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## RECORD OF PROCEEDINGS

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### **Minutes of a Special Meeting Of the Board of Directors Cotton Ranch Metropolitan District November 11, 2020**

A Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on November 11, 2020 at 5:00 p.m., at the Gypsum Creekside Grill, 530 Cotton Ranch Road, Gypsum, Eagle County, Colorado with certain 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
- Michael Pritchard
- Bob Rulon
- Beric Christiansen
- David Nordin (Via Zoom)

Also in attendance were:

- Owen Lococo (Via Zoom)
- Fitz Fitzgerald (Via Zoom)
- Ken Marchetti, Marchetti & Weaver, LLC (Via Zoom)
- 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 November 11, 2020 at 5:00 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.

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.

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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** There were no changes to the agenda.

**Minutes** The Board reviewed the Minutes of the August 11, 2020 Regular meeting. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the August 11, 2020 Regular Meeting minutes as presented.

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

#### **Country Club**

**Cottages** County Club Cottages questioned the reason the District changed the billing to bill two meters in lieu of one starting in September, 2019. Staff will research to determine why a second meter is being read. The Board agreed to review the situation and put the County Club Cottages account on the action item list.

#### **1473 South**

**Legend** The owner of 1473 S. Legend Drive discovered a leak in their irrigation system in July 2020. The District billed for the amount of water usage. The Board will typically waive overage charges one-time only. Staff was directed to compare the past usage to determine if the excess usage was a one-time issue. By motion duly made and seconded it was unanimously

**RESOLVED** to waive overage charges if it is determined it is a one-time issue.

#### **Broken Meters**

It was discovered there are several water meters in Sky Legend that are not recording usage, although it appears water is being used. After discussion, the Board agreed to send a letter to these homeowners with a requirement that the meter be replaced or repaired and inspected by May 15, 2021. If the property owner is non-compliant after that date they will be subject to the \$200 broken

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meter fee until in they are in compliance. By motion duly made and seconded it was unanimously

RESOLVED to approve sending the letters to owners with broken meters and requiring property owners to replace or repair their meters by May 15, 2021.

#### **Replacement of the Raw Water System**

Director Meister had previously suggested when it comes time to replace the underground piping for the District's raw irrigation system that the District consider using a trenchless "bullet system" to pull the new pipe into the same location as the old pipe. The objective is to make the existing pipe last as long as possible and the pressure on the system has been reduced to help achieve this goal. It is anticipated the District will need to issue bonds to replace the system at the appropriate time.

Mr. Fitzgerald questioned the number of taps issued. Mr. Marchetti reported there are currently 290 taps.

#### **Financial and Long-Range Report**

The September 30, 2020 financial statements were included in the packet. Mr. Marchetti reviewed the balance sheet, the general fund and the debt service fund. The Board discussed the conversion of a portion of the 2002 bonds from subordinate bonds to senior bonds. Director Rulon asked about the rates through ANB. Mr. Marchetti acknowledged that rates have come down this year and will look further into the rates but reported it will be difficult to take out a new loan just for the 2020 conversion of the 2002 bonds.

The water utility fund was reviewed. The Board reviewed the billing options presented in the financials, the operating system costs, and the long-term plan to replace the system. The Board discussed the option to move to billing property owners over twelve-months to increase revenues in the utility fund.

Mr. Fitzgerald and Mr. Lococo questioned the concept of moving to a twelve-month billing system and the additional cost to property owners. After discussion, the Board agreed to continue billing over six months noting there could possibly more rate increase. The Board discussed raising the base fee to \$80 per month for six months.

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#### **2020 Rate**

##### **Increase**

The meeting was published as the public hearing on the proposed irrigation water rate increase for 2021. The hearing on the rate increase was opened for public comment. Hearing no further public comment, the public hearing was closed. By motion duly made and seconded it was unanimously

**RESOLVED** to increase the water rate to \$80 per month for the Valley Floor, \$40 per month for Sky Legend and \$20 per month for the Villas for 2021.

#### **2021 Proposed**

##### **Budget**

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

**RESOLVED** to adopt the 2021 budget; to set the debt service mill levy at 43.568 mills and the operating mill levy at 1.345 mills, resulting in a total mill levy of 44.913 mills; and to appropriate funds for spending in 2021, all as documented in the formal budget resolution incorporated herein by reference.

#### **2020 Bond**

##### **Redemption**

The District will be required to convert subordinate bonds based on the increase in the District's assessed values in 2020 in accordance with the 2002 bond documents. Several board members volunteered to work with Mr. Marchetti on the 2020 Bond conversion and redemption by taking out an additional loan on the ANB commitment to lend.

#### **Accounts**

##### **Receivable**

The list of outstanding accounts was reviewed.

#### **Certifying Delinquent**

##### **Accounts**

District staff notified delinquent owners of the hearing at this meeting for the purpose of certifying delinquent accounts to the Eagle County Treasurer for collection with property taxes. There were no delinquent property owners present. A list of delinquent accounts that are over \$150 and six months in arrears was provided. By motion duly made and seconded it was unanimously

**RESOLVED** to certify delinquent accounts over \$150 and more than six months in arrears to the County Treasurer for collection with the property taxes. A copy of the resolution for this purpose is incorporated herein by this reference.

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#### **Accounts**

**Payable** The Board reviewed the accounts payable lists. By motion duly made and seconded, it was

**RESOLVED** to ratify approval of the August 12 through November 11, 2020 accounts payable lists, as presented.

#### **2020 Audit**

**Engagement** The 2020 audit engagement letter from Chadwick, Steinkirchner, Davis & Co. to perform the 2020 audit of the District's financials was presented for approval. The cost to perform the audit will be \$5,250, which remains consistent for the 2019 audit preparation. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the 2020 audit engagement letter with Chadwick, Steinkirchner, Davis and Co. as presented.

#### **Operations**

**Report** Director Meister reported it was a good year for operations except for the Comcast issues. Water usage was lower during 2020.

#### **Action Item**

**List** The action item list was reviewed. The Board discussed contacting the Town's contractor who replaced the golf course irrigation system to obtain an estimate to replace the District's system.

The Wolford water lease and the need to require xeriscaping of future development of the unplatted areas in the District were discussed. The Board discussed the possibility of exchanging the Wolford lease for a lease on the LEDE Reservoir. Director Meister and Mr. Marchetti will work with the Town of Gypsum on these items.

For Auto-CAD files, Director Pritchard suggested scanning the blueprints to digital. Director Meister explained the need to have a surveyor mark the diversion points before that can be completed. With budget issues, the District was not able to complete this in 2020.

#### **Tap Fees**

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

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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 held this 11th day of November, 2020.

Respectfully submitted,



Cheri Curtis  
Secretary for the Meeting