

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF
HEATHER RIDGE METROPOLITAN DISTRICT NO. 1**

Held May 19, 2011, at 4:00 p.m. at 13521 East Iliff Ave., Aurora, Colorado.

Director Attendance A meeting of the Heather Ridge Metropolitan District No. 1 (the "District") was held as shown above and in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve on the board, were in attendance:

Errol Rowland	James Bruce	Mary Lou Braun
Joan Beldock	Vincent Roith	Melissa Miller
Van Lewis		

Also present for the District: Sean Allen, Esq., White, Bear & Ankele Professional Corporation, general counsel; John Simmons, Simmons & Wheeler, accountant. A public audience was also in attendance.

Call to Order & Quorum /
Qualifications Director Rowland noted a quorum was present that all directors present were qualified to serve, and he read the District's mission statement.

Conflict Disclosure The agenda for the meeting was reviewed and nothing appeared on the agenda for which disclosure certificates had not been filed.

Approval of Agenda Motion made and seconded to approve the agenda with the addition of the pump house and deck construction contracts. The motion passed unanimously.

UAHR, Inc. and HRCA
Community Reports UAHR, Inc., reported that it has offered three community transparency meetings relative to what is occurring with the golf course. Although the attendance was low, UAHR, Inc., noted the meetings gave the community an opportunity to become more informed.

HRCA reported that it has arranged for the Arapahoe County Assessor to meet with interested residents on May 24, 2011 to talk about how the County Assessor values properties for property tax purposes.

Minutes The minutes from the April 21, 2011 meetings were discussed. Motion made and seconded to approve the minutes. Motion passed unanimously.

Financial Mr. Simmons presented the April 30, 2011 financial statements, current cash flow analysis, and invoices/claims payable. After consideration of the current and interim invoices, and upon motion and second, the invoices were unanimously approved and ratified respectively. After discussion about the financial statements, motion and second to accept the financial statements passed unanimously.

Property Taxes on Leased
Golf Carts Director Roith noted that he has supplied the golf cart owners with the County application relative to seeking to obtain a property tax exemption for the golf carts that are leased by the District. If the application is approved, the golf carts would no longer be subject to property taxes.

Golf Course Operation
Report Mr. Ritter, for The Golf Club at Heather Ridge, Inc. ("GCAT"), reported that recent course play has been impacted by the cool and rainy May weather patterns, which have occurred on the weekends. However, the above average rainfall has helped "green up" the course.

Mr. Ritter also reported that GCAT has worked with league and club play to mitigate the course condition during the irrigation project.

Mr. Griffiths reported that the restaurant lessee has inquired about alternative uses for the closed outdoor pool area such as conversion to a garden area which could be used for wedding events etc. The Board discussed options for the outdoor pool area: (i) converting the area into a garden/event area, (ii) convert it to a golfing practice area, (iii) make it operational as an outdoor pool facility, and (iv) leaving it closed as is. The Board further discussed the desire to have the area become revenue producing and that making it an operating pool facility was cost prohibitive plus there are numerous outdoor pools already in operation in the community through the HOAs. The Board informed GCAT that it is open to receiving proposals from GCAT and the restaurant lessee for converting the area into a garden and event area but that cost sharing for any conversion will be a factor.

Capital Improvement Construction Report

Director Roith reported that the roof leaks were repaired.

Mr. Allen reported that two construction contracts need Board approval: (i) irrigation pump/equipment shed, and (ii) restaurant deck. Mr. Allen noted that the shed expense is funded by the Series 2011 irrigation bond and that the restaurant deck expense is being funded by the capital reserves from the Series 2009 bond and that the deck is a required landlord work project under the restaurant lease. Mr. Allen noted that the deck construction contract did not include movable sides or a heating system which are lease requirements. GCAT reported that the lessee offered to pay for installation of roll down shades and patio heaters. Mr. Allen asked if the lessee consented to the alternative deck completion date to which GCAT confirmed lessee's consent. After further discussion and relying on the confirmation by GCAT that the lessee will install the roll down shades or similar devices and patio heating units, plus consent of the deck completion date, motion and second to approve the shed and deck construction contracts passed unanimously.

Director Roith presented current and to date capital expense summaries for: (i) restaurant improvement capital costs incurred by the District, (ii) clubhouse building upgrades and repairs, and (iii) irrigation project.

Director Roith reported that duct work and air circulation and balance work within the clubhouse and restaurant areas is needed and will be addressed.

Mr. Griffiths reported that the lessee and GCAT have worked together to address restaurant improvement matters as they come up such as the lessee and District sharing in the cost of the point-of-sale stations and that the scope of the surveillance equipment was reconfigured to allow for certain window replacements to address safety concerns.

Irrigation Project Report

Mr. Griffiths reported on the progress of the construction already completed and what is pending.

Series 2009 Capital Reserve Draw Policy

Director Rowland stated that use of the Series 2009 bond capital reserves is District controlled and a policy should be created relative to what types of expenses and approvals should be followed for use of the reserve funds. Discussion relative to adopting a policy that any long range planning capital expenses must have prior District approval regardless of the amount while normal and typical day-to-day capital expenditures of less than \$5,000 that qualify as a Series 2009 Bond "project cost" needed on the clubhouse building and golf course areas do not need prior approval for GCAT to commence with such work, but "project costs" of \$5,000 or more do require prior approval. Upon motion and second the capital reserve draw

policy was adopted as discussed. Motion passed unanimously.

The Board reminded GCAT that once all of the Series 2009 bond capital reserves are spent, any subsequent capital funding needs of the golf course and clubhouse will have to come from golf course revenues.

Adjourn

Motion made and seconded to adjourn. Meeting adjourned.

The foregoing minutes were approved by the Board of Directors on June 16, 2011, and constitute a true and correct copy of the minutes of the above-referenced meeting.

Secretary for the Meeting