

BYLAWS

The Rural Water Authority of Douglas County

January 26, 2011

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PREAMBLE

These Bylaws provide guidance to the Rural Water Authority of Douglas County (the "Authority") in implementing the Creation Agreement, which was approved by the Douglas County Board of Commissioners in Resolution R-008-172 on September 30, 2008 (the "Creation Agreement"). The Bylaws were adopted by the Authority's Board of Directors on October 28, 2009. For a complete understanding of all the provisions governing the Authority, the reader is referred to the Creation Agreement.

ARTICLE I – THE AUTHORITY

Section 1. Purpose

The Board shall be authorized to develop a mission statement, specific objectives and plans for the Authority, which shall not conflict with the purpose stated in Art. II(B) of the Creation Agreement.

Section 2. Controlling Authority

(a) These Bylaws are authorized by § II(E)(i) of the Creation Agreement, and are not to conflict with that Agreement, the Colorado Constitution, or the laws of Colorado, all of which take precedence over the provisions herein. In the event that any provision of these Bylaws conflicts with any provision of the Election Rules, then the provisions of these Bylaws shall govern and control such conflicting provisions. These Bylaws are intended for the purpose of carrying on the business, objects and affairs of the Board of the Authority.

(b) Undefined, capitalized terms used in these Bylaws have the meanings ascribed to them in the Creation Agreement.

Section 3. Fees

The Board shall be authorized to charge fees for services provided and other charges, as may be adopted by resolution.

ARTICLE II – PARTICIPATION AND PARTIES

Section 1. Participation in the Authority

(a) Any Individual Water Provider within the Service Area is a Participant in the Authority unless the Board has approved a petition for withdrawal, or they begin receiving domestic water service from a water system provider, they are annexed by a municipality or they no longer reside within the Service Area. Any Small Water System Provider within the Service Area that is not a Party to the Creation Agreement, may petition to be a Participant in the Authority by submitting a petition and signed Participation Agreement to the Board. The Board may promulgate procedures, rules and regulations for reviewing Participant petitions.

(b) For the Authority's purposes, an Individual Water Provider is within the Authority's Service Area if they reside within the Service Area of a Small Water System Provider but do not receive their domestic or household water service from a Small Water System Provider.

Section 2. Withdrawal.

(a) An Individual Water Provider Participant may withdraw from the Authority by submitting a notice of withdrawal. In order to make the administrative changes necessary to alter the Service Area, the notice of withdrawal shall include:

- The name of the owner(s) of the well(s)
- The physical address of the property where the well(s) is(are) located
- The legal description of the property withdrawn
- The effective date of withdrawal from the Authority

(b) A Small Water System Provider Participant or Party may withdraw from the Authority by submitting a resolution of its governing body. In order to make the administrative changes necessary to alter the Service Area, the resolution shall include:

- The name of the Small Water System Provider
- The legal description of the property withdrawn
- The effective date of withdrawal from the Authority

(c) The Board may remove a Participant or Party from the Service Area of the Authority for failure to pay financial obligations or other due cause, requiring a 2/3 vote of the Board.

(d) New Owner as Participant. Any new owner of a domestic or household well living within the Service Area is an Individual Water Provider and is presumed to be a Participant pursuant to this Section regardless of a previous owner's withdrawal, until the new owner withdraws or is withdrawn from the Authority.

ARTICLE III – BOARD OF DIRECTORS

Section 1. Board Members

Directors will take an oath of office at the first Board meeting following their election or appointment to office by signing a notarized affidavit of the oath, at which point their service in office begins.

Section 2. Elections

Elections will be held for Directors at each Biennial Meeting as follows:

- (a) An election for one Individual Water Provider Director in each of Director Districts 3 and 4 will be held in 2011 and every four years thereafter. An election for one Individual Water Provider Director in each of Director

Districts 1, 2 and 5 will be held in 2013 and every four years thereafter.

