

BY-LAWS

The Rural Water Authority of Douglas County

November 2009

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PREAMBLE

These Bylaws are intended to provide guidance to the Rural Water Authority of Douglas County's (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 full understanding of all the provisions governing the Authority, the reader is referred to the Creation Agreement itself.

ARTICLE I – THE AUTHORITY

Section 1. Purpose

The Board shall be authorized to develop a mission statement and specific objectives 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 by-laws are authorized by § II(E)(i) of the Creation Agreement, and are not to conflict with that Agreement, the Colorado Constitution, nor the laws of Colorado, all of which take precedence over the provisions herein. These by-laws are intended for the purpose of carrying on the business, objects and affairs of the Board of the Authority.

(b) Most capitalized words in these Bylaws indicate controlling terms used 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(a) Any Individual Water Provider within the Service Area is a Participant in the Authority unless they have withdrawn, or they begin receiving domestic water service from a water system provider. Any Small Water System Provider within the service area that is not a Party must petition in order 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 from Small Water System Providers.

(b) For the Authority's purposes only, an Individual Water Provider is within the service area of a Small Water Service Provider if they do not receive water service from the Small Water Service.

Section 2. Withdrawal.

(a) A Participant or Party may withdraw from the Authority, according to Art. III(D) of the Creation Agreement. In order to make the administrative changes necessary to alter the Authority's Service Area, the notice of withdrawal shall include:

- The name of the owner 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) 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.

(c) New Owner as Participant. Any new owner of a domestic or household well 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 of the Authority following their election or appointment to office, or 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 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, postmarked or delivered at least sixty-seven days prior to the Biennial Meeting, and

signed by the candidate and at least one registered elector in the 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 of the Director District in which the election will be held, the Director District office sought by the candidate, the date of the election, and the full name of the candidate as it is to appear on the ballot. 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 that Participant or Party does not already have a Director seated on the Board. Candidates must file an acceptance form in conformance with the provisions of paragraph 3.c of this Article.
- (e) The Board 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 to be elected. A ballot for Small Water System Provider Director shall list all the candidates for each seat to be elected, 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.
- (f) After ballots are mailed to each Individual Water Provider, they may either cast their ballot by mail or bring it to the Biennial Meeting to be counted.
- (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 candidate receiving the highest number of votes for any office shall be declared elected. Tie votes for candidates shall be decided by lot.
- (i) The Board may create additional rules for the conduct of elections.

Section 3. Terms of Office

After initial appointments to the Board, Directors shall 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 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 the 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 pursuant to Section IV.E of the Creation Agreement.

Section 4. Director Districts

The boundaries of the Director Districts are represented in graphic terms by means of a map which is 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 textual terms 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 may be easier to change when errors are discovered.

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 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 of each new calendar year, or 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 their current term of office as Director or board member of the governing body of a Small Water System Provider. 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 hold a meeting of Participants and Parties in odd-numbered years beginning in May 2011, for the purposes of:

- (a) Electing Directors;
- (b) Providing information to the Participants and Parties on the activities of the Authority over the previous two years;

- (c) To hear from the Participants and Parties in a town meeting format, their issues and concerns regarding water availability; and/or
- (d) Any other such business deemed necessary by the Board.

Section 2. Regular Board Meetings

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

Section 3. Special Board Meetings

The Chair of the Board may, when (s)he deems it expedient, and shall, upon written 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 Chair 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) Notice of all Board meetings shall be given to members of the Board seven (7) days prior to the meeting, and delivered by U.S. mail, facsimile, electronic mail, by hand, or by any other method to be determined by the Board. 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) Public notice will 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.
- (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 is required, at least 2/3 of the Board must be present.

Section 6. Order of Business

At the regular meetings of the Board the following shall be the order of business:

- a) Roll Call
- b) Approval of Agenda
- c) Public comments
- d) Approval of Minutes
- e) Treasurer's Report
- f) Presentations
- g) Report of Officers
- h) Reports of Committees
- i) Old Business
- j) New Business
- k) Next Meeting, Items for Agenda
- l) Adjournment

The Order of Business may be altered by the Chair 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 may be heard at any meeting, so long as they are properly noticed in the agenda at least two weeks prior to the meeting and a super majority of Board members is present. The following matters shall not be authorized unless 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) withdrawing a Participant or Party from the Authority for due cause
- (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, except when a 2/3 majority vote is required. 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 Chair, 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, in subject to the limitations in Section 8 of Article V of these Bylaws.

I, _____, as Chair of the Rural Water Authority of Douglas County, hereby certify that the foregoing Bylaws were adopted by the Authority on _____ and became effective on _____.

Chair

APPENDIX A. Director District Boundaries

- (a) District 1 - Northeast :
- I-25 south to Fifth Street;
 - 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 Service Providers

1. Parties

The following Small Water Service Providers are Parties to the Creation Agreement:

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

2. Participants

There are no Small Water Service Providers which are Participants.

November 4, 2009