TOWN OF GRANBY, COLORADO
GRAND ELK GENERAL IMPROVEMENT DISTRICT
MEETING MINUTES
SEPTEMBER 22, 2020

PRESENT: Roll Call. Present: Vice Chair Deborah J.K. Shaw, Director Josh Hardy, Director Natascha O'Flaherty, Director Nick Raible, Director Cathy Tindle. Resigned: Director Becky Johnson and Chair Paul Chavoustie.

STAFF PRESENT: Town Manager Ted Cherry; Town Attorney Nathan Krob; Finance Director Sharon Spurlin, and Deb Hess, Town Clerk, who recorded the Meeting.

Minutes are summary, action and detail depending on the individual agenda item.
Meeting recordings are available on the Town's website.

TIME: **5:00 PM**

BY: **Vice-Chairman Deborah J.K. Shaw**

LOCATION: **TOWN HALL, ZERO JASPER AVENUE**

MEETING CALLED TO ORDER
5:00 PM
Shaw called the meeting to order. There were no conflicts of interest.

APPROVAL OF GEGID MINUTES FOR SEPTEMBER 8, 2020
5:00 PM
Shaw introduced.

O'Flaherty moved to approve. Raible seconded. All yes.

GEGID REFINANCING - EHLERS PRESENTATION / JIM MANN
5:05 PM
Shaw introduced the agenda item.

Jim Mann explained that earlier this year they discussed the process to get to the refunding of the GE GID outstanding debt obligations. They sent out an RFP to 17 banks. Because of the interesting structure with the combination of property tax pledge and the system development fee, they didn't get any financial institutions that were interested and that understood the credit. They ended up working with Pacific Western Bank. They provided a rate of 2.95%. The overall structure of the deal would provide a future value savings of about $900,000 savings to the district. Due to the structure of the debt and legal concerns on the final payment, they had to reduce the final payment, so they utilized $300,000 of SDF fund balance or cash to downsize the debt. Therefore, the actual savings was $406,000. That equated to a $50,000 savings to the district on an annual basis until the final year. That would allow the district to take the system development fee down to $670-$680 on an annual basis from the $950 that was charged this year. They built some additional flexibility into the SDF language that allowed the district, if requested by the HOA, to levy that SDF at a higher rate and then utilize those dollars to do improvements on the infrastructure that the GID was responsible for. There have been some lots purchased by a developer and more would soon be on the market.

O'Flaherty asked about the SDF, if it was a requirement of the refinance that it expanded from just covering the bond to any purpose.

Jim Mann responded, it was not a requirement for the bond deal. It was a request to expand the language. The original documents were rather specific that it had to be used for debt service. That created some additional flexibility that if the GID and the HOA wanted to use it for another purpose for improvements to the district, they could.

O'Flaherty commented it could now be extended past the life of the bond. She asked if it retired in 2028.

Jim Mann responded the SDF sunseted on the retirement on the bonds, unless the Board extended it.

O'Flaherty asked if it was a tax or a fee.

Jim Mann replied the Bond council was confident that it was legal as a SDF.

O'Flaherty asked if the pay down was to ensure the total payment, didn't it exceed the authorized amount at the end.

Jim Mann replied yes. The original authorizing election put a limit on the maturity and the number was $920,000 maximum you could pay on an annual basis. The original bond deal was less than a $920,000 net payment, but they were using the debt service reserve to pay down that last payment. The current tax opinion out of Butler Snow was that if you were to draw on that, there was no requirement for you to replenish the debt service reserve.

Shaw asked for any other questions.

O'Flaherty asked what the arbitrage fee was.

Jim Mann responded that when you were issuing municipal securities, you were agreeing to learn certain arbitrage calculations in respect to federal tax laws on tax exempt. The final report was being issued on those securities and that was within the closing costs.

Krob asked if there was an ordinance on this.

Spurlin replied we have already adopted the ordinance. The closing would be October 6th. She added we have it set up for payments twice a year vs all the principle December 1st.

APPROVAL OF RIVERSIDE LOTS CONTRACT / TOWN MANAGER
5:11 PM
Shaw introduced the agenda item.

Cherry explained this was the contract for the purchase of the Riverside lots that were listed in the contract we discussed at the last meeting. It changed somewhat. At the last meeting Steve thought he might pay $11,000 at the end of October and $11,000 at the end of November. He decided against that and asked if we could change the outcome of that portion of the contract to remove that. He added he didn't see any issue with it from the GID's standpoint because the Town would be receiving all the funds at closing January 15, 2021. He told Steve that the $24,000 upfront was not negotiable because we needed that to get the taxes paid. The contract was for the 12 lots for $132,000. The first payment of that $24,210.42 was coming in tomorrow. Spurlin would process that and get a cashier's check to the county before the end of the month to avoid more interest. Everything was ready to go and it was up to the Board to decide if they want to move forward with this.

Krob stated Wilkie also requested the Town and the HOA come to an agreement regarding fees because these were lots that were received from the GEGID by Koebel. There was an obligation to reimburse certain HOA fees. If the Town and the HOA couldn't come to a strict agreement, closing could be extended 15 days to accommodate that.

Shaw asked for any other questions or discussion.

Hardy moved to approve the Riverside lot contract. O'Flaherty seconded. Shaw – Roll call; Hardy = yes, Raible = yes, O'Flaherty = yes, Shaw = yes.

