

RULES AND REGULATIONS
GOVERNING
MURPHY CREEK METROPOLITAN DISTRICT NOS. 1-3

adopted and enforced by

Joint Resolution of

MURPHY CREEK METROPOLITAN DISTRICT NOS. 1-3

May, 2003

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*Adopted and Enforced By
Murphy Creek Metropolitan District Nos. 1-3*

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RULES AND REGULATIONS
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*Adopted and enforced by
Joint Resolution of
Murphy Creek Metropolitan District Nos. 1-3*

PREAMBLE:

The Boards of Directors of Murphy Creek Metropolitan District Nos. 1-3 (the "Districts") have adopted the following Rules and Regulations pursuant to §32-1-1001(1)(m), C.R.S., by joint resolution, attached hereto as Exhibit A, to provide for the orderly and efficient conduct of the business and affairs of the Districts, the combined boundaries of which make up the community known as Murphy Creek.

The Boards of Directors of the Districts expressly reserve the right to make revisions to these Rules and Regulations from time to time in order to provide for the orderly construction, management, operation and control of the public facilities and services of the Districts and to promote the health, and safety and welfare of the residents and property owners in Murphy Creek. These Rules and Regulations are supplementary to, and are not to be construed as any abridgement of, the lawful rights of the Boards to manage the Districts as outlined in the Colorado Revised Statutes governing special districts. These Rules and Regulations specifically supersede in their entirety any and all prior rules and regulations of the Districts.

ARTICLE 1. DEFINITIONS

Boards or **Boards of Directors** shall refer to the Boards of Directors of Murphy Creek Metropolitan District Nos. 1-3, who are the governing bodies of the Districts.

Customer shall mean any person or entity, which receives services from the Districts.

Districts shall mean Murphy Creek Metropolitan District Nos. 1-3, or their Boards of Directors.

District Manager shall mean the independent contractor engaged by the Districts to perform such services, with and to the extent authorized by the Districts.

District Services shall mean any of the services authorized by the Consolidated Service Plan to be provided by the Districts.

Fee Schedule shall mean the schedule of fees charged by the Districts as amended from time to time, on file with the District Manager, and attached hereto as Exhibit C.

Person shall mean any person or entity.

Property Owner or Owner shall mean the record owner of real property within the boundaries of the Districts.

Rules and Regulations shall mean the Rules and Regulations adopted by the Districts' Boards of Directors including all amendments, policies and resolutions of the Districts which may be adopted from time to time.

Murphy Creek shall mean the property constituting the legal boundaries of the Districts as they currently exist as amended in the future by any and all inclusions or exclusions conducted in accordance with Title 32 of the Colorado Revised Statutes.

Service Plan shall mean that document entitled "Consolidated Service Plan for Murphy Creek Metropolitan District Nos. 1, 2 and 3" dated September 2, 1998 as amended from time to time.

Shall or May whenever "shall" is used herein it shall be construed as a mandatory direction; whenever "may" is used herein it shall be construed as a permissible, but not mandatory direction.

ARTICLE II. GENERAL

2.1 SCOPE OF RULES AND REGULATIONS. These Rules and Regulations shall be treated and considered as new and comprehensive rules and regulations governing the operations and management of the Districts. Any and all prior Rules and Regulations of the Districts shall be deemed specifically superceded hereby.

The Boards of Directors have determined to adopt these Rules and Regulations in order to assist the Districts and its management staff in implementing the decisions and policies of the Board. It is intended that any Person desiring to transact business with the Districts as an owner or developer of property or a resident within the boundaries for the Districts shall comply with these Rules and Regulations. It is further intended that the District Manager and the management staff shall utilize these Rules and Regulations as a tool for assuring uniform treatment to Persons within the Districts and fair response to issues which confront the Districts. The District Manager shall provide copies of these Rules and Regulations to any Person who requests them for a fee determined by the Board. No Person shall be entitled to any exemption from the applicability of these Rules and Regulations due to the failure of that Person to become familiar with policies and standards of the Districts contained herein, and in supplements hereto.

2.2 GENERAL PURPOSE AND AUTHORITY. The purpose of these Rules and Regulations is to provide for the orderly construction, management, operation and control of the public utility systems, facilities, improvements and services of the Districts, including additions, extensions and connections thereto. The Districts are a governmental entity and political subdivision of the State of Colorado and body corporate with all powers of public or quasi-municipal corporations, which are specifically granted or implied for carrying out the objectives

and purposes of the Districts. The Districts construct operate and maintain certain facilities for their benefit and that of property owners and residents within its boundaries.

2.3 PUBLIC HEALTH, SAFETY AND WELFARE. It is hereby declared that the Rules and Regulations hereinafter set forth serve a public interest and are necessary for the protection of the health, safety, prosperity, security, and general welfare of the residents and property owners of the Districts.

2.4 RULES OF CONSTRUCTION. These Rules and Regulations governing Murphy Creek, adopted and enforced by joint resolution of the Districts, are promulgated pursuant to statute in the exercise of the Boards' discretion to provide a tool for management of the Districts and for the orderly provision of essential services. It is intended that these Rules and Regulations shall be liberally construed to effect the general purposes set forth herein, and that each and every part hereof is separate and distinct from all other parts. No refusal, failure or omission of the Boards or its agents to apply or enforce these Rules and Regulations shall be construed as an alteration, waiver, or deviation herefrom or from any grant of power, duty or responsibility, or any limitation or restriction upon the Boards of Directors or the Districts by virtue of statutes now existing or subsequently amended, or under any contract or agreement existing between the Districts and any other entity. Nothing contained herein shall be so construed as to prejudice or affect the right of the Districts to secure the full benefit and protection of any law now in effect or may subsequently be enacted by the Colorado General Assembly pertaining to the governmental or proprietary affairs of the Districts. The Boards reserve the right to construe any provision hereof in their sole discretion in order to effectuate lawful purposes of the Districts and to attempt to ensure orderly and non-discriminatory treatment of all Persons or entities subject to these Rules and Regulations now or in the future. In all circumstances, these Rules and Regulations shall be construed in the broadest sense possible to enable the Districts to perform their functions in accordance with law.

