

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
CONSERVATORY METROPOLITAN DISTRICT
HELD

JANUARY 25, 2010

A special meeting of the Board of Directors of the Conservatory Metropolitan District, referred to hereafter as ("Board"), was convened on Monday, the 25th day of January, 2010, 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; President
Dan Staley
Laverne Palmer
Judson R. Davis, Jr.

Following discussion, upon motion duly made by Director Samsel, seconded by Director Davis and, upon vote, unanimously carried, the absence of Ronald "Dick" R. Dailey was excused.

Also In Attendance Were:

AJ Beckman, John Warnick and Kelsey Shipp; Special District Management Services, Inc.

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

John Simmons; Simmons & Wheeler, P.C.

Vicki Keevak; The Green Plan

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

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.

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

CONSENT AGENDA

The Board considered the following actions:

- Review and approve amended Minutes from the November 16, 2009 regular meeting.
- Review and approve Minutes from the December 7, 2009 special meeting
- Acknowledge Homeowners' Association Meeting Reports/Updates.
- Review and consider approval of the 2010 schedule for Board Members on Duty as follows:
 - January, June and November, Director Samsel
 - February, July and December, Director Dailey
 - March and August, Director Palmer
 - April and September, Director Staley
 - May and October, Director Davis

Following discussion, upon motion duly made by Director Palmer, seconded by Director Staley and, upon vote, unanimously carried, the Board approved the above actions.

ADMINISTRATIVE MATTERS CONTINUED

February 15, 2010 Regular Meeting: The Board discussed canceling the February 15, 2010 regular meeting due to Holiday conflict.

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Following discussion, upon motion duly made by Director Samsel, seconded by Director Palmer and, upon vote, unanimously carried, the Board determined to cancel the February 15, 2010 regular meeting due to Holiday conflict and schedule a special meeting for Monday, February 22, 2010.

COMMUNITY COMMENTS

It was noted that no members of the general public were present.

OPERATIONS AND MAINTENANCE

The Green Plan - Monthly Report: Ms. Keevak reviewed the monthly report from the Green Plan with the Board. She explained that The Green Plan has been acquired by The Brickman Group; however, she will remain the Project Manager for the District. Ms. Keevak addressed a recent complaint of one of the ATV operators cutting across a resident's lawn noting that she had discussed this matter with the operator. Director Samsel requested that Ms. Keevak take whatever action necessary to prevent further incidents of ATV operators crossing residential property.

Ms. Keevak also reported that the entire section along East Girard and Jericho will be plowed from this date forward. In the past this section had been inadvertently omitted.

Ms. Keevak further reported that there is a shrub-bed on Conservatory and East Eastman in need of pruning however the dog in a neighboring yard is preventing the crew from having access. Ms. Keevak will coordinate with the pet owner to complete the work.

Dead or Damaged Trees on Tracts JJ and MM: Attorney Tanaka discussed with the Board the ownership of tract JJ and noted that it is not owned by the District; however, she is working with the City of Aurora and DR Horton to obtain an easement or license agreement which would allow the District to proceed with replacement of the broken trees. Ms. Keevak reported that she would follow up the City regarding

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the status of the trees along Conservatory Parkway. Ms. Keevak further reported that she observed a tree that appears to have been injured on tract DD. The tree may recover and will be monitored.

Landscape Annual Expenditure Matrix. Mr. Beckman reviewed with the Board the Annual Landscape Expenditures Matrix. It was noted that the total budget for landscaping is \$198,000. The District has budgeted \$90,000 for all items not included in the annual maintenance contract.

Repainting Mailboxes: Mr. Beckman reviewed with the Board a spreadsheet summarizing proposals from DAECO Painting, Advanced Electrostatic Painting Inc. and Electro Painting & Refurbishing Inc. Director Samsel inquired as to references and the standing of each of the companies with the Better Business Bureau. Mr. Beckman advised the Board that to this point only cost information has been sought. Additional reference inquiry will be conducted prior to engagement of a contractor. All necessary insurance requirements and indemnifications will be required by the terms of the District's service agreement.

The Board also discussed the status of research regarding the potential relocation of the mailboxes. It was noted that the research regarding the potential relocation of mailboxes should be concluded prior to repainting.

Research of Lattice Attached to Fence near Frontier Elementary School: Mr. Beckman explained to the Board that he received a request at the Annual Homeowners Association Meeting to follow up on enforcing the removal of a section of wooden lattice from the fence on or adjacent to Frontier Elementary School. Mr. Beckman further explained that he had previously discussed the ownership of fences with Mr. Elliott and was advised that the fences on District property are owned by the District. The Board determined that the complaint regarding the wooden lattice is a covenant enforcement issue and not a District matter. The Board further discussed the location and

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ownership of the fences throughout the common areas. Following discussion, upon motion duly made by Director Samsel, seconded by Director Staley and, upon vote, unanimously carried, the Board directed staff to research the ownership of such improvements and email information as it becomes available. Director Staley recommended reviewing the Site Improvement Plan for landscaping improvements.

