

Goals/Governance Board Committee – Meeting Agenda

Upper Yampa Water Conservancy District

Tuesday, August 13 @ 1pm – 4pm, UYWCD District Office

Purpose of the meeting:

- Clarify District governance questions and plan for evaluating options and developing recommendations
- Review latest draft of preliminary strategic plan prior to 8/22 work session

Welcome and preliminaries (1-1:10)

- Approve 7/15 and 7/29 Committee minutes, agenda review, confirm today's plan

Clarify and discuss governance issues (1:10-3:15)

- Review Issues Chart to clarify 2 main 'buckets' of questions
- Board meeting issues (bucket #1) – discuss ideas + develop initial recommendations; identify potential implications for staff planning and resources
- Structural/organizational issues – Board/GM structural roles (bucket #2) – clarify issues or questions, potential models/options, and follow-up tasks to discuss/vet possibilities and make decisions

Review draft strategic plan and 8/22 work session with Board (3:15-3:45)

- Review latest draft - any refinements prior to sharing with Board?
- Confirm 8/22 overall agenda/format

Wrap Up, Next Steps, Actions Items (3:45-4:00)

- Next steps and timeframes



RECORD OF PROCEEDINGS

**UPPER YAMPA WATER CONSERVANCY DISTRICT
BOARD OF DIRECTORS BOARD GOVERNANCE COMMITTEE MEETING
JULY 15, 2019 12:30pm – 3:30pm
MOUNTAIN VALLEY BANK COMMUNITY ROOM
2220 CURVE PLAZA, STEAMBOAT SPRINGS, CO**

MINUTES

Board Governance Committee members present were Directors Ken Brenner, Bob Woodmansee, Jim Haskins, and Webster Jones. General Manager Kevin McBride, Administrative Assistant Barbara Wilson, and Ryan Golten, Consensus Building Institute (facilitator) were also present.

The following agenda was proposed:

Goals/Governance Board Committee – Meeting Agenda

Purpose of the meeting:

- Refine Mission/Goals document: working from goals to draft objectives/tasks

Welcome and preliminaries (12:30-12:40)

- Approve 7/8 Committee minutes, agenda review, confirm goals for today

Refine Mission-Goals document (12:40-3:10)

- Review/confirm/reject edits to policy statements and goals from 7/8 meeting
- Brainstorm objectives – sticker exercise, then Work Plan to supplement
- Check in on how far we want to go (far enough to provide skeleton for Board planning exercise?)
- Reflect back on goals – what are we missing?
- Confirm next steps -- questions/proposals/materials for Board at 7/24 meeting; plan for Committee and full Board following 7/24 meeting

Next Steps for District/Board Governance Recommendations (3:10-3:20)

- Check in on topics, tasks, and/or homework for next meeting

Wrap Up, Next Steps, Actions Items (3:20-3:30)

- Confirm next steps and timeframe
- Upcoming Committee meeting schedule and plan

Preliminaries. Ryan Golten, facilitator, reviewed the purpose of the meeting. Director Haskins moved to approve the July 8, 2019 Committee minutes. Director Woodmansee seconded and was unanimously approved.

RECORD OF PROCEEDINGS

CBI Budget and Scope update

- General Manager McBride reminded the Committee the District didn't scope CBI's work for full strategic planning when he prepared CBI's budget in April. Instead, CBI's scope was to support this Committee at 6 hours/month and facilitate a staff retreat. He asked CBI for a budget amendment to complete the strategic planning work, including a work session with the full Board, and follow up with recommendations coming out of the staff retreat. This would roughly double the original budget of roughly \$18,500. The Committee is supportive. Mr. McBride will discuss this with the Board on 7/24 to ensure there are no concerns.

Next steps and planning for 7/24 Board meeting

- The Committee agreed to share today's Mission-Goals draft with the Board and seek their input on this refined version. Ryan Golten and Director Brenner will prepare a Board Communication Form. Director Brenner will remind the Board that Committee meetings are open and their input is welcomed. Administrative Assistant Barbara Wilson will distribute the Word version of the document following the meeting for further suggested edits.
- We will propose to the Board to schedule a strategic planning exercise at the Board's 8/22 Work Session, for the Board to refine and discuss the proposed Goals and Objectives. The Committee will propose to use the Board's input to develop a draft Strategic Plan to guide the District's 2020 budget and work plan, and to serve as the basis for a plan for the next 5-10 years, to be updated and refined annually.

Refine Mission/Policy/Goals (MPG) Document. The Committee's edits are reflected in the post-7/15/19 draft.

Next Steps for District/Board Governance Recommendations – this discussion was tabled.

Determination of future meetings Committee will meet July 29, 2019 12:30 – 3:30 pm, at the District Office, 2220 Curve Plaza Ste. 201, Steamboat Springs, CO.

I certify that the foregoing constitutes a true and correct summary of the proceedings at the above referenced meeting.

Kevin McBride, District Secretary/Manager

Date: _____

RECORD OF PROCEEDINGS

**UPPER YAMPA WATER CONSERVANCY DISTRICT
BOARD OF DIRECTORS BOARD GOVERNANCE COMMITTEE MEETING
JULY 29, 2019 12:30 pm – 3:30 pm
MOUNTAIN VALLEY BANK COMMUNITY ROOM
2220 CURVE PLAZA, STEAMBOAT SPRINGS, CO**

MINUTES

Board Governance Committee members present were Directors Ken Brenner, Bob Woodmansee, and Jim Haskins. General Manager Kevin McBride and Ryan Golten, Consensus Building Institute (facilitator) were also present.

The following agenda was proposed:

Purpose of the meeting

- Refine Mission/Goals document: working from goals to draft objectives/tasks
- Clarify goals/topics/format for 8/22 Board session + plan for getting staff input
- Frame discussion of District governance issues + integration with Mgmt needs

Welcome and preliminaries (12:30-12:40)

- Debrief 7/24 Board meeting; confirm goals for today

Clarify goals/plan for 8/22 Board strategic planning session (12:40-12:55)

- Areas for Board input/agreement: ‘responsibilities/opportunities’; nexus of District activities to storing/selling water; criteria for determining this annually
- Brainstorming Objectives for each Goal, using Committee’s strawman ideas
- Mission/Vision

Confirm next steps for draft strategic plan, following 8/22 Board session (12:55-1:15)

- Committee to finalize draft Objectives + overall strategies (early Sept)
- Staff to help develop/populate Tasks (Sept)
- Committee to compile into draft to share w/ Board + staff for input (early Oct)
- Staff to use draft for retreat follow-up and in 2020 work plan/budget (Oct)
- Refined draft circulated for public input (November?)

