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## RECORD OF PROCEEDINGS

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**Minutes of the Regular Meeting  
Of the Board of Directors  
Cotton Ranch Metropolitan District  
November 12, 2019**

A Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on November 12, 2019 at 6:00 p.m., at the Gypsum Recreation Center, 52 Lundgren Boulevard, Gypsum, 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
- Bob Rulon
- David Nordin

Also in attendance were:

- Tim O'Brien
- Owen Lococo
- Douglas Tremblay
- Jenny Hejtmanek
- Eric Johnson
- Kelly Jones
- Todd & Julie Shahan
- Ken Marchetti, Marchetti & Weaver, LLC
- Cheri Curtis, Secretary for the Meeting

**Call To  
Order**

A Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District was called to order by Director Meister on November 12, 2019 at 6:00 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

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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.

Directors Christiansen and Nordin reported that they are also serve on the executive board of Cotton Ranch Homeowners Association (CRHOA). There are certain business transactions between the District and 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.

**Minutes** The Board reviewed the Minutes of the August 6, 2019 Regular meeting. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the August 6, 2019 Regular Meeting minutes as presented.

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

**Board Member**

**Opening** Craig Jagger sold his home and is no longer eligible to serve on the Board. The Board has the ability to appoint a replacement Board member to serve until the May 5, 2020 Election. The Board thanked Craig Jagger for his time serving on the Board.

**Unmetered Water**

**Usage** 37 Fox Hollow – Director Meister discovered water was being taken before the meter and has contacted the property manager regarding the issue. Upon request Directors Meister has contacted the property manager again and has not heard back from him.

64 Sky Mountain – The owners were using unmetered water due to the Sky Legend lateral line lack of water pressure. That issue was resolved between the owner and the District by Director Meister.

The Board discussed property owners using unmetered water intentionally. Director Meister feels the issues have been resolved and there is no need to penalize the owners. 37 Fox Hollow's issue was due to the irrigation contractor. The 64 Sky Mountain issue is being resolved by the SLHOA.

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#### **Disputed Water**

##### **Billings**

37 Fox Hollow – The Board reviewed the information provided in the Board packet from Mr. Ruiz. Director Meister explained to the constituents in attendance that Sky Legend’s water rights are partially from a water lease between the District and the Town of Gypsum and partially from a Wolford Mountain Reservoir water lease. With last year’s drought a water call was placed on the Eagle River and Sky Legend’s Wolford lease was unusable, resulting in the CRMD Board implementing new water rates to encourage water conservation in Sky Legend. In order to not be punitive, the Board agreed to charge the first-tier rate for the overages.

17 Sky Mountain – Tim O’Brien reported his water billings went from \$34 a month to over \$300. Mr. O’Brien is asking for a one-time forgiveness of the excess charges. The Board agreed to only charge the first-tier rates for the overages.

1355 S. Legend – Lyndsey Fernandez provided a letter to the Board requesting the Board waive the overage charge. By motion duly made and seconded it was unanimously

**RESOLVED** to agree to only charge the first-tier rates for the above three accounts.

150 Coyote Place – Jason Burkey provided a letter to the Board. The Board discussed the issues with installation of their landscaping. The Board agreed to charge the balance due and waive the late charges. By motion duly made and seconded it was unanimously

**RESOLVED** to waive the late charges on the account at 150 Coyote Place.

193 Legend Drive – Kelly Jones requested the Board consider a one-time forgiveness for their overage charges. The Board requested Ms. Jones submit a letter with the request for review at the next meeting.

#### **2020 Water Rate**

##### **Increase**

The District is proposing a \$2 per month increase in the valley floor and \$1 a month in Sky Legend; \$72 & \$36 respectively, for the base fee. The tap fee will increase to \$2,750 in 2020. The Board opened the public hearing on the water rate increase. Mr. Lococo questioned whether the Water Line Extension Agreement between the District and the Villas at Cotton Ranch Association

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would need to be approved annually. Mr. Marchetti explained the agreement includes a clause allowing for the rate to be increased annually.

There were questions on the water rights in Sky Legend and the charges between the front and back yards. The Board explained that the Cotton Ranch valley floor has been irrigated for over 100 years with ample water rights. However, the valley floor water rights are not adjudicated for use in Sky Legend so when Sky Legend was developed new, junior water rights were acquired for irrigation in Sky Legend. Also, the landscaping concept for Sky Legend was to restrict the amount of irrigated turf area and maintain as much native landscaping as possible. The cost and timeframe to acquire additional water rights is extensive and not feasible at this time.

Hearing no additional public comment, the Public Hearing was closed. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the 2020 rate increases as presented.

