

RECORD OF PROCEEDINGS

**MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
CONSERVATORY METROPOLITAN DISTRICT
HELD
SEPTEMBER 17, 2012**

A regular meeting of the Board of Directors of the Conservatory Metropolitan District, (referred to hereafter as "Board"), was convened Monday, the 17th day of September, 2012, 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:

Ronald "Dick" R. Dailey
Laverne Palmer
Dan Staley
Jud Davis

Following discussion, the absence of Rick Speaect was not excused.

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.

Pat Bruno and Mark Frederick; Summit Services, Inc.

CALL TO ORDER

Director Dailey noted that a quorum of the Board was present and called the meeting to order.

**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 each Board member and consultant confirmed that they had no conflicts of interest in connection with any of the matters listed on the Agenda.

RECORD OF PROCEEDINGS

ADMINISTRATIVE MATTERS **Agenda:** Director Dailey reviewed with the Board the proposed Agenda for the District's regular meeting.

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

Minutes: The Board reviewed the Minutes of the July 30, 2012 special meeting and the August 20, 2012 regular meeting.

Following discussion, upon motion duly made by Director Davis, seconded by Director Staley and, upon vote, unanimously carried, the Board approved the Minutes of the July 30, 2012 special meeting and the August 20, 2012 regular meeting.

CONSENT AGENDA

Consent Agenda: The Board considered the following actions:

- Acknowledge Homeowners' Association ("HOA") Meeting Reports/Updates (if available).
- Acknowledge Director Speaect as Board Member on Duty for the month of October and Director Staley as Board Member on Duty for the month of November.
- Acknowledge Collections Report through August 2012.

Following discussion, upon motion duly made by Director Davis, seconded by Director Staley and, upon vote, unanimously carried, the Board acknowledged Director Speaect as the Board Member on Duty for the month of October, Director Staley as the Board Member on Duty for the month of November and the Collections Report through August 2012. There were no HOA updates for review.

ADMINISTRATIVE MATTERS CONTINUED **Administrative and District Procedures to Improve Efficiencies:** The Board entered into discussion regarding potential changes to administrative functions performed by the District Manager in the interest of minimizing administrative cost.

Landscaping Matrix: Director Dailey discussed the possibility of having the District Accountant prepare the Landscape Budget Tracking Matrix. Mr. Beckman explained that, in his opinion, this would simply shift costs from one consultant to another. In addition, it is important that ~~Mr. Beckman~~ *the DM* actively manage the status of landscaping projects and

RECORD OF PROCEEDINGS

expenditures. Ms. Harland was in agreement with Mr. Beckman's observations. The Board directed Mr. Beckman to continue to prepare the Landscape Budget Tracking Matrix.

Manager's Report and Action Items Matrix: Director Dailey then discussed the Manager's Report and the Action Items Tracking Matrix. Mr. Beckman explained that all of the information in the Manager's Report is also included in the Action Items Matrix and recommended that the Board utilize the Action Items Matrix only, since the information in the Manager's Report is duplicative.

Following discussion, the Board directed Mr. Beckman to continue preparing the Manager's Report and the Action Items Status Matrix.

Agenda and Minutes: The Board then discussed the information included on the monthly meeting agenda and minutes. Director Dailey inquired as to whether it is necessary to note the directors making and seconding motions. Mr. Beckman explained that, in his opinion, a more transparent record is kept when the directors are individually named when making or seconding a motion. He further explained that there is no noticeable time savings in omitting the names of the persons making and seconding motions.

Mr. Beckman discussed the current agenda format and explained that, in his opinion, it is not necessary to include the section for contract approvals since the information for each contract is included in a prior section where it is discussed. He further explained that the minutes follow the order of matters presented on the agenda and a considerable amount of information is presented twice.

Following discussion, the Board directed Mr. Beckman to keep the agenda format as it is; however, in the meeting minutes, actions taken on specific items can be reflected when the matter for consideration is first discussed.

