

RECORD OF PROCEEDINGS

**MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
CONSERVATORY METROPOLITAN DISTRICT
HELD
FEBRUARY 21, 2011**

A regular meeting of the Board of Directors of the Conservatory Metropolitan District, referred to hereafter as ("Board"), was convened on Monday, the 21st day of February, 2011, at 9:00 A.M., at the Conservatory Clubhouse, 2665 South Jebel Way, Aurora, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Don G. Samsel
Ronald "Dick" R. Dailey
Laverne Palmer
Dan Staley

Following discussion, upon motion duly made by Director Palmer, seconded by Director Samsel and, upon vote, unanimously carried, the absence of Jud Davis was excused.

Also In Attendance Were:

AJ Beckman; Special District Management Services, Inc.

Jennifer Tanaka, Esq.; White, Bear & Ankele, P.C.

Georgia Harland; Simmons & Wheeler, P.C.

Kevin Smith; Westside Investment Partners, LLC

Pete Capozzolo; CAPCO General Contracting, LLC

Pat Bruno and Michael Dandeneau; Summit Services, Inc.

CALL TO ORDER

Director Samsel noted that a quorum of the Board was present and called the meeting to order.

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DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosures and Potential Conflicts of Interest: Attorney Tanaka advised the Board that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. The Board reviewed the Agenda for the meeting, following which each Board member confirmed that they had no conflicts of interest in connection with any of the matters listed on the Agenda.

ADMINISTRATIVE MATTERS

Agenda: Mr. Beckman distributed, for the Board's review and approval, a proposed Agenda for the District's Regular Meeting.

Following discussion, upon motion duly made by Director Palmer, seconded by Director Samsel and, upon vote, unanimously carried, the Agenda was approved, as amended.

CONSENT AGENDA

Consent Agenda: The Board considered the following actions:

- Acknowledge Homeowners' Association Meeting Reports/Updates (if available).

There were no reports or updates by the Homeowners' Association.

The Board then reviewed the Minutes from the January 17, 2011 regular meeting.

Following discussion, upon motion duly made by Director Dailey, seconded by Director Palmer and, upon vote, unanimously carried, the Board approved the Minutes from the January 17, 2011 regular meeting, as amended.

COMMUNITY COMMENTS

Westside Investment Partners, Inc. – Signage on District Tracts: Mr. Smith addressed the Board regarding the revised locations for development promotional signage. Director Palmer inquired as to the size of the sign that would be posted on Tract D. Mr. Smith reported that the sign on Tract D would be three feet by three feet. The Board noted for Mr. Smith that Tract V is not owned by the District and permission to place signage in the tract could therefore not be granted. Mr. Smith reported that the signage company engaged by Carapace Homes recommended that signs not be placed at the Hampden locations previously proposed.

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Following discussion, upon motion duly made by Director Samsel, seconded by Director Dailey and, upon vote, unanimously carried, the Board approved the installation of signage as proposed in Tracts B, D, and MM pursuant to the conditions set forth in a license agreement to be prepared by Counsel.

The Board directed Attorney Tanaka to prepare a license agreement setting forth the conditions for installation, maintenance, and removal of the signage.

Pete Capozzolo: Mr. Capozzolo informed the Board that he is a resident of the District and is also the contractor that recently constructed the mail kiosk at South Conservatory Parkway and South Jericho Way. He addressed the Board regarding the collection of revenues through taxes as opposed to fees. He advised the Board that in his opinion services provided by the District would be more fairly allocated if they were charged at a flat rate. Directors Dailey and Palmer discussed the decreased costs to the District and increased reliability for collections when collecting revenues through taxes as opposed to fees. They further discussed the benefits and limitations of the tax based revenue collection process imposed upon on all property owners in the District including the District's Board of Directors.

FINANCIAL MATTERS

Claims: The Board considered ratifying checks 1940 through 1955.

Following discussion, upon motion duly made by Director Samsel, seconded by Director Dailey and, upon vote, unanimously carried, the Board ratified checks 1940 through 1955.

Ms. Harland then reviewed the claims dated February 21, 2011 with the Board, totaling \$28,869.

Following discussion, upon motion duly made by Director Samsel, seconded by Director Dailey and, upon vote, unanimously carried, the Board approved the claims for the period ending February 21, 2011 totaling \$28,869.

Financial Statements: Ms. Harland presented the unaudited financial statements for the period ending January 31, 2011 for the Board's review. Mr. Beckman discussed the annual budget for collections by Special District Management Services, Inc. ("SDMS"). He reported that the

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amount budgeted will not cover the cost of collections based on the costs incurred to date. He further explained that he expects the total amount billed by SDMS to be within the combined total budget for all SDMS budget line items which include Collections, Management, and Landscape Management.

Following discussion, upon motion duly made by Director Palmer, seconded by Director Staley, and upon vote, unanimously carried, the January 31, 2011 unaudited financial statements were accepted.

