WILLOW BROOK METROPOLITAN DISTRICT
DISTRICT BYLAWS

SECTION 1: AUTHORITY. The Willow Brook Metropolitan District ("District") is a governmental subdivision of the State of Colorado and a body corporate with those powers of a public or quasi municipal corporation which are specifically allowed by, and in compliance with, Section 32-1-101 *et seq.*, C.R.S. On June 11, 1986, the District filed with Summit County, Colorado, a Statement of Purpose for the District (the "Statement of Purpose").

SECTION 2: PURPOSE. It is declared that the Bylaws set forth serve a public purpose.

SECTION 3: POLICIES OF THE BOARD. It shall be the policy of the Board of Directors ("Board") of the District, consistent with the availability of revenues, staff and equipment, to use its best efforts to provide quality services as allowed under the Statement of Purpose or by law.

SECTION 4: BOARD OF DIRECTORS. All powers, privileges and duties vested in, or imposed on, the District by law shall be exercised and performed through the Board, whether set forth specifically or impliedly in these Bylaws. The Board shall be comprised of five duly elected or appointed directors ("Directors"). The Board may delegate to officers, employees, and agents of the District any of its operational, administrative and ministerial powers. Without restricting the general powers conferred by these Bylaws, it is declared that the Board shall have the following powers and duties:

a. To confer upon any appointed officer, contracted management company ("District Manager" as more fully described in Section 11 below) or employee of the District the power to choose, remove or suspend employees or agents upon such terms as may seem fair and just and in the best interests of the District.

b. To determine and designate, except as otherwise provided by law or these Bylaws, who will have the right to make purchases, negotiate leases for office space, and sign receipts, endorsements, checks, releases and other documents. The Board may, on a limited basis and by resolution, give a District Manager or other appointed signatory the power to sign contracts and other official documents on behalf of District.

c. To create standing or special committees and to delegate such power and authority thereto as the Board considers necessary and proper for the performance of such committee's functions and obligations.

d. To prepare or cause to be prepared financial reports covering each year's fiscal activities; and such reports shall be available for inspection by the public, all as required by applicable law.

<u>SECTION 5: FIDUCIARY OBLIGATIONS</u>. A Director has a general, common-law fiduciary duty to the District, including the duty of loyalty and the duty of care. These duties extend to the District itself, not to each individual resident of the District. As a fiduciary, the Director must exercise the utmost good faith, business sense, and astuteness on behalf of the District. A Director must not take advantage of a situation to benefit him or herself (directly or through a spouse, domestic partner, family member or other close personal relationship), prejudice the District, or cause the District to violate applicable laws or contracts.

<u>SECTION 6: CONFIDENTIALITY</u>. Directors will become privy to confidential information about or important to the District. When the District seeks legal counsel, the communication between the lawyer and the District are confidential and are protected by the attorney-client privilege. Discussions regarding specific legal questions in executive session are "privileged." It is damaging to the District if Directors discuss confidential information with people not on the Board, even if it seems harmless to do so as a Director. In addition, a Director should not discuss matters discussed in executive session outside of the executive session, even with other Directors.

The attorney-client privilege protects the content of communications with the District's attorney from disclosure in court. This is an important protection for the District. The privilege can be lost by disclosing the confidential communications to a third party. Once the privilege is lost, the content of communications is no longer considered confidential, and it can be used against the District in future lawsuits.

<u>SECTION 7: CONFLICT OF INTEREST.</u>

The holding of a public office is a public trust, and Directors must carry out their duties for the benefit of the people, not for their own self-interest.

Any Director shall disqualify him or herself from voting where he or she has a conflict of interest, <u>unless</u> such Director has disclosed the conflict of interest as required by law to the Secretary of State and to the Board (Section 32-1-902(3)(b)), and then only to vote if his/her participation is necessary to obtain a quorum or otherwise enable the Board to act. A Director with a conflict who does not vote shall also not try to influence the decisions of other members of the Board in voting on the matter. It is best practice to have the conflicted Board member step out of the meeting during the discussion (Section 24-18-109(3)(b)).

Failing to disclose a potential conflict of interest is a criminal misdemeanor and could result in prosecution. §18-8-308(3), C.R.S. Any contract, vote, or other official act in which a Director had a potential conflict, not cured by disclosure, may result in the act or contract being voided.

