
RECORD OF PROCEEDINGS

Minutes of a Special Meeting Of the Board of Directors Cotton Ranch Metropolitan District September 14, 2021

A Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on September 14, 2021 at 3:00 p.m., with 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 (Via Zoom)
- Bob Rulon (Via Zoom)
- David Nordin (Via Zoom)
- Michael Pritchard (Via Zoom)

The following Director was absent and excused:

- Beric Christiansen

Also in attendance were:

- Matthew Dalton, Spencer Fane (Via Zoom)
- Thomas Peltz, Kutak Rock (Via Zoom)
- Ken Marchetti, Marchetti & Weaver, LLC (Via Zoom)
- Cheri Curtis, Secretary for the Meeting (Via Zoom)

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 14, 2021 at 3:03 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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There are certain business transactions between the District and Cotton Ranch Homeowners Association (CRHOA) and Directors Christiansen and Nordin are also members of the Executive Board of 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 The bond refinancing discussion and operations contract were moved to the top of the agenda.

2021 Bond Issuance

Interest rates currently remain low so there will be a significant savings to refinance all of the District's bonds in one issue. Requests for Proposal for the District's bond refinancing were distributed to Chase Bank, Great Western Bank, Key /bank, UMB Bank, ANB Bank, First Bank, Alpine Bank, BBVA Compass Bank, NBH (parent of Community Banks of Colorado), Zions Bank, Citywide Banks, and BOK Financial. Five proposals were received in response fo the RFP. The proposals with the two lowest rates were submitted by ANB Bank and BOK Financial. Mr. Marchetti prepared a cost savings analysis of those two proposals showing which proposal resulted in the greatest savings to the District. Discussion followed on the call provisions of the proposals.

Mr. Peltz stated the ANB provision would charge a 1% penalty to refund the bonds at a later date. BOK will only lock the rates 30 days prior to closing.

By motion duly made and seconded, it was unanimously

RESOLVED to accept the proposal from BOK with no call provision but with a yield maintenance clause.

The Board further

RESOLVED to appoint Directors Rulon and Meister to work with legal counsel to lock the rate on November 1 and for preparation of bond documents to be considered by the Board at the next meeting.

The committee agreed to meet on November 1, 2021 to lock the interest rate. If interest rates increase more than 25 basis points, a Board meeting will be called to review rates.

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Tom Peltz left the meeting at 3:49 p.m.

Operations

Contract

An invitation to bid was published in accordance with C.R.S. §32-1-1001(1)(d)(II) requesting bids for operation of the District's raw water irrigation system. The District received one proposal which was from Meister Builders, Inc. Following review of the proposal by the Board and by motion duly made and seconded it was resolved with Director Meister abstaining from the vote

RESOLVED to continue to contract with Meister Builders, Inc. to operate and maintain the raw water system in 2022. The entry into this contract is in compliance with C.R.S. §32-1-1001(1)(d)(II).

Mr. Dalton left the meeting at 3:58 p.m.

Minutes

The Board reviewed the Minutes of the May 13, 2021 Special meeting. By motion duly made and seconded it was unanimously

RESOLVED to approve the May 13, 2021 Special Meeting minutes as presented.

Director Meister requested the minutes be posted to the website promptly.

Public Input There was no public input.

CRHOA

Termination

Information was included in the packet related to the provision that the Cotton Ranch Homeowners Association Declaration of Covenants, Conditions and Restrictions will expire in 2025, unless a majority vote is received to extend such covenants. The Board will wait for further direction from the Cotton Ranch Homeowners Association before considering any action on this matter.

Financial and

Long-Range

Report

The July 31, 2021 financial statements were included in the packet. Mr. Marchetti was available for questions. The 2022 budget hearing, 2022 irrigation water and tap fee rate increases, and certifying accounts to the Eagle County Assessor will be considered at the November 9, 2021 meeting.

Accounts

Receivable

The list of outstanding accounts was reviewed. The Board noted the accounts in arrears. Staff will follow up with AmCoBi on status of payment and certified

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letters will be mailed notifying owners of the intent to certify delinquent accounts to the Eagle County Assessor with 2022 property tax collections.

Payments of Claims

The Board reviewed the payment of claims lists. By motion duly made and seconded, it was

RESOLVED to ratify approval of the May 14, 2021 through September 14, 2021 payment of claims, as presented.

Letter to ANB

Mr. Marchetti distributed a letter to UMB Bank notifying them of the increase in assessed value and the requirement to convert the subordinate bonds to unlimited tax general obligation bonds. The Board approved the letter and authorized Director Meister to execute the letter.

Operations Report

Director Meister reported this has been a good year for the raw water operations with fewer issues. There have been no calls on the District's water by the water commissioner this year. Director Meister further explained with the line damage deposit the District has implemented, there have been fewer breaks during construction, saving the District repair costs.

Director Meister presented the concept of installing Smart Ditch in the Chatfield and Bartholomew Ditch from Timberline to the Red Fox Ponds to help reduce water loss due to ground seepage. Director Meister will contact the Town of Gypsum to request financial support. Director Pritchard questioned if the material comes in other colors than black. Director Meister agreed to research optional colors.

Replacement Meters

Seventy-five meters were ordered in June and should be delivered in September.

Broken Meter

Letters Once the meters are received, the broken meter letters will be mailed. Owners will need to replace meters before the 2022 irrigation season.

Planning for Replacement of the Raw Water System

Director Meister believes the raw water irrigation system will last for at least another five years and hopefully until the District's current debt is retired. The

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objective is to get by as long as possible before needing to issue new debt to replace the system. The Board will be monitoring the system on an ongoing basis toward this end.

Action Item

List The action item list was reviewed. Director Meister is continuing to work on creating an Auto CAD file of the District's water system with points of diversions. The acre feet of evaporation in Water Case No. 18CW3191 will be added.

Several items were completed and removed from the Action Item List.

Tap Fees Schedules

The schedule of tap fees received was included in the Board packet. The Board directed staff to follow up with a letter to the Villas Developer regarding the status of the last buildings.

Next Meeting Unless there is a reason to call a special meeting, the next meeting is scheduled for November 9, 2021.

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 14th day of September, 2021.

Respectfully submitted,



Cheri Curtis
Secretary for the Meeting