

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE CONSERVATORY METROPOLITAN DISTRICT HELD JANUARY 26, 2015

A regular meeting of the Board of Directors (referred to hereafter as "Board") of the Conservatory Metropolitan District, (referred to hereafter as "District"), was convened Monday, the 26th day of January 2015, 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:

Laverne Palmer
Dan Staley
Pedro L. Moczso, Jr.
Birgit Baldwin
Ronald Degenhart

Also In Attendance Were:

AJ Beckman; Special District Management Services, Inc.

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

Georgia Harland; Simmons and Wheeler, P.C.

DISCLOSURES OF POTENTIAL CONFLICTS OF INTEREST

Disclosures 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 Directors Palmer, Staley, Moczso, Baldwin and Degenhart, along with each consultant, confirmed that they have no conflicts of interest in connection with any of the matters listed on the Agenda.

PLEDGE OF ALLEGIANCE

Pledge of Allegiance: The Board recited the Pledge of Allegiance.

ADMINISTRATIVE MATTERS

Agenda: Director Palmer reviewed with the Board the proposed Agenda for the District's regular meeting.

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Following discussion, upon motion duly made by Director Staley, seconded by Director Moczo and, upon vote, unanimously carried, the Agenda was approved, as presented.

CONSENT AGENDA

Consent Agenda: The Board considered the following actions:

- Approve the Minutes of the October 20, 2014 regular meeting.
- Acknowledge Homeowners' Association ("HOA") Meeting Reports/Updates.
- Determine Director on Duty for the months of June and July 2015.
- Acknowledge Collections Report through December, 2014.
- Adoption of Resolution No. 2015-01-01 Designating the District's 24-Hour Posting Location
- Approve Special District Management Services, Inc. Agreement

Following discussion, upon motion duly made by Director Degenhart, seconded by Director Baldwin and, upon vote, unanimously carried, the Board approved the Minutes of the October 20, 2014 regular meeting, as amended.

Following discussion, upon motion duly made by Director Staley, seconded by Director Baldwin and, upon vote, unanimously carried, the Board acknowledged Director Moczo as the Board Member on Duty for the month of June, 2015 and Director Degenhart as the Board Member on Duty for the month of July, 2015, acknowledged the Collections Report through December, 2014, adopted Resolution No. 2015-01-01 Designating the District's 24-Hour Posting Location, and approved the Special District Management Services, Inc., Agreement. It was noted that there were no reports or updates from the HOA.

2014 Performance and Meeting Process for 2015: Director Palmer discussed the 2014 Board and Committee performance and goals and expectations for 2015.

Director Palmer asked the Board if there were any comments regarding the meeting performance or processes in 2014 and if there were any changes that should be implemented for any part of the process for 2015. Director Baldwin noted that with the new electronic format for the meeting packets she can now open them without any difficulty. Director Palmer then discussed a recent issue with the email addresses associated with the District's website. She explained that Mr. Beckman worked with Ms. Heldman at Essentia Webworks to resolve the issues she was experiencing.

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Directors Degenhart and Staley noted that they were not sure if they were receiving emails from the addresses associated with the website and requested that Mr. Beckman send them a test email to check. Director Palmer then discussed the timing of Directors fees and asked Board members if there were any objections to being paid for all meetings attended at the end of the year. There were no objections, and Ms. Harland was directed to prepare payment at the end of the year for all Directors.

COMMUNITY COMMENTS

Community Comments: Director Palmer updated the Board on the latest HOA meeting.

Holiday Lights: Director Palmer reported that she informed the HOA that Director Baldwin would be the District's representative for Holiday Lighting. Director Baldwin confirmed that she will gather information on lighting prior to the next holiday season. Attorney Tanaka reported that she will forward contact information to Director Baldwin for a contractor with which she had success in other communities.

Director Palmer informed the Board that there were numerous comments regarding the percentage of brick exterior on the homes in the new Lennar area. Director Palmer reported that Lennar subsequently informed the HOA that they are in fact in conformance with the City of Aurora's ("the City") guidelines for the amount of brick required, and, furthermore, Lennar is installing more brick than required by the City.

Director Palmer reported that there are numerous maintenance issues being addressed by the HOA at the Clubhouse, including replacement of the entry doors, roof and pool cover replacement, and other maintenance problems including excessive accumulation of pigeon feces on the roof by the fireplace, and problems with rabbits nesting under the building.

Director Palmer reported that the HOA is also attempting to correct problems with the underdrain system throughout the community through negotiations with DR Horton.

Director Palmer noted that the HOA will be updating its website with the new management company's information.