SECTION 8: OFFICE

a. **Business Office.** The principal business office of District shall be at 7995 E Prentice Ave, Suite 103E, Greenwood Village, Colorado 80111, unless otherwise designated by the Board.

b. **Establishing Other Offices and Relocation.** The Board, by resolution, may occasionally, designate, locate and move its executive and business office and such other offices as, in its judgment, are necessary to conduct the business of the District.

SECTION 9: MEETINGS.

a. **Regular Meetings.** Regular meetings of the Board shall be conducted on the third Friday of February, April, June, August, October and December at 2:00 p.m., and held at The Gate House, 524 Ruby Road, Silverthorne, Colorado, with an option to attend virtually, unless otherwise noticed and posted. When necessary, the Board, in its discretion, by motion may change the time and date of regular Board meetings.

b. **Special Meetings.** Special meetings of the Board may be called by the Chair, the Vice Chair, or any two (2) Directors of the Board.

c. **Location of Meetings.** The "Location" of a meeting means the physical, telephonic, electronic or other virtual place, or combination of such means, where a meeting can be attended. Regular and Special Board meetings can be held in a physical location, or by telephonic or other electronic means, or any combination thereof. The meeting notice of all meetings of the Board must include the method or procedure, including the conference number or link, by which members of the public can attend the meeting if they choose not to attend in person

d. **Meetings are Public.** Colorado law defines a meeting as "any kind of gathering to discuss public business, in person, by telephone, electronically, or by other means of communication." All meetings of the Board, other than executive sessions and social gatherings, shall be open to the public.

   Meetings include any sessions of the Board, at which a quorum of the Board or three (3) or more Directors are expected to be in attendance for discussion of District business, either in person, telephonically, or electronically.

e. **Board Member Notice.** Section 9.a. above serves as formal notice of regular meetings to the Directors, and no other notice shall have to be given to the Board. Notice of special meetings shall be given to Directors by email or telephone not less than twenty-four (24) hours in advance; notices of meetings shall be published on the District's website as required by Colorado law. Attendance by a Director at a regular or special meeting shall be considered a waiver by the Director of the notice requirements of this subsection e.

f. **Public Notice.** Public notice and an agenda for all meetings shall be posted on the District's website (https://www.willowbrookmetro.org/) not less than twenty-four (24) hours in advance as required by the Colorado Open Meetings Law. The District's webpage is designated for posting this notice under Section 24-6-401, C.R.S.

g. **No Informal Action by Directors/Executive Sessions.** All official business of the Board shall be conducted at regular or special meetings. Executive sessions may be called at regular or special meetings, and conducted according to these guidelines:

   1. Calling the Executive Session. The topic for discussion in the executive session shall be announced in a motion, and the specific statute that authorizes the executive session shall be cited. The matter to be discussed shall be described in detail without compromising the purpose of being in executive session. An affirmative vote of two-thirds (2/3) of the quorum in attendance shall be required for the Board to go into executive session.
   2. Conducting the Executive Session. No adoption of any proposed policy, position, resolution, rule, regulation, or formal action shall take place in an executive session. The discussion in executive session shall be limited to the reasons for which the executive session was called. An electronic record (such as an audio tape) of the actual contents of the discussion in the executive session shall be kept. No electronic or other record is necessary to be kept for any parts of the discussion which the District's attorney reasonably believes are attorney-client privileged communication. The attorney shall state on the electronic record when any part of the executive session is not recorded as an attorney-client privileged communication or sign a statement to the same effect.
   3. Records of Executive Sessions. The electronic record of any executive session shall be retained by the District for ninety (90) days from the executive session and then destroyed. Electronic recordings of the executive session, or transcripts or other reproduction of the same, shall not be released to the public for review under any circumstances, except as required by law.

h. **Adjournment and Continuance of Meetings.** When a regular or special meeting is continued to another time and place, notice need not be given of the continued meeting if the time and place of this meeting are announced at the meeting at which the continuance is taken. At the continued meeting, any business may be transacted which could have been transacted at the original meeting.

i. **Email Meetings.** Colorado law requires that certain e-mail correspondence between three (3) Directors (or, when two (2) Directors are a quorum, two (2) Directors), if the email correspondence discusses pending resolutions or other District business, be considered a public meeting subject to the Colorado Open Meetings Law. If a quorum of the Board of Directors exchanges electronic mail to discuss pending legislation or other public business among themselves, the electronic mail is subject to the Open Meetings Act. Electronic mail communication between the Directors that *does not* relate to the merits or substance of pending legislation or other public business, including electronic mail communication regarding scheduling and availability or electronic mail communication sent by a Director to forward information; responding to an inquiry from an individual who is not a member of the Board of Directors; or posing a question for later discussion by the Board, shall not be considered a "meeting" within the meaning of the Open Meetings Act.

j. **Telephonic Attendance at Meetings.** Directors may attend meetings by telephone (or other electronic means), so long as he or she can reasonably hear the comments from the audience and any comments and discussion among other Directors and staff, and participate in the discussion.

