

# **HERMIT LAKES RECREATION, INCORPORATED.**

## **BY-LAWS OF THE CORPORATION**

**Approved June 26, 2021**



**Member Certificate Number** \_\_\_\_\_

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**BY-LAWS  
OF  
HERMIT LAKES RECREATION, INCORPORATED.**

**ARTICLE I  
Meetings**

The annual and all special meetings of the membership of this Corporation known as Hermit Lakes Recreation, Incorporated here after known as the Corporation, shall be called to order by the president, or in his/her absence by the vice president. In the event neither of these officers is present either, the secretary of the Corporation shall call the meeting to order. The membership present shall select from among their numbers, a chairman for that meeting who shall preside over all of its deliberations.

The secretary of the Corporation shall act as secretary of all meetings of the members and keep the minutes thereof and shall ensure the recording of all the meetings including the minutes of the directors' meetings, be kept either electronically or in a well-bound book as permanent records of the Corporation. These records shall at all times be in her/his charge and under her/his control. Any member of the Corporation in good standing may at any time obtain from the secretary a certified copy of all or any of the minutes of the Corporation. The Board of Directors shall assess a reasonable fee for all requested transcripts other than annual meeting packet copies.

All members shall check in with a designated person at the site of the Annual Meeting to sign for a ballot for themselves and their proxies prior to the commencement of that meeting.

**ARTICLE II**

**Order of Business**

All official meetings of the Corporation shall be conducted according to the Roberts Rule of Order as adopted by the Board of Directors. Meetings shall be conducted according to a standard agenda set 45 days prior to the Annual Meeting and 20 days prior for all other official meetings.

1. Members may submit items for the agenda to the secretary prior to the 45-day deadline for Annual Meetings and prior to the 20-day deadline for all other meetings.
2. Agenda items may not be added after the set time frame unless otherwise authorized by the Board of Directors.

3. Minutes shall be maintained for all official meetings conducted by the Board of Directors and Standing Committees.

The order of business at all annual meetings of the members of the Corporation shall be substantially as follows:

1. Roll call and establishment of a quorum.
2. Reading of Official Call for the meeting.
3. Proof of mailing Notice of the meeting
4. Introduction of guests and new members.
5. Approval of the Agenda.
6. Reading and approval of Minutes of last annual meeting.
7. Financial Report and Audit Report.
8. Report of Standing and Special Committees.
9. Old Business
10. Proposed Annual Budget and Assessments for next fiscal year.
11. Election of Directors.
12. New Business.
13. Adjournment.

The order of business as stated should be followed with such modifications as are appropriate at Standing Committee meetings and special meetings of the membership.

### **ARTICLE III**

#### **Nomination and Election of Directors**

Any member of this Corporation in good standing may nominate as a director any other member in good standing, and the election of such director shall be by ballot. The member receiving a majority of all votes cast shall be declared to be the director elected. In the event that on any ballot where several members are candidates, for the office of director and no one person had a majority of all votes cast, the person receiving the lowest number of votes shall be dropped from the

list of candidates. A ballot shall be taken and so on until some member has received a majority of votes cast.

Certificate Holders may vote by proxy executed in writing by such Certificate Holder at all membership meetings and submitted to the board prior to membership meetings. One member may act as proxy for as many other members as wishes to designate him/her as such. Each member shall be entitled to one vote for each membership held by him/her and one vote for each membership proxy held by him/her.

## **ARTICLE IV**

### **Committees**

The Corporation shall appoint and approve two forms of committees, Standing and Special. Standing Committees are appointed. Appointments are reviewed at the Annual Meeting and approved by the membership. The Board of Directors shall appoint Special committees from members in good standing.

1. The three (3) Standing Committees selected by the members at the annual meeting of this Corporation are known to be the:
  - a) Grounds Committee,
  - b) Fish Committee:
  - c) The Recreation Committee.
2. Each of the Committees shall consist of at least (3) members of the Corporation in good standing.
3. **The Grounds Committee** shall be responsible for suggesting rules, regulations and recommendations to the Board for the general care of the property of the Corporation. This includes recommendations to the Board of Directors for member plots selection or re-location of a plot.
4. **The Fish Committee** shall be responsible for suggesting rules, regulations and recommendations to the board pertaining to fishing, the purchasing and stocking of fish and fish habitat.
5. **The Recreation Committee** shall be responsible for suggesting rules, regulations and recommendations to the board for the business of coordinating and planning group recreational activities for the members of the Corporation.
6. Each of said committees shall be under the general supervision of the Board of Directors and all rules and regulations recommended by such committees shall be subject to approval by the Board of Directors.  
 Each Standing Committee shall prepare a written report for the Annual Meeting outlining the status of the committee, current projects, and expenditures. A report shall be made to the Board of Directors at the Spring

Budget Meeting either orally, via telecommunication or written for approval. The final written report shall follow this meeting and is due May 1 to be included in the Annual Meeting Packet.

