

# **BYLAWS OF THE CLIFTON WATER DISTRICT**

## **1. Authority**

The Clifton Water District is a governmental subdivision of the State of Colorado and a body corporate possessing those powers of a public or quasi-municipal corporation which are specifically authorized by, and compliance with, C.R.S. Section § 32-1-101 et seq.

## **2. Purpose**

It is hereby declared that these bylaws, adopted in accordance with C.R.S. § 32-1-1001(1)(m), will serve a public purpose and are adopted to facilitate the conduct of the business, objects, and affairs of the Clifton Water District, its water activity enterprise, and of the Board of Directors.

## **3. Policies of the Board**

It shall be the policy of the Clifton Water District Board of Directors, consistent with the availability of revenues, personnel and equipment, to use its best efforts to provide drinking water and related services to the inhabitants and property owners within the District. It is also the policy of the Board of Directors to promote public health and welfare by assuring drinking water that meets or exceeds applicable State and Federal regulations and providing sufficient quantity by using the most practical technology, science, and governmental policies relative to the drinking water industry's role in the stewardship of water resource and to communicate this information to its customers as far as practical.

## **4. Board of Directors**

All powers, privileges and duties vested in or imposed upon the Clifton Water District (hereinafter referred to as "District") and its water activity enterprise by law shall be exercised and performed by and through the Board of Directors (hereinafter referred to as "Board"), whether set forth specifically or impliedly in these bylaws.

## **5. Office**

### **a. Business Office**

The principal business office of the District shall be at 510 34 Road in Clifton, Colorado, unless otherwise designated by the Board.

### **b. Establishing Other Offices and Relocation**

The Board, by resolution, may from time to time, designate, locate and relocate its executive and business office and such other offices as, in its judgment, are necessary to conduct the business of the District.

## **6. Meetings.**

### **a. Regular Meetings**

Regular meetings of the Board shall be held on the second Thursday of each month at 5:00 p.m., with a three-hour limit, local prevailing time, in the boardroom at the business office.

## b. Meeting Public

All meetings of the Board, other than those held in executive session, shall be open to the public. The Board, upon the affirmative vote of two-thirds of the quorum present, may hold an executive session only at a regular or special meeting and for the sole purpose of considering any of the following matters: (i) 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 Board has a personal interest in such purchase, acquisition, lease, transfer or sale; (ii) conferences with an attorney for the District for the purposes of receiving legal advice on specific legal questions; (iii) matters required to be kept confidential by federal or state law or rules and regulations; (iv) specialized details of security arrangements or investigations; (v) determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators; (vi) 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, and all of the employees have requested an open meeting; (vii) consideration of any documents protected by the mandatory non-disclosure provisions of Part 2 of Article 72 of Title 24 of the Colorado Revised Statutes, commonly known as the "Open Records Act"; except that no adoption of any proposed policy, position, resolution, rule, regulations, or formal action shall occur at any executive session which is not open to the public.

## c. Notice of Meetings

Section 6 a shall constitute formal notice of regular meetings to Board members, and no other notice shall be required to be given to the Board, other than the permanent posting. Notice of the time and place for all regular meetings shall be posted in the District office and on the District website in accordance with C.R.S § 32-1-903(2) and C.R.S §24-6-402(2)(c)(iii). Such notices shall remain posted and shall be changed in the event that the time or place of such regular meetings is changed.

## d. Special Meetings

Special meetings may be called by any Director by informing the other Directors of the date, time, and place of such special meeting, and for the purpose for which it is called, and by posting notice of such special meeting as provided in C.R.S § 24-6-402(2)(c), no less than 24-hours prior to such meeting.

# 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 is present. A quorum is defined pursuant to C.R.S. § 32-1- 103(16) as more than one-half of the directors serving on the board.

## b. Vote Requirements

Any action of the Board shall require the affirmative vote of a majority of the Directors present and voting. When special or emergency circumstances affecting the affairs of the District and the health and safety of District residents so dictate, then those Directors available at the time may undertake whatever action is considered necessary and may so instruct the District's employees.

