CASTLE PINES NORTH METROPOLITAN DISTRICT
WORK SESSION MINUTES
May 18, 2026 – 5:30 p.m.

HELD: Monday, May 18, 2026, at 5:30 p.m. All attendees participated via videoconference.

ATTENDEES: Directors Jason Blanckaert, Tera Radloff, Jana Krell, Leah Enquist, and James Mulvey were present. Also present were: Eric Harris, Elevated Clarity; Nathan Travis, District Manager; Rene Santini, 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 April 16, 2026 to May 12, 2026

Eric Harris of Elevated Clarity reviewed the monthly payment claims totaling $1,966,413.96, consisting of $1,873,655.14 in checks and $92,758.82 in electronic payments. Mr. Harris confirmed that all invoices were reviewed and evaluated for compliance with the Financial Controls Policy. He noted that the District has fully transitioned to ACH payment for utilities and payroll. Mr. Harris highlighted notable capital project payments, including $410,247.29 to Myers & Sons Construction, LLC for the Filter Beds Rehabilitation and $381,551.35 to T Lowell Construction, Inc. for the Lift Stations Upgrades.

Mr. Harris reminded the Board that a procedure has been implemented requiring either himself or Molly Janzen to review all payments before release, with checks held for approval in accordance with the financial controls policy.

Director Radloff asked about the Comcast payments, questioning whether building utilities such as internet should be the District's responsibility given that the building is now owned by the City of Castle Pines. Mr. Harris explained that the District operates under a triple net lease at a rate of one dollar per year, under which the District continues to pay operating expenses. Mr. Travis confirmed that the Comcast charges cover internet service for the administrative building and internet and phone service at the water treatment plant. Mr. Harris noted that staff can evaluate a potential cost-sharing arrangement with the City once the building renovations are complete.

Proposed Changes in Cash Management

Mr. Harris presented two items that had been tabled at the April 27 Board meeting. The first was a resolution authorizing the District to open an account with the Colorado Surplus Asset Fund Trust (CSAFE), a local government investment pool. Mr. Harris addressed a question raised at the prior meeting regarding security and fraud prevention, explaining that the CSAFE resolution contains standard language used with all participating local governments in Colorado. He noted that the District has dual-signature and multi-factor authentication procedures in place for fund transfers, and that the District may wish to formalize these procedures in an expanded financial controls policy or a finance and accounting manual.

The second item was a resolution authorizing the opening of operating and sweep accounts with InBank. Mr. Harris explained that District staff did not pursue a formal RFP for banking services, as it is not statutorily required, but had evaluated banking options over approximately 18 months. InBank's customer base is primarily utilities, and staff identified cost savings relative to the District's current banking relationship.

President Blanckaert raised a concern regarding InBank's customer satisfaction rating of 1.7 out of 5.0 on Trustpilot. Mr. Harris agreed to research the rating and provide additional information at the May 26 Board meeting.

LEGAL ITEMS

Legal Status Report

Legal Counsel Paul Polito presented the Legal Status Report. He noted that there were no new items and that all matters in progress have been previously reported to the Board. No questions were raised.

Review April 20, 2026 Work Session Meeting Minutes

Mr. Polito presented the April 20, 2026, Work Session minutes for review. Director Radloff noted that the minutes reference 7404 Yorkshire Drive as the meeting location, but that the meeting was conducted entirely via videoconference. Mr. Polito agreed to remove the physical address reference and clarify that all attendees participated remotely. No other comments were raised.

Review April 27, 2026 Board Meeting Minutes

Mr. Polito presented the April 27, 2026, Board Meeting minutes for review. Mr. Polito noted he would apply the same location correction as the work session minutes. No other comments were raised.

CPVMD-CPNMD-CCCP Water Infrastructure Cooperative Agreement

Mr. Polito presented the Cooperative Agreement for Water Infrastructure between Castle Pines North Metropolitan District, Castle Pines Village Metropolitan District, and The Country Club at Castle Pines. He noted that the version in the packet reflects tracked changes received from CPVMD's counsel, none of which alter the substance of the agreement. The changes consist of clarifications and references to rules. Mr. Polito reported that he has communicated his acceptance of the revisions to CPVMD's counsel and is awaiting circulation of a final version for first signature. He noted that the protective terms previously discussed and incorporated by the District were accepted by all parties. No Board action was required at this time; the agreement will be presented for approval at the May 26 Board meeting.

