SECTION 2

LEGAL AUTHORITY AND RESPONSIBILITY

200 GENERAL The Little Thompson Water District ("District") is organized and functions as a Colorado Special District and a quasi-municipal corporation under the laws of the State of Colorado. The District has formed an Enterprise entitled the "Little Thompson Water District Water Activity Enterprise." The District has established and has agreed to continue to maintain its water system ("System") as an "enterprise" within the meaning of Article X, Section 20 of the Colorado Constitution, and as a "water activity enterprise" within the meaning of Title 37, Article 45.1, C.R.S.; provided, however, the District may disqualify the System as an "enterprise" in any year in which said disqualification does not materially, adversely affect the enforceability of the covenants made pursuant to any Bond Resolution. In the event that the System is disqualified as an enterprise and the enforceability of the covenants made pursuant to any Bond Resolution are materially adversely affected, the District will immediately take all actions necessary to (I) qualify the System as an enterprise within the meaning of Article X, Section 20 of the Colorado Constitution; and (ii) permit the enforcement of the covenants made in the Bond Resolution.

201 ORGANIZATION AND POWERS OF THE BOARD OF DIRECTORS

201.1 Organization of the Board: The Board of Directors ("Board") is composed of seven members and represents seven designated wards within the District. (See Appendix 1 for a ward map.) The ward boundaries are determined by the Board from time to time based on the area of service of the District and the location of taps within the District.

201.2 Election of the Board: The election of the Board is accomplished in accordance with the laws of the State of Colorado. Board members are elected to four-year terms by electors of the District at large.

A. Oath of Board of Directors:

1. Each director, within thirty days after the director's election except for good cause shown, shall appear before an officer authorized to administer oaths and take an oath that the director will faithfully perform the duties of the director's office as required by law and will support the constitution of the United States, the constitution of the State of Colorado, and the laws made pursuant thereto. The oath will be administered by the President of the Board or other authorized person.
2. When the oath is filed the District shall provide a Public Official Bond for each director in the amount of $1,000.00 or in such other minimum amount as is provided by law.
3. If any director fails to take the oath or furnish the requisite bond within the period allowed, except for good cause shown, the director's office shall be deemed vacant, and the vacancy thus created shall be filled in the same manner as other vacancies in the office of director.

201.3 Officers and Compensation:

A. After taking the oath and filing bonds, the Board shall elect one of its members as President of the District, one of its members as a Treasurer of the Board and District, and a Secretary who may be a member of the Board. The Secretary and the Treasurer may be one person, but if such is the case, such person shall be a member of the Board. Additionally, the Board shall appoint three of its members as representatives to the Carter Lake Filter Plant Board.
B. The Treasurer shall keep strict and accurate account of all money received by and disbursed for and on behalf of the Special District in permanent records. The Treasurer shall file with the Clerk of the Court, at the expense of the District, a corporate fidelity bond in an amount determined by the Board of not less than $5,000 conditioned on the performance of the duties of the office.
C. Each director may receive as compensation for the director's service the maximum amount allowed in accordance with the Colorado Revised Statutes. No director shall receive compensation as an employee of the District, other than that provided in this section.

201.4 Board Matters Involving Conflict of Interest: Each director has the responsibility to inform the Board of matters which come before the Board in which the director has a personal financial interest, either directly or indirectly. The facts about the basis for the conflict shall be given orally or in writing by the director prior to or during the initial discussion on the matter, and the director shall notify the Board that the director will abstain from voting on the matter. Directors shall abide by Colorado statutes regarding conflicts of interest. [1]

201.5 District Employees and Board Members: An employee of the District may not serve as a Board member. The District shall not employ any close relative of a Board member. In the event that an employee becomes a Board member, then the employee shall be deemed to have voluntarily resigned as an employee on the date the employee signs the oath of office as a Board member.

201.6 Close Relative: A director shall not have or be:

A. an existing, nor a Close Relative of an existing, non-director Officer, employee, agent, or representative;
B. employed by, materially affiliated with, nor sharing a material financial interest with, any other director; or
C. engaged in any business, nor employed by, materially affiliated with, nor having a material financial interest in any individual or entity, other than an Entity in which the District owns an interest:
    1. is, either by blood, law, or marriage, including half, step, foster, and adoptive relations, a spouse, child, grandchild, parent, grandparent, or sibling; or
    2. resides in the same residence (collectively, "Close Relative").
    3. any individual properly qualified and elected or appointed to any position does not become a Close Relative while serving in the position because of any marriage or legal action to which the individual was not a party.

