

RECORD OF PROCEEDINGS

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
GRANBY RANCH METROPOLITAN DISTRICT
HELD
NOVEMBER 9, 2018**

A special meeting of the Board of Directors of the Granby Ranch Metropolitan District was held on November 9, 2018 at 10:00 a.m. Ranch Hall, 998 Village Road, Granby, CO 80446

Attendance: In attendance were Directors:

Matt Girard; President
Fran Mejer; Secretary/Treasurer
Steve Conrad; Secretary
Elizabeth Titus; Assistant Secretary/Treasurer

Also in Attendance:

Bob Blodgett, Patrick Shannon; CliftonLarsonAllen LLP
Jason Carroll; CliftonLarsonAllen LLP (via telephone)
Jeffrey Erb; Seter & Vander Wall, P.C
Colleen Hannon; Granby Realty Holdings
Lance Badger, Granby Realty Holdings
Natascha O'Flaherty; 132 Fairplay
Nick Raible; 485 Cumulus
Cathy Raible; 485 Cumulus

I. Call to Order

Director Girard called the meeting to order at 10:00 a.m. with a quorum of the Board present. The Board noted and excused Director Walker's absence. 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. Review and Approve Minutes

A. Review and Approve August 10, 2018 Regular Meeting Minutes

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Upon a motion duly made by Director Girard, seconded by Director Conrad, and upon a vote, unanimously carried, the Board approved the August 10, 2018 minutes.

IV. Financial Items

A. Accept September 30, 2018 Quarterly Continuing Disclosure Report

Mr. Carroll reviewed the September 30, 2018 Quarterly Continuing Disclosure Report with the Board. Upon a motion duly made by Director Girard, seconded by Director Mejer, and upon a vote, unanimously carried, the Board accepted the September 30, 2018 Quarterly Continuing Disclosure Report.

B. Ratify August and September Claims Totaling \$0

No action required.

C. Review and Consider Approval of Current Claims Totaling \$28,284.99

Director Mejer asked for the title of the report to be changed from "All dates" to "July August September 2018" or whatever the specific period covering the claims includes. The Board concurred.

Ms. O'Flaherty asked Mr. Erb why a telephone call to former President Natasha Wall regarding her resignation from the Board took 1.5 hours? She stated it should have only been a few minutes. Mr. Erb explained that included research to ensure that indeed her seat was vacant before confirming that with the Board.

Ms. O'Flaherty also asked why Mr. Erb's hourly rate increased from \$250 to \$300 per hour? Mr. Erb responded.

Mr. Erb agreed to reduce his bill by the \$450 cost of the call and research related to former President Wall as well as \$150 related to work on the road repair issue that the Board, Ms. O'Flaherty and Mr. Raible questioned.

Mr. Blodgett explained that the management services bills are over budget through the first nine months due to unanticipated work on the bonds early in the year. However, the September bill is only \$340. Other than those months when the Board has a meeting, management work is minimal.

Mr. Blodgett reviewed the 2019 insurance policy invoice from the Colorado Special District Property and Liability Pool. He reported it includes \$1,750 for excess liability insurance from \$2 million to \$9 million for the District. He reported a prior Board approved this. After discussion, the Board decided that it's not necessary. Upon a motion by Director Girard, seconded by Director Mejer, and upon a vote, unanimously carried,

the Board voted to reduce the property insurance bill by \$1,750 to provide for the basic \$2 million of directors and general liability coverage.

Director Titus asked that future legal services bills be more descriptive of the actual work performed.

After additional discussion, upon a motion duly made by Director Girard, seconded by Director Titus, and upon a vote, unanimously carried, the Board approved the current claims totaling \$28,284.99 less \$600 on the legal services bill which Mr. Erb will credit on his next bill, and a \$1,750 reduction in the 2019 insurance policy.

D. Review and Accept September 30, 2018 Financial Statements and November 2018 Cash Position Report

Director Mejer asked Mr. Carroll for a summary of the amount owed all vendors as of today.

