
RECORD OF PROCEEDINGS

Minutes of the Special Meeting of the Board of Directors of the Granby Ranch Metropolitan District October 20, 2010

A Special Meeting of the Board of Directors of the Granby Ranch Metropolitan District, Town of Granby, 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
- Julie Krueger
- Lance Badger
- Sandra Clinger
- Jay Gleason

Also in attendance were:

- Gary White, White, Bear & Ankele, P.C.
- Eric Weaver, Robertson & Marchetti, P.C., Secretary for the Meeting
- Kathy Lewensten, Robertson & Marchetti, PC (via phone)
- Natasha O'Flaherty, homeowner
- Marise Cipriani, Granby Realty Holdings
- Rhonda Carver, homeowner
- Robert Cox, Granby Realty Holdings
- Neil Herzog, homeowner
- Barton Phillips, homeowner

**Call to Order and
Declaration of
Quorum**

The Special Meeting of the Board of Directors of the Granby Ranch Metropolitan District was called to order by Director Harris on October 20, 2010 at 1:30 p.m. noting a quorum was present.

**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 Board 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 Board determined that participation by the directors with potential

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conflicts of interest was necessary to obtain a quorum or otherwise enable lawful action to occur.

Executive Session At 1:30 p.m., upon motion duly made and seconded, it was

RESOLVED by the **GRMD Board** to enter into executive session pursuant to §24-6-402(4)(b), C.R.S., conference with an attorney for the purpose of receiving legal advice related to questions posed to the district concerning the subordinate bonds, mill levy transfers and other matters which might give rise to litigation

At 2:55 p.m., upon motion duly made and seconded by the directors in attendance at the executive session, it was unanimously

RESOLVED to adjourn the executive session noting that the Board did not engage in substantial discussion of any matter not enumerated in §24-6-402(4)(b), and the Board did not adopt any proposed policy, position, resolution, rule, regulation, or formal action.

Upon return from Executive Session Director Harris read the following statements into the record:

Granby Ranch Metropolitan District obtains all its key services by agreement with Headwaters. Under its Service Plan, Headwaters is charged with providing all operations, capital and administrative functions of all districts at Granby Ranch. Among these services, Headwaters oversees the provision of all legal services needed by Granby Ranch Metro to assure compliance with the law. Granby Ranch does not line item budget for each of the services provided by Headwaters and does not engage legal counsel, accountants or other consultants separate from Headwaters. It obtains the advice and services from such experts by means of its contract with Headwaters. Existing counsel knows of no situation throughout the state where multiple districts exist who each engage their own team of consultants unless there are actual present conflicts between or among the districts; ie, threats of litigation or other disputes. It is not cost effective to do so and results in the loss of economies of scale that are achieved when a single slate of consultants provides the services needed for similarly situated districts. Existing counsel has advised that board that it has no present conflict of interest in providing direct representation to Headwaters or indirect legal advice to Granby Ranch Metro District. Counsel is independent from Granby

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Realty Holdings who is represented by separate counsel. In the event a present conflict of interest arises between Headwaters and Granby Ranch Metro District, either district may elect to engage separate counsel at its own expense, outside existing budgets. To date, no such need has arisen. After full discussion in confidential executive session of the ethical duties of legal counsel and the rights of clients to engage counsel of their own choice, the Granby Ranch Metro District board elected not to engage separate counsel in a direct legal engagement due to the lack of any present or reasonably anticipated conflict between the two Districts.

GRMD bonds have been lawfully issued in accordance with state law. GRMD has an independent audit performed each year of its entire operations. Those audits have disclosed zero irregularities in the conduct of the district's business. A separate "audit" of the bonds is neither required by state law nor common in other districts except in cases where an adversary relationship has developed and potential litigants desire to pay for and perform a forensic audit. They do so by availing themselves of the Colorado Open Records Act access to documents or through civil litigation. A board of directors is under no obligation to respond to questions from persons who are believed to be potential litigants, is under no obligation to provide written or oral responses to questions in a records request, and is not obligated to permit persons who continue to disrupt the orderly conduct of business to make public comment except under rules or regulations generally applicable to all persons.

