CASTLE PINES NORTH METROPOLITAN DISTRICT
WORK SESSION MINUTES
June 15, 2026 – 5:30 p.m.

HELD: Monday, June 15, 2026, at 5:30 p.m. All attendees participated via videoconference.

ATTENDEES: Directors Jason Blanckaert, Jana Krell, Tera Radloff, Leah Enquist, and James Mulvey were present at roll call. Also present were: Molly Janzen, Elevated Clarity; Nathan Travis, District Manager; Rene Santin, Deputy District Manager; and Paul Polito, Seter, Vander Wall & Mielke, P.C.

CONFLICTS: None.

QUORUM: Present.

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

FINANCE ITEMS

Review: Monthly Claims for Payments Made from May 13, 2026 to June 10, 2026

Molly Janzen of Elevated Clarity reviewed the monthly payment claims totaling $1,600,653.59, consisting of $1,438,933.00 in checks and $161,720.59 in electronic payments. All invoices included in the Payment Claims Presented for Review were reviewed and evaluated for compliance with the Financial Controls Policy/Matrix. Ms. Janzen highlighted the most notable capital project payment, $893,357.81 to Myers & Sons Construction LLC for the Filter Beds Rehabilitation. She noted that a comprehensive financial report, including an analysis of financial activity through April 30, 2026, will be presented at the June 22 Board meeting.

Ms. Janzen reported that fieldwork for the 2025 audit is underway and that she had met with the auditors that day to address their final questions. The auditors have completed the majority of testing, and a draft of the audited financial statements is in the auditors' internal review process. The District remains on track to receive the initial draft by June 22, 2026, to provide a draft audit to the Board by the June 30, 2026 statutory deadline, and to submit the final audit to the State Auditor's Office by July 31, 2026.

Director Radloff asked about a payment to Bartle Wells Associates coded to rate study work performed in February. Ms. Janzen and Mr. Travis reviewed the invoice and confirmed that the charge reflects February hours that the consultant did not bill until late April, consistent with the firm's billing practice observed during the rate study. Ms. Janzen also noted that the District's transition to a once-monthly check run is working well, with no issues reported by vendors.

LEGAL ITEMS

Legal Status Report

Legal Counsel Paul Polito presented the Legal Status Report. He noted that four matters will require Board action at the June 22, 2026 regular meeting: the Article 16 (Enforcement) amendments to the Rules and Regulations, the two Foundry Church agreements, and the Water Service Agreement with The Ridge at Castle Pines North, each of which was also a separate review item on the evening's agenda. Regarding matters in progress, Mr. Polito reported that the three-party Castle Pines Water Infrastructure Cooperative Agreement, previously approved by the Board, has been circulated for signature; that a resolution approving the Hidden Pointe Metro District inclusion will be presented at the June 22 meeting, after which counsel will forward the resolution to the Douglas County District Court to set a November election; and that the Service Plan amendment has been filed with Douglas County, which has everything it needs, with the District awaiting first review. The two inactive matters, the sale of farm properties and the water rights memoranda of understanding with Castle Pines Metropolitan District, are unchanged.

Director Radloff asked who will bear the cost of the coordinated November election on the Hidden Pointe inclusion. Mr. Polito confirmed that Hidden Pointe will bear the cost of the election, which the District will conduct.

Review May 18, 2026 Work Session Meeting Minutes and May 26, 2026 Board Meeting Minutes

Mr. Polito presented the May 18, 2026 Work Session minutes and the May 26, 2026 Board Meeting minutes for review, noting that no items are approved at a work session and that the minutes will be presented for approval at the June 22 meeting.

Director Mulvey asked whether counsel had investigated the statute of limitations issue raised by Mr. Dawes during public comment at the May 26 meeting concerning the unauthorized water use matter. Mr. Polito confirmed that he had reviewed the issue before it was raised publicly. He explained that the proposed amount due was tied to the recovery clearly available to the District and not reasonably subject to challenge, and that attempting to reach further back would have added only a few thousand dollars while making the District's claim substantially more vulnerable to dispute. Director Mulvey stated that he was comfortable with counsel's analysis and with proceeding as proposed.

