

---

## RECORD OF PROCEEDINGS

---

**Minutes of the Meeting  
Of the Board of Directors of  
Brightwater Club Property Owners Association  
February 7, 2013**

A Meeting of the Executive Board of Directors of the Brightwater Club Property Owners Association, Gypsum, Eagle County, Colorado, was held on February 7, 2013 at 2:00 p.m., at the offices of Robertson & Marchetti, 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:

- Joe Spencer
- Darrel Schmidt (By Telephone)
- Louis Amato (By Telephone)
- Renzo Renzi (By Telephone)

The following Director was absent and excused:

- Garrett Smith

Also in attendance were:

- Jerry Orten, Legal Counsel (By Telephone)
- Hal Kyles, Legal Counsel (By Telephone)
- Eric Weaver, Robertson & Marchetti, P.C.
- Cheri Curtis, Secretary to the Meeting

**Call To  
Order**

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

**Agenda**

Director Spencer noted the business items will be discussed at the beginning of the meeting.

**Minutes**

The Board received the meeting minutes of the December 10, 2012 Executive Board Meeting, the January 5, 2013 Executive Board meeting and the January 5, 2013 Annual Meeting. Upon motion duly made and seconded it was unanimously

**RESOLVED** to approve the minutes of the December 10, 2012 Executive Board Meeting and the January 5, 2013 Executive Board meetings as presented.

There were no changes to the January 5, 2013 Annual Meeting minutes that will be approved at the 2014 Member meeting.

---

## RECORD OF PROCEEDINGS

---

---

### Brightwater Club Property Owners Association February 7, 2013 Meeting Minutes

---

#### **Meeting**

##### **Dates**

The Board agreed to meet quarterly on the same dates as the VMD Board meeting, at 9:00 a.m. The quarterly meetings will be open to the property owners and are scheduled for April 19, July 19, October 18 and November 15. This meeting was not noticed to all property owners and Director Amato noted for the minutes that, although not required, all future Board meetings shall be noticed to those on the email distribution list.

#### **Carl Luppens**

##### **Dispute**

Mr. Weaver presented information on the history of the claims by Carl and Diane Luppens for the cost of establishing a property owner list when a previous Board controlled by the Developer did not provide the list. The Board credited his account for more than his initial requested amount, but the amount has since increased dramatically. Mr. Luppens has requested the Board move the balance due on the lot he recently traded to the new lot he acquired in Brightwater. The Board agreed to move the balance from the prior lot to the current lot only if Mr. Luppens will agree to sign the previously distributed waiver releasing the Association from any future claims. If the waiver is not signed, the balance due will remain on the lot previously owned by the Luppens. The Board acknowledged that Mr. Luppens is threatening legal action if an agreement on the balance due is not resolved.

#### **Collections**

Jerry Orten and Hal Kyles provided information on the current collection process. Director Schmidt clarified that the Association has a statutory lien on Brightwater properties that is third in priority after property taxes and deed of trust liens, meaning that it is probably not prudent to obtain properties through the foreclosure process because the Association would then have to clear titles by paying off tax and mortgage liens. Mr. Kyle agreed, stating the Board needs to determine whether it is prudent to proceed with foreclosure if there is no value or negative value on a property.

Director Renzi clarified that the Association has not pursued foreclosures on any properties. Mr. Weaver and Mr. Kyle informed the Board that the only properties considered for foreclosure were the Vertical Funding properties and they brought their accounts current to avoid further action. The cost of pursuing foreclosure is dependent on whether the owner has one or multiple properties and can range from \$3,000 for filing to between \$5,000 and \$6,000. Mr. Renzi questioned how to reduce cost of foreclosure. Mr. Kyle explained the process and the collection nuances justifying the cost.

Director Renzi stated the Board needs to take a hard stance on collections. If some property owners are paying then all owners need to pay. It was noted most properties on the collection list are four years in arrears on property taxes and

---

## RECORD OF PROCEEDINGS

---

---

### Brightwater Club Property Owners Association February 7, 2013 Meeting Minutes

---

ownership will likely be changing to the tax lien holders later this year. Director Amato stated it is the Board's duty to force all property owners to become current on assessments to improve the health of the Association. Mr. Amato indicated the current state of the Association will make it difficult for any property owner to get a loan and the Association needs to pursue foreclosure to improve the health of the community. Mr. Amato stated he believes the Board has done nothing to pursue collections over the past two years.

