

**CASTLE PINES NORTH METROPOLITAN DISTRICT
REGULAR BOARD MEETING MINUTES
July 27, 2026 – 6:00 p.m.**

HELD: Monday, July 27, 2026, at 6:00 p.m. via videoconference.

ATTENDEES: Directors Jason Blanckaert (President), Tera Radloff, Jana Krell, James Mulvey, and Leah Enquist were present. Also present were: Nathan Travis, District Manager; Eric Harris, Finance Director, Elevated Clarity LLC; Paul Polito, Esq., Seter, Vander Wall & Mielke, P.C., legal counsel to the District; and members of the public Thomas J. Hasty, 1077 Timbercrest Drive, and Douglas Polzin, 8422 High Ridge Court.

CONFLICTS: Director Krell disclosed that she resides in the Glen Oaks neighborhood and recused herself from the vote on the Glen Oaks HOA leak adjustment request.

QUORUM: Present.

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

APPROVAL OF AGENDA

Upon motion duly made by Director Radloff, seconded by President Blanckaert, and unanimously carried, the Board approved the agenda for the July 27, 2026 Regular Meeting as presented.

PUBLIC COMMENT PERIOD

President Blanckaert opened the public comment period. No members of the public requested to comment, and the public comment period was closed.

CONSENT AGENDA

- A. Approve the June 22, 2026 Regular Board Meeting Minutes;
- B. Approve the June 15, 2026 Work Session Minutes; and
- C. Ratify claims for payment, including check numbers 29730–29770 and electronic payments issued from June 11, 2026 to July 15, 2026, totaling \$1,839,316.59.

Upon motion duly made by President Blanckaert, seconded, and unanimously carried, the Board approved the items as presented in the Consent Agenda.

LEAK ADJUSTMENT REQUESTS

1077 Timbercrest Drive

Mr. Travis introduced the request of Thomas J. Hasty, 1077 Timbercrest Drive, for a second leak adjustment within the two-year window established by the Board's policy limiting customers to one adjustment every two years; Board action is required to grant an exception, and staff had no objection. Mr. Hasty described a sprinkler system failure in late 2025, for which the District granted an adjustment, and a second leak in April 2026 in the same system, later attributed to high water pressure, which he detected within approximately one week and repaired with new piping, resulting in a bill of approximately \$1,400 against a typical monthly bill of approximately \$70. A resident since 2016 with a consistent history of low usage, he requested an adjustment of his

April 30, 2026 bill and confirmed he will pay the adjusted balance promptly. Director Mulvey recommended checking the home's pressure reducing valve and considering a smart leak-detection shutoff valve. Upon motion duly made by President Blanckaert, seconded by Director Krell, and unanimously carried, the Board approved the adjustment, with the water usage to be billed at the Tier 1 rate.

Glen Oaks HOA

The Glen Oaks HOA's representative, Bucky Polk, was unable to attend, and the Board proceeded on the HOA's July 11, 2026 written request and staff's presentation. Director Krell disclosed that she resides in the Glen Oaks neighborhood and recused herself from the vote, limiting her participation to factual background. An irrigation service line beneath Glen Oaks Drive at the neighborhood entrance stopped functioning following the City's roadway project and is believed to have been damaged during construction, a bore pit from the preceding utility relocation having been located directly over the affected portion of the since-repaired line. The leak caused the HOA's June through October 2025 water bills to total \$13,873.81, against typical monthly bills of approximately \$400 to \$500. The HOA requested an adjustment extending one month beyond the two months covered under the District's standard policy and is separately pursuing reimbursement of its repair costs from the City. In response to Director Mulvey, Mr. Polito explained that recovery for third-party damage generally proceeds under contract or otherwise through a civil negligence claim, typically beginning with a demand letter. Upon motion duly made by President Blanckaert, seconded by Director Mulvey, and carried by a vote of 4–0 (Director Krell recused), the Board approved the adjustment, with the overage to be billed at the Tier 1 rate.

HEARING: APPEAL REGARDING UNAUTHORIZED USE – 8422 HIGH RIDGE COURT

Mr. Polito opened the hearing, an informal, quasi-judicial proceeding in which the rules of evidence do not apply: the petitioner would present first, the District Manager would present the District's account, and following rebuttal the Board could approve, modify, or reverse the assessed amounts. The hearing concerned the District's May 26, 2026 notice to Douglas Polzin, 8422 High Ridge Court, assessing \$13,199.89 for an unmetered connection upstream of the water meter supplying irrigation water outside the metered system, a \$1,500.00 unauthorized use penalty, \$10,249.89 in estimated unbilled usage, and \$1,450.00 in staff, consultant, and legal costs, pursuant to Sections 11.4, 16.1, 16.2.2, 16.2.4, and 16.2.5 of the Rules and Regulations. Mr. Polzin requested the hearing pursuant to Article 17.

