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## RECORD OF PROCEEDINGS

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### Minutes of the Regular Meeting Of the Board of Directors Cotton Ranch Metropolitan District July 9, 2013

A Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on July 9, 2013 at 1:00 p.m., at the offices of Robertson & Marchetti, P.C., 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
- Tom Pohl
- Chris Sauro

The following Director was absent and excused:

- Bob Rulon

Also in attendance were:

- Zach Bishop, D. A. Davidson & CO. (Via Telephone)
- Ken Marchetti, Robertson & Marchetti, P.C.
- 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 July 9, 2013 at 1:05 p.m. noting a quorum was present.

#### **Disclosure of Potential Conflicts of Interest**

The Board discussed the requirements pursuant to the 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.

#### **Consideration of Changes to the**

**Agenda** There were no changes to the meeting agenda.

**Minutes** The Board reviewed the Minutes of the May 28, 2013 meeting. After discussion and by motion duly made and seconded it was unanimously

**RESOLVED** to approve the May 28, 2013 minutes with revisions.

#### **Irrigation Technology**

**Proposal** The District's Lower Irrigation Distribution System Analysis and Recommendations prepared by Hines Irrigation Consultants in 2008 was distributed to the Board. Director Meister reported the proposal from Irrigation Technology was consistent with the 2008 report by Hines Irrigation Consultants and it was not necessary to repeat the report. Ms. Curtis is to call Irrigation Technology and inform them the Board decided to not accept their proposal.

#### **Potential Bond**

**Refinancing** Zach Bishop with D. A. Davidson reviewed the three remaining refinancing options with the Board to restructure the District's bonds. The first option has the District making no changes, requiring the mill levy to increase for 2014 tax collections.

With the second option the bonds held by Alpine Bank would be extended. The third option would extend the bonds held both by Alpine Bank and First Bank. Mr. Bishop has been in contact with Alpine Bank who is willing to discuss extending the District's bonds. There has been no conversation with First Bank.

Director Christiansen expressed concerns that there was no discussion with First Bank prior to today's meeting to determine the possibility of negotiating with First Bank. Mr. Bishop explained that they have been trying to schedule meetings with First Bank but schedules have not meshed yet. If First Bank is not willing to negotiate an extension, Mr. Bishop would then proceed with option two.

Mr. Marchetti presented the long range financial plan for the District through 2043. It was noted in the long range financial plan that the Subordinate Bonds will convert towards the end of the repayment years. Director Meister questioned the projected assessed values in 2015. Mr. Marchetti presented the process the

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Assessor's office uses to determine the assessed values by using comparable sales for the designated period. The Board discussed the possibility of the District's assessed values growing rapidly in future years and how that would affect conversion of the subordinate bonds.

Mr. Bishop stated the banks will require call protection on the extended bonds. Alpine Bank would hold two-thirds of the new bonds with First Bank holding one-third of the new bonds. The bond interest rates will be market based, with possible longer terms (and higher interest rates) for the bonds with First Bank.

Mr. Bishop left the meeting at 1:34 p.m.

The Board reviewed the models and believes option three provides the greatest benefit to the District.

#### **Hopkins Water**

##### **Leak**

The Board reviewed the letter from Jon Hopkins regarding an irrigation water leak discovered on a home recently purchased by the Hopkins that has been corrected. Upon motion duly made and seconded it was unanimously

**RESOLVED** to reduce the irrigation water billing to the flat monthly rate for this property for the 2013 billings.

Ms. Curtis was directed to notify Mr. Hopkins and AmCoBi.

The Board discussed water leaks in other areas throughout the District. It was noted the District owns the main irrigation water line but not the lateral (non-main) water lines at the entrance on Valley Road, which are maintained by the HOA's landscaping company.

The Town of Gypsum services the fire hydrants within the District and those hydrants are on the Town's list for testing as soon as they have time available.

#### **2012 Draft**

##### **Audit**

The Board reviewed the draft of the 2012 audited financial statements and presented corrections. Upon motion duly made and seconded it was unanimously

**RESOLVED** to approve with the 2013 audited financial with revisions.

#### **Financial**

##### **Statements**

Mr. Marchetti reviewed the May 31, 2013 financial statements, explaining budget variances. The District is splitting the cost of the tree spraying with the HOA.

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The Board discussed the tree spraying budget and proposal, researching other chemicals, and other spray options.

Mr. Marchetti reviewed the property taxes collected from 2012 in 2013. There was additional interest collected that was not included in the budget. With the bond refunding, additional funds will be escrowed for future bond payments.

The water fund expenditures are separated in the financial statements with irrigation repairs reported separately for the Valley Floor and Sky Legend along with the type of repair.

Director Meister reported the Hydrosorb products have been successful in preventing water seepage from the ditch.

#### **Accounts Payable**

The Board reviewed the June accounts payable list and by motion duly made and seconded, it was unanimously

**RESOLVED** to ratify approval of the June accounts payable list, as presented.

The Board then reviewed the July accounts payable list and by motion duly made and seconded, it was unanimously

**RESOLVED** to approve the July accounts payable list, as presented, with Director Meister abstaining from voting.

#### **Action Log List**

The Board action log was reviewed and updated. Director Pohl suggested creating as-built documentation of the irrigation system. By creating a master plan with a reserve study, the Board would be prepared to present the plan to voters, if an election becomes necessary.

Director Meister continues to make repairs to lines extending from the District's main line. The Board questioned whether the District had the ability to bill property owners to avoid requiring a deposit from contractors. Mr. Marchetti stated under the District's regulations the District is responsible for the service line up to and including the curb stop valve or the customer's property line, whichever is closer to the main line. Since most of the lines are installed in easements on the customers' property, those service lines and valves are the responsibility of the customers. Director Meister suggested requiring contractors

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to make all main line repairs with acceptable material. Upon motion duly made and seconded it was unanimously

**RESOLVED** to amend the District's Raw Water Irrigation Rules and Regulations to require property owners to:

- notify the District of all breaks or leaks detected in the irrigation main lines
- use approvable materials for irrigation line repairs. All PVC pipe must be class 200 and all main lines must be 3" or 4" pipe consistent with the size of the pipe in the area
- have all repairs to the main lines inspected by the District prior to backfilling the repair.

Costs associated with violations of this policy will be bill backed to the contractor or the property owner. This information will be forwarded to the Cotton Ranch HOA.

#### **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 Regular Meeting of the Cotton Ranch Metropolitan District Board of Directors this 9th day of July, 2013.

Respectfully submitted,



Cheri Curtis  
Secretary for the Meeting