

RECORD OF PROCEEDINGS

**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
GRANBY RANCH METROPOLITAN DISTRICT
HELD
APRIL 11, 2018**

A special meeting of the Board of Directors of the Granby Ranch Metropolitan District was held on April 11, 2018 at 12:00 p.m. Ranch Hall, 998 Village Road, Granby, CO 80446

Attendance: In attendance were Directors:

Natasha Wall; President
Dale Floren; Vice President
Lance Badger; Asst. Secretary
Terry Walker; Secretary/Treasurer

Also in Attendance:

Bob Blodgett, Jason Carroll & Pat Shannon; CliftonLarsonAllen LLP
Jeffrey Erb; Seter & Vander Wall, P.C
Marise Cipriani; Granby Realty Holdings, LLC (via telephone)
Maria Harwood and Kim Crawford; Butler Snow, LLP (via telephone)
Eric Weaver; Marchetti & Weaver, LLC (via telephone)
Laci Knowles; D.A. Davidson & Co.
Nick Raible; 485 Cumulas
Vince & Fran Mejer; 625 Cumulus
Natasha O'Flaherty; 132 Fairway
Colleen Hannon; Office and Development Administrator
Matt Girard; 1105 Nimbus Drive

I. Call to Order

Director Wall called the meeting to order at 12:00 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. Annual Administrative Matters

{00343959}

RECORD OF PROCEEDINGS

A. Director Qualification Affidavits

Mr. Erb reviewed with the Board.

B. Disclosure Matters/Update General Conflict Forms

Mr. Erb reviewed with the Board and requested any updates be provided to his office.

C. 2018 Annual Administrative Resolution

Upon a motion duly made by Director Walker, seconded by Director Wall, and upon a vote, unanimously carried, the Board approved the 2018 Annual Administrative Resolution.

D. Other

None.

IV. Discuss Board Vacancy

No discussion.

V. Review and Approve December 14, 2017 Special Meeting Minutes

Upon a motion duly made by Director Wall, seconded by Director Walker, and upon a vote, unanimously carried, the Board approved the December 14, 2017 Special Meeting Minutes.

VI. Financial Items

A. Discuss 2018 Bond Refunding Issue

1. Status – Sam Sharp / Laci Knowles

Ms. Knowles distributed information comparing the District's current 2006 senior bonds and 2010 subordinate bonds with the proposed refunding and 35 year bond issue before the Board. She noted that the expected interest rate is between 5.25 and 5.75%.

Mr. Erb distributed information regarding a comparison of the results to be achieved with the refunding bonds versus the District's current situation with its 2006 senior bonds and 2010 subordinate bonds. The Board requested an update on present value savings and any other changes based on interest rate pricing. Ms. Knowles will provide this update following the meeting. She stated the bonds, if the transaction is approved, are scheduled to close by May 3rd. Pricing will be most likely occur on April 26th. The Board discussed the pros and cons of the transaction, noting that rising interest rates are threatening the District's ability to refinance and additional refinance

RECORD OF PROCEEDINGS

options are limited at this time, there are additional benefits to the District for the refinancing, but also noting that there are issues with road conditions and needed repairs in the community.

Ms. O'Flaherty asked the Board what information changed since the December 2017 Board meeting. The Board tabled the refunding at that time. The Board and Mr. Erb reported that meetings have been held with D.A. Davidson and additional information has been reviewed by the Board members regarding the 35 year refunding proposal since that time.

Ms. O'Flaherty questioned a meeting with a quorum of the Board on March 12th at D.A. Davidson's office to discuss the bond refunding. Mr. Erb explained that this was simply a presentation of information, and provided opportunity for Board members to ask questions, while not disputing a quorum was present. Ms. Mejer also attended this meeting. Mr. Girard handed copies to the Board and referenced C.R.S. 24-6-402 requires meetings of a quorum of the Board to be posted as public meetings, and stated that the meeting at D.A. Davidson was an improper public meeting of the Board.

Mr. Erb stated a prior Supreme Court Ruling provides for this type of gathering of Board members to exchange information without it being considered as special Board meeting.

Ms. Mejer, Ms. O'Flaherty and Mr. Girard recommended the Board wait until there can be additional determination regarding the costs of the road repairs within Granby Ranch. An engineer is being retained within the next week to update the 2016 cost estimate.

