

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

Held October 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. A public audience was in attendance. 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.

Call to Order & Quorum / Qualifications Director Rowland noted a quorum was present that all directors present were qualified to serve. Director Rowland recited the District's mission statement.

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 The agenda was deemed acceptable by the board.

UAHR, Inc. and HRCA Community Reports UAHR, Inc., noted that there would be concerns about potential impacts should the clubhouse building close and that the units closest to the building would feel the most impact.

HRCA reported that it continues to look at inherent golf ball damage and potential solutions/remedies/mitigation efforts that may counter this common risk to units adjacent to golfing areas. Metro Matters will decrease the number of pages in upcoming editions as a cost reducing and seasonal change. HRCA mentioned that advertisers have mentioned that their Metro Matters ads are not producing the desired business from within the community receiving Metro Matters.

Minutes The minutes from the August 18, 2011 meeting were discussed. Director Rowland noted that the potential for a 5% return on investment should be added to the Iliff sign section of the minutes. Motion made and seconded to approve the minutes with the return on investment addition. Motion passed unanimously.

Financial Ms. Wheeler presented the September 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.

Budget Hearings 2011 Budget Amendment. Ms. Wheeler noted that due to the issuance of the irrigation bonds and the resulting irrigation project, a 2011 budget amendment to increase the appropriations within the capital fund and debt service fund is needed for the 2011 budget. Director Rowland opened the public hearing on the amended budget for public comment. Hearing no comments, the public hearing was closed. Motion and second to adopt the 2011 amendment budget for additional appropriations passed unanimously.

2012 Budget Hearing. Ms. Wheeler presented the proposed 2012 budget showing

the same total mill levy as the previous year and how the mill levy is allocated between the general fund and the debt service fund. Director Rowland opened the public hearing on the 2012 budget. After hearing various public comments, the hearing was closed. Additional discussion by the board regarding each budgeted fund and the corresponding revenues and projected expenditures. A motion was made and seconded to adopt the 2012 budget, appropriate the revenues necessary for the expenditures and set the 2011 mill levy for collection in 2012. Motion passed unanimously.

Golf Course Operation
Report

Larry Ransford gave a presentation to the board concerning various financial projections relating to various option combinations for running and closing the clubhouse and golf course. Mr. Ransford noted that he has generated the financial projections for revenues and expenses and that the decision making authority is the District board. After Mr. Ransford's detailed presentation, the board thanked him for his time and effort in creating the financial analysis. The board will continue to review and consider the analysis and further discussion and decision making is anticipated at subsequent meetings.

Director Rowland mentioned that a committee has been formed to explore options relative to possible sale of the clubhouse site.

Water Lease

Director Rowland reported that there have been preliminary discussions with a water engineer about the potential for the District to possibly lease its excess water. Further updates and discussions are expected as this matter evolves.

Adjourn

Motion made and seconded to adjourn. Meeting adjourned.

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

Secretary for the Meeting