

MINUTES OF A JOINT REGULAR MEETING OF THE  
BOARDS OF DIRECTORS

OF

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

Held: Wednesday, February 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  
Kathleen Sheldon  
Rodney Alpert

District No. 2

Michael Sheldon  
Kathleen Sheldon  
Rodney Alpert

District No. 3

Michael Sheldon  
Kathleen Sheldon  
Dennis Lyon  
Kammy Tinney

District No. 4

Michael Sheldon  
Kathleen Sheldon  
Rodney Alpert

Also present were: Jennifer Gruber Tanaka, Esq., White, Bear & Ankele Professional Corporation, District general counsel; John Simmons, Simmons & Wheeler, District accountant; Larry Summers, District construction manager; Irene Borisov, Colorado Management, District manager; Andy Carroll, District security; and Chris Alexander, homeowner.

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. and Ms. Bransfield 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 amended.

**Public Comment**

None.

Approval of Minutes

Ms. Tanaka presented the minutes of the November 10, 2010 joint regular meeting for approval by the Boards. Upon motion of Mr. Alpert, seconded by Ms. Sheldon, the Boards unanimously approved the minutes, as presented, and ratified all actions taken at the November 10, 2010 regular joint meeting.

**Financial Matters**

Ratification of Claims

Mr. Simmons presented claims in the amount of \$36,599.48 for ratification by the Boards. Upon motion of Mr. Alpert, seconded by Ms. Sheldon, the Boards unanimously ratified the claims as presented.

Payment of Claims

Mr. Simmons presented claims in the amount of \$5,683.26 for the Boards’ review and consideration. Upon motion of Ms. Sheldon, seconded by Mr. Sheldon, the Boards unanimously approved the claims as presented.

Financial Statements

Mr. Simmons presented the Boards with the financial statements as of December 31, 2010 for consideration. Upon motion of Mr. Alpert, seconded by Mr. Sheldon, the Boards unanimously accepted the financial statements as presented.

Public Hearings on 2010 Amended Budgets

District Nos. 3 and 4

Mr. Sheldon opened the public hearings for the 2010 amended budgets for District Nos. 3 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 amended budgets for the 2010 fiscal year. There being no public comments, Mr. Sheldon closed the public hearings on the Districts' 2010 amended budgets.

The Boards considered the joint 2010 amended budget resolution. After further review, a motion was made by Ms. Tinney, and seconded by Mr. Alpert, to approve the amended budgets, appropriate funds therefor, and to approve the execution of the joint amended budget resolution for District Nos. 3 and 4. The motion was approved unanimously.

Engagement of Simmons & Wheeler for District Accountant (District Nos. 1-4)

Mr. Simmons presented the Boards with engagement letters from Simmons & Wheeler, P.C. for serving as the Districts' accountant for 2011. Upon motion of Ms. Tinney, seconded by Mr. Alpert, the Boards unanimously approved the engagement letters with Simmons & Wheeler, P.C.

**Legal Matters**

Agreement with Colorado Management and Associates, Inc. for District Management Services

Mr. Sheldon reported that he met with the owners of Colorado Management and Associates, Inc. regarding the fees for 2011 District Management Services and noted that Colorado Management agreed to reduce its rates by nearly 20% to \$4.50 per lot per month. Mr. Sheldon thanked Colorado Management for its willingness to renegotiate the fees. Upon motion of Mr. Lyon, seconded by Ms. Tinney, the Boards unanimously approved the agreement with Colorado Management and Associates, Inc. for District Management Services.

Agreement with Summers and Associates, LLC for Construction Management Services

Mr. Sheldon reported that the agreement with Mr. Summers needed to be renegotiated as well to cover the tasks that Mr. Summers performs for the District. Mr. Sheldon reported that the compensation for Mr. Summers was changed to \$17,900 annually. Upon motion of Ms. Sheldon, seconded by Ms. Tinney, the Boards unanimously approved the agreement.

