

**MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CASTLE PINES METROPOLITAN DISTRICT**

Held: Thursday, December 10, 2009 at 7:30 a.m., at 5880 Country Club Drive, 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:

Joe Gschwendtner

Tom Kahn

Jackie Sundquist

Tim McCarthy

(Director Ostrowski attended part of the meeting via teleconference.)

Also present were: Paul Dannels, Susan Seamark, Jeff Coufal, Jon Gray, and Sue Mantz District Staff; Jan Myers, Wells Fargo Insurance Services; Mark Larson, Manager, Castle Pines Homes Association (CPHA); Karl Krueger, resident; Jake Schroeder, VSW, Inc.; and Chuck Carpenter, Fairfield and Woods, PC, District Counsel.

Potential Conflict of Interest Disclosures

District Counsel Carpenter reported that the directors' conflict of interest disclosures were filed with the Secretary of State's office.

Review of Agenda

The agenda was reviewed. A suggestion was made to move the commercial insurance renewal decision earlier in the meeting so that Ms. Myers could leave. Mr. Dannels requested that authorization to sign a water rights Quit Claim Deed to Castle Pines North Metropolitan District be added under "Other Action". The agenda was approved with these revisions.

Director Ostrowski was called and teleconferenced into the meeting.

Public Hearing

Director Gschwendtner opened the meeting to a public hearing for the purpose of receiving comments about the District's proposed 2010 budget. Mr. Krueger stated that he was in favor of the budget. Hearing no additional comments, Director Gschwendtner closed the public hearing and returned the meeting to regular session.

### Approval of Meeting Minutes

Director Sundquist made a motion to approve the regular minutes of the November 19, 2009 board meeting as written. Director Gschwendtner seconded the motion. Ms. Seamark asked for clarification about the content on one page and Director Gschwendtner answered the question. He called for a vote and the minutes were unanimously approved with a minor adjustment.

### Approve Commercial Insurance Renewal

Ms. Myers presented renewal information for the District's property and liability insurance and workers compensation insurance coverage. In keeping with prior direction from the Board, she reviewed the sole quote for renewal with the Special District Association Property and Liability Pool. She noted that the Pool automatically increased the property values by a small percentage to allow for the cost of inflation. She then reviewed a number of coverage enhancements implemented by the Pool for the benefit of its members.

Ms. Myers shared quotes received from the Pool and Pinnacol Assurance for workers compensation coverage. She explained that the premium increased due to the District's claims history over the past couple of years, as well as some industry rating changes made state wide. After some discussion, Director Gschwendtner made a motion to approve property and liability insurance renewal with the Pool, and workers compensation insurance renewal with Pinnacol. Director McCarthy seconded the motion which passed unanimously.

### Approval of Payables

Director Kahn reported that he met with staff to review the November payables and found them to be in order. Ms. Mantz distributed a revised report with one correction. Director Kahn made a motion, seconded by Director Gschwendtner, to approve payment of the November expenditures as revised. Ms. Mantz reviewed miscellaneous expenses with the Board and said that staff members would hold onto the Jehn Water Consultants' payment until some questions were answered. Mr. Dannels reported that CPHA submitted an invoice for legal services related to the Highway 85 / Atrium / I-25 Interchange project. Director McCarthy said that this expense represented legal work for five months, and that both CPHA and Metro were authorized, via the Joint Task Force meetings, to participate in this cost up to \$10,000 each entity, and that he supported payment of this expense. Mr. Larson was asked to provide Metro with a status summary on this matter.

Director Gschwendtner called this motion to vote and the Board unanimously approved payment of the general fund and manual check expenditures in the combined amount of \$151,837.58, and the enterprise fund expenditures in the amount of \$147,124.43.

### Approve 2010 Budget Resolutions

Ms. Mantz highlighted the changes made to the budget documents since the November Board meeting. Director Gschwendtner thanked Director Kahn and staff members for their work on the 2010 budget, which included \$50,000 authorization for water conservation rebates, and some increases to the District's water rates.

Director Kahn made a motion, seconded by Director McCarthy to adopt the resolution summarizing expenditures and revenues for each fund, and adopting the budget for the District for fiscal year 2010 as presented. The motion was unanimously approved.

Director Kahn made a motion to adopt the resolution levying property taxes for the year 2009 (to be collected in 2010) to help defray the costs of government for the District with a general fund mill levy of 23.284 mills and a debt service fund mill levy of 10.550 mills (for a total mill levy of 33.834 mills) to be applied to all taxable property within the District's service boundaries. It was noted that the total mill levy remained the same since 2001. The motion was seconded by Director Sundquist and passed unanimously.

Director Gschwendtner made a motion to appropriate sums of money to the various funds and spending agencies of the District in the amount and for the purposes set forth in the 2010 budget. The motion was seconded by Director McCarthy and passed unanimously.

