# WATER VALLEY METROPOLITAN DISTRICT NO. 3
# BY-LAWS

Section 1. **Authority**. Water Valley Metropolitan District No. 3 (collectively, the "District") are governmental subdivisions of the State of Colorado and body corporate with those powers of a public or quasi-municipal corporation that are specifically authorized by, and in compliance with, Section 32-1-101 et seq., C.R.S.

Section 2. **Purpose**. It is hereby declared that the By-Laws hereinafter set forth will serve a public purpose.

Section 3. **Policies of the Board**. It shall be the policy of the Boards of Directors (the "Board") of the District, consistent with the availability of revenues, personnel and equipment, to use its best efforts to provide the services as authorized under the District Service Plan or by law.

Section 4. **Board of Directors**. All powers, privileges and duties vested in, or imposed upon, the District by law shall be exercised and performed by and through the Board, whether set forth specifically or impliedly in these By-Laws. The Board may delegate to officers, employees, and agents of the District any or all administrative and ministerial powers.

Without restricting the general powers conferred by these By-Laws, 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 interests of the District.

b. To determine and designate, except as otherwise provided by law or these By-Laws, 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 such reports, if requested, shall be submitted to the Board and made available for inspection by the public.

Section 5. **Office**.

a. **Business Office**. The principal business office of District shall be at the offices of 7251 W. 20th Street, Suite L-200, Greeley, CO 80634, or in the alternative at the offices of counsel for the District, unless or until 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.

Section 6. **Meetings**.

a. **Regular Meetings**. Regular meetings are not necessary at the initial stage of the District, but special meetings shall be conducted when necessary or appropriate on at least an annual basis and held at the business office, or at the office of counsel for the District unless otherwise noticed and posted.

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

c. **Notice of Meetings**. Section 6a 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. Written waivers of notice by Board members are not necessary.

d. **Special Meetings**. Special meetings of the Board may be called upon twenty-four (24) hours written notice, which shall be posted at one location within the District or on the District's website, if a District website has been established.

e. **No Informal Action by Directors/Executive Sessions**. All official business of the Board shall be conducted at regular or special meetings. Executive sessions may be called at regular or special meetings, and conducted according to the following guidelines:

(1) **Calling the Executive Session**. The topic for discussion in the executive session shall be announced in a motion, and the specific statute that authorizes the executive session shall be cited. The matter to be discussed shall be described in as much detail as possible without compromising the purpose of being in executive session. An affirmative vote of two-thirds (2/3) of the quorum present shall be required to go into executive session.

(2) **Conducting the Executive Session**. No adoption of any proposed policy, position, resolution, rule, regulation, or formal action shall take place in an executive session. The discussion in executive session shall be limited to the reasons for which the executive session was called. A record of the actual contents of the discussion in the executive session, using the

same manner and media as are used to record minutes of regular sessions, shall be used. If handwritten notes of the executive session are kept, minutes of the executive session shall be created and shall contain a signed statement by the Chair that the minutes substantially reflect the substance of the discussion during the executive session. No record is necessary to be kept for any portions of the discussion which the District's attorney reasonably believes constitute attorney-client privileged communication. If minutes of the executive session are otherwise electronically recorded, the attorney shall state on the record when any portion of the executive session is not recorded as an attorney-client privileged communication. If minutes of the executive session are otherwise recorded in writing, then the attorney shall sign a statement to the same effect when any portion of the written Minutes is not recorded in writing as an attorney-client privileged communication.

(3) **After Executive Session**. The record of any executive session shall be retained by the District for ninety days and then destroyed or erased. Minutes or recordings of the executive session shall not be released to the general public for review under any circumstances, except as required by law.

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

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

any emergency action taken is not ratified, then it shall be deemed rescinded as of the date of such subsequent meeting.

Section 7. **Conduct of Business**.

a. **Quorum**. All official business of the Board shall be transacted at a regular or special meeting at which a quorum of the Directors shall be present in person or telephonically, except as provided in Section 7.b.

