
RECORD OF PROCEEDINGS

Minutes of the Special Meeting of the Board of Directors of Two Rivers Metropolitan District October 17, 2018

A Special Meeting of the Board of Directors of Two Rivers Metropolitan District, Eagle County, Colorado was held on October 17, 2018 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
- KJ McEvoy
- Mark Zbrzeznj
- Patrick Dawson (arrived at 2:30 p.m.)

The following Director was absent and excused:

- Mike Pearson

Also in attendance:

- Tony Zancanella, Zancanella & Associates, Inc.
- Chief Justin Kirkland, Gypsum Fire Protection District
- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC,
- Meghan Hayes, 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 Cremonese on October 17, 2018, at 2:06 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 17, 2018 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.

Gypsum Fire Ballot

Question Fire Chief Justin Kirkland gave a status update on fire related activity in Dotsero and Two Rivers Metropolitan District, and asked the Board if they had any concerns regarding fire protection. The Board noted no particular issues. Chief Kirkland spoke about the Gypsum Fire Protection District Ballot Issue 7E explaining that the ballot question proposes to adjust the mill levy rate for the Fire Protection District as necessary to keep revenues consistent regardless of Residential Assessment Rate fluctuations.

Chief Kirkland left the meeting at 2:20 p.m.

District Operations Manager

Report Director Zbrzezny notified the Board that Ernest Anastos, Community Manager, submitted his resignation effective October 12, 2018. Director Zbrzezny discussed a plan to begin the search for a new full-time, on-site manager at Two Rivers. It was determined that NAI and Director Zbrzezny would take over the duties of the Community Manager in the interim.

AED

Installation Ms. Johnston spoke about the installation of an AED in the Two Rivers community center. The Board discussed the maintenance procedures that will be provided by Starting Hearts. Ms. Johnston notified the Board that we have yet to receive the invoice from Starting Hearts for the installation. Mr. Zbrzezny approved 3 AED

RECORD OF PROCEEDINGS

Two Rivers Metropolitan District October 17, 2018 Special Meeting Minutes

classes to be held at the community center. The first class will be held Friday, October 19, 2018.

Water Deposit Policy Update

Mr. Marchetti presented the Board with an update on the Water Deposit Policy and the costly administration necessary to continue collecting and refunding the deposits. Mr. Marchetti noted that the deposits did not seem to affect the collection of monthly water payments and recommended terminating the policy. The Board discussed the advantages and disadvantages of the policy, and by motion duly made and seconded, it was unanimously

RESOLVED to rescind and discontinue the Water Deposit Policy effective immediately.

Snow Removal

Director Zbrzeznj reported that snow removal bids had been received for the upcoming winter season. The Board discussed the challenges with snow removal in past seasons and the needs of the community. After further discussion, and upon motion duly made and seconded, it was unanimously

RESOLVED to authorize Director Zbrzeznj to enter into a snow removal contract on behalf of the District with D3 Concrete that provides the necessary scope of services for the 2018-2019 winter season.

Water & Sewer Operations Update

Mr. Zancanella reviewed the water and wastewater operations report included in the Board packet reporting that a new Sensaphone has been installed to assist with remote monitoring of the tank levels.

Mr. Zancanella notified the Board that the Headworks project was moving forward and that they were working on the final design which is anticipated to be complete by Spring 2019 with construction starting as soon as approval is received. Mr. Zancanella then gave background on the conditional water rights of the well field and the need to apply for absolute rights.

FEMA Update

Mr. Zancanella presented an update on the floodplain reporting that notification to a few additional properties was required before the final mapping could be issued.

RECORD OF PROCEEDINGS

Two Rivers Metropolitan District October 17, 2018 Special Meeting Minutes

Water Use Rate

Comparison Mr. Zancanella reviewed the comparison of water and sewer rates provided in the packet noting that Two Rivers Metro District rates are comparable to communities throughout our region.

Minutes The Board reviewed the draft minutes from May 15, 2018, included in the packet, and upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes as presented.

Financial Statements

Mr. Marchetti reviewed the financial statements ending August 31, 2018 included in the Board packet including the 2018 forecast and proposed 2019 budget for the District. Mr. Marchetti reviewed the balance sheet and discussed converting more of the Developer note in 2019 to provide an ongoing source of funding. Mr. Marchetti reviewed the increased Assessed Valuation for 2018 due mostly to new construction and noted that any increases in 2020 could be offset by a decrease in the Residential Assessment Rate. General discussion continued on operations and maintenance expenses for 2018 and 2019.

2019 Water/ Sewer Rate

Mr. Marchetti reported that a Notice of Meeting to Consider a Rate Increase had been posted on the District's website for all water and sewer customers of the Two Rivers Metropolitan District to review, as required. Mr. Marchetti reviewed the District's proposed increase and opened the meeting to public comment of the 2019 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 \$49 to \$51 per month up to 15,000 gallons and to approve a \$2.00 per month sewer rate increase from \$54 to \$56 per month beginning January 1, 2019, and

FURTHER RESOLVED to approve an increase of the water tap fee to \$6,174 and the sewer tap fee to \$6,174 beginning January 15, 2019.

2019 Budget

Mr. Marchetti stated the meeting was published as the public hearing to adopt the 2019 Budget. The public hearing was opened to take comments on the proposed budget. There was no public present. There being no further input, the budget hearing was closed. Upon motion duly made and seconded, it was unanimously

RECORD OF PROCEEDINGS

Two Rivers Metropolitan District October 17, 2018 Special Meeting Minutes

RESOLVED to approve the Resolutions to Adopt the 2019 Budget subject to minor adjustments; and

FURTHER RESOLVED to approve the Resolution to Set the Mill Levy at 40 mills with 20 mills for operations and 20 mills for debt service, and

FURTHER RESOLVED to approve the Resolution to Appropriate Sums of Money for spending in 2019.

Audit Mr. Marchetti reviewed the requirements to be exempt from audit and reported that based on the 2018 financial forecast the District may exceed the exemption threshold. The Board directed that in the event the audit exemption threshold is exceeded then proposals should be obtained for an independent audit for 2018.

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

RESOLVED to ratify the Accounts Payable list through October 17, 2018.

Tap Fee Schedule The Board reviewed the tap fee schedule.

Accounts Receivable The Board reviewed the Accounts Receivable Aging Report stating that it looked good. There are 7 accounts which will receive a turn-off notice to be sent out by October 19, 2018.

Bank Account Director McEvoy proposed a change in banks from US Bank to Alpine Bank due to poor customer service received from US Bank. After further discussion, and upon motion duly made and seconded, it was unanimously

RESOLVED to open a checking account and credit card with Alpine Bank and transfer all funds to Alpine Bank.

Director McEvoy requested to be the Online Administrator on the new account.

Future Meetings The Board cancelled the regular meeting scheduled for November 13, 2018. The Board reviewed the 2019 proposed meeting calendar, requesting to move the March 19 meeting to February 20, 2019. Upon motion duly made and seconded, it was unanimously

RECORD OF PROCEEDINGS

Two Rivers Metropolitan District October 17, 2018 Special Meeting Minutes

RESOLVED to approve the 2019 Meeting calendar with the change to the March meeting as noted above.

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 Special Meeting of the Two Rivers Metropolitan District Board of Directors this 17th day of October, 2018.

Respectfully submitted,

Meghan Hayes

Recording Secretary for the Meeting