

GRANBY RANCH METROPOLITAN DISTRICT

Regular Board Meeting Minutes

Meeting Date: Friday November 12, 2021

Meeting Time: 10:00am to 12:35pm

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 (10:00am)

A regular 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
Timothy Archie	Asst. Secretary	Present
Glenn O' Flaherty	Asst. Secretary	Present
Vacancy		N/A

Also, in attendance was district manager Charles Wolfersberger (Wolfersberger, LLC); general counsel for the District, Alan Pogue (Icenogle Seaver Pogue, P.C.); special counsel for the District, Charles Norton (Norton & Smith, PC); Katie Jenner (Hush Blackwell); Town of Granby liaison with the District and resident, Nick Raible, Amy Golden (SkyHi News); and the following residents/homeowners: John Gillogley, Bill Rose, Rick and Carolyn Poulson, , Robert O' Munneke, Micah Hildenbrand, Tamy & Mark Hermanson, Dave Richardson, Jack James, Bradley Bearson, Jennifer Dubrow, Katie Jenner, Joe Byker, David Sardinta, Stefan Haberer, Natasha O' Flaherty, K. Weiser, Lauren, Doug and 4 unidentified callers.

II. Administrative Matters

- 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.
- Declaration of Quorum: Director Girard noted 4 directors are present and quorum is met for this meeting.
- 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 stated his wife recently resigned as a trustee serving on the Town of Granby's Board, (which was previously considered by the District's general counsel as not creating a conflict for Director O' Flaherty).

- 2) Meeting agenda: The Board reviewed the agenda as presented by the Director Girard. Director Girard motioned to revise the agenda and add an item II.5 below. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the agenda.
- 3) Meeting protocol & logistics of public comment: Director Girard briefly reviewed and discussed the protocol & logistics for public comments during this meeting, which will be considered and allowed for each and every agenda item going forward. Director Girard also stated the meeting will be recorded and posted on our website as soon as practical.
- 4) Unscheduled public comments: Director Girard opened the floor to public comments. No attendees requested time to address the Board.
- 5) Review and consider proposal to request Town to appoint a new liaison between the Town of Granby and the District: Director O' Flaherty read a statement regarding concerns he has that the land developer wants to install a public trail across Director O' Flaherty's property and has held discussions with Mr. Raible (the liaison with the District appointed by the Town of Granby) regarding this proposed project. Director O' Flaherty was very concerned about conflicts of interest that arise given the potential of litigation to resolve this dispute and Mr. Raible's involvement.

Mr. Raible stated that he would like to see a public trail installed to the gazebo but has not discussed any such project with the Developer. He has asked the Developer regarding the status of the road repairs within the District and the developer has not responded other than to state the developer wants to see the roads repaired quickly.

Director O' Flaherty motioned to direct the District's general counsel to draft a letter on behalf of the District to the Town of Granby Board of Trustees requesting the Board of Trustees appoint another individual as liaison with the District. Director Girard seconded the motion and the Board voted 3-1 to approve the motion. (Director Conrad voted against the motion.)

Action Item 1: The District's general counsel will draft a letter on behalf of the District requesting the Board of Trustees for the Town of Granby replace Mr. Raible with another individual as liaison with the District

- 6) Review and consider August 25, 2021 board meeting minutes: The Board reviewed the August 25, 2021 meeting minutes. Director Girard motioned to approve the minutes as presented. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the minutes.
- 7) Status update – District website: The District Manager reported the redesign of the District's website is still in process, while targeting this to be complete by the next meeting (Feb 2022).
- 8) Review and consider 2022 administrative resolution. The District Manager presented and the Board reviewed and discussed the 2022 administrative resolution. The Board agreed to keep officer positions the same among the directors. The Board discussed whether to hold future meetings at 10am or 6pm and agreed to modify the resolution to reflect scheduling the February and August meetings at 6pm and the May and November meeting at 10am. Director

Girard also noted he is waiving his \$100/meeting stipend afforded under CRS 32-1-902(3)(a). Director Girard motioned to approve the 2022 Administrative Resolution modified such that clause 3 on page is modified such that the primary notification location will be on the GRMD website (www.granbyranchmd.org), with the back-up location being posted at 998 Village Road, Granby, CO. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the motion.

Action Item 2: The District Manager will post the 2022 administrative resolution, as modified, on the District's website.

