

REVISED AGENDA FOR SPECIAL CMD AND CPOA BOARD MEETINGS

Thursday, August 3, 2017

NOTICE IS HEREBY GIVEN that the Special Meeting of the Boards of Directors of Cordillera Property Owners Association and Special Meeting of the Cordillera Metropolitan District, Eagle County, Colorado will be held at the **Cordillera Cafe, 0360 Carterville Road**, Cordillera, Eagle County, Colorado on Thursday, August 3, 2017. The meeting will be held for the following agenda and other matters that may come before the Boards.

CORDILLERA METROPOLITAN DISTRICT

- Judith G. McBride, President, Term to May 2018
- Robert Egan, Treasurer, Term to May 2018
- David Davies, Vice President, Term to May 2020
- David Bentley, Secretary, Term to May 2018
- Kitty George, Assistant Treasurer/Assistant Secretary, Term to May 2020

CORDILLERA PROPERTY OWNERS ASSOCIATION

- Ed Shriner, President, Term to August 2019
- Larry Brooks, Vice President, Term to August 2019
- Nanette Kuich, Treasurer, Term to August 2017
- Lois Bruce, Secretary, Term to August 2017
- Rick Smith, Assistant Treasurer/Assistant Secretary, Term to August 2018

1:00 – 1:05 OPEN CMD MEETING – Ms. Judith McBride (CMD President)

- 1. Call to Order
- 2. Declaration of Quorum/Director Qualifications/Disclosure Matters
- 3. Approval of Agenda
- 4. Approval of Consent Agenda Items
 - a. Approval of June 23 Special Meeting Minutes **Page 3**
 - b. Approval of July 6 Special Meeting Minutes **Page 9**
 - c. Approval of July 10 Special Meeting Minutes **Page 11**

1:05 – 1:10 OPEN CPOA MEETING – Mr. Ed Shriner (CPOA President)

- 1. Call to Order
- 2. Declaration of Quorum/Director Qualifications/Disclosure Matters
- 3. Approval of Agenda
- 4. Approval of Consent Agenda Items
 - a. Approval of June 23 Special Meeting Minutes **Page 15**
 - b. Approval of July 6 Special Meeting Minutes **Page 22**
 - c. Approval of July 7 Special Meeting Minutes **Page 24**
 - d. Approval of July 10 Special Meeting Minutes **Page 26**

1:10 EXECUTIVE SESSION

Executive session pursuant to Section 24-6-402(4)(b), C.R.S. (CMD) and Section 38-33.3-308(4)(b), C.R.S. (CPOA) for the purpose of receiving legal advice regarding the Rule 106 Judicial Appeal.

2:10 – 3:00 JOINT ITEMS – Ms. Judith McBride and Mr. Ed Shriner

- 1. Community Center Planning – Rachel Oys
 - a. Survey
- 2. Hardscrabble Ranch Open Space and Cordillera Connection/Access – Toby Sprunk, Kurt Rhoden and Rachel Oys
- 3. 2018 Budget Planning Process and Timeline – Rachel Oys
- 4. Shared Driveways and Access Roads – Alan Pogue and Trevor Broersma

3:00 – 3:30 PUBLIC INPUT – Ms. Judith McBride and Mr. Ed Shriner

3:30 – 4:15 CPOA ITEMS – Mr. Ed Shriner

- 1. Bylaws Petition to Set Special Owners Meeting – Alan Pogue
- 2. CPOA Administrative Resolutions – Alan Pogue **Page 30**
- 3. CPOA 2016 Annual Audit – Steve Thompson **Page 93**

4:15 – 5:00 CMD ITEMS – Ms. Judith McBride

- 1. CMD 2016 Annual Audit – Steve Thompson **Page 110**

2. Bond Refinancing – Consideration of Authorizing Resolution Approving Loan Agreement with US Bank and all other documents related to Refinancing – Michael Lund**Page 159**
3. Round About– Kari McDowell and Trevor Broersma

5:00 ADJOURNMENT

NEXT MEETING OF THE MEMBERS/ANNUAL MEETING – Friday, August 18 at 3:00 p.m.

NEXT REGULAR MEETING – Friday, September 22 at 8:30 a.m.

CORDILLERA METROPOLITAN DISTRICT
REGULAR BOARD MEETING MINUTES
FRIDAY, JUNE 23, 2017
0680 CARTERVILLE ROAD, CORDILLERA, COLORADO

The Regular Meeting of the Board of Directors of the Cordillera Metropolitan District (CMD) was called and held Friday, June 23, 2017 in accordance with the applicable statutes of the State of Colorado.

ATTENDANCE

Present: Judith McBride, President
Robert Egan, Treasurer
David Davies, Vice President
Kitty George, Assistant Treasurer & Assistant Secretary

Via Telephone: David Bentley, Secretary

ALSO PRESENT

CPOA Board Members: Lois Bruce, Rick Smith (via telephone), Ed Shriner, Nanette Kuich and Larry Brooks.

OTHERS PRESENT

Alan Pogue, legal counsel; Rachel Oys, general manager; Jaime Walker, communications manager; Trevor Broersma, operations director; Tracy Stowell, executive coordinator; Kirk Pliske, public safety director; Joe Helminski, recreation director; Todd Goulding, Goulding Development Advisors; Joe Lear, Davis Partnership; Lynn Moore, Davis Partnership; Sam Meyer, Shaw Construction and Heather Rienks, Shaw Construction.

CALL TO ORDER

Director McBride called to order the Regular Meeting of the Cordillera Metropolitan District at 8:37 a.m.

DECLARATION OF QUORUM/DIRECTOR QUALIFICATION

Director McBride noted for the record a quorum was present for the purpose of doing the business of the Cordillera Metropolitan District.

ACKNOWLEDGEMENT OF RECEIPT OF NOTICE OF MEETING AT LEAST 72 HOURS IN ADVANCE OF THE MEETING

All board members acknowledged receiving notice of the regular meeting at least 72 hours in advance. No conflicts of interest were noted.

APPROVAL OF AGENDA

June 23, 2017 Regular Meeting Agenda

Director Egan moved to approve the June 23, 2017, Regular Meeting Agenda. Seconded by Director Davies.

Upon motion duly made and seconded, the Board voted unanimously.
Approved the June 23, 2017 Regular Meeting Agenda.

APPROVAL OF CONSENT AGENDA ITEMS

Approval of April 28 Special Meeting Minutes

Approval of May 16 Special Meeting Minutes

Approval of May 24 Special Meeting Minutes

Director Egan moved to approve the April 28, May 14 and May 24 Special Meeting Minutes. Seconded by Director Davies.

Upon motion duly made and seconded, the Board voted unanimously.

Approved the April 28, May 14 and May 24 Special Meeting Minutes.

Director McBride updated attendees on how the meeting will progress in relation to the Community Center planning update. Davis will first give a presentation. The boards are asking attendees to be respectful without any interruptions during the presentation. Boards will have an opportunity to ask questions followed by public input. Finally, board input and discussion will take place before adjournment.

PUBLIC INPUT ON NON-AGENDA ITEMS

Jessica Foulis and Jim Daus from the Eagle Valley Land Trust highlighted the current land conservation projects including Hardscrabble Ranch and maintain the L parcel with planned community hikes available.

Tom Wilner raised concerns on the landscaping at the Lodge & Spa. Rachel Oys, general manager, stated that she spoke with the management company and they will start mowing the grass regularly.

The CPOA/CMD filed its Reply Brief late on Friday in the Eagle County District Court case involving the judicial appeal of the County Commissioners' determination that CCG's proposed use of The Lodge is a use-by-right pursuant to the Cordillera PUD.

The judicial appeal pursuant to Rule 106 is now fully briefed and ready for determination by the Court. There will not be any hearings or oral arguments to the Court. Rather, the judicial appeal will be determined strictly on the Briefs and the Record previously filed with the Court.

It is uncertain when the Court will enter an Order deciding the judicial appeal. However, we anticipate the Order will be issued by the end of the summer.

CMD AGENDA ITEMS

Lot Donation

Albert and Beth Blumberg asked the district accept the donation of Cordillera Sub File 10, Lot 6, 177 Red Draw. This property was purchased in 1998 and remains vacant. The Blumberg's intended to build a house but their commitments remain on the east coast. The property has been for sale for some time and this is the only lot the Blumberg's own. Board members discussed the restrictions that may come with this donated lot. Alan Pogue, legal counsel, stated that this lot can be sold without restrictions and the district would not pay transfer taxes. This property does not belong to another HOA within Cordillera.

Director Davies moved to accept Sub-filing 10, Lot 6, 177 Red Draw as a lot donation from Albert and Beth Blumberg. Seconded by Director Egan

Upon motion duly made and seconded, the Board voted unanimously.

Approved to accept 177 Red Draw as a lot donation from Albert and Beth Blumberg

Financials

The treasurers and presidents met last week to review financial statements and check registers. With the resignation of the finance director, staff is playing catch up to get all expenditures and revenues properly allocated. Steve Thompson, District CPA, stated the financials in the packet are through March 31, 2017.

Ratification of Rocky Mountain Custom Landscapes Contract

On March 24, 2017, the board voted unanimously to allow the general manager to enter into service agreements on behalf of the district provided that such agreements did not exceed \$100,000. Rocky Mountain Custom Landscapes provides professional services that encompasses the maintenance, watering, planting and purchase of annual and perennial flowers for 52 community flower beds. The contract for above services is not to exceed \$127,153.

Director Egan moved to approve the service agreement between CMD and Rocky Mountain Custom Landscapes not to exceed \$127,153. Seconded by Director Davies.

Upon motion duly made and seconded, the Board voted unanimously.

Approved to approve the service agreement between CMD and Rocky Mountain Custom Landscapes not to exceed \$127,153.

JOINT CMD AND CPOA AGENDA ITEMS

Management Team Report

Oys recognized Shay Cahill for her many years of service at Cordillera. Cahill will be taking some time off and the district has hired Cynthia Aguilar as a temporary employee to fill in for the summer. Oys welcomed Aguilar to the team.

Property Owner Directory-20 percent of property owners have updated their contact information in the new gate access portal from the website. Jaime Walker, communications manager, will be holding website open houses to help familiarize the community with the features of the website and how to log into the property owner portal. Open houses will be held on June 26, July 12 and August 3. Director McBride asked if the 2013 print version of the directory automatically made it to the online version we have now. Oys stated that staff received legal advice regarding publishing contact information on the online version of the directly. Best practice proved to be having property owners opt into the directory on their own.

Community Center Planning Process

Todd Goulding, Goulding Development Advisors, Lynn Moore and Joe Lear, Davis Partnerships, presented the agenda for the update. The agenda and presentation included;

- Process Summary
 - In March, both boards toured three different athletic club facilities in the valley. Facilities included the Gypsum Recreation Center, the Alpine Club in Arrowhead and the Sonnenalp Club in Singletree. The following day, boards participated in a strategic planning session where both boards unanimously decided to initiate a planning and development process for a centralized community center that would serve as a multi-use focal point at the entrance of the community.
 - April/May – the boards retained:
 - Goulding to serve as the owner’s representative and project manager;
 - Davis Partnership, to assist in land planning and conceptual design; and
 - Shaw Construction, to serve as the general contractor to provide accurate cost estimates.
 - Board Meetings – a schedule of board meetings.

March 27	May 16	July10	August 18
March 28	May 24	August 3	September 22
April 28	June 23	August 10	October 4
 - April through September – Feasibility Study:
 - Research existing community centers;
 - Identify program and service elements
 - Solicit community input;

- Conduct site analysis and master planning;
 - Develop facility concepts;
 - Research existing facility redevelopment options
 - Gather cost estimates and develop a pro forma
 - Research funding mechanisms (including potential special election vote).
 - Ongoing Communications to the Community-list of communications that have taken place since April 4:
 - April 4 – email
 - May 17 – email
 - May 26 – Cordillera Connection
 - June 16 – Postcard mailer
 - June 23 – Postcard mailer
 - Website page: www.CordilleraLiving.com/CommunityCenter
 - Board packets & agendas
 - Fact Sheet
 - Individual meetings/phone calls
 - Community Input – Ongoing
 - Email: input@cordillerametro.org
 - July 3: Community Day/Community Center Planning Open House
 - July 6: Community Center Planning Open House
 - July 7: Community Center Planning Open House
 - Displays with comment boxes at the ACC, Post Office and Administration Building.
- Site Evaluations – The presentation outlined five potential sites that are owned by CMD or CPOA. Of the five parcels being considered, the equestrian parcels (Finkel A and B) are the most desired parcels to build on. The zoning map included in the presentation shows that all are a part of the PUD with the exception of the Finkel A and B, which is mapped as a resource zone meaning it is not part of the PUD and would require a special use permit though Eagle County. The five parcels that were considered were:
 - Equestrian Parcels (Finkel A and B)
 - Admin/Post Office
 - Metro District that includes Lot 3 (Community Operations Building) and Tract B that includes the dog park and trailer parking.
 - The Summit Parcel (ACC property)
 - Trailhead Parcels
- Current Site Selection – Finkel A and B together total 217 acres zoned resource and owned by the metro district. Davis has studied four potential sites within these two parcels and outlined the pro’s and con’s of each site.
 - Equestrian Center North-the far north end of the parcel. It has existing utilities and non-invasive to existing facilities on the parcel. It would be the first thing you see from Squaw Creek Road and a short drive to the entry. This parcel however is a narrow site where multiple buildings would be needed. There is limited useable outdoor space for pools or tennis courts, it is near the floodplain and irrigation canals.
 - Equestrian Parcel-This is the first thing you see coming up Squaw Creek Rd and is a short drive from the entry. It already has existing infrastructure and the site is large enough for the desired programming. Minimized grading would have to be completed. This site would also require the demo of the existing equestrian center making an additional cost of relocating it. There is also potential soil contamination with years of horses on the site.
 - Low/Creek – This site is highly visible and has ease of access. However, it is in the flood plain and the site is too small for all programming.

- Lower Plateau – This site is a prominent perched location with excellent views. It is large and close to existing utilities. The site does require a lot of grade work and is in the wildlife migration corridor along with the golf courses and some neighborhoods. The building would be visible from a few of the properties in Bearden on the Divide side of the community.

As outlined, from the four potential sites on the Finkel A and B parcels, the lower plateau and the equestrian center are the two sites that Davis will focus efforts on. Both are located in resource zoning and not included in the Cordillera PUD. Cordillera would have to apply for a special use permit through Eagle County. The process would include applications, Eagle County staff review, public hearings through the Eagle County Planning Commission and the Board of County Commissioners. A wildlife habitat assessment would also have to occur. Timeline of two to three months. Davis presented slides with conceptual designs for both the lower plateau and the equestrian center sites.

- Upcoming Events – The two site concepts will be presented at upcoming Open Houses to Cordillera property owners. Open Houses are scheduled for:
 - July 3, Community Day at the Timberhearth, 4 – 8 p.m.
 - July 6, Open House at the Cordillera Café, 3 – 5 p.m.
 - July 7, Open House at the Cordillera Café, 9 – 11 a.m.

Display boards will also be visible at the Athletic Center, Post Office, Equestrian Center and the Administration Building with the two site concepts along with comment boxes.

- Community Outreach Opportunities – Davis outlined the upcoming schedule of events of opportunities for staff and Board members to reach property owners with information about the community center.

June 27, New Homeowner Reception & Summer Wine tasting	August 3, Special Board Meeting
June 30, Summer Concert with Hardscrabble	August 16, Summer Concert with Hazel Miller
July 3, Community Day	August 18, CPOA Annual Meeting/Elections
July 4, VGC, Fourth of July BBQ	September 23, Horsin' Around Day
July 6, Community Center Open House	September 22, Regular Board Meeting
July 7, Community Center Open House	October 4, Special Board Meeting
July 10, Special Board Meeting	

PUBLIC INPUT REGARDING COMMUNITY CENTER

Director Shriner and Director McBride opened up public input for comments on the community center. 37 community members were in attendance and 16 opted to speak during public input.

BOARD DISCUSSION

Boards discussed information that will be presented to the community at the July 3 Community Day and the two Open Houses on July 6 and July 7. Davis will design a pamphlet that will include the how the Boards started the process, the two sites with conceptual designs along with the financing aspect. Director McBride wanted to make sure that cost estimates were included in the pamphlet. There was some discussion on the wildlife assessment that has to take place. Director McBride asked if the study would take place before going to the county planning commission. Davis responded that yes, that would take place first and an addendum would be added to the wildlife plan that already exists. Oys stated that the Department of Wildlife will be walking the site next week. Board members agreed that both sites have to be assessed.

ADJOURNMENT

Director Egan moved to adjourn the Regular Meeting of the Cordillera Metropolitan District. Seconded by Director Davies.

Upon motion duly made and seconded, the Board voted unanimously to **Adjourn** the Regular Meeting of the Cordillera Metropolitan District at 1:31 p.m. on Friday, June 23, 2017.

Respectfully submitted,

Tracy Stowell
Executive Coordinator

DRAFT

CORDILLERA METROPOLITAN DISTRICT
SPECIAL BOARD MEETING MINUTES
THURSDAY, JULY 6, 2017
0360 CARTERVILLE ROAD, CORDILLERA, COLORADO

The Special Meeting of the Board of Directors of the Cordillera Metropolitan District (CMD) was called and held Thursday, July 6, 2017 in accordance with the applicable statutes of the State of Colorado.

ATTENDANCE

Present: Judith McBride, President
Robert Egan, Treasurer
David Davies, Vice President
Kitty George, Assistant Treasurer & Assistant Secretary

Absent: David Bentley, Secretary

ALSO PRESENT

CPOA Board Members: Lois Bruce, Rick Smith, Nanette Kuich and Larry Brooks.

OTHERS PRESENT

Rachel Oys, general manager; Jaime Walker, communications manager; Trevor Broersma, operations director; Tracy Stowell, executive coordinator; Kirk Pliske, public safety director; and Joe Helminski, recreation director.

CALL TO ORDER

Director McBride called to order the Special Meeting of the Cordillera Metropolitan District at 2:55 p.m.

DECLARATION OF QUORUM/DIRECTOR QUALIFICATION

Director McBride noted for the record a quorum was present for the purpose of doing the business of the Cordillera Metropolitan District.

ACKNOWLEDGEMENT OF RECEIPT OF NOTICE OF MEETING AT LEAST 72 HOURS IN ADVANCE OF THE MEETING

All board members acknowledged receiving notice of the special meeting at least 72 hours in advance. No conflicts of interest were noted.

APPROVAL OF AGENDA

July 6, 2017 Special Meeting Agenda

Director Egan moved to approve the July 6, 2017, Special Meeting Agenda. Seconded by Director Davies.
Upon motion duly made and seconded, the Board voted unanimously.

Approved the July 6, 2017 Special Meeting Agenda.

CMD/CPOA JOINT AGENDA ITEMS

Community Center Planning Open House and Public Input

29 property owners in attendance at the open house to learn more about the proposed community center. Three CMD board members were present to answer questions and respond to public comment.

ADJOURNMENT

Director Davis moved to adjourn the Special Meeting of the Cordillera Metropolitan District. Seconded

by Director Egan.

Upon motion duly made and seconded, the Board voted unanimously to **Adjourn** the Special Meeting of the Cordillera Metropolitan District at 5:00 p.m. on Thursday, July 6, 2017

Respectfully submitted,

Tracy Stowell
Executive Coordinator

DRAFT

CORDILLERA METROPOLITAN DISTRICT
SPECIAL BOARD MEETING MINUTES
MONDAY, JULY 10, 2017
CORDILLERA VALLEY CLUB CHAPARRAL RESTAURANT
101 LEGENDS DRIVE, EDWARDS, COLORADO

The Special Meeting of the Board of Directors of the Cordillera Metropolitan District (CMD) was called and held Monday, July 10, 2017 in accordance with the applicable statutes of the State of Colorado.

ATTENDANCE

Present: Judith McBride, President
Robert Egan, Treasurer (departed at 4:45 p.m.)
David Davies, Vice President
Kitty George, Assistant Treasurer & Assistant Secretary
David Bentley, Secretary

ALSO PRESENT

CPOA Board Members: Lois Bruce, Rick Smith, Ed Shriner, Nanette Kuich and Larry Brooks.

OTHERS PRESENT

Alan Pogue, legal counsel; Rachel Oys, general manager; Jaime Walker, communications manager; Trevor Broersma, operations director; Tracy Stowell, executive coordinator; Kirk Pliske, public safety director; Joe Helminski, recreation director; Todd Goulding, Goulding Development Advisors; and Michael Lund, Stifel

CALL TO ORDER

Director McBride called to order the Special Meeting of the Cordillera Metropolitan District at 3:00 p.m.

DECLARATION OF QUORUM/DIRECTOR QUALIFICATION

Director McBride noted for the record a quorum was present for the purpose of doing the business of the Cordillera Metropolitan District.

ACKNOWLEDGEMENT OF RECEIPT OF NOTICE OF MEETING AT LEAST 72 HOURS IN ADVANCE OF THE MEETING.

All board members acknowledged receiving notice of the regular meeting at least 72 hours in advance. No conflicts of interest were noted.

APPROVAL OF AGENDA

July 10, 2017 Special Meeting Agenda

A director discussion was added to the agenda after the CMD/CPOA Judicial Appeal pursuant to Rule

106 Update.

Director Egan moved to approve the July 10, 2017, Special Meeting Agenda with above changes. Seconded by Director McBride.

Upon motion duly made and seconded, the Board voted unanimously.

Approved the July 10, 2017 Special Meeting Agenda with above changes.

CMD/CPOA JOINT AGENDA ITEMS

Director Shriner shared a prepared statement which included a history of how the boards arrived at the idea of a community center. With the potential sale of the Lodge and Spa and property owners expressing concerns over losing the amenities at the Lodge, the Boards decided to research the possibility of adding amenities for the whole community. In order to properly assess such a concept and the suitability of available sites, the Boards needed and sought professional advice and guidance. We retained Goulding Development Advisors as our owner's representative and project manager; Davis Partnership for master planning, feasibility and schematic design and Shaw Construction for pricing and scheduling.

We sought to develop a meaningful concept with sufficient form and structure to solicit feedback from as broad a range of property owners as possible. We needed to develop a concrete concept, encompassing a range of possibilities and to solicit comments, ideas and thoughts from our property owners which will then become the focus of further discussions and determinations by the Boards. The Boards believe that the process was transparent.

Director McBride presented the financials related to the community center project and current debt. Estimates to the end of June show \$110,000 has been spent on professional services. The project booklet, available throughout the community, showed the estimated cost of the completed project between \$15 and \$30 million depending on the programming elements to be prioritized based on the community input. The boards acknowledged this is a large gap, but wanted to be transparent as to the potential cost. All CMD and Cordillera Mountain Metro District (CMMD) debt is due to expire in 2022.

Any new projects financed in the future would be repaid from property taxes on a uniform tax assessment across all properties. To finance a new community center, the district may issue new general obligation bonds with voter approval. The new debt would be structured to minimize the increase in total annual taxes paid by property owners. This could be accomplished by refinancing current debt at a lower interest rate, then paying interest only on the new debt until current outstanding obligations are retired. Cordillera would likely achieve an "investment grade rating" as the new bonds would be secured by the tax base of the entire district.

If a new bond is issued to generate \$25,000,000 for construction projects, it is anticipated that the debt mill levy will remain at or below 20.797 mills for CMD and the debt mill levy will drop from 41.47 to approximately 20.797 mills for CMMD.

CMD/CPOA Judicial Appeal pursuant to Rule 106 Update

CMD/CPOA are appealing the Eagle County Commissioner decision to uphold the Eagle County Community Development Director's interpretation of the Cordillera PUD in a Rule 106 appeal. All briefings were due to District Court on Friday, July 7. The judge will review the file without arguments from either side. The real estate closing on the property has not occurred. Alan Pogue, legal counsel, checks the Eagle County site daily.

Board Discussion on the Community Center

CPOA Board Discussion

Board members shared their thoughts and reasons for supporting the Community Center.

Ed Shriner stated that if the proposed plans are to move forward he believed that the Boards should: wait until the Rule 106 Appeal is finalized and wait to learn who the next owner of the Lodge and Spa will be. If the project was delayed, the current debt continues to be paid down. In 2022 when the debt is paid, the Community Center idea could be revisited.

Lois Bruce concurred with Ed Shriner's comments.

Nanette Kuich shared the history of how CPOA acquired the Trailhead, ACC and Short Course from the club during the bankruptcy. By acquiring these properties, the CPOA assumed the associated operating and maintained costs. The ACC is due for upgrading and maintenance, the Short Course ponds need to be repaired; estimates for repairs and upgrades are between \$10-15 million over the next few years.

Rick Smith offered a historic perspective on how the boards decided to consider a community center. After two years of listening to community feedback (ACC is aging, too small, has deferred maintenance, needs a renovation, a remodel and upgrades), they took a more holistic approach and considered the community as a whole rather than distinct and isolated neighborhoods. The Boards researched other communities and wanted to bring the Cordillera community together in a facility for everyone.

Larry Brooks acknowledged that he had received a lot of positive and negative feedback. He agreed with Director Shriner that the Boards should wait and see what happens with the Lodge. He stressed that the boards are thinking about the community as a whole.

CMD Board Discussion

David Bentley expressed his concerns that some community members' approach to their opposition negated the benefit of what the Board was trying to achieve with the project. The rumors were disruptive and not helpful.

Kitty George sees an increase in younger families, so the boards need to plan for Cordillera's future. Neither the Club or TimberHearth is owned by the community, so it is important to focus on what we can change and can control.

David Davies shared that each Board member held the honest belief that they were doing something for the community when they put this process forward. With all the input that was received through letters, emails and phone calls, a third were in support, a third in opposition and a third were general inquires

related to programming, cost or how the Boards were going to finance the project. He was concerned that a large number of property owners did not want to invest in the community. Some of the input was based on falsehoods and rumors and they were used strategically.

Judy McBride voiced her support for the community center, sharing that it would be a great addition to the community and it is exciting. She believes it would raise property values.

David Davies asked the community members that were present if they would like to see the presentation or to go ahead with public comment. The members present agreed to forgo the presentation and to proceed with public comment.

PUBLIC INPUT REGARDING COMMUNITY CENTER

There were 203 community members in attendance with 24 members who chose to speak and give input.

ADJOURNMENT

Director Bentley moved to adjourn the Special Meeting of the Cordillera Metropolitan District. Seconded by Director George.

Upon motion duly made and seconded, the Board voted unanimously to **Adjourn** the Special Meeting of the Cordillera Metropolitan District at 6:07 p.m. on Monday, July 10, 2017.

Respectfully submitted,

Tracy Stowell
Executive Coordinator

CORDILLERA PROPERTY OWNERS ASSOCIATION
REGULAR BOARD MEETING MINUTES
FRIDAY, JUNE 23, 2017
0360 CARTERVILLE ROAD, CORDILLERA, COLORADO

The Regular Meeting of the Board of Directors of the Cordillera Property Owners Association (CPOA) was called and held Friday, June 23, 2017, in accordance with the applicable statutes of the State of Colorado.

ATTENDANCE

Present: Ed Shriner, President
Lois Bruce, Secretary
Larry Brooks, Vice President
Nanette Kuich, Treasurer

Via Telephone: Rick Smith, Assistant Secretary

ALSO PRESENT

CMD Board Members: Bob Egan, David Bentley (via telephone), Judith McBride, David Davies and Kitty George.

Others Present:

Alan Pogue, legal counsel; Rachel Oys, general manager; Jaime Walker, communications manager; Trevor Broersma, operations director; Tracy Stowell, executive coordinator; Kirk Pliske, public safety director; Joe Helminski, recreation director; Todd Goulding, Goulding Development Advisors; Joe Lear, Davis Partnership; Lynn Moore, Davis Partnership; Sam Meyer, Shaw Construction and Heather Rienks, Shaw Construction.

CALL TO ORDER

Director Shriner called to order the Special Meeting of the Cordillera Property Owners Association at 3:00 p.m.

Director Shriner opened the meeting by discussing its format and by providing factual information on several topics, clarifying misinformation circulating within the community.

APPROVAL OF AGENDA

June 23, 2017 Regular Meeting Agenda

Director Bruce moved to approve the June 23, 2017 Regular Meeting Agenda. Seconded by Director Kuich.

Upon motion duly made and seconded, the Board unanimously by those present.

Approved the June 23 2017 Regular Meeting Agenda.

APPROVAL OF CONSENT AGENDA ITEMS

April 28, 2017 Special Meeting Minutes

Director Kuich moved to approve the April 28, 2017 Special Meeting Minutes. Seconded by Director Bruce.

Upon motion duly made and seconded, the Board unanimously by those present.

Approved the April 28, 2017 Special Meeting Minutes.

May 16, 2017 Special Meeting Minutes

Director Kuich moved to approve the May 16, 2017 Special Meeting Minutes. Seconded by Director Smith.

Upon motion duly made and seconded, the Board unanimously by those present.

Approved the May 16, 2017 Special Meeting Minutes.

May 24, 2017 Special Meeting Minutes

Director Brooks moved to approve the May 24, 2017 Special Meeting Minutes. Seconded by Director Smith.

Upon motion duly made and seconded, the Board unanimously by those present.

Approved the May 24, 2017 Special Meeting Minutes.

DECLARATION OF QUORUM/DIRECTOR QUALIFICATION

Director Shriner noted for the record a quorum was present for the purpose of doing the business of the Cordillera Property Owners Association.

ACKNOWLEDGEMENT OF RECEIPT OF NOTICE OF MEETING AT LEAST 72 HOURS IN ADVANCEMENT OF THE MEETING.

All board members acknowledged receiving notice of the special meeting at least 72 hours in advance. No conflicts of interest were noted.

PUBLIC INPUT ON NON-AGENDA ITEMS

Jessica Foulis and Jim Daus from the Eagle Valley Land Trust highlighted the current land conservation projects including Hardscarbble Ranch and maintain the L parcel with planned community hikes available.

Tom Wilner raised concerns on the landscaping at the Lodge & Spa. Rachel Oys, general manager, stated that she spoke with the management company and they will start mowing the grass regularly.

The CPOA/CMD filed its Reply Brief late on Friday in the Eagle County District Court case involving the judicial appeal of the County Commissioners' determination that CCG's proposed use of The Lodge is a use-by-right pursuant to the Cordillera PUD.

