

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE CONSERVATORY METROPOLITAN DISTRICT HELD JUNE 15, 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 15th day of June 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
Birgit Baldwin
Dan Staley
Pedro L. Moczo, Jr.
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.

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

Jamie Cotter, Esq., Spencer Fane Britt & Browne, LLP (*via* speakerphone for a portion of the meeting)

Gary Droll; Resident

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 Baldwin 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 Moczo and, upon vote, unanimously carried, the Agenda was approved, as amended.

Approval of Minutes: The Board reviewed the Minutes of the May 18, 2015 Regular Meeting.

Following discussion, upon motion duly made by Director Baldwin, seconded by Director Moczo and, upon vote, unanimously carried, the Board approved the Minutes of the May 18, 2015 Regular Meeting, as amended.

CONSENT AGENDA

Consent Agenda: The Board considered the following actions:

- Acknowledge HOA Meeting Reports/Updates
- Determine Director on duty for the months of December 2015 and January 2016
- Acknowledge the Collections Report through May 2015

Following review, upon motion duly made by Director Staley, seconded by Director Baldwin and, upon vote, unanimously carried, the Board approved the Consent Agenda.

Mr. Fisher advised the Board that some members of the HOA have expressed concerns about the number of dead trees in the District. Director Staley responded that he is drafting a letter to the community that will explain the tree replacement program and the factors contributing to the number of dead trees in the District which number approximately sixty. Director Palmer inquired about the timeline for the removal of dead shrubs which is included in Addendum No. 7 to the Valley Crest Landscape Maintenance, Inc. contract. Mr. Beckman informed the Board that he expects dead shrub removal to be completed by the end of the month.

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Mr. Fisher also reported that he has received positive feedback from the community regarding the presence of dog waste stations throughout the District.

COMMUNITY COMMENTS

Community Comments: Director Palmer advised the Board that she received a report from a homeowner of prairie dogs burrowing near their residence and that the animals may be living inside a common wall nearby. Mr. Beckman informed the Board that he consulted with Orkin about possible solutions to the problem and was informed that the burrow is too close to human habitation to safely eradicate by usual methods, and regarding prairie dogs inside the common wall, Orkin was unsure of how to proceed. The representative from Orkin Mr. Beckman spoke with and recommended that the District consult with Critter Control.

Mr. Droll then addressed the Board. He asked why the Common Metal Fence Replacement Project was necessary and asked what the cost of the project would ultimately be. Director Palmer explained that the Fence Replacement Project, which has been divided into approximately five phases, was undertaken because of the poor condition of much of the fencing in the District, particularly where the fencing had become detached from the stone piers. She reported that of the expected five phases of the Project, two have been completed at a combined cost of \$270,000, and that the District Budget, maps, and other useful information is available on the District website. Mr. Droll inquired about scrap materials and whether they would be available for purchase. Director Palmer replied that after the start of the third phase of the Project, scrap fencing would again be available, and Director Degenhart confirmed that the cost would be \$2.00 per foot.

Mr. Droll then inquired about infrastructure in tracts I, J and K. Attorney Tanaka responded that improvements in these tracts are being constructed and paid for by Lennar.

Mr. Droll asked about the schedule for Board Meetings. Director Palmer responded that the next Regular Board Meeting is scheduled for September 21, 2015.

FINANCIAL MATTERS

Claims: The Board reviewed the check register for the period ending April 30, 2015, including check numbers 2598 through 2608, in the total amount of \$43,591.67, and for the period ending May 31, 2015 including check number 2620 in the amount of \$4,717.51 and check numbers 2621-2628, in the total amount of \$32,949.87.

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Ms. Harland discussed amounts invoiced to Lennar for water use on Lennar property. Director Palmer noted that consumption by Lennar in May would not have included District irrigation. The Board directed Mr. Beckman to calculate the amount due from Lennar, going forward, by subtracting Lennar's May usage from the total consumption by Lennar. Ms. Harland advised the Board that Lennar had paid the first invoice, but that due to the size of their accounting department, receipt of payments will be 60 to 90 days from their receipt of invoice.

Following 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 June 15, 2015, including check numbers 2598 through 2608, in the total amount of \$43,591.62, and for the period ending May 31, 2015 including check numbers 2620 through 2628, in the total amount of \$37,667.38.

Cash Position Schedule as of June 15, 2015: Ms. Harland reviewed with the Board the cash position schedule as of June 15, 2015. Ms. Harland noted that she made the District's June 1, 2015 debt service payment, which is reflected on the cash position.

LANDSCAPING MATTERS

Report from Valley Crest Landscape Maintenance, Inc.: Mr. Beckman reviewed the monthly report from Valley Crest Landscape Maintenance, Inc. with the Board.

