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# RECORD OF PROCEEDINGS

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## Minutes of the Regular Meeting of the Board of Directors of Two Rivers Metropolitan District March 13, 2018

A Regular Meeting of the Board of Directors of Two Rivers Metropolitan District, Eagle County, Colorado was held on March 13, 2018 at 12:00 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
- Mike Pearson
- Mark Zbrzezny

The following Director was absent and excused:

- KJ McEvoy

Also in attendance were:

- Katie Jean Ewing, owner
- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, secretary for the meeting
- Tony Zancanella, Zancanella & Associates, Inc.
- Ashley Conklin, Fireside Property Management
- Kathryn Winn, Collins Cockrel & Cole

### Call To Order

A Regular Meeting of the Board of Directors of Two Rivers Metropolitan District was called to order by Director Pearson on March 13, 2018 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

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has contracted, and intends in the future to contract, for operational services which may be supplied through or by the Companies.

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** Ms. Conklin with Fireside Property Management (FSP) reviewed communications and issues from owners including:

- Reports of a strong odor coming from the wastewater plant. Mr. Zancanella reported they did not know the source of the odor. Director Zbrzeznj dispatched an employee to investigate the smell however it had dissipated by the time they arrived and no further complaints had been received to date.
- FSP received numerous complaints that owners cannot get into contact with the Metropolitan District management. Director Pearson directed that all concerns with the Metro District should be directed to Marchetti & Weaver.
- There have been numerous complaints about excessive dog waste at the soccer fields and community center. Director Zbrzeznj stated that doggie bag stations and waste receptacles had been installed around the community but were stolen or destroyed. The Board agreed to consider adding additional signage.
- FSP has been monitoring the Two Rivers Village Facebook page and wants to do more owner education.

Ms. Conklin left at 12:20 pm

**Ground  
Lease**

Director Pearson reported that a few changes had been made to the original ground lease for the San Isabel tower located at the wastewater treatment plant and the

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changes were reviewed by District counsel. The lease was sent to San Isabel for review and signature but had not yet been returned. Director Pearson said he would follow up with his contact at San Isabel.

### 24-Hour Posting

**Resolution** Mr. Marchetti stated that the District was required to designate a posting location for meeting notices each year per state statute. The Board reviewed the resolution and, upon motion duly made and seconded, unanimously

**RESOLVED** to designate the 24-hour posting location as the Two Rivers Village Community Center.

### Website Update

Ms. Johnston reported that a Metropolitan District page was added to the Two Rivers Village website and reviewed the items that were posted. Ms. Johnston urged the Board view the page and provide any feedback.

Ms. Winn arrived at 12:25 pm

### Water & Sewer Operations Update

Mr. Zancanella reported that the new lift station controls were fully installed and operational and worked as anticipated during the recent power outage in the area.

Mr. Zancanella reported that the floodplain along the north bank of the river had been adjusted resolving the concerns with the floodplain. All owners effected by the change had been notified as well. Although this change confirms the treatment plant is not in the floodplain, the discharge is still below the river level at certain times requiring an additional lift station to raise the effluent during 100-year flood events or spring run-off. The additional lift station was not included in the original Headworks budget and is anticipated to add \$50,000 to \$75,000 to the Headworks budget. The additional lift station will be integrated into the overall Headworks Project and added to the permit application. Mr. Zancanella reported that, based on current progress of the Project, approval of the design is expected in fall of 2018 with construction starting in late 2018 or 2019.

General discussion continued about excessive water usage, the District's rates for excessive water use, and whether the water plant could keep up with demand, especially with the projected new construction. Mr. Zancanella suggested the Board consider a raw water system for irrigation to take some of the stress off of the water plant. Mr. Zancanella advised that a water plan would be needed for the commercial development areas. The Board requested that Mr. Zancanella provide

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a sketch plan for a raw water system as well as a water rate comparison from other Districts for review at the next meeting.

**Minutes** The Board reviewed the draft minutes from November 14, 2017 included in the packet, and upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the minutes from November 14, 2017 as presented.

**Financial  
Statements &  
2017 Audit  
Exemption**

Mr. Marchetti reviewed the financial statements ending December 31, 2017, included in the Board packet. Mr. Marchetti pointed out that the Assessed Valuation for 2018 increased considerably due to increases in home values and completed new construction.

Mr. Marchetti then reviewed the 2017 Application for Exemption from Audit noting that it contained the same information as the financial statements but in a different format. The Board, after discussion, and upon motion duly made and seconded, unanimously

**RESOLVED** to approve the 2017 Application for Exemption from Audit as presented; and

**FURTHER RESOLVED** to approve the Resolution Approving an Exemption from Audit for the Fiscal Year 2017.

**Accounts  
Payable**

Ms. Johnston distributed an updated Accounts Payable list at the meeting. After the Board reviewed the updated list, and, by motion duly made and seconded, it was unanimously

**RESOLVED** to ratify the Accounts Payable List through March 13, 2018.

**Tap Fee  
Schedule**

The Board reviewed the tap fee schedule. Ms. Johnston reported that 6 applications had been received and payment was pending. Mr. Marchetti reminded the Board to notify the District if they noticed any other construction so that appropriate tap fees could be collected.

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### Accounts

**Receivable** The Board reviewed the Accounts Receivable Aging Report. Ms. Johnston reported that most of the accounts past due 90+ days had entered into payment plans and any that had not by the end of the day would have their water shut off.

### Executive Session

By motion duly made and seconded it was unanimously

**RESOLVED** to enter into executive session at 1:10 p.m. pursuant to C.R.S. §24-6-402(4)(b), for conferences with an attorney for receiving legal advice on specific questions and C.R.S. §24-6-402(4)(e) for developing a strategy for negotiation and instructing negotiators.

The board adjourned from executive session at 1:25 p.m.

Upon adjourning from the executive session, and by motion duly made and seconded, it was unanimously

**RESOLVED** to approve Directors Pearson and Zbrzeznj to create a job description and compensation package within the confines of the current budget for a full-time District Operations Manager and present such offer to eligible candidates.

Ms. Winn left at 1:25 pm

### Future Meetings

The Board reviewed the meeting calendar and requested a special meeting be scheduled for May 15, 2018 starting at 2:00 pm.

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

**RESOLVED** to adjourn the Regular Meeting of the Two Rivers Metropolitan District Board of Directors this 13th day of March, 2018.

Respectfully submitted,



Secretary for the Meeting