Green Plan, Inc. proposal to replace trail surface on Tracts NN, VV and WW: Ms. Keevak and Mr. Beckman reviewed the proposal with the Board. The total estimated cost of installation of stabilized trail surface material is \$4,995 for labor and \$1,964 for material, for a total cost of \$6,959. The Board requested that this matter be tabled until the March meeting.

FINANCIAL MATTERS

Claims: Ms. Simmons distributed and reviewed the claims for the period ending January 18, 2010 totaling \$25,967.33.

Following discussion, upon motion duly made by Director Staley, seconded by Director Palmer and, upon vote, unanimously carried, the Board approved the payment of claims through the period ending January 18, 2010 totaling \$25,967.33. It was noted that Special District Management Services, Inc., Simmons and Wheeler, P.C. and White, Bear and Ankele, P.C. will hold checks for payment until the District's cash position is sufficient for the checks to be released.

Financial Statements: Mr. Simmons presented the unaudited financial statements for the period ending December 31, 2009 for Board review.

Following discussion, upon motion duly made by Director Staley, seconded by Director Palmer, and upon vote, unanimously carried, the December 31, 2009 unaudited financial statements were accepted.

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Cash Flow Projection: Mr. Simmons reviewed the cash flow projection through December 31, 2010 with the Board.

DELINQUENT FEES REPORT

Delinquent Account Report: Mr. Beckman reviewed the report with the Board. He explained that approximately \$1,500 of the total outstanding balance is attributable to accounts owing only late fees with no underlying amounts due for non-payment of maintenance fees.

Following discussion, upon motion duly made by Director Samsel, seconded by Director Staley and, upon vote, unanimously carried, the Board authorized Special District Management Services, Inc. to remove amounts due on accounts attributable to late fees only in the approximate cumulative total amount of \$1,500.

LEGAL MATTERS

General Operations Fee and Transfer Fees: Attorney Tanaka discussed and recommended recording a resolution notifying title companies of the removal of the General Operations Fee. Mr. Warnick discussed the need to continue to maintain the District's ownership records and requested that the transfer fee be kept in place.

Following discussion, upon motion duly made by Director Staley, seconded by Director Samsel and, upon vote, unanimously carried, the Board approved a resolution eliminating the General Operations Fee and maintaining the transfer fee.

Structural Inspection on Picnic Shelter Located in Tract V: Attorney Tanaka discussed the possible acceptance of the picnic shelter and warranty for improvements. Members of the Board discussed other unresolved issues with DR Horton and authorized Attorney Tanaka to discuss this matter with the Developer and DR Horton.

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Tract JJ Easement: Attorney Tanaka reported that she is working with the City on an easement or license agreement that would allow the District access to the areas on the Tract where broken trees should be replaced. In the meantime, Ms. Keevak agreed to contact the City's park department to advise them of the downed trees.

OTHER BUSINESS

Community Outreach: January Community Update. Director Palmer requested that Mr. Beckman include information regarding informational meetings she will be hosting to inform residents about the purpose of the District.

Website. Mr. Warnick reported that Special District Management Services, Inc. expects to offer website services in the near future. When additional information is available he will present to the Board for consideration.

Presentation by Director Palmer and quarterly informational meetings. Members of the Board expressed their gratitude for Director Palmer's offer to host informational meetings. Director Samsel suggested that as current issues arise, the content of the presentation could be tailored to address them. He also recommended that both she and Attorney Tanaka review the general information posted to the website. Director Palmer reported that she would host the meetings on a quarterly basis in March, June, September and December at 7:00 p.m. on the same day as the Board Meetings. She requested that Mr. Beckman note in the Community Update a request that residents RSVP to her Director's email address and that Special District Management Services, Inc. reserve the Club House for the meetings.

Action Items Status Matrix: Mr. Beckman reviewed and discussed the action items with the Board.

Traffic Calming Measures and Related Safety Concerns: Mr. Beckman reviewed the letter from the City with the Board regarding the City's requirements for the

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installation of traffic calming measures. The Board broadly discussed matters such as this and whether such matters are within the purview of the District. Director Staley suggested that based on the requirements of the City detailed in the letter, the District would not be successful in pursuing the traffic calming measures, and that the materials provided by the City of Aurora should be kept on file in case residents or special interest groups wish to pursue further.

Maintenance of GIS Map: Director Staley discussed the current boundary map and explained that additional layers of detail would need to be added in order to utilize the map as a maintenance and data tracking system. The Board determined to table this matter until the next regular meeting noting that Director Dailey had been involved in prior discussions.

