

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

Held July 21, 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 /            Director Rowland noted a quorum was present that all directors present were  
Qualifications                            qualified to serve. Director Rowland read 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                    Motion made and seconded to approve the agenda. The motion passed  
unanimously.

UAHR, Inc. and HRCA                    UAHR, Inc., reported that its July 2011 meeting was focused on security and crime  
Community Reports                      prevention. A neighborhood watch program is being created which will interface  
with the Aurora Police Department.

HRCA reported on its recent hosting of the multi-board social gathering. A Metro Matters article was recently done on security concerns within the community. Mr. Lewis reported on the SDA luncheon he attended and the opportunity to attend the upcoming SDA's annual conference. HRCA is also looking at ways to help property owners mitigate damage from golf balls when the responsible golf fails to take responsibility. Information like screening and other possible golf ball deterrent measures will be shared as ideas and suggestions are developed.

Minutes                                    The minutes from the June 16, 2011 meetings were discussed. Motion made and  
seconded to approve the minutes. Motion passed unanimously.

Financial                                    Ms. Wheeler presented the June 2011 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. After discussion about the financial statements,  
motion and second to accept the financial statements passed unanimously.

Director Rowland asked Mr. Allen and Ms. Wheeler to comment on the accounting and legal costs experienced over the first 6 months of 2011. It was noted that increased accounting and legal demands have occurred during that time due to the restaurant lease negotiation and drafting, the bond work and bond issuance for the irrigation project, the construction contracts for the irrigation project, and work on the potential lease for irrigation equipment. Mr. Allen noted that this unusually high level of multiple issue activity directly resulted in increased accounting and legal work.

Ms. Wheeler reported that the 2010 audit is nearing completion but asked that the board authorize her to seek a filing extension in case the auditor is unable to finalize the audit by the July 31, 2011 deadline. Motion and section to seek a filing extension was unanimously approved.

Restaurant Update

Mr. Lanphier updated the board on his marketing efforts for the restaurant and banquet business.

Golf Course Operation Report

Mr. Ritter, for The Golf Club at Heather Ridge, Inc. ("GNAT"), reported on the new irrigation system functions. Clubhouse roof drains were cleaned and more roof patching was necessary due to the heavy rains. Mr. Ritter noted that aggressive marketing has begun now that the course construction projects were completed and the course conditions are recovering.

Director Rowland reported that Mr. Roith has been serving a management role between the District and GCAT, and that GCAT will no longer be paying for this service. The same service and compensation can be preserved via the District entering into an independent contractor arrangement with Mr. Roith's golf services company. Mr. Allen noted that Mr. Roith will need to disclose his financial interests in the golf services company and recuse himself from any director vote on the matter due to his conflict of interest. Mr. Allen will prepare the necessary independent contractor agreement for consideration at the next meeting, and will also work with Director Roith on updating his conflict of interest disclosures.

Monument Sign on Iliff

The sign committee indicated that it has narrowed the design proposals down and the board reviewed the design. Rates of return on the sign were generally discussed. Discussion about permit timing and cost. Director Rowland recommended that Ms. Wheeler review the balance available in the capital reserve and confirm that there will be sufficient funds to pay for the sign costs after taking into account known capital project costs with outstanding amounts due. Upon a motion and second, it was unanimously passed, a maximum of \$1,000 was authorized for the permit costs conditioned on Ms. Wheeler's verification that there will be funds available to pay for all of the sign costs which are estimated to be between \$32,000 and \$34,000. The final sign recommendation, cost confirmation and sign approval are to be considered at the next meeting.

Adjourn

Motion made and seconded to adjourn. Meeting adjourned.

The foregoing minutes were approved by the Board of Directors on August 18, 2011, and constitute a true and correct copy of the minutes of the above-referenced meeting.

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Secretary for the Meeting