

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

Held: Thursday, June 17, 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
Jackie Sundquist
Tom Kahn
Jerry Spradling
Karl Krueger

Also present were: Paul Dannels, Susan Seamark, Jon Gray, Sue Mantz and Phil Hunt, District Staff; Jack Ostrowski, Water Resource Consultant; Mark Larson, Manager, Castle Pines Homes Association (CPHA); Amy Long, Castle Pines North Library; Bob Kenny and Fred Koch, Douglas County; Matt Buster and Jake Schroeder, VSW Inc.; and Chuck Carpenter, Fairfield and Woods, PC, District Counsel.

Potential Conflict of Interest Disclosures

District Counsel Carpenter stated that the directors' conflict of interest disclosure statements were filed with the Secretary of State's office.

Review of Agenda

The agenda was reviewed and approved as written.

Approval of Meeting Minutes

Director Spradling made a motion to approve the regular minutes of the May 20, 2010 board meeting as written. Director Sundquist seconded the motion, which was unanimously approved.

Approval of Payables

Director Kahn said that he met with staff members to review the payables, which were in order. He made a motion to approve the payables as presented. The motion was seconded by Director Krueger. Ms. Mantz reviewed miscellaneous expenses listed on the payables report and questions were answered. Director Kahn summarized the revenue and expenditures report. He pointed out that to date, water revenues were lower than budgeted, but that he expected the

annual budget to be on track. A vote was called and the Board unanimously approved payment of the general fund and manual check expenditures in the combined amount of \$204,587.62, and the enterprise fund expenditures in the amount of \$188,507.63.

Award 2010 Roadway CIP Contract

Director Sundquist made a motion, seconded by Director Gschwendtner, to award the 2010 Roadway CIP contract to Douglas County Asphalt (DCA), as recommended by staff. There was a conversation about the roadway areas that would be improved through this contract and the value that was allocated to roadwork at Gate 1 in anticipation of the Happy Canyon Road roundabout project and the guardhouse relocation. There was debate about increasing the 2010 contract amount in order to complete additional work on Metro maintained road surfaces and taking the Gate 1 work out of the CIP budget line item and placing this cost into the roundabout budget line item. The consensus of the Board was to approve the contract as detailed and to make any other decisions in the future as warranted. The matter was called to vote and the Board unanimously approved awarding the 2010 Roadway CIP contract to DCA in the amount of \$300,336.35.

Development Approval

Director Sundquist made a motion, seconded by Director Gschwendtner, to accept preliminary acceptance of the water, sanitary sewer, road and storm drainage infrastructure improvements in Filing 30, 2nd Amendment, and to give Mr. Dannels the authority to sign the Facilities Conveyance and Acceptance Agreement and authorize the reduction of surety to 15% for a one-year warranty period when all punchlist items are completed by VSW, Inc.. For the benefit of the new directors, Ms. Seamark explained the Intergovernmental / Subdivision Improvement Agreements (IGA/SIA) between developers, the District and the County, and the related facilities acceptance procedures. Mr. Buster showed the group the location of Filing 30, 2nd Amendment on the Castle Pines Village parcel map. Mr. Gray confirmed that he and Douglas County representatives inspected the facilities and there were a minimal number of corrections necessary. Vote was called and the Board unanimously approved this conditional preliminary acceptance.

Confirm Next Board Meeting

The date for the June 2010 Board meeting was confirmed on Thursday 7/15/10 at 7:30 am at Metro's office.

Project Status Reports

Chatfield Reservoir Reallocation – Mr. Ostrowski reported that the local office of the Environmental Protection Agency (EPA) would oppose the Chatfield Reallocation Expansion on the grounds that the Army Corps of Engineers (Corps) did not review / consider other locations for surface water storage expansion before proceeding with Chatfield. He said that this tactic had state officials very concerned for the future of the project. He strongly recommended Metro send representation to Washington, DC in the fall to lobby for continuation. He reported that

there were three more Chatfield related meetings scheduled during the next week. The final draft Environmental Impact Statement (EIS) was scheduled to be finished by August 31.

