

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

Held: December 16, 2010, 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; Diane Wheeler, Simmons & Wheeler, district accountant. A public audience was also in attendance.
- Call to Order & Quorum / Director Rowland noted a quorum was present and all directors present were
Qualifications qualified to serve. Director Rowland called the meeting to order.
- Approval of Agenda The agenda was reviewed. Motion made and seconded to approve the agenda. The
motion passed unanimously.
- UAHR, Inc. Community UAHR, Inc., reported that it is still in the restructuring process.
Report
- Director Lewis indicated that Heather Ridge South recently received a sizeable hail damage payment to settle a hail damage claim and wanted to share the positive news with the whole community.
- Approval of Minutes The minutes from the November 18, 2010 meeting were discussed. Motion made
and seconded to approve the minutes. Motion passed unanimously.
- Financial Ms. Wheeler presented the November 30, 2010 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 for payment. Motion and second to accept the
financial statements passed unanimously.
- Director Lewis lead a discussion about the desire for the District to achieve additional principal reduction of the 2009 Bonds by September 30, 2016, coupled with the impacts thereon of the District's likely borrowing of approximately \$750,000 for the replacement of the failing irrigation system. The discussion involved the mill levies, changing assessed valuations, various accounting funds, and budgeted expenditures/revenues.
- Golf Course Operation Mr. Ritter, for The Golf Club at Heather Ridge, Inc. ("GCAT"), reported to the
Report by Golf Course Board about how favorable weather in November allowed for solid number of
Management rounds played. Mr. Ritter also noted although a majority of the season pass holders
have yet to renew for 2011, more renewals are expected in December/January.
- Mr. Ritter reported that GCAT continues to work on suggested revisions to the management agreement GCAT has with the District and will present them to the Board when appropriate.
- Mr. Ritter reported that GCAT had discussions with Dumitri and other potential

restaurant operators relative to leasing the current restaurant space. It was noted that Dumitri would not be renewing its lease and is expected to vacate by January 2, 2011. Mr. Ritter introduced Mr. Rob Lanphier who has been in discussions with GCAT about leasing the space for food and beverage operations. Mr. Lanphier discussed the type of food and beverage operations he owns and what he envisions should he come to terms for a lease relative to the atmosphere his type of food and beverage operation would generate for the space and his recognition that a significant customer draw will come from Heather Ridge. The board asked several questions about the resulting change in the historical atmosphere. After further discussion, a motion was made and seconded to have GCAT continue lease negotiations and to bring a lease proposal to the Board. Motion passed unanimously.

Mr. Griffiths and Mr. Ritter reported as to the status of the replacement of the golf course water deliver system relative to financing and irrigation vendor proposals. Irrigation requests for proposals are out and responses are expected in January. After further discussion, motion made and seconded to have GCAT continue additional borrowing discussions with US Bank, to obtain a term sheet, and for the District to engage Mr. Whitmore as bond counsel as necessary for any additional borrowing the District might undertake. Motion passed unanimously.

Repair/Construction
Contracts

Director Roith reported that the necessary City approval was obtained for the driving range net and installation is expected in January.

General Matters

Clubhouse Pool. The pool matter is currently delayed until September 1, 2011.

Adjourn

Motion made and seconded to adjourn. Meeting adjourned.

The foregoing minutes were approved by the Board of Directors on January 20, 2011, and constitute a true and correct copy of the minutes of the above-referenced meeting.

Secretary for the Meeting