Refine Mission-Goals document (1:15-2:45)

- Incorporate recent input from Board
- Finish brainstorming ‘sample’ objectives, using District work plan – to lay framework for 8/22 Board exercise

Plan for Governance Issues (2:45-3:15)

- Why is this important; how it relates to strategic planning and District Mgmt
- Ryan to share preliminary ‘Issues’ chart
- Topics (and homework) for 8/13 meeting

Wrap Up, Next Steps, Actions Items (3:15-3:30)

- Confirm next steps and timeframe
- Confirm September meeting schedule: Tues 9/3, Mon 9/16, Mon 9/30?

RECORD OF PROCEEDINGS

Preliminaries. Ryan Golten, facilitator, reviewed the purpose and agenda for the meeting.

Committee confirmed that goals and plans for the 8/22 Board strategic planning session include:

- Confirming overall areas of Board agreement or concern on the current document; discussing and agreeing on the distinction between responsibilities and opportunities; seeking Board agreement on overall priority on supporting new areas of opportunity that have a nexus with storing/selling water, knowing the District must also continue to fulfill its statutory role.
- We will refine goals as needed and try to fill out more objectives under each goal, before asking the staff to provide input on tasks in September.

Committee agreed that next steps after the 8/22 work session will include:

- Two meetings after 8/22 to refine the document based on Board input before sharing it with staff – Tuesday 9/3 @ 1:00 pm, Monday 9/9 @ 1:00 pm.
- Give document to staff the week of 9/9 for input on objectives and strategies, and to populate with tasks that align with current budget and plans (to share edits by 9/30). Staff will be asked to *suggest edits, insert proposed tasks, share overall feedback*
- Manager McBride will flag for the Board at its 9/18 board meeting (when he submits a draft budget) what potential implications, if any, he sees at that time for the budget from the draft strategic plan.
- Two meetings after getting input back from Staff to refine before the Fall Board retreat – Monday 10/7 @ 1, and Monday 10/14 @ 1.
- At the Fall Retreat on 10/23, conduct an exercise to prioritize objectives/tasks for 2020.

Refine Mission/Policy/Goals (MPG) Document. The Committee's edits are reflected in the post-7/29/19 draft.

Next Steps for District/Board Governance Recommendations – we agreed on Governance topics for the 8/13 meeting, which will be reflected in the meeting agenda.

Determination of future meetings Committee will meet August 13, 2019 1:00 – 4:00 pm, at the District Office, 2220 Curve Plaza Ste. 201, Steamboat Springs, CO.

I certify that the foregoing constitutes a true and correct summary of the proceedings at the above referenced meeting.

Kevin McBride, District Secretary/Manager

Date: _____



UPPER YAMPA WATER CONSERVANCY DISTRICT MISSION, POLICIES & GOALS

Mission

To lead water resource management within the District's boundaries by responsibly conserving, protecting, developing, providing and enhancing the water ~~resources~~ [security](#) of the Upper Yampa River Basin. ~~The District will initiate and participate in works and projects that embody and promote the protection of water rights, provide broad benefits to District constituents and develop works and projects that provide responsible conservation, responsible growth, beneficial water storage and usage, and public awareness within the Upper Yampa Water Conservancy District.~~

[\[Placeholder for possible Vision Statement\]](#)

Ideas include, e.g.: An Upper Yampa Basin with safe, secure water storage for its customers that benefits [\[multiple/all/diverse?\] beneficial uses in the Basin](#)

The Board of Directors believes the Districts' mission is reflected in the following policy statements, as informed by guidance from the Upper Yampa District's 2017 community survey and 2019 stakeholder assessment report. Some of these policy statements reflect the District's responsibilities and core mission, while other policy statements reflect values and opportunities the Board sees embodied in carrying out its mission.

The statements and goals are not currently listed in order of priority. They are temporarily numbered for purpose of internal cross-referencing.

Policy Statements (note these may be simply included as 'Whereas' statements)

1. The Board acknowledges as an integral part of its vision, policies, and goals, the legislative declaration of the Colorado Water Conservancy Act (the "Act") under which the District was created, as set forth in Colo. Rev. Stat. Ann. §37-45-102. In addition, the Board acknowledges and seeks to prudently interpret and integrate the more recent federal and state mandates, statutes, policies, and regulations into the modern functioning of the District. [\[Consider moving into a Preamble.\]](#)
2. The Board supports the concept that the Upper Yampa River Basin and the healthy functioning of its reservoirs, rivers and streams are essential to the District's agricultural, environmental, municipal, commercial, industrial, domestic, and recreational cultures, and, thus, its economic future.
3. The Board acknowledges that climate change should be considered in planning.
4. The Board considers irrigation, municipal, commercial, domestic and industrial uses, and opportunities to support environmental values and water-based recreation, to be important matters for the District and the public it serves, and seeks to achieve balance among uses of water within the District.

5. The Board affirms the importance of maintaining the structural integrity and protecting the water rights of the District's Yamcolo and the Stagecoach reservoirs.

6. The Board supports the District's collaboration in partnerships that protect the healthy functioning of reservoirs, rivers and streams, and the riparian and upland ecosystems and hydrology supporting such rivers and streams, where such participation advances the District's mission.

7. The Board supports ranching and irrigated agriculture in the District for its economic, socio-cultural values, aesthetic, and environmental contributions to the community.

8. The Board recognizes that prudent industrial uses, such as energy development and production, may require direct flow and storage water and support the economic welfare of the District.

9. The Board supports planning and development of long-term water supply strategies for future municipal uses to ensure a vibrant, diverse, and resilient economy within the District.

10. The Board affirms its support for water-based outdoor recreational activities in the District.

11. The Board supports land use policies by local governments that protect the Upper Yampa Basin's water resources and are compatible the District's ability to manage and develop the water resources within its boundaries.

12. The Board supports science-based programs related to monitoring, protection, and restoration, as appropriate, in order to maintain the chemical, physical, biological, and aesthetic integrity of the reservoirs, rivers, and streams within the District.

13. The Board believes the District should participate in local and statewide processes to address co-occurring challenges such as climate, environmental, social, political, legislative, administrative and economic changes.

14. The Board recognizes the need for collaborative efforts with partners to monitor, and, if warranted and specifically directed by Board action, to support or oppose legislation, regulations, litigation, or administrative actions that could impact the District's mission.

15. The Board opposes any new transfers of stream flow or storage water from the Upper Yampa River and its tributaries to other basins, because such transfers would interfere with existing beneficial uses of water, damage economic stability, may diminish flows supporting the Colorado River Compact and reduce environmental quality of stream flow within the District.

16. The Board supports providing water-related information to the public through Districts programs and partnerships.

17. The Board values a two-way exchange of ideas and information with our community regarding the District's programs and priorities.

