

RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE GRANBY RANCH METROPOLITAN DISTRICT

Held: Friday, August 25, 2017 at 2:00 p.m. at the Ranch
Hall, 998 Village Road, Granby, CO 80446

Attendance

The special meeting of the Board of Directors of the Granby Ranch Metropolitan District was called and held as shown above in accordance with the statutes of the State of Colorado. The following Directors, having confirmed their qualifications to serve on the Board, were in attendance:

Lance Badger
Dale Floren (via telephone)
Terry Walker
Natasha Wall

Also present:

Jeffrey E. Erb, Seter & Vander Wall, P.C.

The following members of the public:

Natascha O'Flaherty
Kim Crawford; Butler Snow, LLP; (via telephone)
Jonathan Heroux, Piper Jaffray & Co.; (via telephone)
Scott Determan, B.C. Ziegler and Company; (via telephone)
Jason Carroll and Patrick Shannon, CliftonLarsonAllen LLP (via telephone)

Call to Order/Declaration of Quorum/Qualifications

Director Wall called the meeting to order at 2:02 p.m. with a quorum of the Board present. The Directors confirmed their continuing qualification to serve.

Conflict of Interest Disclosures

Mr. Erb noted that conflict of interest disclosures were filed with the Secretary of State no later than 72 hours prior to the meeting. No additional disclosures were made by the Directors.

Board Vacancy

The Board noted that there is a vacancy on the Board due to the resignation of Ms. Krueger. The Board directed management to post the notice on the District's webpage and to request that the vacancy be included in the next homeowner's association newsletter.

Approval of January 13, June

The minutes of the January 13, June 9 and August 4 meetings

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9 and August 4 Meeting
Minutes

were reviewed. Upon motion made, seconded, and unanimously carried, the minutes for all three meetings were approved as presented.

Financial Matters

A. Status of 2017 Bond Refunding

Mr. Erb provided a summary of the refunding process to date, including the offer by U.S. Bank to refinance the District's 2006 Bonds with a 30 year loan and interest rate swap agreement.

Mr. Heroux provided a history of the District's refunding efforts, including the change in the interest rate market following the November 2016 election, the submittal to Moody's, and the solicitation of banks for a direct placement. U.S. Bank is the only bank to offer a refinancing option. Mr. Heroux explained that it is extremely unlikely that the District will be able to secure a non-rated 30 year bond transaction because of an insufficient debt service coverage ratio for this type of transaction and that the U.S. Bank swap transaction is a good option for the District.

The Board noted that the road maintenance and snow removal expenses for 2017 are being funded through the Granby Ranch Conservancy, which is the homeowner's association for Granby Ranch. Mr. Carroll noted that moving this expense to the Conservancy in future years will only reduce the District's operating expenses but will not free up additional funds for debt service because general fund revenue may not be pledged to the repayment of debt.

Mr. Determan introduced himself to the Board as an advisor to the Board regarding the interest rate swap transaction. Mr. Determan reviewed his presentation regarding the structure of the swap transaction, which essentially converts the variable interest rate in the loan to a fixed interest rate through the swap agreement. The fixed rate created by swap is currently expected to be 4.18%, which is fixed five-years, and is then subject to adjustment at the end of five years based on a reassessment of the credit risk posed by the District. If the swap is renewed, then the rate is fixed for an additional five years. Mr. Determan reviewed potential risks to the District, including U.S. Bank's decision not to renew at the end of the initial five-year commitment period, basis risk, a drop in the interest rate markets, and the uncertain real estate market in five years, which may affect the District's ability to refinance the underlying loan.

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The Board discussed the swap, including the benefits of accomplishing the refinancing and also the risks posed by the swap. The Board also noted that the current bonds are being paid, in part, by utilizing part of the surplus fund, that the refinancing is part of the big-picture letter agreement resolving issues with other districts and the developer, and the potential that another underwriter may be able to structure a non-rated 30 year fixed rate transaction. After discussion, upon motion made, seconded, and unanimously carried, the Board determined to seek a second opinion from D.A. Davidson regarding the ability to find a fixed rate option. The Board conditioned such opinion on a quick response from D.A. Davidson so that the District can move forward with the swap transaction if no long-term fixed rate option is available.

