
RECORD OF PROCEEDINGS

Minutes of the Special Meeting of the Board of Directors of Two Rivers Metropolitan District October 3, 2017

A Special Meeting of the Board of Directors of Two Rivers Metropolitan District, Eagle County, Colorado was held on October 3, 2017 at 2:00 p.m., at the offices of Marchetti & Weaver, 28 Second St, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Chad Cremonese
- Patrick Dawson
- K.J. McEvoy
- Mike Pearson
- Mark Zbrzeznj

Also in attendance were:

- Ken Marchetti, Marchetti & Weaver, LLC
- Tom Zancanella, Zancanella & Associates, Inc.
- Tony Zancanella, Zancanella & Associates, Inc.
- Chasen Lopez, NAI Mountain Commercial
- Hagen Kuhl, Real Estate Agent for 74 Salmon Loop
- Beth Johnston, Marchetti & Weaver, LLC, secretary for the meeting

Call To Order

A Special Meeting of the Board of Directors of Two Rivers Metropolitan District was called to order by Director Pearson on October 3, 2017 at 2:00 p.m. noting a quorum was present.

Conflicts of Interest

Chairman Pearson is the managing Partner and partial owner of 2 Rivers Development, LLC (“**2 Rivers Development**”), which owns a portion of land which is less than 20% of the territory of the District. Additionally, he is the sole owner of Vail Commercial Advisors, LLC also known as NAI Mountain Commercial (“**Vail Commercial**” and together with 2 Rivers Development, the “**Companies**”), which has entered into a Management Agreement with the District to provide management services.

The District has issued, and intends in the future to issue, bonds or other debt obligations, the proceeds of which will be used for public purposes, including potentially the reimbursement of costs advanced by the Companies. The District has contracted, and intends in the future to contract, for operational services which may be supplied through or by the Companies.

RECORD OF PROCEEDINGS

Two Rivers Metropolitan District October 3, 2017 Special Meeting Minutes

Director McEvoy is employed by 2 Rivers Development, which owns a portion of land which is less than 20% of the territory of the District.

All Directors present stated that the participation of at least three of them in the meeting was necessary to obtain a quorum of the Board or otherwise enable the Board to act; that written disclosures of such potential conflicts of interest of each Director had been filed with the Board and the Secretary of State in accordance with statutory requirements; and that the nature of each Director's private interests related to their employment and/or officership positions with the above-mentioned entities. After each Director had summarily stated for the record the fact and nature of his private interests and had further stated that the determination to participate in voting or take any other action on any contract or other matter in which he may have a private interest would be made in compliance with Section 24-18-201(1)(b)(V), C.R.S., on an ad hoc basis, the Board turned their attention to the agenda items.

Public Input There was no public input at the meeting.

74 Salmon Loop

Water

Damage Mr. Marchetti, Mr. Zancanella, Director Pearson, and Director Zbrzezny gave background on the water damage sustained at 74 Salmon Loop. Mr. Marchetti reported that the District's legal council had been consulted and recommended notifying the District's insurance of the incident.

Mr. Kuhl arrived at 2:12 pm

Mr. Kuhl stated he was a realtor in the Valley and was the listing agent for 74 Salmon Loop. Mr. Kuhl reviewed the background of the water damage and remediation undertaken to date at 74 Salmon Loop. Mr. Kuhl requested that the Board reimburse the homeowners for their insurance deductible of \$5000 and waive all water and sewer charges totaling approximately \$1700. After further discussion, Director Pearson responded that the District's insurance and legal counsel have been notified of the situation and the District was required to follow their recommendations. Further discussion ensued with Mr. Kuhl stating that the homeowner's insurance adjustor was scheduled to tour the property the next day. Mr. Marchetti stated that any additional information from the adjustor's tour would be appreciated.

Mr. Kuhl left at 2:20 pm

RECORD OF PROCEEDINGS

Two Rivers Metropolitan District October 3, 2017 Special Meeting Minutes

2018 Water/

Sewer Rate Mr. Marchetti reported that a Notice of Meeting to Consider a Rate Increase had been sent to all water and sewer customers of the Two Rivers Metropolitan District as required. Mr. Marchetti reviewed the District's proposed increase and Mr. Zancanella reviewed rates of other water districts for the Board. The Board discussed the water and sewer operating costs. Mr. Marchetti opened the meeting to public comment of the 2018 water and sewer rate increase. There was no public comment. By motion duly made and seconded, it was unanimously

RESOLVED to approve a \$2.00 per month water rate increase from \$47 to \$49 per month up to 15,000 gallons and to approve a \$2.00 per month sewer rate increase from \$52 to \$54 per month beginning January 1, 2018; and

FURTHER RESOLVED to approve an increase of the water tap fee to \$5995 and the sewer tap fee to \$5995 beginning January 15, 2018.

