

MINUTES OF A JOINT SPECIAL MEETING OF THE BOARDS
OF DIRECTORS

OF

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

Held: Wednesday, October 19, 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; Irene Borisov, Colorado Management, District manager; John Simmons, Simmons & Wheeler, District accountant; Larry Summers, District construction manager; and the following members of the public: Lionel Foster, Margaret Sobey, James Shaffer, Marilyn Pate, Sid Simkowski, Renee Shapard, Anna Reid, Marilyn King and Chris Alexander.

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 absence of Mr. S. Alpert and, upon motion, duly seconded, the Boards excused his absence.

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

Ms. Sobey inquired into the posting places for all notices of the Districts' meetings. Ms. Tanaka explained the legal requirements for posting for all meetings and Mr. Summers noted the specific locations that he posts the notices. Ms. Borisov noted that the meeting dates are published on the community website as well. The members of the public requested that the dates and times of the meetings be published in the newsletter, posted on the website and also posted at the clubhouse so that more members of the public can be advised of the meetings. The Boards discussed installing a cork board notice box at the clubhouse for these and other community notices. Ms. Borisov will look into the cost of putting up a notice board and develop a policy for its use.

Ms. Sobey noted that the Colorado Management website only has the minutes from the Districts' meetings from 2006 through 2010 posted and requested that all minutes be posted for public viewing. Ms. Borisov will ensure that the minutes are posted after each meeting as they are approved by the Boards.

Mr. Foster inquired into the patching of curbs and sidewalks throughout the community and noted that they are being patched with asphalt instead of concrete so they do not match. The Boards noted that the City is responsible for the repairs to the curbs and sidewalks and suggested that Mr. Foster contact the Public Works Department at the City to register a complaint regarding this practice.

Mr. Foster noted that there are areas within the community that do not have street lights and which are very dark. Mr. Foster expressed concern that these dark areas could create areas of danger for those walking in the community. The Boards noted that the areas in question are owned by the City and, therefore, it is the City's responsibility to install street lights as it deems appropriate. The Boards directed Ms. Tanaka to send a letter to the City expressing concern for these areas noting the safety concerns.

Mr. Shaffer noted that he believes the development plans for the storage site state that the Districts are responsible for maintaining the site. Mr. Sheldon noted that this is not the case and that if the plans make this statement, it is an error. Ms. Tanaka noted that the Districts are prohibited by law from maintaining private property with public funds. The Boards directed Ms. Tanaka to contact Mr. Kelsey, the engineer preparing the plans, to confirm that the plans to not state the Districts will maintain this site.

Ms. Shaffer noted that the zoning plan shows a lot for self-storage or a veterinarian clinic at Harvest Mile and Jewel. Mr. Sheldon explained that the parcel is zoned commercial. Mr. Sheldon noted that this issue is a development issue instead of a District issue and noted he will stay after the meeting to answer any questions

regarding the development, zoning plans or other developer-related matters.

Mr. Foster inquired into the development plans for the south side of Jewel. Mr. Sheldon noted that there are no current plans at this time.

Approval of Minutes

Ms. Tanaka presented the minutes of the June 15, 2011 joint regular meeting for approval by the Boards. Upon motion of Ms. Kinney, seconded by Mr. R. Alpert, the Boards unanimously approved the minutes, as presented, and ratified all actions taken at the June 15, 2011 joint regular meeting.

Financial Matters

Ratification of Claims

Mr. Simmons presented claims in the amount of \$407,601.72 for ratification by the Boards. Upon motion of Ms. Sheldon, seconded by Mr. Lyon, the Boards unanimously ratified the claims as presented.

Payment of Claims

Mr. Simmons presented claims in the amount of \$620,118.96 for the Boards' review and consideration. Mr. Simmons noted that \$616,648.97 of these costs are related to the capital project on Harvest Mile Road and the remaining \$3,469.99 are general fund expenses. Upon motion of Mr. R. Alpert, seconded by Mr. Lyon, the Boards unanimously approved the claims as presented.

Financial Statements

Mr. Simmons presented the Boards with the financial statements as of June 30, 2011 and reviewed the same with the Boards. Mr. Lyon inquired into how the taxes in District Nos. 2 and 4 are paid. Mr. Simmons noted that these taxes are paid by the property owners, which are currently the developer. Upon motion of Ms. Tinney, seconded by Mr. Sheldon, the Boards unanimously accepted the June 30, 2011 financial statements, as presented.

