

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

Held: Thursday, March 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 (via teleconference)

Also present were: Susan Seamark, Jon Gray, Sue Mantz and Jeff Coufal, District Staff (Mr. Dannels was absent); Jack Ostrowski, Water Resource Consultant (via teleconference); Mark Larson, Manager, Castle Pines Homes Association (CPHA); Al Dugan, President, CPHA; Jerry Spradling, and Jerry Raskin, residents; and Joe Dischinger, Fairfield and Woods, PC, District Counsel.

Potential Conflict of Interest Disclosures

District Counsel Dischinger reported that the directors' conflict of interest disclosures were filed on Monday, less than the 72 hours required by statute. However, based on the agenda items for discussion and the apparent lack of conflicts of interest as set forth in the disclosures, counsel opined that it would be appropriate to proceed with the meeting.

Review of Agenda

The agenda was reviewed and reorganized to accommodate Director McCarthy and Mr. Ostrowski who were being teleconferenced into the meeting. The agenda was approved with these modifications.

Director McCarthy and Mr. Ostrowski were called and conferenced into the meeting.

Authorize Additional Investments

Director Gschwendtner made a motion, seconded by Director Kahn to authorize up to \$2 million of available funds to be placed into U.S. Government securities to yield more favorable interest rates. Director Sundquist reported that the Investment Committee (IC) recently met to review appropriate investment opportunities for one and two-year periods. Due to financial stress among local banks, the IC recommended investing up to \$2 million in either U.S. Government Treasury or Agency Securities with interest yields higher than those offered by

ColoTrust. Such funds would be set in mid-April. The vote was called and the motion passed unanimously.

Water Resource Report

Mr. Ostrowski updated the Board on the following water resource matters:

Chatfield Reservoir Reallocation – He stated that the EPA recently wrote a statement to the Corps of Engineers suggesting that the location of the reallocation storage area at Chatfield might not be the best alternative. Mr. Ostrowski said that project participants were discouraged by this comment and feared it could jeopardize the project. He reported that the City of Brighton was dropping out of the project and its 1500 acre feet (AF) of storage capacity would be offered for sale to the rest of the participants. He concluded that since the EPA and the Corps needed to work out their differences, the EIS and the progress toward structuring a construction management process to build the storage expansion might be stalled.

Water Rights Decrees – Mr. Ostrowski stated that a status conference was held on April 6 to continue to eliminate objectors to the District’s 2004 surface water rights decrees. He said that another meeting was scheduled with water rights counsel on April 12.

He reported that he met with Karl Krueger and Jerry Spradling (director candidates) to provide them with an overview of the District’s water related issues, and that he was willing to meet with other candidates as well.

Plum Creek Wastewater Authority (PCWA) – Mr. Ostrowski reported that PCWA continued to work on understanding the effluent agreement with the Town of Castle Rock (TCR), and that Bondi & Co, LLC was engaged to assist with the valuation of wastewater treatment capacity. He stated that the District could have more than 200,000 gallons per day (gpd) of excess wastewater treatment capacity, but that we must consider the potential future needs of the Village before making any total capacity determination.

He stated that PCWA’s treatment facilities were being re-rated, which could yield higher existing treatment capacities that might reduce TCR and Castle Pines North Metro District’s (CPNMD) need to develop or fund additional capacity at this time.

Other Water Resources – Mr. Ostrowski reported that South Metro Water Supply Authority (SMWSA) was participating in development of an Aquifer Storage and Recharge (ASR) test well. Due to the well location in northeast Douglas County, he did not believe that the test data would be relevant to Metro due to the ASR location in the aquifer, which was known to be a lower water producing region of the basin.

He reported that he and Mr. Dannels met with Larry Livingston and representatives from TCR regarding 5000 AF of mountain water in the London Mine that Mr. Livingston was looking to sell. Mr. Livingston suggested that this mine water could eventually be distributed via Chatfield Reservoir or the Palmer Divide project. Mr. Ostrowski said that Mr. Livingston needed to confirm the viability of this water source, and that Metro was willing to provide a non-binding letter of interest in this water to get some momentum going.

Regarding the Palmer Divide, Mr. Ostrowski noted that he and Mr. Dannels met with representatives for this project, including County Commissioner Board, and that the District

might be interested in purchasing capacity in a surface water distribution pipeline from the Palmer Divide. This concluded Mr. Ostrowski's report and he and Director McCarthy ended the teleconference.

Approval of Meeting Minutes

Director Sundquist made a motion to approve the regular minutes of the February 25, 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 February payables. Director Sundquist seconded the motion. Ms. Mantz reviewed miscellaneous expenditures from the February report and questions were answered. A vote was called and the Board unanimously approved payment of the general fund and manual check expenditures in the combined amount of \$132,264.00, and the enterprise fund expenditures in the amount of \$148,920.78.

Ms. Mantz proceeded to review the Revenue and Expenditure Report for the first two months of 2010.

Confirm Next Board Meeting

The date for the April 2010 Board meeting was discussed and it was decided that the April meeting would be held on Thursday 4/22/10 at 7:30 am at Metro's office.