[1] Colorado Revised Statutes Section 18-8-308. Failing to disclose a conflict of interest.

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substantial discretionary function in connection with a government contract, purchase, payment, or other pecuniary transaction without having given seventy-two hours' actual advance written notice to the secretary of state and to the governing body of the government which employs the public servant of the existence of a known potential c ich he is about to act in his official capacity.

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president, general manager, or similar executive officer or owns or controls directly or indirectly a substantial interest in any nongovernmental entity participating in the transaction.

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Source: L. 71: R&RE, p. 461, § 1. C.R.S. 1963: § 40-8-308. L. 79: (1) amended, p. 744, § 1, effective July 1.

201.7 General and Special Powers: The District has all of the powers granted by Colorado statute.

201.8 Meetings of the Board: Meetings of the Board shall be conducted in accordance with the requirements of the Special District Act and in accordance with the requirements of any other applicable law. [2]

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[2] Colorado Revised Statutes Section 32-1-903. Meetings.

(1) The board shall meet regularly at a time and in a place to be designated by the board. Special meetings may be held as often as the needs of the special district require, upon notice to each director. Special meetings include study sessions at which a quorum of the board is in attendance and notice of the meetings has been given in accordance with subsection (2) of this section or section 24-6-402 (2)(c), and at which information is presented but no official action can be taken by the board. All special and regular meetings of the board shall be held at locations which are within the boundaries of the district or which are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the meeting location does not exceed twenty miles from the district boundaries. The provisions of this subsection (1) governing the location of meetings may be waived only if the following criteria are met:

(a) The proposed change of location of a meeting of the board appears on the agenda of a regular or special meeting of the board; and

(b) A resolution is adopted by the board stating the reason for which a meeting of the board is to be held in a location other than under the provisions of this subsection (1) and further stating the date, time, and place of such meeting.

(2) Notice of time and place designated for all regular and special meetings shall be provided in accordance with section 24-6-402. Special meetings may be called by any director by informing the other directors of the date, time, and place of such special meeting, and the purpose for which it is called, and by providing notice in accordance with section 24-6-402.All official business of the board shall be conducted only during said regular or special meetings at which a quorum is present,

and all said meetings shall be open to the public.

(3) The notice posted pursuant to subsection (2) of this section for any regular or special meeting at which the board intends to make a final determination to issue or refund general obligation indebtedness, to consolidate the special district with another special district, to dissolve the special district, to file a plan for the adjustment of debt under federal bankruptcy law, or to enter into a private contract with a director, or not to make a scheduled bond payment, shall set forth such proposed action.

Colorado Revised Statutes Section 32-1-902 (3)(a)(I) and (II). Organization of board - compensation - disclosure.

1) For directors serving a term of office commencing prior to January 1, 2018, each director may receive as compensation for the director's service a sum not in excess of one thousand six hundred dollars per annum, payable not to exceed one hundred dollars per meeting attended. For directors serving a term of office commencing on or after January 1, 2018, each director may receive as compensation for the director's service a sum not in excess of two thousand four hundred dollars per annum, payable not to exceed one hundred dollars per meeting attended.

Colorado Revised Statutes Section 32-1-905(1)(g). Vacancies.

1) A director's office shall be deemed to be vacant upon the occurrence of any one of the following events prior to the expiration of the term of office:

(g) If the person who was duly elected or appointed fails to attend three consecutive regular meetings of the board without the board having entered upon its minutes an approval for an additional absence or absences; except that such additional absence or absences shall be excused for temporary mental or physical disability or illness;

201.9 Notice of Board Meetings: Notice of any Board Meeting shall be given in accordance with Colorado law by the Secretary of the Board and such notice shall be posted on the District website. In addition to any requirement of Colorado law, the following provisions shall apply to any Board Meeting:

A. Regular Board Meeting. The Board shall regularly meet at the date, time, and location determined by the Board ("Regular Board Meeting"). A Director not attending a Board Meeting at which the Regular Board Meeting date, time, or location is changed is entitled to receive notice of the Regular Board Meeting change no less than twenty-four hours before the next Regular Board Meeting.

