

**ROUND MOUNTAIN WATER AND SANITATION DISTRICT
RESOLUTION NUMBER 2022-6**

**A RESOLUTION TO AMEND ROUND MOUNTAIN WATER AND
SANITATION DISTRICT BY-LAWS**

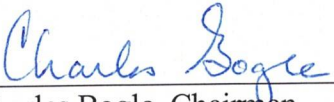
WHEREAS, The Board of Directors has determined that it is necessary to amend and update certain portions of the RMWSD By-Laws, and

WHEREAS, Attachment 1 of this Resolution outlines the amended and updated RMWSD By-laws.

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE
ROUND MOUNTAIN WATER AND SANITATION DISTRICT, COLORADO THAT:**

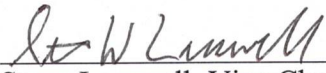
The amended and updated By-laws as presented as Attachment 1 be approved and adopted by the Board of Directors.

ADOPTED, this 15th day of December 2022



Charles Bogle, Chairman

ATTEST:



Steve Lasswell, Vice Chair



Round Mountain Water and Sanitation District
DISTRICT BYLAWS
(Amended December 15, 2022 Resolution No. 2022-6)

Section 1. Authority

Round Mountain Water and Sanitation District (“District”) is a governmental subdivision of the State of Colorado and a body corporate with those powers of a public or quasi municipal corporation which are specifically authorized by, and in compliance with, Section 32-1-101 et seq., C.R.S. District was created on January 27, 1975, by court order and located in the County of Custer.

Section 2. Purpose

It is hereby declared that the Bylaws hereinafter set forth will serve a public purpose.

Section 3. Policies of the Board

It shall be the policy of the Board of Directors (“Board”) of the District, consistent with the availability of revenues, personnel, and equipment, to use its best efforts to provide the quality services as authorized by law.

Section 4. Board of Directors

All powers, privileges and duties vested in, or imposed upon, the District by law shall be exercised and performed by and through the Board, whether set forth specifically or impliedly in these Bylaws. The Board may delegate to officers, employees, and agents of the District any or all administrative and ministerial powers.

Without restricting the general powers conferred by these Bylaws, it is hereby expressly declared that the Board shall have the following powers and duties:

- a.** To grant the District Manager, or the Assistant District Manager in the absence of the District Manager, the power to choose to remove or suspend employees upon such terms and conditions as may seem fair and just and in the best interests of the District.
- b.** Except as otherwise provided by law, to designate who shall be responsible for the day-to-day operations of the District. In the case of this District, the District Manager is responsible for these duties. In the absence of the District Manager, the Board shall appoint the Assistant District Manager, or responsible party, to assume these duties.
- c.** To create special committees as needed or necessary.
- d.** To prepare or cause to be prepared financial reports, other than the statutory audit, covering each year’s fiscal activities; and such reports shall be available for inspection by the public, as requested.

Section 5. Business Office

The principal business office of District shall be located at 59000 Highway 69 N, Westcliffe, CO, until otherwise designated by the Board.

Section 6. Meetings

a. Regular Meetings

Regular meetings of the Board shall be conducted at the time and location as the Board adopts at the beginning of each fiscal year with an approved resolution. However, time and location may be changed with proper notice and posting.

b. Meeting Public

All meetings of the Board, other than executive sessions, shall be open to the public.

c. Notice of Regular and Special Meetings

A posted agenda, with at least twenty-four (24) hours, shall constitute formal notice of regular and special meetings. The posting places are designated at the beginning of each fiscal year by an approved resolution.

d. Executive Sessions

All official business of the Board shall be conducted at regular or special meetings. Executive sessions may be called at regular or special meetings, and conducted according to the following guidelines:

1. Calling the Executive Session. The topic for discussion in the executive session shall be announced in a motion, and the specific statute that authorizes the executive session shall be cited. The matter to be discussed shall be described in as much detail as possible without compromising the purpose of being in executive session. An affirmative vote of the majority of the quorum present shall be required to go into executive session.

