

GRANBY RANCH METROPOLITAN DISTRICT

Regular Board Meeting Minutes

Meeting Date: Wednesday August 25, 2021

Meeting Time: 6:01pm to 7:50pm

Meeting Location: Online video conference site as follows:

<https://www.gotmeet.me/DistrictBoardMeetingRoom2> Members of the public may also participate via phone using the dial-in-number: phone: (646) 749-3112/Access code #534-031-373

I. Roll Call (6:01pm)

A special meeting of the Board of Directors of the Granby Ranch Metropolitan District (District) was called and held as shown above and in accordance with the statutes of the State of Colorado. The following Directors were in attendance:

Directors	Office	Attendance
Matt Girard	President	Present
Steven Conrad	Asst. Secretary/ Asst Treasurer	Present
Frances Mejer	Secretary/Treasurer	Absent
Timothy Archie	Asst. Secretary	Present
Glenn O' Flaherty	Asst. Secretary	Present

Also, in attendance was district managers Charles Wolfersberger and Jen Brink (Wolfersberger, LLC); general counsel for the District, Anna Wool (Icenogle Seaver Pogue, P.C.); special counsel for the District, Charles Norton and Alicia Garcia (Norton & Smith, PC); Katie Jenner and Zach Meyer (opposing counsel with Hush Blackwell) and the following residents/homeowners: John Gillogley, Bill Rose, Rick and Carolyn Poulson, Tom and Joanne Young, William Mckinney, Alisa Martin, Chris Lewis, Janice, Lee Sprigg, Stefan Haberer, Bill Woodson, Brad and MT.

II. Call to Order

The meeting was called to order by Director Girard. Director Girard noted that a quorum of the Board was present, and the Directors confirmed their qualification to serve and, therefore, called the special meeting of the Board of Directors of the District to order.

Director Girard let the Board know that he received Director Frances Mejer's resignation from the Board.

III. Present disclosures of potential conflicts of interest

The Board reviewed the agenda for the meeting, following which all directors disclosed no conflicts of interest with the business to be discussed and conducted at the meeting. Director O'Flaherty did state, for transparency sake, his wife is a Trustee with the Town of Granby, which was previously considered by Alan Pogue as no conflict.

IV. Administrative Matters

- 1) Meeting Agenda: The Board reviewed the agenda as presented by the Director Girard. Director Girard motioned to approve the agenda with the correction that this is a regular meeting (not a special meeting). Director Conrad seconded the motion and the Board voted 4-0 to approve the agenda.
- 2) Meeting Protocol & Logistics of Public Comment: Director Girard briefly reviewed and discussed the protocol for public comments during this meeting, which will be considered and allowed for each and every agenda item going forward.
- 3) Unscheduled public comments: None
- 4) Review and consider April 26, 2021, special meeting minutes: The Board reviewed the April 26, 2021 meeting minutes. Director Girard motioned to approve the minutes as presented. Director Archie seconded the motion and the Board voted 4-0 to approve the minutes.
- 5) Status update – District website: The District Manager reported that the revised and updated District website should be up and running by November.
- 6) Review and consider whether to retain T Charles Wilson as District’s insurance agent. The Board reviewed and considered the termination of the District’s insurance agent T. Charles Wilson. The District Manager noted that the District participates in the Colorado property and liability insurance pool (to which there are no cheaper third-party insurance alternatives) and the District owns no assets requiring property insurance coverage. Director O’Flaherty motioned to terminate T. Charles Wilson Insurance as the District’s insurance agent. Director Girard seconded the motion and the Board voted- to approve the motion.

Action Item 1: District Manager will forward notice to the Colorado Special District Property & Liability Pool and T. Charles Wilson regarding termination of insurance agent services.
- 7) Resignation of Director Mejer: Director Girard reported that Director Mejer recently submitted her resignation letter to the District. She sold her house and is moving out of the District. The Board expressed their appreciation for the many hours she volunteered serving on the Board.

V. Financial Matters:

- 1) Payment of Claims: The Board reviewed the schedule of check payments (checks #100000 to #100003) totaling \$18,815.00 and the current accounts payable ledger (8 invoices totaling \$71,493.74). Director Girard motioned to approve the payment of claims and approve payment of all outstanding, unpaid invoices. Director O’ Flaherty seconded the motion and the Board voted 4-0 to approve the motion.
- 2) Status update – Management/Finance manager company transition: The District Manager reported no issues or concerns and indicated that all District records appear to have been turned over to Wolfersberger, LLC from the prior management company.

- 3) Review July 30, 2021 financial reports: The District Manager reviewed the District's year-to-date July 30th financial reports. Approximately 100.9% of the district's property tax revenue and 71.9% of specific ownership tax has been collected for the Bond Fund through July 31. Approximately 98.4% of the district's property tax revenue and 76.1% of the specific ownership tax has been collected for the General Fund through July 31. The District had a cash balance of \$28,241 in its checking accounts and \$2,916,310 in its CSAFE and UMB trust accounts.

