

**Reminder:**

- The gates must always be closed after each use per the Court Order.
- All pets must be on leash and under control.
- Members will be fined for violations. See [www.beaverlakes.org/documents/](http://www.beaverlakes.org/documents/) for more information.



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**Board Meeting**

**May 18, 2019 – 8:00 A.M.**

**Board Members Present:**

Ken Berendt, Eric Flora, Andy Olear, Karen Runowski, Floyd Strader, Adam Wiens

**Board Members Absent:**

Rich Boon, Bob Dixon

**Lot Owners Present:**

Mark Larsen, Dan Wilke, Tim Ratterman, Jonathan Bratz, Demetria Ray, Janis Lind, Larree Morgan, Marty Stevenson, Kim Pierron, Warren Flint, Lila Land, Margret Sjoden, Glenn & Leona Brenchley.

**Caretaker:**

Mark Larsen

**Agenda**

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|--|----------------------|
| 1. Open meeting                              | Adam, Vice-President |
| a. All members please sign in                |                      |
| b. Board members present                     |                      |
| c. Excused absences – Bob Dixon, Andy Olear  |                      |
| 2. Approval of Minutes Posted on BLE Website | Andy                 |
| 3. Treasurer Report                          | Adam                 |
| 4. Caretaker's Report                        | Mark, Caretaker      |
| a. Progress Report                           |                      |
| b. Equipment Status                          |                      |
| 5. Architectural Controls Committee Report   | Marty                |
| 6. Dam Repairs Update                        | Karen                |
| 7. Water Options Update & Poll Results       | Karen                |
| 8. Septic Tank Replacement Update            | Ken                  |
| a. Engineering & Estimates                   |                      |
| b. Construction Schedule                     |                      |
| 9. Short Term Rental Update                  | Adam                 |
| a. Vote Results and Covenant Change          |                      |
| b. Next Steps                                |                      |
| 10. Nextdoor Clarifications                  | Adam                 |
| 11. Gate History                             | Adam                 |
| 12. Board Member Nomination Deadline         | Adam                 |
| 13. Other Topics from Members                |                      |
| 14. Adjourn                                  | Adam                 |

## Minutes

1. Open meeting – Adam opened the meeting at 8:05am Adam, Vice-President
  - a. Board members present Ken Berendt, Eric Flora, Andy Olear, Karen Runowski, Floyd Strader, and Adam Wiens.
  - b. Board members absent: Rich Boon and Bob Dixon. The Board voted unanimously to accept these as excused absences.
  
2. Approval of minutes as posted on BLE website  
There were no changes to the minutes from those present; Ken moved and Karen seconded approval as posted; the motion passed unanimously.
  
3. Treasurer Report Andy

Andy reported the fiscal year-end accounting is being finalized at this time and will be complete soon. Andy noted this is the first year-end close for our new accountant and the previous accountant is helping. He summarized the major expenses last year such as roof replacements, engine replacement, etc. We have 2 members who are currently delinquent and are in the collections process. [After the meeting this was corrected there is only one member who is delinquent.] This caused the income to be slightly below budget. [After the meeting it was noted by Bob Dixon an additional reason for lower income was a reduction in the number of dues paying members after the budget was completed in December 2018.] Cabin income was down due to closures caused by septic problems, dead animal in inaccessible crawl space, etc. Personnel expenses were up due to the very heavy winter requiring additional help to keep the roads plowed. Larree Morgan asked why the insurance costs were high and offered to investigate other carriers. [After the meeting Andy determined the report for fiscal year (FY) 2018/2019 includes two annual premiums, one for FY2018/2019 paid at the beginning of the FY and one for FY 2019/2020 paid at the end of the FY.] Andy noted there are some capital improvement expenses on-going including cabin upgrades and dam maintenance. The Board is maintaining a spreadsheet of the major expenses and will continue to track the actual expenses to see how we're doing. Overall expenses were in line with the budget and we had about \$17,000 budget surplus, which was planned and will be included in the heavy equipment improvement fund. This fund will be used in the future as our equipment continues to age.
  
