

**MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE
CASTLE PINES METROPOLITAN DISTRICT
ALL PUBLIC ATTENDEES PARTICIPATED VIA ZOOM TELECONFERENCE**

Held: Tuesday, June 28, 2022, 9:30 a.m., at 5880 Country Club Dr., Castle Rock, Colorado

A regular meeting of the Board of Directors of the Castle Pines Metropolitan District, Douglas County, Colorado, was called and held as shown above and in accordance with the applicable statutes of the state of Colorado, with the following Directors, constituting a quorum, present, and acting:

Rick Huser
Kim Dadlani
David King
Tad Walden

Mike Lanam was absent and excused.

Also present were: Josh Shackelford, Sue Mantz, Jason LeTellier, LeAnna Gonzales, District Staff; Tracy Adams; David Samuel, Jody, Anpassa Custom, Inc.; Tom George, Spencer Fane, LLP; Mark Larson, General Manager, Castle Pines Homes Association; Will Koger, Forsgren & Associates; Matt Buster, Manhard Consulting; Nick Taylor, Steph Chichester, North Slope Capital Advisors; Cici Holbrook, Carl Pendleton, Mike Vernon, Scott, members of the public.

Potential Conflict of Interest Disclosures

It was noted that disclosure statements have been filed on behalf of the members of the Board with the Office of the Colorado Secretary of State. District Counsel Mr. George stated that no additional potential conflicts of interest were identified specific to today's agenda.

Approval of the Agenda - Director Huser made a motion to approve the Agenda, adding an item after 6A for discussion of Potential Changes to the Loan Provision portion of the Water Efficiency Program, seconded by Director Dadlani.

The Board unanimously approved the agenda, as amended.

Guest Introductions / Comments from the Community – There were no comments.

Approval of the Consent Agenda - Director Huser made a motion to approve the Consent Agenda, seconded by Director King.

Approve the Minutes from the May 24, 2022, Regular Board Meeting, as amended.

Approve the Minutes from the June 1, 2022, Special Board Meeting.

The Board unanimously approved the Consent Agenda items, as amended.

Action Items

Consider Approval of New District Manager Contract – Director Huser noted that page one of the contract misstates the term of the agreement; the term of the contract should read June 28, 2022, through June 27, 2025. Director Huser made a motion to approve the District Manager Contract with Josh Shackelford, subject to the foregoing correction, seconded by Director Walden.

A vote was called and the motion passed unanimously.

Approve May 2022 Payables and Review Revenue/Expense Report- Director Huser made a motion to approve the May 2022 Payables of \$771,690.53, seconded by Director Dadlani. Ms. Gonzales reported that staff met with Director Dadlani to review payables, payroll expenses, and manual checks totaling \$771,690.53. Ms. Gonzales reviewed and answered questions regarding invoices from the following vendors: Aesthetic Alternative Recycling LLC, Apex Pavement, Castle Pines WinWater, CORE Electric, Elite Pipe MD, ET Irrigation, Forsgren Associates, Grainger, MileHigh Trailers.com, Radiation Pros, LLC, Rhinehart Oil Company LLC, and Technolink of the Rockies.

A vote was called and the motion to approve payment of the May 2022 expenses in the following amounts, General Fund \$226,934.02, Enterprise Fund \$501,200.38, and Manual Checks \$43,556.13, passed, with Directors Huser, Dadlani, and Walden voting in favor. Director King abstained.

Ms. Mantz reviewed the Revenue and Expense Report for May 2022. In the General fund under total revenue, we increased the full-year forecast for Interest Earned by \$55K. For total personnel expenses, we adjusted salaries with a positive variance of \$146K. For Total General Overhead, we will adjust the Election expense full-year forecast to \$4,754 with a positive variance of \$19K. Under the Total Public Works section, staff was instructed to talk with Chavez regarding the pricing, and the full-year forecast was adjusted to \$2.7M. The original budget was \$2.3M for roadway work. We revised the expense of asphalt patching until we get the actual breakout of the work. We have also removed the cape seal for 2022. As of May 2022, the Ending Fund Balance reflects a negative fund balance of \$232K. Staff will continue to adjust the full-year forecast each month.

In the Enterprise fund, we have a positive variance in total revenues of \$582K due to the increased Capital Improvement Fee. Total personnel expense has been adjusted, and it reflects a positive variance of \$185K. Total General Overhead has a negative variance of \$15K, due to an unbudgeted Water Survey being conducted earlier in the year. In Total Repairs and Maintenance, we have a positive variance of \$149K, due to the transfer line for Handies Peak being removed from the budget. The District had an original project budget of \$1.7M for one Arapahoe Well and it was decided to drill 3 smaller wells, instead. To date, we have \$653K remaining and we

expect that with equipment costs we will have a negative variance of around \$300K for the project. For the Well 8 Site Upgrade, we have moved \$150K to 2023 and have a remaining \$50K for this year. The WTP2 PLC Replacement has been put on hold pending the WTP2 expansion. Currently, there is a positive fund balance of \$1.7M over budget. Ms. Mantz, Mr. Shackelford, and Mr. LeTellier answered questions from the Board.