18. The Board should continue to prudently seek to evaluate and develop financially viable water works within the District where appropriate for beneficial uses and conservation of water within the District.

19. The Board is committed to ensuring the financial viability of the District into the future consistent with the District's statutory responsibilities.

20. The Board recognizes the District is a taxpayer supported, public entity and is committed to being responsive to and engaged with our community and constituents.

District Goals

The goals below collectively represent the District's vision. The Board believes they capture and advance the policy statements listed above.

Goal 1 Protect Upper Yampa River Basin from the adverse effects of transmountain, transbasin or other legal transfers of water out of the District

Example Objectives

- 1) Prevent legal transfers of water out of the District or those with potential adverse impacts for the District
 - a. Actively monitor and oppose relevant water court and legislative activities
 - i. *Including: legal counsel monitoring monthly filings and providing standing reports at monthly Board mtgs; monitoring activities (legal and legislative); Board members bringing issues/concerns to Board for discussion*
- 2) Increase District understanding and potential role in tools to address Big River issues, such as the Drought Contingency Plan and water banking.
 - a. *Example task: Explore water banking concept with state and regional organizations*

Commented [R1]: Committee intends 'other legal transfers' to encompass administration of the Yampa River and Compact compliance issues affecting the District. Need Bob Weiss input on wording, in case 'other legal transfers' doesn't cover this.

Commented [R2]: This language is intended to include, e.g., Water Horse. Does it do so, or does it need to be edited?

Commented [R3]: This task could go here or under Goal 4. See note in Goal 4 below.

Goal 2 Prudently operate, maintain and improve the District's existing infrastructure.

Example Objectives

- 1) Ensure compliance with regulatory requirements

- a. *Tasks include implementing requirements of FERC, dam safety, other regulatory agencies*
- 2) Ensure sufficient funds to maintain and/or improve our infrastructure
 - a. *Tasks include: budgeting for O&M activities necessary to maintain and/or improve our water infrastructure (including Chief Engineer developing/annually updating 5-year capital improvement plan)*
- 3) Maintaining Stagecoach (State) Park
 - a. *Task: Develop a term sheet in anticipation of possible renegotiation lease of Stagecoach with CPW; participate with CPW in updating Stagecoach master plan*

Goal 3 Protect and promote historic agricultural, municipal, commercial, domestic, and industrial uses.

Example Objectives

- 1) Improve efficiency of ditch diversions /constituent infrastructure
 - a. *Tasks may include: administer/increase grants program*
- 2) Promote District's existing augmentation plans
- 3) Explore potential expansion or creation of augmentation plans that benefit properties not currently within the boundaries of the District's existing augmentation plans (e.g., above Stagecoach)
- 4) Explore ways to address demand management other than the transfer of agricultural water through buy and dry, e.g., by promoting efficiencies in watershed management and forest health within the District's various sub-basins
 - a. *Strategies may include: exploring opportunities to support efforts or partner with others on watershed management and forest health, and other ways to relieve pressure on agriculture based on Compact compliance/administration issues*
- 5) Explore storage possibilities that satisfy consumptive needs of District constituents (including tributary storage; see Goal 9)?

Goal 3.5 Promote environmental and recreational uses of the Upper Yampa River, consistent with the policy statements above.

Example Objectives

- 1) Maintain and/or increase level of partnering with entities that may want to purchase District water for environmental and recreational uses (e.g., Water Fund, FOTY, Yampatica, SBS)
- 2) Identify amount of the District's current supply that is physically and legally available for environmental and recreational uses within District
- 3) Explore tools to enhance water delivery flexibility (Big River)
 - a. *Example task: Explore the water banking concept with state and regional organizations*
- 4) Increase tools to support physical and legal availability of environmental and recreational water

Commented [R4]: This task could go here or under Goal 1. (Each task should only go under 1 primary objective and goal.) Where is it most apt? Should Big River issues go primarily in Goal 1?

Strategies include:

- a. Continue to look into substitute water supply with DNR and follow other strategies to support environmental and recreational water uses
 - b. Participate in legislative discussions to increase flexibility in water law to support environmental and recreational uses
 - ~~b-c.~~ Explore storage possibilities that support non-consumptive needs of the District
- 5) Clarify District policy and role regarding the use of District water to support non-consumptive water uses
- a. Tasks may include: develop Environmental and Recreational (ERC) policy and pricing structure; invite relevant groups to present; schedule Board discussions

Goal 4 Represent Upper Yampa Basin water interests at the local, regional and statewide levels on relevant policy, legislative, administrative, regulatory and judicial matters.

Example Objectives

- 1) Ensure representation of District interests on the IBCC, Basin Roundtable, Colorado River District, and CWCB
- 2) Convey District's message through developing/clarifying District policies in collaboration with Roundtable partners (e.g., Yampa Doctrine, equitable apportionment/percentage of native flow/post-Compact proportional sharing, DCP/demand management)
 - a. Tasks may include: clarifying organizational structure and expectations to ensure Board and staff roles, coordination, and messaging is clear when representing District externally; develop policy positions and messages; develop a plan for conveying these positions effectively and consistently

Goal 5 Anticipate and plan for future water needs, uses and sources in the District in anticipation of changing climate conditions, population shifts, and other changes.

Example Objectives

- 1) Maintain District's Water Model
- 2) Evaluate and refer to other models to regarding potential effects of climate change, population growth, and demographics
- 3) Board to stay informed of relevant climate, demographic, modeling scenarios, and other potential changes relevant to the District
 - a. Tasks could include: standing item on agendas for Board to share and receive relevant updates; guest speakers
- 4) Increase engagement with partners and constituents regarding long-term Basin water needs
- 5) Anticipate and respond to changes in water contracts.
- 6) Increase science-based tools for internal planning

- a. *Tasks may include: develop a science-based, living “white paper” for the District*
- 7) Better understand water conservation methods and irrigation efficiencies
- 8) Better understand subsurface hydrology (natural lateral flow) and assumed return flow from irrigation
- 9) Better understand projected growth of the population in the District to ensure adequate water supply

Goal 6 Study, address and promote water quality concerns, consistent with the District’s role and responsibilities.

Example Objectives

- 1) Support existing monitoring efforts – and, where relevant, respond to concerns that arise, consistent with District’s mission
 - a. *Tasks may include: annually fund USGS and County long-term monitoring; continue support for Watershed Group*
 - b. Work with CDPHE regarding current and future needs and role of District in addressing water quality, consistent with District’s mission.
- 2) Comply with District regulatory water quality responsibilities
- 3) Anticipate potential future role and responsibilities for the District to support water quality in the District
 - a. *Tasks may include: study possibility of future mandated role to evaluate non-point source influences*

Goal 8 Collaboratively engage District’s constituencies to develop a shared understanding of water issues in the Upper Yampa Basin and the role of the District in addressing them.

