
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting of the Board of Directors of the Granby Ranch Metropolitan District July 20, 2011

A Regular Meeting of the Board of Directors of the Granby Ranch Metropolitan District, Town of Granby, Grand County, Colorado, was held at the Grange Hall at Granby Ranch, 998 Village Road, Town of Granby, Grand County, Colorado, in accordance with State law.

Attendance

The following Directors were present and acting:

- Kyle Harris
- Julie Krueger
- Lance Badger
- Sandra Clinger

The following Director participated via phone and was therefore not able to act:

- Jay Gleason

Also in attendance were:

- Clint Waldron, White, Bear & Ankele, P.C.
- Eric Weaver, Robertson & Marchetti, P.C.
- Kathy Lewensten, Robertson & Marchetti, PC (via phone)
- Marise Cipriani, Granby Realty Holdings
- Natasha O'Flaherty, homeowner
- Barton Phillips, homeowner
- David Clinger, homeowner
- Marylane Packer, Granby Realty Holdings
- Karen Crummy, Denver Post

Call to Order and Declaration of Quorum

The Regular Meeting of the Board of Directors of the Granby Ranch Metropolitan District was called to order by Director Harris on July 20, 2011 at 1:30 p.m. noting a quorum was present. Mr. Phillips stated he would be recording the meeting.

Disclosure of Potential Conflicts of Interest

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 disclosure certificates had not been filed. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully

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complying with laws pertaining to potential conflicts. Additionally, the Board determined that participation by the directors with potential conflicts of interest was necessary to obtain a quorum or otherwise enable lawful action to occur.

Consideration of Agenda

Director Clinger requested the approval of the minutes be moved to the end of the agenda.

Executive Session

The Board determined that an executive session was not necessary.

Quinquennial Report

Mr. Waldron stated the District had received a request from the Town of Granby for a Quinquennial report as allowed by State Statute. He referred to the report which had been included in the packet. He explained the report is administrative in nature, containing statement of facts including the amount of GRMD authorized but unissued general obligation debt. The report was provided to the Town prior to today's meeting. The Town of Granby has scheduled a public hearing on the report for August 9, 2011.

A discussion followed regarding the debt authorization limits. After discussion the Board directed HWMD legal counsel to draft a letter to the Town stating the District's intentions. The Board expressed a willingness to reduce the remaining authorized but unissued general obligation debt limit by one half,. Director Gleason stated he agreed with providing a letter. Upon motion duly made and seconded, it was by a vote of three (3) Ayes and one (1) abstention (Director Krueger),

RESOLVED to authorize HWMD legal counsel to draft a letter to the Town of Granby stating the District is willing to reduce the remaining authorized but unissued general obligation debt of the District by one half,.

O & M Mill Levy

The Board discussed the possibility it may go to the town at some point to seek a service plan amendment which allows a sufficient mill levy to fund operations.

2010 Audit

Mr. Weaver presented the 2010 preliminary audit. He noted the District is expected to receive an unqualified or "clean" opinion. He explained the draft is still under review but no substantial revisions are expected. The Board appointed Directors Krueger and Gleason to an audit committee

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which has the authority to review and accept the final version of the audit. Upon motion duly made and seconded it was unanimously

RESOLVED to appoint Director Krueger and Director Gleason to the audit committee, and

RESOLVED to accept the 2010 audit of the Granby Ranch Metropolitan District subject to final review by HWMD District Counsel and the audit committee.

Financial

Mr. Weaver handed out revised May 31, 2011 financial statements for discussion purposes. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the preliminary May 31, 2011 financial statements.

Operations Shortfall

Mr. Weaver referred to the discussion held earlier today in the Headwaters Metro District meeting regarding the operations shortfalls in the Headwaters General Fund. In 2012 the HWMD operations costs in the preliminary budget are expected to exceed revenues by approximately \$230,000. As noted in the HWMD meeting, the developer provided the funding for the shortfall in 2010 and is willing to do so again in 2011 in the form of contributions rather than advances. For 2012 the developer has expressed willingness to advance funds as a loan, but not a contribution, if a suitable agreement for repayment can be reached. The advances would be advanced directly to HWMD, but on behalf of GRMD and GRMD No. 8. The Board requested that HWMD legal counsel meet with the developer's counsel to see if an agreement concerning advances and related terms can be reached. Upon motion duly made and seconded, it was unanimously

RESOLVED to authorize HWMD District Counsel to negotiate and draft an agreement between GRMD and the developer related to terms for potential future advances.

Mr. Weaver then reviewed a draft of a stress test of the GRMD Debt Service Fund. Based on the assumptions utilized, the stress test indicates that the 2006 Bonds would be fully repaid without requiring funding from the developer guarantee. The 2011 Bonds would only be partially repaid with payments starting once the 2006 Bonds are paid off.

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Accounts

Payable

The Board reviewed the accounts payable list in the packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable as presented.

Future Meetings

Mr. Weaver noted for the record the next regular meeting is scheduled for Wednesday, October 19, 2011 at the same time and location.

Minutes

The Board reviewed the minutes of the November 10, 2010 meeting. Director Clinger expressed her intention to not approve the minutes for reasons previously stated to members of this Board. She expressed her opinion the meetings should be recorded in the future. By motion duly made and seconded, it was by a vote of three (3) Ayes and one (1) nay (Director Clinger)

RESOLVED to approve the November 10, 2010 minutes as presented.

Director Gleason left the meeting at 4:00 p.m.

Public Input

Director Clinger asked for clarification of amenities within the District and if they are pledged as collateral on any debt. Ms. O'Flaherty expressed concerns regarding several matters including minutes, Board officers and consultants.

Adjournment

Upon motion duly made and seconded it was unanimously

RESOLVED to adjourn the Regular meeting of the Granby Ranch Metropolitan District this 20th day of July 2011.

Respectfully submitted,
/s/ Eric Weaver

Eric Weaver
Secretary for the Meeting