### c. Order of Business

The business of all regular meetings of the Board shall be transacted, as far as practicable, in the following order:

- I. Silent roll call of members;
- II. Public Hearings and Visitors;
  - a. Published and Scheduled Public Hearings;
  - b. Guests (limited to 5 minutes);
  - c. Reports of Professional Consultants;
- III. Approval of the minutes of the previous meetings (and any special meeting(s) held after the last regular meeting);
- IV. Election matters and resolutions, election of Board Officers, approval and determination of bonds at the first meeting after the May election;
- V. Approval of bills and appropriations;
- VI. Reports of Manager, Officers and Committees;
- VII. Adjournment.

### d. Resolution and Orders

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

### e. Minutes of Meetings

Within a reasonable time after passage, all orders, resolutions and motions and all minutes of Board meetings shall be recorded and shall be attested by the secretary. The minutes shall be kept in a visual text format that may be transmitted electronically and shall be open to public inspection upon request. Minutes will be kept indefinitely. §32-1-902(1) and 24-6-402(2)(d)(II), C.R.S.

## 8. Directors, Officers, and Personnel

### a. Director Qualifications and Terms: Surety Bond

The number of Directors shall be five, each of whom shall be electors of the District. The term of each Director shall be determined by relevant statutory provisions, and elections shall be held in odd numbered years and conducted in the manner prescribed by Part 8 of Article 1, Title 32, C.R.S., as amended. Each Director shall, at the expense of the District, furnish a faithful performance surety bond in an amount not less than \$1,000 pursuant to the provisions of C.R.S. § 32-1-901(2), as amended. This bond shall be filed at the same time and in the same manner as the oath of office described in paragraph 8 b below.

### b. Oath of Office

Each member of the Board, before assuming the responsibilities of the office, but in no event later than 30 days after election, except for good cause shown, shall take and subscribe an oath of office in the following form, and such oath of office shall be filed with the Clerk of the Mesa County District Court and with the Division of Local Government in the Colorado Department of Local Affairs:

OATH OF OFFICE OF  
DIRECTOR STATE OF  
COLORADO )  
COUNTY OF MESA )

I, \_\_\_\_\_, will faithfully support the Constitution of the United State of the State of Colorado, and the laws made pursuant thereto, and will faithfully perform the duties of office of Director of the Clifton Water District, upon which I am about to enter.

\_\_\_\_\_  
Signature

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

\_\_\_\_\_  
County Clerk, District Court Clerk,  
Chairman of the Board of Directors,  
or Notary

### c. Election of Officers

After taking oath and filing bonds, the Board shall elect one of its members as Chairman of the Board and President of the District, one of its members as a Treasurer of the Board and District, and a Secretary who may be a member of the Board. The Secretary and Treasurer may be one person, but, if such is the case, shall be a member of the Board. The Board may also elect one of its members as Vice Chairman of the Board and Vice President of the District. The officers shall be elected by a majority of the Directors voting at said elections. 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 years, which term shall expire upon the election of their successor or upon their reelection to that office. Directors are limited to three consecutive terms, as approved by voters of the District on May 4th, 2004.

### d. Vacancies

Any vacancy on the Board shall be filled by appointment by the remaining director or directors, the appointee to serve until the next regular election, at which time, the vacancy shall be filled by election for any remaining unexpired portion of the term. If, within 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 Mesa County Commissioners may appoint a Director to fill such vacancy.

#### e. President and Chairman

The president shall be the chairman of the Board and shall preside at all meetings; and shall also be the chief executive officer of the District. Except as otherwise authorized, the president shall sign all contracts, deeds, notes, debentures, warrants, and other instruments on behalf of the District.

#### f. Vice President and Vice Chairman

The vice president shall be the vice chairman of the Board and shall preside at all meetings in the absence of the chairman of the Board. Except as otherwise authorized, the vice president shall sign all contracts, deed, notes, debentures, warrants, and other instruments on behalf of the District in the absence of the president.

