
RECORD OF PROCEEDINGS

Minutes of the Annual Member Meeting Brightwater Club Property Owners Association January 7, 2012

The Annual Meeting of the Brightwater Club Property Owners Association, Gypsum, Eagle County, Colorado was held on January 7, 2012 at 3:00 p.m., at the Brush Creek Pavilion, 0909 Capitol Street, Eagle, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Julie Nelson
- Joe Spencer
- Don Janklow
- Garrett Smith (By Telephone)
- Malcolm Gray (By Telephone)

Also in attendance were:

- Mike Budd
- Jerry Orten, Orten Cavanaugh Richmond & Holmes (By Telephone)
- Eric Weaver, Robertson & Marchetti, P.C.
- April Heredia, Robertson & Marchetti, P.C.
- Cheri Curtis, Secretary to the Meeting
- James DeFrancia, Acting CDI CEO
- Members in attendance are listed at the end of these minutes

**Call To
Order**

Director Nelson called the meeting to order and thanked the Members in attendance for their participation.

Education

Mr. Weaver reviewed the CCIOA requirement and provided education to the Members on the POA responsibilities and the owner's rights and responsibilities.

**President
Report**

Director Nelson updated Members on the 2011 POA activities that included the developer bankruptcy, communication improvements, and collections of past due assessments.

Minutes

The Members reviewed the minutes from the January 8, 2011 Annual Meeting. Upon motion duly made and seconded it was unanimously

RESOLVED to approve the minutes of the January 8, 2011 Annual Member meeting as presented.

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Board Member

Election There were four candidates who indicated interest in serving on the Brightwater Club POA Board; Darrel Schmidt, John McCarty, John Schelter and incumbent Garrett Smith. The floor was opened to nominations, and upon hearing none, the nomination process was closed. Mr. Weaver introduced the candidates and gave each candidate the opportunity to provide information about themselves and their participation in Brightwater. Written ballots were collected and tallied while the meeting continued on.

2012 Budget & Financial Report

The October 31, 2011 financial statement was presented by Mr. Weaver along with the 2012 adopted budget. The balance sheet was reviewed with explanations on the working capital and accounts receivable balances. On the income statement it was noted the Association collected some past due assessments and a portion of the developer assessments in 2011. Legal and accounting expenses increased due to the bankruptcy challenges.

The Association is anticipating that eventually common areas will be conveyed to the Association, although the timing and condition of the common elements will have to be negotiated with the new developer. Although the Association does not own the street lights, the Board agreed to repair approximately 12 non-functional street lights.

IRS

Resolution Mr. Weaver explained that if the members would like to retain the excess funds collected in 2011 over the amount expended, it requires a vote of the members to keep the funds from becoming taxable by the IRS. The funds would be used for future operations and capital repairs if and when the common elements are transferred to the Association. After discussion and upon motion duly made and seconded it was unanimously

RESOLVED, that any excess of membership income over membership expense for the year ended December 31, 2011, shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604.

Operations The security committee is working to make the gate house a standalone security system by installing a camera system that can be viewed through a computer system or smart phone off site. The security contractor is currently funded by the Valagua Metropolitan District, although it is anticipated funding will only be available through the end of 2012. The new security system will be installed in spring of 2012 at a cost of approximately \$8,000. Member questioned the need

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for security and suggested polling members to determine whether security was a priority of property owners.

Noxious weeds continue to be a problem in the common areas, outskirts of the of course, and individual owners lots but the POA and the Town made good progress in addressing the issue in 2011 and will put even greater emphasis on the issue in 2012. The exit gate at the main gate has been closed for several months due to a sinkhole that developed and could not be funded by the bankruptcy budget. All traffic must exit through the north gate.

Several covenant violations were addressed in 2011 and several homes and yards are being completed by new owners of the properties

Mr. Weaver explained the structure and purpose of the Valagua Metropolitan District, which financed a large portion of the infrastructure of the community and currently provides funding for the security contractor. Due to the decline in property values the District was required to increase the mill levy to 65 mills, however overall taxes paid by owners are expected to decrease sharply for 2012.

Real Estate Update

Mike Budd gave a real estate update including both Brightwater properties and all properties in Eagle County. Property values continued to decrease county wide in 2011. Brightwater saw a large number of sales but most were at deeply discounted prices.

