

JOINT SPECIAL MEETING
MURPHY CREEK METROPOLITAN DISTRICT NOS. 1 & 3
23801 East Florida Avenue
Aurora, Colorado
Tuesday, October 16, 2012
6:00 P.M.

Board of Directors District No. 1

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|---------------------------------------|-----------------------|
| Michael A. Sheldon, President | Term Expires May 2014 |
| Kathleen Sheldon, Assistant Secretary | Term Expires May 2014 |
| VACANCY | Term Expires May 2016 |
| Rodney A. Alpert, Treasurer | Term Expires May 2016 |
| VACANCY | Term Expires May 2014 |

Board of Directors District No. 3

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|------------------------------------|-----------------------|
| Michael A. Sheldon, President | Term Expires May 2014 |
| Dennis Lyon, Treasurer | Term Expires May 2014 |
| Kammy Tinney, Assistant Secretary | Term Expires May 2014 |
| Sid Simkowski, Assistant Secretary | Term Expires May 2016 |
| Laura Blaser, Secretary | Term Expires May 2016 |

AGENDA

1. Call to Order
2. Declaration of Quorum/Director Qualifications/Reaffirmation of Disclosure
3. Approval of Agenda
4. Public Comment (Items Not on the Agenda)
5. Legal Matters
 - a. Conduct Public Hearings (**Enclosures: Term Sheet, Resolutions and Orders**)
 - i. Exclusion of Murphy Creek, LLC Property (District No. 3)
 - ii. Exclusion of Murphy Creek, LLC Property (District No. 1)
6. Other Business
 - a. Next Joint Regular Meeting—November 28, 2012 at 6:00 P.M. BUDGET HEARINGS
7. Adjournment

MURPHY CREEK EXCLUSION AGREEMENT TERM SHEET

1. **Rationale for Exclusion.** The Archdiocese (defined below) intends to acquire certain real property within the Murphy Creek Development (the “Property”) pursuant to that certain Purchase and Sale Agreement between the Archdiocese and Murphy Creek, LLC dated August 8, 2012. The Archdiocese intends to develop the same as a church site. In connection with the Archdiocese’s acquisition of the Property, the Archdiocese has requested that the Property be excluded from the Districts (defined below). If the Property is developed for its intended use, it will in all likelihood be tax-exempt at an undetermined future date, such that neither Murphy Creek Metropolitan District No. 1 (“District No. 1”) nor Murphy Creek Metropolitan District No. 3 (“District No. 3” and collectively with District No. 1, the “Districts”) would recognize any ad valorem tax revenue from the Property as of the date of that conversion forward. The Archdiocese agrees that it will continue to be responsible for the Development Fee (defined below) which would represent repayment of some of the public infrastructure that benefits the Property. In addition, until the Property is utilized as a church site and made tax-exempt, any portion of the Property that had been located in District No. 3 will remain liable for the Debt Service Mill Levy (defined below). Likewise, should any portion of the Property be converted back to taxable property in the future while the Debt Service Mill Levy for the District No. 3 Bonds (defined below) is outstanding, that Property will resume its liability for the Debt Service Mill Levy. In sum, the Districts do not benefit from continuing to have the Property within their boundaries and the Districts will be made whole by payment of the Development Fee and the Debt Service Mill Levy pending development of the Property as a church site. The specific terms of the proposed exclusion are set forth below.

2. **Property to be excluded:** TBD. To consist of a 20 acre parcel most likely within District No. 1 and District No. 3. Final legal description to be forthcoming.

3. **Parties to the Agreement:** District No. 1, District No. 3 and the Archdiocese of Denver (the “Archdiocese”) (collectively, the “Parties”).