7. The Board of Directors may from time to time appoint Special Committees, as they may deem advisable. Such committees shall expire once they report to the Board of Directors with their findings and recommendations.
8. All committees shall consist of least three (3) members, and each committee shall have the power to select its own chairman and secretary.
9. No committee shall have any power or authority to create any indebtedness against the corporation, or to act for or on behalf of the Board of Directors, unless prior written authority specifically authorizing the committee to act on behalf of the Corporation is obtained from the Board of Directors. All action by committees shall be advisory to the Board of Directors.
10. A Procedural Manual shall be developed and approved by the board for each Standing Committee.

## **ARTICLE V**

### **Building Plots**

1. Each member of this Corporation shall be entitled to a building plot that should not exceed 10,000 square feet of ground, upon which the said member may erect a structure for private use by the member and guest. This plot of 10,000 square feet will not include the well, septic and the leach field which may lie on corporation commons. In the event of the erection of a structure or other permanent improvements, such member shall pay the taxes assessed and levied upon such improvements. The taxes on the ground itself shall be assessed to and levied against the Corporation and paid from its general fund.
2. The Board of Directors shall be responsible for maintaining a plat of the Corporation's property. All plots shall be located on the Master Plat Plan. The number of building plots shall not exceed one hundred and twenty-two (122). No member plot shall be physically relocated unless required due to an unexpected natural disaster. In the event such a disaster occurs, the Grounds Committee, at the direction of the Board of Directors, shall assist the member with site relocation. No improvements shall be made on the new or relocated plot until the member is notified, in writing, of the approval of the board.
3. The Corporation shall develop a Master Plat Plan.

The Master Plat Plan Manual shall have a plot description, a picture of the plot, its dimensions, current member assigned to the plot and when the plot was approved. This manual shall be kept, as an official record of the

corporation by the Secretary of the Corporation in a location deemed safe and secure.

4. It shall be the policy of the Hermit Lakes Corporation that the area referred to as 'Upper Hermit Lakes' will not be available for selection of membership plots. This area shall remain undeveloped in relation to membership expansion or plot expansion. No new plots shall be developed within 100 yards of any lake.
5. No new plots shall be developed within 100 yards of any lake.
6. Certain plots have been deemed not suitable for building plots by the board and are referenced within the Grounds Committee Procedural Manual.
7. Excluding a member's approved 10,000 sf cabin site, well and septic system, no member may place any type of structure, either temporary or permanent, on or in Hermit Lakes common property, shoreline, streambed or body of water without first submitting a written request and design drawings to the Board of Directors. The Board of Directors, at their discretion, may approve or disapprove the structure request by a majority vote. All existing structures may continue to be maintained by members and are considered grandfathered. All members may access structures located on Hermit Lakes' common property. The aforementioned requirements shall not be construed to restrict the Board of Directors from building, remodeling or placing any structure on or about any Hermit Lakes common property for the purpose of maintenance, remodeling or expansion of the common structures.
8. Hermit Lakes members wishing to bring any portable metal container structures (i.e., CONEX shipping containers, boxes from cargo trucks, or semi-trailer box) will submit a written request to the Hermit Lakes Board and the Grounds Committee prior to moving any container structures onto Hermit Lakes Property. This request will include a design drawing of the location of the structure on the member's 10,000 sq. ft. plot plan. Upon Board approval, the member will have one calendar year to side the container structure with natural wood siding, or a likewise synthetic material, and to cover the unit with a pitched roof capable of meeting Hinsdale County snow load requirements. The member will work with the Grounds Committee regarding location, material, siding and roofing of the proposed structure. The Grounds Committee will recommend to the Board the configuration of the structure. The Board will render a final decision on the matter.

## **ARTICLE VI**

### **Income & Expenses**

1. The salaries of all employees of the Corporation, taxes assessed and levied upon its property, and all other expenses of maintaining, improving and operating the Corporation shall be paid from income derived from the Corporation's operations. The Board of Directors shall recommend annual assessments at the members' Annual Meeting. These assessment recommendations for the budget year shall be approved by the membership by a majority vote.

