

RECORD OF PROCEEDINGS

**MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
CONSERVATORY METROPOLITAN DISTRICT
HELD
AUGUST 25, 2011**

A Special Meeting of the Board of Directors of the Conservatory Metropolitan District, referred to hereafter as (“Board”), was convened on Thursday, the 25th day of August, 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
Jud Davis

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.

Mark Frederick and Pat Bruno; Summit Services, Inc.

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 Dailey, seconded by Director Palmer and, upon vote, unanimously carried, the Agenda was approved, as amended.

CONSENT AGENDA

Consent Agenda: The Board considered the following actions:

- Review and approve Minutes from the July 16, 2011 Special Meeting, August 1, 2011 Special Meeting, August 5, 2011 Special Meeting, and the August 5, 2011 Continued Special Meeting
- Acknowledge Homeowners' Association Meeting Reports/Updates (if available).

Following discussion, upon motion duly made by Director Palmer, seconded by Director Staley and, upon vote, unanimously carried, the Board approved the July 16, 2011 Special Meeting Minutes, the August 1, 2011 Special Meeting Minutes, the August 5, 2011 Special Meeting Minutes and the August 5, 2011 Continued Special Meeting Minutes.

The Board then discussed the July 18, 2011 Regular Meeting Minutes and the August 9, 2011 Special Meeting Minutes.

Following discussion upon motion duly made by Director Palmer, seconded by Staley and, upon vote, unanimously carried, the Board deferred action on the July 18, 2011 Regular Meeting Minutes and approved the August 9, 2011 Special Meeting Minutes, as amended.

No Homeowners' Association Report or Update was presented.

COMMUNITY COMMENTS

Community Comments: Mr. Beckman reported that he received a report from one of the District's residents that the turf in Tract VV is very dry and several of the trees are weak. He placed a request with Summit Services, Inc. to investigate the condition of the turf and trees.

FINANCIAL MATTERS

Claims: Ms. Harland reviewed the claims dated August 25, 2011 with the Board, totaling \$53,074.97.

Director Palmer inquired as to the cost of valve work shown on Invoice Number 2523 at \$57 per valve versus the cost quoted on Estimate 551 of \$200 per valve. Mr. Beckman discussed proposal 551 for leaking valves

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along Hampden and recommended that the size of the valves and scope of work for the two jobs be verified through Summit Services, Inc.

Following discussion, upon motion duly made by Director Dailey, seconded by Director Staley and, upon vote, unanimously carried, the Board approved the claims for the period ending August 25, 2011 totaling \$53,074.97. It was noted that Check No. 2046 will be held until questions about cost discrepancy for valve repair is resolved.

Financial Statements: Ms. Harland presented the unaudited financial statements for the period ending July 31, 2011 for the Board's review. Director Samsel asked about netting reimbursements against specific cost line items. Discussion ensued regarding netting reimbursements against expense line items versus showing reimbursements as a revenue line item. Ms. Harland and Attorney Tanaka both recommended that the reimbursements be shown as a revenue line item. No action or direction regarding the format of the unaudited financial statements was taken.

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

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

Collections Report: Attorney Tanaka reviewed the Collections Report with the Board. She noted that the total amount currently outstanding is \$69,743.03.

2011 Preliminary Assessed Valuation and 2012 Draft Budget: Mr. Beckman reviewed the 2011 Preliminary Assessed Valuation and 2012 draft Budget with the Board. Mr. Beckman was directed to forward the revised draft Budget to Mr. Simmons for incorporation into the preliminary 2012 Budget.

LANDSCAPING MATTERS

Summit Services, Inc. ("Summit Services") – Monthly Report: Mr. Bruno and Mr. Frederick reviewed the monthly report with the Board. The following matters were discussed:

Turf Treatment: Mr. Frederick reported that Summit Services has treated the turf four times so far this year for weeds. He noted that they will do one more treatment toward the end of September. Mr. Frederick noted that he will prepare a calendar for the Board of when various treatments will be

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applied.

Weed Control: Mr. Frederick reported that they will be treating weeds around the tree wells as part of a different ongoing program.

Fertilization: Mr. Frederick reported that Summit Services has performed two of the three fertilization treatments for the year. They will be performing the third next week.