#### g. Secretary

The secretary shall keep, or cause to be kept, a record of all District proceedings, minutes of all meetings, 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 keep, or cause to be kept, all other records of the District; may act as secretary at meetings of the Board and record all votes, or cause all votes to be recorded; shall maintain a record of the proceedings of the Board in a minute book, or cause the same to be maintained, which shall be an official record of the Board; and shall perform all other duties incident to that office. The secretary shall be custodian of the seal of the District and shall have the power to affix such seal to and attest all contracts and instruments authorized to be executed by the Board.

#### h. Recording Secretary

The Board may appoint a staff member to act as the Recording Secretary for the purposes of keeping the records of the Board meeting, recording all votes, maintaining a record of the proceedings of the Board in a minute book, which shall be an official record of the Board and perform other duties as assigned by the Board.

#### i. Treasurer

The treasurer shall keep, or cause to be kept, strict and accurate accounts of all money received by and disbursed for and on behalf of the District in permanent records. The treasurer shall file with the Clerk of the Mesa County District Court, at the expense of the District, a corporate fidelity bond in an amount determined by the Board of not less than \$5,000.00, conditioned on the faithful performance of the duties of the office.

#### j. Compensation

No Director shall receive compensation as an employee of the District pursuant to C.R.S § 32-1-902(3)(b). Directors may receive compensation for services pursuant to C.R.S § 32-1-902(3)(a). Reimbursement of actual expenses for Directors shall not be considered compensation.

#### k. 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 regulation of the District, or by special exigencies, which shall later be ratified by the Board.

## **l. Manager**

The Board may appoint a manager to serve for such term and upon such conditions, including salary, as the Board may establish. The manager shall have general supervision over the administration of the affairs, employees and business of the District and shall be charged with the hiring and discharging of employees and the management of District's properties. The manager shall have the care and custody of management of District's properties. The manager shall have the care and custody of all funds of the District in such banks or savings and loan associations as the District may select. The manager should approve all vouchers, orders, and checks for payment. The manager 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 the manager's duties as the Board may designate.

## **m. Personnel Selection and Tenure**

The selection of agents, employees, engineers, accountants, special consultants, and attorneys of the District by the Board will be based upon the relative qualifications and capabilities of the applicants and shall not be based on political services or affiliations. Agents and employees shall hold their offices at the pleasure of the Board. Contracts for professional services of engineers, accountants, and special consultants and attorneys may be entered into on such terms and conditions as may seem reasonable and proper to the Board.

# **9. Financial Administration**

## **a. Fiscal Year**

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

## **b. Budget Committee**

The Board shall organize a Budget Committee. The Budget Committee is composed of the Treasurer, a member of the Board appointed by the President, the Manager, and, at the discretion of the President, other electors appointed by the President, which shall be responsible for the preparation of the annual budget of the District and other matters as may be assigned to it by the Board.

## **c. Budget**

Each year, the District shall adopt an annual budget. In September of each year the Board of Directors shall designate or appoint a person to prepare the budget and submit the same to the Board by October 15th of each year pursuant to C.R.S. § 29-1-108. Such budget shall present a complete financial plan for the District and shall set forth the following: (i) all proposed expenditures for administration, operations, maintenance, debt service, and capital projects to be undertaken or executed by any spending agency during the budget year; (ii) anticipated revenues for the budget year; (iii) estimated beginning and ending fund balances; (iv) 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; (v) 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 (vi) explanatory schedules or statements classifying the expenditures by object and the revenue by source. No budget adopted shall provide for expenditures in excess of available revenues and beginning fund balances. The requirements and procedures set forth in this Section 9 are intended to comply with C.R.S. § 29-1-103, as amended. If that statute is amended or repealed, this Section 9 shall, if necessary, be amended accordingly.

#### d. Notice of Budget

Upon receipt of such proposed budget, the Board shall, pursuant to C.R.S. § 29-1-106, as amended, cause to be published a notice containing the following information; the date and time of the hearing at which the adoption of the proposed budget will be considered; a statement that the proposed budget is open for inspection by the public at the water office; and statement that any interested elector of the District may inspect the proposed budget and file or register any objections thereto at any time prior to its final adoption.