The Board of Directors and committees shall serve as volunteers or serve in a voluntary capacity not due compensation for other than normal Corporation operating expenses.

2. Annually, the Board of Directors shall develop a budget for the ensuing year based on the best available information of anticipated revenues and expenditures. Revenues and expenditures shall be assigned to specific categories which best describe the source of revenues and purpose. The budget as presented to the certificate holders at the Annual Meeting shall be a balanced budget. The budget shall footnote all anticipated Capital Improvements projects and the estimated cost of each. The proposed budget shall be prepared and mailed to the membership in the manner required by Article V, Section 4, of the Articles of Amendment of Certificate of Incorporation of Hermit Lakes Recreation, Inc.

Such assessment shall be taken and held as indebtedness due to the Corporation by each certificate holder. If a certificate holder is in default of payment of the same by August 10<sup>th</sup>, interest at the rate of one and three-fourths percent (1¾%) per month will be charged. The membership privileges held by the owner of such certificate holder shall stand suspended until such time as the assessment plus interest have been paid. Action by the Board of Directors is not required.

3. The Board of Directors shall not create any indebtedness against the Corporation or its property in excess of twenty percent (20%) of the total amount of the current year's approved budget without prior approval of a two-thirds (2/3) majority vote of the members of the Corporation, except in the event of a natural disaster or major emergency. In case of such event, the Board of Directors is authorized to expend up to \$100,000.00.
4. Should the Board of Directors determine that, in order to maintain the property of Hermit Lakes Recreation Inc., it is necessary to spend funds in excess of the 20% limit, including a natural disaster or major emergency, the Board of Directors shall, as soon as possible, notify



all certificate holders by certified first class mail. The notice shall state the reason(s) for the expenditure, the amount of the funds anticipated to be spent, and the source of those funds.

5. The Board of Directors shall develop and maintain a Financial Procedural Manual to govern the use of Corporation dollars.
6. All checks issued by the Corporation shall require signatures of two (2) board members. Any expenses over \$2,000.00 shall require board approval by a yes or no vote. All board members shall receive monthly a general ledger and checking register (bank statements) for review and approval.

## **ARTICLE VII**

### **Audit**

1. Any member of this Corporation shall have the right at any and all reasonable hours to personally inspect the minutes and all books of account of Hermit Lakes, Recreation, Inc., or its members may, if they desire, at any regular or special meeting of the Corporation, appoint an auditing committee or employ a regular certified accountant for the purpose of auditing all books and accounts of the Corporation. In the event of the employment of a public accountant for the purpose of making such examination, the fees of such accountant and the expense of making such examination shall be defrayed by those members demanding his employment and the creation of such expense, and they shall deposit a sum sufficient for the payment of such fees and expenses with the Treasurer of the Corporation prior to the making of such audit and examination. The members requesting the audit shall arrange with the person employed to take care of his/her compensation and shall secure from the Auditor, prior to the making of such audit and examination, a written statement to the effect that he shall not look to this Corporation for the payment of any such fees or expenses.
2. By September 30<sup>th</sup> each year, the Board of Directors may appoint a Special Committee comprised of at least two Directors to review the annual expenditures. The committee shall review the financial statements and approval for expenditures for the previous year. This review should occur prior to the date of the board's Spring Budget Meeting. All findings shall be reported and read into the minutes to the full board.
3. An independent financial audit shall be required of the Corporations financial reports from time to time as deemed necessary by the Board of Directors and/or the membership of the Corporation.

**ARTICLE VIII**  
**Membership Certificates**

1. The members of the Corporation shall be entitled to Membership Certificates signed by the president or vice president and attested by the secretary. Such certificates shall be issued in consecutive order from Membership Certificate Books, and a record of each certificate issued, and the address of the member named therein, shall be kept in the membership ledger of the Corporation. Such certificates shall not be deemed nor construed as shares of stock in the Corporation, and they shall represent no equity or ownership in the Corporation's assets. Such certificates shall be non-transferable, and they shall have printed thereupon the contents of Article VI, Section 3, of the Articles of Amendment of Certificate of Incorporation of Hermit Lakes Recreation Incorporated.
2. No 'one natural person' may own more than two Memberships Certificates. Corporations or entities cannot own a Membership Certificate.
3. Membership Certificates can be held in "Joint Tenants with Rights of Survivorship" by a husband and wife.