Director Degenhart asked why turf areas do not appear to be bright green given the above-normal rainfall this Spring. Director Staley explained that heavy and frequent rains can leech nutrients from the soil, and noted that it will be necessary to fertilize once dryer weather arrives. Director Baldwin asked about mowing areas of native grasses. Director Staley explained that conditions have been too wet to mow, but that he is also eager to have the native areas mowed. Director Palmer asked Mr. Beckman to contact Lennar about weeds growing on Lennar's property, and it was noted by Director Staley that this is an area that is intended to be seeded with native grasses and that the District will not accept the property until the seeding is established. Attorney Tanaka offered a second course of action, explaining that as the weeds are a violation of City of Aurora ordinances, notifying the City may be appropriate. Attorney Tanaka further advised that she has provided notice to Lennar regarding dead trees on their property and the necessity of replacing these trees prior to District's acceptance of the property.

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Director Palmer asked Mr. Beckman to communicate to Valley Crest Landscape Maintenance, Inc. the Board's desire for a more comprehensive monthly report. She also noted the inaccuracy of the irrigation schedule. Director Staley discussed the rain sensors currently used by the District to determine appropriate times for irrigation, noting that of the District's six sensors, four are shielded by tree canopies and one is sheltered by an evergreen tree. He added that the ET irrigation monitoring stations along the front range are insufficient. Director Staley reported that Valley Crest Landscape Maintenance, Inc. has proposed a new rain sensor system for the District.

Following discussion, upon motion duly made by Director Staley, seconded by Director Baldwin and, upon vote, with Directors Palmer, Baldwin, Staley, and Moczo voting "aye", and Director Degenhart voting "nay", the Board determined to solicit at least three bids for irrigation control improvements in the District, and directed staff to begin work necessary to do so.

Landscaping Committee Update: Mr. Beckman reported that the Landscaping Committee held a teleconference to review the Norris Design, Inc. turf reduction cost benefit analysis. He explained that it is the opinion of the Landscaping Committee that the greater the reduction in turf area, the greater will be the benefit to the District when considering long term operating costs.

Following discussion, upon motion duly made by Director Degenhart, seconded by Director Baldwin and, upon vote, unanimously carried, the Board determined to proceed with the preparation and distribution of a Request for Proposals ("RFP") for design services targeted toward turf reduction and water conservation, and directed Mr. Beckman to circulate the RFP among the Board prior to distribution to architectural firms. The Board requested that the proposals be available for the budget discussions at the September meeting.

Addendum No. 7 to Valley Crest Landscape Maintenance, Inc. Contract: The Board reviewed Addendum No. 7 to the contract between the District and Valley Crest Landscape Maintenance, Inc. in the amount of \$6,494.95 for the removal of shrubs throughout the community. Director Staley noted that the work will be complete by the end of the month. Director Staley noted that the removal is approximately \$35/shrub but due to the removal, refill and haul away, he feels the cost is reasonable. Director Baldwin inquired into whether the District should mulch the shrubs rather than haul them away. Director Staley noted that Valley Crest may mulch these but he is not certain. He noted that the plan is not to replace the shrubs

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at this time. Director Palmer noted that the shrubs look hideous and need to be removed immediately.

Director Moczo inquired about the cost entailed by the Addendum, and Director Staley opined that it is reasonable. Director Palmer requested that the Landscaping Committee solicit at least three bids for future work of this magnitude and noted the need to clarify the process and procedures for approving work going forward with the proper information and due diligence being conducted.

OPERATION AND MAINTENANCE MATTERS

Manager's Report: The Board reviewed the Manager's Report. Director Baldwin inquired into item #296 and asked whether the HOA's replacements will be included in the District's to help save on costs. Mr. Beckman noted that he provided the HOA with the proposals and noted that the HOA will need a separate contract with ASR but can schedule the work to be completed at the same time to reduce mobilization costs.

Mailbox Kiosk Repair Proposals: Director Moczo reported that no progress has been made in obtaining proposals for mailbox kiosk repairs and requested that Mr. Beckman provide information about additional contractors from whom proposals may be solicited.

Monument and Kiosk Lighting: Director Baldwin advised the Board that she met with representatives from Sun Talk Solar when they visited the District, but that she has not yet obtained a cost estimate. She added that Sun Talk Solar appears to be the only vendor that provides the product the District requires for this project. Directors Baldwin and Moczo advised the Board that they will provide additional information as it becomes available. The Board requested that Director Baldwin also inquire into the on-going costs associated with the maintenance of the lighting at these locations.

Faux-Stone Repair Proposal: The Board reviewed a proposal for Faux-Stone repairs from ASR Companies, Inc. Mr. Beckman noted that the contract for services limits the cost of repairs to \$2,000 and confirmed that the contract was approved by the Board at the May meeting. The Board then discussed the necessity of assessing the extent of repairs made for this amount and establishing future repair work to be performed each year based on this observation.

