

RECORD OF PROCEEDINGS

**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
GRANBY RANCH METROPOLITAN DISTRICT
HELD
JANUARY 13, 2017**

A special meeting of the Board of Directors of the Granby Ranch Metropolitan District was held on January 13, 2017 at 2:00 p.m. Granby Town Hall, Zero Jasper Avenue, Granby, CO 80446.

Attendance: In attendance were Directors:

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

Also in Attendance:

Bob Blodgett and Pat Shannon; CliftonLarsonAllen LLP
Jason Carroll; CliftonLarsonAllen LLP (via telephone)
Jeffrey Erb; Seter & Vander Wall, P.C
Jonathan Heroux; PiperJaffray (via telephone)
Marise Cipriani; Granby Realty Holdings
Hailey Vigil; Allegiant Management
Laura Manning; 545 Lone Eagle Drive
Nick Raible; 485 Cumulus
Fran & Vince Mejer; 625 Cumulus

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. Executive Session pursuant to section 24-6-402(4)(b) and (e), C.R.S. to receive legal advice on questions related to the underwriting and sale of the District's bonds to refund its 2006 senior bonds (estimated for 10 to 15 minutes)

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Upon a motion duly made by Director Wall, seconded by Director Walker, and upon a vote, unanimously carried, the Board adjourned into Executive Session at 2:06 p.m. pursuant to section 24-6-402(4)(b) and (e), C.R.S. to receive legal advice regarding the underwriting of the District refunding of its 2006 Bonds.

Upon a motion duly made by Director Badger, seconded by Director Wall, and upon a vote, unanimously carried, the Board adjourned out of Executive Session at 2:36 p.m.

No action was taken by the Board.

IV. Review and Approve November 11, 2016 Special Meeting Minutes

Upon a motion duly made by Director Walker, seconded by Director Badger, and upon a vote, unanimously carried, the Board approved the November 11, 2016 special meeting minutes as submitted.

V. Director Items

A. Director Qualification Affidavits

Mr. Erb distributed director qualification affidavits to the Board. Mr. Erb explained that these affidavits are to confirm each director's continuing qualification to sit on the Board of Directors.

B. Disclosure Matters/Update Conflict of Interest Forms

Mr. Erb distributed updated Conflict of Interest Forms and asked the Board to inform him of any changes. The conflict of interest disclosures are designed to identify any potential conflicts a board member has between their personal interests and the interests of the District. The conflicts are filed annually with the Colorado Secretary of State and also 72 hours before each meeting. It is up to the Board members to identify and disclose conflicts.

VI. Financial Items

A. 2017 Bond Refunding

1. Update Regarding Status of 2017 Bond Refunding

a. Discuss Rating for Bonds

Mr. Heroux discussed the status of the bond refunding with the Board. He noted that interest rates increased in the period immediately after the November 11th Board meeting which made the District's bond refunding unfeasible due to insufficient elasticity in the no growth financial projections within the current Debt Service mill levy cap of 50 mills.

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The Board discussed the possibility of a rating for the bonds. Mr. Heroux indicated it would take approximately 10-14 days for a preliminary rating assessment and then 7 days for the official rating if the Board decides to proceed after a preliminary rating indicator indicates the rating will be successful. Mr. Carroll indicated that this could reduce the interest rate by 75 basis points and make the bond refunding feasible within the current Debt Service mill levy cap and also provide sufficient funds for operations and maintenance.

Mr. Heroux reported the cost of the bond rating is eligible to be reimbursed with bond proceeds if a rating is provided and the bonds refunded.

Director Badger reported the District's assessed value should increase significantly in 2018. This will change the financial forecasting models and assist in making the refunding more feasible. Director Krueger volunteered to help with contacting the Grand County Assessor to obtain information on expected assessed valuation increases for 2018. The Board expressed an interest in modifying the financial forecast to reflect this anticipated increase in assessed value prior to requesting a credit rating.

After additional discussion, upon a motion duly made by Director Badger, seconded by Director Krueger, and upon a vote, unanimously carried, the Board authorized Mr. Heroux to work with Mr. Erb and Mr. Carroll to modify the financial forecast for increased assessed values in 2018 and future years and determine whether or not a rating will be feasible. In addition, the Board appointed a committee consisting of Directors Badger and Krueger to review the submittal to the rating agency and to work with the consultants to help revise the financial forecast and to obtain the rating.

Mr. Heroux reported the cost of the preliminary rating with Standard & Poors is \$13,250. Mr. Erb indicated this can be paid out of the operating and maintenance revenue generated by approximately 4.5 mills of the 60 mills levied by the Board not currently budgeted for Debt Service.

He will research whether any of these funds are due to the subordinate bond holder.

Ms. Cipriani, representing Granby Realty Holdings, LLC – the subordinate bond holder, indicated she is willing to allow the \$13,250 to be used for the payment of the rating if a rating is not provided. She is willing to work with the District regarding any necessary repayment to Granby Realty Holdings in the future.

