



BY-LAWS

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CUCHARAS SANITATION AND WATER DISTRICT

BY-LAWS

Section 1. Authority.

The Cucharas Sanitation and Water District is a governmental subdivision of the State of Colorado and a body corporate with those powers of a public or quasi-municipal corporation which 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 Cucharas Sanitation and Water District Board of Directors, consistent with the availability of revenues, personnel and equipment, to use its best efforts to provide water, sewer and related services to the inhabitants and property owners within the District.

Section 4. Board of Directors.

All powers, privileges and duties vested in, or imposed upon, Cucharas Sanitation and Water District (hereinafter referred to as "District") 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 By-Laws. The Board may delegate to officers and employees of the District any or all administrative and ministerial powers.

The Board of Directors establishes the Executive Committee for the purpose of overseeing the administrative business of the District, District staff and employees. The Executive Committee shall be composed of the President of the Board of Directors (or in his/her absence, the Vice-President), one other Director and the General Manager. Each Director shall serve on the Executive Committee, in turn, for a period of one (1) month, ensuring that, at the least, the agenda for the monthly meeting is set. When the Board of Directors meets at its regular or a special meeting, the Executive Committee shall make a report to the Board.

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 said 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 the District shall be at 16925 Highway 12, Cuchara, Colorado, 81055, 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.

Section 6. Meetings.

a. Regular Meetings. Regular meetings of the Board shall be held on the second (2nd) Friday of each month at 9:00 A.M. at the business office, unless otherwise noticed and posted.

b. Public Meetings. All meetings of the Board, other than executive sessions, shall be 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. Written waivers of notice by Board members are not necessary.

d. Special Meetings. Special meetings of the Board may be called upon seventy-two (72) hours' written notice, which shall be posted in three (3) places within the District and at the Huerfano County Clerk and Recorder's offices, and delivered, to each Director.

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 formal action shall take place in an Executive Session. The discussion in Executive Sessions 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 Open Meetings shall be used, and a record kept in accordance with Cunningham Fire Protection District Administrative Procedure #AP-004, effective December 4, 2001. If handwritten notes of the Session are kept, Minutes of the Executive Session shall be created and shall contain a signed statement by the Chairman of the Executive Session that the Minutes substantially reflect the substance of the discussion during the Executive Session. No record is necessary to be kept if, in the opinion of the District's attorney, who is present, all or a portion of the discussion constitutes attorney-client privileged communications. If Minutes are electronically recorded, the attorney shall state on the record that the discussion constituted attorney-client communication. If written Minutes are kept, then the attorney shall sign a statement to the same effect.

(3) After Executive Session. The record of any Executive Session shall be retained by the District for ninety (90) days and then destroyed or erased, in accordance with Cunningham Fire Protection District Administrative Procedure #AP-004, effective December 4, 2001. If, during the 90 days, the record of the Executive Session is requested, a judge will privately listen to the tape or review the Minutes, and make a determination as to whether it was a proper Executive Session. Minutes or recordings of Executive Sessions shall not be released to the general public for review under any circumstances other than those described.

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 thereof are announced at the meeting at which the continuance is taken, other than as required by law. At the continued meeting, any business may be transacted which might have been transacted at the original 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 (i.e., three) of the Directors shall be present, 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, such actions which 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) Call to Order;
- (2) Pledge of Allegiance;
- (3) Roll call of Members;
- (4) Reading and approval of the minutes of the previous meeting;
- (5) Election matters and resolutions, election of Board officers, approval and determination of bonds;
- (6) Approval of Treasurer's report and payment of bills;
- (7) Public Forum;
- (8) Hearings;
- (9) Reports of officers, committees, professional consultants and Staff report;
- (10) Old business;
- (11) New business and special orders;
- (12) Executive session;
- (13) Adjournment.

d. Motions and Resolutions. 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., shall be taken by the passage of motions or resolutions.

e. Minute Book. Within a reasonable time after passage, all resolutions and motions and all minutes of Board meetings shall be recorded in a book kept for that purpose and shall be attested by the Board 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 recorded in the manner regular session minutes are recorded and as described in Section 6(e) of these By-Laws. Executive session minutes shall be kept separate from minutes of the regular session minute book and shall not be

open to the public, except as described in Section 6(e) of these By-Laws. Executive session minutes shall be retained for ninety (90) days and then destroyed.

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, 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 no less than \$1,000.00.

b. Director's Performance of Duties. A Director of the District shall perform duties as 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 in which the Director reasonably believes in the best interest of the 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; but the Director shall not be considered to be acting in good faith if he/she 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 or expert competence; 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/her office, shall take and subscribe an oath of office in the following form, to wit:

OATH OF OFFICE
CUCHARAS SANITATION AND WATER DISTRICT
STATE OF COLORADO
COUNTY OF HUERFANO

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

Signature _____

Subscribed and sworn to before me this _____ day of _____, 20____.

