

RECORD OF PROCEEDINGS

**MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
CONSERVATORY METROPOLITAN DISTRICT
HELD
MARCH 16, 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 16th day of March 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. Moczo, 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.

Dawn Schilling, Schilling & Company

**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, Moczo, 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: Director Palmer led the Board in reciting the Pledge of Allegiance.

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ADMINISTRATIVE MATTERS

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

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

CONSENT AGENDA

Consent Agenda: The Board considered the following actions:

- Approve Minutes of the January 26, 2015 Regular Meeting.
- Acknowledge Homeowners' Association Meeting Reports/Updates.
- Determine Director on Duty for the months of August and September 2015.
- Acknowledge the Collections Report through February, 2015.

It was noted that there was no report or update from the Homeowners' Association.

Director Moczo inquired about locations designated for the posting of Notices prior to meetings, and noted that he was aware of only one posting location. Mr. Beckman advised the Board that he will verify the designated locations for posting and that he will report his findings to the Board.

It was noted that Director Staley will be the Director on-duty for August, and Director Baldwin will be the Director on-duty for September. Director Staley advised the Board that he will be unavailable for portions of August and September, 2015 and that Director Palmer will assume his responsibilities in his absence, as necessary. It was noted that no change to the schedule of Director on-duty was required.

Following discussion, upon motion duly made by Director Degenhart, seconded by Director Moczo and, upon vote, unanimously carried, the Board approved the consent agenda.

COMMUNITY COMMENTS

Community Comments: Director Baldwin advised the Board of comments she had received from members of the community regarding insufficient lighting at mailbox kiosks.

The Board determined to add the matter to the agenda for discussion.

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FINANCIAL MATTERS

Claims: The Board reviewed the check register for the period ending March 16, 2015, including check numbers 2588 through 2597, in the total amount of \$33,592.23.

Director Degenhart inquired about a payment made to the Homeowners' Association for Clubhouse rental. Mr. Beckman explained that in January, the Board approved the price quoted by the Homeowners' Association of between \$1,200 and \$1,500. Subsequently, the Homeowners' Association provided the District with an invoice for \$1,200 which, Mr. Beckman reported, he determined to pay in full for the entire year.

Following review and discussion, upon motion duly made by Director Baldwin, seconded by Director Moczo and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending March 16, 2015, including check numbers 2588 through 2597, in the total amount of \$33,592.23.

The Board then reviewed the check register from the period ending February 24, 2015, including check numbers 2579 through 2587, in the amount of \$24,211.19.

Ms. Harland reviewed the check register with the Board. Following discussion, upon motion duly made by Director Staley, seconded by Director Moczo and, upon vote, unanimously carried, the Board ratified approval of the payment of claims for the period ending February 24, 2015, including check numbers 2579 through 2587, in the amount of \$24,211.19.

Unaudited Financial Statements: Ms. Harland reviewed the unaudited financial statements through the period ending February 28, 2015, with the Board.

Following review and discussion, upon motion duly made by Director Baldwin, seconded by Director Degenhart and, upon vote, unanimously carried, the Board approved the unaudited financial statements through the period ending February 28, 2015.

Cash Position Schedule as of March 16, 2015 and Current Cash Flow Projection through August 2016: Ms. Harland reviewed with the Board the cash position schedule as of March 16, 2015 and the current cash flow projection through August 2016.

2014 Audit: Ms. Schilling reviewed the 2014 Audited Financial Statements with the Board. Director Degenhart inquired about the District's potential ability to issue debt in the future, and about who would pay for the

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infrastructure in the Lennar development. Attorney Tanaka explained that the infrastructure that is being installed by Lennar would have to be funded by Lennar and that the District does not have the ability or capacity to issue further debt at present. She also noted that Lennar has not requested District financing of the new infrastructure.

Attorney Tanaka advised the Board that, due to current litigation, an additional note may be appended to the audit, and that she will discuss this matter further with Ms. Schilling.

The Board entered into discussion regarding acceptance of the 2014 Audit and authorizing execution of a Representations Letter.

Following discussion, upon motion duly made by Director Staley, seconded by Director Baldwin and, upon vote, unanimously carried, the Board accepted the 2014 Audit and authorized execution of the Representations Letter.

