

COMPILATION OF AMENDED BY-LAWS
Of The
UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
Incorporating all amendments to date (see final page)

ARTICLE I
Names, Objects, Purposes and Principal
Place of Business

The corporate name, the objects and purposes and the principal place of business of this Association shall be as stated in and provided by the Certificate of Incorporation of the Association heretofore filed in the Office of the Secretary of State of Colorado and the Office of the County Clerk and Recorder of Delta County, Colorado, as required by the Laws of the State of Colorado.

ARTICLE II
Seal

The seal of this Association shall have inscribed thereon the name of the Association, the year of its organization and the words "Corporate Seal" and "Colorado".

ARTICLE III
Membership.

Section 1.

Persons who own real property, as certified by a copy of a recorded deed, in the area served by this Association, as described in the Certificate of Incorporation, and, considering the needs of users who may already be members, for whom the Association has an adequate supply of water, and can serve without undue hardship, inconvenience or expense, shall be eligible for membership upon application in such forms as provided by the Association and upon payment of a membership fee. The membership fee shall be set by the Board of Directors, effective upon ratification by the stockholders at any regular or special membership meeting.

Said payment to be for one membership for one residence only and for one 3/4 (three quarter inch) tap served through a 5/8" by 3/4" (five eighths inch by three quarter inch) meter or equivalent; larger sized taps may be allowed at the discretion of the Board of Directors at a price to be established by the Board of Directors; effective upon adoption.

Section 2.

Each membership in this Association shall be entitled to one service connection with the Association's system. Any person desiring more than one service connection shall be required to apply for and secure each such connection as provided in Section 1 of this Article. More than one service connection per household shall not be allowed.

Section 3.

All applications for membership or additional service connections shall be passed on by the Board of Directors. Said application shall be addressed to the Board of Directors of said Association accompanied by a check for the membership fee and said Directors shall have authority to grant or deny such application in accordance with its judgment and determination as to whether the supply of water and the capacity of the system is adequate to serve said applicant in addition to

supplying the needs of the existing members of said Association. Said Board shall have authority to impose conditions upon which an application may be granted.

Section 4.

The rights, privileges and obligations of all members in this Association shall be equal, except as provided in Section 5 of Article IV and in Section 4 of Article VIII of these By-Laws. All members shall pay an equal minimum monthly rate for such water. Rates shall be fixed by Resolution of the Board of Directors and filed with the Secretary of the Association.

Section 5. Voting Rights: Each person holding a membership shall be entitled to one vote only. The holding of more than one service connection shall not entitle such holder to more than one vote. Voting by proxy will be permitted; provided, that any member shall be permitted to vote not more than ten (10) proxies in addition to his own vote and if a member receives more than ten(10) proxies, he shall have power to substitute any other member or members present at the meeting to vote such additional proxies. Cumulative voting shall be prohibited.

**ARTICLE IV
Membership Meetings**

Section 1.

Annual Meetings: Annual meetings of the members for the election of Directors and for other business which may properly come before the meeting shall be held at the Town Hall or such other place as the Board may designate in the Town of Cedaredge, County of Delta, State of Colorado, on the second Tuesday in December of each year. Public notice of the time and place of said meeting shall be given by the Secretary by publication in a newspaper having general circulation in Delta County, Colorado. Such notice to be published at least once, not more than thirty (30) days nor less than ten (10) days prior to the date fixed for said meeting and by giving at least ten (10) days, but not more than thirty (30) days written or printed notice stating the time and place of such meeting by depositing a copy of such notice in the United States mail, addressed to each member at his address, as the same may appear on the records of the Association, or by delivering such notice personally to each member. Members shall be permitted to waive such notice and a waiver in writing signed by the person or persons entitled to such notice, whether before, at or after the time stated therein, shall be deemed equivalent to such notice.

Section 2.

Special Meetings: Special meetings of the members may be called at any time by the President, or by a majority of the Directors. The President, or in his absence, the Vice-President, shall call a special meeting upon the written petition of ten (10) of the members of the Association. Notice of special meetings shall specify the business to be transacted thereat and shall be given as in Section 1 of this Article provided.

Section 3.

Quorum: One-fifth of the total membership of this Association present either in person or by proxy shall constitute a quorum for the transaction of business at any annual or special membership meeting. If such a quorum is not present, the meeting may be adjourned from time to time by a majority of those present, provided that such meeting may not be adjourned for a period to exceed sixty (60) days for any one adjournment.

