

BY-LAWS
OF
THE NORTH PECOS WATER AND SANITATION DISTRICT
(Amended February 12, 2008)

Pursuant to Article XXII of the Rules and Regulations of the North Pecos Water and Sanitation District and pursuant to 32-1-1001(m) of the Colorado Revised Statutes, 1973 as amended, the Board of Directors of the North Pecos Water and Sanitation District, a Special District of the State of Colorado, do hereby adopt and amend the By-Laws and the Rules and Regulations of the North Pecos Water and Sanitation District as follows:

PREAMBLE

The North Pecos Water and Sanitation District is a quasi municipal improvement corporation organized and existing under 32-1-101 *et seq.* of the Colorado Revised Statutes, 1973 as amended, which section of the Colorado Revised Statutes is commonly known as the "Special District Act." All provisions of the Special District Act now existing or as hereafter amended are hereby adopted and incorporated in these By-Laws by reference.

The North Pecos Water and Sanitation District is organized and exists to serve a public use in the supply of water services and sanitary sewer services to the public and thereby promote and maintain the health, safety, prosperity, security and general welfare of its inhabitants and the people of the State of Colorado.

ARTICLE I

DEFINITIONS

All definitions herein specified shall be subject to amendment in accordance with the Special District Act.

The Special District Act shall mean 32-1-101 *et seq.* of the Colorado Revised Statutes, 1973, including all amendments thereto.

1. ATTORNEY FOR THE DISTRICT: That person, professional corporation, or other entity who by contract with the District furnishes legal counsel for the District and its Board of Directors.
2. BOARD OR BOARD OF DIRECTORS: The duly elected or appointed, qualified and acting Board of Directors of the District comprised of five (5) members who are each elected or appointed in accordance with 32-1- 901, *et seq.*, of the Special District Act as the same shall be amended from time to time.

3. CONDUIT: A large diameter pipe carrying raw or potable water or sewer effluent from or to treatment facilities.
4. CONNECTION: The act of connecting a water and/or sanitary sewer service line to the building or structure or other facility, which it is intended to serve.
5. CONTRACTOR: A duly licensed person, firm, corporation or other legal entity which is authorized by the District from time to time to perform work and furnish materials in the construction, repair, replacement or maintenance of water and/or sanitary sewer facilities within the District.
6. COURT: The district court in Adams county in which the petition for organization was originally filed and which entered the order organizing The North Pecos Water and Sanitation District or the district court to which the file pertaining to the special district has been transferred pursuant 32-1-303(1)(b) of the Colorado Revised Statutes, 1973 as amended.
7. CUSTOMER: Any person, company, corporation, partnership or other entity, including any governmental authority or agency authorized and granted a permit, license or other documented approval to receive water and/or sanitary sewer services from the District.
8. DISTRICT: The North Pecos Water and Sanitation District.
9. DISTRICT MANAGER: That person charged with the responsibility for the over-all operation of the District's affairs and who shall supervise, operate and maintain all of the District's water and / or sanitary sewer pipelines and facilities appurtenant thereto. The District manager may have one or more assistants as the Board of Directors from time to time shall determine to be necessary in order to efficiently and expeditiously perform the work required.
10. INDUSTRIAL WASTE: The waste by-products created by industrial processes carried on by industries within the District or who seek service from the District with regard to any sewer discharges.
11. MAINS: Any pipe, piping or system of piping (excluding service lines) which is used as a conduit for water or sanitary sewer effluent and within the District's water system and sanitary sewer system and which is owned by the District.
12. METRO DISTRICT: The Metropolitan Wastewater Reclamation District presently located at 6450 York Street, Denver, Colorado 80229, or its successor in interest.
13. OFFICERS: The officers of the Special District shall be a President and Chairman of the Board of Directors, a Secretary, a Treasurer, and one or more Vice Presidents who shall act in all respects and be subject to the directions and supervision of the Board of Directors of the District. Annually, after the taking of the appropriate oath and the filing of appropriate bonds, the Board of Directors shall elect one of the directors as a Chairman of the Board of

Directors and President of the Special District; one of the members of the Board of Directors shall be elected as Secretary of the District; one of the directors shall be elected as Treasurer of the District; and, the Board of Directors may appoint such remaining members of the Board of Directors to the office(s) of Vice President or Vice Presidents as the needs of the District's business so require.

14. PERMIT: A documented written permission of the District which allows a customer of the District to receive water and/or sanitary sewer service from the District in accordance with the District's By-Laws, rules and regulations and engineering standards as the same now exist or may hereafter be amended from time to time. The term "Permit" shall also include any written authorization granted by the District to its customers for irrigation purposes and the allowed discharge of industrial and/or regulated waste systems pursuant to Industrial Waste Discharge Permits and/or Wastewater Pretreatment Regulations adopted by the Board of Directors of the District from time to time.

15. PERSON: Any individual, firm, company, partnership, society, corporation, association, governmental agency or group of the same.

16. QUORUM: The majority of the number of directors serving on the Board of The North Pecos Water and Sanitation District.

17. SAMPLING: The periodic collection of samples of water and/or sewage effluent for analysis by the District, the Denver Water Department or the Metro District or their designated agent laboratory.

