

BY-LAWS OF THE
SHANNON WATER AND SANITATION DISTRICT

ADOPTED AUGUST 18, 2011

ARTICLE I. AUTHORITY

The Board of Directors of the Shannon Water and Sanitation District (the “District”) is authorized to adopt By-Laws for carrying on the business, objects and affairs of the Board of Directors and the District pursuant to the Special District Act, sections 32-1-101, *et seq.*, and specifically section 32-1-1001(1)(m), C.R.S.

ARTICLE II. PURPOSE

The purpose and goal of the Shannon Water and Sanitation District is to provide safe drinking water as defined in the Safe Drinking Water Act and pursuant to any applicable Laws and Regulations of the State of Colorado or the Federal Government, in an effectual and economic manner. These By-Laws are enacted in furtherance of that goal and found to promote a public purpose.

ARTICLE III. BUSINESS YEAR

The business year of the District shall run from January 1 to December 31 of any given year.

ARTICLE IV. OFFICER AND DIRECTORS

The Board of Directors (the “Board”) shall consist of 5 members as follows. Officers shall be elected by the Board.

- a) President/Chairman – The President/Chairman shall preside at all meetings. He/she shall conduct the Board meetings. The President/Chairman shall have a vote on all actions of the Board, equal to other member of the Board. He/she shall sign agreements, resolutions and other documents on behalf of the District.
- b) Vice-President – The Vice-President shall assume the duties of the President in the absence of the President.
- c) Secretary – The Secretary shall take the minutes of each Board meeting and present them at the next meeting. The minutes, after being accepted by the Board, must be signed by the President/Chairman and the Secretary, and recorded in a permanent file. The Secretary shall also keep up to date and file all official correspondence of the Board, Resolutions, Rules and other public records, except for financial records which are maintained by the Treasurer.

d) Treasurer – The Treasurer shall be charged with the responsibility of collection and deposit of all monies of the District, and shall keep a record of same. Additionally, the Treasurer shall supervise the Bookkeeper and the Meter Reader, maintain and file financial records of the District, obtain estimates for insurance and bind coverage following Board approval, obtain bonds for the Directors, prepare and file the budget and budget resolution, and oversee the preparation and filing of the audit or audit exemption.

The Treasurer shall not spend any District funds without a written or verbal approval by the Board, unless 1) the funds are for a contract or purchase which has been specifically approved by the Board and for which funds have been budgeted and appropriated, 2) for routine operating expenses, which have been budgeted and appropriated, up to \$2,500 per expenditure or 3) in the case of an emergency.

The Treasurer or President can sign checks up to \$2,500.00 on behalf of the District. Checks over \$2,500.00 require signature by the Treasurer or President and another Board member.

e) Member-at-Large – The Member-at-Large, along with the other Board Members, has one authorized vote on any matters pertaining to the Shannon Water and Sanitation District.

ARTICLE V. 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 of Directors, whether set forth specifically or impliedly in these By-Laws. The Board may delegate to officers and employees of the District any or all administrative and ministerial powers.

The Board of Directors shall consist of five members, each with one authorized vote on any matters pertaining to the District. All official business of the Board shall be transacted at a regular or special meeting at which a quorum (majority of the members of the Board) of the Directors shall be present. The Board may act upon any items brought to the Board's attention, by a vote of a majority of the Board members present and voting. In the event of an emergency, that requires the immediate action of the Board in order to protect the public health, safety, and welfare of the residents of the District, property or the environment, the Board may approve an action by a phone or email vote of member(s), or at an emergency meeting, with such action to be ratified at the next meeting of the Board. No member can designate another member to vote for an item brought up for consideration in his/her absence.

Roberts Rules of Order (Parliamentary Procedure) shall be utilized as an informal guideline for matters coming before the Board; provided, however, that no action, formal or informal, shall be set aside due to any irregularity or non-compliance with Roberts Rules of Order or Parliamentary Procedure. The President shall make all rulings with respect to procedural issues and shall have a vote on each issue coming before the Board.

The Board of Directors are elected by eligible electors, as defined in section 32-1-103(5)(a), C.R.S. (*i.e.* residents of the District and individuals who own or whose spouse owns taxable property within the District). A person is eligible to be placed on the ballot by submitting a self-nomination and acceptance form or letter to the District, which meets all requirements of section 32-1-804.3 C.R.S.

Any Board Member has the right to resign from office at any time by submitting a written resignation to the Board. Any director which ceases to be qualified for office (for example, the director moves outside of the boundaries of the District and sells all taxable property within the District) automatically vacates their position. Directors may be recalled from office only by recall provisions prescribed by statute. If a Director has unexcused absences for three consecutive regular meetings of the Board, the office shall be deemed vacant pursuant to statute. Any director negligent of his or her responsibilities or absent for an extended length of time, due to illness, business responsibilities, etc. should resign their position so that someone can more diligently fill the position.

A vacancy on the District's Board of Directors shall be filled by a majority vote of a quorum of the Board. The person appointed by the Board must meet the statutory requirements for directors and shall fill that position until the next regular election.

