
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Two Rivers Metropolitan District November 28, 2023

A Regular Meeting of the Board of Directors of the Two Rivers Metropolitan District, Eagle County, Colorado, was held on November 28, 2023 at 2:00 p.m. via an online Zoom meeting, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

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

The following director was absent:

- Tom Behrens

Also in attendance:

- Ken Marchetti, Marchetti & Weaver, LLC
- Magdalena Gembal, Marchetti & Weaver, LLC, Recording Secretary for the meeting
- Tony Zancanella, Zancanella & Associates
- Craig Plizga, Community Operations Manager

Call To Order

The Regular Meeting of the Board of Directors of Two Rivers Metropolitan District was called to order by Director Pearson on November 28, 2023 at 2:03 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 Mountain Commercial Advisors, LLC also known as NAI Mountain Commercial (“**Mountain Commercial**” and together with 2 Rivers Development, the “**Companies**”), which employ Directors McEvoy and Zbrzeznj.

Additionally, Director 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**”).

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Changes to the Agenda

Director Pearson asked to include the Resolution Authorizing Condemnation with a summary for the Board. The goal is to authorize Director Pearson to commence imminent domain proceedings as directed by the council, subject to ratification at the upcoming Board meeting. All relevant documents, excluding the awaited final legal description, were transmitted during the meeting for distribution among the Directors.

Public Input None.

Village Center Update

Director Pearson provided an update on the advancements in design and engineering for Eagle County during an upcoming meeting scheduled for the following Thursday, focusing on the townhall units. As an integral part of the process, there is a necessity to condemn utility lines within the conservation easement. The initiation of this process signals the intention to commence the breakdown next year.

Resolution Correcting the Vacation of Lake Shore Dr ROW Easement

Director Pearson noted that although the process had been previously voted on, there was an error in the transfer of ownership during the vacation of the right-of-way. It was mistakenly transferred to Vail Valley Investments instead of Two Rivers. Upon realizing this, the original party was notified, and they promptly executed a quitclaim deed to rectify the error, transferring it back to the Metropolitan District. In this meeting, Director Pearson is requesting to correct the document and re-record it. By motion made by Director McEvoy, and seconded by Director Acosta, it was unanimously

RESOLVED to correct the resolution for Lake Shore Drive Right-of-Way Easement.

District Operations Manager Report

Operations Manager, Craig Plizga, presented his Operations Report to the Board.

He reported on the following:

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- Covenant enforcement worked for the most part this year. As of Nov 17th, only two houses that had received mud bog letters had not made noticeable improvements, and one of the two had pavers stacked, hopefully to be applied later. On the 17th, Mr. Plizga also identified those mud bogs that were missed and those on the path to becoming mud bogs. He plans on sending them an email right after the new year to inform them of the efforts planned for 2024 regarding covenant enforcement, with a focus on yard aesthetics. This includes emphasizing no parking on the yard and ensuring sprinklers are working or a plan is in place for zero scaping.
- Mr. Plizga is still waiting for Rocky Mountain Custom Landscaping to provide a price for the re-piping of Buffalo Blvd. The estimate was based on all sleeves being in place, but it's anticipated that two thirds of the piping will need replacement.
- Fresh Lawns will be planting four or five trees next spring, two south of the pool to provide midday shade and the others at the entrance. The hope is that by spring 2025, there will be irrigation in place to the Buffalo cul-de-sac to plant trees there.
- Regarding the park at Buffalo, the HOA Board member living across from it notes constant use by kids for soccer. Mr. Plizga is considering removing the dead trees for now. Another thought is to possibly put hedges up between the park and the parking spots contingent on water availability. This way, there could be a barrier between the parked cars and the soccer ball, and the hedges could help enclose the lift station.
- Prima Paint should provide Mr. Plizga with an estimate to paint the community center again this year. Given the high usage it receives throughout the year, he believes it should be painted annually.
- Montes Electric is in the process of obtaining pricing to replace the streetlights, not just the bells, including poles, arms, and bells.
- Additional conversation between the Board and Mr. Plizga centered on the dirt near the cul-de-sac in Buffalo, addressing the timeline and responsible party for its removal. Furthermore, the discussion extended to the presence of docks, particularly the one behind 438 Buffalo Drive, leading to the Board's decision to proceed with issuing a Notice of Trespass.

2024 Board Meeting Proposed Calendar

The Board was presented with the proposed meeting calendar for 2024. Director Pearson suggested that, given the upcoming new townhomes, it would be advisable to have more frequent meetings. Every other month is acceptable for now, with the option for special meetings as needed or requested. By motion

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made by Director Pearson, and seconded by Director McEvoy, it was unanimously

RESOLVED to approve the board meeting calendar for 2024 as presented.

2024 Proposed Fee Schedule for Community Center Rentals

The Board received a draft proposal from Marchetti and Weaver suggesting an increase in community center rental fees. This proposal stemmed from a recent discussion between Mr. Plizga and Mr. Marchetti to ensure all incurred expenses are covered. The proposed fee includes a 50% increase for half-day rentals, considering that two rentals cannot be accommodated in a single day. Mr. Plizga clarified that the new pricing aims to be competitive and comparable to nearby venues for family-oriented events. By motion made by Director Acosta, and seconded by Director Pearson, it was unanimously

RESOLVED to approve the proposed community center rental fees for 2024 as presented.