Director Staley inquired about the change in the District's Assessed Valuation and about how to determine if the condition of District-maintained improvements has any effect on the valuation. Attorney Tanaka explained that it is unlikely that public improvements would affect the valuation determination made by the County Assessor; however, the desirability of a neighborhood can be positively impacted by well-maintained public spaces.

Attorney Tanaka then discussed the status of the District's debt, noting that the bonds will be callable in 2017, at which time the District may choose to pursue a refunding in order to obtain a lower interest rate. She further explained the possibility of pursuing an advanced refunding, if circumstances permit. Ms. Harland noted that the District has done an advanced refunding once before. Attorney Tanaka clarified that because the District has once opted for an advanced refunding, the District cannot repeat the action; however, the call date is in the near future and depending on rates available at that time, it may be in the District's best interest to pursue refunding once the bonds are callable.

LANDSCAPING MATTERS

Report from Valley Crest Landscape Maintenance, Inc.: The Board reviewed the monthly report.

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Landscaping Committee Update:

Status of Tree Pruning: Mr. Beckman reported to the Board that tree pruning for the present year has been completed along South Jericho Way and South Conservatory Parkway from South Hampden to East Eastman Avenue.

Flowers at Entryway Monuments: Mr. Beckman discussed the scope of the project and advised the Board that the original proposal had been modified to include as many perennials as budget constraints would allow. Director Degenhart requested that all flower beds within the District be considered for future planting. Mr. Beckman recommended that the Board consider allocating additional resources for monument beds when reviewing the draft 2016 Budget.

Turf Reduction Project: Mr. Beckman reported to the Board that the Landscaping Committee had determined to engage Norris Design to perform a cost-benefit analysis for turf reduction, and that the analysis is underway and is expected to be completed this week. Director Staley reported that the analysis is to include three scenarios of turf reduction, 20%, 40%, and 60%. He added that once savings have been determined by the analysis, the District can contact the City of Aurora regarding possible incentives for reducing water consumption. Once this information is known, the Landscaping Committee will recommend a course of action. Director Staley added that plantings at monuments will be incorporated into a wider water usage plan at that point. Director Staley went on to suggest presenting design options to the community in order to collect feedback. Director Palmer inquired about the anticipated timeframe for construction. Director Staley reported that work is expected to begin in 2017, and perhaps even in 2016 if all goes well. Director Staley then noted that it would benefit this effort if closure could be reached with respect to the Public Arts Project. Attorney Tanaka reported that Lennar has been unresponsive on this matter. Director Staley added that the concrete slab required for the proposed art had not been installed by Lennar. Attorney Tanaka advised that these issues should be addressed at the time of acceptance of the public improvements installed by Lennar. Director Baldwin suggested that District residents would be interested to know the benefit to homeowners of any proposed turf reductions. Director Degenhart queried about the landscaping plan for Tract J. Director Staley reported that he will forward the plan for Tract J to the Board.

Holiday Lighting: Director Baldwin advised the Board that, although she has contacted a number of contractors regarding holiday lighting, she has only received pricing information from two: Swingle Tree and Lawn Care,

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and Coldsnap. She reported that she forwarded the proposals to Mr. Beckman for distribution to the Board. Director Baldwin summarized the proposal from Coldsnap, noting that the cost to the District for the initial year would be higher than subsequent years, as the contractor would require the lights to be purchased by the District. Director Baldwin went on to summarize the proposal from Swingle Tree and Lawn Care, noting that the price varied depending on the scope of lighting desired, but that for approximately \$8,724, lighting could be hung at all of the entry monuments on South Hampden Avenue. She added that if the lights were stolen the District would bear no responsibility to replace them. Finally, Director Baldwin advised the Board that Swingle Tree and Lawn Care requested concurrence no later than the end of May. Director Palmer directed Mr. Beckman to add this matter to the agenda for the May 2015 Board meeting. Director Degenhart requested that the North monument be added to the proposal. Discussion ensued regarding funding for Holiday lighting. Director Palmer advised the Board that the fence project is expected to be completed under-budget by approximately \$8,000. The Board determined to revisit the issue of Holiday Lighting at the May 2015 Board meeting.

OPERATION AND MAINTENANCE MATTERS

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

Status of Mailbox Kiosk Inspections: Director Moczo distributed his report and reviewed the inspections with the Board, noting that six of the mailbox structures could be moved back and forth when lateral pressure was applied. Director Moczo added that all kiosks require fresh paint, four kiosks require repairs or replacement of posting areas, and three need trim repairs.

