

LA PLATA WEST WATER AUTHORITY

AMENDED BYLAWS

ARTICLE I OFFICES

Section 1.1 PRINCIPAL OFFICE. The Authority shall have a principal office at such location as the Board of Directors shall designate, and such other offices, either within or outside of the State of Colorado as the business of the Authority may require from time to time.

Section 1.2 MEETING LOCATION. The Board of Directors of the Authority (the "Board") shall establish by a resolution a location for the holding of all regular and special meetings of the Board, which resolution may be amended from time to time. Meeting may be held at locations not specified in the resolution only if the Board determines that it is not feasible or practical to hold a meeting at the regular location or that it is otherwise in the best interest of the Authority to hold the meeting at another location.

ARTICLE II CREATION; MEMBERS

Section 2.1 ESTABLISHMENT. The Authority was created by an Establishment Agreement dated November 30, 2007 executed by Animas La Plata Water Conservancy District ("ALPWCD") and La Plata Water Conservancy District ("LPWCD"). The Establishment Agreement as amended from time to time shall be referred to as the "Agreement". These Bylaws are intended to supplement the provisions of the Agreement but in those cases where there is a conflict between the Agreement and the Bylaws, the provisions of the Agreement shall control.

Section 2.2 MEMBERS. The ALPWCD and the LPWCD shall be the sole members of the Authority unless additional members are admitted or members withdraw in accordance with the Agreement.

Section 2.3 RIGHTS AND OBLIGATIONS OF MEMBERS. The Members of the Authority shall have those rights and be subject to those obligations set forth in the Agreement. Members shall not control or participate in the management of the Authority except as provided in the Agreement.

ARTICLE III BOARD OF DIRECTORS

Section 3.1 GENERAL POWERS. The business and affairs of the Authority shall be managed by its Board.

Section 3.2 PERFORMANCE OF DUTIES. A director of the Authority shall perform his or her duties as a director, including his or her duties as a member of any committee of the Board upon which he or she may serve, in good faith, in a manner he or she reasonably believes to be in the best interests of the Authority, and with such judgment as an ordinarily prudent person in a like position would use under similar circumstances. A person who so performs his or her duties shall not have any liability by reason of being or having been a director of the Authority.

Section 3.3 NUMBER, TENURE AND QUALIFICATIONS.

3.3.1. Number of Directors. The initial number of Directors shall be seven (7). The number of Directors may be expanded if other public entities join the Authority. The Board may appoint advisory Directors who shall not have the right to vote and shall not have the authority to exercise any governmental function.

3.3.2. Appointment, qualifications and term. The governing body of the ALPWCD and the LPWCD shall each appoint three Directors. Directors appointed by the LPWCD shall reside within the boundaries the LPWCD. The Directors so appointed shall appoint a seventh Director. Directors shall serve a term of three years, with a Director serving at the pleasure of the governing body appointing such Director. In order to provide for staggered terms, the initial appointments shall be as follows: two of the Member-appointed Directors shall serve three year terms, two of the Member-appointed Directors shall serve two year terms and one each of the Member-appointed Directors shall serve a one-year term, as shall the Board-appointed Director.

Section 3.4 REGULAR MEETINGS. The Board of Directors shall provide, by resolution, the time and place for the holding of regular and special meetings as required by law.

Section 3.5 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors.

Section 3.6 NOTICE. Written notice of regular and special meetings shall be delivered to each Director and each Member not less than 5 days before the date fixed for such meeting. The notice to the Directors may be given by personal delivery, by regular mail, by email, by facsimile or by electronic means.

Section 3.7 QUORUM. In order to establish a quorum at any meeting for the transaction of Authority business: (1) the presence of five Directors shall be required which must include no less than two Directors appointed by each Member; (2) in the event that any Director is appointed pursuant to Section 3.9 of the Agreement, the presence of a minimum of six Directors, two of whom shall have been appointed by each Member, shall be necessary. The affirmation vote of five Directors is required to approve Authority debt or to enter into contracts with a term of more than one year which may prevent termination of the Agreement under Section 5 until

such time as any Director is appointed pursuant to Section 3.9 of the Agreement after which the affirmation vote of 6 directors shall be required.

Section 3.8 MANNER OF ACTING. Except as otherwise required by law or by the Agreement, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 3.11 VACANCIES. A vacancy, whether the result of a Director's resignation, death, removal, or disability, shall be filled within a reasonable time by appointment of a replacement Director by the governing body of the appropriate Member or by the remaining directors in the case of a vacancy in the office of the seventh director.

Section 3.12 COMMITTEES. By resolution adopted by the Board, the directors may designate one or more directors and such other persons as the Board may choose to constitute a committee, which shall have such duties as may be prescribed by the Board.

Section 3.13 COMPENSATION. Directors may receive reasonable compensation for their services as may be determined by resolution of the Board, subject to approval by all the Members. The Board shall provide by resolution for the reimbursement of Directors for their actual and reasonable expenses incurred on behalf of the Authority, which reimbursements shall not be considered to be compensation. No Director shall be paid any additional compensation by the Authority except as authorized by this provision.

