

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

Held: Thursday, February 25, 2010 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

Also present were: Paul Dannels, Susan Seamark, Jon Gray, Sue Mantz and Jeff Coufal, District Staff; Jack Ostrowski, Water Resource Consultant; Mark Larson, Manager, Castle Pines Homes Association (CPHA); Karl Krueger, Jerry Spradling, Lynn Dalton, Erin Nevers, and Lesia Rehl, residents; Kyra Hahn, Castle Pines Library; Jake Schroeder, VSW, Inc.; and Rita Connerly, Fairfield and Woods, PC, District Counsel.

Potential Conflict of Interest Disclosures

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

Review of Agenda

The agenda was reviewed and accepted as written. Director McCarthy disclosed that he would need to leave at 9:30 am.

Acknowledge Director Resignation

Director Gschwendtner acknowledged receipt of Jack Ostrowski's resignation from Metro's Board. He and the rest of the directors expressed their appreciation for Mr. Ostrowski's nearly eight years of service to the District and Plum Creek Wastewater Authority (PCWA). Each director offered their thanks for his commitment, his hard work, for being a positive peer role model, and appreciation for Mr. Ostrowski's knowledge and patience. Mr. Dannels added his thanks for the time and energy Mr. Ostrowski devoted to the District and Castle Pines Village. Mr. Ostrowski stated that he felt the Board of Directors and staff members were exceptional and that he appreciated the District's proven ability to take action and complete projects to benefit the community.

Mr. Dannels, in the absence of Ron Redd, expressed appreciation for Mr. Ostrowski's service to PCWA, acknowledging his high level of professional contribution to their management and operations.

Approval of Meeting Minutes

Director Sundquist made a motion to approve the regular minutes of the January 15, 2010 board meeting as written. Director Gschwendtner seconded the motion, which was unanimously approved.

Approval of Payables

Director Kahn made a motion to approve the December payables. Director Sundquist seconded the motion.

Director Kahn reported that the District received a Certificate of Achievement from the Government Finance Officers Association for the 2008 Audited Financial Report, in recognition of accounting excellence. He stated that the award would be addressed to Ms. Mantz and he expressed his appreciation for her high quality work at the District. It was noted that this is the twelfth year the District has received this award, eight of which with Ms. Mantz' involvement.

He stated that he met with staff to review the payables and the revenue / expense report and found everything to be in order. Ms. Mantz reviewed miscellaneous line items from the payables report regarding 2009 close out expenses, as well as January 2010 expenses. Director Gschwendtner called this motion to vote and the Board unanimously approved payment of December 2009 general fund and manual check expenditures in the combined amount of \$15,478.08, and January 2010 general fund and manual check expenditures in the combined amount of \$216,433.95. The motion included approval for payment of December 2009 enterprise fund expenditures in the amount of \$160,447.29, and January 2010 enterprise expenditures in the amount of \$217,197.26.

Ms. Mantz then reviewed the revenue / expense report, highlighting variances by fund, most of which were due to the timing of invoice receipts. She was asked when interest on investments was booked and she said when they are received.

Appoint Primary and Alternate Directors to PCWA Board

PCWA is owned by its three members – Town of Castle Rock, Castle Pines North Metro District and Castle Pines Metro District. Each member appoints one director and one alternate to serve on PCWA's Board of Directors. With Mr. Ostrowski's resignation, it's time to appoint new primary and alternate board representatives. After some discussion, Director Sundquist made a motion, seconded by Director Gschwendtner to appoint Director Gschwendtner as the primary Metro delegate (until after the May 4 regular election), and Director Kahn as the alternate to attend PCWA meetings when the primary delegate is absent. This motion was unanimously approved.

Confirm Next Board Meeting

The date for the March 2010 Board meeting was discussed. Calendars were reviewed and it was decided that the March meeting would be held on Thursday 3/25/10 at 7:30 am at Metro's office.