Following discussion, the Board directed Mr. Beckman to work with Director Moczo to obtain bids for the requisite repair work, and to obtain separate bids for painting of the kiosks.

Lighting at Mailbox Kiosks: Mr. Beckman explained to the Board that there is currently no power source available with which to provide lighting of the kiosks. Mr. Beckman opined that solar options might be explored, but that no budgetary resources exist at present to do so.

Following discussion, the Board determined not to pursue the issue further at this time.

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Fence Replacement Committee Update: The Board reviewed the committee's report. Director Degenhart advised the Board that he is aware of a resident who has requested a section of used fencing at a cost of \$2 per foot, and that the resident has been in contact with Standard Fence Co. Director Degenhart noted that he will meet with the resident to collect the sum for the section of fence. Director Palmer reported that there have been no problems with unauthorized dumping at the dumpster used for recycling of materials. She also noted the ability to add 54 linear feet of fencing on Tract TT to the project due to the lower overall costs.

Addition of Fencing at Jericho and Hamilton: Director Palmer reported to the Board that a small section of fence, 54 linear feet, was added to the contract with Standard Fence Co. for just over \$2,000, and was installed at the end of Jericho Way near South Hampden. She added that the project is still expected to be completed under-budget by approximately \$8,000.

Status of Monument Lighting: Mr. Beckman reviewed a report with the Board detailing the status of monument lighting. He noted that two monuments require repair and that Parker Electric, Inc. has been contacted to perform the necessary work. The repairs are to be completed within the week. Mr. Beckman also noted that a Service Contract with Parker Electric, Inc. will be needed in 2015.

LEGAL MATTERS

Discussions with Lennar Homes on Responsibilities, Obligations and Coordinated Efforts for New Development: Attorney Tanaka reported to the Board that she had sent an email to Lennar last week but has not yet received a response.

Public Arts Obligation: Attorney Tanaka reported that she addressed this issue in her email to Lennar.

Discussions with DR Horton Regarding Conveyance of Detention Ponds and Tract V Improvements: Attorney Tanaka reported to the Board that the attorney for Xcel Energy has made an attempt to contact the attorney for DR Horton but she has received no response to date.

Status of Account for 20590 E. Hamilton Place Listed on Collections Report and Charges of \$778.50 Received from Title Company Following Account Payoff: Attorney Tanaka advised the Board that title work associated with the litigation had been sent to an incorrect address by the title company and that the account had been closed by the time the bill was received several months later. Attorney Tanaka queried the Board about whether or not they wished for her to pursue collection. Director

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Degenhart inquired if it was still possible to collect the outstanding sum. Attorney Tanaka answered that the sum could still be collected and noted that the District has the ability to place a lien on the property.

Following discussion, the Board directed Attorney Tanaka to pursue collection of the outstanding sum from the property owner or title company.

BOARD MEMBER INPUT

Board Member Input:

Director Palmer inquired about water usage in Tracts I, J and K. Mr. Beckman reported that he has yet to examine the water bills. Director Baldwin noted she will review the water bills to determine water usage in the Tracts. Director Palmer asked about when the irrigation system would be started. Mr. Beckman explained that the system will likely be charged within two weeks and put into service as conditions warrant. Mr. Beckman advised the Board that he will work with RTS Landscaping and Valley Crest Landscape Maintenance, Inc. on irrigation start-up to address any damage from installation of the prairie dog fence. Director Palmer reported to the Board that she has noticed damage in public areas caused by voles, and advised that she plans to contact Orkin in order to obtain a proposal for vole control.

There were no other items for Board member input.

NEW BUSINESS

New Business: There was no new business to discuss.

CONTRACT APPROVALS

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

Addendum No. 2 with Valley Crest Landscape Maintenance, Inc. for Tree Trimming Associated with Common Metal Fence Project: The Board entered into discussion regarding ratifying approval of Addendum No. 2 with Valley Crest Landscape Maintenance, Inc. for Tree Trimming Associated with Common Metal Fence Project in the amount of \$2,000.

Following discussion, upon motion duly made by Director Staley, seconded by Director Moczo and, upon vote, unanimously carried, the Board ratified approval of Addendum No. 2 with Valley Crest Landscape Maintenance, Inc. for Tree Trimming Associated with Common Metal Fence Project.