Section 4.

Order of Business: All membership meetings of the Association shall be

governed by Robert's Rules of Order. The order of business at all membership meetings shall include as far as possible:

1. Roll call
2. Proof of due notice and determination of quorum
3. Reading and disposal of any unapproved minutes
4. Nominations for vacancies on the Board of Directors
5. Report of Board of Directors by President or Vice-President
6. Report of Secretary
7. Report of Treasurer
8. Unfinished business
9. New Business
10. Election
11. Adjournment

Section 5.

Voting Rights: Each person holding a membership or memberships shall be entitled to one vote only. The holding of more than one membership certificate to cover additional service connections shall not entitle such holder to more than one vote. Voting by proxy will be permitted; provided, that any member shall be permitted to vote not more than ten (10) proxies in addition to his own vote and if a member receives more than ten(10) proxies, he shall have power to substitute any other member or members present at the meeting to vote such additional proxies. Cumulative voting shall be prohibited.

**ARTICLE V
Directors**

Section 1.

Functions of the Board of Directors: The business and affairs of this Association shall be managed by a Board of Seven Directors. Its functions shall include the

- a. selection of and delegation of authority to management,
- b. determination of policies for guidance of management,
- c. control of expenditures by authorizing budgets,
- d. keeping of members fully informed of the business of the Association,
- e. causing audits to be made at least once each year, or oftener, and reports thereof to be made directly to the Board, and
- f. establishing of water charges and the levying and collecting assessments and enforcing the collection thereof in accordance with the laws of the State of Colorado.

Section 2.

Election and Term of Board Members: The first Board of Directors, consisting of those named in the Certificate of Incorporation shall serve for one year or until their successors are chosen and have qualified. At the next annual meeting of the Association in December of 1960, one director from the Upper Surface Creek area, one director from the Cedar Mesa area shall hold over for one year each. The general membership shall then elect a new member from the Upper Surface Creek area and a new member from the Cedar Mesa area, each to serve for two years, and shall also elect two members to the Board from the Redlands Mesa area, one receiving the lowest vote to serve for a period of one year and the one receiving the highest vote to serve for a period of two years and annually thereafter four directors shall be elected in the even numbered years and three directors shall be elected in the odd numbered years.

Section 3.

Election of Officers: The Board of Directors shall elect by ballot one of its members as President and one Vice-President and shall also elect a Secretary-Treasurer, who need not be a member of the Board of Directors of the Company, or a member of the Company.

Section 4.

Term of Officers: The said officers shall be elected for a period of two years, or until their successors are appointed and qualified.

Section 5.

Compensation of Directors and Officers: The Board of Directors and the officers, with the exception of the Secretary-Treasurer, shall serve without compensation. The Secretary-Treasurer shall be paid a reasonable remuneration of services rendered.

Section 6.

Meetings of the Board of Directors: The meetings of the Board of Directors shall be held at such regular intervals as the Board shall determine and shall have its annual meeting immediately succeeding the annual meeting of the members, at which time the members of the Board are elected. A majority of the Board of Directors present in person at any meeting of the Board shall constitute a quorum for the conduct of business thereat.

Section 7.

Powers of the Board: The Board of Directors shall have the general power to act for the Association in any manner not prohibited by Statute or by the Certificate of Incorporation. If the Association shall at any time borrow or receive by any way of grant any property from the United States, through any of its agencies, the Board of Directors shall pursue such management methods, including accounting and audits, as such agency may prescribe.

Section 8.

Vacancies: When any vacancies shall occur among the members of the Board of Directors by death, resignation, or because such vacating Director has ceased to be a member of the Association, such vacancy shall be filled by the remaining Directors by the selection of a member of the Association who shall serve as a member of the Board until the election of Directors at the next ensuing annual meeting of members.

**ARTICLE VI
Officers**

Section 1.

Duties of the President: The President shall preside at all meetings of the Board of Directors. He shall execute notes, bonds, mortgages, contracts, and all other instruments on behalf of the Association. He shall be Ex-Officio a member of all standing committees and he shall have such powers and perform such other duties as may be properly required of him by the Board of Directors.

Section 2.

Duties of the Vice-President: The Vice-President shall, in the absence of disability of the President, or in the event of his death, resignation or removal from office, perform and discharge the duties and exercise the powers of the President.