The remaining items related to the 2017 Bond Refunding on the agenda were tabled to a later meeting.

B. Ratify June 30, 2017, March 31, 2017 and December 31, 2016 Quarterly Disclosure Reports.

These reports are required as part of the 2006 Bonds. Upon motion made, seconded and unanimously carried, the reports were ratified.

C. Ratify Approval of March 2017 Claims Totaling \$475 to T. Charles Wilson

This payment was for insurance services to the District. Upon motion made, seconded and unanimously carried, the payment was ratified.

D. Ratify August Claims Totaling \$1,994.04 Represented by Check Numbers 1008, 1009 and 1011.

These payments were for updates to the District's website. Upon motion made, seconded and unanimously carried, the payment was ratified.

E. Review and Consider Approval of Current Claims Totaling \$20,676.28 Represented by Check Numbers 1007 and 1010.

These payments are for accounting, management and legal services provided in 2016. Upon motion made, seconded and

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unanimously carried, the payments were approved as presented.

F. Review and Accept June 30, 2017 Financial Statements and August 2017 Cash Position

Mr. Carroll reviewed the financial statements and statement of cash position with the Board. Upon motion made, seconded and unanimously carried, the financial statements and statement of cash position were accepted as presented.

G. Information Items

The Board reviewed the development submittal for a recreational vehicle development on the north side of the Town of Granby.

H. Other – Review of 2016 Audit

Mr. Carroll reviewed the draft 2016 audit and noted that the auditor has indicated that it will issue a clean audit opinion, which means there are no issues with the District's financials. Upon motion made by Director Wall, seconded by Director Walker and unanimously carried, the 2016 audit was approved as presented subject to a final review by legal counsel and no change to the audit opinion.

Attorney Items

A. Status of Agreements

Mr. Erb reviewed the status of the amendments to the letter agreement, road maintenance and snow removal agreement, waiver and release of claims, termination of PILOT agreement and termination of the master IGA between the District and Headwaters Metropolitan District. Mr. Erb noted that these agreements were largely prepared in anticipation of the refunding last year, and have been updated to reflect the changed dates. The only agreement that has not been yet been prepared is the termination of the PILOT agreement, which will be a simple termination that will be executed as part of the refinancing. There were no material changes to any of the terms previously discussed and approved by the Board last fall. Upon motion made, seconded and unanimously carried, the Board approved the agreements as presented subject to final legal review and no material changes to the terms.

B. Status of Service Plan Amendment with Town of Granby

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Mr. Erb noted that a third amended and restated service plan was submitted to the Town of Granby for review as required as part of the service plan amendment approved in November 2016. The Town informed Mr. Erb that it would not consider the submission due to unpaid fees owed by an entity at Granby Ranch, but no further clarification was provided. The District does not owe any money to the Town of Granby. Director Badger noted that there was a miscommunication between the Town and Granby Realty Holdings regarding some payments, and this may be the issue. Mr. Erb will follow up with the Town's attorney.

Management

A. 2018 Budget Process

Mr. Erb reviewed the general budget timeline for 2018, and noted that the District will need to meet one more time in Granby to hold a hearing on the budget.

B. Website Update

No additional updates.

C. Discuss Ranch Hall Meeting Fee

A resident expressed concern that there would be a charge to use the Ranch Hall for District meetings, when there was no charge to use the Town of Granby's meeting area. Director Badger reported that the charge has been waived for the District's meetings.

Director Items

A. Public Comment

Ms. O'Flaherty inquired into the status of road damage repairs allegedly caused during snow removal last winter. Director Badger stated that the repairs are expected to occur in the next couple weeks, though repairs for regular wear and tear will not be addressed. She also inquired into the status of repairs on Cumulus Road.

B. Quorum for Next Regular Meeting

The next regular meeting was confirmed at the Ranch Hall on November 10, 2017.

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Other Business

There was no other business.

Adjournment

There being no further business to come before the Board, and upon motion duly made, seconded and unanimously carried, the meeting was adjourned at 5:53 p.m.

Secretary for the Meeting