4. **Continued Obligation for Existing Bonds.** At this time District No. 1 has no outstanding bonded indebtedness. Upon the exclusion of the Property from District No. 1, the Property will have no liability or obligations for any debt incurred by District No. 1. District No. 3 has issued its certain General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2006 in the par amount of \$26,600,000 (the “District No. 3 Bonds”). District No. 3 is currently imposing a debt service mill levy in the amount of 48.944 for debt service on the District No. 3 Bonds (the “Debt Service Mill Levy”). Any of the Property that is located within the boundaries of District No. 3 and is excluded therefrom will continue to be subject to Debt Service Mill Levy until the earlier of: (a) such time as the District No. 3 Bonds are repaid or extinguished; or (b) the Property is granted tax-exempt status by the Colorado Division of Property Taxation. The Property, however, shall have no liability for any additional debt of either District other than the Debt Service Mill Levy attributable to the District No. 3 Bonds; provided, however, that if any portion of the Property currently located within District No. 3 is, in the future, converted back to taxable status, that portion will resume its

liability for the District No. 3 Bonds unless the District No. 3 Bonds have been repaid or extinguished.

5. **No Additional Debt.** Each District agrees that until the Exclusion is effective (defined below), neither District will seek to incur additional bonded indebtedness or multiple-fiscal year obligations that could bind the Property following its exclusion.

6. **Tax-Exempt Status.** The Parties acknowledge that it is the current intention of the Archdiocese to develop the Property as a church site. Use of the Property as a church could qualify the Property as exempt from ad-valorem taxation. In the event, however, the Property is not developed as a church site, or is developed as a church site, but the use subsequently changes to a taxable use, the Archdiocese acknowledges that the portion of the Property that was excluded from District No. 3 will once again be subject to the Debt Service Mill Levy by operation of law and in any potential sale of the Property by the Archdiocese, the Archdiocese agrees to disclose the same to any potential purchaser.

7. **Obligation for Development Fees.** The Parties acknowledge that the Property is currently subject to that certain Fifth Amended and Restated Joint Resolution Concerning Imposition of District Development, Working Capital and Recreation Fees (the "Fee Resolution"). The Exclusion Agreement shall provide that the Property shall continue to be subject to the Development Fee established in the Fee Resolution. The Parties agree that the Development Fee for the Property, so long as it continues to be owned by the Archdiocese and is developed as a church site or for other non-profit or religious uses, shall be the Commercial Development Fee as established in Paragraph 5 of the Fee Resolution. The current rate of the Commercial Development Fee is \$12,500 per acre (the "Base Fee"), subject to five percent (5%) annual increases commencing on January 1, 2013 (the "Annual Escalator"). The Exclusion Agreement will provide that, with respect to the Property, neither the Board of Directors for District No. 1 or District No. 3 will increase the Base Fee. Further, the Exclusion Agreement will provide that each District will waive the imposition of the Annual Escalator for a period of 10 years following the effective date of exclusion. Notwithstanding the foregoing, to the extent there is any increase in the Base Fee, such increase will be applicable to the Property along with the Annual Escalator in the event the Property is not developed as a church site or for other non-profit or religious uses. The Commercial Development Fee will continue to be due and owing upon issuance of a building permit for the Property or may be prepaid as provided in the Fee Resolution.

8. **Exclusion from Working Capital or Recreation Fees.** The Fee Resolution also created the obligation for property owners within the Districts to pay on-going working capital and/or Recreation Fees following the issuance of a certificate of occupancy. The Exclusion Agreement shall provide that the Property shall be exempt from any continuing obligation for payment of working capital or Recreation Fees.

9. **Effective Date.** The effective date of the exclusion shall be upon recordation of the Court's Order.

10. **Cooperation to Obtain Governmental Approval.** The Parties agree that they will each cooperate to obtain the approval of the respective Boards of Director's for each District and the approval of the City Council of Aurora to the exclusion.

11. **Payment of Costs.** Each Party shall bear its own costs and expenses in preparing the Exclusion Agreement and processing the Exclusion.

