

MINUTES OF A JOINT REGULAR MEETING OF THE BOARDS
OF DIRECTORS

OF

MURPHY CREEK METROPOLITAN DISTRICT NOS. 1, 2, 3
AND 4

Held: Wednesday, November 16, 2011 at 3:00 p.m., at
23801 East Florida Avenue, Aurora, Colorado.

Attendance

The meeting referenced above was called and held in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve, were in attendance:

District No. 1
Michael Sheldon
Bradley T. Appel
Scott Alpert

District No. 2
Michael Sheldon
Bradley T. Appel
Scott Alpert

District No. 3
Michael Sheldon
Bradley T. Appel
Dennis Lyon
Kammy Tinney

District No. 4
Michael Sheldon
Bradley T. Appel
Scott Alpert

Also present were: Jennifer Gruber Tanaka, Esq., White, Bear & Ankele Professional Corporation, District general counsel; Irene Borisov, Colorado Management, District manager; John Simmons, Simmons & Wheeler, District accountant; Larry Summers, District construction manager; Andy Carroll, District security; and the following members of the public: Kim Smith, Linda Deebel, Margaret Sobey, James Shaffer, Sid Simkowski and Marilyn King.

Director Qualification

The directors in attendance confirmed their qualification to serve.

Call to Order

Mr. Sheldon noted that a quorum of each of the Boards was present and that the directors had confirmed their qualification to serve, and, therefore, called the meeting to order. The Boards noted the absences of Mr. R. Alpert

and Ms. Sheldon and, upon motion, duly seconded, the Boards excused their absences.

Combined Meetings

The Districts are meeting in a combined Board meeting. Unless otherwise noted below, the matters set forth below shall be deemed to be the action of Murphy Creek Metropolitan District No. 1 ("District 1") with concurrence by Murphy Creek Metropolitan District Nos. 2, 3 and 4 ("District 2," "District 3" and "District 4", respectively).

Disclosure Matters

Ms. Tanaka advised the Boards that, pursuant to Colorado law, certain disclosures by the directors may be required prior to taking official action at the meeting. The agenda for the meeting was reviewed following which each director confirmed that nothing appeared on the agenda for which disclosures had not been filed. The disclosures were reviewed by the directors and were ordered to be made part of the official minutes of the meeting.

The Boards determined that participation by the directors with potential conflicts of interest was necessary to obtain a quorum or otherwise enable lawful action to occur.

Agenda

Ms. Tanaka presented the Boards with the agenda for the meeting. Upon motion, duly seconded, the Boards unanimously approved the agenda, as presented.

Public Comment

Ms. Deebel requested that item 8F be moved up on the agenda to address her request for a waiver of the clubhouse rental fee for an informational meeting she conducted to address the oil and gas fracking within the community. Ms. Deebel noted that she hosted the meeting and that it represented both sides of the issue and was for the benefit of the community at large. Ms. Borisov reviewed the District's clubhouse policy with the Boards and noted that any requests for waivers, regardless of the purpose, are to be considered by the Boards. The Boards considered the request and upon motion of Mr. Lyon, seconded by Mr. Sheldon, the Boards unanimously approved the waiver of the clubhouse rental fee because the meeting was beneficial to the community at large and represented both sides of the issue.

Mr. Shaffer asked that the Boards consider waiving the clubhouse rental fees for all community-wide meetings. The Boards determined to keep the policy in place as is and address requests on a case-by-case basis. Ms. Borisov suggested that if there will be regular meetings conducted by an organization or on a matter that will recur that an application requesting this waiver for all of those meetings be submitted and the Boards will consider waiving the fees for all related meetings to simplify the process.

Ms. Deebel asked what the Boards' position is on fracking within the District. Mr. Sheldon explained that the Districts' infrastructure is not impacted and, therefore, it has not taken a position on the issue. Ms. Tanaka explained that the Districts have not received requests for use of the Districts' property for drilling purposes and, therefore, have had no need to respond. Mr. Sheldon noted that it is more appropriate for the homeowners' association to take a position than the Districts. Ms. Deebel asked if the Districts can prevent the fracking. Ms. Tanaka explained that the Districts do not have jurisdiction over the oil and gas industry and cannot regulate the drilling. Ms. Tanaka suggested the homeowners address the issue with the City Council.