Section 3.

Duties of the Secretary-Treasurer: The Secretary-Treasurer shall keep a record of the proceedings of the Association and the seal of said Association and shall attest the signatures of the officials of the Association executing documents on behalf of said Association; shall collect assessments and moneys due the Association and deposit the same in a depository designated by the Board of Directors and shall disburse funds on the proper order of the Board, and shall make a report of the business transacted by him annually, and/or oftener if so requested by the Board of Directors or the President, and he shall do and perform such other duties and functions as may be required of him by the Board of Directors or the President. The Secretary-Treasurer shall be covered in the performance of his duties by a surety bond in an amount to be determined by the Board of Directors. The premium for such bond shall be paid by the Association.

Section 4. Appointment and Duties of Superintendent: The Board of Directors may appoint in addition to the officers above named a Superintendent of the domestic water system, who will be in charge of the work of construction, maintenance, and repair of the system of the Association and of the distribution of water. He shall make to the Board of Directors a monthly report showing the condition of the system and the amount and character of work done during the previous month. He shall certify to the Secretary-Treasurer monthly the time spent by himself and by each laborer in performing work in behalf of the Association. The compensation to be paid for the performance of duties of the Superintendent and any laborers, or any assistants he may hire shall be in an amount to be determined by the Board of Directors.

ARTICLE VII
Assessments and Charges

Section 1.

Water Charges: The Board of Directors shall establish a rate of charge for water flowing through the meters which are to be installed on each service line connected with the Association's system. Such charges shall be in accordance with the amount registered by such meters. The rate shall provide for the minimum monthly charge. The Board of Directors shall be guided in establishing the rate of water charges by the estimated amount necessary to pay the costs of operation, maintenance, repair, rehabilitation and construction of the system and payments of principal and interest of any indebtedness of the Association which may have been contracted in connection with the Association's operation. Water charges on water sold through meters shall become due and payable quarterly or monthly at the option of the Board of Directors and shall become delinquent if not paid within ten days from date statement of the same is mailed by the Secretary and if not paid within thirty days from the date said statement is mailed by the Secretary, the tap of said water user shall thereupon be shut off by the Company or its authorized agents.

Section 2.

Membership Assessments: In the event the revenues of the Association are insufficient at any time to pay current costs of operation and maintenance and debt retirement payments and are resulting in a deficit so as to jeopardize debt retirement payments, or in cases of financial emergency requiring the levying of a special assessment, it shall be the duty of the Board to call a special meeting of the members to consider the question of levying such special assessment as may be required to make up the deficit or to meet the emergency, and in the event there are insufficient members present to constitute a quorum, or the members fail to levy an adequate assessment to take care of such deficit or emergency, then it shall be the duty of the Board Directors to proceed to make such levy and

collect the same for purposes required.

Section 3.

Enforcement of Payments of Water Charges and Assessments: The Board of Directors is authorized and directed to refuse to deliver water to any member who is delinquent in the payment of any monthly water charge or any assessment levied as provided in Section 2 of the Article, after fifteen (15) days notice of such delinquency by mail properly addressed to the Post Office address of such member. In addition, the Board is authorized to sell the membership of any member who remains delinquent in the payment of water charges or assessments for a period of sixty (60) days after notice of such delinquency is given, as herein above provided. Any surplus in the proceeds of a sale of membership over the amount of delinquency shall be paid to the delinquent member. In the event of payment of water charges or assessments after service of water has been discontinued, the resumption of services may be made only upon the additional payment of such charge or penalty as the Board of Directors may have determined in the provisions made for the management of the affairs of the Association. Assessments shall become delinquent thirty (30) days after the vote of approval thereof by the members or in the event of an assessment levied by the Board of Directors as provided in Section 2 of this Article, sixty (60) days after notice is given by the Board of Directors to the members of such assessment.

Section 4.

In the event of scarcity of water or failure of supply for any reason, the Board of Directors shall have power to restrict and limit the use of water from said system to domestic household purposes only. Notice of the imposition of such restriction may be by phone or by written notice delivered or mailed by the Secretary and shall be effective until the members are notified otherwise.

ARTICLE VIII
Membership Rights and Accounting

Section 1.