COMMUNITY COMMENTS

Community Comments: There were no members of the community present.

FINANCIAL MATTERS

August 2012 Claims: Ms. Harland distributed and reviewed with the Board a check register for the period ending August 31, 2012, including check numbers 2190 through 2202, in the total amount of \$57,883.59.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Staley, seconded by Director Palmer and, upon vote, unanimously carried, the Board ratified approval of the payment of claims for the period ending August 31, 2012, including check numbers 2190 through 2202, in the total amount of \$57,883.59.

September 2012 Claims: Ms. Harland then presented a second check register for the period ending September 14, 2012, including check numbers 2203 through 2213, in the total amount of \$92,659.37.

Ms. Harland called attention to the high water bills for this period. Director Dailey discussed the District's history of water usage. He requested that Ms. Harland take over tracking the water consumption. It is estimated that it will require approximately thirty minutes for her to record the information and update a report on a monthly basis. The Board discussed the report format and the amount of history necessary. Director Dailey reviewed the bar-chart format he is currently using with the Board.

Following discussion, upon motion duly made by Director Dailey, seconded by Director Davis and, upon vote, carried with Directors Dailey, Davis and Staley voting "Yes" and Director Palmer voting "No", the Board determined to have Ms. Harland track and report on the water consumption. It was noted that the water usage report would be included with the financial reports.

Following further discussion, upon motion duly made by Director Staley, seconded by Director Palmer, and upon vote, unanimously carried, the Board approved the payment of claims for the period ending September 14, 2012.

Financial Statements: Ms. Harland reviewed with the Board the unaudited financial statements for the period ending August 31, 2012.

Following discussion, upon motion duly made by Director Staley, seconded by Director Palmer, and upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending August 31, 2012.

Cash Position Schedule and Current Cash Flow Projection: Ms. Harland reviewed the cash position schedule as of September 17, 2012 and the current cash flow projection through December 2012 with the Board.

RECORD OF PROCEEDINGS

2013 Budget Preparation: The Board discussed the 2013 Budget.

Following discussion, upon motion duly made by Director Staley, seconded by Director Davis and, upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2013 Budget. The Board determined to hold the public hearing to consider adoption of the 2013 Budget on Monday, October 15, 2012 at 9:00 a.m. at the regular meeting location.

2013 Budget: The Board reviewed and discussed the preliminary assessed valuation and a preliminary draft budget.

LANDSCAPING MATTERS

Summit Services, Inc. (“Summit Services”) – Monthly Report: The Board reviewed the monthly report from Summit Services.

Irrigation and Water Consumption: Director Staley and Mr. Bruno discussed the irrigation audit received from the City of Aurora. They were both of the opinion that the report was incomplete. Director Staley requested a proposal for a formal irrigation audit from Summit Services. Mr. Bruno and Mr. Frederick requested clarification of the scope of the audit proposal. Director Staley explained that the purpose of the audit would be to reduce overall water bills, including a review of the irrigated area including turf reductions. Director Staley reported that the Landscaping Committee would walk the District and meet with Summit Services to refine the scope of the audit. Director Dailey inquired as to performing a calculated audit versus a “catch-can” audit. Mr. Bruno explained that Summit Services is already highly involved in calculating the system efficiency, and a “catch-can” data gathering procedure would yield more accurate results. Summit Services reported that the audit would likely be a combination of the two approaches. The Board discussed the possibility of preparing a Request for Proposals, but determined that in order to proceed this season a proposal would be solicited from Summit Services only.

Tract NN Drainage Improvements: Mr. Beckman reported that the work has been completed.

OPERATION AND MAINTENANCE MATTERS

Manager’s Report: The Board reviewed the Manager’s Report.

Prairie Dog Control: The Board entered into discussion regarding prairie dog control efforts. Director Staley reported that he will be working with a contact at the City of Aurora who may be knowledgeable in control

RECORD OF PROCEEDINGS

techniques. The Board discussed installing physical improvements, which may include tall grasses and vegetation as well as above ground and below ground fencing to prevent migration from the Plains Conservation Center.