SECTION 10: CONDUCT OF BUSINESS.

a. **Quorum.** All official business of the Board shall be transacted at a regular or special meeting at which a quorum (majority) of the Directors shall be in attendance in person, telephonically, or electronically.

b. **Vote Requirements.** Any action of the Board shall require the affirmative vote of a majority of the Directors in attendance and voting at a meeting properly called and at which a quorum is present, except that to convene an executive session of the Board, a two-thirds (2/3) affirmative vote is required.

c. **Electronic Signatures**. If the signature(s) of one (1) or more Directors of the Board or appointed signatories are required to execute a written document, contract, note, bond, deed, and/or other official papers of the District, and the necessary individual(s) cannot be physically present to sign said documentation, such individual or individuals may execute the documentation electronically via facsimile, e-mail signature or recognized and approved e-signature service, unless the documentation or applicable law provides otherwise. Any electronic signature so affixed to a document shall carry the full legal force and effect of any original, handwritten signature. Except as approved herein, this provision of these Bylaws shall not be interpreted as establishing District's consent or permission to bind District to any transaction by electronic records or electronic means. This provision is made under Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act.

d. **Order of Business.** The business of all regular meetings of the Board shall be transacted, as far as practicable, in the following order, and the agenda for such meetings shall describe in as much detail as is possible the topics planned for discussion within each category:

    1. Call to order;
    2. Solicit conflicts of interests;
    3. Public input (for matters not otherwise on the agenda, with a 3-minute time limit and no disruption of the board's business under Section 18-9-108, C.R.S.);
    4. Changes/Approval to Agenda;
    5. Approval (or approval, as modified) of the minutes of the previous meeting;
    6. Unfinished business;
    7. New business and special orders;
    8. Executive session, if needed; and
    9. Adjournment.

e. **Public Conduct at Meetings.** Comments by members of the public on matters affecting the District shall be made only during the "Public Input" part of the meeting and shall be limited to three (3) minutes per individual and five (5) minutes per group spokesperson unless more opportunity is given at the Board's discretion. The Board may, in its discretion, solicit public input as part of its deliberations regarding any particular action item before the Board.

    At its option, the Board may ask each member of the public wishing to speak to fill out a form indicating name, address, and agenda item to be addressed.

Disorderly conduct, harassment, or obstruction of or interference with meetings by physical action, verbal utterance, nuisance or any other means are prohibited and violate District rules. Such conduct may result in removal of person(s) responsible for this behavior from the meeting and/or criminal charges filed against this person(s). To the extent such occurrences arise and the person(s) responsible refuses to leave the premises, law enforcement authorities will be summoned. Prosecution will be pursued under all applicable laws including, without limitation, Sections 18-9-108, C.R.S. (disrupting lawful assembly), 18-9-110, C.R.S. (public buildings - trespass, interference), and/or 18-9-117, C.R.S. (unlawful conduct on public property). Law enforcement may be requested to attend meetings in which the Board believes their presence will be an asset to the keeping of peace and the conducting of public business. 9-1-1 will be called at any time that the Board or staff feels threatened or endangered during a public meeting.

f. **Minutes.** Within a reasonable time after passage, all votes, resolutions, motions and minutes of Board meetings shall be recorded in a visual text format that may be sent electronically and kept for that purpose and shall be attested by the Recording Secretary. Such records shall be the official record of Board meetings. Minutes of regular meetings shall be available for public review as soon as practicable following acceptance of the minutes by adoption of a motion of the Board. Executive sessions may be electronically recorded on audio tape or other electronic media, and such electronic recording or reproduction of the same shall be kept separate from minutes of regular sessions as described above, and shall not be open to the public except as required by law. Draft minutes are considered work product under the Colorado Open Records Act and are not available to the public until discussed by the Board in a public meeting.

g. **Use of District Email Addresses.** Directors, and any employees or volunteers authorized by the Board, shall use District email addresses (@wbmetro.org) to conduct District business. This requirement facilitates and supports the Districts efforts to manage its obligations under the Colorado Open Records Act, and is a best practice.

