

BY-LAWS OF
CRAWFORD MESA WATER ASSOCIATION

Delta County, Colorado

ARTICLE I

Name, Objectives, Purpose and
Principal Place of Business

The corporate name, the objectives, and purposes and the principal place of business of the Company shall be as stated in and provided for by the Articles of Incorporation of the Company 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 Company shall have inscribed thereon the name of the company and the words "Seal" and "Colorado".

ARTICLE III

Membership

Section 1. Persons who reside within the area served by this Company, as described in the Articles of Incorporation and for whom the Company has an adequate supply of water, and who can be served without undue hardship to existing members or inconvenience or expense shall be eligible for membership upon application in such a form as provided by the Company and upon payment of the Membership fee for the amount determined by the Board of Directors.

Section 2. Each member in the Company shall be entitled to one service connection to the Company's system. Any person desiring more than one service connection shall be required to apply for and secure a Membership for each service connection for each household or business/commercial use.

A. Subject to the exceptions set forth below, Article III, Section 2 and other applicable provisions of the By-laws, the By-Laws are hereby amended as follows:

The term "Household" is defined to mean each detached dwelling having a kitchen that

is connected directly or indirectly to the water system of the Crawford Mesa Water Association (the "Association") or that uses Association water by way of cistern or similar structure: and

In order to receive water service from the Association it is required that a membership be issued for each household that is connected directly or indirectly to the Association's system subject to the availability of water in accordance with the provision of the By-Laws. **"By way of example, a single parcel of property that has a primary residence, a detached cottage, a detached mobile home, and a detached house on it would be required to purchase a Membership for each household (a total of FOUR Memberships) in order for each of the above described uses to be permitted to connect to the Association's system and receive water service there from."** Any household service connection that does not comply with the provisions of this paragraph as of the date of the adoption of these By-Laws shall be referred to herein as a "non-conforming connection." Notwithstanding the foregoing, the issuance of any new certificates shall be dependent upon their availability and in accordance with the requirements of Article III, Section 1 of the By-Laws, and any member with a non-conforming connection shall have no priority over other persons who are on any wait-list maintained by the Association for the purchase of new membership.

B. As of the date of the adoption of these By-Laws, any member in the Association who does not have a Membership for each household that is connected directly or indirectly to the Association's system may continue to utilize each non-conforming connection without purchasing a Membership for the connection, provided that the member shall be assessed and make payment for all water charges and assessments that would be applicable if the Association has issued a Membership for each non-conforming connection. The continued use of any such non-conforming connection, as authorized by this Amendment, shall not entitle the member to any additional voting or other rights in the Association. If any household that is presently served by such non-conforming connection is removed from the property on which it is presently located, demolished, expanded in size, or ceases using Association water for a period in excess of one year, the rights granted by this paragraph shall immediately terminate. Upon such termination of rights, the affected member shall be required to purchase a new Membership if the member wishes to receive water service for any replacement structure or resume water service for a non-conforming connection that has ceased using association water for a period in excess of one year (assuming any such certificates are available for purchase).

C. After the date of the approval of these amended By-Laws, any member who attempts to install and/or use a new non-conforming connection shall be in violation of the Association's By-Laws, and the Board shall take such action as it deems appropriate in its discretion to prevent the use of all such non-conforming connections, in accordance with its powers under the By-Laws and as authorized by this Amendment. In addition to those powers set forth under the By-Laws, the Board's enforcement powers shall include the following:

1. Requiring the removal of all non-conforming connections and payment of all charges and assessments that would have been applicable had a Membership been issued for the non-conforming connection during its period of use.
2. Suspension of all Membership rights and privileges of the offending member for so long as the non-conforming connection remains in place and/or continues to be used, including suspension of the member's right to receive water service for his certified water connection.
3. The right to repossess all Memberships issued to the offending member if the non-conforming connection and any delinquencies in payment are not remedied within sixty (60) days of providing written notice by certified mail to the users last known address of the non-conformity and/or delinquencies, and thereafter to sell the certificate(s) to such third parties as the Board deems appropriate at the then governing purchase price for the certificate(s) established by the Board.
4. Requiring payment from the offending member of the Association's reasonable costs and attorney's fees. If the Board elects to repossess and sell the Membership of the offending member in accordance with the provisions of this paragraph, it shall pay the member all proceeds in excess of the amount due.

D. In the event of a conflict between provisions of this Amendment and the provisions and the By-Laws and any previous amendments thereto, this Amendment shall be controlling.

Section 3. All applications for Membership shall be approved by the Board of Directors.

