

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

Held: September 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
Van Lewis
Jane S. Klein
- 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 with
the addition of amended advisory board resolution. The motion passed six to one.
- Approval of Minutes The minutes from the August 19, 2010 meeting were discussed. Motion made and
seconded to approve the minutes. Motion passed unanimously.
- Golf Course Operation Director Roith mentioned that the golf pro selection committee had conducted four
interviews from over twenty resumes, and Mike Ritter was selected to be the new
director of golf/golf pro for the golf course. Consistent with the District's July 16,
2010 selection committee direction letter, a motion was made and second, to
confirm and ratify Mr. Ritter by the District's board. Motion passed unanimously.
- Director Roith noted that during the peak golf months, revenues surpassed
expenses, a customer base is being created and that the first year of operation and
experience makes the outlook for the second year of operation promising.
- The Golf Club at Heather Ridge, Inc. was introduced as being the new general
manager entity for the golf course since the District terminated its contract with
UAHR, Inc effective September 1, 2010. Director Roith disclosed that he is a
member of the Golf Club at Heather Ridge, Inc., and that he is currently paid
\$1,000/month from the Golf Club at Heather Ridge, Inc. Upon motion and second
unanimously passed, the District acknowledged and ratified the new management
contract with the Golf Club at Heather Ridge, Inc. Director Roith abstained citing
potential conflict of interest.
- Director Rowland noted for the record that he agrees with the Golf Club at Heather
Ridge, Inc., being the managing entity for the golf course, but that the Golf Club at
Heather Ridge, Inc., should not have an even number of voting members/directors,
and that the District should request that the Golf Club at Heather Ridge, Inc.,
reconsider having an even number of voting members/directors. Director Beldock
concurred. Director Lewis stated that he believes that the Golf Club at Heather
Ridge, Inc., can function with an even number of voting members given that there
is oversight from the District's advisory board and ultimately the District's board.
Members from the Golf Club at Heather Ridge, Inc., acknowledged the District's
comments on this matter and indicated that they would take the matter under

advisement and inform the District if any change will be made in the number of voting members it has.

Mr. Ray Griffiths presented to the board the various marketing efforts that are on going. Director Rowland noted that Mr. Griffiths, Mr. Ritter and the whole golf course management group has been doing an excellent job.

Director Roith reported that issues relative to Dumitri's lease and current restaurant operations are items to resolve. Consistency in the quality of food and service are items that need improvement and must be resolved. The Golf Club at Heather Ridge, Inc., will be assisting the District with these concerns as well as presenting to the District alternatives that the District may want to explore relative to leasing the restaurant space.

Discussion relative to changing the seats of the District's Advisory Board. Upon a motion and second, unanimously passed, with the number of seats on the Advisory Board having already been increased from four (4) to six (6) seats, Mr. Larry Richet and Mrs. Jonnie Otts from the men's and women's golf club were appointed as the fifth and sixth members of the District's Advisory Board and the amended and restated Advisory Board Resolution was approved. Motion passed unanimously. Further discussion and decision about even votes of the Advisory Board will be had, and the advisory board resolution is to reflect such decision.

Repair/Construction
Contracts

Director Roith reported on the status of the final HVAC work. The walking/golfing paths are on hold at the moment, while parking lot work such as entry paving and general patch work will commence.

Plans for the installation of a protective driving range net have been submitted to the City and approval is pending.

General Matters

Metro Matters Publication. Director Lewis reported that the publication has existed for four months. Delivery issues were discussed from mailing to inconsistent HOA cooperation for hand delivery. A motion was made, and seconded, to add \$1,000 month cost contribution by the District to the budget associated with the costs to distribute the monthly publication such as mailing, postage, and labels. Motion passed unanimously.

Clubhouse Pool. The pool committee reported as to the progress of the indoor pool reactivation process. The anticipated opening date is now projected for December 1st. The committee confirmed that stop gaps relative to the \$15,000 of capital reserve funding are in place as the different phases of the reactivation process unfold.

Financial Matters

Ms. Wheeler presented the financial statement, current cash flow analysis, and invoices/claims payable. After consideration of the current and interim invoices, upon motion and second, the invoices were approved and ratified respectively for payment. The financial statement was accepted.

2009 Budget
Amendment/2009 Audit

Directors Klein, Beldock and Braun needed to leave the meeting, and a quorum of four directors remained.

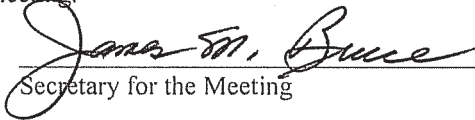
Ms. Wheeler presented the 2009 audit report and noted that a small budget amendment relative to the 2009 budget was necessary. Director Rowland opened the public hearing on the 2009 budget amendment. Hearing no public comment, the hearing was closed. A motion and second was made to approve the 2009

budget amendment and the appropriation therein as presented by Ms. Wheeler. Motion passed unanimously. Ms. Wheeler then led a presentation and discussion about the content of the 2009 audit report. Upon a motion and second, the 2009 audit was approved. Motion passed unanimously.

Adjourn

Motion made and seconded to adjourn. Meeting adjourned.

The foregoing minutes were approved by the Board of Directors on October 21, 2010, and constitute a true and correct copy of the minutes of the above-referenced meeting.


Secretary for the Meeting