Consider Approval of the Unaccountable Water Report – Director Huser made a motion to consider approval of the Unaccountable Water Report, seconded by Director Dadlani. Mr. Shackelford said we contracted with M.E. Simpson last year and a draft report was presented at the last Board meeting. There are no changes to the version that was presented last month. There were no comments from the resident Water Committee. There was Board discussion and Mr. Shackelford and Mr. LeTellier answered questions from the Board.

A vote was called and the motion passed unanimously.

Consider Approval of IGA/SIA for Filing 37 – Director Huser made a motion to approve the IGA/SIA for Filing 37, seconded by Director Walden. Mr. Matt Buster said Filing 37 is approximately 10.9 acres, with 10 proposed single-family lots and 1 superblock lot. A superblock can be replatted in the future. This is for the infrastructure of the development: new roadway, new sewer, new water line, and storm drainage. Exhibit A details the engineer's estimate of the work which is \$1.1M of infrastructure with a 15% warranty bond which would result in a letter of credit to the District of \$1.29M. They are requesting approval of the development agreement and also to give authority to someone from the District to sign the final plat which does require a signature from the District because they are dedicating drainage easements. Mr. Buster answered questions from the Board. The agreement does allow for the release of the letter of credit by each phase.

A vote was called and the motion passed unanimously.

Consider Approval of Resolution to Establish a Water and Sewer Rates Stabilization Fund – Director Huser made a motion to consider approval of the Resolution to Establish a Water and Sewer Rates Stabilization Fund, seconded by Director King. Mr. George said this is a resolution that would establish a new fund from enterprise revenues, but would not impact the District's existing obligations, which are three water and power loans, or our upcoming bonds. Mr. George answered questions from the Board.

A vote was called and the motion passed unanimously.

Consider Approval to Change Authorized Spending Limits for Staff – Director Huser made a motion to consider approval to change the authorized spending limit for the Water Efficiency Specialist to \$2,500, seconded by Director Walden.

A vote was called and the motion passed unanimously.

Consider Approval to Update Signature Cards for District Accounts – Director

Huser made a motion to approve updating signature cards for District accounts, adding Josh Shackelford to the Wells Fargo Checking, Colotrust, and Charles Schwab Investment Accounts; and adding Director Dadlani to the Charles Schwab accounts and removing Director Lanam, seconded by Director Walden.

A vote was called and the motion passed unanimously.

Committee Updates

Liaison to PCWRA – Mr. Shackelford said the Silver Heights connections were approved. There was a discussion about reuse rates for the golf clubs. They are working on distributing the construction cost for the rehabilitation of the reuse pond. They have instructed their consultant to do a model to distribute the costs evenly among the courses. PCWRA has asked us to speak to our courses about the project.

CPHA Liaison – Mr. Larson said the 4th of July events this weekend will be music in the park on Saturday evening and Monday with a fun run, parade, and BBQ with live entertainment. Mr. Larson welcomed Mr. Shackelford and looks forward to working with him. Director Walden is concerned about the trees along Happy Canyon and asked if that is on the Homes Association's radar. Mr. Larson said they have had conversations with the County. The county maintains that they do not use any salt or mag chloride along that road.

Director Walden requested an update on the 5G project. Mr. Larson said Crown Castle has come back to Homes Association with 13 locations where they want to modify the light poles, with eleven in the community and two on Happy Canyon Road. It will increase the band to 4G, but 5G would require too many poles that the Village is not willing to accommodate.

Infrastructure Committee – Mr. Shackelford said he has been working with Chavez Construction and has negotiated a price of \$2.6M for the 2022 roadwork. We have a meeting this afternoon to determine where they will start and communication efforts. Director Huser asked what is the status of the traffic and safety study. Mr. Shackelford said the traffic counters had been out and they are evaluating the data which they will present to the Board when complete. Mr. Shackelford said a draft report is due at the beginning of September and a final report in October. This report will have recommendations and standardizing in the Village.

Water Committee Update – Director Dadlani said they have 2 new members joining the committee. He will bring back a recommendation for a Chairperson in July. 308 irrigation assessments have been completed and there are 29 more in the queue. We expect to see rebate requests start to come in. Mr. Shackelford said the intern has been here for 2 weeks and has been working on getting more residents signed up for an irrigation efficiency analysis. She has also been helping with the website design. The water efficiency rebate website has been launched.

Discussion Items

Update on Status of Series 2022 Bonds – Ms. Chichester shared a bond update presentation. Standard & Poor's rating for the District came in at AA with a stable outlook. Mr. Taylor covered the next steps, which are a due diligence meeting this afternoon, a preliminary offering statement tomorrow, price the transaction next week, and target closing mid to late July.

