

CASTLE PINES NORTH



METROPOLITAN DISTRICT™

December 13, 2017

Colorado Water Conservation Board
ATTN: Jonathan Hernandez
1313 Sherman Street, Room 718
Denver, CO 80203

To whom it may concern:

The Castle Pines North Metropolitan District (the "District") would like to formally request an increase to the District's CWCB loan. The District's current loan is valued at \$6,390,000, and we would like to request an increase of \$1,306,387.82 for a total loan valued at \$7,696,387.82.

As with our current loan, the increased balance will be paid with pledge Water Enterprise charges and fees. The District assesses fees every year, and will adjust fees as necessary to ensure debt service payments are made timely.

Attached, please find the last 3 years of audited financial statements. Should you need anything further, please contact Jim Nikkel; District Manager (Jim@CPNMD.org) or Amanda Castle; Finance Director (AmandaC@PinnacleConsultingGroupInc.com).

Sincerely,



Jim Nikkel, P.E.
District Manager
Castle Pines North Metropolitan District

Enclosures:

2014 Audited Financial Statements
2015 Audited Financial Statements
2016 Audited Financial Statements

November 21, 2017

Via Federal Express

Executive Director
Colorado Department of Natural Resources
1313 Sherman Street, Suite 718
Denver, CO 80203
Attn: Lauren Ris

RE: Water Provider Agreement for the Use of Storage Space at Chatfield
Reservoir

Dear Ms. Ris:

This letter is in response to the Notice provided by Colorado Department of Natural Resources ("CDNR") dated October 13, 2017, and given pursuant to Paragraphs VI.J and VII.F of the Water Provider Agreement entered into by and between CDNR and the Castle Pines North Metropolitan District (the "District"), dated October 15, 2015, for the use of storage space at Chatfield Reservoir (the "Agreement").

The Notice was required to be given under Paragraph VI.J of the Agreement because the refined Total Project Costs estimate of \$171,000,000 exceeds the initial Total Project Costs estimate of \$134,000,000 by ten percent or more, triggering the "Off Ramp Option."

The Board of Directors of the District has reviewed its rights and obligations under the Agreement, as well as the refined Total Project Costs estimate and has determined to remain in the Chatfield Project and will not exercise its right to terminate the Agreement. The District Board understands this is the District's only opportunity to terminate the Agreement and receive a refund as described in Paragraph VI.J.

The District Board is also aware and agrees that its pro-rata share (4.8883495%) of the Total Project Costs overrun is anticipated to be approximately \$1,304,000, to be financed through an extension of its Colorado Water Conservation Board loans.

Sincerely,



Kathy Rosenkrans
Interim Board President

cc: Joan Fritsche, Esq.

7404 Yorkshire Drive Castle Pines, CO 80108
Phone: 303.688.8550 | www.CPNMD.org



COLORADO

Department of Natural Resources

Executive Director's Office
1313 Sherman Street, Room 718
Denver, CO 80203

December 13, 2017

Mr. Jim Nikkel, District Manager
Castle Pines North Metropolitan District
7404 Yorkshire Drive
Castle Pines, Colorado 80108

RE: Water Provider Agreement for Use of Storage Space at Chatfield Reservoir - Adjusted
Total Project Costs Funding

Dear Mr. Nikkel,

This letter acknowledges the letter from Ms. Kathy Rosenkrans, Interim Board President to the Colorado Department of Natural Resources dated November 21, 2017 wherein Castle Pines North Metropolitan District indicated that it declines to terminate its Water Provider Agreement with the Colorado Department of Natural Resources. This letter acknowledges your commitment to the Chatfield Reservoir Reallocation Project and provides further details relevant to your election pursuant to Paragraph VI.J of the Water Provider Agreement.

Pursuant to the notice provided to you, the updated Total Project Costs estimate for the Chatfield Reallocation Project have increased from \$134,000,000 to \$171,000,000. This increase results in a per unit increase from \$6,504.85 to \$8,300.97 (\$171,000,000/20,600). Castle Pines North Metropolitan District's pro rata share is approximately 4.883495% of the 20,600 acre-feet in the Chatfield Reallocation Project which is equal to 1,006 acre-feet, or units in the Chatfield Reservoir Mitigation Company ("CRMC"). At the time of the Water Provider Agreement, this pro rata share required that Castle Pines North Metropolitan District provide \$6,543,879.10 to fully fund its ownership as explained in Paragraph IV.D. Castle Pines North Metropolitan District's total pro rata share has now increased to \$8,350,775.82. This amount was calculated by multiplying the number of units Castle Pines North Metropolitan District owns by the updated estimated cost per unit (1,006*\$8,300.97).

Castle Pines North Metropolitan District has 180 days to fully fund the difference of \$1,806,896.72. This full funding must be provided to the escrow company no later than June 11, 2018. CDNR understands that you are working with the Colorado Water Conservation Board to increase your loans from the CWCB to address this requirement. Thank you for your commitment to the Chatfield Reservoir Reallocation Project.

Sincerely,

Amy Moyer
Assistant Director for Water