4. Caretaker's Report Mark, Caretaker
  - a. Progress Report  
Mark indicated Tyler continues to work on the road and other items. He noted the carbide teeth on the grader blade that were installed last year are showing their value in breaking up the rocks and allowing better road grading. The work has started on the dams and will be in full swing soon. They will also be starting the septic system replacement (see more info in agenda item below).
  - b. Equipment Status  
Mark reported he completed the truck engine replacement and it is running well. Research indicates that particular engine has a history of issues and he will keep track of how it's doing. The grader is down for major maintenance right now. Other equipment are running but the aging equipment requires significant maintenance.
  
5. Architectural Controls Committee (ACC) Report Marty

Marty reported one application was approved for a garage addition and patio enclosure.

6. Dam Repairs Update

Karen

Dam maintenance has started including a video of the overflows scheduled to be done in the next few days, measurements of the seepage, evaluation of the structure, etc. The lakes will be lowered for the maintenance then refilled using spring runoff. We are attempting to minimize impact on the fish by keeping the level as high as possible and minimizing the duration of the lower levels.

7. Water Options Update & Poll Results

Karen

Karen reported we are currently 20 years into a 30-year lease and we're looking into options for the future. A poll was conducted with overwhelming support from the BLE members to explore a permanent purchase of water at a higher initial cost but avoid the water leases in the future.

There was an option to share water rights with another subdivision but it fell through and we are pursuing the water as the sole buyer. In order to obtain permanent, senior water rights, the largest cost is for the water, and there will also be significant legal and engineering costs to assure the purchase is processed correctly. The best option currently is to finance the cost of the water (30-year mortgage with an interest rate of only 3% and the water rights constitute the collateral), pending mortgage approval. Once that 30-year mortgage is paid BLE will own the water rights. Legal and engineering may cost up to \$225,000 and will require either a one-time special assessment or we may pursue a separate mortgage for those costs also.

A vote of the BLE members will be required, but will not require the full main-in ballots. The vote will be more like the annual meeting votes and must be at a special member meeting. The information and ballots for the water rights purchase will be mailed out with the annual meeting information and the vote will be held prior to the July annual meeting. The plan is to hold a special member meeting regarding water rights at 8:00am the day of the annual meeting with the annual meeting following at 9:00am. The overall process to obtain the rights may take several years.

Karen noted the current lease allows them to raise the costs up to 5% each year and they have averaged approximately 3.75% each year, so the cost keeps going up. The 30-year mortgage or the purchase option will be a constant amount.

Dan Wilke stated he believes this is very good and what BLE has wanted for a long time. Dan asked if these are senior water rights we are pursuing. Karen indicated they are senior rights with an old date that gives them priority.

Dan asked if there are others competing for these rights. Karen indicated water rights are in high demand in this area and there is a commercial entity considering them as an investment. Marge Sjoden asked if we could provide a letter of intent to show we are serious and reduce risk of losing them. Karen indicated she is in continuous contact with them, shared the results of our survey, affirms that we are very serious, etc. to make sure they fully understand we plan to move as fast as possible and are a very viable buyer.

**It's very important for members to attend or provide a proxy for the special members meeting in July to show we have the will to purchase these water rights and assure the process continues smoothly.**

A member asked if there would be a penalty for breaking the current lease. Karen indicated there probably will be and she included an amount in her estimate of total legal costs. Negotiating termination of that lease will be part of the legal costs. Karen reviewed the rules for voting at the special member meeting, e.g. what

constitutes a quorum and percent required to approve the special assessment and water mortgage. Larree Morgan asked if the special assessment could be split across 2 years since all the money won't be needed the first year. Karen indicated this is a good idea and she will explore this option with our attorney through Bob Dixon.

Marty and Adam expressed deep gratitude to Karen for all her work to provide this great opportunity for the long-term good of BLE.

8. Septic Tank Replacement Update

Ken

a. Engineering & Estimates

The septic system for the campground, shower house completely failed last summer. The lodge, and cabin 4 are on a separate but very old system. We will replace both systems this summer. We have completed the engineering for a new system and submitted for permits.

b. Closures

The Campgrounds will not be taking new reservations until mid-June/early July due to the septic system replacement. The restroom at the Lodge and the Miners' Cabin (Cabin 4) will remain available for reservations but will experience a shut down for a brief period when the connection to the new system is made. We are sorry for the inconvenience.

c. Construction Schedule

Marty and Mark are meeting with the contractor later today and expect them to start soon. They are attempting to minimize the impact on use of the facilities. Ken will continue to post updates on Nextdoor and the BLE website.

