

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

Held: March 17, 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 (excused absence)	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, 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.

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. The motion passed  
unanimously.

Minutes                                    The minutes from the February 17, and March 8, 2011 meetings were discussed.  
Motion made and seconded to approve the minutes. Motion passed unanimously.

UAHR, Inc. Community                UAHR, Inc., reported that its fund raising efforts are being explored.  
Report

Financial                                    Ms. Wheeler presented the February 28, 2011 financial statements, current cash  
flow analysis, and invoices/claims payable. Ms. Wheeler also presented to the  
board an excerpt from the Series 2009 Bond describing what is contemplated as a  
qualifying "project cost" for which the capital reserves may be used to fund.

After consideration of the current and interim invoices, and upon motion and  
second, the invoices were unanimously approved and ratified respectively for  
payment and claim No. 1592 is to be re-coded accordingly relative to "project cost"  
compliance. Motion and second to accept the financial statements passed  
unanimously.

Ms. Wheeler also noted that the capital projects fund and debt service fund of the  
adopted 2011 budget will need to be amended to account for the Series 2011 Bonds  
and the water delivery/irrigation project. A budget amendment will occur at a later  
date.

Golf Course Operation                Mr. Ritter, for The Golf Club at Heather Ridge, Inc. ("GCAT"), reported that as  
Report                                        expected the golf course is at its lowest level of operational reserves as the course  
just experienced its lowest revenue months during the winter. He also noted that  
GCAT is operating the course in the most efficient way it can over the winter  
months while meeting the various demands that the course must meet while open  
for play, weather permitting.

Mr. Ritter reported on the following: the sales of pre-paid golf generated from the Golf Expo show; the use of "Golf Finder" to push golfing specials rather than waiting for players to come to the course's website; repeat of TV and radio media advertising that generated positive results last year; and generally reported on other marketing techniques and efforts.

Mr. Griffiths updated the Board on the restaurant status. Mr. Allen informed the Board that the District received a request from the tenant's bank seeking that the District release its security interest rights in all of the tenant's business assets that the District has pursuant to the restaurant lease so that the bank could instead have the security interest therein as security for the bank relative to the tenant's bank loan. Mr. Allen explained that the restaurant lease gave the District a security interest in and an express contractual lien upon all goods, merchandise, equipment, fixtures, furniture, improvements and other materials, supplies and tangible personal property of every nature belonging to tenant presently or which may hereafter be situated on the leased premises and all proceeds there from. Mr. Allen advised the District that it should not release, as currently requested, the security interests as such interests are for the District's protection as the landlord. After a discussion, the Board declined to release its security interests and denied the bank's request.

Capital Improvement  
Construction Report  
Irrigation Project Report

Director Roith reported that the driving range net has been installed.

Mr. Griffiths reported that while negotiations with Toro's leasing companies are pending, the resulting reduced scope project recommended by GCAT and approved by the District with the issuance of the Series 2011 Bonds has started. Mr. Griffiths informed the Board that the project will require the contribution of \$175,000 from the District's existing capital reserve to go along with the net proceeds from the Series 2011 Bonds to get the project to an appropriate "break stop" point, which Mr. Griffiths indicated would result in purchase and installation of the pump/pump station, completion of the sprinkler system on the front nine holes, pond dredging and installation of an irrigation line to transport water between holding ponds. Sprinkler equipment purchase and installation on the back nine holes will be delayed until funding becomes available. After a discussion about the requested capital reserve contribution to the project, a motion was made, seconded and unanimously passed to appropriate up to \$175,000 of the capital reserve fund for the irrigation project.

Heather Ridge Community  
Affairs (HRCA)

Director Lewis introduced a resolution that would create a new entity, the Heather Ridge Community Affairs ("HRCA"), to promote the economic and recreational features of the District. Director Lewis explained that the District is already using revenues from its general fund budget on such items and the creation of HRCA will bring increased formality and accountability for such expenditures. Mr. Allen reported that a resolution for the creation, purpose, and authority of HRCA has been submitted to the Board. After further discussion about the purpose, role and proposed 2011 annual HRCA budget, a motion was made and seconded to adopt the HRCA resolution and reallocate approximately \$43,700 of funding within the existing 2011 adopted general fund budget expenses for use specifically as HRCA's 2011 operational budget. The motion passed unanimously.