Mr. Carroll reviewed the September 30 financial statements and the November cash position report. Mr. Carroll indicated the cash position report contains about \$20,000 in the General Fund for emergency expenditures such as insurance prior to March 2019 when the District begins to receive property tax revenue in the General Fund for 2019.

Upon a motion duly made by Director Girard, seconded by Director Conrad, the Board accepted the September 30, 2018 financial statements and November 2018 cash position report.

E. Review and Accept 2017 Audit

Mr. Carroll reviewed the 2017 Audit with the Board. Ms. O'Flaherty asked about transfers to the Debt Service Fund in 2017. Mr. Carroll explained.

Upon a motion by Director Girard, seconded by Director Mejer, and upon a vote, unanimously carried, the Board accepted and ratified the 2017 audit.

F. Status of Road Repair Escrow Fund

Mr. Carroll reviewed the status of the fund with the Board. He reported Ms. Mejer reviews the escrow reports and expenses, and then they are sent to Mr. Badger at Granby Realty Holdings. The Board questioned the \$19,202 for Mountain Madness work on Requisition 12. Mr. Carroll will send a summary of the backup of their work to the Board for review.

After additional discussion, the Board accepted the Road Repair Escrow Fund report.

G. Approve Cash Access Addendum with CLA

Mr. Carroll reviewed this request with the Board. He reported this provides for efficiencies by the CLA accounting staff in reviewing and processing statements and checks on behalf of the Board. No action is taken by CLA without prior approval of the Board.

Upon a motion duly made by Director Girard, seconded by Director Mejer, and upon a vote, unanimously carried, the Board approved the Cash Access Addendum with CLA.

H. Other

None.

V. Attorney Items

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

Mr. Erb reviewed the status of the third amendment to the service plan. He reported the Town of Granby has requested an addition to the Amendment that states the Town is not responsible for the roads or public infrastructure within the District. The Town and the District are targeting a December 11, 2018 Town public hearing date to review and approve the Amendment. All property owners within the District must receive a Notice of this hearing. Mr. Erb is planning to send a postcard notice.

Ms. O'Flaherty expressed concern that the Amendment does not state that the District is also not responsible for Filing 17 and 18 infrastructure. Mr. Erb stated this is in the inclusion agreement of Filing 17 and 18 with the District. He thought it would be redundant to repeat this in the service plan.

The Board decided that the Filing 17 and 18 information regarding the responsibility of the developer for the infrastructure should be added to the service plan.

Mr. Erb reported he is awaiting the new boundary map from Mr. Badger to include within the service plan as well.

The Board discussed the importance of the service plan amendment and the need for the Board and property owners to fully understand the implications for the future of the District.

Director Girard recommended a committee of the Board to work with the other Metropolitan Districts in the Granby Ranch area regarding the service plan to finalize the 3rd Amendment draft. Mr. Badger stated he is on all the other districts and will be happy to assist with the review and coordination.

After discussion, the Board appointed a committee of Mr. Badger, Ms. O'Flaherty, Director Titus and Mr. Raible to review the service plan amendment and coordinate with the other service plans in Granby Ranch districts.

Action on the 3rd Amendment to the service plan was deferred to the February 2019 meeting.

B. Discussion Regarding Personally Identifying Information and Consider Resolution Regarding Disposal of Personal Identifying Information

Mr. Erb explained this is a new District requirement passed by the state legislature in 2018.

Upon a motion by Director Girard, seconded by Director Mejer, and upon a vote, unanimously carried, the Board approved the Resolution Regarding Disposal of Personal Identifying Information.

C. Other

None.

VI. Items from Manager

A. Conduct Public Hearing to Consider Amending the 2018 Budget; Consider Adoption of Resolution to Amend 2018 Budget

Director Girard opened the public hearing at 11:43 a.m. There were no public comments. He closed the public hearing at 11:44 a.m.

Mr. Carroll recommended an increase in the General Fund to \$130,000, and the Debt Service Fund to \$14,200,000 to cover unanticipated changes to the 2018 budget.

Upon a motion made by Director Girard, seconded by Director Mejer, and upon a vote, unanimously carried, the Board approved the 2018 budget amendment resolution.