The judicial appeal pursuant to Rule 106 is now fully briefed and ready for determination by the Court. There will not be any hearings or oral arguments to the Court. Rather, the judicial appeal will be determined strictly on the Briefs and the Record previously filed with the Court.

It is uncertain when the Court will enter an Order deciding the judicial appeal. However, we anticipate the Order will be issued by the end of the summer.

CPOA AGENDA ITEMS

Financials

A treasurers meeting was held last week to review financials. Without the finance director position filled, some tasks being postponed. All payables/expenses in the board packet are correct as are the revenues. Audit on 2016 financials has started and will be posted online once complete.

Short Course – Kensington HOA

Milt Dodson, Kensington Green HOA President, read a letter from the Kensington Green HOA Board:

*To: The Cordillera Metro & CPOA Boards
From: The Kensington Green HOA Board
Date: June 13, 2017
Subject: Dave Pelz Short Course*

For many, many years, Cordillera residents have reaped the benefits of a truly top-tier short course—arguably one of the best in the country--and certainly one of the most beautiful. As noted on our Cordillera Living website, Dave Pelz, widely acknowledged for his expertise in the art of golf's short game, designed this exceptional course--one of only two such Pelz-designed courses in the world.

With 4,500 rounds played in 2016 (eclipsing previous years), the Short Course continues to be an important element in the appeal of Cordillera living, supporting our golf-centered focus, and enhancing our property values. Community members have enjoyed access to cart or walking play, access to challenging pitch and putt practice areas, access to individual or group short-game instruction, all while enjoying individual or group play without the time commitments of a full eighteen-hole course.

However, the Metro and CPOA Boards' decision to reduce play this year to walking only, to eliminate golf support services, to suspend pro shop operations (including tee-time reservations), and to leave residents to essentially fend for themselves in the absence of an organized operation is an enormous disservice to our community.

Furthermore, while we believe that the Short Course, much like the Trailhead, the Equestrian Center, and the Athletic Center, fully justifies ongoing community investment, we also recognize that these amenities do not typically generate sufficient income to cover all operating and maintenance costs. However, given the loss of the Lodge, the homeowners of Kensington Green, and those in the Divide in general, are left with only the Short Course as a community-supported amenity in our area.

For these reasons, we, the members of the Kensington Green HOA Board, are writing to express our disappointment with regard to the drastically-reduced operation of the Short Course this year. Play will clearly suffer, given the present circumstances, and in the face of such a decline, we are concerned about the Metro and CPOA Boards' resolve to return this unique community asset to full operation. We also fear that the Boards' present focus on exploring the feasibility of a costly community center may come, in part, at the expense of restoring the full use and services of the Short Course, or at a minimum that the two might unfairly compete for funding in a zero-sum game. This we cannot support. We firmly believe that cart play and all ancillary golf services must be returned to normal function.

To be clear, the KG Board unanimously believes that resolving the Short Course issues for the benefit of the Cordillera community is of the highest importance, requiring immediate action, and that failure to address the problem may result in irreparable harm to both Kensington Green residents and to the wider Cordillera community. Kensington Green Board urges the Cordillera Boards to return golf services to the extent possible for the 2017 season and to develop a comprehensive plan for 2018 that will return this important community asset to full operation. We believe that such a plan must take into account, well in advance, the potential loss of The Grouse property for pro shop services and cart storage.

We strongly advocate for the following:

- 1. Adopting the original Troon proposal for the 2017 season, which would make use of paving to allow for parking, a mini-house for the pro shop functions such as tee time reservations and a base for the restoration of the usual golf services, and cart play.*
- 2. Negotiating a long-term lease or sale with Wind Rose Holdings, with Troon as third-party contractor, to take on full responsibility for the Short Course beginning with the 2018 season. Golf*

management is obviously a core competency of Troon and it is our understanding they have informally expressed interest in this asset. While the details would have to be determined, we believe, that at a minimum, the course must remain a premier short course, that any subsidy from the CPOA in the interim should not exceed the current net investment the community already makes each year, and that homeowners, in perpetuity, would continue to enjoy free play while walking the course, or pay a modest fee for cart rental, with no additional costs.

In closing, under present circumstances, this exceptional asset is kept from contributing fully to the quality of Cordillera living and to the natural enhancement of property values that a premier short course surely adds to a golf-centered community like ours. And every day that passes without a solution for the 2017 season and beyond only increases the potential harm to the fifty-seven Kensington Green homeowners, and to the Cordillera community.

*Respectfully,
Milt Dodson President, Kensington Green HOA Board*

Milt Dodson stated that Kensington Green would like the short course to return to full operations. Director Shriner gave the history of how CPOA was evicted from the Grouse on the Green. With the Lodge and Spa under contract and not knowing how the appeal will turn out, the Board wanted property owners to be able to use the short course without spending a lot of money on infrastructure that may or may not be used in 2018. With the short course being a walking only course, this allowed that to happen. Director Shriner stated that this was a financial decision for the community, not against Kensington. Out of the total number of golfers on the short course in 2016, only 1600 of those were property owners which equates to approximately 12 owners each day.

Director Shriner shared that Concerted Care Group (CCG) approached Troon to lease the Grouse on the Green for the 2017 golf season if the CPOA dropped the Rule 106 and the Benson's dropped their lawsuit.

Director Shriner also addressed that Troon did not provide an offer to purchase the short course from the CPOA. Mike Henritze offered to take the course from the CPOA if the CPOA would agree to pay Troon \$1.4 million to take the course in a brief discussion.

Oys stated that the Board is open to conversations and is looking for long term plans. She encourages the community to keep bringing ideas to the Board.

JOINT CMD AND CPOA AGENDA ITEMS

Management Team Report

Oys recognized Shay Cahill for her many years of service at Cordillera. Cahill will be taking some time off and the district has hired Cynthia Aguilar as a temporary employee to fill in for the summer. Oys welcomed Aguilar to the team.

Property Owner Directory-20 percent of property owners have updated their contact information in the new gate access portal from the website. Jaime Walker, communications manager, will be holding website open houses to help familiarize the community with the features of the website and how to log into the property owner portal. Open houses will be held on June 26, July 12 and August 3. Director McBride asked if the 2013 print version of the directory automatically made it to the online version we have now. Oys stated that staff received legal advice regarding publishing contact information on the online version of the directory. Best practice proved to be having property owners opt into the directory on their own.

Community Center Planning Process

Todd Goulding, Goulding Development Advisors, Lynn Moore and Joe Lear, Davis Partnerships, presented the agenda for the update. The agenda and presentation included;

- Process Summary
 - In March, both boards toured three different athletic club facilities in the valley. Facilities included the Gypsum Recreation Center, the Alpine Club in Arrowhead and the Sonnenalp Club in Singletree. The following day, boards participated in a strategic planning session where both boards unanimously decided to initiate a planning and development process for a centralized community center that would serve as a multi-use focal point at the entrance of the community.
 - April/May – the boards retained:
 - Goulding to serve as the owner’s representative and project manager;
 - Davis Partnership, to assist in land planning and conceptual design; and
 - Shaw Construction, to serve as the general contractor to provide accurate cost estimates.
 - Board Meetings – a schedule of board meetings.

March 27	May 16	July 10	August 18
March 28	May 24	August 3	September 22
April 28	June 23	August 10	October 4
 - April through September – Feasibility Study:
 - Research existing community centers;
 - Identify program and service elements
 - Solicit community input;
 - Conduct site analysis and master planning;
 - Develop facility concepts;
 - Research existing facility redevelopment options
 - Gather cost estimates and develop a pro forma
 - Research funding mechanisms (including potential special election vote).
 - Ongoing Communications to the Community-list of communications that have taken place since April 4:
 - April 4 – email
 - May 17 – email
 - May 26 – Cordillera Connection
 - June 16 – Postcard mailer
 - June 23 – Postcard mailer
 - Website page: www.CordilleraLiving.com/CommunityCenter
 - Board packets & agendas
 - Fact Sheet
 - Individual meetings/phone calls
 - Community Input – Ongoing
 - Email: input@cordillerametro.org
 - July 3: Community Day/Community Center Planning Open House
 - July 6: Community Center Planning Open House
 - July 7: Community Center Planning Open House
 - Displays with comment boxes at the ACC, Post Office and Administration Building.
- Site Evaluations – The presentation outlined five potential sites that are owned by CMD or CPOA. Of the five parcels being considered, the equestrian parcels (Finkel A and B) are the most desired parcels to build on. The zoning map included in the presentation shows that all are a part of the

PUD with the exception of the Finkel A and B, which is mapped as a resource zone meaning it is not part of the PUD and would require a special use permit through Eagle County. The five parcels that were considered were:

- Equestrian Parcels (Finkel A and B)
- Admin/Post Office
- Metro District that includes Lot 3 (Community Operations Building) and Tract B that includes the dog park and trailer parking.
- The Summit Parcel (ACC property)
- Trailhead Parcels
- Current Site Selection – Finkel A and B together total 217 acres zoned resource and owned by the metro district. Davis has studied four potential sites within these two parcels and outlined the pro’s and con’s of each site.
 - Equestrian Center North-the far north end of the parcel. It has existing utilities and non-invasive to existing facilities on the parcel. It would be the first thing you see from Squaw Creek Road and a short drive to the entry. This parcel however is a narrow site where multiple buildings would be needed. There is limited useable outdoor space for pools or tennis courts, it is near the floodplain and irrigation canals.
 - Equestrian Parcel-This is the first thing you see coming up Squaw Creek Rd and is a short drive from the entry. It already has existing infrastructure and the site is large enough for the desired programming. Minimized grading would have to be completed. This site would also require the demo of the existing equestrian center making an additional cost of relocating it. There is also potential soil contamination with years of horses on the site.
 - Low/Creek – This site is highly visible and has ease of access. However, it is in the flood plain and the site is too small for all programming.
 - Lower Plateau – This site is a prominent perched location with excellent views. It is large and close to existing utilities. The site does require a lot of grade work and is in the wildlife migration corridor along with the golf courses and some neighborhoods. The building would be visible from a few of the properties in Bearden on the Divide side of the community.

As outlined, from the four potential sites on the Finkel A and B parcels, the lower plateau and the equestrian center are the two sites that Davis will focus efforts on. Both are located in resource zoning and not included in the Cordillera PUD. Cordillera would have to apply for a special use permit through Eagle County. The process would include applications, Eagle County staff review, public hearings through the Eagle County Planning Commission and the Board of County Commissioners. A wildlife habitat assessment would also have to occur. Timeline of two to three months. Davis presented slides with conceptual designs for both the lower plateau and the equestrian center sites.

- Upcoming Events – The two site concepts will be presented at upcoming Open Houses to Cordillera property owners. Open Houses are scheduled for:
 - July 3, Community Day at the Timberhearth, 4 – 8 p.m.
 - July 6, Open House at the Cordillera Café, 3 – 5 p.m.
 - July 7, Open House at the Cordillera Café, 9 – 11 a.m.

Display boards will also be visible at the Athletic Center, Post Office, Equestrian Center and the Administration Building with the two site concepts along with comment boxes.

- Community Outreach Opportunities – Davis outlined the upcoming schedule of events of opportunities for staff and Board members to reach property owners with information about the community center.

June 27, New Homeowner Reception & Summer Wine tasting	August 3, Special Board Meeting
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June 30, Summer Concert with Hardscrabble	August 16, Summer Concert with Hazel Miller
July 3, Community Day	August 18, CPOA Annual Meeting/Elections
July 4, VGC, Fourth of July BBQ	September 23, Horsin' Around Day
July 6, Community Center Open House	September 22, Regular Board Meeting
July 7, Community Center Open House	October 4, Special Board Meeting
July 10, Special Board Meeting	

PUBLIC INPUT REGARDING COMMUNITY CENTER

Director Shriner and Director McBride opened up public input for comments on the community center. 37 community members were in attendance and 16 opted to speak during public input.

BOARD DISCUSSION

Boards discussed information that will be presented to the community at the July 3 Community Day and the two Open Houses on July 6 and July 7. Davis will design a pamphlet that will include the how the Boards started the process, the two sites with conceptual designs along with the financing aspect. Director McBride wanted to make sure that cost estimates were included in the pamphlet. There was some discussion on the wildlife assessment that has to take place. Director McBride asked if the study would take place before going to the county planning commission. Davis responded that yes, that would take place first and an addendum would be added to the wildlife plan that already exists. Oys stated that the Department of Wildlife will be walking the site next week. Board members agreed that both sites have to be assessed.

ADJOURNMENT

Director Kuich moved to adjourn the Regular Meeting of the Cordillera Property Owners Association. Seconded by Director Brooks.

Upon motion duly made and seconded, the Board unanimously agreed to **Adjourn** the Regular Meeting of the Cordillera Property Owners Association at 1:31 p.m. on Friday, June 23, 2017.

Respectfully submitted,

Tracy Stowell
Executive Coordinator

CORDILLERA PROPERTY OWNERS ASSOCIATION
SPECIAL BOARD MEETING MINUTES
THURSDAY, JULY 6, 2017
0360 CARTERVILLE ROAD, CORDILLERA, COLORADO

The Special Meeting of the Board of Directors of the Cordillera Property Owners Association (CPOA) was called and held Thursday, July 6, 2017, in accordance with the applicable statutes of the State of Colorado.

ATTENDANCE

Present: Lois Bruce, Secretary
Larry Brooks, Vice President
Rick Smith, Assistant Secretary
Nanette Kuich, Treasurer (arrived 3:35 p.m.)

Absent: Ed Shriner, President

ALSO PRESENT

CMD Board Members: Bob Egan, Judith McBride, and David Davies.

Others Present:

Rachel Oys, general manager; Jaime Walker, communications manager; Trevor Broersma, operations director; Tracy Stowell, executive coordinator; Kirk Pliske, public safety director; Todd Goulding, Goulding Development Advisors; and Joe Helminski, recreation director.

CALL TO ORDER

Director Brooks called to order the Special Meeting of the Cordillera Property Owners Association at 3:00 p.m.

APPROVAL OF AGENDA

July 6, 2017 Special Meeting Agenda

Director Smith moved to approve the July 6, 2017 Special Meeting Agenda. Seconded by Director Bruce.

Upon motion duly made and seconded, the Board unanimously by those present.

Approved the July 6, 2017 Special Meeting Agenda.

DECLARATION OF QUORUM/DIRECTOR QUALIFICATION

Director Brooks noted for the record a quorum was present for the purpose of doing the business of the Cordillera Property Owners Association.

ACKNOWLEDGEMENT OF RECEIPT OF NOTICE OF MEETING AT LEAST 72 HOURS IN ADVANCEMENT OF THE MEETING.

All board members acknowledged receiving notice of the special meeting at least 72 hours in advance. No conflicts of interest were noted.

JOINT CMD AND CPOA AGENDA ITEMS

Community Center Planning Open House and Public Input

There were 29 property owners in attendance at the open house to learn more about the proposed community center. Four CPOA board members were present to answer questions and respond to public comment.

ADJOURNMENT

Director Smith moved to adjourn the Special Meeting of the Cordillera Property Owners Association. Seconded by Director Bruce.

Upon motion duly made and seconded, the Board unanimously agreed to **Adjourn** the Special Meeting of the Cordillera Property Owners Association at 5:00 p.m. on Thursday, July 6, 2017.

Respectfully submitted,

Tracy Stowell
Executive Coordinator

CORDILLERA PROPERTY OWNERS ASSOCIATION
SPECIAL BOARD MEETING MINUTES
FRIDAY, JULY 7, 2017
0360 CARTERVILLE ROAD, CORDILLERA, COLORADO

The Special Meeting of the Board of Directors of the Cordillera Property Owners Association (CPOA) was called and held Friday, July 7, 2017, in accordance with the applicable statutes of the State of Colorado.

ATTENDANCE

Present: Lois Bruce, Secretary (arrived at 9:50 a.m.)
Ed Shriner, President
Rick Smith, Assistant Secretary
Nanette Kuich, Treasurer

Absent: Larry Brooks, Vice President

ALSO PRESENT

CMD Board Members: David Davies and Rick Smith

Others Present:

Rachel Oys, general manager; Jaime Walker, communications manager; Trevor Broersma, operations director; Tracy Stowell, executive coordinator; Kirk Pliske, public safety director; Berniece Guterrez, human resource and administration manager; Todd Goulding, Goulding Development Advisors; and Joe Helminski, recreation director.

CALL TO ORDER

Director Shriner called to order the Special Meeting of the Cordillera Property Owners Association at 9:04 p.m.

APPROVAL OF AGENDA

July 7, 2017 Special Meeting Agenda

Director Smith moved to approve the July 7, 2017 Special Meeting Agenda. Seconded by Director Kuich.

Upon motion duly made and seconded, the Board unanimously by those present.

Approved the July 7, 2017 Special Meeting Agenda.

DECLARATION OF QUORUM/DIRECTOR QUALIFICATION

Director Shriner noted for the record a quorum was present for the purpose of doing the business of the Cordillera Property Owners Association.

ACKNOWLEDGEMENT OF RECEIPT OF NOTICE OF MEETING AT LEAST 72 HOURS IN ADVANCEMENT OF THE MEETING.

All board members acknowledged receiving notice of the special meeting at least 72 hours in advance. No conflicts of interest were noted.

JOINT CMD AND CPOA AGENDA ITEMS

Community Center Planning Open House and Public Input

There were 19 property owners in attendance at the open house to learn about the proposed community center. Four CPOA board members were present to answer questions and respond to public comment.

ADJOURNMENT

Director Smith moved to adjourn the Special Meeting of the Cordillera Property Owners Association. Seconded by Director Bruce.

Upon motion duly made and seconded, the Board unanimously agreed to **Adjourn** the Special Meeting of the Cordillera Property Owners Association at 11:00 a.m. on Friday, July 7, 2017.

Respectfully submitted,

Tracy Stowell
Executive Coordinator

CORDILLERA PROPERTY OWNERS ASSOCIATION
SPECIAL BOARD MEETING MINUTES
MONDAY, JULY 10, 2017
0408 CARTERVILLE ROAD, CORDILLERA, COLORADO
CORDILLERA VALLEY CLUB CHAPARRAL RESTAURANT
101 LEGENDS DRIVE, EDWARDS, COLORADO

The Special Meeting of the Board of Directors of the Cordillera Property Owners Association (CPOA) was called and held Monday, July 10, 2017, in accordance with the applicable statutes of the State of Colorado.

ATTENDANCE

Present: Ed Shriner, President
Lois Bruce, Secretary
Larry Brooks, Vice President
Rick Smith, Assistant Secretary
Nanette Kuich, Treasurer

ALSO PRESENT

CMD Board Members: Bob Egan, David Bentley, Judith McBride, David Davies and Kitty George.

Others Present:

Alan Pogue, legal counsel; Rachel Oys, general manager; Jaime Walker, communications manager; Trevor Broersma, operations director; Tracy Stowell, executive coordinator; Kirk Pliske, public safety director; Joe Helminski, recreation director; Todd Goulding, Goulding Development Advisors; and Michael Lund, Stifel.

CALL TO ORDER

Director Shriner called to order the Special Meeting of the Cordillera Property Owners Association at 3:00 p.m.

APPROVAL OF AGENDA

July 10, 2017 Special Meeting Agenda

A director discussion was added to the agenda after the CMD/CPOA Judicial Appeal pursuant to Rule 106 Update.

Director Smith moved to approve the July 10, 2017 Special Meeting Agenda with above changes. Seconded by Director Kuich.

Upon motion duly made and seconded, the Board unanimously by those present.

Approved the July 10, 2017 Special Meeting Agenda with above changes.

DECLARATION OF QUORUM/DIRECTOR QUALIFICATION

Director Shriner noted for the record a quorum was present for the purpose of doing the business of the Cordillera Property Owners Association.

ACKNOWLEDGEMENT OF RECEIPT OF NOTICE OF MEETING AT LEAST 72 HOURS IN ADVANCEMENT OF THE MEETING.

All board members acknowledged receiving notice of the special meeting at least 72 hours in advance. No conflicts of interest were noted.

CMD/CPOA JOINT AGENDA ITEMS

Director Shriner shared a prepared statement which included a history of how the boards arrived at the idea of a community center. With the potential sale of the Lodge and Spa and property owners expressing concerns over losing the amenities at the Lodge, the Boards decided to research the possibility of adding amenities for the whole community. In order to properly assess such a concept and the suitability of available sites, the Boards needed and sought professional advice and guidance. We retained Goulding Development Advisors as our owner's representative and project manager; Davis Partnership for master planning, feasibility and schematic design and Shaw Construction for pricing and scheduling.

We sought to develop a meaningful concept with sufficient form and structure to solicit feedback from as broad a range of property owners as possible. We needed to develop a concrete concept, encompassing a range of possibilities and to solicit comments, ideas and thoughts from our property owners which will then become the focus of further discussions and determinations by the Boards. The Boards believe that the process was transparent.

Director McBride presented the financials related to the community center project and current debt. Estimates to the end of June show \$110,000 has been spent on professional services. The project booklet, available throughout the community, showed the estimated cost of the completed project between \$15 and \$30 million depending on the programming elements to be prioritized based on the community input. The boards acknowledged this is a large gap, but wanted to be transparent as to the potential cost. All CMD and Cordillera Mountain Metro District (CMMD) debt is due to expire in 2022.

Any new projects financed in the future would be repaid from property taxes on a uniform tax assessment across all properties. To finance a new community center, the district may issue new general obligation bonds with voter approval. The new debt would be structured to minimize the increase in total annual taxes paid by property owners. This could be accomplished by refinancing current debt at a lower interest rate, then paying interest only on the new debt until current outstanding obligations are retired. Cordillera would likely achieve an "investment grade rating" as the new bonds would be secured by the tax base of the entire district.

If a new bond is issued to generate \$25,000,000 for construction projects, it is anticipated that the debt mill levy will remain at or below 20.797 mills for CMD and the debt mill levy will drop from 41.47 to approximately 20.797 mills for CMMD.

CMD/CPOA Judicial Appeal pursuant to Rule 106 Update

CMD/CPOA are appealing the Eagle County Commissioner decision to uphold the Eagle County Community Development Director's interpretation of the Cordillera PUD in a Rule 106 appeal. All briefings were due to District Court on Friday, July 7. The judge will review the file without arguments from either side. The real estate closing on the property has not occurred. Alan Pogue, legal counsel, checks the Eagle County site daily.

Board Discussion on the Community Center

CPOA Board Discussion

Board members shared their thoughts and reasons for supporting the Community Center.

Ed Shriner stated that if the proposed plans are to move forward he believed that the Boards should:

wait until the Rule 106 Appeal is finalized and wait to learn who the next owner of the Lodge and Spa will be. If the project was delayed, the current debt continues to be paid down. In 2022 when the debt is paid, the Community Center idea could be revisited.

Lois Bruce concurred with Ed Shriner's comments.

Nanette Kuich shared the history of how CPOA acquired the Trailhead, ACC and Short Course from the club during the bankruptcy. By acquiring these properties, the CPOA assumed the associated operating and maintained costs. The ACC is due for upgrading and maintenance, the Short Course ponds need to be repaired; estimates for repairs and upgrades are between \$10-15 million over the next few years.

Rick Smith offered a historic perspective on how the boards decided to consider a community center. After two years of listening to community feedback (ACC is aging, too small, has deferred maintenance, needs a renovation, a remodel and upgrades), they took a more holistic approach and considered the community as a whole rather than distinct and isolated neighborhoods. The Boards researched other communities and wanted to bring the Cordillera community together in a facility for everyone.

Larry Brooks acknowledged that he had received a lot of positive and negative feedback. He agreed with Director Shriner that the Boards should wait and see what happens with the Lodge. He stressed that the boards are thinking about the community as a whole.

CMD Board Discussion

David Bentley expressed his concerns that some community members' approach to their opposition negated the benefit of what the Boards were trying to achieve with the project. The rumors were disruptive and not helpful.

Kitty George sees an increase in younger families, so the boards need to plan for Cordillera's future. Neither the Club or TimberHearth is owned by the community, so it is important to focus on what we can change and can control.

David Davies shared that each Board member held the honest belief that they were doing something for the community when they put this process forward. With all the input that was received through letters, emails and phone calls, a third were in support, a third in opposition and a third were general inquires related to programming, cost or how the Boards were going to finance the project. He was concerned that a large number of property owners did not want to invest in the community. Some of the input was based on falsehoods and rumors and they were used strategically.

Judy McBride voiced her support for the community center, sharing that it would be a great addition to the community and it is exciting. She believes it would raise property values.

David Davies asked the community members that were present if they would like to see the presentation or to go ahead with public comment. The members present agreed to forgo the presentation and to proceed with public comment.

PUBLIC INPUT REGARDING COMMUNITY CENTER

There were 203 community members in attendance with 24 members who chose to speak and give input.

ADJOURNMENT

Director Smith moved to adjourn the Special Meeting of the Cordillera Property Owners Association. Seconded by Director Bruce.

Upon motion duly made and seconded, the Board unanimously agreed to **Adjourn** the Special Meeting of the Cordillera Property Owners Association at 6:07 p.m. on Monday, July 10, 2017.

Respectfully submitted,

Tracy Stowell
Executive Coordinator

DRAFT

CORDILLERA PROPERTY OWNERS ASSOCIATION

**FOURTH AMENDED AND RESTATED RESOLUTION
REGARDING THE POLICY FOR COLLECTION OF UNPAID ASSESSMENTS**

WHEREAS, the Cordillera Property Owners Association (the “Association”) is a nonprofit corporation of the State of Colorado, which serves an area that consists of approximately 7,000 acres of land within a residential community in Eagle County known as Cordillera; and

WHEREAS, the Association is required to adopt policies, procedures, and rules and regulations concerning the collection of unpaid assessments pursuant to § 38-33.3-209.5(1)(b)(I), C.R.S.; and

WHEREAS, on September 16, 2013, the Board of Directors of the Association (the “Board”) adopted that certain “Third Amended and Restated Resolution Adopting a Collection Policy for Unpaid Assessments” (the “2013 Policy”); and

WHEREAS, the Association recently recorded the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cordillera in the Eagle County Clerk and Recorder’s Office at reception numbers 201614443, 201614815, and 201618114, as amended pursuant to the Limited Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cordillera, recorded at reception number 201707438 (the “Declaration”); and

WHEREAS, all capitalized and not otherwise defined terms herein shall have the meanings given to them in the Declaration; and

WHEREAS, pursuant to Article 6 of the Declaration, the Association has the power to levy a Base Assessment, Neighborhood Assessment, Special Assessment and Specific Assessment against the Units in Cordillera (collectively, the “Assessments”); and

WHEREAS, the Board desires to amend and restate the 2013 Policy pursuant to and in accordance with the Declaration and § 38-33.3-209.5(1)(b)(I), C.R.S.

NOW, THEREFORE, the Board of Directors of the Cordillera Property Owners Association hereby amends and restates the 2013 Policy in its entirety as follows:

1. Due Dates. The annual Base Assessment and Neighborhood Assessment, each as determined by the Association and as allowed for in the Declaration, shall be due and payable on the 31st day of January of each calendar year. All other Assessments shall be paid in such manner and on such dates as the Board may establish as provided in the Declaration. An Assessment is considered past due and delinquent if not paid by the 31st day of January of each calendar year for Base Assessment and the Neighborhood Assessment, and if not paid by such date as established by the Board for all other Assessments.

2. Receipt Date. The Association shall post payments on the day that the payment is received in the Association's offices.

3. Late Charges, Interest, and Other Charges on Delinquent Installments. The Association shall impose a late charge of 10% to each Owner who fails to pay the applicable Assessment within 30 days of it being due. Interest shall then be charged on all unpaid Assessments (computed from the date the delinquency first occurs), late charges, and all other Association charges at a rate of 8% per annum. In addition to late charges and interest, the following charges may also be imposed and charged to each Owner:

Return Check Charge	\$25.00 *
Filing of Lien Charge	\$150.00
Release of Lien Charge	\$150.00
Collection Costs	Reasonable Attorney Fees and Court Costs
Other Charges	As incurred and deemed appropriate by the Board

*If two or more of an Owner's checks are returned unpaid by the bank within any fiscal year, the Association may require that all of the Owner's future payments, for a period of one (1) year, be made by certified check or money order.

4. Suspension of Owner Rights. Pursuant to Section 6.9(b) of the Declaration, when any Assessment due to the Association or any part thereof remains unpaid more than 30 days after the due date, as described in Paragraph 1 hereof, the Owner's right to vote and to use portions of the Common Areas, as more particularly provided in the Suspension of Rights Policy, will be automatically suspended until all amounts owed are paid in full.

5. Notice of Delinquency.

A. First Notice. When any Assessment due to the Association or any part thereof becomes more than forty-five (45) days delinquent, the Association shall send, via U.S. Mail and via certified mail, return receipt requested, to the Owner's Cordillera address and to the Owner's secondary address on record if such address has been provided, a written notice ("First Notice") of nonpayment to the Owner of the Unit containing the following information:

- (i) The total amount due, with an accounting of how the total was determined;
- (ii) Whether the Owner may enter into a payment plan with the Association, as provided in Paragraph 6 of this Resolution, and instructions for contacting the Association within thirty (30) days of the date of the First Notice to enter into such payment plan;
- (iii) The name and contact information of the individual that the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt;
- (iv) A statement that the Owner's right to vote and to use portions of the Common Areas have been suspended until all amounts owed are paid in full, in accordance with Section 6.9(b) of the Declaration, this Resolution, and the Suspension of Rights Policy.

- (v) A statement that failure to cure the delinquency or to enter into a payment plan by no later than thirty (30) days of the date of the First Notice (or such other date as may be designated in the Suspension of Rights Policy, as may be amended from time to time) will result in the suspension of additional of Owner's rights pursuant to the Declaration and the Suspension of Rights Policy; and
- (vi) A statement that action is required to cure the delinquency and that failure to do so within thirty (30) days of the date of the First Notice may result in the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law.

