

BY-LAWS  
OF  
MANCOS RURAL WATER COMPANY

ARTICLE I

Names, Objects, Purposes and Principal  
Place of Business

The corporation 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 Montezuma 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 reside within 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 payment of a membership fee of Ten Dollars. Each member shall pay a further sum in addition to the membership fee to be determined by the Board of Directors from time to time by resolution. Plus the full and complete cost of any service connection, to be installed upon said system. In the event the member shall fail to pay said additional sum, then and in that event, said membership and service connection shall be suspended until the Ten Dollar fee and the additional sums for the Ten Dollar fee and the additional sum for tap connection have been paid. No refund shall be made at any time in connection with either the membership fee or any tap charge made pursuant to the paragraph.

Section 2. Each membership in this Association shall be entitled to one service connection with the Association's system. Any person desiring or requiring more than one service connection shall be required to apply for and secure a membership for each such connection as provided for in Section 1 of the Article.

- a. The owners of a permanent household shall be required to have one membership and one service connection per permanent household. This includes rental spaces for

connection of trailers and mobile homes that meet the definition of a permanent household, whether located on a private lot or in a trailer park or trailer camp park. A permanent household is defined as a residence inhabited for a period of sixty or more days in each calendar year, which days need not be consecutive.

b. All others shall be required to meet specific conditions for membership imposed by the Board of Directors in accordance with Article III Section 3.

Section 3. All applications for membership 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 supply the need of the existing members of said Association. Said Board shall have authority to impose conditions upon which an application may be granted.

## 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 Grange Hall or such other place as the Board may designate in the town of Mancos, County of Montezuma, State of Colorado, on the Third Saturday in January, or on any Date in the 1<sup>st</sup> calendar quarter of each year as determined by the Board of Directors, provided that notice is made in accordance with this Article. Public notice of the time and place of said meeting shall be given by the Secretary, by publication in a newspaper published in Montezuma County, Colorado, having general circulation in said area. 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 thirty (30) days written notice of said meeting by depositing copy of said notice in the Post Office addressed to each member at his place of residence, 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 or more of the members of the Association. Notice of special meeting shall specify the business to be transacted there at and shall be given as in Section 1. of this Article provided.

Section 3. Quorum: Thirty-five (35) members of this association present in person or by proxy shall constitute a quorum for the transaction of business at any annual or special membership meeting. If such quorum is not present the meeting may be adjourned from time to



Section 3. Election of Officers: The Board of Directors shall elect by ballot one of its members 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 one year, or until their successors are appointed and qualified.

Section 5. Travel Expense of directors and Officers: The Board of Directors and officers may be reimbursed for travel expense in the amount of \$25.00 per member for each special, regular or annual meeting attended.

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. Four members 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 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 Directors 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 member of the Board until the elections 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 Membership Certificates, 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 or 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 Board of Directors and shall keep the books and records of the Association and the seal of said Association and shall attest the signatures of the officials of the

time by a majority of those present provided that such a meeting may not be adjourned for a period to exceed (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 of determination of quorum
3. Reading and disposal of any unapproved minutes
4. Nomination for vacancies on the Board of Directors
5. Report of Board of Directors by President and 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 member shall be entitled to only one vote notwithstanding that such member may hold more than one membership certificate because of the fact that he has requested and become obligated for more than one membership and service connection as in these by-laws heretofore provided. Voting by proxy will be permitted, provided, that any member shall be permitted to vote not more than five proxies in addition to his own vote and if a member receives more than five 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 (7) 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 a year, or more often, 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 of Directors: Each Director duly elected shall serve for a term of three (3) years. The number of directors elected annually shall be staggered on a 3 year basis so that three (3) directors are elected in the first year, two (2) directors are elected in the second year and two (2) directors elected in the third (3<sup>rd</sup>) year thereafter repeating the three year cycle.



Association executing documents on behalf of said Association, shall collect assessments and monies 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 more often 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 Manager: 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 reports as required showing the condition of the system and the amount and character of work done on the system. 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 and Installation Charges: The Board of Directors shall establish a rate of charge for water flowing through the meters which are to be installed on the service connections of the Association's system and billed on a monthly basis. Monthly service charges shall be in accordance with the amount registered by such meters. The rate shall provide for a 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 cost 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 monthly and shall become delinquent if not paid within fifteen days from date statement of the same is mailed by the Secretary, and if not paid within that time, water service may be shut off by the manager. A \$25.00 special service charge will be assessed on every service connection where water service has been turned off because of non-payment. When the special service charge is paid water service will be turned on. The member shall be charged no less than the minimum monthly charge for any period where water service is suspended. In the event the manager believes it to be in the best interest of the Association, he may require a deposit for the following months bill in advance.