B. Conduct Public Hearing to Consider Adoption of 2019 Budget; Consider Adoption of Resolutions to Approve 2019 Budget, Appropriate Expenditures and Certify Mill Levies

Director Girard opened the public hearing at 12:33 p.m. He stated he would like to reconsider the Board's decision in August to provide a property tax credit for the error in the calculation of the District's 2018 property tax rate. He recommended the District instead refund the overage collected in 2018 to each property owner at the end of the year. Mr. Carroll reviewed a spreadsheet prepared by his office from the Grand County Assessor indicating the amount overpaid to date in 2018. Approximately 30 homes have sold in Granby Ranch for a total of approximately \$2,500 in tax refunds to be granted to those who already sold their home. The total for all properties in 2018 is approximately \$84,000.

Ms. O'Flaherty asked if the District's insurance carrier had been notified of potential claims? Director Girard noted that CLA has offered to correct the error at their expense.

Ms. O'Flaherty recommended that the 30 homeowners who have already sold their property not be treated differently from all the other property owners. A refund to all is recommended.

Mr. Carroll reviewed the 2019 General Fund mill levy. He reported the property tax credit in 2019 would be 6.508 mills for a net mill levy of 24.534 mills in the General Fund. The Debt Service mill levy is 40.000 mills for 2019. He reported the 40.000 mills is not sustainable over time. Eventually this will need to be increased and the General Fund mill levy decreased. Director Girard stated he did not want to continue a "roller coaster" mill levy adjustment in the future.

Director Girard asked if the tax credit will be shown on each property owner's tax bill? Mr. Carroll stated he believed the tax credit language would appear but he is not certain.

Ms. O'Flaherty reported there are 782 property owners in the District that are impacted by this decision.

Mr. Carroll reported the District will not have property tax revenue to utilize for the refund until after March 10, 2019.

Director Girard noted the tax payment overage is actually in the Debt Service Fund in the approximate amount of \$90,000. Mr. Carroll stated he did not believe the trustee would allow the District to transfer this overage from the Debt Service Fund to the General Fund to be used to send refund checks to property owners.

After additional discussion, upon a motion by Director Girard, seconded by Director Mejer, and upon a vote, unanimously carried, the Board directed CLA to issue a refund check for the overpayment of taxes in 2018 to all property owners at the end of 2018 at the cost of CLA. The \$84,000 will be taken from the General Fund unless the trustee allows the monies to be moved from the Debt Service Fund balance where the overage was collected in 2018. The payments will be made by the end of the year if the Debt Service Fund transfer is available otherwise the checks will be issued in March 2019. CLA will send a brief letter to each property owner with the check notifying them of the reason for the refund. The motion was unanimously approved.

Mr. Carroll stated he would like a Board member to review the final documentation regarding the refunds and the letter prior to being sent. Director Mejer will be the representative of the Board to review with Mr. Carroll.

Director Girard closed the public hearing at 12:48 p.m.

Upon a motion by Director Girard, seconded by Director Conrad, the Board approved the 2019 budget with the change in the General Fund mill levy to eliminate the property tax

credit and authorized Director Mejer to represent the Board in the final approval of the 2019 budget tax refund notices.

The Board also decided that the \$26,001 in the General Fund would be titled an operations reserve instead of maintenance and street repair reserve.

C. Website Update

Mr. Blodgett reported the November 9 meeting agenda had not been added to the website as of this morning. Neither had the 2017 audit. These were requested this morning to be added today. In the future they will be added timely prior to the Board meeting or as soon as prepared.

D. Consider Approval of 2019 Annual Administrative Resolution

Mr. Blodgett reviewed the 2019 Annual Administrative Resolution with the Board. Upon a motion by Director Girard, seconded by Director Mejer, and upon a vote, unanimously carried, the Board approved the 2019 Annual Administrative Resolution.

E. Consider Approval of 2019 Insurance Policy

Upon a Motion by Director Girard, seconded by Director Conrad, and upon a vote, unanimously carried, the Board approved the 2019 Insurance Policy with the reduction of the liability coverage from \$9 million to \$2 million for a savings of \$1,750.

F. Other

None.

