

Cordillera Valley Club Property Owners Association & Cordillera Valley Club Metropolitan District

M E M O R A N D U M

TO: Executive Board of Cordillera Valley Club Property Owners Assoc.
Board of Directors of Cordillera Valley Club Metropolitan District
FROM: Cheri Curtis
DATE: January 12, 2010

This memorandum shall serve as Notice of the Special Joint Meeting of the Executive Board of Cordillera Valley Club Property Owners Association and the Board of Directors of Cordillera Valley Club Metropolitan District, which will be held:

**January 18, 2011
8:30 a.m.
9 Iron Grill
0101 Legends Drive
Edwards, Eagle County, Colorado**

The agenda for the meeting is attached. If you will be unable to attend this meeting, or will be attending the meeting by phone, please let me know as soon as possible. The conference call dial-in number is 888-909-7654 and the conference code is 647223.

Distribution:

<u>CVCMD</u>	<u>Term</u>	<u>Officer Position</u>	<u>Committee Assignment</u>
Rick Pirog	05/12	President	
Jay Morten	05/14	Secretary/Treasurer	Real Property
Barry Gassman*	05/12	VP/Asst. Secretary	
John O'Brien	05/14	VP/Asst. Secretary	Safety & Operations
Emilie Egan	05/12	VP/Asst. Secretary	Finance & Administration

<u>CVCPOA</u>	<u>Term</u>	<u>Officer Position</u>	<u>Committee Assignment</u>
Tom Marcin	07/12	VP/Asst. Secretary	Safety & Operations
Tim Benedickt	07/12	Director	DRB
Art Greenfeder	07/11	Director	Finance & Administration
Bob Engleby	07/11	Director	
	07/11		

Other Participants

Matt Dalton, Esq.
Greg Perkins, Esq.
Ken Marchetti, CPA
Rick Adams/Todd DeJong
Dan Carlson

*Barry Gassman was appointed in October 2010 until the May 2012 election. There will be two years remaining of the four-year term that ends in 2014.

**CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT
CORDILLERA VALLEY CLUB PROPERTY OWNERS ASSOCIATION**

NOTICE IS HERBY GIVEN that the meetings of the Board of Directors of Cordillera Valley Club Metropolitan District and the Executive Board of Cordillera Valley Club Property Owners Association will be held at the 9 Iron Grill, 0101 Legends Drive, Edwards, Eagle County Colorado on Tuesday, January 18, 2011 beginning at 8:30 a.m., local time, for the following purposes and other matters that may come before the Boards.

**Agenda
January 18, 2011**

- | | |
|--|-------|
| 1) Call to Order/Declaration of Quorum/Director Qualifications | 8:30 |
| 2) Consideration of Agenda | 8:35 |
| 3) Upcoming Meeting Dates | 8:40 |
| 1) Minutes | 8:45 |
| a) CVCMD Regular Meeting – December 21, 2010 | |
| b) CVCPOA Regular Meeting –December 21, 2010 | |
| c) CVCPOA Annual Meeting – December 28, 2010 (review only) | |
| 2) Administrative Matters | 8:50 |
| a) MD Notice Posting Locations (Routine annual resolution requires approval) | |
| b) 2011 Meeting Schedule | |
| c) POA Appointment of Board Member | |
| d) POA Election of Officers | |
| e) Conflict of Interest Resolution | |
| f) Executive Session (If Necessary) | |
| 3) Projects and Reports | |
| a) CTC Report | 9:00 |
| b) Berm Project Update | 9:45 |
| c) WFP Land Use Plan | 10:00 |
| d) POA Amendment to Declaration | 10:05 |
| e) Community Plan Steering Group | 10:15 |
| f) West Gate Project | 10:30 |
| g) DRB and Covenant Enforcement Update | 10:40 |
| h) Other | 10:50 |
| 4) Public Safety Report | 11:00 |
| a) Security Contract | |
| 5) Operations Report | 11:10 |
| 6) Financial Reports | 11:20 |
| a) Financial Report MD | |
| b) Accounts Payable MD | |
| c) Financial Report POA | |
| d) Accounts Payable POA | |
| 1) Reports – (Info Only; No Action Necessary) | 11:30 |
| a) Other Financial Reports (Information Only) | |
| i) Monthly RETA Report | |
| b) Real Estate Report | |
| 2) Adjournment | 11:35 |

**CORDILLERA VALLEY CLUB
PROPERTY OWNERS ASSOCIATION AND METRO DISTRICT
2011 Meeting Schedule**

The Regular Meetings will be held on the 3rd Tuesday of every month at the 9 Iron Grill, Cordillera Valley Club,
0101 Legends Drive, Edwards, CO at 3:30 p.m. unless otherwise notified

Month	Meeting	Date
December	POA December Member Meeting (9:00 a.m.)	December 28, 2010
January	Regular Meeting (3rd Tuesday at 8:30 a.m.)	January 18, 2011
February	Regular Meeting (3rd Tuesday)	February 15, 2011
March	Regular Meeting (3rd Tuesday)	March 15, 2011
April	Regular Meeting (3rd Tuesday)	April 19, 2011
May	Regular Meeting (3rd Tuesday)	May 17, 2011
June	Regular Meeting (3rd Tuesday)	June 21, 2011
July	POA July Member Meeting (9:00 a.m.)	July 5, 2011
July	Regular Meeting (3rd Tuesday)	July 19, 2011
August	Regular Meeting (3rd Tuesday)	August 16, 2011
September	Regular Meeting (3rd Tuesday)	September 20, 2011
October	Regular Meeting (3rd Tuesday)	October 18, 2011
November	Regular Meeting (3rd Tuesday)	November 15, 2011
December	Regular Meeting (3rd Tuesday)	December 20, 2011
December	POA December Member Meeting (9:00 a.m.)	December 27, 2011

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Dec-10						
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Indicates Holiday

Indicates Meeting

RECORD OF PROCEEDINGS

**Minutes of the Regular Meeting
Of the Board of Directors of
Cordillera Valley Club Metropolitan District
December 21, 2010**

A Regular Meeting of the Board of Directors of the Cordillera Valley Club Metropolitan District, Eagle County, Colorado, was held December 21, 2010 at 8:30 a.m., at the 9 Iron Grill at 0101 Legends Drive, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado. The Board met in joint session with the members of the Board of the Cordillera Valley Club Property Owners Association.

Attendance

The following Directors were present and acting:

- Rick Pirog
- Jay Morten
- Barry Gassman
- John O'Brien
- Emilie Egan

Also in attendance were:

- Cordillera Valley Club POA
Tom Marcin, Art Greenfeder, Tim Benedickt Wally Carey,
& Bob Engleby (By Telephone)
- Operations
Dan Carlson & Todd DeJong
- Robertson & Marchetti, P.C.
Ken Marchetti & Cheri Curtis
- Others
Doug Fields
Nelson Sims
Steve Bandak
Ted Leach
Sarah Baker and
Frank Navarro

Call to Order

The Regular Meeting of the Board of Directors of Cordillera Valley Club Metropolitan District was called to order by Director Pirog, noting a quorum was present.

RECORD OF PROCEEDINGS

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT December 21, 2010 Meeting Minutes

Conference Call The log of public participation in the meeting for those participating in person and by phone is as follows:

Public Participation Log

Meeting Date	In Person	By Phone
01/14/10	0	0
02/18/10	0	0
03/16/10	2	0
04/20/10	0	0
05/11/10	0	0
06/15/10	0	0
07/20/10	0	0
08/17/10	0	0
09/21/10	0	0
10/19/10	25	3
11/16/10	6	1
12/21/10	6	0

Agenda Items were moved on the agenda to accommodate Mr. Carey's schedule.

Minutes The Board reviewed the meeting minutes of the November 16, 2010 meeting and discussed the need to keep a quorum of the Board present until the end of the meeting. By motion duly made and seconded it was unanimously

RESOLVED to approve the meeting minutes of the November 16, 2010 Regular Meeting as presented with Directors Egan, Gassman, Morten, O'Brien, and Pirog voting in favor of the resolution.

Mr. Carey arrived at 8:42 a.m.

Public Input There was no public input.

West Gate Mr. Marcin informed the Board that Mr. DeJong needs a pillar to install a key pad on the entrance side of the west gate. Mr. Marcin presented plans to extend the island curb and install a pillar for an estimated cost of \$7,000. Funds will be transferred from the POA to the MD for the

RECORD OF PROCEEDINGS

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT December 21, 2010 Meeting Minutes

projects. Mr. Engleby questioned whether the plans included an exit keypad since there is currently no exit for strollers and bikes. Mr. DeJong indicated there is a location to install a key pad on the exit side. Upon motion duly made and seconded it was unanimously

RESOLVED to approve authorizing up to \$10,000 to extend the island curb and install a pillar for a gate keypad at the west gate with Directors Egan, Gassman, Morten, O'Brien, and Pirog voting in favor of the resolution.

Mr. Engleby questioned the timing of the construction. The west gate improvements cannot be completed until spring when the asphalt plant is reopened. A temporary exit key pad could be installed within the next thirty days, dependent on receiving the key pad from the supplier.

Berm Update

Ms. Baker reported the PUD approval will not expire. \$20,000 will be due to Eagle County when the Berm conditions are amended. Mr. Carey noted the County dictated the design of berm. Ms. Baker stated the PUD allows the Berm to be constructed in a specified area. Once the Berm design is determined, CVC will need to bring the design back to Eagle County for approval. Nelson Sims suggested forming a PACT to work with the County in order to advance the project.

Mr. Gassman is working on a land use or easement agreement with Patrick Wilhelm. Mr. Wilhelm has approved the revisions to the agreement including removing the obligation of District to build the Berm and the requirement to use the design by VAg, Inc. dated March 12, 2010. However, Mr. Wilhelm wants to execute the document with the understanding the POA would allow fractional ownership of homes in CVC.

The Association's Covenants prohibit timeshare ownership unless approved by the POA Board but don't specifically address other forms of fractional ownership. Other associations in Cordillera have amended their covenants to clarify the restriction on fractional ownership or vacation rentals. The County's regulations permit multiple owners per home if there are no more than four owners per home. Mr. Navarro suggested presenting to the community that the Berm agreements are linked to fractional ownership. Mr. Bandak does not want the nature of the

RECORD OF PROCEEDINGS

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT December 21, 2010 Meeting Minutes

community to change, so he encouraged the Board to establish guidelines for approval of the land use or easement agreement with the Club.

Mr. Greenfeder stated CVC needs to strengthen the Covenants to prevent multiple ownership in CVC. Discussion followed on strengthening the Association's Covenants to be able to address the possibility of multiple ownership.

Ms. Baker reported the District may have the ability to build the Berm without the golf course easement by building in the CDOT right of way. Mr. Marcin proposed authorizing up to \$800 to engage the services of an independent engineering firm to investigate this possibility. By motion duly made and seconded it was

RESOLVED to approve allocating up to \$1,000 to engage the services of Carrie MacDonald to investigate the possibility of constructing a dirt Berm in the CDOT right of way.

The Board agreed to have Mr. Pirog contact VAg, Inc to obtain the District's Berm files.

Operations

The street light on Hillcrest and Highway 6 has been installed and is working. The streetlight on Hillcrest and Lake Creek Village Road will be repaired in the spring.

Premier Landscaping has hit water department valve boxes in the road while snow plowing, damaging their equipment. Mr. Carlson questioned whether the District is willing to reimburse Premier Landscaping for damages to their equipment caused by water department valve boxes. The Board agreed they would continue the same policy as they had in the past. The Board directed Mr. Carlson to put a sand bucket at the west gate and have Premier plow that area first. Mr. Benedickt suggested that Premier Landscaping push the snow back further to widen the plowed area.

There are Christmas tree lights that are not working that Mr. Carlson will fix. Holy Cross Energy is requiring meters for landscaping lights and Mr. Carlson will work with them on installation in the spring. Mr. Carlson informed the Board he will be out in February and March for surgery but will contract with another party to provide operations during that timeframe.

RECORD OF PROCEEDINGS

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT December 21, 2010 Meeting Minutes

Upcoming Meetings

Mr. Kyle suggested holding meetings later in the day to allow more residents to attend the Board meetings. The Board agreed to move the meetings to 3:30 p.m. on the third Tuesday of each month.