The Rules and Regulations must be complied with by all Persons absent receipt of a proper written waiver approved by the Boards. It is the responsibility of each resident and property owner to obtain and read the Rules and Regulations of the Districts, as adopted and enforced by the Districts. No person shall obtain, by virtue of the Rules and Regulations, any right or cause of action against the Districts or its management arising as a result of the enforcement or lack of enforcement of the Rules and Regulations by the Districts.

2.5 AMENDMENT/MODIFICATION/WAIVERS. The Boards shall retain the power to amend these Rules and Regulations as it deems appropriate. Neither notice of such amendments nor public hearing shall be required to be provided by the Districts prior to exercising its amendment, modification or waiver powers. The Districts have the power to revise their Rules and Regulations from time to time either by formal action of the Boards or by implication and have authority to waive the application of their Rules and Regulations to their own activities, or to the activities of others. Supplemental policies of the Districts may be adopted from time to time in order to assist the Boards and their management staff in managing the affairs of the Districts. When possible, copies of such policies shall be attached hereto as contained in Exhibit B. Additional exhibits affecting these Rules and Regulations may be added by Board resolution from time to time. The Boards, or the District Manager acting on instructions of the Board, shall

have the sole authority to waive, suspend or modify these Rules and Regulations. Any Person claiming the benefit of such waiver, suspension or modification shall be required to obtain a written waiver signed by the District Manager. Such waiver shall not be deemed an amendment of the Rules and Regulations. No waiver shall be deemed a continuing waiver.

2.6 CONFLICTS. In case of any conflict between any provision of these Rules and Regulations, the Districts shall be entitled to resolve such conflict in its own favor at the Districts' sole discretion, it being the intention of the Board that these Rules and Regulations shall be construed or interpreted by the Districts in such manner so as to maximize the ability of the Districts to govern and manage the Districts and their facilities.

2.7 DEFINITIONS FOR TERMS USED IN RULES AND REGULATIONS. Unless the context specifically states otherwise, the meaning of terms used herein shall be as set forth herein.

2.8 GENERAL POLICIES. The Districts articulate herein their rules, regulations, and policies for the provision of public services and facilities, and for management and operation of the same. From time to time, the Boards of Directors adopt official policies of the Districts. On occasion, such policies are reflected in official "resolutions" or "policies" of the Boards of Directors. Exhibit B hereof contains official policies of the Districts incorporated into formal "resolutions" as of the date of adoption of these Rules and Regulations. Additional Exhibits may be added to these Rules and Regulations from time to time either by addition to Exhibit B in the case of adoption of resolutions or policies, or by the addition of new Exhibits. Additional policies may also be found in the minutes of the Districts' Board meetings. To the extent any policy found in minutes of Board meetings which pre-date and conflict with any resolution of the Board, the resolution shall be deemed to supersede the minutes, unless the Boards determine otherwise after such conflict is brought to the attention of the Boards. To the extent policies found in minutes of meetings post-date resolutions of the Districts and conflict with such resolutions, the policy stated in the Minutes shall be binding unless the Boards determine otherwise after such conflict is brought to the attention of the Boards. The Districts shall have the right, at all times, to repeal and re-enact resolutions of the Boards unless any resolution specifically states that it is irrevocable. A number of informal policies of the Districts may exist which are known to the District Manager and the Districts' Boards of Directors. In any case where a person has questions about District policies, questions may be directed to the District Manager who has authority to respond, or who may refer such requests to the Board. In all circumstances, the Boards of Directors retain authority and responsibility for the policies of the Districts.

ARTICLE III. DESCRIPTION OF THE DISTRICTS

3.1 PURPOSE OF THE DISTRICTS. The Districts were organized with authority to provide certain services and facilities to residents and property owners within the area generally known as "Murphy Creek." The Districts are a quasi-municipal corporations and political subdivisions of the State of Colorado, and as such, exercise certain governmental powers for the benefit of its constituents. Pursuant to their Service Plan, the Districts have the authority to

provide water, street, traffic and safety controls, television relay and translator, transportation, parks and recreation, and sanitation services to the extent of their available resources. The Districts have power to tax properties within their boundaries and to impose fees for services available from or provided by the Districts. The Districts derive their power from Colorado statutes and from their Service Plan. The Service Plan contains general information about the facilities, services, and powers of the Districts and may be amended from time to time to deal with the evolving needs of the Districts. The Districts have the authority to construct facilities and improvements for District Services, as it deems expedient, in accordance with the authority granted to the Districts in their Service Plan. The Service Plan is an "enabling document" granting to the Districts certain powers and authorities. The Service Plan does not impose upon the Districts any responsibility which it is not required to accept pursuant to state law or which it does not specifically accept by official decision of the Board.

3.2 THE GOVERNING BODY. The Districts are governed by elected Boards of Directors. The Boards consist of five individuals who, as residents or property owners within the Districts, are qualified to serve as directors. Directors are generally elected to four-year terms at elections held in May of even-numbered years. The Boards elect from their membership a president, vice-president, treasurer, and appoints a secretary.

3.3 DISTRICT BOARD MEETINGS. Meetings of the Boards of Directors are subject to the "Sunshine Law" of the State of Colorado and are open to the public. From time to time the Boards meet in "Executive Session" to receive legal advice or to discuss ongoing contract negotiations, litigation matters, or other legally privileged matters. Executive sessions are closed to the public. Minutes of meetings are prepared for each meeting and, after approval by the Boards, are available for public inspection. The Districts' policy is not to tape record its meetings, and it does not attempt to maintain a verbatim transcript of its discussions.

3.4 DISTRICT MANAGEMENT. The Districts are managed by professional management consultants engage by the Boards. The District Manager oversees the day-to-day administration of the Districts and operation of District facilities. All consultants of the Districts serve at the will of the Boards. The District Manager operates within approved guidelines established by the Boards of the Districts and exercises only that discretion which is granted by the Boards as necessary for day-to-day operations and for implementation of Board decisions and policies.

3.5 DISTRICT SERVICES AND FACILITIES. In general terms, the Districts attempt to provide the water, street, traffic and safety controls, television relay and translator, transportation, parks and recreation, and sanitation improvements within the Districts. The Districts' Service Plan contains maps which show the current and projected location of District Services and facilities, and provides a general description of those facilities. Reference is made to the Service Plan for general descriptions of services and facilities which may be provided by the Districts. The Districts have powers of eminent domain to condemn private properties for public use.