18. SANITARY SEWER SERVICE LINE: The entire length of sewer service line from the sanitary sewer wye or other connection of the District's sanitary sewer main to its terminus in the structure or other facility being served.

19. SANITATION DISTRICT: The North Pecos Water and Sanitation District who owns, operates and maintains a sanitary sewer system and the appurtenances incident thereto within the District's boundaries.

20. SECRETARY: The corporate Secretary of the District and its Board of Directors.

21. SEWAGE: The organic or inorganic material in suspension or in solution which originates from or is discharged from any residential, commercial, public use or industrial buildings through a sanitary sewer service line to a District sanitary sewer main.

22. SEWER MAIN: Any piping, system of piping and appurtenances thereto owned by the District and used for the conveyance of sewer effluent within the District's sewer system to the treatment facilities or conduits of the Metro District.

23. SEWER SYSTEM: All sewer mains, manholes, vaults, pump stations, metering devices and all other facilities owned, used and/or operated by the District for the purpose of collecting, transmitting and conveying sewage to the Metro District for treatment and disposition.

24. SPECIAL DISTRICT: Any quasi-municipal corporation and political subdivision organized or acting pursuant to the provisions of the Special District Act.

25. TAP: The physical connection of a water or sanitary sewer service line to the water and/or sanitary sewer mains of the District.

26. TESTING: The process of collecting samples of water and/or sewage effluent for analysis by the District, the Denver Water Department, Metro District or an independent laboratory.

27. UNIT: A structure or portion thereof, the owner of which seeks water and/or sanitary sewer services from the District.

28. WATER DISTRICT: The North Pecos Water and Sanitation, a Special District, which supplies water for domestic and other public and private purposes by any available means and provides all necessary or proper facilities, equipment, and appurtenances incident thereto.

29. NOTE: All other terms not specifically defined herein but used in these By-Laws, rules and regulations of the North Pecos Water and Sanitation District shall mean as the same are defined in the "Glossary - Water and Sewage Control Engineering," American Water Works Association (A.W.W.A.), and American Society of Civil Engineers (A.S.C.E.), and American National Standards Institute, Inc. (A.N.S.I.), latest editions.

ARTICLE II

REVISIONS

The Board of Directors of the North Pecos Water and Sanitation District may from time to time enlarge upon, delete, change or amend the By-Laws and the Rules and Regulations and engineering standards of the North Pecos Water and Sanitation District at any time and from time to time at any regular meeting of the Board of Directors or at a special meeting of the Board of Directors called for that purpose.

ARTICLE III

CONSTRUCTION AND INTERPRETATION OF BY-LAWS

If any provision of these By-Laws is inconsistent with the provisions of the Special District Act, the provisions of the Special District Act, as the same may be amended from time to time, shall prevail.

ARTICLE IV

INCLUSION OF TERRITORY - PROCEDURE

The boundaries of the North Pecos Water and Sanitation District may be altered by the inclusion of additional real property by the fee owner or owners thereof in accordance with Section 32-1-401 of the Special District Act, Colorado Revised Statutes, 1973, as may be amended from time to time and should comply with the following form:

PETITION BY: (name of fee owner or owners)

FOR INCLUSION OF REAL PROPERTY (insert accurate and complete legal description of the property)
WITHIN THE BOUNDARIES OF THE NORTH PECOS WATER AND SANITATION DISTRICT PURSUANT TO C.R.S. 32-1-401 OF THE COLORADO REVISED STATUTES, 1973 AS AMENDED

TO. The Board-of Directors of the North Pecos Water and Sanitation District, Adams County, State of Colorado

IN RE: The Petition of (name of fee owner or owners)
For Inclusion of the Real Property and Improvements thereon Contained and commonly known and numbered as within the Boundaries of the North Pecos Water and Sanitation District, Adam County, State of Colorado

The undersigned, (name of fee owner or owners), fee owners of the real property and improvements thereon situate and commonly known and number as (insert street address), do hereby as his free and voluntary act, petition the Board of Directors of the North Pecos Water and Sanitation District of Adam County, State of Colorado, to include the hereinafter legally described real property within the boundaries of said District and as grounds therefore state as follows:

1. The real property sought to be included within the boundaries of the North Pecos Water and Sanitation District is described as follows: (insert legal description of the property)

2. That (name of fee owner or owners), being fee simple owner of the subject real estate legally described above together with the improvements thereon situated do hereby consent to the inclusion of 100% of the real property described above and the improvements thereon situated within the boundaries of the North Pecos Water and Sanitation District of Adams County, State of Colorado.

3. The grounds supporting the inclusion of said real property within the boundaries of the District are as follows:

a. That the property sought to be included within the District will be benefited by virtue of its ability to receive economical and appropriate potable water service from the District.

b. That the well presently being used to supply water to the fee owners of the real property is subject to contamination and does not fulfill the necessities and needs of the fee owners.

c. That the property sought to be included is not presently receiving water or water service from any other District.

d. That the _____ (insert name of existing water and sanitation provider) cannot economically and practically supply to the fee owners the desired water service and therefore have refused said service to the fee owners.

e. That the North Pecos Water and Sanitation District of Adams County, State of Colorado has the means at its disposal, to furnish the desired water service to the Petitioner and the property sought to be included.

f. That the fee simple owner of the subject real estate, understand, acknowledge, and agree that by inclusion of the real estate above-described within the boundaries of the North Pecos Water and Sanitation District, said property will be subject to additional taxation by reason of being included in said District.

g. That as a result of the reasons above stated and because of the physical location of the subject real property, it is practical and sound to include the said real estate and improvements thereon situated

No dissolution or change in the boundaries of The North Pecos Water and Sanitation District shall be effective until the decree or order confirming such action, together with a description of the area concerned, is recorded in the county clerk and recorder's office of the City and County of Denver and/or the clerk and recorder's office in the County of Adams, whichever county the change in boundaries took place.

