

RECORD OF PROCEEDINGS

**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
GRANBY RANCH METROPOLITAN DISTRICT
HELD
JUNE 3, 2016**

A special meeting of the Board of Directors of the Granby Ranch Metropolitan District was held on June 3, 2016 at 3:00 p.m. at Ranch Hall, 998 Village Road, Granby, CO 80446.

Attendance: In attendance were Directors:

Natasha Wall; President
Dale Floren; Vice President
Terry Walker; Secretary/Treasurer
Lance Badger; Assistant Secretary
Julie Krueger; Assistant Secretary

Also in Attendance:

Bob Blodgett; CliftonLarsonAllen LLP
Clint Waldron; White, Bear, Ankele, Tanaka & Waldron (via telephone)
Kathy Lewensten & Eric Weaver; Marchetti & Weaver, LLC (via telephone)
Jeffrey Erb & Kim Seter; Seter & Vander Wall, P.C
Jim Collins; Collins Cockrel & Cole
Blair Dickhoner; Lyons Gaddis (via telephone)
Dee Wisor; Butler Snow LLP (via telephone)
Jon Heroux; Piper Jaffray (via telephone)
Marise & Melissa Cipriani; Granby Realty Holdings (via telephone)
Robert Blay
Dave & Muse Huffman Vince & Fran Mejer
Rod Kessler
Nick Raible
Greg Finch
Scott Shippy (via telephone)
Natascha O'Flaherty
Tom Riccio

I. Call to Order

Director Wall called the meeting to order at 3:00 p.m.

II. Declaration of Quorum/Director Qualifications/Disclosure of Conflicts

Mr. Waldron reported disclosures have been filed for each Board member, and have also been filed with the Secretary of State website. The directors reviewed the agenda for the meeting, following which each director confirmed the contents of any written disclosure

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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.

III. Consideration of Agenda

Director Badger recommended the addition of discussion of the history of road construction and maintenance within the District. He also recommended discussion of the status of the bond refunding. Upon a motion duly made by Director Badger, seconded by Director Walker, and upon a vote, unanimously carried, the Board approved the Agenda as amended.

IV. Approval of Meeting Minutes

a. May 16, 2016

Upon a motion duly made by Director Krueger, seconded by Director Floren and upon a vote, unanimously carried, the Board approved the May 16, 2016 meeting minutes as submitted.

V. Discussion of Roads

Director Badger reported that he had volunteered at the last Board meeting to put together a map and summary of the history of road construction within the District and an estimated cost by street. The report also indicated a status of ownership of the individual roads and whether there has been an initial and final acceptance by the Town of Granby. The large majority of the streets are owned by the Headwaters Metropolitan District, with the remainder owned by Granby Realty Holdings LLC (GRH). The total estimated overlay cost was \$1,329,912; shoulder cost was \$198,487, and a contingency of \$305,880 for a total cost of \$1,835,279. Director Badger reported it would be a multi-year project to complete all of the necessary road repairs. He noted some of the streets had not been finally accepted by the Town of Granby. The costs to complete streets to final acceptance will be paid for by GRH, with the anticipation that future ongoing annual operation and maintenance costs will be paid for by the District.

After additional discussion, the Board tabled any action on the road construction report. The Board appointed a committee consisting of Director Walker and Director Badger to review the report and discuss responsibility for the road overlay and shoulder work, and develop a financing plan for the July 15th Board meeting if possible.

VI. 2016 Bond Refunding Status

Mr. Heroux and Mr. Wisor briefed the Board on the status of the bond refunding. They began working on a potential refunding in August 2015, and are hopeful it can be completed in 2016. The current interest rate on the 2006 bonds is 6.75%. It appears the bonds can be extended to 2046 and refunded at a lower interest rate of approximately 5%. This will create savings in the annual Debt Service mill levy which could be pledged to

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an operating mill levy for administrative expenses and operations and maintenance expenses for the roads in the future. Mr. Heroux reported the last draft of the potential refunded bond issue provided for 45 mills for debt and 5 mills for operations and maintenance for a total of 50 mills. Director Wall asked if the mill levy could be adjusted on the current 2006 bonds without the refunding. Mr. Wisor reported this would require the consent of bond holders to reduce the current pledged mill levy, which currently is all of the District's allowed mill levy in its service plan. Refunding of the 2010 subordinate bonds held by Granby Ranch Realty Holdings will also be necessary to free property tax revenue for operations and maintenance. Director Krueger asked how much additional time it may take to complete the bond refunding. The response was it will take several months for their work.

The refunding will save the District approximately \$300,000 annually. Director Wall noted the Board wants to take action on the refinancing as quickly as possible; however, there are other issues such as the cost of the roads, continuing operating, maintenance and administrative expenses to be paid by the Granby Ranch Metropolitan District, the total mill levy for the District and the necessary Service Plan Amendment to provide for the operating and maintenance mill levy that must be considered as part of the refunding.

