

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
CONSERVATORY METROPOLITAN DISTRICT
HELD
NOVEMBER 4, 2010

A special meeting of the Board of Directors of the Conservatory Metropolitan District, referred to hereafter as ("Board"), was convened on Thursday, the 4th day of November, 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
Ronald "Dick" R. Dailey
Jud Davis
Dan Staley

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

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
Donald H. Godi, Godi & Associates 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

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

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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 Staley and, upon vote, unanimously carried, the Agenda was approved.

LEGAL MATTERS CONTINUED

Litigation against D.R. Horton: EXECUTIVE SESSION: Pursuant to Sections 24-6-402(4)(b) and (e) of the Colorado Revised Statutes, upon motion duly made by Director Dailey, 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 9:20 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 10:25 a.m.

Following discussion, upon motion duly made by Director Staley, seconded by Director Dailey and, upon vote, unanimously carried, the Board directed Attorney McKenzie to pursue negotiations with DR Horton on behalf of the District.

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ADJOURNMENT

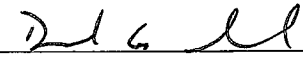
There being no further business to come before the Board at this time, upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By


Secretary for the Meeting

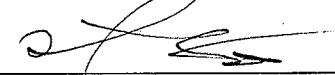
THESE MINUTES WERE APPROVED AS THE OFFICIAL
NOVEMBER 4, 2010 MINUTES OF THE CONSERVATORY
METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS
SIGNING BELOW:



Don G. Samsel



Ronald "Dick" R. Dailey



Dan Staley



Laverne Palmer

Jud Davis