

**CASTLE PINES NORTH METROPOLITAN DISTRICT
WORK SESSION MINUTES
September 21, 2026 – 5:30 p.m.**

HELD: Monday, September 21, 2026, at 5:30 p.m. at 7404 Yorkshire Drive, Castle Pines, Colorado.

ATTENDEES: Directors Jason Blanckaert, Tera Radloff, Jana Krell, and James Mulvey were present. Director Leah Enquist was absent. Also present were: Nathan Travis, District Manager, and Rene Santin, Deputy District Manager; Eric Harris, Finance Director, Elevated Clarity LLC; and Paul Polito, Esq., Seter, Vander Wall & Mielke, P.C., legal counsel to the District.

CONFLICTS: None.

QUORUM: Present.

CALL MEETING TO ORDER: The Work Session was called to order at approximately 5:30 p.m. by President Blanckaert.

FINANCE ITEMS

Review of Monthly Claims for Payments Made from August 13, 2026 to September 16, 2026

Mr. Harris presented \$3,090,455.49 in payment claims for review, consisting of \$2,793,599.84 in checks (check numbers 29813 through 29860) and \$296,855.65 in electronic payments. All invoices included in the payment claims were reviewed and evaluated for compliance with the District's Financial Controls Policy and Matrix. The claims are larger than usual because of the District's ongoing construction projects, all of which remain within budget, including the contract amendments previously approved by the Board. Mr. Harris highlighted three capital payments: \$577,590.64 to the City of Castle Pines under Pay Application No. 1 for the District's cost share of the Monarch Project; \$206,901.00 to Myers & Sons Construction LLC under Pay Application No. 11 for the Filter Beds Rehabilitation Project; and \$1,054,969.87 to T Lowell Construction Inc. under Pay Application No. 6 for the Lift Station Upgrades Project. The electronic payments consist of the District's firm commitments, payroll, and utilities. There were no questions on the claims.

Mr. Harris reported that staff is implementing the expense management module of the District's accounting system, which will route claims electronically for approval in accordance with the Financial Controls Policy. Directors with approval authority will receive a short training by year end and will be able to review the invoice and supporting approvals and approve claims electronically. A comprehensive financial report, including an analysis of financial activity through July 31, 2026, will be provided at the September 28, 2026 Board Meeting.

2027 Budget Process

Mr. Harris reviewed the 2027 budget process and schedule outlined in his memorandum. Staff held its internal budget review earlier in the day and is working through revisions. The proposed 2027 budget must be submitted to the Board by October 15, 2026, and will be delivered to the Directors that day and included in the October 19, 2026 work session packet, with a memorandum explaining year-over-year changes, updated capital projections, and the timing of the distribution system capital projects under discussion. Further budget discussion is planned for the October 26, 2026 regular meeting and, if needed, the November 16, 2026 work session, with the rate hearing and budget hearing targeted for the November 23, 2026 regular meeting. In response to

Director Radloff, Mr. Harris explained that a preliminary draft was available at the September work session last year because of the extensive changes to the financial statements that year, and that the draft will instead come directly to the Board in October this year. Staff is also continuing its work with the District's rate consultants on potential changes to the rate structure, including conservation considerations and water budgets, and expects to meet with the Board's rate working group within the next few weeks.

LEGAL ITEMS

Review: Hidden Pointe Mill Levy Equivalent Payment Agreement

Mr. Polito presented the draft Mill Levy Equivalent Payment Agreement between the District and Hidden Pointe Metropolitan District (HPMD), included in the Board packet, for the Board's review and comment before it is sent to HPMD. Under the Inclusion Agreement, the twenty-five percent surcharge on water and wastewater charges within the HPMD territory will cease upon inclusion, and the District was to certify its uniform mill levy against that territory for tax year 2026. Under § 39-1-110(1.5), C.R.S., however, a special district may not levy against newly included property for the year of inclusion unless the court order of inclusion is recorded before July 1 of that year. Because the inclusion election will not be held until November 3, 2026, the District's mill levy will not apply to the HPMD territory until tax year 2027, and the District would otherwise serve the territory during 2027 without the benefit of either the surcharge or property tax revenue.

The draft agreement closes that gap by providing for HPMD to pay the District, in lieu of the tax year 2026 levy, an amount equal to 3.500 mills applied to the final 2026 assessed valuation of the HPMD territory, together with the apportioned specific ownership taxes attributable to that territory. At the preliminary assessed valuation reported by the Assessor, the payment would be approximately \$62,900. HPMD would remit the payment monthly as it receives the underlying revenues and may prepay at any time, and may fund the payment from any lawfully available revenues; the agreement does not require HPMD to certify or increase any mill levy. The surcharge is reinstated if the payment is not made when due, and the agreement terminates automatically if the inclusion is not approved at the election. Mr. Polito reported that the HPMD board president is receptive to the arrangement. Mr. Harris added that staff has discussed the agreement with HPMD's management company, that revenue conveyance agreements of this kind are common among metropolitan districts, and that the Inclusion Agreement itself contemplated a further agreement to address any loss of tax revenue resulting from the timing of the election.