Project Status Report

Happy Canyon Road Roundabouts – Director Gschwendtner said that staff members were working diligently on this project and that meetings were held with representatives of Douglas County and other affected areas to review the roundabout proposal. Douglas County staff and Commissioners were comfortable with Metro's plan. A public open house meeting is scheduled at Sedalia Elementary on April 22nd from 7 to 9 pm in order to share the information with interested Sedalia area individuals. Mr. Gray reported that questions were asked about the ability of buses and moving vans to navigate the roundabouts as designed, and he said that modeling showed those types of vehicles could handle the roundabout designs. He said that Metro and CPHA members were working together to develop a plan to move the Gate 1 guardhouse to avoid traffic stacking on Happy Canyon Road. A complete set of project plans with costs was expected mid-April.

Traffic Mitigation Study – Mr. Gray referred to the summary of the Traffic Mitigation Study included in the meeting packets. He said Metro was very pleased with Fox-Higgins' work on this project, and that Metro staff members were working with CPHA and Castle Pines Emergency Services (CPES) to coordinate the implementation of solutions to identified traffic problems. Metro was working with Civil Design Group to layout a trail on the south side of the community that could be constructed in Metro's drainage easement in order to route pedestrian traffic off the roadway near Tolland Drive. This task was identified in the Traffic Mitigation

Study and in response to some of the concerns recently expressed by residents. Mr. Dugan said that he was disappointed with the summary, that he felt it was a boilerplate document and he didn't see why it took so long to create, and that he was frustrated with CPES enforcement efforts, too. Mr. Gray reiterated that the meeting packet contained the summary of the full Traffic Mitigation Study, and that he and Mr. Dannels presented all of the background details that generated the report at two separate, lengthy meetings to CPHA and CPES, and that he would be happy to provide all of the detail work to Mr. Dugan. Mr. Larson noted that he contacted Douglas County School District (DCSD) to find out the locations for the bus stops in Castle Pines Village for the 2010/2011 school year, but that the routes would not be identified for another couple of months. The bus route information also factored into traffic mitigation solutions, and was the catalyst for creating the Traffic Mitigation Study. Director Sundquist asked Mr. Gray to provide the list of traffic mitigation priority areas and proposed solutions for the Metro Board's review and consideration.

CPMD / CPHA Joint Task Force Status Report

Hwy 85 / Atrium / I-25 Interchange – Mr. Raskin reported that the Environmental Assessment (EA) was being released by TCR without identifying a preferred location for the interchange. He said that public meetings were scheduled at TCR on April 7 and April 8. Mr. Larson reported that the EA was posted and public comments regarding this project were being accepted by TCR on its website. Mr. Larson noted that there were still three alternatives for the interchange: 1) take no action, 2) build the interchange at Atrium, or 3) build the interchange at Castlegate. Director Gschwendtner asked that CPHA send out an E-blast about this matter to the community members. Mr. Larson informed everyone that CPHA's Board was going to hold a meeting about this issue on April 1 at 1:00 pm. Directors Kahn and Sundquist offered to attend on Metro's behalf. Mr. Kahn asked about legal expenses regarding this matter. Mr. Larson reminded everyone that through the Joint Task Force, Metro and CPHA agreed to fund up to \$20,000 (\$10,000 each entity) for legal work on this issue, which was not totally spent.

Review Staff Matters

Administration – Ms. Seamark updated the Board about the election, noting that the Mail Ballot Plan was approved by the Secretary of State's office, there were six candidates for three board seats, three election judges were appointed, and that mail ballot packets were to be sent to active registered voters between April 12 and April 16.

Ms. Mantz reported that Metro and Fairfield & Woods staff members worked to process 24 new liens for past due water / sewer bills in the total amount of \$59,168. She stated that Bondi & Co's team would be in the office the following week to complete the 2009 fiscal year audit preparation work.

Operations – Mr. Coufal reported that operations team members spent a fair amount of time on sanding, snow removal and asphalt patching activities during the past month. Directors and meeting attendants thanked staff members for the nice job done with snow removal.

Mr. Spradling and Director Kahn each asked about the recent rolling power outage and its impact on Metro's operations. Mr. Coufal stated that there were no operational failures experienced from the outage.

Director Kahn asked about the status of development in Chateau Ridge sub-association. Mr. Raskin said that Hearthstone was still financially challenged, and that the drainage issue on Castle Pines Drive South behind his unit was not yet resolved to his satisfaction. Mr. Gray stated that Civil Design Group was preparing a drainage study for the area, but that the infrastructure in place did work properly. He added that Douglas County was expected to complete the agreed upon erosion improvements in the next couple of months.

Liaison Reports

PCWA – Director Gschwendtner noted that PCWA was still contemplating the purchase of the Joslyn property, but that the price tag remained too high.

WCC – Director Gschwendtner reported that the Water Conservation Committee (WCC) chose to slightly modify the rebate programs, and that Ms. Coll was doing a great job organizing these programs and the vendors to assist with implementation. Mr. Raskin said that he and his wife planned to apply to use the subsoil rebate program as they re-designed the landscaping around their unit in Chateau Ridge.

Other Discussion

Mr. Gray asked Mr. Larson about CPHA's intentions for improvements to the pond near Gate 1. Mr. Larson answered that CPHA's focus in 2010 would be on designing a new guardhouse for Gate 1, as a parallel to the HC Rd roundabout project, and that any work on the pond would be considered after Gate 1.

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 9:05 a.m.

The Board of Directors approved the foregoing minutes on the 22nd day of March 2010. The preceding constitutes a true and correct copy of the minutes of the above-referenced meeting.

Co-Secretary