- (b) Two Small Water System Directors in seats #2 and #3 will be elected in 2011, and every four years thereafter, and one Small Water System Director in seat #1 will be held in 2013, and every four years thereafter.
- (c) Candidates for Individual Water Provider Directors shall file a self-nomination and acceptance form delivered to the Designated Election Official at least sixty-seven days prior to the Biennial Meeting with the Designated Election Official, and signed by the candidate and at least one Participating Elector in the Director District as a witness in general conformance with the provisions of § 32-1-804.3, C.R.S. The self-nomination and acceptance form or letter shall state the name and/or number of the Director District seat sought by the candidate, the date of the election, the full name of the candidate as it is to appear on the ballot and their mailing address, residence and identification of the qualifying well. Unless physically unable, all candidates and witnesses shall sign their own signature and shall print their names, their respective residence addresses, including the street number and name, the city or town, the county, telephone number, and the date of signature on the self-nomination and acceptance form or letter. The order of candidates listed on each ballot shall be determined by lot.
- (d) Each Small Water System Provider which is a Participant or a Party may nominate no more than one candidate if such Small Water System Provider does not already have a Director seated on the Board in a seat not to be filled by the election. Candidates must file an acceptance form as set forth in subsection (c) above, stating the name of the Small Water System Provider on whose Board the candidate serves, the term of office sought if more than one length of a director's term is to be voted upon at the election, the date of the election, and the full name of the candidate as it is to appear on the ballot.
- (e) The Director elected by the Board of County Commissioners must file an acceptance form.
- (f) The Designated Election Official shall prepare ballots, listing the names of each candidate for each Individual Water Provider Director to be filled at the election on a separate ballot with direction to vote for no more than one candidate for each seat to be elected. A ballot for Small Water System Provider Director shall list the candidates for the seats to be elected for each term of office, with direction to vote for no more than the number of vacancies to be elected in the year in which the election is held. The order of

candidates listed on each ballot shall be determined by lot.

- (g) Each Small Water System Provider which is a Participant or Party shall have one vote for each Small Water System Director seat to be elected. Small System Water Providers may decide their vote for Director prior to the Biennial Meeting.
- (h) The County Commissioners may decide their vote for Board of County Commissioners Director prior to the Biennial Meeting.
- (i) The candidate receiving the highest number of votes for any seat shall be declared elected. Tie votes for candidates for any seat shall be decided by lot.
- (j) The Board may create additional rules for the conduct of elections.

Section 3. Terms of Office and Vacancies

After initial appointments to the Board, Directors shall be elected to serve a term of four years, or until the Board of Directors deems the office to be vacant upon the occurrence of one of the following:

- (a) If for any reason a properly qualified person is not elected to a Director's office by the electors as required at a regular election;
- (b) If a person who was duly elected or appointed submits a written resignation to the Board;
- (c) If the person who was duly elected or appointed ceases to be qualified for the office to which he/she was elected;
- (d) If a person who was duly elected or appointed is convicted of a felony;
- (e) If a court of competent jurisdiction voids an election or appointment, or removes the person duly elected or appointed for any cause whatsoever, but only after his right to appeal has been waived or otherwise exhausted;
- (f) If the person who was duly elected or appointed dies during his/her term of office;
- (g) A Director was removed from office for due cause pursuant to Section IV.E of the Creation Agreement.

Section 4. Director Districts

- (a) The boundaries of the Director Districts are represented in graphic terms on a map which was attached to the Creation Agreement, the form of which makes some boundaries difficult to discern, since it is reduced in size to fit as an attachment to that document. Therefore the boundaries have been described in text so that Participants and Parties might better determine the limits of the boundaries of the Director

Districts. That text is included with the Bylaws as Attachment A, and are not part of these Bylaws so that they may be easier to change when errors are discovered or other changes needed.

Section 5. Compensation

Board members, officers and assistant officers may refuse compensation.

Section 6. Disclosures and Abstentions.

Each Board member, officer and assistant officer shall provide such disclosures, including potential conflict of interest disclosures, as may be required by state and federal law, including but not limited to, C.R.S., Section 24-18-101, *et seq.*, (Standards of Conduct for Public Officials), and Section 18-8-308, C.R.S. (Failing To Disclose a Conflict of Interest). Unless otherwise permitted by law, any Board member who has a personal or private interest in any matter proposed or pending before the Board after disclosure thereof, shall recuse himself or herself from the meeting and shall refrain from attempting to in any way influence the decision of the other members of the Board on the matter.