B. Second Notice. In the event an Owner fails to cure the delinquency or negotiate a payment plan within thirty (30) days of the date of the First Notice, the Association shall send, via U.S. Mail and via certified mail, return receipt requested, to the Owner's Cordillera address and to the Owner's secondary address on record if such address has been provided, a second written notice ("Second Notice") of nonpayment to the Owner of the Unit containing the following information:

- (i) The original due date of the Assessment;
- (ii) A statement of the total Assessment now past due, including late charges, interest and any other charges;
- (iii) A statement that Owner failed to cure the delinquency or enter into a payment plan within the time period stated in the First Notice;
- (iv) A statement that the Owner's right to vote and use portions of the Common Areas will remain suspended until all amounts owed are paid in full;
- (v) If applicable, a statement that additional Owner's rights pursuant to the Declaration will be or have been suspended pursuant to the Declaration and the Suspension of Rights Policy;
- (vi) A statement requesting that all unpaid Assessments, including late charges, interest and any other charges, be paid within ten (10) calendar days of the date of the Second Notice;
- (vii) A statement that if the Owner fails to pay all outstanding Assessments, including late charges, interest and any other charges within ten (10) calendar days of the date of the Second Notice, the Owner's account of unpaid Assessments, late charges, interest and any other charges shall be turned over to the Association's attorneys, staff, and other consultants as needed, for collection. The Association shall also be entitled to pursue all additional remedies at law or in equity; and
- (viii) A statement that the Owner shall be responsible for all collection costs, including reasonable attorneys' fees, incurred by the Association.

6. Payment Plan. Except as otherwise provided in this Paragraph 6, the Association shall negotiate a payment plan with any Owner who is delinquent in paying Assessments and who contacts the Association to enter into a payment plan as provided in the First Notice. The payment plan shall allow the Owner to pay off the deficiency in equal installments over a period

of six months and shall include late charges, interest and other charges as set forth in Paragraph 3 of this Resolution, unless otherwise waived by the Board or its designee, in its sole discretion. Payment plans to pay off a deficiency over a period greater than six months may be permitted, in the sole discretion of the Board or its designee. The Association shall not be prohibited from pursuing legal action against an Owner if the Owner fails to comply with the terms of his or her payment plan. An Owner's failure to remit payment of an agreed-upon installment, or to remain current with any Assessments as such Assessments become due during the six-month period, or such other repayment period as authorized herein, constitutes a failure to comply with the terms of his or her payment plan. The Association is not obligated to negotiate a payment plan with an Owner who does not occupy the Unit and has acquired the Unit as a result of a default of security interest encumbering the Unit, or due to the foreclosure of the Association's lien. In addition, the Association is not obligated to negotiate a payment plan with an Owner who has previously entered into a payment plan pursuant to this Paragraph 6.

7. Application of Payment. Upon receipt of payment, payment shall be applied to interest, late charges, other charges imposed, and then to the outstanding delinquent Assessment(s).

8. Collection by Association. If an Owner fails to pay all outstanding assessments, including late charges, interest and any other charges within ten (10) calendar days of the date of the Second Notice, the Board shall commence collection action through all legally available channels.

A. Lien. As set forth in §38-33.3-316(1), C.R.S. and the Declaration, the Association has a statutory lien on a Unit for any assessment levied against that Unit. The amount of the lien shall include the assessment, charges, late charges, attorney fees, fines, and interest charged from the time such items become due. The recording of the Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for Assessments is required.

B. Foreclosure. The Association's lien may be foreclosed in like manner as a mortgage on real estate; except that the Association may only foreclose on the lien if:

- (I) The balance of the assessments and charges secured by its lien equals or exceeds six months of common expense assessments for the Unit Owner based on a periodic budget adopted by the Association; and
- (II) The Association's Board has formally resolved, by a recorded vote, to authorize the filing of a legal action against the specific Unit on an individual basis. The Board shall not delegate its duty to act under this subparagraph (II) to any attorney, insurer, manager, or other person, and any legal action filed without evidence of the recorded vote authorizing the action shall be dismissed.

C. Other Remedies. Upon direction from the Board, following any assessment and/or other charges due to the Association becoming more than three hundred thirty (330) days delinquent, the Association may file a summons and complaint in a court of competent jurisdiction for a money judgment. If a judgment or decree is obtained, such judgment or decree shall include reasonable attorneys' fees together with the cost of the action and all unpaid

assessments, charges (including filing and releasing of lien charges) and interest as provided herein.

D. Attorneys' Fees on Delinquent Accounts. As an additional expense permitted under the Declaration and by Colorado law, the Association shall be entitled to recover its reasonable attorneys' fees and collection costs incurred in the collection of Assessments and other charges due to the Association from a delinquent Owner. The reasonable attorneys' fees incurred by the Association shall be due and payable immediately when incurred.

E. Appointment of a Receiver. In any action by the Association to collect assessments or to foreclose a lien for unpaid Assessments, the Association may seek the appointment of a receiver of the Unit Owner to collect all sums alleged to be due from the Unit Owner prior to or during the pending of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pending of the action to the extent of the Association's common expense assessments.

F. Waivers. The Association is hereby authorized to extend the time for the filing of lawsuits and any other enforcement action authorized in this Paragraph 8 or by Colorado law, as the Association shall determine appropriate under the circumstances.

9. Certificate of Status of Assessment. The Association shall furnish to a Unit Owner or such Unit Owner's designee or to a holder of security interest or its designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid Assessments currently levied against such Owner's Unit. The statement shall be furnished within fourteen calendar days following the Association's receipt of the request.

10. Supplement to Law. The provisions of this Resolution are in addition to and supplement the terms and provisions of the Declaration, the Bylaws of the Association, any and all other governing documents of the Association, and the laws of the State of Colorado governing Cordillera, all of which may be amended from time to time.

11. Amendment. This collection policy may be amended from time to time by the Board of Directors.

12. Survival. In the event a court of competent jurisdiction finds a provision of this collection policy void or otherwise unenforceable, the other provisions shall remain in full force and effect.

13. Effective Date. This Resolution shall become effective as of the date of adoption, and shall apply to all debt collection practices, payment plans, and foreclosure proceedings commenced on or after such date. This Resolution shall replace in its entirety the 2013 Policy, which shall be of no further force and effect.

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SO DONE THIS 3rd DAY OF AUGUST 2017.

**CORDILLERA PROPERTY OWNERS
ASSOCIATION**

Ed Shriner, President

ATTEST:

Lois Bruce, Secretary

CORDILLERA PROPERTY OWNERS ASSOCIATION

SECOND AMENDED AND RESTATED RESOLUTION REGARDING THE POLICY FOR HANDLING OF BOARD MEMBER CONFLICTS OF INTEREST

WHEREAS, the Cordillera Property Owners Association (the “Association”) is a nonprofit corporation of the State of Colorado, which serves an area that consists of approximately 7,000 acres of land within a residential community in Eagle County known as Cordillera; and

WHEREAS, the Association is required to adopt policies, procedures, and rules and regulations concerning the handling of conflicts of interest involving board members pursuant to §38-33.3-209.5(1)(b)(II), C.R.S.; and

WHEREAS, on July 18, 2011, the Board of Directors of the Association (the “Board”) adopted a “Resolution Amending and Restating Policy Regarding the Handling of Board Member Conflicts of Interest” (the “2011 Policy”); and

WHEREAS, the Association recently recorded the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cordillera in the Eagle County Clerk and Recorder’s Office at reception numbers 201614443, 201614815, and 201618114, as amended pursuant to the Limited Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cordillera recorded at reception number 201707438 (the “Declaration”); and

WHEREAS, terms not otherwise defined herein shall have the meanings given to them in the Declaration; and

WHEREAS, the Board has reviewed the 2011 Policy and desires to amend and restate the 2011 Policy in accordance with §38-33.3-209.5(1)(b)(II), C.R.S. and the Declaration.

NOW, THEREFORE, the Board of Directors of the Cordillera Property Owners Association hereby amends and restates the 2011 Policy in its entirety as follows:

1. General Duty. All members of the Association’s Board of Directors (the “Board”) shall endeavor to be free from conflicts of interest and operate as much as possible as an “independent” Board member representing the interests of their constituents and the Cordillera community as a whole.

2. Conflict of Interest. A conflict of interest exists whenever any contract, decision, transaction, or other action taken by or on behalf of the Board would benefit, financially or otherwise: (i) a director of the Board; (ii) a party related to a director of the Board; or (iii) an entity in which a director of the Board is also a director or officer of said entity or has a financial interest in said entity (“Conflicting Interest Transaction”).

a. Party Related to A Director. A party related to a director means a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or

trust in which the director or a party related to a director has a beneficial interest, or an entity in which a party related to a director is a director, officer, or has a financial interest.

b. Financial Interest. A financial interest includes the following:

(i) An ownership interest or investment interest in any entity or activity with which the Association has or contemplates a transaction or agreement;

(ii) A compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or other agreement; or

(iii) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or other agreement.

3. Disclosure of Conflict of Interest. In the event a conflict arises, the conflicted Board member shall announce the conflict of interest and all circumstances and details involved in the conflict in an open Board meeting prior to any discussion or vote by the Board on the Conflicting Interest Transaction. After disclosure, the conflicted Board member may participate in the discussion but shall not vote on the Conflicting Interest Transaction. The conflicted Board member may be counted in determining the presence of a quorum at a meeting of the Board which authorizes, approves, or ratifies the Conflicting Interest Transaction. The minutes of the meeting shall reflect the conflict of interest disclosure made by the director, the abstention from voting, the composition of the quorum, and a record of who voted for and against the Conflicting Interest Transaction. In the event that a conflict of interest arises without the prior knowledge of the conflicted Board member, that Board member shall notify the Board President in writing within five days after discovery. In the event the conflicted Board member is the Board President, the Board Member shall notify the Board Vice-President. The Board President (or Vice-President, if applicable) will determine whether the Board should hold a special meeting or wait until the next regularly scheduled Board meeting to vote again on the now known Conflicting Interest Transaction.

4. Conflicting Interest Transaction Not Void. No authorized, approved or ratified Conflicting Interest Transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a member or by or in the right of the Association, solely because of the existence of a conflict of interest as described in Paragraph 2 herein or solely because the conflicted director is present at or participates in the meeting of the Association's Board that authorizes, approves, or ratifies the Conflicting Interest Transaction if:

a. The material facts about the conflict of interest are disclosed to the Board and a majority of the disinterested Board members, even if less than a quorum, in good faith approves the Conflicting Interest Transaction;

b. The material facts about the conflict of interest are disclosed or are known to the members entitled to vote on the matter, and the Conflicting Interest Transaction is authorized in good faith by a vote of the members entitled to vote on the matter; or

c. The Conflicting Interest Transaction is fair as to the Association.

5. Failure to Disclose Conflict. Any Conflicting Interest Transaction authorized, approved, or ratified in violation of this policy shall be void and unenforceable. In such event, the Board, at the next meeting of the Board shall vote again on the Conflicting Interest Transaction authorized, approved, or ratified in violation of this Policy.

6. Loans to Board Members. No loans shall be made by the Association to its directors or officers. Any director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the loan is repaid.

7. Policy Review. The Board shall periodically review this policy for handling conflicts of interest and may amend such policy as it deems necessary from time to time.

8. Effective Date. This Resolution shall become effective as of the date of adoption and shall replace in its entirety the 2011 Policy, which shall be of no further force and effect.

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SO DONE THIS 3rd DAY OF AUGUST 2017.

**CORDILLERA PROPERTY OWNERS
ASSOCIATION**

Ed Shriner, President

ATTEST:

Lois Bruce, Secretary

CORDILLERA PROPERTY OWNERS ASSOCIATION

**AMENDED AND RESTATED RESOLUTION AFFIRMING AND RATIFYING POLICY
WITH RESPECT TO THE CONDUCT OF MEETINGS**

WHEREAS, the Cordillera Property Owners Association (the “Association”) is a nonprofit corporation of the State of Colorado, which serves an area that consists of approximately 7,000 acres of land within a residential community in Eagle County known as Cordillera; and

WHEREAS, the Association has the authority to adopt, amend and enforce bylaws, policies, rules and regulations consistent with State law pursuant to the Amended and Restated Declaration of Protective Covenants, Conditions and Restrictions for Cordillera, recorded in the Eagle County Clerk and Recorder’s Office at reception numbers 201614443, 201614815, and 201618114, as amended pursuant to the Limited Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cordillera, recorded at reception number 201707438 (the “Declaration”) and its Bylaws (together with the Declaration, the “Governing Documents”); and

WHEREAS, all capitalized terms not defined herein shall have the meanings given to them in the Governing Documents; and

WHEREAS, the Association is required to adopt policies, procedures, and rules and regulations concerning the conduct of meetings pursuant to §38-33.3-209.5(1)(b)(III), C.R.S.; and

WHEREAS, on May 21, 2007, the Board of Directors of the Association (the “Board”) adopted that certain Resolution Affirming and Ratifying Policy with Respect to the Conduct of Meetings (the “2007 Policy”); and

WHEREAS, the Board has reviewed the 2007 Policy and desires to amend and restate the 2007 Policy in accordance with §38-33.3-209.5(1)(b)(III), C.R.S. and the Declaration.

NOW, THEREFORE, the Board of Directors of the Cordillera Property Owners Association hereby amends and restates the 2007 Policy in its entirety as follows:

1. Pursuant to Articles IV and VI of the Bylaws and Sections 4.1 and 4.2 of the Declaration, the Board hereby ratifies and restates the following policies, procedures, and rules and regulations for conducting meetings of the Association:

a. Board Meetings.

i. Place of Meetings. Meetings of the Board will be held at the principal office of the Association or at such other location, within or convenient to the Community as may be fixed by the Board. Meetings of the Board may be held by conference call or electronic means, if necessary.

ii. Frequency of Meetings. Regular meetings will be held at such times, place and hour as may be fixed by the Board, provided that at least one Board meeting each quarter of the fiscal year is held. The Board may set a schedule of regular meetings by resolution, and no further notice is necessary to constitute regular meetings. The Board will normally meet on a monthly or a quarterly basis depending on the workload involved and the decisions to be made.

iii. Special Meetings. Special Board meetings will be held when called by the President of the Board or by any two directors. Only those matters contained in the notice of the special meeting may be discussed at the special meeting, unless all directors of the Board are present and agree to waive the notice requirement for such other matters.

iv. Annual Meetings. An annual meeting of the Board may be held, without notice, immediately following and in the same place as the annual meeting of the Members, or at such other date and place as the directors may determine. The purpose of the annual meeting of the Board is to elect officers and for the transaction of such other business as may come before the meeting.

v. Notice of Board Meetings. Written notice of each Board meeting will be given by, or at the direction of, the Secretary or other person authorized to call the meeting by mailing a copy of the notice, postage prepaid, at least four days before the meeting, or by any other means permitted by the Colorado Revised Nonprofit Corporation Act, including, without limitation, hand delivery, telephone, facsimile, and e-mail delivery, to each Board member, addressed to the Board member's address then on record with the Association or otherwise given by the Board member for purpose of notice. Notices given by hand delivery, telephone, facsimile, or e-mail will be delivered at least 24 hours before the time set for the meeting. Notices will specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

vi. Waiver of Notice. A waiver of notice of any Board meeting, signed by a director, whether before or after the meeting, will be the equivalent to the giving of notice of the meeting to the director. A director's attendance at a meeting constitutes waiver of notice of the meeting except when the director attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

vii. Quorum. A majority of the directors in office immediately before a Board meeting begins constitutes a quorum for the transaction of business. Directors participating by telephone or electronically will be deemed present for establishing a quorum. A quorum must be present when a vote is taken. The votes of a majority of the directors present at a meeting at which a quorum is present will constitute a Board decision. However, if there are fewer than three directors, all directors must be present to constitute a quorum, and unanimity of the three directors is required to constitute a Board decision. If at any meeting there will be less than a quorum present, a majority of those present may adjourn the meeting.

viii. Director Proxies. To determine a quorum with respect to a particular issue and for purposes of voting on such issue, a director may execute, in writing, a proxy to be held by another director. The proxy will specify a yes, no, or abstain vote on each particular issue for which the proxy was executed. Proxies that do not specify a yes, no, or abstain vote will not be counted for the purpose of having a quorum present or as a vote on the particular issue before the Board.

ix. Action without a Meeting. The directors may take any action in the absence of a meeting, which they could otherwise have taken at a meeting if a notice stating the action to be taken and the time by which a director must respond is transmitted in writing to each director and each director, by the time stated in the notice: (a) votes in writing for such action; or (b) votes in writing against such action, abstains in writing from voting; or (c) fails to respond or vote and fails to demand that action not be taken without a meeting.

x. Conduct of Meetings. The President will preside over all meetings of the Association, and the Secretary will keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

xi. Attendance and Participation. Participation and attendance at Board meetings is important, so Boards are encouraged to set, monitor and enforce attendance guidelines. In an age of rapidly evolving communication techniques, and in order to encourage the participation of Cordillera part-time residents who may not be able to be present for some meetings, it is suggested that telephone participation be encouraged in Committee meetings, and be utilized where necessary in Board meetings unless prohibited by law.

xii. Executive Session. Board meetings should be conducted in open session in a fully transparent way where possible. There are certain topics of a legal or personnel nature, however, that require an Executive Session. When such a session is required, extreme care should be taken to properly call such a session, reinforce its privacy, and to properly summarize for subsequent public recording any appropriate conclusions. The frequency of these Executive Sessions should be minimized.

xiii. Joint Meetings. Since Cordillera is a community with multiple Boards, extensive cooperation between Boards is essential. Therefore, Boards may decide to hold joint meetings where two or more Board sessions are underway at the same time and comments are being sought from all parties in attendance. While more complicated to administer, these joint sessions can be extremely valuable to the overall community and are encouraged.

b. Member Meetings.

i. Place of Meetings. Meetings of the Members of the Association will be held at the principal office of the Association or at such other place as may be fixed by the Board and specified in the notice of the Member meeting.

ii. Annual Meetings. An annual meeting of the Members will be held during each fiscal year, at such time, date and place as the Board determines. Directors will be elected by the Members at the annual meeting of the Members in accordance with the Bylaws.

iii. Special Meetings. Special meetings of the Members may be called by the President, a majority of the directors of the Board, or the Secretary upon receipt of a written petition signed by Owners comprising at least 10% of the total votes of the Association, identifying the purpose of the special meeting, pursuant to the Bylaws. The Board will determine the form of notice, date, time, and place of the special meeting. Special meetings of the Members are conducted by the President, or in his or her absence, a person chosen by a majority of the Board.

iv. Notice of Member Meetings. Written notice of each Member meeting will be given by, or at the direction of, the Secretary or other person authorized to call the meeting by mailing a copy of the notice, postage prepaid, or by hand delivery, at least ten days before, but not more than 50 days before the meeting to each Member entitled to vote. Notice will also be physically posted in a conspicuous place in the Community, if possible, and sent by e-mail to any Owner who requests electronic delivery.

v. Waiver of Notice. A waiver of notice of any Member meeting is deemed equivalent of proper notice. A Member may waive notice of any Member meeting in writing before or after such meeting. A Member's attendance in person or by proxy is deemed a waiver of improper notice of the date, time, and location thereof and of any specific business being conducted, unless the Member specifically objects to improper notice when the meeting is called to order or objects to improper notice of the specific business before the business is put to a vote.

vi. Quorum. The presence of ten percent of the Members eligible to vote at the beginning of any meeting, in person or by proxy, constitutes a quorum for any action unless otherwise provided in the Governing Documents. When a quorum is established, it is conclusively presumed to exist until the meeting is adjourned and need not be reestablished. If a quorum is not present, the meeting may be adjourned to a later date until such time as a quorum will be present.

vii. Member Proxies. Members may vote or attend Member meetings in person or by written proxy, dated and duly executed by an Owner and filed with the Secretary or designee at or prior to the meeting in accordance with the Bylaws. Written notice of revocation is required to revoke a proxy. A Member proxy terminates 11 months after its date, unless a shorter term or specific purpose is specified, or upon sale of the Unit for which the proxy was issued.

viii. Action without a Meeting. Voting by mail or electronic means in lieu of a meeting is acceptable in all instances in the Governing Documents requiring the vote of Members at a meeting. Notice of any vote by mail or electronic means in lieu of a meeting will be given in accordance with Section 3.6 of the Bylaws.

ix. Conduct of Meetings. The Board may establish the order of business and prescribe reasonable rules for the conduct of Member meetings. It is intended that Robert's Rules of Order will be followed.

x. Adjournment of Meetings. Any Member meeting may be adjourned, to be reconvened at a later date or time, by vote of the Owners holding a majority of the vote represented at the meeting, regardless of whether a quorum is present. No additional notice of such reconvened session is required if the original session is adjourned for a period not exceeding ten days.

2. Bylaws Control. In the event of any conflict between the provisions of this Resolution and the Bylaws, the terms and provisions of the Bylaws shall control.

3. Effective Date. This Resolution shall become effective as of the date of adoption and shall replace in its entirety the 2007 Policy, which shall be of no further force and effect.

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SO DONE THIS 3rd DAY OF AUGUST 2017.

**CORDILLERA PROPERTY OWNERS
ASSOCIATION**

Ed Shriner, President

ATTEST:

Lois Bruce, Secretary

CORDILLERA PROPERTY OWNERS ASSOCIATION

**SECOND AMENDED AND RESTATED RESOLUTION
REGARDING COVENANT AND RULE ENFORCEMENT POLICY**

WHEREAS, the Cordillera Property Owners Association (the “Association”) is a nonprofit corporation of the State of Colorado, which serves an area that consists of approximately 7,000 acres of land within a residential community in Eagle County known as Cordillera; and

WHEREAS, the Association has the authority to adopt, amend and enforce bylaws, policies, rules and regulations consistent with State law pursuant to the Amended and Restated Declaration of Protective Covenants, Conditions and Restrictions for Cordillera, recorded in the Eagle County Clerk and Recorder’s Office at reception numbers 201614443, 201614815, and 201618114, as amended pursuant to the Limited Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cordillera, recorded at reception number 201707438 (the “Declaration”), its Bylaws, policies, rules and regulations (together with the Declaration, the “Governing Documents”); and

WHEREAS, all capitalized terms not otherwise defined herein shall have the meanings given to them in the Governing Documents; and

WHEREAS, pursuant to the Declaration Section 9.3, the Design Review Board (“DRB”) adopted the Cordillera Design Guidelines (“Design Guidelines”) governing the construction of improvements in the Community and any modifications, additions, or alterations thereto, and has the authority to amend them, subject to review and comment by the Board as described therein; and

WHEREAS, the Governing Documents allow the Board and DRB to levy reasonable fines for violations of the Governing Documents and Design Guidelines, respectively, after notice and opportunity for a hearing; and

WHEREAS, the Association is required to adopt policies, procedures, and rules and regulations concerning enforcement of covenants and rules, including notice and hearing procedures and the schedule of fines, pursuant to §38-33.3-209.5(1)(b)(IV), C.R.S.; and

WHEREAS, on April 18, 2014, the Board of Directors of the Association (the “Board”) adopted that certain First Amended and Restated Resolution Regarding Covenant and Rule Enforcement Policy (the “2014 Policy”); and

WHEREAS, the Board has reviewed the 2014 Policy and desires to amend and restate the 2014 Policy and the schedule of fines associated with violations of the Governing Documents and the Design Guidelines, attached hereto as Exhibit A and Exhibit B, pursuant to and in accordance with §38-33.3-209.5(1)(b)(IV), C.R.S. and the Declaration.

NOW, THEREFORE, the Board of Directors of the Cordillera Property Owners Association hereby amends and restates the 2014 Policy in its entirety as follows:

1. Observation of Violation. The Board or DRB, as applicable, may initiate the procedures set forth herein upon observation of a violation or upon being advised of a violation by an Association staff member, Owner, or agent of the Board or DRB. Any action taken by the Association with respect to any violation of the Governing Documents shall be strictly within the discretion of the Board. Any action taken by the DRB with respect to any violation of the Design Guidelines or the provisions of Article IX (Architectural Controls) of the Declaration shall be within the discretion of the DRB, unless otherwise provided in the Governing Documents.

2. Notice of Violations. When the Board or the DRB believes an Owner has committed a violation of the Governing Documents or Design Guidelines, as applicable, the following actions shall be administered, unless the Association determines that an emergency exists and immediate action is required:

Step 1: An initial notice ("First Notice") of the violation shall be mailed to the Owner via U.S. mail and via certified mail, return receipt requested, to the Owner's Cordillera address and to the Owner's secondary address on record if such address has been provided, containing the following information:

- (i) The nature and date of the alleged violation;
- (ii) If applicable, a request that the violation be corrected within 30 calendar days of the date of the notice or that correction of the violation be commenced within 30 days of the date of the notice if the violation is not capable of completion within 30 days due to weather or other matters beyond the Owner's control;
- (iii) If applicable, a warning statement that a violation occurred;
- (iv) The proposed sanction to be imposed if said violation is not cured or commenced to be cured, as applicable, within 30 calendar days;
- (v) A period of not less than 10 calendar days within which the Owner may present a written request to the Board (or to the DRB for violations of the Design Guidelines) for a hearing to dispute the alleged violation; and
- (vi) A statement that the proposed sanction shall be imposed as contained in the notice unless the violation is cured or commenced to be cured, as applicable, within 30 calendar days of the date of the notice; or a challenge is requested; or for warnings, the proposed sanction to be imposed if the violation occurs again.

Step 2: If the Owner fails to cure the violation or commence to cure the violation, as applicable, within 30 calendar days of the date of the First Notice, or fails to request a hearing to dispute the violation, or if the Owner is found to be in violation of the Governing Documents or the Design Guidelines after a hearing on the violation, or if the Owner commits the violation again after receiving a warning for the same violation, a second notice ("Second Notice") shall be sent to the Owner via certified mail, return receipt requested, to the Owner's Cordillera address and to the Owner's

secondary address on record if such address has been provided, containing the following information:

- (i) The nature and date of the violation;
- (ii) If applicable, a statement that the Owner failed to cure the violation or commence to cure the violation, as applicable, within 30 calendar days of the date of the First Notice or request a hearing; or, if applicable, a statement that the Owner was found in violation of the Governing Documents (or in violation of the Design Guidelines) after a hearing on the violation; or, if applicable, a statement that the Owner committed the violation for a second time after receiving a warning for the same violation;
- (iii) The fine assessed for failing to cure the violation or commence to cure the violation, or for being found in violation of the Governing Documents or the Design Guidelines after a hearing, or for committing the violation for a second time;
- (iv) A statement that the Owner must pay the fine and, if applicable, cure the violation within 10 calendar days of the date of the Second Notice or such other amount of time as specified in the notice. Failure to pay such fine when due shall result in the assessment of additional fines, a late charge of 10% on the unpaid fines and interest at a rate of 8% per annum, and may result in the suspension of the Owner's voting rights pursuant to the Declaration and the Suspension of Rights Policy; and
- (iv) If applicable, a statement that if the Owner fails to cure the violation within 10 calendar days of the date of the Second Notice, or such other amount of time as specified therein, the Association or its designee shall cure the violation, which may include entering upon the Owner's property, and that all costs incurred by the Association or its designee to cure the violation shall be charged to the Owner, which costs shall be subject to late charges and interest if not paid.

Step 3: If the Owner fails to pay the fine, including all charges and interest, and/or cure the violation within 10 calendar days of the date of the Second Notice, or such other amount of time as specified therein, a third notice ("Third Notice") shall be sent to the Owner via certified mail, return receipt requested, to the Owner's Cordillera address and to the Owner's secondary address on record if such address has been provided, containing the following information:

- (i) The nature and date of the violation;
- (ii) A statement that the Owner failed to pay the fine assessed and/or cure the violation within 10 calendar days of the date of the Second Notice, or such other amount of time as specified therein;
- (iii) If applicable, a statement that the Association or its designee cured the violation and the costs incurred by the Association or its

designee to cure the violation, which costs are now due by the Owner;

- (iv) A statement that a second fine has been imposed and the amount of the second fine;
- (v) A statement of the total fines including costs to cure, late charges and interest now due and a request that all unpaid fines be paid within 10 calendar days of the date of the Third Notice;
- (vi) A statement that if the Owner fails to pay all outstanding fines within 10 calendar days of the date of the Third Notice, the Owner's account of unpaid fines may be turned over to the Association's attorneys for collection, which shall result in the recording of a lien against the Owner's property or properties for the unpaid fines, costs to cure, late charges and accrued interest. The Association and DRB shall also be entitled to pursue all additional remedies at law or in equity;
- (vii) If applicable, a statement that the Owner's voting rights and right to use portions of the Common Areas will be suspended in accordance with the Declaration and the Association's Suspension of Rights Policy; and
- (viii) A statement that the Owner shall be responsible for all collection costs incurred by the Association and the DRB, as applicable.

4. Fines, Charges and Interest. All fines, charges and interest shall continue to accrue each month until all such fines, charges and interest are paid in full by the Owner or upon the foreclosure of a lien recorded against the Owner's property or properties for the unpaid fines, charges and interest, or upon the disposition of any court action undertaken to collect the unpaid fines, charges and interest.

a. Fines. Fines shall be levied as set forth in Exhibit A and Exhibit B attached to this Resolution, and may be amended from time to time as determined by the Board for fines related to violations of the Governing Documents and as determined by the DRB for fines related to violations of the Design Guidelines. In addition, the Board and DRB shall have the right to establish a different fine structure for particular violations, provided such structure is clearly set forth in a resolution of the Board or DRB.

b. Charges. The following charges shall be charged to Owners as may be applicable herein:

Return Check Charge	\$25.00
Filing of Lien Charge	\$150.00
Release of Lien Charge	\$150.00
Late Charge*	10% of Unpaid Fines, Charges & Interest
Association Costs to Cure	Actual costs incurred by the Association
Collection Costs	Reasonable Attorneys' Fees and Court Costs
Other Charges	As incurred and deemed appropriate by the Board

*Late charges shall be imposed monthly against all unpaid fines, charges and interest accrued to date.

c. Interest. Interest shall be charged on all unpaid fines (computed from the date the unpaid fine was first due) and other charges set forth herein at a rate of 8% per annum.

