
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Cotton Ranch Metropolitan District May 10, 2011

A Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on May 10, 2011 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:

- Chris Meister
- Tim Garton
- Bob Rulon
- Tom Pohl

The following Director was absent and excused:

- Doug Sterkel

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 May 10, 2011 at 3:35 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.

RECORD OF PROCEEDINGS

Cotton Ranch Metropolitan District May 10, 2011 Meeting Minutes

Consideration of Changes to the

Agenda There are no changes to the meeting agenda.

Minutes The Board reviewed the Minutes of the February 15, 2011 meeting. After discussion and by motion duly made and seconded, it was unanimously

RESOLVED to approve the February 15, 2011 minutes with revisions.

Water Legal Director Meister announced that the Grundel Brothers Ditch has been cleaned out and the Town of Gypsum has installed a Montana Drop Structure and new staff gage on the flume. Director Meister reviewed the District's water rights which may be diverted from the Grundel Brothers, the A.F. Grundel, or the Chatfield & Bartholomew Ditches with the Board.

At 4:17 p.m. Mr. Tom Zancanella joined the meeting via telephone.

Director Meister requested verification from Mr. Zancanella of the method of measuring the District's water rights in the Grundel Brothers Ditch.

Director Meister will continue to record monthly water usage readings for the lower and upper pump houses, flow meter, and flume.

At 4:34 p.m. Mr. Zancanella left the meeting.

Case 05CW10

Update The Board reviewed the Patrick Miller Kropf May 4, 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 revised and renegotiated the terms of the stipulation with the School District based on the District's concerns regarding the September 3, 2002 Settlement Agreement between the District and the School District.

Mr. Corona of Patrick Miller Kropf included proposed stipulations to the Horse Pasture opposers and the State in order to settle their concerns with the District's augmentation plan case. Mr. Corona recommended that the District sign an authorization to allow him to enter the stipulations including any reasonable, non-substantive changes the opposers may require on behalf of the Town and District.

RECORD OF PROCEEDINGS

Cotton Ranch Metropolitan District May 10, 2011 Meeting Minutes

The Board discussed the recommendation and by motion duly made and seconded it was unanimously

RESOLVED to authorize Patrick, Miller, & Kropf to enter into a stipulation with the Horse Pasture opposers and the State to settle concerns with the District's augmentation plan case.

Rules and Regulations

Update The District has an outstanding balance for irrigation water provided to properties since the summer of 2010. Mr. Dalton, the District's attorney, recently reviewed the District's Irrigation Rules and Regulations to include additional guidelines to Section 5.9 Revocation of Service, 8.9 Payment of District Fees, Charges, and Costs, and Section 8.10 Penalty for Late Payment. The Board 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 5.9 Revocation of Service, 8.9 Payment of District Fees, Charges, and Costs, and Section 8.10 Penalty for Late Payment.

2010 Irrigation Water

Billings Delinquent

Balances The Board discussed the raw water irrigation outstanding balances and by motion duly made and seconded it was unanimously

RESOLVED to proceed with preparations to certify all delinquent balances over \$150 and six months past due to the County Treasurer's office to be included on the property owner's 2011 property tax bill.

Hoppin Irrigation Leak

(190 Coyote Dr)

In April a water leak occurred in Mr. Hoppin's irrigation system where the non-potable water connects to his irrigation system. Mr. Hoppin shut off his irrigation system; however his meter continued to run. Mr. Hoppin is planning to have the meter repaired and install a shut off valve upstream of the meter. Mr. Hoppin is requesting a credit for the excess water his meter recorded since his meter malfunctioned and continued to run after his irrigation system was shut off. After discussion and by motion duly made and seconded it was unanimously

RESOLVED to authorize American Conservation and Billing Solutions to invoice Mr. Hoppin for his base water usage only for water usage

RECORD OF PROCEEDINGS

Cotton Ranch Metropolitan District May 10, 2011 Meeting Minutes

during the month of May since his water meter continued to run after the irrigation system was turned off.

