

**CASTLE PINES NORTH METROPOLITAN DISTRICT
REGULAR BOARD MEETING MINUTES
August 26, 2024 – 6:00 p.m.**

HELD: Monday, August 26, 2024 at 6:00 p.m.

ATTENDEES: Directors Jason Blanckaert, Leah Enquist (via Zoom), Jana Krell, James Mulvey (via Zoom) and Tera Radloff were present. Nathan Travis, District Manager (via Zoom); Kim Seter, Seter, Vander Wall & Mielke; Phyllis Brown, CRS; Bailey Budnick, Elara Creatives; Andy Anderson and Russell White, Rubin Brown; Lisa Schwein and Greg Sekera, Kennedy Jenks; Jay Blackburn, Level Engineering; and various members of the public were also present.

CONFLICTS: None.

QUORUM: Present.

CALL MEETING TO ORDER: The Regular Meeting was called to order at approximately 6:00 p.m.

CONSIDERATION OF AGENDA OF THE MEETING OF THE BOARD OF

DIRECTORS: Upon motion by Director Radloff, second by Director Mulvey and unanimous vote, the meeting agenda was approved as presented.

CONSIDERATION OF PAST MEETING MINUTES: Upon motion by Director Radloff, second by Director Mulvey and unanimous vote, the Board approved minutes from the July 22, 2024 regular meeting as presented.

PUBLIC COMMENT: Resident Steve Dawes reported an issue with the public comment sign-up sheet and requested that meeting packets be posted to the District's website earlier.

Director Blanckaert remarked that he was unaware of any issues with the public comment sign-up sheet, but that he will work with Mr. Travis to ensure the issue is resolved. Director Mulvey discussed the need for increased efficiency in getting meeting packets assembled and posted to the District's website. Mr. Travis then agreed to post meeting packets as soon as they are sent to the Board.

Resident Alexandra Kosma expressed dissatisfaction with the District's water quality, citing concerns related to the recent boil water advisory. Ms. Kosma remarked that she has spoken with Mr. Travis on the issue and would like to see the District merge with Parker Water & Sanitation District.

Mr. Travis stated that he welcomes community feedback and is happy to continue these conversations with Ms. Kosma. Mr. Travis agreed with Ms. Kosma that the two recent

boil water advisories were unacceptable, but noted that the District is actively working to replace its water filtration system among other ongoing projects to improve water quality and address discoloration issues. Mr. Travis encouraged residents to give the District a call whenever an issue arises so that the District may help mitigate the problem while long-term improvement projects remain underway.

Mr. Travis clarified that although there has not been an uptick in water related issues reported in the community Ms. Kosma belongs to, that particular community did in fact experience some of the more persistent discoloration during the latest boil water advisory.

Mr. Travis next discussed the District's intention to continue its annual system-wide flushes to address excess iron.

Director Enquist then addressed Ms. Kosma directly and thanked her for providing feedback, stating that she understands her frustrations and that she joined the Board specifically to address the concerns Ms. Kosma discussed.

COMMUNICATION DIRECTOR'S REPORT: Ms. Budnick presented her written report to the Board.

Director Radloff commended Ms. Budnick on the District's recent communications efforts, citing the extensive information contained in the District's water quality report and the increased number of views the report has received. Director Radloff thanked Ms. Budnick for attending District events and working to increase community awareness of the District's water quality and its ongoing projects.

Director Radloff explained that she joined the Board because she too wanted to see an inclusion of the District into Parker Water & Sanitation District. Director Radloff then emphasized her confidence in the District's water as well as the improvements the District has made to its water systems, including completely rebuilding its water treatment plant.

Director Mulvey echoed Director Radloff's comments, stating that he is encouraged by the progress the District has made in terms of emergency communications and water system upgrades. Director Mulvey then pointed out that the most recent boil water advisory was the result of an unfortunate contractor mistake that was made while in the process of upgrading the District's systems.

Director Mulvey next requested an update on the District's planned test-emergency communication through Daupler. Mr. Travis reported that customer information has been sent to Daupler and integrated into its system and so a test communication should be happening soon.

Ms. Budnick closed by reporting on the success of the District's recent Party in the Park event, noting that residents are eager to continue to learn more about the District.

FINANCE DIRECTOR'S REPORT:

Consider 2023 Budget Amendment Resolution: Ms. Brown discussed the need for an amendment to the District's 2023 budget, specifically to its general and stormwater enterprise funds. Ms. Brown explained that a budget amendment is necessary to address the expenditures associated with the transfer of District assets to the City of Castle Pines (the "City") per the intergovernmental agreements ("IGAs") regarding operation, maintenance and transfer of recreation properties and regarding the transfer of stormwater systems and necessary property rights. Specifically, Ms. Brown requested that the Board amend the 2023 general fund budget from \$6,113,853.00 to \$12,145,123.00 and the 2023 stormwater enterprise fund budget from \$95,500.00 to \$1,413,800.00.