Example Objectives

- 1) Increase public understanding of the District’s role and activities
 - a. *Tasks may include revising website describing history and achievements of UYWCD, with Board input, annual report, email updates to interested constituents, possible social media presence, promote and support other public education programs concerning water resources in the District, potential annual event*
- 2) Improve Board collaboration, participation and representation with other organizations doing water-related work in the Upper Yampa Basin
 - a. *Tasks may include: consistent with tasks set out in Goal 4, clarify Board/staff roles in external engagement and a plan for clear, consistent District messaging; prioritizing and enhancing collaboration and listening skills (through what actions?); staff should add to this, particularly in light of new position*
- 3) Improve two-way exchange with stakeholders and partners regarding District priorities and activities

- a. Tasks may include: Host relevant groups at monthly Board mtgs; ensure opportunity for public input in District planning; provide opportunities for public input at Board meetings; ensure District meeting and planning materials are available and accessible to the public; host forums of thought leaders regarding specific water issues to help clarify the District's role or position*
- 4) Increase local awareness of local water issues and resources
 - a. *Tasks may include: budget education/outreach funds; support local education groups that offer a balanced perspective of water issues and align with District mission; explore working with local partners to promote on-line adult learning programs; where needed, provide education on water issues and policies such as demand mgmt., equitable apportionment*
 - b. *Also: potentially create clearinghouse of relevant programs, organizations, and agencies*
- 5) Build engagement of staff and Board, as experts and key stakeholders, to help understand issues and define the District's role

Goal 9 Maintain, protect, and, where possible, enhance the District's water rights portfolio, including developing or perfecting water rights.

Example Objectives

- 1) Protect District's water rights consistent with legal and planning responsibilities
 - a. *Legal/planning tasks – i.e., what we need to do, anticipate, and prepare for the unforeseen; anticipate next due diligence update, in light of court decrees and Master Plan; legal dept to prepare a list of tasks for upcoming due diligence*
 - b. *Other strategies include ensuring alignment between legal dept and Board; keep Board apprised of issues and relevant budget needs*
- 2) Ensure District involvement and advocacy on relevant water administration matters
- 3) Evaluate potential and conditional water rights as appropriate
 - a. *Tasks include: explore potential abandonment of water rights as appropriate*
 - a.b. Increase tributary storage within the Upper Yampa Basin
 - i. Explore possibilities further downstream from what currently have

Commented [R5]: Is this adequately covered in Goal 4, or should it be more specific here?

Commented [R6]: Move this to Goal 3?

Goal 10 Ensure the District's financial ability to meet its stated goals and on-going financial viability.

Example Objectives

- 1) Develop short- and long-term financial planning to support District goals.

- a. *Tasks may include: Create a cash-flow projection reflecting anticipated revenues and expenditures over a 20 year planning period*

Goal 11 Maintain a robust staff and legal department.

Example Objectives

- 1) Begin succession planning where appropriate
- 2) Increase redundancy among staff and responsibilities
 - a. *Tasks may include: developing job descriptions, evaluating possibilities for redundancies*
- 3) Clarify Board policy goals and expectations, and the respective roles of Board and staff in achieving those
 - a. *Tasks may include adopting a strategic plan: considering and implementing Committee governance recommendations.*
- 3)4) Ensure staffing reflects needs of the District
 - a. *Tasks may include: staff follow up after development of Strategic Plan, to evaluate and recommend where staffing changes may be needed; annual budgeting process*
- 4)5) Ensure legal departments reflects needs of the District



Board Governance as Leadership Summary

Based on work by Chait, Ryan & Taylor

Introduction

The “Governance as Leadership” concept reframes the way we look at Board work with a goal to raising Board work and awareness to a higher standard. By thinking about Board work under three components: Fiduciary, Strategic and Generative, Boards can address their roles and achieve results in new ways.

These three concepts of Board thinking are diagramed below as a triangle, graphically illustrating the landscape of governance. Boards typically work within a preferred position within the triangle. Ideally, a Board would be prepared to shift and to welcome different thinking approaches as the situation warrants. It’s a great self-awareness for a Board to realize the variety of choices possible for their leadership and decision-making processes. This concept of thinking styles is in addition to the traditional Board functions, strengthening good practices already in place.



Many Boards in Canada are working towards updating their thinking with this fresh framing of Board work. Boards who are implementing these ideas are experiencing greater Board engagement and stronger governance, challenging our traditional approaches to Board Governance. CentrePoint has committed to bringing practical aspects of this new Board framework into Alberta, in concert with tried and true Board governance practices.

Summary of the Fiduciary, Strategic & Generative Frames of Governance

Fiduciary: Focus is on “Conformance” – Control Mechanisms

Fiduciary duties and activities embrace the familiar “Board work” found on the agenda of any Board. Once ground level basic board functioning is in place, then in their Leadership role, Boards can take fiduciary governing and stewardship to new and higher levels of thought. Traditional fiduciary roles include:

- Financial oversight
- Legal responsibility and accountability to members, governments & stakeholders, including liability and risk management
- Board role as the permanent entity for the organization (even though Board membership changes)
- Trustee role on behalf of the public, ensuring effective use of resources
- Supervision of the non-profit agency through the one Board employee, the Executive Director or CEO.

Strategic: Focus is on “Performance” – Direction Setting

The Board is responsible for strategic thinking and decision making at the highest levels. Strategic thinking and wisdom can take a Board member beyond the immediate professional skills he/she brings to the table to value-added leadership in:

- Policy Making for Governance Policies
- Problem Solving
- Strategic Planning
- Strategic Decision Making (different from the planning role)

Generative: Board thinking leading to Organizational Robustness – Sense Making

Working in concert with the CEO, generative thinking invites Boards to take a fresh look at opportunities and challenges from a broader perspective. Using knowledge and data plus Board insight, generative leadership provides long term impact and meaning to the non-profit organization by creating a fresh understanding of complex and ambiguous situations. This activity is called “sense-making” or “problem-framing”. *“When you put it that way, it makes sense”.*

Generative thinking is characterized by:

- Noticing cues and clues.
- Looking at an issue from different perspectives and viewpoints.
Reorganizing data into patterns, seeking different frames of reference.
- Thinking retrospectively to uncover patterns and to recognize the compelling organizational stories and history.

Generative thinking is the fun part of governance bringing a deeper meaning and value to Board service. Board members are great resources. They have the passion for the mission combined with objectivity and distance. Their reflections can provide incredibly valuable insight. Too often, decisions come to the Board packaged, digested and all that’s left is official Board approval. For major turning points, the Board needs to be involved when the issue is at the level of “Wow, we need to work on this”.

