

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

DRAFT

Held: January 20, 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; 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. Director Rowland called the meeting to order and stated the District's mission statement: **Preserving the Heather Ridge open space - Maintained best as a golf course**

Approval of Agenda The agenda was reviewed. Motion made and seconded to approve the agenda. The motion passed unanimously.

Minutes The minutes from the December 16, 2010 meeting and January 14, 2011 meeting were discussed. Motions made and seconded to approve the minutes. Motions passed unanimously.

UAHR, Inc. Community UAHR, Inc., reported that flyers for it community meetings are anticipated.
Report
Financial

Ms. Wheeler presented the December 31, 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 with Director Rowland abstaining citing and disclosing his potential conflict relative to claim No. 9400 (Ribbon Recyclers, Inc. for website updates/maintenance). Motion and second to accept the financial statements passed unanimously.

Auditor Ms. Wheeler led a discussion relative to engagement of the auditor for the 2010 audit. After discussion of the proposed 2010 audit cost estimate (\$4,800 to \$7,000), motion and second to engage the auditor was passed unanimously.

Golf Course Operation Mr. Ritter, for The Golf Club at Heather Ridge, Inc. ("GCAT"), reported to the
Report by Golf Course Board about the status of the annual golf pass sales and about early season golf
Management specials being developed and offered in an effort to generate off-season revenues. Mr. Ritter indicated that there should be enough resources to get to the spring when the golf season and revenues there from come in.

Mr. Ritter also reported that remodeling plans contemplated in the restaurant lease have been cleared relative to building code compliance and that building permits will be customarily required. The board recognized City Council member Molly Markert for her assistance in directing GCAT to the proper City building inspection departments.

New Tenant Restaurant
Lease

Mr. Griffiths reported to the board that since the special meeting and conditional approval of the restaurant lease on January 14, 2011, that an issue arose relative to the termination provisions of the lease. Mr. Allen explained that the tenant did not favor the District's ability to terminate the lease for no cause conditioned on a termination payment. Further negotiations on the termination provisions resulted in an increase in the minimum base rent payment requirement in exchange for removal of the no cause termination provision. After board discussion, motion and second was unanimously approved to accept the revision to the lease and to execute the final version thereof.

Irrigation System Update

Mr. Griffiths reported as to the status of the replacement of the golf course water deliver system relative to financing and irrigation vendor bids. Mr. Griffiths indicated that value engineering method was done in the bids. Mr. Griffiths further indicated that the bid proposals for the irrigation work, pump and pond dredging combined are under \$1,200,000. After further discussion by the board it renewed its previous public acknowledgment that the projects are needed.

Mr. Griffiths then presented the financing component for the projects relative to borrowing approximately \$750,000 from US Bank and entering into a five (5) year lease/purchase agreement payable from golf course operation revenues and the capital reserve for the balance due on the irrigation equipment and pump station. Discussion on the US Bank term sheet, including the resulting changes to the 2009 Bonds required by US Bank including a new October 1, 2016 maturity date. It was acknowledged that either a maturity date balloon payment or a bond refinancing was always contemplated by 2016 to avoid triggering higher interest rates provisions in the 2009 Bonds. After further discussion about financing for the projects, and upon motion and second unanimously approved, the board determined that after UAHR, Inc., holds a series of community meetings on this topic and communicates the community sentiments thereon back to the board, it authorized the execution of the US Bank Term Sheet, and to proceed with the financing of the project such that upon the passage of the necessary resolutions concerning the borrowing of the \$750,000 and entering into the lease/purchase agreement, that the contractor be given the notice to proceed accordingly.

Mr. Allen indicated that the District's bond counsel and US Bank will, upon execution of the term sheet, begin preparing the necessary bond documents which will be presented to the District for approval at a future public meeting. Mr. Griffiths will provide the vendor's lease/purchase proposal to Mr. Allen for his review, comment and revision.

Adjourn

Motion made and seconded to adjourn. Meeting adjourned.

The foregoing minutes were approved by the Board of Directors on February 17, 2011, and constitute a true and correct copy of the minutes of the above-referenced meeting.

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Secretary for the Meeting