
RECORD OF PROCEEDINGS

**Minutes of the Meeting
Of the Board of Directors of
Brightwater Club Property Owners Association
March 17, 2011**

A Meeting of the Executive Board of Directors of the Brightwater Club Property Owners Association, Eagle County, Colorado, was held March 17, 2011 at 2:00 p.m., at the offices of Robertson & Marchetti, P.C., 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Don Janklow
- Julie Nelson (By Telephone)
- J. Malcolm Gray (By Telephone)
- Garrett Smith (By Telephone)

The following Directors was absent and excused:

- Joe Spencer

Also in attendance were:

- Eric Weaver & Cheri Curtis, Robertson & Marchetti, P.C.
- Jerry Orten & Hal Kyle, Orten Cavanagh (By Telephone)
- Kim & Allison Knapp
- Denny Grey (By Telephone)
- Jeff Cook (By Telephone)
- Carl & Diane Luppens (By Telephone)
- Karl Mosch (By Telephone)

Call to Order The Meeting of the Board of Directors of Brightwater Club Property Owners Association was called to order by Director Nelson, noting a quorum was present.

Meeting Calendar The Board approved the meeting schedule as submitted.

Minutes The Board reviewed the meeting minutes of the January 8, 2011 Annual Meeting. One minor revision was requested and the minutes will be approved by the members at the next member meeting.

The Board reviewed the meeting minutes of the January 8, 2011 Executive Board meeting. Upon motion duly made and seconded it was

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RESOLVED to approve the meeting minutes of the January 8, 2011 meeting as presented with Director Smith abstaining due to his appointment later in this meeting.

Legal

Hal Kyle reported there are two cases pending in the Eagle County District Courts related to the foreclosure of the super liens of the Association on the 115 properties owned by CDI. A conference call was previously held with the Courts, directing Kennedy to submit a brief as to why a summary judgment should not be awarded in the first case. The Court did not receive anything from Kennedy but yet surprisingly did not award the Association the summary judgment. The case will now be set for trial in the summer of 2011. An early trial date has been requested. Per Director Nelson's inquiry, Mr. Kyle stated the judge issued a Minute Order with no explanation or comment.

On the second case, again there was no communication from Kennedy. Mr. Kyle is pushing the court to rule in favor of the Association to provide the Association a default judgment which would allow the property to go to a Sheriff's sale.

Mr. Kyle left the meeting.

Policies & Procedures

The Board reviewed the updated policies and procedures which outline policies for collections, meeting conduct, conflicts of interest, covenant and rule enforcement, disputes with owners, and reserve funding.

Mr. Orten highlighted that there are only two substantial revisions to the policies. The first is to allow the Association to apply working capital balances of a property against assessments that would be otherwise difficult or impossible to collect due to foreclosures, deed in lieu of foreclosures, and properties being transferred without going through a title company. The second addition is to allow for a discount if the annual assessment is paid by a date set by the Board. Other than cleaning up the language, there are no other substantial changes to the policies and procedures.

The Board recommended several minor revisions and emphasized that the collections policy will go into effect for all accounts not brought current by April 30, 2011. Upon motion duly made and seconded it was unanimously

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RESOLVED to approve the policies and procedures of the Association subject to the minor revisions noted.

Website

Mr. Weaver stated the Valagua Metropolitan District approved setting up a website for the District and Mr. Weaver suggested the Association also set up a website separate from the District so that there is clear distinction between the entities. The Association website would make the organizational documents, financials, minutes, and other information available to current and potential property owners. A simple website hosted by Network Solutions could be set up for approximately \$7 per month hosting fee if prepaid for three years. The Board approved to have Robertson & Marchetti move forward with setting up the website as outlined.

Security System

Mr. Weaver reiterated that the gate house is only staffed at night and that during the day the unmanned gate is preventing many who need to get in from entering. Mr. Weaver and Director Spencer are looking at options for unmanned security that could include using a call center to allow controlled access to people without entry devices.

The attempt to update the database of persons allowed access into the property was not successful since only three people have called in their card identification so an alternative plan is being determined. If the Association issues new access cards or license plate bars it was questioned whether the cost should be covered by Association or card owner. Director Nelson suggested issuing key codes for lot owners and requiring others to pay for their access devices. Mr. Weaver will work with Director Spencer to bring a recommendation to the Board.

The north gate is now in service, making it easier for residents to access homes on the north end of the community. To keep people from driving around the north gate, farm equipment has been placed next to the gate to block unauthorized access. Mr. Weaver obtained a proposal for \$1,300 to install a buck and rail fence adjacent to the gate which would look much nicer than the farm equipment. The Board suggested taking photos of the area so that everyone can better understand the issue before proceeding.