2. Conducting the Executive Session. No adoption of any proposed policy, position, resolution, rule, regulation, or formal action shall take place in an executive session. The discussion in executive session shall be limited to the reasons for which the executive session was called. An electronic record (such as an audio tape) of the actual contents of the discussion in the executive session shall be kept. No electronic or other record is necessary to be kept for any portions of the discussion which the District's attorney reasonably believes constitute attorney-client privileged communication. The attorney shall state on the electronic record when any portion of the executive session is not recorded as an attorney-client privileged communication or sign a statement to the same effect.

3. Records of Executive Sessions. The electronic record of any executive session shall be retained by the District for ninety (90) days from the date of the executive session and then destroyed. Electronic recordings of the executive session, or transcripts or other reproduction or discussions of the same, shall not be released to the general public for review under any circumstances, except as required by law.

e. Adjournment and Continuance of Meetings

When a regular or special meeting is for any reason continued to another time and place, notice need not be given of the continued meeting if the time and place of such meeting are announced at the meeting at which the continuance is taken, except as required by law. At the continued meeting, any business may be transacted which could have been transacted at the original meeting.

f. Emergency Meetings

Notwithstanding any other provisions in this Section 6, emergency meetings may be called by the Chair and any two (2) Board members, or a quorum in the event of an emergency that requires the immediate action of the Board to protect the public health, safety and welfare of the property owners and electors of the District, without notice if notice is not practicable. If possible, notice of such emergency meeting may be given to the Board by telephone or whatever other means are reasonable to meet the circumstances of the emergency. At such emergency meeting, any action within the power of the Board that is necessary for the immediate protection of the public health, safety and welfare may be taken; provided, that any action taken at an emergency meeting shall remain in effect only until the first to occur of (a) the next regular meeting, or (b) the next special meeting of the Board at which the emergency issue is placed on the public notice of the meeting. At such subsequent meeting, the Board may ratify any emergency action taken. If any emergency action taken is not ratified, then it shall be deemed rescinded as of the date of such subsequent meeting.

g. E-mail Meetings

Section 24-6-402, C.R.S., requires that any e-mail between three or more Directors (a quorum) that discusses pending resolutions or other District business shall be considered a public meeting subject to the requirement of the Colorado Open Meetings Law.

Section 7. Conduct of Business

a. Quorum

All official business of the Board shall be transacted at a regular or special meeting at which a quorum (majority) of the Directors shall be present in person, by video, or telephonically.

b. Vote Requirements

Any action of the Board shall require the affirmative vote of a quorum (majority) of the Directors. When emergency circumstances affecting the affairs of the District and the health and safety of District residents so dictate, those Directors available at the time (quorum needed) may undertake whatever action is considered necessary to remedy the situation. Such actions must later be ratified by the Board at the next meeting.

c. Electronic Signatures

In the event the signature(s) of one or more members of the Board or appointed signatories are required to execute a written document, contract, note, bond, deed, and/or other official papers of the District, and the appropriate individual(s) is unable to be physically present to sign said documentation, such individual or individuals are authorized to execute the documentation electronically via facsimile or email signature, unless said documentation provides otherwise. Any electronic signature so affixed to a document shall carry the full legal force and effect of any original, handwritten signature. Except as approved herein, this provision of these Bylaws shall not be interpreted as establishing District's consent or authorization to bind District to any transaction by the use of electronic records or electronic means. This provision is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act.

d. Order of Business

The business of all regular meetings of the Board shall be conducted, as far as practicable, in the following order: (Note: items listed are not limited to but could include the following or other items as deemed necessary.)

1. Call to Order
2. Roll Call
3. Pledge of Allegiance

4. Additions to the Next Regular Meeting Agenda
5. Administrative Reports:
 - a. Assistant District Manager
 - b. Certified Operator in Responsible Charge (CORC)
 - c. District Manager
6. Consent Agenda
7. Old Business
8. New Business
9. Adjournment

e. Consent Agenda

The intent of the consent agenda is to streamline the meeting to allow time for appropriate discussion on items requiring debate. To that end, items to be included in the consent agenda are those items that are perfunctory in nature including monthly financial reports, reports which are purely informational in nature, items that have been agreed to in past meetings and require no further discussion, minutes of past meeting and other similar items.

