

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

Held October 16, 2014, at 4:00 p.m. at 13521 East Iliff Ave., Aurora, Colorado.

Director Attendance/
Qualifications 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
Vincent Roith Jane Klein
Melissa Miller
Van Lewis
Joan Beldock

Also present for the District: Sean Allen, Esq., White, Bear Ankele Tanaka & Waldron, general counsel; Diane Wheeler, Simmons and Wheeler, accountant; Michael Lund, Piper Jaffrey, Bond Advisor.

Call to Order/Quorum Director Rowland noted a quorum was present and each director present confirmed they were qualified to serve. Director Rowland referenced 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 reviewed and accepted by the board.

Minutes The minutes from the April 17, 2014, meeting were discussed. Motion made and seconded to approve the minutes. Motion passed unanimously.

Community Reports Director Lewis reported that Presidents Council is conducting community classes where exchange of community ideas are taking place. A status report on Metro Matters was provided. Barry McConnell noted that the Heather Ridge Open Space Foundation has received its 501(C)(3) charitable designation, and that it has approximately \$4,600 in funding so far.

Discussion regarding contribution to Foundation of \$2,500/year in memorial or recognition of those that have made contributions to Heather Ridge. Motion and second passed unanimously for the 2015 contribution passed unanimously.

City Council member, Molly Markert, addressed the Board and discussed various city and community current affairs.

Metro Matters 2015
Publication Agreement Discussion with Mr. McConnell regarding continuation of the Metro Matters publication agreement with HomewoRx, LLC. Mr. Allen noted that the initial agreement was for 13 months, and renewal could be considered for 12 month terms with provisions for annual renewal. Motion and second to renew the publication agreement for 2015 at an agreed upon 2015 monthly rate and with renewal provisions included passed unanimously.

Financial The financial statements, fund balances, revenues, expenses, current cash flow analysis, and invoices/claims payable were reviewed. 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 Directors Rowland and Roith abstaining as to invoice approval relative and pertaining to their previously disclosed conflict of interest. Director Rowland noted that in late 2011 the golf course was facing financial difficulties, but with Larry Ransford's help the financial health of the golf course has improved significantly. The Board expressed its appreciation for the effort and results Mr. Ransford has produced.

Mrs. Wheeler noted that the 2013 audit was completed and filed with the Office of the State Auditor.

Mrs. Wheeler presented the 2015 budget. Director Rowland opened the budget hearing for public comment, hearing none the budget hearing was closed. Further discussion regarding the assessed valuation and mill levy breakdown for administration, district operations and debt repayment as well as the enterprise fund for golf operations took place. Mr. Allen presented a 2015 budget adoption resolution. Motion and second passed unanimously to accept the 2015 budget and adopt the budget resolution.

Bond Refinance Discussion

Mr. Lund reminded the Board that the bonds mature in October 2016 which will need to be refinanced at or before maturity to avoid a principal balloon payment. Early refunding, premium rates, borrowing rates and new money borrowing within a refinance was discussed. The Board recognized the need for additional capital borrowing to address certain capital needs of the golf course and to educate the community about those needs within the context of refunding the existing bonds prior to maturity. Mr. Lund reported that since 2011 the bond mark has improved and the District's credit quality has also improved such that the District's borrowing options have increased. Refunding options with additional capital funding were described to the Board. Mr. Lund will continue to analyze the bond market and update the Board accordingly on bond refinance conditions.

Golf Course Operation Report

Larry Ransford summarized the golf operations, costs, revenues, and golf play matters.

Golf course intrusion/trespass concerns have improved as people have been complying with the "No Trespassing" signs.

GCAT incident report with police report complaint concerning September 2014 disturbance was discussed. The Board noted that GCAT's reporting of and response to the incident was appropriate.

Director Roith noted that the new management agreement with Vinny's Custom Golf needed ratification. Motion and second ratifying the new agreement passed unanimously with Director Roith abstaining.

Asset Manager Report

Director Roith reported on the completion of ADA compliance work to the main level bathrooms. Director Roith also noted that restaurant operation continues to go well in the areas of service, menu upgrades, and new banquet room bar renovations put in place by the new operator.

Boundary Line Encroachment

Discussion about HOA and unit owner encroachment onto golf course property. Director Lewis reported that notice had been sent to the HOAs regarding previously existing encroachments prior to and near the time when the District took ownership of the course. The notice referenced that newly created encroachments will not be tolerated and that the District will require and new encroachments to be removed.

Miscellaneous

Mr. Allen presented an updated general counsel service agreement noting that updated disclosures were made in the letter. After discussion, motion and second to approve the updated engagement letter was unanimously approved.

Mr. Allen presented a public record inspection policy. After discussion of the policy and charges to impose, motion and second to approve the policy was unanimously approved.

Insurance matters were discussed relative to crime coverage for fraud and embezzlement by those with access to the District's public funds. Director Roith will work with Mr. Allen, Mrs. Wheeler and the insurance agent to assess the degree of risk relative to fraudulent access to and use of the District's public funds, and will add insurance coverage to address any such risk as may be deemed appropriate.

Director Miller's pending move to Boston and its impacts on her directorship were discussed. Director Rowland noted that former director Mary Lou Braun expressed interest in returning to the Board. After discussion, motion and second to appoint Mary Lou Braun upon Mrs. Miller's resignation was unanimously approved. Mrs. Miller indicated she would give her resignation by October 20, 2014.

Adjourn

Motion made and seconded to adjourn. Meeting adjourned.

The foregoing minutes were approved by the Board of Directors on April 16, 2015, and constitute a true and correct copy of the minutes of the above-referenced meeting.


Secretary for the Meeting