

MINUTES OF A JOINT SPECIAL MEETING OF THE  
BOARDS OF DIRECTORS

OF

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

Held: Thursday, May 12, 2011 at 12:30 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., and Blair M. Dickhoner, Esq., White, Bear & Ankele Professional Corporation, District general counsel; Peggy Purcell, Simmons & Wheeler, District accountant; Larry Summers, District construction manager; Irene Borisov, Colorado Management, District manager; Andy Carroll, District security; Chris Alexander, homeowner; and Scott Alpert, property owner.

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 presented.

**Public Comment**

Mr. Lyon inquired into House Bill 11-1124 and the duties of directors under the same. Ms. Tanaka explained that directors who are also on the boards of homeowners associations will want to disclose any conflicts of interests in the event there are matters between the Districts and the homeowners' association creating such a conflict. Also, when completing self-nomination forms at the time of director elections in May of even-numbered years, such disclosure will need to be made and will be on the forms provided by legal counsel at that time. Ms. Tanaka noted that HB 1124 places more responsibilities on the homeowners' associations and requires that homeowners' associations develop policies for disclosing their conflicts. Ms. Tanaka advised Mr. Lyon to discuss HB 1124 with his homeowners' association attorney.

Approval of Minutes

Ms. Tanaka presented the minutes of the February 16, 2011 joint regular meeting for approval by the Boards. Upon motion of Mr. R. Alpert, seconded by Ms. Sheldon, the Boards unanimously approved the minutes, as presented, and ratified all actions taken at the February 16, 2011 regular joint meeting.

Resignation and Appointment to Boards (District Nos. 1, 2 and 4)

Mr. Sheldon reported that, because of his intimate knowledge and involvement with the project, the Boards of District Nos. 1, 2 and 4 would like to have Mr. Scott Alpert reappointed to the Boards. Ms. Carol Bransfield submitted her resignation from the Boards to the Districts. Ms. Tanaka confirmed Mr. Alpert's qualifications to serve on each of the Boards. Upon motion of Mr. R. Alpert, seconded by Ms. Sheldon, the Boards of Districts 1, 2 and 4 unanimously accepted the resignation of Ms. Bransfield and appointed Mr. Alpert to the Boards. Mr. Alpert was administered the oaths of office for each of the Districts. The Boards thanked Ms. Bransfield for her service on the Boards.

Election of Secretary for District Nos. 1, 2 and 4

Ms. Tanaka noted the need to elect a Secretary for each of the Boards. Upon motion of Mr. Sheldon, seconded by Ms. Sheldon, the Boards of District Nos. 1, 2 and 4 unanimously elected Mr. S. Alpert as the Districts' Secretary for the purposes of attesting and signing District documents.

### **Financial Matters**

Ratification of Claims

Ms. Purcell presented claims in the amount of \$10,035.35 for March and in the amount of \$7,892.54 for April for ratification by the Boards. Upon motion of Mr. R. Alpert, seconded by Mr. S. Alpert, the Boards unanimously ratified the claims as presented.

Payment of Claims

Ms. Purcell presented claims in the amount of \$17,532.60 for the Boards' review and consideration. Upon motion of Mr. S. Alpert, seconded by Mr. R. Alpert, the Boards unanimously approved the claims as presented.

Financial Statements

Ms. Purcell presented the Boards with the financial statements as of March 31, 2011 for consideration. Upon motion of Mr. R. Alpert, seconded by Mr. Lyon, the Boards unanimously accepted the financial statements as presented.

Status of 2010 Audits (District Nos. 1 and 3)

Ms. Purcell reported that the auditor, Paul Goedecke, conducted the field work on the audits in April and she is expecting to receive draft audits in the near future.

June 1, 2011 Debt Service Payment on District No. 3 Bonds

Ms. Purcell reported that it is anticipated that the bond payment due on June 1, 2011 will be short due to lower tax revenues received by the District and declining assessed

valuations. Mr. Sheldon reported that he participated in discussions with the District's bondholders previously regarding the anticipated shortfall and noted that the bondholders understand that the bonds are a limited tax obligation of the District.

### **Legal Matters**

Reimbursement Agreement with Murphy Creek, LLC 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, Murphy Creek, LLC, 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. Sheldon, seconded by Mr. S. Alpert, the Boards unanimously approved the Reimbursement Agreement with Murphy Creek, LLC, and the associated promissory note.