Reimbursement Agreement with HBA, Inc. for capital Costs Advanced for Harvest Mile Road Project (District No. 1 with Acknowledgement of District Nos. 2-4)

Ms. Tanaka reported that the Harvest Mile Contract Price is more than the project funds on hand with the Districts. Therefore, it is necessary for the developer, HBA, Inc., to advance funds to make up the shortfall. Ms. Tanaka noted that the reimbursement agreement provides that the Districts will reimburse the developer for the costs advanced to the extent the Districts have sufficient funding to do so. Further, Ms. Tanaka noted that the promissory note issued in conjunction with the agreement is annually appropriated. The interest rate on the note is set at 8%. Upon motion of Mr. Alpert, seconded by Ms. Sheldon, the Boards unanimously approved the Reimbursement Agreement with HBA, Inc., and associated promissory note.

Adoption of Amended and Restated Policies and Procedures Governing the Murphy Creek Community Center and Recreation Amenities

Ms. Tanaka presented the Boards with an Amended and Restated Policies and Procedures Governing the Murphy Creek Community Center and Recreation Amenities. Ms. Borisov and Ms. Tanaka reviewed the changes with the Boards, including: allowing staff to remove users who fail to present access cards to staff when requested; changing the number of allowable guests for users from 5 per user to 3 per household; specifying that privileges to use the facilities can be revoked by staff if violations of the rules continues; noting that if a user is required to leave the facilities but refuses, they can be subjected to criminal trespassing charges; and updating the user fees to be consistent with previously approved changes. The Boards engaged in a discussion regarding the number of guests per household noting that such limitation may be too stringent on some homes who have visitors. The Boards noted that if a user obtains the permission from the District Manager at least 48 hours prior to their guests' use of the amenities, then this limitation could be granted a waiver for that specific time. Upon motion of Ms. Tinney, seconded by Ms. Sheldon, the Boards unanimously adopted the Amended and Restated Policies and Procedures Governing the Murphy Creek Community Center and Recreation

Amenities, as revised.

**Adoption of Uniform Parking Regulations**

Ms. Tanaka presented the Boards with Uniform Parking Regulations for review and consideration. Ms. Tanaka reported that the policy allows the Districts to issue warnings to vehicles parked for an extended period of time on District property and to tow the vehicles after warnings have been issued and the vehicle has been parked for more than 72 hours. Mr. Carroll reported that the policy has worked well in other communities for which he provides security services and recommended the Boards adopt the policy. Upon motion of Mr. Alpert, seconded by Ms. Sheldon, the Boards unanimously adopted the Uniform Parking Regulations.

Ms. Borisov noted that no parking signs are required by the City for such a policy and noted that the towing company provides standard signs at no charge but if the Districts want to have signs that are more attractive or community specific, they will need to pay for the signs. The Boards elected to use the signs provided by the towing company at this time.

**Security System**

Ms. Borisov presented the Boards with three bids that she obtained for the access and security options. Ms. Borisov noted that the 2011 budget includes a line item for this system for \$28,000. Ms. Borisov and Mr. Carroll reviewed the proposals with the Boards and recommended Key-Rite whose bid was \$27,496.71. Upon motion of Mr. Sheldon, seconded by Ms. Tinney, the Boards unanimously approved the proposal from Key-Right for the security system.

**Adoption of Fees for Amenities Access Cards**

Ms. Borisov discussed the fees to be charged to homeowners for the access cards to the Districts' amenities. The Boards determined to charge \$5 for each of the first two cards in a household and \$3.50 for each additional card. Replacement cards will be \$10. Further, all minors will be required to have their own card. Upon motion of Mr. Alpert, seconded by Mr. Lyon, the Boards unanimously approved the access card fees.

**District Manager Report  
Operations Payables**

Ms. Borisov presented the Boards with the operations payables for November and December, 2010 and January 2011 in the total amount of \$246,991.98. Ms. Borisov

noted that this amount is higher than normal due to a transfer of \$146,000 in operating funds to a reserve account so that the funds can earn interest. Upon motion of Mr. Sheldon, seconded by Mr. Alpert, the Boards unanimously approved the payables as presented.