9. Short Term Rental Update

Adam

a. Vote Results and Covenant Change

Adam reviewed status of the covenant change. The Short-Term Rental (STR) vote has closed and the results are as follows:

93 – Voted IN FAVOR of and APPROVE the Proposed Amendment

61 – Voted AGAINST and REJECT the Proposed Amendment

This vote is enough to adopt the change and the new "Full Amended and Restated Declaration of Restrictive and Protective Covenants for Beaver Lakes Estates and Beaver Lakes Estates Filing #2 (Approved April 2019)" is posted to the BLE website and recorded with the Lake County Clerk.

Larree Morgan asked if votes were allowed from members delinquent in dues? The people at this meeting were not certain of the answer to this question. Adam will contact Bob Dixon and the attorney for the definitive answer. [After the meeting Bob Dixon indicated no vote was recorded for the one delinquent member.]

b. Next Steps

Current STR properties have 90 days from the adoption of the amendment to be in compliance. The 90-day period ends July 21, 2019. Larree Morgan asked how it will be "policed". The Board will deal with reported violations in the same manner as other violations of BLE rules and covenants.

If a member would like to review the results of the vote, they can do so at the Empire Lodge Homeowners' Association (EHLA) attorney's office in Lakewood, CO. The ELHA Governing Documents require ten (10) days' notice for an appointment to inspect any ELHA documents. Contact information for our attorney's legal assistant is below:

Andrea Cicero, Legal Assistant  
 555 Zang Street, Suite 100  
 Lakewood, CO 80228-1011  
 Main 303.432.9999  
 Fax 303.991.2045

c. Attorney costs associated with STR results review are as follows:

1. ELHA will pay for the 1st hour of attorney fees for review by a member.
2. If the review takes more than 1 hour, the member will be billed directly \$115.00 an hour by our attorney for any time over the first hour.

10. Nextdoor Clarifications

Adam

Adam reported there was a post on Nextdoor that BLE may not be adequately keeping reserves and we may need to have a "reserve study". The Board does not use Nextdoor to conduct business since not all members are on Nextdoor. Since this was stated on Nextdoor and was incorrect, the following clarifies the BLE reserves:

"It is the Board's policy to not use Nextdoor to conduct formal business because not all members are part of Nextdoor. However, when incorrect information like this is posted on Nextdoor we are compelled to reply. The statement made here *"It seems odd that an HOA with \$179,000 of reserves has to raise HOA dues to cover upgrades we need to make."* is incorrect.

The \$179,000 referred to here is a combination of day-to-day operational expenses and reserves. The breakdown of our reserves as of the report that was referenced is as follows:

Designated - Reserve (required by state law)	\$20,000.00
Designated - Heavy Equip Replacement	\$47,803.95
Purchase of Front-End Loader (not yet recorded)	(\$39,000.00)
Designated - Contingency	\$34,552.27
Designated - Fishing Funds	\$177.79
<b>Total Reserve</b>	<b>\$63,534.02</b>
<b>Less State Requirement</b>	<b>(\$20,000.00)</b>
<b>Total Available Reserve as of Oct 31, 2018</b>	<b>\$43,534.02</b>

We review the current year's budget every board meeting and provide updates because these numbers change constantly. We also prepare the upcoming fiscal year budget every year (as required by our governing documents) in the Nov/Dec board meeting. We encourage all members to attend all board meetings but specifically the Budget Meeting in the Nov/Dec time frame. All of this information is posted on our official ELHA website."

Larree Morgan asked if the state law requires a member vote to approve the budget. Adam indicated that the Board votes to approve the budget. Karen and Andy reviewed our budget process. The Board encourage members to attend the budget meeting in November. Lila Land indicated we may have been grandfathered

into state laws that do not require a member vote on the budget. The Board will check if there is a member vote required.