The county clerk and recorder shall notify the county assessor of any such action. A certified copy of the notice shall also be filed with the Division of Local Government by the county clerk and recorder.

ARTICLE VII

SERVICE AREA OF THE NORTH PECOS WATER AND SANITATION DISTRICT

The North Pecos Water and Sanitation District may be entirely within or entirely without, or partly within and partly without, one or more municipalities or counties. At the present time, the North Pecos Water and Sanitation District furnishes water and/or sanitation services to tracts and parcels of real estate located within the County of Adams and the City and County of Denver.

ARTICLE VIII

CONSOLIDATION

If the North Pecos Water and Sanitation District desires to consolidate with another district or if another Special District offering similar services as the North Pecos Water and Sanitation District, desires to consolidate

with the North Pecos Water and Sanitation District, such consolidation shall be accomplished in accordance with 32-1-601 through 32-1-608, Colorado Revised Statutes, 1973, as amended.

ARTICLE IX

ELECTIONS

All elections of the North Pecos Water and Sanitation District, whether ballot issues or other authorized elections, shall be conducted in accordance with and in conformity with the Uniform Election Code of 1992, as found in Title I, Articles I to 13, Colorado Revised Statutes, as amended, and the procedural requirements set forth in Title 32, part 8 (Special District Act) as contained in the Colorado Revised Statutes, 1973 as amended.

ARTICLE X

BOARD OF DIRECTORS

1. Definition and Duties. The Board of Directors of the North Pecos Water and Sanitation District shall be composed of five (5) members who shall manage the business and affairs of the District.

2. Oath and Bond.

2.1 Oath. Each Director, within thirty (30) days after his or her election, except for good cause shown, shall appear before an officer authorized to administer oaths and take an oath that he or she will faithfully perform the duties of his or her office as required by law and will support the Constitution of the United States, the Constitution of the State of Colorado and the laws made pursuant thereto.

2.2 Bond. At the time of the filing of said oath by a Director, there shall also be filed for each Director an individual, schedule or blanket surety bond, at the expense of the Special District, conditioned upon the faithful performance of his or her duties as a Director of the North Pecos Water and Sanitation District.

If any Director fails to take the oath or furnish the requisite bond within the period allowed, except for good cause shown, his or her office shall be deemed vacant and the vacancy thus created shall be filled in the same manner as other vacancies in the office of Director.

3. COMPENSATION. For directors serving a term of office commencing prior to July 1, 2005, each director may receive as compensation for the director's service a sum not in excess of one thousand two hundred dollars per annum, payable not to exceed seventy-five dollars per meeting attended. For directors serving a term of office commencing on or after July 1, 2005, each director may receive as compensation for the director's service a sum not in excess of one thousand six hundred dollars per annum, payable not to exceed one hundred dollars per meeting attended.

No Director shall receive compensation as an employee of the North Pecos Water and Sanitation District, other than as provided in the Special District Act of the State of Colorado, as amended from time to time.

Reimbursement of actual expenses Directors shall not be considered compensation.

4. Execution of Checks or Negotiable Instruments on Behalf of the District. Any check, negotiable instrument, draw, or the like, drawn on the bank account, or any other account of the North Pecos Water and Sanitation District, shall be signed and authorized by a minimum of two (2) Directors.

5. Disclosure. A Director shall disqualify himself or herself from voting on any issue in which he or she has a conflict of interest unless such Director has disclosed such conflict of interest in compliance with 18-8-308, C.R.S., as amended.

6. Work sessions. The Board of Directors may schedule as many work sessions as is necessary for the Board of Directors to efficiently become apprised of the business of the District. No notice of any work session is required under the statute. However, if the statute is amended to require notices of work sessions, the Board of Directors shall comply with the statute, as amended.

7. Vacancies. A Director's office shall be deemed to be vacant upon the occurrence of any of the events as stated in 32- 1-905, C.R.S., 1973 as amended, which occur prior to the expiration of the particular Director's term of office. Any vacancy on the Board of Directors shall be filled by appointment by the remaining Director or Directors of the District. The appointee shall serve until the next regular election, at which time the vacancy shall be filled by that election. If, within sixty (60) days of the occurrence of any vacancy, the Board fails, neglects or

refuses to appoint a Director from the pool of any duly qualified, willing candidates, the Board of County Commissioners of Adams County may appoint a Director to fill such vacancy. The remaining Director or Directors shall not lose their authority to make an appointment to fill any vacancy unless and until the Board of County Commissioners of Adams County has actually made an appointment to fill that vacancy.