Mr. Polzin did not dispute the unmetered connection, which he has corrected, and stated the condition was unknown to him and unintentional. He principally challenged the estimated usage calculation, which applied standard Kentucky bluegrass irrigation rates of 36 inches per year: relying on Colorado State University sources, he stated that the property's Reveille hybrid bluegrass sod requires approximately 23.5 inches per year, that the controller has a functioning rain sensor, and that the system runs a conservative schedule, and he presented a recalculation under the District's methodology producing an estimated usage charge of approximately \$5,200 to \$6,000. He also requested reduction of the penalty and cost components, citing absence of intent and his cooperation upon discovery.

Mr. Travis described the discovery and assessment. The property was identified during staff's aerial-photography review of potentially high-use accounts; recorded usage had remained steady at approximately 3,000 to 7,000 gallons per billing period with no seasonal irrigation increase, and a technician confirmed the meter was operating properly and identified the upstream connection, which appears to have existed since approximately 2008. The usage estimate applied the District's standard methodology (Kentucky bluegrass and Colorado State University precipitation guidelines, applied consistently across cases) limited to the three-year recovery period counsel

advised is available under the statute of limitations, with the minimum \$500.00 penalty under the Rules and Regulations then in effect applied to each of the three years and costs consistent with similar matters. The repair has been verified, and the July 2026 meter reading, extrapolated over the season, would fall between the District's estimate and the petitioner's recalculation; Mr. Polzin attributed recent elevated watering to lawn repair. Mr. Travis noted the decision's bearing on precedent for similar matters.

In discussion, Director Krell found the Reveille-specific recalculation of the usage component persuasive but supported retaining the penalty and costs; Director Enquist observed that penalties are not tied to intent and did not support eliminating the penalty and costs; Director Radloff was open to relief on the usage component and questioned the costs; Director Mulvey did not support a reduction given the duration of the unbilled use; and President Blanckaert, questioning whether recovery is limited to three years rather than running from discovery, considered the assessment favorable to the petitioner and did not support any reduction. (Counsel addressed the limitations question during the legal status report). Upon motion duly made by President Blanckaert, seconded by Director Krell, and carried by a vote of 4–1 (Director Radloff opposed), the Board approved the assessed charges as issued, affirming the total assessment of \$13,199.89.

FINANCE REPORT

Mr. Harris presented the monthly financial report through May 31, 2026. Billed water usage through May is the highest cumulative usage for that period since 2013, due in part to the Lagae filing coming online. General Fund revenues were \$124,270 below the year-to-date budget, driven principally by indirect cost revenue, oil royalties, and property tax timing, while expenditures were \$66,096 under budget, with savings in salaries and benefits, professional services, and firm commitments partially offset by overages in insurance and software support. The software support overage principally reflects the purchase of Aquafinity hydraulic modeling software, bringing distribution system modeling in-house in lieu of an approximately \$45,000 to \$50,000 one-time static model under the tank evaluation scope, at a net savings. In the Water Enterprise Fund, unbudgeted Lagae connection fees were retained and are restricted for renewable water projects, with a restriction policy to be developed through the budgeting process. In the Wastewater Enterprise Fund, collection repairs and maintenance of approximately \$478,000 against a \$207,000 budget reflect the previously reported lift station wet well failures; those repairs are complete, no further expense is anticipated on the line, and the overage accounts for the fund's unfavorable operating income of approximately \$350,000.

Mr. Harris also reviewed current initiatives, including CUSI UB4 billing implementation, accounting system enhancements with Blackbaud Advisory, records management review and SharePoint scoping with Greystone, establishment of the InBank and CSAFE accounts, development of a reserves policy, updated capital project reporting, and commencement of the 2027 budget process. Staff-level work with Bartle & Wells on the rate restructuring continues at the direction of the Board's working group, which will meet again in the coming weeks. There were no questions.

Acceptance of 2025 Audit

Upon motion duly made by President Blanckaert, seconded by Director Radloff, and unanimously carried, the Board accepted the 2025 audit report as presented. The auditors will issue their opinion this week, and the audit will be filed with the State Auditor's Office by the July 31, 2026 deadline.

LEGAL COUNSEL STATUS REPORT

Unauthorized Use Assessment – Limitations Period

In response to the question raised during the hearing, and at Director Enquist's request, Mr. Polito addressed the limitations period applicable to recovery of unbilled usage. He stated that he researched the question before advising the District: Colorado law provides a three-year statute of limitations, and he did not identify an applicable discovery-based exception that applies in this scenario, noting considerations bearing on any longer reach-back, including the District's 2012 field review of the property. Mr. Polito will review the question further and report back to the Board.

