

CASTLE PINES NORTH



METROPOLITAN DISTRICT™

April 7, 2022

Substantial victory for CPNMD customers

Two and a half months ahead of its scheduled court appearance, the City of Brighton agreed to resolve its lawsuit against the Castle Pines North Metro District (CPNMD) and Aurora Water. The net result is a win/win for all three jurisdictions and, most importantly, for CPNMD customers. Pending the approval of each governing body, the lawsuit resolution means CPNMD will sell roughly 585-acre feet of water located in northern Colorado to Aurora and Brighton for a total of \$18,195,000.00.

During a special board meeting on Wednesday, April 6, 2022, CPNMD directors agreed, in principle, to use the proceeds from the sale to pay down CPNMD's debt.

"As a practical matter, I think this is the best of all possible outcomes," said an elated Director **Denise Crew**. *"In the next 30 days, Aurora and Brighton will assume ownership of CPNMD's water rights, and CPNMD will pay off, in full, its \$18,805,000.00 certificates-of-participation debt. As a result, we will be an even more attractive Inclusion partner for Parker Water and other larger potential Inclusion partners that offer better economies of scale and lower rates than Parker."*



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The Castle Pines North Metro District provides clean, safe, reliable, on-demand drinking water, wastewater, stormwater, parks, trails, and open space services to the people of Castle Pines, west of I-25.

Board meetings are available for viewing via live video stream and video recording at cpnmd.org.

"This transaction puts CPNMD in the driver's seat and serves as a wake-up call for Parker Water," said CPNMD President **David McEntire**. *"As I've said before, if and when PWSD wishes to revisit the Inclusion, we stand ready and willing to work with them in good faith. Given the millions of dollars in water and wastewater infrastructure upgrades we've recently installed and will continue implementing — and recognizing CPNMD customers annually use less than fifty percent of the water we are legally decreed — eliminating debt enhances CPNMD's negotiating position. On multiple occasions, PWSD General Manager Ron Redd has said, he remains open to revisiting the Inclusion opportunity in the future. Ron, respectfully, the future is now."*

"The resolution of Brighton's lawsuit is a game-changer," said Director **Christopher Lewis**. *"We're going to continue working to secure our community's water future wisely and at less cost. Moving forward, all potential Inclusion partners in the market know we're open for business and eager to Include with a fair-minded partner. I'm excited to see how other potential Inclusion partners propose to sweeten the pot and make our residents a better offer than Parker's attempted \$11 million money grab."*

Background: CPNMD owns water rights in northern Colorado, which it is unable to access without spending tens of millions of ratepayer dollars to finance, design, build, operate, and maintain a water pipeline between Fort Lupton and Castle Pines. Last year, CPNMD sought bids for the sale of those water rights. The City of Aurora submitted a bid package hundreds of thousands of dollars greater than the City of Brighton's bid. The City of Aurora's high-bid package, combined with the fiduciary and stewardship responsibilities CPNMD has to its customers, prompted the CPNMD board to award its water rights to the City of Aurora, thereby providing CPNMD's property owners and residents with the highest possible return on investment. The City of Brighton was unhappy with the outcome and filed a lawsuit contesting CPNMD's decision.

In short, the collegial resolution of Brighton's lawsuit eliminates the need for a trial in late June and positions us to retire CPNMD's certificates-of-participation debt, thereby **saving CPNMD ratepayers more than \$10.5 million in interest payments** over the life of the what would have otherwise been the remaining 22-year term, expiring in 2044.