
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Cotton Ranch Metropolitan District August 9, 2011

A Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District, Eagle County, Colorado, was held on August 9, 2011 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:

- Chris Meister
- Tim Garton
- Bob Rulon
- Tom Pohl
- Beric Christiansen (appointed during meeting)

Also in attendance were:

- Ken Marchetti, Robertson & Marchetti, P.C.
- Cissy Olson, Secretary for the Meeting

Call To Order

The Regular Meeting of the Board of Directors of the Cotton Ranch Metropolitan District was called to order by Director Meister on August 9, 2011 at 3:40 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 with regard to any matters scheduled for discussion at this meeting.

It was noted that there had been filed with the Board and Secretary of State, disclosure of potential conflict of interest statements for Timothy R. Garton and Chris Meister and that the statements had been filed in accordance with statute, indicating the following conflicts: Timothy R. Garton owns 66 unplatted and undeveloped lots within District. Additionally, Timothy R. Garton was assigned a 30% indirect financial interest in the proceeds of the Cotton Ranch Metropolitan District Series 2002A bonds which are owned by Cotton Ranch Bond Partners, LLC. Chris Meister reported that he is the owner of Meister Builders, Inc., a building, operations and management firm and this company provides services to

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the District managing and operating the District's raw water irrigation system. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to personal conflicts.

Consideration of Changes to the Agenda

The Board discussed the 2010 meeting schedule and after discussion they agreed to increase the number of meetings in 2011 from once quarterly to five meetings per year during the months of February, May, July, September, and November.

Director Sterkel resigned from the Board as of August 1, 2011. The Board agreed to change the meeting agenda in order to appoint Beric Christiansen as Director Sterkel's replacement.

Appointment of Director And Oath of Office

The Board acknowledged the resignation of Doug Sterkel and expressed their gratitude for his years of dedicated service to the District. Beric Christiansen has expressed an interest in the vacancy and by motion duly made and seconded, it was unanimously

RESOLVED to appoint Beric Christiansen to the vacancy created by Mr. Sterkel's resignation to serve until the May 2012 election. Mr. Christiansen will be eligible to run again for the Board seat at that time.

Minutes The Board reviewed the Minutes of the May 10, 2011 meeting. After discussion and by motion duly made and seconded, it was unanimously

RESOLVED to approve the May 10, 2011 minutes with revisions.

Rubio Excess Water Usage (100 Bradford)

American Conservation and Billing Solutions received a phone call from Mr. Rubio who claims that his irrigation system at 100 Bradford increased from 6,870 gallons in June to 116,928 gallons in July. According to Mr. Rubio someone changed the irrigation controller outside his home causing it to run several times during the night. Mr. Rubio stated he was unaware of the problem until he received his July irrigation statement. Mr. Rubio would like a one time credit of 73,448 gallons leaving a net amount of 43,480 gallons, which is an amount equivalent to his highest monthly usage last year.

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The Board discussed Mr. Rubio's water usage and agreed that applying the unused balance of 23,130 gallons of his June water base would help to reduce his July irrigation cost. By motion duly made and seconded it was unanimously

RESOLVED to apply a credit of 23,130 gallons, the difference between his 30,000 base amount and the 6,870 amount he used in June, to Mr. Rubio's July excess water usage which reduces his total July water usage amount to 93,798 gallons.

Case 05CW10

Update

The Board reviewed the Patrick Miller Kropf August 4, 2011 water legal report. The final ruling and decree for Case 05CW10 has been filed with the District Water Court. Ms. Kropf anticipates a signed ruling without substantive concerns followed by a 20 day protest period. Once the protest period has lapsed the District Water Court will finalize the decree which may take until next March or later.

Case 04CW239

Update

Ms. Kropf filed the School District Stipulation with the Court on May 3. Director Meister expressed his concern that the School District property has not provided an easement on the northeast corner of their lot for a pipe line that was previously granted and never conveyed to the District. Mr. Marchetti offered to follow up with Ms. Kropf and find out if the easement agreement has been completed.