#### **Green Development Ditch**

**Crossing** Director Meister explained to the property owners in attendance the District's interest in the Chatfield Bartholomew Ditch and the proposed development on the Green property. There was no update at this meeting and this item will stay on the agenda and the action item list.

#### **Villas Line Extension**

##### **And Tap Fee**

**Agreement** The Board approved the proposed Line Extension and Tap Fee Agreement with the Villas at the August meeting. JT Landreth stated the Line Extension Agreement is with the Villas at Cotton Ranch Association and the Tap Fee agreement is with Land Black Bear. Therefor the approved agreement was separated into two separate agreements and executed. By motion duly made and seconded it was unanimously

**RESOLVED** to ratify approval of the Line Extension Agreement with the Villas at Cotton Ranch Association and the Tap Fee Agreement with Land Black Bear.

#### **Legend Dr**

**Landscaping** Since the builder for 392, 396, and 400 Legend Drive did not complete the landscaping, the costs to establish the landscaping at these properties was deducted from the landscape deposits. The District was reimbursed for the irrigation costs for these properties from the landscape deposits.

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#### **Financial Report**

The September 30, 2019 financial statements were presented by Mr. Marchetti. The balance sheet was reviewed with the bank balances separated by fund and it was noted the debt service payments are due on December 1, 2019. The District's preliminary assessed value increased from \$13,215,680 to \$14,830,240. The operating mill levy is capped at 1.345 mills. The debt service mill levy has been set at 43.478 mills which equates to 35 mills adjusted for the change in the Gallagher residential assessment rate from 9.15% in 2002 to 7.15% in 2019. It was noted that Conservation Trust Funds which are restricted for use to provide outdoor recreation are being accumulating for a future pocket park.

Approximately \$805,000 of the sub-ordinate bonds are converting for 2020. The District is also paying an additional principal amount on the 2017 bonds due to the increase in the assessed values.

The Utility Fund includes the water user fee rate increase approved earlier in the meeting. 2019 expenses are currently projected to be close to the 2019 budget. Capital projects include the Sky Legend filtration system installed in 2019 and the replacement of the filtration system that will be installed in the Lower Pump House in 2020. The Board is also working to build a reserve for future water system replacements as the need arises.

#### **2020 Proposed**

##### **Budget**

The public hearing on the 2020 proposed budget was opened for public comment. Mr. Lococo questioned whether the budget has to be approved by the State. The District's budget is not subject to state approve but is provided to the State on the Department of Local Affairs website portal. The District's financial statements are also audited annually. Hearing no additional comment, the public hearing on the 2020 proposed budget was closed. By motion duly made and seconded it as unanimously

**RESOLVED** to adopt the 2020 budget; to set the debt service mill levy at 43.478 mills and the operating mill levy at 1.345 mills, resulting in a net total mill levy of 44.823 mills (subject to minor adjustment for the final assessed value from the County Assessor); and to appropriate funds for spending in 2020, all as documented in the formal budget resolution incorporated herein by reference.

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#### **2019 Amended**

**Budget** The public hearing on the 2019 amended budget was opened for public comment. Hearing no additional comment, the public hearing on the 2019 amended budget was closed. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the 2019 amended budget as presented.

#### **Accounts**

**Receivable** The list of outstanding accounts was reviewed.

#### **Accounts**

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

**RESOLVED** to ratify approval of the September and October 2019 accounts payable lists, as presented.

**Water Case** The District was successful in obtaining absolute water rights in 2019 on a portion of the water rights. Some of the water rights are still conditional and will be reviewed in 2025.

#### **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.

**2020 Election** The 2020 Election Resolution was presented, naming Cheri Curtis as the Designated Election Official and conducting the election as a polling place election. By motion duly made and seconded it was unanimously

**RESOLVED** to approve the 2020 Election Resolution as presented. A copy of the resolution for this purpose is incorporated herein by this reference.

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**Operations****Report**

With the wet spring and water tier rate increases, less water was used in 2019. The Sky Legend filtration system is working well except for minor maintenance issues. The upgrade of the filtration system for the lower pump house is included in the 2020 budget and should be installed in the spring. Budgeted funds are available for repairs to or replacement of the pumps when it becomes necessary. The water pressure was reduced in 2019, which helps to extend the life of the mainlines. The golf course operates at 125 psi. The District only needs 80 to 90 psi.

**Action Item****List**

The action item list was included in the Board packet. There were no changes or additions.

**Tap Fees****Schedules**

The schedule of new tap fees received was included in the Board packet for review.

**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 12th day November, 2019.

Respectfully submitted,



Cheri Curtis  
Secretary for the Meeting