Irrigation: Director Palmer discussed irrigation near the school on Tract E. She noted that the watering schedule and the sprinkler heads seem to be different than in prior years. Director Palmer requested that Summit Services check the schedule for watering in Tract E.

Mr. Bruno discussed a recent leak in Tract I which caused major water loss. Discussion ensued regarding isolating the irrigation in this area. Director Staley discussed capping all of the valves. It was noted that the leaking valve is on Developer owned but undeveloped property. Mr. Beckman advised the Board that he had contacted the Aurora Water Department to request a rate adjustment. He will report back to the Board on the determination by the Aurora Water Department.

Following discussion, the Board directed Summit Services to proceed with capping all of the valves located on the undeveloped property and directed Mr. Beckman to notify the Developer and request reimbursement for the cost of capping the valves.

Mr. Beckman asked Mr. Bruno for clarification on the valve repair costs noted on invoice No. 2523 at \$57 per valve versus the cost quoted on Estimate 551 of \$200 per valve. Mr. Bruno explained that the difference in cost is due to the difference in size of the two valves. The valve repairs quoted in Estimate No. 551 are much larger. Director Palmer confirmed that she was satisfied with the explanation.

Mr. Bruno discussed pressure problems on Tracts III and Tract L. He recommended running some of the system's booster pumps to increase the pressure in certain areas. Discussion ensued regarding the historical problems associated with running the booster pumps. Mr. Bruno discussed researching this option further next year as well as taking part in the Irrigation Efficiency Audit program offered by the City of Aurora.

Following discussion, the Board directed Mr. Beckman to follow up with the City of Aurora regarding the Irrigation Audit Efficiency Program.

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Status Update; Estimate No. 513 from Summit Services for Irrigation Improvements on Tracts NN, VV and WW: Mr. Bruno reported that the irrigation improvement on Tracts NN, VV and WW are complete.

Estimate No. 514 from Summit Services for Removal Winter Kill: The Board reviewed and discussed Estimate No. 514 and noted that Ash Trees have been removed from the scope.

Estimate No. 541 from Summit Services to replace Eighty-Three Sprinkler Heads along Conservatory Parkway: The Board discussed Estimate No. 541.

**OPERATION AND
MAINTENANCE
MATTERS
CONTINUED**

Repairs to Retaining Wall on Tract U: Mr. Beckman reported that he has received a verbal estimate of \$1,500 and will pursue bids once a specific scope of work is prepared.

Tract NN Drainage Design by Olsson Associates: Following discussion, the Board directed Mr. Beckman to follow up with Olsson Associates and request that they attend the next meeting to present the Tract NN Drainage Design.

LEGAL MATTERS

License Agreement between the District and the City of Aurora (the "City) for Landscape Maintenance on Tract JJ: Attorney Tanaka reported that she and Mr. Beckman have a conference call scheduled with the City to discuss the maintenance responsibility of under-drain outfall systems.

Maintenance and Public Access Easement Agreement (the "Easement") from ADM, SAN 7353, LLC for Tract I Maintenance: Attorney Tanaka discussed the Easement with the Board.

Following discussion upon motion duly made by Director Samsel, seconded by Director Palmer and, upon vote, unanimously carried, the Board approved the Easement from ADM, SAN 7353, LLC for Tract I Maintenance, subject to finalization by Counsel pursuant to discussions with Mr. Elliott.

First Amendment to Agreement with ADM, SAN 7353, LLC for Tract I Mowing Maintenance Responsibilities and Easement for Same (the "First Amendment"): Attorney Tanaka discussed the First Amendment with the Board.

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Following discussion, upon motion duly made by Director Staley, seconded by Director Palmer and, upon vote, unanimously carried, the Board approved the First Amendment, subject to finalization by Counsel pursuant to discussions with Mr. Elliott.

Repairs to Mailbox Kiosks at South Conservatory Parkway and South Liverpool Way and at South Nepal Way and East Eastman Avenue; Letter of Acceptance to Richmond American Homes for Mail Kiosk:

The Board discussed the recent repairs to the mailbox kiosks and the draft Letter of Acceptance to Richmond American Homes for Mail Kiosks located on or near Tract F. Mr. Beckman reported that he has inspected the kiosks and has observed a substantial improvement to the structural integrity of both structures.

