
RECORD OF PROCEEDINGS

**Minutes of the Joint Meeting
of the Boards of Directors of
Headwaters Metropolitan District,
Granby Ranch Metropolitan District, SolVista Metropolitan District, and
Granby Ranch Metropolitan District Nos. 2-8
April 21, 2010**

A Joint Meeting of the Boards of Directors of the Headwaters, Granby Ranch, SolVista, and Granby Ranch Metropolitan District Nos. 2-8, Grand County, Colorado, was held at the Grange Hall at Granby Ranch, 998 Village Road, Town of Granby, Grand County, Colorado, in accordance with State law.

Attendance

The following Directors were present and acting:

- Kyle Harris
- Joe Malone
- Julie Krueger
- Marylane Packer
- Lance Badger

Also in attendance were:

- Clint Waldron, White, Bear & Ankele, P.C.
- Gary White, White, Bear & Ankele, P.C.
- Kim Casey, Kutak Rock, District Bond Counsel
- Melissa McClendon, Robertson & Marchetti, P.C., Secretary for the Meeting
- Ken Marchetti, Robertson & Marchetti, P.C.
- Paul Timmins, Granby Realty Holdings Counsel
- Michael Gilliland, Granby Realty Holdings (via telephone)
- Robert Cox, Granby Realty Holdings
- Marise Cipriani, Granby Realty Holdings
- Melissa Cipriani, Granby Realty Holdings (via telephone)
- Barton Phillips, homeowner
- Natascha O'Flaherty, homeowner
- Gerry Engle, The Atira Group

**Call to Order and
Declaration of
Quorum**

The Joint Meeting of the Boards of Directors of the Headwaters Metropolitan District (HWMD), Granby Ranch Metropolitan District (GRMD), SolVista Metropolitan District (SVMD), and Granby Ranch Metropolitan District Nos. 2-8 (GRMD #2-8) was called to order by Director Harris on April 21, 2010 at 10:00 a.m. noting a quorum was present.

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**Disclosure of Potential
Conflicts of
Interest**

The directors reviewed the agenda for the meeting, following which each director confirmed the contents of any written disclosure previously made, stating the fact and summary nature of any matters as required under Colorado law to permit official action to be taken at the meeting. Each director also confirmed that nothing appeared on the agenda for which disclosure certificates had not been filed. The Boards noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts. Additionally, the Boards determined that participation by the directors with potential conflicts of interest was necessary to obtain a quorum or otherwise enable lawful action to occur.

**Consideration of
Agenda**

No changes were made to the agenda.

Executive Session

Upon motion duly made and seconded, it was unanimously

RESOLVED to enter into executive session pursuant to §24-6-402(4)(e) C.R.S. for the purpose of determining positions and strategies related to matters that may be subject to negotiation. The Board entered into Executive session at 10:20 a.m.

Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn out of executive session at 10:40 a.m.

Public Input

Ms. O'Flaherty stated the agenda for the meeting was not properly and timely noticed. Ms. McClendon reported the agenda for this meeting had been posted on www.headwatersdocs.com the previous Thursday, April 15th, and that the meeting was properly noticed as well.

Consent Agenda

Items on the consent agenda were:

- a. 1/20/10 Meeting Minutes
- b. Accounts Payable lists, amended by Director Packer
- c. Ratification of Increase in Director and Officer Insurance Coverage
- d. Ratification of Pay Simple Amenity Fund Contract
- e. Ratification of Pay Simple Amenity Fund Contract Cancellation
- f. Ratification of QwestDex Amenity Fund Contract
- g. Ratification of AvidGolfer Amenity Fund Contract

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- h. Ratification of Agreement with NVH Parent, LLC, as assignee of Lowe Enterprises Real Estate Group – Central, Inc.
- i. Ratification of Petition for Exclusion

By motion duly made and seconded, it was unanimously

RESOLVED to approve the consent agenda items as amended.

Amendment/Certification to 2006 Funding and Reimbursement Agreement

Director Harris explained that this amendment clarifies the funding threshold in the 2006 Funding and Reimbursement Agreement, establishes that the 700- sfe threshold in the 2006 Funding and Reimbursement Agreement has been met, and certifies that the Loan Obligation Termination date has occurred. By motion duly made and seconded, it was unanimously

RESOLVED to approve the Amendment to 2006 Funding and Reimbursement Agreement in substantially the form presented, subject to final review by the Board President and District counsel.

Subordinate Bond Resolution

Director Harris explained the basic structure of the subordinate bonds.

Mr. White explained that because this debt is being issued prior to the exclusion later in the meeting, the property excluded later today will still be subject to this subordinate debt, as provided in the Exclusion Agreement.

Ms. Casey further explained the details of the subordinate bond resolution. UMB Bank will be the paying agent for the bonds. The bond principal is \$11,119,000, the bond interest rate is 6.75%, the discharge date is December 2049, and payments are due on December 15 of each year. It was noted payments are not expected to be made on the subordinate debt until such time as the assessed value has increased, but interest will accrue on the amount outstanding.

Ms. O'Flaherty asked if the inability of the District to repay these bonds will negatively affect the District's credit and ability to obtain financing in the future. Ms. Casey noted the Developer is taking a risk on receiving payment from these bonds, and the bonds probably would not be able to

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be issued on the open market because of this risk. Ms. Casey noted this bond is replacing the developer advances made under the IGA, which calculated interest at a rate of 8%.

Ms. O'Flaherty asked about the possibility of restructuring the senior debt. It was noted the senior bonds, if refinanced, would still be senior to these subordinate bonds.