Mr. Ostrowski recommended the District purchase 125 acre feet (AF) of storage space in Chatfield that was forfeited by Brighton. The asking price was \$300 per AF (the lowest price to date). He didn't recommend purchasing more because Metro wouldn't be able to utilize more.

PCWA – Mr. Ostrowski reported that the members of Plum Creek Wastewater Authority (PCWA) were completing the amendments to the Establishing Agreement (EA) in order to clarify total wastewater treatment capacity in the Plant facilities, quantify members' capacity ownerships, define the per EQR value of the capacity, and clean up the effluent provisions of the EA. Mr. Dannels thanked Mr. Carpenter for his proactive work on this matter. Once the EA amendment is finished, the capacity value will be updated annually.

WISE Agreement - Mr. Ostrowski reported that activity on the WISE Agreement was progressing with Black and Veatch providing conceptual plan details for sharing surface water owned by Denver and Aurora with other South Metro Water Supply Authority (SMWSA) members, like Metro. Water distribution methods and project costs were yet to be identified.

Other Water Resources – Mr. Ostrowski said that he met with Courtney Hemenway, an aquifer recharge (ASR) expert. He and Mr. Dannels planned to join Mr. Hemenway and tour the ASR facilities at Centennial Water and Sanitation District, and Colorado Springs, in order to learn more about ASR and maximizing the use of the District's ASR well, A4-R.

Happy Canyon Road Roundabouts – Mr. Gray reported that the roundabout project was moving toward consent approval from the Board of County Commissioners (BoCC), but that Sedalia representatives were pushing for a public hearing on the matter. Due to this pushback, the BoCC scheduled a public meeting on June 29th at 7:30 pm to hear feedback on the matter. No action would be taken at the meeting. Mr. Kenny said that he thought the BoCC needed additional information about the value of roundabouts due to the Town of Parker removing a roundabout it built on east Main Street. He recommended that Metro and other project supporters stress the safety message related to roundabouts. He said that the BoCC would technically approve a right-of-way easement granting enough space to construct the proposed HC Rd roundabouts, and a landscape license agreement. Both of these transactions would involve Douglas County and CPHA. Mr. Koch echoed Mr. Kenny's input and suggested CPV have as many people as possible attend the business meeting and speak in support of the roundabout construction at the Gates 1&2 / Gates 3&4 intersections. If the public meeting goes well, the BoCC could approve the project at a following business meeting.

Discuss Legislative Amendments Forthcoming on the November Ballot

Mr. Carpenter referred to a draft Resolution Opposing Amendments 60 and 61, and Proposition 101 (slated for the November general election ballot) that he modified from a version provided by the Special District Association (SDA). Everyone agreed to make the adoption of this Resolution an action item at the July Board meeting.

Discuss Letter from The Ridge at Castle Pines Homeowners Association

Mr. Dannels received a letter from The Ridge at Castle Pines Homeowners Association (the Ridge) summarizing concerns about the concrete roadways in The Ridge and asking Metro to consider full replacement of the roadways throughout the Ridge, and proposing to establish a special improvement district for the purpose of completing these repairs and financing the same through some debt vehicle. Mr. Gray reported that the concerns expressed in the letter were primarily of an aesthetic nature and that the roadways were still considered structurally sound per the District's Pavement Condition Index (PCI). He noted that Metro evaluates the roads in the Ridge each year as part of its annual roadway rehabilitation exercise. When Ridge road areas are found to fall below Metro's desired rating on the PCI, they are repaired or replaced. If there are any water leaks in the Ridge that require road disturbance, the affected areas are repaired or replaced as warranted. Mr. Carpenter stated that the requests made in this letter from the Ridge exceeded the terms of the Roadway Maintenance Agreement between the Ridge and Metro signed at the end of 2005. After some discussion, the Board members determined that if Metro can assist the Ridge in addressing the concerns expressed in the letter, at little or not cost to the District, staff was authorized to proceed. Mr. Dannels said that he and Mr. Gray would schedule another meeting with representatives of the Ridge to continue this dialogue.

