

BYLAWS
of
LAKE SAN CRISTOBAL WATER ACTIVITY ENTERPRISE

ARTICLE I
INTERGOVERNMENTAL AGREEMENT

The Upper Gunnison River Water Conservancy District, the Board of County Commissioners of the County of Hinsdale, Colorado, and the Board of Trustees of the Town of Lake City, Colorado, are the Parties to an Intergovernmental Agreement dated May 18, 2009 (IGA), entered into for the purpose of prescribing the powers and obligations of the Board of Directors of the Lake San Cristobal Water Activity Enterprise (Enterprise), certain limitations on the authority and activities of the Enterprise, and the organization and operation of the Enterprise. These Bylaws are intended to supplement the IGA, and to the extent that there is or may be any conflict between these Bylaws and the IGA, the provisions of the IGA shall control.

ARTICLE II
BOARD OF DIRECTORS

Section 1. *Appointment, Term, Quorum, Voting.* The appointment, term, quorum requirements, and voting rules of the Board of Directors shall be governed by the provisions of the IGA,

Section 2. *Oath and Bond.* Each Director shall, before entering upon the duties of office take and subscribe the following oath before an officer authorized to administer oaths:

I declare under penalty of perjury that I will support the Constitutions of the United States and of the State of Colorado and will honestly, faithfully, and impartially perform the duties of Director of the Lake San Cristobal Water Activity Enterprise, and that I will not be interested directly or indirectly in any contract let by said Enterprise.

Each Director shall, at the Enterprise's expense, furnish a corporate surety bond in the sum of \$1,000.00 conditioned upon the faithful and honest performance of the duties of that office.

Section 3. Compensation. Each Director shall receive from the Enterprise as compensation for the Director's service up to fifty dollars per meeting, not to exceed six hundred dollars per year, plus necessary travel expenses actually expended while engaged in the performance of the Director's duties.

Section 4. Committees. The Board of Directors may, from time-to-time by motion approved by a majority of the Board, designate from among its members such committees as the Board deems desirable, each consisting of three or more members with such power and authority as may be provided in such motion. Committees shall serve at the pleasure of the Board. Unless specifically delegated authority by the Board of Directors, committees shall have no authority to take formal action on behalf of the Enterprise, but instead shall recommend actions and policies to the Board of Directors for its consideration.

ARTICLE III
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. *Regularly Scheduled Meetings of the Board.* Regularly scheduled meetings of the Board of Directors shall be held monthly on the second Thursday of each month in Lake City, Colorado, except that every third meeting shall be held in Gunnison, Colorado. The place and hour of such meetings shall be as determined from time to time by the Board of Directors.

Section 2. *Special Meetings of the Board.* A special meeting of the Board of Directors may be held at any time and place within the boundaries of the Enterprise, upon the call of the Chairperson or of any three members of the Board of Directors.

Section 3. *Notice of Board of Directors Meetings.*

3.1 Notice to Directors. A notice of all regularly scheduled meetings of the Board of Directors shall be given to each Director, by transmitting such notice by electronic mail not less than seven days prior to the date of such meeting. Notice of all special meetings of the Board shall be given by transmitting notice thereof by electronic mail to each Director not less than forty-eight hours prior to the date and hour of such meeting. All notices shall specify the place and hour of the meeting.

3.2 Publication of Notice. The Enterprise shall cause publication of regularly scheduled meetings to appear at least seven days prior to the date of such meeting

in the *Gunnison Country Times* and the *Lake City Silver World*. If said newspapers cease to exist, publication shall be made in a newspaper of similar circulation, if any.

3.3 Full and Timely Notice to the Public. Public notice of any meeting at which the adoption of any proposed policy, position, resolution, rule, regulation, or formal action occurs or at which a quorum of the board members is in attendance, or is expected to be in attendance, shall be posted in a designated public place within the boundaries of the Enterprise no less than twenty-four hours prior to the holding of the meeting. The location of the public place at which such notice is to be posted shall be designated annually at the Board's first regularly scheduled meeting of each calendar year.

Section 4. Notice of Committee Meetings. Notice of all meetings of committees of the Board shall be posted in the designated public place within the boundaries of the Enterprise no less than forty-eight hours prior to the holding of the meeting. Notice of all meetings of committees of the Board shall be given to the members of the committee by electronic mail no less than forty-eight hours prior to the holding of the meeting.