Perez/Martinez Irrigation Leak (111 Timberwolf)

A major irrigation leak occurred using 135,300 gallons of water in Mr. Luis Perez irrigation system at 111 Timberwolf between June 15 and July 15, 2010. Ms. Martinez, the wife of Mr. Perez, contacted American Conservation and Billing Solutions, the District's irrigation billing company, to ask if any work was done last year on their irrigation system or close to it that could have caused the extremely high usage. The owner's account balance is currently \$895.47 and they would like to set up a payment plan to pay the account in full. The District discussed the incident and agreed to credit the Martinez/Perez family for the excess usage. By motion duly made and seconded it was unanimously

RESOLVED to approve a credit to Mr. Perez for the excess water usage at 111 Timberwolf between June 15 and July 15, 2010.

Nibblelink/Darnell Water Leak (110 Black Bear)

Director Meister received a letter from Mr. Robert Darnell who claims that his irrigation system at 110 Black Bear was malfunctioning in 2010. According to Mr. Darnell the irrigation system was not operating properly last summer and as a result Mr. Robert Nibblelink, the owner of the property, had to have the system repaired. Mr. Darnell subsequently went out of town for three weeks after the system was repaired, and upon his return he found that the irrigation system continued to malfunction during his absence. Mr. Darnell would like a credit for the excess water used and pay only the monthly base fees during this period between May and July 2010.

After discussion and by motion duly made and seconded it was unanimously

RESOLVED to charge Mr. Darnell for the base water usage for May, June, July, and August 2010 and provide a credit to his account for all excess water usage during the four month period.

Tree Update On

Valley Road The trees located on the berm adjacent to Valley Road have a scale fungus and need to be sprayed. Director Meister estimated that there are approximately 300 trees. The Board discussed the extent of the project and agreed to ask the Cotton Ranch Homeowner's Association if they would assist with spraying the trees.

RECORD OF PROCEEDINGS

Cotton Ranch Metropolitan District May 10, 2011 Meeting Minutes

Maintenance of Irrigation System

Director Meister would like to be compensated at a rate of \$40 per hour for the additional time he has spent and continues to spend working on the District's irrigation system to ensure it is operating properly. After discussion and by motion duly made and seconded it was unanimously

RESOLVED to advertise an invitation to bid for the contract to manage and operate the District's raw water irrigation system and to approve awarding a contract to the low bidder and to authorize any officer of the District to execute such contract.

Accounts Payable

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

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

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

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

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

RESOLVED to approve the May accounts payable list as presented.

2010 Audit Report

The Board reviewed the 2010 preliminary audit draft. By motion duly made and seconded, it was unanimously

RESOLVED to approve the 2010 draft audit report as presented.

District's Preliminary Assessed Values

Mr. Marchetti presented a brief analysis of the District's preliminary assessed values and how it will affect the 2012 mill levy and property tax revenue. Based on the reduction in the District's assessed values, it is expected that the District's mill levy rate for taxes to be paid in 2012 will be approximately 62.5 mill but

RECORD OF PROCEEDINGS

Cotton Ranch Metropolitan District May 10, 2011 Meeting Minutes

even with this increase in the mill levy rate the property taxes paid on an average home in Cotton Ranch are expected to decrease from approximately \$4,500 to approximately \$3,750.

Pauls Corporation

Update

Director Meister reminded the Board that the Pauls Corporation has not provided a copy of the Sky Legend irrigation system as-builts to the District, and they owe the District for irrigation repair costs that occurred in 2010. After discussion Mr. Marchetti suggested that all "warranty type" costs incurred by the District related to the irrigation system be accumulated and offset against any future payments owing to the Pauls Corporation.

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 10th day of May, 2011.

Respectfully submitted,



Cissy Olson
Secretary for the Meeting