5. Hearing Procedures.

a. If a hearing is requested within the allotted 30-day period, the hearing shall be held by the Board or DRB, as applicable, affording the Owner a reasonable opportunity to be heard.

b. Proof of proper notice of the hearing shall be placed in the minutes of the meeting and shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the Owner appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any. The Board or the DRB, as applicable, may, but shall not be obligated to, suspend any proposed sanction if the violation is cured or commenced to be cured, as applicable, within the 30-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Owner.

c. The Board or DRB, as applicable, through the chair of the meeting, shall direct all proceedings at the hearing. The chair shall have complete authority to decide what evidence shall be accepted. No person shall speak without being recognized by the chair, and the chair may limit the amount of time any person may speak. The failure to comply with the directions of the chair or otherwise conduct an orderly hearing may be considered, in itself, a violation of the rules resulting in fines or other penalties.

d. The Board or DRB, as applicable, through the chair of the hearing, will describe the specific provision of the Declaration, Design Guidelines, or rule or regulation, which is said to have been violated, including the date and place.

e. The Owner charged may speak for himself or herself or may be represented by counsel throughout the hearing. Failure to respond or attend the hearing will be construed as an admission of the violation.

f. If the charge is denied, the complaining witness or witnesses, if any, shall describe the details of the circumstances at the hearing. The Owner shall have the opportunity to confront each witness against him or her.

f. The Board or DRB, as applicable, shall have the opportunity to question any witness, if any, or involved party.

h. When all complaining witnesses, if any, have been heard and the Board or DRB, as applicable, has had the opportunity to question any witness or involved party, the

Owner may make statements in rebuttal and may provide witnesses in support of his or her position. Any such witness may be questioned by the Board.

i. At the conclusion of the hearing before the Board, the Board shall consider the evidence presented at the hearing and vote on whether the Owner violated the provisions of the Governing Documents or take the matter under advisement. At the conclusion of the hearing before the DRB, the DRB shall consider the evidence presented at the hearing and vote on whether the Owner violated the provisions of the Design Guidelines. If a vote is held, a majority vote by the Board or DRB shall control. The result of the vote shall be recorded in the minutes of the meeting and announced to the Owner. In the event the Board or the DRB desires legal advice concerning the evidence presented at the hearing, the Board or DRB may adjourn to executive session to obtain such legal advice but shall not deliberate or vote on the matter in executive session.

j. If the Board or DRB concludes that the Owner is in violation of the Governing Documents or Design Guidelines, as applicable, the Board or DRB shall impose the sanctions set forth in the First Notice and shall send the Owner a Second Notice, as provided herein, regarding the imposition of a fine.

6. Limited Right to Appeal.

a. Subject to the limited right to appeal certain DRB matters set forth in Paragraph 6.b. and 6.c. below, all decisions of the Board or the DRB, following notice and opportunity for a hearing for violations of the Governing Documents or Design Guidelines, as applicable, are final, and the Owner shall have no right to appeal such decisions to any other authority.

b. An Owner may request that the DRB reconsider its decision on an application or a fine. A request for reconsideration by the DRB and additional materials, if any, must be submitted to the DRB within 30 days of the date of the DRB decision or First Notice. After reconsideration, an Owner may appeal any decision of the DRB to the Board by written appeal submitted within 30 days of the date the most recent DRB decision or notice of noncompliance.

i. On appeal, review by the Board will be limited to evaluation of whether the DRB's decision was inconsistent with the criteria set forth in Article 9 of the Declaration and the Design Guidelines or is arbitrary and capricious. No witnesses shall be permitted unless this restriction is specifically waived by the Board.

ii. No later than seven calendar days before the hearing, the DRB will deliver to the Board all materials submitted to the DRB in reaching the decision that is the subject of the appeal, and the Owner or his or her representative may deliver to the Board a summary statement of such Owner's position and supporting evidence. The Board will share the materials provided by the DRB and the Owner or Owner's representative with the other party at the same time, but no later than four days before the hearing.

- iii. The procedures for the appeal shall follow generally the hearing procedures set forth in Paragraph 5 above, except as otherwise provided in this Paragraph 6.
- iv. At the conclusion of the hearing, the Board shall take the matter under advisement. Any decision of the DRB may be overruled and reversed by a majority of the members of the Board by a written decision setting for the reasons for the reversal when the Board concludes that the DRB decision is not consistent with Article 9 of the Declaration and the Design Guidelines or is arbitrary and capricious.
- v. If the Board fails to make a decision on the appeal within 60 days of the date submitted by the Owner, then the appeal will be deemed denied. The Design Guidelines may establish reasonable fees for an Owner to file for reconsideration by the DRB or to appeal a DRB decision to the Board of Directors.

c. In the event an Owner believes the DRB has not followed the DRB's established process for reviewing an application for construction or modification of a structure on the Owner's property, the Owner may appeal the alleged failure by the DRB to follow such process to the Board. Any such appeal shall be limited to whether the DRB followed its established process and shall follow the hearing procedures set forth in Paragraph 5; provided that no witnesses shall be permitted unless the restriction is specifically waived by the Board, and further provided that at the conclusion of the hearing, the Board shall take the matter under advisement. If the Board fails to make a decision on such appeal within 60 days of the date the appeal is requested then the appeal will be deemed denied.

7. Violations Requiring Court Action. In the event the violation is of a continuing nature, or if the violation constitutes a threat or the health, safety, or welfare of the residents or the property within the community, or if the circumstances otherwise justify such action, the Association acting through its Board may institute an action in a court of competent jurisdiction to pursue legal remedies including seeking injunctive relief to abate the violation immediately without proceeding through the steps outlined above. Nothing in this policy shall constitute an election of remedies nor preclude the Board from seeking assistance from other enforcement authorities such as police, fire or animal control.

8. Collection Procedures. If an Owner fails to pay all fines, charges and interest due within 10 calendar days of the date of the Third Notice, the Board or DRB, as applicable, shall have the following remedies against the delinquent Owner:

- a. Lien. All unpaid fines, charges and interest are secured by a statutory lien in favor of the Association. When an Owner's account is delinquent, the Association may arrange for the recording of a lien against the Owner's property or properties in Cordillera. The Association shall send a letter, via certified mail, return receipt requested, to the delinquent Owner indicating that a lien has been filed against the Owner's property or properties and demanding immediate payment for the past due fines, charges, and interests.

- b. Other Remedies. The Board may also direct the filing of a summons and complaint in a court of competent jurisdiction for a money judgment. If a judgment or decree is obtained such judgment or decree shall include reasonable attorney fees together with the cost of the action and all unpaid fines, charges (including charges for the filing and releasing of the lien) and interest.
 - c. Judicial Foreclosure. The Board may also direct the initiation of proceedings to foreclose on the lien in lieu of or in addition to suing an Owner in for a money judgment. The purpose of foreclosing is to obtain payment of all unpaid fines, charges and interest owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful or other circumstances favor such action.
 - d. Appointment of a Receiver. The Association may also seek the appointment of a receiver. A receiver is a disinterested person, appointed by the court who manages the rental of the property, collects the rent and disburses the rents according to the court's order. The purpose of a receivership for the Association is to obtain payment of the unpaid fines, interest and charges, correct any violations of the Governing Documents and/or Design Guidelines, and to prevent the waste and deterioration of the property.
 - e. Attorney Fees on Delinquent Accounts. As an additional expense permitted under the Declaration and by Colorado law, the Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due to the Association from a delinquent Owner. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred.
 - f. Waivers. The Association is hereby authorized to extend the time for the filing of lawsuits and liens as the Association shall determine appropriate under the circumstances.
 - g. Suspension of Rights. The Association may suspend certain Owner rights pursuant to the Declaration and the Association's Suspension of Rights Policy.
9. Reimbursement of Enforcement Costs. The Association shall be entitled to reimbursement of its costs including reasonable attorneys' fees, court costs, and other legal costs incurred in all enforcement activities from any Owner who has committed a violation. The Owner shall be notified of such reimbursement costs due pursuant to those notification procedures set forth in Step 3 of Paragraph 2 herein.
10. Supplement to Law. The provisions of this Resolution are in addition to and supplement the terms and provisions of the Declaration, the Bylaws of the Association, any and all other governing documents of the Association, and the laws of the State of Colorado governing Cordillera, all of which may be amended from time to time.
11. Amendment. This Second Amended and Restated Covenant and Rule Enforcement Policy may be amended from time to time by the Board.

12. Effective Date. This Resolution shall become effective as of the date of adoption and shall replace in its entirety the 2014 Policy, which shall be of no further force and effect.

13. Survival. In the event a court of competent jurisdiction finds a provision of this Covenant and Rule Enforcement Policy void or otherwise unenforceable, the other provisions shall remain in full force and effect.

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APPROVED AND ADOPTED THIS 3rd DAY OF AUGUST 2017.

**CORDILLERA PROPERTY OWNERS
ASSOCIATION**

Ed Shriner, President

ATTEST:

Lois Bruce, Secretary

EXHIBIT A

**SCHEDULE OF FINES FOR VIOLATIONS OF THE ASSOCIATION'S
CCRs, BYLAWS, RULES AND REGULATIONS**

Violation	Amount of Fine			Governing Document
	First Notice	Second Notice	Third Notice	
Maintenance of Unit and all structures, parking areas, landscaping and other improvements	Request to Cure	\$100	\$500	CCR Article 7
Parking of Certain Vehicles in Places other than Enclosed Garages	Request to Cure	\$100	\$500	CCR § 8.11
Raising, Breeding, or Keeping Animals, Livestock or Poultry	Request to Cure	\$100	\$500	CCR § 8.10(a)
Disturbance and Destruction of Vegetation/Wildlife	Warning or Request to Cure, as applicable	\$100	\$500	CCR § 8.9
Excessive water use	Warning	\$100	\$500	CCR § 8.9
Obstruction or Rechanneling of Drainage Flow	Request to Cure	\$100	\$500	Governing Documents
Subdivision of a Unit into 2 or more Units	Request to Cure	\$100	\$500	CCR § 8.5
Change of Boundary of Unit	Request to Cure	\$100	\$500	CCR § 8.5
Operation of a Timeshare, Fraction Sharing or Similar Program	Request to Cure	\$100	\$500	CCR § 8.3
Conversion of Unfinished Space	Request to Cure	\$100	\$500	CCR § 8.7
Improper Use of Trails	Warning	\$100	\$500	Governing Documents
Improper Operation of Business Activities	Request to Cure	\$100	\$500	CCR § 8.2
Antennas and Satellite Dishes	Request to Cure	\$100	\$500	CCR § 8.13
Solar Panels	Request to Cure	\$100	\$500	CCR § 8.14

Violation	Amount of Fine			Governing Document
	First Notice	Second Notice	Third Notice	
Pet Policy	Warning	\$100	\$500	CCR § 8.10
Respond to False Alarm	Warning	\$100	\$200	Resolution
Trash	Warning	\$100	\$200	CCR § 8.12
Wildfire Mitigation	Request to Cure	Estimate of cost to mitigate	Cost to mitigate	Resolution
All other violations of the Governing Documents, excluding Design Guidelines	Warning/ Request to Cure	\$100	\$500	Governing Documents

EXHIBIT B

**SCHEDULE OF FINES FOR VIOLATIONS OF
DESIGN REVIEW BOARD'S DESIGN GUIDELINES**

Violation	Amount	Of	Fine	Governing Document
	First Notice	Second Notice	Third Notice	
Pets on Cordillera Property	Warning	\$100	\$200	Construction Rules and Regulations;
Oil Change on non-designated sites	Warning	\$100	\$200	Construction Rules and Regulations
Cleaning of Equipment by Suppliers and Contractors	Warning	\$100	\$200	Construction Rules and Regulations
Removal of rocks, plants or other similar items	Request to Cure	\$100	\$200	Construction Rules and Regulations
Carrying Firearms or Archery Equipment within Cordillera	Warning	\$100	\$200	Construction Rules and Regulations
Unauthorized Disposal Methods	Request to Cure	\$100	\$200	Construction Rules and Regulations
Failure to use Bear-Proof Trash Container	Request to Cure	\$100	\$200	Construction Rules and Regulations
Careless Disposition of Cigarettes and other flammable materials	Request to Cure	\$100	\$200	Construction Rules and Regulations
Failing to designate a smoking area and providing a fireproof ash receptacle on site and posting area properly	Warning	\$250	\$500	Construction Rules and Regulations
Careless treatment or removal of native plants	Request to Cure	\$100	\$200	Construction Rules and Regulations
Use of or Transit Over Golf Course Area	Warning	\$100	\$200	Construction Rules and Regulations
Disruptive Activity (public drinking, public nuisance, disturbing peace)	Warning	\$100	\$200	Construction Rules and Regulations
Drinking or Possessing Alcoholic Beverage on Cordillera Property	Warning	\$100	\$200	Construction Rules and Regulations
Construction work performed at unauthorized times	Request to Cure	\$100	\$200	Construction Rules and Regulations
Driving Trucks with Uncovered Loads	Request to Cure	\$100	\$200	Construction Rules and Regulations
Removal of Site Fencing	Request to Cure	\$1,000	\$2,000	Construction Rules and Regulations
Unauthorized Area Disturbance	Request to Cure	\$2,500	\$5,000	Construction Rules and Regulations

Violation	Amount Of Fine			Governing Document
	First Notice	Second Notice	Third Notice	
Improper use, storage, disposal of heaters, propane tanks, and flammable materials	Request to Cure	\$1,000	\$2,000	Construction Rules and Regulations
Failure to provide updated subcontractor list to DRB	Request to Cure	\$100	\$200	Construction Rules and Regulations
Failure to request inspection, or pre-construction, or pre-landscape installation meetings	Request to Cure	\$2,500	\$5,000	Construction Rules and Regulations
Failure to Cover and/or Service Job Site Dumpster	Request to Cure	\$100	\$200	Construction Rules and Regulations
Failure to Submit Construction Management Plan Modifications or Other Exterior Modifications	Request to Cure	\$1,000	\$2000	Construction Rules and Regulations
Commencing construction prior to preconstruction meeting	Request to Cure	\$1,000	\$2,000	Construction Rules and Regulations
Lack of Two Fire Extinguishers on Job Site	Request to Cure	\$100	\$200	Construction Rules and Regulations
Sign & Exterior Light policy violation	Request to Cure	\$100	\$200	Construction Rules and Regulations
Failure to report hazardous material spills	Request to Cure	\$1,000	\$2,000	Construction Rules and Regulations
Open burning of construction materials	Warning/ Request to Cure	\$500	\$1,000	Construction Rules and Regulations
Submission to the County of plans not approved by the DRB	Request to Cure	Up to \$20,000	Up to \$40,000	Construction Rules and Regulations
Use of heavy equipment and three (3) axle vehicles on Saturday and Sunday 7.02.15	Request to Cure	\$1,000	\$2,000	Construction Rules and Regulations
Vehicle with a weight in exceeding allowable weight during freeze/thaw cycle	Request to Cure	\$2,000	\$4,000	Construction Rules and Regulations
Blocking any District Road during construction without written approval of the District Manager	Request to Cure	\$500	\$1,000	Construction Rules and Regulations
Steel Tracked vehicle without proper road protection	Request to Cure	\$2,000	\$4,000	Construction Rules and Regulations
Slow Moving or over-width/sized Equipment without proper escort	Request to Cure	\$500	\$1,000	Construction Rules and Regulations
All other Violations of the Governing DRB Documents	Request to Cure	\$100	\$500	Construction Rules and Regulations

CORDILLERA PROPERTY OWNERS ASSOCIATION

**SECOND AMENDED AND RESTATED RESOLUTION REGARDING THE POLICY
FOR THE INSPECTION, RETENTION AND DISPOSAL OF RECORDS OF THE
ASSOCIATION**

WHEREAS, the Cordillera Property Owners Association (the “Association”) is a Colorado non-profit corporation, organized to promote the health, safety, and welfare of all members of the Association and to establish, provide and maintain a desirable community and environment for all owners and residents in the development known as Cordillera; and

WHEREAS, unless otherwise defined in this Resolution, capitalized terms used herein shall have the same meaning given to them in the Amended and Restated Declaration of Protection Covenants, Conditions and Restrictions for Cordillera, as recorded in the Eagle County Clerk and Recorder’s Office at reception numbers 201614443, 201614815, and 201618114, as amended pursuant to the Limited Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cordillera recorded at reception number 201707438, as may be amended from time to time (the “Declaration”); and

WHEREAS, pursuant to §7-136-101(5), C.R.S. of the Colorado Revised Nonprofit Corporation Act and §38-33.3-317, C.R.S. of the Colorado Common Interest Ownership Act, the Association is required to maintain certain records which shall be made reasonably available for examination and copying by any Unit Owner and such Owner’s authorized agent; and

WHEREAS, the Association is required to adopt policies, procedures, and rules and regulations concerning the inspection and copying of Association records by Unit Owners pursuant to §38-33.3-209.5(1)(b)(V), C.R.S.; and

WHEREAS, on January 18, 2013, the Association amended and restated its policy regarding the inspection, retention and disposal of records adopted in February 2008 to incorporate changes to such policy necessitated by recently enacted legislation (the “2013 Policy”); and

WHEREAS, the Board has reviewed the 2013 Policy and desires to amend and restate the 2013 Policy in accordance with §38-33.3-209.5(1)(b)(V), C.R.S. and the Declaration.

NOW THEREFORE, the Board of Directors of the Cordillera Property Owners Association hereby amends and restates the 2013 Policy in its entirety as follows:

1. Maintenance of Records. The Association shall maintain the following records, all of which shall be deemed to be the sole records of the Association for purposes of document retention and production to Unit Owners, as further provided in Paragraph 3 of this Resolution:

- a. Detailed records of receipts and expenditures affecting the operation and administration of the Association;

- b. Records of claims for construction defects and amounts received pursuant to settlement of those claims;
- c. Minutes of all meetings of the Unit Owners and Board of Directors, a record of all actions taken by the Unit Owners or Board of Directors without a meeting, and a record of all actions taken by any committee of the Board of Directors;
- d. Written communications among, and the votes cast by, the members of the Board of Directors that are directly related to an action taken by the Board without a meeting pursuant to §7-128-202, C.R.S.; or directly related to an action taken by the Board of Directors without a meeting pursuant to the Second Amended and Restated Bylaws of Cordillera Property Owners Association, Inc., dated June 29, 2016, as may be amended from time to time (“Bylaws”);
- e. The names of the Unit Owners in a form that permits preparation of a list of the names of all Unit Owners and the physical mailing addresses at which the Association communicates with them, showing the number of votes each Unit Owner is entitled to vote, subject to the conditions set forth in Paragraphs 5 and 6 of this Resolution;
- f. The Association’s current Declaration, Bylaws, Articles of Incorporation, rules and regulations, responsible governance policies as further described in Paragraph 8.i. of this Resolution, and other policies adopted by the Board of Directors;
- g. Financial statements for the past three years and tax returns of the Association for the past seven years, to the extent available;
- h. A list of the names, electronic mail addresses, and physical mailing addresses of its current Board members and officers;
- i. The Association’s most recent annual report delivered to the Secretary of State;
- j. Financial records sufficiently detailed to identify the amount of unpaid assessments by any Owner;
- k. The Association’s most recent reserve study, if any;
- l. Current written contracts to which the Association is a party and contracts for work performed for the Association within the immediately preceding two years;

- m. Records of the Board or committee actions to approve or deny any requests for design or architectural approval from Unit Owners;
- n. Ballots, proxies, and other records related to voting by Unit Owners for one year after the election, action, or vote to which they relate;
- o. Resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members; and
- p. All written communications within the past three years to all Unit Owners generally as Unit Owners.

2. Official Custodian. The Official Custodian of the Association's records shall be appointed by the Association's Board of Directors and reflected in the Association's minutes. The Official Custodian may develop additional rules for the inspection of the Association's records as are reasonably necessary for the protection of such records and for the prevention of unnecessary interference with the duties of the Official Custodian or the Custodian's office, unless otherwise prohibited by law, the Declaration or the Bylaws.

3. Inspection of Records. Except as otherwise provided in Paragraphs 4 and 5 of this Resolution or as prohibited by law, the Declaration, or the Bylaws, all records maintained by the Association must be available for examination and copying by a Unit Owner or the Owner's authorized agent. Any Unit Owner or the Owner's authorized agent seeking to inspect the records of the Association must provide written notice to the Official Custodian describing with reasonable particularity the records sought. Such notice must be submitted to the Official Custodian at least ten days prior to the Unit Owner's or the Owner's authorized agent's inspection, or requested production, of the documents; provided, however, that if the requested records are voluminous, in active use, or otherwise not readily available, the Official Custodian will notify the Unit Owner or the Owner's authorized agent thereof and produce or make the requested records available for inspection within a reasonable period of time, not to exceed twenty days. A Unit Owner or the Owner's authorized agent may examine requested documents only during normal business hours. The Official Custodian shall not condition the production of records upon the statement of a proper purpose.

4. Records That May Be Withheld. The Association may withhold the following records from inspection and copying to the extent the records concern:

- a. Architectural drawings, plans, and designs, unless released upon the written consent of the legal owner of the drawings, plans, or designs;
- b. Contracts, leases, bids, or records related to transactions to purchase or provide goods or services that are currently in or under negotiation;
- c. Communications with legal counsel that are otherwise protected by the attorney-client privilege or the attorney work product doctrine;

- d. Disclosure of information in violation of law;
- e. Records of an executive session of an executive board; and
- f. Individual Units other than those of the requesting owner.

The Official Custodian shall consult with legal counsel prior to releasing any of the above records for inspection.

5. Records Not Subject to Inspection. The following records of the Association are not subject to inspection and copying, and shall be withheld, to the extent that the records are or concern:

- a. Personnel, salary, or medical records relating to specific individuals; or
- b. Personal identification and account information of members, including bank account information, telephone numbers, electronic mail addresses, driver's license numbers, and social security numbers.

A Unit Owner may provide the Association with prior written consent to the disclosure of the Unit Owner's telephone number, electronic mail address, or both, and the Association may publish the same to other Unit Owners. The written consent shall be kept as a record of the Association and remains valid until withdrawn by providing the Association with a written notice of withdrawal of the consent. If consent is withdrawn, the Association is under no obligation to change, retrieve, or destroy any document or record published prior to the notice of withdrawal.

6. Access to Membership Lists. A membership list, or any part thereof, provided by the Association may not be obtained or used by any person for any purpose unrelated to a Unit Owner's interest as a Unit Owner without the consent of the Association's Board of Directors. Without the consent of the Board, a membership list or any part thereof may not be:

- a. Used to solicit money or property unless such money or property will be used solely to solicit the votes of the Unit Owners in an election to be held by the Association;
- b. Used for any commercial purpose; or
- c. Sold to or purchased by any person.

7. Copies of Records. Copies of records requested may be provided by photocopying or other means, including the receipt of copies through an electronic transmission if available, upon request by the Unit Owner. The Association hereby imposes a copy fee of twenty-five cents (\$0.25) per standard page, whether the record is furnished in hard copy or electronic format; provided, however, if the format is other than a standard page, or if other

facilities are necessary to make a copy of the record, a higher fee may be imposed provided that the fee shall not exceed the actual costs of providing such copies.

If the amount of time required to research and retrieve the requested records exceeds one hour, including the time required to identify and segregate records that must or may not be produced, the Unit Owner or the Owner's authorized agent shall be charged a research and retrieval fee of \$30.00 per hour. The Association will not impose a charge for the first hour of time expended in connection with the research and retrieval of records. The research and retrieval fee shall be in addition to the copy fee hereby imposed. Any fee imposed herein shall be collected in advance prior to the Official Custodian producing such copies. The Association is not obligated to compile or synthesize any information contained in its records. No records and the information contained therein shall be used for commercial purposes.

8. Annual Disclosure of Records to Owners. In accordance with §38-33.3-209.4(2), C.R.S., the Association shall make available, within ninety days after the end of each fiscal year, the following information, which information shall be maintained in a binder at the Association's principal place of business:

- a. The date on which its fiscal year commences;
- b. Its operating budget for the current fiscal year;
- c. A list, by unit type, of the Association's current assessments, including both regular and special assessments;
- d. The Association's annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
- e. The results of its most recent available financial audit or review;
- f. A list of all Association insurance policies, including, but not limited to, property, general liability, association director and officer professional liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed;
- g. The Bylaws, Articles of Incorporation, and rules and regulations;
- h. The minutes of the Board and member meetings for the fiscal year immediately preceding the current annual disclosure; and
- i. The Association's responsible governance policies including:
 - (1) Collection of unpaid assessments;
 - (2) Handling of conflicts of interest involving Board members;
 - (3) Conduct of meetings;
 - (4) Enforcement of covenants and rules;
 - (5) Inspection and copying of Association records by Owners;
 - (6) Investment of Reserve funds;
 - (7) Procedures for the adoption and amendment of policies, procedures, and rules;
 - (8) Procedures for addressing disputes arising between the Association and Owners;

- (9) For reserve studies, whether there is a funding plan for any work recommended by the reserve study and, if so, the projected sources of funding for the work; and whether the reserve study is based on physical analysis and financial analysis; and
- (10) Any other governance policies required by law.

9. Electronic Records and Signatures. The Board of Directors hereby adopts the following policies and procedures for the use of electronic records and signatures created, generated, sent, communicated, received, or stored by the Association, its directors, officers, agents, employees, and assigns. Said policies and procedures may be amended from time to time by the Board of Directors as necessary.

a. Use of electronic records and signatures is hereby authorized in transactions between the Association, its directors, officers, agents, employees, and assigns, and third parties (collectively, the “Parties”) which have agreed to conduct transactions by electronic means. Whether the parties agree to conduct a transaction by electronic means is determined from the context and surrounding circumstances, including the Parties’ conduct.

b. An electronic record, including contracts, or signature may not be denied legal effect or enforceability solely because it is in electronic form. If a law requires a record to be in writing, an electronic record satisfies the law. If a law requires a signature, an electronic signature satisfies the law.

c. If the Parties have agreed to conduct a transaction by electronic means and a law requires a person to provide, send, or deliver information in writing to another person, the requirement is satisfied if the information is provided, sent, or delivered, as the case may be, in an electronic record capable of retention by the recipient at the time of receipt. If a sender inhibits the ability of a recipient to store or print an electronic record, the electronic record is not enforceable against the recipient.

d. An electronic record or electronic signature is attributable to a person if it was the act of the person. The act of the person may be shown in any manner, including a showing of the efficacy of any security procedure applied to determine the person to which the electronic record or electronic signature was attributable.

e. If a law requires a signature or record to be notarized, acknowledged, verified, or made under oath, the requirement is satisfied if the electronic signature of the person authorized to perform those acts, together with all other information required to be included by other applicable law, is attached to or logically associated with the signature or record.

f. For records required to be retained as set forth in the Association’s Records Retention and Disposal Schedule attached hereto as Exhibit A and adopted herein, the requirement is satisfied by retaining an electronic record of the information in the record that:

- (1) Accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) Remains accessible for later reference.

Such requirement shall not apply to any information the sole purpose of which is to enable the record to be sent, communicated, or received. If a law requires a record to be presented or retained in its original form, or provides consequences if the record is not presented or retained in its original form, that law is satisfied by an electronic record retained as provided herein. For the retention of checks, an electronic record of the information on the front and back of the check shall satisfy the retention requirement

g. Unless otherwise agreed between the sender and the recipient, an electronic record is sent when it (i) is addressed properly or otherwise directed properly to an information processing system that the recipient has designated or uses for the purpose of receiving electronic records or information of the type sent and from which the recipient is able to retrieve the electronic record; (ii) is in a form capable of being processed by that system, and (iii) enters an information processing system outside the control of the sender or of a person that sent the electronic record on behalf of the sender or enters a region of the information processing system designated or used by the recipient that is under the control of the recipient.

h. Unless otherwise agreed between a sender and the recipient, an electronic record is received when (i) it enters an information processing system that the recipient has designated or uses for the purpose of receiving electronic records or information of the type sent and from which the recipient is able to retrieve the electronic record; and (ii) it is in a form capable of being processed by that system.

10. Electronic Mail Policy. To the extent the Association has employees, the Board of Directors promulgate the following electronic mail policy in order to establish guidelines for the responsible and efficient use of electronic mail, hereinafter "E-mail," services and to clearly set forth the rights and responsibilities of the Association's employees, regarding their use of E-mail.

a. E-Mail Defined. *E-Mail* means an electronic message transmitted between two or more computers or electronic terminals, whether or not the message is converted to hard copy format after receipt and whether or not the message is viewed upon transmission or stored for later retrieval. *E-mail* includes electronic messages that are transmitted through a local, regional, or global computer network.

b. Scope of Policy. All E-mail communications and associated attachments transmitted or received over the Association's network are subject to the provisions of this policy. Additionally, all E-mail communications written and sent in the conduct of business by employees of the Association are subject to applicable provisions of this policy, regardless of whether the communication was sent or received on a privately owned personal computer.

c. Monitoring of E-Mail Communications by the Association. The Association does not intend to monitor E-mail usage by its employees in a regular or systematic fashion; however, it does reserve the right to monitor such usage from time to time and without prior notice. Such monitoring may include tracking addresses of E-mails sent and received, accessing in-box messages, accessing messages in folders, and accessing archived messages. Furthermore, the Association may disclose E-mail communications sent to, received by, or relating to an employee to law enforcement officials without giving prior notice to the employee.

11. Disposal of Records. The Association hereby adopts the “Records Retention and Disposal Schedule” attached hereto and incorporated herein as Exhibit A for purposes of identifying all records to be retained by the Association for a specified time period as provided therein. No records shall be disposed if required to be maintained pursuant to Paragraph 1 of this Resolution. The Association’s Records Retention and Disposal Schedule may be amended from time to time in the discretion of the Association’s Board of Directors and for purposes of complying with changes to federal and State laws, regulations and administrative rules. Records of the Association shall be destroyed by shredding, recycling, or disposing of such records in a landfill; provided, however, that those records of the Association deemed to be confidential in nature shall be destroyed by shredding or destroyed professionally by a company that can certify to the security of the destruction.

12. Amendment. This Resolution amends and restates, and replaces in its entirety, the 2013 Policy and supersedes all other provisions set forth in any resolutions of the Association relating to the retention and inspection of records.

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ADOPTED AND APPROVED THIS 3rd DAY OF AUGUST 2017.