CTC

After discussion and upon motion duly made and seconded it was

RESOLVED that the Board of Directors of Cordillera Valley Club Metropolitan District fully supports the CTC's position that none of the three options regarding the future of the Club as proposed by the Club Owners in their letter received by the CTC on November 19, 2010 are in the best interest of the Cordillera Community. The CVCMD Board specifically endorses the decision to reject option 3 whereby WEP would retain ownership of the Valley Club but would sell the Club's other assets to the members, the CPOA, the Lodge, or a combination of these entities.

Accounts Payables Mr. Egan questioned the invoices from VAg, Inc. By motion duly made and seconded it was unanimously

RESOLVED to approve the accounts payable as presented with the exception of the VAg invoices until they supply support for the expenses with Directors Egan, Gassman, Morten, O'Brien, and Pirog voting in favor of the resolution.

Audit Engagement Letter

By motion duly made and seconded it was unanimously

RESOLVED to engage the services of CSD to perform the 2010 audit for the District with Directors Egan, Gassman, Morten, O'Brien, and Pirog voting in favor of the resolution.

Conflict Resolution The conflict resolution was discussed and tabled to the next meeting.

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 Cordillera Valley Club Metropolitan District Board of Directors this 21st day of December 2010.

RECORD OF PROCEEDINGS

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT
December 21, 2010 Meeting Minutes

Respectfully submitted,

Cheri Curtis
Secretary for the Meeting

SUBJECT TO APPROVAL

RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors of Cordillera Valley Club Property Owners Association December 21, 2010

A Meeting of the Board of Directors of the Cordillera Valley Club Property Owners Association, Eagle County, Colorado, was held December 21, 2010 at 8:30 a.m., at the 9 Iron Grill at 0101 Legends Drive, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado. The Board met in joint session with the members of the Board of the Cordillera Valley Club Metropolitan District.

Attendance

The following Directors were present and acting:

- Tim Benedickt
- Wally Carey
- Art Greenfeder
- Tom Marcin
- Bob Engleby (Telephone)

Also in attendance were:

- Cordillera Valley Club Metropolitan District
Rick Pirog, Barry Gassman, Jay Morten, Emilie Egan &
John O'Brien
- Operations
Dan Carlson & Todd DeJong
- Robertson & Marchetti, P.C.
Ken Marchetti & Cheri Curtis
- Others
Doug Fields, Nelson Sims, Steve Bandak, Ted Leach, Sarah
Baker and Frank Navarro

Call to Order

The Meeting of the Board of Directors of Cordillera Valley Club Property Owners Association was called to order by Mr. Benedickt, noting a quorum was present.

Potential Conflicts Of Interest

Mr. Marcin reported that he is the principal owner of Marcin Engineering LLC which provides engineering services to Cordillera Valley Club Metropolitan District and/or Cordillera Valley Club Property Owners Association. The Board noted that Mr. Marcin may participate in discussions related to services his firm may provide to CVC and may vote in such matters, in compliance with his duties to the Association. The Board noted, for the record, that this disclosure is being made at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

RECORD OF PROCEEDINGS

CORDILLERA VALLEY CLUB PROPERTY OWNERS ASSOCIATION December 21, 2010 Meeting Minutes

Conference Call The log of public participation in the meeting for those participating in person and by phone is as follows:

Public Participation Log

Meeting Date	In Person	By Phone
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02/18/10	0	0
03/16/10	2	0
04/20/10	0	0
05/11/10	0	0
06/15/10	0	0
07/20/10	0	0
08/17/10	0	0
09/21/10	0	0
10/19/10	25	3
11/16/10	6	1
12/21/10	6	0

Agenda Items were moved on the agenda to accommodate Mr. Carey's schedule.

Minutes The Board reviewed the meeting minutes of the November 16, 2010 meeting and discussed the need to keep a quorum of the Board present until the end of the meeting. By motion duly made and seconded it was unanimously

RESOLVED to approve the meeting minutes of the November 16, 2010 meeting as presented.

Mr. Carey arrived at 8:42 a.m.

Public Input There was no public input.

West Gate Mr. Marcin informed the Board that Mr. DeJong needs a pillar to install a key pad on the entrance side of the west gate. Mr. Marcin presented plans to extend the island curb and install a pillar for an estimated cost of \$7,000. Funds will be transferred from the POA to the MD for the

RECORD OF PROCEEDINGS

CORDILLERA VALLEY CLUB PROPERTY OWNERS ASSOCIATION December 21, 2010 Meeting Minutes

projects. Mr. Engleby questioned whether the plans included an exit keypad since there is currently no exit for strollers and bikes. Mr. DeJong indicated there is a location to install a key pad on the exit side. Upon motion duly made and seconded it was unanimously

RESOLVED to authorize transferring up to \$10,000 to the District to extend the island curb and install a pillar for a gate keypad at the west gate.

Mr. Engleby questioned the timing of the construction. The west gate improvements cannot be completed until spring when the asphalt plant is reopened. A temporary exit key pad could be installed within the next thirty days, dependent on receiving the key pad from the supplier.

DRB Candidates

Mr. Marcin reported a committee was formed to look at DRB service options. The committee was comprised of Art Greenfeder, Tim Benedickt, Tom Marcin, Suzi Carey, Ted Leach and Peter Kyle. An RFP was distributed and nine proposals were received. The committee narrowed the field to three firms and interviewed representatives from Zehren and Associates, Mauriello Planning Group, and Hunn Consulting Group.

The Committee recommended contracting with Mauriello Planning Group for DRB services. Mr. Benedickt explained the committee did not feel a licensed architect was needed and that Mr. Mauriello had extensive experience reviewing plans. Although there will be a cost saving, the price points were not the only consideration. By motion duly made and seconded it was unanimously

RESOLVED to approve the appointment of Mauriello Planning Group to provide DRB services and to authorize entering into a contract based on the terms in Mauriello's proposal.

FURTHER RESOLVED that the termination of VAg, Inc.'s services is hereby ratified.

Berm Update

Ms. Baker reported the PUD approval will not expire. \$20,000 will be due to Eagle County when the Berm conditions are amended. Mr. Carey noted the County dictated the design of berm. Ms. Baker stated the PUD allows the Berm to be constructed in a specified area. Once the Berm design is determined, CVC will need to bring the design back to Eagle County for

RECORD OF PROCEEDINGS

CORDILLERA VALLEY CLUB PROPERTY OWNERS ASSOCIATION December 21, 2010 Meeting Minutes

approval. Nelson Sims suggested forming a PAC to work with the Berm Committee to advance the project.

Mr. Gassman is working on a land use or easement agreement with Patrick Wilhelm. Mr. Wilhelm has approved the revisions to the agreement including removing the obligation of District to build the Berm and the requirement to use the design by VAg, Inc. dated March 12, 2010. However, Mr. Wilhelm wants to execute the document with the understanding the POA would allow fractional ownership of homes in CVC.

The Association's Covenants prohibit timeshare ownership unless approved by the POA Board but don't specifically address other forms of fractional ownership. Other associations in Cordillera have amended their covenants to clarify the restriction on fractional ownership or vacation rentals. The County's regulations permit multiple owners per home if there are no more than four owners per home. Mr. Navarro suggested presenting to the community that the Berm agreements are linked to fractional ownership. Mr. Bandak does not want the nature of the community to change, so he encouraged the Board to establish guidelines for approval of the land use or easement agreement with the Club.

Mr. Greenfeder stated CVC needs to strengthen the Covenants to prevent multiple ownership in CVC. Discussion followed on strengthening the Association's Covenants to be able to address the possibility of multiple ownership.

Ms. Baker reported the District may have the ability to build the Berm without the golf course easement by building in the CDOT right of way. The Metro District will investigate this alternative.

Operations

The street light on Hillcrest and Highway 6 has been installed and is working. The streetlight on Hillcrest and Lake Creek Village Road will be repaired in the spring.

There are Christmas tree lights that are not working that Mr. Carlson will fix. Holy Cross Energy is requiring meters for landscaping lights and Mr. Carlson will work with them on installation in the spring. Mr. Carlson informed the Board he will be out in February and March for surgery but will contract with another party to provide operations during that timeframe.

RECORD OF PROCEEDINGS

CORDILLERA VALLEY CLUB PROPERTY OWNERS ASSOCIATION December 21, 2010 Meeting Minutes

Upcoming Meetings

Mr. Kyle suggested holding meetings later in the day to allow more residents to attend the Board meetings. The Board agreed to move the meetings to 3:30 p.m. on the third Tuesday of each month.

Financial Report

Mr. Marchetti presented the November financial report and reported on the request from the CTC for reimbursement of expenses. The CCAC spent \$25,000 and CVC's 13% share of this is \$3,250 plus the CTC has spent \$92,477 to date and CVC's 13% share of this is \$12,022. Additionally, CTC is budgeting for an additional \$82,605 from CVC in 2011. By motion duly made and seconded, it was unanimously

RESOLVED to amend CVCPOA's 2010 budget to approve \$15,272 for CTC funding in 2010 and to amend the 2011 budgeted amount for CTC funding to \$82,605.

CTC

After discussion and upon motion duly made and seconded it was

RESOLVED that the Board of Directors of Cordillera Valley Club Property Owners Association supports the CTC's position that none of the three options regarding the future of the Club as proposed by the Club Owners in their letter received by the CTC on November 19, 2010 are in the best interest of the Cordillera Community. The CVCPOA Board specifically endorses the decision to reject option 3 (based on the limited information provided) whereby WFP would retain ownership of the Valley Club but would sell the Club's other assets to the members, the CPOA, the Lodge, or a combination of these entities.

Account Payables

The Board agreed to change the CTC payment to \$12,022.01. By motion duly made and seconded it was unanimously

RESOLVED to approve all payables with the exception of the VAg, Inc. invoices pending clarification.

POA Annual Meeting

The Board agreed to meet on December 27, 2010 to prepare for the Annual Members Meeting scheduled for December 28, 2010.

RECORD OF PROCEEDINGS

CORDILLERA VALLEY CLUB PROPERTY OWNERS ASSOCIATION December 21, 2010 Meeting Minutes

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 Cordillera Valley Club
Property Owners Association Board of Directors this 21st day of
December, 2010.

Respectfully submitted,

Cheri Curtis
Secretary for the meeting

SUBJECT TO APPROVAL

RECORD OF PROCEEDINGS

Minutes of the Member Meeting of Cordillera Valley Club Property Owners Association December 28, 2010

A Member Meeting of the Cordillera Valley Club Property Owners Association, a Colorado non-profit corporation, was held December 28, 2010 at 9:00 a.m., at the 9 Iron Grill, 0101 Legends Drive, Edwards, Eagle County, Colorado, in accordance with the Association's By-laws and the applicable statutes of the State of Colorado.

Attendance

The following Directors were present:

- Walter Carey
- Art Greenfeder
- Tim Benedickt
- Bob Engleby (Telephone)

The following Director was absent and excused:

- Tom Marcin

Also in attendance were:

- See attached list

Call to Order

The Member Meeting of the Cordillera Valley Club Property Owners Association was called to order by the President on December 28, 2010, at 9:00 a.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. Marchetti reported that 55 of 127 lots were represented either in person or by proxy so a quorum was represented at the meeting. It was reported for the record by Mr. Marchetti, that proper notice had been duly sent on December 3, 2010 to all members of the Association in accordance with the requirements of the Bylaws.

Minutes

Minutes from the July 6, 2010 annual meeting were distributed prior to the meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the minutes from the July 6, 2010 member meeting as presented.

Presidents Comments

Mr. Carey reported due to a family situation, he has decided to submit his resignation and pass the baton to a new generation of leadership.

RECORD OF PROCEEDINGS

Cordillera Valley Club Property Owners Association December 28, 2010 Member Meeting Minutes

Mr. Carey noted the Cordillera Valley Club is a unique “island” within the Valley and it will survive the current challenges.

Mr. Benedickt commended Mr. Carey for a job well done and for his twelve years of tireless service to the community.

