
RECORD OF PROCEEDINGS

Minutes of the Member Meeting of Brightwater Club Property Owners Association January 8, 2011

A Member Meeting of the Brightwater Club Property Owners Association, a Colorado non-profit corporation, was held January 8, 2011 at 1:00 p.m., at the Eagle County Fairgrounds Exhibit Hall, 0426 Fairgrounds Road, Eagle County, Colorado, in accordance with the Association's By-laws and the applicable statutes of the State of Colorado.

Attendance

Directors in Physical Attendance:

- Julie Nelson
- Carl Luppens
- Robert Melun
- Don Janklow
- Joe Spencer

Members in Physical Attendance:

- J. Malcolm Gray- 6 Lots Represented
- Suzanne Hoffman
- Lynn Janklow
- Don Dotson
- John Kirchner
- Doris Kirchner
- Ned Goldsmith
- O.B. Nelson
- Diane Luppens
- Patty Parker
- Garrett Smith
- Faith Spitz
- Janice Spencer
- Ralph Wilkerson
- Mary Kay Wilkerson

Members Attending Via Conference Call:

- James Mosch (By Telephone)
- Karl Mosch (By Telephone)

Members Present by Proxy:

- Robert & Constance Aplin
- Jose & Mary Amarlo
- Larry Boothby
- Ward & Judy Bushnell
- Chris & Susan Chase- 3 Lots Represented
- Gene Colin

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- DPSI Investment- 9 Lots Represented
- Shirley & Denny Gray- 9 Lots Represented
- Bette Hagan
- Russell & Lorraine Hatle
- Hans Imhof- 2 Lots Represented
- Orval Paul
- Jill Price
- Michael & Sue Rushmore
- Darrel Schmidt
- Willard Smith
- Special Assets Group- 23 Lots Represented
- Thomas & Susan Washing

Others in Attendance:

- Kenton Krohlow & Amy Gill- Rock Property Services, Inc.- Prior Association Managers
- Eric Weaver & Cheri Curtis- Robertson & Marchetti, P.C.- Incoming Association Managers
- Mike Brown- Mikim Brown- Community Security Contractor
- Jerry Orten- Orten Cavanagh Richmond & Holmes, LLC Association Legal Council
- Mike Budd
- Scott Green
- Al Taghl

Call to Order

The Member Meeting of the Brightwater Club Property Owners Association was called to order by Julie Nelson, Association President on January 8, 2011, at 1:15 p.m.

Declaration of Quorum

According to the Bylaws of the Association, the presence in person or by proxy of ten percent of the total number of votes entitled to be cast at the meeting constitutes a quorum. Mr. Weaver reported that 79 of 310 lots were represented either in person or by proxy so a quorum was represented at the meeting. It was reported for the record that Rock Property Services had mailed proper notice of the meeting to all members of the Association in accordance with the requirements of the Bylaws.

Minutes

Minutes from the December 27, 2009 annual meeting were distributed prior to the meeting. Upon motion duly made and seconded, it was unanimously

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RESOLVED to approve the minutes from the December 27, 2009 member meeting as presented.

It was noted that a full set of the 2008 Annual Meeting minutes have never been received and therefore have never been reviewed or approved by the Members.

Agenda The election of executive directors and the bylaw amended were moved to the top of the agenda.

Director Election The positions of Carl Luppens and Joe Spencer are up for election for a three year term. Prior to the meeting, Joe Spencer expressed interest in serving another term and Malcom Gray also expressed interest. No additional nominations were received from the floor. The candidates each gave a short presentation on the qualifications and reasons for desiring to serve on the Executive Board. Since there were two candidates for two positions, upon motion duly made and seconded it was

RESOLVED to appoint Malcolm Gray and Joe Spencer to serve on the Executive Board for three year terms.

Bylaws Amendment An amendment to the Bylaws which further defines the requirements to serve on the Executive Board was distributed to the members. After discussion and upon motion duly made and seconded it was unanimously

RESOLVED to approve the Amendments to the Bylaws as presented.

Presidents Comments

Ms. Nelson informed the members that Robertson & Marchetti, P.C. has been engaged to provide the accounting and management services for the Association and will replace Rock Property Services.

A summary of property and ownership status was discussed noting that there the community has experiences a high rate of foreclosures and that property values have declined dramatically. Mr. Budd, a local realtor representing several bank owned properties, indicated there are currently 54 bank owned lots with another 8 that he is aware of that are potentially going into foreclosure. Mr. Budd also provided information on real estate statistics throughout the Vail valley.

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It was agreed to increase communications through newsletters and Mr. Budd was asked to provide information on the real estate market to be included.

Treasurer's Report

Mr. Janklow presented the financial report. Assessment collections in 2010 exceeded budget due to banks foreclosing on properties and then staying current in dues. Expenses were dramatically reduced by reducing contracted services and the Valagua Metropolitan District assuming responsibility for security staffing costs. The Cabins and Homestead owners are now maintaining their properties in lieu of being assessed additional amounts for the Association to maintain their properties.

The Association is aggressively pursuing two separate foreclosure proceedings against properties owned by CDI for non-payment of assessments. In addition to the unpaid assessments, the Association is also owed significant amounts for unreimbursed costs related to a cost sharing agreement whereby CDI and the Club were to fund a portion of the security costs. It was also noted that the receivables were partially reduced during the time that CDI was managing the association by offsetting their management and maintenance fees against their past due balances. The Association is in the process of foreclosing on the super liens against CDI for unpaid assessments. In addition, the Association also in the process of foreclosing on what is referred to as "tier 2" accounts, which are owners with multiple properties that are past due in assessments.

It was also noted that although the developer represented to individual owners that all property owners must be Club members and pay the club deposit, many owners who purchased multiple lots were allowed a deferred payment program and therefore many lots never paid the club membership deposits.

Excess Income

Mr. Orten explained that if the members would like to retain the excess funds collected in 2010 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. A reserve study will be done at the time of acceptance to determine the long-term funding needed by 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, 2010, shall

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be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604.

2011 Budget

The 2011 budget was presented, noting a \$100 per quarter reduction in assessments, bringing the annual assessment down to \$1,600 in 2011. In addition to this reduction, the Association is offering a 25% (\$400) discount if the full year of assessment (\$1,200 after discount) is paid by February 15, 2011.

Public Safety Report

Mr. Brown and Mr. Weaver gave a quick update on security and stated that the database of cards and other devices that allow access needs to be cleaned up which will require the owners to confirm with Mr. Brown the cards and other transponder devices in their possession or their access will be suspended. This will be communicated in a letter that will accompany the 1st quarter billing.

Mr. Weaver reported Valagua Metropolitan District has been funding security staffing costs since 2009. With the property tax abatements and anticipated reduction in the assessed value, the District is expected to run out of funding for security in 2012 and if the service is to continue, funding would have to come from the Association.

Mr. Spencer suggested forming a committee to make security recommendations and offered to head the committee.

Other Business

There was a request for an additional member meeting in the summer and organizing a social function.

Adjournment

There being no further business to come before the meeting, upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Member Meeting of the Brightwater Club Property Owners Association this 8th day of January, 2011.

Respectfully submitted,



Cheri Curtis
Secretary for the Meeting