ARTICLE XI

POWERS OF THE BOARD OF DIRECTORS

1. Common powers. For and on behalf of the District, the Board of Directors of the North Pecos Water and Sanitation District shall have the following powers:

a. To ensure that the District has perpetual existence;

b. To have and use a corporate seal;

c. To sue and be sued and to be a party to suits, actions, and proceedings;

d. To enter into contracts and agreements affecting the affairs of the North Pecos Water and Sanitation District except as otherwise provided herein, including contracts with the United States and any of its agencies or instrumentalities.

Except in cases in which the North Pecos Water and Sanitation District will receive aid from a governmental agency or purchase through the state purchasing program, a notice shall be published for bids on all construction contracts for work or material, or both, involving an expense of twenty-five thousand dollars (\$25,000.00) or more of public monies. The North Pecos Water and Sanitation District may reject any and all bids, and, if it appears that the North Pecos Water and Sanitation District can perform the work or secure the material for less than the lowest acceptable bid, it may proceed to do so.

e. To borrow money and incur indebtedness and evidence the same by certificates, notes, or debentures, and to issue bonds, including revenue bonds, in accordance with the provisions of 32-1-1101 of the Special District Act, Colorado Revised Statutes, 1973 as amended from time to time, and to invest any funds of the North Pecos Water and Sanitation District in accordance with Article XVII of these By-Laws;

f. To acquire, dispose of, and encumber real and personal property including, without limitation, rights and interests in property, leases, and easements necessary to the functions or the operation of the North Pecos Water and Sanitation District; except that the Board of Directors shall not pay more than fair market value and reasonable settlement costs

for any interest in real property and shall not pay for any interest in real property which must otherwise be dedicated for public use or the North Pecos Water and Sanitation District's use in accordance with any governmental ordinance, regulation, or law;

g. To refund any bonded indebtedness as provided in 32-1-1301, Colorado Revised Statutes, 1973 as amended, or 11-54-101, *et seq.*, and 11-56-101, *et seq.*, of the Colorado Revised Statutes, 1973 as amended;

h. To have the management, control, and supervision of all the business and affairs of the North Pecos Water and Sanitation District as defined in 32-1-1001, *et seq.*, of the Special District Act, Colorado Revised Statutes, 1973 as amended, and all construction, installation, operation, and maintenance of improvements of the North Pecos Water and Sanitation District;

i. To appoint, hire, and retain agents, employees, engineers, and attorneys;

j. To fix and from time to time to increase or decrease fees, rates, tolls, penalties, or charges for services, programs, or facilities furnished by the North Pecos Water and Sanitation District. The Board may pledge such revenue for the payment of any indebtedness of North Pecos Water and Sanitation District. Until paid, all such fees, rates, tolls, penalties, or charges shall constitute a perpetual lien on and against the property served, and any such lien may be foreclosed in the same manner as provided by the laws of the state of Colorado for the foreclosure of mechanics' liens;

k. To furnish services and facilities without the boundaries of the North Pecos Water and Sanitation District and to establish fees, rates, tolls, penalties, or charges for such services and facilities;

l. To accept, on behalf of the North Pecos Water and Sanitation District, real or personal property for the use of the North Pecos Water and Sanitation District and to accept gifts and conveyances made to the North Pecos Water and Sanitation District upon such terms or conditions as the Board may approve;

m. To adopt, amend, and enforce bylaws and rules and regulations not in conflict with the Constitution of the State of Colorado and the laws of this state for carrying on the business, objects, and affairs of the Board and the North Pecos Water and Sanitation District;

n. To have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted to special districts pursuant to 32-1-1001, *et seq.*, of the Special District Act, Colorado Revised Statutes, 1973 as amended. Such specific powers shall not be considered as a limitation upon any power necessary or appropriate to

carry out the purposes and intentions of 32-1-1001, Colorado Revised Statutes, 1973 as amended.

2. Additional powers - special -provisions. In addition to the powers specified above, the Board of Directors of the North Pecos Water and Sanitation District has additional powers on behalf of the North Pecos Water and Sanitation District as specified in 32-1-1006 of the Special District Act, Colorado Revised Statutes, 1973 as amended.

3. Engineering Standards, Rules and Regulations. The Board of Directors of the District shall be empowered and authorized to promulgate, adopt, modify and amend, from time to time engineering standards, rules, regulations and procedures as well as pre-treatment rules and standards applicable to sewer discharges which regulate the location, relocation, construction, reconstruction, inspection, testing, sampling, operation, repair and maintenance of all pipelines, conduits, mains, service lines, valves, vaults, manholes, interceptors, separators, other pretreatment systems, taps, connections, pump stations, monitoring and sampling equipment and all other water and/or sewer systems and appurtenances thereto (as defined in the appendices to such Standards, Rules and Regulations) located or used by the District or within the District's service area.

ARTICLE XII

MEETINGS OF THE BOARD OF DIRECTORS

1. Regular meetings. The regular meetings of the Board of Directors of the North Pecos Water and Sanitation District shall be held on the second Tuesday of each month at the business office of the District located at 6900 North Pecos, Denver, Colorado 80221, commencing at the hour of **6:00** p.m.

All regular meetings are open to the public.

