

RECORD OF PROCEEDINGS

**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
GRANBY RANCH METROPOLITAN DISTRICT
HELD
MAY 18, 2018**

A special meeting of the Board of Directors of the Granby Ranch Metropolitan District was held on May 18, 2018 at 2:00 p.m. Ranch Hall, 998 Village Road, Granby, CO 80446

Attendance: In attendance were Directors:

Matt Girard; President
Natasha Wall; Vice President
Terry Walker; Asst. Secretary/Treasurer
Fran Mejer; Secretary/Treasurer
Steve Conrad; Secretary

Also in Attendance:

Lance Badger
Bob Blodgett & Jason Carroll; CliftonLarsonAllen LLP
Jeffrey Erb; Seter & Vander Wall, P.C
Vince Mejer; 625 Cumulus
Natascha O'Flaherty; 132 Fairway
Dan Gray and Mark Hannon; via telephone

I. Call to Order

Director Wall called the meeting to order at 2:05 p.m. with a quorum of the Board present. The Directors confirmed their continuing qualifications to serve.

II. Declaration of Quorum/Director Qualifications/Disclosure Matters

Mr. Erb reported that conflict of interest disclosures have been filed for each Board member no later than 72 hours before the meeting with the Secretary of State and the Board. 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 conflict of interest disclosures had not been filed.

III. May 8, 2018 Directors' Election Results

Mr. Erb reported that Directors Girard, Mejer, and Conrad, who were elected to the Board on May 8, 2018, have taken their Oaths of Office.

RECORD OF PROCEEDINGS

A. Affidavits of Qualifications/Conflict of Interest Forms

Mr. Erb reviewed the Affidavits of Qualifications with the Board, noting that the affidavits are intended to verify each Board member's continuing qualifications to service on the Board.

B. Disclosure Matters/Update General Conflict Forms

Mr. Erb reviewed these required forms with the Board. He distributed the Conflict of Interest forms for the Board members to complete.

The Board discussed Board officer positions. Upon motion made, seconded and unanimously carried, Director Girard was elected President.

Upon motion made, seconded and unanimously carried, Director Mejer was elected Secretary/Treasurer.

Upon motion made, seconded and unanimously carried, Director Wall was elected Vice President.

Upon motion made, seconded and unanimously carried, Directors Conrad and Walker were elected as Assistant Secretary.

The Board thanked both Mr. Badger and Mr. Floren for their service on the Board.

IV. Review and Approve April 11, 2018 Special Meeting Minutes

Director Conrad stated questions from the audience were left out of the minutes. Director Mejer requested additional discussion about the roads in the minutes. Director Girard stated he would like to see the questions from the audience in the minutes along with the answers. An example was the question about the refinancing rate and the future mill levy correction. Ms. O'Flaherty recommended the Board record the meetings so there is a transcript of the meetings.

Ms. O'Flaherty noted she had asked Mr. Carroll specific information about the calculation of the District's Gallagherized mill levy collection. She also expressed concern about a notation in the minutes stating that she identified herself as a Town Trustee member during the meeting.

After discussion, the Board tabled the April 11th meeting minutes to the August meeting and asked Mr. Blodgett and Mr. Erb to revise them to include additional details regarding the discussions at the April 11th meeting.

V. Introduction of Consultants and Roles

A. Bob Blodgett, CliftonLarsonAllen LLP – District Manager

RECORD OF PROCEEDINGS

Mr. Blodgett reviewed his background and qualifications with the Board. Director Girard noted that his hourly rate is now \$280, but it is \$265 in the 2016 agreement. The Board asked that Mr. Blodgett provide an updated Management Services Agreement at the August meeting.

B. Jason Carroll, CliftonLarsonAllen LLP – District Accountant

Mr. Carroll reviewed his background and qualifications with the Board. The Board asked Mr. Carroll to provide an updated engagement letter and current rates. Mr. Carroll recommended that he review his entire engagement letter at the August meeting to ensure that the services being provided are relevant to Granby Ranch. The Board concurred.

C. Jeff Erb, Seter & Vander Wall, P.C. – District General Counsel

Mr. Erb reviewed his background and qualifications with the Board. The Board asked that he provide an updated engagement letter and current rates for review at the August Board meeting.

After discussion, upon a motion duly made by Director Girard, seconded by Director Walker, and upon a vote, unanimously carried, the Board decided that Director Mejer be the single point of contact with Mr. Blodgett for all of the consultants related to information or direction from the Board.

The Board asked that all three engagement letters be placed on the August meeting agenda for review and approval.

VI. GRMD Overview/Orientation

- Natasha Wall – Background
- Jeff Erb – Purposes and Powers

Director Wall noted that the May 2018 letter to the residents of the District provides an excellent background about the history of the District and its present purpose and powers.

VII. Financial Items

A. 2018 Bond Refinancing Update – Natasha Wall/Jason Carroll

Director Wall noted the refinancing update is included in the May 2018 letter to the residents.