The Valagua Metropolitan District made a minor increase to the security contract to cover a full eight hours per evening.

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Valagua Metro District Update

The District ended 2010 better than projected and has fully repaid Eagle County for the refunded taxes resulting from the large abatement. The mill levy for 2011 remained consistent at 45 mills. The assessed value of the District is expected to decrease in 2012 and the mill levy may have to be increased to the 65 mill cap, however overall property tax bills to property owners is expected to dramatically decrease.

Maintenance

Mr. Weaver asked to add a maintenance discussion to the agenda. There is \$10,000 budgeted for maintenance and \$2,500 for weed control in 2011. Director Janklow suggested keeping the entrance and other areas presentable while not maintaining the developer's assets. The Board discussed sending a demand letter to the developer requesting they maintain their property. The Board does not want to maintain an asset that does not belong to the Association and will only maintaining the Developer's property as a last resort. The Board directed Mr. Weaver to send a letter to CDI and Rampart Holdings asking for their maintenance plan for 2011 and reiterating the Board does not feel it is the Association's responsibility. A second letter will be sent to CDI asking what will be the status of the golf course in 2011.

Financials

Mr. Weaver reviewed the February 28, 2011 financial report. Mr. Weaver stated the financial statements are prepared on a modified accrual basis with a deferral of accounts receivable to give the users an accurate picture of the actual funds being received and paid. Director Nelson thanked Mr. Weaver for preparing a financial report that can be easily interpreted which has been an issue in prior years.

RMPC Engagement Letter

Mr. Weaver reported there is a new accounting requirement that requires a separate engagement letter in order to compile financial statements which explains the limitations of the report and defines the roles of the Association and Robertson & Marchetti. Upon motion duly made and seconded it was unanimously

RESOLVED to approve the engagement letter with Robertson & Marchetti as presented.

Audit

Mr. Weaver reported that he spoke with a couple of audit firms and found that it will be approximately \$9,000 to conduct an audit or \$5,000 for a

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review. The cost would normally be much lower but the auditors have to increase their fees due to the risk related to the large receivable balances. There is a likely chance that the auditors would end up not being able to give an opinion on the receivables, as was the case with audit Lathrop Financial Services performed for the declarant turnover audit. Another option could be to have Robertson & Marchetti prepare full disclosure financials which would resemble an audit but with only a compilation letter rather than an audit or review opinion. The Board discussed the issue and agreed to have Robertson & Marchetti prepare full disclosure financials for 2010 which they will review in lieu of obtaining an audit or review from an independent CPA.

Accounts Receivable

Mr. Weaver reviewed the accounts receivable schedule which is broken down into categories of individual owners, multi-lot owners, bank owned, and properties in the tier I and II foreclosures. Most of the paying owners took advantage of the \$400 discount and currently there are 111 properties that are either current or very near current in the Association assessments.

Mr. Weaver presented a listing of properties that are more than 6 months past due which are not in either tier 1 or tier 2 foreclosures. Director Nelson suggested looking at the length of the past due assessments along with dollar amount to determine a tier III list of properties to go after. After discussion and upon motion duly made and seconded it was unanimously

RESOLVED to process liens after six months and place the account into collections when the account is one year past due.

Collection Disputes

The Parker's have been instructed to bring their account current by March 31, 2011 in order to be eligible for the 25% discount in 2011 but nothing has been received yet.

There are two separate properties with balances owed from current and former entities of Carl Luppens. Mr. Luppens explained that he is disputing the assessments based upon prior legal expenses he incurred and submitted to the Association for reimbursement but was never reimbursed for. Mr. Weaver stated that he has reviewed the file and found lengthy correspondence on the issue but there is no listing of costs incurred. The Board requested that Mr. Luppens resubmit the listing. Mr. Luppens

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refused to submit the listing, saying that he had already done so. The Board agreed to discuss the issue with legal counsel to determine how to proceed.

Accounts Payable Schedule

The accounts payable schedule was presented to Board for approval. Upon motion duly made and seconded it was unanimously

RESOLVED to approve and ratify the payments on the accounts payable schedule as presented.

Appointment of Director

Mr. Weaver asked that the minutes reflect the prior decision by the Board via email to appoint Garrett Smith to fill the remainder of the term previously held by Robert Melun. Upon motion duly made and seconded it was unanimously

RESOLVED ratify the appointment Garrett Smith to the Board.

Adjournment

There being no further business to come before the Board at this time, upon motion duly made and seconded it was unanimously

RESOLVED to adjourn the meeting of the Brightwater Club Property Owners Association Board of Directors this 17th day of March, 2011.

Respectfully submitted,



Cheri Curtis
Secretary for the meeting