

**MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE
CASTLE PINES METROPOLITAN DISTRICT
ALL ATTENDEES PARTICIPATED VIA ZOOM TELECONFERENCE**

Held: Tuesday, November 30, 2021, 9:30 a.m., at 5880 Country Club Dr., 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:

Rick Huser
Mike Lanam
Dick Munday
Craig Sundquist
Tad Walden

Also present were: Sue Mantz, Jason LeTellier, LeAnna Gonzales, District Staff; Dave Samuel, Anpassa Custom; Josh Shackelford, Olsson; Tracy Adams; Tom George, Spencer Fane, LLP; Mark Larson, General Manager, Castle Pines Homes Association; Will Koger, Forsgren & Associates; Scott Clark, Burns, Figa, & Will P.C.; Kim Dadlani, Water Committee Chairperson; Cassie Vetter, Infrastructure Committee Chairperson; Vic Pluto, Carl Pendleton, Carol Kingsley, Michael Seay, Lewis Kling, Mike Vernon, CiCi Holbrook, Eric, members of the public.

Potential Conflict of Interest Disclosures

It was noted that disclosure statements have been filed on behalf of the members of the Board with the Office of the Colorado Secretary of State. District Counsel Mr. George stated that no additional potential conflicts of interest were identified specific to today's agenda.

Approval of the Agenda

Director Huser made a motion to approve the agenda, seconded by Director Sundquist.

The Board unanimously approved the agenda.

Guest Introductions / Comments from the Community - Michael Seay and Lewis Kling are members of The Pointe HOA board, and are inquiring about the road repair for Crestone Way. Director Huser recommended they comment during the budget public hearing.

Budget Discussion

Receive Proposed 2022 Budget – Ms. Mantz presented version 4A of the 2022 Draft Budget. Staff and Board have held two budget work sessions on October 28th and November

22nd to review the 2022 budget line-by-line and to discuss and answer questions from the Board. This budget includes recommendations from the updated Long-Range Water Master Plan (LRWMP) for capital expenditures in the Enterprise Fund as well as continued major roadway work in the General Fund. The Water Committee and the Infrastructure Committee have both been instrumental in forming this draft budget for 2022 and we thank them for their assistance. Ms. Mantz stated that since the last budget discussion meeting, adjustments were made to payroll and payroll benefits, Water Symposium, Village Lake pumphouse, CPMD water usage, snow removal reimbursement, rolled 2021 roadway work to 2022 in the asphalt line item for \$336,954, and adjusted the Chatfield dues with regards to the additional purchase of shares.

Director Walden said in the last meeting it was discussed that the Capital Improvement fee should be increased from \$10 per month to \$20 per month. Mr. George recalls that it was a point of discussion to look into. Director Walden recommends that we increase that amount to help offset increased costs and projects. Director Huser agreed that it was a discussion and that the Board was in favor. Mr. George said that increase is something that we can do today and be adopted as part of the final budget.

Public Hearing

Open PUBLIC HEARING for the purpose of receiving comments about the District's proposed 2022 Budget (Comments limited to 3 minutes per person) – Director Huser made a motion to open the Public Hearing for the purpose of receiving comments about the District's proposed 2022 Budget, seconded by Director Munday. Ms. Mantz said Crestone is referenced on page 22 of the Draft Budget under total CIP. This project was listed in the 2021 budget for \$375,000 but the work did not get completed so it has been moved to 2022. Mr. LeTellier said this work is for repairs and improvements to the road, adding curb and gutter, road shoulder work, and widening in some areas. Director Lanam said this project is a priority for the Infrastructure Committee and some of the delays in work are due to construction projects at the Golf Club. We did not want to do the work until they were completed with their construction so there would be no further damage to the road. Mr. LeTellier said he spoke with the Golf Club and confirmed that their construction work as it relates to the road is coming to an end. Mr. Kling asked what the surface treatment of the road will be and Director Lanam said it is a mill and overlay. Mr. Kling asked what length of the road is included in this project. Mr. LeTellier said he could not confirm, but it's from the Golf Club down where you cross the fairway. Mr. Seay asked if \$375,000 is enough to complete the project and if not will the project be canceled and re-scheduled again and Director Lanam responded no. Mr. LeTellier said the \$375,000 is an engineer's estimate from site work 2-3 years ago. Ms. Mantz said we did roll funds to 2022 from work that did not get completed this year to the asphalt line item, and we are looking at \$2.8M in the budget so we will have the flexibility to do the work. Mr. LeTellier said once the budget is approved we can start to move forward with the project and roll out the bidding process. Ms. Holbrook asked if the study for the Crestone project is available, Mr. LeTellier said he is not aware of one, but he will look into it. Mr. Kling requested a schedule of what the work is to be done on Crestone and Director Huser said we can do that as soon as it is made available.

