

RECORD OF PROCEEDINGS

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
GRANBY RANCH METROPOLITAN DISTRICT
HELD
OCTOBER 14, 2016**

A regular meeting of the Board of Directors of the Granby Ranch Metropolitan District was held on October 14, 2016 at 2:00 p.m. Granby Town Hall, Zero Jasper Avenue, Granby, CO 80446.

Attendance: In attendance were Directors:

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

Also in Attendance:

Bob Blodgett and Pat Shannon; CliftonLarsonAllen LLP
Jason Carroll & Cynthia Beyer; CliftonLarsonAllen LLP (via telephone)
Jeffrey Erb; Seter & Vander Wall, P.C
Jonathan Heroux; PiperJaffray (via telephone)
Jim Collins; Collins Cockrel & Cole (via telephone)
Marise Cipriani; Granby Realty Holdings (via telephone)
Kim Crawford; Butler Snow LLP (via telephone)
Paul Chavoustie; Mayor, Town of Granby
Nick Raible
Vince and Fran Mejers
Natascha O'Flaherty
Terri Brindley

I. Call to Order

Director Wall called the meeting to order at 2:00 p.m.

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

Mr. Erb reported disclosures have been filed for each Board member, and have also been filed with the Secretary of State. 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.

III. Public Comments

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Ms. Mejer asked about the conditions of the roads and whether or not the new bond issue could have a condition regarding repair of all the roads. Mr. Mejer also discussed the status of the conditions of the roads on Cumulus. Ms. O'Flaherty distributed two handouts to the Board with questions regarding the bond issue and other statements.

Ms. Brindley asked the Board to be as transparent as possible with information on the website to keep residents informed.

Mr. Mejer asked that the full Board packet be provided to residents so they have information ahead of the meeting about the decisions the Board is discussing. He also requested that there be public comments at the end of the meeting.

Mr. Raible thanked Ms. Cipriani for vacating the 2010 bond. He commented that he understands that we are the highest taxed property in Grand County. He proposed the formation of a homeowner advisory board to assist the District with review of its operation expenses in future years.

Ms. O'Flaherty thanked Directors Wall, Floren and Walker and requested sending out a letter to homeowners to understand what is happening. She agrees the release of the subordinate bond is important, but worries that Filings 17 and 18 will be overlooked by the Town. She raised the question of who is responsible for the buildout of Filings 17 and 18.

IV. Review and Approve August 19, 2016 Special Meeting Minutes

Upon a motion duly made by Director Wall, seconded by Director Floren, and upon a vote, unanimously carried, the Board approved the August 19, 2016 Special Meeting Minutes as submitted.

V. Financial Items

A. 2016 Bond Refunding

Mr. Erb reported that at the October 11th Granby Town Board meeting, the Board tabled the District's request for an amendment to the District's Service Plan to increase the District's mill levy cap from 50 to 60 mills. They felt that they needed more time to study the request. The next meeting of the Town to discuss this item is November 8, 2016 at 6:00 p.m.

1. Review Cash Flow Model and Cost of Issuance

Mr. Heroux reviewed the current schedule for the prospective bond issue with the Board. He reported the current financial model shows that approximately 40 mills will be need for debt service in 2017. It is possible it could be somewhat less depending on the final pricing and the interest rate. He reported there is a present value savings of 16%, or approximately \$1,900,000, achieved by refunding the senior bonds. This is a significant savings for the District.

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Mr. Heroux reported that the bonds are likely to close in early to mid December due to the delay in the Service Plan amendment approval by the Town. He indicated the District will need to make the December 1 principal payment, but noted there will be no significant impact to the District's bond refinancing caused by the December 1st principal payment because the amount of reserve funds needs to make the payment will proportionately reduce the principal amount of the refinanced bond.

He reported the consultants are having a conference call meeting on October 25th to review the preliminary official statement and all the other documents associated with the bond issue.

2. Consider Approval of Increase in the Agreement with Butler Snow for Bond Counsel Services from \$50,000 to \$60,000

Ms. Crawford reported the Butler Snow cost increase is due to the additional time required for the bond issue which it began providing legal services for in September 2015.