After discussion, by motion duly made and seconded, it was unanimously

RESOLVED to approve the Bond Resolution in substantially the form presented, subject to final review by the Board President and District counsel.

First Amendment to the Master IGA

It was noted the First Amendment to the Master IGA amends the provisions related to the liability of the Districts and modifies the termination provisions of the agreement. By motion duly made and seconded, it was unanimously

RESOLVED to approve the First Amendment to the District Facilities Construction and Service Agreement ("Master IGA").

Public Hearing on GRMD Exclusion/ Exclusion Agreement

Director Harris explained that Granby Realty Holdings, LLC and Headwaters Metropolitan District, as fee owners of one hundred percent of certain real property within GRMD, have petitioned GRMD for the exclusion of the property from GRMD.

Ms. McClendon stated that notice of the filing of the Petition and of the place, time and date of the public meeting of the Board of Directors when such petition would be heard was published in the *Middle Park Times*.

Director Harris noted that the Board had not received any written objections to the exclusion, and thereafter opened the public hearing.

Paul Timmins presented evidence pursuant to §32-1-501(3) in support of a finding that the petition for exclusion should be granted and the property excluded.

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Mr. White reported the exclusion is the implementation of the concepts discussed and approved by the Town when the Service Plan was approved. The exclusion will allow new development costs in new areas to not burden GRMD, but to be the responsibility of homeowners in the new financing districts. Mr. White noted the exclusion does not affect the tax liabilities of current land owners.

There were no additional public comments and Director Harris closed the public hearing.

By motion duly made and seconded, it was unanimously

RESOLVED to approve the Exclusion Agreement in substantially the form presented, subject to final review by the Board President and District counsel.

FURTHER RESOLVED to approve the Resolution and Order for Exclusion of Real Property in substantially the form presented, subject to final review by the Board President and District counsel.

Filing 2, 2B, & 5 Public Improvement Agreement

This agreement will be between NVH WIP LLLP, a Colorado limited liability limited partnership, dba Village Homes, HWMD, and the Town of Granby, and concerns the funding of repairs to roads in Filings 2, 2B, and 5. Director Harris reported that NVH WIP LLLP has committed to beginning work on these road repairs in the next few months.

By motion duly made and seconded, it was unanimously

RESOLVED to approve the Filing 2, 2B, and 5 Public Improvement Agreement, subject to approval by the Town and final review by legal counsel.

Legislative Matters Mr. White reported there will be three measures on the state ballot in November which if passed could affect special district debt structures. Mr. White noted that the Boards will discuss these measures in more detail in future meetings. Ms. Casey noted there is no balloon maturity for these Districts, which decreases the impact of these measures on the existing debt of the districts.

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**SVMD Cancellation
of Election**

By motion duly made and seconded, it was unanimously

RESOLVED to approve the SVMD Resolution for Withdrawal of Ballot Questions, Cancellation of Election and Declaration Deeming Candidates Elected.

**GRMD Cancellation
of Election**

By motion duly made and seconded, it was unanimously

RESOLVED to approve the GRMD Resolution for Withdrawal of Ballot Questions, Cancellation of Election and Declaration Deeming Candidates Elected.

Other Legal

There was no other legal business to discuss.

Audit Calendar

Ms. McClendon reported the audit is on track, and she is waiting to get the draft audit report. The internal deadline to have the audit report final is May 31st.

**2010 GRMD and HWMD
Budget Amendments**

Director Harris opened the public hearing on the budget amendments.

Mr. Marchetti discussed the financial statements with the attendees. The main changes to the GRMD financial statements were: reallocated debt service mill levies and the addition of an operations fee as a possible source of revenue and payment for services to HWMD for unfunded operations and maintenance costs.

The main changes to the HWMD financial statements were the addition of an operations fee as a possible source of revenue from GRMD for unfunded operations and maintenance costs in the Headwaters General Fund and the reduction of developer advances to zero.

Barton Phillips asked how the fee would be calculated. It was noted the Boards will be discussing how the funding shortfall will be covered at their next meeting. However, the intent is that the excluded property will pay its fair share of operating expenses.

There being no additional public comments, Director Harris closed the public hearing.

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By motion duly made and seconded, it was unanimously

RESOLVED to approve the 2010 GRMD and HWMD budget amendments as presented.

Financial Statements

Mr. Marchetti provided a brief overview of the March financial statements.

By motion duly made and seconded, it was unanimously

RESOLVED to approve the March 31, 2010 financial statements as presented.

Upcoming Construction

Contracts and Status

of Construction

Director Harris reported the road repair work by the newly reorganized Village Homes company will be started soon. A SCMHOA project on Village Road will also begin soon, and is scheduled to be completed before July 4.

Amenities Update

Director Malone reported the ski area closed in March. There is a new agreement with a golf management company as well as plans to get a new golf pro. The golf course is scheduled to open soon.

Mountain bike access will be available to the public beginning the first weekend in June. There will be a bike race at SolVista during Memorial Day weekend. Biking hours are planned to be extended this season, from approximately noon to 7pm on Fridays, with new hours on Wednesday evenings also.

New Signer for SVMD and GRMD Bank Accounts

It was noted this will need to be addressed at the next board meeting.

Adjournment

Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the joint meeting of the Headwaters, Granby Ranch, SolVista, and Granby Ranch Metropolitan District Nos. 2-8 this 21st day of April, 2010.

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Respectfully submitted,



Melissa McClendon
Secretary for the Meeting