Section 5. Waiver of Notice of Meetings.

5.1 Public Notice. The Board of Directors may not waive the public notice requirements of Subsection 3.3. or Section 4.

5.2 Notice to Directors. The notice herein required to be given to each Director of any regularly scheduled or special meeting of the Board of Directors under Subsection 3.1 may be waived with the concurrence of all Directors and shall be deemed to have been waived in the event either of the following shall occur: (a) All of the Directors sign a

written waiver of such notice; or, (b) All of the Directors attend the meeting in question, without objecting to lack of proper notice and participate in the meeting, and such fact appears from the minutes.

Section 6. *Procedures for roll call votes.* A vote of the Directors shall be taken by roll call upon the request of any Director present. The roll shall be called in alphabetical order. The presiding officer's voting rights shall be exercised in the same manner as any other Director. If a Director does not wish to vote, the Director shall answer, "abstain", and state the reason for so answering. If the Director is not ready to vote, but wishes to be called on again after the roll has been completely called, the Director shall answer, "pass". Changes of vote shall be permitted at the conclusion of the roll call, before the results of the roll call are announced. A record of the roll call vote including the manner in which each Director voted and the result of the vote shall be entered in full in the minutes of the Board's proceedings.

Section 7. *Public Meetings.* All meetings of a quorum or three or more members of the Board of Directors, whichever is fewer, at which any Enterprise business is discussed or at which any formal action may be taken are declared to be public meetings open to the public at all times, except for appropriately called executive sessions.

Section 8. *Executive Sessions.* The Board of Directors upon the concurrence of two-thirds of the Directors in attendance, may hold an executive session only at a regularly scheduled or special meeting which has been properly noticed and at which a quorum is present, and for the sole purpose of considering the matters specified in Section 24-6-402 (4), C.R.S.; except that no adoption of any proposed policy, position, resolution, rule, regulation, or formal

action shall occur at any executive session which is not open to the public. Prior to the time that the Board of Directors convenes in executive session, the Chairperson of the Board of Directors shall announce the topic of the executive session.

Section 9. Parliamentary Authority. The rules contained in the current edition of *Robert's Rules of Order Newly Revised* shall be followed in all instances in which there is a question as to procedure and in which they are not inconsistent with these Bylaws and any special rules of order the Board of Directors may adopt.

ARTICLE IV

OFFICERS

Section 1. Designation. The officers of the Board shall be a Chairperson, who shall be the President of the Enterprise, Vice Chairperson, who shall be the Vice President of the Enterprise, a Secretary and a Treasurer. All officers shall be members of the Board of Directors except the Secretary, or the Treasurer who may be one and the same person, and such person may or may not be a member of the Board, as the Board may from time to time determine. The Secretary and/or Treasurer may be paid such salary as may from time-to-time be determined by the Board of Directors, however, if the Secretary or Treasurer are members of the Board of Directors, such salary may not exceed the compensation allowed for Directors.

Section 2. Election and Term of Office. Officers shall be elected annually by the Board of Directors at the May meeting of the Board. The term of office of each officer shall be for one year from the date of the officer's election at the May meeting, and until a successor is elected

and qualifies. Any vacancies which occur will be filled by the Board of Directors by special election and that officer shall serve until the election at the next May meeting, and until a successor is elected and qualifies.

Section 3. *Duties of Officers.* The duties of the officers of the Enterprise shall be the same as those of officers of nonprofit corporations under Colorado law. Additional duties may be imposed upon any officer by amendment of these Bylaws or by motion or resolution of the Board of Directors. The Chairperson, and in his or her absence, the Vice-Chairperson shall preside over all regular and special meetings and the annual meeting. In the absence of the Chairperson and the Vice-Chairperson at any meeting of the Board of Directors or Enterprise, the Board shall elect a temporary chairperson to preside over the meeting. The Secretary shall be the custodian of the records of the Enterprise.

ARTICLE V

ATTORNEY

The Board of Directors shall, at the meeting at which the Enterprise's annual budget is adopted, employ an attorney who shall act as general counsel for the Enterprise and whose term shall be for one year commencing on the first day of the Enterprise's fiscal year or until a successor is employed. The attorney shall be paid such compensation and expenses as the Board of Directors may determine. The Board may employ special legal counsel in matters of special concern.

