

**CASTLE PINES NORTH METROPOLITAN DISTRICT
REGULAR BOARD MEETING MINUTES
JANUARY 22, 2024 – 5:30 p.m.**

HELD: Monday, January 22, 2024 at 5:30 p.m.

ATTENDEES: Directors Jason Blanckaert, Leah Enquist (virtually), Jana Krell, Tera Radloff and James Mulvey were present. Nathan Travis, District Manager; Kim Seter, Legal Counsel; Phyllis Brown, CRS (via Zoom); Russell White from Rubin Brown; and Steve Dawes and Roberta Allen, members of the public, were also present.

CONFLICTS: None.

QUORUM: Present.

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

CONSIDERATION OF AGENDA OF THE MEETING OF THE BOARD OF DIRECTORS: Upon motion, the agenda was approved unanimously as presented.

CONSIDERATION OF PAST MEETING MINUTES: Upon motion by Director Radloff, second by Director Blanckaert, Board meeting minutes from the November 27, 2023 regular meeting, the December 12, 2023 special meeting and the January 17, 2024 study session were unanimously approved as presented.

PUBLIC COMMENT: Mr. Steve Dawes, resident of 5703 Jasper Point Circle, inquired about errors and deficiencies in the 2022 audit report, allowable materials for participation in the Resource Central Lawn Replacement Program and the potential state-imposed fine for the 2022 sewer spill.

FINANCE DIRECTOR'S REPORT: Phyllis Brown attended via Zoom. Ms. Brown read aloud the claims for approval and ratification, listed in the Agenda. Upon motion made, seconded and unanimously carried, the claims were approved and ratified. This includes checks numbered 28279 through 28363, and electronic payments from November 23, 2023 through January 17, 2024.

Public Hearing/Approval of 2022 Budget Amendment: Director Blanckaert opened the public hearing on the proposed 2022 budget amendment. Ms. Brown explained that an amendment was necessary to account for changes to the general fund, the 2015 COPS fund, and enterprise funds due to the anticipated inclusion that did not occur, the sale of District water rights and the payoff of District certificates of participation. Ms. Brown noted that once water rights were sold, the District was able to pay off its certificates of participation. Director Blanckaert closed the public hearing on the 2022 budget

amendment and made a motion for its approval. Upon second by Director Radloff and unanimous vote, the 2022 budget amendment was approved.

Acceptance of 2022 Audit: Mr. Russell White presented the 2022 audit. Mr. White highlighted the District's very healthy balance sheet, pointed out the revenue gains from the sale of District water rights, and discussed the District's nearly \$19,000,000 debt payoff. In his analysis of accounting deficiencies, Mr. White found that some manual billing entries were entered incorrectly, particularly regarding transfers between funds related to the sale of water. Mr. White stated his belief that these errors were likely the result of the delay in the 2021 audit, the change in management companies, and quick turnaround of the 2022 audit. Now that the District is caught up on audits for 2021 and 2022, the District is on course for regular, routine audits. The 2023 audit is scheduled to occur at the end of April/beginning of May.

In response to an inquiry from Director Mulvey regarding errors in manual internal billing entries, Mr. White explained that the error was a miscalculation related to water usage. When a material difference between the auditors' predicted water usage vs. actual usage exists, as was the case with the 2022 audit, the auditors examine monthly billings to identify the miscalculation. Ms. Brown emphasized that the error occurred while the District was in between management companies and working to get caught up on audits. Mr. Travis clarified that the error pertained to a customer's June water bill that incorrectly charged for more water than was actually used. Mr. Travis noted that the error was caught before the bill was sent to the customer, but that the error was not communicated to the finance team for them to correct on their end. Ms. Brown expressed that the District is in a much better position to monitor and review entries more frequently now in order to prevent such errors from occurring in the future.

Following discussion, Director Blanckaert motioned to accept the 2022 audit. Upon second and unanimous vote, the 2022 audit was accepted as presented.

Consider 2023 Engagement Letter for Rubin Brown: Director Radloff recommended the Board continue working with Rubin Brown for the 2023 audit. Director Krell expressed support as well. Upon motion made, seconded, and unanimously carried, the 2023 engagement letter for Rubin Brown was approved.

Consider Charging Credit Card Fees Associated with Bill Payments: Mr. Travis expressed his desire for a Board determination on whether to charge customers for fees associated with processing bill payments made with credit cards. Mr. Travis explained that the District currently covers the cost of such fees, amounting to nearly \$40,000 per year. Mr. Seter clarified that the District itself will not be issuing fees to customers, but rather that customers will be prompted at checkout not to use credit cards for making bill payments if they want to avoid being charged an additional fee by the District's credit card processing company. In the spirit of transparency, Mr. Seter suggested opening public comment on the matter and putting the issue to a vote by the Board. Director Blanckaert then opened public comment. Roberta Allen, resident of 5703 Jasper Point Circle, recommended the District clearly identify the other methods of payment available

to residents that avoid additional fees and provide notice of the change 90 days in advance.