Regarding the roads, the Board noted that the road issue was never within the District's control. The Town of Granby controls and enforces the Subdivision Improvement Agreements with the developer which requires collateral from the developer to construct and fix the roads in Granby Ranch to the Town's standards. However, the District did negotiate the receipt of approximately \$550,000 from Granby Realty Holdings to be placed in escrow to assist with the road repairs where possible, with such funds to be received contingent upon a successful refinancing. The current estimate that is from Matrix Engineering and dated July 216 is approximately \$1.5 million. Mr. Girard presented photos of the roads showing how they have further substantially deteriorated in the past 30-45 days alone.

Mr. Erb stated the District has obtained the promise from GRH to support the District's efforts to obtain the ability to enforce the Subdivision Improvement Agreements and execute on the collateral. Additional public comment was made regarding open meetings and discussions related to the bond transaction.

Mr. Carroll explained that the benefits of the refunding are not improved by the resolution of the road repair issue, and the benefits of the refunding could diminish in

RECORD OF PROCEEDINGS

the future in the current rising interest rate environment and uncertainty with the economy.

Mr. Girard and Ms. Mejer still recommended delaying the bond issue.

2. Approval of Agreements – Jeff Erb

Mr. Erb reviewed all the agreements listed as agenda items VI.A.2 with the Board. Mr. Erb distributed a redlined copy of the Second Amendment to the Letter Agreement and discussed the updates to the agreement since the last meeting, including the additional language regarding the receipt of money for the road repair.

Mr. Erb reviewed the Escrow Agreement Regarding Road Repairs Fund, noting that it provides for CliftonLarsonAllen, LLP to serve as the escrow agent and that the funds in the account can only be used for road engineering and construction costs.

The other agreements have not materially changed since they were last approved by the Board at its December 2017 meeting, although the dates have been updated to reflect the delay in the refinancing. Mr. Erb noted that the Termination of Master IGA agreement was previously fully approved.

The escrow agreement regarding road repair funds is a new agreement which provides for additional money to be placed in escrow along with the Town's collateral.

Director Badger stated he will abstain from voting on these agreements since he is an employee of Granby Realty Holdings or a member of the Board of the other parties to the agreements.

Upon a motion duly made by Director Walker, seconded by Director Wall, and upon a vote, unanimously carried, the Board approved the agreements in agenda item VI.A.2 with Director Badger abstaining.

3. Consider a resolution authorizing the issuance and sale of the District's Limited Tax General Obligation Refunding Bonds, Series 2018, Approving Form of an Indenture of Trust, an Approving Other Documents Executed and Delivered in Connection Therewith; Authorizing the Refunding of the District's Limited Tax General Obligation Bonds, Series 2006, Providing Details Concerning the Loans, the Bonds and Other Matters Relating Thereto, and Delegating Certain Authority to the Officers of the District

Ms. Crawford and Ms. Harwood reviewed the bond resolution with the Board and noted that it sets maximum parameters on the terms of the refinanced bonds, approves the documents required for the refinancing such as the indenture of trust and the bond purchase agreement, and authorizes board members to execute the necessary documents. The parameters resolution provides for a maximum interest rate of 6.75% which is the interest rate on the existing senior bonds.

RECORD OF PROCEEDINGS

Director Walker stated he is in support of moving forward with the refunding at this time. He does not see any advantages to waiting on the new estimate for road repair costs since that is an issue between the developer and Town, not the District. The bond refunding situation can only continue to worsen with more time and the gains to the District through the refunding outweigh any potential negative consequences.

Director Floren stated he would like to wait until there is more certainty related to the future road repair costs and when they will be completed.

Director Badger stated he is in support of refunding at this time.

Director Wall stated that the refunding will provide many benefits to the District and that she is concerned that there may not be any ability to refinance if the interest rate environment worsens. She too would also like to ensure that the roads are repaired, but noted that further delaying the refinance would not improve the likelihood of the road repairs being completed but would prevent the District from reducing its debt service, saving money, and moving forward.

Upon a motion duly made by Director Walker, seconded by Director Badger, and upon a vote, the Board approved the Bond Resolution with Directors Badger, Walker and Wall voting yes, and Director Floren voting no.

Upon a motion duly made by Director Walker, seconded by Director Badger, and upon a vote, unanimously carried, the Board designated Director Wall as the District representative to approve the interest rate pricing. She asked that the pricing information from D.A. Davidson be provided to other Board members for their input if the interest rate is above 5.50%. The Board will also review the net present value information at that time.

a. Review Financial Forecast

Mr. Carroll reviewed the Financial Forecast with the Board. He noted one of the significant advantages of refunding is the reduction in the Debt Service mill levy from 66 mills in 2018 to approximately 45 mills in 2019. This gives the Board flexibility regarding the future operation and maintenance costs of the District, which are estimated at 5 to 6 mills for administration with additional capacity for road repair, snow removal or other activities as authorized by the Board.

