
RECORD OF PROCEEDINGS

Minutes of a Special Meeting Of the Board of Directors Cotton Ranch Metropolitan District November 14, 2023

The Special Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on November 14, 2023 at 3:30 p.m., with 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 (Via Zoom)
- Bob Rulon (Via Zoom)
- Michael Pritchard (Via Zoom)
- David Nordin (Via Zoom)

Also in attendance were:

- Ken Marchetti, Marchetti & Weaver, LLC (Via Zoom)
- Cheri Curtis, Secretary for the Meeting (Via Zoom)

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 14, 2023 at 3:36 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.

There are certain business transactions between the District and Cotton Ranch Homeowners Association (CRHOA) and Directors Meister 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

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record, that these disclosures are reported at this time with the intent of fully complying with laws pertaining to personal conflicts.

Agenda Certify delinquent accounts with Eagle County Treasurer was added to the agenda.

Minutes The Board reviewed the Minutes of the August 8, 2023, Special meeting. By motion duly made and seconded it was unanimously

RESOLVED to approve the August 8, 2023, Special Meeting minutes as presented.

Public Input None.

CRHOA The Cotton Ranch Homeowner Association mailed ballots to all property owners asking for approval to amend the Association Covenants which would allow the HOA to extend the Covenants that are currently scheduled to terminate in 2025. The Association Covenants require 67% of all Cotton Ranch property owners to vote in favor of amending the Covenants. Letters are being sent to property owners who have not voted, requesting they return their ballot. If the vote does not pass, the District Board will start discussing options for covenant enforcement and design review services at a future 2024 meeting.

Improvements On District

Property The HOA is considering a plan for improvements on Coyote Place. There is no update at this time on the Conservation Easement property in Sky Legend.

2023 Audit Engagement

Letter Request for proposals were sent to several auditing firms with the results being presented to the Board. McMahan & Associates provided the lowest proposal at \$5,750. By motion duly made and seconded it was unanimously

RESOLVED to engage McMahan & Associates to prepare the 2023 audit.

2024 Meeting

Calendar The 2024 meeting calendar was presented and approved. The Board will meet the second Tuesday in February, May, August, and November.

Financial

Report The September 30, 2023, financial statements were included in the packet and presented by Mr. Marchetti. Director Pritchard questioned the reserved funds for the water system replacement. Mr. Marchetti reviewed the District's reserves and

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the proposed plan to focus on repayment of the debt first. Replacement of the irrigation system will likely require borrowing additional funds in conjunction with the replacement reserves. Director Rulon questioned the plan to offset the tax revenue loss from the property that was put into the Conservation Easement. The original bonds did not include the infrastructure for that parcel and the taxes from that parcel are not needed to pay the current bonds. Since bonds won't be issued for development of that parcel there is not a need to offset the revenue loss from the parcel going into conservation easement.

2024 Budget The proposed 2024 budget was presented. The District's preliminary 2023 assessed value is increasing by 53% from the 2022 assessed values. With Proposition HH failing, the Colorado Legislation will be meeting from November 17 to November 19 to try and determine a solution to avoid large increases in 2024 property taxes. The District's proposed budget includes a temporary mill levy credit to keep operating taxes consistent with just a minor increase to cover the cost of living increases.

The debt service mill levy will be reduced to just cover the debt service payment. The water utility fund is funded by user fees. The budget is proposing a \$3 increase for the Valley floor monthly water user fee, with proportionate adjustment to Sky Legend and the Villas at Cotton Ranch. \$170,000 is budgeted to replace the Sky Legend Pump system to allow the District to own the Sky Legend Pumphouse. The current pumphouse is twenty-five years old and the piping is eighteen years old.

2024 Budget Hearing The public hearing on the 2024 proposed budget was opened for public comment. Hearing no comments, the public hearing on the proposed 2024 budget was closed. By motion duly made and seconded it as unanimously

RESOLVED to adopt the 2024 budget; to set the debt service mill levy at 22.286 mills, the operating mill levy at 1.345 mills, and a temporary mill levy reduction of 0.958 mills resulting in a total mill levy of 23.244 mills with such mill levy being subject to adjustment to offset future changes to the assessed value; and to appropriate funds for spending in 2024, all as documented in the formal budget resolution incorporated herein by reference.

2024 Water User Fee Increase

Hearing The public hearing on the proposed 2024 fee rate schedule was opened for public comment. Hearing no further comments, the public hearing on the proposed 2024

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fee rate schedule was closed. By motion duly made and seconded it as unanimously

RESOLVED to approve the 2024 user fee rate schedule to increase irrigation user fee rates on the Valley Floor to \$87 per month, \$43.50 for Sky Legend and \$21.75 for the Villas all as documented in the formal fee rate schedule resolution incorporated herein by reference.

Certifying Delinquent

Accounts The Board agreed to certify delinquent accounts for collection with the 2024 property taxes. Letters will be sent to property owners allowing them the right to a hearing before the Board. By motion duly made and seconded it as unanimously

RESOLVED to certify delinquent accounts to the Eagle County Treasurer for collection with the 2024 property taxes all as documented in the formal resolution incorporated herein by reference.

Accounts

Receivable The list of outstanding accounts was reviewed. By motion duly made and seconded it was unanimously

RESOLVED to approve the list of outstanding accounts.

Payments of Claims

The Board reviewed the payment of claims lists. By motion duly made and seconded, it was

RESOLVED to ratify approval of the November 14, 2023 payment of claims, as presented. Director Meister abstained from voting.

Operations Report

Both pumphouses worked well this year. One pump was replaced. The issues with the Grundell Ditch headgate overflowing are being addressed. Bids are being obtained for the replacement of the Sky Legend pumphouse.

Replacement of the Raw Water System

The engineers continue to work on concept plans for replacement of the raw water irrigation system. The District is hoping to maintain the existing raw water system until the bonds are paid off in 2035 before replacing the system. A reserve

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has been established to cover repairs but is not intended to be sufficient to replace the entire system.

Action Item

List Item 119 – Peak Land Consultants working on auto-cad of District’s water system.

Tap Fees

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

Director

Position Director Christiansen has sold his property and will be ineligible to serve on the Board. The Board will have the ability to appoint a replacement to fill the position until the May 2025 election.

Next Meeting Unless there is a reason to call a special meeting, the next meeting is scheduled for February 13, 2024.

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 14th day of November, 2023.

Respectfully submitted,



Cheri Curtis
Secretary for the Meeting