

HRMD01 February 2010 Finances & Expenditures review

There are 3 areas of spending for the Heather Ridge Metropolitan District No.1 (all of these financial issues were presented for consideration to the community in news letters and 8 community meetings prior to the Aug 15, 2009 polling):

1. Operations – Golf and Clubhouse operations – Paid for only with Golf Revenues.

The golf revenue **MUST** be sufficient to cover all operational costs for these entities to continue and be on-going. If there is not enough revenue, golf operations would be suspended and/or shut down. That is why it is so important for everybody to golf, talk it up and invite friends, neighbors and the public to play.

2. Capital Expenditures – paid for by a portion of the bond proceeds which are being repaid with property tax revenues–

This is the reason for the bond to buy the 90 acre asset and make capital improvements. The closing of the real estate and bond were transacted on December 1, 2009. On 12/1/2009 the “Sources and Uses of Funds” document from the bond was and remains published on the website (UAHR.org – LATEST). That 1 page document shows exactly what is being done with the \$5.2m bond/loan. This document remains available for all to see.

3. Governmental Administrative costs – paid for with property tax revenues.

These governmental, administrative and operational costs are different and separate from golf course operation costs. They are to keep the District functioning and complying with annual statutory requirements. Our attorneys oversee the financial and operational aspects of the District and the business that was acquired with the purchase of the asset.

It was understood in order to save the open space, protect our property values and maintain our way of life; this is part of the price. This cost varies with the activities needed. It is & has been much more now than it will be in the future because the district has purchased a large asset; it has issued bonds; it has inherently more and new activity not experienced before as operational and capital expenditures are being made. This is part of the cost of start-up and getting established. Decisions and actions must be made within the law, and legal advice is necessary to prevent mistakes and any legal challenge/action and associated costs.