

BYLAWS OF THE
HUERFANO COUNTY WATER CONSERVANCY DISTRICT

ARTICLE ONE
OFFICES

The principal office of the District shall be located at 775 County Road 103, Walsenburg, Colorado 81089. The District may have such other offices as the board of directors may determine from time to time.

ARTICLE TWO
BOARD OF DIRECTORS AND OFFICERS

SECTION 1. General Powers. The affairs of the district shall be managed by its board of directors. Directors must be residents and owners of real property within the district for which they represent as defined in the District's Decree, Huerfano County Civil Action No. 4288.

SECTION 2. Number, Tenure, and Qualifications. The number of directors shall be five appointed by the District Court in and for the County of Huerfano, State of Colorado, in accordance or compliance with the decree organizing the district, the District Court shall also fill vacancies on the board as provided in 37-45-114 C.R.S. as amended.

SECTION 3. Regular Meetings. The regular meetings of the board of directors shall be held with notice on the last Monday of each month. The time and place of the meetings may be set by the board from time to time. Directors may provide, the time and place for holding additional regular meetings with notice.

SECTION 4. Special Meetings. Special meetings of the board of directors may be called with notice by or at the request of the president or any three directors, and shall be held at the principal office of the district or at such other place as the directors may determine.

SECTION 5. Notice. Notice of any special meeting of the board of directors shall be given at least three days previously thereto by notice delivered personally or sent by mail, telephone, fax or e-mail, to each director at his address as shown by the records of the district. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these bylaws.

SECTION 6. Quorum. A majority of the board of directors shall constitute a quorum for the transaction of business at any meeting of the board; but if less than a majority of the directors are present at any meeting, a majority of the directors present may adjourn the meeting.

SECTION 7. Board Decisions. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by law or by these bylaws. On questions of procedure not covered by these bylaws, Roberts' Rules of Order shall govern.

SECTION 8. Organization of the board of Directors.

(1) Before entering upon his official duties, each director shall take and subscribe to an oath before an officer authorized to administer oaths, that he will support the Constitution of the United States and of the State of Colorado, and will honestly, faithfully, and impartially perform the duties of his office, and that he will not be interested directly or indirectly in any contract let by said district, which oath shall be filed in the office of the clerk of said court in the original case.

(2) Upon taking the oath, the board shall choose one of their number chairman of the board and president of the district, and shall elect from the board a vice chairman who shall also be the vice-president, and shall elect some suitable person as secretary of the board and of the district, who may or may not be a member of the board. The secretary shall serve as treasurer of the district,

unless a treasurer is otherwise provided for by the board. Such board shall adopt a seal and shall keep in a well-bound book a record of all of its proceedings, minutes of all meetings, certificates, contracts, bonds given by employees, and all district acts which shall be open to inspection of all owners of property in the district, as well as to all other interested parties.

(3) Each member of the board shall receive as compensation for their service; such sum as shall be ordered by the court, not in excess of one-thousand two-hundred dollars per annum, or payable monthly, or annually, at the discretion of the board; and necessary traveling expenses actually expended while engaged in the performance of his/her duties. *Directors may be compensated for attendance of regularly scheduled meetings only.*

SECTION 9. Employment of Agents. The secretary shall be custodian of the records of the district and its seal, and shall assist the board in such particulars as it may direct in the performance of its duties. The secretary shall attest, under the seal of the district, all certified copies of the official records and files of the district that may be required by this article, or by any person ordering the same and paying the reasonable cost of transcription, and any portion of the record so certified and attested shall prima facie import verity. The board may also employ a chief engineer who may be an individual, partnership, or corporation; an attorney and such other engineers, attorneys, and other agents and assistants as may be necessary; and may provide for their compensation which, with all other necessary expenditures, shall be taken as part of the cost of operation of the district. The secretary and treasurer and such other agents or employees of the district as the court may direct, shall furnish corporate surety bonds at the expense of the district, in amount and form fixed and approved by the court, conditioned upon the faithful performance of their respective duties.

ARTICLE THREE COMMITTEES

SECTION 1. Committees of Directors. The board of directors, by resolution adopted by a majority of the directors in office, may designate one or

more committees, each of which shall consist of two or more directors, which committees, to the extent provided in such resolution, shall have and exercise the authority of the board of directors in the management of the district; but the designation of such committees and the delegation thereto of authority shall not operate to relieve the board of directors, or any individual director, or any responsibility imposed on it or him by law.

SECTION 2. Consultants. The board of directors shall have the power to appoint consultants to the board who shall serve at the pleasure of the board and shall receive such compensation, and travel expense as the board from time to time deems proper.

SECTION 3. Other Committees. Other committees not having and exercising the authority of the board of directors in the management of the district may be designated by the president of the district. Except as otherwise provided in such resolution, members of each such committee shall be members or consultants to the district, and the president of the district shall appoint the members thereof. Any member thereof may be removed by the person or persons authorized to appoint such member whenever in his or their judgment the best interests of the district shall be served by such removal.

ARTICLE FOUR CONTRACTS, CHECKS, DEPOSITS, AND GIFTS

SECTION 1. Contracts. The board of directors may authorize any officer or officers or agent or agents of the district, in addition to the officers so authorized by these bylaws, to enter into any contract or execute and deliver any instruments in the name of and on behalf of the district, and such authority may be general or may be confined to specific instances.

SECTION 2. Checks, Drafts, or Orders. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the District, shall be signed by such officer or officers or agent or agents of the district, and in such manner as shall from time to time be determined by resolution of the board of directors. In the absence of such determination by the board of directors, such instruments shall be signed by the treasurer or an

assistant treasurer and countersigned by the president or a vice president of the district.

SECTION 3. Gifts. The board of directors may accept on behalf of the district any contribution, gift, bequest, or devise for any purpose of the district.

ARTICLE FIVE
BOOKS AND RECORDS

The district shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, board of directors and committees having and exercising any of the authority of the board of directors; and shall keep at the principal office a record giving the name and addresses of the directors, consultants, agents and employees. All books and records of the district may be inspected by any director, or his agent or attorney, for any proper purpose at any reasonable time.

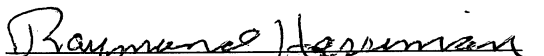
ARTICLE SIX
FISCAL YEAR

The fiscal year of the district shall be the calendar year.

ARTICLE SEVEN
AMENDMENT OF BYLAWS

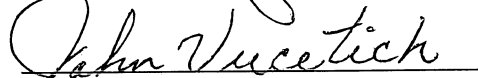
These bylaws may be altered, amended, or repealed, and new bylaws may be adopted by a majority of the directors present at any regular meeting or at any special meeting, if at least 30 days written notice is given of intention to alter, amend, or repeal or to adopt new bylaws at such meeting.


APPROVED this 24th day of January, 2005, A.D.


Raymond Harriman, President


Dawson Jordan, Vice-President


Ray Ryan, Director


John Vucetich, Director


Erin Jerant, Director