Section 4. All rights, privileges and obligations of all Membership in this Company shall be equal, except as provided in Section 5 of Article IV of these By-Laws.

Section 5. From and after March 15, 1990, all water taps presently in use shall become appurtenant to the land on which they are used and shall automatically be transferred to the new owner upon the sale or other transfer of the property on which they are used. Water taps may not be other wise transferred without the written permission of the Board of Directors of Crawford Mesa Water Association.

Section 6. The Board of Directors may issue written permission to owners of more than one tap to utilize said tap(s) in conjunction with one or more taps on an individual piece of property. The written permission shall identify the real property on which said additional tap(s) are being used and must be recorded in the records of Delta County, Colorado, to be effective and in this case only one tap shall pass with the property in the event of sale or other transfer.

ARTICLE IV

Membership Meetings

Section 1. **Annual Meeting:** Annual Meetings of the members for the elections of directors and for other business which may properly come before said

meeting shall be held in the Town of Crawford, County of Delta, State of Colorado, on the first Saturday in February of each year. Public notice of the time and place of said meeting shall be given by the Secretary by publication in one or more newspapers published in Delta County, Colorado; such notice shall be published at least once not more than thirty (30) days, or 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 a copy of said notice in the post office addressed to each member at his place of residence as the same appears on the records of the Company, or by delivering such notice personally to each member.

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/her absence, the Vice-President, shall call a special meeting upon the written petition of one third of the members of the Company. Notice of special meetings shall specify the business to be transacted and shall be given as in Section 1 of this Article provided.

Section 3. **Quorum:** One third of the total membership of this Company with the total membership being equal to the number of outstanding membership certificates 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 quorum is not present, the meeting shall 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 Company 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 quorum
3. Reading and disposal of any unapproved minutes
4. Report of Board of Directors
5. Report of the Secretary
6. Report of the Treasurer
7. Unfinished business
8. New Business
9. Nominations for vacancies on the Board of Directors
10. Election
11. Adjournment

Section 5. **Voting Rights:** Each person holding a membership or memberships shall be entitled to one vote for each membership held. Voting by Proxy will be permitted by members only according to the written terms of the proxy. Cumulative voting shall be prohibited.

ARTICLE V

Directors

Section 1. **Functions of the Board of Directors:** The business and affairs of this Company shall be managed by a board of seven (7) directors. Its functions shall include:

1. Selection of and delegation of authority to management
2. Determination of policies for guidance of management
3. Control of expenditures by authorizing budgets
4. Keeping members fully informed of the business of the Company
5. Causing audits to be made at least once each year, or more often, the reports thereof to be made directly to the Board. Audits may be conducted either by a member appointed by the Board or by an outside accountant or CPA hired by the Board
6. Studying the requests of members and promoting good membership relations
7. Prescribing the form of Membership
8. Establishing water charges and levying and collecting assessments and enforcing the collection thereof in accordance with the laws of the State of Colorado and the By-Laws

Section 2. **Election and Term of Board of Directors:** The first Board of Directors, consisting of those names in the Articles of Incorporation, shall serve for one year or until their successors, who must be members in good standing, are elected. At the first annual meeting following the expiration of the one year term of the directors name in the Articles of Incorporation, two directors shall be elected to serve for two years, and three directors shall be elected to serve for three years. Thereafter, all directors' terms shall be for three years.

Section 3. **Election of Officers:** The Board of Directors shall elect one of its members to be President, one Vice-President and shall 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:** Said Officers shall be elected for a period of one year, 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 salary for services rendered.

Section 6. **Meetings of the Board of Directors:** Meeting of the Board of Directors shall be held at such regular intervals as the Board shall determine. The Board shall have its annual meeting immediately succeeding the annual meeting of the members, at which time officers of the Board shall be

elected. A quorum of the Board of Directors shall be at least four members for the conduct of business. Unless specifically excused by the Board, if a Board member misses three consecutive meetings, in any twelve (12) month period, the member will be replaced by a member in good standing appointed by the Board to complete the remainder of the term.

Section 7. **Powers of the Board:** The Board of Directors shall have the general power to act for the Company in any manner not prohibited by statute, or by the Articles of Incorporation. If the Company shall at any time borrow or receive by way of grant any property from the United States through any of its agencies, the Board of Directors shall follow such management methods, including accounting and audits, as such agency may prescribe.

Section 8: **Vacancies:** When any vacancy 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 Company, such vacancy shall be filled by the remaining directors by the selection of a member of the Company who shall serve as a member of the Board for the remainder of the vacated term.²

ARTICLE VI

Duties

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 Company. He shall be an ex-officio member of all standing committees and 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/her death, resignation, or removal from office, perform and discharge the duties and exercise the power of President.