Adjourn

Motion made and seconded to adjourn. Meeting adjourned.

The foregoing minutes were approved by the Board of Directors on April 21, 2011, and constitute a true and correct copy of the minutes of the above-referenced meeting.

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Secretary for the Meeting

**HEATHER RIDGE METROPOLITAN DISTRICT NO. 1  
ANNUAL ADMINISTRATIVE RESOLUTION  
(2011)**

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**CERTIFIED COPY OF RESOLUTION**

STATE OF COLORADO                                )  
  ) *ss.*  
COUNTY OF ARAPAHOE                         )

At the regular meeting of the Board of Directors (the "Board") of the Heather Ridge Metropolitan District No. 1 (the "District"), City of Aurora, County of Arapahoe, Colorado, held at 4:00 P.M., on Thursday, April 21, 2011, at 13521 E. Iliff Avenue, Aurora, Colorado, it was moved to adopt the following Resolution:

WHEREAS, the District was organized as a special district pursuant to an Order and Decree of the District Court in and for the County of Arapahoe, Colorado (the "County") and is located entirely within the City of Aurora, Colorado, (the "City"); and

WHEREAS, the Board has a duty to perform certain obligations in order to assure the efficient operation of the District; and

WHEREAS, § 32-1-306, C.R.S., requires the District to file a current, accurate map of its boundaries with the Division of Local Government (the "Division") and the County Assessor on or before January 1 of each year; and

WHEREAS, § 32-1-104(2), C.R.S., requires that the District, on or before January 15, notify the County Assessor, the County Treasurer, the County Clerk and Recorder, the City Council (the "Council") and the Division of the name of the chairman of the Board, the contact person, the telephone number and the business address of the District; and

WHEREAS, § 29-1-205, C.R.S., requires the District to prepare an updated informational list of all contracts in effect with other political subdivisions and to submit the list to the Division on or before February 1 of each year; and

WHEREAS, in accordance with the Public Securities Information Reporting Act, §§ 11-58-101, *et seq.*, C.R.S., issuers of non-rated public securities must file an annual report with the Department of Local Affairs within sixty (60) days of the close of the fiscal year; and

WHEREAS, pursuant to and in accordance with § 29-1-603(1), C.R.S., the Board shall cause to be made an annual audit of the financial statements of the District and, in accordance with § 29-1-606, C.R.S., the audit report shall be completed within six (6) months after the close of the District's fiscal year, unless otherwise extended in accordance with the provisions thereof; and

WHEREAS, pursuant to § 29-1-606(7), C.R.S., a special district that has authorized but unissued general obligation debt as of the end of the fiscal year shall submit its audit report or a copy of its application for exemption from audit to the City Council; and

WHEREAS, the Local Government Budget Law of Colorado, §§ 29-1-101, *et seq.*, C.R.S., requires the Board to hold a public hearing on proposed budgets and amendments thereto, to adopt budget resolutions and to file copies of the budgets and budget messages, and amendments thereto, with the Division; and

WHEREAS, the Unclaimed Property Act, § 38-13-110, C.R.S., requires that political subdivisions file an annual report listing unclaimed property with the State Treasurer by November 1, if applicable; and

WHEREAS, § 39-5-128, C.R.S., requires the District to certify its mill levy with the City Council on or before December 15; and

WHEREAS, § 32-1-103(15), C.R.S., requires the District to publish certain legal notices in a newspaper of general circulation in the District; and

WHEREAS, pursuant to §§ 32-1-902(3)(a)(I) & (II), C.R.S., directors may receive compensation for their services subject to the limitations set forth therein; and