LEGAL MATTERS **Management Agreement between the District and Special District Management Services, Inc. (“SDMS”)**: The Board entered into discussion regarding a Management Agreement between the District and SDMS.

Following discussion, upon motion duly made by Director Palmer, seconded by Director Staley and, upon vote, unanimously carried, the Board approved the Management Agreement between the District and SDMS.

BOARD MEMBER INPUT **Board Member Input**: Director Palmer reported to the Board that she and Ms. Harland are working to track who is attending Board meetings relating to the payment of directors’ fees. Director Palmer requested that staff send her the approved minutes from the March Board meeting.

NEW BUSINESS **New Business**: There was no new business.

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

Fourth Addendum to Independent Contractor Agreement for Pest Control Services between the District and Orkin, LLC: The Board entered into discussion regarding the Fourth Addendum to Independent Contractor Agreement for Pest Control Services between the District and Orkin, LLC.

Following discussion, upon motion duly made by Director Staley, seconded by Director Dailey and, upon vote, unanimously carried, the Board ratified approval of the Fourth Addendum to Independent Contractor Agreement for Pest Control Services between the District and Orkin, LLC.

OTHER BUSINESS **Community Outreach**: The Board discussed the following items as information to be included in the October 2012 Community Update:

RECORD OF PROCEEDINGS

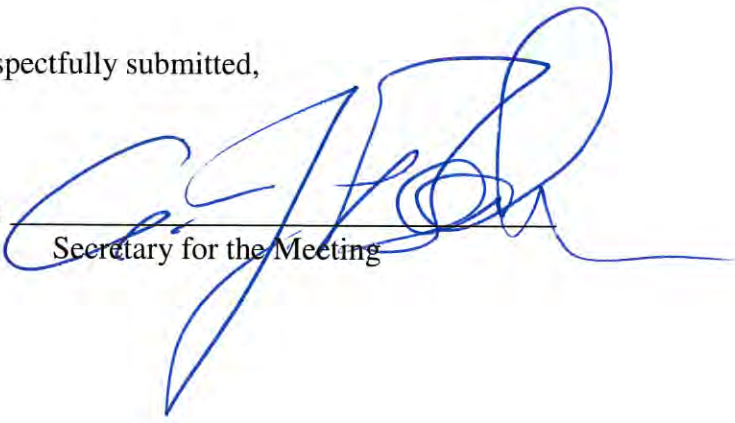
- Prairie dog control: Past methods have not worked. The Board is exploring enhanced control techniques.
- Dry year: The District has consulted with City of Aurora on this matter. The Board is exploring physical barriers and modifications to landscaping improvements.
- Irrigation audit: The District received the irrigation audit but, based on the information included, realized additional work needs to be done. The District is obtaining proposals to modify irrigation and turf areas. The goal is to reduce costs.
- Update on wall: The contract has been signed, materials (Colorado-made) have been ordered, and the project is expected to begin this fall and be complete by the end of the year. The color has been selected, but the contractor is waiting on the delivery of materials.
- Budget Hearing on October 15, 2012.
- Wrought iron fences to be addressed in 2013. The project will be initiated upon completion of wall project.
- The contract for management services was awarded to SDMS.

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

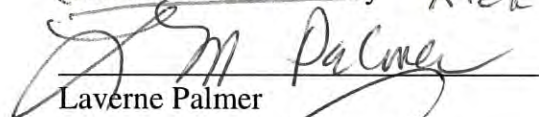
RECORD OF PROCEEDINGS

THESE MINUTES WERE APPROVED AS THE OFFICIAL
SEPTEMBER 17, 2012 MINUTES OF THE CONSERVATORY
METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS
SIGNING BELOW:



Ronald "Dick" R. Dailey

Rick Speaect



Laverne Palmer



Dan Staley



Jud Davis



~~Rick Speaect~~

Ronald R "Dick" Dailey