Approve 2010 Service Proposal from CMS, LLC

Director Sundquist made a motion to approve the proposal for cash management services in 2010 from Cash Management Solutions, LLC (CMS, LLC) with the added task of soliciting proposals for banking and procurement card services on behalf of the District. Director Gschwendtner seconded the motion, which passed unanimously.

Adopt an Election Resolution for the May 4, 2010 Regular Election

Director Gschwendtner made a motion to adopt the proposed 2010 Election Resolution for the May 4<sup>th</sup> regular special district election, for the purpose of electing three directors, declaring a mail ballot election and naming Susan Seamark as the Designated Election Official. Mr. Carpenter noted that there were several changes to the special district election laws since 2008, with additional changes continuing to be made. Director Sundquist seconded the motion, which passed unanimously.

Approve Renewal of the Landscape Maintenance Contract with CPHA

Director Sundquist made a motion to approve renewal of the Landscape Maintenance Contract with CPHA as proposed in its existing form, for a five year term with annual renewal authorization requirements. Director McCarthy seconded the motion. Mr. Coufal stated that there was a price increase in the contract that represented the addition of maintenance areas owned by CPHA. Mr. Larson said that he felt the District's staff did a phenomenal job maintaining CPHA's property and they were very pleased with the work performance. He added that he informally obtained quotes from other landscape maintenance companies for the work outlined in the contract and no other company could compete with the service fees charged by the District. The motion was called to vote and renewal of the contract was unanimously approved.

### Other Action

As noted at the beginning of the meeting, Mr. Dannels reported that he was notified by counsel for Castle Pines North Metro District (CPNMD) that a recent water rights acquisition by CPNMD was erroneously dedicated to Castle Pines Metro District. Therefore, he was seeking the Board's authorization to execute a Quit Claim Deed of these water rights from Metro to CPNMD. He reported that Scott Clark, Metro's water rights counsel, reviewed the proposed Quit Claim and felt it was acceptable. Directors stipulated that any costs associated with correcting this mistake be paid by CPNMD. Director Gschwendtner made a motion to authorize Mr. Dannels to sign the Quit Claim, and to assure that related costs were paid by CPNMD. Director McCarthy seconded the motion, which passed unanimously.

### Confirm Next Board Meeting

The date for the January 2010 Board meeting was discussed. Director Gschwendtner said that he would be out of town. Calendars were reviewed and it was decided that the January meeting would be held on Friday 1/15/2010 at 7:30 am at Metro's office. Mr. Larson noted that the CPHA Board meeting was scheduled for the same day.

### Project Status Report

**Water Resource Planning** – Director Ostrowski stated that he would provide an executive summary about the District's 2004 water rights acquisition for the January 2010 board meeting. He reported that a meeting was held with Jehn Water regarding expert witness testimony for the decree case. He said that discussions were held regarding the District's need to augment these Plum Creek surface water rights, which could affect the net acre foot surface water benefit for the District. He stated that Scott Clark would be asked to attend a future meeting to update the Board on this matter, and that the District planned to file an Amended Augmentation Plan Application by the end of December.

**Chatfield Reallocation / Reservoir Expansion** – Director Ostrowski reported that a coordination meeting was recently held regarding Chatfield, and that the Corps of Engineers was in need of additional funding. He stated that a draft EIS mitigation plan was supposed to be finished by the end of December and ready for public comment in March / April 2010. He reported that the construction estimates were rising and were approaching \$243 million to complete the expansion meaning that the per acre foot storage cost would increase to \$6 million. He said that he may have access to a power point presentation for the January board meeting.

He reported that the SMWSA participants wanted to run this project versus a state agency, but that there was significant disagreement about how such an arrangement would work. He stated that the possibility of individual members contracting with the state for project participation was under consideration, but could affect the project funding. Director Ostrowski said the sentiment was that if project members had to fund the expansion, they then wanted to control it. He stated that if this project capsized due to member infighting, the District might have to start evaluating the viability of Reuter-Hess for surface water storage rights. Director Ostrowski concluded his update and terminated the teleconference.

**WTP2 Filter Addition** – Mr. Coufal reported that the WTP2 filter basin was finished and staff was waiting for CDPHE’s final approval before the filter basin could be put into operation.

**Well LDa-12 Development Status** – Mr. Coufal reported that the control work for well LDa-12 was nearly complete and when finished, the well would be operational.

**Water Storage Tank Leak Status** – Mr. Coufal reported that a new plug was installed in the drain inside the water storage tank and the tank would be put back into service for testing. Within two weeks, staff members would know the outcome of this test. If the tank still leaks, the influent line would be tested. If the tank continued to leak, divers would be scheduled to perform a dye leak test and once completed, staff would proceed with identifying the proper course of action.

**Chateau Ridge Development Status** – Mr. Gray reported that he provided Douglas County with the quote he received to complete erosion control repairs in Chateau Ridge and that he would schedule a meeting with County staff to review the information and discuss a schedule for finishing this work.