ARTICLE IV – OFFICERS

Section 1. Election

(a) Standing officers are the Chairman, Vice-Chairman, Secretary and Treasurer. The Board may create the position of Assistant Treasurer and/or Assistant Secretary, whose duties will be defined upon their creation. Each officer and assistant officer shall be elected by a majority vote of the Board, to serve a one-year term at the first Board meeting after each Biennial Meeting and election, and one year after that meeting, the date to be set by the Board. Officer elections may be made as needed to serve the remaining portion of an unexpired term when a vacancy has existed, after an appointment of new Board members, or at any regularly scheduled meeting when additional Board members or officers are needed.

(b) Officers and assistant officers serve in office until their successors are appointed. No Officer shall be eligible to serve more than two consecutive terms in the same office. Chairman, Vice-Chairman and Treasurer are required to be Board members, and shall not be elected to serve a term that exceeds the year their current term of office as Director, or board member of the governing body of a Small Water System Provider, expires. Any vacancy in an officer's or assistant officer's position shall be filled by election of the Board for the remaining unexpired portion of the term.

Section 2. Additional Personnel

The Board may from time to time employ such personnel as it deems necessary to exercise its powers, duties, and functions. The selection and compensation of

such personnel shall be determined by the Board, subject to the laws of the State of Colorado.

Section 3. Executive Committee

The Officers and assistant officers of the Authority shall serve as the Executive Committee of the Board, whose duties are:

- Develop agenda items for Board meetings
- Take action on behalf of the Board between meetings in unusual circumstances

The Executive Committee shall report to the Board any action taken between Board meetings on the Board's behalf.

ARTICLE V – MEETINGS

Section 1. Biennial Meeting

The Board shall set a date and hold a meeting of Participants and Parties in odd-numbered years beginning in 2011, for the purposes of:

- (a) Electing Directors;
- (b) Any other such business deemed necessary by the Board.

The Chairman of the Board shall preside at the Biennial Meeting.

Section 2. Regular Board Meetings

The time and place of regular Board meetings will be decided by the Board at the first regular meeting after the first of each calendar year, unless otherwise determined by the Chairman or resolution of the Board for a single meeting. All meetings shall be held within Douglas County, whenever practicable.

Section 3. Special Board Meetings

The Chairman of the Board may, when (s)he deems it expedient, and shall, upon the request of two Board members, call a special meeting only for the purpose of transacting any business designated in the call. Notice shall include the time and place of the special meeting and shall be given by the Secretary in a manner designed to timely reach each Board member and shall comply with the Colorado Open Meetings Law, in accordance with Section 4 of this Article. The time and place of such special meeting shall be fixed by the Chairman or the Directors calling the meeting. At such special meeting no business shall be considered other than as designated in the call, but if all of the members of the Board are present at a special meeting, any and all business may be transacted at such special meeting.

Section 4. Notice

- (a) The Secretary shall deliver notice of all Board meetings to members of the Board no later than seven (7) days prior to the meeting by telephonic or electronic means. Such notice shall be deemed to be delivered upon deposit in the United States mail or sent by any other method, addressed to

the Director at the Director's address as it appears on the records of the Authority, with any necessary postage thereon prepaid.

- (b) Regular meetings shall require notice by resolution, adopted from time to time, providing the time and place of such meetings. Public notice will also be given by posting a copy of the meeting agenda at the information kiosk outside the Douglas County administration building at 100 Third St., Castle Rock, Colorado, no less than 24 hours prior to the meeting, and as may be otherwise required by the Colorado Open Meetings Law in § 24-6-401, *et seq.*, C.R.S. or such other place as may be designated by resolution of the Board. The public place or places for posting such notice shall be designated annually at the Board's first regular meeting of each calendar year.
- (c) Participants, Parties and members of the public may receive electronic notice of meetings by registering their electronic mail address with the Authority.

Section 5. Quorum

Only when a quorum of more than half of the members of the Board is present shall Board business be conducted, except in the case when a 2/3 super-majority vote of the entire Board is required.