Director Palmer reported that the HOA is having difficulty with fee collections and has increased the monthly dues by \$6 per month. In addition, the HOA has increased its late fee from \$15 to \$30. She noted that the HOA may begin charging the District for use of the Clubhouse. If so, the cost would likely be between \$1,200 and \$1,500 per year. Director Palmer

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polled the Board for feedback on the fee. Director Baldwin explained she has no objection to paying the fee as discussed. Director Moczo noted that as long as the fee is reasonable he has no objection. Director Staley noted that he is okay with a reasonable fee. The Board then discussed the reasonableness of the proposed charge. Director Palmer explained that if the District pays only for the months in which the facility is used but has the facility booked for all twelve months of the year, the HOA will lose the potential rental revenue when the clubhouse is booked but not used. She further explained that she would like to maintain an amicable relationship with the HOA. Following discussion the Board found \$1,200 to \$1,500 per year to be a reasonable amount for use of the facility.

FINANCIAL MATTERS

Claims: The Board reviewed the check register for the period ending November 30, 2014, including check numbers 2537 through 2563, in the total amount of \$52,889.83.

Ms. Harland noted that check number 2563 was reissued due to an error in vendor noted on the check.

Following discussion, upon motion duly made by Director Staley, seconded by Director Baldwin and, upon vote, unanimously carried, the Board ratified approval of the payment of claims for the period ending November 30, 2014.

The Board then reviewed the check register from the period ending December 31, 2014, including check numbers 2564 through 2577 in the amount of \$53,031.87.

It was noted that check number 2564 includes a reimbursement to Simmons and Wheeler, P.C. for a payment made to Dogwood Poop Scoop.

Following discussion, upon motion duly made by Director Degenhart, seconded by Director Moczo and, upon vote, unanimously carried, the Board ratified approval of the payment of claims for the period ending December 31, 2014.

The Board then reviewed the check register from the period ending January 26, 2015 including check number 2578 in the amount of \$6,791.00.

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Ms. Harland noted that the payment to Summit Services for \$6,791 will be booked to January's expenses due to the timing of the receipt of the invoice. Director Palmer noted to all Directors and consultants the need to attempt to complete all work by the year's end whenever possible in order to use budgeted amounts within the budget year.

Following discussion, upon motion duly made by Director Degenhart, seconded by Director Staley and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending January 26, 2015.

Unaudited Financial Statements: Ms. Harland reported that the work done by Simmons & Wheeler P. C. for peer review was found to be in order. Ms. Harland then reviewed the December 31, 2014 unaudited financial statements with the Board.

Following discussion, upon motion duly made by Director Staley seconded by Director Baldwin and, upon vote, unanimously carried, the Board accepted the unaudited financial statements through the period ending December 31, 2014.

Cash Position Schedule as of January 26, 2015 and current Cash Flow Projection through June 2015: Ms. Harland reviewed with the Board the cash position schedule as of January 26, 2015 and the current cash flow projection through June 2015. Director Staley noted that the water use in Tracts I, J, and K at this time of year would be for Lennar's construction only. The Board directed Mr. Beckman to work with the Landscaping Committee to quantify water usage and to bill Lennar accordingly.

LANDSCAPING MATTERS

Report from Valley Crest Landscape Maintenance, Inc.: The Board reviewed the monthly report. Director Baldwin requested that she be included in the review of the plants chosen for the entry monuments. Director Palmer noted that both Directors Staley and Moczo are members of the Landscaping Committee. Director Palmer then directed Mr. Beckman to be sure to keep all Landscaping Committee members informed of all landscaping issues and communications and to ensure doing so does not constitute an official meeting.

Landscaping Committee: Director Staley reported that the Committee is meeting with Norris Design on Wednesday, January 28th to discuss the creation of a Request for Proposal for Landscaping Architectural Services. Director Baldwin expressed concern regarding the continued use of native grasses given the success rate in areas where it has been planted in the past. She also stated that she is not in favor of native seeding going forward.

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Proposals for Tree Pruning Services from Arborscapes, Inc., Valley Crest Landscape Maintenance, Inc., and The Davey Tree Expert Company: The Board reviewed and discussed the proposals for Tree Pruning Services from Arborscapes, Inc., Valley Crest Landscape Maintenance, Inc. and The Davey Tree Expert Company. Director Staley noted that of the services requested in the Request for Proposals, the deciduous tree pruning is the highest priority. Mr. Beckman noted that the landscaping budget would be reviewed later in the meeting, and the proposal should be reviewed in context of the budget.

OPERATION AND MAINTENANCE MATTERS

Manager's Report: The Board reviewed the Manager's Report. There were no comments at this time.