Example:

“Keep it Cool” (KIC) is a small, imaginary charity with a mission to protect and rehabilitate wildlife at environmental spill sites. The hot Board topic this month is the cost over-runs on the cages and equipment to manage wild animals for cleanup. Supplier costs have doubled in the last year and equipment life cycle issues mean upcoming costly repairs on aging equipment. In addition, KIC is being called to an unprecedented number of river pollution/spills in the region. No one had anticipated this.

Fiduciary Discussion: What’s the budget for this expense? What can we do within the existing budget? Will we have to cut off our services earlier this year if we no longer have money for supplies? What is our life cycle plan for equipment replacement? Are we getting negative press over our failing services? Why did we not anticipate this?

Strategic Discussion: Is this program a major part of our strategy? Assuming it is, should we be approaching our funder to request additional funds? What are the consequences of going into debt to meet our major strategic initiative this year? If we have to cut off our services early this year for lack of budget, what’s plan “B”? How can we position ourselves to meet our mission while keeping an eye on the finances?

Generative Discussion: Why does there seem to be a higher incidence of spills near wildlife corridors? Are the polluting companies even aware that they are on major wildlife corridors? Do we need to have a wildlife awareness program for the polluting companies on wildlife corridors? What are the possible reasons for this sudden increase in pollution? Do we have a role at the municipality planning level?

Summary of Board Behaviour in these forms of Leadership

	Fiduciary	Strategic	Generative
Key Question	“What’s wrong?”	“What’s the plan?”	“What’s the question?”
Board Focus	Define problems Review performance	Solve problems Shape strategy	Frame problems Engage in sense-making
Board Process	Parliamentary procedure	Logical and empirical discussion	More informal and creative
Problems are to Be	Spotted	Solved	Framed
Decision Making	Resolution	Reaching consensus	Framing the question
Board Sees Their Role As	Oversight & authority	Strategist	Fresh perspective
Performance Metrics	Facts, figures, finances, reports	Strategic Indicators, competitive analysis	Signs of learning and discerning

Adapted from: Governance as Leadership: Reframing the Work of Nonprofit Boards. Chait, Ryan & Taylor.

References:

Chait, Richard P., Ph.D., Ryan, William P., Ph.D., Taylor, Barbara E. 2005. *Governance as Leadership: Reframing the Work of Nonprofit Boards*. Board Source. www.boardsource.org/Bookstore.asp?Item=161

Generally Accepted Practices for Sustainability in Non-Profit Management, CentrePoint Non-Profit Management:2009 www.thecentrepoint.ca

Industry Canada. 2002. *Primer for Directors for Not-for-Profit Corporations: Rights, Duties & Practices*. www.ic.gc.ca/epic/site/cilp-pdci.nsf/en/h_cl00688e.html

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BYLAWS OF THE
UPPER YAMPA WATER CONSERVANCY DISTRICT
(Effective September 21, 2016)

PREAMBLE

For the purpose of providing for the orderly conduct and carrying on of the business, objects and affairs of the UPPER YAMPA WATER CONSERVANCY DISTRICT, the Board of Directors of said District hereby makes, publishes and declares these Bylaws.

ARTICLE I - DEFINITIONS

When used herein, the following words, terms and phrases shall have the following meaning, to-wit:

1. The term "Water Conservancy Act" or "Act" shall mean the act as set forth in C.R.S. §37-45-101 et seq., as amended.
2. The term "District" shall mean the UPPER YAMPA WATER CONSERVANCY DISTRICT, a Colorado water conservancy district.
3. The term "Open Meetings Law" shall mean C.R.S. § 24-6-401 et seq., as it may be amended from time to time.
4. The term "Open Records Act" shall mean C.R.S. § 24-72-201 et seq., as it may be amended from time to time.
5. The term "Decree" shall be the decree entered in Civil Action No. 3825 creating the District dated March 8, 1966, as the same may be amended from time to time.

ARTICLE II - BOARD OF DIRECTORS

SECTION 1 - Number, Qualifications, Power, Duties.

The number of Directors shall be nine (9). They shall be appointed and have the qualifications as provided in the Act. There shall be 3 separate divisions within the District, as described in the Decree, and 3 directors shall be appointed from each such division for 4-year terms. Such appointments shall be staggered, with one director from each district being appointed each year except every fourth year when no director terms expire. The powers and duties of the Directors are specifically provided for in the Water Conservancy Act, and the provisions of the Act concerning such matters are hereby made a part of these Bylaws. The following provisions are supplementary to said provisions.

SECTION 2 - Vacancies on the Board of Directors.

Vacancies in the Board of Directors shall be filled as provided in the Act.

SECTION 3 – Powers, Approval of Certain Matters by Board of Directors.

The Board of Directors shall have all of the powers granted it by the Water Conservancy Act and other provisions of Colorado and federal law applicable to the District; and said Board shall have such ancillary and incidental powers as may be proper, necessary or convenient for the full effectuation of the purposes, powers and objectives of the District. Except as set forth in Article VI, Section 3, all plats, deeds, other instruments encumbering the real property of the District, any contract or instrument authorizing or evidencing debt of the District, intergovernmental agreements, any document accepting the terms of any grant, loan, license, permit or other governmental authorization, any settlement of litigation to which the District is a party, applications for water rights and statements of opposition to water rights filings, any sale, lease, or other disposition of the use of water by term contracts or contracts for the perpetual use of such water and any instrument required by these Bylaws or law to be approved by the Board of Directors, shall be approved or ratified by the Board of Directors.

SECTION 4 - Compensation.

The compensation to be paid to the District's Directors shall be \$100.00 per meeting attended, in addition to their actual traveling and transportation expenses when away from their respective places of residence on District business. "Attending a meeting" to qualify for such \$100 compensation means preparation for, travel for, attendance at, or participation in: (1) telephonic and in-person meetings of the Board and Board Committees, regardless of whether the Director is a member of the Committee; and (2) the following if the Director is representing the District on a matter related to the District's business: meetings of or discussions with state, county, local, and federal officials and District constituents; educational and policy presentations and seminars; meetings or negotiations with District staff or third parties; and judicial or administrative hearings or proceedings. Notwithstanding the foregoing, the maximum annual compensation (excluding travel and transportation expenses) which may be paid to any Director shall be \$2,400.00 pursuant to the Act.

SECTION 5 - 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 upon which the Director may serve, in good faith, in a manner which the Director reasonably believes to be in the best interests of District, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing the Director's duties, the Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons and groups listed in subparagraphs (a), (b), or (c) of this Section 5. The Director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance to be unwarranted.

