
RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors Cotton Ranch Metropolitan District June 19, 2019

A Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on June 19, 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

The following Directors was absent and excused:

- Craig Jagger

Also in attendance were:

- J.T. Landreth
- 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 June 19, 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.

Talukder Request

Matt Talukder sent a request to the Board asking the late fees be waived on the water billing due to his renters not paying the water bill and leaving him with a large balance due to the District. The Board questioned why Mr. Talukder was not receiving a statement. Mr. Talukder noted the water billing was sent to the tenant. The Board agreed to waive all but \$250 of the late fees as long as the balance is paid within 30 days.

Mr. Talukder left the meeting at 3:20 p.m.

Villas Tap Fees

J.T. Landreth explained the process for the approval of building permits for the Villas units including the DRC fees and tap fees. In the beginning the Villas developer was paying landscape compliance deposits and tap fees on each unit even though they were constructing duplex, triplex and fourplex buildings. After discussions between the Developer and the DRC and HOA, it was agreed to charge DRC and landscape deposits by building rather than by unit. The Metro District did not participate in the discussions and there was confusion with the Metro District's tap fees with some fees being paid on a per-unit basis and some on a per-building basis. To date \$32,950 has been paid for tap fees for 45 Villas units for a total of eighteen buildings.

It was noted the Developer installed a looped irrigation water system in the development and has responsibility for operations, maintenance and replacement of the system from the District's gate valve downstream.

After discussion the Board agreed to accept the \$32,950 in tap fees paid to date plus charge one tap fee of \$2,700 per building for the last eight buildings constructed.

The letter agreement with the Villas will be revised and presented to Director Meister for review and then to Mr. Landreth.

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The easement across the Villas parcel needed to access the pumphouse was discussed along with the landscaping near the gate valves. The pumphouse access easement will be added as an exhibit to the letter agreement.

Mr. Landreth left at 3:40 p.m.

The Board discussed allowing the monthly allocation of water based on units versus buildings. Mr. Marchetti presented allowing 7,500 gallons per month by unit for the base amount to stay consistent with Sky Legend. By motion duly made and seconded it was unanimously

RESOLVED to revise the letter agreement to require a tap fee of \$2,700 per building on the remaining eight buildings and to set the amount of water usage allowed at 7,500 per unit for the base tier. The Villas at Cotton Ranch will be responsible for operation, maintenance and replacement of all irrigation lines within the Villas and will be required to provide an access easement to the District allowing access across Villas property to the pumphouse.

Minutes The Board reviewed the Minutes of the March 12, 2019 Special meeting. By motion duly made and seconded it was unanimously

RESOLVED to approve the March 12, 2019 Special Meeting minutes as presented.

The Board further reviewed the April 8, 2019 Special meeting minutes. Director Meister suggested keeping the Wolford Lease in place and develop a substitute plan with the Town of Gypsum plan to use LEDE Reservoir water. By motion duly made and seconded it was unanimously

RESOLVED to approve the April 8, 2019 Special Meeting minutes as presented.

Online Meeting

Notices Per CRS Title 32, effective August 2, 2019, districts are able to post notices of meetings online. The Board would like to continue to post paper notices through the end of 2019. By motion duly made and seconded it was unanimously

RESOLVED to approve the Online Posting Notice Resolution with continuing to post notices at the Gypsum Creek Golf Course for the remainder of 2019.

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Green Development Ditch

Crossing A proposed agreement from Scott Green for ditch crossings on the Chatfield Bartholomew ditch above Cotton Ranch for the proposed development of the Scott Green property was presented to the Board. Director Meister stated there will need ongoing access needed to clean and maintain the ditch through the development. Director Meister is also concerned with maintenance of the culverts. The Board will request more information on the proposed development including the plat and HOA documents showing the ditch easement and maintenance responsibilities, when they become available.

Financial Report

The May 31, 2019 financial statements were presented. Mr. Marchetti reviewed the balance sheet noting the majority of the property taxes for 2019 have been collected. The 2020 preliminary budget is based on the May abstract of assessment for assessed values from the County assessor. Based on this preliminary assessed value, District is expecting to convert \$825,000 of subordinate bonds and the remaining subordinate bonds should convert within the next four years.

Director Meister would like to see the water fund balance reserve increase if possible. The District needs to budget to replace the Valley Floor filtration system in 2020.

2018 Audit The 2018 draft audit was presented. Mr. Meister stated the language in the bond footnotes related to the subordinate bonds need to be revised to say not less than 35 mills to be “Gallagherized” and not to exceed 50 mills. By motion duly made and seconded it as unanimously

RESOLVED to approve the 2018 draft audit subject to this revision.

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.

Accounts Payable

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

RESOLVED to approve the June 2019 accounts payable list, as presented and ratify the April through May payables lists as presented.

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Operations The District needs to replace the filter in the lower pumphouse in 2020. The upper pumphouse filtration system is working better. The AF Grundel, Grundel Brothers and Chatfield Bartholomew ditches were all cleaned and sealed.

The Grundel Brother head gate needs to be repaired when the water levels descends. The pumphouses are working well. The upper system may need to be shutdown to fix screens in the upper pumphouse.

Action Item

List The action item list was presented and reviewed. Item # 137 was removed. Plans for new development on the School District property adjacent to Cotton Ranch shows the ditch will not be affected.

Tap Fees

Schedules The tap fee scheduled 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 19th day June, 2019.

Respectfully submitted,



Cheri Curtis
Secretary for the Meeting