SECTION 11: DIRECTORS, OFFICERS AND PERSONNEL.

a. **Director Qualifications and Terms.** Directors shall be electors of the District. The term of each Director shall be determined by relevant statutory provisions with regular elections held in even numbered years through 2022, and thereafter odd numbered years beginning in 2023, and conducted in the way prescribed by Article 13.5, Title 1, and Part 8, Article 1, Title 32, C.R.S.

b. **Faithful Performance Bonds.** Each Director shall provide, at the expense of the District, an individual, schedule or blanket surety bond or crime insurance in the sum of not less than one thousand dollars ($1,000) each, conditioned on the faithful performance of the duties of his/her office. In addition, the Treasurer shall provide, at the expense of the District, a corporate fidelity bond or crime insurance in a sum of not less than five thousand dollars ($5,000), conditioned upon the faithful performance of the duties of his/her office.

c. **Director's Performance of Duties.** A Director of the District shall perform all duties of a Director, including duties as a member of any committee of the Board on which the Director may serve, in good faith, in a way the Director reasonably believes to be in the best interests of District, and with such care as an ordinarily prudent person in a similar position would use under similar circumstances. In performing the Director's duties, the Director will have the right to rely upon information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by people and groups listed in subparagraphs l, 2 and 3 of this subsection c. The Director shall not be acting in good faith if he/she has knowledge concerning the matter in question that would cause such reliance to be unjustified. A person who so performs the Director's duties shall not have any personal liability by reason of being or having been a Director of the District. Those programs and groups upon whose information, opinions, reports, and statements a Director has the right to rely on are:

   1. The District Manager or one (1) or more officers or employees of the District whom the Director reasonably believes to be reliable and competent in the matters presented;
   2. Legal counsel, public accountants, or other people as to matters which the Director reasonably believes to be within such people professional knowledge or expertise; and
   3. A committee of the Board on which the Director does not serve, duly designated under these Bylaws, as to matters within the committee's designated authority, which committee the Director reasonably believes to merit confidence.

d. **Oath of Office.** Each Director of the Board, before assuming the responsibilities of his/her office, shall take and subscribe an oath of office in the form prescribed by law.

e. **Election of Officers.** The Board shall elect from its membership a Chair/President, Secretary, Treasurer, and Vice Chair/Vice President who shall be the officers of the Board and of the District. The Board may elect from its membership Vice Chairs/Presidents and Assistant Secretaries and/or Assistant Treasurers. The officers shall be elected by a majority of the Directors voting at such election. The Board may, occasionally, appoint an acting officer in the absence of any individual officer. The election of the officers shall be conducted every other year at the first regular meeting of the Board following the regular every-other-year election of the Directors. Each officer so elected shall serve for a term of two (2) years, or as otherwise directed by the Board. Under any circumstance, the term shall continue until the election of his/her successor.

f. **Resignation and Removal.** Directors may be removed from office only by recall as prescribed by statute. Any Director may resign at any time by giving written notice to the Board, and acceptance of this resignation shall not be necessary to make it effective, unless the notice so provides.

g. **Vacancies.** Any vacancy on the Board shall be filled by an affirmative vote of a majority of the remaining Directors, as prescribed by law, with the appointee to serve until the next biennial election, as prescribed by statute. The appointed individual must meet the statutorily prescribed qualifications for Directors and shall serve until the next regular election.

1. A Director's office shall be deemed vacant upon the occurrence of any one of the following:
    1) Failure to meet the qualifications of Director;
    2) Failure to satisfy the oath or affirmation and bond or insurance requirements;
    3) Written resignation;
    4) Failure to remain qualified for the office;
    5) Conviction of a felony;
    6) Removal from office or voidance of election by Court (subject to appeal);
    7) Failure to attend three consecutive regular Board meetings, unless approval of absence is entered in the minutes, or absence is excused by temporary mental or physical disability or illness; or
    8) Death.

