

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE CONSERVATORY METROPOLITAN DISTRICT HELD JANUARY 25, 2016

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 25th day of January 2016, 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
Birgit Baldwin
Dan Staley
Pedro L. Moczo, Jr.
Ronald Degenhart

Also In Attendance Were:

AJ Beckman; Special District Management Services, Inc. ("SDMS, Inc.")

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

Georgia Harland; Simmons and Wheeler, P.C.

Bill Fisher, Vice-President; Conservatory Homeowners' Association ("HOA")

Derice Knabe; HOA

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.

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PLEDGE OF ALLEGIANCE

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

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 Degenhart, seconded by Director Baldwin and, upon vote, unanimously carried, the Agenda was approved, as presented.

CONSENT AGENDA

Consent Agenda: The Board requested to discuss the Minutes of the October 19, 2015 Regular Meeting and the matter was removed from the Consent Agenda. The Board then considered the following actions:

- Acknowledge Homeowners' Association Meeting Reports/Updates
- Determine Director on Duty for the months of June and July 2016. It was noted that Director Moczo will be the Director on Duty for February 2016 and Director Baldwin will be the Director on Duty for April 2016.
- Acknowledge the Collections Report through December 2015
- Adoption of Resolution No. 2016-01-01: Designating 24-Hour Posting Location

Following review, upon motion duly made by Director Staley, seconded by Director Baldwin and, upon vote, unanimously carried, the Board approved the Consent Agenda. A copy of Resolution No. 2016-01-01 is attached hereto and incorporated herein by this reference.

Minutes: The Board reviewed Minutes of the October 19, 2015 Regular Meeting.

Following review, upon motion duly made by Director Staley, seconded by Director Moczo and, upon vote, unanimously carried, the Minutes of the October 19, 2015 Regular Meeting were approved, as amended.

2016 Administrative Procedures: Director Palmer queried the Board about the Administrative Procedures currently in place and whether any changes were necessary. No requests for changes to the Administrative Procedures were made.

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COMMUNITY COMMENTS

Community Comments: Mr. Fisher advised the Board that the HOA is currently involved in litigation with DR Horton for matters relating to the underdrain system. He noted that arbitration regarding the underdrain issue is expected to commence in December 2016.

FINANCIAL MATTERS

Claims: The Board reviewed the check register for the period ending December 31, 2015 including check numbers 2678 through 2715, totaling \$100,189.43.

Following review and discussion, upon motion duly made by Director Staley, seconded by Director Moczo and, upon vote, unanimously carried, the Board approved the check register for the period ending December 31, 2015 including check numbers 2678 through 2715, as presented.

The Board then reviewed the check register for the period ending January 25, 2016 including check numbers 2716 through 2726, totaling \$20,284.69.

Following review and discussion, upon motion duly made by Director Staley, seconded by Director Moczo and, upon vote, unanimously carried, the Board approved the check register for the period ending January 25, 2016 including check numbers 2716 through 2726, as presented.

Financial Statements: Ms. Harland reviewed the unaudited financial statements of the District through the period ending December 31, 2015 with the Board. She noted that the 2016 beginning fund balance is in excess of the amount estimated in 2015 by approximately \$44,000. She also noted that the District drew upon the debt service reserve fund for the December 2015 debt service payment as expected. Ms. Harland reported that she notified investors through a posting on EMMA pursuant to the bond documents. Ms. Harland advised the Board that the 2015 Audit process will begin soon and the Audit will be available for review at the March Board Meeting. She also reported that she will transfer the ARI revenues to the City upon completion of the audit once the amount of the transfer is confirmed by the auditor.

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, 2015.

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Cash Position Schedule: Ms. Harland reviewed the Cash Position Schedule as of January 25, 2016 and the current cash flow projection through June 2016 with the Board.

RULES OF ORDER

Memorandum Regarding Committee Guidelines and Recommendations: Director Palmer reviewed a Memorandum regarding Committee Guidelines and Recommendations. She asked the Board for comments on, or suggested changes to, the guidelines established for the committees. The Board had no comments and requested no changes to the committee guidelines. A copy of the Memorandum is attached hereto and incorporated herein by this reference.