CTC

Bob Vanourek and Denise Delaney were present to discuss the status of the Cordillera Transition Corporation. The CTC Board is working to determine the current direction for the CTC. The following items have been accomplished:

- The escrow agreement has been drafted.
- An account review has determined there was no fraud committed by the Club owners.
- The CTC believes the Club should be owned by the community although “community” has not been defined. Whoever owns the Club needs to be trusted by the members and the community.

Mr. Vanourek reported that homes have been built on 750 of the 1,000 home sites in Cordillera. Approximately 560 homeowners are Club members, which equates to approximately 75% of homeowners, also belong to the Club

Mr. Navarro questioned why the members would not purchase the Club. Mr. Pirog stated the momentum is not there to have the Metropolitan District(s) purchase the Club. Ms. Baker questioned what would make property owners desire to become a member of the Club. It was agreed the property owners do not want it to be mandatory to become a member and the Club. Therefore the Club will need to be vibrant and enticing.

Mr. Benedickt questioned how other golf course communities are operating. Mr. Vanourek stated the examples are all over the Board. The recommendation is the Club should be owned by “Cordillera” whether “Cordillera” is the members, the community, or some mutually agreed upon combination. The specifics will need to be worked out and there needs to be an open and transparent process to accomplish this goal. Mr. Hynes stated residents are looking for an alignment of interest.

It was questioned why someone would want to buy a business that is losing money from an owner that does not want to sell? Mr. Vanourek explained there needs to be a bullet-proof financial plan developed that the community will have the opportunity to approve or reject. Ms. Delaney stated the statement that the Club owner is not interested in selling is

RECORD OF PROCEEDINGS

Cordillera Valley Club Property Owners Association December 28, 2010 Member Meeting Minutes

inaccurate. The Club is a seasonal business. The dues are received in January of each year and used to pay the last quarter expenses and the first quarter expenses before the course is ever open for the season. From June 2009 to October 2010 there was a \$10 million operating cash shortfall. Premier memberships funded \$4.8 million of this shortfall. The Wilhelm's have loaned \$6 million and have taken a second lien on the Club property.

Mr. Barnett does not believe the Wilhelm's will sell the Club for the CTC proposed price and believes the CTC's direction should be to support the Club in its current ownership. Mr. Smith supports what the CTC has done stating it is nice to talk about the business but it is also a community. Many other communities have been through this and most communities come together through the process.

Mr. Benedickt stated the health of the Club affects the value of the Community. The Club needs to retain past members versus obtaining non-members. Based on a question from Mr. Schlendorf, it was explained that the WFP Windrose collection is a vacation club plan with multiple locations and interval ownerships.

Mr. Engleby asked if the CTC would be making a recommendation regarding payment of Club dues. The December 17, 2010 letter from the Club owner casts a doubt on what level of services the Club will provide in 2011. Members have their own perception of the risks. The CTC cannot have tortious interference into the Club's relationships with its members.

It was questioned whether the Escrow Agreement protects the Club members?

Mr. Pirog stated the credibility gap needs to be closed and confidence in the market needs to be restored. Without these, the Club will not obtain new members.

Berm Update

A committee consisting of Sarah Baker, Barry Gassman, Frank Navarro and Rick Pirog has been formed and this committee is evaluating the re-design of the berm from the perspective of CVC property owners. When a revised design has been completed it will need to be submitted to the County for approval.

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An easement agreement for the berm has been drafted and presented to Wilhelm Family Partnership (WFP) for execution. WFP has indicated they will execute the agreement in exchange for approval of interval ownership in CVC. The Berm Committee has indicated to WFP that the berm is being designed by the CVC Metro District and the District does not have jurisdiction over interval ownership. While discussions are continuing, negotiations appear to be stuck on high center.

The Berm Committee is working on an alternative which is the possibility of constructing the berm in the CDOT right-of-way. The Committee is in the very preliminary phases of this evaluation.

It was reported WFP has expressed an interest in constructing some type of “fractional ownership” homes on a portion of Tract R which is currently the golf course tract. It is not clear exactly where they would be located but reportedly they would be in the vicinity of the club house. The POA covenants currently prohibit timeshares but an amendment may be necessary to clarify the covenants related to other forms of “fractional ownership.”

Mr. Barnett suggested the west end portion of the berm/noise mitigation barrier be constructed first but the Committee advised that the County’s requirement is for the berm to be constructed all at once rather than in phases.

In summary, the Berm Committee is looking at all options to proceed with construction of the berm in a cost effective manner. Unless a berm can be constructed in CDOT right of way, an easement agreement from the Club will be needed before plans can be presented to Eagle County and the County’s approval will be necessary before construction could occur.

Public Safety Report

Mr. DeJong reported he purchased Lone Star Security from Rick Adams on April 9, 2010 which included Lone Star’s assets and staff. The staff pay rates were kept the same and Mr. DeJong is providing additional employee’s benefits. Mr. Adams will remain part of LoneStar for five years. Mr. DeJong gave a presentation on Lone Star’s background and the training they provide.

A new security system is being installed that will allow CVC to maintain its own transponder/RFID database separate from CMD. Call boxes are being installed at the west gate entrance and exit so the gatehouse staff can operate the gate remotely.

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Cordillera Valley Club Property Owners Association December 28, 2010 Member Meeting Minutes

DRB Report In a cost saving measure CVC put the DRB administration function out to bid and Mauriello Planning Group has been selected to administer the DRB process beginning in 2011.

Real Estate Update Mr. Pirog presented a real estate report that shows a total of 42 residential transactions in Cordillera and CVC combined during 2010 with seven of the 42 being in CVC. This is compared to a total of 32 transactions in 2009 so the number of transactions is up 30%. However, home prices are about 30% below peak prices and are not showing signs of moving up yet.

Financial Report And 2011 Budget Mr. Marchetti presented the financial statements and 2011 budget. The Association assessments will remain at \$1,500 in 2011 and the Board has made a concerted effort to cut costs and build reserves in anticipation of property taxes collected by the Metro district going down by an estimated 25% to 30% in 2012. Upon motion duly made and seconded, it was unanimously

RESOLVED to ratify the 2011 budget as presented.

Operations Report Mr. Carlson's reported the street light at Highway 6 and Hillcrest has been installed and is working. Residents requested Mr. Carlson look at the sign at Legacy Trail and the fungus on the Aspen trees.

Communications Members requested the draft minutes, the DRB reports, the DRB agenda and the Board packets be posted on the website.

Other Business No other business was presented.

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 Cordillera Valley Club Property Owners Association this 28th day of December, 2010.

Respectfully submitted,

Ken Marchetti
Secretary for the Meeting

RECORD OF PROCEEDINGS

Cordillera Valley Club Property Owners Association December 28, 2010 Member Meeting Minutes

Members in Attendance:

- Sarah Baker & Paul Cartmill 1914 Beard Creek Trail
- Bart Barnett 0181 Spring Creek Lane
- John Batts 1710 Beard Creek Trail
- Tim Benedickt 1770 Beard Creek Trail
- Rhoda & Howard Bernstein 0066 Juniper Lane
- Walter Carey 1512 Beard Creek Trail
- Judith Chain 0142 Spring Creek Lane
- Emilie C. Egan & Steve Evancho 0010 Sanctuary Lane
- Doug Fields 1372 Beard Creek Trail
- Henry Frigon 0201 Legacy Trail
- Arthur Greenfeder 1225 Beard Creek Trail
- Chris Hynes 0381 Legacy Trail
- Brian Judge 0106 Juniper Lane
- Elizabeth Kennedy 0130 Fall Creek Road
- Theodore Leach 0154 Legacy Trail
- John Mayer 0073 Juniper Lane
- Carolyn & William McDevitt 0005 Sanctuary Lane
- Steve McKeever 1697 Beard Creek Trail
- John Messervey 0322 Legacy Trail
- Jay Morten 0235 Legacy Trail
- Kent & Janet Myers 0965 Beard Creek Trail
- Frank Navarro 0306 Legacy Trail
- Tom Nern 0158 Fall Creek Road
- Rick Pirog 0335 Legends Drive
- David Schlendorf & Nancy Wolk 0011 Sanctuary Lane
- Steve Smith 0140 Juniper Lane
- Janie & Nelson Sims 0101 Fall Creek Road

Members Present by Proxy

- Joseph Billig 0289 Legends Drive
- John Forester 0297 Legends Drive
- Jonathan & Bethany Haerter 0854 Beard Creek Trail
- Robert Hahn 2 Lots Represented
- Jan Helen 1846 Beard Creek Trail
- Mark & Michele Hellerstein 1165 Beard Creek Trail
- Michael & Janet Kass 0033 Legends Court
- Peter & Dawn Kyle 0941 Beard Creek Trail
- Longboat West 2 Lots Represented
- Paul McCarthy 0033 Wilmore Drive
- Robert & Cheryl Mellman 0013 Sanctuary Lane

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Cordillera Valley Club Property Owners Association December 28, 2010 Member Meeting Minutes

- Tom & Judith Meredith 0161 Legacy Trail
- Daniel Meyer 0321 Legends Drive
- O'Brien Family Trust 3 Lots Represented
- John O'Brien 1665 Beard Creek Trail
- Roger & Betty Jean O'Sheen 2 Lots Represented
- Dennis & Sue Parker 0006 Sanctuary Lane
- David Raduziner & Diana Verrilli 0031 Pinnacle Point
- Tom & Sybil Roach 1398 Beard Creek Trail
- Myriam Robinson 0003 Sanctuary Lane
- Sue Rushmore 0064 Wilmore Drive
- Robert & Deborah Shields 0062 Elk Run

Others in Attendance:

- Robertson & Marchetti, P.C.
Ken Marchetti
- Operations & Security Personnel
Todd DeJong & Dan Carlson
- Legal Counsel
Greg Perkins, Sherman & Howard & Matt Dalton, Grimshaw & Haring, P.C.
- CTC
Bob Vanourek and Denise Delaney

MEMORANDUM

To: Cordillera Valley Club Boards of Directors

From: Ken Marchetti

Date: January 16, 2011

Subject: Community Plan Steering Group

Attached are the meeting summary from the last Community Plan Steering Group meeting on January 13 as well as a draft summary of the SWOT Analysis and Draft Goals.

With Wally's resignation CVC does not have representation on this Group other than I have been attending in a "staff" capacity. They would like representation from CVCMD as well as CVCPOA. One question for the CVC Boards is whether they would like to be represented and if so, to find a volunteer or appoint a delegate.

One of the fundamental issues facing Upper Cordillera and CVC is the question of what extent they share common interests, goals, amenities, etc. versus the extent that the two sub-communities have different needs and goals.

The survey the Steering Group could be a helpful tool to better understand the desires of the CVC constituents.

Food for thought for the discussion at Tuesday's meeting.

Community Plan Steering Group

Draft—1.13.11 Meeting Summary

1. *Attendance:*

Nancy Alexander, Bruce Baumgartner, David Bentley, Erin Buckley, Rand Garbacz, Steven Janicek, Ken Marchetti, Joe Wilson. Absent: Michael Barry, Patrick Wilhelm.

2. *Changes to Meeting Summary of 1.6.11:*

None.

3. *Group Membership Discussion:*

In light of the most recent letter from David Wilhelm the pros and cons were discussed regarding the continuing participation of Patrick Wilhelm in drafting the Community Plan. A straw poll indicated a majority of the group recommending that Patrick be uninvited from future meetings.

No replacement representation yet from the Valley Board or from the Summit neighborhood.

4. *Community Baseline:*

No additions or changes.

5. *Benchmarking:*

Prepare two more comparative matrixes: One for Valley Resorts; one for similar mountain communities (leaving a third showing dissimilar successful communities); by Joe for the next meeting.

Review operational practices of Kiawah Island, Ocean Reef, Talisker, and Spanish Peaks and send comments to Joe. Operational practices should include marketing practices that generate positive emotions, symbols, and practices for positive relationships with realtors. Joe will provide additional information at the next mtg.

6. *Community Focus Meetings:*

No suggested changes or additions to the compiled SWAT analysis sheets. O.K. to send them out as part of the Cordillera Flash and solicit suggested additions emailed to Erin.

