
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Cotton Ranch Metropolitan District November 9, 2010

A Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on November 9, 2010 at 3:30 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:

- Christopher S. Meister
- Timothy R. Garton
- Bob Rulon

The following Directors were absent and excused:

- Doug Sterkel
- Art Hoehn

Also in attendance were:

- Craig Corona, Patrick Miller Kropf, P.C. (via telephone)
- Ken Marchetti, Robertson & Marchetti, P.C.
- Cissy Olson, 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 November 9, 2010 at 3:37 p.m. noting a quorum was present.

Disclosure of Potential Conflicts of Interest

It was noted that there had been filed with the Board and Secretary of State, disclosures of potential conflict of interest statements for Timothy R. Garton and that the statements had been filed in accordance with statute, indicating the following conflicts: Timothy R. Garton owns 66 undeveloped lots within District. Additionally, Timothy R. Garton was assigned a 30% financial interest in the proceeds of the Cotton Ranch Metropolitan District bonds owned by the Cotton Ranch Bond Partners, LLC. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to personal conflicts.

Minutes

The Board reviewed the Minutes of the August 3, 2010 meeting. After discussion and by motion duly made and seconded, it was unanimously

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RESOLVED to approve the August 3, 2010 minutes as presented.

The Board reviewed the Minutes of the September 22, 2010 meeting. After discussion and by motion duly made and seconded, it was unanimously

RESOLVED to approve the September 22, 2010 minutes as presented.

Raw Water Lease

Agreement

The Board reviewed Mr. Corona's November 1, 2010 water legal report. Mr. Corona included the First Amendment to the Raw Water Lease Agreement between the Town of Gypsum and the District. The original Raw Water Lease limited the use of the water to irrigation only, whereas the Amendment will expand the water use to conform to the augmentation plan. The Board discussed the First Amendment and by motion duly made and seconded it was unanimously

RESOLVED to approve the First Amendment to the Raw Water Lease Agreement as presented.

At 3:53 p.m. Mr. Corona joined the meeting via telephone.

Easement Agreement

Update

Mr. Corona is in the process of drafting an Easement Agreement between the Town of Gypsum and the District which will allow access on the Gypsum Creek Golf course for the District to the operate, maintain, and repair their irrigation system. Mr. Corona reported he has obtained a set of as-built drawings to use as an Exhibit to the Agreement however the drawings do not include any structures on the course. Zancanella & Associates has offered to provide a more complete set of as-builts that will include the pipelines, pump houses and related infrastructure for \$1,600. The Board discussed the proposal and agreed to check the District's set of as-built drawings provided by High Country Engineering to see if the buildings and easements are already included.

Mr. Corona left the meeting.

Rules and Regulations

Update

Some properties have gone into the foreclosure process due to the downturn in the nation's economy. Mr. Dalton, the district's attorney, recently revised the District's Water Rules and Regulations to include additional guidelines to Section 8.11 the Collection/Foreclosure/Dispute Resolution Proceedings/Attorney's Fees and the Hearing and Appeal Procedures Section 9.1 Application. The Board

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reviewed the modifications and by motion duly made and seconded it was unanimously

RESOLVED to approve Mr. Dalton's changes and additions to the District's Water Rules and Regulations related to Section 8.11 the Collection/Foreclosure/Dispute Resolution Proceedings/Attorney's Fees and the Hearing and Appeal Procedures Section 9.1 Application.

Future Meeting

Dates The Board reviewed the 2011 meeting calendar and by motion duly made and seconded it was unanimously

RESOLVED to approve the meeting dates as presented.

Audit Engagement

Letter The Board reviewed the Chadwick, Steinkirchner, Davis, & Co 2010 audit engagement letter and by motion duly made and seconded it was unanimously

RESOLVED to engage the auditing firm of Chadwick, Steinkirchner, Davis, & Co to perform the District's 2010 annual audit.

Board Member

Changes Director Meister reported that Director Sterkel is interested in selling his home in Cotton Ranch and Director Hoehn is currently working out of town. The Board discussed possible Board member replacements in the event a board vacancy arises.

2010 Budget

Hearing Mr. Marchetti reviewed the District's 2011 preliminary budget numbers noting that the operating mill levy will remain at 1.345 and the Debt Service mill levy will be increased from 37.722 mills to 37.929 mills.

The meeting was opened up to public comment on the budget. There being no public input, the public session was closed. The Board discussed the 2011 budget and by motion duly made and seconded it was unanimously

RESOLVED to approve the resolution adopting the 2011 budget, to appropriate funds, and to set the mill levy rate. A copy of the formal resolution for this purpose is incorporated herein by this reference.

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Accounts Payable

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

RESOLVED to ratify approval of the October accounts payable list as presented.

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

RESOLVED to approve the November accounts payable list 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 Regular Meeting of the Cotton Ranch Metropolitan District Board of Directors this 9th day of November, 2010.

Respectfully submitted,



Cissy Olson
Secretary for the Meeting