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## RECORD OF PROCEEDINGS

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### **Minutes of a Regular Meeting Of the Board of Directors Cotton Ranch Metropolitan District November 9, 2021**

The Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on November 9, 2021 at 3:00 p.m., with participants attending via Zoom, in accordance with the applicable statutes of the State of Colorado.

**Attendance** The following Directors were present and acting:

- Chris Meister (Via Zoom)
- Beric Christiansen (Via Zoom)
- David Nordin (Via Zoom)
- Michael Pritchard (Via Zoom)

The following Director was absent and excused:

- Bob Rulon

Also in attendance were:

- Thomas Peltz, Kutak Rock (Via Zoom)
- Chris Haney, BOK (Via Zoom)
- Owen Lococo (Via Zoom)
- Jose Ramos (Via Zoom)
- Trina Medsker (Via Zoom)
- Daniel Cox (Via Zoom)
- Dennis McMahon (Via Zoom)
- Glynne Diggle (Via Zoom)
- Ken Marchetti, Marchetti & Weaver, LLC (Via Zoom)
- Cheri Curtis, Secretary for the Meeting (Via Zoom)

#### **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, 2021 at 3:00 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.

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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.

There are certain business transactions between the District and Cotton Ranch Homeowners Association (CRHOA) and Directors Christiansen and Nordin are also members of the Executive Board of 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.

**Agenda** No changes.

**Minutes** The Board reviewed the Minutes of the September 14, 2021 Special meeting. Director Meister noted the replacement meters are now on back-order until December 1, 2021. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the September 14, 2021 Special Meeting minutes as presented.

**Public Input** There was no public input.

#### **2021 Bond Issuance**

With interest rates remaining low, the Board had planned to refund the 2002A, 2016, 2017, 2019 and 2020 bonds with the General Obligation Bonds Series 2021 combining all outstanding bonds into one issue. Since Amendment 120 was not approved by voters, the assessed value for the District will not be reduced in 2022. Based on the District's assessed value, the 2002A bonds would have all converted from subordinate bonds to general obligation bonds this year. The District was successful in negotiations with Kathleen Cook and the Marchetti's who purchased the Garton bonds to accept a discounted amount on the unpaid interest on the 2002A subordinate bonds. With payment of the unpaid interest, the amount of bonds was increased to \$7,335,000 with the option to repay the debt in twelve years at 2.26% or 2.39% for 15 years. The lower rates would result in the most savings with the mill levy starting at 40 mills. The Board needs to decide if they want the lower interest rate for a shorter term with a higher mill levy or a higher interest rate with a lower mill levy for a longer term. Mr. Marchetti estimated the average homeowner would save approximately \$238 a

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year for the six-mill reduction. Mr. Marchetti pointed out the District will reduce the amount of the unpaid interest, if the unpaid interest is converted to a general obligation. By motion duly made and seconded, it was unanimously

**RESOLVED** to accept the commitment letter from BOK for the bond issuance choosing the option to extend the debt out to 2035 at 2.39%; and

**FUTHER RESOLVED** to authorize Directors Meister or Christiansen to execute the commitment letter with BOK Bank and;

**FURTHER RESOLVED** to accept the bond resolution that includes the term sheet provided by BOK. Vote by Director:

Meister	Aye
Christiansen	Aye
Pritchard	Aye
Nordin	Aye
Rulon	Absent

Chris Haney, Tom Peltz and the public left the meeting at 3:33 p.m.

**Public Input** There was no public input.

**2022 Election** The Resolution for the May 3, 2022 Election was presented. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the 2022 Election Resolution as presented.

#### **2022 Meeting**

**Calendar** The 2022 meeting calendar was presented. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the 2022 meeting calendar as presented.

**405 Red Fox** Glynn Diggle has presented a request to amend the easements to be able to construct in the easement. His plans show the planned house doesn't fit within the building footprint and encroaches into the easement. On the southside of the property there is a 20' irrigation easement. Mr. Diggle requested the Board reduce the easement to 10' which is consistent with all other Cotton Ranch properties on Timberwolf. The request was approved.

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There is another large easement on the east side of the property where the District's ditch crosses the property. Mr. Diggle suggested piping the ditch to be able to decrease the easement. Currently the District needs that easement for the material removed from cleaning the ditch. The Board previously stated it would cost \$7,000 to pipe the ditch at the owner's expense. The Board discussed the possibility of working with the property owner to reduce the costs to pipe the ditch. The Board believes piping the ditch would be a benefit the owner. The Board agreed to reduce the Irrigation and Drainage Easement on the east side of the property to twenty-feet if the ditch is piped. The Board directed Mr. Diggle to decide how to proceed with piping the ditch and report back to the Board.

