

**CASTLE PINES NORTH METROPOLITAN DISTRICT
REGULAR BOARD MEETING MINUTES
September 28, 2026 – 6:00 p.m.**

HELD: Monday, September 28, 2026, at 6:00 p.m. at 7404 Yorkshire Drive, Castle Pines, Colorado, with one attendee participating via videoconference.

ATTENDEES: Directors Jason Blanckaert, Tera Radloff, Jana Krell, James Mulvey, and Leah Enquist were present. Also present were: Nathan Travis, District Manager, and Rene Santin, Deputy District Manager; Molly Janzen, Accountant, Elevated Clarity LLC; Paul Polito, Esq., Seter, Vander Wall & Mielke, P.C., legal counsel to the District; and Emily Hudish, P.E., Kennedy Jenks Consultants, via videoconference.

CONFLICTS: None.

QUORUM: Present.

CALL MEETING TO ORDER: The Regular Meeting was called to order at approximately 6:00 p.m. by President Blanckaert, following the Pledge of Allegiance.

APPROVAL OF AGENDA

Upon motion duly made, seconded, and unanimously carried, the Board approved the agenda for the September 28, 2026 Regular Meeting as presented.

PUBLIC COMMENT PERIOD

President Blanckaert opened the public comment period. No members of the public, in person or via videoconference, requested to comment, and the public comment period was closed.

CONSENT AGENDA

- A. Ratify claims for payment, including check numbers 29813–29860 and electronic payments issued from August 13, 2026 to September 16, 2026, totaling \$3,090,455.49; and
- B. Approve the Meter Radio Expenditure for the purchase of 783 Sensus M2 meter radios from Core & Main in the amount of \$140,940.00.

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

WELL CONDITION UPDATE AND DISCUSSION

Mr. Travis introduced Emily Hudish, P.E., of Kennedy Jenks Consultants, who is leading the evaluation of Wells A-2 and A-6 and a broader evaluation of the District's well system. Ms. Hudish reported that Kennedy Jenks has been working with District staff and Layne Christensen Company on next steps for Well A-2, which has failed in the same manner, a shaft failure, more than once. Layne has proposed to pull the equipment and ship it to the manufacturer, Baker Hughes, for a failure analysis at its facility in Casper, Wyoming, to determine whether a manufacturing defect caused the failure, with a third-party inspector present. Based on her experience with Baker Hughes, the analysis consists of a slow, layered disassembly of the pump, seal, and motor to observe indications of the failure mode, with rotational or electrical testing

where the equipment remains intact. The terms of the inspection were addressed under the legal status report below.

In response to Director Enquist, Mr. Polito stated that Well A-2 has failed four times, in 2023, 2024, 2025, and August 2026. Ms. Hudish stated that annual failures are not normal: in her experience with Denver Basin wells, pumping equipment commonly lasts eight to ten years and well casings and screens approximately thirty years. Kennedy Jenks is therefore evaluating all potential failure modes from a mechanical, electrical, and instrumentation standpoint, and has identified conditions at Well A-2, Well A-6, and other locations that it will recommend the District address.

Ms. Hudish summarized two principal findings. First, no well other than Well A-7 has a functioning water level transducer wired to the control system and programmed to control the pump. Because the Denver Basin aquifer is declining over time and the drawdown between static and pumping water levels can range from 100 to 300 feet, the wells may be drawing down to or near the pump intake during extended operation, a condition that likely did not exist when the wells were originally designed. This is both a potential cause of the failures and fast and cost-effective to correct; Kennedy Jenks is scheduling a programming workshop with the District's controls integrator, Mountain Peak Controls, within the next two weeks, and new level transducers are being installed. Second, the variable frequency drives on the wells are clamped to operate only between 50 and 52 Hertz, reportedly by Layne, which prevents the drives from maintaining constant flow as system pressure and pumping water levels vary and may cause the pumps to operate outside their recommended range. Kennedy Jenks is evaluating the pump curves and will work with the programmer to use the full range of the drives. Other electrical items remain under review.

President Blanckaert asked why the transducers were never installed, given that the wells have been reconditioned every few years. Mr. Travis responded that the condition varies across the well field, that transducers are shown on the installation reports for the most recent work but were not installed or were not functioning in the field, and that the omission was a startup oversight shared by the contractor and District operations staff, for which there is no good excuse. Ms. Hudish added that a working transducer involves three steps: installation in the well, which is the well contractor's responsibility; wiring from the wellhead to the control panel; and programming, which is not within Layne's contract. In response to Director Mulvey, Ms. Hudish confirmed that the transducer is an important safeguard for the pumping equipment, and explained that the drawdown occurs in a localized cone of depression around each well rather than across the aquifer, and that the District's wells are unusually high-producing for the Denver Basin, which increases drawdown.