The District Managers are to provide a draft agenda, including items for the consent agenda to the Board one week prior to regularly scheduled meetings including supporting documentation where appropriate. Questions or clarifications by Directors concerning any item on the consent agenda should be asked prior to the scheduled meeting as items on the consent agenda will not be removed to simply provide time for questions or clarification.

If a Director believes, after asking for clarifications from the District Managers, that any given item is not ready to be placed on the consent agenda; the Director should consult with the Board Chair and District Managers requesting that it be removed from the consent agenda prior to the publication of the final meeting agenda. Additionally, items may be moved from the consent agenda to either Old or New Business sections of the agenda by majority vote of the Board at the meeting.

f. Administrative Reports

These sections should only be used by the District Managers and CORC for informational items and/or where guidance is being requested which does not require final Board approval.

Any item where it is anticipated that formal Board action is needed to proceed should be placed under the Old Business or New Business sections of the agenda.

g. Motions and Resolutions

Each and every action of the Board necessary for the governance and management of the affairs of District, for the execution of the powers vested in District, and for carrying into effect the provisions of Article 1 of Title 32, C.R.S., shall be taken by the passage of motions or resolutions.

h. Minute Book

Within a reasonable time after passage, all resolutions, motions, and minutes of Board meetings shall be recorded in a book kept for that purpose and shall be attested by the Recording Secretary. Minutes of regular sessions shall be available for public review as soon as practicable following acceptance of the minutes by adoption of a motion by the Board. Executive sessions shall be electronically recorded on audio tape or other electronic media, and such electronic recording or reproduction of the same shall be kept separate from minutes of regular sessions as described in Section 6. (d) of these Bylaws and shall not be open to the public except as required by law.

Section 8. Directors, Officers, and Personnel

a. Director Qualifications and Terms

Directors shall be eligible electors of the District. The term of each Director shall be determined by relevant statutory provisions with elections held in even numbered years and conducted in the manner prescribed by Articles 1 through 13, Title 1, and Part 8, Article 1, Title 32, C.R.S. Each Director shall sign an oath of office.

b. Faithful Performance Bonds

Each Director and Manager shall furnish, at the expense of the District, an individual, schedule or blanket surety bond in the sum of not less than \$1,000 each, conditioned on the faithful performance of the duties of his/her office. In addition, the Treasurer shall furnish, at the expense of the District, a corporate fidelity bond in a sum of not less than \$5,000, conditioned on the faithful performance of the duties of his/her office.

c. Director's Performance of Duties

A Director of the District shall perform all duties of a Director, including duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner which the Director reasonably believes to be in the best interests of District, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing the Director's duties, the Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons and groups listed in subparagraphs 1, 2 and 3 of this subsection c. A Director shall not be considered to be acting in good faith if he has knowledge concerning a matter in question that would cause such reliance to be unwarranted. A person who so performs the Director's duties as an elected/appointed Director shall not have any liability by reason of being or having been a Director of the District. Those programs and groups upon whose information, opinions, reports, and statements a Director is entitled to rely on are:

1. One or more officers or employees of the District whom the Director reasonably believes to be reliable and competent in the matters presented.
2. Counsel, public accountants, or other persons as to matters which the Director reasonably believes to be within such persons' professional knowledge or expertise.
3. A committee of the Board upon which the Director does not serve, duly designated in accordance with the provisions of the Bylaws, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

d. Oath of Office

Each member of the Board, before assuming the responsibilities of his office, shall take and subscribe an oath of office in the form prescribed by law. The Oath of Office will be filed with the Custer County Clerk and Recorder as well as the Department of Local Affairs.

e. Election of Officers

The Board of Directors shall elect from its membership a Chair/President, Secretary, Treasurer, and Vice President who shall be the officers of the Board of Directors and of the District. The Vice President shall have all powers of the Chair, in the absence of the Chair. The officers shall be elected by a majority (quorum) of the Directors voting at such election. The Board may, from time to time, appoint an acting officer in the absence of any individual officer. The election of the officers shall be conducted biennially at the first regular meeting of the Board following the regular biennial election of the Directors held in May of odd numbered years. Each officer so

elected shall serve for a term of four (4) years, which term shall expire upon the election of his or her successor or upon his or her re-election to that office.