Wildlife Barrier Installation: Director Palmer reported that the previously-installed black corner guards have been removed. She also noted that there are drainage holes in the barrier. Director Palmer requested feedback from the Board members on the barrier. Director Staley reported he has no comments or concerns. Director Degenhart asked if the new barrier is working. Director Palmer noted that the system appears to be working where it was installed in phase one. She further explained that the District is installing the same system as that being used at Buckley Air Force Base. Director Baldwin reported that the barrier installed in phase one is working well in her opinion because she has not had any landscaping damage since it was installed. Director Moczo reported that the work appeared to have been done very professionally. Director Palmer reported she has not yet sought a bid for phase three, but she will request a bid in the near future for the work to be completed toward the end of the year. Director Palmer noted that the District needs to notify the contractor when the irrigation system is activated so they can be on-site for any repairs needed as a result of the phase two work.

Fence Replacement Committee Update: Director Palmer distributed an updated report. Director Degenhart reported that the Committee is seeking to complete the unfinished areas on Jericho and some areas on Conservatory. He then reported that the budget has sufficient funds to include Tract LL. The total linear footage for the project will be 3,649 feet. He reported that Atlas Metals will provide a dumpster for recycling sections of the existing fence which are removed. The HOA has agreed to allow the placement of the dumpster in the parking lot of the Clubhouse. He then discussed the issue of removal of wire from residents' fences. This year the District will charge residents when wire mesh attached to the fence is not removed. Residents who do not pay will be subject to penalties and fees and will be subject to having a lien placed on the property if amounts due are not

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paid in a timely manner. Director Degenhart reported that Mr. Beckman will create notices and send by regular mail approximately two weeks prior to the work being done. A hand delivered notice will then be delivered by Director Palmer or Director Degenhart approximately 72 hours prior to the actual work. Director Degenhart reported that efforts will be taken by Standard Fence to avoid traffic control costs if possible. Director Degenhart then reported that a rock border does not need to be installed in order to maintain the warranty on the fencing, and, therefore, the installation of rock beds would fall within the purview of the Landscaping Committee. Director Staley noted that this will be a decision point in the Turf Reduction Project.

LEGAL MATTERS **Discussions with Lennar Homes on Responsibilities, Obligations and Coordinated Efforts for New Development:** The Board entered into discussion regarding the status of the following outstanding issues:

Public arts obligation: Attorney Tanaka reported that she requested an update in time for the meeting but she has not yet received one. She will continue to follow-up and will report to the Board. Director Staley asked if it is time to activate the public arts selection committee. Attorney Tanaka explained that it would make sense to wait until the agreement with Lennar is in place before beginning work to ensure that funding is secured.

Miscellaneous: Attorney Tanaka reported that she has advised Lennar of the process for acceptance of the improvements and tracts. She has not received a response, but noted that the information she conveyed was the standard process in the industry. She noted that she has advised Lennar about the District's concerns regarding the trees planted last fall and further advised them that all improvements will be accepted in total, once all punch list items are complete.

Attorney Tanaka then discussed the status of discussion with DR Horton. She reported that she has not heard back from DR Horton's counsel regarding the request to meet to discuss the conveyance of improvements including off-site detention ponds and the Tract V improvements. Attorney Tanaka reported that DR Horton's counsel responded to her email but has not yet agreed to meet to discuss the ownership of the improvements.

Foreclosure Matters: Attorney Tanaka reported she has been in contact with the District's litigation counsel. She reported that even though a motion to dismiss has been filed, all court deadlines must still be met until the motion to dismiss is approved. The District's litigation counsel is attempting to expedite the ruling on the motion.

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Attorney Tanaka then reported that she has followed up with the City regarding the median on Hampden and Conservatory Parkway. She reported that the City is checking on the status internally and will report back. She will suggest that they use funds the District has paid toward the ARI Mill Levy requirement.

BOARD MEMBER **Board Member Input:** Director Palmer polled the Board for input:
INPUT

Director Baldwin: Noted that one of the monuments on South Nepal Way appears to be sinking. She sent a picture to Mr. Beckman to review. Director Baldwin then asked if a speed limit sign could be installed on the southbound side of South Conservatory near the corner of South Nepal. The Board requested that Mr. Beckman follow-up with the City to request the installation of the speed limit sign. Director Palmer requested that a written request be made for installation of the speed limit sign. Director Palmer also noted that the monument issue should be discussed with the 2016 budget. Director Palmer noted that Mr. Beckman is soliciting bids to cut back vegetation in connection with the Fence Replacement Project.