Section 6. Order of Business

At the regular meetings of the Board the following shall generally include the following items: Roll Call, Approval of Agenda, Public Comments, Approval of Minutes, Treasurer's Report, Presentations, Reports of Officers, Reports of Committees, Old Business, New Business, Next Meeting Date, Time and Agenda, Adjournment.

The Order of Business may be established as may be necessary for any specific meeting. Robert's Rules of Order (Short Version) shall be used as a guideline in conducting all meetings and for resolving any disputes on procedures. All resolutions shall be in writing, shall be copied in the official minute book or journal of the proceedings of the Board, and shall be kept together as a Record of Resolutions.

Section 7. Decisions

Decisions of the Board may be made only at a regular or special meeting called after proper notice at which a quorum is present. Except as otherwise provided in these Bylaws, decisions of the Board of Directors shall be made by a majority of the Directors attending such a meeting. No Director shall be allowed more than one vote on any issue or matter.

Section 8. Matters Requiring Super-Majority

All matters requiring a two-thirds super majority of the entire Board may be heard at any regular or special Board meeting, so long as they are properly noticed in the agenda at least two weeks prior to the meeting. The following matters may be decided only if they are approved by at least two-thirds of all Directors then in

office:

- (a) incurring debt
- (b) changing the Bylaws
- (c) condemning property
- (d) granting Participant status to a Small Water System Provider or an Individual Water Provider that formerly withdrew from the Authority
- (e) setting new boundaries of Director Districts
- (f) the addition of a governmental entity as a Party
- (g) meeting in Executive Session
- (h) removing a Participant or Party from the Authority
- (i) amending the Creation Agreement

Any matter requiring a super-majority may only be approved after being considered and approved at two consecutive meetings, the second of which may be continued for further consideration.

Section 9. Manner of Voting

The initial vote on any issue shall be by the members of the Board present by voice vote. In the event a voice vote is not unanimous, the voting shall be repeated by roll call, with the ayes, nays and abstentions entered upon the minutes of such meeting by name. The Board shall act only upon a duly executed vote by the Board members. Each Board member present shall be eligible to cast one vote. A vote of the Board shall be deemed duly executed if decided by a majority of the Board members present at a properly noticed meeting with a quorum in attendance. Proxy voting shall not be allowed.

Section 10. Attendance at Meetings

a. Absence. If any Board member misses three consecutive regular meetings without approval of the Board, or upon such other grounds as the Board deems appropriate, the remaining Board members shall vote on whether to declare the office vacant.

b. Attendance by Means of Telecommunications. With the approval of the Chairman, a Board member who is unable to be physically present for a Board meeting may attend by telephone or other electronic media as long as the Board member so attending can hear what is occurring in the meeting and can be heard by the other Board members who are present at the meeting or otherwise attending by telephone.

Section 11. Executive Sessions

The Board may from time to time, meet in executive session, subject to the limitations, restrictions and other requirements of § 24-6-402(3), C.R.S. and Section 8 of this Article.

ARTICLE VI— COMMITTEES AND ADVISORY BOARDS

The Board may appoint Board members and others to serve on special advisory boards or committees as may be needed from time to time, to examine matters, report facts, and make policy recommendations to the Board. This may include a water resources management committee, an audit committee, an election committee, and/or a citizens' advisory board, among others.

ARTICLE VII– AMENDMENTS

The Bylaws of the Authority shall be amended only with the approval of a 2/3 majority of the current Board members voting at a regular or special meeting, subject to the limitations in Section 8 of Article V of these Bylaws.

I, Geoff Withers, as Chairman of the Rural Water Authority of Douglas County, hereby certify that the foregoing Bylaws were adopted by the Authority on January 26, 2011, and became effective on that day.