Other

In accordance with the revised agenda, an additional agenda item involves authorizing the District President to initiate condemnation proceedings for an easement to facilitate utility access across open space tracks incorporated into the conservation easement. Director Pearson provided an overview, specifically addressing lots 4 and 6, which were purchased by Vail Valley Investments and placed under a conservation easement. The current challenge pertains to lots 1, 2, and 3, where construction is necessary, and water and sewer utilities access needs to be established through the conservation easements. Upon contacting the land trust responsible for managing the conservation easement, it was communicated that a condemnation process is imperative to install utility lines through these easements while ensuring their restoration to maintain conservation status. Since the Metro District is responsible for providing utilities, this process needs approval from the Board. The expenses associated with the appraisal, installation of utility lines, and subsequent restoration will fall under the responsibility of the developer. By motion made by Director Acosta, and seconded by Director McEvoy, it was unanimously,

RESOLVED to authorize Director Pearson to initiate the condemnation proceedings.

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Water/Sewer

Report

Mr. Zancanella verbally presented the water production and consumption reports for both October and November. Notably, there was a change in the percentage of unaccountable water, rising from 0% to 12% in November due to factors such as the inclusion of fire hydrant meter readings, especially considering that most of the summer readings were not conducted. Continuous monitoring of this situation is planned.

Additionally, there is an ongoing revision of the wastewater plan submission concerning the UV system to ensure compliance with the updated regulations from the Colorado Department of Public Health and Environment (CDPHE). The Huber control has been delivered and securely stored inside the wastewater treatment plant, with the remainder of the delivery expected in 2024.

Minutes

The Board reviewed the October 10, 2023 Regular Meeting minutes. By motion made by Director Pearson, seconded by Director McEvoy, it was unanimously

RESOLVED to approve the October 10, 2023 Regular Meeting minutes as presented.

Prospective 2024

Bond Issuance and

Engagement Letter

DA Davidson, a Bond underwriting firm submitted an engagement letter to facilitate the issuance of bonds aimed at fulfilling the District's obligations to the original developer. The original developer has agreed to a partial payment, and the deadline to completion of this transaction is May 2024 before the District's 20 year voter authorization to issue bonds expires.

Director Pearson reported that the District's obligation to the original developer is approximately \$5.5 million but considering the District's inability to fulfill this obligation he has initiated discussions with the Smith family to explore the feasibility of making a lump sum payment of \$1.3 million in satisfaction of the \$5.5 million obligation.

Further discussion with the other Directors involved a timeline for the transaction. By motion made by Director McEvoy, seconded by Director Acosta, it was unanimously

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RESOLVED to approve the commencement of bond issuance as discussed.

2024 Budget Discussion and Budget Resolution

The public hearing for the 2024 budget commenced, and Mr. Marchetti presented each fund separately, highlighting key items. In the general fund, he emphasized the increase in assessed value, and the set 20 mill levy in accordance with the District's debt obligations. Mr. Marchetti also noted the backfill from the 2022 state legislature. Regarding interest rates, a slight decrease from 2023 is budgeted, still an improvement from 2022. Most expenses are consistent year over year and have been budgeted with inflation considerations. A preliminary bond transaction has been budgeted but will evolve as the transaction is clarified.

Concerning the water and sewer enterprise fund, a significant item pertains to biosolids hauling and testing. Mr. Zancanella's and Mr. Marchetti's opinion suggests an increase in the budgeted amount from \$37,652 to \$57,750 for 2024. Additionally, there is \$2.2 million allocated for capital expenditures, including infrastructure for the Village Center parcel. The budget anticipates other financial sources to cover capital expenditure, including water and sewer tap fees and grants.

Regarding the infrastructure/recreation fund, Mr. Marchetti proposed decreasing the monthly fee from \$39 to \$28 to alleviate some pressure on homeowners in light of the large property tax increase. Board members expressed their agreement with this concept. Recreation expenses remain consistent year over year on the operating side, and capital expenditures involve community park purchase and community center improvements.

In the sales tax fund, Mr. Marchetti announced that predicting sales tax proceeds is challenging, and they are budgeted similarly to 2023. Operating expenses include breaking the lawncare line into three separate line items for better tracking of each expense. Some capital improvements involve new trees, where Mr. Marchetti suggested breaking these into the sales tax fund and the infrastructure/recreation fund.

The public hearing for the 2024 budget was closed. There were no other comments or questions from the Board. By motion made by Director Pearson, seconded by Director Acosta, it was unanimously

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RESOLVED to adopt the budget with the revision of biosolids hauling to \$57,750 and the breakout of the capital expense of the trees between the sales tax fund and the infrastructure/recreation fund and as presented.

Accounts Payable

The Board reviewed the October and November 2023 accounts payable lists and by motion duly made and seconded it was unanimously

RESOLVED to ratify the October 2023, and to approve November 2023 accounts payable lists as presented.

Accounts Receivable Report

Mr. Marchetti provided an update on Mrs. Gembal's efforts, noting progress in managing accounts receivable. All correctly executed payment plans are being fulfilled, and Mrs. Gembal reported that AmCoBi has sent a new round of certified shut-off letters to delinquent accounts exceeding 60 days.

Director McEvoy highlighted the significance of the largest delinquent account, stressing the need for increased attention to address the issue. Mrs. Gembal will be in contact with AmCoBi and Mr. Plizga to coordinate additional steps.

Adjournment

There being no further business to come before the Board at this time, 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 28th day of November, 2023.

Respectfully submitted,

Magdalena Gembal
Recording Secretary for the Meeting