LANDSCAPING MATTERS

Report from Valley Crest Landscape Maintenance, Inc.: The Board reviewed the monthly report from Valley Crest Landscape Maintenance, Inc. ("Valley Crest"). Director Staley noted that the ornamental grasses were cut late and that some remain to be cut, especially those in traffic intersection areas. The Board directed Mr. Beckman to follow-up with Valley Crest regarding the uncut ornamental grasses.

Snow Removal Dispatch Protocol: Mr. Beckman advised the Board that Valley Crest is required by contract to dispatch snow removal crews if two or more inches of snow accumulate in the District. He noted, however, that this requirement is ambiguous because of varying depths and conditions at different locations throughout the District. Mr. Beckman recommended that the process for communication between the Manager, Contractor, and members of the Board be clarified to resolve this ambiguity. Director Baldwin observed that Valley Crest is typically on-site approximately twenty-four hours after a snowfall. She noted that she would like to reduce the response time, especially for those areas in the vicinity of the school. Director Staley reported that snow has regularly not been removed at crosswalks where the sidewalk meets the street. Mr. Beckman discussed what he believes to be a labor shortage at Valley Crest and other landscaping companies, and noted that he anticipates this to be an ongoing challenge. It was determined that Mr. Beckman will confirm dispatch of snow removal crews when so directed by Director Staley or Baldwin. Mr. Beckman will also communicate snow removal dispatch instructions to Valley Crest. The Board directed Mr. Beckman to advise Valley Crest of the Board's concerns regarding snow removal and to request that removal in areas near the school be prioritized.

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Landscaping Committee Update: Director Baldwin advised the Board that the committee reviewed the annual color proposal. She noted that she requested petunias be substituted for begonias and that plantings be performed according to plant height to maintain a uniform appearance.

Director Baldwin advised that a willow stump requires removal near the north monument and requested the Board consider planting flowers at the north monument. Director Staley recommended approving an amount not-to-exceed \$750 for the planting of flowers at the north monument.

Following discussion, upon motion duly made by Director Staley, seconded by Director Degenhart and, upon vote, unanimously carried, the Board approved additional flower planting at the north monument for an amount not-to-exceed \$750.

Director Baldwin advised the Board that the 2016 Holiday Lighting proposal by Swingle Lawn and Tree Care is included in the meeting packet. It was agreed amongst the Board members that services provided by Swingle in 2015 were adequate. Director Baldwin advised that she would like to establish set up and removal dates for holiday lighting and noted that she will work with Attorney Tanaka on the details of the contract.

Request for Proposals for Landscaping Design Services: Mr. Beckman advised that proposals for Landscaping Design Services will be reviewed at the March Board Meeting.

Proposals from Valley Crest for Plant Pruning, Removal of Juniper and Cotoneaster, and Shrub and Plant Removal: Director Staley reported that further clarification is necessary in the proposal for Plant Pruning and he noted that it may be prudent to walk through the area of work with Valley Crest prior to approving the proposal. Director Staley then discussed the lack of detail on the map attached to the proposal for Juniper and Cotoneaster removal. Attorney Tanaka noted that the dates on the proposal will need to be changed in addition to other clarifications. Regarding the Shrub and Plant Removal proposal, Director Staley noted that the scope of work does not include filling the holes left from the removal.

The Landscaping Committee determined to meet with Valley Crest regarding the scope of work in order to revise the proposals for presentation at the March Board Meeting.

Proposal for 2016 Holiday Lighting from Swingle: Director Baldwin reviewed the proposal with the Board.

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OPERATIONS AND MAINTENANCE MATTERS

Manager's Report: Mr. Beckman reviewed his report with the Board. Director Palmer requested additional information to be added to the report including: Item No. 380, Mail Kiosk Auto Accident to be modified to include the number assigned to the mail kiosk that was damaged. Item No. 296, Replacement of Stones on Piers to be modified to note that direct input from the HOA is needed in order to define the work needed to the monument near the Clubhouse. Item No. 344, Lennar Punch List Items, The Board requested that Mr. Beckman distribute the Lennar Punch List to all Directors. Director Palmer asked about the status of the installation of numbers on the mail kiosks. Mr. Beckman reported that he would check on the status and report back to Director Palmer.