**RESOLUTION AND ORDER FOR EXCLUSION
OF THE
BOARD OF DIRECTORS
OF
MURPHY CREEK METROPOLITAN DISTRICT NO. 3**

WHEREAS, Murphy Creek, LLC, a Wyoming limited liability company (the “Petitioner”), as 100% fee owner of the real property described in **Exhibit A**, attached hereto and incorporated herein by this reference (the “Property”), has submitted a Petition for Exclusion (the “Petition”) to the Murphy Creek Metropolitan District No. 3 (the “District”) for exclusion of the Property from the District pursuant to and in accordance with the provisions of § 32-1-501(1), C.R.S.; and

WHEREAS, the Petitioner is the 100% fee owner of the Property; and

WHEREAS, the Petitioner is under contract to convey the Property to the Archdiocese of Denver, a Colorado corporation sole (the “Archdiocese”), and such conveyance is expected to occur after the exclusion becomes effective; and

WHEREAS, the Board of Directors of the District (the “Board”), the Petitioner, and the Archdiocese desire to enter into an “Exclusion Agreement,” which shall set forth the terms upon which the Board’s approval of this resolution and order for exclusion shall be conditioned; and

WHEREAS, notice of a public meeting and hearing on the contents of the Petition was properly published and said public meeting was properly held in accordance with § 32-1-501(2), C.R.S.; and

WHEREAS, the District is not required to alter its boundaries or facilities from those currently existing and any reduction or exclusion of real property is undertaken in the exercise of discretion as a governmental function in the interest of public health, safety and welfare.

WHEREAS, subject to the conditions set forth herein, the Board desires to approve the exclusion of the Property from the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. Findings. The Board hereby makes the following findings:
 - a. The best interests of the Property, the District, the City of Aurora, and Arapahoe County, Colorado are served by the exclusion of the Property from the District.
 - b. There will be little or no relative cost and substantial benefit to the Property upon exclusion.
 - c. The Property will be provided with economical and sufficient service and

once excluded, and the District will continue to provide economic and sufficient service to the remaining property within the District's boundaries.

d. The District will continue to provide services at a reasonable cost compared to other entities in the surrounding area for similar services.

e. Neither the exclusion of the Property nor denial of the Petition will adversely affect employment and other economic conditions within the District and surrounding area.

f. The economic impact on the District will be minimal and there will be little or no economic impact on the region, surrounding area and the State of Colorado as a whole because the Property remains within these areas.

g. Economically feasible alternative service is available.

h. No additional costs will be levied against other property within the District as a result of excluding the Property from the District.

2. Grant of Exclusion. The Board hereby grants the Petition and orders the exclusion of the Property from the District.

3. Conditions of Exclusion. The exclusion of the Property from the District is specifically conditioned upon:

a. Execution of an Exclusion Agreement among the District, the Developer, and the Archdiocese, to be approved by the District's legal counsel, which Exclusion Agreement shall substantially in the same form and contain the same terms and conditions set forth in the Term Sheet, as presented to and approved by the Board.

b. Approval of a Resolution of the City Council of the City of Aurora authorizing the exclusion.

4. Name of Petitioner. The name and address of the Petitioner is as follows:

Murphy Creek, LLC,
a Wyoming limited liability company
30 Cherry Hills Farm Dr.
Englewood, CO 80113-7165

4. Debt. The Property, once excluded, shall remain liable for its proportionate share of the principal and interest on any outstanding bonded indebtedness of the District existing immediately prior to the effective date of the exclusion order pursuant to § 32-1-503(1), C.R.S.

5. Certified Resolution. That this resolution is hereby certified and shall be filed with the Clerk of the District Court of Arapahoe County, Colorado in accordance with §32-1-501(4)(b), C.R.S.

[Remainder of page intentionally left blank]

RESOLVED this 16th day of October, 2012.

**MURPHY CREEK METROPOLITAN
DISTRICT NO. 3**

Officer of the District

ATTEST:

EXHIBIT A
THE PROPERTY

CERTIFICATE

STATE OF COLORADO
COUNTY OF ARAPAHOE
MURPHY CREEK METROPOLITAN DISTRICT NO. 3

COMES NOW, _____, and hereby certifies that the attached resolution constitutes a true and correct copy of the resolution adopted by the Board of Directors at a District meeting held on Tuesday, October 16, 2012, at 6:00 p.m., at 23801 East Florida Avenue, Aurora, Colorado, as recorded in the official record of the proceedings of the District.