After discussion, the Board agreed to revisit approval of the 2023 budget amendment resolution after the presentation of the 2023 audit draft.

Presentation of 2023 Audit Draft: Mr. White presented the draft 2023 audit to the Board, noting that Footnote 10 provides important context regarding the conveyance of assets to the City per the two IGAs discussed by Ms. Brown.

Mr. White then expressed that the District has made great progress in paying down its debt over the past year.

Regarding the transfer of assets to the City, Mr. White emphasized the importance of showing a positive variance to the State and expressed that he too is looking for an approval of the proposed budget amendment so that it may be included in the final audit report due by September 30, 2024. Mr. White stated that he found no issues or material weaknesses for the District in its financial reporting for the year.

Mr. Seter clarified with Mr. White that the proposed budget amendment will simply take the original budget and adjust it to the final budget outlined in the audit report.

With this information, the Board decided to vote on the proposed budget amendment. Mr. Seter asserted that the Board would need to open a public hearing before voting on the amendment to allow members of the public to provide their comments.

The Board then opened a public hearing on the proposed 2023 budget amendment.

Given that the draft audit had been circulated for review only hours prior to the Board meeting, resident Steve Dawes requested the Board allow the public more time to review the audit before voting on it.

The Board then considered continuing the public hearing to its regular September meeting. Mr. White requested that public comment on the proposed budget amendment close on September 15 to allow the District time to consider the public's comments and make any necessary adjustments prior to the September 23 Board meeting.

Upon motion by Director Radloff, second by Director Blanckaert and unanimous vote, the Board agreed to continue its public hearing on the 2023 budget amendment to the September 23 Board meeting with a deadline for public comment on September 15.

The Board then directed Mr. Travis to have copies of the proposed budget amendment available at the District's office and on the District's website with a note discussing the September 15 deadline for public comment.

Ratify Claims for Payment: Director Radloff requested Mr. Travis further review a payment made to First Rate Fence & Supply, citing its potentially ill-fitting "Miscellaneous Expenses" account description. Mr. Travis agreed to review the expenditure further with Ms. Brown and Ms. Manion and find a more suitable account description for it.

Upon motion by Director Blanckaert, second by Director Radloff and unanimous vote, the Board approved and ratified claims for payment including check numbers 28730-28798 and electronic payments issued from July 19, 2024 through August 21, 2024, for a total of \$897,004.78.

CONSIDER ENGINEERING BUDGET INCREASE AMENDMENT FOR THE LIFT STATION UPGRADE PROJECT: Mr. Sekera discussed the need to increase the District's lift station upgrade project budget, citing changes in the project's scope brought on by the cease-and-desist order from the Colorado Department of Public Health & Environment ("CDPHE"). Mr. Sekera explained that the CDPHE order required the District to focus more on the condition of its lift stations and resulted in significant design changes.

Responding to Director Krell's inquiry regarding the need for a second bid packet, Ms. Schwein reported that the project was divided into two scopes to satisfy CDPHE's timeline and to get construction started on three lift stations while completing the design and approval process for the other lift stations.

Ms. Schwein emphasized that the scope of the project has changed as Kennedy Jenks has learned more about the Districts' systems through its feasibility studies. Ms. Schwein then stated that the District will benefit from having one less lift station, citing lower pump maintenance and replacement costs and decreased liability in terms of potential spills. Mr. Travis clarified that although it's hard to quantify exactly how much the elimination of one lift station could save the District, he believes it will generally pay for itself after one lift station life cycle or about 25 years.

In response to a question from Director Radloff, Mr. Sekera confirmed that the CDPHE order has had a significant effect on the project's timeline.

After further discussion, and upon motion made, seconded and unanimously carried, the Board approved increasing the budget as outlined in lift station upgrade project job #2246035.

PRESENTATION AND CONSIDERATION OF THIRD-PARTY SUPPLEMENTAL PROPOSAL/ AGREEMENT (SEP PROGRAM): Mr. Blackburn presented the Board with an update on its chosen supplementary environmental project (“SEP Project”) as required by CDPHE following the penalty issued to the District for the sanitary sewer overflow last July.

Mr. Blackburn informed the Board that the third phase of the East Plum Creek rehabilitation project has been green-lit by the County and State and that the District’s funds should restore approximately $\frac{1}{4}$ - $\frac{1}{2}$ a mile of the creek, increasing habitat functionality and stream flow in the area.

After discussion and upon motion by Director Krell, second by Director Radloff and unanimous vote, the Board approved \$130,978.00 for the East Plum Creek rehabilitation project as presented.

Mr. Travis clarified that the approved funds for the project have been budgeted for. Mr. Blackburn stated he would send the final documents to the State to be finalized and signed.

LEGAL COUNSEL’S REPORT: Mr. Seter delivered the legal counsel report.