Upon a motion duly made by Director Walker, seconded by Director Krueger, and upon a vote, unanimously carried, the Board approved the increase in the agreement with Butler Snow for bond counsel services from \$50,000 to \$60,000.

3. Consider Approval of Agreement with CliftonLarsonAllen LLP for Financial Forecast Services - \$20,000

Mr. Carroll reported this is a cost of not to exceed of \$20,000, The Financial Forecast is required for the bond refinance so there is an independent verification of the cash flow projections made by the underwriter. This is a standard requirement in bond issues.

Upon a motion duly made by Director Badger, seconded by Director Krueger, and upon a vote, unanimously carried, the Board approved the agreement with CliftonLarsonAllen LLP for Financial Forecast Services.

4. Consideration of Resolution Authorizing the Issuance of the District's 2016 Limited Tax General Obligation Bonds in the Maximum Principal Amount of \$12 million and at a Maximum Net Effective Interest Rate of 5.5% to Refund the District's 2006 Bonds, with Such Refunding Contingent on the Discharge of the District's 2010 Limited Tax General Obligation Bonds

Mr. Erb reviewed the resolution with the Board. He reported this is a parameters resolution setting forth the parameters for the bond refinance terms. Pursuant to the resolution, the maximum principal amount cannot exceed \$13,500,000 and the maximum interest rate will be 5.5%, and the refunding is contingent on discharge of the 2010 limited tax general obligation bonds in the original principal amount of approximately \$11,100,000. The bond resolution also authorizes any of the Board

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members to sign the documents required to close on the refinance. He reported the parameters resolution can be approved at today's meeting so the work on the bond issue can continue. The refinance will not occur if the terms are outside of the parameters set forth in the resolution.

Upon a motion duly made by Director Krueger, seconded by Director Walker, and upon a vote, unanimously carried, the Board approved the Resolution Authorizing the Issuance of the District's 2016 Tax General Obligation Bonds in the maximum principal amount of \$13,500,000 and at a maximum net effective interest rate of 5.5% to refund the District's 2006 Bonds, with such refunding contingent on the discharge of the District's 2010 Limited Tax General Obligation Bonds.

5. Schedule

Previously discussed.

6. Cost of Issuance Costs Incurred by Marchetti & Weaver, White Bear Ankele Tanaka & Waldron, and King and Associates

Mr. Blodgett reported Mr. Weaver submitted a request for \$39,983 for costs already incurred between the fall of 2015 and June 2016 for work performed by the prior management and legal team for work associated with the bond refinancing and offering statements. Director Badger reported he believed some of these amounts were documented in the 2015 Audit and some occurred in 2016. He did not believe they had been previously paid.

After discussion, upon a motion duly made by Director Badger, seconded by Director Krueger, and upon a vote, unanimously carried, the Board approved the costs incurred by Marchetti & Weaver, White Bear Ankele Tanaka & Waldron, and King and Associates in a not to exceed amount of \$39,983 subject to verification these are the actual costs and none have been previously paid and review by legal counsel to ensure they are appropriate for inclusion as costs of issuance.

B. Review and Approve June-September 2016 Claims - \$73,585.17

Mr. Blodgett presented claims from June to September 2016 for Seter & Vander Wall, P.C., CliftonLarsonAllen LLP and Pepperdines totaling \$73,585.17. He reported some of these costs will be paid from the cost of issuance fund connected to the refinanced bonds upon further review with bond counsel and the underwriter as to which costs qualify.

Upon a motion duly made by Director Wall, seconded by Director Walker, and upon a vote, unanimously carried, the Board approved the June-September claims totaling \$73,585.17 subject to determination of which of these will be paid by the cost of issuance fund and which will be paid from the 2016 Operating Funds.

C. Other

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Director Badger asked that the consultants prepare a critical path for the timing of all other items in the August 22nd agreement, the bond issue and anything else related to the transfer of operating responsibilities as of January 1, 2017, to the Granby Ranch Metropolitan District. Mr. Blodgett will coordinate. Mr. Erb reported Mr. Heroux will prepare a new schedule for the bond issue to be distributed in the near future.