WITNESS, my hand this ____ day of _____, 2012.

**RESOLUTION AND ORDER FOR EXCLUSION
OF THE
BOARD OF DIRECTORS
OF
MURPHY CREEK METROPOLITAN DISTRICT NO. 1**

WHEREAS, Murphy Creek, LLC, a Wyoming limited liability company (the “Petitioner”), as 100% fee owner of the real property described in **Exhibit A**, attached hereto and incorporated herein by this reference (the “Property”), has submitted a Petition for Exclusion (the “Petition”) to the Murphy Creek Metropolitan District No. 1 (the “District”) for exclusion of the Property from the District pursuant to and in accordance with the provisions of § 32-1-501(1), C.R.S.; and

WHEREAS, the Petitioner is the 100% fee owner of the Property; and

WHEREAS, the Petitioner is under contract to convey the Property to the Archdiocese of Denver, a Colorado corporation sole (the “Archdiocese”), and such conveyance is expected to occur after the exclusion becomes effective; and

WHEREAS, the Board of Directors of the District (the “Board”), the Petitioner, and the Archdiocese desire to enter into an Exclusion Agreement (the “Agreement”), which Agreement shall set forth the terms upon which the Board’s approval of this resolution and order for exclusion shall be conditioned; and

WHEREAS, notice of a public meeting and hearing on the contents of the Petition was properly published and said public meeting was properly held in accordance with § 32-1-501(2), C.R.S.; and

WHEREAS, the District is not required to alter its boundaries or facilities from those currently existing and any reduction or exclusion of real property is undertaken in the exercise of discretion as a governmental function in the interest of public health, safety and welfare.

WHEREAS, subject to the conditions set forth herein, the Board desires to approve the exclusion of the Property from the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. Findings. The Board hereby makes the following findings:
 - a. The best interests of the Property, the District, the City of Aurora, and Arapahoe County, Colorado are served by the exclusion of the Property from the District.
 - b. There will be little or no relative cost and substantial benefit to the Property upon exclusion.

c. The Property will be provided with economical and sufficient service and once excluded, and the District will continue to provide economic and sufficient service to the remaining property within the District's boundaries.

d. The District will continue to provide services at a reasonable cost compared to other entities in the surrounding area for similar services.

e. Neither the exclusion of the Property nor denial of the Petition will adversely affect employment and other economic conditions within the District and surrounding area.

f. The economic impact on the District will be minimal and there will be little or no economic impact on the region, surrounding area and the State of Colorado as a whole because the Property remains within these areas.

g. Economically feasible alternative service is available.

h. No additional costs will be levied against other property within the District as a result of excluding the Property from the District.

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4. Debt. The Property, once excluded, shall remain liable for its proportionate share of the principal and interest on any outstanding bonded indebtedness of the District existing immediately prior to the effective date of the exclusion order pursuant to § 32-1-503(1), C.R.S.

5. Certified Resolution. That this resolution is hereby certified and shall be filed with the Clerk of the District Court of Arapahoe County, Colorado in accordance with §32-1-501(4)(b), C.R.S.

[Remainder of page intentionally left blank]

RESOLVED this 16th day of October, 2012.

**MURPHY CREEK METROPOLITAN
DISTRICT NO. 1**

Officer of the District

ATTEST:

EXHIBIT A
THE PROPERTY

CERTIFICATE

STATE OF COLORADO
COUNTY OF ARAPAHOE
MURPHY CREEK METROPOLITAN DISTRICT NO. 1

COMES NOW, _____, and hereby certifies that the attached resolution constitutes a true and correct copy of the resolution adopted by the Board of Directors at a District meeting held on Tuesday, October 16, 2012, at 6:00 p.m., at 23801 East Florida Avenue, Aurora, Colorado, as recorded in the official record of the proceedings of the District.

WITNESS, my hand this ____ day of _____, 2012.