Graham and Propst Immunity Act Notice: Mr. Seter informed the Board that the Propst claim had been denied by the District’s insurance carrier. Mr. Seter explained that the District will now have to provide notice to the property owner that their claim was denied and that the insurance carrier’s denial marks the District’s denial of the claim as well.

Mr. Seter stated that although it is not a given, he expects the property owner to bring a lawsuit against the District. In that case, Mr. Seter will turn the lawsuit over to the insurance carrier as a covered lawsuit.

Director Krell questioned why the insurance carrier will not cover the property owner’s claim, but will cover the potential lawsuit that follows. Mr. Seter explained that because the insurance carrier has denied that the District is liable for the spill, they will now have to provide a defense for the lawsuit and indemnity.

Consider Service Plan Amendment Authorization: Mr. Seter explained that the petition to amend the District’s service plan must be completed by December 31, 2024 per the IGAs with the City regarding operation, maintenance and transfer of recreation properties and regarding the transfer of stormwater systems and necessary property rights.

After discussion, the Board authorized Mr. Seter to pursue the petition to amend the District’s service plan.

Parks Trails & Open Space IGA – Assignment of Cell Tower Leases, “Batch 1” Property Conveyances: Mr. Seter informed the Board that the first batch of property conveyances outlined in his legal status report are ready for Board approval. Additionally, Mr. Seter explained that the Board may approve all subsequent batches of property conveyances before they become available for final signature.

Upon motion made, seconded and unanimously carried, the Board authorized the President and Secretary to sign conveyance documents of the properties identified by Mr. Seter as Batch 1 in his Status Report and all subsequent properties as authorized by Section 32-1-1001 (1) (f) of the Colorado Revised Statutes and deliver them to the City of Castle Pines pursuant to the Parks, Open Space and Recreational Facilities IGA upon approval of final documents by the President, District Manager and Attorney.

Responding to Director Blanckaert’s request for an update on the District’s farm properties, Mr. Seter explained that he has received three proposals to purchase, with all of them being in a similar range monetarily. Mr. Seter reported that oil and gas attorneys are still working to ascertain the full scope of the District’s rights.

DISTRICT MANAGER’S REPORT: Mr. Travis presented his report to the Board.

Consider Monarch Waterline CIP Budget Increase Request: Mr. Travis explained that the City is looking to extend the waterline project scope from Glen Oaks Avenue to Bergamont Trail, which would require an additional \$950,000 in District funding to complete. Mr. Travis stated that it would make the most sense for the District to approve the budget increase and move forward with the project this year. Director Blanckaert echoed this sentiment and emphasized that the City is moving ahead with the road improvements regardless of the District’s approval.

Should the District choose to wait until next year to install waterline at this location as originally planned, the District will face increased costs and will need to rip up the City’s new roads to install it.

Ms. Brown assured the Board that the District has the funds to accommodate the extended scope, but that a budget amendment may be required. Mr. Seter stated that although he does not suspect a budget amendment will be necessary, the Board can approve one at a later date if needed.

Upon motion by Director Krell, second by Director Enquist and unanimous vote, the Board accepted bid #DRL223467 and approved the budget increase for the Monarch waterline project.

Discussion of Finance Policy Draft: The Board tabled discussion and approval of the draft finance policy until a further review is conducted.

Bank Account Fraudulent Charge – Implementation of “Positive Pay”: Mr. Travis informed the Board of a potentially fraudulent charge of approximately \$2,400.00. Mr. Travis explained that while it appears as though someone simply input the wrong account number, the District flagged it immediately and refuted the charge.

Mr. Travis informed the Board that the District will be adopting a “positive pay” system that will require the District to review payments before they are released as a result of the incident.

Mr. Travis anticipates that the District’s rate study will be ready for review at the September Board meeting.

Director Radloff then requested that Mr. Travis discuss the District’s water quality given the public comment on the matter from earlier in the meeting.

Mr. Travis explained that the District works very hard to maintain transparency and ensure that the District meets and/or exceeds all State water quality standards. Mr. Travis then discussed the robust water sampling schedule the District abides by to verify that water is clean and safe.

Mr. Travis stated that although the District’s source water is iron-rich, iron does not pose any known threats to acute or long-term public health, although it may impact the aesthetic of the water. Mr. Travis encouraged the public to continue asking questions, providing feedback and holding the District.

Regarding water discoloration, Mr. Travis explained that water filters may occasionally release air and allow some iron loose, prompting discoloration. Additionally, proximity to the water treatment plant may have an impact. Failure to conduct annual hot water tank flushing as part of regular maintenance may also have an impact on water coloration.

DIRECTOR’S MATTERS: The Board agreed to hold a study session on September 18, 2024 at 5:30 p.m. to discuss budget matters, particularly regarding staffing and professional contract services.

ADJOURN: The regular Board meeting adjourned at approximately 8:12 p.m.