Following discussion, upon motion duly made by Director Staley, seconded by Director Dailey and, upon vote, unanimously carried, the Board approved the Letter of Acceptance to Richmond American Homes for Mail Kiosks located on or near Tract F.

Bill of Sale with Richmond American Homes for Tract F Mail Kiosk Shelters: The Board discussed the Bill of Sale with Richmond American Homes for Tract F Mail Kiosk Shelters.

Following discussion, upon motion duly made by Director Staley, seconded by Director Dailey and, upon vote, unanimously carried, the Board approved the Bill of Sale with Richmond American Homes for Tract F Mail Kiosk Shelters.

Settlement Agreement with DR Horton for Wall, Piers and Monuments: The Board considered approval of the Settlement Agreement with DR Horton for Wall, Piers and Monuments.

Following discussion, upon motion duly made by Director Dailey and, seconded by Director Staley, the Board approved the Settlement Agreement with DR Horton for Wall, Piers and Monuments, subject to final review by Counsel and with authority for execution designated to Director Samsel.

**BOARD MEMBER
INPUT**

Maps at Mailbox Kiosks: Director Dailey inquired as to the status of the replacement of District maps at the mailbox kiosks. Mr. Beckman reported that the maps can be replaced but that lamination costs are surprisingly high. Director Dailey noted that he may be able to help with finding the best price for lamination and asked Mr. Beckman to work with him on this

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action item.

Following discussion, upon motion duly made by Director Dailey, seconded by Director Staley and, upon vote, unanimously carried, the Board authorized the replacement of laminated District maps at the mailbox kiosks for an amount not to exceed \$300.00.

NEW BUSINESS

New Business:

Requests for Proposal ("RFPs"), Consulting Services: Director Dailey discussed actions that could be taken to reduce costs in 2012 including the reduction of the number of Board meetings. He further discussed the option to put all consulting services out to bid in order to ensure competitive pricing.

Following discussion the Board directed Mr. Beckman to draft and forward for review RFPs for Management, Accounting, and Legal services.

Tables for Clubhouse: The Board discussed the current condition of the meeting tables at the Clubhouse and the ability of the District to replace the tables at its cost for use by the District and the Homeowners' Association.

Following discussion, upon motion duly made by Director Dailey, seconded by Director Staley and, upon vote, unanimously carried, the Board directed Mr. Beckman to purchase three new heavy duty tables for the conference room for an amount not to exceed \$250 subject to approval by the Homeowners' Association.

CONTRACT APPROVALS

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

Eighth Addendum to Independent Contractor Agreement with Summit Services, Inc.: The Board considered ratifying approval of the Eighth Addendum to the Independent Contractor Agreement with Summit Services, Inc.

Following discussion, upon motion duly made by Director Staley, seconded by Director Dailey and, upon vote, unanimously carried, the Board ratified approval of the Eighth Addendum to the Independent Contractor Agreement with Summit Services, Inc.

Ninth Addendum to Independent Contractor Agreement with Summit Services, Inc.: The Board reviewed the Ninth Addendum to the

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Independent Contractor Agreement with Summit Services, Inc. (Scope of Work specified in Estimate Nos. 514 and 541).

Following discussion, upon motion duly made by Director Dailey, seconded by Director Staley and, upon vote, unanimously carried, the Board approved the Ninth Addendum to the Independent Contractor Agreement with Summit Services, Inc. (Scope of Work specified in Estimate Nos. 514 and 541).

LEGAL MATTERS
CONTINUED

EXECUTIVE SESSION: Litigation against D.R. Horton: Attorney Tanaka reported that there are no updates.

OTHER BUSINESS

Community Outreach: The Board discussed the following items as information to be included in the September 2011 Community Update:

- Dead wood pruning
 - Preliminary settlement with DR Horton
 - Additional irrigation
 - Assessed Valuation and Mill Levy
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ADJOURNMENT

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

Respectfully submitted,

By: 
Secretary for the Meeting

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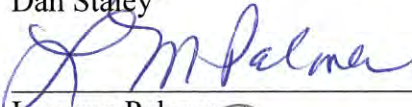
THESE MINUTES WERE APPROVED AS THE OFFICIAL
AUGUST 25, 2011 MINUTES OF THE CONSERVATORY
METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS
SIGNING BELOW:

Don G. Samsel



Ronald "Dick" R. Dailey

Dan Staley



Laverne Palmer



Jud Davis