
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Cotton Ranch Metropolitan District May 14, 2013

A Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on May 14, 2013 at 1:00 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
- Beric Christiansen
- Tom Pohl
- Chris Sauro

The following Director was absent and excused:

- Bob Rulon

Also in attendance were:

- Zach Bishop, D. A. Davidson & CO.
- 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 14, 2013 at 1:09 p.m. noting a quorum was present.

Disclosure of Potential Conflicts of Interest

The Board discussed the requirements pursuant to the 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. The Board noted, for the record, that this

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disclosure is restated at this time with the intent of fully complying with laws pertaining to personal conflicts.

Consideration of Changes to the

Agenda There were no changes to the meeting agenda.

Minutes The Board reviewed the Minutes of the February 12, 2013 meeting. After discussion and by motion duly made and seconded it was unanimously

RESOLVED to approve the February 12, 2013 minutes with revisions.

The Board reviewed the Minutes of the March 20, 2013 continuation meeting. After discussion and by motion duly made and seconded it was unanimously

RESOLVED to approve the March 20, 2013 continuation minutes as presented.

Water Legal The Board reviewed Mr. Corona's May 7, 2013 water legal memo and agreed there is no further legal work required at this time.

At 1:15 p.m. Mr. Bishop joined the meeting.

Potential Bond

Refinancing D. A. Davidson was selected to review the District's existing debt and provide a full list of alternatives and options for refinancing the 2002A Converted Bonds and 2006 Bonds. Mr. Bishop reviewed the District's outstanding bonds, interest rates, and maturity dates. Mr. Bishop also reviewed six options available to the District related to the outstanding bonds. After presenting the six options Mr. Bishop reviewed a comparison chart of each option as it relates to interest rates, final maturity dates, debt amounts, and mill levy.

The Board analyzed D.A Davidson's proposal and how each option will affect the District's ability to pay off the outstanding debt. After discussion the Board agreed they would like to get more information and explore Option 2, negotiate an extension of debt which Mr. Bishop recommended would be the most efficient way to manage the District's mill levy but that Option 2 will require 100% approval of the current Series 2006 bondholders. The Board also requested that Option 4 (an advance refunding of all unlimited general obligation bonds) be explored further.

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After further discussion the Board agreed to schedule a Special Meeting at 3:00 p.m. on Tuesday, May 28th with Mr. Bishop after he has had an opportunity to gather more information and provide the pros and cons of Options 2 and 4.

The Board continued discussion of how to lower the District's mill levy while continuing to pay the outstanding debt and if refinancing the bonds at this time would be beneficial. The Board concluded that the following list of items is most important to the health of the District. By motion duly made and seconded it was unanimously

RESOLVED to document the District's priorities as follows:

1. Keep the District's mill levy below 100 mills preferably around 60 to 65 mills.
2. Provide an environment for continued ongoing development within Cotton Ranch, and
3. Acknowledge the long term financial health of the district is most important.

At 3:00 p.m. Mr. Bishop left the meeting.

Potential Irrigation System

Replacement/Repair Cost

Analysis

Mr. Marchetti presented a 3 year cost analysis of the District's irrigation repairs between the years of 2010 to 2012. According to the analysis the District has spent approximately the same amount of money to repair the Sky Legend irrigation main lines as it has to repair the valley floor main lines; however valve replacement costs have been lower in Sky Legend during this 3 year period than the valley floor. The analysis indicated that the District is averaging a total of \$12,000 per year for repairing and replacing both the Sky Legend and the valley floor main lines and valves combined.

Director Meister, who has been following the District's irrigation repairs, noted that the irrigation system in Filing 1 on the valley floor has had fewer repairs than Filings 3 in the past few years. Director Meister would like to install more isolation valves and blow-out valves in the District's irrigation system to make the system more efficient to operate and maintain.

After discussion the Board concluded it is less costly to continue making repairs and replacing the District's main lines and valves than to replace the entire irrigation system.

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Operations Director Meister reported that since April 26th when the District's irrigation system was turned on there have been six leaks related to pressure problems. There was one leak on Red Fox due to spiral fractures caused by water freezing in the lines over the winter.

**Chatfield/Bartholomew
Ditch Improvements**

Director Meister reported the Chatfield/Bartholomew Ditch is not getting the water flow it has had in the past and he thinks the water is going subsurface this year. Director Meister would like to see it piped from the north side of Timberwolf to the south side of the pond. Director Meister reported he has talked to the Town in the past about installing an underground pipe which would eliminate future ditch burning needs and should solve the water flow problem.

**Financial
Statements**

Mr. Marchetti reviewed the April 30, 2013 financial statements and he pointed out that the May County Abstract indicates that the District's preliminary assessed value will experience a significant reduction.

**Accounts
Payable**

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.

Action Log List

There have been no changes to the Action Log list.

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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 14th day of May, 2013.

Respectfully submitted,



Cissy Olson

Secretary for the Meeting