system ages there has been an increase in line breaks.

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The Board discussed water restrictions for Sky Legend based on the amount of water available for irrigation. This will be a topic of further discussion at the Board's next meeting.

Action Item

List

The Action Item List was reviewed by the Board. Obtaining water rights in LEDE Reservoir was added. The wording on the dog park status was updated. The tap fees for the Villas was added. The Board discussed potential construction on the school parcel across from Cotton Ranch.

Tap Fees

Schedules

The tap fees schedules were reviewed. There are currently 30 units in the Villas and only twenty-four tap fees are being shown paid. Ms. Curtis will investigate the difference.

Board Member

Resignation

Tom Pohl has sold his property and is tendering his resignation, effective at the close of the meeting.

Tony Martinez was introduced as a Sky Legend owner and potential Board member. David Nordin lives on the Valley floor and expressed interest in serving on either the District Board, the Association Board, or the DRC. Both potential Board members provided a personal background and the reason for wanting to be involved with the District. Both candidates left the meeting

After discussion and by motion duly made and seconded it was

RESOLVED to appoint David Nordin to the Board to serve until the May 2020 election. A letter will be sent to Tony Martinez thanking him for interest.

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Continuation

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

RESOLVED to continue the Regular Meeting of the Cotton Ranch Metropolitan District Board of Directors held this 6th day November, 2018 to November 28 at 5:00 p.m. at the Creekside Grill.

Respectfully submitted,



Cheri Curtis
Secretary for the Meeting