

**NOTICE OF SPECIAL MEETING
JULY 13, 2019 10:00 AM PRIOR TO ANNUAL MEETING
PERMENANT WATER RIGHTS ACQUISTION PLAN
FOR
BEAVER LAKES ESTATES AND BEAVER LAKES ESTATES FILING #2**

NOTICE IS HEREBY GIVEN that Empire Lodge Homeowners Association (the "Association") Board of Directors will hold a Special Meeting on July 13, 2019 prior to the Annual meeting to discuss and vote on the following Permanent Water Rights Acquisition Plan:

#1 Legal Counsel / Section 5.2 - To solicit your proxy and/or vote to allow ELHA to engage legal counsel for the purposes of acquiring the Bale Ditch Water Rights that would replace the current Pueblo Water Lease that expires in 2030. If successful in acquiring the Bale Ditch Water Rights, we would expect to spend **up to \$225,000.00** in legal and engineering fees over the next two years (likely range is \$150,000 - \$225,000).

We are currently investigating the best funding mechanism for these fees. We are considering a special assessment spread over two (2) years or a possible mortgage through Mutual of Omaha or a similar institution (we would increase annual dues to cover the annual mortgage payments for a 15-year time frame). If at any time during the negotiations the Bale Ditch Water Rights were to be sold to a different entity other than ELHA we would terminate our legal pursuit and expenses with regards to the purchase.

We will need a 67% affirmative vote from a 33% Quorum of the membership at this meeting. A 33% Quorum as defined today, would be 60 members present or represented by proxy of which 41 members would have to vote to approve.

#2 Borrow up to \$700,000.00 / Section 5.10 - To solicit your proxy and/or vote to allow ELHA to purchase the Bale Ditch Water Rights. These funds would be borrowed from the Colorado Water Conservation Board (CWCB), or similar institution. Annual dues will be adjusted based on final sale price and interest rate. If at any time during the negotiations the Bale Ditch Water Rights were to be sold to a different entity other than ELHA we would terminate our pursuit of this loan with regards to this purchase.

We will need a majority vote from a 20% Quorum (**Section 3.10**) of the membership at this Special Meeting. A 20% Quorum as defined today, would be 36 members present or represented by proxy of which 18 members would have to vote to approve.

Summary: We know this is a lot of money but believe that this is in the best interest of the ELHA to acquire Permanent Water Rights. If you can not attend this special meeting, please fill out this Special Water Rights Proxy and mail it to ELHA address below so your voice can be heard. Please be sure to send your Proxy to arrive at ELHA **prior to July 11, 2019.**

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**Empire Lodge Homeowners Association
585 Empire Valley Drive
Leadville CO 80461**