**CORDILLERA PROPERTY OWNERS
ASSOCIATION**

Ed Shriner, President

ATTEST:

Lois Bruce, Secretary

EXHIBIT A
RECORDS RETENTION AND DISPOSAL SCHEDULE

**CORDILLERA PROPERTY OWNERS ASSOCIATION
RECORDS RETENTION SCHEDULE¹**

RECORD TITLE	RETENTION PERIOD	COMMENTS
ACCOUNTING RECORDS - Accounts Payable Records - Accounts Receivable Records - Balance Sheets - Bank Records (See BANK RECORDS) - Bills Paid (invoices) - Budgets (See BUDGETS) - Cash Books, Receipts, & Reports - Expense Reports (travel, mileage, etc.) - Form 1099 (sent to vendors) - Invoices issued by Association - General Ledger - Petty Cash Records - Subsidiary Ledgers & Journals - Vendor Files - W-9 Forms	- 6 years + current - 6 years + current - Until updated - 6 years + current - 2 years + current - 2 years + current - 4 years - 6 years + current - Permanent - 1 year + current - 2 years - 6 years + current - 6 years + current	
AGREEMENTS AND CONTRACTS (Also see CONSTRUCTION CONTRACTS - SOLICITATION)	Duration of agreement or contract plus 6 years, except Settlement Agreements shall be PERMANENT .	Includes all agreements and contracts between the Association and other parties, including but not limited to IGAs, memoranda of understandings, franchise agreements, professional services agreements, construction contracts, architectural and design contracts, etc. (Also see LEASES)
ARTICLE OF INCORPORATIONS	PERMANENT	Includes all amendments.
ASSESSMENTS - Account History Listing - Billing Journals - Nonpayment Billing Notices - Statements Sent to Unit Owners	- 3 years + current - 6 years + current - 1 year after paid - 3 years + current	Includes Base, Special and Specific Assessments and the Real Estate Transfer Assessment.
AUDIT REPORT	PERMANENT	
RECORD TITLE	RETENTION PERIOD	COMMENTS
BANK RECORDS		

¹ **NO RECORD SHALL BE DESTROYED UNDER THIS SCHEDULE SO LONG AS IT PERTAINS TO ANY PENDING LEGAL CASE, CLAIM, ACTION OR AUDIT, OR IF THE ASSOCIATION'S LEGAL COUNSEL DETERMINES SUCH DOCUMENTS SHOULD BE RETAINED FOR OTHER PURPOSES.**

<ul style="list-style-type: none"> - Bank Statements - Cancelled Checks - Check Register - Check Stubs - Deposit Slips - Reconciliations - Certificates of Deposits 	<ul style="list-style-type: none"> - 6 years + current - 6 years + current - 6 years + current - 1 year + current - 6 years + current - 6 years + current - 6 years + current after maturity 	
<p>BOARD OF DIRECTORS</p> <ul style="list-style-type: none"> - Appointments to the Board and election-related documents, including ballots and proxies 	<p>PERMANENT</p>	
<p>BOARD OF DIRECTORS MEETINGS AND RELATED DOCUMENTATION</p> <ul style="list-style-type: none"> - Agenda - Board Packets - Meeting Notices - Waiver of Notices of Meetings - Minutes - Written Consent in lieu of Meeting - Recordings of Meetings 	<ul style="list-style-type: none"> - Permanent - 3 years + Current - 1 year + Current - Permanent - Permanent - Permanent - 6 months after approval of minutes 	
<p>BUDGET</p> <ul style="list-style-type: none"> - Budget Workpapers - Fee & Rate Schedules - Final Adopted Budget - Preliminary Budgets - Reports – Monthly of Quarterly - Reports – Year-end 	<ul style="list-style-type: none"> - 1 year + current - Retain current & previous schedules - Permanent - 1 year after adoption of final budget - 2 years + current - 6 years + current 	
<p>BYLAWS</p>	<p>PERMANENT</p>	<p>Includes all Bylaws and amendments for the Association.</p>

RECORD TITLE	RETENTION PERIOD	COMMENTS
COMMITTEE RELATED DOCUMENTS <ul style="list-style-type: none"> - Agendas - Meeting Notices - Waiver of Meeting Notices - Minutes - Actions Taken by Committees of the Board 	<ul style="list-style-type: none"> - Permanent - 1 year + Current - Permanent - Permanent - Permanent 	Includes any committee created by the Association's Board of Directors as may be authorized by the Association's Bylaws, the Declaration of Protective Covenants, Conditions and Restrictions for Cordillera, or Colorado Revised Statutes.
CONSTRUCTION CONTRACTS - SOLICITATION <ul style="list-style-type: none"> - Bids – Accepted - Bids – Rejected - Bids – Unsolicited - Solicitations and Specifications (RFPs, RFQs) 	<ul style="list-style-type: none"> - 6 years + current after acceptance of bid - 2 years + current - 2 years + current - 6 years + current 	
CORRESPONDENCE & GENERAL DOCUMENTATION: NON-ROUTINE	PERMANENT	Administrative, policy, legal, fiscal, historical or research of enduring value ²
CORRESPONDENCE & GENERAL DOCUMENTATION: ROUTINE	1 year + current; Provided that: <ul style="list-style-type: none"> a. Documentation contains no administrative, legal, fiscal, historical, informational or statistical value; and b. Documentation shall be retained until legal and fiscal responsibility/administrative necessity discharged. 	Includes routine letters or memoranda sent and received, reading or chronological files kept solely for convenience and contain duplicates of memos or letters that are also filed elsewhere, routine requests for information, transmittal documents, etc., and e-mail.
DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS FOR CORDILLERA	PERMANENT	Includes all amendments.
ELECTRONIC RECORDS <ul style="list-style-type: none"> - Computer-Maintained Records - Electronic Mail (E-Mail) 	Follow retention schedule for the specific type of record	

² Documentation containing one or more of these values shall be retained permanently in original and/or microfilm form (includes all evidence of organization and function and information pertaining to people, property, corporate bodies, problems, solutions, conditions, etc.).

RECORD TITLE	RETENTION PERIOD	COMMENTS
<p>EMPLOYEE RECORDS – ACTIVE AND TERMINATED</p> <p>(Also see PERSONNEL RECORDS – OTHER)</p>	<p>10 years after retirement or separation provided that records relating to hazardous material exposure are retained 30 years after separation.</p>	<p>Includes records having to do with hiring, promotion, demotion, transfer, layoff, or termination, rates of pay or other terms of compensation, and work history.</p>
<p>EMPLOYEE RECORDS – TEMPORARY AND SEASONAL EMPLOYEES</p> <p>(Also see PERSONNEL RECORDS – OTHER)</p>	<p>3 years after termination (does not include payroll records)</p>	
<p>ENVIRONMENTAL IMPACT STUDY ON PROJECTS</p>	<p>Until updated</p>	
<p>INSURANCE RECORDS</p> <ul style="list-style-type: none"> - Certificates of Insurance Major Projects - Other Certificates of Insurance - Claim Records and Reports 	<ul style="list-style-type: none"> - 10 years after substantial completion - 6 years after expiration - 6 years + current 	<p>Includes insurance for the Association and for any related entity of the Association doing business under a separate name.</p>
<p>LEASES</p>	<p>Duration of LEASE + 6 years after term expires</p>	<p>Real Property and Equipment</p>
<p>LEGAL COUNSEL RECORDS</p>	<p>PERMANENT</p>	<p>Includes formal and advisory legal opinions</p>
<p>LITIGATION RECORDS</p> <ul style="list-style-type: none"> - Court Decisions Affecting Association - Court Proceeding Files - Legal Memo Research Files - Litigation Case Files 	<p>PERMANENT</p>	<p>Legal documents, notes, reports, background material, etc.</p>
<p>LOAN RECORDS</p> <ul style="list-style-type: none"> - Association Loans to Employees and Other Purposes - Improvement Loan - Routine Loans (other than for improvements) 	<ul style="list-style-type: none"> - 6 years + current after loan is paid - Follow retention period for AGREEMENTS AND CONTRACTS - 6 years + current after payment and cancellation 	

RECORD TITLE	RETENTION PERIOD	COMMENTS
MAPS/PLANS/PLATS AND SUPPORTING DOCUMENTATION	PERMANENT	
MASTER PLAN, SUBDIVISION PLANS AND SUPPORTING DOCUMENTS	PERMANENT	
MEMBERSHIP LISTS ³	5 years	Includes alphabetical list of names and business or home addresses of Unit Owners.
NOTICES TO UNIT OWNERS	3 years unless the notice pertains to delinquent assessments, fines, or other charges outstanding, in which case, such notices shall be retained 3 years plus until such time the assessments, fines, or other charges are paid.	Includes all notices posted and/or delivered to Unit Owners as may be required by Title 38, C.R.S., the Association's Bylaws, or the Declaration of Protective Covenants, Conditions and Restrictions for Cordillera, or any other rule, regulation or policy of the Association requiring notice to the Unit Owner.
OFFICERS - List of Officers	3 year + current	Includes an alphabetical list of the names and addresses of the Officers of the Association.

³ Inspection of membership lists by Unit Owners or their authorized representative is limited as set forth in the Association's Record Inspection, Retention and Disposal Resolution, as may be amended from time to time.

RECORD TITLE	RETENTION PERIOD	COMMENTS
PAYROLL RECORDS <ul style="list-style-type: none"> - Daily Time Sheets - Deduction Requests - End of Pay Period Reports - FICA Reports - Garnishments - Leave Requests - Payroll Register - Payroll Quarterly Reports - Payroll Year-End Reports - Unemployment Insurance Claims - W-2 Forms - W-4 Forms - Workers Compensation Records 	<ul style="list-style-type: none"> - 5 years⁴ - 1 year after superseded - 1 year + current - 6 years + current - 3 years - 1 year + current - Permanent - 2 years + current - 6 years + current - 6 years + current - 4 years + current - Throughout employment - 6 years + current 	
PERMITS <ul style="list-style-type: none"> - Special Use Permits - Temporary Use Permits 	<ul style="list-style-type: none"> - 2 years + current - 2 years + current 	
PERSONNEL RECORDS – OTHER <ul style="list-style-type: none"> - I-9 Forms - Advertisements of Job Opportunities - Applications for Employment and Supporting Documentation - Applications for Employment – Not Hired - Job Descriptions and Specifications 	<ul style="list-style-type: none"> - 3 years from date of hire or 1 year after separation, whichever is later⁵ - 1 year + current⁶ - 2 years from the date record was made or human resource action was taken, whichever is later⁷ - 2 years from the date of the making of the record or the personnel action involved, whichever occurs later⁸ - Until superseded 	

⁴ This retention period is in conformance with the Colorado Employment Security Act, §8-72-107, C.R.S.

⁵ This retention period is in conformance with 8 CFR 274a.2.

⁶ This retention period is in conformance with 29 CFR 1627.3.

⁷ This retention period is in conformance with 29 CFR 1627.4 and 29 CFR 1602.14.

⁸ This retention period is in conformance with 29 CFR 1602.31.

RECORD TITLE	RETENTION PERIOD	COMMENTS
POLICIES AND PROCEDURES	Until updated	Includes all policies and procedures set forth by the Association, the Design Review Board Guidelines, and any other policies and procedures set forth by the Association.
PROJECT AND CONSTRUCTION FILES <ul style="list-style-type: none"> - Construction Acceptance Document - Construction Files - Engineering Files - Development Project Files - Project Performance Bonds 	<ul style="list-style-type: none"> - Permanent - Permanent - Permanent - 3 years + current after final payment - 1 year + current after project completion 	
PROPERTY ACQUISITIONS <ul style="list-style-type: none"> - Appraisals - Deeds and Dedications - Easements - Encroachments - Land Acquisition - Rights-of-Way - Sale or Transfer of Property Records 	PERMANENT	Relating to the sale and purchase of Association property.
PURCHASE ORDERS	6 years + current	
REPORTS <ul style="list-style-type: none"> - Annual Association Reports - Financial Reports - Monthly Reports - Incident/Accident Reports 	<ul style="list-style-type: none"> - Permanent - Permanent - Until annual report issued - 6 years + current 	Reports required by Colorado Revised Statutes Financial or Other Work Required Reports
RESOLUTIONS	PERMANENT	

RECORD TITLE	RETENTION PERIOD	COMMENTS
RULES AND REGULATIONS	PERMANENT	Includes all rules and regulations set forth by the Association and the Design Review Board.
UNIT OWNER MEETINGS <ul style="list-style-type: none"> - Minutes - Written Consent In Lieu of a Meeting - Waiver of Meeting Notices 	PERMANENT	
VOTING DOCUMENTS BY MEMBERS	2 Years + current	Includes all documents related to member voting including voting by proxy.

CORDILLERA PROPERTY OWNERS ASSOCIATION

SECOND AMENDED AND RESTATED RESOLUTION ADOPTING AND APPROVING POLICIES AND PROCEDURES WITH RESPECT TO THE INVESTMENT OF RESERVE FUNDS AND THE PREPARATION OF A RESERVE STUDY

WHEREAS, the Cordillera Property Owners Association (the “Association”) is a nonprofit corporation of the State of Colorado, which serves an area that consists of approximately 7,000 acres of land within a residential community in Eagle County known as Cordillera; and

WHEREAS, the Association is required to adopt policies, procedures, and rules and regulations concerning the investment of reserve funds pursuant to §38-33.3-209.5(1)(b)(VI), C.R.S.; and

WHEREAS, the Association must also adopt policies, procedures, and rules and regulations concerning the preparation of a reserve study pursuant to §38-33.3-209.5(1)(b)(IX), C.R.S.; and

WHEREAS, on September 21, 2009, the Board of Directors of the Association (the “Board”) amended and restated its policy regarding the investment of reserve funds and included in said policy the Association’s policy and procedure for conducting a reserve study (the “2009 Policy”); and

WHEREAS, the Association recently recorded the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cordillera in the Eagle County Clerk and Recorder’s Office at reception numbers 201614443, 201614815, and 201618114, as amended pursuant to the Limited Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cordillera recorded at reception number 201707438 (the “Declaration”); and

WHEREAS, the Board has reviewed the 2009 Policy and desires to amend and restate the 2009 Policy in accordance §§38-33.3-209.5(1)(b)(VI) and (1)(b)(IX) C.R.S. and the Declaration.

NOW, THEREFORE, the Board of Directors of the Cordillera Property Owners Association hereby amends and restates the 2009 Policy in its entirety as follows:

1. Investment of Reserves. The Board shall reasonably investigate the options available for investment of some or all of the Association’s reserve funds, with emphasis placed on the preservation of principal. The Board shall discuss the results of the investigation and the options for investment which meet the Association’s goal for safety and income potential. Upon the conclusion of the investigation, the discussion, and the opinions of experts (if necessary), the Board shall vote on how the reserve funds should be invested or reinvested. A majority vote of the quorum shall control.

a. Limitation on Investments. All reserve funds shall be held in institutions insured or secured by the FDIC or NCUA.

b. Independent Professional Investment Assistance. Pursuant to §7-128-401(2)(b), C.R.S., in the event the Board lacks experience in the investment options being considered to evaluate the safety and income potential, the Board may consider, and pay for, the opinions of its legal counsel, its public accountant, or other person(s) that the Board reasonably believes are within that persons' expert competence, provided that such other person will not directly benefit from the type and amount of investment or that such person is insured against errors and omissions.

c. Periodic Review of Investments. The Board shall periodically review investments of reserve funds to ensure that the funds are receiving competitive yields and shall make prudent adjustments as needed.

d. Standard of Care. Each member of the Board shall make any and all investment decisions hereunder in good faith; with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and in a manner the member reasonably believes to be in the best interests of the Association in accordance with the Colorado Revised Nonprofit Corporation Act, §7-128-401(1), C.R.S.

2. Reserve Study. The Board shall annually determine whether the Association should conduct a reserve study regarding the maintenance, repair, replacement and/or improvements needed for the Area of Common Responsibility, as defined in Section 2.1(b) of the Declaration, to ensure adequate reserve funding exists for such maintenance, repair, replacement and/or improvements of the Area of Common Responsibility. Such reserve study may be conducted with the assistance and advice of professionals and shall consist of a physical analysis and a financial analysis with a description of how these analyses were conducted. Based on the results of the reserve study, the Association shall create or update a funding plan for the maintenance, repair, replacement and/or improvements needed for the Area of Common Responsibility. The funding plan shall list all projected costs and shall indicate how such costs shall be funded as authorized in Section 7.2 of the Declaration.

3. Supplement to Law. The provisions of this Resolution are in addition to and supplement the terms and provisions of the Declaration, the Bylaws of the Cordillera Property Owners Association, any and all other governing documents of the Association, and the laws of the State of Colorado governing Cordillera, all of which may be amended from time to time.

4. Deviations. The Board may deviate from the procedures set forth in this Resolution if, in its sole discretion, such deviation is deemed by the Board to be reasonable and in the best interests of the Association under the circumstances.

5. Amendment. This policy maybe amended from time to time by the Board.

6. Effective Date. This Resolution shall become effective as of the date of adoption and shall replace in its entirety the 2009 Policy, which shall be of no further force and effect.

7. Survival. In the event a court of competent jurisdiction finds any provision of this policy void or otherwise unenforceable, the other provisions shall remain in full force and effect.

SO DONE THIS 3rd DAY OF AUGUST 2017.

**CORDILLERA PROPERTY OWNERS
ASSOCIATION**

Ed Shriner, President

ATTEST:

Lois Bruce, Secretary

CORDILLERA PROPERTY OWNERS ASSOCIATION

AMENDED AND RESTATED RESOLUTION AFFIRMING, RATIFYING, AND RESTATING PROCEDURES FOR THE ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES, AND RULES

WHEREAS, the Cordillera Property Owners Association (the “Association”) is a nonprofit corporation of the State of Colorado, which serves an area that consists of approximately 7,000 acres of land within a residential community in Eagle County known as Cordillera; and

WHEREAS, the Association has the authority to adopt, amend and enforce bylaws, policies, rules and regulations consistent with State law pursuant to its Bylaws and the Amended and Restated Declaration of Protective Covenants, Conditions and Restrictions for Cordillera, recorded in the Eagle County Clerk and Recorder’s Office at reception numbers 201614443, 201614815, and 201618114, as amended pursuant to the Limited Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cordillera recorded at reception number 201707438 (the “Declaration”); and

WHEREAS, the Association is required to adopt policies, procedures, and rules and regulations concerning procedures for the adoption and amendment of policies, procedures, and rules, pursuant to §38-33.3-209.5(1)(b)(VII), C.R.S.; and

WHEREAS, all capitalized terms not otherwise defined herein shall have the meanings given to them in the Declaration; and

WHEREAS, on May 21, 2007, the Board of Directors of the Association (the “Board”) adopted that certain Resolution Affirming, Ratifying, and Restating Procedures for the Adoption and Amendment of Policies, Procedures, and Rules (the “2007 Policy”); and

WHEREAS, the Board has reviewed the 2007 Policy and desires to amend and restate the 2007 Policy in accordance with §38-33.3-209.5(1)(b)(VII), C.R.S. and the Declaration.

NOW, THEREFORE, the Board of Directors of the Cordillera Property Owners Association hereby amends and restates the 2007 Policy in its entirety as follows:

1. The Board in its sole discretion shall determine if there is an issue affecting the Community for which a policy, procedure or rule would be beneficial. The Board may also review all current policies, procedures, rules and regulations to determine whether any modifications or amendments are necessary. The timing of any such review shall be in the sole discretion of the Board.
2. The Board will investigate and discuss the reasonable approaches to address the issue affecting the Community.
3. Pursuant to C.R.S. 7-128-401(2)(b), the Board may rely on opinions, information, or statements of its experts, including legal counsel, in investigating reasonable approaches to address the issue(s) affecting the Community.

4. The Board will take reasonable steps to avoid adopting a policy, procedure, or rule that is contrary to federal, Colorado, or local law or the Association's Articles of Incorporation, Bylaws, or Declaration, and to exercise reasonable care to balance the Association's interests with the interests of the individual Members of the Community.

5. Once the Board has investigated the issue and discussed the reasonable approaches to address the issue, the Board may, but is under no requirement to, provide notice to the Members of the issue and the proposal(s) to address the issue by adopting a policy, procedure, or rule or amending an existing policy, procedure or rule.

6. The Board having determined an issue affects the community for which a policy, procedure, or rule would be beneficial, and discussed reasonable approaches to address the issue, may adopt such policy, procedure, or rule in the discretion of the Board, by resolution approved by a majority vote of a quorum of the Board at a duly held meeting of the Board.

7. This Resolution shall become effective as of the date of adoption and shall replace in its entirety the 2007 Policy, which shall be of no further force and effect.

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SO DONE THIS 3rd DAY OF AUGUST 2017.

**CORDILLERA PROPERTY OWNERS
ASSOCIATION**

Ed Shriner, President

ATTEST:

Lois Bruce, Secretary

CORDILLERA PROPERTY OWNERS ASSOCIATION

**AMENDED AND RESTATED RESOLUTION REGARDING POLICY WITH
RESPECT TO ALTERNATIVE DISPUTE RESOLUTION**

WHEREAS, the Cordillera Property Owners Association (the “Association”) is a nonprofit corporation of the State of Colorado, which serves an area that consists of approximately 7,000 acres of land within a residential community in Eagle County known as Cordillera; and

WHEREAS, the Association has the authority to adopt, amend and enforce bylaws, policies, rules and regulations consistent with state law pursuant to its Bylaws and the Amended and Restated Declaration of Protective Covenants, Conditions and Restrictions for Cordillera, recorded in the Eagle County Clerk and Recorder’s Office at reception numbers 201614443, 201614815, and 201618114, as amended pursuant to the Limited Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cordillera, recorded at reception number 201707438 (“Declaration”) (together with the Association’s Articles of Incorporation, Bylaws, policies, rules and regulations, the “Governing Documents”); and

WHEREAS, capitalized terms not otherwise defined herein shall have the meanings given to them in the Governing Documents; and

WHEREAS, the Association is required to adopt policies, procedures, and rules and regulations concerning procedures for addressing disputes arising between the Association and unit owners, pursuant to §§38-33.3-124 and 38-33.3-209.5(1)(b)(VIII), C.R.S.; and

WHEREAS, on May 21, 2007, the Board of Directors of the Association (the “Board”) adopted that certain Resolution Affirming and Ratifying Policy with Respect to Alternative Dispute Resolution (the “2007 Policy”); and

WHEREAS, the Board has reviewed the 2007 Policy and desires to amend and restate the 2007 Policy in accordance with §38-33.3-209.5(1)(b)(VIII), C.R.S. and the Declaration.

NOW, THEREFORE, the Board of Directors of the Cordillera Property Owners Association hereby amends and restates the 2007 Policy in its entirety as follows:

1. The Board hereby adopts the following policy and procedures for addressing disputes arising between the Association and Unit Owners (the “Policy”):

A. Agreement to Avoid Costs of Litigation. The Association and its members, all Persons subject to the Declaration, and any Person not otherwise subject to the Declaration who agrees to submit to this Policy, (collectively, “Bound Parties) agree to encourage the amicable resolution of disputes involving the Property and Community, and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, each Bound Party agrees that all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of the Declaration, the Bylaws, the Association rules, or the Articles of Incorporation (collectively “Claim”), except for those Claims exempt in Paragraph B herein, shall be resolved using the procedures set forth in Paragraph C herein, in lieu of filing suit in any

court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim

B. Exempt Claim. The following Claims (“Exempt Claims”) shall be exempt from the provisions of Paragraph C herein:

(1) Any suit by the Association against any Bound Party to enforce the provisions of Article 3 (Easements and Property Rights), Article 6 (Assessments), Article 8 (Covenants and Use Restrictions), and Article 9 (Architectural Controls) of the Declaration;

(2) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association’s ability to enforce the provisions of the Governing Documents;

(3) Any suit between the Association and a Bound Party seeking redress on the basis of a Claim which would constitute a cause of action under federal law or the law of the State of Colorado in the absence of a claim based on the Declaration, Bylaws, Articles of Incorporation, or rules of the Association;

(4) Any suit by the Association in which similar or identical claims are asserted against more than one Bound Party; and

(5) Any suit by a Bound Party for declaratory or injunctive relief which seeks a determination as to applicability, clarification or interpretation of any provision of the Governing Documents.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Paragraph C herein, but there shall be no obligation to do so. The submission of an Exempt Claim involving the Association to the alternative dispute resolution procedures of Paragraph C herein shall require the approval of the Association.

C. Procedures for All Other Claims. All Claims other than Exempt Claims will be resolved using the following procedures:

(1) Notice. Any Bound Party having a Claim (“Claimant”) against any other Bound Party (“Respondent”), other than an Exempt Claim, shall notify each Respondent in writing of the Claim (the “Notice”), stating plainly and concisely:

(a) The nature of the Claim, including date, time, location, persons involved, and Respondent’s role in the Claim;

(b) The basis of the Claim (i.e., the provisions of the Declaration, the Bylaws, the Articles of Incorporation or rules or other authority out of which the Claim arises);

(c) What Claimant wants Respondent to do or not do to resolve the Claim; and

(d) That Claimant wishes to resolve the Claim by mutual agreement with Respondent, and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

(2) Negotiation.

(a) Each Claimant and Respondent (the “Parties”) shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

(b) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the community.

(3) Mediation.

(a) If the Parties do not resolve the Claim through negotiation within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) (“Termination of Negotiations”), Claimant shall have 30 additional days within which to submit the Claim to mediation under the auspices of an independent mediation service designated by the Association, the Colorado chapter of the Community Association Institute, or such other Parties or such other independent agency providing the mediation services upon which the Parties may mutually agree.

(b) If Claimant does not submit the Claim to mediation or provide written notice to the Respondent that the Claimant intends to pursue legal action with respect to the Claim within 30 days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, however, that nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

(c) If the Parties do not settle the Claim within 30 days after submission of the matter to mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings (“Termination of Mediation”). The Termination of Mediation notice shall set forth when and where the Parties met, that the Parties are at an impasse, and the date that mediation was terminated.

(d) Each Party shall, within five days of the Termination of Mediation, make a written offer of settlement in an effort to resolve the Claim. The Claimant shall make a final written settlement demand (“Settlement Demand”) to the Respondent. The Respondent shall make a final written settlement offer (“Settlement Offer”) to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant’s original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a “zero” or “take nothing” Settlement Offer.

(4) Legal Proceedings and Non-Binding Arbitration.

(a) Except as limited by the following paragraph, if the Parties do not agree in writing to accept either the Settlement Demand, the Settlement Offer, or otherwise resolve the Claim within 15 days of the Termination of Mediation, thereafter the Claimant may provide notice to Respondent that the Claimant intends to pursue legal action with respect to the Claim; provided, however, any legal action must be commenced within 30 days of the Termination of Mediation or the Claim is deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, however, that nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

(b) For any Claim arising pursuant to Article VII of the Declaration (Maintenance Responsibility) that is not resolved through negotiation or mediation, the Claim shall be submitted to arbitration within 15 days of the Termination of Mediation in accordance with the Rules of Arbitration contained in Paragraph D herein or the Claim is deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, however, that nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

D. Rules of Arbitration.

(1) Claimant shall submit a Claim arising pursuant to Article VII of the Declaration to arbitration under these Rules by giving written notice to all other Parties stating plainly and concisely the nature of the Claim, the remedy sought and Claimant's desire to submit the Claim to arbitration ("Arbitration Notice").

(2) Each Party shall select an arbitrator ("Party Appointed Arbitrator"). The Party Appointed Arbitrators shall, by agreement, select one neutral arbitrator. The neutral arbitrator shall select a chairperson ("Chair"). The decision by a majority of all three arbitrators will constitute the final determination of the arbitrators ("Final Determination").

(3) If the panel of arbitrators is not selected under Rule (2) within forty-five (45) days from the date of the Arbitration Notice, Claimant or Respondent, as applicable, may notify the Board as to the refusal of the other Party to appoint an arbitrator. The Board shall issue a written request to the refusing Party to select an arbitrator. Pursuant to the Declaration, Article VII, Section 7.5(e), if any Party refuses to appoint an arbitrator within ten days after written request therefor is given by the Board, the Board will appoint an arbitrator for the refusing Party. The arbitrators thus appointed shall appoint one neutral arbitrator, and the neutral arbitrator shall select a Chair.

(4) No person may serve as a neutral arbitrator in any arbitration under these Rules in which that person has any financial or personal interest in the result of the arbitration. Any person designated as a neutral arbitrator shall immediately disclose in writing to all Parties any circumstances likely to affect impartiality, including any bias of financial or personal interest in the outcome of the arbitration ("Bias Disclosure"). If any Party objects to the service of any neutral arbitrator after receipt of that neutral arbitrator's Bias Disclosure, such

neutral arbitrator shall be replaced in the same manner in which that neutral arbitrator was selected.

(5) The Chair shall fix the date, time and place for the hearing. The place of the hearing shall be within the Properties unless otherwise agreed by the Parties.

(6) Any Party may be represented by an attorney or other authorized representative throughout the arbitration proceedings.

(7) All persons who, in the judgment of the Arbitrator, have a direct interest in the arbitration are entitled to attend hearings.

(8) There shall be no stenographic record of the proceedings.

(9) The hearing shall be conducted in whatever manner will, in the Chair's judgment, most fairly and expeditiously permit the full presentation of the evidence and arguments of the Parties.

(10) The Parties may offer such evidence as is relevant and material to the Claim, and shall produce such additional evidence as the Chair may deem necessary to an understanding and determination of the Claim. The Chair shall be the sole judge of the relevance and materiality of any evidence offered, and conformity to the legal rules of evidence shall not be necessary. The Chair shall be authorized, but not required, to administer oaths to witnesses.

(11) The Chair shall declare the hearings closed when satisfied the record is complete.

(12) There will be no post-hearing briefs.

(13) The Final Determination shall be rendered immediately following the close of the hearing, if possible, and no later than 14 days from the close of the hearing, unless otherwise agreed by the Parties. The Final Determination shall be in writing, shall be signed by the Chair, and acknowledged before a notary public.

(14) All decisions of the panel of arbitrators and the Final Determination shall be by majority vote.

(15) Each Party agrees to accept as legal delivery of the Final Determination the deposit of a true copy in the mail addressed to that Party or its attorney at the address communicated to the Chair at the hearing.

E. Allocation of Costs of Resolving Claims.

(1) If the Claims are resolved through negotiation or mediation as provided in Paragraph C.(2) or C.(3), each Bound Party shall bear all of its own costs incurred in resolving the Claims, including its attorneys' fees and mediation expenses, unless the Bound Parties otherwise agree.