A person who so performs the Director's duties shall not have any 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 is entitled to rely are:

- (a) One or more officers or employees of the District whom the Director reasonably believes to be reliable and competent in the matters presented;
- (b) Counsel, public accountants, or other persons as to matters which the Director reasonably believes to be within such persons' professional knowledge or expertise; and
- (c) A committee of the Board upon which the Director does not serve, duly designated in accordance with the provisions of the Bylaws, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

ARTICLE III - MEETINGS OF THE BOARD OF DIRECTORS

SECTION 1 - Regular Meetings.

Regular bi-monthly meetings of the Board of Directors shall be held as required by the Act. The scheduled time, date, and place of such regular meetings shall be established by the Board of Directors at the last meeting of each year for the following year and shall not be varied except with the majority vote of the Directors.

SECTION 2 - Special Meetings.

A special meeting of the Board of Directors shall be held upon call of the President, Vice President or General Manager or three (3) or more Directors.

SECTION 3 - Place of Meetings.

The Fish Creek Water Filtration Plant in the City of Steamboat Springs in Routt County, Colorado, is hereby designated as the place where the principal office of the District shall be maintained. All regular meetings of the Board of Directors shall be held at the principal office of the District, unless a different location is determined by the President of the Board or the General Manager. Special meetings may be held at any location proper and appropriate pursuant to the Act. Special meetings may be held entirely by telephone conference. In the event of a special meeting held entirely by telephone conference call, the location of such meeting shall be deemed to be the physical location of the District's principal office. Directors may participate in regular or special meetings by telephone, subject to the other provisions of these Bylaws.

SECTION 4 - Notice of Meetings.

(a) Not less than three (3) and not more than fifteen (15) days prior to the date of any regular meeting, and no less than twenty four hours (24 hrs) prior to a special meeting, the General Manager shall notify all Directors of the time, date, and place of such meeting, and (if a special meeting), the purpose for which it is called. Such notice may be by writing delivered in person, by FAX machine, by telephone, or by the US mails, or may be by email communication. The notice shall be directed to each Director at the address, FAX number, and/or email address which he or she has provided to the General Manager. It is the Directors' responsibility to provide and revise their address, FAX number, and email address to the General Manager of the District as and when changed. In addition, the District shall post written notice of the meeting in the designated posting place of the District no less than 24 hours prior to holding of the meeting.

(b) Where possible, notices of all meetings shall include or be accompanied by an agenda stating the specific items of business expected to be considered. If a consent agenda is to be utilized at the meeting, a copy of the consent agenda shall be included with the notice.

(c) Notice of all regular and special meetings also shall comply with the Open Meetings Law.

SECTION 5 - Quorum.

A quorum of the Board of Directors shall consist of a majority of the members thereof. Less than a quorum shall have power and authority to adjourn any regular or special meeting at which less than a quorum shall be present or to continue their meeting and to fix the time and place of the holding of the continued meeting. Once a quorum is established, a quorum shall be deemed to be present for the remainder of the meeting and any adjournment of that meeting notwithstanding the absence or recusal of any Board member initially counted to establish a quorum. Whether or not a meeting is noticed and held as a telephonic meeting, a Director participating in a regular or special meeting by telephone shall be counted in determining the existence of a quorum, provided that such participation is through a speaker phone in which all other Directors may hear the Director participating by telephone at the same time.

SECTION 6 - Voting.

Directors must be physically present or must attend by telephonic participation in order to vote at any regular or special board meeting. Voting by proxy shall not be allowed.

SECTION 7 - Actions at Meetings.

The Board shall not act at any regular meeting on any matter which has not been described by general reference in the notice (agenda) for that meeting except for new items brought up by the Manager or any Director under New Business on the agenda, or unless the President determines that such matter should be acted upon because of necessity for prompt or immediate action thereon, or unless the Board first votes to modify the agenda. A consent

agenda, consisting of a list of routine action items to be considered collectively by the Board, may be utilized at any regular or special meeting. Items shall be removed from the consent agenda and addressed separately at the request of any Director.

SECTION 8 - Order of Business.

Unless otherwise provided in the agenda for the meeting, the business of all regular meetings of the Board shall be transacted, as far as practicable, in the following order:

- (1) Establishment of Quorum and Call to Order;
- (2) Approval of Agenda for Meeting;
- (3) Reading and approval, or approval as submitted, of the minutes of the previous meeting;
- (4) Public Input and Comment;
- (5) Report of General Manager, including financial report;
- (6) Approval of Disbursements
- (7) Report of Executive Committee;
- (8) Report of General Counsel;
- (9) Report of Executive or Special Committees;
- (10) Consideration/Action on District Projects;
- (11) Other Unfinished Business, New Business;
- (12) Board Member Reports;
- (13) Determination of Future Meetings; and
- (14) Adjournment

SECTION 9 - Meeting Procedures.

Regular and special Board meetings shall be conducted generally in conformance with Robert's Rules of Order, Newly Revised, 10th Edition. Meeting procedures may be modified by the President as necessary to ensure the fair and efficient conduct of Board meetings.

Each and every action of the Board necessary for the governance and management of the affairs of District, for the execution of the powers vested in District, and for carrying into effect the provisions of the Water Conservancy Act, shall be taken by the passage of motions or resolutions.

Within a reasonable time after passage, all resolutions, motions and minutes of Board meetings shall be recorded in a book kept for that purpose and shall be attested by the Secretary/Treasurer. Minutes of regular sessions shall be available for public review as soon as practicable following acceptance of the minutes by adoption of a motion therefor by the Board. Minutes of executive sessions shall be kept separate from minutes of regular sessions as described in Article III, Section 9 of these Bylaws and shall not be open to the public except as required by law. Proposed minutes shall be sent to all Directors at least 3 days prior to the next meeting of the Board of Directors.

One or more members of the Board or of any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar tele-communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

If the directors of the Board become deadlocked with respect to resolution of any matter which by Colorado law or these Bylaws may be decided by a simple majority vote of directors, so that an equal number of director votes are cast in favor of and in opposition to a proposition, then no decision shall be deemed to have been made and such matter shall automatically be tabled to the next regular or special meeting of the Board.

SECTION 10 - 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 the following guidelines:

(a) 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 as much detail as possible without compromising the purpose of being in executive session. An affirmative vote of two-thirds of the quorum present shall be required to go into executive session.

