

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE GRANBY RANCH METROPOLITAN DISTRICT HELD FEBRUARY 8, 2019

A regular meeting of the Board of Directors of the Granby Ranch Metropolitan District was held on February 8, 2019 at 10:00 a.m. Ranch Hall, 998 Village Road, Granby, CO 80446

Attendance: In attendance were Directors:

Matt Girard; President
Terry Walker; Vice President
Fran Mejer; Secretary/Treasurer
Elizabeth Titus; Assistant Secretary/Treasurer (via telephone)

Also in Attendance:

Patrick Shannon; CliftonLarsonAllen LLP
Jason Carroll; CliftonLarsonAllen LLP (via telephone)
Alan Pogue; Icenogle Seaver Pogue, P.C.
Lance Badger, Granby Realty Holdings
Natasha O'Flaherty; 132 Fairplay (via telephone)
Vince Mejer; 625 Cumulus

I. Call to Order

Director Girard called the meeting to order at 10:01 a.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. Pogue 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 November 9, 2018 Regular Meeting Minutes

Upon a motion duly made by Director Girard, seconded by Director Conrad, and upon a vote, unanimously carried, the Board approved the November 9, 2018 minutes.

IV. Financial Items

A. Status of 2018 Property Tax Refunds

Mr. Carroll reported that CLA has been working with the Grand County Assessor's Office to obtain a report detailing property taxes paid by each property within the District. Mr. Carroll noted that CLA has had some difficulty obtaining these reports, but anticipate having more information for the Board in the next few weeks. Mr. Carroll reported that the District should receive 2018 property tax revenue by March 10, at which time there will be sufficient funds to begin processing refund payments. Mr. Carroll will draft a letter to residents explaining the refund, noting that the draft will be circulated for the Board's review early next week.

B. Accept December 31, 2018 Quarterly Continuing Disclosure Report

Mr. Carroll reported that, due to the absence of certificate of occupancy information, the December 31, 2018 Quarterly Continuing Disclosure Report is not yet available. Mr. Carroll will circulate the report to the Board once it is finalized with all information.

C. Ratify October, November and December 2018 Claims Totaling \$20,536.47

Mr. Shannon noted that there is an additional \$2,858.31 in claims paid to the Colorado Special Districts Property & Liability Pool and to T. Charles Wilson Insurance for the Board to consider ratifying. Director Girard asked that a detailed report of consultant billing records be sent to the Board as well as the backup invoices for all claims. Director Mejer noted that she had asked for a report detailing all outstanding claims. CLA will send the consultant billing records, detailed invoices and outstanding claims to the Board and will include these items in future packets.

Assuming that the insurance payment is for the reduced insurance coverage approved at the previous Board meeting, upon a motion duly made by Director Girard, seconded by Director Mejer, and upon a vote, unanimously carried, the Board ratified payment to the Colorado Special Districts Property & Liability Pool and T. Charles Wilson Insurance in the amount of \$2,858.31.

The Board deferred ratification, due to the fact the invoices were not included in the Board package, of the remaining October, November and December 2018 claims totaling \$20,536.47 until all requested backup information is reviewed by the Board. Director Girard also requested that all future claim packages for approval have copies of invoices included in Board packages going forward.

D. Review and Consider Approval of Current Claims Totaling \$0

Mr. Carroll reported that there are no current claims for the Board to approve.

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D. Review and Consider Approval of Current Claims Totaling \$0

Mr. Carroll reported that there are no current claims for the Board to approve.

E. Review and Accept December 31, 2018 Financial Statements and February 2019 Cash Position Report

Mr. Carroll reviewed the December 31, 2018 financial statements and the February 2019 cash position report, noting that the December financial results were on par with estimated totals for 2018 shown in the 2019 Budget.

Director Mejer asked why there is \$178,593 in revenues budgeted for "Other Income" that was not collected. Mr. Carroll explained that the District is not allowed to budget for a deficit, so this amount was meant to account for a potential shortfall.

Upon a motion duly made by Director Walker, seconded by Director Girard, the Board accepted the December 31, 2018 financial statements and February 2019 cash position report.