Confirm Tuesday, July 19, 2022, CPMD & CPHA Joint Boards Meeting at 9:00 a.m. – the Board confirmed Tuesday, July 19, 2022, CPMD & CPHA Joint Boards Meeting at 9:00 a.m., at the Homes Association building.

Confirm Tuesday, July 26, 2022, Regular Board Meeting at 9:30 a.m. – the Board confirmed Tuesday, July 26, 2022, at 9:30 a.m.

Discuss SDA Conference: September 13-15, 2022, in Keystone – Ms. Mantz said the SDA is still working on the conference schedule. Registration opens July 5th, and Ms. Mantz stated that staff will assist with registration and hotel booking for attendees.

Discuss Potential Changes to the Loan Provision - Director Dadlani discussed the water efficiency loan program created last year. He requested that the Board consider a loan interest rate of 4% instead of the current 2%. The Board concurred, and Mr. Dadlani noted that the increased interest rate will be utilized in each agreement, which agreements will come before the Board for formal approval at later dates.

Staff Reports

District Reports – Mr. Shackelford said the drilling for the wells is complete. We are putting together new bid documents for the well equipment now that we have the well pump test data. The well A10 project will be completed next week. We received two proposals from the RFP that went out for a CMAR on the Crestone Way project, one from BT Construction and one from Global Underground. We evaluated the proposals and we judge BT Construction to be the better proposal. They also had the lowest proposed fee of \$25,145 which includes evaluating construction methodologies as related to construction, a value engineering review, and complete development of maximum project cost. Mr. Shackelford has approved that contract. Per their schedule, they will be finished in November.

Director Walden requested that we have audiovisuals and provide project updates to the community at the Metro picnic.

The Board requested an alternate date for the picnic this year. Ms. Mantz will review alternate dates.

Safety & Operations Report – Mr. LeTellier said the OSHA rep was brought back out for re-inspection of corrections that have been made. E-Logger software is fully operational. For the TENORM project, Radiation Pros continues their work and is developing the draft

management plan. The PRV telemetry replacement project materials have come in and we have kicked off that project. The raw water monitoring project has begun. The sampling project at BPS#2 is on hold, as we are waiting for materials. The Sanitary Sewer Monitoring Project continues, data is still being collected and TREKK checks on those sites regularly. On the water operations side, production is up as irrigation has come into full swing. We are seeing large swings in production as it relates to rain events. CDPHE is recommending that we have 30 days of storage of chemicals and the District has purchased 2 storage containers for it. Staff will be looking into larger permanent storage for the sodium hypochlorite. M.E. Simpson will come out and do the leak detection survey this year. We are still finding issues with I&I in our sewer collection system. Weather tracking controllers for the irrigation system are online. Mr. LeTellier will be recommending a program to clean 1/3 of the District's culverts each year.

Administration Report – Ms. Mantz said our Eblasts have included the water rate increase effective January 2023, open seasonal positions, and signing up for the irrigation efficiency analysis. We also corrected a social media reference to a water quality issue that was with CPNMD and not CPMD.

Due to Covid cases on the rise, we posted a notice on the front door requesting that people join our meetings via Zoom unless they are presenting to the board.

We hired 10 landscape seasonals and 1 intern, Soleil Foy, to help with our Water Conservation efforts. We currently have 2 openings, a Maintenance Tech 2 and a Project Manager. We have 2 outstanding workers' comp claims, which were minor incidents.

The RubinBrown team will be here at the July meeting to present the Comprehensive Annual Financial Report (CAFR). For the new billing software, we have weekly calls, will be running parallel in late July or early August, and anticipate going live for the September billing.

Director Walden requested that we get messaging out on the Bond based on their meeting today.

The PR group is working on showcasing one of the homes that have had an irrigation analysis and made modifications to their landscape.

Water Usage Report– Billed usage for May 2022 was 43.4M gallons.

Attorneys Report – Nothing to report

Executive Session

At 12:25 p.m., Director Huser made a motion to enter into an executive session pursuant to C.R.S. § 24-6-402(4)(b) and (e) for purposes of conferencing with legal counsel and receiving legal advice on specific legal questions and discussing matters subject to negotiations, to develop negotiation positions and strategy, and to instruct negotiators regarding recent District legal proceedings and recent community input related to District water programs, seconded by Director Dadlani.

Upon vote, unanimously carried, the Board entered into executive session, and Mr. George was invited to remain.

The Board left the executive session and the regular session resumed at 1:08 p.m.

Adjourn.

There being no further business to come before the Board, and upon motion duly made, seconded, and unanimously carried, the Board adjourned the regular meeting at 1:08 p.m.

The Board of Directors approved the foregoing minutes on the 26th of July 2022. The preceding constitutes a true and correct copy of the minutes of the above-referenced meeting.



Secretary