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MEMORANDUM

TO: Castle Pines North Metropolitan District

FROM: Seter & Vander Wall, P.C.

DATE: October 19, 2023

RE: Legal Status Report for the October 23, 2023 Board Meeting

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MATTER: Amendment to Rules and Regulations

Status: The District has had spills from lift stations and calls from property owners regarding water line breaks. Mr. Travis is working on a comprehensive response plan, portions of which can be added to the Rules and Regulations.

During the drafting process, it was discovered that the Board had passed resolutions amending the rules and regulations three times in 2020 and once in 2021. However, the rules and regulations were never revised to incorporate these changes.

We would like to revise the rules and regulations to incorporate the previous changes, as well as appropriate provisions of the comprehensive response plan.

Action: Direct the Manager and Counsel to proceed with the amended draft rules and regulations for review by the Board at a later date.

MATTER: Correct District Designation of 7053, 7047 and 7041 Turweston Lane and other parcels

Status: The properties are included in Castle Pines Metro District in the County Assessor, GIS and Treasurer's records, but are served by, and should be a part of the Castle Pines North Metro District. We have determined that the most direct way to correct this matter is to have the properties excluded from CPMD and included into CPNMD.

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We have obtained consent from CPMD to proceed with the exclusion process with the goal of having the exclusion petition approved at CPMD's 11/28 meeting.

CPMD has requested reimbursement for their costs related to the exclusion process (publishing notice of the hearing, preparing the Board resolution of approval, filing the court motion and order, and recording the order).

We recommend the Board authorize reimbursement to CPMD for the costs of the exclusion process. Once approved, Counsel will notify CPMD of Board approval and work with CPMD's counsel and property owners to have property excluded from CPMD and included in CPNMD.

Action: Consider authorizing reimbursement to CPMD.

MATTER: SALE OF FARM PROPERTIES

Status: The District purchased several farms in order to acquire the water rights. The water rights were sold to Aurora and Brighton in 2022 after litigation over the bid process. The board would now like to sell the surface rights and mineral interests.

We have reviewed the title work for the farm properties and researched the status of each parcel's mineral rights. The farms are comprised of five separate parcels (some contiguous and some noncontiguous), all of which are zoned for agriculture and encumbered by a different type of oil and gas-related property interest.

The District owns the mineral rights for 50% of one of the parcels (26.5 mineral acres). The District also receives royalties from two of the properties which are derived from Agreements with the previous surface rights owners. These are surface use royalties so the purchaser of the surface rights will inherit the royalties.

To maximize the value of the farm properties, the District needs to know whether it is more advantageous to sell the mineral rights separately, or together with the surface rights. The District also needs to know whether it would be more advantageous to sell all five farm parcels as a, "package deal," or whether selling the royalty-producing properties separate from the other properties would make more sense (i.e., selling the royalty properties separately may make the parcels more attractive to mineral rights investors and/or net more cash).

We would like authorization to hire consultants who can help the District evaluate these options by: (1) hiring a mineral rights appraiser; and/or (2) hiring a realtor with experience selling agricultural properties with mineral rights. One or both may desire to work on a commission basis.

Action: Consider plan to hire a mineral rights appraiser and a commercial realtor with specialized experience in agricultural properties containing mineral rights.

MATTER: CDPHE Notice of Violation / Cease and Desist / Clean-up Order

Status: Nathan may provide a report on this matter.

Action: No Board action required at this time.

MATTER: City/District Stormwater Services Conveyance IGA

Status: Completed and signed. The following activities must be completed.

a. Assign responsibility to the City for the Stormwater system (Completed);

b. Notify property owners of the change;

c. Transfer funds to the City enterprise (Completed);

d. Provide a blanket easement for the operations of the stormwater system (Completed); and,

e. Fully remove itself from all stormwater operations and responsibility/permits.

Action: None required at this time.

MATTER: **Parks, Open Space and Recreational Facilities IGA**

Status: The District executed the Parks and Open Spaces IGA with the City of Castle Pines on March 31, 2023. On October 11th, the Board adopted a Resolution in Support of the City's Ballot Issue 2F. If approved by voters, Ballot Issue 2F will transfer all of the District's 12 mills for parks and recreation operating expenses from the District to the City. If Ballot Issue 2F is approved, the District will need to transfer title of all parks and recreation facilities to the City by the end of 2023. The District will need to obtain an easement from the City for water and wastewater infrastructure access and maintenance, and will need to execute a $1/year lease to continue using the District's offices for administrative and operational functions.

It will be necessary to extend the deadline for transfer of properties if 2F passes as there are a great many properties and easements to be determined and drafted.

Action: None required at this time.