Special District Association Annual Conference

Ms. Seamark notified the directors that the SDA Annual Conference was scheduled in Keystone September 22 – 24, 2010. She asked directors to make hotel reservations on their own to avoid payment confusion that was experienced in 2009, and she offered to make conference registrations for the directors when the forms become available. Conference expenses incurred by directors are eligible for reimbursement with proper documentation.

Review Staff Matters

Administration – Ms. Seamark talked about using CPHA's E-blast to distribute information about 2010 roadway work, the Spring Fling in the Garden and the August Metro Picnic. She noted that mailing for the June Village Reporter was delayed by the printer and that the August VR planning session was scheduled for the first week in July and reviewed some Metro content ideas for the August issue.

Mr. Dannels stated that the Water Minister from Sri Lanka, who recently toured Water Treatment Plant #2, was very impressed with Metro's facilities and operations and was interested in the technical treatment processes used by Metro for application in his country.

Ms. Mantz highlighted the research she and Ms. Gonzales completed in order to implement a credit card payment option for Metro's water / sewer bills, in an attempt to provide another tool for bill payment. She was asked questions about the costs of this process. She reported that there would be a \$3.75 per participant per month processing fee from the provider. She asked if the Board wanted Metro to pay this cost or the account holder. The Board's consensus was that the account holder should pay the fee. She was asked about other costs and reported that there was a \$14,000 cost to complete the initial implementation and set up of the

service with a \$7,000 per year maintenance fee thereafter. She was asked if she knew how many customers would use this method of payment and she said that the accounting department received a few calls each month inquiring about credit card payment capability, but that she didn't know how many people would use the method. She stated that the most efficient mode of bill payment was the ACH debit method, which over 500 customers were using. The Board's consensus was not to proceed with implementing the credit card payment process at this time because it was cost prohibitive.

Operations – Mr. Hunt reported that all of the tree debris collected during the brush clean up was chipped into mulch and ready for others to use. He stated that all 115 of the trees Metro purchased from Boulder were planted throughout the Village in Metro's road right-of-way areas or on Metro's properties with 20 trees used to screen the well site adjacent to Prospect Drive. Staff members are watering the trees on a regular basis. He noted that there was one main line water leak on Hummingbird Drive that was repaired and required replacing 20 feet of water pipe. He concluded by stating that staff members were waiting for the water quality analysis results at well De-10 to determine the best method for completing the repairs at the well.

Mr. Gray reported that Metro was overseeing drainage repairs and pond rehabilitation in the Summit development in order to meet MS4 permit requirements. He stated that a meeting was held with Metro staff and Lund Partnership (Lagae North owners) to review options for the installation of the sanitary sewer main that was needed to carry Lagae development flows. The possibility of routing the installation through Castle Pines Golf Club property parallel to Happy Canyon Road was being investigated versus tearing up Happy Canyon Road to complete this work.

Mr. Dannels stated that sanitary sewer capacity through the interceptor sewer line parallel to Highway 85 was still a primary Metro concern when discussing Lagae property development in Castle Pines North.

Liaison Reports

PCWA – Director Spradling noted that the wastewater treatment capacity analysis underway at PCWA continued and might be finalized within a few weeks. He noted that Castle Pines North Metro District slowed its momentum regarding acquiring additional treatment capacity from Metro.

Investment Committee – Director Sundquist reported that the IC met and authorized the withdrawal of \$2 million from Metro's ColoTrust accounts to be placed in higher yield investment opportunities. Staff members were waiting for placement timing and guidance from Wells Fargo bank.

WCC – Director Sundquist reported that the water conservation committee met the prior Monday and that Ms. Coll was continuing to process water conservation rebate requests from Metro customers. She noted that Ms. Coll planned to track the most popular rebate programs and would report to the WCC in the future. Director Sundquist said that the WCC might recommend adding a sub-association master valve rebate opportunity in the future. Mr. Ostrowski suggested Metro send out E-blast information reminding customers to turn off

irrigation when it rains. There was some discussion about this suggestion and it was noted that just because it was raining, it didn't necessarily justify turning off irrigation depending on other factors like amount of precipitation, heat, wind, etc.

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 10:25 a.m.

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

Co-Secretary