Certify Delinquent

Balances Mr. Marchetti stated that the meeting had been noticed as required for the certification of delinquent water and sewer balances to the County Treasurer for collection. Mr. Marchetti opened the meeting to public comment. There was no public comment. Mr. Marchetti reviewed the delinquent accounts and requirements for certification with the County. By motion duly made and seconded, it was unanimously

RESOLVED to approve the Resolution Authorizing the Certification of Utility Fees to the Eagle County Treasurer. A copy of the formal resolution is incorporated herein by this reference.

Election

Resolution Mr. Marchetti stated that three Board seats will be available for election on May 8, 2018 and the District is required to call an election for these seats. Mr. Marchetti reviewed the election resolution and, by motion duly made and seconded, it was unanimously

RESOLVED to adopt the resolution calling for an election, appointing a designated election official and providing for the cancellation of the election if it is unnecessary. A copy of the formal resolution is incorporated herein by this reference.

District use of

RECORD OF PROCEEDINGS

Two Rivers Metropolitan District October 3, 2017 Special Meeting Minutes

HOA website Ms. Johnston reported that Fireside Properties, manager for the Two River Owners Association, was amenable to the District posting items on the Two Rivers website. Discussion followed of items that should be included, potential costs, and who would be responsible for maintaining the District's tab. The Board directed Director Zbrzezny and Ms. Johnston to move forward with updating the website.

**Community
Manager**

Director Pearson discussed the necessity for a full-time, on-site manager at Two Rivers, stating that the original plan for the District included such an employee. Director Pearson laid out a potential scenario for the Board of one point of contact for all accounting and administration and an on-site, full-time employee to manage and maintain the community. Mr. Pearson gave a target of second quarter of 2018 for the new arrangement to commence. Director Pearson stated the Owners Association Board had been consulted and the he would have a potential budget for consideration at the next District meeting.

**Water & Sewer
Operations
Update**

Mr. Zancanella reviewed current operations at the water and sewer plants stating that the lift station repairs were proceeding as scheduled. Mr. Zancanella reported that the bio-waste hauling to eastern Colorado was still cheaper than local options. Mr. Zancanella reviewed the Headworks Project outlining the options available to the District and that the Plant upgrade costs were included in the 2018 proposed budget.

Director Pearson reported that he had not been in contact with San Isabel Telecom to renegotiate the ground lease but hoped to have something for the Board by the next meeting.

Minutes

The Board reviewed the draft minutes from June 21, 2017 included in the packet. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes from June 21, 2017 as presented.

**Financial
Report**

Mr. Marchetti stated the meeting was published as the public hearing to adopt the 2018 Budget. The public hearing was opened to take comments on the proposed budget. Mr. Marchetti reviewed the financial statements included in the Board packet including the 2017 forecast and proposed 2018 budget for the District. Mr. Marchetti noted the Assessed Valuation increased 39% due to new construction and reassessment valuation. Mr. Marchetti further noted that the General Fund was borrowing funds from the Water Fund. The Board discussed the possibility

RECORD OF PROCEEDINGS

Two Rivers Metropolitan District October 3, 2017 Special Meeting Minutes

of lowering the District's sales tax rate and if the District would require an audit for 2017. Following discussion, the Board decided to continue the 2018 Budget hearing until the next District meeting on November 14, 2017 at 2:00 pm.

Accounts Payable

The Board reviewed the Accounts Payable List provided in the Board packet and, by motion duly made and seconded, it was unanimously

RESOLVED to ratify the Accounts Payable List through September 28, 2017.

Tap Fee Schedule

The Board reviewed the tap fee schedule. There was discussion of tap fees that would be submitted by the end of 2017.

Accounts Receivable

Ms. Johnston distributed an updated Accounts Receivable Aging Report for the Board to review. Ms. Johnston reported that a few past due accounts either currently or were in the process of having the water shut off and several other past due accounts would be sent shut off notices by the next day.

Meeting Calendars

The Board requested that the District's next meeting would be held November 14, 2017 at 2:00 p.m. The Board reviewed the proposed 2018 meeting calendar and requested that the June and November meetings be moved to Tuesday. Upon motion duly made and seconded, it was unanimously

RESOLVED to set the 2018 Meeting dates for March 8, June 19, October 2, and November 13 starting at 2:00 p.m.

Adjournment There being no further business to come before the Board, by motion duly made and seconded it was unanimously

RESOLVED to adjourn the Special Meeting of the Two Rivers Metropolitan District Board of Directors this 3rd day of October 2017.

Respectfully submitted,



Secretary for the Meeting