#### 11. Gate History

Adam

Adam indicated the gate history comes up periodically. Ken read the following that was compiled by Bob Dixon:

“2005 – After a long and costly court battle the judge ruled that both gates must be closed at all times. The judge also ruled the cattle guard that had been installed at the upper gate location be removed and the gate be put back in place. Prior to the long court battle BLE had removed the gate and installed the cattle guard without permission.

Below is an excerpt from old rules and regulations:

A Court Order in 2005, regarding our road’s Easement, states that the two gates at the east and west end of the Moyers’ ranch property must be closed at all times. Therefore, the Board will consider all reported violations as a group for evaluation before implementing the following Policy:

All Members, their guests, family members, agents, servants and employees must keep the gates at both the eastern and the western entrances of the Easement closed at all times when not in use for entry or exit. If another person(s) is within view, it is the responsibility of the one who opened the gate to either close the gate or wait until the other person(s) closes it before proceeding.

2009 – ELHA was seeking to establish a Metro District (covering the existing road) and that process was taken to court. The Moyers prevailed based on conflict of interest at the time with one board member. Ever since that time we have tried to work with Jim Moyer to get better access for our members. Electric gate(s) have been proposed more than one time and were rejected. In the last few years Jim has been kind enough to allow us to leave the upper gate open in the winter when his cattle are not present. We continue to be hopeful at some point Jim will allow us to consider alternative methods/solutions to the current gate situation.

**Until then, we ask that the Board be the ones to approach Jim (Ken Donoher has been a huge help to the Board in the past) and individual members refrain from trying to contact him.”**

#### 12. Board Member Nomination Deadline

Adam

Adam indicated May 31, 2019 is the deadline for submitting self-nominations for the Board positions. There are 2 openings, Ken’s and Eric’s current terms are completing. Ken indicated he will run for re-election and Eric will decide about running prior to the deadline. Dan Wilke indicated it would be helpful if individuals provided in their bio why they are running, what they’ve done, and what they would like to see done.

Bios received will be sent out with the ballots in June to assist Members in deciding their vote.

Bios should be sent to:

Empire Lodge Homeowners’ Association  
585 Empire Valley Dr  
Leadville, CO 80461

#### 13. Other Topics from Members

Members

a) Warren Flint asked about the BLE-owned property for sale. Karen indicated we were unable to get the survey done until recently due to weather. There is also a ditch through the property and BLE needs to record an easement for that ditch, which cannot be done until the survey is complete. Karen will be talking to a surveyor next week. The schedule will depend on the time required to record the easement with Lake County.

- b) Floyd's vehicle was hit on the BLE road last Friday and asked people to be careful and keep to the speed limits.
- c) Dan Wilke asked people to review the fishing regulations now that fishing is open again. People needing fishing badges should contact Tim Ratterman ([tratt9@gmail.com](mailto:tratt9@gmail.com)). Dan also noted they are seeing fewer fishing violations and that is greatly appreciated, please keep it up. Tim emphasized the need for people to record fish taken from the upper lake at the kiosk, so we know how many fish remain in the lake. Fish for restocking have been ordered and will be delivered in early June. There has been a small increase in cost. Adam asked the amount over be provided to the Board to investigate options. It was noted there are some funds in the Fishing Fund and members are encouraged to contribute to the fund.

14. Adjourn: The meeting was adjourned at 9:30 am.

**BLE Office Contact Information:**

- BLE Web Site: [www.beaverlakes.org](http://www.beaverlakes.org)
- E-mail Address: [beaverlakesestates@gmail.com](mailto:beaverlakesestates@gmail.com)
- Phone: 719-486-0978
- Address: 585 Empire Valley Drive  
Leadville, CO 80461

**Future Meeting Dates for 2019:**

- July 13 – Water Meeting, Annual Member Meeting & Member Picnic
  - Possible Special Member Meeting re: Water Rights 8:00am
  - Annual Member Meeting 9:00 am
  - All-Member Picnic 12:00 noon
- September 7 – Board Meeting 8:00 am
- November 23 – FY 2019-2020 Budget Meeting 9:00 am