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, agents and contractors. Such actions shall later be ratified by the Board.

c. **Order of Business**. The business of all regular meetings of the Board shall be transacted, as far as practicable, in the following order:

(1) Reading and approval, or approval as submitted, of the minutes of the previous meeting;

(2) Approval of bills and appropriations;

(3) Hearings;

(4) Reports of officers, committees and professional consultants;

(5) Unfinished business;

(6) New business and special orders; and

(7) Adjournment

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

e. **Minute Book**. Within a reasonable time after passage, all resolutions, motions and minutes of Board meetings shall be recorded in a book kept for that purpose and shall be attested by the Secretary. Minutes of regular sessions shall be available for public review as soon as practicable following acceptance of the minutes by adoption of a motion therefor by

the Board. Minutes of executive sessions shall be kept separate from minutes of regular sessions as described in Section 6(e) of these Bylaws and shall not be open to the public except as required by law.

Section 8. **Directors, Officers and Personnel**.

a. **Director Qualifications and Terms**. Directors shall be electors of the District. The term of each Director shall be determined by relevant statutory provisions with elections held in even numbered years and conducted in the manner prescribed by Articles 1 through 13.5, Title 1, and Part 8, Article 1, Title 32, C.R.S. Each Director shall sign an oath of office and, at the expense of the District, furnish a faithful performance surety bond in a sum of not less than $1,000.

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

(1) One or more officers or employees of the District whom the Director reasonably believes to be reliable and competent in the matters presented;

(2) Counsel, public accountants, or other persons as to matters which the Director reasonably believes to be within such persons' professional knowledge or expertise; and

(3) A committee of the Board upon which the Director does not serve, duly designated in accordance with the provisions of the By-Laws, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

c. **Oath of Office**. Each member of the Board, before assuming the responsibilities of his office, shall take and subscribe an oath of office in the form prescribed by law.

d. **Election of Officers**. The Board of Directors shall elect from its membership a Chair and President, Secretary, Treasurer, and Vice Presidents and Assistant Secretaries and/or Assistant Treasurers who shall be the officers of the Board of Directors and of the District. The Vice Presidents and Assistant Secretaries and/or Assistant Treasurers shall have all powers of the offices of Secretary and/or Treasurer as applicable, in the absence of such officers. The officers shall be elected by a majority of the Directors voting at such election. The Board may, from time to time, appoint an acting officer in the absence of any individual officer. The election of the officers shall be conducted biennially at the first regular meeting of the Board following the regular biennial election of the Directors held in May of even numbered years. Each officer so elected shall serve for a term of two years, which term shall expire upon the election of their successor or upon their reelection to that office.

e. **Vacancies**. Any vacancy occurring on the Board shall be filled by an affirmative vote of a majority of the remaining Directors, as prescribed by law. The appointed individual must meet the statutorily prescribed qualifications for Directors and shall serve until the next regular election.

f. **Resignation and Removal**. Directors may be removed from office only by recall as prescribed by statute. Any Director may resign at any time by giving written notice to the Board, and acceptance of such resignation shall not be necessary to make it effective, unless the notice so provides.

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

h. **Vice President**. In the absence of the Chair, the Vice President shall preside at all meetings. The Vice President shall have the authority to make all management or administrative decisions regarding District matters. The Vice President is also authorized to sign all contracts, deeds, notes, debentures, warrants, checks, and other instruments on behalf of the District.

i. **Secretary**. The Secretary shall be responsible for the records of the District; may act as Secretary at meetings of the Board and record all votes; shall be responsible for composing a record of the proceedings of the Board in a minute book kept for that purpose, which shall be an official record of the Board; and shall perform all duties incident to that

office. The Secretary shall be the designated election official of the District, unless otherwise determined by the Board, and the custodian of the seal of District. The Secretary shall have the authority to affix such seal to and attest all contracts and instruments authorized to be executed by the Board.

