

RECORD OF PROCEEDINGS

**MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
CONSERVATORY METROPOLITAN DISTRICT
HELD
AUGUST 1, 2011**

A Special Meeting of the Board of Directors of the Conservatory Metropolitan District, referred to hereafter as (“Board”), was convened on Monday, the 1st day of August, 2011, at 9:00 A.M., at the residence of Ronald (Dick) R. Dailey, 2897 South Lisbon Way, Aurora, Colorado, 80013. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Don G. Samsel
Ronald “Dick” R. Dailey
Laverne Palmer
Dan Staley
Jud Davis

Also In Attendance Were:

AJ Beckman; Special District Management Services, Inc.

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

Cass McKenzie, Esq.; McKenzie, Rhody & Hearn, LLC

CALL TO ORDER

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

**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 Special Meeting.

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

LEGAL MATTERS **EXECUTIVE SESSION: Litigation against D.R. Horton:** Pursuant to Sections 24-6-402(4)(b) and (e) of the Colorado Revised Statutes, upon motion duly made by Director Davis, seconded by Director Samsel and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 9:00 a.m. for the purpose of discussions relating to third party negotiations and determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators as authorized by Section 24-6-402(4)(e), C.R.S. and receiving from the Board's attorney legal advice on specific legal questions as authorized by Section 24-6-402(4)(b), C.R.S.

Furthermore, pursuant to Section 24-6-402(2)(d.5) (II)(B), C.R.S., no record will be kept of those portions of the executive session that, in the opinion of the District's attorney, constitute privileged attorney-client communication pursuant to Section 24-6-402(4)(b), C.R.S.

The Board reconvened in regular session at 9:56 a.m.

OTHER MATTERS **Special Meetings:** The Board discussed scheduling Special Meetings to discuss matters relating to the litigation against D.R. Horton.

Following discussion, the Board determined to schedule Special Meetings at 9:00 a.m. at the residence of Director Dailey for the following dates:

- Friday, August 5th
 - Monday, August 8th
 - Tuesday, August 9th
 - Wednesday, August 10th
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ADJOURNMENT There being no further business to come before the Board at this time, upon motion, seconded and, upon vote, unanimously carried the meeting was adjourned.

Respectfully submitted,

By: 

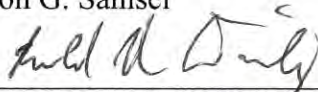
Secretary for the Meeting

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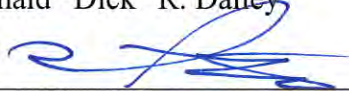
THESE MINUTES WERE APPROVED AS THE OFFICIAL AUGUST 1, 2011 MINUTES OF THE CONSERVATORY METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:



Don G. Samsel



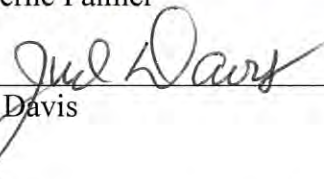
Ronald "Dick" R. Dailey



Dan Staley



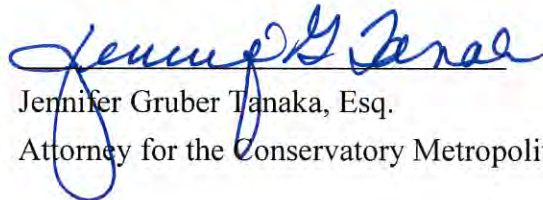
Laverne Palmer



Jud Davis

ATTORNEY STATEMENT

Pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing the Conservatory Metropolitan District, I attended the executive session convened on August 1, 2011 for the sole purpose of discussing legal matters and strategy as they relate to the outstanding obligations of the District, as authorized by §24-6-402(4)(b) and (e), C.R.S. I further attest that it is my opinion that all of the executive session discussion constituted attorney-client privileged communication as provided by §24-6-402(4)(b), C.R.S., and, based on that opinion, no further record, written or electronic, was kept or required by be kept pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S.



Jennifer Gruber Tanaka, Esq.

Attorney for the Conservatory Metropolitan District