3.6 SUBDIVISION AND ZONING REFERRALS. The Districts have no authority over subdivision, zoning or other land use matters for property within the Districts. The City of

Aurora controls land use decisions within the boundaries of the Districts, with the exception of certain land use decisions related to public facilities constructed by the Districts.

3.7 RATES, FEES, TOLLS AND CHARGES. The Districts have power to charge various rates, fees, tolls, charges and penalties, and may impose taxes for services and facilities provided by the Districts. In most cases the failure of a resident or property owner to pay such fees creates a right in the Districts to claim a lien on the affected property and to foreclose on that lien. The Districts exercise such power for the overall benefit of the Districts and reserve the right to exercise their discretion on a case-by-case basis in determining whether to claim a lien and foreclose it.

3.8 OTHER PUBLIC UTILITIES. Electric, natural gas, telephone and cable television services are available within the Districts and are provided by various commercial companies.

ARTICLE IV. OWNERSHIP AND OPERATION OF FACILITIES

4.1 DISTRICT FACILITIES. Systems constructed by the Districts shall be operated and maintained by the Districts pursuant to these Rules and Regulations.

4.2 DISTRICT OWNERSHIP. All improvements constituting any part of District systems shall be the sole property of the Districts, unless otherwise specifically agreed by the Districts or Customer. Notwithstanding that Customers shall be entitled to receive Service from the Districts pursuant to these rules and Regulations, no legal or equitable ownership in District systems or improvements shall be deemed to exist in favor of any Person other than the Districts.

4.3 RIGHT OF ENTRY. The District Manager, employees and consultants of the Districts, or other personnel authorized by the District Manager, bearing proper credentials and identification, shall be permitted by all residents or landowners within the Districts to enter upon all properties or appurtenances for the purpose of installation, replacement, repair, maintenance, inspection, or observation reasonably necessary in connection with the services and facilities provided by the Districts. The granting of Right of Entry by the resident or landowner is a condition precedent and a condition subsequent to the provision of services by the Districts. Refusal to permit such access to District personnel in the performance of their duties may result in discontinuation of services to the property in question, or cause additional charges to the resident or landowner for increased costs or damages sustained as a result of refusing the Right of Entry.

4.4 LIMITATION OF LIABILITY OF DISTRICT. Except as provided by the Colorado Governmental Immunity Act, 24-10-101 *et seq.*, C.R.S., it is expressly stipulated that no claim for damage shall be made against the Districts by reason of any action or inaction of the Boards in connection with any improvements or facilities for which the Districts have operations or maintenance responsibility.

ARTICLE V. RULES CONCERNING DISTRICT SERVICES AND FACILITIES

5.1 ENTITLEMENT TO DISTRICT SERVICES. District Services will be provided by the Districts to all Customers, subject to these Rules and Regulations. No Person or entity which does not pay applicable fees and other related charges, as may be adopted by the Board and as may be updated from time to time, or provide evidence that appropriate fees have been paid for the benefit of such Person or entity shall be entitled to continued service. It shall be incumbent upon the applicant for District Services to furnish satisfactory evidence of payment of applicable fees whenever such evidence is requested by the Districts. Notwithstanding that a Person or entity has paid appropriate fees for service, no Person or entity shall be entitled to receive continued District Services if property taxes or other fees due from such Person or entity have become delinquent. District Services shall be suspendable or revocable at the Districts' discretion upon non-payment of any valid fees or charges owing to the Districts or any other violation of these Rules and Regulations. In the event of non-payment, the Customer shall be given not less than ten (10) days advance notice in writing of the revocation.

5.2 DISTRICT SERVICES TO PERSONS OUTSIDE THE DISTRICTS' BOUNDARIES. Charges for District Services to persons outside the Districts' boundaries shall be determined in the sole discretion of the Board of Directors. It is expected that charges for District Services for persons owning property or residing outside the District boundaries shall equal at least the actual cost of District Services, plus, at a minimum, the estimated mill levy payments and other fees for which such property would be responsible if it were included in the Districts. In every case where the Districts furnish Service to persons owning property or residing outside the Districts' boundaries, the Districts reserve the right to discontinue Service when, in the judgment of the Boards of Directors, it is in the best interest of the Districts to do so, except as may be limited by written agreement.

5.3 INCLUSION OR EXCLUSION OF PROPERTY. Properties located outside the boundaries of the Districts may propose inclusion (annexation) of such property into the Districts. Individuals who own property within the boundaries of the Districts may seek to have that property excluded from the Districts. All requests for inclusion of property within the boundaries of the Districts shall be made pursuant the provisions of § 32-1-401, *et seq.*, C.R.S. All requests for exclusion of property shall be considered pursuant to the provisions of § 32-1-501, *et seq.*, C.R.S.

5.4 TAMPERING. No unauthorized person or entity shall uncover, use, alter, or disturb the Districts' facilities or improvements without first obtaining a written authorization from the Districts. No Person shall maliciously, willfully, or negligently, break, damage, destroy, uncover, deface or tamper with any portion of the Districts' facilities or improvements. Any Person who violates the provisions of this Section shall be prosecuted to the full extent of Colorado law.

5.5 VIOLATIONS. Any Person violating any of the provisions of these Rules and Regulations shall become liable to the Districts for any expense, loss or damage occasioned by reason of such violation, and upon non-payment thereof, shall be assessed a penalty in an amount set forth in the Districts' Fee Schedule which penalty shall be a lien upon the violator's property, as allowed by § 32-1-1001, C.R.S., as amended, or a lien upon the property to which the violator

was providing services at the time of the violation in question, whichever the District Manager deems appropriate. In the event the Districts determine to revoke or suspend District Services to any Person or entity for violation of any of the provisions of these Rules or Regulations, the Districts shall not be liable for any claim for damage resulting therefrom.

5.6 FEES FOR SERVICES. Development fees, working capital fees, service charges, miscellaneous fees, and other applicable fees shall be in the amounts shown in the Joint Fee Resolution attached hereto as Exhibit C, as may be amended from time to time.