(b) 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. A record of the actual contents of the discussion in the executive session, using the same manner and media as are used to record minutes of regular sessions, shall be used. If handwritten notes of the executive session are kept, minutes of the executive session shall be created and shall contain a signed statement by the President that the minutes substantially reflect the substance of the discussion during the executive session. No record is necessary to be kept for any portions of the discussion which the District's attorney reasonably believes constitute attorney-client privileged communication. If minutes of the executive session are otherwise electronically recorded, the attorney shall state on the record when any portion of the executive session is not recorded as an attorney-client privileged communication. If minutes of the executive session are otherwise recorded in writing, then the attorney shall sign a statement to the same effect when any portion of the written Minutes is not recorded in writing as an attorney-client privileged communication.

(c) After Executive Session. The record of any executive session shall be retained by the District for ninety days and then destroyed or erased. Minutes or recordings of the executive session shall not be released to the general public for review under any circumstances, except as required by law.

SECTION 11 - Adjournment and Continuance of Meetings.

When a regular or special meeting is for any reason continued to another time and place, notice need not be given of the continued meeting if the time, date and place of such meeting are announced at the meeting at which the continuance is taken, except as required by law. At the continued meeting, any business may be transacted which could have been transacted at the original meeting.

SECTION 12 - Emergency Meetings.

Emergency meetings of the Board of Directors may be called by the President or Vice President or General Manager in the event of an emergency that requires the immediate action of the Board in order to protect the public health, safety and welfare of the persons or property of the users, customers, or electors of the District, without notice if notice is not practicable. If possible, notice of such emergency meeting may be given to the Board by telephone or whatever other means are reasonable to meet the circumstances of the emergency. At such emergency meeting, any action within the power of the Board that is necessary for the immediate protection of the public health, safety and welfare may be taken; provided, however, that any action taken at an emergency meeting shall be effective only until the first to occur of (a) the next regular meeting, or (b) the next special meeting of the Board at which the emergency issue is on the public notice of the meeting. At such subsequent meeting, the Board may ratify any emergency action taken. If any emergency action taken is not ratified, then it shall be deemed rescinded as of the date of such subsequent meeting.

ARTICLE IV - OFFICERS

SECTION 1 - Designation.

The officers of the District shall be a President, Vice-President, and Secretary/Treasurer, and such other officers as may be authorized from time to time by Board resolution. The officers shall serve in their capacities for the District in the conduct of all of its affairs.

SECTION 2 - Qualification and Election of Officers.

The President and Vice-President shall be members of the Board of Directors. The Board of Directors shall elect a President and Vice-President at the first regular Board meeting of each year. The General Manager shall be appointed by the Board of Directors from time to time, to serve at the pleasure of the Board. The General Manager shall also be the ex officio Secretary/Treasurer of the District, but shall not be a member of the Board of Directors.

SECTION 3 - Term of Office of Officers.

The President and Vice-President shall serve for a term of one (1) year, and shall hold their offices until their successors shall have been elected. The term of consecutive service by the President of the Board in such President position shall not exceed six (6) consecutive years.

A Director may again be elected to serve as President after a break in service of at least 2 years. The Vice President and Secretary/Treasurer are not subject to any term limitations.

ARTICLE V - DUTIES OF OFFICERS

SECTION 1 - President.

The President shall be the Chairman of the Board of Directors and shall preside at all meetings of the Board. Except as otherwise provided herein or by Board action, the General Counsel for the District shall approve as to form and the President shall sign all documents required to be approved by the Board of Directors under Article II, Section 3 hereof.

SECTION 2 - Vice-President.

The Vice-President shall act, in all things, and shall possess all of the powers and be subject to all of the duties of the President in the event of the latter's absence from any meeting of the Board of Directors, or his/her inability to act.

SECTION 3 - Secretary/Treasurer.

(a) The Secretary/Treasurer shall be the secretary of the Board of Directors and all special and standing committees of the Board of Directors. The Secretary/Treasurer, or a designee working under his/her direction and control, shall keep a record of all meetings of the Board of Directors and all special and standing committees of the Board of Directors, except that the meeting minutes may initially be prepared by a recording secretary so designated by the Board of Directors from time to time.

(b) The Secretary/Treasurer shall have custody of the Seal of the District and shall attest the signatures of the President or Vice-President upon all instruments and other documents signed by such officer.

SECTION 4 - Assistant Secretary/Treasurer.

The Board may designate an Assistant Secretary/Treasurer, subject to confirmation by the Board of Directors, who shall discharge the duties of the Secretary/Treasurer in his/her absence or inability to act.

SECTION 5 - General Manager.

(a) The General Manager shall be an employee of the District. The General Manager of the District shall receive an annual salary as determined annually by the Board of Directors, and shall also receive such benefits as are provided to any other employees of the District, and such additional benefits not offered generally to the other employees the District as the Board of Directors may authorize, including (but not limited to) payment by the District of the cost of health/hospitalization/dental insurance premiums for the General Manager and his

spouse. The General Manager shall have charge of and authority over the office of the District and of all employees thereof except for the District's attorneys.

(b) The General Manager shall have authority to make contracts for goods and services and to approve purchase orders and expenditures for the administrative operations of the District, subject to the Board's budgeting and appropriating funds for such expenditures. The General Manager shall have authority to authorize expenditures in excess of budgeted line items provided that expenditures in excess of general categories of expenditures shown on the summary page of the adopted budget of the District shall not be exceeded without prior Board authorization.

(c) Notwithstanding anything to the contrary set forth in Article II, Section 3, the General Manager shall have the authority, without approval by the Board of Directors, to enter into contracts for inclusion in area-wide augmentation plans decreed to the District for all applications which may be approved without the requirement that notice be given to persons who filed statements of opposition, other than the State and division engineers, in the water cases in which such plan of augmentation was decreed.

(d) The General Manager as Treasurer shall be the custodian of the funds of the District and shall deposit those funds in a bank, or banks, as authorized by the Board. The General Manager shall at all times keep an accurate and correct record of the funds of the District, including the amounts and sources of all receipts and amounts and purposes of all disbursements. The General Manager shall cause an audit of the books of the District to be made on behalf of the Board annually in compliance with Colorado governmental audit law or at such other times as the Board may direct by motion or resolution.

(e) The General Manager shall sign all warrants, checks or other instruments disbursing funds of the District in amounts less than \$10,000 and all checks for District employees' compensation from the District's "payroll" account. All warrants, checks or other instruments disbursing the funds of the District in amounts equal to or exceeding \$10,000 shall additionally require the signature of a member of the Executive Committee. At each regular meeting of the Board of Directors, the General Manager shall provide a listing of the check number, payee, and amount of each check issued on District funds for the period of time since the last listing for the last regular meeting, including all such checks in the month prior to the month of the regular meeting for ratification by the Board.

