

Draft - RECORD OF PROCEEDINGS - Draft  
Brightwater Club POA  
Board of Directors Meeting  
May 14, 2010

The meeting was called to order at 2:10 p.m. by President D Janklow. Others present were L Janklow, M Budd, R Hatle, A Gill & K Krohlow of RPS. Attending via phone were C Luppens, J Nelson, J Spencer, S Boothby, E Burns and H Kyles of ORCH law firm

1. MSC to approve Minutes from March 26, 2010 Board Meeting and the Continuation on April 16
2. Forensic Accounting Proposal: There was a general discussion. The consensus of the Board was to allow developer's audit firm (Mark Lathrop) to finish the turn-over audit. Then, based on a review of that document make a decision as to whether to proceed or not. A screening of Forensic Accountants will be done so that Board can move forward with process without further delays on the audit is complete.
3. Foreclosure / Collection Status: Kyles reported on collection action against the developer. The developer (CDI and its principals) have been served; Kennedy Funding has also been served. The answers to the summons are pending. Kyles left meeting at 2:25 p.m.
4. April Financials: Reviewed, approximately 40 owners are paying in a timely manner; some banks are paying. All owner addresses have been confirmed and owners are being billed.
5. Status of 2<sup>nd</sup> Quarter Dues Collection: There was a general discussion of extra services being billed to owners of Cabins and Homestead units – is the POA required to provide those services? Can the owner reject the services and not be billed? Manager directed to contact owners who might be affected and ask if they want the service. If they don't, and the HOA is required to provide for and bill for service, then they need to sign a waiver so that effect.
6. CDI Audit and Financial Records Turnover Status: Hatle updated – this is a work in progress and there is no firm date for completion. Luppens to contact the auditor (Lathrop) to determine progress. The Board to send a demand letter for Audit to be complete and report delivered by June 10, 2010.
7. Golf Course Status/Feedback from R Melun's Discussion with Russ Hatle: Hatle updated – the course will be irrigated and maintained at a minimum level but the course will not be opened for play. The buildings will be maintained but no common area maintenance will be performed. Janklow to contact Orten (HOA attorney) for formal opinion as to requirements for POA to maintain common areas regardless of who has ownership.
8. Recovery of Golf Club Membership Deposits: Hatle updated – Marshall Funding released deposits based on language in the contracts. Luppens to contact Marshall Funding to confirm. Nelson offered to contact Beale Bank (FDIC branch) in Dallas to see if there is any assistance available so that banks that own lots can be forced to pay. Janklow to contact Nelson prior to contacting Beale.

9. Pursuit of POA account receivable from CDI, et al: Hatle updated - in 2006 the Clearwater Board agreed to pay a percentage of the POA budget (approximately 60% by POA 30% by CDI & 30% by B/W Club). He believes that amounts showed owing on the balance sheet will be offset by payments made to cover the shortfall. This is part of the turn-over audit. Hatle to provide accounting to Janklow after the meeting.
10. Recovery of any other developer defaults. Engage counsel to explore personal liability claims against developers: tabled
11. The next meeting will be a board meeting on June 18, 2010; beginning at 1 p.m.; place to be determined.
12. Adjourned at 3:20 p.m.