Ms. Sobey inquired into the use of the social committee signs. Ms. Borisov explained that the sign is a homeowners' association sign and the use is determined by the social committee.

Ms. Smith inquired into the status of the master plan for the Eastern Hills community and asked when development can be expected to occur. Mr. Sheldon noted that this is for a different community but he is involved with that project as well and noted that there is a general development plan in place but there are no current plans for development.

Ms. Sobey noted that the sidewalk plans for South DeGaulle Way indicate that there will be a sidewalk installed but she noted that it is not currently constructed. Mr. Lyon noted that he left a message for the City on this issue but has not received a response.

Approval of Minutes

Ms. Tanaka presented the minutes of the October 19, 2011 joint regular meeting for approval by the Boards. Upon motion of Ms. Tinney, seconded by Mr. Lyon, the Boards unanimously approved the minutes, as presented.

Ms. Tanaka next presented the minutes of the October 27, 2011 joint special meeting for approval by the Boards of District Nos. 1 and 2. Upon motion of Mr. Sheldon, seconded by Mr. S. Alpert, the Boards unanimously approved the minutes, as presented.

Financial Matters

Payment of Claims

Mr. Simmons presented claims in the amount of \$22,646.84 for the Boards' review and consideration. Upon motion of Mr. S. Alpert, seconded by Mr. Sheldon, the Boards unanimously approved the claims as presented. Mr. Simmons presented the Boards with an additional claims list, dated as of November 14, 2011, in the amount of \$17,146.61 for review and consideration. Upon motion of Ms. Tinney, seconded by Mr. S. Alpert, the Boards unanimously approved the additional claims, as presented. Mr. Simmons requested an advance in the amount of \$15,000 from the developer for the costs associated with the Harvest Mile Road project which are in excess of the funds on hand in the District's account.

Financial Statements

Mr. Simmons presented the Boards with the financial statements as of September 30, 2011 and reviewed the same with the Boards. Upon motion of Mr. Lyon, seconded by Mr. Appel, the Boards unanimously accepted the September 30, 2011 financial statements, as presented.

Public Hearings on 2012 Budgets District Nos. 1, 2 and 4

Mr. Sheldon opened the public hearings for the 2012 budgets for District Nos. 1, 2 and 4. Ms. Tanaka reported that the notices of the public hearings were published in accordance with Colorado law. Mr. Simmons presented the Boards with the budgets for the 2012 fiscal year. There being no public comments, Mr. Sheldon closed the public hearings on the Districts' 2012 budgets.

The Boards considered the 2012 budget resolutions. After further review, a motion was made by Mr. Appel, and

seconded by Mr. S. Alpert, to approve the budgets, appropriate funds therefor, certify the mill levies, and to approve the execution of the budget resolutions for District Nos. 1, 2 and 4. The motion was approved unanimously.

District No. 3

Mr. Sheldon opened the public hearing for the 2012 budget for District No. 3. Ms. Tanaka reported that the notice of the public hearing was published in accordance with Colorado law. Mr. Simmons presented the Board with the budget for the 2012 fiscal year. There being no public comments, Mr. Sheldon closed the public hearing on the District's 2012 budget.

The Board considered the 2012 budget resolution. After further review, a motion was made by Mr. Lyon, and seconded by Ms. Tinney, to approve the budget, appropriate funds therefor, certify the mill levy, and to approve the execution of the budget resolution for District No. 3. The motion was approved unanimously.

Joint Resolution Regarding 2011 Audit Exemptions (District Nos. 2 and 4)

Ms. Tanaka presented the Boards of District Nos. 2 and 4 with a joint resolution regarding audit exemption for the 2011 fiscal year. Upon motion of Mr. S. Alpert, seconded by Mr. Appel, the Boards unanimously adopted the resolution.

Engagement of Auditor for 2011 Audits (District Nos. 1 and 3)

Mr. Simmons presented the Boards with proposals from L. Paul Goedecke, P.C. for conducting the 2011 audits for District Nos. 1 and 3 at the rate of \$3,500 per District. Upon motion of Mr. Appel, seconded by Mr. S. Alpert, the Boards of District Nos. 1 and 3 unanimously approved the engagement of L. Paul Goedecke, P.C. to perform the 2011 audits.