Following efforts to collect overdue payments of any fee or charge assessed by the Districts under these Rules and Regulations and/or Colorado law, if it becomes necessary for the Districts to initiate foreclosure proceedings as allowed by § 32-1-1001(1)(j), C.R.S., as amended, the Districts shall in each such case be entitled to assess all legal fees, costs of collection, and a foreclosure penalty against the subject property in an amount set forth in the Districts' Fee Schedule which penalty shall be payable in full upon assessment and shall be included in the lien then being foreclosed. Payment of said foreclosure penalty and any and all other fees outstanding against the subject property shall be a precondition to the resumption of District Services.

ARTICLE VI. HEARINGS

6.1 APPLICABILITY. The hearing and appeal procedures established by this Article shall apply to all complaints concerning the interpretation, application, or enforcement of the Rules and Regulations of the Districts, as they now exist or may hereafter be amended. The hearing and appeal procedures established by this Article shall not apply to complaints arising out of the interpretation of the terms of District contracts or complaints which arise with regard to personnel matters which shall be governed exclusively by the Districts' personnel rules as the same may be amended from time to time.

6.2 COMPLAINT. Complaints concerning the interpretation, application, or enforcement of Rules and Regulations of the Districts must be presented in writing to the District Manager, or such representative as he or she may designate. Upon receipt of a complaint, the District Manager or designated representative, after a full and complete review of the allegations contained in the complaint, shall take such action and/or make such determination as may be warranted and shall notify the complainant of the action or determination by mail within fifteen (15) days after receipt of the complaint. Decisions of the District Manager which impact the Districts financially will not be binding upon the Districts unless approved by the Boards at a special or regular meeting of the Boards.

6.3 HEARING. In the event the decision of the District Manager or his representative is unsatisfactory to the complainant, a written request for formal hearing may be submitted to the District Manager or such hearing officer as the District Manager may appoint within twenty (20) days from the date written notice of the decision was mailed. A deposit in an amount as set forth in the Districts' Fee Schedule shall be made with the Districts along with the request for the hearing. This amount shall be retained by the Districts to cover the costs of the hearing until the

final decision following such hearing. The amount shall be refunded to the complainant if the District Manager renders a final decision in favor of the complainant.

Upon receipt of the request, if it be timely and if any and all other prerequisites prescribed by these Rules and Regulations have been met, the District Manager or hearing officer shall conduct a hearing at the Districts' convenience but in any event not later than fifteen (15) days after the submission of the request for formal hearing. The formal hearing shall be conducted in accordance with and subject to all pertinent provisions of these Rules and Regulations. Decisions of the District Manager which impact the Districts financially will not be binding upon the Districts unless approved by the Board of Directors at a special or regular meeting of the Board.

6.4 RULES. At the hearing, the District Manager or hearing officer shall preside. The complainant and representatives of the Districts shall be permitted to appear in person, and the complainant may be represented by any Person of his choice or by legal counsel.

The complainant or his representative and the District representatives shall have the right to present evidence and arguments; the right to confront and cross-examine any Person; and the right to oppose any testimony or statement that may be relied upon in support of or in opposition to the matter complained of. The District Manager or hearing officer may receive and consider any evidence, which has probative value commonly accepted by reasonable and prudent Persons in the conduct of their affairs.

The District Manager or hearing officer shall determine whether clear and convincing grounds exist to alter, amend, defer, or cancel the interpretation, application, and/or enforcement of the Rules and Regulations that are the subject of the complaint. The decision shall be based upon evidence presented at the hearing. The burden of showing that the required grounds exist to alter, amend, defer, or cancel the action shall be upon the complainant.

6.5 FINDINGS. Subsequent to the formal hearing, the District Manager or hearing officer shall make written findings and an order disposing of the matter and shall mail a copy thereto to the complainant not later than fifteen (15) days after the date of the formal hearing.

6.6 APPEALS. In the event the complainant disagrees with the findings and Order of the District Manager at the formal hearing, the complainant may, within fifteen (15) days from the date of their mailing, file with the Districts a written request for an appeal thereof to the Boards of Directors. The request for an appeal shall set forth with specificity the facts or exhibits presented at the formal hearing upon which the complainant relies and shall contain a brief statement of the complainant's reasons for the appeal. The Districts shall in response compile a written record of the appeal consisting of (1) a transcript of the recorded proceedings at the formal hearing, (2) all exhibits or other physical evidence offered and reviewed at the formal hearing, and (3) a copy of the written findings and Order. The Boards shall consider the complainant's written request and the written record on appeal at the next regularly scheduled meeting held not earlier than ten (10) days after the filing of the complainant's request for appeal. Such consideration shall be limited exclusively to a review of the record on appeal and the

complainant's written request for appeal. No further evidence shall be presented by any party to the appeal and there shall be no right to a hearing de novo before the Boards of Directors.

6.7 BOARD FINDINGS. The Boards of Directors shall make written findings and an order concerning the disposition of the appeal presented to it and shall cause notice of the decision to be mailed to the complainant within thirty (30) days after the hearing. The Boards of Directors will not reverse the decision of the District Manager or hearing officer unless it appears that such decision was contrary to the manifest weight of the evidence made available at the formal hearing.

6.8 NOTICES. A complainant shall be given notice of any hearing before the District Manager, the hearing officer, or before the Boards of Directors, by certified mail at least seven (7) calendar days prior to the date of the hearing, unless the complainant requests or agrees to a hearing in less time. When a complainant is represented by an attorney, notice of any action, finding, determination, decision, or order affecting the complainant shall also be served upon the attorney.

EXHIBIT A
Joint Resolution Approving Rules and Regulations

EXHIBIT B
Policies and Procedures Governing the Murphy Creek
Recreation Center and Recreation Amenities

**POLICIES AND PROCEDURES GOVERNING THE
MURPHY CREEK COMMUNITY CENTER
AND
RECREATION AMENITIES**

*Adopted and Enforced by
Murphy Creek Metropolitan District Nos. 1-3*

Adopted May 21, 2003

Preamble

The Boards of Directors of Murphy Creek Metropolitan District Nos. 1-3 (the "Districts") have adopted the following Policies and Procedures Governing the Murphy Creek Community Center pursuant to §32-1-1001(1)(m), C.R.S., by joint resolution dated May 21, 2003, to provide for the orderly and efficient conduct of construction, management, operation and control of the public facilities and services of the Districts. The Districts, pursuant to the provisions of their Consolidated Service Plan, have constructed the Community Center and is in the process of constructing associated recreation amenities, including a pool, tennis courts and landscaped common areas (collectively the "Recreation Amenities").