f. Vacancies

Any vacancy occurring on the Board shall be filled by an affirmative vote of a majority (quorum) of the remaining Directors, as prescribed by law, with the appointee to serve until the next biennial election, as prescribed by statute. The appointed individual must meet the qualifications as an eligible elector for Directors and shall serve until the next regular election.

g. Resignation and Removal

Directors may be removed from office by recall of voters as prescribed by statute. Any Director missing three Regular Meetings without Board approval will have cause for removal. Any Director may resign at any time by giving written notice to the Board, and acceptance of such resignation shall not be necessary to make it effective, unless the notice so provides.

h. Chair and President

The Chair shall preside at all meetings. The Chair shall also be the President of the District. The President is authorized to sign all contracts, deeds, notes, debentures, warrants and other instruments on behalf of the District.

i. Vice President

In absence of the Chair, the Vice President shall preside at all meetings. The Vice President is also authorized to sign all contracts, deeds, notes, debentures, warrants, checks, and other instruments on behalf of the District.

j. Secretary

The Secretary shall be responsible for the records of the District; may act as Secretary at meetings of the Board and record all votes; shall be responsible for composing a record of the proceedings of the Board in a minute book kept for that purpose, which shall be an official record of the Board; and shall perform all duties incident to that office. The Secretary shall be the designated election official of the District, unless otherwise determined by the Board, and the custodian of the seal of District. The Secretary shall have the authority to affix such seal to and attest all contracts and instruments authorized to be executed by the Board.

k. Treasurer

The Treasurer shall be chairman of the Budget Committee and of the Audit Committee if committees are deemed necessary. The Treasurer shall keep or cause to be kept strict and accurate accounts of all money received by and disbursed for on behalf of the District in permanent records.

l. Recording Secretary

The Board shall have the authority to appoint a recording secretary who need not be a member of the Board of Directors, and who shall be responsible for recording all votes and composing a record of the proceedings of the Board in the minute book kept for that purpose, which shall be the official record of the Board. The recording secretary shall not be required to take an oath of office, nor shall the recording secretary be required to post a performance bond.

m. Additional Duties

The officers of the Board shall perform such other duties and functions as may from time to time be required by the Board, by the Bylaws or rules and regulations of District, by law, or in an emergency situation, which shall later be ratified by the Board.

- n. District Managers.** The Board shall appoint a District Manager and an Assistant District Manager to serve managerial duties of the District. Such Managers shall have general supervision over the operation of the affairs, employees and business of the District and the management of District properties. Such Managers shall have the care and custody of the general funds of the District and shall deposit or cause to be deposited the same in the name of District in such banks or savings associations as the Board may select. Such Managers, with Board approval based on the Check Approval Policy, will approve all vouchers, orders, and checks for payment, and shall keep or cause to be kept regular books of account of all District transactions and shall obtain, at the District's expense, such bond for the faithful performance of its duties as the Board may designate. The Managers will be responsible for the posting of all vacancies, job descriptions, and performing the background checks on final selections prior to interviews. In addition, the Managers will be responsible for hiring and firing of employees as designated by the Board and for the scheduling of hours (regular, compensation, and overtime hours) of all employees with collaboration of the CORC if needed. The Board may delegate other powers and duties to the Managers, as it deems appropriate.
- o. Directors Responsibilities**
The Board of Directors is responsible for the hiring and termination of employees (unless designated to the District Managers) as well as approving employees' salary and increases, bonuses, terms of probation, compensated absences, and employee benefits per policy. In addition, terminations will be executed with the understanding that the Board seek legal counsel as well as provide documentation necessary to support grounds for termination.