Cancellation of 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 Reimbursement Agreement with HBA, Inc., which was approved by the Boards at the February 16, 2011 meeting, was erroneously with the wrong entity. Because the agreement was approved, she requested formal action by the Boards to cancel the agreement in light of the change in the entity. Upon motion of Mr. Sheldon, seconded by Mr. S. Alpert, the Boards unanimously cancelled the Reimbursement Agreement with HBA, Inc.

### **District Manager Report** Operations Payables

Ms. Borisov presented the Boards with the operations payables for February, March and April 2011 in the total amount of \$208,026.02. Upon motion of Mr. Lyon, seconded by Ms. Tinney, the Boards unanimously approved the payables as presented.

Community Garden Areas and Options

Ms. Borisov reported that only 19 people have expressed an interest in the community garden. The Boards noted that they previously indicated that at least 24 people would need to be interested in order to make the project feasible. Upon motion of Ms. Tinney, seconded by Mr. Sheldon, the Boards unanimously tabled the community garden discussion until the November meeting for consideration

for the 2012 season.

Banners at Entrance Points

Ms. Borisov reported that the contractor engaged to install the sign indicated that the City is requiring a site plan for the installation and he has been unable to locate a site plan for the project. The Boards noted that he should be able to use the Filing 11 site plan that was developed with the community. Mr. Summers indicated he would work to locate the Filing 11 site plan in hopes that will be sufficient.

Security/Access System

Ms. Borisov reported that the amenities packets were sent to homeowners and she is in the process of setting up access cards and pictures for homeowners this week. Ms. Borisov noted she is starting the process with minors, who are required to have picture identification cards. Only a few complaints regarding the process have been expressed so far.

Proposed Gas Station and Self-Storage

Ms. Borisov reported that the Districts received a referral package from the City regarding the development of a gas station and self-storage building in the Murphy Creek community. The Boards noted that it is more appropriate for the Homeowners' Association to respond to the matter and noted that the Master HOA is in support of the project.

Homeowner Request for Waiver of Clubhouse Rental Fee

Ms. Borisov presented the Boards with a request from a homeowner for the waiver of the clubhouse rental fee for monthly neighborhood watch meetings. The Boards unanimously approved the request.

Request for Weekly Yoga Classes in Clubhouse

Ms. Borisov reported that the classes have been cancelled and the request is no longer relevant.

Mineral Rights Requests

Ms. Borisov reported that many homeowners have received requests from various companies seeking permission to conduct seismic testing on their property. Ms. Borisov advised homeowners receiving such requests to conduct due diligence as appropriate prior to making a decision. No requests have been made of the District for its property.

Mulch Replacement and Freshening

Ms. Borisov presented the Boards with a proposal from Keesen Enterprises for the replacement of mulch and freshening up of various beds in the amount of \$2,858. Ms. Borisov noted that the funds are available in the

operations budget. Upon motion of Mr. R. Alpert, seconded by Ms. Tinney, the Boards unanimously approved the proposal.

**Security Update**

Mr. Carroll reported that there has been a round of car break ins by pre-teen kids in the neighborhood. He noted that the break ins are not being reported timely to the police or to him and noted the need for people to report these incidents in a timely manner in order for the culprits to be caught. Mr. Carroll reported that the presence of fewer police in the area is causing more problems but did note that drug activity has diminished.

**Construction Update**

Harvest Mile Road Construction Project

Mr. Summers reported that he conducted a pre-construction meeting on Tuesday and has met with the City and subcontractors for the project. Permits will begin to be pulled soon and he is conducting another pre-construction meeting next week. Mr. Summers reported that it will take six to eight weeks to complete the construction. Because there is little traffic on the road, it will be shut down instead of traffic being diverted, which will save on costs. Homeowners will be notified of the street closure in the newsletter and on the website.

Irrigation System

Mr. Summers reported that the irrigation clocks have been turned off for the time being due to the rain that has been received. They will be turned on again when needed.

Flowers

Mr. Summers reported that the flowers will be planted in early June and noted that the beds have been prepped for the planting.

**Other Business**

None.

Next Meeting

The next joint regular meeting will be held on June 15, 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

*Kathleen Sheldon*

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Secretary for the Meeting

The foregoing minutes were approved on the 15<sup>th</sup> day of June  
2011.