All references herein to "Districts" shall refer to Murphy Creek Metropolitan Districts Nos. 1-3 and their respective Boards of Directors. All references herein to "District Manager" shall refer to an independent contractor engaged by the Districts to perform such services, with and to the extent authorized by the Districts, by contract or other valid allocation of authority.

Article I

ACCESS TO AND USE OF THE RECREATION AMENITIES

1.1. Persons within District Boundaries. All residents and owners of property within the legal boundaries of the Districts, as amended from time to time ("District Residents and Property Owners"), shall be entitled to use the Recreation Amenities as permitted herein and pursuant to the Districts' Rules and Regulations. All persons over the age of 16 claiming status as a District Resident or Property Owner shall present proof of such residency or property ownership to the District Manager upon submission of the information form identified in Section 1.3 hereof in order to receive an Access Code or Card Key for use of the Recreation Amenities. Acceptable proof of residency or property ownership shall include, but not be limited to, a valid Colorado driver's license or I.D. issued by the Colorado Department of Motor Vehicles or a deed or lease for any such property. The District Manager shall accept or reject any such proof of residency or property ownership at its discretion. Use of the Recreation Amenities by District Residents and Property Owners is subject to timely payment of all District fees, charges and taxes. In the event that such fees, charges and taxes are not timely paid, such resident or property owner shall not be issued an Access Code or Card Key to the facility, and any privileges for use of the Recreation Amenities shall be suspended or revoked, in the Districts' discretion.

1.2. Persons without the District Boundaries. All persons not residing or owning property within the legal boundaries of the Districts, as amended from time to time (“Non-District Property Owners and Residents”), shall be entitled to use the Recreation Amenities as permitted herein and pursuant to the District’s Rules and Regulations. Charges for use of the Recreation Amenities by Non-District Property Owners and Residents shall equal, at a minimum, the estimated annual mill levy payments and other annual fees for which such property would be responsible if it were included in the Districts. All persons desiring access to the Recreation Amenities under this Section 1.2, shall pay in full all applicable annual charges and fees, as determined by the Board of Directors of the Districts, in its discretion, from time to time, prior to being allowed access to the Recreation Amenities for the year in question. The Districts retain the right to limit access to the Recreation Amenities to Non-District Property Owners and Residents based upon the safe and reasonable capacity of the Recreation Amenities, as determined by the Board of Directors, in its discretion. Use of the Recreation Amenities by Non-District Residents and Property Owners shall be allowed on a first-come, first-served basis in the event of any such limitations.

1.3. Use of the Recreation Amenities. All persons entitled to use the Recreation Amenities under this Article 1 (“Users”) shall be required to complete, on an annual basis, an Information Form and Release Form in substantially the form attached as Exhibits A and B, respectively, for submission to the District Manager. The District Release Form must be signed by all Users over the age of 18, individually, and by parents or legal guardians on behalf of all individuals under the age of 18. Upon presentation of the Information Form, all Users shall be issued an Access Code or Card Key by the District Manager. In the absence of suspension or revocation of any User’s privilege to use the Recreation Amenities, a new Access Code or Card Key shall be provided to all eligible Users on the first day of each quarter during which any one or all of the Recreation Amenities are available for use or on a later basis as otherwise determined by the District. The Access Code or Card Key shall be utilized by all Users for access to the pool and Community Center during permitted times.

All Access Code or Card Keys issued by the District Manager are the sole property of the Districts and may not legally be assigned, sold, loaned or otherwise transferred without the prior written authorization of the District Manager. Any transfer without the District Manager’s approval shall be void and the Districts shall retain the right to suspend or revoke any User’s privileges to the Recreation Amenities for such violation. If at any time, a District Resident or Property Owner moves outside of District boundaries or ceases to own property therein, he shall promptly notify the District Manager. Any such person may continue to use the Recreation Amenities as a Non-District Resident or Property Owner by compliance with Section 1.2 herein.

1.4. Children. No children under the age of 14 may use the pool or tennis courts unless accompanied by a parent, legal guardian or other adult over the age of 18, as authorized by the parent or guardian.

1.5. Guests of Users. Each User shall be allowed five (5) guests per day for use of the Recreation Amenities. All guests must be accompanied by the User at all times during their use of the Recreation Amenities. All guests under the age of 18 must be accompanied by a User over the

age of 18. All Users shall be responsible for their guests' actions, and shall be jointly and severally liable with such guest for any damages caused by such guest to the Recreation Amenities.

1.6. Hours of Operation. The Recreation Amenities shall have the following hours and dates of operation:

Pool shall be open from Memorial Day to Labor Day, unless other such dates are required by the City of Aurora:

Monday through Friday 11 a.m. to 8 p.m.

Saturday through Sunday 10 a.m. to 8 p.m.

Tennis Courts shall be open year round, weather permitting

Monday through Sunday from dawn to dusk

Access to the Community Center shall be allowed for Users year round pursuant to these Rules and Regulations.

The Recreation Amenities' hours of operation shall be subject to seasonal adjustments or changes deemed necessary and appropriate by the Boards of Directors in their discretion. Users may contact the District Manager for up to date information relating to the hours of operation for any of the Recreation Amenities. Additionally, the Districts reserve the right to close any Recreation Amenity due to weather conditions, preparation for major events, temporary staffing problems or other reasons. Any such required closing will not result in any adjustments to User fees.

1.7 Under no circumstances shall use of the Recreation Amenities be permitted for commercial activities or other private business enterprise.

Article II

MISCELLANEOUS

2.1. Lost Articles. The Districts are not responsible for any lost or stolen articles or for accidents on the premises. All personal articles should be locked or secured as appropriate to avoid loss to the owner. There will be a collection spot for all lost articles designated in the Recreation Amenities. All lost articles which are not claimed shall be donated to a non-profit collection agency on a monthly basis by the Districts.