**ARTICLE IX**  
**Membership Fees**

1. The Board of Directors shall approve each new Membership Application as a result of the sale or transfer of a current membership. The Board shall then issue a Membership Certificate to the applicant upon payment by the applicant to the Corporation, in legal tender, of the sum determined by the Board of Directors. No new memberships shall be issued after the total number of memberships reaches the number of one hundred twenty-two (122). All new applications for membership by transfer or sale must first be reviewed and approved by the Board of Directors. The total number of memberships shall not exceed one hundred and twenty-two (122) until such time as issuance of additional memberships authorized by a two-thirds (2/3) majority vote of the members of the Corporation. In the event the Corporation acquires a membership from the authorized one hundred twenty-two (122) Certificate Holders, the membership, by a majority vote, shall determine whether the membership acquired shall be reissued or retired.

2. No membership shall be transferred by gift, sale, exchange, hypothecation, pledge, assignment, descent, devise or otherwise, except upon approval by a majority vote of a quorum of the Board of Directors.
  - a) Upon receipt of an application for a transfer by an applicant, the board of directors shall require as a condition to approving such a transfer, payment to the Corporation of all assessments, together with interest accrued thereon, which may be owed to the Corporation. The board may require such written consent of other documentation from the owner of record of such membership as the board, in its discretion, may determine is necessary. Upon the board's approval of such a transfer, the Corporation shall assess a transfer fee against the transferee each time ownership of a membership is transferred upon the books of the Corporation.
  - b) The Corporation secretary shall be authorized, after board approval, to issue a new Membership Certificate numbered in sequence following the last certificate issued. The current certificate held by the seller or family member must be surrendered prior to any new certificate being re-issued.
  - c) The buyer or family member shall be responsible for all expenses in connection with preparation, execution and delivery of appropriate legal documents to transfer the plot improvements in connection with the transfer of the membership. The buyer or family member shall be responsible for notifying the appropriate taxing authority of Hinsdale County, Colorado, of such transfer.
3. Memberships that are considered for termination of membership due to non-payment of assessments or member conduct shall follow the Colorado Revised Statutes specific to non-profit corporations.

## **ARTICLE X**

### **Board of Directors Meetings**

1. The organizational meeting of the Board of Directors shall be held as soon as possible after the Annual Membership Meeting to elect their officers as the first order of business. In the event of a new Board of Directors being elected at a special membership meeting, such directors shall proceed to hold their organizational meeting as soon as possible thereafter.
2. Special meetings of the board may be called at any time as provided by Article V of the Amended Certificate of Incorporation. Notice of the time and place of holding meetings of the board shall be given to each director so as to allow him/her reasonable time to attend. Attendance at the meeting may be either in person, by telephone or teleconferencing.

3. The Annual Membership meeting shall be held at Hermit Lakes Recreation, Inc., Creede, Colorado on the last Saturday in June. The Board of Directors meetings may be held at Hermit Lakes or locations at other times as the board may designate by resolution. In addition, by resolution of the Board of Directors and upon reasonable notice to each member of the board, special meetings may be held at such other place as the board may designate. With the exception of emergency meetings of the Board of Directors, notice of all meetings of the Board of Directors shall be posted in the Corporation Office immediately after the date, time and place have been determined.
4. If a quorum of directors is not present or able to connect electronically to the meeting at the time and place designated for any meeting of the directors, any director or directors present may adjourn the meeting from time to time until a meeting may be held at which a quorum is present. Any meeting of the directors, which commences with a quorum present, may not be adjourned until the agenda items have been completed.
5. The Board of Directors may adopt such rules as they deem in the best interest of the Corporation in respect to the conduct of membership. No such regulations shall unreasonably hamper or interfere with the rights or conduct of the members so long as such conduct does not violate any subsisting applicable law, and so long as it is not abhorrent to notions of decency entertained in common by the members of the Corporation. The Board of Directors may develop fair and equitable sanctions for violations of the Corporations Rules and Regulations, By-laws, or Amended Articles of Incorporation.

## **ARTICLE XI**

### **Registered Agent and Registered Office**

The Board of Directors shall designate by resolution a Registered Agent for service of process upon the Corporation and a registered office of the Corporation, all as provided by laws presently in effect or as hereafter amended or enacted.

## **ARTICLE XII**

### **Amendments**

These By-laws may be added to or amended in the manner provided by Article V, Section 6 of the Amended Certificate of Incorporation of Hermit Lakes Recreation Incorporated, provided, any action taken by the membership at a general membership meeting cannot be changed by the Board of Directors

without prior approval of a majority vote of the membership at an/the Annual Meeting or special meeting of the membership.

**Rvsd. June 2021**

**Membership Approved June 26, 2021**

**Board Approved June 26, 2021**