

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

Held: Thursday, July 15, 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); 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 Director Gschwendtner asked that one discussion item be moved to the executive session portion of the meeting. The agenda was approved with this revision.

Approval of Meeting Minutes

Director Krueger made a motion to approve the regular minutes of the June 17, 2010 board meeting with one typographical correction. Director Spradling 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 Sundquist. Ms. Mantz reviewed miscellaneous expenses listed on the payables report. Questions were generated about costs that were considered includable for the subsoil rebate

program. Director Sundquist reported that the Water Conservation Committee would review the rebate program toward year end and make recommendations for the 2011 budget. This question would be considered in the WCC's review. Director Kahn summarized the revenue and expenditures report and said that he expected to remain within budget through the year. Ms. Mantz noted that she adjusted the beginning fund balances per the 2009 audited financial report and the 2010 ending fund balances were expected to be favorable. A vote was called and the Board unanimously approved payment of the general fund and manual check expenditures in the combined amount of \$282,487.43, and the enterprise fund expenditures in the amount of \$246,245.55.

Ratify Cash Management Confirmation

Director Sundquist reported that there were \$2 million in monies available for placement in investment tools yielding higher interest rates, and the Investment Committee was waiting for the best time to purchase such investments. The IC was advised of the best timing and placed the funds after receiving email approval from the Board members. The District purchased a \$2 million bond from Federal Home Loan Bank with a rate of 1.05% maturing 5/30/2012. Director Sundquist made a motion to ratify this investment decision. The motion was seconded by Director Kahn and passed unanimously.

Adopt a Resolution Opposing 2010 Ballot Amendments

At the June Board meeting, the directors, staff members and counsel discussed Amendments 60 and 61 and Proposition 101, slated for the 2010 general election ballots. Everyone agreed that if passed, this legislation would be financially harmful to the District and many public agencies throughout Colorado. Mr. Carpenter prepared a Resolution Opposing these measures, one change was made and the final Resolution was in the meeting packets. Director Krueger made a motion, seconded by Director Spradling to adopt this Resolution Opposing the stated legislation. The motion passed unanimously.

Approve Revised Signature Cards

Since the Board members changed with the 2010 election, bank signature authorization cards were due for modification. Ms. Mantz provided the necessary forms to implement these changes. Director Gschwendtner made a motion, seconded by Director Spradling to authorize revisions to the signature authorization cards for the specified District accounts. The motion passed unanimously.

Approve Acid Wash at Well DE-10R

Director Kahn made a motion to approve a contract with Layne Western to complete an acid wash of Well DE-10R to remove the iron bacteria in the well, which will then improve the well's production performance in the future. The motion was seconded by Director Sundquist. The price difference between Layne's quote and Hydro Resources' quote was questioned. Mr. Coufal stated that Layne wanted the job and probably didn't have much of a profit margin in the cost. He added that Layne did a great job on the acid wash of Well A-4R last year and he

recommended using them. A vote was called and the Board unanimously approved Layne for the project at a cost of \$39,085.

Executive Session

Director Sundquist made a motion to go into executive session pursuant to C.R.S. 24-6-402(b)(e) for the purpose of obtaining legal advice from District counsel relative to positions in matters that may be subject to negotiations or legal action. Director Gschwendtner seconded the motion, which passed unanimously. Counsel, Board and staff members remained, all others left the meeting.

Upon motion made by Director Sundquist, seconded by Director Gschwendtner and unanimously approved the meeting returned to regular session.

Confirm Next Board Meeting

The date for the August 2010 Board meeting was confirmed on Thursday 8/19/10 at 7:30 am at Metro's office.

Project Status Reports

WISE Agreement - Mr. Ostrowski reported that a preliminary price for shared water from the WISE project was \$5.00 per 1000 gallons – pretty expensive. Efforts on this matter were continuing regarding finalizing costs and distribution details. The distribution points closest to Metro were at C-470 and Quebec or via Reuter Hess.

Other Water Resources – Mr. Ostrowski said that he and Mr. Dannels met with representatives for the sale of the London Mine water. He reported that Metro put in a bid of \$9500 / acre foot (AF) for this water estimating that 1000 AF/year would be available for use (after factoring in losses to evapotranspiration). He stated that there was a water treatment plant on site at London Mine and that the water quality was good. Mr. Ostrowski estimated that it would cost Metro \$500 per year per residence to fund this acquisition with the idea being that this water could be stored on site or at Chatfield. While he didn't think Metro's offer was good enough for the seller's consideration, if Metro wanted to pursue the purchase, due diligence would need to be completed.