(Huerfano County Clerk and Recorder, Clerk of the Court, Notary Public or Chairman of the Board of Directors)

d. Election of Officers. The Board of Directors shall elect from its membership a President, a Vice-president, a Secretary and a Treasurer, who shall be the officers of the Board of Directors and of the District. The officers shall be elected by a majority of the Directors voting at said election. 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 shall be filled by an affirmative vote of a majority of the remaining Directors, as prescribed by statute. 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 provisions prescribed by statute. Any Director may resign at any time by giving written notice to the president, and acceptance of such resignation shall not be necessary to make it effective unless the notice so provides.

g. President and Chairman. The President shall be the Chairman of the Board and preside at all meetings; the President 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.

h. Vice-president. The Vice-president shall be Vice-chairman of the Board and shall preside at all meetings, as assigned by the President. Except as otherwise authorized, the Vice-president shall sign all contracts, deeds, notes, debentures, warrants and other instruments on behalf of the District in the absence of the President.

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 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.

j. Treasurer. 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 the 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 of \$75,000.00, conditioned on the faithful performance of the duties of the Treasurer's office.

k. 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 shall be responsible for recording all votes and composing a record of the proceedings of the Board in a minute book kept for that purpose, which shall be the official record of the Board. 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.

l. 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 the District, or by special exigencies, which shall later be ratified by the Board.

m. General Manager. By order, and with the consent, of the Board of Directors, the Executive Committee may appoint a General Manager of the District to serve for such term and upon such conditions, including salary, as the Board may establish. The General Manager shall be under the supervision of the Executive Committee. Through the Executive Committee, the General Manager shall have the general supervision and authority over the affairs of the District and of its Staff. The General Manager, in coordination with the Board of Directors, shall be charged with hiring and discharging employees, the care and custody of all funds

in hand, banks, or savings and loan associations that the Board/Treasurer may select. The General Manager shall also be under the general supervision for financial affairs of the Treasurer of the Board of Directors. The General Manager shall, with the consent of the President/Treasurer, approve all vouchers, orders and checks for payment as have been approved by the Board of Directors and shall keep regular books of account of all District transactions. The General Manager is also charged to manage all properties, facilities and plants (water and sewer) of the District. The General Manager shall obtain, at District expense, a bond for the faithful performance of his/her duties in the amount of \$25,000.00.

n. 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 committee, known as the Budget Committee, composed of the Treasurer, a member of the Board appointed by the President, the General Manager and elector(s) appointed by the President, which shall be responsible for the preparation of the annual budget of the District and such other matters as may be assigned to it by the President of 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 figures 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 such 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 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 Section 29-1-106, C.R.S.

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 budget expenditures with special consideration given to the proposed *ad valorem* tax levy.

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

h. Appropriating Resolution.

(1) At a meeting held before January 1st of the ensuing fiscal year, the Board shall enact a resolution making appropriations for the ensuing fiscal year. The amounts appropriated thereunder shall not exceed the amounts fixed therefor in the budget adopted pursuant to Section 9.e.

(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 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.

j. Contingencies.

(1) 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 resolution duly adopted by a two-thirds (2/3) vote of the entire membership of the Board. Such resolution shall set forth in full the facts concerning the emergency and shall be included in the minutes of that meeting.

(2) If so enacted, a copy of the resolution authorizing additional expenditures shall be filed with the Division of Local Government in the Colorado 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 specified under Section 29-1-115, C.R.S., 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 the 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 District within six (6) 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 the District during the subject fiscal year. The auditor shall prepare, and certify as to its accuracy, an audit report, including a financial statement and short form balance sheet based on such audit, an unqualified opinion or qualified opinion with explanations, and a full disclosure of violations 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) The Treasurer shall forward a copy of the audit report to the State Auditor or other relevant State official, pursuant to statutory requirements, and to Farmers Home Administration, within thirty (30) days following receipt of the audit.

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 safekeeping and care.

Section 11. Disclosure of Conflict of Interest.

Any Board member's potential conflict of interest shall be disclosed in accordance with Colorado 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 may receive compensation in the amount of \$75.00 per attended public, special or workshop meeting, but not to exceed \$1,200.00 per fiscal year. 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, whether groundless or otherwise, arising out of any alleged act or omission occurring during the performance of duty, as more fully defined by an Indemnification Resolution. The District may compromise and settle any such claim or suit and/or pay the amount of any settlement or judgement rendered thereon.

a. For the purpose of Section 13 only, the following definitions shall apply:

(1) "Employee". The term "employee" means a Director, employee or servant (hereinafter collectively referred to as "employee") of the District, whether or not compensated, elected or appointed. The term "employee" specifically excludes any person or organization contracting to perform services or acting for the District as an independent contractor.