ARTICLE IV OFFICERS

Section 4.1 NUMBER. The officers of the Authority shall be President, Vice President, Secretary, Treasurer and such other officers and assistant officers as may be deemed necessary by the Board. The President and Vice President shall be directors but other officers need not be directors. Any person may be appointed to more than one office except the offices of President and Secretary.

Section 4.2 ELECTION AND TERM OF OFFICE. All officers shall be elected or appointed by the Board and shall serve for terms of one year or at the pleasure of the Board. Vacancies in any office may be filled at any meeting of the Board. Notwithstanding any dates for appointment, reappointment, or election, officers shall hold office until their successors are appointed.

Section 4.3 REMOVAL. Any officer or agent may be removed by the Board whenever in its judgment the best interests of the Authority will be served thereby.

Section 4.4 VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, shall be filled by the Board.

Section 4.5 PRESIDENT. The President shall be the chief executive officer of the Authority and, subject to the control of the Board, shall in general supervise and control all of the business and affairs of the Authority. He or she shall, when present, preside at all meetings of the Board. He or she may sign, with the Secretary or any other proper officer of the Authority authorized by the Board, deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Authority, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 4.6 VICE PRESIDENT. The Vice President (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall, in the absence of the President or in the event of his or her death, inability or refusal to act, perform all duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him or her by the President or by the Board.

Section 4.7 SECRETARY. The Secretary shall: (a) keep the minutes of the proceedings of the members and of the Board in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Authority and see that the seal of the Authority is affixed to all documents the execution of which on behalf of the Authority under its seal is duly authorized; (d) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board.

Section 4.8 TREASURER. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Authority; (b) receive and give receipts for moneys due and payable to the Authority from any source whatsoever, and deposit all such moneys in the name of the Authority in such banks, trust companies or other depositories as shall be selected by the Board; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 4.9 ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

Section 4.10 INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES. To the maximum extent permitted by the Colorado Governmental Immunity Act (C.R.S. 24-10-101,

et seq.), the Directors, Officers and employees of the Authority (“Public Employees”) shall be indemnified by the Authority for claims against them arising from an act or omission of such Public Employee occurring during the performance of the Employee's duties and within the scope of the Public Employee's employment, except where such act or omission is willful and wanton. The Authority may purchase error and omissions insurance to provide additional indemnification to all Public Employees of the Authority.

Section 4.11 SALARIES. The officers shall serve without salary.

ARTICLE V CONTRACTS, REVENUE BONDS, CHECKS AND DEPOSITS

Section 5.1 CONTRACTS. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such authority may be general or confined to specific instances.

Section 5.2 REVENUE BONDS. The Authority shall not have the power to incur any indebtedness. The Authority may, in accordance with Colorado statutes, issue revenue bonds payable solely from revenues derived from the function, service, system, or facility or the combined functions, services, systems, or facilities of the Authority or from any other available funds of the Authority..

Section 5.3 CHECKS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Authority shall be signed by such officer or officers, agent or agents of the Authority and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 5.4 DEPOSITS. All funds of the Authority shall be deemed “public funds” and shall be deposited from time to time to the credit of the Authority in such banks, trust companies or other depositories as the Board may select in accordance with the requirements of Colorado statutes for the investment of public funds.

Section 5.5 GIFTS AND GRANTS. The Board may accept on behalf of the Authority any contribution, gift, bequest, grant or devise from any public or private source.

ARTICLE VI RECORDS; FINANCIAL

Section 6.1 RECORDS. The Authority shall keep minutes of the proceedings of the Board and any committees established by the Board. The Authority shall also keep copies of all correspondence, contracts and other writings made, maintained, or kept by the Authority for use in the exercise of functions required or authorized by law or administrative rule or involving the receipt or expenditure of public funds. All such records shall be deemed “public records” and shall be subject to the requirements of the public records act, C.R.S. 24-72-201, *et seq.*

Section 6.2 FINANCIAL. The Authority shall maintain books reflecting the financial affairs of the Authority in accordance with GAAP requirements for local governments. The Board shall have an annual audit or file an application for an audit exemption in the manner required by law.

Section 6.3 BUDGET. Each year the board shall adopt an annual budget for the next ensuing calendar year in accordance with the Colorado Local Government Budget Law, Part 1 of Article 1 of Title 29, Colorado Revised Statutes. The Board shall, if necessary, adopt such supplemental or amended budgets as may be required.

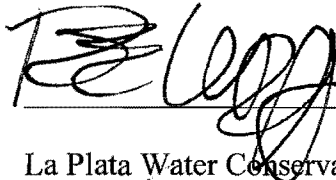
**ARTICLE VII
AMENDMENTS**

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board subject to approval by the Members as required by the Agreement.

Adopted by the Board of the Authority November 18, 2008 to conform with the Second Amended Establishment Agreement.


Approved:

Animas-La Plata Water Conservancy District



Date: 1/5/09

La Plata Water Conservancy District



Date: 12/3/08