Discussions regarding the appointment of a person and his or her qualifications to fill a vacancy on the Board must take place in a public meeting, not in executive session. The appointment must occur by official action of the Board at a properly convened meeting and must be recorded in the minutes of the Board meeting. A notice of appointment shall be delivered to the person appointed, and the notice along with the mailing address of the person so appointed must be filed with the Division of Local Government.

h. **Chair and President.** The Chair shall preside at all meetings. The Chair shall also be the President of the District. The President is authorized to sign all contracts, deeds, notes, debentures, warrants and other instruments on behalf of the District.

i. **Vice Chair / Vice President.** The Vice Chair shall preside at all meetings in the absence of the Chair. The Vice Chair shall also be the Vice President of the District. The Vice President is authorized to sign all contracts, deeds, notes, debentures, warrants and other instruments on behalf of the District.

j. **Secretary.** The Secretary shall be responsible for the records of the District; may act as Secretary at meetings of the Board and record all votes; shall be responsible for composing a record of the proceedings of the Board in a visual text format that may be sent electronically and kept for that purpose, which shall be an official record of the Board; and shall perform all duties incident to that office. The Secretary shall be the custodian of the seal of District, unless otherwise determined by the Board. The Secretary shall have the authority to affix this seal to and attest all contracts and instruments authorized to be executed by the Board.

k. **Treasurer.** The Treasurer will have the right to invest, or cause to be invested, all surplus funds or other available funds of the District in permitted investments allowed by law or as specified by the Board. The Treasurer shall be Chair of the Budget Committee and of the Audit Committee, if the board choose to have such committees. The Treasurer shall keep, or cause to be kept, strict and accurate accounts of all money received by and disbursed for and on behalf of the District in permanent records.

l. **Vice Chair/Vice President and Assistant Secretaries and/or Treasurers.** The Vice Chair/President and Assistant Secretaries and/or Treasurers shall have all powers of the associated primary officers in the absence of such officers. If dual signatures of Directors are required on any instrument, then two (2) different Directors of the Board shall sign such instrument.

m. **Recording Secretary.** The Board shall have the authority to appoint a recording secretary, who need not be a member of the Board, and who shall be responsible for recording the minutes of the meetings of the Board. The recording secretary shall not be required to take an oath of office, nor shall the recording secretary be required to post a performance bond.

n. **Additional Duties.** The officers of the Board shall perform such other duties and functions as may, from time to time, be required by the Board, by these Bylaws or the rules and regulations of the District, by law, or by special exigencies, which shall later be ratified by the Board.

o. **District Manager or Administrator.** The Board may appoint a manager or contract with an administrator for the District to serve for such term and upon such conditions, including compensation, as the Board may establish. The District Manager shall have general supervision over the administration of the affairs, employees and business of the District and shall be charged with the hiring and discharging of employees and the management of District properties. The District Manager or administrator shall have the care and custody of the general funds of the District and shall deposit or cause to be deposited the same in the name of District in such banks or savings associations as the Board may select. The District Manager will approve all vouchers, orders and checks for payment, and shall keep or cause to be kept regular books of account of all District transactions and shall obtain, at the District's expense, such bond for the faithful performance of its duties, or crime insurance as the Board may designate. The Board may delegate such powers and duties to the District Manager as it considers appropriate.

p. **Personnel Selection and Tenure.** The selection of agents, employees, engineers, accountants, special consultants and attorneys of the District by the Board will be based on the relative qualifications and capabilities of the applicants and shall not be based on political services or affiliations. Agents and employees of the District shall hold their offices at the pleasure of the Board. Contracts for professional services of engineers, accountants, special consultants and attorneys may be entered into upon such terms as may seem reasonable and proper to the Board.

q. **Management of District Personnel.** The Chair, or such other board members as may be designated by the Board, shall exclusively oversee and manage the activities of the District's Manager and any employee of the District designated as the "Ranch Manager". All other Board members shall not direct or try to direct the Ranch Manager or the District Manager (including its agents or employees), District legal counsel, auditors, or employees, without the consent and direction of the Chair. Non-managing Board members shall refer to the Chair or designated board member any questions or requests for action by the Ranch Manager, District Manager or others employed or engaged by the District. The District's Manager's employees shall be informed of this policy and instructed to tell non-managing directors to discuss their requests with the Chair or designated board member, and wait for instructions.

