MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF

HEATHER RIDGE METROPOLITAN DISTRICT NO. 1

Held October 18, 2012, 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

Vincent Roith Melissa Miller Van Lewis

Joan Beldock (excused absence)

Also present for the District: Sean Allen, Esq., White, Bear & Ankele Professional Corporation, general counsel (by phone); Diane Wheeler, Simmons & Wheeler, accountant.

Call to Order & Quorum / Oualifications

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.

Minutes

The minutes from the August 16, 2012 meeting were discussed. Motion made and seconded to approve the minutes. Motion passed unanimously.

UAHR, Inc. and HRCA Community Reports

UAHR, Inc., gave a short update on its ongoing and pending matters.

HRCA reported that it continues to look for cost cutting measures for Metro Matters such as encouraging HOAs to sign up for email delivery to save postage costs, and page number decreases. It was noted that the District's monthly cost contribution for Metro Matters has decreased in recent months.

Foundation/Donations

Heather Ridge Open Space Foundation reported that donations and board member set up are still pending matters to resolve.

Financial

Ms. Wheeler presented the September 2012 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 with Director Rowland and Roith abstaining as to invoice approval relative and pertaining to their previously disclosed conflict of interest.

Budget Hearings

2012 Budget Amendment. Ms. Wheeler noted that due to the relocation of non-golf course expenses occurring at the club house over to the general fund, a 2012 budget amendment to increase the appropriations within the general fund is needed for the 2012 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 2012 amendment budget for additional appropriations passed unanimously.

2013 Budget Hearing. Ms. Wheeler presented the proposed 2013 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 2013 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 2013 budget, appropriate the revenues necessary for the expenditures and set the 2012 mill levy for collection in 2013. Motion passed unanimously.

Golf Course Operation Report

Larry Ransford discussed the capital/emergency reserve goals. Back nine irrigation and cart path replacement were noted as potential projects. An update on recent equipment purchases was given. Discussion on general operation and maintenance revenues and expenses. Mr. Ransford noted that in October, November and December expenses will exceed revenues as seasonal weather changes will impact course play.

Asset Manager Report

Director Roith reported that patio heaters are to be installed and repaving the front entry has been scheduled. Director Roith noted that he has been speaking with architects relative to ADA compliance plans within the financial constraints of the District.

Director Roith noted that Noonan's operation is going well.

Quarterly Meeting

Discussion relative to moving to a quarterly meeting schedule for 2013 with the reserved ability to meet monthly should the need arise. The board determined to initially meet in January, April, July and October.

Adjourn

Motion made and seconded to adjourn. Meeting adjourned.

The foregoing minutes were approved by the Board of Directors on January 17, 2013, and constitute a true and correct copy of the minutes of the above-referenced meeting.

Secretary for the Meeting