Suggest a SWOT focus group for non-club members to check alignment with the input so far.

Draft Community Goals; Rand will draft some for discussion at the next meeting.

Membership options from "Opportunities" list; Steve will prepare an outline of a membership alternative using the Lodge at Cordillera that would be open to the whole community; for the next meeting.

7. *Community Survey:*

Make comments to Joe on demographics and levels of service piece; Joe, Nancy, and David will draft a "What should it look like in the future?" section for the next meeting. Look at SWOT sheets for list of new "products" that would demonstrate excellence in: Marketing message for the Community; Unification of the collection of communities; Real estate development; Events to reach out to the world; and Alternative membership and program opportunities.

8. Other—Charity & History:

No discussion.

Next Meeting: Thursday, ***January 27, 2011 at 2:00pm*** in the Administration Conference Room.

Agenda:

1. *Changes to Meeting Summary*

2. *Benchmarking report*

3. *Community Focus Meetings*

- Comments for additions
- Community membership alternative with the Lodge
- Non-club member SWOT
- draft Goals

4. *Community Survey; "Future" section review*

5. *Other—Charity & History*



COMMUNITY VISION STEERING GROUP

FOCUS GROUP SWOT ANALYSIS

5 JANUARY 2011

STRENGTHS (Consolidated)

- **Quality development**, architecture, open design, planned community, safe/gated, good infrastructure—fire, roads, ambulance, post office, design review board
- Good real estate prices with availability and diversity of product
- Location/views/beauty/quiet/tranquil/wildlife/exclusive
- Diversity in neighborhoods—valley, mountain, divide, summit, timber springs
- Year round recreation—golf, hiking, ski clubs, spa, river & lake fishing, swimming, fitness centers, Nordic, snow shoe, horses, restaurants
- Family and kid facilities—trailhead, nine iron, tennis
- Size/7000+ acres—large enough to have a voice and accomplish ‘stuff’
- Reasonable taxes, HOA dues tax deductible
-
- **Area amenities**—recreation,/medical/transportation/cultural--world class skiing/resorts at Vail and Beaver Creek; Bravo, Vilar; quality transportation for car, van, plane; specialized medical facilities
-
- **People** – involved, accomplished, educated, build strong friendships, community oriented, good social network, forward thinking, energetic, caring
- Diverse interests organize bridge clubs, sports venues, motorcycles trips, pad the bra, cordillera cooks, dog park events, poker, junior golf, etc.
- Second homeowners bring ideas in from “outside”
-
- **Community government** – strong leadership/devoted/collaborative/team oriented
- Metro management is good; quality of employees, security, road maintenance
- Fire wise, healthy forest
- Communications are good—web, print, email, flash
-
- **Lodge** is an attraction/introduction to community—restaurants, guests, transit to ski areas, Beaver Creek ski club, development rights



WEAKNESSES (Consolidated)

- **Location** – Remote – lack of transportation to “town”, skiing, CME won’t pick up at homes
- High altitude; short summer
- 30% vacant lots
- Developer over-improved the community (not enough users/payees)
- Expensive to live here—high taxes and declining real estate values

- **Club turmoil & uncertainty**, tension & frustration—initiation fee is too high; memberships difficult to transfer; financial weakness; Summit athletic club is dirty; aging facilities
- Golf is a declining industry—lots of golf in the valley; aging population and declining memberships
- Difficult to become a member for non-golfers
- Lack of kid centric activities and amenities for aging population
- Large number of property owners don’t support club

- **Lack of control of amenities** – community should control and support golf/health club/pools and provide membership opportunities for all residents like basic Club membership which includes: monthly community cocktail party, a buffet dinner social, 6 golf tee times, 3 days at Vail or Beaver Creek Ski Club, 2 days of fishing on the river, restaurant access, a snowshoeing event and a summer concert.
- Poor marketing/lack of control/negative image in the valley
- Large event space is needed

- **Complexity of Governance**--organization of amenities is confusing—managed by a number of different entities; fragmented
- Separation of the Valley Club; other neighborhoods
- Large number of part-time owners/attention, involvement & focus is reduced/difficult to build consensus
- Develop one voice for community base information/contact point; streamline communication—some isn’t read

- **Lack of Sense of Community**
- Lack of Community hosted events; reduced community spirit; more tension between golf and non-golf residents
- Lack of initiatives focused on community strengths allows room for negative talk
- Historical perspective is not available

- **Lodge** adds users/ new development is out of community control

- **National Recession**
- 30-45 year olds have less money to buy into Cordillera community



THREATS (consolidated)

- **Club uncertainty**/financially unsustainable /lack of capital/potential litigation/trust/image/lack of successful vision
- Penti is increasing competition; completion from too many valley clubs
- Declining quality of services & lack of control; aging assets
- Aging population; no backfill by younger people / not everyone has to be a member at some level
- Lack of amenities for aging population

- **Economic health of Valley**/declining real estate values
- Lack of lower entry point to ownership
- Pine beetle/fire threat
- National economic problems
- Water/wildlife degradation

- **Quality of Cordillera messaging**/no unified marketing with community, lodge, club/ how to attract visitors and new owners/ How do you attract younger market at affordable price
- Impatient owners/members + frustration and division in the community by neighborhoods and member/non-members

- **Lack of transportation**/connection to Mountain



OPPORTUNITIES (Consolidated)

- **Magnificent amenities to market** have excellent value and choice
- Gain control of Club & amenities to implement successful vision & increase members/users—make fees affordable and offer new menu of memberships including off-site residents to reduce costs
- We have capacity for more users/payees/club memberships/sign up valley fractionals
- Outreach/Market to Baby Boomers and next generation
- Lodge & Spa synergies/leverage for marketing – Vail Club/Beaver Creek Club – café, cooking school, multiple restaurants

- **Events to reach out to the world** – bring people to Cordillera like Dave Pelz school
- Representation on Bravo, Vail Foundation, bike event boards so community can become a sponsor for events to market community and add paying visitor guests to reduce community program costs
- Outside membership to ski club
- Look at better utilization of facilities in the off-season – add/sponsor events (pre-concert Bravo recital); junior golf to add users and reduce costs
- Use amenity packages to comp “stars” and produce “for-sale” events
- Create Inclusive/Exclusivity

- **Unify the Collection of Communities**, CPOA's, CMD's, Timber Springs
- Bring all property owners into a financial solution – find common ground – provide something for everyone with creative membership opportunities
- Events to create community/opportunities to bring residents together/increase social opportunities
- Shared Personnel and services between entities to efficiently reduce cost

- **Real Estate Development** opportunity – Lodge/Valley Club



COMMUNITY VISION STEERING GROUP

(Consolidated) DRAFT COMMUNITY GOALS – 5 YEAR

5 JANUARY 2011

draft Goals:

- **Create a unified single entity for operations and community quality of life** that makes Cordillera second to none for buyers of property in the valley. Success of the community will be evident in sustainable growth: growth of developed property, growth in tax valuation, growth in amenities for kid centric and family activities, growth in all-resident community events, growth in user revenue from off-site visitors, growth in recreation and cultural activities. The unified entity will sponsor two new non-golf community events in the next year.
- **Create a comprehensive marketing product** for baby boomers and younger homeowners that explodes the demand for ownership in Cordillera. This product will incorporate the magnificent amenities of the community, the club, and the Lodge as well as the world class activities at Vail, Beaver Creek, and in the surrounding Rocky Mountains. It will feature partnership programs with the Lodge, Bravo, Vilar, and others.
- **Create a sustainable Cordillera-owned Club** (at an affordable cost with no debt) that has amenities open to all and a menu of memberships that will enlist 100% of all property owners at some membership level; include off-site users to control costs but not at the expense of all of the remaining facility capacity.

SECURITY SERVICES AGREEMENT

THIS SECURITY SERVICES AGREEMENT (the "Agreement"), is made effective the 1st day of January, 2010, by and between the CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT, a metropolitan district organized under Article 1 of Title 32, C.R.S. ("District") and ALPINE SECURITY, LLC dba LONE STAR SECURITY & SAFETY SERVICES, a Colorado limited liability company ("Lone Star").

RECITALS

A. The District is responsible for the management and maintenance of the road infrastructure in the project known as Cordillera Valley Club (the "Project") which is a planned community pursuant to the Declaration for Cordillera Valley Club, of record in Eagle County, Colorado, as may be amended and supplemented from time to time (the "Declaration"). Capitalized terms not defined herein shall have the meaning ascribed to such term in the Declaration.

B. The District is responsible for managing the road infrastructure in the Project and the Common Areas and desires to enter into an agreement for provision of public safety and security within the Project.

C. Lone Star is in the business of, among other things, providing professional public safety and security services and wishes to provide such services to the District according to the terms and conditions set forth herein.

D. The District has engaged the services of Lone Star pursuant to a contract dated January 1, 2010. This agreement supersedes the agreement dated January 1, 2010.

AGREEMENT

In consideration of the foregoing and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the District and Lone Star agree as follows:

1. Engagement. The District hereby engages Lone Star as an independent contractor and as the provider of public safety and security services for the Project, and Lone Star hereby accepts such engagement.

2. Term and Termination. The initial "Term" of this Agreement shall commence on January 1, 2011, and expire on December 31, 2011. Thereafter, the term of this Agreement shall automatically renew for successive one (1) year periods. The District or Lone Star may, at their option and for any reason in such party's discretion, upon at least sixty (60) days written notice to the other party, terminate and cancel all or any part of this Agreement as of the last calendar day of the month which is at least sixty (60) days from the date of such notice. Notwithstanding the automatic renewal provision above, this Agreement shall automatically terminate at the end of December 31 of any year in which the District fails to appropriate sufficient funds for payment of public safety and security services otherwise due in the subsequent calendar year. Notice required hereunder shall conform to Section 9 of this Agreement.

3. Services. Lone Star shall confer with the District in the exercise of its powers and rights and in the performance of its duties as set forth in this Agreement and pursuant to the District's governing documents, including attendance at such meetings of the District's Board of Directors ("Board") as may be requested from time to time. Lone Star hereby expressly understands, acknowledges and agrees that its appointment as the provider of public safety and security services hereunder is done with a view toward a standard of security for the Project that provides a quality of services consistent with sound security practices evident in gated communities in the Edwards, Colorado area, as well as that provides additional security measures which may not be found in other gated communities, but which the District requests be implemented. The services to be performed by Lone Star shall include without limitation the services as described below, as supplemented or detailed in the scope of services attached hereto as Exhibit A and incorporated herein by this reference.

a. Staffing and operation of the gatehouse 24 hours per day seven days a week, 365 days per year, to control access to the Cordillera Valley Club and to insure the safety of all persons and property within the boundaries of the Project, except that during the hours from 11 p.m. to 5:30 a.m. Lone Star shall provide four patrols of the Project and during those times the gatehouse will not be staffed but Lone Star shall monitor the gatehouse telephonically, and shall provide access only to authorized persons by way of telemetry signal. Lone Star shall provide a vehicle not more than five years old and in good condition and displaying CVC's logo, at Lone Star's sole cost and expense, to be used by Lone Star to provide the patrols of the Project.

b. Patrol all roads and neighborhoods within the Project not less than three (3) hours per day during the hours of 5:30 a.m. and 11:00 p.m. Lone Star shall keep written records of such patrols and any inspections. Lone Star shall provide a vehicle not more than three years old and in good condition at Lone Star's sole cost and expense to be used by Lone Star to provide the patrols of the Project.

c. Promptly investigate and notify the District of any crime, accident or claim for damages of which Lone Star has actual notice, relating to the ownership, operation and maintenance of the Common Areas of the Project, including any damage or destruction thereto, and cooperate with and make such reports as are required by an insurer in connection therewith.

d. Immediately respond to all alarms within the Project including without limitation alarms in private residences and shall investigate the cause, notify police and/or fire when necessary and make such reports as are requested in connection therewith.

e. In connection with providing its services hereunder, Lone Star shall provide enforcement services for all Project covenants, rules and regulations, including, without limitation, design review and construction rules and regulations and those described in the Declaration (the "Rules"). Lone Star shall ensure that its employees providing the services are familiar with the Rules. Lone Star shall take direction from the Board regarding the enforcement of the Rules.