WHEREAS, pursuant to § 32-1-902(1), C.R.S., the Board shall elect one of its members as chairman of the Board and president of the District, one of its members as treasurer of the Board and of the District and a secretary who may be a member of the Board; and

WHEREAS, § 32-1-902(3)(b), C.R.S., requires a director to disqualify himself or herself from voting on any issue in which s/he has a conflict of interest, unless the director has properly disclosed such conflict in compliance with § 18-8-308, C.R.S., and files said conflict disclosure statement with the Board and the Colorado Secretary of State's Office at least seventy-two (72) hours prior to any regular or special meeting of the District; and

WHEREAS, pursuant to § 24-10-110(1), C.R.S., the District shall defend and indemnify its public employees, which, by definition, includes elected and appointed officers; and

WHEREAS, pursuant to §§ 24-72-202, *et seq.*, C.R.S., the District may designate an official custodian for the maintenance, care and keeping of public records; and

WHEREAS, pursuant to § 24-6-402(2)(c), C.R.S., the Board, in addition to other means of full and timely meeting notice, may designate a posting place for the 24-hour notice posting of meetings and such 24-hour notice posting shall include specific agenda information where possible; and

WHEREAS, § 32-1-903, C.R.S., requires that the Board meet regularly at a time and in a place to be designated by the Board and requires that notice of such meetings be posted in at least three (3) public places within the boundaries of the District and in the County Clerk and Recorder's Office at least seventy-two (72) hours prior to said meeting; and



WHEREAS, elections may be held pursuant to the Special District Act, §§ 32-1-101, *et seq.*, C.R.S., and the Uniform Election Code of 1992, §§ 1-1-101, *et seq.*, C.R.S., for the purpose of: 1) electing members of the District's Board; 2) presenting certain ballot issues to the eligible electors of the District as required by Article X Section 20 of the Colorado Constitution; and 3) presenting certain ballot issues and questions to the eligible electors of the District; and

WHEREAS, § 1-7.5-104, C.R.S., permits the Board to determine to conduct elections by mail ballot; and

WHEREAS, § 1-1-111, C.R.S., empowers the Board to supervise the conduct of regular and special elections which it is authorized or required to call and all powers and authority granted to the Board may be exercised by an election official designated by the Board; and

WHEREAS, § 1-11-103(3), C.R.S., requires the District to certify the results of an election to the Division within thirty (30) days after an election and § 32-1-1101.5(1), C.R.S., requires the District to certify results of any ballot issue election to incur general obligation indebtedness to the Council; and

WHEREAS, §§ 32-1-1604, C.R.S., requires the District to record a notice of authorization of or notice to incur general obligation debt with the County Clerk and Recorder within thirty (30) days of authorizing or incurring said indebtedness; and

WHEREAS, in accordance with §§ 32-1-1101.5(1.5) and (2), C.R.S., the City Council may require the District to file an application for quinquennial finding of reasonable diligence; and

WHEREAS, pursuant to § 32-1-207(3)(c), C.R.S. and/or the District's Service Plan, the District, if requested by the Council, may be required to file an annual report with the Council, the Division, the State Auditor, the County Clerk and Recorder and any interested parties entitled to notice pursuant to § 32-1-204(1), C.R.S.; and

WHEREAS, pursuant to §§ 24-10-115, *et seq.*, C.R.S., the Board is authorized to obtain insurance; and

WHEREAS, pursuant to § 8-40-202, C.R.S., the District is required to obtain and maintain workers' compensation coverage unless such coverage is waived pursuant to § 8-40-202(1)(a)(I)(B), C.R.S.; and

WHEREAS, pursuant to § 32-1-809, C.R.S., the District is required to present certain information to the electors of the District pursuant to the provisions thereof.

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

1. The Board directs legal counsel to cause an accurate map of the District's boundaries to be prepared in accordance with the standards specified by the Division and to be filed with the Division, as required by § 32-1-306, C.R.S.