Director Mulvey observed that with the drives clamped and no functioning level data, the system has been operating without its protections, which could also explain the undercurrent conditions and startup problems observed, and asked that Layne be asked why the drives were restricted. Mr. Travis stated his understanding that the Well A-2 drive was clamped out of concern for potential sand production, but that no documentation explains the decision. He also noted that a seal operating at or above the pumping water level would lose cooling, which is consistent with the repeated mid-run seal failures at Well A-2. Mr. Travis confirmed that Layne is the only contractor that has worked on these wells, and that broader discussions with Layne have been deferred until the addendum to Layne's proposal is finalized. Director Mulvey asked that the inspection also include a review of Layne's invoices and documentation to confirm that the District did not again receive remanufactured or refurbished equipment, and that any damage to the shafts be examined metallurgically; given the history, nothing should be assumed unless documented.

In response to Director Enquist, Mr. Travis and Ms. Hudish estimated that the Baker Hughes inspection will take at least six to eight weeks after the agreement is signed, including mobilization, transport, and the inspection report, which Kennedy Jenks will review and press for conclusions. Director Enquist asked what the District's plan is if the inspection is inconclusive. Director Radloff and Mr. Polito noted that the cost allocation under the addendum addresses that case, and Mr. Travis reported that Kennedy Jenks has identified an independent materials testing laboratory as a fallback for further analysis. Director Enquist clarified that her question concerned the operational plan for the wells, noting that the District has been investigating these failures for years without resolution. Mr. Santin responded that options include a smaller motor to reduce flow and additional storage so that the wells can run continuously rather than cycling on and off, along with the transducers, pump curve evaluation, and operational changes. Ms. Hudish added that the highest priorities are functioning, wired, and programmed level transducers on the operating wells, programmed with a low-level setpoint that slows the pump and a low-low setpoint that shuts it down, which will also confirm whether the wells have been operating below those levels; use of the full range of the drives; evaluation of system hydraulics so the pumps run for longer durations with fewer starts, including the benefit of additional storage; and standard operating procedures and checklists for the operators, including which wells should not be run simultaneously.

LEGAL COUNSEL STATUS REPORT

Well A-2 – Addendum to Layne Christensen Company Proposal

Mr. Polito presented Layne's proposal dated August 25, 2026 and counsel's proposed Addendum No. 1, both included in the Board packet. The most recent failure of the Well A-2 equipment, in August 2026, followed a reinstallation completed in June 2026; Layne's warranty for workmanship and materials runs for one year from completion, so the District's warranty and claim rights extend to June 2027. The root cause failure analysis is intended to determine whether a warranty claim can be submitted. Layne proposes to pull the well, complete a video survey, and ship the motor, seal, and pump to Baker Hughes for disassembly and inspection with a third-party observer, for a lump sum of \$70,000.00 split equally between Layne and the District, with the District's share \$35,000.00. The proposal is on Layne's standard terms and conditions, as was the original contract, which predates the Board's adoption of the District's standard form of contract for this type of work.

Mr. Polito recommended against signing the proposal as written because the prior manufacturer tear-down was inconclusive and Layne's terms would have transferred ownership of the removed equipment to Layne, leaving the District without the evidence or meaningful rights. The Addendum provides that the District selects the third-party inspector, who will participate in the disassembly and testing rather than merely observe, with Layne permitted to object only for lack of qualifications or independence; prohibits destructive testing without the District's consent; confirms that the failed components remain the District's property and will be preserved and returned to the District, overriding the title provision of Layne's terms, with the equipment returning to District custody if the manufacturer refuses access; memorializes Layne's written warranty of workmanship and material defects for one year from installation; and treats the equal cost split as an interim allocation subject to reallocation once the cause of the failure is determined, so that if the cause is Layne's workmanship or a material defect, Layne bears the full cost and the District may pursue its warranty claim, while the equal split stands if the analysis is inconclusive.

Director Mulvey asked whether the absence of a functioning level transducer, if the manufacturer's installation guidance requires one, would be treated as a workmanship issue. Mr. Polito responded that it depends on whether the condition contributed to the failure, which would be a matter for the engineers and counsel; if the transducer was required to protect the equipment

and its absence caused the failure, the District may be unable to assert the warranty. Ms. Hudish noted that Layne's contract called for procurement and installation of the transducer and a startup phase, that Layne is responsible for the transducer it installed working, but that responsibility for programming and system protection is a gray area. Mr. Travis clarified that the Well A-2 transducer was installed and wired but read higher than the actual water level, which may reflect a defect or a calibration problem.

