
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Cotton Ranch Metropolitan District February 15, 2011

A Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on February 15, 2011 at 10:00 a.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
- Doug Sterkel
- Tom Pohl

Also in attendance were:

- 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 February 15, 2011 at 10:00 a.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.

Appointment of Director And Oath of Office

The Board acknowledged the resignation of Art Hoehn and expressed their gratitude for his years of dedicated service to the District. Tom Pohl has

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expressed an interest in the vacancy and by motion duly made and seconded, it was unanimously

RESOLVED to appoint Tom Pohl to the vacancy created by Mr. Hoehn's resignation to serve until the May 2012 election. Mr. Pohl will be eligible to run again for the Board seat at that time.

Mr. Pohl was sworn into office by taking the Oath of Office.

Minutes The Board reviewed the Minutes of the November 9, 2010 meeting. After discussion and by motion duly made and seconded, it was unanimously

RESOLVED to approve the November 9, 2010 minutes as presented.

Case 05CW10

Update The Board reviewed Ms. Ramsey Kropf's February 9, 2011 water legal report. The final ruling and decree for Case 05CW10 has been filed with the District Water Court. Ms. Kropf anticipates a signed ruling in the next few months followed by a 20 day protest period. Once the protest period has been completed the District Water Court will finalize the decree.

Case 04CW239

Update Ms. Kropf negotiated a stipulation with the School District and forwarded it to the Board for approval. The Board reviewed the Stipulation and agreed to conference call Ms. Kropf into the meeting.

At 10:25 a.m. Ms Kropf joined the meeting via telephone.

Ms. Kropf reviewed the District's water rights in the Chatfield-Bartholomew Ditch and confirmed that the District may continue to take its allocated diversion rights from the Chatfield-Bartholomew Ditch under priority 47 and 47EX. Director Meister requested that the neighboring objectors in this case be notified that the District is allowed to continue to use these priorities.

The Board reviewed questions they had related to the Stipulation Agreement with the School District. The School District is concerned that the District will divert more than its share during the irrigation season which would interfere with the School District's ability to divert its Chatfield Bartholomew Ditch water rights. Director Meister pointed out that the School District has been in violation of the Agreement signed and dated September 3, 2002 with the District. Ms. Kropf will follow up with the School District to bring a resolution to the District's concerns.

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The District would like to improve the carrying capacity between the point of diversion from Gypsum Creek and the District's lateral off of the Chatfield and Bartholomew Ditch. The Board discussed implementing a control burn along the ditch banks to alleviate water obstruction due to continued growth on the ditch banks.

Case 95CW347 states that the District has a conditional water right of 3.0 CFS which may be diverted from the Grundell Brothers, the A.F. Grundell, the Ulin, or the Chatfield Bartholomew Ditches. Ms. Kropf and the Board reviewed the District's absolute and conditional water rights. After further discussion the Board instructed Ms. Kropf to revise the Stipulation and Agreement with the School District and include the Pond 4 conditional water right rather than wait until the next conditional water right application process occurs in 6 years.

At 11:31 a.m. Ms. Kropf left the meeting.

The District's diversion point on the A.F. Grundell Ditch may be moved within 199 feet upstream without having to file a point of diversion change in Water Court from its original point of diversion. Director Meister pointed out that the District should proceed with documenting the District's diversion flow of AF Grundell Ditch water diverted at the Grundell Brothers Ditch headgate the past several years.

24 Hour Posting

Notice/Meeting

Dates

The Board approved continuing to use the Cotton Ranch Club House as the posting location for the 24 hour notice. The Board reviewed the proposed schedule for the 2011 regular meetings noting that the meetings are scheduled for the second Tuesday of the second month of each quarter at 3:30 p.m. After discussion and by motion duly made and seconded it was unanimously

RESOLVED to adopt the 24-hour Posting Notice Resolution for the meetings establishing the Cotton Ranch Club House as the posting location for the 24 Hour Notice, a copy of which is incorporated herein by this reference.

FURTHER RESOLVED to establish 3:30 p.m. on the second Tuesday of the second month of the quarter for regular meetings of the District Board of Directors.

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Red Flags Rules

Resolution The Federal Trade Commission recently adopted regulations requiring creditors to implement a program to identify, detect, and respond to patterns, practices or specific activities that could indicate identity theft. Mr. Dalton, the District's attorney, recommended that the Board adopt an Identity Theft Prevention Program resolution in order to be in compliance with Federal statutes. American Conservation and Billing Solutions, the District's water billing company, currently provides an ePay service for electronic payments which is subject to and operates within the Payment Card industry policies that are more stringent than (and therefore in compliance with) the Red Flag Rules. After discussion and by motion duly made and seconded it was unanimously

RESOLVED to approve the Resolution Adopting an Identity Theft Prevention Program.

Robertson & Marchetti, PC

Engagement

Letter Mr. Marchetti reported there is a new accounting requirement that a written engagement letter be used for compiled financial statements. Mr. Marchetti presented the letter and asked the Board for approval in order to fulfill the new requirement. By motion duly made and seconded it was unanimously

RESOLVED to approve the Robertson & Marchetti, PC engagement letter as presented.

Financial

Statements Mr. Marchetti reviewed the District's preliminary December financial statements.

Accounts

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

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

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

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

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

RESOLVED to approve the February accounts payable list as presented.

Accounts Receivable

Late Fees Several residents within the District have not been paying the late fees that the District includes on the raw water irrigation billing when payments are received past the monthly due date. AmCoBi, the District's utility billing company, asked if the Board would like to continue billing customers who have incurred the late fees or write the fees off. The Board reviewed the January 31st aging report and agreed to leave the fees on the customer's account.


The District's raw water irrigation system will be turned on again in April. The Board agreed to send a letter to the residents reminding them to inspect their irrigation meters, irrigation heads, and water lines to ensure they are operating properly when irrigation season begins. Discussion followed related to residents who have delinquent accounts over \$150 and whose raw water payments are at least 6 months in arrears may be subject to having the delinquent amount added to their property taxes by the District.

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 15th day of February, 2011.

Respectfully submitted,



Cissy Olson
Secretary for the Meeting