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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 April 8, 2019

A Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on April 8, 2019 at 6:00 p.m., at the Gypsum Recreation Center, 54 Lundgren Boulevard, Gypsum, 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
- David Nordin

Also in attendance were:

- Karl Gunzelman, 145 Whitetail
- Richard Thompson, 275 Whitetail
- Michael Tobler, 320 Red Fox Drive
- Richard and Helen Fitzgerald, 240 Black Bear
- Mark Lehman, 308 Legend Drive
- Ken Marchetti, Marchetti & Weaver, LLC
- Cheri Curtis, Secretary for the Meeting

#### **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 April 8, 2019 at 6:04 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

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## RECORD OF PROCEEDINGS

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### Cotton Ranch Metropolitan District April 8, 2019 Meeting Minutes

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and this company provides services to the District managing and operating the District's raw water irrigation system.

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.

**Public Input** There was no public input for items not on the agenda.

**Operations** **Water Rights** – The District is required to report irrigation water usage to the Water Division Engineer and takes weekly meter readings to be used for this purpose. Currently Sky Legend is at 41% of build-out and the Valley Floor is at 61.5% build-out. As these areas approach more full buildout it will be important to better monitor water usage.

The District has been working on a water usage plan with the water engineers and attorney for the last two years. This proposed plan sets the base tier for water usage per home based on the water decree. Water usage above the base tier then incurs higher user fees designed to discourage water usage above the decreed amount.

**Capital Improvements** – The upper pumphouse was sanded and stained. The new filtration system was installed in the Sky Legend system. This should help to keep the silt out of the irrigation system.

**Other Items** – The Chatfield and Bartholomew Ditch was cleaned out and sealed. The other ditches throughout the District were also cleaned out.

Sky Legend meters will be read and billed monthly in 2019.

Mr. Fitzgerald questioned the amount of water used in 2018 in Sky Legend. Director Meister reported it was 85%. Mr. Thompson questioned whether the District has ever put a call on water rights since there is no storage in Cotton Ranch. Director Meister explained the ditch water flows through Pond 1 and then to Pond #2 where it is pumped to the upper pond and pump station.

Mr. Lehman noted excessive water was being used in the Common areas in Sky Legend. It was questioned whether the District has the ability to monitor and fine

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## RECORD OF PROCEEDINGS

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### Cotton Ranch Metropolitan District April 8, 2019 Meeting Minutes

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people who are abusing water. Mr. Lehman suggested requiring property owners to have rain monitors on their systems. The Board noted the District, Gerber Landscaping and the golf course are all working together to conserve water.

Mr. Tobler questioned how the water rights are split between the golf course and homes. The general split is 66% for the golf course and 34% for the homes. Mr. Tobler is a new owner and was not able to obtain prior meter reads. The Board offered to provide prior meter reads and advice for his irrigation system operations.

#### **Rate Increase Public Hearing**

The meeting was published as a public hearing on water rates increases and the meeting was opened for public comment. The Board informed property owners base water rates would increase from \$68 to \$70 along with adjustments to tier rates for usage over the base amount.

Mr. Fitzgerald is concerned about the increase in rates without public input. Director Meister explained that the proposed rates will not be acted upon until all public input has been received. Mr. Fitzgerald questioned the proposed increases for tiered rates that could be punitive to high users who may have not been informed about the proposed increases. It was reported that all users have been informed by multiple communication channels including emails, letters and the website. Director Meister explained the aging system is requiring more repairs and the rates are being increased to help build a reserve for future repairs.

Mr. Thompson stated providing information and education and to the community is important. He suggested the District, HOA and DRC work together to educate property owners on the need to conserve water. Mr. Thompson would like to see tier rates go up less in 2019 to allow property owners to reduce lawn sizes by 2020.

Mr. Meister explained the District reduced the water pressure in the system in an attempt to extend the life out of the glue joint system. The Board feels it is better to maintain the existing system rather than replace it. The Board further discussed the need to build a reserve to avoid having to raise rates or levy assessments in the case of a system failure.

Mr. Tobler questioned if the District has the ability to refund funds back to property owners if excessive funds become available. Mr. Marchetti stated it is possible, however, currently there are minimal funds reserved.

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## RECORD OF PROCEEDINGS

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### Cotton Ranch Metropolitan District April 8, 2019 Meeting Minutes

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The Board discussed how much Director Meister has done for the District to keep the system operating properly. Mr. Marchetti stated the Board can take the proper action based on the input tonight, along with the engineer's recommendation.

The public input session was closed at 6:58 p.m. The Board reviewed the user and tap fee schedule as provided. Mr. Marchetti informed the Board an additional paragraph was added since the last version for re-vegetation usage. Leah Mayer, the DRC representative, will provide the square footage on re-vegetation areas. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the 2019 user rates and tap fees schedule as presented.

**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 8th day April, 2019.

Respectfully submitted,



Cheri Curtis  
Secretary for the Meeting