F. Status of Road Repair Escrow Fund

Mr. Badger reported that he submitted two Escrow Release Requests for repayment. The first, Release Request #17, is to Kumar and Associates in the amount of \$220 and the second, Release Request #18, is to Matrix Design Group in the amount of \$26,717.10. Mr. Badger noted that going forward the majority of escrow account release requests will be attributed to construction. Director Girard asked that all Board members are included in the distribution of the escrow release request emails.

G. Review and Approve 2018 Audit Engagement Letter with Chadwick, Steinkirchner, Davis & Co., P.C. - \$5,350

After review, upon a motion duly made by Director Girard, seconded by Director Walker, the Board approved the 2018 Audit Engagement Letter with Chadwick, Steinkirchner, Davis & Co., P.C. in the amount of \$5,350.

H. Accept Final 2019 Budget

Mr. Carroll reported that the Board has already approved the 2019 Budget and that it has been filed with the State.

I. Other

None.

V. Attorney Items

A. Status of 3rd Amendment to the Service Plan with the Town of Granby

Mr. Pogue reported that the Town of Granby provided comments on the draft service plan amendment. The amendment is currently in draft form with redline changes

submitted by the Town as well as changes made by the District's former attorney, Mr. Erb. Mr. Pogue noted that this is a place to start for the Service Plan Committee's review and that the District is not bound to any proposed service plan language at this point. Mr. Pogue recommended that the committee meet via telephone conference once they have had a chance to review the draft service plan amendment. Mr. Pogue noted that after the committee reviews the service plan amendment, the Board will be asked to approve the amendment in its final form. Director Mejer asked if the pending sale of the ski resort would have any impact on the service plan amendment. Mr. Pogue stated that he does not believe that it would. Mr. Badger noted that other districts may be impacted by a sale due to land ownership, but Granby Ranch MD should not be impacted.

B. Other

Mr. Badger reported that Headwaters Metro District received a summons pertaining to Phase 2 of the Silver Star development. Mr. Badger explained that in the 2000s, this property was included into the District and annexed into the Town. The developer eventually went bankrupt and the development is now owned by a bank. Mr. Badger reported that the summons was for quiet title action that would terminate agreements entered into by the former developer, claiming the developer did not have the right to enter into these agreements. Mr. Badger reported that, although Headwaters MD was summonsed, the summons should have been for Granby Ranch MD. Headwaters' attorney has asked that Silver Star reissue the quiet title stipulating that the development is within Granby Ranch MD. Mr. Badger noted it is in everyone's best interest for the property to develop. Granby Ranch MD is not named in the quiet title, but the quiet title does address GRMD fees. Headwaters' attorney will coordinate with Mr. Pogue.

Mr. Pogue noted that if they are attempting to eliminate rights that the District has on the development, they must name the District in the lawsuit. If they make an argument that the property owner did not have the legal right to add the property to the District, Silver Star will need to make a case that District can respond to. Director Titus asked if Silver Star will need to serve in publication and if the District could be involved as an unknown defendant. Mr. Pogue confirmed that if they are not able to personally serve the District, they could publish as a catch all. Director Titus asked that a copy of the summons be sent to the Board. Mr. Badger will send the summons to Mr. Pogue to distribute to the Board.

Mr. Badger reported that the Recreational Open Space and Housing Foundation is being challenged by several homeowners. Ms. O'Flaherty reported that the residents are claiming that a notice of transfer fee was not properly filed by the Foundation. Ms. O'Flaherty explained that when a property in the Granby Ranch community sells, there is a 1% transfer fee paid to the Granby Ranch Conservancy (GRC) and a 1% transfer fee paid to the Foundation. There have been questions about how funds were being used and that they have not been used in Granby Ranch. Mr. Badger noted that the Foundation has collected almost \$1 million, but there is not clear accounting to show how it has been spent. Director Girard asked who appoints the board members of the Foundation. Ms. O'Flaherty reported that they are appointed by the Town Council. Mr. Badger noted that there is no representation from Granby Ranch.