SECTION 12: FINANCIAL ADMINISTRATION.

a. **Fiscal Year**. The fiscal year of the District shall begin on January 1st of each year and end on December 31st.

b. **Budget Committee.** The Board may choose to form a permanent Budget Committee composed of the Treasurer, another Director appointed by the Chair/President, and the manager or administrator which Committee shall be responsible for preparation of the draft annual budget of the District and such other matters as may be assigned to it by the Chair/President or the Board.

c. **Budget.** By October 15th of each year, the District Manager or any Budget Committee shall prepare and submit to the Board a proposed budget for the ensuing fiscal year. Such proposed budget shall come with a statement that describes the important features of the budget plan and, by a general summary wherein shall be set forth the aggregate features of the budget, in such manner as to show the balanced relations between the total proposed spending and the total expected income or other means of financing the proposed budget for the ensuing fiscal year, as contrasted with the corresponding figures for the last completed fiscal year and the current fiscal year. The proposed budget shall be supported by explanatory schedules or statements classifying the spending therein by services, subjects and funds. The expected income of the District shall be classified according to the nature of receipts.

d. **Notice of Budget.** Upon receipt of the proposed budget, the Board shall cause to be published a notice that the proposed budget is open for inspection by the public at the District's business office; that the Board will consider the adoption of the proposed budget at a public hearing on a certain date; and that any interested elector may inspect the proposed budget and file or register any objections thereto before its final adoption. This notice shall be posted or published in substantial compliance with law.

e. **Adoption of Budget.** On the day set for consideration of such proposed budget, the Board shall review the proposed budget and change, increase or decrease the items as it considers necessary because of the needs of the District and the probable income of the District. The Board shall then adopt a budget, either during the budget hearing or at a later and time to be set by the Board, setting forth the expenditures to be made in the ensuing fiscal year. The Board shall provide for enough revenues to finance budgeted spending with special consideration given to the proposed ad valorem property tax levy.

f. **Levy and Collection of Taxes.** By December 15th of each year (or such other date as may be set by law), the Board shall certify to the Board of County Commissioners of Summit County the mill levy established for the ensuing fiscal year, so, at the time and in the manner required by law for the levying of taxes, such Commissioners shall levy this tax upon the assessed valuation of all taxable property within District.

g. **<u>Filing of Budget</u>.** By January 30th of each year, the Board shall post on the District's website and cause a certified copy of this budget to be filed with the Division of Local Government in the Colorado Department of Local Affairs.

h. **<u>Appropriating Resolution</u>.**

1. At the time of adoption of the budget, the Board shall enact a resolution making appropriations for the ensuing fiscal year. The amounts appropriated shall not exceed the amounts fixed therefor in the adopted budget.
2. The income of the District, as estimated in the budget and as provided for in the tax levy resolution and other revenue and borrowing resolutions , shall be assigned in the amounts and according to the funds specified in the budget to meet the spending allowed by the appropriation resolution.
3. The Board may make an appropriation to and for a contingency fund to be used in cases of emergency or for any other unforeseen contingencies.

i. **<u>No Contract to Exceed Appropriation</u>**. The Board shall have no authority to enter into any contract, or otherwise bind or obligate the District to any liability for payment of money for any purposes for which provision is not made in an appropriation resolution, including any legally authorized amendment thereto, over the amounts of this appropriation for that fiscal year. Any contract, verbal or written, contrary to this Section 9 shall be void ab initio, and no District funds shall be spent in payment of such contracts.

j. **<u>Contingencies</u>.**

1. In cases of emergency caused by a natural disaster, public enemy, or other contingency which could not reasonably have been foreseen at the time of the adoption of the budget, the Board may authorize the expenditure of funds over the budget by resolution duly adopted by a two-thirds (2/3) vote of the Board. Such resolution shall set forth in full the facts about the emergency and shall be included in the minutes of such meeting.
2. If so enacted, a copy of the resolution authorizing more spending shall be filed with the Division of Local Government in the Colorado Department of Local Affairs and shall be published in compliance with statutory requirements.