#### **Growth Management**

**Late Fees** The owner of 160 Mara Court claims they did not receive water invoices in 2021 and requested the Board waive the late fees. The Board decided it is the owner's responsibility to receive invoices and will not waive the late fees.

#### **Financial Report**

The September 30, 2021 financial statements were included in the packet and were superseded with the updated financials showing the increase in the Series 2021 bond to include the subordinate unpaid interest. Mr. Marchetti reviewed the debt service schedule with the updated information.

#### **2021 Amended**

**Budget** The public hearing on the 2021 amended budget was opened for public comment. Hearing no comments, the public hearing on the 2021 amended budget was closed. By motion duly made and seconded it as unanimously

**RESOLVED** to amend the 2021 budget as presented all as documented in the formal amended budget resolution incorporated herein by reference.

#### **2022 Proposed**

**Budget** The public hearing on the 2022 proposed budget was opened for public comment. Hearing no comments, the public hearing on the proposed 2022 budget was closed. By motion duly made and seconded it as unanimously

**RESOLVED** to adopt the 2022 budget; to set the debt service mill levy at 36.000 mills and the operating mill levy at 1.345 mills, resulting in a total mill levy of 37.345 mills; and to appropriate funds for spending in 2022, all as documented in the formal budget resolution incorporated herein by reference.

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#### 2022 Fee Rate

**Schedule** The public hearing on the proposed 2022 fee rate schedule was opened for public comment. Hearing no comments, the public hearing on the proposed 2022 fee rate schedule was closed. By motion duly made and seconded it as unanimously

**RESOLVED** to approve the 2022 rate schedule to increase irrigation user fee rates on the Valley Floor to \$82 per month, \$41 for Sky Legend and \$20.50 for the Villas all as documented in the formal fee rate schedule resolution incorporated herein by reference.

#### Accounts

**Receivable** The list of outstanding accounts was reviewed. The Board noted the accounts in arrears.

#### Certifying Delinquent

**Accounts** The public hearing on the delinquent accounts was opened for public comment. Hearing no comments, the public hearing on the delinquent accounts was closed. By motion duly made and seconded it as unanimously

**RESOLVED** to certify delinquent accounts to the Eagle County Treasurer for collection with the 2022 property taxes all as documented in the formal resolution incorporated herein by reference.

#### Payments of Claims

The Board reviewed the payment of claims lists. By motion duly made and seconded, it was

**RESOLVED** to ratify approval of the November 9, 2021 payment of claims, as presented.

#### 2021 Audit

**Engagement** The audit engagement letter from Chadwick, Steinkirchner, Davis & Co. to perform the 2021 audit of the District's financials was presented for approval. The cost to perform the audit will be \$5,500. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the 2021 audit engagement letter with Chadwick, Steinkirchner, Davis and Co. as presented.

#### Operations Report

Director Meister reported the District is working with the golf course to use a larger compressor to blow out the District's irrigation lines. The Golf course is blowing out their lines this week and the District's lines will be blown out on

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November 11, 2021. The pumphouses are both working properly. There were no water commissioner calls on the District's water in 2021.

The owners of Lot 6A Filing 1 are planning construction on that lot. The District will need to move the mainline on the lot at the District's cost.

#### **Replacement**

**Meters** Seventy-five meters were ordered in June and are still on back-order.

#### **Broken Meter**

**Letters** Since the meters haven't been received, the District will wait to send the broken meter letters. Owners will need to replace meters before the 2022 irrigation season.

#### **Replacement of the**

#### **Raw Water**

**System** The District will continue to monitor the system with hopes the system lasts until the debt is repaid.

#### **Action Item**

**List** The Town of Gypsum is discussing moving the diversion of their portion of the Chatfield Bartholomew water. Director Meister is concerned how moving the water could affect the Red Fox ponds. The Town has agreed to keep water in the Red Fox ponds. Mr. Marchetti suggested scheduling a meeting with the Town of Gypsum to discuss the ponds and the flow of the ditch. Director Meister will be in Gypsum from December 16 – December 22, in anticipation that a meeting can be scheduled during that time period.

#### **Tap Fees**

**Schedules** The schedule of tap fees received was included in the Board packet.

**Next Meeting** Unless there is a reason to call a special meeting, the next meeting is scheduled for February 15, 2022.

#### **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 Special Meeting of the Cotton Ranch Metropolitan District Board of Directors held this 9th day of November, 2021.

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Respectfully submitted,

*Cheri Curtis*

Cheri Curtis

Secretary for the Meeting