Ms. Harland discussed the status of certain refund checks that have been returned to the District for lack of a forwarding address. The Board directed Ms. Harland to write off such amounts when the recipient cannot be located.

Current Cash Flow Projection: Ms. Harland reviewed the current cash flow projection through March 2012 with the Board.

Collections Report and Delinquency Account List: Attorney Tanaka reviewed the Collection Report and Delinquency Account List with the Board. She reported that she has not received payment from the owner of property located at 20454 E. Yale Place. The Board Directed Attorney Tanaka to proceed with the collections process and to file a lien if the amount due is not received by March 15, 2011.

21071 E. Greenwood Place: Attorney Tanaka reported that the property owner is paying \$25.00 per month and has requested that a lien not be filed. The Board directed Attorney Tanaka not to file a lien as long as payments continue to be received in a timely manner.

2010 Audit: The Board discussed the 2010 Audit. Following discussion, the Board requested that Mr. Beckman ask that the 2010 Audit be presented to the Board by the May 16, 2011 meeting.

LANDSCAPING MATTERS

Summit Services, Inc. ("Summit Services") – Monthly Report:

Winter Watering: Director Staley discussed winter watering and inquired as to the need for winter watering with the recent snowfall. Mr. Bruno discussed the annual total moisture and recommended that the watering be conducted. Director Dailey inquired as to the depth of frost and effectiveness of winter watering. Mr. Bruno reported that he has observed

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the frost line at approximately eight inches in this area. He recommended that tracts be evaluated on a case by case basis and watered accordingly. He reported that the system may not need to be blown out and fully winterized at this time of year. The conclusion to this matter is found under the Contract Approvals section of these minutes.

Snow Removal: Director Staley reported that snow is not being cleared from the crosswalk to the school. Mr. Bruno reported that Summit Services will make this a priority. Director Samsel discussed clearing snow around the corners of the sidewalks. Mr. Bruno reported that Summit Services would clear the sidewalk corners up to the end of the District's area of responsibility by hand. He also reported that the snow removal crew will use snow poles to identify the areas of maintenance responsibility.

Snow Removal in Tracts NN, VV, and WW: Mr. Bruno reported that the cost of snow removal in Tracts NN, VV and WW would be on a time and materials basis. Summit Services will clear these areas by hand as conditions warrant. Following discussion, the Board directed Mr. Beckman to update the snow removal map to include the tracts.

Bulk Tree Purchase: Summit Services reviewed the price list for the proposed bulk tree purchase.

**OPERATION AND
MAINTENANCE
MATTERS
CONTINUED**

Relocation of Mailboxes: Mr. Beckman reported that the mailboxes will be relocated on Friday, February 25, 2011, weather pending. Mr. Beckman was advised to follow-up with Morrison on the installation of a kiosk for Nepal Street.

Lighting System at Entrance: Following discussion, the Board determined to not take any action on the matter until the wall and monument litigation has been concluded.

Director Dailey reported that he is in the process of researching security options to prevent or recover stolen items. Director Palmer reported that she will research lighting options.

Cost Estimates for Fence Painting: Mr. Beckman reported that he will present bids for fence painting at the next meeting.

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LEGAL MATTERS **Ownership and Maintenance of Fences Separating District and Private Property:** Attorney Tanaka reported that she has been in contact with Dana Spade, the Assistant City Attorney. She reported that she has sent Ms. Spade a map and diagrams of where the fences in question are located.

BOARD MEMBER INPUT **GIS Mapping System:** Director Dailey discussed the proposed GIS mapping system and reported that he is researching options including on-line systems.

Advertising on Doggie Pot Stations. Director Samsel discussed the possibility of raising additional revenues for the District or covering the costs of the doggie pot stations by allowing vendors to advertise or sponsor a station. Attorney Tanaka advised the Board regarding the constitutional limitations imposed upon the District. The Board determined not to pursue this matter at this time.

Director Absences: The Board discussed director attendance at meetings. Attorney Tanaka advised the Board that directors who are unexcused for three consecutive meetings are vacated from their position. The Board noted that directors need to advise the District's manager in advance if they will miss a meeting, otherwise their absence will be unexcused.

NEW BUSINESS **New Business:** There was no new business to discuss.

CONTRACT APPROVALS **Landscape Annual Expenditures Matrix:** Mr. Beckman reviewed the matrix with the Board.

2011 Engagement Letter from Simmons & Wheeler, P.C. for Accounting Services: Following discussion, upon motion duly made by Director Samsel, seconded by Director Palmer and, upon vote, unanimously carried, the Board approved the 2011 engagement letter from Simmons & Wheeler, P.C. for Accounting Services.

Winter Watering Proposal, Summit Services, Inc: Following discussion the Board determined not to conduct winter watering until after March 1, 2011. The Board directed Mr. Beckman to communicate to Summit Services that watering may be conducted upon approval of the Board member on duty. Summit Services must contact Mr. Beckman at least three days prior to watering in order to schedule the work and receive approval.