(2) If the Claims are not resolved through negotiation or mediation as provided in Paragraph C.(2) or C.(3), and the Claims go to non-binding arbitration as provided in Paragraph C.(4), the “Prevailing Party” shall be allocated, as a part of the Final Determination, from the opposing party(ies) all of its costs, including attorneys’ fees, costs for other representatives in resolving each Claim, and any expenses incurred as a result of the dispute resolution procedures set forth herein.

F. Enforcement of Resolution. If the Parties agree to resolve any Claim through negotiation or mediation in accordance with Paragraph C. herein, and any Party thereafter fails to abide by the terms of such agreement, or if the Parties agree to accept the Final Determination following arbitration and any Party thereafter fails to comply with such Final Determination, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Final Determination without the need to again comply with the procedures set forth in Paragraph C. herein. In such event, the Party taking action to enforce the agreement or Final Determination shall be entitled to recover from the non-complying Party (or if more than none more non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Final Determination, including, without limitation, attorneys’ fees and court costs.

2. Supplement to Law. The provisions of this Resolution are in addition to and supplement the terms and provisions of the Declaration, the Bylaws of the Association, any and all other governing documents of the Association, and the laws of the State of Colorado governing Cordillera, all of which may be amended from time to time.

3. Effective Date. This Resolution shall become effective as of the date of adoption and shall replace in its entirety the 2007 Policy, which shall be of no further force and effect.

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SO DONE THIS 3rd DAY OF AUGUST 2017.

**CORDILLERA PROPERTY OWNERS
ASSOCIATION**

Ed Shriner, President

ATTEST:

Lois Bruce, Secretary

CORDILLERA PROPERTY OWNERS ASSOCIATION

RESOLUTION AMENDING AND RESTATING A POLICY WITH REGARD TO THE SUSPENSION OF OWNER RIGHTS

WHEREAS, the Cordillera Property Owners Association (the “Association”) is a nonprofit corporation of the State of Colorado, which serves an area that consists of approximately 7,000 acres of land within a residential community in Eagle County known as Cordillera; and

WHEREAS, the Association has the authority to adopt, amend and enforce bylaws, policies, rules and regulations consistent with State law pursuant to the Amended and Restated Declaration of Protective Covenants, Conditions and Restrictions for Cordillera, recorded in the Eagle County Clerk and Recorder’s Office at reception numbers 201614443, 201614815, and 201618114, as amended pursuant to the Limited Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cordillera, recorded at reception number 201707438 (the “Declaration”), its Bylaws, policies, design guidelines, rules and regulations (together with the Declaration, the “Governing Documents”); and

WHEREAS, unless otherwise defined herein, capitalized terms in this Resolution shall have the same meaning given to them in the Governing Documents; and

WHEREAS, the Association is authorized to enforce violations of the Governing Documents through the imposition of fines, suspension of voting rights, suspension of Common Area rights, suspension of services, self-help, and other enforcement mechanisms, pursuant to sections 3.1(c), 6.9(b), and 12.1(b) of the Declaration, and section 3.2 of the Bylaws; and

WHEREAS, for purposes of this Resolution, portions of the Common Area or Common Area facilities (hereafter, “Common Area Facilities”) shall include, but are not limited to, the Cordillera Summit Athletic Club, the Trailhead at Cordillera, and the Short Course at Cordillera.

WHEREAS, on February 15, 2013, the Board of Directors of the Association (the “Board”) adopted a Policy with Regard to the Suspension of Owner Rights, as amended on May 20, 2013 pursuant to the Amendment to Resolution Adopting a Policy with Regard to the Suspension of Owner Rights (together, the “2013 Policy”); and

WHEREAS, the Board has reviewed the 2013 Policy and desires to amend and restate the 2013 Policy in its entirety in accordance with the Governing Documents.

NOW, THEREFORE, the Board of Directors of the Cordillera Property Owners Association hereby amends and restates the 2013 Policy as follows:

1. Suspension of Rights. An Owner’s right to vote and to use the Common Area Facilities will be suspended as follows:
 - (a) Assessments & Charges. If an Owner fails to pay any assessments, fines, or other charges, or any part thereof, within thirty (30) days of the due date, or a later date as may be set forth in the Association’s Policy for Collection of Unpaid

Assessments or pursuant to Board resolution, the Owner's right to vote and to use Common Area Facilities will be automatically suspended until all amounts owed are paid in full, or, if applicable, the Owner is current on a payment plan approved by the Association. The Association additionally may suspend any services provided by the Association to an Owner or the Owner's Unit.

- (b) Other Infractions. For other infractions of the Governing Documents, after notice and an opportunity for a hearing in accordance with the Association's Covenant and Rule Enforcement Policy, the Association may impose reasonable monetary fines and suspend an Owner's right to vote for a period not to exceed sixty (60) days or for the duration of the violation.

2. Notice. The Board shall send notice in accordance with the Policy for Collection of Unpaid Assessments or the Covenant and Rule Enforcement Policy or other Board resolution, as applicable, to any Owner with delinquent charges or for other infractions of the Governing Documents advising said Owner of the automatic suspension or pending suspension of Owner's rights as provided herein.

3. Amendment. This Suspension of Rights Policy may be amended from time to time by the Board of Directors.

4. Effective Date. This Resolution shall take effect on the date and at the time of its adoption.

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ADOPTED AND APPROVED THIS 3rd DAY OF AUGUST 2017.

**CORDILLERA PROPERTY OWNERS
ASSOCIATION**

Ed Shriner, President

ATTEST:

Lois Bruce, Secretary



Cordillera Property Owners Association

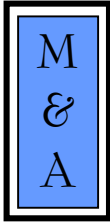
Financial Statements

December 31, 2016

Cordillera Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
December 31, 2016

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MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Cordillera Property Owners Association, Inc.**

Report on the Financial Statements

We have audited the accompanying financial statements of Cordillera Property Owners Association, Inc. (the "Association"), a Colorado non-profit corporation, which comprise the balance sheet as of December 31, 2016, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized information has been derived from the Association's 2015 financial statements and, in our report dated June 9, 2016 we expressed an unqualified opinion on those financial statements.

Management's Responsibilities

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

**To the Board of Directors
Cordillera Property Owners Association, Inc.**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cordillera Property Owners Association, Inc. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on pages 13 and 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, except for that portion marked "unaudited", on which we express no opinion, is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Future Major Repairs and Replacements on page 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**McMahan and Associates, L.L.C.
July 24, 2017**

Cordillera Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2016
(With Comparative Totals for 2015)

	2016			2015 Total
	Operating Fund	Replacement Fund	Total	
Assets:				
Cash	2,207,984	-	2,207,984	1,565,831
Restricted cash - transfer assessments	-	2,318,979	2,318,979	2,001,330
Owners receivables, net	2,705,470	-	2,705,470	2,540,156
Accounts receivable - Vail Club	64,185	-	64,185	58,515
Inventory - Short Course	15,466	-	15,466	-
Design Review Board fines receivable	5,000	-	5,000	5,000
Prepaid expenses	51,218	-	51,218	83,322
Property and equipment, net	780,372	-	780,372	865,036
Total Assets	<u>5,829,695</u>	<u>2,318,979</u>	<u>8,148,674</u>	<u>7,119,190</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts payable	95,749	-	95,749	188,081
Accounts payable - Cordillera Metro	1,326,472	-	1,326,472	432,000
DRB Deposits	543,392	-	543,392	596,989
Prepaid dues	2,337,200	-	2,337,200	2,340,954
Design Review Board interest payable	15,298	-	15,298	15,298
Total Liabilities	<u>4,318,111</u>	<u>-</u>	<u>4,318,111</u>	<u>3,573,322</u>
Fund Equity:				
Working capital contributions	402,525	-	402,525	402,525
Fund Balances:				
Fund balance - Restricted for transfer assessments	-	2,318,979	2,318,979	2,001,330
Investment in fixed assets, net of depreciation	780,372	-	780,372	865,036
Fund balance (deficit)	328,687	-	328,687	276,977
Total Fund Balance	<u>1,109,059</u>	<u>2,318,979</u>	<u>3,428,038</u>	<u>3,143,343</u>
Total Fund Equity	<u>1,511,584</u>	<u>2,318,979</u>	<u>3,830,563</u>	<u>3,545,868</u>
Total Liabilities and Fund Equity	<u>5,829,695</u>	<u>2,318,979</u>	<u>8,148,674</u>	<u>7,119,190</u>

The accompanying notes are an integral part of these financial statements.

Cordillera Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Statements of Revenues, Expenses and Changes in Fund Balance
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

	2016			2015
	Operating Fund	Replacement Fund	Total	
Revenues:				
Assessments	2,141,300	-	2,141,300	2,150,500
Real estate transfer assessments	361,094	1,039,668	1,400,762	1,334,461
Short Course	130,940	-	130,940	64,953
Trailhead	82,415	-	82,415	67,680
Investment income	1,287	-	1,287	1,281
Market and café revenue	11,500	-	11,500	10,800
Design review board fees	69,026	-	69,026	78,283
Marketing contributions	61,074	-	61,074	33,035
Sales center lease revenue	41,080	-	41,080	40,540
Cordillera Vail Club:				
Membership dues	648,629	-	648,629	633,075
Lease revenue	8,486	-	8,486	22,956
Locker rental revenue	13,441	-	13,441	7,925
Post office sales, net	43,784	-	43,784	41,414
Miscellaneous income	44,722	-	44,722	84,704
Total Revenues	3,658,778	1,039,668	4,698,446	4,571,607
Expenses:				
Administrative	1,907,181	4,882	1,912,063	1,830,358
Community Operations	229,650	79,447	309,097	311,120
Cordillera Vail Club	568,608	-	568,608	560,260
Short Course	487,843	-	487,843	529,571
Trailhead	170,786	92,391	263,177	175,605
Athletic Center	229,326	145,299	374,625	378,873
Transfer to Cordillera Metropolitan District	-	400,000	400,000	400,000
Depreciation	84,664	-	84,664	84,960
Bad debt expense	13,674	-	13,674	18,791
Total Expenses	3,691,732	722,019	4,413,751	4,289,538
Excess (Deficiency) of Revenues Over Expenses	(32,954)	317,649	284,695	282,069
Fund Balances - Beginning	1,142,013	2,001,330	3,143,343	2,861,274
Fund Balances - Ending	1,109,059	2,318,979	3,428,038	3,143,343

The accompanying notes are an integral part of these financial statements.

Cordillera Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

	2016			2015 Total
	Operating Fund	Replacement Fund	Total	
Cash Flows from Operating Activities:				
Cash received from owners	2,396,155	1,039,668	3,435,823	3,661,704
Cash received from Cordillera Vail Club	664,886	-	664,886	636,506
Cash received from Short Course	130,940	-	130,940	64,953
Cash received from Trailhead	82,415	-	82,415	67,680
Cash received from post office	43,784	-	43,784	41,414
Investment income received	1,287	-	1,287	1,281
Other cash receipts	97,302	-	97,302	136,044
Cash paid for goods and services	(2,774,616)	(322,019)	(3,096,635)	(3,966,354)
Cash paid to Cordillera Metropolitan District	-	(400,000)	(400,000)	(400,000)
Net Cash from Operating Activities	<u>642,153</u>	<u>317,649</u>	<u>959,802</u>	<u>243,228</u>
Net Change in Cash	642,153	317,649	959,802	243,228
Cash and Cash Equivalents - Beginning	1,565,831	2,001,330	3,567,161	3,323,933
Cash and Cash Equivalents - End	<u>2,207,984</u>	<u>2,318,979</u>	<u>4,526,963</u>	<u>3,567,161</u>
Reconciliation of Cash to Financial Statement Captions:				
Cash	2,207,984	-	2,207,984	1,565,831
Restricted cash - transfer assessments	-	2,318,979	2,318,979	2,001,330
Cash and Cash Equivalents at End of Period	<u>2,207,984</u>	<u>2,318,979</u>	<u>4,526,963</u>	<u>3,567,161</u>
Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash from Operating Activities:				
Excess (Deficiency) of revenues over expenses	<u>(32,954)</u>	317,649	284,695	282,069
Adjustments:				
Depreciation	84,664	-	84,664	84,960
Bad debt expense	13,674	-	13,674	18,791
(Increase) decrease in receivables	(184,658)	-	(184,658)	(134,672)
(Increase) decrease in prepaid expenses	16,638	-	16,638	(7,136)
Increase (decrease) in accounts payable	(92,332)	-	(92,332)	86,433
Increase (decrease) in accounts payable - CMD	894,472	-	894,472	(259,864)
Increase (decrease) in DRB deposits	(53,597)	-	(53,597)	164,400
Increase (decrease) in prepaid assessments	(3,754)	-	(3,754)	8,247
Total Adjustments	<u>675,107</u>	<u>-</u>	<u>675,107</u>	<u>(38,841)</u>
Net Cash from Operating Activities	<u>642,153</u>	<u>317,649</u>	<u>959,802</u>	<u>243,228</u>

The accompanying notes are an integral part of these financial statements.

Cordillera Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2016

1. Organization

Cordillera Property Owners Association, Inc. (the "Association") was incorporated in the State of Colorado on October 14, 1987 as a non-profit corporation. The Association's original Declaration is dated May 25, 1988 and was amended and restated on May 11, 1993, May 11, 1998, April 14, 2010, and September 8, 2016. The Association began operations in 1990 and is responsible for the operation and maintenance of common property within the development. The development consists of residential lots located in Eagle County, Colorado.

The Declaration allows for two types of membership; Class A, which are all owners except Kensington Partners (the "Declarant") and; Class B, which is the Declarant. The Declaration allows for a Declarant control period which allows the Declarant the right to approve or disapprove actions of the Board and appoint a majority of the Board. Declarant control period will lapse when:

- (a) Seventy-five (75%) of the units permitted have been issued temporary certificates of occupancy and conveyed to persons other than the Declarant or Builders;
- (b) December 31, 2022; or
- (c) The Class B member so determines at its sole discretion.

At December 31, 2016, 563 of 860 maximum expected units have been issued certificates of occupancy, or 65%.

On August 21, 2003, the Declarant agreed to voluntarily surrender certain rights regarding the appointment of members of the Board before the termination of the Declarant control period. In accordance with (c) above, the Declarant and the Association agreed to a method for a smooth transition of control of the Board. The following schedule has been established. Effective August 15, 2003, the Declarant removed one existing Class B member and appointed one director who is a Class A member in 2003. In 2004 and 2005, a Class A member was elected at the annual meeting to replace a class B member in each year. After the 2005 annual meeting, the Declarant may elect to appoint one director of choice who may be a Class A member, or an employee or an affiliate of Declarant until (a) through (c) as described above occurs. As of December 31, 2016 no board members are affiliated with the Declarant.

2. Summary of Significant Accounting Policies

A. Funds

The Association uses the fund method of accounting, which requires that funds, such as operating funds be classified separately for accounting and reporting purposes.

Fund accounting is helpful in segregating funds having restrictions on their use. Disbursements from the Operating Fund are generally at the discretion of the Board of Directors.

B. Basis of Accounting

The Association's records are maintained using the accrual method of accounting.

Cordillera Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2016
(Continued)

2. Summary of Significant Accounting Policies (continued)

C. Assessments

Assessments are billed annually based upon the Association's budgeted expenses. The billing for new filings begins on the first day of the month following the sale of a lot to a party other than the Declarant.

D. Deferred Assessment Revenue

Deferred assessment revenue represents assessments for the next fiscal year, which have been collected from owners in advance. The Association bills members annually.

E. Working Capital Contributions

Upon the first transfer of each unit to an owner other than the builder, there was a contribution to the Association of working capital. The balance of working capital contributions as of December 31, 2016 is \$402,525. There were no changes in working capital during 2016.

F. Income Taxes

While the Association has been organized under Colorado non-profit statutes as a corporation without capital stock or shareholders, the Association is not a tax-exempt organization. Consequently, the Association is subject to Federal and state income taxes on net income derived from investments and other non-membership sources.

The Federal income tax returns of the Association are subject to examination by the Internal Revenue Service and Colorado Department of Revenue. The Association is no longer subject to examination for years prior to 2012.

G. Recognition of Fixed Assets

The Association recognizes personal common property and certain real property to which it has title. The Association considers the market value in a sale and the significance of expected future cash flows from real property acquired in determining whether to capitalize the property. Assets are recorded at cost and depreciated over their useful life using the straight-line method of depreciation.

H. Bad Debts

Bad debts are recognized by the allowance method; an allowance for possible uncollectibility of the accounts receivable is established when the collectability becomes doubtful. Allowances established at December 31, 2016 and 2015 are \$25,000.

I. Cash Equivalents

For purposes of the Statement of Cash Flows, the Association defines cash equivalents as all investments which are available on demand.

Cordillera Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2016
(Continued)

2. Summary of Significant Accounting Policies (continued)

J. Prepaid Expenses

Prepaid expenses consist of expenses paid which will provide benefits in subsequent years.

K. Design Review Board Deposits

The Association is responsible for the operation of the Cordillera Design Review Board (the "DRB"). The DRB reviews the design of all home construction, exterior refurbishments and landscaping of properties within the Association's boundaries. The DRB requires a compliance deposit equal to \$20,000 with each application. Deposits received prior to March 23, 1999 earn interest at a rate of 2.65% per annum until returned. The deposits and any interest earned on qualifying deposits are refunded after final approval of the project is given.

Interest earned on qualifying deposits is recorded on the Association's financial statements as Design Review Board interest payable. Interest earned on deposits received March 23, 1999 or later is income to the Association.

The Association took over this function from Cordillera Metropolitan District as of September 1, 2014.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Comparative Information

The financial statements include certain prior year comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2016 from which the comparative totals were derived.

3. Concentration of Credit Risk

At December 31, 2016, cash balances exceeded Federal Deposit Insurance Corporation ("FDIC") limits by \$3,228,891 and Security Investor Protection Corporation limits by \$500,844, for a total uninsured amount of \$3,729,735. Effective January 1, 2013, FDIC limits were reduced on non-interest bearing accounts from unlimited protection to \$250,000. FDIC limits on interest-bearing accounts continues to be \$250,000.

Cordillera Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2016
(Continued)

4. Property and Equipment

A summary of changes in property and equipment is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Market & post office	\$ 1,099,842	-	-	1,099,842
Leasehold improvements - Vail Gondola Club	569,689	-	-	569,689
Equipment	28,789	-	-	28,789
Total property & equipment	1,698,320	-	-	1,698,320
Less: accumulated depreciation	(833,284)	(84,664)	-	(917,948)
Property and equipment, net	<u>\$ 865,036</u>	<u>(84,664)</u>	<u>-</u>	<u>780,372</u>

The Association received the Athletic Club at Cordillera, Short Course and the Trailhead Facility at no cost in 2013 in the settlement of a lawsuit. The Association has determined not to capitalize these assets, which are considered amenities to the owners, and not expected to be sold or generate significant cash flow from operations. These assets are considered common elements of the Association.

5. Future Major Repairs and Replacement Reserve

The Association's restated Declaration, dated May 11, 1993, requires the Association to accumulate funds for future capital replacements. During 2013, the Board of Directors had a professional engineering study performed to estimate future replacement costs, a summary of which is included in these financial statements as unaudited supplementary information. Accumulated funds are generally not available for operations. At December 31, 2016, the Association had accumulated \$2,318,979 for future capital replacements.

Funds being accumulated in the Replacement Fund are for future replacements of common property components. It is the Association's responsibility to preserve and maintain common property. The Association has conducted a long-range plan of the Association's future replacement expenses which includes required Real Estate Transfer Assessment Agreement payments. Amounts accumulated in the Replacement Reserve may not be adequate to meet all future needs for capital replacements. If additional funds are needed, the Association has the right, subject to the Board of Directors' approval, to increase regular assessments, levy special assessments, or delay capital replacements until funds are available.

6. Cordillera Metropolitan District

Effective January 1, 2016, the Association entered into an agreement with Cordillera Metropolitan District (the "District") to provide general administrative, management, design review services, public safety, covenant enforcement and other such services for the Association. The agreement has an initial term expiring December 31, 2016 and is annually renewable, for a twelve month term, unless terminated by either party.

The Association paid the District \$1,190,923 for services under the agreement during 2016.

The Association owes the District \$1,326,472 at December 31, 2016. Changes in the payable to CPOA are as follows:

Cordillera Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2016
(Continued)

6. Cordillera Metropolitan District (continued)

	Payable to District
Balance at December 31, 2015	\$ 432,000
Payroll charged to Association	451,416
Association debt paid by District	400,000
Legal fees charged to Association	148,670
Insurance and other charges	36,043
Receipts from Association and other credits	(141,657)
Balance at December 31, 2016	\$ 1,326,472

Effective January 1, 2004, the Association entered into a land lease agreement, for the Market/Post Office, with the District. Terms of the land lease include \$1 per year rental payment until January 1, 2103 at which time the Association may continue as a year-to-year tenant.

7. Real Estate Transfer Assessment

On April 2, 2001, the Association's Board of Directors approved a 1% real estate transfer assessment (the "RETA"), effective July 1, 2001. The revenue from the RETA is pledged to Cordillera Metropolitan District (the "District") for the Association debt transferred to the District to purchase the Chaveno Property from Kensington Partners. RETA collections in excess of pledged amount may be used by the Association at the Board's discretion.

Effective January 1, 2005 the assessment rate increased to 2% for sale contracts dated January 1, 2005 and after.

8. Real Estate Transfer Assessment Agreement

On March 17, 2002, the Association entered into a Transfer Assessment Agreement (the "Agreement") between Cordillera Metropolitan District ("CMD") and Cordillera Mountain Metropolitan District ("CMMD") (collectively, the "Districts") to cooperate in the acquisition and development of the Chaveno Parcel. The Districts each issued General Obligation Bonds, Series 2002 (the "Financing") to provide funding for the project. In order to meet current and future debt service payment on the Financing, the Association has agreed to assess, collect, pledge and pay to the Districts a portion of its Transfer Assessment as required to meet the obligations of this Agreement.

CMMD is no longer a separate party to the Agreement, but is responsible for debt, due to the consolidation of CMD and CMMD as ordered by the Eagle County District Court.

Under the Agreement, the Association is required to a) collect its Transfer Assessments, b) hold funds collected necessary to make annual scheduled payments in a segregated, interest-bearing account, and c) make the payment due November 1st of each year (see the following payment schedule). Upon satisfying the scheduled payments, and providing an accounting to the Districts evidencing that all obligations have been fully funded, the Association may use the Transfer Assessment revenue as it deems appropriate.

If the collection of the RETA is insufficient to meet the payment requirements of this Agreement, the Association shall accrue a liability in the amount of any such shortfall, which is to be paid as collections of the RETA become available.

Cordillera Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2016
(Continued)

8. Real Estate Transfer Assessment Agreement (continued)

The Association's obligations under this agreement will terminate upon the District's full accumulation of the amount necessary to pay all obligations under the Financing. Under the Fifth Amended and Restated Assessment Agreement, the Association made the following payments in 2016: principal and interest of \$331,410 and a contribution to the 2002 bond reserve fund of \$68,590.

The following payment schedule under the Fifth Amendment includes the obligation for the Districts' 2002 and 2002B bond issues and the additional payments to level the Association's debt service to no more than \$400,000 per year. The Association's payment is due November 1, as follows:

2017	400,000
2018	400,000
2019	400,000
2020	400,000
2021	127,000
	<u>\$ 1,727,000</u>

9. Trash and Recycling Program

The Association has a service agreement with Vail Honeywagon LTD, entered into on May 1, 2002, and amended October 18, 2004, for waste and recycled waste removal services. The agreement may be renewed for succeeding three-year periods unless either party terminates with at least 60 day's notice. The agreement is for monthly payments based on a rate of \$15 per unit for services and additional miscellaneous fees for the community receptacle or other special pickup, with a cost of living adjustment based on Denver, Boulder Metro Area CPI. The Association paid \$125,964 under the agreement during 2016.

10. Operating Lease

The Association entered into an operating lease on September 6, 2006, for space to maintain the Vail Gondola Club. An addendum to the lease was entered into on September 24, 2010. The initial term of the amended lease is January 1, 2013 to August 31, 2018, with three 5 year optional extensions available through August 2033. For the year ended December 31, 2016, minimum rental payments under such lease arrangements totaled \$290,757. Future minimum rental payments required as of December 31, 2016 under the remaining terms of the operating lease are as follows:

Fiscal Year Ending December 31

2017	299,480
2018	308,464
	<u>\$ 607,944</u>

Under the terms of the lease, the Association must pay the landlord a pro rata share of common expenses for the building. As of December 31, 2016, the Association paid \$60,349 of common element expenses under this contract provision.

Cordillera Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2016
(Continued)

11. Golf Facility “Short Course” Agreement

The Association entered into an agreement on January 21, 2016 with Troon Golf L.L.C. to manage and operate the Association’s Short Course. The initial term of the lease is for 5 years. The annual base management fee to Troon is \$50,000 increased each year by the consumer price index. For the fiscal year of 2016 the annual contribution is \$425,000 and any costs included in the annual plan and associated with operating the facility in excess of the annual contribution shall not be incurred without the Association’s written approval. All gross revenues and operating expenses shall be deposited in and paid out of the Association’s bank account. Any excess revenues that exceed operating expenses including base management fee are the Association’s. The net cost, within the contract, to the Association to operate the facility was \$319,978 in 2016.

12. Pro Shop Lease

The Association entered into a lease on March 1, 2013 with Behringer Harvard Cordillera LLC, to lease space to operate the pro shop, and other areas. The rental rate is \$1,500 per month during the period of use. The initial term of the lease was from April 1, 2013 to October 31, 2016. The lease has not been formally renewed; however, the Association intends to continue to lease the space under the terms of the initial agreement.

13. Line of Credit

The Association maintains a line of credit (“LOC”) of \$1,000,000 from Alpine Bank. The LOC was renewed on March 12, 2013 for a term of three years. The LOC has a variable interest rate equal to the JP Morgan Chase Bank prime rate plus 1.75 percentage points, resulting in an initial rate of 5%. The LOC expires on March 12, 2016. Under the LOC, the Association agrees to pay \$2,500 upon execution and \$2,500 on March 12, 2014 and 2016. Interest payments on outstanding balances, if any, are due monthly with total outstanding principal plus accrued interest due at the maturity date. The LOC is secured by an assignment of the Association’s assessments. As of June 9, 2016, no balance had been drawn on the LOC. The district terminated the line of credit in 2017.

14. Subsequent Events

Management has evaluated subsequent events through the date of the auditor’s report, the date these financial statements were available to be issued.

15. Pending Legal Matters

In 2016, the owner of the Lodge and Village Center Parcels, Behringer Harvard Cordillera, LLC, entered into a contract to sell the parcels to Concerted Care Group Management (“CCG”). The Association and the Cordillera Metropolitan District have appealed the decision of the Eagle County Board of County Commissioners to allow the use of the property proposed by the buyer, CCG.

CCG has sent notice to the Association and the District that their actions opposing the use of the property by the buyer constitute actionable violations of certain provisions of the Federal Fair Housing Amendments Act of 1988 and the Americans with Disabilities Act.

The Association and the District continue their appeal of the Commissioners’ decision and no action has been taken by CCG against the District to date. The likelihood of an unfavorable outcome of this appeal and an estimate of the amount or range of potential loss is unknown at this time.

Cordillera Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Schedule of Revenues and Expenses - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016				2015 Actual
	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)	
Revenues:					
Assessments	2,150,000	2,141,600	2,141,300	(300)	2,150,500
Real estate transfer assessments	1,250,000	1,250,000	1,400,762	150,762	1,334,461
Short Course	38,644	-	130,940	130,940	64,953
Trailhead	75,605	82,659	82,415	(244)	67,680
Investment income	1,000	1,000	1,287	287	1,281
Market and café revenue	11,400	11,400	11,500	100	10,800
Design review board fees	65,650	65,650	69,026	3,376	78,283
Marketing contributions	61,074	61,074	61,074	-	33,035
Sales center lease revenue	40,000	40,000	41,080	1,080	40,540
Cordillera Vail Club:					
Membership dues	617,126	619,311	648,629	29,318	633,075
Lease revenue	9,339	9,339	8,486	(853)	22,956
Locker rental revenue	8,730	8,730	13,441	4,711	7,925
Post office sales, net	37,634	37,634	43,784	6,150	41,414
Miscellaneous income	77,106	77,606	44,722	(32,884)	84,704
Total Revenues	4,443,308	4,406,003	4,698,446	292,443	4,571,607
Expenses:					
Administrative:					
Cordillera Metropolitan District contract	1,145,175	1,190,923	1,190,923	-	1,258,267
DRB expenses	71,440	71,440	65,219	6,221	62,841
Community enrichment	35,150	35,150	32,318	2,832	23,772
Bank and credit card charges	4,400	4,400	2,371	2,029	4,655
Insurance	62,121	62,121	60,444	1,677	57,791
Professional fees	9,100	9,550	10,600	(1,050)	9,175
Marketing	293,418	286,060	235,345	50,715	270,083
Recreation management - wages and benefits	68,034	68,034	80,276	(12,242)	76,527
Legal:					
General counsel	38,700	188,700	228,997	(40,297)	67,172
Miscellaneous	9,370	9,370	5,570	3,800	75
Total Administrative	1,736,908	1,925,748	1,912,063	13,685	1,830,358
Community Operations:					
Trash and recycling program	130,545	130,545	125,964	4,581	124,003
Post office and market center	68,765	68,765	77,416	(8,651)	90,742
Healthy forest program	83,900	81,000	79,447	1,553	69,279
River parcel and pond management	26,215	26,215	26,270	(55)	27,096
Total Community Operations	309,425	306,525	309,097	(2,572)	311,120
Cordillera Vail Club:					
Wages and benefits	135,126	135,126	126,009	9,117	104,175
Lease expense	290,748	290,748	290,757	(9)	279,400
Repairs and maintenance	73,978	73,978	70,671	3,307	77,614
Operating supplies and expenses	32,061	34,583	28,045	6,538	44,353
Food and beverages	38,408	52,000	53,126	(1,126)	41,718
Member entertainment	19,500	-	-	-	13,000
Total Cordillera Vail Club	589,821	586,435	568,608	17,827	560,260

The accompanying notes are an integral part of these financial statements.