B. Special Board Meeting. The Board or any Director may call a special meeting of the Board ("Special Board Meeting") by providing each Director notice no less than twenty-four hours prior to such meeting indicating the date, time, and location and purpose of the Special Board Meeting.

201.10 Conduct of Board Meetings:

A. Except as otherwise provided by law or by these Rules and Regulations, a Regular Board Meeting or Special Board Meeting ("Board Meeting") may be conducted with Directors physically absent from the place of the Board Meeting participating, and deemed present in person, through a means of communication by which all Directors participating in the Board Meeting may simultaneously hear and reasonably and verifiably identify themselves, and approximately simultaneously

and approximately instantaneously communicate with each other during the Board Meeting.

B. All Board Meetings shall be open to the public.
C. All official business of the Board shall be conducted only during a Board Meeting at which a Director Quorum is present.
D. The Agenda for each Regular Board Meeting shall be initially determined by the President and the District Manager. The Agenda shall be delivered [delivery may be accomplished by mail, physical delivery or by electronic delivery] to each Board Member no less than twenty-four hours prior to each Board Meeting. The Board may change the Agenda at any time during a Board Meeting.
E. Except as otherwise provided by the Board at any time, and except as otherwise provided by law a Board Meeting shall be conducted in accordance with generally accepted rules of parliamentary procedure. The latest edition of Robert's Rules of Order may be used as a generally accepted set of rules of parliamentary procedure in the conduct of a Board Meeting. No informality of conduct of a Board Meeting will affect the substantive action of the Board.

201.11 Director Quorum and Voting: A quorum of Directors is a majority of the Directors in office immediately before a Board Meeting begins ("Director Quorum"). If a Director Quorum is present at the Board Meeting when a matter is voted or acted upon [and unless the vote of a greater number of Directors is required], then the affirmative vote of a majority of Directors present at the Board Meeting and voting is the act of the Board. A Director who is not physically present at the place of the Board Meeting shall be counted as "present" for determination of a Director Quorum and for voting. A Director who participates in the Board Meeting but who is not physically present at the place of the Board Meeting as provided in these Rules shall be considered to have attended the Board Meeting under the provisions of the Special District Act.

201.12 A Director may not vote by proxy.

202 DUTIES AND RESPONSIBLITIES OF THE DISTRICT MANAGER The District Manager is the full-time chief management employee of the District and is directly responsible to the Board for the overall operation of the District.

202.1 The District Manager is granted the authority to act on behalf of the District on all matters including employment of employees of the District, except those that are:

A. reserved for action by the Board by statute,
B. relating to establishment of District policy, or
C. those items specifically identified within these Rules and Regulations as requiring Board action.

The District Manager is generally appointed as the Secretary of the District; however, the District Manager is not a member of the Board. The District Manager is appointed as the "designated election official" (DEO) of the District but has the authority to delegate the duties to another District staff member, in which case the District Manager shall maintain supervision of that staff member and shall not relinquish the responsibilities of the position of DEO.

202.2 Job Description: Acts as the chief management employee of the District and is directly responsible to the Board for the overall operation of the District.

A. Status: Exempt, full-time.
B. Reports to: The Board of Directors.
C. Education and Experience: Bachelor's Degree in Public Administration, Business, Engineering, or other related discipline; Ten years of responsible Senior Management level experience.

Primary Responsibilities:

A. Initiates and implements the policies, rules, and regulations of the District.
B. Responsible for the prudent and sound financial operation of the District.
C. Responsible for employment, management, and direction of all District employees.
D. Serves as the Secretary of the District.
E. Oversees the Designated Election Official (DEO) for the District.
F. Sets the preliminary agenda for each Regular and Special Board Meeting.
G. Informs the Board on all items of importance relative to the District.
H. Performs other tasks as needed or may be assigned by the Board.
I. Responsible for the short-term, mid-term and long-range planning of the District.
J. Responsible for seeking opportunities that will benefit the District in the future.
K. Promotes District relationships with other entities.