2. Special meetings. Special meetings may be held as often as the business and affairs of the North Pecos Water and Sanitation District shall require.

All special meetings are open to the public.

3. Notice of meetings.

a. Notice of regular meetings. At the December meeting the Board shall establish the dates for the regular meetings for the following year. Notice of time and place designated for all regular meetings shall be posted at least three days in advance, and in at least three public places within the territorial limits of the North Pecos

Water and Sanitation District. In addition, one such notice shall be posted in the office of the Adams County Clerk and Recorder. Such notices shall remain posted and may be changed in the event that the time or place of such regular meetings is changed. Such notices shall be in compliance with the requirements of C.R.S. 32-1-903, as amended.

b. Notice of special meetings. Notice of a special meeting indicating the date, time, and place of such meeting and the purpose for which it is called shall be posted in at least three public places within the territorial limits of the North Pecos Water and Sanitation District. In Addition, on such notice shall be posted in the office of the Adams County Clerk and Recorder. Said notice shall be posted at least three days prior to the special meeting.

4. Policy of the Board of Directors regarding meetings. It is the policy of the North Pecos Water and Sanitation District and its Board of Directors that the conduct of public business will not be conducted in secret. Therefore, all meetings of the Board of Directors to the extent required by law shall be conducted in compliance with 24-6-401, *et seq.*, of the Colorado Revised Statutes, 1973 as amended.

All meetings of the Board of Directors of the District at which the adoption of any proposed public policy, position, resolution, rule, regulation or formal action occurs or at which a majority or quorum of the Board of Directors is in attendance, or is expected to be in attendance, shall be held only after full and timely notice to the public. In addition to any other means of full and timely notice, the Board of Directors of the North Pecos Water and Sanitation District shall be deemed to have given full and timely notice if the notice of the meeting is posted in a designated public place within the territorial boundaries of the District not less than 24 hours prior to the holding of the meeting. The public place or places for posting of such notice shall be designated annually by the Board of Directors of the North Pecos Water and Sanitation District at its first regular meeting of each calendar year. The posting shall include specific agenda information where possible.

Minutes of any meeting shall be taken and promptly recorded, and such records shall be open to public inspection except to the extent limited by other statutes of the State of Colorado.

5. Executive sessions. That the District shall conduct executive session only during regular or special meetings of the Board.

Prior to commencing an executive session the

President, or other Board member conducting the meeting, shall announce in open public meeting the specific topic to be discussed in executive session.

Such announcement shall contain citation to a specific provision or provisions of C.R.S. 24-6-402(4)(subparagraphs (a) through (h) that authorize the executive session and describe the matters to be discussed.

The specific subparagraphs of C.R.S. 24-6-402(4) to be cited are any of the following:

(a) The purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest; except that no executive session shall be held for the purpose of concealing the fact that a member of the local public body has a personal interest in such purchase, acquisition, lease, transfer, or sale;

(b) Conferences with an attorney for the District for the purposes of receiving legal advice on specific legal questions.

(c) Matters required to be kept confidential by federal or state law or rules and regulations. The President shall announce the specific citation of the statutes or rules that are the basis for such confidentiality before holding the executive session.

(d) Specialized details of security arrangements or investigations.

(e) Determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators.

(f) Personnel matters except if the employee who is the subject of the session has requested an open meeting, or if the personnel matter involves more than one employee, all of the employees have requested an open meeting.

(g) Consideration of any documents protected by the mandatory nondisclosure provisions of part 2 of article 72 of this title, commonly known as the "Open Records Act"; except that all consideration of documents or records that are work product as defined in section 24-72-202(6.5) or that are subject to the

governmental or deliberative process privilege shall occur in a public meeting unless an executive session is otherwise allowed pursuant to this subsection.

(h) Discussion of individual students where public disclosure would adversely affect the person or persons involved.

After such announcement the Board must affirmatively vote to commence the executive session by a two-thirds vote of the present quorum.

While in executive session the Board will only discuss the specific topics previously announced and no formal votes or action of the Board shall occur during any executive session.

A tape recording of the executive session shall be made on a separate tape from the one used to record the Board=s public meeting.

The tape recording of the executive session shall be kept in a secure manner by the Attorney for the District, retained for a period of 90 days, and thereafter destroyed or erased.

The only portion of any executive session that will not be tape recorded will be that portion that concerns discussions with an attorney for the District for the purposes of receiving legal advice on specific legal questions.

Quorum. All official business of the Board can be conducted only at a regular or special meeting at which a quorum is present. The act of the majority of the Directors present at a meeting in which a quorum is present shall be the act of the Board of Directors.

ARTICLE XIII

DISCLOSURE OF PUBLIC RECORDS

Pursuant to Colorado Revised Statutes, S24-72-202, et seq., 1973 as amended, it is declared to be the public policy of this District that all public records shall be open for inspection by any person at reasonable times, except as specifically provided herein. It is the policy of the North Pecos Water and Sanitation District that the public has reasonable access to information concerning the

activities of the District and shall allow the public access to the District's records to the extent allowed by Colorado law. However, the exclusions specified in 24-72-204, Colorado Revised Statutes, 1973 as amended, shall apply to the District to restrict access to certain sensitive records of the District.