2011 Preliminary Assessed Valuations

Mr. Simmons reviewed the 2011 preliminary assessed valuations for each District as received from the Arapahoe County Assessor. Mr. Simmons reported that each District's valuation decreased.

Draft 2012 Budgets

Mr. Simmons reviewed the draft 2012 budgets with the Boards. Mr. Lyon asked about the repayment of the District No. 3 bonds noting that with the significant decrease in the assessed valuation, the District may not be able to make its payment in 2012. Ms. Tanaka explained that the bonds are limited mill levy bonds and when the bonds were issued, the bondholders assumed the risk that the maximum mill levy required to be imposed for repayment may not be sufficient to make certain payments. Mr. Simmons noted that the bondholders will either be repaid in future years when the assessed valuation increases or, at a date certain in the future, any unpaid balances will be disposed of pursuant to the bond documents.

Public Hearing Dates for 2012 Budgets

Ms. Tanaka noted the need to set the date for the public hearings on the 2012 budgets. Upon motion of Ms. Tinney, seconded by Ms. Sheldon, the Boards unanimously set the public hearing dates for November 16, 2011 at 3:00 P.M. at the regular meeting location.

Legal Matters

Appointment of Bradley Appel to Vacancies on Districts' Boards

Ms. Tanaka reported that, due to the recent passing of Mr. Bransfield, there is currently one position vacant on each of the Boards. Ms. Tanaka reported that she published a notice of vacancy in the *Aurora Sentinel* and received no letters of interest from other members of the community. Ms. Tanaka also reported that she confirmed Mr. Appel's qualifications to serve on the Boards. Members of the community inquired into the appointment of other people to the Boards. The Boards noted that because no other letters were received prior to the meeting, that they will not be considered at this time. However, the Boards noted that in May 2012 there will be an election conducted for the positions which are up for re-election. Ms. Tanaka reviewed with the Boards and members of the public the timeline for the May 2012 election and noted she will develop an election calendar that can be posted on the website providing everyone with the various deadlines. Upon motion of Mr. Sheldon, seconded by Mr. R. Alpert, the Boards unanimously appointed Mr. Appel to the Boards.

Election of Treasurer to Boards

Ms. Tanaka explained that Colorado law requires that a Treasurer be appointed for each of the Districts. Ms. Tanaka noted that Mr. Bransfield was previously the Treasurer. Upon motion of Mr. Sheldon, seconded by Mr. R. Alpert, the Boards unanimously elected Ms. Sheldon as the Treasurer for District Nos. 1, 2 and 4 and Mr. Lyon as Treasurer for District No. 3.

Fourth Amended and Restated Joint Resolution Concerning Imposition of District Development, Working Capital and Recreation Fees

Ms. Tanaka presented the Boards with a *Fourth Amended and Restated Joint Resolution Concerning the Imposition of District Development, Working Capital and Creation Fees* and noted that the prior resolution noted that the monthly recreation fee was \$40 per month but, for the last couple of years, the Districts have imposed and collected \$50 per month. Ms. Tanaka noted that the prior resolution allowed for changes in the fees and this resolution simply shores up the resolution with the fee that is currently being imposed. Upon motion of Mr. R. Alpert, seconded by Ms. Sheldon, the Boards unanimously adopted the resolution as presented.

**District Manager Report
Operations Payables**

Ms. Borisov presented the Boards with the operations payables for June 15, 2011 through September 21, 2011 in the total amount of \$231,875.01. Upon motion of Ms. Tinney, seconded by Mr. Lyon, the Boards unanimously approved the payables as presented.

Installation of Sign at Entrance to Community

Mr. Summers reported that he has been working with the City's Planning Department on the sign design and noted that the City is requiring that the sign be constructed with brick to match the monuments in the surrounding area. Mr. Summers noted that if the Districts do not want to construct the sign with this motif, an amendment to the landscape plans will be required which will be very costly and time consuming. The members of the public noted that they would prefer that the sign be constructed to match the brick monuments as well to create a uniform appearance. The Boards directed Mr. Summers to obtain a proposal to determine the cost of the construction of a brick sign and directed Ms. Borisov to include these costs in the 2012 budgets for consideration at the November budget hearings.

