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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 February 11, 2020

A Regular Meeting of the Board of Directors of Two Rivers Metropolitan District, Eagle County, Colorado was held on February 11, 2020 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:

- Mike Pearson
- KJ McEvoy
- Esgar Acosta
- Mark Zbrzeznj

The following Director was absent and excused:

- Chad Cremonese

Also in attendance:

- Tony Zancanella, Zancanella & Associates, Inc.
- Craig Plizga, Two Rivers Community Operations Manager
- Ken Marchetti, Marchetti & Weaver, LLC
- Meghan Hayes, Marchetti & Weaver, LLC, secretary for the meeting

### Call To Order

A Regular Meeting of the Board of Directors of Two Rivers Metropolitan District was called to order by Director Pearson on February 11, 2020, at 2:08 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.

Additionally, Chairman Pearson is the sole owner of Fortius Capital, LLC ("**Fortius Capital**"), and the sole owner and manager of North Lot and 116, LLC ("**North Lot**" and together with 2 Rivers Development and Fortius Capital, the "**Companies**").

The Board intends to consider and take action on a Lease Agreement with Right to Purchase with North Lot under which North Lot is to construct a community park, parking, landscaping and an irrigation system on the property at 35 Bass Loop, Dotsero, CO 81637.

### **District Operations Manager Report**

Operations Manager, Craig Plizga, presented the District Operations Manager Report. Mr. Plizga reported that the new flooring for the Community Center was installed and the interior walls were painted and trim was touched up. Montes Electric replaced the timer for the exterior lighting of the Community Center and installed lighting at the mailboxes. A new furnace was installed in the Community Center and parts will be replaced on the 3<sup>rd</sup> Community Center furnace. The mailboxes were fixed so all of the boxes will lock and stay closed properly. Mr. Plizga is working with Poolscaapes on moving forward with the re-tiling and re-plastering of the pool sometime in May. He is also working on scheduling the painting of the exterior of the Community Center.

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**Public Input** There was no public input.

### 2020 Election

**Resolution** An Election Resolution was presented to call the May 5, 2020 Board of Directors election and to designate an election official. There are two positions available on the Two Rivers Metro Board. If there are two or less candidates, no election will be needed. If there are three candidates or more, an election will proceed. All Self-Nomination and Acceptance forms are due to the Designated Election Official by close of business on Friday, February 28, 2020. The Board discussed the pros and cons of a mail ballot election vs. a polling place election. After discussion, it was determined that a polling place election would be the most convenient and cost-effective approach. Upon motion duly made and seconded, it was unanimously

**RESOLVED** to approve the May 2020 Election Resolution, a copy of which is incorporated herein by this reference.

### 24-Hour Posting

**Resolution** Pursuant to House Bill 19-1087, codified in Section 24-6-402, C.R.S., as of August 2, 2019, the District is authorized to post full and timely notice of its meetings on the public website of the District no less than twenty-four hours prior to holding the meeting. Every year the Board must designate the location of the 24 hour and regular meeting notices. By motion duly made and seconded, it was unanimously

**RESOLVED** to adopt a resolution pursuant to Subsection 24-6-402(2)(c), C.R.S. designating [www.tworivershoa.com](http://www.tworivershoa.com) as the posting location for the 24-Hour Notice. A copy of the resolution is incorporated herein by this reference.

### Potential uses for

**35 Bass Loop** Director Pearson, sole owner of North Lot and 116, LLC (“North Lot”), presented a concept to construct community gardens and parking on the lot at 35 Bass Loop under a concept where the District would lease the property for a period of five years, with an option to renew for an additional five years and with an option to purchase the property after the initial lease term. The District would make annual rental payments of approximately \$6,650 which would increase each year at 3%. The Board discussed possible alternate uses of this site that would more greatly

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benefit the community such as open space and parks. After discussion and upon motion duly made and seconded, it was unanimously

**RESOLVED** to proceed with preparation of a lease agreement with North Lot and 116, LLC for the lease of 35 Bass Loop to be used for a community park, open space and potential playground and with corresponding parking spaces.