Mr. Kyle stated they would charge a flat fee of \$1,500 for filing foreclosure documents and processing fees, without legal representation. Mr. Renzi inquired whether Orten Cavanaugh and Holmes would work on foreclosures on a percentage rate, to which he responded that this likely would not be feasible as there would be property transferred rather than cash collected. Director Amato suggesting soliciting a Request for Proposal for legal representation and the foreclosure process, including a timeline with the proposal. Mr. Kyle explained that the entire process will take approximately five months. It was noted any owner can bring the property current, including reimbursing the Association for legal costs, to avoid foreclosure.

Director Schmidt questioned whether with the change in ownership of the majority of the community the Association could now consider bringing in individuals to purchase properties acquired in the foreclosure process. Mr. Kyle stated it would be better to have individuals purchase the property at the foreclosure sale. Director Schmidt clarified that the prior Board did not have private individuals interested in purchasing properties in foreclosure.

The Board reviewed the list of delinquent accounts and determined which properties to commence the foreclosure process against and asked Orten Cavanaugh and Holmes to submit a proposal for foreclosure of the identified properties with demand letters to be sent to the other firms. The Association will also obtain like proposals from other firms.

#### **Common Area**

Director Spencer stated the last discussion with Director Amato was to bring in consultants to review issues with the common property. Director Amato clarified a reserve study is needed but GCH will not share in the cost of the study. Director Schmidt stated the Association needs to know the status of the common area, the anticipated cost to bring the common area up to standards, and prepare a reserve study. Director Spencer believes a reserve study can be completed while assessing the status of the common area. Mr. Weaver will obtain a proposal from Alpine Engineering for the studies that will be distributed to the Board. Mr. Weaver indicated that he has learned that the Town of Gypsum hired an

---

## RECORD OF PROCEEDINGS

---

---

### Brightwater Club Property Owners Association February 7, 2013 Meeting Minutes

---

independent engineer to oversee the project and that the Town should have reports from the engineer available.

EFO is only willing to repair the collapsed road at the front entrance and complete off-site improvements. Bonds exist for off-site improvements as well as uncompleted filings, but can't be used for other filings where repairs may be necessary.

**Covenant  
Violation  
Review**

The Board agreed to not commence covenant enforcement.

**Financials**

The December 31, 2012 financials were provided in draft, pending receipt of all 2012 invoices. The forecast is close to the actual revenue and expenses. 230 properties received the prepaid discount. The 2013 budget was reviewed.

**Security**

Director Renzi stated the Association should terminate security. Director Amato informed the Board that GCH has staff that provides oversight for all of their buildings and paying security for a "dead" community is a waste of money. Director Spencer stated there are nineteen homes with several full-time residents and there is a community. Director Renzi stated the Board needs to control the costs of the Association. Director Spencer informed the Board that the gates are a benefit to homeowners who receive insurance discounts. Director Renzi suggested passing the costs of operating the gates to the Valagua Metropolitan District (VMD). Mr. Weaver indicated the VMD could not fund gates, only manned security. Director Amato restated the Board needs to exercise extreme frugality until the health of the community improves. After further discussion and upon motion duly made and seconded it was unanimously

**RESOLVED** to terminate the contribution to manned security as of April 30, 2013 but to keep the gate and related camera system functional.

**Legal  
Counsel**

Director Amato will solicit additional proposals for legal counsel.

**Insurance**

The Board agreed to look at reducing insurance costs.

**Accounting &  
Management**

**Fee**

Mr. Weaver explained his firm works on an hourly basis based on the needs of the Association. The Board has the ability to limit the number of meetings and administration tasks which will help to reduce the annual costs.

---

## RECORD OF PROCEEDINGS

---

---

### Brightwater Club Property Owners Association February 7, 2013 Meeting Minutes

---

**Next**

**Meeting**

The Board agreed to meet quarterly with the meetings held the same day as VMD at 9:00 a.m. local time.

**Adjournment** There being no further business to come before the Board, 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 7th day of February 2013.

Respectfully submitted,



Cheri Curtis

Secretary for the Meeting