Interior Painting of Clubhouse

Ms. Borisov noted that the interior of the clubhouse needs to be painted. Ms. Borisov presented the Boards with a proposal from Shaker Painting for \$446 for consideration. Upon motion of Mr. Sheldon, seconded by Mr. Lyon, the Boards unanimously approved the proposal.

Ratification of Tree and Shrub Replacements

Ms. Borisov presented the Boards with a proposal from Keesen Enterprises, the Districts' landscape contractor, for the replacement of trees and shrubs throughout the community in the amount of \$29,592. Ms. Borisov noted that this amount is within the Districts' 2011 budget and noted that she and Mr. Summers were able to negotiate with Keesen Enterprises to get the amount reduced from the prior proposal submitted. Upon motion of Ms. Sheldon, seconded by Ms. Tinney, the Boards unanimously ratified the proposal.

Homeowner Responses and Comments on New Access and Security System

Ms. Borisov reported that the new system has been working really well and she has received a lot of positive comments from the community regarding the new system. Ms. Borisov noted that the system enables both her and the pool contractor to monitor who should have access to and who is accessing the Districts' amenities at any given time. Ms. Borisov noted that the Districts are experiencing a few issues with access to the tennis courts and gates due to disconnection issues but she is in the process of troubleshooting these matters and she hopes to have these ironed out prior to the 2012 pool season.

Change in Clubhouse Policy to Require Homeowners to Pay for Additional Lifeguards and Other Expenses as a Result of Use

Ms. Borisov reported that people renting the clubhouse for parties are also using the pool, along with their guests, which results in more guests than what the lifeguards are permitted to have with the number of lifeguards on duty at that time. In these instances, Ms. Borisov has charged the user for an additional lifeguard and suggested that this policy be added to the Districts' official policy and rental agreement. The Boards directed Ms. Borisov and Ms. Tanaka to develop a policy with reasonable rates for users to pay in such instances.

Addition of Card Readers at Remaining Clubhouse Entrances and Exits

Ms. Borisov noted that when the Boards originally decided to install the access and security system, the Boards wanted to consider, at a later date, the addition of card readers at the remaining entrances and exits of the

clubhouse to enable better monitoring of open doors and access to the amenities. Ms. Borisov inquired into whether this is something the Boards are interested in considering for 2012. The Boards determined to defer this matter to a later date given the cost associated with the additions and the current status of the market.

2012 Operations Budget

Ms. Borisov noted that she provided the 2012 operations budget to Mr. Simmons and these amounts have been included in the Districts' 2012 budgets. Ms. Borisov noted that there is no proposed increase in monthly fees and that expenses are being tightened due to the economy.

Homeowner Request for Change in Meeting Times

Ms. Borisov noted that she has received several requests from the community to change the meeting times for the Districts' meetings as well as the HOA meetings to the evening when more homeowners are able to attend. The Boards discussed various options and directed legal counsel to coordinate a date that works for consultants and suggested it be a Wednesday at 6:00 P.M. Legal counsel will coordinate with consultants and propose a new meeting schedule at the November meeting. The Boards directed that these times become effective in 2012.

Request from The Parkways Sub-Association for Financial Assistance

Ms. Borisov presented a request from The Parkways Sub-Association for assistance in paying monthly association and District fees. Ms. Tanaka noted that the State Constitution prohibits the Districts from using public funds for private purposes and advised that it would be inappropriate for the Districts to offer such assistance.

Replastering of Regular Pool and Baby Pool

Ms. Borisov reported that she has received comments from community members regarding the surface of the pools being too rough for feet. Ms. Borisov obtained a proposal for the replastering of the pool which is \$40,253.35 for both pools. Ms. Borisov noted that there is a concern with removing the treading from the pools due to slipping. The Boards requested that Ms. Borisov obtain a proposal for the replastering of the baby pool only to consider at the November meeting.