- 9) Review and consider 2022 election resolution: The District Manager presented and the Board reviewed and discussed the 2022 election resolution. Director Girard motioned to approve the 2022 Election Resolution as presented. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the motion

III. Financial Matters:

- 1) Review and ratify contractor invoices: The Board reviewed the schedule of contractor invoices submitted for payment since the last meeting – five invoices totaling \$9,867.30. Director Girard motioned to approve payment of all invoices. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the motion.
- 2) Review October 31, 2021 financial reports: The District Manager reviewed the District's year-to-date October 31st financial reports. Approximately 101.7% of the district's property tax revenue and 94.8% of specific ownership tax has been collected for the Bond Fund through October 31. Approximately 99.3% of the district's property tax revenue and 99.0% of the specific ownership tax has been collected for the General Fund through October 31. The District had a cash balance of \$58,378 in its checking accounts and \$2,560,985 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 10-month period ended October 31st. In the general fund, the District has incurred expenses totaling \$174,353, which is \$32,770 higher than year-to-date budgeted expenditures.

The District will pay its semiannual interest (\$322,669) and principal (\$80,000) payment on the 2018 Series Bonds on December 1st. Through October 31, 2021, total expenses in the debt fund total \$368,984 which is comprised of accrued interest, county treasurer collection fees (\$42,815) and the annual trustee fee (\$3,500). Total actual expenses was \$2,101 less than year-to-date budgeted expenses for the debt fund.

For the 10-month period ended October 31, 2021, the District Manager noted revenue exceeded expenses in the general fund and the debt fund by \$139,306 and \$577,350, respectively

- 3) Review and consider closing checking account with First Bank: The District Manager noted the District opened a checking account with Vectra Bank this year and now no longer uses the checking account at First Bank. Director Girard motioned to close the District's checking

account with First Bank. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the motion.

Action Item 3: The District Manager will work with the Board on closing the checking account with First Bank.

- 4) Public hearing regarding proposed 2021 budget amendment: Director Girard motioned to open the public hearing at 11:02am regarding the proposal to amend the District's 2021 budget. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the motion.

The District Manager reviewed the proposed 2021 budget amendment. The District Manager pointed out the proposed budget amendment only affects the District's operating fund and recognizes an increase in spending from \$157,883 to \$220,000. The increase is related to litigation costs incurred by the District that was not anticipated when the original 2021 budget was approved by the Board on November 13, 2020. The District Manager also noted the District's operating fund will remain cash flow positive in 2021 and the year-end balance in the operating fund is projected to be \$559,300 (assuming the budget amendment is approved), which reflects an increase in the District's fund balance by approximately \$156,000 for 2021.

Director Girard motioned to close the public hearing at 11:08am. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the motion.

- 5) Review and consider resolution to amend 2021 budget: The District Manager presented the resolution to amend the District's 2021 budget. Director Girard motioned to approve the resolution as presented. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the motion.

Action Item 4: The District Manager will file the 2021 budget amendment with the Division of Local Government and post the budget amendment on the District's website.

- 6) Public hearing on District's proposed 2022 budget: Director Girard motioned to open 2022 Budget public hearing at 11:09am. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the motion. The District Manager reviewed the proposed 2022 budget. Highlights from the review included the following:

- Property valuation within the operating district boundaries increased 10.4% from \$17.4 million for 2021 to \$19.3 million for 2022.
- Property valuation within the bond district boundaries increased 16.6% from \$18.74 million for 2021 to \$21.8 million for 2022.
- Total expenditures for the operating fund are budgeted at \$188,000 for 2022 – a \$12,000 decrease from total expenses projected to be incurred in the operating fund in 2021. \$100,000 of the \$188,000 is budgeted for additional litigation costs related to the current lawsuit initiated by the District against HMD/GPGH/GR Terra. The 2022 operating fund budget also includes \$12,000 for covering the cost of running a potential board election in May 2022.

- The District's administrative costs are projected to decrease for the third year in a row.
- The 2022 budget reflects collecting facility fee revenue totaling \$75,060 (\$6,255/lot x 12 lots). This revenue is entirely dependent on the timing of when vacant home lots are developed.
- Total expenditures in the debt fund are projected to be \$786,300 in 2022. Expenses are comprised primarily of principal and interest payments due on the District's Series 2018 bonds.
- The annual contribution from the Sol Vista Metro District is projected to be \$40,000 for 2022.
- Specific ownership tax revenue is projected to be 7.2% of gross property tax revenue in 2022.