The Board of Directors of the North Pecos Water and Sanitation District may make such rules and regulations with reference to the inspection of such records of the District as are reasonably necessary for the protection of such records and the prevention of unnecessary interference with the regular discharge of the duties of the custodian of the records or the business office of the District.

The records of the North Pecos Water and Sanitation District shall be available for inspection in the office of the District between the hours of 8:00 a.m. to 12:00 noon and between 1:00 p.m. and 5:00 p.m. Requests for information or access to a District file shall be granted as soon as reasonably possible and the District reserves the right to delay access to a file for the time required to retrieve the file (up to three working days), and as allowed by 24-72-203, Colorado Revised Statutes, 1973 as amended.

If the public records requested are not in the custody or control of the District manager, the manager shall forthwith notify the applicant of this fact, in writing if requested by the applicant. In such notification the manager shall state in detail to the best of the manager's knowledge and belief the reason for the absence of the records from the District's custody or control, their location, and which person has custody or control of the requested records.

The District manager may make copies of the District's file or parts thereof on the District reproduction equipment at a charge of \$1.25 per page, or at a charge to be determined by the Board of Directors, and in compliance with 24-72-205, Colorado Revised Statutes, 1973 as amended from time to time.

No files of the North Pecos Water and Sanitation District will be loaned to any member of the public for removal from the office of the District.

Inquiries from the news media concerning District related incidents occurring within or without of the boundaries of the District shall be responded to only by the Chairman of the Board of Directors and the President of the District. All employees and other individual members of the Board of Directors of the District shall not release controversial or potentially controversial information to the news media, but instead will refer such matters of inquiry to the entire Board of Directors, for an official

response by the President and Chairman of the Board of Directors of the North Pecos Water and Sanitation District.

ARTICLE XIV

BUDGET

The North Pecos Water and Sanitation District shall under the supervision of its Board of Directors and through its administrative staff and Certified Public Accountant annually prepare and present a complete financial plan and budget for each year. The financial plan and budget shall be prepared, presented and adopted in accordance with the Local Government Budget Law of Colorado as presently contained in 24-1-101, et seq., of the Colorado Revised Statutes, 1973 as amended.

Said budget and financial plan of the North Pecos Water and Sanitation District shall at a minimum and as applicable set forth the following:

- a) All proposed expenditures for administration, operations, maintenance, debt service, and capital projects to be undertaken or executed by the District during the budget year;
- b) Anticipated revenues for the budget year;
- c) Estimated beginning and ending fund balances;
- d) The corresponding actual figures for the prior fiscal year and estimated figures projected through the end of the current fiscal year, including disclosure of all beginning and ending fund balances, consistent with the basis of accounting used to prepare the budget;
- e) A written budget message describing the important features of the proposed budget, including a statement of

the budgetary basis of accounting used and a description of the services to be delivered during the budget year; and

f) Explanatory schedules or statements classifying the expenditures by object and the revenues by source.

ARTICLE XV

AUDITS

The North Pecos Water and Sanitation District, under the supervision of its Board of Directors and through its administrative staff and Certified Public Accountant, shall cause to be made an annual audit of the financial statements and business affairs of the North Pecos Water and Sanitation District for each fiscal year. Such audit shall be made at the end of the fiscal year or, at the option of the Board of Directors audits may be made at more frequent intervals. The audits shall be prepared, presented and adopted in accordance with the Local Government Audit Law of Colorado as presently contained in 29-1- 601, et seq., of the Colorado Revised Statutes, 1973 as amended.

Said audits shall be conducted in accordance with generally accepted auditing standards by an auditor as defined in 29-1- 602, Colorado Revised Statutes, 1973 as amended, but in no event shall any auditor audit the records, books or accounts which he has maintained.

The expenses of the audits; will be paid by the North Pecos Water and Sanitation District and it is the duty of the Board of Directors to make provision for the payment of the expenses of such audits.

A copy of the audit report conducted by a Certified Public Accountant shall be filed with the state auditor no later than thirty days after the report is received by the Board of Directors of the North Pecos Water and Sanitation District.

ARTICLE XVI

OFFICERS OF THE DISTRICT

1. Election of officers: The Board of Directors shall annually elect one of its members as Chairman of the Board and President of the North Pecos Water and Sanitation District, and shall elect a Secretary and a Treasurer. The Board of Directors may, in their discretion, have one person serve as Secretary- Treasurer. The Board may also elect or appoint such other officers and assistant officers as may be determined to be necessary by the Board. Any two or more offices may be held: by the same person, except the offices of President and Secretary. Each officer so elected or appointed shall continue in office until his successor shall be elected or appointed and shall qualify, or until resignation, removal, death, or other disqualification.

2. Resignation, Removal, and Vacancies: Any officer may resign at any time by giving written notice thereof to the Board of Directors or to the Chairman of the Board. Such resignation shall take effect on the date specified therein, and no acceptance of the same shall be necessary to render the same effective.

Any officer may at any time be removed by the affirmative vote of two-thirds (2/3) of the number of Directors.

If any office becomes vacant for any reason the vacancy may be filled by the Board of Directors. An officer appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office.

3. President: The President shall be the Chairman of the Board of the Directors of the North Pecos Water and Sanitation District. He shall preside at all meetings and shall have general and active management of the business of the District.