202.3 The District Manager is responsible for preparation of and timely submittal to appropriate governmental authorities of all required reports including but not limited to:

A. Annual certification of mill levies to the appropriate county authorities in the Colorado counties of Larimer, Weld and Boulder.
B. Annual certification of the Northern Colorado Water Conservancy District that all Colorado Big Thompson Project Water utilized by the District is being used within the boundaries of the Northern Colorado Water Conservancy District.
C. Annual submission of a certified copy of the adopted budget to the Colorado Division of Local Government.
D. Annual submission of financial audit to the Colorado State Auditor.
E. Annually, provide the following information to the below listed persons, as required by the Colorado Revised Statues:

Information to be provided:

A. Name of the District President.
B. Name of the primary and secondary contact person for the District.
C. Telephone number and business address for the District.

Information to be provided to:

A. Board of County Commissioners, Larimer, Weld and Boulder Counties.
B. County Assessors for Larimer, Weld and Boulder County.

C. County Treasurers for Larimer, Weld and Boulder County.
D. County Clerk and Recorders for Larimer, Weld and Boulder County.
E. Governing body of all municipalities in which the District is located.
F. Annually, provide the Colorado Division of Local Government with the following information:
G. Names and addresses of all Board members.
H. Any changes in boundaries of the District.
I. Names of all officers of the District.
J. Name of the primary and secondary contact person for the District.
K. Telephone number and business address for the District.
L. Annually provide and/or maintain a current and accurate map of the District with the County Assessors of Larimer, Weld and Boulder counties. A copy of this map must also be filed with the Colorado Division of Local Government.

203 FINANCIAL OPERATIONS:

203.1 The District Manager is normally designated as the Assistant Treasurer for the District. As the Assistant Treasurer the District Manager is directly responsible to the Board member designated as Treasurer for the District. In this capacity the District Manager will carry out any additional duties which may be assigned directly by the Treasurer.

203.2 The District Manager is responsible for the overall financial operations of the District.

203.3 An annual budget shall be prepared and adopted in accordance with the laws of the State of Colorado ("Budget"), as briefly outlined below:

A. The District Manager shall prepare a proposed Budget and submit the proposed Budget to the Board by October 15 of each year for the ensuing calendar year.
B. After the initial review of the proposed Budget by the Board, the District Manager shall be responsible to see that the District publishes a legal notice to establish a public hearing date for the Budget.
C. The Board will, prior to December 31, adopt a Budget for the next calendar year for the continuing operations of the District. This adoption of the Budget will be by formal resolution and a formal resolution appropriating the funds to support the Budget is also required.
D. A copy of the adopted Budget and accompanying resolutions shall be submitted to the appropriate Colorado state agencies as required by statute.

203.4 The District financial records shall be examined annually by a certified public accountant as required by law and by any Bond or loan of the District. The audit shall be presented to the Board by the auditor annually for review and action by the Board. The District Manager shall be responsible to see that a copy of the audit is sent to the appropriate Colorado state authorities and any other person that is required to have a copy of the audit.

203.5 It is the policy of the District not to make any donations of District property to any person, entity, charity, or community project. The District may donate to a charity any property of the District that is of no value only after action by the Board after receiving the recommendation of the District Manager.

203.6 Investment Policy: Appendix 2. Investment policy adopted by the Board of Directors on May 1, 2008.

203.7 Reserve Policy: Appendix 3. Reserve policy adopted by the Board of Directors on July 9, 2009.

203.8 4Cost Management Policy: Appendix 4. Cost Management policy adopted by the Board of Directors on August 13, 2009.

204 INSURANCE AND BONDING REQUIREMENTS:

204.1 The District Manager shall be responsible to see that all facilities and operations of the District are adequately insured. This insurance will include but is not limited to insurance to cover the amount of liability of the District and its employees and agents under the Colorado Governmental Immunity Act.

204.2 In addition, the District Manager shall recommend to the Board the purchase and maintenance of additional liability or casualty or fidelity or other insurance coverage for other claims for the District. It is the policy of the District to maintain adequate insurance coverage for payment of the costs of defense and claims against the District in a reasonable amount, but not in excess of any claim amount that the District would otherwise be required to pay under state or federal law.

205 IDENTITY THEFT PREVENTION POLICY Appendix 5. Identity Theft policy adopted by the Board of Directors on October 24, 2008.