2.2. Limitation Of Liability Of Districts. Use of the Recreation Amenities is at the sole risk of any User. Except as provided by the Colorado Governmental Immunity Act, 24-10-101 *et seq.*, C.R.S., the Districts shall not be responsible for any claims for damage by reason of any action or inaction of the Districts or its agents or representatives in connection with any of the Recreation Amenities.

2.3. Equipment. All recreational items and equipment located on or around the Recreation Amenities are the property of the Districts and shall not be taken from the premises without prior

written consent of the District Manager. Any violations shall result in criminal prosecution by the Districts.

2.4. Smoking, Drugs and Alcohol. Smoking and use of illegal drugs is not allowed and shall not be permitted on or around the Recreation Amenities. Use of alcohol is permitted by adults over the age of 21 in the Community Center during certain special events as noticed.

2.5. Weapons. With the exception of squirt guns, no weapons of any kind shall be allowed on or around the Recreation Amendments, including but not limited to pocket knives or guns.

2.6. Food and Drink. Food and drink are permitted in the Recreation Amenities. Glass containers are absolutely prohibited in the Pool and Tennis Court areas. Users must clean up after themselves.

2.7. Pets. Pets are not allowed in the Community Center, pool area or tennis courts, but are allowed in the common area parks. All pets must be accompanied and must be on a leash. All Users are responsible for cleaning up after their pets.

Article III

SWIMMING POOL

3.1. Pool Rules. Pool rules are posted in the swimming area and may be obtained directly from the District Manager. A current copy of the pool rules is attached at Exhibit D.

3.2. Lifeguards. Lifeguards will be attending the pool area when available. Users shall utilize the swimming pool facilities at their sole risk.

3.3. Flotation Devices. No swimmers dependent upon any flotation device shall be permitted in the pool unless accompanied (in the water) and directly supervised by a responsible adult over the age of 18. 'Direct supervision' as used herein shall mean that the parent, legal guardian or other adult is in the pool with swimmers requiring such supervision, or within the pool fence, not more than ten feet from the pool and facing the direction of the pool.

3.4. Wading Pool. No children over the age of 7 shall be allowed in the wading pool. Children under the age of 7 utilizing the wading pool shall at all times be directly supervised by a parent, legal guardian or other adult over the age of 18, as authorized by the parent or legal guardian. All children who are not yet potty trained shall wear swim diapers or swimsuits with built in swim diapers when utilizing the wading pool.

3.5. Children. Children under the age of 18 years old shall be permitted use of the pool pursuant to Section 1.4 hereof.

3.6. Pool and Water Toys. The only play balls allowed in the pool shall be Nerf™ type balls and inflatable plastic beach balls. Tennis balls, golf balls, footballs, basketballs, etc. will not be

allowed. Squirt guns, diving toys and reasonably sized floatation devices shall be allowed at the discretion of the pool attendant or lifeguard.

3.7. Equipment. Proper and appropriate attire should be worn by all Users and their guests when utilizing the swimming pool facilities.

Article IV

TENNIS COURTS

4.1. Tennis Court Rules. Tennis court rules are posted in the tennis areas and may be obtained directly from the District Manager. A current copy of the tennis court rules is attached at Exhibit E.

4.2. Use of the Tennis Courts. Tennis courts are available to Users and their guests and are open on a first-come, first-served basis, unless the Districts deem reservations are warranted. Use of the courts is limited to one hour.

4.3. Equipment. Proper and appropriate attire should be worn by all Users and their guests when utilizing the tennis court facilities. Users shall not adjust nets or any equipment, but shall notify the District Manager if any such adjustments are necessary.

4.4. Skate Boards, Skates or Bikes. The tennis courts shall only be used for playing tennis or other authorized uses as determined by the Board of Directors in its discretion. No skate boards, in line skates or other types of skates, bikes or other unauthorized uses shall be tolerated.

4.5. Children. Children under the age of 18 years old shall be permitted use of the tennis courts pursuant to Section 1.4 hereof.

Article V

COMMUNITY CENTER

5.1 Use of the Community Center. The Community Center shall be available to all Users upon payment of the appropriate rental fee and security deposit which shall be fixed by the Boards of Directors in their discretion based upon the type of event for which rental of the Community Center is desired, the number of persons anticipated to be in attendance and other attendant factors. The Boards of Directors may, in their discretion, decline rental of the Community Center for any event that the Board of Directors' deems to jeopardize the safety, health or welfare of the public.

5.2 Capacity of Community Center. City of Aurora fire codes mandate that legal capacity of the Community Center be limited to 82 persons. No rentals of the facility shall be allowed for greater than 82 persons in attendance. Rental of the facility includes the kitchen, the common room and the display room.

- 5.3 District Representatives. The Boards of Directors may, in their discretion condition rental of the Community Center upon the requirement that one or more District representatives or security personnel be in attendance for the event for which the facility is rented. In all such cases, the persons renting the Community Center shall be responsible for any costs associated with attendance by the District representatives or security personnel.
- 5.4 Rental Rates. Current rules for Community Center reservations and current rates for use of the Community Center are attached as Exhibit F. The required security/damage deposit will be fully refundable upon the determination that no damage occurred. Renter will be responsible for damages in excess of the security/damage deposit. The renter is also responsible for hiring on off duty security person who is to remain at the Community Center to the entire rental time. Rentals shall include the patio, but not the pool.

Article VI

LANDSCAPED COMMON AREAS

6.1 Park and Picnic Areas. The open green areas are intended for general play, recreational use, and picnics. Users shall report all broken or damaged equipment to the District Manager, as well as any other items, such as broken glass, which could be hazardous or harmful to persons utilizing these areas. No motorized bikes or vehicles are allowed in the park areas or on the bike paths.

Article VII

ENFORCEMENT

7.1. Disorderly or Offensive Conduct. The Districts and their authorized representatives may request any User to cease conduct that is:

1. In violation of any District Rules and Regulations or policies.
2. Interferes with, or is abusive, toward any employees in the normal operation of the facility.
3. Interferes with any resident or resident's guest, or other persons' use or enjoyment of the facilities, or is abusive to any such person.

In the event that the offending party fails to cease such conduct after being requested and warned to do so, the attendant or District Manager is authorized to use all reasonable means he or she deems necessary to stop such conduct. This includes, but is not limited to, having the offender removed from the Recreation Amenities and barred from further privileges at the Recreation Amenities for forty-eight hours without the necessity of any action or consent of the District Boards of Directors. All such removals shall be reported to the District Manager.