If a Board member has a personal or private interest in any proposed or pending matter before the District Board, the Board member shall disclose such interest to the Board and refrain from voting thereon or attempting to influence the decision of the other members of the Board in voting on the matter. As a very limited exception to the general rule stated above, Board members may be able to vote if their participation is necessary to enable the Board to act, and if they disclose the nature of the private interest in accordance with Colorado law, including, but not limited to, Article 18 of Title 24, and §§ 32-1-902(3) and 18-8-308, C.R.S. The disclosure must be made in writing to the Secretary of State and District Board at least 72 hours in advance, and orally at the time of acting.

ARTICLE VI. MEETINGS

Regular Board meetings are held once a month at the date, time and location set by the Board of Directors. All meetings are open to the public, except for executive sessions conducted pursuant to 24-6-402(4), C.R.S. Any interested parties are welcome to speak on any matter pertinent to the operation of the District. Notice of the Board meetings shall be posted in three locations within the boundaries of the District and in the office of the County Clerk and Recorder of Boulder County.

Special meetings of the Board may be called upon three days advance notice, which shall be posted in three places within the District and at the office of the Clerk and Recorder of Boulder County, with notice provided to each Director.

A Director may participate by telephone in a special, emergency or regular meeting.

ARTICLE VII. EMPLOYEES

The District may employ or contract with such employees, agents or contractors as deemed necessary by the Board. All employees shall be at will employees, accountable to the Board of Directors. The District will provide workers compensation insurance covering its employees. The District shall withhold payroll taxes as required by federal and state law. The District shall file W-2 forms for employees and directors and 1099-Miscellaneous forms as needed.

The Board currently employs the following employees, whom are at will employees appointed by and serving at the pleasure of the Board.

- a) Bookkeeper – The duties of the bookkeeper are to maintain the billing system, keep accounts of all monies due and all monies paid in, and process collections and shut-offs.
- b) Meter Reader – The duty of the meter reader is to read the meters once a month, or at the request of the bookkeeper or the Board. In the event there is a change in occupants, a meter reading may be requested by a homeowner, tenant, title company or mortgage lender.
- c) Plant Operator – The duties of the plant operator are to maintain the Water Plant, the Water Mains, wells and all other facilities of the District in good operating condition and in compliance with all applicable federal, state or local laws and regulations. The plant operator must be properly licensed to operate a small water system and meet all qualifications required by law. The District may engage a contractor, licensed to operate a small water system, which will provide a replacement during absences by the plant operator. The plant operator will comply with federal and state statutes and regulations regarding drinking water, including sampling and testing requirements. The plant operator shall update the Board on the condition of the water system and any needed repairs, replacements, upgrades or improvements in a timely fashion. The plant operator will conduct routine and non-routine maintenance of the District's water plant and system in accordance with these By-laws and direction from the Board, and will clear distribution lines by flushing out the fire hydrants each spring.

Employment opportunities can be announced in a Shannon Water Board Newsletter (if available) or a Shannon Estates Homeowners Association Newsletter (if available), posted on the website of the District or publicized in another manner, as determined in the discretion of the Board.

ARTICLE VIII. CONTRACTS & BIDDING.

State statutes currently require the District to publish a notice for bids on all construction projects for work or material, or both, of \$60,000 or more. Section 32-1-1001(1)(d), C.R.S. The District shall seek bids in accordance with this statute, as amended. For all other contracts, the Board may seek bids for labor or services to be conducted by outside contractors, in the Board's discretion. Bids will contain specific tasks and services to be performed.

Contract labors shall supply workers compensation coverage and such other insurance as required by the District for a specific project. Contractors shall supply proof of insurance to the satisfaction of the District.

ARTICLE IX. SYSTEM REPAIRS AND MAINTENANCE

The District's plant operator is responsible for routine pump maintenance such as lubrication and adjustments of well pumps. The operator is responsible for maintaining the water system according to State and Federal laws and regulations and reporting on operations to the Board.

Over the winter, sediments accumulate in the distribution lines of the District. The plant operator is directed to clear the distribution lines every spring by increasing the flow in the lines by opening the fire hydrants. The homeowners are notified by posted notices that their water may contain some of this sediment.

ARTICLE X. BUDGETS, AUDITS AND FINANCIAL

a) Budget. The Treasurer will prepare a proposed budget, which should be submitted to the Board of Directors at the September budget planning Board meeting. Upon submittal of such proposed budget, the Treasurer shall cause to be published a notice that the proposed budget is open for inspection by the public at the designated business office. The Board will hold a public hearing and pass a budget resolution, resolution to appropriate funds and mill levy resolution. On or before December 15 of each year, the Board shall certify to the Board of County Commissioners of Boulder County the mill levy established for the ensuing fiscal year. On or before January 31 of each year, the Treasurer shall cause a certified copy of the budget and budget message to be filed with the Division of Local Government.

b) Audit. Special districts are exempt from the requirement to file an annual audit if neither the District's revenue nor expenditures exceed \$500,000 in any fiscal year, pursuant to § 29-1-604, C.R.S. The District's certified public accountant will prepare and submit the exception from audit when permitted pursuant to state law, as amended, by the statutory deadline.

ARTICLE XI. AMENDMENTS

These By-laws can be rescinded or amended at anytime by a majority of votes by the Board of Directors.

ARTICLE XII. GOVERNMENTAL IMMUNITY

Nothing herein shall constitute nor be construed as a waiver by the District of sovereign immunity or any provisions of the Colorado Governmental Immunity Act, sections 24-10-101, *et seq.*, C.R.S. or any other defenses available to the District, its officials or employees, or a waiver of its insurance coverage.