Project Status Report

Water Resource Planning – Mr. Ostrowski reported that there were 18 water related meetings since the January Board meeting. Regarding Metro's 2004 water rights decree, he reported that a legal judgment was expected on this decree by February 2011. He said that Metro would utilize Jim Jehn and Scott Mefford as expert witnesses for the decree case. He stated that augmentation would be required in order to utilize the surface water rights once decreed. Metro would have to augment 1 acre foot (AF) of water for every 8 AF extracted. Currently, the case objectors and the courts were arguing over the augmentation requirements for this matter.

Regarding the WISE agreement for access to blended mountain water from Denver and Aurora, additional information was expected to be available by July 2010. Metro was recently informed that Douglas County acquired easement area from the Union Pacific Rail Road for location of a potential pipeline to carry Palmer Divide water. Mr. Ostrowski said these additional projects were being discussed without much factual detail to support the possibilities. Participation viability could not be ascertained until cost and quantity information was developed.

Chatfield Reallocation / Reservoir Expansion – Mr. Ostrowski reported that the final draft of the Environmental Impact Statement (EIS) for the project was due in April 2010, with a record of decision on the project expected in 2011. The earliest time that water could be housed in the reallocation area would be 2013. He stated that project partners were still working out a method for organizing the expansion construction process. The project would need funding around the third quarter in 2011 and the cost was still being estimated at \$6,000 per AF of storage.

Wastewater Capacity – Mr. Ostrowski reported that PCWA wastewater treatment capacity and ownership was being seriously analyzed for all members. He stated that Metro owned excess treatment capacity and that the research would determine the amount of actual wastewater treatment capacity at PCWA, the per equivalent residential (EQR) value, and each member's ownership in the capacity. These facts were very important to TCR and CP North for development planning purposes.

Happy Canyon Road Roundabouts – Director Gschwendtner reported that since the Douglas County Commissioners and staff members were in support of the roundabouts on Happy Canyon Road (HC Rd), the next step was to continue with public information sharing. An Open House meeting presented by Metro and Douglas County was scheduled for April 8, 2010 at Sedalia Elementary School. Douglas County will provide signage for the meeting. Mr. Gray reported that the survey work for the project was finished and the design work was progressing. Metro's hope was that by emphasizing the documented traffic safety improvements

offered by roundabout installation, the surrounding communities would be supportive of the project. Mr. Gray showed a brief video that explained the improved traffic flows in a roundabout.

Traffic Mitigation Study – Mr. Gray introduced three residents, Ms. Dalton, Ms. Nevers and Ms. Rehl, who were present to comment about Metro’s traffic mitigation study that was in development. Each of these residents provided examples of traffic-related issues they felt needed to be addressed. On the south side of the Village, due to lack of trail connection, children were forced to walk in the streets to get to the new bus stop locations. Some sight distance obstacles and trail connection requests were noted. Bicyclists were concerned with traveling through the gate entries in the Village that cause turnaround, gate opening and traffic conflicts. Confusion with Stop Ahead and STOP signs was also noted. Mr. Gray thanked these residents for their feedback and stated that the concept of the Traffic Mitigation Study was to analyze these and other traffic issues throughout the Village and to make recommendations for and prioritize solutions to the problems. He stated that trail development required collaboration with CPHA, and that Metro could layout the trails and obtain costs for the work, but that CPHA would have to budget for the construction since park and recreation was CPHA’s jurisdiction. These efforts would take time. Mr. Larson noted that the trail system in the Village was not designed to be a “destination” system, but a recreational amenity, and that CPHA’s goal was to finish connecting trails throughout the community.

Mr. Dannels thanked the residents for their input. He added that the District was also exploring different signage design that would offer better visibility and durability. Mr. Gray thanked CPES for the traffic enforcement work they do throughout the Village, which was an important piece of traffic management.