2. The Board directs legal counsel to notify the County Assessor, the County Treasurer, the County Clerk and Recorder, the Council and the Division of the name of the chairman of the Board, the contact person, telephone number and business address of the District, as required by § 32-1-104(2), C.R.S.
3. The Board directs legal counsel to prepare and file with the Division an informational listing of all contracts in effect with other political subdivisions on or before February 1, in accordance with § 29-1-205, C.R.S. Such list shall contain the names of the contracting political subdivisions, the nature of the contract and the expiration date thereof.
4. The Board directs the District's legal counsel to cause the preparation of and to file with the Department of Local Affairs the annual public securities report for nonrated public securities issued by the District within sixty (60) days of the close of the fiscal year, as required by §§ 11-58-101, *et seq.*, C.R.S.
5. The Board directs the District's accountant to: 1) obtain proposals for auditors to be presented to the Board; 2) to cause an audit of the annual financial statements of the District to be prepared and submitted to the Board on or before June 30; and 3) to cause the audit to be filed with the State Auditor by July 31, or by the filing deadline permitted under any extension thereof, all in accordance with §§ 29-1-603(1) and 29-1-606, C.R.S.
6. The Board directs legal counsel, if the District has authorized but unissued general obligation debt as of the end of the fiscal year, to cause to be submitted to the Council, the District's audit report.
7. The Board directs the District's accountant to submit a proposed budget to the Board by October 15, to prepare a final budget and budget message, including any amendments thereto, if necessary, and directs legal counsel to schedule a public hearing on the proposed budget and/or amendment, and to post or publish notice thereof, to prepare all budget resolutions and to file the budget and budget message with the Division on or before January 30, all in accordance with §§ 29-1-101, *et seq.*, C.R.S.
8. The Board directs the District's legal counsel to cause the preparation of the Unclaimed Property Act report and submission the same to the State Treasurer by November 1, in accordance with § 38-13-110, C.R.S.
9. The Board directs the District's accountant to prepare the mill levy certification form and directs the District's legal counsel to file the mill levy certification form with the City Council on or before December 15, in accordance with § 39-5-128, C.R.S.
10. The Board designates the *Aurora Sentinel* as a newspaper of general circulation within the boundaries of the District and directs that all legal notices shall be published in accordance with § 32-1-103(15), C.R.S., in the *Aurora Sentinel*, unless otherwise designated by the Board or the District's legal counsel.

11. The Board determines that each director shall not receive compensation for their services as directors.

12. The District hereby elects, in accordance with § 32-1-902, C.R.S., the following officers for the District:

Chairman/President: Errol Rowland  
Vice President: Van Lewis  
Treasurer: Vincent Roith  
Secretary: Melissa Miller  
Assistant Secretary: James Bruce  
Assistant Secretary: Joan Beldock  
Assistant Secretary: Mary Lou Braun  
Recording Secretary: Legal counsel

13. The Board hereby determines that each member of the Board shall, for any potential or actual conflicts of interest, complete conflicts of interest disclosures and directs legal counsel to file the conflicts of interest disclosures with the Board and with the Colorado Secretary of State at least seventy-two (72) hours prior to every regular and special meeting of the Board, in accordance with §§ 32-1-902(3)(b) and 18-8-308, C.R.S. Additionally, at the beginning of each year, each Board member shall submit information to the District's legal counsel regarding any actual or potential conflicts of interest and, throughout the year, each Board member shall provide the District's legal counsel with any revisions, additions, corrections or deletions to said conflicts of interest disclosures.

14. The Board confirms its obligations under § 24-10-110(1), C.R.S., with regards to the defense and indemnification of its public employees, which, by definition, includes elected and appointed officers.

15. The Board hereby appoints the District's legal counsel as the official custodian for the maintenance, care and keeping of all public records of the District, in accordance with § 24-72-202, *et seq.*, C.R.S.

16. Pursuant to § 24-6-402(2)(c), C.R.S., the Board hereby designates the northwest the corner of Danbury Park as the District's 24-hour posting place for any 24-hour notice of meetings. Where possible, specific agenda information shall be posted with the 24-hour meeting notice or, alternatively, on legal counsel's website.