f. Supervise any and all persons necessary to properly perform the services required of it hereunder. All such persons shall be employees of Lone Star and all compensation,

taxes and benefits which become payable to or on behalf of said employees in connection with this Agreement shall be paid by Lone Star. Lone Star shall, within ten (10) days of the Board's written notice that Board finds any Project personnel unnecessary or undesirable and the grounds therefor, respond to Board's findings and provide Board with a plan of resolution. The plan of resolution must address and satisfy the Board's objections.

g. Lone Star shall maintain businesslike relations with residents of the Project and members of the Club at Cordillera whose concerns and complaints shall be received, considered and acted upon as deemed appropriate by Lone Star. If Lone Star shall deem any complaint unreasonable, it shall advise the Board of the complaint and the reason for its opinion that the complaint is unreasonable.

h. Employment Standards – Lone Star shall ensure that all employees assigned to work in CVC meet the minimum requirements for employment as a public safety officer for Cordillera Valley Club which are:

- i. Be at least 18 years of age, or older;
- ii. Be a high-school graduate or recipient of a GED;
- iii. Be a Citizen of the United States;
- iv. Be of good physical and mental condition and capable of performing the duties under conditions inherent to the profession;
- v. Be of good moral character as evidenced among other things by having neither a conviction nor a plea of guilty or nolo contendere for a felony or a misdemeanor involving moral turpitude.
- vi. Individuals must have been discharged from the Armed Forces under honorable conditions.
- vii. Fitness for service as it relates to moral character must be verified by an appropriate background investigation
- viii. Pass a pre-employment drug test

i. Training – In order for a person to become a public safety officer, he or she must first successfully complete the Lone Star basic training course.

j. Certification – no person shall be employed as a public safety officer unless that person:

- i. has been certified as being qualified under the existing employment standards.
- ii. Is CPR/AED plus First Aid Certified

k. Lone Star shall conduct post-employment drug testing including random testing for safety sensitive positions, individualized suspicion testing and post-accident testing

l. Post Orders – all services under this agreement shall be performed in compliance with the post orders attached hereto as Exhibit B and incorporated herein by this reference.

4. Management Fee: As compensation for its services under this Agreement, Lone Star shall be paid \$357,794.70 in accordance with the monthly rate schedule set forth in Exhibit C attached hereto and incorporated herein by this reference, such amounts to be billed and paid monthly, for the duration of this Agreement. Nothing in this Agreement shall restrict the District from engaging the services of Lone Star for other services not covered by this agreement, the compensation for which shall be at rates upon which the parties shall mutually agree.

5. Limitation of Liability and Indemnity.

a. Except as otherwise provided in this Section 6, Lone Star shall not be liable to the District for any loss or damage not caused by Lone Star's negligent or intentional acts or omissions. The District shall defend, indemnify and save harmless Lone Star from any liability for damages, costs and expenses arising from Lone Star's performance under this Agreement or injury to any person or property in, about and in connection with the Project (including the Common Areas) from any cause whatsoever, unless such loss shall be caused by the negligent or intentional acts or omissions of Lone Star, in which event the same shall only apply to the extent that any such damages, costs and expenses are covered by insurance carried by the District.

b. Lone Star shall indemnify and save harmless the District from any liability for damages, costs and expenses arising from Lone Star's performance under this Agreement or injury to any person or property in, about and in connection with the Project (including the Common Areas) caused by the negligent or intentional acts or omissions of Lone Star.

6. Assignment. Neither party may assign its right, title and interest herein without the prior express written consent of the other party which consent the other party shall have full discretion to withhold. Furthermore, a change of more than 25% of the ownership of Lone Star shall be considered an assignment of Lone Star's interest in this contract and shall not be permitted without the prior express written consent of the District which consent the District shall have full discretion to withhold. At this time Lone Star is owned 100% by Todd DeJong.

7. Default. If either party to this Agreement fails to perform in accordance with the terms, covenants and conditions of this Agreement or is otherwise in default of any of the terms of this Agreement, after giving ten (10) days prior written notice to the other party of the alleged default, and upon said defaulting party's failure to cure the default within said 10-day period (or within such period, if any, as may be reasonably required to cure such default if it is of such nature that it cannot be cured within such 10-day period, provided the defaulting party commences to remedy such default within such 10-day period and proceeds with reasonable diligence thereafter to cure such default), the non-defaulting party shall have the option to terminate this Agreement and pursue all remedies available at law or in equity.

8. Notices. When either party hereto desires to or is required to give notice to the other or to others, in connection with and according to the terms of this Agreement, such notice shall be in writing and shall be given to the District or Lone Star as follows:

If to the District:

Cordillera Valley Club Metropolitan District
28 Second Street, Suite 213

Edwards, Colorado 81632
Attention: Board
Telecopier: (970) 926-6040

With a copy to:

Matthew R. Dalton, Esq.
Grimshaw & Harring, P.C.
1700 Lincoln Street, Suite 3800
Denver, Colorado 80203
Telecopier: (303) 839-3800

If to Lone Star:

Lone Star Security & Safety Services
P.O. Box 515
Avon, Colorado 81620
Attention: Todd DeJong
Telecopier: (970) 949-1918

All notices or deliveries required under this Agreement shall be hand-delivered, given by certified mail/return receipt requested, by facsimile transmission, or by overnight courier directed to the address of District or Lone Star set forth in this Section. All notices so given shall be considered effective, if hand-delivered, when received; if delivered by facsimile transmittal, upon machine-generated confirmation of receipt; if delivered by courier, one (1) business day after timely deposit with the courier service, charges prepaid; or if mailed by certified mail/return receipt requested, three (3) days after deposit, postage prepaid, with the United States Postal Service.

9. Insurance.

a. At all times during the Term of this Agreement, Lone Star shall carry and maintain, in full force and effect, at its sole cost and expense, insurance coverage as described in Subsections i. and ii. below. Such policies shall include a provision requiring a minimum of thirty (30) days notice to the District of any change or cancellation. Lone Star agrees to provide the District with certificates of insurance evidencing such policies:

i. Comprehensive general liability insurance in an occurrence format in an amount of at least \$1,000,000 per occurrence, including the following coverages: contractual liability, personal injury, broad form property damages, independent contractors and premises operations.

ii. Workers' Compensation insurance in accordance with the provisions of the Workers' Compensation Act of the State of Colorado for all its employees engaged in performance of the services herein described.

b. At all times during the term of this Agreement, the District shall carry and maintain, in full force and effect, at its sole cost and expense, all insurance coverages required by governing documents of the District, which insurance shall be primary to the insurance Lone Star is required to carry under Subsection 10.a.i.

10. Immigration Laws

a. Contractor shall not knowingly employ or contract with an illegal alien to perform work under this Agreement or contract with a sub-contractor who knowingly employs or contracts with an illegal alien to perform work under the Agreement. Execution of the Contract by Contractor shall constitute a certification by Contractor that it does not knowingly employ or contract with an illegal alien and that the Contractor has participated or attempted to participate in the E-Verify Employment Verification Program administered by the United States Department of Homeland Security, ("E-Verify Program" – f/k/a "Basic Pilot Program") in order to verify that it does not employ any illegal aliens.

b. Contractor shall comply with the following:

i. We shall apply to participate in the E-Verify Program every three months until all requirements under this agreement are completed or until Client is accepted into the E-Verify Program, whichever occurs earlier.

ii. We shall not utilize the E-Verify Program procedures to independently undertake pre-employment screening of job applicants.

iii. We shall require each subcontractor to certify that subcontractor will not knowingly employ or contract with an illegal alien to perform work under this agreement. If we obtain actual knowledge that a subcontractor performing work under this agreement knowingly employs or contracts with an illegal alien we shall be required to:

a. Notify the subcontractor and the Client within three (3) days that we have actual knowledge that the subcontractor is employing or contracting with an illegal alien; and

b. Terminate the subcontract with the subcontractor if within three (3) days of receiving notice from us, the subcontractor does not stop employing or contracting with the illegal alien; except that we shall not terminate the contract with the subcontractor if during such three (3) days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

iv. The Contractor shall comply with any reasonable request by the Department of Labor and Employment ("Department") made in the course of an investigation by the Department.

c. If Contractor violates any provision of this Section IX, Client may terminate the Contract immediately and Contractor shall be liable to Client for actual and consequential damages of Client resulting from such termination and Client shall report such violation by Contractor to the Colorado Secretary of State as required by law.

11. Compliance with Law. In performing its duties, Lone Star shall take such action as may be necessary to comply with all laws, statutes, ordinances, rules and regulations of all

appropriate governmental authorities including but not limited to the Colorado Common Interest Ownership Act.

12. Miscellaneous.

a. No waiver of a breach of any of the covenants contained in this Agreement shall be construed to be a waiver of any succeeding breach of the same covenant.

b. Time is of the essence with respect to the performance of each of the covenants and agreements herein set forth.

c. No modification, release or discharge or waiver of any provision hereof shall be of any force, effect or value, unless in writing, signed by both parties to this Agreement.

d. The invalidity in whole or in part of any covenant, promise or undertaking or any section, subsection, sentence, clause, phrase or word or of any provision of this Agreement and the Declaration shall not affect the validity of the remaining portions thereof.

e. Capitalized terms, words or phrases used but not defined herein shall have the meaning ascribed to such term, word or phrase in the Declaration and unless the context otherwise requires, said definitions shall prevail.

f. The words "owner" and "member" wherever and whenever used herein, shall include the singular and plural thereof, and the use of any gender shall include all genders, wherever the same shall be appropriate.

g. The caption of each Section is added as a matter of convenience only and shall be considered of no effect in the construction of any provision of this Agreement.

h. Should arbitration or litigation occur between the parties relating to the terms, covenants and conditions of this Agreement, all arbitration and/or litigation expenses, collection expenses, witness fees, court costs and attorneys' fees incurred by the prevailing party shall be paid by the non-prevailing party to the prevailing party and shall be awarded by the judge or arbitrator (as appropriate) to the prevailing party as part of its award in the proceeding.

i. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Colorado.

j. This Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, proposals, negotiations and representations pertaining to the services to be performed hereunder.

k. The parties and their respective counsel, if any, have reviewed this Agreement in its entirety and acknowledge that each has had a full opportunity to negotiate the Agreement's terms. Therefore, the parties expressly waive any and all applicable common law and statutory rules of construction that any provision of this Agreement should be construed against the Agreement's

drafter, and agree and affirm that the Agreement and all provisions thereof shall in all cases be construed as a whole, according to the fair meaning of the language used.

The parties hereto have executed this Agreement to be effective as of the date first written above.

CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT, a metropolitan district organized under Article 1 of Title 32, C.R.S.

By: _____
President

ATTEST:

By: _____
Secretary

ALPINE SECURITY, LLC, a Colorado Limited Liability Company
DbA LONE STAR SECURITY & SAFETY SERVICES

By: _____
Todd DeJong, Manager

Exhibit A

Supplemental Services (If any)

Exhibit B

Post Orders

(Attach Here)

Exhibit C

Total Contract Amount		\$357,794.70
	<u>Date</u>	<u>Monthly Amount</u>
	Jan	\$29,816.23
	Feb	\$29,816.23
	Mar	\$29,816.23
	Apr	\$29,816.23
	May	\$29,816.23
	Jun	\$29,816.23
	Jul	\$29,816.23
	Aug	\$29,816.23
	Sep	\$29,816.23
	Oct	\$29,816.23
	Nov	\$29,816.23
	Dec	\$29,816.23
	Total	<u>\$357,794.70</u>

CVC Incident Summary

Unsecured Door	Club	2
Panic Alarm	Beard Creek	1
Intrusion Alarm	Juniper Ridge	2
Parking	Legacy Trail	1
Fire Alarm	Sanctuary	1
Vehicle Accident	West Gate	1
Intrusion Alarm	Fall Creek	1
Noise Complaint	Spring Creek	1
Intrusion Alarm	Beard Creek	1

Water Tank Traffic

Vehicles to Date	1556
Vehicles over 2 axles	435

Plows

Thru December	16
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Updated 01/13/2011

ROBERTSON & MARCHETTI, P.C.