Water Storage Tank Leak – Mr. Coufal showed a video of the water storage tank leak identification and resolution. He stated that staff budgeted \$50,000 to fix this problem and the repair made by professional tank divers cost \$13,000. Four leaks were found – three on the tank floor and one on the wall – and all were repaired and sealed. Post testing revealed no leaks.

He also showed a video of the acid washing done at Well A4-R. After this cleaning, the static water level in the tank rose 90 feet, which was an excellent result from the washing.

CPMD / CPHA Joint Task Force Status Report

Hwy 85 / Atrium / I-25 Interchange – Director McCarthy reported that there was no new information about the Hwy 85 / I-25 Interchange project. Mr. Larson stated that the Town of Castle Rock (TCR) expected to present a timeline for this project some time between March 12 and April 30, 2010, with a record of decision about this matter forthcoming in June.

Review Staff Matters

Administration – Ms. Seamark reported that she sent out eight Board member candidate packets, from which four Self-Nomination and Acceptance forms were returned. The deadline was noon on February 26. She noted that Metro’s lead article in the April Village Reporter would be question and answer information from the valid candidates.

Ms. Mantz reported that Bondi & Co's recent management letter about the final six months' 2009 financial review included two comments. She stated that Bondi intended to complete the draft 2009 audited financial report in March and to provide the Board with the information in April.

Operations – Mr. Coufal reported that the Aslan booster station experienced an electrical fire that caused soot to be spread throughout the equipment. All of the mechanical drives were being cleaned, tested and repaired or replaced as necessary. A commercial insurance claim was in process on this matter.

He also reported that the City of Boulder was offering other governmental agencies access to some free evergreen trees. He said that Metro staff would review the types and quantities of trees to determine whether we could take advantage of this opportunity for our annual tree replacement program.

He stated that staff members rebuilt a vacuum trailer for less than \$3,000, which increased the functionality of a \$30,000 piece of equipment.

Mr. Gray reported that a builder recently came to the District to pick up a Certificate of Occupancy (CO) letter for a lot in Chateau Ridge. The builder was informed of all of the outstanding issues in this development area. It was determined that this lot was not one that was red-tagged with the County, so he was granted the CO. Mr. Gray stated that Douglas County agreed to make the erosion repairs in Chateau Ridge that were identified by Metro.

Mr. Gray thanked and complimented Director Gschwendtner and Mr. Dannels for fostering positive working relationships with the County.

Liaison Reports

PCWA – Director Gschwendtner stated that he recently attended a PCWA Board meeting as Metro's delegate. He stated that a resolution to the building settling problems was still being identified. He noted that Ms. Hahn recently hired two temp to hire staff members from a placement firm after trying unsuccessfully to fill vacant positions.

WCC – Director Gschwendtner reported that the Water Conservation Committee had a good meeting where Ms. Coll presented the conservation and rebate programs budgeted in 2010. WCC members helped to fine tune this information for public distribution. Director Gschwendtner stated that Ms. Coll was very organized with the water conservation information and that she was doing a great job as the Water Conservation Coordinator.

Other Discussion

Director Sundquist reported that she recently attended a meeting where Cherokee Ranch representatives expressed concerns about an expansion being sought by the Sedalia landfill that would aesthetically encroach on Cherokee Ranch's property. They were looking for support to reject this expansion.

Mr. Dannels stated that he also met with representatives from Cherokee Ranch and felt that Metro needed to remain apprised of this matter from a storm water / water quality perspective and that the landfill's expansion was already being watched by Colorado Department

of Public Health and Environment (CDPHE). He stated that the Cherokee Ranch representatives discussed an active water well on the property that they learned had to be operated by a certified water operator. Mr. Dannels thought Metro could provide water bacteria tests via PCWA's laboratory facilities. Mr. Larson stated that CPHA planned to write a letter in support of Cherokee Ranch, against the landfill expansion.

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 25th day of March 2010. The preceding constitutes a true and correct copy of the minutes of the above-referenced meeting.

Co-Secretary