Chatfield Reservoir Reallocation – Mr. Ostrowski reported that the Army Corps of Engineers and the expansion partners group reached an agreement for 100% mitigation of the EPA's concerns. The EPA had not yet reviewed this mitigation plan.

He reported that Metro was waiting for the final draft of the agreement documents for the purchase of 125 AF of Brighton's storage space in Chatfield's expansion.

PCWA – Mr. Ostrowski reported that PCWA was still working on completion of the amendment to the Establishing Agreement, and that he expected Castle Pines North Metro District to re-approach CP Metro seeking to purchase additional wastewater treatment capacity.

Happy Canyon Road Roundabouts – Mr. Gray reported that in excess of 140 CPV residents attended the business meeting with Douglas Board of County Commissioners on 6/29, a number of whom spoke in support of the roundabout construction at the Gates 1&2 / Gates 3&4 intersections. The meeting was a success and the BoCC scheduled a business meeting on Tuesday 7/27 at 1:30 pm where it is hoped that the Commissioners will approve the easement and landscape maintenance agreements with CPHA allowing the roundabout construction to proceed. If these documents are not approved by the BoCC, the project can be shelved for future consideration. Mr. Larson noted that CPHA's Board was scheduled to approve these agreements at its July 16th meeting.

Mr. Gray explained the road work that was necessary for a new guardhouse to be constructed at Gate 1. Director Kahn said that he wanted to make sure that the cost of Metro's share of this work was allocated to the roundabout project, not the annual roadway CIP project. Mr. Gray stated that Metro received feedback from three firms interested in completing the construction plans for the roundabouts. He stated that the District will be acting as the owner / general contractor overseeing the construction. The contractor that is awarded the project will be following the requirements outlined in the Douglas County permit and the contractor will provide surety and warranty on the project. Director Krueger said that if the project is approved, he would like to see some type of celebration event planned when the work is completed. The celebration could be something like a ribbon cutting ceremony with recognition of the community's involvement at the County meeting (especially the children).

Discuss Resident Roadway Concerns

Director Kahn reported that he went on a drive around with resident Walt Kellogg who was complaining about the appearance of some of the road surfaces in the Village, namely Castle Pines Drive North from Gate 3 to Country Club Parkway. Mr. Kellogg emailed the District a year ago and recently expressing his dissatisfaction. Director Kahn wondered if Metro needed to change its roadway standards. Mr. Dannels reminded the Board that the District's procedure was to assess the road quality each year and for the roads whose structural quality fell below an 85 rating on the Pavement Condition Index, necessary repairs were identified and scheduled for completion. Mr. Gray reported that the structural condition of Castle Pines Drive North had not fallen below 85 on the PCI. There was some discussion about maintaining roads from a structural versus aesthetic perspective. It was noted that aesthetic quality was very subjective and that if Metro changed its maintenance standard, to overlay roads that were structurally sound, it would be very expensive. Board members were divided on this topic, some feeling that it was CPHA's responsibility to maintain the aesthetics of the community. It was agreed that Metro staff would meet with CPHA staff to review Mr. Kellogg's concerns.

The subject changed to a discussion of a letter from property owners on Oxford Peak Lane complaining that Metro did not overlay their street last year. Mr. Gray stated that Toll Bros. completed repairs on this road in order to receive final subdivision acceptance from Metro. Once the repairs were made, the quality of the road surface well exceeded the 85 PCI and an overlay was not necessary. Mr. Dannels was asked to write a response to the Oxford Peak residents explaining the District's position.

Mr. Gray reviewed the development of a pedestrian trail connection on Castle Pines Drive South and Tolland. This task was prioritized in the Traffic Mitigation Plan that the Board previously adopted and the cost was incorporated in the 2010 CIP work. After explaining the proposed design, Mr. Gray was authorized to proceed as planned.

Review Staff Matters

Administration – Ms. Seamark reviewed Metro’s article content proposed for the August Village Reporter. She confirmed that one PCWA staff member was still out on long term disability leave, had one more surgery to undergo and still hoped to return to work in the near future. She updated the Board on the planning status of Metro’s Community Picnic scheduled on 8/21.

Ms. Mantz reported that she believed the District’s water leak reimbursement policy needed to be updated and she offered to bring the proposed revisions to the Board at the August meeting.

Operations – Mr. Coufal reported that a variety of operational duties were being completed and that the summer was going very well.

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 10:00 a.m.

The Board of Directors approved the foregoing minutes on the 19th day of August 2010. The preceding constitutes a true and correct copy of the minutes of the above-referenced meeting.

Co-Secretary