Section 9. Financial Administration

a. Management of Revenues

The District Managers shall be responsible for the proper management and allocation of revenues and expenses related to the water, wastewater, and district enterprises. Capital contributions derived from system development and plant investment fees from water and sewer tap sales are historically used for capital projects, not operations and maintenance. The reverse is generally true for service charges and fees.

b. Fiscal Year

The fiscal year of the District shall commence on January 1 of each year and end on December 31.

c. Budget Committee

If it is deemed necessary that there be a Budget Committee, then it should be composed of the District Managers and the Treasurer of the Board or other appointed Board member, which shall be responsible for preparation of the annual budget of the District.

d. Budget

On or before October 15th of each year, the District Manager and Budget Committee, if necessary, shall prepare and submit to the Board a proposed budget for the ensuing fiscal year. It shall be supported by explanatory schedules or statements classifying the expenditures contained therein by services, subjects, and funds. The anticipated income of the District shall be classified according to the nature of receipts.

e. Notice of Budget

Upon receipt of the proposed budget, the Board shall cause to be published a notice that the proposed budget is open for inspection by the public at the business office; that the Board will consider the adoption of the proposed budget at a public hearing on a certain date; and that any

interested elector may inspect the proposed budget and file or register any objections thereto at any time prior to its final adoption. Notice shall be posted or published in substantial compliance with law.

f. Adoption of Budget

On the day set for consideration of such proposed budget, the Board shall review the proposed budget and revise, alter, increase, or decrease the items as it deems necessary in view of the needs of the District and the probable income of the District. The Board shall then adopt a budget, either during the budget hearing or at a later date and time to be set by the Board, setting forth the expenditures to be made in the ensuing fiscal year. The Board shall provide for sufficient revenues to finance budgeted expenditures with special consideration given to the proposed ad valorem property tax levy.

g. Levy and Collection of Taxes

On or before December 15th of each year, unless an election for an increased operating tax levy is held, the Board shall certify to the Board of County Commissioners of the County or Counties in which the District is located the mill levy established for the ensuing fiscal year, in order that, at the time and in the manner required by law for the levying of taxes, such Commissioners shall levy such tax upon the assessed valuation of all taxable property within District.

h. Filing of Budget

On or before January 30th of each year, the Board shall cause a certified copy of such budget to be filed with the Division of Local Government in the Colorado Department of Local Affairs.

i. Appropriating Resolution

1. At the time of adoption of the budget, the Board shall enact a resolution making appropriations for the ensuing fiscal year. The amounts appropriated thereunder shall not exceed the amounts fixed therefore in the adopted budget.
2. The income of the District, as estimated in the budget and as provided for in the tax levy resolution and other revenue and borrowing resolutions, shall be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution.
3. The Board may make an appropriation to and for a contingent fund to be used in cases of emergency or other unforeseen contingencies.

j. No Contract to Exceed Appropriation

The Board or the District Managers shall have no authority to enter into any contract, or otherwise bind or obligate the District to any liability for payment of money for any purposes, for which provision is not made in appropriation resolution, including any legally authorized amendment thereto, in excess of the amounts of such appropriation for that fiscal year. Any contract, verbal or written, contrary to the terms of this Section shall be void ab initio, and no District funds shall be expended in payment of such contracts, except as follows: in cases of emergency caused by a natural disaster, public enemy, or other contingency as explained.

k. Contingencies

1. In cases of emergency caused by a natural disaster, public enemy, or other contingency, which could not reasonably have been foreseen at the time of the adoption of the budget, the Board may authorize the expenditure of funds in excess of

the budget by resolution duly adopted by a majority vote of the Board. Such resolution shall set forth in full the facts concerning the emergency and shall be included in the minutes of such meeting.

2. If so enacted, a copy of the resolution authorizing additional expenditures shall be filed with the Division of Local Government in the Colorado Department of Local Affairs and shall be published in compliance with statutory requirements.

l. Payment of Contingencies

1. If there is unexpended or uncommitted money in funds other than those to which the emergency relates, the Board shall consider the transfer of such available money to the fund from which the emergency expenditure is to be paid.
2. To the extent that transferable funds are insufficient to meet the emergency appropriation, the Board may borrow money through **(a)** the issuance of tax anticipation warrants, to the extent that the mill levy authority of the District is available as provided by law, or **(b)** the issuance of bond anticipation notes payable from future bond proceeds or operating revenue, or **(c)** any other lawful and approved method.