Ms. Mantz said we will be using reserves in 2022 in both funds. In the General Fund, the amount of reserves needed is \$774,000, which some of that is work that did not get completed in 2021 and is part of our roadway projects. In the Enterprise Fund, we are accessing reserves by

\$6.9M and this is made up of \$5.3M worth of capital projects, many of which are coming from recommendations from our Long-Range Water Master Plan. Director Walden said that we are looking at roughly spending 25% of our reserves on deferred maintenance. These projects are for shoring up our water infrastructure and roads.

With no additional members of the public in attendance wishing to provide comment on the 2022 budget, Director Huser closed the public hearing.

Action Items

Approve 2022 Budget Resolutions

Adopt Resolution 2022 – To Adopt Budget - Director Huser made a motion to adopt Resolution 2022 – To Adopt Budget, the resolution summarizing the expenditures and revenues for each fund, and adopting the budget for the District for the fiscal year 2022, as amended to include a Capital Improvement Fee rate increase to \$20 per month, seconded by Director Sundquist.

A vote was called and the motion passed unanimously.

Adopt Resolution 2021 – To Set Mill Levies – Director Huser made a motion to adopt Resolution 2021 – To Set Mill Levies, a resolution levying property taxes for the year 2021, to help defray costs for the 2022 budget year, seconded by Director Sundquist.

Director Huser noted that the mill levy has not been increased in 20 years.

A vote was called and the motion passed unanimously.

Adopt Resolution 2022 – To Appropriate Sums of Money – Director Huser made a motion to adopt Resolution 2022 – To Appropriate Sums of Money, a resolution appropriating sums of money to the various funds for the 2022 budget year, seconded by Director Sundquist.

A vote was called and the motion passed unanimously.

Approve Minutes from October 26, 2021, Regular Board Meeting – Director Huser made a motion to approve the minutes of October 26, 2021, Regular Board Meeting as amended, seconded by Director Sundquist.

A vote was called and the motion passed unanimously.

Approve Minutes from October 28, 2021, Special Board Meeting – Director Huser made a motion to approve the minutes of October 28, 2021, Special Board Meeting, seconded by Director Sundquist.

A vote was called and the motion passed unanimously.

Approve the October 2021 Payables – Director Huser made a motion to approve the October 2021 Payables, seconded by Director Lanam. Ms. Gonzales reported that staff met with Director Lanam to review payables, payroll expenses, manual checks, and one DWRF loan payment totaling \$1,096,832.47. Ms. Gonzales reviewed and answered questions regarding invoices from the following vendors: Acoma Security, American Landscape Maintenance, Blackbaud Inc., C Lazy Tree Movers, LLC, Cem-Lake Mgmt., CORE Electric Coop, Metro Pavers, Inc., and Quantum Pump & Controls.

A vote was called and the Board unanimously approved payment of the October 2021 expenses in the following amounts: General Fund \$666,794.52, Enterprise Fund \$393,033.40, and Manual Checks \$37,004.55.

Ms. Mantz reviewed the Revenue and Expense Report for October 2021. On page 1, the General Fund shows total revenues with a positive variance over the budget of \$145K, total personnel has a positive variance of \$283K and total contract services positive variance of \$74K. On page 2, there were no changes and shows a positive variance in utilities and general overhead. On page 3, 10-5461, \$336K of roadwork did not get done in 2021 and will be rolled to 2022. The Schmidt contract for crack seal work for 2021 is complete and a check will be cut for the retainage. On page 4, total expenditures have a positive variance of \$701K over budget and a total variance of \$1.4M that will roll to next year's beginning balance. On page 5, the Enterprise Fund total revenue coming in on budget, total personnel has a \$249K positive variance over the budget, total contact services have a negative variance of \$46K due to the risk and resiliency assessment and consultant services for District Manager. On page 6, total utilities have a positive variance of \$67K over budget, general overhead has a negative variance of \$293K due to an increase to water conservation of \$300K that was redirected from capital contingency. On page 7, the capital project contingency will be zeroed out. These were a group of projects in our budget that did get completed. The ending fund balance has a \$1.8M positive variance over budget, which will roll to the 2022 beginning balance.

