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**Joe Gimenez** <1129jjg@gmail.com>  
To: "DeLuca, John" <JDeLuca@cobank.com>

Wed, May 13, 2020 at 12:53 PM

Truly we did not know the extent of the legal costs until they were really upon us. The 2018 Board had budgeted only \$38,000 for 2019 legal costs, which was completely unrealistic, given that an appeal on the first case would occur and that they had initiated processes which would only end up in more legal costs. I wasn't on that Board.

Then the second lawsuit hit in mid-late 2019 and started racking up bills. Our current Board was stuck with dealing with a budget and rates that didn't forecast correctly for the first suit or their own actions, but nor could they take into account the possibility of the second suit.

So our Board first took care of the rate issue in Jan-Feb, given that there is a lag between the time of voting for rates and their implementation. So yes, replenishing reserves and future legal bills would be primary uses. That is just my guess. I'm only one vote on the Board. But the current Board members have already indicated a more realistic world view than that of the 2018 Board by budgeting \$250,000 for legal expenses in 2020. Developing a war-chest for future legal bills seems the best possible route given the litigiousness of the plaintiffs and their friends in the neighborhood.

Hope this helps,  
jg

On Wed, May 13, 2020 at 11:59 AM DeLuca, John <JDeLuca@cobank.com> wrote:

Yeah, who knows indeed. Was thought given to sell this earlier to fund legal bills? Since rate increase is covering much of what's been invoiced, do you envision this replenish reserves or covering any future legal bills

**From:** Joe Gimenez <1129jjg@gmail.com>  
**Sent:** Wednesday, May 13, 2020 10:52 AM  
**To:** DeLuca, John <JDeLuca@cobank.com>  
**Subject:** Re: Legal Bills