Legal Matters

2012 Joint Annual Administrative Matters Resolution

Ms. Tanaka presented the Boards with the 2012 Joint Annual Administrative Matters resolution noting that the resolution sets forth all compliance requirements for 2012. Upon motion of Ms. Tinney, seconded by Mr. Lyon, the Boards unanimously adopted the joint resolution.

Regular Meeting Dates for 2012 (Fourth Wednesday of

Ms. Tanaka noted that, due to the concerns raised at the October meeting regarding the time for the Districts'

Every Other Month, Starting in January, at 6:00 P.M.)

meeting, she coordinated with the consultants and directors and confirmed that the fourth Wednesday of every other month, starting in January, at 6:00 P.M. will work for all involved. Mr. Sheldon asked the members of the public present whether this was acceptable. No objections were registered. Upon motion of Ms. Tinney, seconded by Mr. Lyon, the Boards unanimously approved the regular meeting dates and times for 2012.

Joint Resolution Calling May 2012 Election

Ms. Tanaka presented the Boards with a Joint Resolution Calling the May 8, 2012 Election. Upon motion of Ms. Tinney, seconded by Mr. S. Alpert, the Boards unanimously adopted the resolution.

Ms. Tanaka reviewed an election calendar with the Boards and noted that Ms. Borisov will post the calendar to the community website.

Renewal of Insurance

Ms. Tanaka presented the Boards with the renewal of the Districts' insurance through the SDA Property and Liability Pool. Ms. Tanaka reported that Ms. Borisov reviewed the coverage with the District's broker to ensure that all property is included. Ms. Tanaka also reported that the directors' errors and omissions coverage premium increased significantly from the prior year. Ms. Tinney noted that the updated schedule for District No. 1, including the property coverage, was not included in the meeting packet. Ms. Tanaka will follow up with the Pool to ensure that the District receives this schedule and that the coverage is included. Upon motion of Mr. Sheldon, seconded by Mr. S. Alpert, the Boards unanimously approved the insurance and directed legal counsel to bind the insurance for each District, subject to confirmation that the property coverage is included for District No. 1.

Waiver of Workers' Compensation Insurance

Ms. Tanaka noted that, because the directors do not receive compensation for their service on the Boards, the Districts are not required to provide workers' compensation coverage for the directors. Upon motion of Mr. Lyon, seconded by Ms. Appel, the Boards unanimously waived workers' compensation coverage and directed legal counsel to file the appropriate documentation with the Division.

§32-1-809, C.R.S. Disclosure
Notices

Ms. Tanaka presented the Boards with the disclosure notices required by SB 09-87, now codified as § 32-1-809, C.R.S. Upon motion of Mr. Sheldon, seconded by Mr. S. Alpert, the Boards unanimously approved the notices and directed that each be posted on the SDA website as well as the Murphy Creek community website.

Renewal of Consultant
Agreements for 2012 Services

Ms. Tanaka noted that there are many service contracts up for renewal for 2012.

Front Range Recreation, Inc.
for Pool Management Services

Upon motion of Mr. S. Alpert, seconded by Ms. Tinney, the Boards unanimously approved the engagement of Front Range Recreation, Inc. for Pool Management Services.

@ Yur Service, LLC for
Handyman Services

Upon motion of Mr. S. Alpert, seconded by Ms. Tinney, the Boards unanimously approved the engagement of @ Yur Service, LLC for Handyman Services.

Rita Borovik for Clubhouse
Cleaning Services

Upon motion of Mr. S. Alpert, seconded by Ms. Tinney, the Boards unanimously approved the engagement of Rita Borovik for Clubhouse Cleaning Services.

Metropolitan District Public
Safety Group, LLC for Security
Services

Upon motion of Mr. S. Alpert, seconded by Ms. Tinney, the Boards unanimously approved the engagement of Metropolitan District Public Safety Group, LLC for Security Services.

Colorado Management and
Associates, Inc. for District
Management Services

Upon motion of Mr. S. Alpert, seconded by Ms. Tinney, the Boards unanimously approved the engagement of Colorado Management and Associates, Inc., for District Management Services.

Horticultural Specialists, Inc.
for Mosquito Control Services

Upon motion of Mr. S. Alpert, seconded by Ms. Tinney, the Boards unanimously approved the engagement of Horticultural Specialists, Inc. for Mosquito Control Services.

Summers and Associates, LLC
for Construction Management
Services

Upon motion of Mr. S. Alpert, seconded by Ms. Tinney, the Boards unanimously approved the engagement of Summers and Associates, LLC for Construction Management Services.