He shall see that all orders and resolutions of the Board of Directors are carried into effect and, in general, shall perform all duties as may from time to time be assigned to him by the Board of Directors.

4. Vice President: The Vice President shall perform such duties and possess such powers as from time to time may be assigned to him by the Board of Directors or by the President.

In the absence or inability of the President, the Vice President shall perform the duties of the President.

5. Secretary: The Secretary shall give, or cause to be given, notice of all meetings of shareholders and of the Board of Directors, and shall attend all such meetings and keep a record of their proceedings. The Secretary shall keep a record of all the proceedings and minutes of all meetings of the Board, certificates, contracts, bonds given by employees, and all corporate acts, which shall be open to inspection of all electors, as well as to all other interested parties. The Secretary shall be the custodian of the seal of the District and shall have the power to affix the same to all documents, the execution of which on behalf of the District is authorized by these By-Laws or by the action of the Board of Directors, and in general shall perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to the Secretary by the Board of Directors or the President.

6. Treasurer: The Treasurer shall have charge and custody of and be responsible for all funds and securities of the District and deposit all such funds in the name of the District in such banks or other depositories as shall be selected by the Board of Directors. The Treasurer shall collect and receive and give receipts for all monies or securities belonging to the District. The Treasurer shall keep strict and accurate accounts of all money received by and disbursed for and on behalf of the District in permanent records. He shall file with the Clerk of the Adams County Court, at the expense of the District, a corporate fidelity bond in an amount to be determined by the Board of not less than Five Thousand Dollars, conditioned on the faithful performance of the duties of his office. In general, the Treasurer shall perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Board of Directors, or by the President.

7. Assistant Secretaries: The Assistant Secretaries shall perform such duties and possess such powers as from time to time shall be assigned to them by the Board of Directors, the President, or the Secretary.

8. Assistant Treasurers: The Assistant Treasurers shall perform such duties and possess such powers as from time to time shall be assigned to them by the Board of Directors, the President, or the Treasurer. The Assistant Treasurers shall give bonds for the faithful discharge of their duties if, and in such sum and with such sureties, as the Board of Directors shall require.

ARTICLE XVII

INVESTMENT POLICIES OF THE NORTH PECOS WATER
AND SANITATION DISTRICT AND COMPLIANCE WITH
COLORADO REVISED STATUTES REGARDING INVESTMENT OF
FUNDS

The North Pecos Water and Sanitation District is a Special District Organized and existing under the Special District Act of the State of Colorado, 32-1-101, et seq., of the Colorado Revised Statutes, 1973 as amended. The Board of Directors and officers of the District are charged with the obligation to keep strict and accurate accounts of all monies received by, invested, and disbursed for and on behalf of the District in permanent records. Therefore and in order to facilitate the management and investment of funds received by the District, the Board of Directors of the North Pecos Water and Sanitation District shall adopt investment policies of this District which shall focus upon:

- a) The safeguarding and preservation of all District funds.
- b) Investigation and use of investment alternatives which shall provide for the obtaining of the highest prudent rate of return while minimizing the risk to funds so invested by the District.
- c) Insure that the District has sufficient liquid assets to meet all anticipated cash disbursement requirements and needs of the District on a current basis.

All investment decisions regarding the investment of the District's funds shall be performed by the Board of Directors and be reported in the minutes of the regular or special meetings wherein those investment decisions are made.

The mandates and/or resolutions of the Board of Directors of the District adopted in said meetings shall be implemented and carried out by the Board of Directors as a unit, or by a committee of the Board of Directors or officers of the District to whom the Board of Directors has specifically delegated the requisite authority.

The Investment Policies of the District and the authority to make investments on behalf of the North Pecos Water and Sanitation District shall be exercised by the Board of Directors only in accordance with the following Colorado Revised Statutes:

- a) Public Deposit Protection Act, 11-10.5-101, et seq., C.R.S., 1973 as amended;

b) Savings and Loan Association Public Deposit Protection Act, 11-47-101, et seq., C.R.S., 1973 as amended;

c) Legal Investments for Governmental Units, 24-75-601, et seq., C.R.S., 1973 as amended;

d) Depositories, 24-75-603, C.R.S., 1973 as amended.

e) Investment of Funds - Local Government Pooling, 24-75-701, et seq., C.R.S., 1973 as amended.

Unless and until amended by specific statute or governmental directive, the Board of Directors in exercising its authority to invest funds shall do so in accordance with the "Prudent Investor" rule. This rule states that investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived. This "Prudent Investor" rule shall be applied in the context of managing the entire portfolio of investments of this District.

ARTICLE XVIII

EXECUTION OF INSTRUMENTS

1. Execution of Documents: Any two Directors of the North Pecos Water and Sanitation District shall have power to execute on behalf and in the name of the North Pecos Water and Sanitation District any deed, contract, bond, debenture, note, or other obligations or evidences of indebtedness, or other instrument requiring the signature of any two Directors of the District, except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the District. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the District in any way, to pledge its credit, or to render it liable pecuniarily for any purpose or in any amount.