15 Minute Pool Breaks

Ms. Borisov noted that the Districts' pool contractor has a standard policy that every hour there is a 15 minute break where all kids are removed from the pool. Ms. Borisov explained that the purpose of the policy is to allow kids to take a break to re-hydrate and go to the bathroom while also allowing adults to use the pool for adult lap swimming. Mr. Lyon noted that he has been present at the pool when the break has been mandated when there was only one family at the pool and, therefore, no adult swim to interrupt. Mr. Lyon suggested that the break every hour seems extreme and suggested the break be every 2 hours instead. The Boards also noted that this should only be during peak use hours and not during times when there is minimal use of the pool. Upon motion of Mr. Lyon, seconded by Ms. Sheldon, the Boards unanimously approved a 15 minute break for kids every 2 hours during the peak hours of 12-6 P.M.

Pool Equipment Room Repairs

Ms. Borisov noted that the pool equipment room is in need of repairs and noted that the cost associated with the repairs is estimated to be \$20,000. The Boards directed Ms. Borisov to include this matter in the 2012 budgets.

Acid Etch Area Around Baby Pool and Coping Stones

Ms. Borisov presented the Boards with a proposal to acid etch the area around the baby pool and coping stones in the amount of \$950. Upon motion of Ms. Tinney, seconded by Mr. R. Alpert, the Boards unanimously approved the proposal.

Main Pool Heating Cleaning

Ms. Borisov presented the Boards with a proposal to clean the main pool heating system in the amount of \$600-850. Upon motion of Ms. Tinney, seconded by Mr. R. Alpert, the Boards unanimously approved the proposal.

Main Pool Motor Servicing

Ms. Borisov presented the Boards with a proposal to service the main pool motor in the amount of \$850-1,000. Upon motion of Ms. Tinney, seconded by Mr. R. Alpert, the Boards unanimously approved the proposal.

Purchase of Additional Pool Furniture

Ms. Borisov noted that new pool furniture needs to be purchased to replace the existing furniture which has considerable wear. Ms. Borisov presented an estimate of \$2,500 to \$4,000 for the furniture. The Boards directed

Mr. Lyon to work with Ms. Borisov to select the furniture and the Boards will consider the approval at the November meeting.

Holiday Lights

Ms. Borisov presented the Boards with a proposal for holiday lighting in the amount of \$7,964. Ms. Borisov noted that this is within the Districts' budgeted amount and is approximately \$400 higher from last year's contract due to the incorporation of LED lights. Upon motion of Mr. Lyon, seconded by Mr. Sheldon, the Boards unanimously approved the holiday lighting proposal.

Renewal of Pool Maintenance Contract with Front Range Pool for 2012

Ms. Borisov presented the Boards with the 2012 pool maintenance contract with Front Range and noted that the rates are the same as those for the 2011 pool season. The Boards noted that they have been pleased with the services provided by Front Range and recommended renewal. Upon motion of Mr. Lyon, seconded by Mr. R. Alpert, the Boards unanimously approved the agreement.

Renewal of Colorado Management District Management Agreement for 2012

Ms. Borisov presented the Boards with the 2012 District Management agreement with her company and noted that the rates for 2012 will remain the same as the rates that were negotiated for 2011. The Boards noted that they have been pleased with the services provided by Ms. Borisov and Colorado Management and recommended renewal of the agreement. Upon motion of Ms. Tinney, seconded by Ms. Sheldon, the Boards unanimously approved the renewal of the agreement.

HSI Agreement for Pest and Weed Control and Tree Treatments

Ms. Borisov presented the Boards with a proposal from HSI for various pest and weed control services and tree treatments in the amount of \$28,339. Ms. Borisov noted that the contract amount is within the Districts' budget and has been negotiated down slightly. Upon motion of Ms. Tinney, seconded by Mr. R. Alpert, the Boards unanimously approved the agreement.

Security Update

None.

Construction Update

Harvest Mile Road Construction Project

Mr. Summers reported that the project is nearing completion and he is working with the contractors to finish a few of the punch list items. Mr. Summers noted

that the street lights are a potential issue as it is unknown whether the City will take care of this as they have in the past. Mr. Sheldon and Mr. Summers will work with the City to finalize this matter.

Other Business

None.

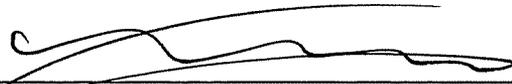
Next Meeting

The next joint regular meeting will be held on November 16, 2011 at 3:00 P.M. and will be the budget hearings for the Districts.

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 16th day of November 2011.