206 PUBLIC RIGHT TO INFORMATION The Little Thompson Water District Board of Directors fully supports and complies with the inspection of public records as permitted by Section 24-72-203, Colorado Revised Statutes, Appendix 6, Public Right to Information Policy adopted by the Board of Directors on May 12, 2016.

207 LEGAL NOTICES The following newspapers are hereby designated as the official newspapers for the District:

1. Loveland Reporter Herald - Loveland, Colorado
2. Longmont Times Call - Longmont, Colorado

Legal notices of the District shall be published in all designated official newspapers however, the failure to publish in more than one designated official newspaper shall not affect the validity of the publication of such notice if such notice was published in one newspaper.

208 FEE AND RATES - PROCEDURES FOR CHANGES The Board from time to time establishes and amends the Fee and Rate Schedule for any commodity or services provided by the District. Section 15 (Fee and Rate Schedule) of these Rules and Regulations contains the amount of any rate, fee, surcharge, or other amount due for furnishing of any commodity or service of the District. These Rules and Regulations may contain any other provision for charges for any commodity or service of the District that is not contained in Section 15. Any change in any rate for any commodity or service of the District that may be considered by the Board will be subject

to at least one public hearing at which testimony of any affected person may testify and present documentary evidence. The conduct of the hearing shall be by the President and the President may impose such limits on the length of testimony and documents as the President determines. The District shall publish notice of such public hearing at least 30 days prior to such public hearing.

209 REGULAR MEETINGS The Board will meet on a monthly basis on the date and time noticed and posted. The regular Board meetings will be held at the District's business office. The District Manager is responsible to see that the schedule for each year's Board meetings is properly noticed and is posted in the following locations, as well as on our Website per the guidelines CRS 24-6-402(2):

1. County Court Houses of Larimer, Weld and Boulder counties.
2. District business office at 835 East Highway 56, Berthoud, Colorado.
3. Town Halls of Berthoud, Firestone, Johnstown, Mead, and Milliken, and the City of Loveland, Colorado.
4. Masonville, Colorado post office.

210 SPECIAL BOARD MEETINGS A special meeting of the Board may be called by any director by informing the Secretary of the purpose for which it is called. The Secretary shall notify the Board and the public of the date, time, and purpose of the special meeting of the Board and shall see that notice of such meeting is given as required by law. All special meetings shall be held at the District's business office unless the Board designates a different location as provided by Colorado statute.

211 NORMAL WORKING HOURS The District office shall be open from 7:00 a.m. to 5:00 p.m. on Monday thru Friday. The District office will be closed on:

1. New Year's Day
2. Presidents Day
3. Memorial Day
4. Independence Day
5. Labor Day
6. Veterans' Day
7. Thanksgiving Day
8. Day After Thanksgiving
9. Christmas Eve
10. Christmas Day

212 PLACE OF BUSINESS The official office and place of business for the District shall be at 835 East US Highway 56, Berthoud, Colorado, 80513.

~ END OF SECTION 2 ~

Original adoption: September 5, 1996.

These Rules and Regulations were revised, accepted, and approved by the Little Thompson Board of Directors on December 7, 2006, and October 4, 2007.

Section 202 Duties and Responsibilities of the District Manager amended and approved by the Board of Directors on October 4, 2007.

May 1, 2008, Section 203.6 Appendix 2 - Investment Policy.

October 24, 2008, Section 205 Appendix 5 – Identity Theft Policy.

July 9, 2009, Section 203.7 Appendix 3 - Reserve Policy.

August 13, 2009, Section 203.8 Appendix 4 - Cost Management Policy. Section 201.3 Meeting of Board.

May 12, 2016, Section 206 Appendix 6 - Public Right to Information Policy.

December 12, 2019, Director Wards Section 201.1 Appendix 1 – Director Wards.

Section 2 of the Rules and Regulations were revised, accepted, and approved by the Little Thompson Board of Directors on June 11, 2020.

Christmas Eve (starting in 2022) and Veterans' Day (starting in 2023) were added to Section 2 as paid holidays. Accepted and approved by the Little Thompson Board of Directors on November 10, 2022. Additional physical posting places, as requested by the Little Thompson Water District Board of Directors, accepted and approved by the Little Thomson Water District Board of Directors on January 19, 2023.