President Blanckaert observed that the unauthorized use matter should have been discussed in executive session at the prior meeting given the sensitive information involved, and stated that similar matters should be taken into executive session going forward. Mr. Polito agreed. Mr. Polito also noted that the proposed Article 16 amendments will provide a clear enforcement framework for future violations. Director Enquist asked whether the District's ability to refer violations for criminal prosecution must be stated explicitly in the Rules and Regulations. Mr. Polito responded that the District's broad statutory powers would likely support a criminal referral in any event, and that the proposed rules expressly account for referral in the pertinent sections. Mr. Travis asked whether the resident's appeal of the violation findings, anticipated at the July Board meeting, must be heard in executive session; Mr. Polito confirmed that the appeal will be heard in a public meeting.

Review: Rules and Regulations Update re Enforcement (Article 16)

Mr. Polito presented a clean copy and a redline of the proposed amendments to Article 16 (Enforcement) of the Rules and Regulations, which he prepared in coordination with Mr. Travis and Mr. Santini following the Board's May 18 direction to bring the District's penalties in line with peer providers. Key revisions include increasing the minimum penalties to $2,000.00 for illegal discharges, unauthorized connections to the sanitary sewer system, and unauthorized use of fire hydrants or blow-off valves, with new per-day penalties for continuing violations. The unauthorized water use provision imposes a minimum penalty of $1,000.00 and adds a charge equal to four times the District's estimated unmetered usage billed at the current-year lowest tiered rate, provides a thirty-day window to cure, imposes a $250.00 per-day fine and disconnection of service if the violation is not corrected within that window, and bars violators from the District's Conservation Rebate Program. A new standalone provision governs unauthorized sanitary sewer connections and permits referral to law enforcement. The prior standalone meter tampering provision is consolidated into the unauthorized water use provision, and stormwater references are removed because the District no longer provides that service.

Director Mulvey asked whether the City of Castle Pines has been notified of the changes so that it can address the drainage side of enforcement. Mr. Travis stated that he would confirm with the City, which already has extensive stormwater regulations in place. He also noted his intent to open a discussion with the City about incorporating the District's enforcement provisions into the municipal code, which would simplify criminal referrals to the City or Douglas County, observing that Parker has a similar arrangement and that Castle Rock refers violations to its municipal code as a full-service municipality. Mr. Polito invited any further comments during the week or at the June 22 meeting.

Review: Waterline Easement Agreement – Foundry Church

Mr. Polito presented the Water Easement Agreement under which Castle Pines Community Church (Foundry Church) will dedicate to the District two perpetual, non-exclusive easements across its Lagae Ranch property: a fifty-foot easement area of approximately 7,543 square feet and a thirty-foot easement area of approximately 12,650 square feet. The easements accommodate water mains and appurtenant facilities that will serve the church and will be conveyed to and owned by the District. Mr. Polito explained that the agreement is drafted to protect the District, including restrictions barring buildings, fences, trees, grade changes, and parallel utilities within the easement areas; limits on the District's restoration obligations so that the District need not restore unauthorized or specialty improvements; the Grantor's warranty of title and lien-subordination obligations; covenants that run with the land; and preservation of the District's governmental immunity and TABOR protections. The agreement pairs with the Main Extension Agreement that follows and was presented for review, with final approval anticipated at the June 22, 2026 regular meeting. No questions were raised.

Review: Main Extension Agreement – Foundry Church

Mr. Polito presented the Water and Sanitary Sewer Main Extension Agreement under which the church, as Developer, will design and construct an eight-inch water main extension and an eight-inch sanitary sewer main extension at its sole cost, with the District taking ownership and responsibility for operation once the improvements are complete, tested, and accepted. Because a portion of the sewer line lies within City of Castle Pines property, the District obtained a separate easement from the City, approved by the Board on May 26, and the Developer will act as the District's contractor for work within that easement. Mr. Polito noted that the agreement protects the District throughout: the Developer bears all costs, the District holds perpetual statutory liens, and the agreement requires full insurance, indemnification, and a two-year warranty backed by warranty security, while preserving the District's governmental immunity and TABOR protections. The redline reflects a tightening of the scope of facilities the District will take over. The agreement was presented for review, with final approval anticipated at the June 22, 2026 regular meeting. No questions were raised.