17. The Board determines to hold regular meetings on the 3<sup>rd</sup> Thursday of each month at 4:00 P.M. at 13521 E. Iliff Avenue, Aurora, Colorado. In addition, regular and special meeting notices shall be posted in three (3) locations within the District's boundaries, and at the County Clerk and Recorder's Office. Regular meeting notices shall remain posted and otherwise confirmed as posted and if necessary reposted at least seventy-two (72) hours prior, while special meeting notices shall be posted at least seventy-two (72) hours prior thereto, in accordance with § 32-1-903, C.R.S.

18. For the convenience of the electors of the District, and pursuant to its authority set forth in § 1-7.5-104, C.R.S., the Board hereby deems that all regular and special elections of the District be conducted by mail ballot unless a polling place election is deemed necessary and expressed in a separate election resolution adopted by the Board.
19. Pursuant to its authority set forth in § 1-1-111, C.R.S., the Board hereby appoints K. Sean Allen, of the law firm of White, Bear & Ankele Professional Corporation, as the “Designated Election Official” of the District for any elections to be held. The Board hereby grants all powers and authority for the proper conduct of the election to the Designated Election Official, including, but not limited to, the power to call an election on behalf of the District, to approve the final form of ballot issues and questions, to prepare the TABOR notice, to appoint election judges and a canvass board and to cancel, if applicable, the election.
20. In accordance with § 1-11-103(3), C.R.S., the Board hereby directs the Designated Election Official to certify to the Division the results of any elections held by the District and, pursuant to § 32-1-1101.5(1), C.R.S., to certify results of any ballot issue election to incur general obligation indebtedness to the City Council.
21. The Board directs legal counsel to cause a notice of authorization of or notice to incur general obligation debt to be recorded with the County Clerk and Recorder within thirty (30) days of authorizing or incurring any indebtedness, in accordance with § 32-1-1604, C.R.S.
22. The Board directs legal counsel to cause the preparation of and filing with the City Council, if requested, the application for quinquennial finding of reasonable diligence in accordance with §§ 32-1-1101.5(1.5) and (2), C.R.S.
23. The Board directs legal counsel to cause the preparation of and the filing with the City, the Division, the State Auditor, the County Clerk and Recorder and any interested parties entitled to notice pursuant to § 32-1-204(1), C.R.S., an annual report, if requested, in accordance with § 32-1-207(3)(c), C.R.S.
24. The Board directs legal counsel to obtain proposals and/or renewals for insurance, as applicable, to insure the District against all or any part of the District’s liability, in accordance with §§ 24-10-115, *et seq.*, C.R.S. The Board directs the District’s accountant to pay the annual SDA membership dues, agency fees and insurance premiums in a timely manner, as applicable. The Board and legal counsel will review all insurance policies and coverage in effect to determine desired insurance coverage is maintained.
25. The Board hereby opts to include elected or appointed officials as employees within the meaning of § 8-40-202(1)(a)(I)(A), C.R.S., and hereby directs legal counsel to obtain workers’ compensation coverage for the District.



26. The Board hereby directs legal counsel to prepare the disclosure notice required by § 32-1-809, C.R.S. and to disseminate the information to the District's electors accordingly, including use of the following website as the District's official website for the purposes thereof: WWW.HRMDCO.ORG.

RESOLUTION APPROVED AND ADOPTED THIS 21<sup>st</sup> DAY OF APRIL 2011.

HEATHER RIDGE METROPOLITAN DISTRICT NO. 1

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Errol Rowland, President

ATTEST:

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**CERTIFICATION OF RESOLUTION**

STATE OF COLORADO  
COUNTY OF ARAPAHOE  
HEATHER RIDGE METROPOLITAN DISTRICT NO. 1

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a District meeting held on Thursday, April 21, 2011, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 21<sup>st</sup> day of April 2011.

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