Director Walker asked that the Board and residents continue to move forward together in the spirit of compromise to create a win/win situation for the residents and the developer and the future prosperity of Granby Ranch.

VI. Attorney Items

A. Conduct Public Hearing on Petition from Granby Realty Holdings LLC for Inclusion of Future Granby Ranch Filing Nos. 17 and 18 into the Granby Ranch Metropolitan District

The Board opened the public hearing at 3:15 p.m.

Ms. O'Flaherty asked for verification that Granby Ranch Metropolitan District would not be paying the infrastructure costs for Filing 17 and 18. Ms. Cipriani verified that the developer will be paying these costs. Granby Ranch Metropolitan District will provide future road maintenance and snow removal services.

Ms. O'Flaherty asked if the District will be responsible for a \$42,000 bill due to the Granby Sanitation District in Filing 17 and 18. Director Badger reported this is a bill only due upon recording of the plat which will be paid by the developer. Mr. Erb noted that obligations of the private property owner do not transfer to the District due to the inclusion.

The Board noted that Filing No. 18 will likely include additional property once final platting is complete. This additional property will be included in GRMD as well as any additional property added to Filing No. 17. The Plats for Filing Nos. 17 and 18 have not yet been recorded.

Mr. Erb noted that the inclusion will not be final until a copy of the district court order including the property into the District is recorded with the Grand County Clerk and Recorder.

Upon a motion duly made by Director Walker, seconded by Director Floren, and upon a vote, unanimously carried, the Board approved the inclusion of Granby Ranch Filing Nos. 17 and 18 into the District subject to clarification that the cost of the roads in Filing Nos. 17 and 18 will not be paid for by the District but will be maintained by the District upon completion and that additional property added to Filing Nos. 17 and 18 will be included into GRMD in the future.

B. Approval of Increased Granby Ranch Metropolitan District Mill Levy by Town of Granby According to First Amended Service Plan

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Mr. Erb reported that the requested increase in the mill levy is being done two ways: (1) one by asking approval for the increase based on the current service plan and (2) by amending the service plan to reflect the increase. The requested increase is to increase the mill levy cap to a total of 60 mills, with a maximum of 50 mills for debt and a maximum of 50 mills for operations and maintenance. He reported Granby Ranch Metropolitan Districts 2-8 are also amending their Service Plans with the Town to provide for the same mill levy and conditions going forward.

C. Review and Ratify Second Amendment to Granby Ranch Metropolitan District Service Plan

Mr. Erb noted that the change in the amended service plan is to increase the mill levy cap as previously noted and also to clarify the termination of the relationship between the District and Headwaters Metropolitan District as the taxing and service district.

D. Review and Ratify Amended and Restated Intergovernmental Agreement with the Town of Granby

Mr. Erb stated this restated IGA will provide clarification on several issues including the mill levy cap being changed from 50 mills to 60 mills and that Headwaters Metropolitan District and Granby Ranch Metropolitan District will be separately providing snow removal and road maintenance cost in the future. It will also clarify that the future public transportation funding study of up to 5 mills will only occur after the District reaches 700 SFE's. Director Badger reported the District is currently at 380 SFE's. Mr. Erb is not clear whether the 5 mill pledge would be within the 60 mill cap or outside the cap; however, that can be addressed when the 700 SFE trigger is reached in the future. Director Badger reported this is probably at least five years away.

Upon motion made, seconded and unanimously carried, the Board approved and ratified the (1) request for an increase in the mill levy cap; (2) the request to amend the service plan; and (3) the amended and restated Intergovernmental Agreement with the Town of Granby as discussed and set forth in the meeting packet, subject to final, non-material changes, approved by legal counsel.

