

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

Held: August 19, 2010, 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  
Van Lewis

Director Jane S. Klein had an excused absence.  
Also present for the District: Sean Allen, Esq., White, Bear & Ankele Professional Corporation, general counsel; Diane Wheeler, Simmons & Wheeler, district 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.

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

Approval of Minutes                    The minutes from the July 8, 2010 meeting were discussed. Motion made and  
seconded to approve the minutes with one modification to delete the engineer  
irrigation study commission. Motion passed unanimously.

Golf Course Operation                    Director Roith reported that golf revenue has exceeded expenses in recent months  
allowing for reserve accumulation.

A First Addendum to the UAHR, Inc. agreement was presented. Mr. Allen noted that addendum related to UAHR, Inc., needed the District to advance the cost of the pro shop inventory after the termination of the initial golf pro. The addendum allows for UAHR, Inc., to repay the District in installments between July 1, 2010 and October 1, 2010, if not sooner. The addendum also acknowledges that the general manager shall acquire, stock and maintain at its own expense all pro shop merchandise, will get 90% of the gross income from sales, and 10% of the gross income from sales stay with the District. Upon motion and second the addendum was approved unanimously.

The District's relationship with UAHR, Inc. as the acting general manager of the golf course was discussed in terms of replacing UAHR, Inc. with the Golf Club at Heather Ridge, Inc. as the new general manager entity. After further discussion, and upon motion and second unanimously passed, the District will terminate its contract with UAHR, Inc as of September 1, 2010 with UAHR, Inc., agreeing to waive any notice of termination provisions. Upon motion and second unanimously passed, the District approves entering into, as of Sept 1, 2010, a new management contract with the Golf Club at Heather Ridge, Inc., for same golf course general manager services that UAHR, Inc. has been providing.

Director Roith mentioned that UAHR, Inc., has hired an interim golf pro while the search for a permanent golf pro continues. Interviews with the best candidates, including the acting interim golf pro, will likely take place in early to mid-September. The finalists are to be ranked and then presented to the District for

ratification and approval consistent with the July 16, 2010 selection committee direction letter.

Discussion relative to the use of golf play vouchers and comps. It was noted that the golf course has empty round inventory that are being used for vouchers and comps, with the golf pro acting as gate keeper for the use of comps to be consistent with the industry and policy of the District. Upon motion and second unanimously approved, the general manager was instructed that trade voucher and comp reports and annual pass member lists will be done and supplied to the District and its advisory board on a monthly basis.

Discussion relative to changing the seats of the District's Advisory Board. Upon a motion and second, unanimously passed, the number of seats on the Advisory Board was increased from four (4) to six (6) seats with one seat each coming from the men's and women's golf club who are annual golf package holder. Each club will select which of its annual golf package holder will be appointed by the District to the Advisory Board, and the appointment will be made accordingly.

Mr. Griffiths reported on the various golf marketing measures being used.

Repair/Construction  
Contracts

Director Roith reported on the status of the HVAC work noting that it was nearing final completion. Bids for the repairs to the parking lot and paths have been reviewed and the work is expected to start soon. Fence repairs around the pump station is also a pending item.

Discussion about the need for installation of a protective driving range net due to potential exposure of errant driving range balls to players on hole Nos. 1 and 6. A motion and second was made to use capital funding for net installation should the prerequisite City approval to install such netting come through. The motion passed unanimously. The estimated cost at this time is approximately \$70,000.

General Matters

Metro Matters Publication. Director Lewis reported as to the ongoing status with the early success of the publication.

Clubhouse Pool. The pool committee distributed an indoor pool reactivation proposal and discussed the estimated costs associated there with as projected in the proposal. The board further discussed use of capital reserve funding to bring the pool up to working order so that it may be opened and then charging a pool user fee to pay for ongoing maintenance of the pool once opened, with shortfalls to be supplemented from golf course operation revenues. A motion was made and seconded to authorize up to \$15,000 of capital reserve funding to bring the pool up to working order so that it may be opened, on an initial trial basis of six (6) months, with an admission fee structure to be imposed for District residents and non-residents generally consistent with the committee's proposal but preserving the ability to modify as the board determines necessary. Motion passed unanimously. During the trial opening the use, revenues, and expenses of the pool will be monitored to determine if keeping the pool open beyond the trial period will be viable. The board commented that opening of the pool presents an opportunity to increase value to non-golfers and promote increase use of the District's assets.

Bylaws. The board discussed consideration of drafting and adoption of by-laws in 2011 should the need and or desire arise.

Financial Matters

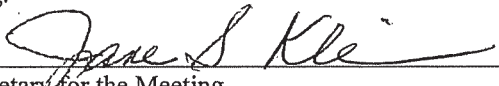
Ms. Wheeler presented the financial statement, current cash flow analysis, and invoices/claims payable. After consideration of the current and interim invoices,

upon motion and second, the invoices were approved and ratified respectively for payment.

Adjourn

Motion made and seconded to adjourn. Meeting adjourned.

The foregoing minutes were approved by the Board of Directors on September 16, 2010, and constitute a true and correct copy of the minutes of the above-referenced meeting.

  
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Secretary for the Meeting