ARTICLE VI
MANAGER AND OTHER EMPLOYEES

The Board of Directors may employ a manager and such other agents and assistants as may be needed; and each of them shall be paid such salary and expenses as the Board of Directors may determine. The manager is designated as the Assistant Secretary of the Board of Directors and the assistant custodian of records for the Enterprise, and shall assume all duties of the Secretary in the absence of the Secretary.

ARTICLE VII
PUBLIC RECORDS

Section 1. *General.* The official records and files of the Enterprise shall be kept at the office of the Enterprise which shall be located in Gunnison County, Colorado. The Secretary of the Board of Directors, as custodian of the Enterprise's records, shall be responsible for making records available to the public and responding to requests for inspection or copies of records pursuant to the Colorado public records law, Part 2, Article 72, Title 24, C.R.S. The Manager, as Assistant Secretary of the Board of Directors and assistant custodian of the Enterprise's records, shall assist the Secretary in responding to requests for inspection or copying of records pursuant to the public records laws. The Manager shall make the Enterprise's non-confidential public records available for inspection by the public during normal Enterprise office hours and provide copies of such documents to the public in a manner that reasonably protects such records and prevents unnecessary interference with the regular

discharge of the Manager's duties. The Manager shall develop and make available for use by the public a form for requesting the inspection and copying public records, and shall keep all requests for public records in the Enterprise's files. All requests for public records shall be in writing. If the Manager believes that the records requested are not public records, or are subject to denial, the Manager shall immediately consult with the Enterprise's legal counsel, who shall give an opinion as to whether the records must be made available, or the request denied. The request and the opinion of the Enterprise's legal counsel shall immediately be forwarded to the Secretary, who as the custodian of the Enterprise's records shall grant or deny the request. The Manager and the Enterprise's legal counsel shall assist the Secretary in preparing and providing any denials of requests for public records. In providing copies of documents to members of the public pursuant to this Section, the Manager shall have the option of charging an amount which approximates the actual cost of the reproduction and delivery of such documents.

Section 2. *Review of Confidential Materials.* Confidential documents such as preliminary work-products prepared by consultants under contract with the Enterprise for litigation purposes and deliberative materials, will not be made available for review by individual members of the Board of Directors until the earlier of their having been transmitted to all members of the Board of Directors, or following the regular or special meeting first following their preparation and receipt by the Enterprise. The Secretary, as the custodian of the Enterprise's records, shall be notified of the receipt of such documents, and after consultation with the Enterprise's legal counsel, determine whether such documents are public

records in accordance with the Colorado public records law. If the document in question is determined to be confidential, it will be provided to the Board of Directors in accordance with the provisions of this Section. The Secretary shall, in consultation with the Enterprise's legal counsel, determine the application and interpretation of this provision in all cases of question.

Disclosure or use of confidential information received as a Enterprise director or staff shall not occur without the approval of the Board.

Section 3. *Board Records.* The Board shall keep written minutes of its proceedings. The board shall keep in a well-bound book a record of all of its proceedings, written minutes of all meetings, certificates, contracts, bonds given by employees, and all corporate acts which shall be open to inspection by any person at reasonable times, subject to certain privileges as provided in Sections 24-72-203 and 24-72-204, C.R.S. A separate binder or book of resolutions of the Board of Directors shall be kept and indexed.

ARTICLE VIII

POLICIES

The Board may adopt policies for conduct of Enterprise business and for customary or extraordinary practices of the Board by a majority vote of the Board of Directors at any regularly scheduled or special meeting of the Board; provided, however, that no policy shall be in conflict with these Bylaws or the IGA.

ARTICLE IX

CHECKS AND DRAFTS

Section 1. Checks and Drafts. All checks, drafts, notes or orders for the payment of money issued in the name of the Enterprise shall require both a signature and countersignature. Said signature and countersignature shall be by such officer or officers, or agent or agents of the Enterprise as shall from time to time be determined by resolution of the Board of Directors.

Section 2. Deposits. All funds of the Enterprise not otherwise employed shall be deposited from time to time to the credit of the Enterprise in such banks, trust companies or other depositories as determined by resolution of the Board of Directors.

ARTICLE X

AMENDMENTS

These Bylaws may be amended at any regularly scheduled or special meeting of the Board by the affirmative vote of four members of the Board of Directors.