After additional discussion, the Board appointed a committee of Director Wall and Director Floren to review the various issues associated with the refunding and the necessary Service Plan Amendment, and report back of the July 15th Board meeting. The residents thanked the Board for pursuing the refunding as quickly as possible.

Mr. Shippy stated the Board should take advantage of lower interest rates and expedite the refunding, since it will provide a funding source for the operating and maintenance costs of the District.

VII. Termination/Resignation of Consultants

a. White Bear Ankele Tanaka & Waldron, P.C.

Upon a motion duly made by Director Walker, seconded by Director Floren, and upon a vote, unanimously carried, the Board terminated White Bear Ankele Tanaka & Waldron, P.C. and retained Seter & Vander Wall, P.C. as general legal counsel for the District. Directors Badger and Krueger abstained from the vote.

b. Marchetti & Weaver, LLC

After discussion, upon a motion duly made by Director Walker, seconded by Director Floren, and upon a vote, unanimously carried, the Board terminated Marchetti & Weaver, LLC and retained CliftonLarsonAllen LLP for management and accounting services. Mr. Weaver reported it would take at least 30 days to transition the files and records from Marchetti & Weaver to CliftonLarsonAllen.

Mr. Erb noted that Seter & Vander Wall recognizes the Board presently has no operating funds. They are willing to work with the Board to begin addressing the many issues and secure a funding source in the future.

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Mr. Blodgett reported CliftonLarsonAllen is also concerned there is not a funding source. They are willing to work within the present budget for administrative and accounting services and will attempt to keep the administrative and accounting work to a minimum.

VIII. Engagement of Consultants

- a. Seter & Vander Wall, P.C. (legal)
- b. CliftonLarsonAllen LLP (management and accounting)

Previously addressed.

VII. Financial

- a. Accounts Payable

Upon a motion duly made by Director Badger, seconded by Director Krueger, and upon a vote, unanimously carried, the Board ratified the Debt Service payment of \$456,300 made on June 1, 2016.

- VIII. Executive Session Pursuant to § 24-6-402(4)(b), C.R.S. regarding receipt of legal advice on specific questions concerning the (i) refunding of District's outstanding debt; (ii) District's obligations under intergovernmental agreements to which it is a party; (iii) District's operations; and (iv) Amendment of the District's Service Plan

None required.

IX. Future Meeting Schedule

The Board confirmed the next regular meeting on July 15, 2016 at Granby Ranch Hall at 3:00 p.m. The Board decided to continue meeting at Granby Ranch Hall in the future. The Board confirmed a quorum for the July 15, 2016 meeting.

- X. Public Comment - Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes.

Ms. O'Flaherty stated the Board should look carefully at the bond refinancing, pledged revenue and the opportunities for operating and maintenance cost needs to be met. The entire picture should be reviewed before the Board acts on the refunding.

Director Wall confirmed that the current challenges faced by the District are providing an on-going source of operating revenue for the District, taking care of the roads in the future, pursuing the bond refinancing, and the Service Plan Amendment. All these issues are directly related.

Ms. Cipriani stated that the developer is committed to bringing the roads up to standard for final acceptance by the Town of Granby. She stated the District has been meeting all of its legal obligations for the past years.

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Director Badger noted that the decline in assessed negatively impacted the growth assumptions made in conjunction with the 2006 bond issue before the recession took place between 2008 and 2012. The developer and the residents are both “feeling the pain” of this recession, and are now beginning to recover and look at the future together.

Mr. Mejer asked about the status of repairing the street that has settled in front of his house. He indicated it has been in this condition for approximately two years. Director Badger indicated he will review and address this as soon as possible with the developer.

Ms. O’Flaherty asked several questions regarding the Service Plan and the debt that had been previously issued in 2006. She asked that the distribution of bond proceeds be reviewed. Ms. O’Flaherty stated in reference to receiving an e-mail from KH regarding the 2006 bond proceeds distributions, imagine my surprise when I saw a payment to Redwood Capital for the developer’s interest and principal and litigation costs. She asked if these were valid expenses for the use of proceeds. She questioned a letter of credit fee paid from the bond proceeds to a private entity that appear to be unrelated to the bond sale. She also asked when the refunding will occur and when to expect the District to have revenue for operation and maintenance expenses. Mr. Erb and Mr. Blodgett’s office will review these issues.

Ms. O’Flaherty asked about damage from snow plows to district streets. She wanted to know if this could be covered by insurance. Director Badger will review.

Ms. O’Flaherty further questioned the qualifications of Director Krueger to serve on the Board in light of recent Colorado court decisions. Mr. Erb’s office will review this issue and report back to the Board at the July 15th meeting.

XI. Adjournment

Upon a motion by Director Walker, seconded by Director Floren, the meeting was adjourned at 5:30 p.m.

Respectfully submitted by,



Secretary of the Board