m. Annual Audit

1. The Board shall cause an annual audit to be made at the end of each fiscal year of all financial affairs of the District through December 31st of such fiscal year. In all events, the audit report must be submitted to the Board within six (6) months of the close of such fiscal year or as otherwise provided by law. Such audit shall be conducted in accordance with generally accepted auditing standards by a registered or certified public accountant, who has not maintained the books, records, and accounts of District during the fiscal year. The auditor shall prepare, and certify as to its accuracy, an audit report, including a financial statement and balance sheet based on such audit, an unqualified opinion or qualified opinion with explanations, and a full disclosure of any violation of Colorado law pursuant to statutory requirements.
2. The Board, at the recommendation of the District Managers or Audit Committee if deemed necessary, shall be responsible for the selection of the independent accountant(s) engaged for purpose of preparing or issuing an independent audit report or performing other independent audit, review or attest services for the District.
3. A copy of the audit report shall be maintained by the District as a public record for public inspection at all reasonable times.
4. A copy of the audit report shall be forwarded to the State Auditor or other appropriate State official pursuant to statutory requirements.

Section 10. Corporate Seal

The seal of the District shall be a circle containing the name of the District and shall be used on all documents and in such manner as seals generally are used by public and private corporations. The Secretary shall keep, or cause to be kept, the seal and shall be responsible for its safe keeping and care.

Section 11. Disclosure of Conflict of Interest

A potential conflict of interest of any Director shall be disclosed in accordance with State law, particularly Article 18 of Title 24, C.R.S., and Sections 32-1-902(3) and 18-8-308, C.R.S.

Section 12. Compensation

Each Director may receive the maximum compensation authorized by statute, unless otherwise determined by the Board. No Director shall receive compensation as an employee of the District, except as may be provided by statute.

Section 13. Indemnification of Directors and Employees

The District shall defend, hold harmless and indemnify any Director, officer, agent, or employee, whether elective or appointive, against any tort or liability, claim or demand, without limitation, arising out of any alleged act or omission occurring during the performance of official duty, as more fully defined by law or by an indemnification resolution. The provisions of this Section shall be supplemental and subject to and, to the extent of any inconsistency therewith, shall be modified by the provisions of the Colorado Governmental Immunity Act, 24-10-101, et seq., C.R.S.

Section 14. Bidding and Contracting Procedures

Except in cases in which the District will receive aid from a government agency, a notice shall be published for bids on all construction contracts for work or material, or both, involving an expense of \$25,000 or more of District funds. The Board may reject any and all bids, and if it appears that the District can perform the work or secure material for less than the lowest bid, it may proceed to do so in accordance with law. Notwithstanding the foregoing, the District may award an integrated project delivery (i.e., "design/build") contract upon (i) the determination of the Board that integrated project delivery represents a timely or cost-effective alternative for a project; (ii) publication of a request for qualifications and/or request for proposals; and (iii) compliance with Part 18 of Article 1, Title 32, C.R.S. All other statutory requirements relating to performance bonds, retainage, and similar matters shall also be complied with.

Section 15. Records Management

The District shall comply with, and adopt, and maintain policies as necessary for compliance with, applicable records retention, destruction, and disclosure requirements, including the Colorado Open Records Act, State Archives and Public Records law, and various consumer privacy legislation. The District managers or their designee is hereby designated as the Official Custodian of Records pursuant to the Open Records Act. In the event there is any question as to whether the District is permitted to comply with an Open Records Act request, the Custodian of Records shall forward such request to the District's legal counsel. Copies of records shall be furnished at a cost of \$.25 per standard page. Where a request requires more than one hour of staff time for retrieval and/or review, the District may charge a nominal fee.

Section 16. Modification of Bylaws

These Bylaws may be altered, amended, or repealed at any regular or special meeting of the Board to become effective immediately or at a subsequent date.

Section 17. Severability

If any part or provision of these Bylaws is adjudged to be unenforceable or invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of these Bylaws, it being the Board's intention that the various provisions hereof are severable.