GEGID OWNED LOTS DISCUSSION / TOWN MANAGER
5:17 PM
Shaw introduced the agenda item.

Cherry stated Riverside was 12 lots. After January 15, 2021, we would not own those. Eagleridge has 76 lots left and these were under contract with Wilkie. Wilkie had to take down 8 lots per year per the contract. He requested a closing for four of those lots so it was actually down to 72. Horseshoe Creek was set up as 9 buildings with 4 units each to match the four-plexes that were there now. The issue was that it was in a flood plain, flood zone, wetlands area. The possibility of those getting built on are slim to none. There were some opportunities that the GEGID and HOA could come to some agreement on how to utilize those properties in a better way. We were continuing to have discussions with the HOA. We have a meeting scheduled for the 8th. There were taxes that were due on that property so we would need to make sure all the entities were made whole. The final area was Buckhorn. Last year, we put out an RFP for bids and did not receive any bids back. He explained from a planning perspective, you needed to look at this in three distinct groupings. If the Board wanted to move forward with an RFP process on those, it was important those lots were sold together in the three separate groupings because a developer was going to have to put together a plan of action for streets, water, sewer, electric, cable, internet and others because none of that was finished. It would be easier for a developer to tackle a lower number of units. He requested direction mostly for Buckhorn lots. We would need some time to figure out the Horseshoe Creek portion.

David Hall stated he was with the Grand Elk HOA and stated they were concerned about putting more individual lots on the market right now in Grand Elk. There were a number of lots on the market. Many have sold this year. He explained that by taking some of that inventory off the market they have been able to raise prices a little bit which had caused some that are way behind on their dues to sell. He asked that we not take those individual lots that were left in Buckhorn and list them with a realtor to be put out at cheap prices.

O'Flaherty asked about the status of the tax liens.

Krob replied the deed in lieu from K Eagle Ridge were all transferred in 2015 so we would be past that date. He was unsure of the remainder of the lots.

O'Flaherty asked about the back taxes on the Buckhorn lots.

Spurlin replied it would be similar to Riverside, $24,000 for 12 lots. Buckhorn has 52, so approximately $105,000-$110,000.

O'Flaherty stated we had fiduciary duty to protect the asset.

Krob disagreed. He added there was no real value that we obtained in getting the asset. They were part of a deed in lieu of process. It behooved this Board and the HOA to get those back on the market because then HOA fees were coming in and SDF fees and taxes were being paid. We don't want to invest in those taxes with the hope that we would sell them down the road. He cautioned paying the taxes for the purpose of owning them free and clear.

Spurlin thought the lack of infrastructure would prevent people from getting treasurer's deeds.

O'Flaherty asked if the certificates were purchased on these.

Spurlin replied they have been paying on some of them. Someone has been buying them every year. They could ask for the treasurer's deed, they just haven't yet. We had 13 Riverside lots and one of them became a treasurer's deed.

David Hall stated every board meeting we have 2-3 pages of bad debt related to unpaid HOA fees. The upward pressure on prices was bringing some of those to market. They were getting sold and we were starting to get some HOA fees. His concern was if we depress the prices in the market, those people were not going to get enough to sell. They were going to continue to not pay their HOA fees. If we could just bring the individual lots to the market in an orderly process, maybe we could get out from under some of this. He stated if you went out for a RFP as with the 3 groupings and didn't let people cherry pick individual lots, they wouldn't be opposed to that. He explained that there have been issues when an owner doesn't pay for HOA fees. The HOA have to wait until the sale, sometimes years to collect those HOA fees.

Cherry noted, if we went out for a RFP, again, we are looking at a December time frame. If a developer picked them up, we would sell as a group. Infrastructure would be next spring or summer and building season in 2022 for houses to be built. He explained the 3 groupings. It would be 20 for the four-plexes, 15 and 15 on the two other sections. He added it would be beneficial to leave the RFP out there for longer than a 30-day period because that gave the developer time to do their due diligence.

Hardy & Raible agreed with Cherry.

There was discussion regarding utilities and infrastructure. There was 100' of street that would have to be put in. There was some infrastructure and an area to connect to. The two areas in Buckhorn are perfect for water and sewer.

The Board agreed to move forward and Cherry would work with Krob and Spurlin to bring that back to the Board on a different date.

There was discussion on the eight lots Mr. Wilkie had to take down every year per contract. There was no credit if he did more than eight in a year. He has to do eight each year.

Cherry noted the modular units that Mr. Wilkie would start on the back side of Eagleridge should be here in the next couple weeks.

SALE OF GEGID LOT AT 270 BUCKHORN CIRCLE DISCUSSION / TOWN MANAGER
5:44 PM
Shaw introduced the agenda.

Cherry explained the potential buyer of 270 Buckhorn decided he did not want to move forward with the possible individual sale.

Shaw asked for public comments. None.

MEETING ADJOURNED
5:45 PM
Hardy motioned to adjourn. O'Flaherty seconded. All yes.

GRAND ELK
GENERAL IMPROVEMENT DISTRICT

GRAND ELK RANCH GENERAL IMPROVEMENT DISTRICT
TOWN OF GRANBY, COLORADO
SEAL
SEPT. 25, 2001

ATTEST:

Deborah K. Hess

Deborah K. Hess, CMC
Ex-Officio Secretary

Deborah J K Shaw

Deborah J.K. Shaw
Vice Chair