BOARD MEMBER INPUT

Procedures for Adding Items to Agenda: The Board discussed the process for bringing new items before the Board and determined to include "New Business" as a standing agenda item. Also the Board determined that new agenda items could be emailed by individual Directors to the District Manager at least one week prior to meetings.

CONTRACT APPROVALS

Ninth Addendum to Independent Contractor Agreement with The Green Plan, Inc.: Discussion was deferred.

LEGAL MATTERS CONTINUED

Litigation against D.R. Horton, Status of Notice of Claim for Dead and Declining Trees and Compliance Matters and Financial Status of District: EXECUTIVE SESSION: Pursuant to Sections 24-6-402(4)(b) and (e) of the Colorado Revised Statutes, upon motion duly made by Director Palmer, seconded by Director Davis and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 11:00 a.m. for the purposes of discussing legal matters as authorized by Section 24-6-402(4)(b) C.R.S. and discussing matters subject to

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negotiation pursuant to Section 24-6-402(4)(e), 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 12:25 p.m.

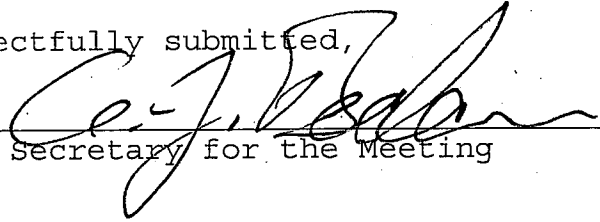
Following discussion, upon motion duly made by Director Palmer, seconded by Director Davis and, upon vote unanimously carried, the Board Directed Mr. Beckman to direct the District Accountant to distribute the current monthly financial statements to the Board with the meeting packets. The Board also directed Mr. Beckman to direct the District Accountant to revise the monthly cash flow projection and update on a monthly basis.

ADJOURNMENT

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

Respectfully submitted,

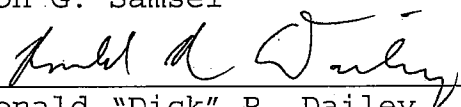
By


Secretary for the Meeting


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THESE MINUTES WERE APPROVED AS THE OFFICIAL
JANUARY 25, 2010 MINUTES OF THE CONSERVATORY
METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS
SIGNING BELOW:

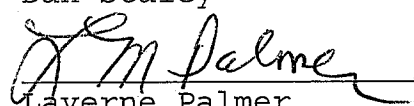
Don G. Samsel



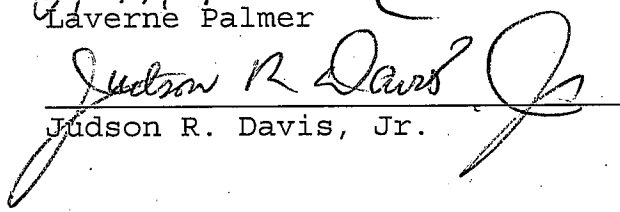
Ronald "Dick" R. Dailey



Dan Staley



Laverne Palmer



Judson R. Davis, Jr.

**RESOLUTION
OF THE BOARD OF DIRECTORS OF
CONSERVATORY METROPOLITAN DISTRICT**

**CONCERNING THE IMPOSITION OF A PROPERTY TRANSFER FEE
AND
ELIMINATION OF GENERAL OPERATIONS FEE**

WHEREAS, pursuant to an Order of the District Court in and for Arapahoe County, Colorado, the Conservatory Metropolitan District (the "District") was duly and validly organized and exists as a metropolitan district in accordance with Colorado law; and

WHEREAS, pursuant to § 32-1-1001(1)(j), C.R.S., the District is authorized to fix and impose fees, rates, tolls, charges and penalties for services or facilities provided by the District which, until paid, shall constitute a perpetual lien on and against the property served, the revenues from which fees, rates, tolls and charges may be pledged to the payment of any indebtedness of the District; and

WHEREAS, on December 8, 2008, the District's Board of Directors (the "Board") adopted a Resolution Concerning the Imposition of General Operations Fee (the "Fee Resolution"), which Fee Resolution was recorded on February 5, 2009 in the real property records of the Arapahoe County Clerk and Recorder's Office at Reception Number B9010988; and

WHEREAS, on August 17, 2009, the Fee Resolution was amended and restated by the Board in an Amended and Restated Resolution Concerning the Imposition of General Operations Fee (the "Amended and Restated Fee Resolution", which Amended and Restated Fee Resolution was recorded on September 9, 2009 in the real property records of the Arapahoe County Clerk and Recorder's Office at Reception Number B9099160; and

WHEREAS, the District no longer desires to impose the General Operations Fee contemplated in the Amended and Restated Fee Resolution and desires to eliminate the General Operations Fee as set forth herein; and

WHEREAS, the District incurs administration and operational costs when property transfers from one owner to another; and

WHEREAS, the District desires to impose a Transfer Fee to pay for the administrative and operational costs incurred by the District; and

WHEREAS, the District finds that the Transfer Fee set forth herein is reasonably related to the services provided by the District and that imposition thereof is necessary to provide the services serving the property subject to such Transfer Fee.

