

**Reminders:**

- **Please provide addresses/contact information updates to Ken Berendt so you get important information.**
- **All members will soon receive a ballot for the Permanent Water Rights Special Assessment as discussed at this meeting and in the minutes below. Please watch for it in the US mail and return the ballot quickly so BLE can move forward on this important community improvement.**



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**Special Water Rights Meeting Agenda  
Held Virtually Due to Continued Large Meeting Restrictions**

**July 25, 2020 – 8:00am**

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|---|-----------------|
| 1. Open meeting   | Adam, President |
| a. All members please sign in                                       |                 |
| b. Board members present  |                 |
| c. Determination of Quorum  |                 |
| 2. Status of Potential Permanent Water Rights Contract              | Adam/Karen      |
| 3. Funding Alternatives, incl Potential One-Time Special Assessment | Karen           |
| 4. Adjourn  | Adam            |

**Minutes**

Due to pandemic orders in response to the COVID-19, this meeting was held as a virtual meeting with ability for all members to join.

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|--|-----------------|
| 1. Open meeting – Adam opened the meeting at 8:00am  | Adam, President |
| a. Identify members signed into virtual meeting.   |                 |
| A total of 53 signed in, some identified only by a phone number.   |                 |
| Attendance based on identities provided in virtual sign-ins include: Brad Allen, Jeff Anderson, John & Aagie Barber, Ed Batterson, John Boak, Demetria & Jonathon Bratz, Leona Brenchley, Bob Dixon, Ken Donoher, Stewart Douglass, Kim Etter, Tyler & Emily Fuller, Laurie Hampton, John Henry, Ute Herzfeld, Cathy Kaldany, Christopher Kearns, Linda Keller, David & Sherry Kuekes, Ed Kuiper, Lila Land, Julia Laster, Jeff Leach, Mark Leonard, Miranda McNamee Troy Oliver, Curtis Over, Jim Perkins, Steve Petersen, Kim Pierron, Jeff & Makayla Profera, Mark Richter, Brian Runowski, Brad Segal, Margret Sjoden, Jesse Smith, Marty Stevenson, Charles Swarts, Connie Whalen, and Dan & Jean Wilkie. |                 |
| b. Board members present: Ken Berendt, Rich Boon, Eric Flora, Karen Runowski, Andy Olear, and Adam Wiens.  |                 |
| c. Board Members Absent: None.   |                 |
| d. Caretaker present: Mark Larsen.   |                 |
| 2. A Status of Potential Permanent Water Rights Contract   | Karen           |

Adam summarized the purpose of this special meeting is to provide updates on the progress toward the purchase of permanent water rights and inform members of the upcoming vote for a special assessment to

generate funds required for the early phases of the purchase. Karen provided details on the status of the water contract, which has been a long process due to the great complexity of water rights. This included BLE rejecting a proposal that included an unacceptable clause that would have put an additional liability on BLE. BLE is anticipating an acceptable contract proposal once we have an established plan for funding the purchase, including member approval of the special assessment. She also provided a summary of the efforts to get a loan to pay for the rights. Our original plan was to get a loan through a State of Colorado program for water purchases but that is now unlikely due to Colorado budget issues related to the pandemic. Multiple other loan sources have been investigated and all require a substantial down payment requiring a special assessment to demonstrate commitment of the community to pay back the loan, but also to reduce the principle of the loan to keep the annual payments to a tolerable level. Lenders require this substantial down payment to lower their risk and assure the community is invested in the purchase. Karen then shared the purchase estimate document that will be sent to all members along with a ballot for the special assessment. This special assessment will be \$1,750 and planned as a single payment due mid-September 2020.

Karen provided a summary of a recent water court ruling for which BLE successfully obtained permanent water-exchange rights. BLE received no opposition in this case, which we hope shows a precedent for the permanent rights we wish to purchase.

Karen also noted the water in our lakes is extremely important for fishing, fire protection, water to support road grading, and increases all home values.

### 3. Funding Alternatives, incl Potential One-Time Special Assessment

Karen

Karen provided a projection of the cost for water with and without purchasing permanent water rights. This analysis shows the clear long-term financial advantages of purchasing the permanent water rights which requires the special assessment. Continuing the current water lease avoids the special assessment but results in substantially higher long-term costs.

Brad Allen asked about the seniority of the rights we plan to purchase and how that might affect our rights. Karen indicated the rights we're purchasing are very senior, e.g. early 1800s. She noted any water owner in the Arkansas Valley can raise concerns or oppose our purchase, but since nobody objected in the permanent exchange case cited above, she is hopeful there will be no opposition for this purchase. She reviewed other water rights in the area and the rights we are purchasing have more water available and are more senior than many others. She also noted we currently have very junior water rights, which requires our current expensive water lease from Pueblo.

Ute Herzfeld asked if there was a time-payment plan for the special assessment and what's the location of the Bale Ditch. Karen indicated it's a one-time, single payment assessment and the Bale Ditch is in Chaffee County, outside of Salida. Adam added this assessment is separate from the dues. The long-term savings on water costs won't affect the dues in the short-term since we have to continue our water lease until this purchase is completed but it will be a very positive long-term effect. Adam added, we will have approximately a \$300,000 down payment after our due-diligence period and we need the special assessment to fund that down payment. If there are members that have a problem paying the Special Assessment in a single payment, the Board will work with them on a payment plan. Ute asked if the annual dues could be reduced this year to help offset the special assessment. Adam replied the annual dues cover the on-going expenses maintaining BLE which still must be performed, so the dues must remain in place to pay for on-going expenses.

Bob Dixon expressed deep gratitude to Karen and the Board regarding the long, hard work required to make this happen, which will be great for BLE. He asked if the special assessment would be refunded if the contract falls through for some reason. Karen indicated the portion which had not been spent on legal fees would be refunded.

Dan Wilkie indicated he was very impressed and thankful that Karen and the Board has persevered on this effort. He asked about the overall timeline. Karen indicated there are lots of steps to go through and she has asked how long it might take but there are no concrete answers. She estimates it will take 2 to 3 years to complete the purchase but there are a few cases in the past that took longer. Dan added the Permanent Water Rights will be an asset to the BLE community which will increase in value, as well as increase the value of all homes on BLE.

Ed Batterson noted that permanent water rights don't come up for sale often and this is a rare opportunity that we need to take advantage of now. It's unlikely we'll get another chance soon to purchase permanent water rights.

Kim Pierron asked if the special assessment could be spread out for all members. Karen indicated we need most members to provide a single payment due to the large down payment and up-front legal fees. Adam noted we can extend our due diligence by a couple months to delay the down payment, but the maximum is 6 to 9 months and at that time we must have the \$300,000 down payment to meet the contract.

Ute Herzfeld asked if the special assessment could be broken up into 2 payments in subsequent years. Karen indicated she understands that would be advantageous to the members, but the money is needed within the first year. Adam reiterated we will work with individual members that need a payment plan as needed. Having most of the special assessment funds will allow BLE to close the contract and get the best rate for the loan to cover the remainder of the purchase price.

Karen asked about a water special assessment that happened about 10 years ago. Rich indicated it was over \$2,000/member and only gave us the rights to fill the lakes using the leased water. This purchase will give us permanent water rights and allow us to end the ever increasing lease costs.

4. Adjourn – Adam adjourned the meeting at 9:05am.

**BLE Office Contact Information:**

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**Future Meeting Dates for 2020:**

- November 21 – Board Mtg for FY 2021-2022 Budget 9:00 am