(2) "Performance of Duty". The term "performance of duty" shall be interpreted as broadly as possible to include any situation in which a District employee could conceivably be deemed to be acting within the scope of his/her employment. It shall specifically extend to all employees who are providing service on a voluntary basis or otherwise to any private, corporate or government party other than the District, when doing so with the appropriate consent and authorization from the District. The term "performance of duty" shall not include any act or omission constituting deliberate and intentional tortuous or criminal conduct, or malfeasance in office, or willful or wanton neglect of duty.

b. The District reserves the right to designate the attorney appointed to defend any employee in any tort or liability action instituted pursuant to this Section 13.

c. The District agrees to indemnify any employee up to, but not to exceed, the amount of \$150,000.00 for any injury to one person in any single occurrence with an aggregate limit of \$500,000.00 for any injury to two or more persons in any single occurrence, or in the maximum amounts otherwise specified under the Colorado Governmental Immunity Act (Article 10 of Title 24, C.R.S., as amended). The District specifically reserves any defenses which are made available to the District or its employees by said Governmental Immunity Act.

d. All claims to be paid pursuant to this Section 13 shall be paid by the District or its insurer. Any judgement or settlement of a claim against the District shall be paid in accordance with the provisions of said Governmental Immunity Act.

e. No defense or indemnification shall be provided by the District to any employee in any of the following circumstances:

(1) If the employee willingly and knowingly fails to notify the District, within a reasonable time, of any incident or occurrence which he/she might reasonably expect to result in a claim of tort or liability against the employee or the District.

(2) If any employee fails to notify the District of any notice of claim or summons and complaint served upon him/her commencing a suit for damages reimbursable pursuant to this Section 13; such notice shall be given to the District within fifteen (15) business days of its service upon the employee;

(3) If an employee fails to exercise reasonable efforts to notify the District of any claim which is informally asserted against him/her for damages reimbursable pursuant to this Section 13.

(4) If an employee refuses to cooperate with an investigation or defense of any lawsuit by the District or its insurer, or by any private attorney employed by the District to furnish the defense to said employee, or any private investigator hired by the District to investigate such tort or liability claim.

f. If the District or the employee against whom a claim is reimbursable hereunder has any other valid insurance, bond or indemnification plan available covering the loss of damage alleged against him/her, such insurance, bond and other plan will be first applied to the payment of any claim. In such event, the obligation of the District to indemnify and hold harmless the employee shall exist only for liability incurred in excess of such other coverage.

g. In the event of any payment made pursuant to this Section 13, the District shall be subrogated to all of the employee's rights of recovery therefore against any person or organization, and the employee shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights of subrogation. The employee shall do nothing to prejudice such rights.

h. No assignments of indemnification shall be permitted without the written consent of the District signed by the President, and no such assignment shall bind the District unless such written consent is given prior to assignment. If, however, the employee shall die, the benefits of this Section 13 shall be available to, and apply fully to, the employee's legal representative, but only while acting within the scope of his/her duties as such.

i. Any defense and indemnification available to an employee under this Section 13 shall continue to be available after the termination of his/her employment, office or tenure if the act or omission causing such liability occurred during the course of his/her duties while an employee of the District. Such defense and indemnification shall not be available to a former employee, however, in the event that the tort or liability claim against him/her is asserted as a counter-claim or set-off in any suit brought

by the employee, except to the extent that the liability of such employee may exceed the amount of his/her own claim or suit.

j. The provisions of this Section 13 shall be subject to and, to the extent of any inconsistency therewith, shall be modified by the 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 \$25,000.00 or more. 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 in accordance with Section 32-1-1001(d), C.R.S.

a. A Notice or Invitation to Bid shall be prepared and published in a newspaper of general circulation within Huerfano County once per week for three (3) consecutive weeks. 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.

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

c. Bids must be accompanied by an acceptable bidder's bond, or a certified check payable to the District, in an amount equal to five percent (5%) of the bid. If, within the time designated in the Notice of Award, the Contract is not executed and, if required, a Payment and Performance Bond 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.

d. Payment and Performance Bonds are required for Contracts over \$50,000.00, and are discretionary with the Board under that amount (Sections 38-26-105 and 106, C.R.S.). Ten percent (10%) of all pay estimates shall be withheld during construction until fifty percent (50%) of the contract work has been performed; thereafter, no additional sums shall be withheld if satisfactory progress is being made. For any contract exceeding \$80,000.00, the contractor may deposit acceptable securities in lieu of such retained amounts in accordance with law (Section 24-91-103, C.R.S.).

Section 15. Modification of By-Laws.

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

ADOPTED this _____ day of _____, 20____, by the Board of Directors of the Cucharas Sanitation and Water District.

President

ATTEST:

Secretary

BY-LAWS

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