E. Consider Approval of 2017 Road Maintenance and Snow Removal Agreement with Headwaters Metropolitan District

Mr. Erb explained this agreement sets forth the terms for administration and costs sharing for road maintenance and snow removal starting January 1, 2017. He reported Headwaters Metropolitan District will be administering the road maintenance and snow removal contracts in 2017. Director Badger asked that the exhibit on the roads be corrected to ensure it is accurate. Mr. Erb reported that the future cost will be paid according to the proportional Assessed Value of Headwaters Metropolitan District, Granby Ranch Metropolitan District Nos. 2-8 and the Granby Ranch Metropolitan District to the total assessed value. Ms. Mejer asked that the calculation be based on the length of the roads instead of the Assessed Value. Director Badger reported that because all the roads are used interchangeably by all residents, it is difficult to assign costs simply to the length of roads in each District. It is the judgement of the Board that the Assessed Value is a better

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indication of the cost sharing for all residents and others who use the roads and need them maintained and the snow removed.

Upon a motion duly made by Director Walker, seconded by Director Krueger, and upon a vote, unanimously carried, the Board approved the 2017 Road Maintenance and Snow Removal Agreement with Headwaters Metropolitan District subject to final legal review and no substantive changes by legal counsel.

F. Consider Release and Waiver of Claims between Granby Ranch Metropolitan District, Headwaters Metropolitan District, Granby Realty Holdings and Granby Ranch Metropolitan District Nos. 2-8 Related to 2006 and 2010 Limited Tax General Obligation Bonds

Mr. Erb distributed copies of this draft agreement to the Board. He reported it has been redlined by Mr. Collins. He stated this request from Headwaters Metropolitan District and Granby Realty Holdings, LLC came after the August 22nd agreement. He understands their reasoning to request it and does not think the waiver and release request is unreasonable as a concept. He would like additional time to review the agreement, discuss with Mr. Collins and narrow the release only to the items addressed in the August 22nd agreement. He recommended it be deferred to the next Board meeting. The Board concurred.

G. Consider Approval of Agreement with Granby Realty Holdings LLC for Repayment of Road Maintenance and Snow Removal Costs Advanced in 2017

Mr. Erb reported Mr. Collins suggested a tax anticipation note be issued by the District in favor of Granby Realty Holdings LLC to memorialize this agreement. Mr. Erb recommended this be deferred to the next Board meeting. The Board concurred.

H. Ratify August 22, 2016 Letter Agreement with Granby Realty Holdings LLC, Granby Ranch Metropolitan District No. 8 and Headwaters Metropolitan District Regarding Refunding 2006 Bonds, Road Operation and Maintenance and Related Issues

Upon a motion duly made by Director Walker, seconded by Director Floren, and upon a vote, unanimously carried, the Board ratified the August 22, 2016 Letter Agreement.

VII. Manager Items

A. Website Update

Mr. Blodgett reported the website has been substantially updated. Work continues on this project. He asked for comments from the Board and residents regarding improvements to its usefulness.

B. Conduct Public Hearing to Consider Amending the 2016 Budget; Consider Adoption of Resolution to Amend 2016 Budget

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Mr. Carroll reported that the 2016 Debt Service Fund expense will slightly exceed the 2016 Debt Service Fund Budget.

The Board opened the public hearing at 4:02 p.m.

There were no public comments.

The Board closed the public hearing at 4:03 p.m.

Upon a motion duly made by Director Badger, seconded by Director Floren, and upon a vote, unanimously carried, the Board approved the amendment to the 2016 Debt Service Fund Budget.

C. Conduct Public Hearing to Consider Adoption of 2017 Budget; Consider Adoption of Resolution 2016-10-01 to: 1) Approve 2017 Budget; 2) Appropriate Expenditures; and 3) Certify Mill Levy

Mr. Carroll reviewed the 2017 Draft Budget Property Tax Summary, General Fund and Debt Service Fund with the Board. Mr. Blodgett reported he and Mr. Carroll have coordinated with Director Badger and Mr. Weaver regarding the Headwaters Metropolitan District budget. Mr. Carroll reported the allocations are based on assessed value in the O & M line items within the General Fund. He reported the budget anticipates 40 mills for Debt Service and 20 mills for the General Fund for a total of 60 mills. He stated the Board cannot yet approve the budget since the 60 mills has not been approved by the Town. Mr. Erb recommended the public hearing be held and closed and a future Board meeting be set to approve the 2017 Budget after the Town's Board meeting on November 8th.