k. **<u>Annual Audit.</u>**

1. The Board shall cause an annual audit (or exemption from audit) to be made at the end of each fiscal year of all financial affairs of the District through December 31st of such fiscal year. The audit report must be submitted to the Board within six (6) months of the close of such fiscal year, or as otherwise provided by law. This audit shall be conducted under generally accepted auditing standards and by a registered or certified public accountant who has not maintained the books, records and accounts of District during the fiscal year. The auditor shall prepare, and certify as to its accuracy, an audit report, including a financial statement and balance sheet based on such audit, an unqualified opinion or qualified opinion with explanations, and a full disclosure of any violation of Colorado law, pursuant to statutory requirements.
2. There may be a permanent Audit Committee composed of the Treasurer and one (1) other member of the Board appointed by the Chair/President. The Audit Committee shall be responsible for the appointment, compensation, selection (to be approved by the Board), retention, and oversight of the work of any independent accountants engaged to prepare or issue an independent audit report or perform other independent audit, review or attest services for the District. The Audit Committee may, as necessary and to the extent of its ability, provide independent review and oversight of the District's financial reporting processes, internal controls and independent auditors. All accountants thus engaged shall report directly to the Audit Committee.
3. A copy of the audit report shall be posted on the District's website and maintained by the District as a public record for public inspection at all reasonable times.
4. A copy of the audit report shall be forwarded to the State Auditor or other State official under statutory requirements.
5. Notwithstanding the foregoing audit requirements, the Board may file for an application for exemption from audit if the statutory criteria are met.

SECTION 13: Other Provisions

a. **COMPENSATION.** Each Director shall receive no compensation. No Director shall receive compensation as an employee of the District, except as may be provided by statute.

b. **<u>INDEMNIFICATION OF DIRECTORS AND EMPLOYEES.</u>** The District shall defend, hold harmless and indemnify any Director, officer, agent, or employee of the District, whether elective or appointive, against any tort or liability, claim or demand, without limitation, arising out of any alleged act or omission occurring during the performance of official duty, as more fully defined by law or by an indemnification resolution, if any. This Section 13 shall be supplemental and subject to and, to the extent of any inconsistency therewith, shall be modified by the Colorado Governmental Immunity Act, Section 24-10-101, et seq., C.R.S.

c. **<u>BIDDING AND CONTRACTING PROCEDURES.</u>** Except where the District will receive aid from a government agency, a notice shall be published for bids on all construction contracts for work, materials, or both, involving an expense of one hundred twenty thousand dollars ($120,000) or more of District funds. The Board may reject any bids, and if it appears that the District can perform the work or secure material for less than the lowest bid, it may do so in accordance with law. Despite the foregoing, the District may award an integrated project delivery contract under Section 32-1-1801, et seq., C.R.S., upon (i) determining that integrated project delivery represents a timely or cost-effective alternative for a project; (ii) publication of a request for qualifications and/or request for proposals; and (iii) compliance with Part 18 of Article 1, Title 32, C.R.S. All other statutory requirements relating to performance bonds, retainage, and similar matters shall also be complied with.

d. **<u>RECORDS MANAGEMENT POLICY</u>**. The District shall comply with, and adopt and maintain policies for compliance with, applicable records retention, destruction, and disclosure requirements, including the Colorado Open Records Act, State Archives and Public Records Law, and various consumer privacy legislation. The District manager or administrator, or his/her designee, is designated as the Official Custodian of Records ("Custodian") under the Colorado Open Records Act. In the event there is any question as to whether the District is allowed to comply with a Colorado Open Records Act request, the Custodian shall forward such request to the District's legal counsel. Copies of records shall be given at a cost of twenty-five cents ($.50) per standard 8.5-inch by 11-inch black and white page. The charge for providing a copy, printout or photograph of a public record in a format other than a standard page will be assessed at the actual cost of production. Also, where the location or existence of specific documents must be researched and the documents must be retrieved, sorted or reviewed for applicability to the request, and this process requires more than one (1) hour of staff time, the Custodian may charge a research and retrieval fee not to exceed thirty-three dollars and fifty-eight cents ($90 per hour. The Custodian will not impose a charge for the first (1st) hour of time spent in connection with the research and retrieval of public records. The fees and charges stated in this Section 15 will automatically be increased to the maximum amounts allowed by law without additional Board action.

e. **CHANGE OF BYLAWS.** These Bylaws may be changed or repealed by a majority of the Directors at any regular or special meeting of the Board to become effective immediately or at a subsequent date.

f. **SEVERABILITY.** If any part or provision of these Bylaws is adjudged to be unenforceable or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of these Bylaws, it being the Board's intention that the provisions hereof are severable.

g. **TERMINATION OF PRIOR BYLAWS.** These Bylaws change, supersede and replace in their entirety any prior Bylaws, and any amendments thereto, previously adopted by the Board.

ADOPTED this ____ day of __________, 2025, by the Board of Directors of the Willow Brook Metropolitan District.

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