Director Moczo: Noted he is researching obtaining a flag stand. Director Baldwin also noted that she has purchased a small flag. It can be simply held while the pledge of allegiance is recited.

Director Degenhart: Nothing.

Director Staley: Nothing.

Director Palmer: Reported that she and Mr. Beckman looked at the Tract J monument and observed the status of the landscaping. Mr. Beckman emailed Lennar and they acknowledged their responsibility to complete the landscaping. She then reported that the mailbox kiosks should be inspected for maintenance needs. Director Moczo volunteered to inspect the mail kiosks. Mr. Beckman will provide to Director Moczo information to help in the process. Director Palmer requested that the July meeting be cancelled. The Board agreed to meet in June at the regular meeting date and cancel the July meeting. Director Palmer noted that 2016 budget items should be ready for discussion at the June meeting. Director Palmer then asked about SDA Conference Meeting dates. Attorney Tanaka noted the conference is scheduled for September 23 through 25. Attorney Tanaka explained that the conference program usually comes out in July. Director Palmer noted that she would like to attend the conference this year. Director Palmer discussed Board member commitments. She noted that she is the only member on the Prairie Dog Committee. Director Moczo volunteered to be on the

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committee as well. She then noted that Director Baldwin would work with Director Staley on the selection of flowers for the entry monuments, and Director Moczo would perform the mail kiosk inspections.

NEW BUSINESS

New Business: There was no new business to discuss.

CONTRACT APPROVALS

Landscape Expenditure Budget Tracking Matrix: Mr. Beckman reviewed with Board the Landscape Expenditure Budget Tracking Matrix.

First Addendum to the Independent Contractor Agreement with Valley Crest Landscape Maintenance, Inc. for Tree Wrapping Services in the amount of \$1,100.00: The Board discussed ratifying the First Addendum to the Independent Contractor Agreement with Valley Crest Landscape Maintenance, Inc. for Tree Wrapping Services in the amount of \$1,100.00.

Following discussion, upon motion duly made by Director Staley, seconded by Director Baldwin and, upon vote, unanimously carried, the Board ratified approval of the First Addendum to the Independent Contractor Agreement with Valley Crest Landscape Maintenance, Inc. for Tree Wrapping Services in the amount of \$1,100.00.

Tree Pruning Services and Award Contract: The Board reviewed and directed Mr. Beckman to work with the landscaping committee, and to request that Valley Crest and ArborScapes revise their bids to include only one half of the deciduous trees with an emphasis on the trees along Conservatory Parkway and Jericho Way.

Agreement for Tree Replacement with TerarCare Associates, LLC for replacement of Two Damaged Trees: The Board discussed the Agreement for Tree Replacement with TerraCare Associates, LLC for replacement of Two Damaged Trees.

Following discussion, upon motion duly made by Director Degenhart, seconded by Director Moczo and, upon vote, unanimously carried, the Board approved the Agreement for Tree Replacement with TerraCare Associates, LLC for replacement of Two Damaged Trees.

Independent Contractor Agreement with Standard Fence Company for Fence Replacement Project – Phase II: The Board reviewed the Independent Contractor Agreement with Standard Fence Company for the Fence Replacement Project - Phase II.

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Following discussion, upon motion duly made by Director Staley, seconded by Director Baldwin and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement with Standard Fence Company for the Fence Replacement Project - Phase II.

EXECUTIVE SESSION

Attorney Tanaka noted that no Executive Session was needed.

OTHER BUSINESS **Community Outreach**: The Board discussed the following items as information to be included in the February 2015 Community Update. It was noted that, when available, this information will be posted on the District's new website.

- Fence Project.
 - Prairie Dogs.
 - Kiosk Maintenance Bids.
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Next Meeting: The next regular meeting will be held on March 16, 2015.

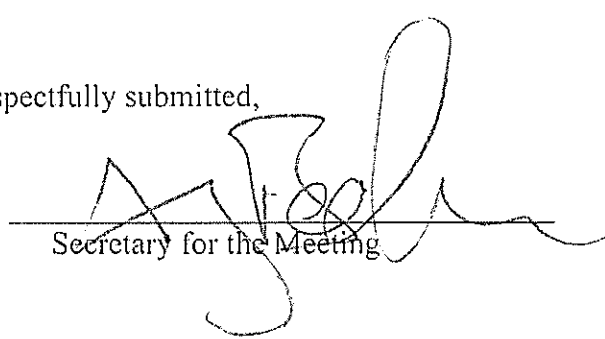
ADJOURNMENT

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,

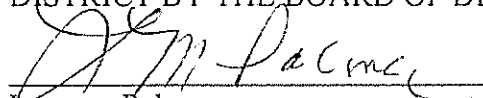
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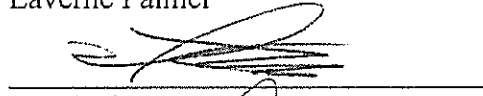
Secretary for the Meeting