#### e. Adoption of Budget

The Board shall hold a hearing to consider the adoption of the proposed budget pursuant to C.R.S. § 29-1-108 as amended, at which time objections of the electors of the District shall be considered. 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 anticipated revenue of the District. The Board shall provide for sufficient revenues to finance budget expenditures with special consideration given to the proposed ad valorem tax levy before tax is levied. Adoption of the proposed budget shall be effective only upon the affirmative vote of a majority of the members of the Board. Changes to the adopted budget or appropriation shall be made in accordance with the provisions of C.R.S. § 29-1-109, as amended.

#### f. Filing of Budget

No later than 30 days following the beginning of the fiscal year of the budget adopted, the Board shall cause a certified copy of such budget to be filed with the Division of Local Government in the Department of Local Affairs.

#### g. Appropriating Resolution

- I. The Board shall enact a resolution adopting the budget and making appropriations of the budget year, pursuant to C.R.S. § 29-1-108(2). The amounts appropriated thereunder shall not exceed the amounts fixed therefore in the budget adopted pursuant to Section 9 e.
- II. The income of the District, as estimated in the budget 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.
- III. The Board may make an appropriation to and for a contingent fund to be used in cases of emergency or other unforeseen contingencies.

#### h. No Contract to Exceed Appropriation

During the fiscal year, neither the Board, nor any officer, employee or agent of the District shall expend or contract to expend any money, or incur any liability, or enter into any contract with, by its terms, involves the expenditures of money in excess of the amounts appropriated. Any contract, verbal or written, contrary to the terms of this sub-section, shall be void ab initio, and no District funds shall be expended in payment of such contracts, except as provided in the following sub-section. Multiple year contracts may be entered into where allowed by law or if subject to annual appropriation.

#### i. Contingencies

In cases of emergency caused by a natural disaster, public enemy, or some 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 the resolution duly adopted by a majority vote of the entire membership of the Board at a public meeting. Such resolution shall set forth in full the facts

concerning the emergency and shall be documented in detail in the minutes of the meeting of the Board at which such resolution was adopted. A certified copy of such resolution shall be filed with the Division of Local Government in the Department of Local Affairs.

#### **j. Payment of Contingencies**

In case of an emergency and the passage of a resolution authorizing additional expenditures in excess of the appropriation as provided in these bylaws, and if there is money available for such excess expenditure in some other fund which will not be needed for expenditures during the balance of the fiscal year, the Board shall transfer the available money from such fund to the fund from which the excess expenditures are to be paid. If available money which can be so transferred is not sufficient to meet the authorized excess expenditure, then the Board may obtain a temporary loan to provide for such excess expenditures.

#### **k. Annual Audit**

- I. Pursuant to C.R.S. § 29-1-603, as amended, the Board shall cause to be made an annual audit of the financial statements of the District for each fiscal year. Such audit shall be made as of the end of the fiscal year of the District. The audit report shall be submitted to the District within six (6) months of the close of each fiscal year. The audit shall be conducted in accordance with generally accepted auditing standards by a Certified Public Accountant licensed to practice in Colorado as an individual, partnership, or professional corporation pursuant to Article II of Title 12, C.R.S., but in no event shall such auditor audit the records, books, or accounts which they have maintained.
- II. A copy of the audit report shall be maintained in the District office as a public record for a public inspection at all reasonable times.
- III. The treasurer shall forward, or cause to be forwarded, a copy of the audit report to the State Auditor or other relevant state official, pursuant to statutory requirements, within thirty days following receipt of the audit.

### **10. Corporate Seal**

The Board shall adopt a seal of the District. 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.

### **11. Conflict of Interest**

#### **a. Disclosure of Conflict of Interest**

Any Director shall disqualify himself/herself from voting on any issue in which he/she has a conflict of interest, unless such Director has disclosed the conflict of interest as required by law to the Secretary of State and to the Board, §32-1-902(3)(b), C.R.S., and then only to vote if his/her participation is necessary to obtain a quorum or otherwise enable the Board to act, §24-18-109(3)(b), C.R.S. A Director with a conflict who does not vote shall also refrain from attempting to influence the decisions of other members of the Board in voting on the matter. It is best practice to have the conflicted Board member step out of the meeting during the discussion, §24-18-109(3)(a), C.R.S.