Consider Approval of Revised Board Member Manual and Bylaws for Castle Pines Metropolitan District – Director Huser made a motion to approve the Revised Board Member Manual and Bylaws for Castle Pines Metropolitan District, as amended, seconded by Director Sundquist. Mr. George presented the revised Board Member Manual and Bylaws to the Board and noted variations from the prior version. Director Sundquist asked Mr. George if the limit that is approved for the District Manager's spending limit should be listed or should it be in another document. Mr. George affirmed that it made sense to leave the dollar amount out and reference the spending limit document. Mr. George said he can strike #4 and amend the 3rd bullet to "expend funds consistent with board policy in effect at the time."

Director Walden asked Mr. George to confirm the process for polling the Board on certain matters outside Board meetings. Mr. George described with the Board the process outlined on page 8 of the document.

Subject to the revisions requested by Director Sundquist, a vote was called and the motion passed unanimously.

Consider Approval of Board Meeting Times/Dates & Board Packet Delivery Dates for 2022 – Director Huser made a motion to approve the Board meeting times/dates and Board packet delivery for 2022, seconded by Director Munday. Ms. Mantz said this is a recommendation that we keep the board meetings on the 4th Tuesday of each month at 9:30 a.m. and board packets delivered the Friday before. The December meeting will be on the second Tuesday of December at 9:30 a.m.

A vote was called and the motion passed unanimously.

Consider Approval of 2022 Employee Payroll Budget – Director Munday made a motion to approve the 2022 Employee Payroll Budget, seconded by Director Sundquist. Ms. Mantz is requesting approval of the 2022 employee payroll budget. The new amount is \$1,993,682.00, this includes 26 full-time employees, 18 seasonals, a 5.9% COLA increase, adjustment to the merit pool, and 5 merit increases. The 2022 budget has been reduced by 7 open positions for the first 2 months.

A vote was called and the motion passed unanimously.

Consider Approval of the Roadway Maintenance Plan – Director Huser made a motion to approve the Roadway Maintenance Plan, seconded by Director Sundquist. Director Lanam said this is work by the infrastructure committee, Olsson, and Forsgren. They have worked on this plan to create a complete and comprehensive plan for our roadways, Director Lanam thanked them for their work. Mr. Shackelford said that Mr. Koger presented this as a draft at the last board meeting and some very minor changes were made.

A vote was called and the motion passed unanimously.

Consider Approval of Contractor to Conduct Board Election in May 2022 – Director Huser made a motion to approve a contractor to conduct the Board election in May 2022, seconded by Director Munday.

Mr. George noted the board packet included two contractors' bids for running the District election. Mr. George said they would run the election from beginning to end. Mr. George recommends using Community Resources Services of Colorado, as they have a little more experience with special districts and more staff. Director Huser said that the board intended that Douglas County would run our election, but the County is not available for this particular election. Mr. George affirmed and said that because of the 2022 primaries there is a blackout period when they cannot help for elections. Director Walden asked if Mr. George's firm or any board member has any relation to these firms, and Mr. George said his firm does not.

A vote was called and the motion passed unanimously.

Consider Approval of Transparency Notice Regarding Board Meeting Days, Times, Location, and Notice Posting – Director Huser made a motion to approve the Transparency Notice regarding Board Meeting days, times, location, and notice posting, as amended to show the 4th Tuesday of each month. Sue Blair of Community Resources Services of Colorado (CRS)

is the company that will run the 2022 board election, and the date of February 28th should read February 25th, seconded by Director Munday.

A vote was called and the amended motion passed, unanimously.

Consider Approval of Agreement for Acquisition of Chatfield Reservoir Reallocation Project Shares from the State of Colorado – Director Huser made a motion to approve the agreement for the acquisition of Chatfield Reservoir Reallocation Project Shares from the State of Colorado, subject to final legal review and approval by Mr. Clark and Board Chair, seconded by Director Munday. Director Walden asked why the word “shares” is used. Mr. George said that these shares cannot be diluted, the total acre-feet will not change so they are allocated as shares and the cost is on the same pro-rata share basis. Director Walden said the whole document references 90 acre-feet, not 100 acre-feet. Mr. George affirmed and said that the 10 acre-feet purchase has its separate stand-alone document and this one is the 90 acre-feet. Ms. Mantz will revise the signature lines to remove District Manager and add the Board Chairman to sign.

A vote was called and the motion passed unanimously.

Committee Updates

Liaison to PCWRA – Director Munday said the District needs to get a handle on the loading that is coming from CPNMD. This is the line that runs down Hwy 85 and the sludge that collects in the line and raises our rates with PCWRA. Director Walden asked when this will be done, and Director Munday said he will meet with Mr. Shackelford to discuss. Mr. LeTellier said money has been budgeted for this project in 2022. Director Walden asked if Parker Water is aware of the issue, and Director Munday affirmed.