VII. Director Items

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

Mrs. Raible thanked the Board for all of the effort they spend in administering the District on behalf of all of the homeowners.

Ms. O’Flaherty reported that the sale of Granby Ranch will include the ski and golf course. There may be an opportunity for the District to get involved in this transaction and protect these assets for the residents. Director Girard stated the District is not a party to the agreements at the present time. Ms. O’Flaherty recommended the District monitor the sale.

Ms. O’Flaherty further reported there is an issue with the 1% transfer fee sales. She is working with the Recreation Open Space Housing Foundation (ROSHF) to address this issue. There are some concerns with the way the ROSHF Board is handling it. She recommended the District monitor this issue also.

The Board thanked Ms. O’Flaherty for her comments.

B. Status of Road Repair Work – Lance Badger

In the absence of Mr. Badger, Mr. Raible reported that the bids will be opened January 9th. The estimated cost now is \$4.9 million: \$500,000 from the District’s escrow, \$1.9 million from the existing various SIA’s and \$2.5 million of additional funds required for the developer to complete the project. He reported the developer will be required to increase the SIA by \$2.5 million to do the work.

Director Girard reported this requires a notice from the Town Manager or Town Board to the developer to obtain this additional amount. Director Girard also reported the District’s \$500,000 escrow should not be considered a part of the funds. These funds are through a separate agreement. The developer should be required to raise an additional approximate \$3 million for the necessary work.

C. Communications Report – Director Mejer

No report; however this item will continue as a regular quarterly agenda item for future discussion.

D. Discuss Consultant Engagement Agreements

1. Management Services – CliftonLarsonAllen LLP
2. Accounting Services – CliftonLarsonAllen LLP
3. Legal Services – Seter & Vander Wall, P.C.
4. Legal Services – Icenogle Seaver Pogue, P.C.

E. Executive Session Pursuant to Section 24-6-402(4)(e)(I), C.R.S. to Discuss the Proposals for Management and Accounting Services from CliftonLarsonAllen LLP and for Legal Services from Seter & Vander Wall, P.C. and Icenogle Seaver Pogue, P.C., and Potential Negotiation Positions and Strategy

Upon a motion made by Director Girard, seconded by Director Titus, and upon a vote, unanimously carried, the Board adjourned into Executive Session at 1:15 p.m.

Upon a motion made by Director Girard, seconded by Director Conrad, and upon a vote, unanimously carried, the Board adjourned out of Executive Session at 1:24 p.m.

Upon a motion by Director Girard, seconded by Director Mejer, and upon a vote, unanimously carried, the Board voted to terminate the legal services agreement with Seter & Vander Wall, P.C. and engage Alan Pogue, at Icenogle Seaver Pogue, P.C. for future legal services for the District, and authorized Director Girard to execute the legal agreement in the Board package with Icenogle, Seaver Pogue, P.C.

Mr. Erb reported he can begin the process to transfer his files to Mr. Pogue as soon as requested.

Director Girard stated he will contact Mr. Pogue to ensure the new agreement is in place and then notify Mr. Erb when the transfer of files and other transition work can begin.

The Board took no action on the management services and accounting services agreements.

F. Confirm Quorum and Location for the 2019 Regular Meetings to be held on the second Friday of February, May, August, and November at 10:00 a.m. at Ranch Hall, 998 Village Road, Granby, CO 80446

- A. Friday, February 8, 2019
- B. Friday, May 10, 2019
- C. Friday, August 9, 2019
- D. Friday, November 8, 2019

The Board discussed the 2019 meeting schedule. Upon a motion by Director Girard, seconded by Director Mejer, the Board confirmed the 2019 meeting schedule at this time. The Board will further discuss the remaining 2019 meetings at the February 8 Board meeting to ensure they are convenient for the new Board members.

G. Other

None.

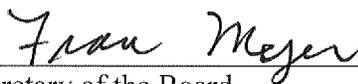
VIII. Other Business

None.

IX. Adjournment

There being no additional business, Director Girard adjourned the meeting at 1:31 p.m.

Respectfully submitted by,


Secretary of the Board