Upon motion by Director Blanckaert, seconded, and unanimously carried, the Board approved charging credit card processing fees directly to the customer rather than the District. The Board also agreed to provide 90 days' notice of the change. Mr. Travis informed the Board that the first notification will be sent in billing mailers in early February with a second notice in March. The fees will take effect in the April billing cycle.

LEGAL COUNSEL'S REPORT: Legal Counsel, Kim Seter, presented the legal status report.

Consider First Amendment to Intergovernmental Agreement Between the City of Castle Pines and Castle Pines North Metropolitan District Regarding Operation, Maintenance and Transfer of Recreation Properties: Mr. Seter explained that the only effect of the proposed amendment is an extension of time to get all properties transferred, everything else outlined in the IGA has been completed.

In response to a question from Director Radloff regarding the status of the sale of farm property, Mr. Travis explained that he is still working on obtaining passwords for access to information related to the property.

Upon motion made to extend the IGA with the City through December 31, 2024 by Director Blanckaert and seconded by Director Radloff, Director Mulvey voted against the extension.

In response to an inquiry from Director Enquist, Mr. Seter explained that he did not have any reservations about extending the IGA, but expressed some uncertainty as to whether the proposed timeframe will be sufficient to complete all the work that remains. Director Mulvey echoed this concern, stating it was the basis for his 'no' vote. Mr. Seter pointed out that the IGA can be amended again if another extension is needed.

Director Radloff questioned whether the IGA was at risk of falling through because the date originally identified in it has lapsed. Mr. Seter remarked that he was not worried because both parties are out of compliance.

Mr. Travis noted that the District's engineers feel confident that another year is a reasonable timeframe for conducting the necessary easement work, and that they should have a more precise timeframe for completing the remaining work soon. Mr. Travis stated that District projects for 2024 and 2025 will not be affected by the ongoing work related to this matter.

The first amendment to the intergovernmental agreement between the City of Castle Pines and Castle Pines North Metropolitan District was approved in a 4-1 vote.

DISTRICT MANAGER’S REPORT: Nathan Travis delivered the District manager report.

Memorandum of Understanding (MOU) for Castle Pines Parkway Rehabilitation Phase 1 Project: After some discussion, the Board agreed to table approval of the MOU for Castle Pines Parkway Rehabilitation Phase 1 Project until the February Board meeting.

Consider Approval of “Slow the Flow” and “Lawn Replacement Program” Agreement with Resource Central for 2024: Mr. Travis provided a brief overview of Resource Central’s “Slow the Flow” and “Lawn Replacement” programs.

In response to an inquiry from Director Radloff, Mr. Travis explained that the District has budgeted \$120,000 for water conservation efforts, which includes both “Slow the Flow” and the “Lawn Replacement Program.”

Mr. Travis anticipates marketing the programs more heavily beginning end of February.

Upon motion made, seconded, and unanimously carried, the Board approved the “Slow the Flow” and “Lawn Replacement Program” agreement with Resource Central for 2024.

Update Regarding Sanitary Sewer Spill Violation: Mr. Travis explained that the potential civil penalty to be imposed on the District is the result of a sewer spill that occurred last June while the District was under a compliance advisory for a separate sewer spill event that happened in 2022. The State has yet to issue a civil penalty to the District and has been vague about what the penalty will actually be. Mr. Travis expressed that there may be an opportunity for the District to avoid paying a fine by participating in a local stormwater rehabilitation program, but that nothing is certain yet.

Mr. Travis remarked that he sent out earlier that afternoon for the State design review process fee to CDPHE and is getting ready to send the first round of submissions to the State for the bidding package on lift stations.

District Manager Out of Office February 7-16: Mr. Travis shared that he has a surgery scheduled for the week of February 7 and will likely return to the office around February 19. Susan Nagel and Will Parker will be taking over while he is out.

DIRECTOR MATTERS: Responding to an inquiry from Director Enquist regarding how the nascent Douglas County Water Commission may impact District decision making in terms of water conservation and lawn replacement efforts, Mr. Seter explained that it is highly unlikely the County has any authority over the District on the matter but that he will analyze the commission’s formation documents and report his findings back to the Board.

ADJOURN: The meeting adjourned at approximately 7:38 p.m.