7.2. Violation of Recreation Amenities Policies. If anyone is found abusing the equipment, furniture, or disobeying District Rules and Regulations or Policies, disciplinary measures will be administered by the District Manager as follows without the necessity of any action of the District Boards of Directors:

- First offense: Verbal warning
- Second offense: Restricted from the Recreation Amenities for 2 weeks
- Third offense: Restricted from the Recreation Amenities for 1 month
- Fourth offense: Restricted from the Recreation Amenities for 1 year

The District Boards of Directors shall be notified of all disciplinary measures by the District Manager and shall, in their discretion have the ability to impose other disciplinary measures as they deem appropriate at any point in time, which may include revocation of Recreation Amenities privileges for a User and/or User's family members. Any violations and disciplinary measures taken will be recorded in writing and kept on file by the District Manager. All violations may be reported to local law authorities as deemed necessary by the District Manager or Boards of Directors.

EXHIBIT A
Policies and Procedures
Information Form

OFFICE USE ONLY
Member # _____
In Household _____
Registration Date ___/___/___
Cancellation Date ___/___/___

MURPHY CREEK METROPOLITAN DISTRICT
RECREATION FACILITIES REGISTRATION FORM

Family Name: _____ Address: _____

Father's Name: _____ Birth date ___/___/___ Telephone # _____

Mother's Name: _____ Birth date ___/___/___

Children's Names Sex Birth date Business:

(Father)

_____ M/F ___/___/___

Address: _____

_____ M/F ___/___/___

Telephone: _____

_____ M/F ___/___/___

Business: _____ (Mother)

_____ M/F ___/___/___

Address: _____

_____ M/F ___/___/___

Telephone: _____

_____ M/F ___/___/___

Emergency Contact: _____ Telephone # _____
(Other than immediate family)

EXHIBIT B
Policies and Procedures

USER RELEASE FORM

**MURPHY CREEK METROPOLITAN DISTRICT
DISCLAIMER OF LIABILITY**

It is expressly agreed that use of the Recreation Amenities and participation in activities or events at the Recreation Amenities shall be undertaken by a member or guest at his/her sole risk, and the Recreation Amenities shall not be liable for any injuries or any damage to any member or guest, or be subject to any claim, demand, injury or damages whatsoever, irrespective of cause or origin and the negligence of Murphy Creek Metropolitan District or its agents, servants, assigns, or employees, or otherwise. It is expressly understood and acknowledged that any and all use of the Recreation Amenities shall be wholly unsupervised and at such User's sole and unilateral risk. Murphy Creek Metropolitan District shall not be responsible or liable to members or their guest for articles damaged, lost, or stolen, in or about the Recreation Amenities, or in lockers; or for loss or damages to any property including but not limited to automobiles and the contents thereof.

Member hereby attests that member has 1) read and understands the above and has received a copy of this disclaimer and 2) that member has received, read and understands the Murphy Creek Metropolitan District Rules and Regulations, Policies and Procedures Governing the Community Center and Recreation Amenities and Rules governing the Swimming Pool and Tennis Courts.

(Date)

(Date)

(Date)

(Date)

(Date)

EXHIBIT C
Policies and Procedures

Release Form for Minor's Use of Recreation Amenities

I, _____, hereby authorize _____, a
(parent or legal guardian) (minor)

a minor between the age of 14 and 18 to use the Metropolitan District (initial one or all of the following to be authorized) _____ Pool, _____ Tennis Court, without my or any other legal guardian's presence. In making such authorization, I acknowledge and agree any activities engaged in at the indicated facilities by said minor will be wholly unsupervised by a lifeguard or other attendant and shall be at the minor's sole and unilateral risk. Murphy Creek Metropolitan District Nos. 1-3 (the "Districts") shall not be liable for any injuries or damages caused or incurred by said minor, or be subject to any claim, demand, injury or damages whatsoever, irrespective of cause or origin and the negligence of the Districts' agents, servants, assigns, or employees, or otherwise.

It is agreed and understood that Minor's unsupervised use of the above indicated use of the Recreation Amenities may be revoked at any time by the District Manager in the event that said minor disregards or otherwise violates any District Rules and Regulations, policies or otherwise engages in conduct inappropriate for use of the Recreation Amenities.

By: _____
Date: _____

EXHIBIT D
Policies and Procedures

POOL RULES

MURPHY CREEK POOL RULES

1. **NO LIFEGUARD ON DUTY. POOL ATTENDANT IS NOT A LIFEGUARD. SWIM AT YOUR OWN RISK.**
2. No smoking, drugs or alcohol allowed in the swimming pool area.
3. No glass containers allowed.
4. No children under 14 allowed without a parent or legal guardian's direct supervision.
5. All non-swimmers must be accompanied in the water by a parent or legal guardian.
6. No disorderly conduct.
7. Appropriate dress required. No cut offs.

EXHIBIT E
Policies and Procedures
TENNIS COURT RULES

MURPHY CREEK
TENNIS COURT RULES

1. ALL USE OF THE TENNIS COURTS IS UNSUPERVISED AND AT YOUR OWN RISK
2. Non-skid tennis shoes only.
3. Do not play on or otherwise adjust nets or equipment.
4. No skate boards, roller blades, skates or bikes allowed on courts.
5. No smoking, drugs or alcohol allowed.
6. No glass containers.
7. No disorderly conduct.
8. Play should be limited to one hour.
9. Appropriate dress required

EXHIBIT F
Policies and Procedures

CURRENT RENTAL RATES

The rental rate for the Community Center will be \$5 per person with a minimum of \$100.

The security deposit will be determined by the Board of Director at a later date.

The Board of Directors reserves the right to change the rental rates and security/damage deposit rate at any time. Please call Colorado Management for updated information.