Certified Public Accountants

January 16, 2011

Board of Directors
Cordillera Valley Club Metropolitan District

I have compiled the accompanying balance sheet of Cordillera Valley Club Metropolitan District as of **December 31, 2010** and the related statement of revenues, expenditures and changes in fund balance - historical, budget and forecast - for the twelve month period then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

I also compiled the budget for calendar year 2011, in accordance with standards established by the American Institute of Certified Public Accountants. The budgeted and forecast revenues, expenditures and changes in fund balance information for 2010 is presented for supplementary analysis information purposes only.

A compilation of historical financial statements is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

A compilation of a forecasted financial statement is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. I have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying forecasted statement or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected and those differences may be material. I have no responsibility to update this report for events or circumstances occurring after the date of this report.

Management has elected to omit substantially all of the disclosures as of **December 31, 2010** required by generally accepted accounting principles. Management has also elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the historical financial statements and if the summary of significant accounting policies were included in the budget and forecast, they might influence the user's conclusions about the District's historical financial position and results of operations and the forecasted results of operations and fund balances. Accordingly, the historical financial statements and forecast are not designed for those who are not informed about such matters.

The actual historical information for calendar year 2009 is presented for comparative purposes only. Such information is taken from the financial statements for the District which have been audited by Chadwick, Steinkirchner, Davis and Co., P.C. and upon which they expressed an unqualified opinion in their report dated July 21, 2010.

I am not independent with respect to Cordillera Valley Club Metropolitan District

ROBERTSON & MARCHETTI, P.C.

Kenneth J. Marchetti, CPA
President

**CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT
BALANCE SHEET - ALL FUNDS
ALL FUND TYPES AND ACCOUNT GROUPS
For the Dates Indicated Below**

Printed:
01/14/11

	2009 Combined Actual	12/31/10		
		General Fund	Fixed Assets & Debt	Total 12/31/10
Assets				
Checking - First Bank	501	6,580		6,580
Money Market - First Bank		0		0
Colostrust - Savings	175,501	259,191		259,191
Petty Cash Checking - First Bank	700	700		700
Investment Pooled Cash	0	0		0
Accounts Receivable - Other	5,492	0		0
Accounts Receivable - Developer				0
Due from County Treasurer	1,416	1,442		1,442
Property Tax Receivable	648,949	625,412		625,412
Prepaid Expense - Snow Removal	0	0		0
Prepaid Insurance	3,916	166		166
Assets - Equipment	22,759		22,759	22,759
Assets - Construction in Progress	613,123		613,123	613,123
Assets - Landscape Improvement	623,674		623,674	623,674
Assets - Vehicle	27,346		27,346	27,346
Accumulated Depreciation	(213,903)		(213,903)	(213,903)
District Organization Costs, Net	0		0	0
Bond Issue Costs, Net	5,519		5,519	5,519
Total Assets	1,914,994	893,492	1,078,518	1,972,010
Liabilities				
Accounts Payable - GF	6,029	1,410		1,410
Account Payable - CVCPOA	555	0	0	0
Accrued Interest Payable	1,966		1,966	1,966
Deferred Property Tax	648,949	625,412		625,412
LT Debt - Bond Payable	114,539		97,444	97,444
Wells Fargo Note Payable	0		0	0
Total Liabilities	772,038	626,822	99,410	726,232
Net Assets				
Investment in Fixed Assets, Net	1,078,518		1,078,518	1,078,518
Net of Long-term debt	(116,505)		(99,410)	(99,410)
Fund Balance	180,943	266,670		266,670
Total Net Assets	1,142,956	266,670	979,108	1,245,778
Total Liabilities and Fund Equity	1,914,994	893,492	1,078,518	1,972,010
	=	=	=	=

See Accompanying Accountant's Report.

Cordillera Valley Club Metro District
Statement of Revenues, Expenditures and Fund Balance Modified Accrual Basis
Actual, Budget and Forecast for the Periods Indicated

	2009	2010 YTD			2010 Original Budget	2010 Annual		2011	2012
	Actual 12/31/09	YTD Budget 12/31/10	YTD Actual 12/31/10	Variance Favorable (Unfavor)		2010 Amended Budget	2010 Forecast Total	Adopted Budget	Forecast
General Fund									
Revenues									
Beginning Assessed Value									25,016,480
New Construction									(6,254,120)
Valuation Changes									
Ending Assessed Value	20,865,150		0		25,957,960	25,957,960	25,957,960	25,016,480	18,762,360
Operating Mill Levy Rate					25.000	25.000	25.000	25.000	25.000
Temp Mill Levy Credit									
Debt Service Mill Levy						0.000	0.000	0.000	1.180
Total Mill Levy	0.000	0	0	0	25.000	25.000	25.000	25.000	26.180
Property Taxes - Operations	519,972	648,949	645,474	(3,475)	648,949	648,949	648,949	625,412	469,059
Property Taxes - Debt Service								0	22,136
Specific Ownership Taxes	21,197	22,000	21,439	(561)	29,203	22,000	22,000	21,889	19,648
Other Income	0	19,894	19,894	0		19,894	19,894		
Interest Income - Operating	1,729	4,700	5,314	614	7,200	4,700	4,700	7,200	9,906
Payment from CVCPOA	258,128	198,224	198,224	0	198,224	198,224	198,224	188,313	193,962
Xfer RETA (for operations)	0	0	0	0	0	0	0	0	0
Xfer RETA (for Capital)	10,000	57,000	57,000	0	50,000	57,000	57,000	30,000	100,000
Total Revenues	811,026	950,767	947,346	(3,421)	933,576	950,767	950,767	872,814	814,711
Administrative Expenses									
Accounting, Admin & Mgmt	35,574	44,000	44,000	0	34,500	44,000	44,000	38,000	38,000
Audit	5,750	5,750	5,750	0	6,000	5,750	5,750	6,000	6,180
Dues & Subscriptions	771	527	527	0	900	527	527	900	927
Elections	0	12,614	11,321	1,293	2,000	12,614	12,614	0	2,000
Ins Expense, incl Govt Officials	3,511	3,916	3,916	0	3,800	3,916	3,916	4,000	4,120
Legal Fees	1,190	6,600	6,144	456	6,600	6,600	6,600	6,600	6,600
Meeting Expenses	2,248	2,400	1,586	814	2,400	2,400	2,400	2,400	2,472
Office Supplies & Expense	236	2,500	1,970	530	600	2,500	2,500	3,000	3,090
Treasurer's Fees	15,684	19,468	19,511	(43)	19,468	19,468	19,468	18,762	14,736
Total Administrative Exp.	64,964	97,776	94,725	3,051	76,268	97,775	97,775	79,662	78,125
Public Safety									
Gate House Staffing & Patrols	382,797	396,449	396,449	(0)	396,449	396,449	396,449	376,626	387,925
Vehicle Operating Expense	2,794	1,026	1,025	0	5,789	1,026	1,026		0
Total Public Safety	385,591	397,474	397,474	0	402,237	397,474	397,474	376,626	387,925

See accompanying accountant's report.

Cordillera Valley Club Metro District
Statement of Revenues and Expenditures
Actual, Budget and Forecast for the Periods Indicated

Modified Accrual Basis

General Fund (Continued)	2009	2010 YTD			2010 Original Budget	2010 Annual		2011	2012
	Actual 12/31/09	YTD Budget 12/31/10	YTD Actual 12/31/10	Variance Favorable (Unfavor)		2010 Amended Budget	2010 Forecast Total	Adopted Budget	Forecast
Community Operations:									
Landscaping - Turf Area Maintenance	18,812	18,845	17,365	1,480	18,845	18,845	18,845	16,960	17,469
Landscaping - Flowers Maintenance	33,900	34,150	34,150	0	34,150	34,150	34,150	30,750	31,673
Lights, Signs, Guardrails, & Fences	5,167	4,200	3,645	555	8,000	4,200	4,200	8,000	8,240
Holiday Lights	8,478	8,480	8,789	(309)	8,480	8,480	8,480	8,723	8,985
Recreation	0	1,500	0	1,500	1,500	1,500	1,500	1,500	1,545
Walls & Planters Maintenance	0	6,500	6,500	0	0	6,500	6,500	6,000	6,180
Road Maintenance	15,699	2,400	1,487	913	10,500	2,400	2,400	10,500	10,815
Road Asphalt Patch & Crack Seal	13,494	19,912	19,912	0	13,500	19,912	19,912	20,000	20,600
Road & General Engineering	9,771	5,000	1,099	3,901	5,000	5,000	5,000	5,000	5,150
Engineering - Special Projects	259	7,325	5,118	2,207	5,000	7,325	7,325	5,000	5,150
Engineering - PUD Mapping	0	6,615	6,615	0	0	6,615	6,615	0	0
Snow Plowing Contract	24,400	25,200	20,800	4,400	25,200	25,200	25,200	20,000	20,000
Snow Plow Material, Eq Rent, Xtras	6,498	0	127	(127)	12,000	0	0	6,000	6,180
Weed & Pest Control	10,288	8,520	8,520	0	10,000	8,520	8,520	10,000	10,300
Tree Care	14,380	6,255	6,255	0	12,000	6,255	6,255	6,668	6,868
Operations Management	43,757	43,757	43,757	0	43,757	43,757	43,757	43,757	45,070
Operations Cell Phone	252	540	184	356	540	540	540	540	556
Gatehouse Utilities - Cable TV	1,227	1,300	1,092	208	1,300	1,300	1,300	1,300	1,339
Utilities - Electric	3,917	4,200	3,055	1,145	6,180	4,200	4,200	4,326	4,456
Utilities - Water	7,093	8,016	6,789	1,227	8,016	8,016	8,016	8,016	8,257
Utilities - Telephone/ISP	1,745	2,200	2,191	9	1,545	2,200	2,200	3,600	3,708
Gate Maintenance and Transponders	4,806	10,000	9,498	502	5,000	10,000	10,000	5,000	5,150
Building Maintenance and Repairs	0	2,400	0	2,400	7,500	2,400	2,400	5,000	5,150
Operating Contingency		0	0	0	25,000	0	0	25,000	25,750
Total Community Ops Exp	223,940	227,315	206,949	20,366	263,013	227,315	227,315	251,640	258,589
Debt Service									
Debt Service - Principal 2003 Loan (\$	16,375	17,095	17,095	(0)	17,095	17,095	17,095	17,847	18,633
Debt Service - Interest 2003 Loan (\$2	5,760	5,040	5,040	0	5,040	5,040	5,040	4,288	3,503
Debt Service - Vehicle Purchase Prin	0	0	0	0	0	0	0		
Debt Service - Vehicle Purchase Inter	0	0	0	0	0	0	0		
Debt Service - 2010 Bonds	0	0	0	0	0	0	0		
Debt Service - 2011 Bonds	0	0	0	0	0	0	0	0	0
Debt Service - 2012 Bonds									
Contingency		0	0	0		0	0		
Total Debt Service Exp	22,135	22,135	22,135	(0)	22,135	22,135	22,135	22,135	22,136
Total Expenses Before Capital	696,630	744,700	721,283	23,417	763,654	744,699	744,699	730,063	746,775
Rev over Exp. before Capital	114,396	206,067	226,063	19,996	169,922	206,068	206,068	142,751	67,936

See accompanying accountant's report.