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Agreement with Summit Services, Inc. for Bulk Tree Purchase:

Following discussion, upon motion duly made by Director Staley, seconded by Director Samsel and, upon vote, unanimously carried, the Board approved the Agreement with Summit Services, Inc. for Bulk Tree Purchase, subject to the following revisions and clarifications to the proposal:

- For quantities of fifty (50) or more trees, the purchase price will be \$395 per tree
- Installation will include staking and guying for each tree
- Payment for the trees will be upon delivery
- The species list and each tree selected will be approved by Director Staley
- The Board directed Mr. Beckman to verify that the District has sufficient revenue to make the purchase at the time of delivery

Second Addendum to Service Agreement between the District and CAPCO General Contracting, LLC for Mailbox Shelter Construction Project:

The Board discussed the Second Addendum to the Service Agreement between the District and CAPCO General Contracting, LLC for the Mailbox Shelter Construction Project.

Following discussion, upon motion duly made by Director Samsel, seconded by Director Dailey and, upon vote, unanimously carried, the Board ratified approval of the Second Addendum to the Service Agreement between the District and CAPCO General Contracting, LLC for the Mailbox Shelter Construction Project in the amount of \$4,150.

LEGAL MATTERS **CONTINUED**

Litigation against D.R. Horton: Attorney Tanaka reported that Attorney McKenzie is discussing possible mediation with D.R. Horton. She has not yet received information on the status of a possible settlement for the dead and declining trees.

OTHER BUSINESS

Community Outreach: The Board directed Mr. Beckman to include the following items in the March 2011 Community Update:

- Winter watering
- Bulk tree purchase
- New Mail Kiosk

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- Snow removal issues
- Use of website to report maintenance issues

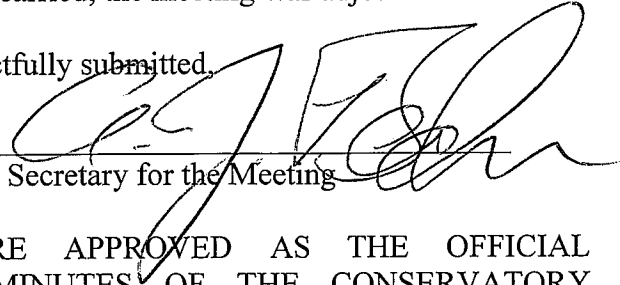
ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Samsel, seconded by Director Staley and, upon vote, unanimously carried, the meeting was adjourned.

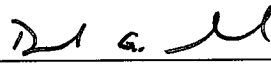
Respectfully submitted,

By: _____

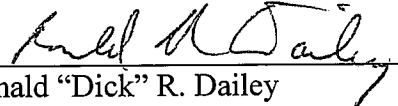
Secretary for the Meeting



THESE MINUTES WERE APPROVED AS THE OFFICIAL
FEBRUARY 21, 2011 MINUTES OF THE CONSERVATORY
METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS
SIGNING BELOW:



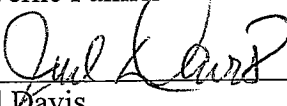
Don G. Samsel



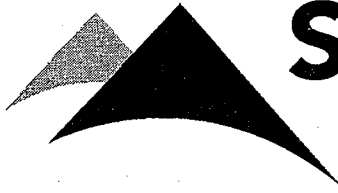
Ronald "Dick" R. Dailey

Dan Staley

Laverne Palmer



Jud Davis



Summit Services

I N C O R P O R A T E D

Monthly Landscape Report

Property Name: The Conservatory Metro District

Report by: Patrick Bruno

Date: February 15, 2011

The following report is contract items performed between January 1, 2011 through February 15, 2011. The next month's activities are projected per contract specifications.

Completed Work This Month:

- Monitor moisture levels of trees and shrubs.
- Snow removal as needed.

Projected Work Next Month:

- Perennial and Grass cut-backs
- Winter watering – Irrigation Start-up
- Monitoring of tree and shrub moisture
- Snow removal as needed.

Irrigation Status:

We will be turning irrigation on here shortly. We will call Dick Daily prior to turning on the system for winter watering. The weather is starting to cooperate some.

Snow:

We have finally had some snow fall. After about four storms or so, we have gotten the opportunity to see what needs to be addressed after our initial visit. There were many areas that the cross walks had been covered up from cars and street plows that Dick Daily gave us the ok to get cleaned up. We had some calls on locations where sidewalks meet from the home owner and the district. We will be addressing these areas with hand shoveling moving forward. The mail box and bus stops seem to be addressed better with the de-icing product. We have also placed some snow markers along sidewalks that curve to help identify them for our machines.

Proposals:

- Bulk Tree Pricing – WO 336

Other Observations:

There was a tree we picked up after the last board meeting that was run down by a car. Pictures and cost to replace were submitted.

Thank you for the opportunity to help manage your community.

Respectfully,

Patrick Bruno CLT, CLIA
Account Manager
Summit Services, Inc.