Consideration of Agenda

Director Harris stated no public hearings will be held on the 2010 amended budget nor the 2011 budget today due to an issue with the availability of the budgets for review at the time of publication of the notice. He requested removal of items 8 (b) and (c) from the agenda.

Minutes

The Board reviewed the minutes of the May 25, 2010 joint meeting. By motion duly made and seconded, it was by a vote of four (4) ayes and one (1) abstention (Director Gleason)

RESOLVED to approve the May 25, 2010 minutes.

The Board reviewed the minutes of the July 21, 2010 meeting. By motion duly made and seconded, it was by a vote of four (4) ayes and one (1) abstention (Directors Gleason)

RESOLVED to approve the July 21, 2010 minutes.

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The Board reviewed the minutes of the July 26, 2010 meeting. By motion duly made and seconded, it was by a vote of four (4) ayes and one (1) abstention (Directors Gleason)

RESOLVED to approve the July 26, 2010 minutes.

The Board reviewed the minutes of the September 8, 2010 meeting. By motion duly made and seconded, it was by a vote of four (4) ayes and one (1) abstention (Directors Gleason)

RESOLVED to approve the September 8, 2010 minutes.

Annual Administrative Resolution

Director Harris noted the administrative resolution sets the board meeting dates and times, as well as designates responsibilities for District administrative matters. In 2011, board meetings are planned to be conducted on the 3rd Wednesday in July and October. By motion duly made and seconded it was unanimously

RESOLVED to approve the 2011 Annual Administrative Resolution.

Second Amendment To PILOT Agreement

Director Harris referred to the Second Amendment to the PILOT Agreement which had been included in the packet. After discussion and by motion duly made and seconded, it was unanimously

RESOLVED to approve the Second Amendment to Agreement for Payment in Lieu of Taxes as presented.

2010 Subordinate Bond

Director Harris stated the District had received several questions from constituents regarding the 2010 Subordinate bond issue. Mr. White stated the 2010 Subordinate Bond transaction had followed all necessary requirements. The priority of payment of the bonds was discussed.

Legislative Matters

Mr. White updated the Board on the status of November ballot measures.

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Meeting Schedule

It was determined the Board will hold a special meeting on Wednesday, November 10, 2010 at 1:30 p.m. in the same location. The meeting will be noticed as the public hearing for 2010 and 2011 budget matters.

The Board reviewed the meeting calendar for 2011, two regular meetings are scheduled, one July 20, 2011 and the other October 19, 2011. By motion duly made and seconded, it was unanimously

RESOLVED to approve the 2011 regular meeting dates with meeting start times of 1:30p.m.

Financial Statement

After discussion and upon motion duly made and seconded it was unanimously

RESOLVED to approve the September 30, 2010 financial statements as presented.

Accounts Payable

The Board reviewed the accounts payable list in the packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable as presented.

Public Input

Public input was received from Barton Phillips complimenting the presentation of the financial statements and from Natasha O'Flaherty related to clarification of legal counsel representation.

Adjournment

Upon motion duly made and seconded it was unanimously

RESOLVED to adjourn the Special meeting of the Granby Ranch Metropolitan District this 20th day of October 2010.

Respectfully submitted,



Eric Weaver
Secretary for the Meeting

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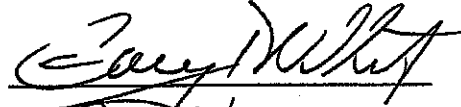
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Attorney Statement

REGARDING PRIVILEGED ATTORNEY-CLIENT COMMUNICATION

Pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing Granby Ranch Metropolitan District, I attended the executive session meeting convened at 1:30 pm on October 20, 2010, pursuant to §24-6-402(4)(b), C.R.S., conference with an attorney for the purpose of receiving legal advice related to questions posed to the district concerning the subordinate bonds, mill levy transfers and other matters which might give rise to litigation. I further attest it is my opinion that all of the executive session discussion constituted a privileged attorney-client communication as provided by Section 24-6-402(4)(b), C.R.S. and, based on that opinion, no further record, written or electronic, was kept or required to be kept and no further record, written or electronic, was kept or required to be kept pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S.

Signature



Name and Title

GARY WHITE, COONSOR

Date

12/3/10