Cordillera Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Schedule of Revenues and Expenses - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)
(Continued)

	2016				2015 Actual
	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)	
Expenses:					
Short Course:					
Irrigation	29,008	32,432	34,346	(1,914)	35,714
Utilities and telephone	14,944	-	2,772	(2,772)	17,777
SW Greens Short Course Contract	425,000	345,000	447,407	(102,407)	425,000
Repairs and maintenance	638	-	327	(327)	34,461
Lease expense	10,500	-	-	-	10,500
Alarm monitoring and service	1,054	-	896	(896)	1,116
Property taxes	-	2,095	2,095	-	-
Lighting detection system	-	-	-	-	5,003
Total Short Course	<u>481,144</u>	<u>379,527</u>	<u>487,843</u>	<u>(108,316)</u>	<u>529,571</u>
Trailhead:					
Wages and benefits	78,080	77,118	59,945	17,173	69,827
Operating supplies and expenses	40,363	36,151	35,458	693	33,551
Repairs and maintenance	33,754	44,675	50,946	(6,271)	7,121
Utilities and telephone	31,503	33,287	33,148	139	32,614
Camp expenses	21,138	17,171	17,264	(93)	19,580
Facility improvements	71,640	71,640	66,416	5,224	12,912
Total Trailhead	<u>276,478</u>	<u>280,042</u>	<u>263,177</u>	<u>16,865</u>	<u>175,605</u>
Athletic Center:					
Wages and benefits	83,333	83,304	86,038	(2,734)	78,575
Repairs and maintenance	33,660	30,535	42,151	(11,616)	22,473
Operating supplies and expenses	35,491	39,242	44,358	(5,116)	38,953
Fitness center	6,872	5,000	4,830	170	6,269
Utilities	58,234	58,234	51,949	6,285	59,175
Facility improvements and equipment	220,085	220,085	145,299	74,786	173,428
Total Athletic Center	<u>437,675</u>	<u>436,400</u>	<u>374,625</u>	<u>61,775</u>	<u>378,873</u>
Other:					
Transfer to Cordillera Metropolitan District	400,000	400,000	400,000	-	400,000
Total Other	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Total Expenses	4,231,451	4,314,677	4,315,413	(736)	4,185,787
Excess (Deficiency) of Revenues Over Expenses (Budget Basis)	211,857	91,326	383,033	291,707	385,820
Depreciation			(84,664)		(84,960)
Bad debt expense			(13,674)		(18,791)
Excess (Deficiency) of Revenues Over Expenses (Accrual Basis)			284,695		282,069
Fund Balances - Beginning	<u>2,125,993</u>	<u>3,085,539</u>	<u>3,143,343</u>	<u>57,804</u>	<u>2,861,274</u>
Fund Balances - Ending	<u>2,337,850</u>	<u>3,176,865</u>	<u>3,428,038</u>	<u>349,511</u>	<u>3,143,343</u>

The accompanying notes are an integral part of these financial statements.

**Cordillera Property Owners Association
(A Colorado Non-Profit Corporation)
Schedule of Future Major Repairs and Replacements
December 31, 2016
(Unaudited)**

The Association had a professional engineering firm perform a study in 2013 to estimate the remaining useful lives and the future replacement costs of the components of common property. This study takes the estimated current cost of each component and estimates what the component will cost at the time it is replaced. The following table is based on the study and presents significant information about the components of common property:

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Future Replacement Costs</u>	<u>Replacement Fund Balance 2016</u>
Trailhead	0-8	886,094	
Trailhead	9-16	644,437	
Athletic Center	0-8	968,558	
Athletic Center	9-16	1,005,521	
Café and Post Office	0-8	294,240	
Café and Post Office	9-16	500,245	
Short Course Maintenance	0-8	262,433	
Short Course Maintenance	9-16	143,013	
Short Course Comfort Station	0-8	52,880	
Short Course Comfort Station	9-16	5,289	
Short Course	0-8	2,011,053	
Short Course	9-16	2,645	
Totals		<u><u>6,776,408</u></u>	<u><u>2,318,979</u></u>

<u>Year</u>	
2017	377,264
2018	176,705
2019	13,100
2020	62,091
2021	1,087,270
2022	864,380
2023	639,600
2024	499,266
2025	54,677
2026	700,905
2027	307,657
2028	246,175
2029	275,370
2030	30,971
2031	172,227
2032	774,437
2033	494,313
	<u><u>6,776,408</u></u>



Cordillera Metropolitan District

Financial Statements

December 31, 2016

CORDILLERA METROPOLITAN DISTRICT

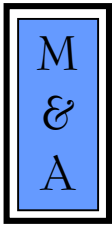
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MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Cordillera Metropolitan District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cordillera Metropolitan District (the "District"), as of and for the year ended December 31, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cordillera Metropolitan District as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary comparisons and historical property tax schedules and debt service schedules found in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary comparisons and debt service schedules found in Section F are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The historical property tax schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McMahan and Associates, L.L.C.
June 9, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cordillera Metropolitan District

Management's Discussion and Analysis

December 31, 2016

As management of Cordillera Metropolitan District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2016.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government, public safety, recreation, and public works.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the governmental-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The Governmental fund financial statements can be found on pages C3 and C7 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Government-wide Financial Analysis

The following tables show condensed financial information derived from the government-wide financial statements for the years ended December 31, 2016 and 2015.

Cordillera Metropolitan District Net Position Governmental Activities

	2016	2015
Assets:		
Current and other assets	\$ 11,537,777	11,203,987
Capital assets	16,455,143	17,255,517
Total Assets	27,992,920	28,459,504
 Deferred Outflows of Resources		
Deferred refunding costs	27,332	32,794
 Liabilities:		
Other liabilities	3,023,859	2,875,998
Long-term liabilities	10,715,000	13,240,000
Total Liabilities	13,738,859	16,115,998
 Deferred Inflows of Resources:		
Unavailable property tax revenue	6,217,395	6,112,408
 Net Position:		
Net investment in capital assets	3,215,143	1,705,517
Restricted for emergencies	255,398	260,850
Restricted for debt service	426,462	430,357
Unrestricted	4,166,995	3,867,168
Total Net Position	\$ 8,063,998	6,263,892

Government-wide Financial Analysis (continued)

The District's overall financial position, as measured by net position, increased from \$6,263,892 at the end of 2015 to \$8,063,998 at the end of 2016.

Cordillera Metropolitan District Statement of Activities Governmental Activities

	<u>2016</u>	<u>2015</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 2,053,738	2,189,440
Grants and contributions	38,141	106,256
General Revenues		
Property taxes	6,055,016	5,969,767
Other Taxes	289,558	305,928
Interest and other revenues	476,829	523,610
Total Revenues	<u>8,913,282</u>	<u>9,095,001</u>
Expenses:		
General government	1,600,458	1,395,272
Public works	3,334,226	3,446,167
Public safety	1,239,564	1,245,286
Design review board	-	-
Equestrian center	366,211	425,555
Recreation	30,444	29,607
Loan issuance costs	-	66,250
Interest on long-term debt	542,273	603,024
Loss on disposal	-	2,719
Total Expenses	<u>7,113,176</u>	<u>7,213,880</u>
Change in Net Position	1,800,106	1,881,121
Net Position - Beginning	<u>6,263,892</u>	<u>4,382,771</u>
Net Position - Ending	<u>\$ 8,063,998</u>	<u>6,263,892</u>

Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Financial Analysis of the District's Funds (continued)

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,878,871 an increase of \$240,730 from the prior year ending fund balances. Of the District's ending fund balance, \$255,398 is **restricted**, meaning it is not available for new spending because it has already been committed for emergencies under the Taxpayers' Bill of Rights (TABOR). Restricted fund balance of \$426,462 is for debt service payments. The remainder of the fund balance that has not been committed or assigned for a specific purpose is available for spending at the District's discretion.

Budget Variances – The General Fund actual revenues were over the final budget by \$65,288 on a revenue budget of \$5.3 million and actual expenditures were 95% of the final budget. The District's other funds showed favorable and unfavorable variances compared to budget. Details can be seen in sections E and F of this report.

Capital Assets – The District invested \$940,496 in capital asset additions during 2016, the majority of which was invested in improvements and additions to the District's infrastructure. Additional information pertaining to the District's capital assets can be found in the Notes to the Financial Statements in section D of this report.

Long-term Debt – in 2016, the District decreased its outstanding long-term debt balance \$2,310,000 bringing the ending debt balance to \$13,240,000. Additional information pertaining to the District's long-term debt can be found in the Notes to the Financial Statements in section D of this report and in the schedules of debt service requirements to maturity in section F.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Cordillera Metropolitan District, Attn: Finance Office, 408 Carterville Road, Cordillera, Colorado, 81632 or you may call 970/926-1923.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Cordillera Metropolitan District
Statement of Net Position
December 31, 2016**

	Governmental Activities
Assets:	
Cash	3,748,143
Accounts receivable:	
Property tax	6,217,395
Other governments	25,623
CPOA	1,326,472
Other	211,736
Prepaid expenses	8,408
Capital assets, net	<u>16,455,143</u>
Total Assets	<u>27,992,920</u>
 Deferred Outflows of Resources:	
Deferred refunding costs	<u>27,332</u>
Total Deferred Outflows of Resources	<u>27,332</u>
 Liabilities:	
Accounts payable and accrued liabilities	135,870
Accrued liabilities	24,553
Deposits held	107,052
Accrued compensated absences	174,036
Accrued interest payable	41,376
Bond issue premium, net	15,972
Non-current liabilities due within one year:	
Bonds payable	2,525,000
Non-current liabilities due in excess of one year:	
Bonds payable	<u>10,715,000</u>
Total Liabilities	<u>13,738,859</u>
 Deferred Inflows of Resources:	
Unavailable property tax revenue	<u>6,217,395</u>
Total Deferred Inflows of Resources	<u>6,217,395</u>
 Net Position:	
Net investment in capital assets	3,215,143
Restricted for emergencies	255,398
Restricted for debt service	426,462
Unrestricted	<u>4,166,995</u>
Total Net Position	<u>8,063,998</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

**Cordillera Metropolitan District
Balance Sheets
Governmental Funds
December 31, 2016**

	Special Revenue		Debt Service			Capital Projects		Total
	General	Equestrian	CMD	CMMD	2002 Bonds	Water	Other	
Assets:								
Cash and cash equivalents	848,041	146,868	162,897	95,740	167,825	2,054,726	272,046	3,748,143
Accounts receivable	190,310	-	-	-	-	21,426	-	211,736
Due from CPOA	1,326,472	-	-	-	-	-	-	1,326,472
Due from Eagle County Treasurer	25,623	-	-	-	-	-	-	25,623
Property tax receivable	3,740,035	-	1,683,211	794,149	-	-	-	6,217,395
Prepaid expenses	8,408	-	-	-	-	-	-	8,408
Total Assets	<u>6,138,889</u>	<u>146,868</u>	<u>1,846,108</u>	<u>889,889</u>	<u>167,825</u>	<u>2,076,152</u>	<u>272,046</u>	<u>11,537,777</u>
Liabilities:								
Accounts payable	135,870	-	-	-	-	-	-	135,870
Accrued liabilities	24,553	-	-	-	-	-	-	24,553
Deposits held	107,052	-	-	-	-	-	-	107,052
Accrued compensated absences	174,036	-	-	-	-	-	-	174,036
Total Liabilities	<u>441,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>441,511</u>
Deferred Inflows of Resources:								
Unavailable property tax revenue	3,740,035	-	1,683,211	794,149	-	-	-	6,217,395
Total Deferred Inflows of Resources	<u>3,740,035</u>	<u>-</u>	<u>1,683,211</u>	<u>794,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,217,395</u>
Fund Balance:								
Nonspendable	8,408	-	-	-	-	-	-	8,408
Restricted for:								
TABOR emergency reserve	255,398	-	-	-	-	-	-	255,398
Debt service	-	-	162,897	95,740	167,825	-	-	426,462
Equestrian Center	-	146,868	-	-	-	-	-	146,868
Assigned to:								
Water rights and projects	-	-	-	-	-	2,076,152	-	2,076,152
Other projects	-	-	-	-	-	-	272,046	272,046
Unassigned	1,693,537	-	-	-	-	-	-	1,693,537
Total Fund Balance	<u>1,957,343</u>	<u>146,868</u>	<u>162,897</u>	<u>95,740</u>	<u>167,825</u>	<u>2,076,152</u>	<u>272,046</u>	<u>4,878,871</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>6,138,889</u>	<u>146,868</u>	<u>1,846,108</u>	<u>889,889</u>	<u>167,825</u>	<u>2,076,152</u>	<u>272,046</u>	

**Amounts reported for governmental activities in the Statement
of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

16,455,143

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

(13,297,348)

Deferred charges such as deferred refunding costs, premiums, and discounts on bonded debt, are treated as current transactions on the fund financial statements, but are capitalized and amortized on the Statement of Net Position.

27,332

Net Position of Governmental Activities

8,063,998

The accompanying notes are an integral part of these financial statements.

Cordillera Metropolitan District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2016

	<u>Special Revenue</u>		<u>Debt Service</u>			<u>Capital Projects</u>		<u>Total</u>
	<u>General</u>	<u>Equestrian</u>	<u>CMD</u>	<u>CMMD</u>	<u>2002 Bonds</u>	<u>Water</u>	<u>Other</u>	
Revenues:								
Taxes	3,822,498	-	1,750,181	771,895	-	-	-	6,344,574
Charges for services	1,498,094	301,516	-	-	-	254,128	-	2,053,738
Tap fees	-	-	12,494	24,106	-	-	-	36,600
Other revenue	51,587	3,919	8,950	6,037	327	-	7,550	78,370
Total Revenues	<u>5,372,179</u>	<u>305,435</u>	<u>1,771,625</u>	<u>802,038</u>	<u>327</u>	<u>254,128</u>	<u>7,550</u>	<u>8,513,282</u>
Expenditures:								
General and administration	1,443,182	-	52,589	23,273	-	-	-	1,519,044
Public safety	1,099,835	-	-	-	-	-	-	1,099,835
Public works	1,657,950	-	-	-	-	-	-	1,657,950
Equestrian Center	-	283,676	-	-	-	-	-	283,676
Recreation	30,444	-	-	-	-	-	-	30,444
Debt Service:								
Interest	-	-	353,675	238,348	-	-	-	592,023
Principal	-	-	1,685,000	625,000	-	-	-	2,310,000
Capital outlay	-	-	-	-	-	-	1,179,580	1,179,580
Total Expenditures	<u>4,231,411</u>	<u>283,676</u>	<u>2,091,264</u>	<u>886,621</u>	<u>-</u>	<u>-</u>	<u>1,179,580</u>	<u>8,672,552</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,140,768</u>	<u>21,759</u>	<u>(319,639)</u>	<u>(84,583)</u>	<u>327</u>	<u>254,128</u>	<u>(1,172,030)</u>	<u>(159,270)</u>
Other Financing Sources (Uses):								
Contribution from CPOA	-	-	333,157	44,453	22,390	-	-	400,000
Transfers in (out)	(1,250,000)	-	-	-	-	-	1,250,000	-
Total Other Financing Sources (Uses)	<u>(1,250,000)</u>	<u>-</u>	<u>333,157</u>	<u>44,453</u>	<u>22,390</u>	<u>-</u>	<u>1,250,000</u>	<u>400,000</u>
Net Change in Fund Balance	(109,232)	21,759	13,518	(40,130)	22,717	254,128	77,970	240,730
Beginning Fund Balance	<u>2,066,575</u>	<u>125,109</u>	<u>149,379</u>	<u>135,870</u>	<u>145,108</u>	<u>1,822,024</u>	<u>194,076</u>	<u>4,638,141</u>
Ending Fund Balance	<u>1,957,343</u>	<u>146,868</u>	<u>162,897</u>	<u>95,740</u>	<u>167,825</u>	<u>2,076,152</u>	<u>272,046</u>	<u>4,878,871</u>

The accompanying notes are an integral part of these financial statements.

**Cordillera Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2016**

Net Change in Fund Balance of Governmental Funds 240,730

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year. (800,374)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 2,359,750

Change in Net Position of Governmental Activities 1,800,106

**Cordillera Metropolitan District
Statement of Fiduciary Net Position
Wildlife Mitigation Fund
December 31, 2016**

Assets:	
Cash and cash equivalents	<u>244,130</u>
Total Assets	<u>244,130</u>
Net Position:	
Held in trust for wildlife mitigation purposes	<u>244,130</u>
Total Net Position	<u><u>244,130</u></u>

The accompanying notes are an integral part of these financial statements.

**Cordillera Metropolitan District
Statement of Changes in Fiduciary Net Position
Wildlife Mitigation Fund
December 31, 2016**

Additions:	
Interest income	410
Total Additions	<u>410</u>
Change in Net Position	410
Net Position - Beginning	<u>243,720</u>
Net Position - Ending	<u><u>244,130</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016**

I. Summary of Significant Accounting Policies

Cordillera Metropolitan District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide water, streets, safety controls, fire protection, cable television system, transportation and mosquito control within its boundaries which are located in Eagle County, Colorado. An amendment to the District's service plan in 1997 gave the District powers to provide parks and recreation facilities and services.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The District is governed by an elected Board which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with the provisions of the Colorado Special District Act.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Fiduciary fund types are reported separately on pages C6 and C7. Both the government-wide and fund financial statements categorize primary activities as governmental.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted; and unrestricted net position. The government-wide focus is on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The *Debt Service Fund - CMD* is used to account for the accumulation of financial resources to be used for the payment of general long-term debt principal, interest, and other related costs for debt issued by the District.

The *Debt Service Fund - CMMD* is used to account for the accumulation of financial resources to be used for the payment of general long-term debt principal, interest, and other related costs for debt issued by Cordillera Mountain Metropolitan District prior to the consolidation with the District.

The *Debt Service Fund – 2002 Debt Reserve* is used to account for the accumulation of financial resources contributed by Cordillera Property Owners Association to be used restrictively and exclusively for the payment of general long-term debt principal, interest, and other related costs for debt issued by Cordillera Metropolitan District and by Cordillera Mountain Metropolitan District prior to the consolidation with the District.

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital facilities.

The *Equestrian Center Special Revenue Fund* is used to account for revenue committed to operations and financial activity of the District's Equestrian Center.

The *Water Fund* is used to account for the contribution and capital improvements of the water system.

Additionally, the District reports the following fiduciary fund:

The *Wildlife Mitigation Trust Fund* is used to account for resources legally held in trust for use by the District for projects related solely to mitigating impacts on wildlife within the District. All investment earnings are available to be used for such projects at the direction of the District's wildlife mitigation committee. The trust agreement requires preservation of the principal balance of approximately \$170,700.

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers for goods and services provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

D. Financial Statement Accounts

1. Cash and Investments

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

D. Financial Statement Accounts (continued)

1. Cash and Investments (continued)

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pool

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts of \$19,195.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

4. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets.

Infrastructure and buildings are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure, buildings, and improvements	30 - 40
Water and sewer systems	20
Vehicles and equipment	5

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Fund Equity

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory or prepaid expenses) or because of legal or contractual requirements;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and other governments), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The District considers all unassigned fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (See Note III. B.).

6. Reserved Fund Balance

The governmental funds, excluding debt service, had a restricted fund balance of \$255,398 for emergencies as required under TABOR (See Note III. B.).

The CMD, CMMD and 2002 Debt Reserve Debt Service Funds have restricted fund balances for future debt service of \$162,897, \$95,740 and \$167,825 respectively. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenues from property taxes. Accordingly, the item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Assets

The governmental fund Balance Sheet includes reconciliation between *fund balance – governmental funds* and *net assets of governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$13,297,348 difference are as follows:

Bonds Payable	\$ 13,240,000
Accrued interest	41,376
Deferred bond issue premium , net.	15,972
	\$ 13,297,348

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**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of certain differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes reconciliation between *net change in fund balances of governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.” The net reduction of \$800,374 in capital assets is capital outlay of \$940,496 less current year depreciation expense of \$1,740,870 during the year ended December 31, 2016.

Another element of that reconciliation states “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

The details of this \$2,359,750 difference are as follows:

Repayment of principal on bonds	\$ 2,310,000
Amortization of deferred refunding costs	(5,466)
Change in accrued interest payable	7,965
Amortization of deferred issue premium received	47,251
	<u>\$ 2,359,750</u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District’s Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (“GAAP”). The budgets for the proprietary funds are adopted on a Non-GAAP budgetary basis and are reconciled to GAAP basis if necessary.

As required by Colorado statutes, the District followed the following time table in approving and enacting a budget for the ensuing years:

- (1) For the 2016 budget year, prior to August 25, 2015, the County Assessor sent to the District the final recertified assessed valuation of all taxable property within the District’s boundaries.
- (2) On or before October 15, 2015, the District’s staff submitted to the District’s Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District’s operating requirements.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

- (3) A public hearing on the proposed budget and capital program was held by the Board.
- (4) For the 2016 budget, prior to December 15, 2015, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) For the 2016 budget, the final budget and appropriating resolution was adopted prior to December 31, 2015.
- (6) After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; c) emergency appropriations; and d) reduction of appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2015 were collected in 2016 and taxes certified in 2016 will be collected in 2017. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

On November 4, 2003, the District's electors approved a ballot question which permits the District to impose a mill levy for operations, maintenance and other expenses sufficient to generate a maximum of \$2,700,000 in revenues in collection year 2004 and every year thereafter. Such taxes may increase as allowed by Sections 29-1-301 of the Colorado Revised Statutes, which generally permits annual increases of no more than 5.5%. Further, the District's operations and maintenance mill levy may be adjusted to: (i) account for changes in law or the method by which assessed valuations are calculated, and (ii) offset any property tax cut or limit which is mandated by the State constitution.

On November 4, 2008 the District's electors approved a ballot question authorizing the district to collect, retain and spend the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, service charges, inspection charges, administrative charges, contract payments, grants or any other fee, rate, toll, penalty or charge authorized by law or contract to be imposed collected received by the district in 2008 and each fiscal year thereafter without regard to any spending, revenue-raising or other limitations imposed by TABOR or Colorado law.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2016, year-end fund balance in the governmental funds for emergencies as required under TABOR in the amount of \$255,398 which is the approximate required reserve at December 31, 2016.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

IV. Detailed Notes on All Funds

A. Deposits and Investments

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District had invested \$2,090,297 in the Colorado Local Government Liquid Asset Trust (the "Trust"). The Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

The Trust directly holds all repurchase agreements. The custodian's internal records identify the investments owned by the Trust. The District does not categorize its participation in the Trust because the investment is not evidenced by securities specifically identifiable to the District.

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At December 31, 2016, the District had the following recurring fair value measurements.

Investments Measured at Fair Value	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 170,660	-	170,660	-
Total	\$ 170,660	-	170,660	-

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At year end, the District had the following deposits and investments with the following maturities:

Type	Rating	Carrying Amount	Maturities	
			Less Than One Year	Less Than Five Years
<i>Deposits:</i>				
Checking and depository	Not rated	\$ 1,731,316	1,731,316	-
<i>Investments:</i>				
Colostrust	AAAm	2,090,297	2,090,297	-
Certificates of deposit	Not rated	170,660	170,660	-
		<u>\$ 3,992,273</u>	<u>3,992,273</u>	<u>-</u>

A summary of the District's cash and investment book balances at December 31, 2016 is shown below.

Type	Primary Government	Fiduciary Government	Total District
<i>Deposits:</i>			
Checking and depository	\$ 1,657,846	73,470	1,731,316
<i>Investments:</i>			
Colostrust	2,090,297	-	2,090,297
Certificates of deposit	-	170,660	170,660
	<u>\$ 3,748,143</u>	<u>244,130</u>	<u>3,992,273</u>

A description of the Foundation's cash and investment risk factors:

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 7,285,224	-	-	7,285,224
Total capital assets, not being depreciated	<u>7,285,224</u>	<u>-</u>	<u>-</u>	<u>7,285,224</u>
Capital assets, being depreciated:				
Infrastructure	15,036,866	565,695	-	15,602,561
Improvements	4,432,482	95,251	-	4,527,733
Buildings	7,421,330	177,181	-	7,598,511
Vehicles and equipment	2,475,735	297,519	(195,150)	2,578,104
Total capital assets being depreciated	<u>29,366,413</u>	<u>1,135,646</u>	<u>(195,150)</u>	<u>30,306,909</u>
Total capital assets of governmental activities	<u>36,651,637</u>	<u>1,135,646</u>	<u>(195,150)</u>	<u>37,592,133</u>
Less: accumulated depreciation for:				
Infrastructure	(10,166,517)	(1,021,314)	-	(11,187,831)
Improvements	(2,628,107)	(295,644)	-	(2,923,751)
Buildings	(4,798,203)	(388,062)	-	(5,186,265)
Vehicles and equipment	(1,803,293)	(231,000)	(195,150)	(1,839,143)
Total accumulated depreciation	<u>(19,396,120)</u>	<u>(1,936,020)</u>	<u>(195,150)</u>	<u>(21,136,990)</u>
Total capital assets, being depreciated, net	<u>9,970,293</u>	<u>(800,374)</u>	<u>-</u>	<u>9,169,919</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 17,255,517</u></u>	<u><u>(800,374)</u></u>	<u><u>-</u></u>	<u><u>16,455,143</u></u>

Depreciation for the year ended December 31, 2016 was charged to the District's functions as follows:

Governmental Activities:	
General Government	\$ 81,414
Public Works	1,632,342
Public Safety	139,729
Equestrian	82,535
Total Depreciation Expense	<u><u>\$ 1,936,020</u></u>

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

C. Long-term Debt

A summary of long-term liability activity for the year ended is as follows. Additional detailed information is available on the following pages.

Governmental Activities:

G.O. Bonds Payable	
Beginning Balance	\$ 15,550,000
Additions	-
Deletions	<u>(2,310,000)</u>
Ending Balance	<u><u>\$ 13,240,000</u></u>
Due Within One Year	<u><u>\$ 2,525,000</u></u>

1. General Obligation Refunding Bonds, Series 2006 A - CMD

The District issued \$5,780,000 of general obligation refunding bonds dated April 24, 2006 with interest rates ranging from 3.60% to 5.00%, payable on June 1 and December 1. The principal on the bonds is payable on December 1 and matures in various increments through 2019. Proceeds from the bond issuance have been used to advance refund all outstanding series 1998 bonds.

Additionally, the District issued \$660,000 of Supplemental Interest Registered Coupons, with interest rates ranging from 3.75% to 4.13%. The principal matured in various increments on December 1 through 2015.

2. General Obligation Refunding Bonds, Series 2012 – CMD

The District issued \$6,500,000 of general obligation refunding bonds dated December 3, 2015 with an interest rate of 2.24%, payable on June 1 and December 1. The principal on the bonds is payable on December 1 and matures in various increments through 2022. Proceeds from the bond issuance have been used to advance refund all of the CMD series 2002 bonds.

3. General Obligation Refunding Bonds, Series 2006B - CMMD

The District issued \$6,840,000 of general obligation refunding bonds dated April 24, 2006 with interest rates ranging from 4.00% to 5.00%, payable on June 1 and December 1. The principal on the bonds is payable on December 1 and matures in various increments through 2022. Proceeds from the bond issuance have been used to advance refund portions of the CMMD series 1999 (\$1,415,000), series 2000A (\$3,260,000), and series 2000B (\$2,165,000) bonds.

Additionally, the District issued \$410,000 of Supplemental Interest Registered Coupons, with interest rates ranging from 3.85% to 4.54%. The principal matured in various increments on December 1 through 2015.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

IV. Detailed Notes on All Funds (continued)

C. Long-term Debt (continued)

4. General Obligation Refunding Bonds, Series 2015 - CMMD

The District issued \$1,650,000 of general obligation refunding bonds dated May 18, 2015 with interest rate of 2.05%, payable on June 1 and December 1. The principal on the bonds is payable on December 1 and matures in various increments through 2022. Proceeds from the bond issuance have been used to advance refund the series 2002A bonds with a present value savings of \$212,384.

5. Annual Debt Service Requirements

Annual debt service requirements to maturity for general obligation bonds are as follows:

	Principal	Interest	Total
2017	\$ 2,525,000	496,515	3,021,515
2018	2,630,000	392,198	3,022,198
2019	2,745,000	283,230	3,028,230
2020	1,835,000	170,884	2,005,884
2021	1,730,000	110,012	1,840,012
2022	1,775,000	56,077	1,831,077
Total	\$ 13,240,000	1,508,916	14,748,916

6. Authorized, Unissued Debt

The District authorized the issuance of \$15,000,000 in bonded indebtedness to acquire certain parks and recreational facilities and/or the water rights, infrastructure and other improvements in order to provide water service to the park and recreation project. None of the debt had been issued as of the date of the auditor's report.

V. Other Information

A. Water Service Agreement

The District, the Edwards Metropolitan District and the Upper Eagle Regional Water District are parties to an Amended and Restated Water Service Agreement dated March 25, 2004 (the "Water Service Agreement"), concerning the provision of treated water to the area within the District. The Water Service Agreement provides that the Water District shall provide water service to the property within the District up to a maximum of 1,685 single family equivalent units, comprised of 1,522 residential units and 135 commercial units. Water rights and system infrastructure serving the District were originally owned by the Squaw Creek Metropolitan District and were transferred to the District in 2003. These assets were further transferred to the Water District in 2004. Water users within the District pay periodic water service charges to the Water District. Under the Water Services Agreement, in 2004, the District paid to the Water District \$882,500 to be used by the Water District for the purchase and/or lease of water rights sufficient to augment current rights held to extent necessary to accommodate future growth within the District. In 2007 the District received a refund of \$520,340 from the Water District pursuant to the agreement.

Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

B. Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public official's coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

C. Retirement Plan

The District participates in the Security Benefit, multiple-employer public employee retirement systems that are qualified plans as defined by IRS Code Section 401(A) and 457 and Colorado Revised Statutes (CRS) 24.54. The plans provide retirement benefits through a defined contribution plan to participating counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. There are no unfunded past service liabilities. All full-time and part-time regular employees are required to participate in the 401(A) plan after approximately one month of service. The District contributes 6.2% of employee compensation, excluding overtime and bonuses. The employee is required to contribute an amount at least equal to the District's contribution. District employees may also choose to participate in the 457 plan. The District provides a 25% match to employee contributions to the 457 plan up to the annual IRS limits on individual contributions. Actual Contributions amounted to \$11,859 (employer) and \$47,436 (employee) during 2016.