2. Checks and Endorsements: All checks and drafts upon the funds to the credit of the North Pecos Water and Sanitation District in any of its depositories shall be signed by any two Directors as shall from time to time be determined by Resolution of the Board of Directors which may provide for the use of facsimile signatures under specified conditions, and all notes, bills receivable, trade acceptances, drafts, and other evidences of indebtedness payable to the District shall, for the purpose of deposit, discount, or collection, be endorsed by such Directors or agents of the District or in such manner as shall from time to time be determined by resolution of the Board of Directors.

ARTICLE XIX

POWER AND AUTHORITY OF EMPLOYEES AND INDEPENDENT CONTRACTORS

The District manager and such other duly authorized employees of the District, as well as independent contractors duly authorized by the Board of Directors, bearing proper credentials and identification, shall be permitted to enter in and upon all properties contained in the District for the purpose of inspection, observation, sampling, testing, repair, meter reading, or any other reasonable purpose concerning the business and affairs of the District or as otherwise directed by the Board of Directors and officers of the District.

ARTICLE XX

EMPLOYEE POLICIES

The Board of Directors of the North Pecos Water and Sanitation District shall be empowered from time to time to

promulgate employee policies in a Personnel Policies Manual, which shall be distributed to each employee at the time of their employment by the District. This Personnel Policies Manual is available in the office of the District and can be viewed during regular business hours of the District.

ARTICLE XXI

HEALTH AND SAFETY PLAN

The Board of Directors of the North Pecos Water and Sanitation District shall be empowered from time to time to promulgate a health and safety plan to be implemented by District employees in a Health and Safety Plan Manual which shall be distributed to each employee at the time of their employment by the District. This Health and Safety Plan Manual is available in the office of the District and can be viewed during regular business hours of the District.

ARTICLE XXII

AMENDMENTS

All By-Laws of the North Pecos Water and Sanitation District shall be subject to alteration, amendment, or repeal. New By-Laws may be added by the affirmative vote of a majority of a quorum of the members of the Board of Directors at any regular or special meeting.

All references to the Colorado Revised Statutes as contained in these By-Laws are to those statutes of the State of Colorado as the same may be amended from time to time.

The foregoing are the official By-laws of the NORTH PECOS WATER AND SANITATION DISTRICT, as adopted September 13, 1994, as amended June 13, 1995, as amended December 6, 1995, as amended May 14, 1996, as amended December 8, 1998, as amended October 9, 2001, as amended November 12, 2002, as amended August 9, 2005, as amended October 10, 2006, and as amended February 12, 2008.

RESOLUTION NO. 1-2008

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
NORTH PECOS WATER AND SANITATION DISTRICT
ADOPTING REVISIONS AND AMENDMENTS
TO THE BY-LAWS OF THE DISTRICT

WHEREAS, the North Pecos Water and Sanitation District is a special District organized and existing under the Special District Act (The Act) of the State of Colorado; and,

WHEREAS, pursuant to Section 32-1-1001(m) of the Special District Act, the North Pecos Water and Sanitation District acting by and through its Board of Directors is authorized to revise, amend and enforce by-laws, rules and regulations to facilitate the carrying on of the business and affairs of this District; and,

WHEREAS, the Board of Directors of the District, in furtherance of said power above and statutorily defined has authorized legal counsel of the District in conjunction with the District's administrative personnel and the District's engineer to revise and amend in their entirety the By-Laws of the District governing the conduct of its affairs to promote and maintain the health, safety, security and general welfare of the District's inhabitants and the people of the State of Colorado; and,

WHEREAS, drafts of the proposed and amended By-Laws of the North Pecos Water and Sanitation District were presented to each Director comprising the Board of Directors of the District on January 8, 2008, for review, study and comment and critique prior to adoption; and,

WHEREAS, each Director comprising the Board of Directors of the District has had the opportunity to review, study and initiate changes or further modifications to the proposed draft of the By-Laws of the District; and,

WHEREAS, each Director comprising the Board of Directors of the North Pecos Water and Sanitation District is satisfied that the revision of the By-Laws presented at the regularly scheduled monthly meeting of the Board held on February 12, 2008, accurately and comprehensively incorporates all of their comments and requested modifications.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Amended By-Laws of the North Pecos Water and Sanitation District to which this resolution is attached are hereby unanimously adopted as the By-Laws of the North Pecos Water and Sanitation District.

2. The Amended By-Laws so adopted shall supplant, take the place of and supersede all prior By-Laws of the North Pecos Water

and Sanitation District.

3. The effective date of the Revised By-Laws of the North Pecos Water and Sanitation District as presented at this meeting shall be the commencement of business on March 11, 2008.

Adopted this 12th day of February, 2008.

THE NORTH PECOS WATER AND SANITATION DISTRICT

By: _____
Eugene Dechant, President and
Chairman of the Board of Directors of
the North Pecos Water and Sanitation District

ATTESTED TO:

By: _____
Conrad C. Mowrey, Secretary and
Director of the Board of Directors of
the North Pecos Water and Sanitation District

(CORPORATE SEAL)

UNANIMOUSLY APPROVED AS TO FORM AND CONTENT this 12th day of
February, 2008:

Eugene Dechant, Director

Conrad C. Mowrey, Director

David Gomez, Director

Robert Santarelli, Director

Lynda S. Towndrow, Director