Section 3. **Duties of the Secretary/Treasurer:** The Secretary/ Treasurer shall:

1. Keep a record of the proceedings of the Board of Directors
2. Keep the books, records, and seal of the Company
3. Attest the signatures of the officials of the Company executing documents on behalf of said Company
4. Collect assessments and monies due the Company and deposit same in the

² Revised March 28, 2009

depository designated by the Board of Directors and shall disburse funds on the proper order of the Board

5. Make a report of the business transacted annually, or more often if so requested by the Board of Directors.

The Secretary/Treasurer shall be covered in the performance of his/her 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 Company.

Section 4. **Duties and Appointment of Superintendent:** The Board of Directors may appoint, in addition to the officers named above, a superintendent of the domestic water system who will be in charge of the construction, maintenance and repair of the system of the Company and of the distribution of water. He shall make a monthly report to the Board of Directors, 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 on behalf of the Company. The compensation to be paid for the performance of duties of the superintendent and by any laborer or assistants 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 recommend a rate of charges for water flowing through the meters which are to be installed on each service line connected with the Company system. Such 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 recommending the rates charged for water by use of an estimated budget which will include the following:

1. Costs of operations
2. Maintenance and repair
3. Rehabilitation and construction of the system
4. Payments of principal and interest of any debt instruments

Section 2. **Membership Assessments:** If for any reason, the total amount collected by the Company from water charges in any year is insufficient to pay all costs and expenses in connection with the Company's operations and debt retirement payments, or in the opinion of the Board of Directors is estimated to be insufficient to pay when currently due all costs and expenses in connection with the Company's operation and debt retirement payments, then at the next annual meeting of members, the Board of Directors shall recommend to the members the amount for membership assessment necessary to be levied to make

up such a deficit. The assessments will not become effective unless approved by a majority of the members present in person or by proxy at the meeting. However, should the members fail to make or authorize such assessments by April 1 following such annual meeting, then the Board will have the power to make any assessment that it deems appropriate. 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 bears to the total outstanding membership certificates.

Section 3. **Enforcement of Payment 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 charges or any assessment levied as provided in Section 2 of this Article, after fifteen (15) days notice of such delinquency by certified mail with return receipt, properly addressed to the post office address of such member. In addition, the Board is authorized to sell at auction the Membership tap 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 in excess of the amount of the delinquency plus any other Company incurred expenses shall be paid to the delinquent member. In addition to the foregoing remedies, collections of any outstanding delinquencies may be sought by action brought against the delinquent member in a court of competent jurisdiction. In the event of payment of water charges or assessments after service of water has been discontinued, the resumption of service 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 Company.

ARTICLE VIII

Membership Certificates

Section 1. **FORM:** The membership certificates of this Company shall be in the form as follows:

“THIS IS TO CERTIFY THAT _____
is a member of CRAWFORD MESA WATER ASSOCIATION, a corporation without capital stock, organized under the laws of the State of Colorado, with its principal place of business at Crawford, Colorado, and is entitled to all the benefits and subject to all the rules and regulations of the Company, including liability for assessments, as provided in its Articles of Incorporation and By-Laws.”

“The holder hereof is entitled to one vote in the affairs of the Company on which its members are entitled to vote, and the holding of additional membership certificates by the holder hereof shall entitle him to vote one for each additional membership certificate held.”

“IN WITNESS WHEREOF, the said Corporation has caused this Certificate to be signed by its duly authorized officers and sealed with its corporate seal this _____ day of _____, 20____.”

Attest:

Secretary
“SEAL”

President

Section 2. **Membership Book:** As part of the records of the Company there shall be kept a Membership book which shall contain a list of the certificates of membership which have been issued noting the number of certificates and the 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 Company to such transferee upon the surrender of the certificated properly endorsed. No transfer of membership shall be valid until all of the indebtedness owed to the Association has been paid. No transfer of membership shall be valid when made to a transferee 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 one service connection with the water system of the Company. The voting rights of any person holding more than one membership certificate shall not exceed those rights as provided in Article IV, Section 5 of these By-Laws. In all other respects, the rights, interests, obligations, and duties represented by each membership certificate shall be equal.

ARTICLE IX

Fiscal Year

The fiscal year of the association shall be from December 1st to November 30th of each year.

ARTICLE X

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

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¹ Adopted Feb 4, 2006
² Revised March 28, 2009