The Board accepted the Financial Forecast Report.

B. Accept December 31, 2017 Quarterly Disclosure Report

Upon a motion duly made by Director Wall, seconded by Director Walker, and unanimously carried, the Board ratified the Quarterly Disclosure Report.

C. Ratify ACH Payments to Colorado Special Districts Property and Liability and T.

RECORD OF PROCEEDINGS

Charles Wilson Insurance Service Totaling \$4,488.31 on January 31, 2018

Upon a motion duly made by Director Wall, seconded by Director Floren, and unanimously carried the Board ratified the ACH Payments to Colorado Special Districts Property and Liability and T. Charles Wilson Insurance Service Totaling \$4,488.31 on January 31, 2018.

D. Review and Consider Approval of Current Claims Totaling \$326,447.15

Mr. Blodgett distributed copies of additional invoices from March from CliftonLarsonAllen LLP and Seter & Vander Wall, P.C. in the amount of \$31,285.05 primarily related to bond issuance costs.

Upon a motion duly made by Director Walker, seconded by Director Wall, and upon a vote, unanimously carried, the Board approved the current claims and additional claims totaling \$357,732.20.

E. Review and Accept April 2018 Cash Position Report

Mr. Carroll reviewed with the Board. Upon a motion duly made by Director Wall, seconded by Director Floren, and upon a vote, unanimously carried, the Board accepted the Cash Position Report.

F. Other

None.

VII. Attorney Items

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

No update.

B. Update on May 8, 2018 Directors' Election

Since there are only three candidates for the three vacant positions, the May 8, 2018 director election was cancelled. The candidates, Steve Conrad, Matt Girard and Fran Mejer are deemed elected to the Board following the May 8, 2018 election. They must take their Oaths no later than 30 days after May 8th.

VIII. Items from Manager

A. Website Update

No update.

IX. Director Items

{00343959}

RECORD OF PROCEEDINGS

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

Ms. O'Flaherty asked Mr. Carroll if the Gallagherization of the District's debt mill levy of 66.203 mills for the 2018 collection of District property taxes was proper. Mr. Carroll explained his method of calculating the 2018 Debt Service mill levy, and stated it was correctly done.

Ms. O'Flaherty requested that the Board communicate information by newsletter, email or other means to residents explaining the District's 2018 Budget. Mr. Blodgett will add the information to the website. Director Badger stated the email addresses of the residents may be available to communicate by this method.

Regarding the road repair costs, Director Badger noted that the Road Repair Committee members include himself, Mr. Girard, Mr. Mejer and Mr. Raible. They are all present at this meeting. They are committed to working with an engineer to update the cost estimates and providing this to the Town to update the collateral for the required work. Mr. Erb noted that Ms. O'Flaherty is now on the Town Board of Trustees along with Mr. Raible. They were urged to emphasize to the Town the importance of updating the collateral for the subdivision improvement agreements and getting the road repairs done by 2020.

B. Confirm Quorum and Location for the Next Regular Meeting – Friday, May 11, 2018 at 2:00 p.m. at Ranch Hall, 998 Village Road, Granby, CO 80446

The Board asked Mr. Blodgett to check with the new Board prior to the May 11th meeting to determine if the Board meeting is necessary.

C. Other

None.

X. Other Business

A. Designation of Person to Release GRMD Amenity Fee Lien

Mr. Erb noted that Director Badger was the prior person authorized to release the District's amenity fee lien, and that a new Board member will need to be authorized since Mr. Badger is leaving the Board of Directors. Ms. O'Flaherty questioned why the District was releasing the amenity fee lien. Director Badger explained the history of the lien and noted that it has been in place since some of the lots were in bankruptcy in the early 2000's.

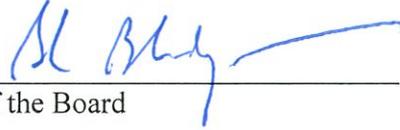
Upon a motion duly made by Director Wall, seconded by Director Walker, and upon a vote, unanimously carried, the Board authorized any Board member to release the necessary amenity fee liens in the future.

RECORD OF PROCEEDINGS

XI. Adjournment

There being no additional business, Director Wall adjourned the meeting at 3:30 p.m.

Respectfully submitted by,



Secretary of the Board