The District Manager reviewed the general fund and debt fund budget-to-actual reports for revenue and expenses for the 7-month period ended July 31st. In the general fund, the District has incurred expenses totaling \$174,584, which is \$46,701 higher than year-to-date budgeted expenditures. Approximately 58% (or \$100,828) of total expenditures is related to litigation costs – which were not contemplated in the District 2021 budget.

The District paid its semiannual interest payment (\$322,669) on the 2018 Series Bonds on June 1st. Through July 31, 2021, total expenses in the debt fund total \$368,601 which is comprised of accrued interest, county treasurer collection fees (\$42,432) and the annual trustee fee (\$3,500). Total actual expenses was \$2,900 less than year-to-date budgeted expenses for the debt fund.

The Board reviewed and briefly discussed the current cost of litigation and noted the District's strong financial condition with \$2.9 million cash, ability to fund ongoing annual debt payments under the current mill levy and ongoing revenue stream from one-time capital facility fee assessments yet to be assessed and collected on 351 home lots.

- 4) Review and discuss draft of District's 2022 budget: The District manager briefly reviewed the mill levy range the Board should consider for the debt fund. The District must generate an average of \$754,000 in property tax revenue each year for the next 31 years to pay off the District's Series 2018 bonds. The 2021 debt mill levy is 45 mills which generated \$840,300 in property tax revenue. Based on the preliminary valuation report recently published by the County, the mill levy required to generate \$754,000 in tax revenue in 2022 is 34.643 mils. The Board determined to analyze various options related to the mill levies for the District in preparation for the upcoming budget preparation and approval.
- 5) Refinance Committee – Status Update: Director O' Flaherty discussed the District's Series 2018 bonds and noted the bonds include a requirement that they cannot be refinanced prior to December 1, 2023. Between December 2023 and December 2026, the District can refinance the bonds but will be required to pay a prepayment penalty to the bondholders. Also, Director O' Flaherty reported the preliminary assessed valuation of all land within the bond district (as reported by Grand County) is \$21.7 million. The District's bond debt by end of 2021 will be \$11.75 million or 54% of assessed valuation. The debt-to-assessed value ratio (a key financial metric used by public markets to measure the financial health of property tax districts) needs to drop below 50% for the district to enjoy potentially better interest rates and a higher credit rating from the public financial markets.

VI. Legal Matters

Status of road repairs by Developer and Status of SIA's with Town-Director Girard: Director Girard discussed the status of Road Repairs by Developer (GPGH) and the status of SIA's with Town. He noted GPGH assumed responsibility to repair the roads when they purchased the development from the prior land developer and they are bound by same SIA agreements. He also reported that the performance insurance bonds filed by the previous Developer (GRH) with the Town were inadequate to cover claims submitted by the Town for road repairs. Consequently, the Town placed building restrictions (no building permits or Certificates of Occupancy) on every Developer owned undeveloped home lot in Filing 3, 6, 8 and 10 starting in 2019, as well as lot allowing the Developer to sell individual lots within these filings. These restrictions will stay in place until the either the roads are repaired, or property securities valued at the estimated full cost of repairs are placed with the Town.

VII. Executive Session

At 7:08pm, Director Girard motioned to convene the meeting to executive session per C.R.S 24-6-402(4)(b) to confer with legal counsel regarding December 31, 2012 Second Amended and Restated Lease Purchase Agreement and the June 1, 2005 Amenity Fee Agreement, and status of associated ongoing litigation. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the motion.

In addition to all directors, the following individuals also attended the executive session: Mr. Wolfersberger, Ms. Brink (both of Wolfersberger LLC), Mr. Norton, Ms. Garcia (both of Norton and Smith law firm). No actions or motions were voted on by the Board during executive session.

At 7:40pm, Director Girard motioned to close the executive session. Director Archie seconded the motion and the Board voted 4-0 to approve the motion.

Post executive session Discussion re Litigation effort against GPGH/HMD: Ms. Wool reported that the Board properly convened to executive session and that the executive session was not recorded due to attorney/client privileged discussion in executive session.

Director Girard provided a summary update on the status of the lawsuit between the District (Plaintiff) and Headwaters Metro District, Gray Jay Ventures, LLC, Redwood Capital Finance Co, LLC, GR Terra, LLC and Granby Prentice, LLC (collectively, Defendants) regarding the 2012 amended and restated lease purchase agreement. Director Girard pointed out that all legal filings are posted on the District's website and noted that legal counsel for the Defendants are in attendance at this meeting. Director Girard opened up the meeting to public comments and questions to which nobody submitted any questions. One homeowner thanked the Board for their efforts regarding the litigation.

VIII. Adjournment (7:50pm)

There being no further business to come before the Board, and upon motion duly made by Director Girard, seconded by Director O’Flaherty and unanimously carried, the meeting was adjourned. The next board meeting is scheduled for November 12, 2021, at 10:00am the Board would like to do a in person meeting with conference ability.

DocuSigned by:

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Secretary

11/14/2021

Date