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Monument Leveling Proposal: Mr. Beckman reviewed a proposal for leveling the monument located in Tract B from ASR Companies, Inc. He noted that only one monument needs to be leveled at this time. The Board requested that the cost associated with this project be included in the 2016 budget.

LEGAL MATTERS

Discussions with Lennar Homes on Responsibilities, Obligations and Coordinated Efforts for New Development: Attorney Tanaka reported to the Board that she has sent several emails to Lennar, 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 she has sent an email to legal counsel for DR Horton regarding recent rainfall and the effect on the condition and subsequent conveyance of the improvements in Tract V, specifically including the detention pond. The Board directed Attorney Tanaka to send a letter to the City expressing concern over the status of the improvements and the detention pond.

Status of Account for 20590 E. Hamilton Place Listed on Collections Report and Charges of \$420.09 Received from Title Company Following Account Payoff: Attorney Tanaka reported to the Board that Title Company has agreed to pay all but \$35 of the outstanding amount, which the Board determined to write-off following receipt of payment.

BOARD MEMBER INPUT

Board Member Input: Director Palmer advised the Board that she had observed a prairie dog burrow in an area of the District not protected by wildlife barrier, but noted that the number of burrows has dramatically decreased since installation of the barrier. She reported that she will walk the area with Critter Control to review the options.

Director Baldwin inquired about the status of the holiday lighting contract. Mr. Beckman responded that the holiday lighting contract has been sent to the contractor for review and execution.

Director Degenhart inquired into the status of the annual flowers. Director Baldwin reported that they have been planted.

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CONTRACT APPROVALS

Landscape Expenditure Budget Tracking Matrix: Mr. Beckman reviewed with the Board the Landscape Expenditure Budget Tracking Matrix. He noted that so far this year, irrigation repairs total \$6,170, and that last year at this time irrigation repairs totaled \$7,260.

Addendum No. 7 to Valley Crest Landscape Maintenance, Inc. Contract: The Board entered into discussion regarding ratifying approval of Addendum No. 7 to the Valley Crest Landscape Maintenance, Inc. contract.

Following discussion, upon motion duly made by Director Staley, seconded by Director Degenhart and, upon vote, unanimously carried, the Board ratified approval of Addendum No. 7 to the Valley Crest Landscape Maintenance, Inc. contract.

EXECUTIVE SESSION

Pursuant to Sections 24-6-402(4)(b) and (e), C.R.S. upon motion duly made by Director Staley, 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 11:05 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 11:56 a.m.

Actions Resulting from Executive Session: Following discussion, upon motion duly made by Director Staley, seconded by Director Baldwin and, upon vote, unanimously carried, the Board directed Attorney Tanaka to reject the current offer from opposing counsel through non-acceptance and letting the acceptance period expire.

OTHER BUSINESS

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

- Efforts to provide solar lighting at mail kiosks and power to monuments
- 2016 Budget Workshop to be held September 21, 2015, and 2016 Budget Hearing to be held October 19, 2015

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- Effect of recent rainfall on lawns, weeds, and mowing
 - Dead shrub removal efforts
 - Wall repairs and monument leveling
 - Efforts to reduce water use
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LANDSCAPING MATTERS CONTINUED

Cost Benefit Analysis: The Board reviewed and discussed the Cost Benefit Analysis prepared by Norris Design, Inc. for renovation of irrigated areas.

Timeline for Turf Reduction Project: The Board discussed establishing a timeline for the Turf Reduction Project.

Next Meeting: The next Regular Meeting is scheduled for September 21, 2015.

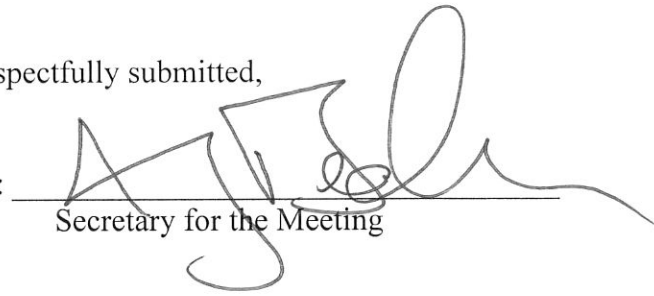
ADJOURNMENT

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,

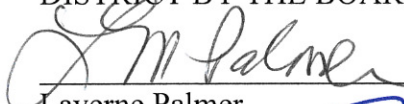
By: _____

Secretary for the Meeting




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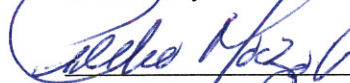
THESE MINUTES WERE APPROVED AS THE OFFICIAL JUNE 15, 2015 MINUTES OF THE CONSERVATORY METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:



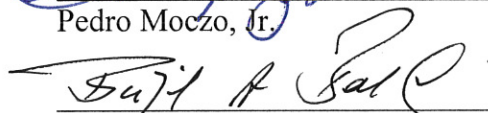
Laverne Palmer



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 June 15, 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