Smart Meter Data Disclosure Resolution

Mr. Polito raised an item stemming from a prior Board discussion regarding the District's collection and potential disclosure of smart meter data. He reported that research into Fourth Amendment case law supports the District enacting a resolution that would prohibit the sharing of smart meter data with any third party, including law enforcement, without a warrant. Mr. Polito noted that having such protections in place would actually benefit the District in the event of a legal challenge alleging an illegal search or seizure. He advised that the resolution would need to include carve-outs for compliance with CORA and certain federal data collection requirements.

Mr. Travis expressed support for the resolution from a staff perspective, noting it would provide clear guidance in the event such a request is received. Directors Radloff, Blanckaert, and Enquist expressed agreement. Mr. Polito indicated he would bring a draft resolution for the Board's consideration at the May 26 meeting.

DISTRICT MANAGER ITEMS

Unauthorized Use Discussion

Mr. Travis presented a recently discovered unauthorized water use violation. He explained that during a conservation management analysis, he and Deputy District Manager Rene Santini identified a 2.5-acre residential lot with approximately 16,500 square feet of irrigated turf and 9,400 square feet of xeric and landscape areas. The account's usage had remained unusually flat since the home was built in 2006, typically around 4,000 to 5,000 gallons per month, which raised concerns about either a meter malfunction or an unauthorized connection. A work order was generated, and the District's field services technician confirmed that the resident had tapped into the irrigation line, bypassing the water meter. Based on aerial photography and historical imagery, the unauthorized connection appears to have been installed approximately in 2008.

Mr. Travis noted that a similar observation had been made by a former technician in 2012 but was not pursued at that time. He reported that the estimated total unauthorized usage over the life of the connection is approximately 6.5 to 7 million gallons, with a value estimated between $43,000 and $50,000. However, due to a three-year statute of limitations, the District can only recover for three years of back usage. The proposed total amount due is $9,150, which includes estimated unbilled usage based on square footage and typical watering rates, District staff and consultant time, and $700 in attorney's fees. A draft violation letter was included in the supplemental materials for Board review.

Director Radloff objected to language in the draft letter referencing a verbal notification by the technician, stating that the letter should rely on photographic evidence of the violation rather than a reference to an informal conversation. Mr. Polito agreed to revise the language. President Blanckaert confirmed that the letter includes a reference to the resident's right to appeal under Article 17 of the Rules and Regulations. Director Mulvey recommended that the District require photo documentation and billing records confirming that the unauthorized connection has been repaired before closing the matter. Mr. Travis confirmed that the District will require access for a physical inspection and will monitor usage going forward.

The Board discussed whether the District's current penalty structure is adequate. Mr. Travis and Mr. Santini reported that penalties imposed by peer districts, including Parker Water and the Town of Castle Rock, are significantly more punitive than the District's current framework. Director Krell and Director Enquist expressed support for increasing penalties for unauthorized connections to be more commensurate with peer water providers. Director Radloff agreed that penalties should be brought in line with surrounding communities but cautioned against an overly aggressive enforcement tone, noting that intent may not always be provable. President Blanckaert noted that having the authority to impose stricter penalties does not require the Board to apply them in every case, and that enforcement discretion would remain with the Board through the appeals process.

Mr. Polito indicated he would prepare a resolution proposing revisions to the Rules and Regulations to establish stricter penalties for unauthorized connections, including potential per-day fines, and would coordinate with Mr. Travis and Mr. Santini on the structure. The resolution will be presented for the Board's consideration at the May 26 meeting.

Mr. Travis also reported that staff has developed a process to identify potential unauthorized connections district-wide by comparing account usage data against lot size following each irrigation season. Three additional accounts have been flagged for review, one of which has already been verified as compliant. This annual audit will be conducted each September going forward.

ADJOURNMENT

There being no further business to come before the Board, the Work Session was adjourned at approximately 6:12 P.M.