For Review and Comment: Draft Amended and Restated Lease Agreement with the City of Castle Pines for 7404 Yorkshire Drive

Mr. Polito presented the draft Amended and Restated Intergovernmental Agreement for the Lease of Real Property for the community center property at 7404 Yorkshire Drive. The original July 1, 2025 lease was written when the District occupied and effectively controlled the entire building; the City has since taken title and completed substantial renovations, and the restated lease realigns the document with the parties' current use and cost responsibilities. The draft has not been circulated to the City and was presented for director comment only; no approval was requested. Principal revisions include narrowing the Leased Premises to the District's administrative offices and a designated basement storage area; defining the restrooms, kitchen, IT room, conference and community rooms, and parking as "Use Areas" in which the District holds use rights but no leasehold; excluding the remainder of the basement, the City's telecommunications facilities and revenues, and the City's rental activities; limiting the District's triple net obligations to the Leased Premises and its use of the Use Areas, with the City solely responsible for capital improvements and reserves; allocating maintenance between the parties, with shared building systems apportioned by square footage; and shifting building property and casualty insurance to the City, with the District insuring its own contents and improvements. The term runs through December 31, 2026 with automatic renewals, and the restated lease supersedes the original in its entirety.

In discussion, Mr. Travis asked that the IT room be moved into the exclusive Leased Premises, and Director Mulvey asked that the basement fiber entry point and the room housing the District's servers and security systems be designated as separate District spaces; counsel will make those revisions. Mr. Travis noted the City is expected to request language regarding the District's use of City-installed audiovisual equipment, with an approximately \$2,500 pass-through cost to establish the District's own profile, and confirmed in response to Director Enquist that the City will use the building for meetings rather than offices. Director Radloff commended the approach. Counsel will revise the draft consistent with the comments and work with City staff toward approval.

DISTRICT MANAGER REPORT

Update: South Tank Rehab Project Pre-Construction Services Agreement

Mr. Travis reported that staff is finalizing the pre-construction services agreement with Myers & Sons under the Board's prior award and delegation. Both outstanding items are resolved: an acoustic pipe condition assessment technology has been identified, expanded to the full line from the tank site to the distribution system and coordinated with the District's condition assessment program so costs are spread across approved programs, and tank draining cost estimates were received. A revised proposal is expected to be ready for execution within a few weeks, to be confirmed with Director Krell consistent with the delegation.

Discussion: Current Well Status

Mr. Travis presented a memorandum on the District's production wells, noting that the District has met and expects to continue meeting demand notwithstanding the issues described. Well A6, rehabilitated in late 2025 but unable to complete startup until June 2026 while the treatment plant was offline, failed repeatedly in regular operation, and a start attempt produced smoke in the drive cabinet traced to an electrical connection inside the wellhead. Layne was hesitant to treat the failure as warranty work and proposed equipment removal for approximately \$53,600.00; staff solicited other proposals and selected Hydro Resources at \$11,730.00 for the same scope, and if the evaluation points to a failure within Layne's scope, staff and counsel will pursue a warranty claim. Well DE6 failed the week of July 20, 2026 on a high-amperage condition and produced significant sand on restart, possibly indicating a screen failure; it is out of service, with a joint field assessment scheduled for July 28, 2026. Both wells are small producers.

Separately, several larger Arapahoe wells have tripped offline intermittently in the sustained extreme heat, as the enclosures' air conditioning is effective only to approximately 80 to 85 degrees ambient; sun-reflective canopies and heat-reflective coatings are being pursued. For Wells A1, A3, and A5, recurring Benshaw soft starter failures have been traced to contactor orientation, and replacement contactors have introduced a control board issue that Benshaw will warranty, with boards of approximately \$3,700 each purchased and installed by the District; staff is developing estimates to replace the aging soft starters for the 2027 budget process. Director Mulvey asked technical questions regarding enclosure thermal loading, the DE6 high-current condition, and the contactor issue, and offered to evaluate the well's current draw and wire gauge; Mr. Travis will provide the requested information and noted that any pulled well will receive a deviation survey and downhole camera inspection.

OPERATIONS & ENGINEERING REPORT

The engineering report was included in the Board packet. The operations report was received shortly before the meeting and will be forwarded to the Board. There were no questions on the reports.

EXECUTIVE SESSION

Upon motion duly made by President Blanckaert, seconded, and unanimously carried, the Board entered executive session pursuant to § 24-6-402(4)(e), C.R.S., to develop a strategy for negotiations regarding the Regional Water Opportunities Reconnaissance Study. Upon conclusion of the executive session, the Board returned to open session. No action was taken.

DIRECTOR'S MATTERS

Director Enquist raised watering restrictions, noting Castle Rock's recent move to a further restriction stage. Directors and staff reviewed the District's direction: conservation is being addressed principally through the rate restructuring effort, with water budgets and tier structures targeted for likely implementation in 2028 and a drought response plan to be developed as part of that effort; the Board has previously directed that no fines or mandatory schedules be imposed, though a two-day-per-week watering schedule could be published. Mr. Travis explained that the District's groundwater supply leaves it relatively insulated from drought, with the long-term goal of shifting to renewable surface water and preserving groundwater as a drought reserve. Director Krell cautioned against complacency, and Director Radloff suggested engaging residents on water policy at community events. Director Enquist noted midday watering of common areas, including by the City, which has adjusted the zones brought to its attention. No significant changes are planned for 2027, although an interim step could be considered during the budget process.

ADJOURNMENT

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