Fence Committee Update: Director Degenhart reviewed a report from the Fence Committee with the Board. Director Baldwin reported that the fence installed at a house north of Brunswick Place appears to have damage. Director Palmer responded that the committee will request Standard Fence Co. to inspect the damaged fence when they are on-site to determine whether this should be replaced under the warranty.

Final Phase of Wildlife Barrier Installation: Director Moczo observed that approximately five prairie dog boroughs have appeared at the South end of the District. He advised that he will further inspect the area. Director Moczo will inspect the work to determine whether final payment should be issued for the project and the agreement terminated.

Proposals for Mailbox Kiosk Painting and Repairs and Monument Painting from CapCo General Contracting LLC and CertaPro Painters: Mr. Beckman reviewed the proposals with the Board and recommended CapCo for the Mailbox Kiosk work. Director Palmer noted that she has prioritized the Mailbox Kiosk work and recommended working on those in poorest condition first. Director Palmer also committed to provide the prioritized list to Mr. Beckman.

Services for Pet Waste Disposal Stations and Mailbox Kiosk Posting Removal: The Board reviewed a letter from Lynn Siml regarding her interest in bidding on pet waste station and mailbox kiosk bulletin board maintenance. Mr. Beckman explained that he sent Ms. Siml the insurance requirements as noted in the District's Independent Contractor Agreement. The Board noted that bids from any contractors meeting the standard agreement requirements will be considered.

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LEGAL MATTERS

Attorney Tanaka advised the Board that all Legal Matters for this meeting will be discussed as part of Executive Session.

BOARD MEMBER INPUT

Board Member Input: Director Staley reported that there is no pet waste disposal station in the new Lennar area. It was noted that the installation of a station was not part of the approved plan. The Board determined to request the installation of the station by Lennar. It was further noted that the District is not permitted to install a station on the tract until such time as the District accepts the Tract.

Director Palmer reported that she requested that the last meeting packet be FedEx'd to her as a result of her being out of town and offered to pay the costs associated therewith. The Board noted that would not be necessary.

CONTRACT APPROVALS

Landscape Expenditure Budget Tracking Matrix: Mr. Beckman reviewed with the Board the Landscape Expenditure Budget Tracking Matrix, noting that the proposal for annual color is not included as it was received after meeting materials were distributed.

Proposal for Plant Pruning from Valley Crest: The Board took no action at this time.

Proposal for Removal of Juniper and Cotoneaster from Valley Crest: The Board took no action at this time.

Proposal for Shrub and Plant Removal from Valley Crest: The Board took no action at this time.

Independent Contractor Agreement for Mailbox Kiosk Repairs with CapCo General Contracting, LLC: The Board entered into discussion regarding ratifying approval of an Independent Contractor Agreement for Mailbox Kiosk Repairs with CapCo General Contracting, LLC.

Following discussion, upon motion duly made by Director Staley, seconded by Director Moczo and, upon vote, unanimously carried, the Board ratified approval of an Independent Contractor Agreement for Mailbox Kiosk Repairs with CapCo General Contracting, LLC.

Independent Contractor Agreement (Fence Replacement Project – Phase III) with Standard Fence Company: The Board entered into discussion regarding an Independent Contractor Agreement (Fence Replacement Project – Phase III) with Standard Fence Company.

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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 (Fence Replacement Project – Phase III) with Standard Fence Company, subject to finalization of the exhibit by legal counsel.

Independent Contractor Agreement for Pruning Shrubs and Trees: The Board reviewed proposals for the pruning of shrubs and trees in the District from Valley Crest, Summit Services, Inc., and TerraCare Associates, and considered awarding an Independent Contractor Agreement for same. It was noted this work will be performed in conjunction with the Fence Replacement Project.

