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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 August 3, 2010**

A Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on August 3, 2010 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:

- Christopher S. Meister
- Timothy R. Garton
- Bob Rulon
- Art Hoehn

The following Director was absent and excused:

- Doug Sterkel

Also in attendance were:

- Mike Serra, The Pauls Corporation (via telephone)
- Toby Daniels, GH Daniels III and Associates, Inc.
- German Caraveo, GH Daniels III and Associates, Inc
- Matthew Hanson, Gypsum Creek Golf Course General Manager (via telephone)
- Ken Marchetti, Robertson & Marchetti, P.C.
- Cissy Olson, 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 August 3, 2010 at 3:33 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

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

**Changes to the Agenda** There are no changes to the meeting agenda.

**McGinty Irrigation Disconnection**

Mr. McGinty did not attend the meeting.

**Sky Legend Investors**

At 3:38 p.m. Mr. Serra joined the meeting via telephone. Introductions between Mr. Serra, the Board, and administrative staff followed.

Mr. Serra gave a brief history of The Pauls Corporation purchase of the ASW Realty Partners properties in Sky Legend. According to Mr. Serra, The Pauls Corporation has purchased several properties in Filing 2 and all of Filings 3 and 4. The Board and Mr. Serra discussed The Pauls Corporation relationship with the Cotton Ranch Bond Partner's Subordinate Bonds and the District's Converted Bonds.

The Board informed Mr. Serra that when ASW Realty Partners developed Sky Legend they had an obligation to complete the residential irrigation system and convey it to the District; however ASW never completed the conveyance process prior to selling their interest in the project. The District would like The Pauls Corporation assistance with completing the conveyance of the Sky Legend irrigation system to the District. Mr. Serra stated that the Assignment they had received from ASW Realty Partners during the property sale transfer does not include an Assignment of the Irrigation System. After further discussion the Board agreed to send all District information related to the irrigation system conveyance to Mr. Serra who will also check his transfer records.

At 4:00 p.m. Mr. Serra left the meeting and Mr. Daniel and Mr. Caraveo joined the meeting.

**Clarification of GH Daniels 2010**

**Invoicing** GH Daniels & Associates has completed three major Sky Legend main line irrigation repairs this year. The irrigation system was originally installed by GH Daniels and it is in its third year of operation. At the time of the repairs the District found that the breaks have been caused by either how the system was constructed or that water was left in the lines when it was blown out last fall. Mr.

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Daniels reported that the Sky Legend irrigation system was blown out at the same time that the golf course and residential irrigation system on the valley floor were blown out, which was completed last year later than usual on November 16<sup>th</sup>. According to Mr. Daniels the Sky Legend system should be shut down by either late October or no later than early November. The Board invited Mr. Daniels to the meeting to review three outstanding invoices for irrigation repair work they completed from late April to early June and to understand why the system became faulty. The Board and Mr. Daniels discussed the history of the Sky Legend irrigation system design and the installation process.

Director Meister would like to see all irrigation field changes and repairs recorded on the as-built irrigation drawings. Mr. Daniels offered to contact High Country Engineering and facilitate ordering copies of the as-built drawings for himself, Director Meister, and the District.

At 4:15 p.m. Director Garton left the meeting. At 4:19 p.m. Mr. Hanson joined the meeting via telephone.

The golf course and the District have historically coordinated efforts towards blowing out and shutting down the golf course and residential irrigation systems in Cotton Ranch. The Board and Mr. Hanson discussed the timing of shutting down the system and the responsibilities that the golf course will perform at that time, as well as, coordinating with Mr. Daniels who will be shutting down the Sky Legend system. Director Meister reported he would like to see the two systems isolated after the complete system has been blown out and before winter begins in order to avoid any future leaks. Discussion followed related to contacting the Cotton Ranch and Sky Legend Homeowners Associations prior to shutting down the irrigation system.

At 4:32 Mr. Hanson left the meeting.

Mr. Daniels gave a brief explanation of each of the three invoices and why the repairs were necessary. After discussion and by motion duly made and seconded it was unanimously

**RESOLVED** to approve payment of GH Daniels invoice numbers TM0427108, TM052510A, and TM060910B which are related to main line repairs located on Legend Drive and Talus, South Legend Drive, and Open Sky Circle between late April and early June for the total amount of \$5,066.80.

At 5:30 p.m. Mr. Daniels and Mr. Caraveo left the meeting.

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**Minutes** The Board reviewed the Minutes of the May 11, 2010 meeting. After discussion and by motion duly made and seconded, it was unanimously

**RESOLVED** to approve the May 11, 2010 minutes with revisions.

**Water Legal** The Board reviewed Mr. Corona's July 23<sup>rd</sup> legal report from Patrick Miller Kropf and no action was required.

#### **Other Operational**

##### **Water Legal**

**Costs** The Board reviewed an Agreement from Patrick Miller Kropf for performing other operational type projects related to the District's water rights. After discussion and by motion duly made and seconded it was unanimously

**RESOLVED** to ratify the Patrick Miller Kropf Other Operational Type Projects Agreement.

#### **Financial Statements**

Mr. Marchetti reviewed the June 30, 2010 financial statements. Mr. Marchetti presented a property tax analysis graph of home sale trends from July 2008 to May 2010 and a recent assessed value comparison of properties that have sold in the District from July 1, 2008 to June 30, 2010. The Board discussed both analyses and how property sales during this period will affect the District's property tax revenue in 2012.

#### **Accounts Payable**

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

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

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

**RESOLVED** to ratify approval the July accounts payable list as presented.

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

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**RESOLVED** to approve of the August accounts payable list as presented.

**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 this 3rd day of August, 2010.

Respectfully submitted,



Cissy Olson

Secretary for the Meeting