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## RECORD OF PROCEEDINGS

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### Minutes of the Special Meeting Of the Board of Directors Cotton Ranch Metropolitan District September 26, 2013

A Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on September 26, 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:

- Kimberly Reed, Kutak Rock. (Via Telephone)
- Matt Dalton, Spencer Fane (Via Telephone)
- Sam Sharp, D. A. Davidson & CO. (Via Telephone)
- Ken Marchetti, Robertson & Marchetti, P.C.
- Cheri Curtis, Secretary for the Meeting

#### **Call To Order**

The Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District was called to order by Director Meister on September 26, 2013 at 1:00 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

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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 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 July 9, 2013 meeting. After discussion and by motion duly made and seconded it was unanimously

**RESOLVED** to approve the July 9, 2013 minutes with revisions.

#### **Potential Bond**

**Refinancing** Sam Sharp with D. A. Davidson presented bond documents prior to the meeting that were reviewed by the Board. The Board is restructuring the bonds, as opposed to refunding the bonds. The Board has been collecting property taxes for the 2013 bond payment. Those funds will be used to make the bond interest payments on all of the bonds plus the principal payments to the other bond holders but no principal payments to First Bank and Alpine Bank whose bonds are being extended. The cost of the bond restructuring will also be paid through the debt service property taxes collected in 2013. Since not all bonds are being restructured, the bond payments will fluctuate in future years. The remaining debt service property taxes collected and not spent will be placed in a mill levy stabilization fund to level the mill levy in future years.

Ms. Reed explained the bond closing is scheduled for December 1, 2013 because that is an interest payment date and Depository Trust Company who is the securities depository for the current bonds requires that the transaction occur on an interest payment date. The agreements with Alpine Bank and First Bank will have them relinquish their existing bonds in exchange for new bonds with an extended maturity date.

A bond resolution and first amendment to the trust indenture has been presented to the Board members in draft form.

Director Pohl questioned the sources and uses of funds. Mr. Dalton explained debt service funds can be used for any debt service items, including bond issuance costs.

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Mr. Marchetti informed the Board that Alpine Bank and First Bank are requiring the District to provide a disclosure statement for the restructuring of the bonds. A disclosure statement was provided when the 2006 bonds were originally issued and that disclosure statement will be updated.

Director Meister questioned whether the indenture would preclude the District from refunding the bonds at a future date and Ms. Reed stated that the original December 1, 2016 call date will remain.

After discussion and upon motion duly made by Director Meister and seconded by Director Pohl it was unanimously

**RESOLVED** to approve the Bond Resolution as presented, subject to minor changes, a copy of which is incorporated herein by this reference. The bond resolution then authorizes all the underlying bond documents like the trust indenture, exchange agreements, etc.

**Operations** Director Meister reported the existing flow meter in the lower pump house is not operating properly. The District needs to replace the meter and information was presented to the Board, including installation options. Director Meister will look at the options and determine the best one for the District. Upon motion duly made and seconded it was unanimously

**RESOLVED** to approve up to \$7,000 to install the new flow meter either inside or outside the lower pump house.

Director Meister suggested prohibiting irrigation watering between noon and 2:00 p.m. daily in 2014 to check for system leaks. Notification will be sent to property owners notifying them of the restriction.

The irrigation system will be shut down no later than October 15, 2013. The upper Mesa system will be blown out between October 15 and 30, 2013. Drain valves have been installed on the system at Lara Place and near the Cottages.

Director Meister suggested finding additional funding sources for the District's general and water operations and to create a reserve fund for the water system. The Board agreed the debt service fund should be bearing a portion of the overhead expenses. Mr. Marchetti will look into this.

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#### **Certifying Delinquent**

##### **Water**

**Accounts** Notices were sent to property owners with delinquent water fee account balances notifying them of a public meeting regarding certifying delinquent water accounts with the Eagle County Treasures Office. The Treasurer's office will collect delinquent water accounts in conjunction with property tax collections. The meeting was open to public comment. Hearing no comments, the public hearing session was closed. Upon motion duly made and seconded it was unanimously

**RESOLVED** to approve the Resolution Certifying Delinquent Accounts for Collection by the County Treasurer, a copy of which is incorporated herein by this reference.

**Financials** The August 31, 2013 financial report was included in the Board packet and reviewed by the Board. The 2014 landscaping budget amount will be moved into contingency line for the 2014 budget. The Board agreed to discuss increasing water usage fees during the 2014 budget process. The Utility Fund budget variances are primarily favorable variances at this time.

##### **Accounts**

##### **Payable**

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

**RESOLVED** to ratify approval of the August accounts payable list and approve the September accounts payable list, as presented.

##### **Action Log**

##### **List**

The list was reviewed.

##### **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 24th day of September, 2013.

Respectfully submitted,



Cheri Curtis

Secretary for the Meeting