EXHIBIT C
Amended and Restated
Joint Resolution Concerning the Imposition of
District Development Fees

**AMENDED AND RESTATED
JOINT RESOLUTION CONCERNING IMPOSITION OF DISTRICT
DEVELOPMENT, WORKING CAPITAL, AND RECREATION FEES**

WHEREAS, pursuant to an order of District Court of Arapahoe County, Colorado, Murphy Creek Metropolitan District Nos. 1-4 (collectively, the "Districts") have been duly and validly created as metropolitan districts in accordance with all applicable law; and

WHEREAS, the Districts are authorized pursuant to C.R.S. Section 32-1-1001(1)(j) to fix fees, rates, tolls, charges and penalties for services or facilities provided by the Districts which, until paid, shall constitute a perpetual lien on and against the property served; and

WHEREAS, the Districts' Consolidated Service Plan ("Service Plan") similarly empowers the imposition of such fees and rates for services and facilities provided by the Districts; and

WHEREAS, on or about June 5, 2002 the Districts amended the Fee Resolution by adopting the First Amendment to the Joint Resolution Concerning the Imposition of District Development Fees and Recreation Fees; and

WHEREAS, the Districts desire to incorporate the Fee Resolution and the First Amendment to the Fee Resolution into one document that reflects the fees and fee structure for the Districts.

NOW, THEREFORE, be it resolved by the Boards of Directors of the Districts that the Amended and Restated Resolution shall be stated as follows:

1. As of the effective date hereto, Murphy Creek Metropolitan District Nos. 1-4 shall authorize imposition of all fees and charges established hereunder against all property within their boundaries.
2. A one-time "Development Fee" is hereby established for each dwelling unit to be constructed within the Districts. All single-family attached or detached residences and each multi-family residence shall be considered "dwelling units" under this Resolution. The Development Fee shall be established for all single family residences in the amount of \$2,900. A "single family residence" shall be defined as a single lot in a detached home, the plat for which details less than six dwelling units per acre. Each type I townhome or patio home shall pay 75 percent (75%) of the single family residence rate and a "type I townhome or patio home" shall be defined as cluster housing, the plat for which details between six to ten dwelling units per acre; each type II townhome shall pay 50 percent (50%) of the single family residence rate and a "type II townhome" shall be defined as those dwelling units platted for between ten to fifteen units per acre; and, each apartment or other multi-family residence not otherwise enumerated shall pay 25 percent (25%) of the single family rate. "Apartment or other multi-family residence not otherwise enumerated" shall include all platted property for which fifteen or more dwelling units are planned per acre. Such Development Fee rate shall be automatically

increased by five percent (5%) on January 1 of each year commencing in 2001 until no dwelling units remain to be constructed within the Districts.

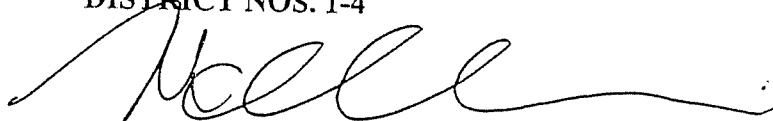
3. All Development Fees shall be due not later than the date a building permit is obtained by the owner of any portion of the property within the Districts upon which a dwelling unit may be constructed. All single-family attached or detached residences and each multi-family residence shall be considered "dwelling units" hereunder. The amount of each Development Fee due hereunder shall be at the rate in effect at the time of such payment.
4. A Recreation Fee of Thirty-five Dollars \$35 per month per completed dwelling unit within the Districts is hereby established for the costs associated with the construction, operation and maintenance of District facilities built within the boundaries of the Districts and for other costs associated with the recreation, landscape, and common areas of the Districts. Said fee will be collected on any completed dwelling unit commencing with the first full calendar month after the month in which a certificate of occupancy is issued by the City of Aurora for such completed dwelling unit or equivalent unit. A dwelling unit shall be "completed" as of the date said certificate of occupancy is issued.
5. With respect to the foregoing Development Fee as the same relates to commercial property within the boundaries of the Murphy Creek Metropolitan District Nos. 1-4, the boards find that commercial property within Murphy Creek Metropolitan District Nos. 1-4 consists of 172.92 acres upon which 833.99 residential equivalent density units could be constructed. The Development Fee set forth in Paragraphs 2 and 3 above shall be applied to said density units for the commercial parcel on the basis of 1 residential equivalent density unit per every 1,265 square feet of commercial property. If any commercial parcel shall be developed for single-family or multi-family residences, the fees set forth in Paragraphs 1 through 5 above shall apply as fully set forth therein.
6. All fees contemplated herein shall, until paid, constitute a perpetual lien on and against the property served or to be served by any improvements provided by the Districts or to be provided by the Districts within a reasonable time. All such liens shall be in a senior position as against all other liens of record affecting the property served or benefited, or to be served or benefited by improvements of the Districts.
7. The Districts may enter into agreements for the prepayment of Development Fees in order to permit property owners to avoid scheduled increases in the Development Fee rate per dwelling unit. The rate for such prepaid Development fees shall be the rate of the then-current Development Fee at the time of prepayment rather than the rate in effect at the time a building permit is obtained for the dwelling unit to which such prepaid Development Fee shall be allocated.
8. After any Development Fee is paid, the Districts shall record a release of any lien of

the Districts at the request of the property owner, and shall issue a certificate of prepayment for each prepaid Development Fee. Property owners may designate the property for which any certificate shall apply at any time whereupon said property shall be released from all liens arising hereunder.

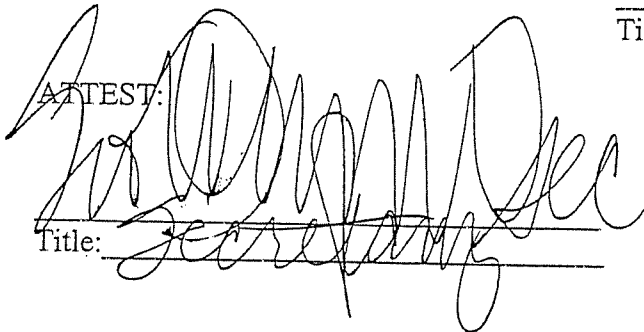
9. Invalidation of any of the provisions of this Resolution or of any paragraph, sentence, clause, phrase, or word herein, or the application thereof in any given circumstance, shall not affect the validity of any other provision of this Resolution.

ADOPTED AND APPROVED this 16th day of October 2008

MURPHY CREEK METROPOLITAN
DISTRICT NOS. 1-4



Title: _____

ATTEST:


Title: _____

(SEAL)