The Association shall maintain a record of membership in the Association for each new member, and for those holding Membership Certificates at the time of adoption of this section. Membership Certificates shall no longer be issued by the Association upon adoption of this section. Membership Certificates held by members at the time of adoption of this section shall be null and void.

Section 2.

Membership Book: As a part of the records of the Association, there shall be kept a Membership Book, which shall contain a list of the memberships which have been granted, noting the date thereof, the name of the person to whom issued, and assigning a unique number to each membership.

Section 3.

Transfer of Membership: Membership may be transferred and the transfer shall be noted on the books of the Association. No transfer of membership shall be valid until all of the indebtedness owed to the Association is paid or adjusted to the satisfaction of the Board of Directors. No transfer of membership shall be valid when made to the transferee who is not eligible for membership, as provided in Article III of these By-Laws.

Section 4.

Membership Rights: Each Membership shall entitle the holder thereof to one service connection with the water system of the Association. A member may purchase additional connections as provided in Article III of these By-Laws. Each such

service connection shall be entitled to a proportionate amount of water available through the system for any season that that service connection bears to the total number of service connections with the system. The voting rights of any persons holding more than one service connection shall not exceed those rights as provided in Article IV, Section 5, of these By-Laws. In all other respects, the rights, interest, obligations and duties represented by each membership shall be equal.

Provided, however, that in times of drought or water shortage, the Board of Directors may establish a priority basis for allocating water, and charge different rates for different uses. If such priority basis is established, then essential household use shall be given first priority for an adequate number of gallons per month, and essential agricultural use, as the Board may define such, shall be given second priority for use.

Section 5. Location of Service Connection: At the time of application for membership or for an additional service connection, the tract of land to be served shall be identified by the applicant. The service connection may not be used upon any other tract of land than that so identified. Service connections, including those not yet installed, may be transferred only with the transfer of the tract of land where installed or designated, except in the case of hardship to the member, as determined in the sole discretion of the Board of Directors.

ARTICLE IX Fiscal Year

The fiscal year for said Association shall be from December 1st of each year until November 30th of the following year.

ARTICLE X Amendments

These By-Laws, or any Section or Article thereof, may be changed, amended or repealed at any regular meeting of members, or any special meeting of the members held for that purpose, provided such notice of such proposed changes have been incorporated in the call for such meeting.

BY-LAWS AMENDMENT RECORD
UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION

I hereby affirm that the attached copy of the Association By-Laws is a true and accurate compilation, incorporating all amendments of record, as follows:

09-22-1955 Adoption of original By-Laws

05-29-1959 Article III, Section 1 Increased Membership Fee to \$225

" Article VII, Section 2 Authorized Board to levy special assessments

09-02-1960 Article III, Section 4 Authorized dole system on Redlands

" Article V, Section 1 Increased Board of Directors to seven members

" Article V, Section 2 Provided for election and terms of larger Board

12-14-1971 Article III, Section 1 Increased Membership Fee to \$1000

05-09-1978 Article III, Section 1 Increased Membership Fee to \$2,500

" Article III, Section 4 Authorized pressure system on Redlands

" Article IV, Section 1 Authorized 10 days notice for Membership meetings

" Article VII, Section 1 Authorized monthly billing (was quarterly)

12-11-1990 Article III, Section 4 Equal rights, privileges and obligations of members

" Article IV, Section 3 Changed quorum to 1/5 of members

" Article IV, Section 5 Allowed ten proxies per member

" Article VIII, Section 4 Board may prioritize water use

" Article VIII, Section 5 Prohibited moving taps around

12-14-1993 Article III, Section 1 Increased Membership Fee to \$4,000

12-13-1994 Article III, Section 1 Increased Membership Fee to \$6,000

12-12-2000 Article III, Section 1 Increased Membership Fee to \$7,000

12-11-2001 Article III, Section 1 Removed Membership Fee dollar amount from the By-Laws, authorized Board to recommend the Fee, subject to ratification by general membership.

12-13-2011 Article III, Sections 1,2,3,5 Removed reference to Membership Certificate.

" Article V, Section 2 Removed reference to stockholders.

" Article VI, Section 1 Removed reference to Membership Certificate

" Article VII, Section 1,2,3,4,5 Removed reference to Membership Certificate

The foregoing amendments were adopted at special or regular Membership Meetings, and were duly recorded in the minutes of such meetings, which are kept on file in the Association office.



Secretary-Treasurer

Date: 15 December 2011