NOW, THEREFORE, be it resolved by the Board of Directors of the District as follows:

1. General Operations Fee Eliminated. As of the effective date of this Resolution, the General Operations Fee imposed by the Amended and Restated Fee Resolution is eliminated. Any General Operations Fees, or other fees, rates, tolls, penalties or charges due under the Amended and Restated Fee Resolution, to the extent outstanding and unpaid, shall remain in effect until fully paid and shall not be eliminated hereby.

2. Transfer Fee. A Transfer Fee in the amount of Two Hundred Fifty Dollars (\$250.00) per lot, per property owner transfer is hereby established for each Lot within the District's boundaries. The Transfer Fee shall be due at the time of closing on the property.

2. Late Fees and Penalty Interest. Any Transfer Fee that is not paid in full within Fifteen (15) days after the scheduled due date shall be assessed a late fee of Fifteen Dollars (\$15.00) pursuant to § 29-1-1102(3), C.R.S. Interest will also accrue on any outstanding General Operations Fee, exclusive of assessed late fees and interest, at the rate of 12% per annum, pursuant to § 29-1-1102(7), C.R.S.

3. Payment. Payment for each such Transfer Fee shall be made payable to "Special District Management Services, Inc." and sent to the following address, on or before the due date: Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228.

4. Fees Constitute Lien. The Transfer Fee imposed hereunder shall, until paid, constitute a perpetual lien on and against the property served, and any such lien may be foreclosed in the manner as provided by the laws of the State of Colorado for the foreclosure of mechanic's liens, pursuant to § 32-1-1001(1)(j), C.R.S.

5. Collection Procedures. The District shall process all delinquent accounts in accordance with its Collections Resolution, dated February 23, 2009, as amended by the First Amendment to Collections Resolution, dated August 17, 2009 (collectively, the "Collections Resolution"), as the Collections Resolution may be amended from time to time.

6. Severability. If any clause or provision of this Resolution is adjudged invalid and/or unenforceable by a court of competent jurisdiction or by operation of any law, such adjudgement shall not affect the validity of this Resolution as a whole, but shall be severed herefrom, leaving the remaining provisions intact and enforceable.


7. The Property. This Resolution shall apply to all property within the District's boundaries, as set forth in **Exhibit A**, attached hereto and incorporated herein by this reference, and any additional property included into the District after the date of this Resolution.

8. Effective Date. This Resolution shall become effective as of January 1, 2010.

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APPROVED and ADOPTED this 25th day of January 2010.

CONSERVATORY METROPOLITAN DISTRICT



Don Samsel, President

ATTEST:



Ronald R. Dailey, Secretary/Treasurer

EXHIBIT A

PARCEL 3

A parcel of land situated in Sections 26 and 35, T41N, R66W, 6th P.M., Arapahoe County, Colorado, more particularly described as follows:

-Beginning at a point on the west line of said Section 26 from whence the northwest corner of said Section 26 bears N 0°43'58" W, a distance of 1700.00 feet;

Thence along the west line of said Sections 26 and 35 the following four (4) courses:

1. S 00°43'58" E, a distance of 946.94 feet to the west 1/4 corner of said Section 26;
2. S 00°44'10" E, a distance of 2647.47 feet to the southwest corner of said Section 26;
3. S 00°26'59" E, a distance of 2642.23 feet to the west 1/4 corner of said Section 35;
4. S 00°27'13" E, a distance of 2612.86 feet;

Thence 30.00 feet north of and parallel with the south line of said Section 35 the following two (2) courses:

1. N 89°11'53" E, a distance of 2632.30 feet to the south 1/4 corner of said Section 35;
2. N 89°12'44" E, a distance of 2146.77 feet;

Thence the following seven (7) courses:

1. N 18°10'49" W, a distance of 1538.38 feet;
2. N 13°41'56" W, a distance of 968.15 feet;
3. N 10°54'57" W, a distance of 1029.06 feet;
4. S 81°44'21" W, a distance of 711.27 feet;
5. N 37°54'34" W, a distance of 2568.83 feet to the north line of said Section 35;
6. N 00°44'10" W, a distance of 1517.68 feet;
7. N 32°50'05" W, a distance of 2446.36 feet to the Point of Beginning.

The above described parcel contains 489.65 acres more or less.