The Boards requested that Mr. Summers review each invoice and initial each invoice to indicate his approval of the expenses reflected therein.

Community Garden Areas and Options

Ms. Borisov reported that she addressed the homeowners at the community annual meeting advising them of the District's consideration of installing a community garden and requested that those interested contact her. She also placed another note in the newsletter. To date, Ms. Borisov has received interest from 19 homeowners. The Boards noted that they need at least 24 homeowners interested in participating to make the project economically sound. The Boards will review the matter in April to see if any additional interest has been expressed and make a final determination at that time.

Banners at Entrance Points

Ms. Borisov reported that she obtained additional bids for the placement of a sign at one of the entrances to the community. The bids ranged in price from \$3,500 to \$5,700. The Boards discussed the potential location of the sign and whether one sign accomplishes the goal of communicating better with residents since there are other entrance points to the community that will not have a sign. Upon motion of Mr. Lyon, seconded by Ms. Tinney, the Boards unanimously approved the installation of a sign for an amount not-to-exceed \$4,000 with the location of the sign to be determined by Mr. Lyon and Mr. Summers.

Request for "No Oversized Vehicles" Parking Signs

Ms. Borisov presented the Boards with a request from a homeowner for the placement of "No Oversized Vehicle" signs throughout the community. The Boards noted that the vehicles are being parked on public streets owned and maintained by the City and noted it was not the District's obligation or responsibility to pay for an install such signs, particularly when the signs are not required for City enforcement of the parking policy. Upon motion of Ms. Tinney, seconded by Mr. Lyon, the Boards unanimously denied the request.

Flower Proposal from Keesen

Ms. Borisov presented the Boards with a proposal from Keesen for the planting of flowers throughout the community in the amount of \$13,356. Ms. Borisov noted that the amount is within the District's budgeted amount for 2011. Upon motion of Mr. Sheldon, seconded by Mr. Lyon, the Boards unanimously approved the proposal.

Transfer of Operation Funds to Reserve Account

Ms. Borisov noted that the operations account currently has more funds than it needs for the daily operations and recommended that the funds be transferred to a reserve account so that the funds can earn interest. Upon motion of Mr. Sheldon, seconded by Mr. Lyon, the Boards unanimously approved the transfer of \$146,000 to a reserve account.

Options for Addressing Clubhouse Abuse

Ms. Borisov reported that there have been instances of those using the clubhouse leaving a mess or damaging the property. Without visual evidence of the conditions of the clubhouse before and after a user's event, it is difficult for the staff to prove that additional fees for damage or cleaning are warranted. Ms. Borisov suggested the District purchase a camera to have at the clubhouse so that the staff can document the condition of the amenities before and after events. The Boards directed Ms. Borisov to purchase a camera for the Districts for these purposes.

Proposals from HSI for Noxious Weed Control and Broadleaf Weed Control

Ms. Borisov presented the Boards with proposals from HSI for noxious weed control in the amount of \$23,554 and broadleaf weed control in the amount of \$6,750. Upon motion of Mr. Sheldon, seconded by Ms. Sheldon, the Boards unanimously approved the proposals.

Blue Spruce Replacement

Ms. Borisov reported that someone cut the top off of a blue spruce tree to use as a Christmas tree. The replacement cost is \$527. Upon motion of Mr. Sheldon, seconded by Ms. Tinney, the Boards unanimously approved the replacement of the tree.

### **Security Update**

There was no security update.

### **Construction Update**

Harvest Mile Road Construction Project

The construction of Harvest Mile Road has not commenced and will not until later in the spring.

**Other Business**

None.

Next Meeting

The next joint regular meeting will be held on April 20, 2011 at 3:00 P.M.

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



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Secretary for the Meeting

The foregoing minutes were approved on the 20<sup>th</sup> day of April 2011.