
RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors Cotton Ranch Metropolitan District March 12, 2019

A Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on March 12, 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
- Craig Jagger
- Bob Rulon
- David Nordin

Also in attendance were:

- Ken Marchetti, Marchetti & Weaver, LLC
- Eric Weaver, Administrator for Sky Legend
- 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 March 12, 2019 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.

Directors Meister, Christiansen and Nordin reported that they are also serve on the executive board of Cotton Ranch Homeowners Association (CRHOA). There

RECORD OF PROCEEDINGS

Cotton Ranch Metropolitan District March 12, 2019 Meeting Minutes

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.

Minutes The Board reviewed the Minutes of the November 6, 2018 Regular meeting. By motion duly made and seconded it was unanimously

RESOLVED to approve the November 6, 2018 Regular Meeting minutes as revised.

The Board further reviewed the November 28, 2018 Continuation meeting minutes. Director Meister suggested keeping the Wolford lease 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 November 28, 2018 Continuation meeting minutes as presented.

Public Input Director Rulon reported he received a call from Habitat for Humanity regarding the proposed construction of six duplexes on the School District Property to the south of Cotton Ranch and adjacent to Red Hill Elementary School. Habitat for Humanity has invited input from the District regarding their development. The Board agreed the District does not have the authority to provide input on the proposed plans.

Director Meister is concerned with the existing irrigation water ditch on the property and how it could affect water flows to the District's ponds. Director Meister is working with the golf course to ensure the District maintains access to the ditch as construction proceeds.

Appointment & Oath

of Office The Board agreed at the November 6, 2018 Board meeting to appoint David Nordin to serve on the Board until the May 2020 election. By motion duly made and seconded it was

RESOLVED to approve/ratify the appointment of David Nordin to serve on the Board until the May 2020 election.

It was noted Director Nordin serves on the Cotton Ranch HOA Board as well.

RECORD OF PROCEEDINGS

Cotton Ranch Metropolitan District March 12, 2019 Meeting Minutes

The Oath of Office was administered to Director Nordin by Director Meister.

24 Hour Meeting

Notices By motion duly made and seconded it was unanimously

RESOLVED to approve the Gypsum Creek Golf Course as the 24-hour posting notice location for the District.

Meeting Calendar

The proposed 2019 meeting calendar was presented. The April meeting was moved to April 8, 2019. By motion duly made and seconded it was unanimously

RESOLVED to approve the 2019 meeting calendar with regular meetings scheduled for April 8, August 13 and November 12.

Irrigation Issues

Director Nordin brought up the issues with irrigation fees on 400 Legend Drive. They claim they are not using irrigation water and have no landscaping. There is a meter on location and Robert Salazar has reported there is usage. Director Meister is going to work with the owners. If the owners want to cap the system, the District will agree to waive the monthly irrigation fees.

Teiens

The Teien's reported they did not receive monthly notification of the broken meter fee. The meter has been repaired. The Board agreed to charge the broken meter fee for one month and the water base fee amount for the other five months. Late fees will be waived.

Sky Legend

Water Rates Mr. Marchetti presented information on the water rights for Sky Legend with the 35-acre foot Wolford Reservoir lease and 40-acre foot lease with the Town of Gypsum. Zancanella and Associates has prepared a report and a table that shows the amount of water available for Sky Legend. Appendix B of the water rates for 2019 was reviewed with the limits on the amount of sod of 5,000 feet for the Valley Floor with the minimum monthly fee of \$70, an increase from \$68.

The Sky Legend water rates and limits were presented with options for charges and limits for irrigation areas. The Sky Legend sod limits are 900 feet for the Cottage homes, 1,200 feet for the Traditional homes, and 1,500 feet for the custom homes. The base rate will be \$35 monthly, an increase from \$34. The Board looked at the options for charging \$.05 per gallon for tier 2 usage and \$.07 per gallon for tier 3 usage as opposed to \$.01 per gallon for tier 2 and \$.03 per gallon for tier 3. Director Meister believes the lower rates should be sufficient for

RECORD OF PROCEEDINGS

Cotton Ranch Metropolitan District March 12, 2019 Meeting Minutes

2019. It was noted Sky Legend is a high desert environment and should be landscaped appropriately.

The April 8, 2019 meeting will be held as the public hearing for the 2019 water rates. The meeting will be held in Gypsum at 6:00 p.m.

The Board agreed to present the rates at \$.01 per gallon for Tier 2 and \$.03 per gallon for Tier 3 at the April 8, 2019 meeting.

Villas Tap Fees &

Agreement

The proposed Letter Agreement and Tap Fees for the Villas at Cotton Ranch was reviewed by the Board. A paragraph will be added explaining the water available at full build-out. The Agreement states the District is responsible for maintenance of the mainline to the service line. The service line and anything within the Villas is the responsibility of the Villas at Cotton Ranch Association. By motion duly made and seconded it was unanimously

RESOLVED to approve Letter Agreement that will be sent to JT as Landreth as revised.

Financial

Report

The February 28, 2019 financial statements and a very preliminary 2020 budget were included in the Board packet and presented by Mr. Marchetti. The balance sheet was reviewed along with the profit and loss statement. The residential assessment rate is anticipated to drop from 7.2% to 6.95% for use in preparing the 2020 budget. With the increases in actual value the District's assessed value is anticipated to increase by approximately 5% but more accurate numbers will be available from the Assessor in May. The debt service conversion schedule was reviewed showing subordinate bonds will convert to senior bonds at the rate of 35% of assessed value compared to existing outstanding senior debt. Current estimates are that approximately \$1M in subordinate bonds could convert to senior bonds at the end of 2019.

Director Rulon left the meeting at 4:45 p.m.

Director Meister requested the District budget for maintenance of the District's utility vehicle. There will be maintenance expenses beginning in 2019.

RECORD OF PROCEEDINGS

Cotton Ranch Metropolitan District March 12, 2019 Meeting Minutes

2018 Amended Budget

Hearing The public hearing on the 2018 amended budget was opened for comment. Hearing no public comment, the public session was closed. By motion duly made and seconded it as unanimously

RESOLVED to adopt the 2018 amended budget as presented. A copy of the formal budget resolution is incorporated herein by this reference.

Accounts

Receivable The list of outstanding accounts was reviewed. Ms. Curtis confirmed the delinquent accounts were certified to Eagle County Treasurer for collection with the 2019 property tax collections.

Accounts

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

RESOLVED to approve the March 2019 accounts payable list, as presented and ratify the December through February payables lists as presented.

Operations Director Meister reported on the improvements to the pumphouse and planned installation of the water filter at the upper pumphouse in 2019.

Action Item

List The action item list was presented and reviewed.

Tap Fees

Schedules The tap fee scheduled was included in the Board packet for review.

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 Special Meeting of the Cotton Ranch Metropolitan District Board of Directors held this 12th day March, 2019 to April 8, 2019 with the continuation to be held at the Gypsum Recreation Center at 6:00 p.m.

RECORD OF PROCEEDINGS

Cotton Ranch Metropolitan District March 12, 2019 Meeting Minutes

Respectfully submitted,

Cheri Curtis

Cheri Curtis
Secretary for the Meeting