Director Girard asked if the Board would like Mr. Pogue to take action challenging the Foundation. Director Titus stated that she does not see how that is within the scope of the Metro District. Ms. O’Flaherty noted that it would make more sense for the GRC to take action.

Mr. Pogue asked if the fee applies only to the transfer of home sites. Mr. Badger explained that it kicks in when an end user first acquires a property. Mr. Pogue noted that the District most likely does not have standing unless it impacts property owned by the District. Mr. Badger stated that the GRC will support whatever the homeowners want to do. Director Girard stated that the District would not be the entity to challenge the Foundation, but can take a stance of support. Mr. Badger suggested that the GRC send a survey to homeowners to measure support for challenging the Foundation and to have a basis for moving forward. After discussion, the Board stated that they are very concerned with the state and operations of the Foundation and support the GRC in its efforts to challenge the 1% transfer fee on property sales to the Foundation.

VI. Items from Manager

A. Website Update

Director Mejer noted that there is old information on the website, including a request for volunteers to fill a Board vacancy that is no longer needed. CLA will work with the website developer to remove old information on the website.

B. Other

None.

VII. Director Items

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

There were no additional public comments.

B. Status of Service Plan Amendment, Review Committee

Director Girard noted that this item was already discussed.

C. Status of Road Repair Work – Lance Badger

Mr. Badger reported that the bid deadline was yesterday and that four bids were submitted. Mr. Badger reported that, upon a high level review, all bids are in the ball park of the anticipated costs. Headwaters meets on February 14th and intends to award a contract subject to final terms and legal requirements. Mr. Badger anticipates a notice of award upon approval. Headwaters’ intent is to begin work once winter is over.

Mr. Mejer asked when numbers can be brought to the Town. Mr. Badger reported that costs will be submitted to the Town upon first draw. Mr. Badger reported that the surety is not yet in place due to the pending sale of the resort. Once the sale is completed, the new entity will move forward with increasing surety bonds with the Town. Mr. Badger stated that the prospective buyer is aware that this surety needs to be put in place.

Mr. Badger reported that the goal is for the Town to accept the infrastructure upon completion of work, noting there will be a two year warranty prior to final acceptance. Director Walker noted that the District has been focusing on the roads, but that there is other infrastructure. Mr. Badger stated that all other utilities are the responsibility of the Town.

D. Communications Report – Director Mejer

Director Mejer asked that a letter requesting homeowner contact information for future publications be sent with the letter explaining the property fund refund. Ms. O’Flaherty suggested having a method for homeowners to submit their email addresses on the website. CLA will look into the logistics of recording email addresses online.

E. Ratify Letter Regarding Termination of Seter & Vander Wall, P.C. Legal Services Agreement

The Board acknowledged the letter of termination of Seter & Vander Wall, P.C. for legal services.

F. Discuss Consultant Engagement Agreements

1. Management Services – CliftonLarsonAllen LLP
2. Accounting Services – CliftonLarsonAllen LLP

Mr. Shannon noted that the CLA engagement letters have been updated to include the billing rates of all individual team members. After review, upon a motion duly made by Director Girard, second by Director Mejer, the Board approved the Management Services and Accounting Services engagement letters with CLA.

G. Confirm Quorum and Location for the Next Regular Meeting – Friday, May 10, 2019 at 10:00 a.m. at Ranch Hall, 998 Village Road, Granby, CO 80446.

Mr. Pogue noted that he has a recurring conflict on the second Friday of each month. The Board decided to move the May meeting to Friday May 24th and tentatively set the August meeting as August 16th.

H. Other

None.

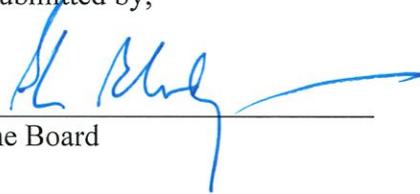
VIII. Other Business

None.

IX. Adjournment

There being no additional business, Director Girard adjourned the meeting at 11:43 a.m.

Respectfully submitted by,

A handwritten signature in blue ink, appearing to be "A. Blay", written over a horizontal line.

Secretary of the Board