Director Munday said the effluent water that is disbursed to the Castle Pines Golf Club, Country Club at Castle Pines, the Ridge and Redhawk golf courses have old agreements that allow that effluent to go to the courses. The reuse water reservoir needs to be re-lined and a new pumping infrastructure needs to be built. PCWRA has this project planned for 2023 and the project cost will be around \$5M.

CPHA Liaison - Mr. Larson said the CPHA 2022 budget was approved at the last meeting. Much of their budget includes improvements to signature amenities and reserves for capital improvements. Their next meeting will be December 16th and their meetings will be on the 4th Thursday each month in 2022. The holiday tree lighting is scheduled for this Saturday at the fitness center from 4-6 p.m. and the lighting of the tree will be at 5:45 p.m. One HA board seat is up for election, and the deadline for submittal is the 13th of December.

Infrastructure Committee Update – Ms. Vetter said in the last month they have worked with Mr. LeTellier and the Homes Association on the traffic and safety study. They are working with Olsson to get the final numbers and a final proposal. The committee is also working with Olsson on the 2022 road projects. The snow removal agreement is still in progress as they work on some legal issues.

Water Committee Update – Mr. Dadlani said the Village Lake sub-association has signed on for the rebate program and may have work begin in the next couple of weeks. Village Lake has also committed to maintaining the native grasses, not mowing them, and weed management. He and Mr. Shackelford will be working on making sure that we have the right vendors in place for doing the work next year, and the main theme is working with vendors to align with our needs.

Mr. Shackelford said this is the final efficiency scorecard for 2021. We completed 101 irrigation efficiency analyses. The top issues discovered were leaks, broken heads, replacing existing nozzles, and installing smart controllers. Mr. Dadlani and Mr. Shackelford answered questions from the Board. Director Munday suggested that we continue to tighten up the information on the scorecard before the Water Symposium.

Mr. Shackelford said the FCS group will continue to work on the rate analysis after receiving our final 2022 budget.

Discussion Items

Discuss Tuesday, December 7, 2021, Regular Board Meeting at 9:30 a.m. – Director Huser said this meeting was scheduled if needed. Director Walden said we need to meet regarding the PCWRA re-use pond issue and are looking to a February date for the water symposium. Director Huser confirmed a special Board Meeting on December 7, 2021, at 9:30 a.m.

Discuss Traffic & Safety Study – Mr. LeTellier said they are refining the scope of the work with Olsson. The traffic data analysis will not happen until the summer months, although the sign inventory can happen sooner.

Staff Reports

District Reports –

- **CPMD 2021 Goals** – Mr. Shackelford said he will have the LRWMP final draft in the next week or 2. He wants to do a draft presentation and then move forward on finalization. He anticipates having the employee manual at the next board meeting. Director Huser asked how we are doing on the EPA deadline on the security. Mr. LeTellier said we have completed the risk and resiliency assessment and have it certified with the EPA. We have received the emergency response plan and staff is working on filling in some of the details for the December 31, 2021 deadline. The water budget analysis as well as the rate analysis is coming to completion. The new billing software process has started.
- **Safety & Operations Report** – Mr. LeTellier said the casings for the new wells have been completed and we are moving into the drilling phase. Layne is installing the sound walls for LDa8. There was a water leak on CPDN on Thanksgiving day. The pipe was not installed correctly and was in poor condition. Mr. LeTellier answered questions from the board.

- **Administration Report** – Ms. Mantz said staff has been working with the PR group this last month on articles for the Village Reporter about winter watering, services Metro provides, metro elections, and use care around thin ice. Messaging also went out in the Village Weekly e-blast, Metro e-blast, and the Metro Facebook page. The Metro website has been updated with the map of the 2021 roadway work, a banner for the draft budget, and updated information the on water efficiency program. Staff is also working on a postcard for contact info and a billing insert for contact info.
- **Water Usage Report**– Ms. Gonzales reported that water usage for October is 8% over budget and 2% over budget for the year.
- **Attorneys Report** – Nothing to report.

Executive Session

At 12:30 p.m., Director Huser made a motion to enter into an executive session pursuant to C.R.S. § 24-6-402(4)(b) for purposes of conferencing with legal counsel and specific legal questions related to the District Employee Handbook and the District water rights. Ms. Mantz, Mr. LeTellier, Ms. Gonzales, Mr. Shackelford, Mr. George, and Mr. Scott Clark were asked to stay for a portion of the meeting.

The Board left the executive session and the regular session resumed at 1:45 p.m.

Adjourn

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 1:45 p.m.

The Board of Directors approved the foregoing minutes on the 25th of January 2022. The preceding constitutes a true and correct copy of the minutes of the above-referenced meeting.


Secretary