B. Review Financial Forecast – Jason Carroll

Mr. Carroll reviewed his 2018 Financial Forecast that was completed in conjunction with the refinancing bond issue. He explained the assumptions used regarding the future debt service and operating levies for 2019 and future years. He noted that surplus funds are

RECORD OF PROCEEDINGS

available in the Debt Service Fund so that the Debt Service mill levy can be less than 47 mills in 2019 and 2020 if the Board decides to use some of the surplus funds for debt service. The Board has the ability to impose a General Fund mill levy for 2019 and beyond based upon the funds needed for debt service, its general fund budget, and desire to build reserves for road repair or snow removal in 2019 and beyond.

After discussion, the Board asked Mr. Carroll to draft a 2019 preliminary budget for review at the August Board meeting and provide different options related to the Debt Service Fund surplus and General Fund surplus. Director Girard stated the Board needs to review three items: 1) the operating costs; 2) funds available for road repair; and 3) the Debt Service Fund and opportunities to build an excess reserve for calling the bonds early in the future.

C. 2019 Budget – Initial Discussion and Planning – Natasha Wall / Board

- a. Discuss Available General Funds in 2019 and Potential Uses – Board
- b. Schedule – Jason Carroll

Mr. Badger stated that the Conservancy is again assessing for road and snow removal costs in 2018. They will coordinate with the District Board regarding a 2019 assessment. The District Board may be able to provide some of these costs in 2019.

Ms. O’Flaherty recommended the Board consider a more competitive mill levy in 2019. She stated that property in Granby Ranch Metropolitan District has a total mill levy of 126 mills, which includes property taxes from other entities. This is higher than competing residential projects in Grand County.

Mr. Carroll reported the draft budget is due to the Board by October 15th, and the mill levy must be certified to Grand County by December 15th. The Budget must be filed by January 31st. A public hearing must be held prior to December 15 to review and approve the 2019 Budget and mill levy. The Board decided to review a draft budget at the August Board meeting, with the public hearing at its November Board meeting.

The Board discussed the possibility of a Budget Committee consisting of two Board members to work with Mr. Carroll.

D. Discussion of Logistics of the 2018 Mill Levy Error and Correction Process – Jason Carroll / Jeff Erb

1. 2018 Budget

Mr. Carroll reviewed the information related to the mill levy assessed for collection in 2019 versus the actual Debt Service mill levy that should have been levied. Due to a math error, 66.203 mills was levied for Debt Service for collection in 2019 instead of 59.695 mills, which was the most required under the 2006 Bond documents. Mr. Carroll apologized for the error.

RECORD OF PROCEEDINGS

The Board discussed the methods of correcting the error. Mr. Erb reported an election would need to be held to keep the excess revenue. If the Board decides to refund it to all the property owners, the amount is approximately \$150 per property. The other method is a temporary Debt Service mill levy reduction in 2019.

After discussion, upon a motion duly made by Director Walker, seconded by Director Wall, and upon a vote, unanimously carried, the Board voted to issue a temporary mill levy reduction to all property owners in the District of 6.508 mills from the Debt Service levy for collection in 2019. This was the amount of the overage collected in 2018.

Mr. Carroll will send the contact information for EMMA and the King Associates report to the Board for review.

E. Review and Accept March 31, 2018 Financial Statements and May 2018 Cash Position Report

Mr. Carroll reviewed with the Board. The Board questioned the payment to Collins Cockrel & Cole as part of the cost of issuance. Director Wall indicated that they provided a lot of legal assistance to the developer in order to complete required information for the District's bond offering document. Since these fees were incurred at the request of the District, the District paid for the costs. This is standard on this type of bond issue.

Upon a motion duly made by Director Girard, seconded by Director Mejer, and upon a vote, unanimously carried, the Board accepted the March 31, 2018 Financial Statements and May 2018 Cash Position Report.

Mr. Carroll reported the Granby Ranch Holdings escrow for road improvements is being held by CLA in the approximate amount of \$565,000.

F. Review and Consider Approval of Current Claims Totaling \$42,430.56

Mr. Blodgett and Mr. Carroll reviewed the claims with the Board. Director Mejer stated that Directors Girard and Conrad are being reimbursed for the costs of attending the June 19th and June 15th SDA workshop. Directors Walker and Mejer are not. Mr. Blodgett will check with his staff.

Director Girard express concerns about paying the consultant's April 1-10 work which the previous Board had not approved prior to the April 11th special meeting and approval of the bond refinancing. Director Wall stated that the Board members continued to consult with D.A. Davidson and the consultants after the December meeting in an effort to see if the bond refinancing was still feasible.

Upon a motion duly made by Director Wall, seconded by Director Walker, and upon a vote, the Board approved the claims totaling \$42,430.56 by a vote of 4 to 1 (Director Girard voted no).