Each new member service connection, or a member changing, modifying, or moving a service connection shall be charged all actual costs incurred by Mancos Rural Water Company including labor of any employee, or contract costs, fee's. materials, and other expenses.



**Section 2. Membership Assessments:** If for any reasons the total amount collected by the Association from water service charges in any year is or in the judgment of the Board of directors, is estimated will be insufficient to pay when currently due all costs and expenses in connection with the Associations operations and debt retirement payments, then at the next annual meeting of the members, the Board of Directors shall recommend to the members the amount of membership assessments necessary to be levied to make up such deficit. The assessment will not become effective unless approved by a majority of the members present in person at the meeting. However, should the members fail to make or authorize such assessments by the first of January, in any year, then the Board of Directors shall have the power to make the assessment at any regular or special meeting. A proportionate amount of the total assessment shall be levied against each outstanding membership certificate in an amount equal to that portion which one membership certificate bears to the total outstanding Membership Certificates.

If in the opinion of the Board of Directors it becomes in the best interest of the Association, the Board of Directors may call special meeting of the members, for the purpose of incurring a change in assessments to meet any unforeseen financial requirement. 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 of Directors to proceed to make such levy and collect the same for the purpose required.

**Section 3. Enforcement of Payments of Water Charges and Assessments:** The Board or its delegated manager is authorized and directed to refuse to deliver water service to any member who is directed to refuse to deliver water service to any member who is delinquent in the payment of any monthly water service charge or any assessment levied as provided in Section 2. of this Article after 15 days notice of such delinquency by mail properly addressed to the post address of such member. A delinquency charge of 1 ½% per month will be charged on all delinquent accounts and shall relate back to the date of the initial delinquency. After sixty days from the date said water service charge or assessment became delinquent, the Board of Directors may declare the membership in default by notifying the member by Certified Mail-Return Receipt Requested of said default. Said notifications shall state a place and time when the Board of Directors will hold a hearing to determine whether a default exists and whether the membership shall be forfeited. The member may appear at that time and have an opportunity to be heard. After said hearing, the Board of Directors shall determine whether the membership shall be forfeited for payment and satisfaction of the delinquent charges, other costs and expenses of the Company in the forfeiture proceedings. In the event of default and final forfeiture, a new application for membership shall be imposed along with the charges and assessments as provided by these by-laws before further water service shall be furnished at the forfeited location. The Board of Directors shall have sole discretion to sell, convey, transfer or redeem for the Company said forfeited tap. Assessments shall be come delinquent thirty 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 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 partial 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 Certificates

Section 1. Form: The Membership Certificate of this Association shall be in the form as follows:

"This is to certify that (Name of Member) is a member of the (Name of Association) a corporation without capital stock, organized under the laws of the State of Colorado with its principal offices and place of business at Mancos, Colorado, and is entitled to all the benefits and subject to all the rules and regulations of the Association, including liability for assessments, as provided in its Certificate of Incorporation and By-laws.

The holder hereof is entitled to one vote regardless of the total number of Membership Certificates held, in the affairs of the Association.

IN WITNESS WHEREOF, (Name of Association) has caused this Certificate to be signed by its duly authorized officers and sealed with its corporate seal this \_\_\_\_\_ date if \_\_\_\_\_, 20 \_\_\_\_.

Attest:

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

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 Certificates of Membership which have been issued, noting the Certificate and date thereof and the name of the person to whom issued.

Section 3. Transfer of Membership: Certificates of Membership may be transferred and the transfer shall be noted on the books of the Association to such transferee upon the surrender of the Certificate properly endorsed. In the event a Certificate shall become lost, misplaced or destroyed, the member shall be allowed to execute an Affidavit to this effect at the office of the company and shall agree to abide by the regulations set forth therein. 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 valide when made to a trasferee who is not eligible for membership, as provided in Article III of these By-laws.

Section 4. Membership Rights: Each Membership Certificate shall entitle the holder thereof to one service connection with the water system of the Association, and each such service connection shall be entitled to a proportionate amount of water available through the system for any <sup>season</sup> reason that service connection bears to the total number of service connections with the system. The rights, interests, obligations and duties represented by each membership Certificate shall be equal.

#### ARTICLE IX

##### Fiscal Year

The fiscal year for said Association shall be from December 1<sup>st</sup> of each year until November 30<sup>th</sup> 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.

#### CERTIFICATION

I, Raymond E. Keith, Secretary of the Mancos Rural Water Company, do hereby certify that the above and foregoing is a true and correct copy of the By-Laws adopted by the Mancos Rural Water Company at a meeting duly held at Mancos, Colorado on the 24<sup>th</sup> date of March 2012, at 1:30 p.m.

  
Secretary