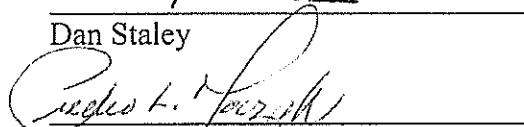


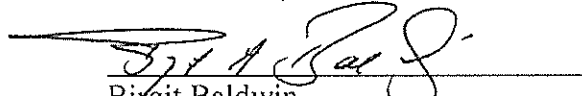
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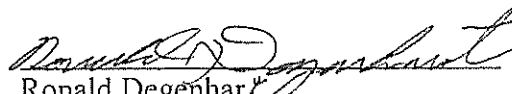
THESE MINUTES WERE APPROVED AS THE OFFICIAL JANUARY 26, 2015 MINUTES OF THE CONSERVATORY METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:


Laverne Palmer


Dan Staley


Pedro Moczo, Jr.


Birgit Baldwin


Ronald Degenhart

Resolution No. 2015-01-01

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

DESIGNATING THE DISTRICT'S 24-HOUR POSTING LOCATION

WHEREAS, the Conservatory Metropolitan District (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing pursuant to §§ 32-1-101, *et seq.*, C.R.S. (the "Special District Act"); and

WHEREAS, pursuant to § 24-6-402(1)(a), C.R.S., the District is a local public body and subject to the provisions of §§ 24-6-401, *et seq.*, C.R.S. (the "Open Meetings Law"), also known as the Sunshine Law; and

WHEREAS, pursuant to § 32-1-903(2), C.R.S., meetings of the Board of Directors of the District (the "Board") are required to be posted in three (3) public locations within the boundaries of the District at least seventy-two (72) hours before any regular or special meeting; and

WHEREAS, § 24-6-402(2)(c), C.R.S., provides that, in addition to any other means of full and timely notice, such as the posting requirements of the Special District Act, a local public body shall be deemed to have given full and timely notice if a notice of the meeting is posted in a designated public place within the boundaries of the local public body no less than twenty-four (24) hours prior to the holding of the meeting; and

WHEREAS, pursuant to § 24-6-402(2)(c), C.R.S., special districts shall designate annually, at the District's first regular meeting of each calendar year, the public place at which the notice of meetings given under the Open Meetings Law will be posted no less than twenty-four (24) hours prior to the meeting; and

WHEREAS, the Board has determined to designate one of the three posting locations used for meeting notices under the Special District Act as its designated posting location for notices under § 24-6-402(2)(c), C.R.S.

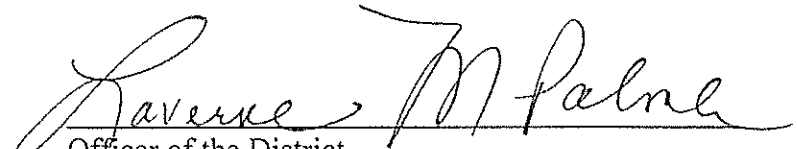
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. Pursuant to § 24-6-402(2)(c), C.R.S., the Board hereby designates the following location for the posting of its twenty-four (24) hour meeting notices thereunder:

Conservatory Clubhouse, 2665 South Jebel Way, Aurora, Colorado.

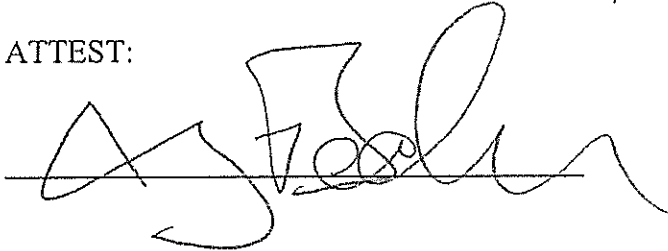
ADOPTED this 26th day of January, 2015.

CONSERVATORY METROPOLITAN DISTRICT



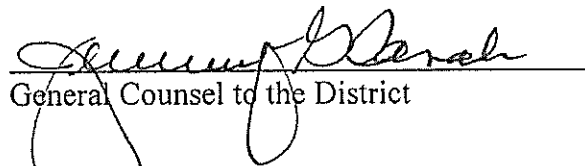
Officer of the District

ATTEST:



APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

[Signature Page to Resolution Designating the 24-Hour Posting Location.]