Cordillera Valley Club Metro District
 Statement of Revenues and Expenditures
 Actual, Budget and Forecast for the Periods Indicated

Modified Accrual Basis

General Fund (Continued)	2009	2010 YTD			2010 Original Budget	2010 Annual		2011	2012
	Actual 12/31/09	YTD Budget 12/31/10	YTD Actual 12/31/10	Variance Favorable (Unfavor)		2010 Amended Budget	2010 Forecast Total	Adopted Budget	Forecast
Capital Expenditures & Spec Projects									
Gate House & Equipment	3,177	0	0	0					
RFID Sys (Repl Transponders)*	1,825	20,354	19,918	436		20,354	20,354		
Camera System	0	15,842	15,842	0		15,842	15,842		
Berm Design/PUD-Vag	4,046	27,552	30,964	(3,412)	5,000	27,552	27,552		
Berm Design - Marcin		1,200	1,193	8		1,200	1,200		
Berm Design - Struct & Soils Engr		6,650	6,624	27		6,650	6,650		
Berm Design - Irrigation System		1,625	1,625	0		1,625	1,625		
Berm Committee for PUD & Legal		2,500		2,500		2,500	2,500		
Berm Legal Expense	2,990	4,520	4,619	(99)		4,520	4,520		
Lighting and Signage Design - VAg		20,525	20,032	493		20,525	20,525		
Lighting - Materials & Installation		14,500	15,042	(542)	60,000	14,500	14,500		
Signage Upgrade		1,006	984	23		1,006	1,006		
Signage - Vag		0	0	0					
Open Space/Fishing Rights		0	0	0					
Guard Rail Juniper Ridge to Legacy *		0	0	0					
Equipment Storage Area/Shed		0	0	0					
Retain Wall/Planter Juniper Ridge Rd		0	0	0					
Rock Wall Beard Creek & Juniper		0	0	0					
W Gate Design-Architect		9,895	9,895	(0)		9,895	9,895		
W Gate Design - Engineering		2,000	1,968	33		2,000	2,000		
W Gate Fence		12,000	11,633	367		12,000	12,000		
W Gate Computerize & Call Box		0	0	0				28,700	
Other Capital Projects		0	0	0	12,000	0	0	12,000	12,000
Total Capital Expenditures	12,038	140,169	140,337	(168)	77,000	140,169	140,169	40,700	12,000
Rev over Exp After Cap	102,358	65,898	85,727	19,828	92,922	65,899	65,899	102,051	55,936
Other Financing Sources & Uses									
Bond/Loan Proceeds	0	0	0	0					
Bond Issue Costs	0	0	0	0		0	0	0	0
Advances from CVCPOA, Net	0	0	0	0					
Transfer To Debt Service Fund	0	0	0	0					
Transfer From General Fund	0	0	0	0					
Transfer to Cap Projects Fund	0	0	0	0		0	0		
Transfer From (to) General Fund	0	0	0	0		0	0	0	0
Total Other Sources & Uses	0	0	0	0	0	0	0	0	0
Beginning Fund Balance	78,585	180,943	180,943	(0)	108,261	180,943	180,943	228,142	330,193
Ending Fund Balance	180,943	246,841	266,670	19,828	201,184	246,842	246,842	330,193	386,129

See accompanying accountant's report.

**CORDILLERA VALLEY CLUB METROPOLITAN DISTRICT
JANUARY 2011 ACCOUNTS PAYABLE**

Payables to be Approved

<u>VENDOR</u>	<u>DATE</u>	<u>DATE PAID</u>	<u>AMOUNT</u>	<u>ACCT #</u>	<u>DESCRIPTION</u>	<u>Approved By</u>
<u>Gate House Expenses</u>						
CenturyTel	12/14/10	1/18/2011	142.74	6060.1	Gatehouse Phone	Dan Carlson/Operations Committee
DirecTV	12/16/10	1/18/2011		6050.1	Gatehouse TV	Dan Carlson/Operations Committee
Eagle River Water & Sanitation	12/29/10	1/18/2011	35.84	6080.1	Gatehouse Water	Dan Carlson/Operations Committee
Holy Cross Electric	12/24/10	1/18/2011	297.71	6070.1	Gatehouse Electric	Dan Carlson/Operations Committee
Total Gatehouse Utilities			<u>476.29</u>			
<u>Operations Expenses</u>						
The Club at Cordillera	12/21/10	1/18/2011	100.00	5350.1	December Meeting	Finance & Administration Committee
Colorado Special District Property & Liab	01/01/11	1/18/2011	3,164.81	5400.1	2011 Insurance	Finance & Administration Committee
Edwards Building Center	12/06/10	11/16/2010	122.86	6300	Guardrail Repairs	Dan Carlson/Operations Committee
Grimshaw & Harring	12/31/10	1/18/2011	336.49	5300.1	General Legal	Finance & Administration Committee
Holy Cross Energy	12/24/10	1/18/2011	42.77	6300.1	Street Lighting	Dan Carlson/Operations Committee
	12/17/10	1/18/2011	57.73	6300.1	0033 Wilmore Drive	
Total Holy Cross Energy			<u>100.50</u>			
Home Depot	12/29/10	1/18/2011	127.23	6460.1	Ice Melt for West Gate	Dan Carlson/Operations Committee
	12/28/10	11/16/2010	3.97	6300.1	Sign on Legacy	
Total Home Depot			<u>131.20</u>			
Impact Graphic Signs	01/07/11	1/18/2011	25.70	6300.1	No Parking Sign	Dan Carlson/Operations Committee
Lone Star	01/01/10	1/18/2011	33,238.39	6370.1	Security	Contractual Agreement
	01/01/10	1/18/2011	265.00	6100.1	Gate House Repairs	
Total LoneStar			<u>33,503.39</u>			
Mountain Communications & Electronics	01/10/11	1/18/2011	18,086.00	7230.4	West Gate Project	Operations Committee
Robertson & Marchetti, P.C.	12/31/10	1/18/2011	2,666.00	5050.1	Accounting & Administration	Finance & Administration Committee
	12/31/10	1/18/2011	323.23	5400.1	Office Supplies	
Total Robertson & Marchetti, P.C.		1/18/2011	<u>2,989.23</u>			
SFB, Inc.	01/01/11	1/18/2011	3,646.42	6350.1	Operations Services	Contractual Agreement
	12/08/10	1/18/2011	42.38	6300.1	Guardrail Repairs	Operations Committee
Total SFB, Inc.		1/18/2011	<u>3,688.80</u>			
SHC Nursery	12/17/10	1/18/2011	157.95	6150.1	Christmas Light Repairs	Dan Carlson/Operations Committee
Special District Association	01/01/11	1/18/2011	763.46	5225.1	Annual Dues	Finance & Administration Committee
VAG, Inc	11/30/10	1/18/2011	2,504.80	7040.4	T&M Related to Berm Project	Board at Meeting
Accounts Payable Total			<u>66,282.68</u>			

ROBERTSON & MARCHETTI, P.C.

Certified Public Accountants

January 16, 2011

Board of Directors
Cordillera Valley Club Property Owners Association

I have compiled the accompanying balance sheet of Cordillera Valley Club Property Owners Association as of **December 31, 2010** and the related statement of revenues, expenditures and changes in fund balance historical, budget and forecast - for the twelve month period then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. I also compiled the budget for calendar year 2011, in accordance with standards established by the American Institute of Certified Public Accountants. The budgeted and forecast revenues, expenditures and changes in fund balance information for 2010 is presented for supplementary analysis information purposes only.

A compilation of historical financial statements is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

A compilation of a forecasted financial statement is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. I have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying forecasted statement or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected and those differences may be material. I have no responsibility to update this report for events or circumstances occurring after the date of this report.

Management has elected to omit substantially all of the disclosures and the statement of cash flows as of **December 31, 2010**, required by generally accepted accounting principles. Management has also elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures and statement of cash flows were included in the historical financial statements and if the summary of significant accounting policies were included in the budget and forecast, they might influence the user's conclusions about the Association's historical financial position, results of operations, and cash flows and the forecasted results of operations and fund balances. Accordingly, the historical financial statements and forecast are not designed for those who are not informed about such matters.

I also compiled the accompanying 2009 historical financial statements of the Association and my report thereon stated that I did not audit or review those financial statements and, accordingly, expressed no opinion or other form of assurance on them. The report noted that management had elected to omit substantially all disclosures and the statement of cash flows, and if these omissions had been included, they might influence the user's conclusions about the Association's 2009 financial position, results of operations, and cash flows. Accordingly, the 2009 financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to Cordillera Valley Club Property Owners Association

ROBERTSON & MARCHETTI, P.C.

Kenneth J. Marchetti, CPA
President

**Cordillera Valley Club Property Owners Association
Balance Sheets**

For the Dates Indicated Below

Printed: 01/14/11

	<u>12/31/09</u>	<u>12/31/10</u>
Current Assets		
Cash - Unrestricted Portion		
Cash - Checking FBOA	61	13,165
Cash - Petty Cash Checking	1,606	1,606
Cash - Savings FBOA	45,949	150,649
Cash - Savings Wells Fargo	0	0
Cash - Restricted Portion		
Cash - Savings FBOA	65,700	20,700
Total Cash in Banks	<u>113,316</u>	<u>186,119</u>
Accounts Receivable		
Assessments Receivable	13,053	1,250
Due from CVCMD	0	0
Gate Damage Receivable	0	0
Receivable from Developer	0	0
Other Accounts Receivable	0	0
Allowance for Doubtful Accounts	0	0
Total Accounts Receivable	<u>13,053</u>	<u>1,250</u>
Other Current Assets		
Prepaid Expenses	2,403	2,403
Total Other Current Assets	<u>2,403</u>	<u>2,403</u>
Total Current Assets	<u>128,772</u>	<u>189,772</u>
Property, Plant & Equipment		
Equipment	0	0
Accumulated Depreciation	0	0
Total Property, Plant & Equip.	<u>0</u>	<u>0</u>
Total Assets	<u>128,772</u>	<u>189,772</u>
Liabilities and Fund Equity		
Current Liabilities		
DRB Deposits	65,700	20,700
DRB Deposits Contra Account	(6,526)	(7,944)
DRB Interest Payable	0	0
Deferred Assessments	0	0
Accounts Payable	24,046	3,951
Accrued Liabilities	0	0
Accrued Payable - SQMD	0	0
Petty Cash Clearing Account	0	0
Due To SQMD	0	0
Total Liabilities	<u>83,219</u>	<u>16,707</u>
Fund Equity		
Working Capital Contributions	63,300	63,300
Fund Balances	(17,748)	109,765
Total Fund Equity	<u>45,552</u>	<u>173,065</u>
Total Liabilities and Fund Equity	<u>128,772</u>	<u>189,772</u>
	=	=

See accompanying accountant's report.

Cordillera Valley Club Property Owners Association
Statement of Revenues Expenditures and Changes in Fund Balance
Actual, Budget and Forecast for the Periods Indicated