Mr. Polito reported that Layne's legal department accepted most of the Addendum but revised the inspector selection provision, the cost allocation mechanics in Section 6(d) (limiting Layne's reimbursement to amounts the District paid for the inspection rather than the full cost of the work), and the provision in Section 12 giving the Addendum precedence over the proposal. Counsel did not accept those revisions, and returned a responsive redline on September 23, 2026. In response to President Blanckaert, Mr. Polito stated that he does not intend to let the disagreement delay the work and is confident the parties will reach agreement, but that the Addendum must control over the proposal for it to have any purpose. Director Krell observed that the competing inspector selection language appeared similar in effect; Director Radloff noted that the District's language limits the grounds on which Layne may object.

Director Radloff asked whether an independent inspector has been identified. Mr. Travis and Ms. Hudish reported that Layne has recommended an individual, whose resume Ms. Hudish has reviewed and whom she intended to contact as a reference check; the individual is not a Layne employee or a Kennedy Jenks engineer. Directors Krell, Mulvey, Enquist, and President Blanckaert, and Mr. Santin, expressed concern that an inspector recommended by Layne would not be independent. Mr. Polito confirmed that the Addendum contemplates the District identifying its own inspector, and Ms. Hudish agreed to determine whether Kennedy Jenks has qualified staff or can otherwise assist the District in identifying a candidate. The consensus of the Board was that the District should identify its own independent inspector.

Legal Status Report

Mr. Polito presented the legal status report included in the Board packet, which also addressed the Hidden Pointe Mill Levy Equivalent Payment Agreement (sent to Hidden Pointe staff on September 22, 2026), the Hidden Pointe inclusion election, the Service Plan Amendment hearing schedule, and the Amended and Restated Community Center Lease under review by the City. There were no questions on the status report.

Approval of August 17, 2026 Work Session Minutes and August 24, 2026 Regular Board Meeting Minutes

Upon motion duly made, seconded, and unanimously carried, the Board approved the minutes of the August 17, 2026 Work Session and the August 24, 2026 Regular Board Meeting as presented.

FINANCE REPORT

Ms. Janzen presented the monthly financial report, reflecting activity through July 31, 2026; as a monthly rather than quarterly report, it does not include annual projections. General Fund revenues were \$1,697,876, which is \$209,969 below the year-to-date budget, and expenditures were \$1,430,565, which is \$10,513 under the year-to-date budget of \$1,441,078, with the previously reported overages in software support and property and liability insurance offset by savings elsewhere. Ending funds available at July 31 were \$791,321, compared to a budgeted year-end balance of \$447,827; because most property tax revenue is received in the first half of the year, the ending balance will move closer to budget by year end.

In the Water Enterprise Fund, revenues of \$4,948,275 exceeded the year-to-date budget by \$378,465 and expenditures of \$8,355,721 were \$519,895 under budget, for a net favorable variance of \$898,360, and the fund began the year with a higher balance than budgeted, leaving ending funds available of \$39,635,551. In response to the Board's request at the August meeting, staff identified the emergency response items within the Water Fund's repair and maintenance expenditures and presented them separately in the detailed statements, has created an account code to capture those costs going forward, and will build the category into the 2027 budget, consistent with the emergency response line that already exists in the Wastewater Fund. In the Wastewater Enterprise Fund, revenues of \$1,975,519 exceeded the year-to-date budget by \$111,470, and expenditures of \$4,707,214 were \$1,185,822 under budget, as several large capital items have not yet been drawn at their budgeted pace; collection system repairs and maintenance remain \$298,427 over budget, which staff continues to monitor, although no budget amendment is needed at this time. Cash and investments are being drawn down for capital projects as planned.

Ms. Janzen reviewed the 2027 budget schedule: the proposed budget will be provided to the Board by October 15, 2026, line-item review will occur at the October 19, 2026 work session, a further work session will be held in November if needed, and the rate hearing and budget hearing are planned for the November 23, 2026 regular meeting. Staff is currently reviewing each budget line item with Mr. Travis and Mr. Santin. In response to Director Enquist, Ms. Janzen reported that billed water usage for July 2026 was 115,949,000 gallons and 364,174,000 gallons year to date, a 4.43% increase over the prior year, and that water service revenue through July was approximately \$2.2 million against a budget of approximately \$1.9 million, which contributes to the Water Fund's favorable revenue variance. President Blanckaert thanked Ms. Janzen for the improved reports.