In response to Director Radloff, Mr. Harris explained that specific ownership taxes are apportioned by the County Treasurer among the taxing entities in a tax area based on their mill levies, so HPMD would receive and remit the District's share. Director Radloff also asked whether the agreement should address the termination of HPMD's boundaries. Mr. Polito and Mr. Harris explained that HPMD will continue to exist as an overlapping district following inclusion, as with other overlapping districts within the District's boundaries, and that its dissolution is a separate process; whether HPMD continues to levy is within its board's discretion, and its stated intent is to dissolve eventually. In response to Director Mulvey, Mr. Polito and Mr. Travis explained that HPMD's remaining functions relate to stormwater and parks: two stormwater ponds and related infrastructure and internal trails are owned and operated by the HOA, which HPMD funds, and the HOA and HPMD have previously discussed a transfer of some of those responsibilities to the City. Mr. Harris confirmed that the District already owns all of the water and wastewater facilities serving the HPMD territory and would assume no additional responsibilities under the agreement. Mr. Polito will send the draft to HPMD's representatives on September 22, 2026, and the agreement will be presented for approval by both boards once finalized.

The legal status report included in the Board packet also provided updates on the Hidden Pointe inclusion election, the Service Plan Amendment (for which Douglas County has scheduled a Planning Commission meeting on October 5, 2026, a Board of County Commissioners meeting on October 27, 2026 to set the hearing date, and action on the amendment on November 10, 2026), and the Amended and Restated Community Center Lease, which is under review by the City. There were no questions on the status report.

DISTRICT MANAGER ITEMS

Expenditure Request: Meter Radios

Mr. Travis presented an expenditure request to purchase 783 Sensus M2 meter radios from Core & Main at \$180.00 each, for a total of \$140,940.00, which is a budgeted 2026 expense. The radios would replace existing radios dating to before 2010 and are the first phase of a larger meter replacement and advanced metering infrastructure program. Of the District's 4,041 meters, approximately 800 have radios that need replacement and approximately 800 have meters that need replacement; the remaining meters and radios are current. With the radios replaced, the District can proceed to a fixed base meter reading system, consisting of three or four permanently installed antennas that read every meter approximately four times a day, replacing the current drive-by monthly reads that yield a single data point. The remaining meter replacements would be included in the 2027 budget, and a customer portal software package, allowing customers to monitor their usage and receive leak alerts, would follow in 2027 or 2028 after the fixed base system has run for approximately a year to confirm coverage.

Mr. Travis explained that staff evaluated a conversion to NEXT meters, which the Board heard a presentation on earlier this year, but a wholesale vendor change would require replacing every meter in the District at a cost of approximately \$3.5 million to \$4 million. Continuing with the District's existing Sensus platform, the full program, including the radios, remaining meter replacements, and the fixed base system with multi-year software and warranty service, is estimated at approximately \$350,000 to \$450,000, and staff is awaiting final pricing from Core & Main. Mr. Harris noted that the District's capital plan carried approximately \$1.24 million over the next three to four years across the three components of the program (meter replacements, meter radios, and the fixed base reading system), so the Sensus approach represents a savings against budget. In response to Director Mulvey, Mr. Travis confirmed that the District would own the equipment and that the system is not cellular-based. In response to Director Krell, Mr. Travis stated that the program costs would be recovered through rates and fees rather than a separate charge and are relatively small compared to the District's other capital outlays. Mr. Harris added that the program will resolve known meter issues throughout the District. Directors were supportive of the request, which will be presented for approval at the September 28, 2026 Regular Meeting.

Other Updates

In response to Director Mulvey, Mr. Travis and Mr. Santin reported on the most recent line break, on Wembley Place, noting that the pipe condition found there is typical of the surrounding area. Over the next several weeks staff will excavate spot checks throughout the system using a newly acquired ultrasonic thickness gauge for ductile iron pipe, which is the final field component of the distribution system condition assessment. Given the frequency of breaks, staff expects to recommend a single large replacement project for the District's pre-1994 filings, approximately ninety percent of which requires replacement, rather than a phased program; design would occur in 2027 with bidding and construction in 2028, a construction period of approximately twelve months or more, and a rough preliminary cost of approximately \$10 million. Mr. Travis noted that resident reaction to recent street repairs has been mixed, and that once a replacement program

is defined staff may scale back maintenance in those areas to reduce breaks induced by work on the system. Mapping of the District's breaks over the past fifteen years shows that nearly every large break has occurred either on the transmission mains the District recently replaced or in these neighborhoods, so staff expects break frequency to fall to one or fewer per year once the replacement is complete. Mr. Travis also intends to solicit proposals from other engineering firms for the design, with Kennedy Jenks performing design review and project management.

Mr. Harris asked the Board to consider the project during budget season. The 2027 budget may include a design allowance, and staff will evaluate financing options, including feasibility, market rates, and debt service. Because the District has no property tax debt authorization, financing without a ballot question would be enterprise debt secured by a rate covenant, under which the District pledges to set rates sufficient to pay the debt; such debt is slightly more expensive than property tax-backed debt but remains an affordable way to finance enterprise improvements. The structure of the District's existing Chase loan may also require refunding or payoff in connection with any new financing. Mr. Harris noted that staff is aligning the cash flows for the renewable water, storage tank, and distribution replacement projects with the District's reserve planning over the next four to eight years. Director Radloff observed that transparency and communication with customers will be important. Director Mulvey asked for the cost of the water main breaks this year, which Mr. Travis will compile, and supported completing the replacement in a single project if the District can afford it. Director Krell expressed a preference for removing abandoned pipe rather than leaving it in place; Mr. Travis explained that removal roughly doubles project cost but avoids the long-term liability of abandoned facilities, and that the approach will be evaluated as part of the project.

In response to President Blanckaert, Mr. Travis reported that discolored water complaints have largely ceased since the filter rehabilitation; aside from one call following a recent line break, the last documented complaint was approximately a week and a half after the 2024 boil advisory. Mr. Travis also reported that staff believes it has identified an approach to repair the water treatment plant drain line without cutting open the structural floor, and will report back before any decision is made.

ADJOURNMENT

There being no further business to come before the Board, the Work Session was adjourned.