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Addendum No. 3 with Valley Crest Landscape Maintenance, Inc. for Small Tree Pruning: The Board entered into discussion regarding ratifying approval of Addendum No. 3 with Valley Crest Landscape Maintenance, Inc. for Small Tree Pruning in the amount of \$16,970.

Following discussion, upon motion duly made by Director Staley, seconded by Director Moczo and, upon vote, unanimously carried, the Board ratified approval of Addendum No. 3 with Valley Crest Landscape Maintenance, Inc. for Small Tree Pruning.

Addendum No. 4 with Valley Crest Landscape Maintenance, Inc. for Flowers at Entry Monuments: The Board entered into discussion regarding ratifying approval of Addendum No. 4 with Valley Crest Landscape Maintenance, Inc. for Flowers at Entry Monuments in the amount of \$5,530.

Following discussion, upon motion duly made by Director Baldwin, seconded by Director Staley and, upon vote, unanimously carried, the Board ratified approval of Addendum No. 4 with Valley Crest Landscape Maintenance, Inc. for Flowers at Entry Monuments.

Independent Contractor Agreement with Norris Design, Inc. for Turf Reduction Analysis Services: The Board entered into discussion regarding ratifying approval of an Independent Contractor Agreement with Norris Design, Inc. for Turf Reduction Analysis Services in the amount of \$1,680.

Following discussion, upon motion duly made by Director Moczo, seconded by Director Staley and, upon vote, unanimously carried, the Board ratified approval of the Independent Contractor Agreement with Norris Design, Inc. for Turf Reduction Analysis Services.

First Addendum to Fence Replacement Contract with Standard Fence Company: The Board entered into discussion regarding ratifying approval of a First Addendum to Fence Replacement Contract with Standard Fence Company in the amount of \$2,095 for an additional 54 linear feet of fencing.

Following discussion, upon motion duly made by Director Degenhart, seconded by Director Baldwin and, upon vote, unanimously carried, the Board ratified approval of the First Addendum to Fence Replacement Contract with Standard Fence Company in the amount of \$2,095 for an additional 54 linear feet of fencing.

Addendum to Master License Agreement No. 04-03: The Board entered into discussion regarding approval of an Addendum to Master License Agreement No. 04-03 to address drainage issues on Tracts BB and M.

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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 Addendum to Master License Agreement No. 04-03.

Service Contract with Parker Electric, Inc.: The Board entered into discussion regarding approval of a Service Contract with Parker Electric, Inc.

Following discussion, upon motion duly made by Director Staley, seconded by Director Baldwin and, upon vote, unanimously carried, the Board approved the Service Contract with Parker Electric, Inc.

EXECUTIVE SESSION Pursuant to Sections 24-6-402(4)(b) and (e), C.R.S. upon motion duly made by Director Palmer, seconded by Director Degenhart and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 11:45 a.m. for the purpose of discussing negotiations with third parties and receiving legal advice, as authorized by Sections 24-6-402(4)(b) and (e), C.R.S.

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

The Board reconvened in regular session at 12:06 p.m.

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

- Trees installed in April
 - Fence project to be completed by the end of April
 - Monument Lighting
 - Exploring the costs associated with Holiday Lighting
 - Completion of the 2014 Audit
 - Obtaining bids for repair work on mailbox kiosks as well as known issues with the kiosks
-

Next Meeting: The next regular meeting will be held on May 18, 2015.

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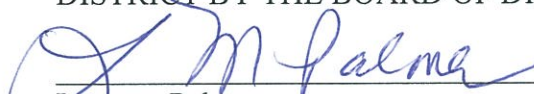
ADJOURNMENT

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,

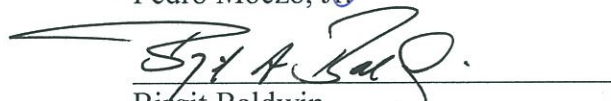
By: 
Secretary for the Meeting

THESE MINUTES WERE APPROVED AS THE OFFICIAL MARCH 16, 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

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Attorney Statement Regarding Privileged Attorney-Client Communication

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 on March 16, 2015 for the sole purposes of providing legal advice on specific legal questions and discussing matters subject to negotiation, as authorized by §§24-6-402(4)(b) and (e), C.R.S. I further attest that it is my opinion that all or a portion 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 to be kept pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S.



Jennifer Gruber Tanaka, Esq.
General Counsel
Conservatory Metropolitan District