DISTRICT MANAGER REPORT

Discussion: Storage Tank Alternatives

Mr. Travis reported that in connection with the South Tank Rehabilitation Project, staff has been evaluating the District's options for additional storage, including a potential new tank, and asked Mr. Santin to present an alternative he has developed. Mr. Santin explained that constructing a tank at the District's dedicated tank site near Coyote Ridge would require a pump station because of the site's elevation: a tank fed from the high-pressure zone and pumped into the lower Hidden Pointe zone would serve only that zone, while a tank fed from the lower zone and pumped up to the primary zone would circulate water in a loop while still relying on the existing pressure reducing valves. In response to President Blanckaert, Mr. Santin and Mr. Travis explained that full redundancy at that site, with both existing tanks offline, would require a pump station of approximately 4.5 million gallons per day that would sit largely idle, and that the District has an alternative means of maintaining backup supply from the interconnect pump station without a new tank and pump station.

Mr. Santin explained that protecting the District's wells requires enough storage to run them continuously at low rates through the irrigation season rather than cycling them on and off. The District currently has 2.0 million gallons of storage in Tank 1 and 1.5 million gallons in Tank 2, and the rehabilitation quotes for the tanks are approximately \$1 million each, with the Tank 1 vault in poor condition. Staff proposes instead to construct a new 4 million gallon tank adjacent to Tank 2 with a parallel line, and to abandon Tank 1, whose location and piping have become an obstruction to the Country Club at Castle Pines' plans for its property. The Country Club has expressed strong interest in the concept. The result would be 5.5 million gallons of combined storage, compared to 3.5 million today, against a maximum day demand of approximately 4.2

million gallons, providing approximately 24 hours of storage at peak demand if both the wells and the Highlands Ranch interconnect were unavailable. The system would remain gravity-fed, with the interconnect pump station as the District's only pump station, and the arrangement with Highlands Ranch would be unaffected. Mr. Travis added that the related projects would also address the single point of failure in the 18-inch line leaving the treatment plant by constructing a new line from the tanks through adjacent open space, and that staff has identified further contingency measures for supplying the system in the event of multiple simultaneous failures.

Mr. Travis and Mr. Santin summarized the advantages of the approach: a faster project on a more constructible site, no new pump station and its ongoing maintenance (a savings of approximately \$1 million), and avoidance of the approximately \$1 million Tank 1 rehabilitation. In response to Director Radloff, Mr. Santin estimated the cost at approximately \$5 million to \$7 million, including associated line work, noting that Castle Pines Metropolitan District recently constructed a 2 million gallon tank for approximately \$4 million. Staff anticipates issuing a request for proposals for design in 2027, with construction in 2028, and is considering an alternative delivery method; the 2027 budget will include design. Director Mulvey suggested obtaining budgetary estimates from vendors now, and Mr. Travis noted that the Country Club has offered its recent engineering survey of the property, which will assist with feasibility, and that easements and coordination with Castle Pines Metropolitan District will be required. In response to Director Mulvey, Mr. Santin described the tank as approximately 20 feet deep and 190 feet in diameter, matching the elevation of Tank 2 so the tanks float together, with the site built up approximately 10 feet. Director Mulvey asked that staff consider protections against a fault at one tank affecting the adjacent tank, and that the Country Club not be surprised by the size of the tank and mound; Mr. Santin reported that the Country Club has been given a diagram of the proposed tank, has proposed locating it as far east as possible, and is meeting with staff, and that Tank 1 would be filled, likely with spoils from the new tank excavation, and its line abandoned.

Other Updates

In response to Director Mulvey, Mr. Travis reported that the water treatment plant open house is targeted for early spring 2027, around spring break, and that staff believes it has a path to repair the plant drain line without excavating the structural floor. In response to Director Radloff, Mr. Santin clarified that the proposed golf cart tunnel discussed in the engineering report involves the Castle Pines Golf Club, not the Country Club at Castle Pines. Mr. Travis's written report, included in the Board packet, also provided updates on the Stantec regional water supply study, the conservation rebate program, the distribution system condition assessment, the lift station renovation program, the Interconnect Pump Station surge modifications (for which all contracts have been signed), and the status of the District's wells and lift stations.

OPERATIONS & ENGINEERING REPORT

The operations and engineering reports were included in the Board packet. There were no questions on the reports.

DIRECTOR'S MATTERS

There were no Director's matters.

ADJOURNMENT

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