The Board reviewed and discussed three mill levy scenarios: 60 mills (same mills as 2021), 54 mills and 50 mills. The Board noted the District will generate positive cash flows under all three scenarios. The Board noted that all three mill levy scenarios allows the District to increase its cash balances which will improve the District's financial position when it is able to refinance the debt (at the earliest in December 2023).

Director Girard motioned to close the 2022 Budget public hearing at 11:42am. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the motion.

- 7) Consider resolution to adopt 2022 budget, appropriate funds, set mill levies: The District Manager presented the resolution to adopt the 2022 budget, set mill levies and appropriate funds. **Director Girard motioned to approve the resolution reflecting a total of 54 mills (an 10% reduction in mills from 2021)**. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the motion.

Action Item 5: District Manager will file the 2022 budget with the State of Colorado and the mill levy certification with the County Treasurer.

- 8) Review and consider 2022 management/accounting contract w Wolfersberger, LLC: The Board reviewed and discussed the 2022 service contract submitted by Wolfersberger, LLC. The District Manager noted there are no changes to service fees for 2022 compared to 2021. Director Girard motioned to approve the 2022 service contract as submitted. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the motion.
- 9) Review and consider engagement of BF Borgers for 2021 financial statement audit: The District Manager presented the audit engagement letter submitted by BF Borgers to audit the District's 2021 annual financial statements. Director Girard motioned to approve the engagement letter submitted by BF Borgers. Director O' Flaherty seconded the motion and the Board voted 4-0 to approve the motion.

IV. Legal Matters

- 1) 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 (GR Terra) 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 out of foreclosure, and GR Terra assumed same responsibility when they purchased from GPGH, 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 current Developer owned undeveloped home lot in Filing 3, 6, 8 and 10 starting in 2019, as well as not 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. Director Girard is not aware of any pending activity regarding road repairs. Mr. Raible indicated he is also unaware of any pending repairs as required to the roads within the District.
- 2) Draft "Omnibus Development Agreement" from Developer to Town: Director Girard indicated this agreement was submitted from GR Terra to the Town of Granby and proposes several changes to the contractual agreements and responsibilities between the Town and the developer regarding the land within the District, and the referenced SIA and road repair work mentioned above in IV.1 . Per the Town Trustee meeting on Nov. 9th, the Town (via Town Attorney and Town Manager) are negotiating this agreement further with GR Terra. Mr. Raible provided a brief update on the status of the Town's review of this proposed agreement submitted by the developer.
- 3) Letter from GRC to GRMD dated October 1, 2021 regarding road maintenance and snow removal services related to an Intergovernmental Agreement on Snow Removal dated April 11, 2018: Director Girard reported that the District received a notice from GRC on October 1, 2021 that GRC is only budgeting \$180,000 for road maintenance and snow plowing of the roads within the District. Ms. Hildenbrand and Ms. O' Flaherty provided comments regarding the road repair and maintenance agreements.

Mr. Paulson expressed his support for the litigation initiated by the District against HMD/GPGH/GR Terra.

V. Executive Session

At 12:09pm, 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 (1) December 31, 2012 Second Amended and Restated Lease Purchase Agreement and the June 1, 2005 Amenity Fee Agreement, and status of associated ongoing litigation with HMD/GPGH/GR Terra, and (2) letter from GRC to GRMD dated October 1, 2021 regarding road maintenance and snow removal services. 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, Mr. Norton, Mr. Pogue. No actions or motions were voted on by the Board during executive session.

Director Archie dropped off the call during executive session.

At 12:34pm, Director Girard motioned to close the executive session. Director Conrad seconded the motion and the Board voted 3-0 to approve the motion.

Post executive session Discussion re Litigation effort against GPGH/HMD: Mr. Pogue 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.

Re. the GRC letter to GRMD, GRMD continues to take this letter under legal advisement.

Director Girard reported that there is no update since the last board meeting regarding 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. The District has been waiting three months now for the court to rule on filed motions, which has been in court's hands since August 13th. Director Girard pointed out that all legal filings are posted on the District's website. Director Girard opened up the meeting to public comments and questions to which nobody submitted any questions.

VI. Adjournment (12:35pm)

There being no further business to come before the Board, and upon motion duly made by Director Girard, seconded by Director Conrad and unanimously carried, the meeting was adjourned. The next board meeting is scheduled for Friday February 11, 2022, at 6:00pm online at: <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

DocuSigned by:

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Secretary

3/3/2022
Date