

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

Held November 17, 2011, at 4:00 p.m. at 13521 East Iliff Ave., Aurora, Colorado.

Director Attendance	<p>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. A public audience was in attendance. The following directors, having confirmed their qualification to serve on the board, were in attendance:</p> <table><tr><td>Errol Rowland</td><td>James Bruce</td><td>Mary Lou Braun</td></tr><tr><td>Joan Beldock</td><td>Vincent Roith</td><td>Melissa Miller</td></tr><tr><td>Van Lewis</td><td></td><td></td></tr></table> <p>Also present for the District: Sean Allen, Esq., White, Bear & Ankele Professional Corporation, general counsel; Diane Wheeler, Simmons & Wheeler, accountant.</p>	Errol Rowland	James Bruce	Mary Lou Braun	Joan Beldock	Vincent Roith	Melissa Miller	Van Lewis		
Errol Rowland	James Bruce	Mary Lou Braun								
Joan Beldock	Vincent Roith	Melissa Miller								
Van Lewis										
Call to Order & Quorum / Qualifications	<p>Director Rowland noted a quorum was present that all directors present were qualified to serve. Director Rowland recited the District's mission statement.</p>									
Conflict Disclosure	<p>The agenda for the meeting was reviewed and nothing appeared on the agenda for which disclosure certificates had not been filed.</p>									
Approval of Agenda	<p>The agenda was deemed acceptable by the board.</p>									
UAHR, Inc. and HRCA Community Reports Minutes	<p>Both entities indicated there was nothing new to report at this time.</p> <p>The minutes from the October 20, 2011 meeting were discussed. Motion made and seconded to approve the minutes. Motion passed unanimously.</p>									
Financial	<p>Ms. Wheeler presented the October 2011 financial statements, current cash flow analysis, and invoices/claims payable. After consideration of the financial statements and the current and interim invoices, and upon motion and second, the statements and invoices were unanimously approved.</p> <p>Director Rowland reported that the District will not be pursuing the Line of Credit at this time.</p>									
Cost Allocation	<p>Director Roith and Ms. Wheeler reported that they have analyzed and reviewed various costs and reported that certain costs have been identified that are currently being paid by the golf course enterprise fund, but are not golf course operation costs. Director Roith mentioned, by example, that a majority of the utility costs for the clubhouse building are generated from non-golf course uses such as the restaurant and top floor of the building. Upon motion and second, the board authorized the re-allocation of costs such that only true golf course operation costs are paid from the golf course enterprise fund which will further help control golf course costs, while non-golf course costs are to be paid from the District's general fund. Motion passed unanimously.</p>									
Golf Course Operation Report	<p>Larry Ransford summarized the current financial position of the golf course and stressed the importance and need to generate immediate sales of 2012 season passes and pre-paid golf. The men's and women's golf clubs are actively pushing for members to purchase their 2012 golf passes.</p>									
Asset Manager Report	<p>Director Roith noted that the electronic sign boards for the Iliff sign are being</p>									

shipped to Colorado. Roll down screens and heating elements will be added to the deck for the winter months. An audit/review of the clubhouse and golf course relative to the Americans with Disabilities Act has been performed and work will take place to make reasonable accommodations for access as deemed appropriate.

The clubhouse sales committee presented a list of considerations and recommendations to the Board should the Board move forward with listing the clubhouse site for sale. The Board will take the recommendations under advisement. Mr. Allen noted that since bond proceeds were used to buy the clubhouse and clubhouse site, any sale proceeds would likely need to be restricted in use to retire the outstanding bonded debt associated with such assets. Mr. Allen will discuss the matter with bond counsel and update the Board accordingly. Further discussion on the potential listing and sale of the clubhouse asset is expected at the next meeting.

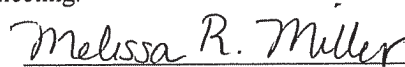
Water Lease

Director Rowland reported the water engineer has indicated that leasing surplus water is not a viable course of action due to extensive transportation and other upfront costs.

Adjourn

Motion made and seconded to adjourn. Meeting adjourned.

The foregoing minutes were approved by the Board of Directors on December 15, 2011, and constitute a true and correct copy of the minutes of the above-referenced meeting.


Secretary for the Meeting