Following discussion, upon motion duly made by Director Staley, seconded by Director Baldwin and, upon vote, unanimously carried, the Board awarded the Independent Contractor Agreement to Summit Services, Inc.

Independent Contractor Agreement for Mailbox Kiosk Painting and Repair: The Board entered into discussion regarding approval of an Independent Contractor Agreement for Mailbox Kiosk Painting and Repair.

Following discussion, upon motion duly made by Director Staley, seconded by Director Baldwin and, upon vote, unanimously carried, the Board approved an Independent Contractor Agreement with CapCo General Contracting LLC for fifty-percent of the work to be completed in 2016 with the scope to be determined based on priority designated by Director Palmer. The Board also approved an Independent Contractor Agreement with CertaPro for Monument Painting in the amount of \$3,614.00, both subject to finalization by legal counsel.

Independent Contractor Agreement (2016 Holiday Lighting) with Swingle: The Board entered into discussion regarding an Independent Contractor Agreement (2016 Holiday Lighting) with Swingle.

Following discussion, upon motion duly made by Director Degenhart, seconded by Director Staley and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement (2016 Holiday Lighting) with Swingle, subject to finalization by legal counsel.

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 Baldwin and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 10:46 a.m. for the purpose of discussing negotiations

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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 11:24 a.m.

OTHER BUSINESS

Community Outreach: The Board discussed the following items as information to be included in the February 2016 Community Update. It was noted that, when available, this information will be posted on the District's new website.

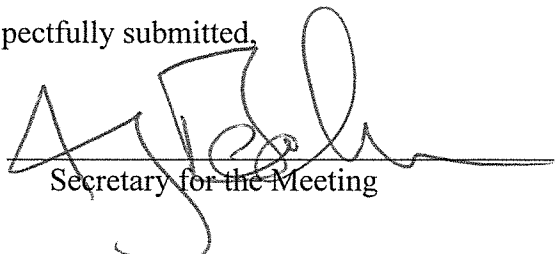
- Annual Color
 - Fence Replacement Project
 - Mailbox Kiosk Maintenance
 - Holiday Lighting
 - Monument Maintenance
 - 2015 Audit
-

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.

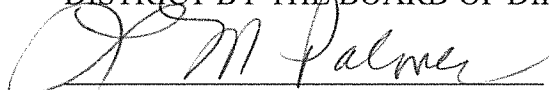
Respectfully submitted,

By:



Secretary for the Meeting

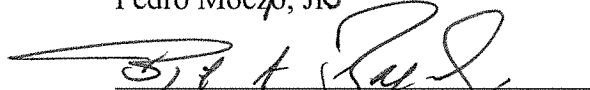
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THESE MINUTES WERE APPROVED AS THE OFFICIAL JANUARY 25, 2016 MINUTES OF THE CONSERVATORY METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:


Laverne Palmer


Dan Staley


Pedro Moczó, 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 January 25, 2016 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

Resolution No. 2016-01-01

**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; 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.; and

WHEREAS, pursuant to § 32-1-903(2), C.R.S., notice of the time and place for meetings of the Board of Directors of the District (the "Board") is 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, a local public body shall be deemed to have given full and timely notice if the 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., the public place or places for posting such notice shall be designated annually at the local public body's first regular meeting of each calendar year; and

WHEREAS, the Board has determined to designate one of the three posting locations used for meeting notices in satisfaction of § 32-1-903(2), C.R.S. 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:

The Conservatory Clubhouse located at 2665 South Jebel Way, Aurora, Colorado.

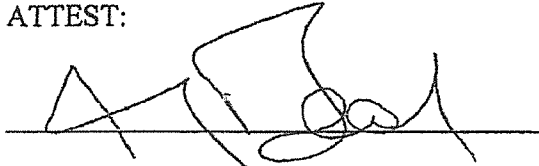
ADOPTED this 25th day of January, 2016.

CONSERVATORY METROPOLITAN DISTRICT



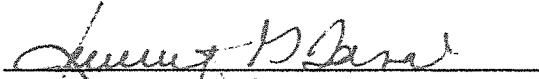
Officer of the District

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.]