RECORD OF PROCEEDINGS

G. Ratify March 31, 2018 Continuing Disclosure Report

Mr. Carroll reviewed the Continuing Disclosure Report with the Board. He reported that the prepaid facility fees have been received from Granby Ranch Holdings. The next 40 lots have already paid their Capital Facility Fees of \$6,255 each. Mr. Erb suggested a chart be created to track which lots are being credited for the prepayments. Mr. Carroll reported any payments beyond these 40 lots in future years is available revenue for the District and is not pledged revenue for the 2018 bonds

Upon a motion duly made by Director Wall, seconded by Director Conrad, and upon a vote, unanimously carried, the Board ratified the March 31, 2018 Continuing Disclosure Report.

H. Other

None.

VIII. Attorney Items

A. Status of Amendment to the Service Plan with the Town of Granby

Mr. Erb reported he submitted the Third Amendment to the Service Plan to the Town of Granby approximately 12 months ago at the Town's request. It is primarily designed to cleanup the service plan to reflect the independent status of the District from Headwaters Metropolitan District. Submittal of a proposed updated service plan was a condition of approval for the additional General Fund and Debt Service mill levy caps last year. The date for submittal was met, but no further action occurred. The Town attorney has not yet responded to the District's submittal. The Board asked for clarification on what the amendment was intended to accomplish.

Mr. Erb will email drafts of the Service Plan Amendment to the Board of Directors and consultants for review. The Board decided no additional effort should be spent on this until the Board could review the requested amendment to discuss in the future.

B. Other

Mr. Erb reported the road easements to be included within the District have not yet been recorded. He will work with Mr. Badger to obtain this information in the future. The Board authorized this process to continue.

IX. Items from Manager

A. Discuss Communication with Residents

Director Mejer recommended the Board improve its communication with residents. She stated concern that the District does not have access to email addresses or telephone

RECORD OF PROCEEDINGS

numbers once the developer leaves. The HOA and developer have this information, but it cannot be provided to the District unless authorized by each person. Mr. Badger agreed to send information on behalf of the District to the list of residents in the District at the Board's request.

After discussion, the Board appointed Directors Mejer and Conrad to a Communications Committee to discuss improved communication strategies for review at the August Board meeting.

B. Website Update

Mr. Blodgett reported the website will be updated with the names and titles of the new Board members. The May 2018 letter to the residents will also be added immediately. It had not been added as of this morning prior to the Board meeting.

C. Other

None.

X. Director Items

A. Status of Road Repair Studies and Meeting with Town of Granby – Natasha Wall

1. Road Committee Report – Terry Walker / Matt Girard
2. Next Steps

Mr. Badger reported that Matrix Engineering and Kumar are reviewing the status of the roads that need repairs. They are reviewing this information with the Town engineer in the next week or two. He reported Filing 10 has two settlement areas that have 300 feet of asphalt being reviewed. A draft report should be to the Town of Granby next week. He noted that the engineer has recommended the excavation of between 24 – 30 inches of the street to install new fabric and avoid future failures.

He reported the priority repairs are 1) Nimbus and Cumulus Streets, then 2) the remainder of Filing 10, and then 3) all of the roads adjacent to residents.

Director Mejer asked when the larger potholes could be filled. Mr. Badger will remind the contractor about these priorities.

Director Girard stated these severe potholes should be coned and barricaded to avoid damage to vehicles.

Director Walker expressed concern about the Town's unwillingness to enforce the Subdivision Improvement Agreement with the developer and require higher collateral from these new cost estimates.

RECORD OF PROCEEDINGS

Director Girard stated he recently spoke with various Town Trustees who indicated the Town staff was incorrect. The attorney noted that the Subdivision Improvement Agreement states the Town shall ask for more security when the estimates are higher. The Town intends to enforce the Subdivision Improvement Agreement.

B. Public Comments – One comment per person – three (3) minutes maximum

There were no additional public comments.

C. Confirm Quorum and Location for the Next Regular Meeting – Friday, August 10, 2018, 2:00 p.m. at Ranch Hall, 998 Village Road, Granby, CO 80446

- Discuss Cancelling and Calling a Special Meeting in September to Review the 2019 Draft Budget and Ratify the 2017 Audit

Upon a motion duly made by Director Girard, seconded by Director Wall, and upon a vote, unanimously carried, the Board decided to have all future regular Board meetings at 10:00 a.m. instead of 2:00 p.m. Mr. Blodgett will revise the Transparency Notice and all other meeting notices regarding future meetings.

The Board decided to hold the August 10th Board meeting to review the Draft 2019 Budget, ratify the 2017 Audit and discuss the status of road repairs and improved communication with residents. This meeting will be at 10:00 a.m.

Director Girard appointed Directors Wall and Mejer to the District Budget Committee to work with Mr. Carroll prior to the August Board meeting.

D. Other

None.

XI. Other Business

None.

XII. Adjournment

There being no additional business, Director Girard adjourned the meeting at 5:10 p.m.

Respectfully submitted by,


Secretary of the Board