At 4:07 p.m. Director Pohl joined the meeting.

Ms. Kropf reported she has received comments to the proposed stipulations to the Horse Pasture opposers and the State. Ms. Kropf completed the proposed revisions to both stipulations and included them for the Board's comments.

The State requested additional information on the domestic and commercial uses by the pond rights and how much pond water is needed for these uses. Since the Town of Gypsum provides potable water to the District, Ms. Kropf recommended withdrawing the language concerning the domestic and commercial uses to eliminate the State's concerns.

The Board discussed the District's water usage accounting process. Director Meister would like to ensure that Zancanella and Associates will keep the District's records and submit the monthly accounting to the State.

Ms Kropf requested that the District provide authorization to allow her to enter the stipulations on behalf of the District including any reasonable, non-substantive

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changes the opposers may require. The Board discussed the recommendation and by motion duly made and seconded it was unanimously

RESOLVED to authorize Patrick, Miller, & Kropf to enter into a stipulation with the Horse Pasture opposers and the State to settle concerns with the District's augmentation plan case.

Director Meister pointed out that there is a rounding error in the total diversion amount in both Exhibit A of the Horse Pasture Stipulation and Exhibit A of the State Stipulation. Ms. Kropf indicated she would make the necessary correction.

Officer Positions

The Board discussed the District's officer positions since two new board members have been appointed this year. By motion duly made and seconded it was

RESOLVED to appoint Director Meister as President, Director Pohl as Secretary, Director Christiansen as Treasurer, and Directors Garton and Rulon as Vice President/Assistant Secretary-Treasurer.

Raw Water Irrigation System Maintenance

Agreement An invitation to bid for the contract to manage and operate the District's raw water irrigation system was advertized in May and Meister Builders was the lowest bidder out of three submittals. The Board reviewed a draft of the Irrigation System Maintenance Agreement drafted by Mr. Dalton, the District's attorney. After discussion and by motion duly made and seconded it was

RESOLVED to approve the District's Irrigation System Maintenance Agreement as presented and to authorize an officer of the District to sign the contract to hire Meister Builders to oversee the operation and management of the District's raw water irrigation system.

Director's Garton, Rulon, Pohl, and Christiansen voted aye and Director Meister abstained.

2010 Irrigation Water Billings Delinquent

Balances The District has several delinquent raw water irrigation balances from 2010. After discussion the Board agreed to proceed with holding a public hearing at the November 1st board meeting to certify all delinquent balances over \$150 and six months past due to the County Treasurer's office to be included on the property owner's 2011 property tax bill.

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Pauls Corporation

Update Director Garton reported he has been in contact with Brad Pauls regarding the \$5.5 million bond to discuss how it significantly affects the Cotton Ranch Bond Partners holdings.

The Pauls Corporation has not provided a copy of the Sky Legend irrigation system as-builts to the District, and they owe the District for irrigation repair costs that occurred in 2010. After discussion the Board agreed to continue to track all “warranty type” costs incurred by the District related to the irrigation system and offset against any future payments owing to the Pauls Corporation.

Financial Statements

Mr. Marchetti reviewed the District’s June financial statements. Director Meister requested that the District increase the 2012 irrigation system improvement budget to \$5,000 in order to replace the system’s isolation valves.

November Meeting Date

Due to Board member scheduling conflicts the November board meeting date is rescheduled for Tuesday, November 1st.

At 5:37 Director Garton left the meeting.

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 of the July accounts payable list as presented.

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

RESOLVED to approve the August accounts payable list as presented.

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Directors Rulon, Pohl, and Christensen voted aye and Director Meister abstained.

Director Pohl announced that he has an attorney/client relationship with the Paul's Corporation however there is no connection to the Paul's Corporation development in Sky Legend.

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 9th day of August, 2011.

Respectfully submitted,



Cissy Olson
Secretary for the Meeting