j. **Treasurer**. The Treasurer shall be authorized to invest all surplus funds or other available funds of the District in permitted investments authorized by law or as specified by the Board. The Treasurer shall be chairman of the Budget Committee and of the Audit Committee. 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 District in permanent records. The Treasurer shall file with the Clerk of the Court, at the expense of the District, a corporate fidelity bond in an amount determined by the Board of not less than $5,000, conditioned on the faithful performance of the duties of the Treasurer's office.

k. **Vice Presidents and Assistant Secretaries and/or Treasurers**. The Vice Presidents and Assistant Secretaries and/or Treasurers shall have all powers of the offices of Secretary and/or Treasurer, as applicable, in the absence of such officers. The Vice Presidents and Assistant Secretaries and/or Treasurers are also authorized to sign all contracts, deeds, notes, debentures, warrants, checks, and other instruments on behalf of the District. In the event that dual signatures of District officers are required on any instrument, then two different officers shall sign such instrument.

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

m. **Additional Duties**. The officers of the Board shall perform such other duties and functions as may from time to time be required by the Board, by the By-Laws or rules and regulations of District, by law, or by special exigencies, which shall later be ratified by the Board.

n. **Manager or Administrator**. The Board may appoint a manager or contract with an administrator to serve for such term and upon such conditions, including compensation, as the Board may establish. Such manager or administrator 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 properties. Such manager or administrator shall have the care and custody of the general funds of the District and shall

deposit the same in the name of District in such banks or savings associations as the Board may select. Such manager or administrator will approve all vouchers, orders and checks for payment, and shall keep regular books of account of all District transactions and shall obtain, at the District's expense, such bond for the faithful performance of its duties as the Board may designate.

o. **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, special consultants and attorneys may be entered into on such terms and conditions as may seem reasonable and proper to the Board.

Section 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**. There shall be a permanent Budget Committee composed of the Treasurer, a member of the Board appointed by the President, and the administrator, which shall be responsible for preparation of the annual budget of the District and such other matters as may be assigned to it by the President or the Board.

c. **Budget**. On or before October 15th of each year, the Budget Committee shall prepare and submit to the Board a proposed budget for the ensuing fiscal year. Such proposed budget shall be accompanied by a statement which shall describe the important features of the budget plan and by a general summary wherein shall be set forth the aggregate features of the budget in such manner as to show the balanced relations between the total proposed expenditures and the total anticipated income or other means of financing the proposed budget for the ensuing fiscal year, as contrasted with the corresponding figures for the last completed fiscal year and the current fiscal year. It shall be supported by explanatory schedules or statements classifying the expenditures contained therein by services, subjects and funds. The anticipated income of the District shall be classified according to the nature of receipts.

d. **Notice of Budget**. Upon receipt of the proposed budget, the Board shall cause to be published a notice that the proposed budget is open for inspection by the public at the business office; that the Board will consider the adoption of the proposed budget at a public hearing on a certain date; and that any interested elector may inspect the proposed budget and file or

register any objections thereto at any time prior to its final adoption. Notice shall be posted or published in substantial compliance with law.

e. **Adoption of Budget**. On the day set for consideration of such proposed budget, the Board shall review the proposed budget and revise, alter, increase or decrease the items as it deems necessary in view of the needs of the District and the probable income of the District. The Board shall then adopt a budget setting forth the expenditures to be made in the ensuing fiscal year. The Board shall provide for sufficient revenues to finance expenditures in the budget with special consideration given to the proposed property tax levy.

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

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

h. **Appropriating Resolution**.

(1) At the time of adoption of the budget, the Board shall enact a resolution making appropriations for the ensuing fiscal year. The amounts appropriated thereunder shall not exceed the amounts fixed therefore in the adopted budget.

(2) The income of the District, as estimated in the budget and as provided for in the tax levy resolution and other revenue and borrowing resolutions, shall be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution.

(3) The Board may make an appropriation to and for a contingent fund to be used in cases of emergency or other unforeseen contingencies.

i. **No Contract to Exceed Appropriation**. The Board shall have no authority to enter into any contract, or otherwise bind or obligate the District to any liability for payment of money for any purposes, for which provision is not made in appropriation resolution, including any legally

authorized amendment thereto, in excess of the amounts of such appropriation for that fiscal year. Any contract, verbal or written, contrary to this Section shall be void ab initio, and no District funds shall be expended in payment of such contracts, except as follows:

j. **Contingencies**.