Chairman

APPENDIX A. Director District Boundaries

- (a) District 1 - Northeast
I-25 south to Fifth Street in Castle Rock;
Fifth Street east to Wilcox where it becomes Hwy 86;
Hwy 86 east to east boundary of the Town of Castle Rock;
North along east boundary of the Town of Castle Rock to the south line of the Pinery West and the Pinery Southwest;
East along the south boundary of the Pinery to Hwy 83;
Hwy 83 north to Bayou Gulch Rd;
Bayou Gulch Rd east to Flintwood Rd;
North on Flintwood Rd to E Daley Cir;
East on E Daley Cir to Delbert Rd;
North on Delbert Rd to the north County line;
West on the north county line to I-25;
- (b) District 2 - Franktown
From a point where Hwy 86 intersects the east boundary of the Town of Castle Rock;
North along east boundary of the Town of Castle Rock to the south line of the Pinery West and the Pinery Southwest;
East along the south boundary of the Pinery to Hwy 83;
Hwy 83 north to Bayou Gulch Rd;
Bayou Gulch Rd east to Flintwood Rd;
North on Flintwood Rd to E Daley Cir;
East on E Daley Cir to Delbert Rd;
South along the east county line to the southern boundary of the Russellville subdivision;
West along the southern boundary of the Russellville subdivision to Russellville Rd;
North on Russellville Rd to the southern boundary of the Meadows at Castlewood;
West along the southern boundary of the Meadows at Castlewood to Tract A of the Meadows at Castlewood;
South along the east side of Tract A to the southern boundary of Tract A;
West along the southern boundary of Tract A to Castlewood State Park;
West along the southern boundary of Castlewood State Park to Hwy 83;
West and north along the western boundary of Castlewood State Park to the southern boundary of the Castlewood subdivision;
West along the southern boundary of the Castlewood subdivision to the east boundary of the Town of Castle Rock;
North along the east boundary of the Town of Castle Rock to the NE corner of the S half of the SE quarter of section 4 T8R66;
North along the midsection line to the center of section 4;
West along the midsection line to NW qtr corner of the NE qtr of the SW qtr of section 4 T8R66;
North to Hwy 86.

- (c) District 3 - Southeast
 From a point on the east county line at the SE corner of the Russellville subdivision;
 West along the southern boundary of the Russellville subdivision to Russellville Rd;
 North on Russellville Rd to the southern boundary of the Meadows at Castlewood;
 West along the southern boundary of the Meadows at Castlewood to Tract A of the Meadows at Castlewood;
 South along the east side of Tract A to the southern boundary of Tract A;
 West along the southern boundary of Tract A to Castlewood State Park;
 West along the southern boundary of Castlewood State Park to Hwy 83;
 West and north along the western boundary of Castlewood State Park to the southern boundary of the Castlewood subdivision;
 West along the southern boundary of the Castlewood subdivision to the east boundary of the Town of Castle Rock;
 North along the east boundary of the Town of Castle Rock to the NE corner of the S half of the SE quarter of section 4 T8R66;
 North along the midsection line to the center of section 4;
 West along the midsection line to NW qtr corner of the NE qtr of the SW qtr of section 4 T8R66;
 North to Hwy 86;
 West on Hwy 86 to Wilcox Ave and then continue west on Fifth Street to I-25;
 South on I-25 to the southern county line;
 East on the southern county line to the eastern county line;
 North on the eastern county line to the SE corner of the Russellville subdivision.
- (d) District 4 - Northwest
 South on I-25 from the northern county line to Happy Canyon Rd;
 Southwest on Happy Canyon Rd to Hwy 85;
 West on Hwy 85 to Hwy 67;
 Southwest and west on Hwy 67 to the west county line;
 North on the west county line to the north county line;
 East on the north county line to I-25.
- (e) District 5 - Southwest
 From the Happy Canyon Rd exit on I-25;
 Southwest on Happy Canyon Rd to Hwy 85;
 West on Hwy 85 to Hwy 67;
 Southwest and west on Hwy 67 to the west county line;
 South on the west county line to the south county line;
 East on the south county line to I-25;
 North along I-25 to the Happy Canyon Rd exit.

APPENDIX B. Small Water System Providers

1. Parties

The following Small Water System Providers are Parties to the Creation Agreement at the time of adoption of these Bylaws:

- a. Grandview Estates Rural Water Conservation District
- b. Thunderbird Water & Sanitation District

2. Participants

There are no Small Water System Providers which are Participants.

January 26, 2011