The Board opened the public hearing at 4:05 p.m. on the 2017 Budget.

Ms. O'Flaherty asked questions about the costs for snow removal and street sweeping. Director Badger responded.

Ms. O'Flaherty asked about prior projections related to 15 mills instead of 20 mills for the General Fund. Director Badger reported that was a preliminary estimate based on estimated expenses that have changed.

Ms. Mejer asked that the Board improve communications with residents regarding the budget and the mill levy and other items related to the bonds.

Mr. Erb reported a letter to all residents explaining the budget, the bond issue and other actions of the Board will be sent by the end of October to all residents so they may receive it prior to the November 8th Town Board meeting.

Ms. O'Flaherty and Ms. Mejer asked for copies of this Board packet and future packets. Mr. Blodgett's office will provide. The Board meeting packet will also be placed on the District's website in the future.

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Mayor Chavoustie stated the Town Board continued the District's request for the mill levy increase at their October 11th meeting due to receiving a lot of information at the last minute on the day of the meeting. He informed Director Badger and others at the time that the Town Board would listen to comments, but would continue their decision until they had more time to review the information. He also encouraged the District Board to send information to residents so that the 400 homeowners understand what action the new District Board is taking.

He reported he spoke with President Wall yesterday and they had a good discussion about informing the residents and moving forward. He emphasized the District Board should report the benefits of the bond refunding and explain the reasons for the mill levy increase. The Board concurred.

After further discussion, the Board closed the public hearing at 4:15 p.m. The Board deferred a decision on the budget to the next Board meeting.

D. Review and Approve 2017 Insurance Coverage

1. Ratify Insurance Resolution with Colorado Special Districts Property and Liability Pool Designating Board Member Representation for the District

Mr. Blodgett reported this resolution is required by the Special Districts Property and Liability Pool in conjunction with the District's insurance. No insurance policy or cost changes are incurred.

Upon a motion duly made by Director Badger, seconded by Director Floren, and upon a vote, unanimously carried, the Board ratified the insurance Resolution with Colorado Special Districts Property and Liability Pool Designating Board Member Representation for the District.

E. Approve 2017 Annual Administrative Resolution 2016-10-02 and 2017 Regular Meeting Schedule

Mr. Blodgett reported this can be deferred to the next Board meeting in the interest of time.

1. Proposed 2017 Regular Meetings – 2nd Friday of February, May, August and November at 2:00 p.m. at Granby Town Hall

VIII. Director Items

A. Discuss Posting Locations – Directors Krueger and Wall

Deferred to the next Board meeting.

B. Road Committee Update –Directors Badger and Walker

Deferred to the next Board meeting.

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C. Confirm Quorum and Location for Next Regular Meeting – Friday, February 10, 2017 at 2:00 p.m. at Granby Town Hall, Zero Jasper Avenue, Granby, CO 80446

After discussion, upon a motion duly made by Director Badger, seconded by Director Walker, and upon a vote, unanimously carried, the Board called a special meeting for Friday, November 11, 2016 at 2:00 p.m. at Granby Town Hall to approve the 2017 Budget following the Town's Board action on November 8th. Other items deferred at this meeting will be included on that agenda as well as any other items for consideration by the Board.

The Board asked that efforts be made to improve the use of a speaker phone or telephone for residents or others calling into the meeting, so all can be heard clearly.

D. Other

None.

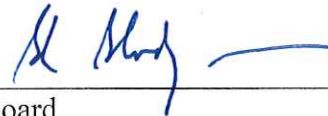
IX. Other Business

None.

X. Adjournment

Upon a motion by Director Krueger, seconded by Director Walker, and upon a vote, unanimously carried, the meeting was adjourned at 4:35 p.m.

Respectfully submitted by,



Secretary of the Board