**District Manager Report
Operations Payables**

Ms. Borisov presented the Boards with the operations payables for September 22, 2011 through November 16, 2011 in the total amount of \$125,634.27. Upon motion of Mr. Lyon, seconded by Mr. Sheldon, the Boards unanimously approved the payables as presented.

**Installation of Brick Sign at
Entrance to Community**

Ms. Borisov reported that the costs for the installation of the entrance sign have been included in the 2012 budget. Ms. Borisov noted that Mr. Summers has contacted the sign company and will get bids from brick companies for the work. Upon motion of Mr. Sheldon, seconded by Mr. Lyon, the Boards unanimously directed Mr. Summers to accept the proposal upon receipt and have the work completed.

Notice Board at Clubhouse

Ms. Borisov presented the Boards with various options for a notice board at the clubhouse and noted that the prices range from \$300 to \$1,500 for the installation depending on what materials will be used and the placement of the sign. Upon motion of Mr. Sheldon, seconded by Mr. Lyon, the Board unanimously directed Mr. Summers to work with Mr. Shaffer and Mr. Simkowski to have a sign installed in an amount not-to-exceed \$1,000.

Replastering of Baby Pool

Ms. Borisov noted that she has requested a revised proposal for the replastering of the baby pool and will present the proposal at the next meeting.

**Purchase of Additional Pool
Furniture**

Ms. Borisov noted that she and Mr. Lyon coordinated on the purchase of additional pool furniture and are in the process of reviewing the current inventory to determine which furniture needs to be replaced in 2012. The Boards will revisit this issue in 2012 to make a final determination.

**Agreement with Keesen
Enterprises for Landscape
Maintenance Services for 2012**

Ms. Borisov presented the Boards with an agreement with Keesen Enterprises for landscape maintenance services for 2012 and noted that the scope of services and fees are the same for 2012 as they were for 2011. Mr. Sheldon inquired into whether the homeowners are pleased with the services received from Keesen. No objections were noted. Upon motion of Mr. Sheldon, seconded by Ms. Tinney, the Boards unanimously approved the agreement.

Security Update

Mr. Carroll suggested that the pool gates be replaced for security reasons noting that they are starting to affect the newly installed card reader system. The Boards directed Mr. Summers to obtain bids for the replacement for the Boards' consideration.

Mr. Carroll reported that the City is changing the police staffing for the Murphy Creek community starting in 2012 and noted that these changes will be good changes for the community.

Construction Update

Harvest Mile Road Construction Project

Mr. Summers reported that the project is nearing completion. Mr. Summers noted he has discussed the opening of the road with the City and noted the City may require that street lights be installed prior to the opening. Mr. Summers is challenging this requirement due to the lack of lighting previously in place while the road was open. Mr. Summers requested approval to issue final payment to the contractors upon completion, subject to appropriate statutory procedures being complied with for the issuance. Upon motion of Mr. Sheldon, seconded by Mr. S. Alpert, the Boards unanimously approved the issuance of the final payment subject to receipt of surety consents, no verified statements of claim being filed and issuance of a letter of acceptance from Mr. Summers for the same.

Other Business

Mr. Lyon inquired into the status of matters from the previous meeting as follows:

Patching of Curbs and Sidewalks on Grand Baker.

Ms. Borisov reported that the City is looking at the issue and has indicated it is including the patch work in its budget.

Street Lighting Throughout Community.

Ms. Tanaka reported that she sent a letter to the City expressing concern for certain areas throughout the community which do not have adequate lighting. She has not received a response from the City.

Maintenance of Storage Site. Ms. Tanaka reported that she followed up with the engineer working on the project and confirmed that it was stated in the plans that the Districts were to maintain the site, which was inaccurate. The Districts maintain the landscaping tracts on the collector and arterial roadways, but not throughout the site. Mr. Sheldon noted that this is being corrected on the plans.

Next Meeting

The next joint regular meeting will be held on January 25, 2012 at 6:00 P.M. Members of the community present requested that the notices be posted within plastic folders to prevent damage.

Adjournment

There being no further business to be conducted, the meeting was adjourned.

The foregoing constitutes a true and correct copy of the minutes for the above-referenced meeting



Secretary for the Meeting

The foregoing minutes were approved on the 25th day of January 2012.