The Board discussed the possibility of a special meeting to approve the bond refunding in the future. Mr. Erb will review the statute and determine if this meeting may be held by telephone. Though it is likely that it can, due to an exception in the statutes. Mr. Blodgett and Mr. Erb will coordinate with the Board regarding whether there is a need to meet in person on February 10, 2017.

2. Review Revised Financial Forecast – Jason Carroll

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Previously discussed.

3. Discuss Revised Schedule

Previously discussed.

4. Other

None.

B. Public Hearing – Discuss and Approve Revised 2017 Budget (Amended Budget Resolution enclosed)

Director Wall opened the public hearing at 3:30 p.m.

The Board asked about the impacts of the revised budget. Mr. Carroll explained that the 60 mills approved in the budget on November 11, 2016 needs to be utilized in a different manner. Since the bond refunding did not proceed, a portion of the revenue in the General Fund will be transferred to the Debt Service Fund for the 2006 Bond principal and interest payments. The budget has to be amended to reflect this transfer. If the 2006 Bonds are ultimately refunded following the receipt of the credit rating by the District, then the budget can be amended again to reflect the reduce Debt Service payments.

The Board also discussed the payment for the snow removal, which the District hoped to participate in this year. The Granby Ranch Conservancy will fund the initial payments, with the intent to be reimbursed by the District if the refunding is successful or, if the refunding cannot be accomplished, the Conservancy will impose a special assessment for the snow removal payments.

The public hearing on the amended budget was closed at 3:40 p.m.

After discussion, upon a motion duly made by Director Walker, seconded by Director Wall, the Board approved the amended 2017 Budget.

C. Consider Approval of Engagement Letter with Chadwick, Steinkirchner, Davis & Co., P.C. for 2016 Audit - \$5,100

Mr. Carroll stated this company is the current auditor of the District. He did not solicit any other audits. He recommended proceeding with Chadwick, steinkirchner, Davis & Co., P.C. in order to not spend any additional time and money on pursuing other auditors that may not be needed.

Upon a motion duly made by Director Krueger, seconded by Director Walker, and upon a vote, unanimously carried, the Board approved the engagement letter with Chadwick, Steinkirchner, Davis & Co., P.C. for the 2016 Audit in the amount of \$5,100.

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Given the lack of funds, Mr. Carroll will ask them to schedule the audit later in their process this spring and summer so the Board will hopefully have funds on hand to pay the cost of the audit when it is completed.

D. Other

None.

VII. Attorney Items

A. Status of Agreements

Mr. Erb reported the agreements are all on hold since the bond refunding has not occurred. The agreements will be finalized as soon as the bond refunding is completed.

B. Status of Service Plan Revision with Town of Granby

Mr. Erb reported this will need to be addressed, but recommended working on the rating in the near future.

C. Other

None.

VIII. Manager Items

A. Website Update

Mr. Blodgett reported the District is continuing to update the website.

B. Other

Mr. Erb reported that the Board needs to designate CliftonLarsonAllen LLP as the official custodian of public records. The present custodian is the prior District Accountant.

Upon a motion duly made by Director Wall, seconded by Director Krueger, and upon a vote, unanimously carried, the Board designated CliftonLarsonAllen LLP as the official custodian of public records.

IX. Director Items

A. Public Comments

Mr. Raible recommended two additions to the Road Committee of Laura Manning and Matt Girard. The present Road Committee is Directors Badger and Walker and Mr. Raible. After discussion, the Board decided it was best to informally allow other

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residents to attend the Road Committee meetings without being formally appointed to the committee.

Mr. Raible recommended that the District stop plowing certain areas of the District in order to save funds. Ms. Cipriani stated that the roads that serve vacant lots are plowed only if there is five inches or more of snow instead of two inches used for other roads, and that there needs to be access on the roads since the lots are for sale.

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

Mr. Blodgett and Mr. Erb will coordinate with the Board regarding the need for the February 10th meeting. Director Wall asked that the Board carefully consider future meetings in order to save time and costs. Mr. Erb reported the District cannot meet in Denver because it is too far away from the District's boundaries. It is possible that the bond issue decision can be made by a telephone conference call.

The Board confirmed a quorum for February 10, 2017. Mr. Blodgett and Mr. Erb will consult with Director Wall to determine if a meeting is necessary.

The Board decided to have future regular meetings at the Ranch Hall in Granby Ranch. Upon a motion duly made by Director Wall, seconded by Director Walker, and upon a vote, unanimously carried, the Board approved to amend the District's 2017 quarterly meeting schedule to move the regular meetings from Granby Town Hall to Ranch Hall, 998 Village Road, Granby, CO 80446, within the District.

C. Other

None.

X. Other Business

None.

XI. Adjournment

Director Wall adjourned the meeting at 4:15 p.m.

Respectfully submitted by,



Secretary of the Board