### **12. Indemnification of Directors and Employees**

The District shall indemnify and defend any Director, officer, employee, servant, or authorized volunteer, whether or not compensated, elected, or appointed, only to the extent required by applicable laws, including, without limitation, the "Colorado Governmental Immunity Act," codified at C.R.S. § 24-10-101 et.

seq., as amended. If that statute is amended or repealed, this section 12 shall be amended to comply with the requirements, if any, of that statute. In any action in which the District may be required to bear the costs of defending an action or the costs of a judgment or settlement resulting from that action, the District reserves the right to designate the attorney whom shall defend such action.

### **13. Bidding and Contracting Procedures**

Except in cases in which the District will receive aid from a governmental agency or purchase through a state purchasing program, a notice shall be published for bids on all construction contracts for work or material, or both, involving an expense of \$120,000 or more. Beginning July 1, 2028 and each five years thereafter, this amount will be adjusted by the rate of inflation. The District 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.

A Notice or Invitation to bid shall be published in a newspaper of general circulation within the District boundaries one time. The Notice will request sealed proposals for the construction to be done, or for the materials needed. The specifics of the contract will be stated; where and when the plans and specifications may be examined; and the time and place the sealed proposals will be opened and publicly read.

The Board retains the right, in its sole discretion, to reject any or all proposals; determine the proposal and subcontractors that will serve the best interests of the District; and determine the proposal and subcontractor which is most responsible to perform the work.

When required, bids must be accompanied by an acceptable bidder's bond, or a certified check payable to the District, in an amount equal to 5% of the bid. If, within the time designated in the Notice of Award, the Contract is not executed, and, if required, Payment and Performance Bonds and Certificates of Insurance are not provided, the District shall keep the bid bond as liquidated damages, and assess such other damages as the District may determine.

Pursuant to C.R.S. § 38-26-105 and 106, as amended, every contractor who is awarded any contract for more than \$50,000 for the construction, erection, repair, maintenance, or improvement of any public work or facility for the District, before entering upon the performance of any such work included in said contract, shall duly execute, deliver to, and file with the Board a good and sufficient bond, or other acceptable surety, approved by the Board in a penal sum not less than one-half of the total amount payable by the terms of the contract. Such bond shall satisfy the requirements of C.R.S. § 38-26-105 and 106, as amended.

The retained percentage to be withheld on periodic payments to the contractor shall be 10% for contracts under \$150,000. This retained percentage shall apply to the cost of such major equipment and materials, which are suitably located either at or near the site. In the event that satisfactory progress is being made as construction is being completed, the retained percentage may be reduced with concurrence of the Board. Regarding contracts in excess of \$150,000, as defined in section 24-30-1301 (15), shall authorize partial payments of the amount due under such contract at the end of each calendar month, or as soon thereafter as practicable, to the contractor, if the contractor is satisfactorily performing the contract. The District shall pay at least ninety-five percent of the calculated value of completed work. The withheld percentage of the contract price of any contracted work, improvement, or construction may be retained until the contract is completed satisfactorily and finally accepted by the District personnel and/or Board of Directors.

### **14. Powers of the Board of Directors**

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

- a. To confer upon any appointed officer of the District the power to choose, remove or suspend employees or agents upon such terms and conditions as may seem fair and just and in the best interest of the District.
- b. To determine and designate, except as otherwise provided by law or these bylaws, who shall be authorized to make purchases, negotiate leases for office space, and sign receipts, endorsements, checks, releases, and other documents.
- c. To create standing or special committees and to delegate such power and authority thereto as the Board deems necessary and proper for the performance of such committee's functions and obligations.
- d. To prepare financial reports, other than the statutory audit, covering each year's fiscal activities; and said report, if requested, shall be submitted to the Board and made available for inspection by the public.

## **15. Modification of Bylaws**

These bylaws may be altered, amended or repealed at any regular meeting or at any special meeting of the Board called for that purpose.