Printed: 01/14/11

	2009	2010 YTD			2010 Adopted Budget	2010 Annual			2011	2012
	Actual Thru 12/31/09	Budget Thru 12/31/10	Actual Thru 12/31/10	Variance Favorable (Unfavor)		2010 Amended Budget	Remaining Budget	2010 Forecast Total	Amended Budget	Forecast
Operating Fund										
Revenues										
Regular Assessments	192,000	192,000	190,500	(1,500)	1,500	1,500	1,500	1,500	1,500	1,500
Special Assessments		0		0	192,000	192,000	192,000	192,000	192,000	192,000
RE Transfer Assessments	223,280	324,408	324,408	0	150,000	324,408	0	324,408	200,000	200,000
Design Review Fees	800	1,550	1,550	0	0	1,550	0	1,550	0	2,000
Club Impact Fee	26,863	27,938	27,938	0	27,938	27,938	0	27,938	29,056	29,927
Interest Income - Operating	3,153	1,182	1,047	(135)	4,000	1,182	(135)	1,182	1,200	1,200
Developer Settlement		59,272	59,272	0	0	59,272	0	59,272	0	-
Guidelines/Fines/Other Revenue	3,146	10,637	10,637	0	500	10,637	0	10,637	500	500
Total Revenues	449,243	616,987	615,352	(1,635)	374,438	616,987	(135)	616,987	422,756	425,627
Administrative Expenses										
Accounting, Admin & Management	33,497	34,500	34,500	(0)	34,500	34,500	(0)	34,500	34,500	34,500
Audit/Tax Prep Fees	650	650	0	650	650	650	650	650	650	670
Bad Debts Expense	0	0	0	0	0	0	0	0	0	-
Bank Charges	2,280	2,530	2,550	(20)	2,400	2,530	(20)	2,530	2,400	2,472
Community Marketing	24,000	24,000	24,000	0	24,000	24,000	0	24,000	24,000	24,720
Homeowner Relations	117	500	0	500	500	500	500	500	0	-
Income Tax Expense	717	0	0	0	900	0	0	0	300	309
Ins Expense, incl. D&O Liab.	2,383	2,625	2,403	222	2,625	2,625	222	2,625	2,625	2,704
Legal Fees	15,200	8,000	5,468	2,532	12,000	8,000	2,532	8,000	8,000	8,000
Meeting Expenses	351	700	704	(4)	0	700	(4)	700	700	721
Office Supplies & Expense	1,457	3,070	3,279	(209)	480	3,070	(209)	3,070	1,500	1,545
Total Administrative Exp.	80,652	76,575	72,905	3,670	78,055	76,575	3,670	76,575	74,675	75,640
DRB Expenses										
DRB Submittals	4,606	1,023	3,624	(2,601)	0	1,023	(2,601)	3,200	0	-
DRB Minor Modification	1,480	2,435	4,616	(2,181)	0	2,435	(2,181)	4,200	0	-
DRB General Overhead	14,412	12,000	13,525	(1,525)	12,000	12,000	(1,525)	12,040	0	-
DRB Special Projects	7,632	0	4,117	(4,117)	0	0	(4,117)	3,593	0	-
Covenant Enforcement & General	1,847	6,000	464	5,536	6,000	6,000	5,536	6,000	3,600	3,708
Rewrite DRB Guidelines		0	0	0	0	0	0	0	0	0
POA Meeting Updates	4,142	2,400	5,341	(2,941)	2,400	2,400	(2,941)	5,400	2,400	2,472
DRB Storage	2,400	2,400	2,000	400	2,400	2,400	400	2,400	1,200	1,236
DRB Landscape Architect Consultant Fees		0	0	0	0	0	0	0	0	-
DRB - Directors Fees	2,025	2,250	1,425	825	2,250	2,250	825	1,350	2,250	2,318
DRB - Meeting Expenses	958	2,000	0	2,000	2,000	2,000	2,000	0	0	-
Legal Fees	1,283	1,500	951	549	1,500	1,500	549	1,500	1,000	1,030
Total DRB Expenses	40,785	32,008	36,063	(4,055)	28,550	32,008	(4,055)	41,683	10,450	10,764
Public Safety										
Public Safety		4,000		4,000	4,000	4,000	4,000	4,000	4,000	4,120
Payment to MD for Public Safety	258,128	198,224	198,224	0	198,224	198,224	0	198,224	188,313	193,962
Total Public Safety	258,128	202,224	198,224	4,000	202,224	202,224	4,000	202,224	192,313	198,082
Community Operations										
Recreation/Fishing	1,815	2,724	2,724	0	2,000	2,724	0	2,724	2,750	2,833
Community Operations Bonus	7,830	0	5,100	(5,100)	0	0	(5,100)	0	0	-
Total Community Ops Exp	9,645	2,724	7,824	(5,100)	2,000	2,724	(5,100)	2,724	2,750	2,833
Capital/Project Expenditures & Xfers										
Water Tank Expenses-Engineering	6,355	7,281	7,281	0	0	7,281	0	7,281		
Water Tank Expenses-Architectural	8,070	20,448	20,448	0	0	20,448	0	20,448		
Water Tank Expenses-Legal G&H	1,825	61,683	61,683	0	0	61,683	0	61,683		
Water Tank Expenses-Legal S&H	2,779	11,138	11,138	0	0	11,138	0	11,138		
Water Tank Expense Reimbursement	0	0	0	0	0	0	0	0		
Recreation Path Requirement per PUD		0	0	0	20,000	0	0	0		
Garden/Water Feature		0	0	0	0	0	0	0		
Open Space/Fishing Rights	0	0	0	0	0	0	0	0	0	0
Transfer RETA for operations	0	0	0	0	0	0	0	0	0	0
CTC Funding ⁽¹⁾		15,272	15,272	(0)	0	15,272	(0)	15,272	82,605	
Transfer RETA for Capital	10,000	57,000	57,000	0	50,000	57,000	0	57,000	30,000	100,000
Total Capital Expenditures	29,028	172,823	172,823	(0)	70,000	172,823	(0)	172,823	112,605	100,000
Total Expenditures	418,238	486,354	487,839	(1,485)	380,829	486,354	(1,485)	496,029	392,793	387,319
Excess of Revenues over Exp. After Capital	31,005	130,633	127,513	(3,120)	(6,391)	130,633	(1,620)	120,958	29,963	38,309
Beginning Fund Balance	(48,753)	(17,748)	(17,748)	0	(4,380)	(17,748)	0	(17,748)	84,265	114,228
Ending Fund Balance	(17,748)	112,885	109,765	(3,120)	(10,771)	112,885	(1,620)	103,210	114,228	152,536

See accompanying accountant's report.

(1) While this item is being budgeted, it is not authorized for expenditure without further approval of the Board.

**CORDILLERA VALLEY CLUB PROPERTY OWNERS ASSOCIATION, INC
JANUARY 2011 ACCOUNTS PAYABLE**

Payables to be Approved

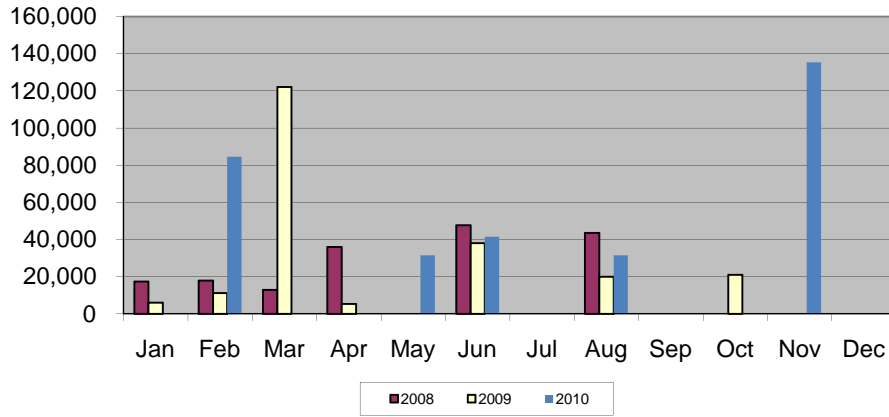
<u>VENDOR</u>	<u>DATE</u>	<u>DATE PAID</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>	<u>Approved By</u>
Cordillera Transition Corporation	12/31/10	01/18/11	12,022.00	Expense Reimbursement	Board at Meeting
Club at Cordillera	12/28/10	01/18/11	100.00	Annual Meeting	Finance & Administration Committee
Robertson & Marchetti, P.C.	12/31/10	01/18/11	3,575.38	Accounting & Administration	Finance & Administration Committee
Sherman & Howard	12/23/10	01/18/11	275.40	Legal	Board at Meeting
VAg, Inc	12/23/10	01/18/11	1,008.86	DRB Overhead	Board at Meeting
	10/31/10	01/18/11	200.00	Storage	
	11/30/10	01/18/11	200.00	Storage	
	12/31/10	01/18/11	200.00	Storage	
	01/31/11	01/18/11	200.00	Storage	
VAg Total			<u>1,808.86</u>		
Current Accounts Payable Total			<u>17,781.64</u>		

DRB Payables

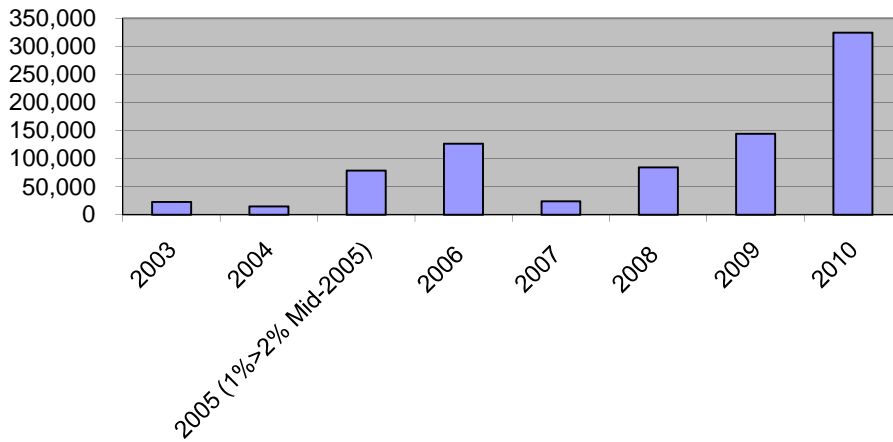
<u>VENDOR</u>	<u>DATE</u>	<u>DATE PAID</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>	<u>Approved By</u>
Peter Kyle				DRB Meetings	Finance & Administration Committee
Ruth Borne				DRB Meeting	Finance & Administration Committee
Suzy Carey				DRB Meeting	Finance & Administration Committee
Ted Leach				DRB Meetings	Finance & Administration Committee
DRB Total			<u>0.00</u>		
Total Payables			<u>17,781.64</u>		

Cordillera Valley Club POA
 Monthly RETA Report
 Data Through December 17, 2010

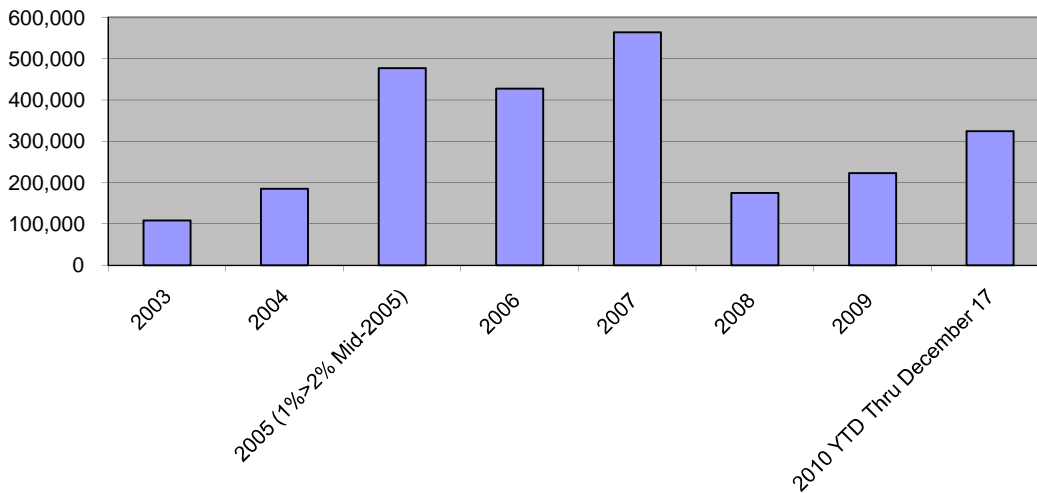
CVC Real Estate Transfer Assessments Monthly Comparison



YTD Total Thru December



RETA Annual Total ('10 YTD)



Cordillera Valley Club Property Owners Association
Real Estate Transfer Fees
December 21, 2010

Date Sold	Lot Number	Seller	Buyer	Address	Amount
02/05/10	Filing 1, Lot 6	Jonathan & Bethany Haerter	McKenna L Berlanti Trust	119 Juniper Ridge Road	54,000.00
02/05/10	Filing 1, Lot 15	Michael & Ann Lauterbach	Jonathan & Bethany Haerter	0854 Beard Creek Trail	30,500.00
05/28/10	Filing 2 Lot 19	Timothy & Bernadette Leiweke	Douglas & Audrey Fields	1372 Beard Creek Trail	31,500.00
06/21/10	Filing 1 Lot 9	Roy Faber Keithley	W. Lawrence & Andrea Elliott	614 Beard Creek Trail	41,508.00
08/27/10	Filing 5 Lot 1	Legends 232, LLC	Connie & Amy Dorsey	232 Legends Drive	25,200.00
08/27/10	Filing 9 Lot 9	TLH, Inc	Doug & Erin Blue	280 Legacy Trail	6,300.00
11/04/10	Filing 2 Lot 11	David & Jennifer White	Spring Creek Place LLC	50 Spring Creek Place	92,400.00
11/04/10	Filing 9 Lot 2	Panorama of the Rockies, LLC	141 Legacy Trails, LLC	141 Legacy Trail	43,000.00
			Total		<u>\$324,408.00</u>