The District and employees each made the required 6.2% minimum contributions to the 401(A) plan in 2016 of \$161,192. Required contribution rates may be amended within the statutory limits by the Board of Directors of the District.

D. Transfers

The District made a budgeted transfer in 2016 from the General Fund to the Capital Projects Fund of \$1,250,000 to fund capital projects.

E. Commitments and Contingencies

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. Management of the District and their legal representatives are not aware of any material outstanding claims against the District at December 31, 2016.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

V. Other Information (continued)

F. Cordillera Property Owners Association

Effective January 1, 2016, the District entered into an agreement with Cordillera Property Owners Association (the "Association") to provide general administrative, management, design review services, public safety, covenant enforcement and other such services for the Association. The agreement has an initial term expiring December 31, 2016 and is annually renewable, for a twelve-month term, unless terminated by either party.

The District received cash of \$1,190,923 for services under the agreement during 2016.

The Association owes the District \$1,326,472 at December 31, 2016. Changes in the receivable from CPOA are as follows:

	Receivable from Association
Balance at December 31, 2015	\$ 432,000
Payroll charged to Association	451,416
Association debt paid by District	400,000
Legal fees charged to Association	148,670
Insurance and other charges	36,043
Receipts from Association and other credits	(141,657)
Balance at December 31, 2016	\$ 1,326,472

Effective January 1, 2004, the Association entered into a land lease agreement, for the Market/Post Office, with the District. Terms of the land lease include \$1 per year rental payment until January 1, 2103 at which time the Association may continue as a year-to-year tenant.

VI. Pending Legal Matters

A. Starview Realty Investments, LP v. Cordillera Metropolitan District

On April 17, 2013, Starview Realty Investments, LP ("Starview") filed suit against the District in Eagle County District Court alleging that the District does not provide any services or infrastructure to the property, and thus has been unjustly enriched by collecting taxes from Starview. Starview alleges that the District has further violated State Constitutional provisions by collecting taxes and not providing services.

The District has engaged the firm of Norton Smith & Keane, P.C. to represent it in litigation. The District intends to vigorously defend the case, and disagrees with the factual assertions in the complaint. The District further believes the legal theories upon which the case was filed are without merit.

The District filed a motion to dismiss which was granted, in part, by Court Order, dated July 11, 2013. The Court's Order leaves only four of the Plaintiff's claims for relief pending. These four claims were tried at a bench trial held in the Eagle County District Court on April 1 and April 2, 2015. As of July 18, 2017, the Court has not entered a ruling following the trial.

In the event of an unfavorable outcome, the District could be required to repay Starview \$108,383.06 in previously collected property taxes and could be enjoined from collecting property taxes from the property in the future.

**Cordillera Metropolitan District
Notes to the Financial Statements
December 31, 2016
(Continued)**

VI. Pending Legal Matters (continued)

B. The Lodge Property

In 2016, the owner of the Lodge and Village Center Parcels, Behringer Harvard Cordillera, LLC, entered into a contract to sell the parcels to Concerted Care Group Management ("CCG"). The District and the Cordillera Property Owners Association have appealed the decision of the Eagle County Board of County Commissioners to allow the use of the property proposed by the buyer, CCG.

CCG has sent notice to the District and Association that their actions opposing the use of the property by the buyer constitute actionable violations of certain provisions of the Federal Fair Housing Amendments Act of 1988 and the Americans with Disabilities Act.

The District and Association continue their appeal of the Commissioners' decision and no action has been taken by CCG against the District to date. The likelihood of an unfavorable outcome of this appeal and an estimate of the amount or range of potential loss is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2016

	2016			Variance Positive (Negative)	2015 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Taxes:					
Property tax	3,562,057	3,562,057	3,532,940	(29,117)	3,374,047
Specific ownership tax	290,000	175,000	289,558	114,558	305,928
Charges for services:					
CPOA administration fees	1,145,175	1,190,923	1,190,923	-	1,258,267
Cordillera Valley Club public safety	263,793	263,793	248,636	(15,157)	262,102
Trailer storage fees	19,800	19,800	21,920	2,120	26,855
Transponder revenue	12,000	12,000	13,155	1,155	13,970
Sewer lift revenue	21,126	21,126	16,738	(4,388)	20,200
Internal service fee from Equestrian Fund	44,000	44,000	1,539	(42,461)	29,475
Other fees	2,150	2,150	5,183	3,033	8,442
Other revenue:					
Electric utility refunds	10,000	7,547	7,547	-	17,774
Interest income	6,406	6,406	25,464	19,058	9,858
Lottery proceeds	1,600	1,600	1,541	(59)	1,340
Other income	-	489	17,035	16,546	44,040
Total Revenues	<u>5,378,107</u>	<u>5,306,891</u>	<u>5,372,179</u>	<u>65,288</u>	<u>5,372,298</u>
Expenditures:					
General and administration:					
Wages and benefits	623,028	645,553	687,576	(42,023)	670,903
Operations	608,850	786,881	755,606	31,275	564,950
Public safety:					
Wages and benefits	1,082,616	1,086,616	1,048,959	37,657	1,052,625
Operations	57,034	55,041	50,876	4,165	50,985
Public works:					
Wages and benefits	1,141,870	1,141,870	978,289	163,581	1,129,556
Operations	728,629	692,022	679,661	12,361	672,659
Recreation	26,595	30,632	30,444	188	29,607
Total Expenditures	<u>4,268,622</u>	<u>4,438,615</u>	<u>4,231,411</u>	<u>207,204</u>	<u>4,171,285</u>
(Deficiency) of Revenues Over Expenditures	<u>1,109,485</u>	<u>868,276</u>	<u>1,140,768</u>	<u>272,492</u>	<u>1,201,013</u>
Other Financing Sources (Uses):					
Transfer to other funds	(1,032,000)	(1,250,000)	(1,250,000)	-	(895,000)
Total Other Financing Sources (Uses)	<u>(1,032,000)</u>	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>-</u>	<u>(895,000)</u>
Net Change in Fund Balance	77,485	(381,724)	(109,232)	272,492	306,013
Fund Balance - Beginning	<u>1,818,620</u>	<u>1,818,620</u>	<u>2,066,575</u>	<u>247,955</u>	<u>1,760,559</u>
Fund Balance - Ending	<u>1,896,105</u>	<u>1,436,896</u>	<u>1,957,343</u>	<u>520,447</u>	<u>2,066,572</u>

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Equestrian Center
For the Year Ended December 31, 2016

	2016			2015 Actual
	Original and Final Budget	Actual	Variance Positive (Negative)	
Revenues:				
Boarding stall revenue	205,865	187,394	(18,471)	197,103
Paddock revenue	111,068	114,122	3,054	121,674
Other revenue	4,189	3,919	(270)	4,573
Total Revenues	<u>321,122</u>	<u>305,435</u>	<u>(15,687)</u>	<u>323,350</u>
Expenditures:				
Wages and benefits	198,983	173,689	25,294	202,924
Boarding expenses	73,445	63,603	11,442	67,885
Utilities	24,770	20,874	4,345	23,838
Maintenance	29,856	19,034	10,822	14,553
Administrative expenses	40,179	6,476	33,703	35,019
Total Expenditures	<u>367,233</u>	<u>283,676</u>	<u>85,606</u>	<u>344,219</u>
Excess of Revenues Over Expenditures	(46,111)	21,759	69,919	(20,869)
Fund Balance - Beginning	<u>93,833</u>	<u>125,109</u>	<u>31,276</u>	<u>145,979</u>
Fund Balance - Ending	<u>47,722</u>	<u>146,868</u>	<u>101,195</u>	<u>125,110</u>

SUPPLEMENTARY INFORMATION

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - CMD Debt Service Fund
For the Year Ended December 31, 2016

	2016			Variance Positive (Negative)	2015 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Property tax	1,756,211	1,756,211	1,750,181	(6,030)	1,704,721
Tap fees	-	-	12,494	12,494	60,850
Interest income	883	883	8,950	8,067	3,804
Total Revenues	<u>1,757,094</u>	<u>1,757,094</u>	<u>1,771,625</u>	<u>14,531</u>	<u>1,769,375</u>
Expenditures:					
Debt service:					
Bond interest	353,697	353,697	353,675	22	401,899
Bond principal	1,685,000	1,685,000	1,685,000	-	1,635,000
Treasurer's fees	52,686	52,866	52,589	277	51,209
Total Expenditures	<u>2,091,383</u>	<u>2,091,563</u>	<u>2,091,264</u>	<u>299</u>	<u>2,088,108</u>
(Deficiency) of Revenues Over Expenditures	<u>(334,289)</u>	<u>(334,469)</u>	<u>(319,639)</u>	<u>14,830</u>	<u>(318,733)</u>
Other Financing Sources (Uses):					
Contribution from CPOA	333,157	333,157	333,157	-	331,410
Total Other Financing Sources (Uses)	<u>333,157</u>	<u>333,157</u>	<u>333,157</u>	<u>-</u>	<u>331,410</u>
Net Change in Fund Balance	(1,132)	(1,312)	13,518	14,830	12,677
Fund Balance - Beginning	87,661	87,661	149,379	61,718	136,702
Fund Balance - Ending	<u>86,529</u>	<u>86,349</u>	<u>162,897</u>	<u>76,548</u>	<u>149,379</u>

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - CMMD Debt Service Fund
For the Year Ended December 31, 2016

	2016			2015 Actual
	Original and Final Budget	Actual	Variance Positive (Negative)	
Revenues:				
Property tax	794,161	771,895	(22,266)	890,999
Interest income	200	6,037	5,837	3,259
Tap fees	-	24,106	24,106	44,066
Total Revenues	<u>794,361</u>	<u>802,038</u>	<u>7,677</u>	<u>938,324</u>
Expenditures:				
Debt service:				
Bond interest	238,348	238,348	-	231,369
Bond principal	625,000	625,000	-	590,000
Treasurer's fees	23,825	23,273	552	26,796
Total Expenditures	<u>887,173</u>	<u>886,621</u>	<u>552</u>	<u>848,165</u>
(Deficiency) of Revenues Over Expenditures	<u>(92,812)</u>	<u>(84,583)</u>	<u>8,229</u>	<u>90,159</u>
Other Financing Sources (Uses):				
Payment to refunding agents	-	-	-	(1,582,796)
Bond issuance costs	-	-	-	(66,250)
Contribution from CPOA	44,453	44,453	-	-
Total Other Financing Sources (Uses)	<u>44,453</u>	<u>44,453</u>	<u>-</u>	<u>(1,649,046)</u>
Net Change in Fund Balance	(48,359)	(40,130)	8,229	(1,558,887)
Fund Balance - Beginning	100,983	135,870	34,887	62,891
Fund Balance - Ending	<u>52,624</u>	<u>95,740</u>	<u>43,116</u>	<u>(1,495,996)</u>

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - 2002 Debt Service Fund
For the Year Ended December 31, 2016

	2016			2015 Actual
	Original and Final Budget	Actual	Variance Positive (Negative)	
Revenues:				
Interest income	-	327	327	56
Total Revenues	<u>-</u>	<u>327</u>	<u>327</u>	<u>56</u>
Other Financing Sources (Uses):				
Contribution from CPOA	22,390	22,390	-	68,590
Total Other Financing Sources (Uses)	<u>22,390</u>	<u>22,390</u>	<u>-</u>	<u>68,590</u>
Net Change in Fund Balance	22,390	22,717	327	68,646
Fund Balance - Beginning	145,052	145,108	56	76,462
Fund Balance - Ending	<u><u>167,442</u></u>	<u><u>167,825</u></u>	<u><u>383</u></u>	<u><u>145,108</u></u>

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Water Fund
For the Year Ended December 31, 2016

	2016			2015 Actual
	Original and Final Budget	Actual	Variance Positive (Negative)	
Revenues:				
Water usage fees	247,000	254,128	7,128	251,349
Total Revenues	<u>247,000</u>	<u>254,128</u>	<u>7,128</u>	<u>251,349</u>
Excess of Revenues Over Expenditures	247,000	254,128	7,128	251,349
Fund Balance - Beginning	1,807,675	1,822,024	14,349	1,570,675
Fund Balance - Ending	<u><u>2,054,675</u></u>	<u><u>2,076,152</u></u>	<u><u>21,477</u></u>	<u><u>1,822,024</u></u>

Cordillera Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2016

	2016			Variance Positive (Negative)	2015 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Bearcat Stables improvements	6,749	6,749	7,550	801	6,749
Donations	-	-	-	-	9,422
Sale of equipment	-	-	-	-	24,075
Total Revenues	<u>6,749</u>	<u>6,749</u>	<u>7,550</u>	<u>801</u>	<u>40,246</u>
Expenditures:					
Heavy equipment	301,922	301,922	297,905	4,017	361,235
Road repair	627,378	627,378	565,695	61,683	388,860
Capital engineering	46,000	46,000	43,548	2,452	-
Community parks and recreation - fencing	20,000	20,000	20,023	(23)	-
Equestrian center - lower barn siding	52,404	60,000	58,764	1,236	-
Community operations building foundation	-	250,000	177,181	72,819	-
Summit tent	-	16,283	16,464	(181)	-
Automatic watering	-	-	-	-	10,074
Admin painting	-	-	-	-	10,450
Irrigation upgrade	-	-	-	-	25,627
Maintenance - lighting replacement	-	-	-	-	3,329
Upgrade pond areas	-	-	-	-	16,724
Bearcat pavilion	-	-	-	-	18,446
Total Expenditures	<u>1,047,704</u>	<u>1,321,583</u>	<u>1,179,580</u>	<u>142,003</u>	<u>834,745</u>
(Deficiency) of Revenues Over Expenditures	(1,040,955)	(1,314,834)	(1,172,030)	142,804	(794,499)
Other Financing Sources (Uses):					
Transfer (to) from other fund	1,032,000	1,250,000	1,250,000	-	895,000
Total Other Financing Sources (Uses)	<u>1,032,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>	<u>895,000</u>
Net Change in Fund Balance	(8,955)	(64,834)	77,970	142,804	100,501
Fund Balance - Beginning	127,813	127,813	194,076	66,263	93,575
Fund Balance - Ending	<u>118,858</u>	<u>62,979</u>	<u>272,046</u>	<u>209,067</u>	<u>194,076</u>

Cordillera Metropolitan District
Summary of Assessed Valuation, Mill Levy and Property Tax Collected
December 31, 2016

<u>Year Ended December 31</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
<u>Cordillera Metropolitan District:</u>					
2004	91,813,930	22.048	2,024,314	2,017,382	99.66%
2005	91,510,150	21.121	1,932,786	1,931,834	99.95%
2006	85,340,290	21.121	1,802,472	1,801,982	99.97%
2007	85,937,480	27.034	2,323,234	2,323,461	100.01%
2008	97,690,880	23.165	2,263,009	2,262,909	100.00%
2009	99,172,250	23.165	2,297,325	2,278,863	99.20%
2010	115,894,820	19.663	2,278,840	2,254,892	98.95%
2011	113,913,340	19.663	2,239,878	2,153,834	96.16%
2012	79,115,500	26.535	2,099,330	2,082,237	99.19%
2013	78,623,900	22.720	1,786,335	1,793,771	100.42%
2014	66,295,550	25.480	1,689,211	1,683,609	99.67%
2015	66,292,630	25.738	1,706,240	1,704,721	99.91%
2016	81,404,100	21.574	1,756,212	1,752,247	99.77%
2017	80,935,260	20.797	1,683,211		
<u>Cordillera Mountain Metropolitan District:</u>					
2004	28,608,160	30.897	883,906	882,400	99.83%
2005	28,874,420	35.893	1,036,390	1,036,390	100.00%
2006	23,601,540	35.893	847,130	846,471	99.92%
2007	23,849,170	50.981	1,215,855	1,213,933	99.84%
2008	27,045,000	37.220	1,006,615	1,005,816	99.92%
2009	26,960,870	37.220	1,003,484	1,002,402	99.89%
2010	31,237,920	33.273	1,039,379	998,535	96.07%
2011	29,744,680	33.273	989,695	891,321	90.06%
2012	17,758,590	60.728	1,078,444	1,063,780	98.64%
2013	17,939,080	56.804	1,019,012	1,019,012	100.00%
2014	16,260,060	57.011	927,002	924,915	99.77%
2015	16,252,350	54.823	891,003	890,999	100.00%
2016	19,095,230	41.589	794,152	773,142	97.35%
2017	19,146,270	41.478	794,149		
<u>Combined operating mill levy:</u>					
2005	120,384,570	22.833	2,748,741	2,747,753	99.96%
2006	108,941,830	25.231	2,748,711	2,747,662	99.96%
2007	109,786,650	24.306	2,668,474	2,667,685	99.97%
2008	124,735,880	22.009	2,745,312	2,744,744	99.98%
2009	126,133,120	22.933	2,892,611	2,882,575	99.65%
2010	147,132,740	20.691	3,044,324	2,995,387	98.39%
2011	143,658,020	21.135	3,036,212	2,887,328	95.10%
2012	96,874,090	31.478	3,049,403	3,020,319	99.05%
2013	96,562,980	31.579	3,049,362	3,054,937	100.18%
2014	80,833,420	39.691	3,208,359	3,200,674	99.76%
2015	80,255,450	42.070	3,376,347	3,374,047	99.93%
2016	98,641,540	36.111	3,562,045	3,537,163	99.30%
2017	98,333,990	38.034	3,740,035		

**Cordillera Metropolitan District
Schedule of Debt Service Requirements to Maturity
Debt Issued by Cordillera Metropolitan District
December 31, 2016**

Bonds and Interest Maturing in the Year Ending December 31,	\$5,780,000 G.O. Refunding Bonds Series 2006A Dated April 24, 2006 Interest Rate 3.60%-5.00%		\$6,500,000 G.O. Refunding Loan Series 2012 Interest Rate 2.24%		Total	Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2017	1,120,000	174,738	630,000	111,284	1,750,000	286,022	2,036,022
2018	1,175,000	118,738	650,000	96,976	1,825,000	215,714	2,040,714
2019	1,235,000	59,988	665,000	82,214	1,900,000	142,202	2,042,202
2020	-	-	960,000	67,295	960,000	67,295	1,027,295
2021	-	-	985,000	45,309	985,000	45,309	1,030,309
2022	-	-	1,010,000	22,938	1,010,000	22,938	1,032,938
Total	<u>3,530,000</u>	<u>353,464</u>	<u>4,900,000</u>	<u>426,017</u>	<u>8,430,000</u>	<u>779,481</u>	<u>9,209,481</u>

**Cordillera Metropolitan District
Schedule of Debt Service Requirements to Maturity
Debt Issued by Cordillera Mountain Metropolitan District
December 31, 2016**

Bonds and Interest Maturing in the Year Ending December 31,	\$1,650,000 General Obligation Bonds Series 2015 Dated May 18, 2015 Interest Rate 2.05%		\$6,840,000 General Obligation Bonds Series 2006B Dated April 24, 2006 Interest Rate 4.00%-5.00%		Total	Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2017	230,000	29,623	545,000	180,869	775,000	210,491	985,491
2018	235,000	24,908	570,000	151,575	805,000	176,483	981,483
2019	240,000	20,090	605,000	120,938	845,000	141,028	986,028
2020	245,000	15,170	630,000	88,419	875,000	103,589	978,589
2021	255,000	10,148	490,000	54,556	745,000	64,704	809,704
2022	240,000	4,920	525,000	28,219	765,000	33,139	798,139
Total	<u>1,445,000</u>	<u>104,858</u>	<u>3,365,000</u>	<u>624,575</u>	<u>4,810,000</u>	<u>729,433</u>	<u>5,539,433</u>

Cordillera Metropolitan District
Schedule of Debt Service Requirements to Maturity
Debt Issued by Cordillera Metropolitan District and Cordillera Mountain Metropolitan District
December 31, 2016

Year Ending December 31	CMD & CMMD Principal Total	CMD & CMMD Interest Total	CMD & CMMD Debt Service Total
2017	2,525,000	496,514	3,021,514
2018	2,630,000	392,197	3,022,197
2019	2,745,000	283,230	3,028,230
2020	1,835,000	170,884	2,005,884
2021	1,730,000	110,012	1,840,012
2022	1,775,000	56,077	1,831,077
	<u>13,240,000</u>	<u>1,508,914</u>	<u>14,748,914</u>

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General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006A Only)**

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SOURCES AND USES OF FUNDS**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006A Only)**

Sources:

Bond Proceeds:	
Par Amount	3,585,000.00
Other Sources of Funds:	
Prior Debt Service Contribution	59,216.60
	<hr/>
	3,644,216.60
	<hr/> <hr/>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	3,589,216.60
Delivery Date Expenses:	
Cost of Issuance	52,500.00
Other Uses of Funds:	
Additional Proceeds	2,500.00
	<hr/>
	3,644,216.60
	<hr/> <hr/>

PRIOR BOND DEBT SERVICE**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006A Only)**

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2017	1,120,000	5.000%	87,368.75	1,207,368.75
12/01/2018	1,175,000	5.000%	118,737.50	1,293,737.50
12/01/2019	1,235,000	** %	59,987.50	1,294,987.50
	3,530,000		266,093.75	3,796,093.75

BOND DEBT SERVICE**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006A Only)**

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2017	1,190,000	1.940%	11,205.12	1,201,205.12
12/01/2018	1,185,000	1.940%	46,463.00	1,231,463.00
12/01/2019	1,210,000	1.940%	23,474.00	1,233,474.00
	3,585,000		81,142.12	3,666,142.12

SAVINGS

**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006A Only)**

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 10/03/2017 @ 1.9408927%
12/01/2017	1,207,368.75	1,201,205.12	6,163.63	6,144.48
12/01/2018	1,293,737.50	1,231,463.00	62,274.50	61,236.31
12/01/2019	1,294,987.50	1,233,474.00	61,513.50	59,168.55
	3,796,093.75	3,666,142.12	129,951.63	126,549.34

Savings Summary

PV of savings from cash flow	126,549.34
Less: Prior funds on hand	-59,216.60
Plus: Refunding funds on hand	2,500.00
	<hr/>
Net PV Savings	69,832.74

SUMMARY OF REFUNDING RESULTS

**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006A Only)**

Dated Date	10/03/2017
Delivery Date	10/03/2017
Arbitrage yield	1.940893%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	3,585,000.00
True Interest Cost	1.940893%
Net Interest Cost	1.940000%
Average Coupon	1.940000%
Average Life	1.167
Par amount of refunded bonds	3,530,000.00
Average coupon of refunded bonds	4.909606%
Average life of refunded bonds	1.194
PV of prior debt to 10/03/2017 @ 1.940893%	3,711,549.34
Net PV Savings	69,832.74
Percentage savings of refunded bonds	1.978265%
Percentage savings of refunding bonds	1.947915%

BOND SUMMARY STATISTICS

**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006A Only)**

Dated Date	10/03/2017
Delivery Date	10/03/2017
Last Maturity	12/01/2019
Arbitrage Yield	1.940893%
True Interest Cost (TIC)	1.940893%
Net Interest Cost (NIC)	1.940000%
All-In TIC	3.242532%
Average Coupon	1.940000%
Average Life (years)	1.167
Duration of Issue (years)	1.152
Par Amount	3,585,000.00
Bond Proceeds	3,585,000.00
Total Interest	81,142.12
Net Interest	81,142.12
Total Debt Service	3,666,142.12
Maximum Annual Debt Service	1,233,474.00
Average Annual Debt Service	1,696,415.38
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Taxable Serial Bonds	3,585,000.00	100.000	1.940%	1.167
	3,585,000.00			1.167

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,585,000.00	3,585,000.00	3,585,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-52,500.00	
- Other Amounts			
Target Value	3,585,000.00	3,532,500.00	3,585,000.00
Target Date	10/03/2017	10/03/2017	10/03/2017
Yield	1.940893%	3.242532%	1.940893%

BOND PRICING

**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006A Only)**

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Taxable Serial Bonds:					
	12/01/2017	1,190,000	1.940%	1.940%	100.000
	12/01/2018	1,185,000	1.940%	1.940%	100.000
	12/01/2019	1,210,000	1.940%	1.940%	100.000
		3,585,000			

Dated Date	10/03/2017	
Delivery Date	10/03/2017	
First Coupon	12/01/2017	
Par Amount	3,585,000.00	
Original Issue Discount		
Production	3,585,000.00	100.000000%
Underwriter's Discount		
Purchase Price	3,585,000.00	100.000000%
Accrued Interest		
Net Proceeds	3,585,000.00	

SUMMARY OF BONDS REFUNDED

**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006A Only)**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Refunding Bonds, Series 2006A, 2006A:					
SERIALS	12/01/2017	5.000%	1,120,000.00	10/03/2017	100.000
	12/01/2018	5.000%	1,175,000.00	10/03/2017	100.000
	12/01/2019	5.000%	1,000,000.00	10/03/2017	100.000
RSERIALS	12/01/2019	4.250%	235,000.00	10/03/2017	100.000
			3,530,000.00		

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**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006B only)**

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SOURCES AND USES OF FUNDS**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006B only)**

Sources:

Bond Proceeds:	
Par Amount	3,365,000.00
Other Sources of Funds:	
Prior Debt Service Contribution	61,294.41
District Contribution	57,500.00
	<hr/>
	118,794.41
	<hr/>
	3,483,794.41
	<hr/> <hr/>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	3,426,294.41
Delivery Date Expenses:	
Cost of Issuance	57,500.00
	<hr/>
	3,483,794.41
	<hr/> <hr/>

PRIOR BOND DEBT SERVICE

**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006B only)**

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2017	545,000	5.375%	90,434.38	635,434.38
12/01/2018	570,000	5.375%	151,575.00	721,575.00
12/01/2019	605,000	5.375%	120,937.50	725,937.50
12/01/2020	630,000	5.375%	88,418.76	718,418.76
12/01/2021	490,000	5.375%	54,556.26	544,556.26
12/01/2022	525,000	5.375%	28,218.76	553,218.76
	3,365,000		534,140.66	3,899,140.66

BOND DEBT SERVICE**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006B only)**

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2017	615,000	2.230%	12,089.70	627,089.70
12/01/2018	595,000	2.230%	61,325.00	656,325.00
12/01/2019	610,000	2.230%	48,056.50	658,056.50
12/01/2020	615,000	2.230%	34,453.50	649,453.50
12/01/2021	455,000	2.230%	20,739.00	475,739.00
12/01/2022	475,000	2.230%	10,592.50	485,592.50
	3,365,000		187,256.20	3,552,256.20

SAVINGS

**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006B only)**

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 10/03/2017 @ 2.2305638%
12/01/2017	635,434.38	627,089.70	8,344.68	8,314.91
12/01/2018	721,575.00	656,325.00	65,250.00	64,081.36
12/01/2019	725,937.50	658,056.50	67,881.00	65,091.07
12/01/2020	718,418.76	649,453.50	68,965.26	64,575.60
12/01/2021	544,556.26	475,739.00	68,817.26	62,921.55
12/01/2022	553,218.76	485,592.50	67,626.26	60,398.49
	3,899,140.66	3,552,256.20	346,884.46	325,382.97

Savings Summary

PV of savings from cash flow	325,382.97
Less: Prior funds on hand	-118,794.41
Net PV Savings	206,588.56

SUMMARY OF REFUNDING RESULTS

**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006B only)**

Dated Date	10/03/2017
Delivery Date	10/03/2017
Arbitrage yield	2.230564%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	3,365,000.00
True Interest Cost	2.230564%
Net Interest Cost	2.230000%
Average Coupon	2.230000%
Average Life	2.495
Par amount of refunded bonds	3,365,000.00
Average coupon of refunded bonds	5.375000%
Average life of refunded bonds	2.614
PV of prior debt to 10/03/2017 @ 2.230564%	3,690,382.97
Net PV Savings	206,588.56
Percentage savings of refunded bonds	6.139333%
Percentage savings of refunding bonds	6.139333%

BOND SUMMARY STATISTICS

**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006B only)**

Dated Date	10/03/2017
Delivery Date	10/03/2017
Last Maturity	12/01/2022
Arbitrage Yield	2.230564%
True Interest Cost (TIC)	2.230564%
Net Interest Cost (NIC)	2.230000%
All-In TIC	2.957621%
Average Coupon	2.230000%
Average Life (years)	2.495
Duration of Issue (years)	2.411
Par Amount	3,365,000.00
Bond Proceeds	3,365,000.00
Total Interest	187,256.20
Net Interest	187,256.20
Total Debt Service	3,552,256.20
Maximum Annual Debt Service	658,056.50
Average Annual Debt Service	688,273.54
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
<hr/>	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	3,365,000.00	100.000	2.230%	2.495
	3,365,000.00			2.495

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,365,000.00	3,365,000.00	3,365,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-57,500.00	
- Other Amounts			
Target Value	3,365,000.00	3,307,500.00	3,365,000.00
Target Date	10/03/2017	10/03/2017	10/03/2017
Yield	2.230564%	2.957621%	2.230564%

BOND PRICING

**Cordillera Metropolitan District
General Obligation Refunding Bonds, Series 2017
(Refunds Series 2006B only)**

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	12/01/2017	615,000	2.230%	2.230%	100.000
	12/01/2018	595,000	2.230%	2.230%	100.000
	12/01/2019	610,000	2.230%	2.230%	100.000
	12/01/2020	615,000	2.230%	2.230%	100.000
	12/01/2021	455,000	2.230%	2.230%	100.000
	12/01/2022	475,000	2.230%	2.230%	100.000
		3,365,000			

Dated Date	10/03/2017	
Delivery Date	10/03/2017	
First Coupon	12/01/2017	
Par Amount	3,365,000.00	
Original Issue Discount		
Production	3,365,000.00	100.000000%
Underwriter's Discount		
Purchase Price	3,365,000.00	100.000000%
Accrued Interest		
Net Proceeds	3,365,000.00	

SUMMARY OF BONDS REFUNDED

**Cordillera Metropolitan District
 General Obligation Refunding Bonds, Series 2017
 (Refunds Series 2006B only)**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Refunding Bonds, Series 2006B, 2006B:					
TERM	12/01/2022	5.375%	3,365,000.00	10/03/2017	100.000
			3,365,000.00		