The Board requested that Zancanella & Associates review the plans to ensure they provide adequate room to operate, maintain or replace the lift station. The lease will also be subject to verification that the District is not paying more than fair market value for the property.

### **Parking Lot Parcel G**

The Board requested that Ms. Hayes research whether it was feasible to construct a parking lot on a portion of Parcel G (soccer fields). She worked with Sopris Engineering, who submitted a conceptual parking lot plan. Ms. Hayes also reached out to Eagle County to ensure that a parking lot fits into the designated uses for Parcel G. She is waiting on a response from the County. The Board discussed alternative parking areas within the community. This discussion will continue at the April meeting.

### **Block 11- Construction Update**

Director Pearson reported that a fuel station is no longer feasible but that a commercial space of approximately 6,000 sq. ft. would be beneficial to the community. He is working with companies on plans for what they would potentially build on that site. The current construction plans for the townhomes is 154 units of 1, 2- and 3-bedroom floorplans. If infrastructure construction does happen this year, it will be at the end of 2020.

### **Water & Sewer Operations Update**

Tony Zancanella reported that our current Rules and Regulations reference Eagle River Water and Sanitation District's appendices C and D related to new water/sewer line construction. Those rules do not allow for C900 water distribution pipe which is the material that Sopris engineering is requesting be used for extension of services to the new townhomes.

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Mr. Zancanella also pointed out that our current Rules and Regulations are also set up for meters to be set in a meter vault and that has changed since our rules and regulations were adopted. The current suggestion is to have the lines come into a commercial mechanical room within each building which would have a fire suppression system with a dedicated fire line. Therefore, our water rules and regulations need to be reviewed for these potential changes.

As infrastructure construction plans move forward, Director Pearson recommended that Zancanella & Associates be more closely involved. The Board also directed Meghan Hayes to work with Tony Zancanella to update Appendices C and D and return with recommendations for updates.

Mr. Zancanella reported that they are putting together the final design package for the Wastewater Headworks project to be submitted to CDPHE by March 15<sup>th</sup>. The estimated timeline for construction is fall of 2020.

**Minutes** The Board reviewed the draft minutes from November 12, 2019 regular meeting, 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 preliminary financial statements for the period ending December 31, 2019 included in the board packet. General discussion continued on operations and maintenance expenses for 2019 related to forecasts. By motion duly made and seconded, it was unanimously

**RESOLVED** to accept the December 31, 2019 financial statements as presented.

### **2020 Budget And Long Range**

**Plan Update** Mr. Marchetti reported that they are continuing to evaluate alternatives for the infrastructure fee fund. In performing this evaluation, they are looking at water/sewer system improvements costs as well as costs associated with the new construction of the townhomes and costs associated with asphalt patching, sealing and overlays. Mr. Marchetti also discussed the various revenue streams: Property taxes, Water/Sewer Usage fees, Tap Fees and Sales Taxes. Sales taxes are projected to be higher than in the past due to the US Supreme Court Wayfair

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decision whereby sales taxes are now owed based on the point of delivery of items. The Wayfair decision was primarily directed at internet vendors like Amazon but the resulting changes also encompass many other vendors who are delivering products into other taxing jurisdictions. One of the larger impacts to Two Rivers will be that construction materials delivered by vendors into Two Rivers will be subject to sales tax in the future. They will provide further input to the Board at the next meeting.

### **Accounts Payable**

The Board reviewed the November, December and January Accounts Payable lists included in the packet and, by motion duly made and seconded, it was unanimously

**RESOLVED** to ratify the November, December and January Accounts Payable lists.

### **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.

### **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 11<sup>th</sup> day of February, 2020.

Respectfully submitted,

*Meghan Hayes*

Recording Secretary for the Meeting