#### CPMD / CPHA Joint Task Force Status Report

**Hwy 85 / Atrium / I-25 Interchange** – Director McCarthy stated that the legal committee of the Joint Task Force put its efforts on hold regarding the interchange project. He said that once the Environmental Assessment (EA) was complete, the committee would be ready to reactivate.

On another note, Mr. Gray said that CDOT was starting work on the I-25 / Happy Canyon Road overpass rehabilitation project and he would call his contact at CDOT to discuss noise mitigation efforts for the east side of the Village.

**Happy Canyon Road Roundabouts** – Director McCarthy said that since the District’s plans for installing roundabouts and medians on Happy Canyon Road affected the budgets of Metro and CPHA, it might be a good idea to schedule a Joint Task Force meeting in the near future. Mr. Dannels said that a contract might be ready for approval in March or April. Mr. Gray presented photos of the roundabout at the West Vail exit off of I-70. He itemized numerous traffic flow benefits provided by roundabouts. He stated that governmental agencies receive criticism right after roundabouts are installed at intersections, but once drivers get used to them, the complaints stop. He cited favorable statistics about how roundabouts improve traffic flow through intersections and reduce accident rates. Mr. Gray said that preliminary design of these improvements was progressing and he would update the Board monthly.

Mr. Dannels reported that development plans were being drafted for the Lagae North parcel in the City of Castle Pines North (CCPN). The developer needs to construct a large (possibly 36”) sanitary sewer main to collect and transport flows from Lagae North to Plum Creek Wastewater Authority (PCWA) for treatment. Metro was contacted about participating in this sanitary sewer main that was proposed for location under Happy Canyon Road. Mr. Dannels stated that there were numerous property-related obstacles to such an installation project and that Metro didn’t need additional sanitary sewer capacity. There was some discussion about the

possibility of Lagae North being served by Parker Water and Sanitation District (PWSD) versus coming through the Village. There was some conversation about ways to accommodate a future sewer pipeline while Metro continued work on the roundabout / median improvements on Happy Canyon Road. Mr. Dannels agreed that all options needed to be considered by the Lagae North owner, and that firm plans and timing were not determined, but he wanted the Board to know that Metro was approached on the matter.

**Hunting Injunction, King Property** – Mr. Larson reported that the Division of Wildlife (DOW) contacted him to inform him that the agreement identifying “No Shoot Zones” on the King property was signed. A hunting coordinator remained to be assigned. Mr. Larson instructed anyone who sees hunters near the Village property in the future to contact Emergency Services with the sighting date, time and location so that a report can be made.

#### Lagae Development Status

Director McCarthy stated that there was little chance of A & A Investments, LLC continuing to seek inclusion into the District’s boundaries due to the surface water policy, and the distance between the dollar value Mr. Vickers’ placed on water rights he might consider offering versus the value the District’s engineers and counsel placed on the same.

#### Review Staff Matters

**Administration** – Ms. Seamark stated that she would take the Kimball water rights deeds to Douglas County for recording tomorrow. Mr. Carpenter stated that Mr. Sublette was still on track to close on this property purchase by December 15<sup>th</sup>. Mr. Larson confirmed that CPHA approved the inclusion of the Kimball property into its service area as well. Mr. Dannels stated that Mr. Sublette notified him of a new plat note required by the Douglas County Commissioners that warned property owners about being located in a development that did not have “sustainable water.” He said that the District had no idea this plat note was being imposed and was very concerned about the verbiage. He agreed to learn more about the matter and keep the Board informed.

Mr. Gray reported that staff members received one negative comment after the installation of the speed table on Country Club Drive in the Summit. However, several favorable comments were received including callers that wanted speed tables installed in their area.

Ms. Mantz reported that staff members from Bondi & Co, LLC would be at Metro the first week of February to complete the review of the last six months of the District’s financials in preparation for the audit.

**Operations** – Mr. Coufal reported that staff members spent quite a bit of time handling snow removal throughout the Village since the November meeting, and that all operations were going well. He stated that the District changed its tier classification with the Utility Notification Call Center (UNCC) and he expected to see improvement with calls for locate requests prior to digging activities occurring, thereby protecting Metro’s infrastructure.

Liaison Reports

PCWA – Mr. Dannels reported that PCWA staff members continued to work with the contractor to resolve the problem with the administration building settling. He stated that the treatment capacity at the plant was being re-rated, which might yield recognition of additional treatment capacity.

Other Discussion

Director Sundquist asked if CCPN was trying to take over CPNMD. No one at the meeting knew the answer.

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 9:45 a.m.

The Board of Directors approved the foregoing minutes on the 15th day of January 2010. The preceding constitutes a true and correct copy of the minutes of the above-referenced meeting.

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Co-Secretary