The Ridge at Castle Pines North – Water Service Agreement

Mr. Polito presented the Water Service Agreement with Ridge CPN, LLC, which replaces the parties' 2016 Raw Water Agreement and carries forward the District's obligation, originating in 1996, to supply treated effluent for irrigation of the golf course. Under the agreement, the District leases to the Ridge up to 240 acre-feet of water per year, drawn primarily from treated effluent, with a minimum of 0.375 million gallons per day made available, delivered to the pond on hole 16 of the course. The Ridge will pay a Water Service Fee of $0.51 per 1,000 gallons of metered usage, adjusted annually under the District's raw water rate model, together with a fixed Capital Improvement Fee of $22,562.98 per month for the seven months from April through October. Mr. Polito highlighted terms the District negotiated for: the District makes no warranty as to the quality or quantity of the water, retains all return flows, and may cap the Ridge's deliveries at 500,000 gallons per day during District-imposed mandatory drought restrictions.

Director Radloff asked about the thirty-year term, expressing concern about a long commitment given uncertainty in the District's water supply. Mr. Travis explained that the thirty-year term aligns with the thirty-year repayment period on the Reclaim Reservoir project loan, which is baked into the rates charged to the Ridge, and noted that the agreement currently in force has no end date at all. Mr. Polito directed the Board to the term provision, under which either party may terminate unilaterally upon two years' advance written notice, or the parties may terminate immediately by mutual agreement. Director Radloff stated that the termination provisions addressed her concern. Mr. Polito noted that the Ridge has executed the agreement, which will be presented for approval at the June 22, 2026 regular meeting. No further questions were raised.

DISTRICT MANAGER ITEMS

Discussion: Interconnect Pump Station Surge Modifications

Mr. Travis presented the bid tabulation prepared by Level Engineering for the replacement of the surge protection system at the CPNMD-CWSD Interconnect Pump Station. Pricing was solicited from six firms, and three responded: Glacier Construction Co., Inc. at $441,364.00; Myers & Sons Construction at $263,600.00; and T. Lowell Construction, Inc. at $293,000.00. All three responses significantly exceed the engineer's estimate of $130,000.00 from late 2025, which places the project within the formal bid requirements of the District's Financial Controls Policy. Mr. Travis outlined the options of conducting a formal bid process, which he did not expect to materially change pricing, or shelving the project to see whether pricing recedes, which would push construction to May 2027.

Mr. Travis explained that the risk of delay is that the existing surge protection system is not functioning and cannot be repaired, and that a sudden loss of power to the station could cause catastrophic damage that would take the Interconnect Pump Station out of service for months. Director Enquist asked whether the gap between the estimate and the responses reflects broader market conditions or opportunistic pricing; Mr. Travis responded that he has seen no signs of opportunistic pricing from the respondents and attributed the difference primarily to material costs, including substantial custom pipe, and constructability challenges such as coring the floor and capturing the cores inside the wet well. Director Mulvey recalled a prior site visit at which the existing surge bladders were observed at zero p.s.i. and asked whether venting discharge outside the building would reduce cost; Mr. Travis explained that the District lacks a discharge permit and estimated any savings at roughly $20,000.00, which the Board agreed was not material. Director Radloff asked about bid item 34, the controls and sensor modifications, which no respondent priced; Mr. Travis explained that the controls work is minor and will be performed directly with Mountain Peak Controls, the District's integrator, as the project is largely a mechanical solution.

Director Krell commented that she has generally observed construction pricing declining in 2026, but stated that it would be reckless not to proceed with the project given the risk involved. Directors Radloff, Mulvey, and President Blanckaert concurred. Mr. Travis stated his recommendation to proceed with the lowest responsive bid given the project's risk profile, and, with the Board's consensus, indicated that he will present a notice of award for approval at the June 22, 2026 Board meeting.

ADJOURNMENT

There being no further business to come before the Board, the Work Session was adjourned at approximately 6:08 p.m.