Bankruptcy Update

James DeFrancia updated members on the status of the developer bankruptcy. Mr. DeFrancia was appointed in April 2011 to oversee the operations of CDI and the golf course during the bankruptcy process. Financing was secured through a Debtor in Possession loan by EFO to fund the bankruptcy and operations through October 2011. Reconcile was formed as the stocking horse bidder to purchase the property from Clearwater Development, Inc. in the bankruptcy process.

A marketing request for proposal was distributed and CT Fuller was hired to market the property. An auction was schedule in August and Reconcile being the only bidder, won the bid at \$6.5 million. The closing was moved to October but the transaction never closed. Reconcile claimed there were issues with water rights even though the water rights were resolved prior to the scheduled closing. CDI is out of money and not able to pay utilities and insurance premiums. Mr. DeFrancia attempted to obtain \$25,000 from the earnest money but was unsuccessful.

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There are three parties still interested in purchasing the property. Discussion followed on whether members of the community should consider coming together to purchase the property. Also discussed was the priority of the EFO loan, property taxes, and secured liens. Jerry Orten explained the debt priority list is property taxes, the EFO loan, the Association super liens, mechanic lien holders, and then the Association's unsecured liens.

Director Nelson informed Members of the problems with Cordillera and indicated the amenities that exist in Brightwater could attract Cordillera owners looking for a place to play golf. A new developer would bring in a fresh approach to the community and outside memberships could help to reduce the operational deficits.

Election Results

It was announced Darrel Schmidt was elected to serve until 2015. The Board thanked Garrett Smith for participation on the Board during 2011 and for his ongoing efforts on the Brightwater Preservation Corporation.

Next Meeting

The next annual meeting is expected to be held on January 5, 2013.

Adjournment There being no further business to come before the Members, by motion duly made and seconded it was unanimously

RESOLVED to adjourn the Annual Member Meeting of the Brightwater Club Property Owners Association this 7th day of January 2012.

Respectfully submitted,



Cheri Curtis
Secretary for the Meeting

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Property Owners & Representatives In Attendance:

- Mike Budd 8 Properties
- Ora and Dominic DeMaria 2 Properties
- Fred Ebert 2 Properties
- Chris Goldsmith 0023 Tallgrass
- Scott Green 0220 Hearthstone
- Lynn & Don Janklow 3 Properties
- Carl & Diane Luppens 0239 Bucktail
- O.B. & Julie Nelson 0015 Doll Station
- Doug Parker 0064 Lasso
- Justin Roach 0367 Bucktail
- Michael Rushmore 0021 Bucktail
- Darrel Schmidt 32 Properties
- Joe & Janice Spencer 0281 Foxprowl
- Ralph & Mary Kate Wilkerson 0399 Bucktail

Property Owners Attending by Telephone:

- John & Doris Kirchner 289 Herons Way
- Randy Byrnes 0205 Bucktail
- John McCarty 0162 Foxprowl
- Garrett Smith 0159 Bucktail

Property Represented by Proxy:

- Joan Allen 0099 Tallgrass
- Robert Aplin 0185 Foxprowl
- Larry & Susan Boothby 2 Properties
- Ward & Judy Bushnell 0023 Cutbow
- Randy & Cheryl Byrnes 0205 Bucktail
- Chris & Susan Chase 2 Properties
- Mitchell Coleman 0107 Cutbow
- J. Malcolm Gray 7 Properties
- Shirley & Denny Gray 2 Properties
- Bette Hagan 0203 Cutbow
- Hatle Chase & Warner 0009 Hares Ear
- John W & John C Hearn 0042 Bluestem
- Hearthstone Investors 4 Properties
- Jim & Ann Higgins 0175 Herons Way
- Dan & Suzanne Hoffman 0211 Herons Way
- Brian & Paula Hughes 0260 Cutbow
- John & Doris Kirchner 289 Herons Way
- Jeff Koch 0320 Hearthstone

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- Henry Lenard (Allen) 0117 Tallgrass
- Karl & Joan Mosch 0235 Foxprowl
- Jill Price 0213 Foxprowl
- Garrett Smith & Faith Spitz 0159 Bucktail
- W Davis Smith 0273 Bucktail
- Leslie & Faith Lerner 2 Properties
- V. Marc Thomas 0081 Bluestem
- Richard Wenninger 0357 Herons Way