(1) In cases of emergency caused by a natural disaster, public enemy, or other contingency which could not reasonably have been foreseen at the time of the adoption of the budget, the Board may authorize the expenditure of funds in excess of the budget by resolution duly adopted by a two-thirds vote of the Board. Such resolution shall set forth in full the facts concerning the emergency and shall be included in the minutes of such meeting.

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

k. **Payment of Contingencies**.

(1) If there is unexpended or uncommitted money in funds other than those to which the emergency relates, the Board shall transfer such available money to the fund from which the emergency expenditure is to be paid.

(2) To the extent that transferable funds are insufficient to meet the emergency appropriation, the Board may borrow money through (a) the issuance of tax anticipation warrants, to the extent that the mill levy authority of the District is available as provided by law, or (b) the issuance of bond anticipation notes payable from future bond proceeds or operating revenue, or (c) any other lawful and approved method.

l. **Annual Audit**.

(1) The Board shall cause an annual audit to be made at the end of each fiscal year of all financial affairs of the District through December 31st of such fiscal year. In all events, the audit report must be submitted to the Board within six months of the close of such fiscal year. Such audit shall be conducted in accordance with generally accepted auditing standards by a registered or certified public accountant, who has not maintained the books, records and accounts of District during

the fiscal year. The auditor shall prepare, and certify as to its accuracy, an audit report, including a financial statement and balance sheet based on such audit, an unqualified opinion or qualified opinion with explanations, and a full disclosure of any violation of State law pursuant to statutory requirements.

(2) A copy of the audit report shall be maintained by the District as a public record for public inspection at all reasonable times.

(3) A copy of the audit report shall be forwarded to the State Auditor or other appropriate State official pursuant to statutory requirements.

Section 10. **Corporate Seal**. The seal of the District shall be a circle containing the name of the District and shall be used on all documents and in such manner as seals generally are used by public and private corporations. The Secretary shall have custody of the seal and shall be responsible for its safe keeping and care.

Section 11. **Disclosure of Conflict of Interest**. A potential conflict of interest of any Director shall be disclosed in accordance with State law, particularly Article 18 of Title 24, C.R.S., and Sections 32-1-902(3) and 18-8-308, C.R.S.

Section 12. **Compensation.** Each Director shall receive the maximum compensation authorized by statute, unless otherwise determined by the Board. No Director shall receive compensation as an employee of the District, except as may be provided by statute.

Section 13. **Indemnification of Directors and Employees**. The District shall defend, hold harmless and indemnify any Director, officer, agent, or employee, whether elective or appointive, against any tort or liability, claim or demand, without limitation, arising out of any alleged act or omission occurring during the performance of official duty, as more fully defined by law or by an indemnification resolution. The provisions of this Section shall be supplemental and subject to and, to the extent of any inconsistency therewith, shall be modified by the provisions of the Colorado Governmental Immunity Act, 24-10-101, et seq., C.R.S.

Section 14. **Bidding and Contracting Procedures**. Except in cases in which the District will receive aid from a government agency, a notice shall be published for bids on all construction contracts for work or material, or both, involving an expense of $60,000 or more of District funds. The Board may reject any and all bids, and if it appears that the District can perform the work or secure material for less than the lowest bid, it may proceed to do so in accordance with law. All other statutory requirements relating to performance bonds, retainage, and similar matters shall also be complied with.

Section 15. **Modification of By-Laws**. These By-Laws may be altered, amended or repealed at any regular or special meeting of the Board to become effective immediately or at a subsequent date.

**ADOPTED** this 18th day of ~~November~~ SEPTEMBER, 2023, by the Boards of Directors of Water Valley Metropolitan District No. 3.

Larry Buckendorf

Laira Ziegler

Joe Schumacher

Morgan Kidder

Adam Bliven