(f) The General Manager shall give notices of regular and special meetings of the Board of Directors and of all special and standing committees of the Board of Directors as required by these Bylaws, by the Act or by the Open Meetings Law, and the District shall retain such notices or appropriate evidences thereof as part of the District's permanent records.

(g) In addition to the powers and duties stated herein, the General Manager shall do and perform any and all acts required by the Board of Directors.

(h) At each regular meeting, the General Manager shall deliver in writing to the Directors a Treasurer's Report including a list of investments held by the District and the yield being earned on such investments, a list of significant contracts not yet approved by the Board of Directors and executed by the District since the General Manager's last report, a current income statement, income comparison to budget, and balance sheet, and including identification of any recommended changes to policies and/or accounting procedures, instances of non-compliance, and similar matters.

(i) The General Manager, as Treasurer, shall work with the District's auditor to ensure that accounting transactions comply with final audit requirements.

(j) In the fall and in accordance with Colorado law, the General Manager, as Treasurer, shall prepare the draft of a proposed budget for the District for the ensuing year, and shall prepare upon request of the Board updates to the 5-year long-term capital plan of the District.

(k) The General Manager, as Treasurer, shall assist with implementing changes adopted by the Government Accounting Standards Board and recommend revisions to accounting procedures and policies in order to maintain compliance.

(l) Before entering upon his duties as Treasurer, the General Manager shall give a good and sufficient surety bond in such sum as the Board shall, from time to time, fix by motion or resolution, conditioned upon and for the honest and faithful discharge of his/her duties, and the full and complete accounting by him/her for all funds and properties of the District which shall come into his/her hands, which bond, and the surety or sureties thereon, before becoming effective, shall be approved by the President of the District. The cost of such bond shall be a District expense.

ARTICLE VI - COMMITTEES

SECTION 1 - Executive Committee.

An Executive Committee is hereby created in order to more efficiently and economically carry out and effectuate the express powers of the District set forth in the Water Conservancy Act, including operation of the District as an Enterprise.

SECTION 2 - Executive Committee Membership and Selection.

The Executive Committee shall consist of five (5) persons, all of whom shall be members of the Board of Directors selected in the following manner:

(a) The President shall be a member and chairman of the Executive Committee. The Vice President shall also be members of the Executive Committee.

(b) The remaining members of the Executive Committee shall be selected by the vote of the Board of Directors on an annual basis.

Appointment and selection of members of the Executive Committee shall be made at the first regular meeting of the Board of Directors in each year.

SECTION 3 - Powers and Duties of Executive Committee.

The Executive Committee shall have the following powers and duties, to-wit:

(a) To act on behalf of the Board as directed by the Board of Directors at any regular or special meeting of the Board of Directors.

(b) Between regular meetings of the Board of Directors, the Executive Committee shall have power and authority to make contracts and agreements for the development and implementation of the District's policies, provided that no one such contract shall involve the expenditure or disbursement of more than \$50,000.

(c) To direct the General Manager and General Counsel for the District to perform such duties and functions as are deemed necessary for the carrying on of the business and affairs of the District, until the next regular or special meeting of the Board of Directors.

(d) To authorize, subject to Board of Directors, ratification, statements of opposition in water cases and settlement of litigation.

(e) To act on behalf of the Board in an emergency.

SECTION 4 - Creation of Special Committees.

Special committees may be created upon motion or resolution adopted at any meeting of the Board of Directors. The number of members of such committees shall be provided in the motion or resolution creating the committee. The Directors who shall serve thereon shall be selected by vote of the Board of Directors, or, in default of such selection, shall be determined and appointed by the President. Authority of any such committee to act on behalf of or bind the Board shall only be delegated by Board motion or resolution. Any such committees can be dissolved by the Board. The President shall be an ex-officio member of all such committees and shall vote on committee actions only if necessary to break a tie vote of the other committee members or if there is a quorum only because of the President's attendance. The General Manager shall be an ex-officio member of each special committee, but shall have no vote thereon.

SECTION 5 – Meeting of Committees.

All Board members shall receive notice of committee meetings and information required by the Open Meetings Law. Locations and notices of such committee meetings shall conform with the requirements of Article III, Section 4. All directors are entitled to attend committee meetings, but only committee members may vote.

SECTION 6 - Conduct of Committee Meetings.

The provisions and requirements of Article III concerning quorum, voting, actions and procedures at Board meetings shall apply to committee meetings, subject to the provisions of this Article. The ex-officio member of such committees shall not be counted in determining the existence of a quorum.

ARTICLE VII - FINANCIAL ADMINISTRATION

SECTION 1 - Fiscal Year.

The fiscal year of the District shall commence on January 1 of each year and end on December 31.

SECTION 2 - Preparation of Budget.

On or before October 15th of each year, the General Manager shall prepare and submit to the Board of Directors a proposed budget for the ensuing fiscal year. Such proposed budget shall be based on policy and direction established by the Board at a regular meeting prior to preparation by the General Manager and shall be accompanied by a statement which shall describe 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 expenditures and the total anticipated 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. It shall be supported by explanatory schedules or statements classifying the expenditures contained therein by services, subjects and funds. The anticipated income of the District shall be classified according to the nature of receipts.

SECTION 3 - Adoption of Budget.

On the day set for consideration of such proposed budget, the Board shall review the proposed budget and revise, alter, increase or decrease the items as it deems necessary in view of the needs of the District and the probable income of the District. The Board shall then adopt a budget setting forth the expenditures to be made in the ensuing fiscal year. The Board shall provide for sufficient revenues to finance expenditures in the budget with special consideration given to the proposed property tax levy.

SECTION 4 - Levy and Collection of Taxes.

On or before December 15th of each year, unless an election for an increased operating tax levy is held, the Board shall certify to the Board of County Commissioners of the Counties of Routt and Moffat the mill levy established for the ensuing fiscal year, in order that, at the time and in the manner required by law for the levying of taxes, such Commissioners will levy such tax upon the assessed valuation of all taxable property within the District.

SECTION 5 - Filing of Budget.

On or before January 30th of each year, the Board shall cause a certified copy of such budget to be filed with the Division of Local Government in the State Department of Local Affairs.

SECTION 6 - Appropriating Resolution.

At the time of adoption of the budget, the Board shall enact a resolution establishing the District's mill levy and shall also enact a resolution making appropriations for the ensuing fiscal year. The amounts appropriated thereunder shall not exceed the amounts fixed therefor in the adopted budget. 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 allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution. The Board may make an appropriation to and for a contingent fund to be used in cases of emergency or other unforeseen contingencies.

SECTION 7 - No Contract to Exceed Appropriation.

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 appropriation resolution, including any legally authorized amendment thereto, in excess of the amounts of such appropriation for that fiscal year. Any contract, verbal or written, contrary to this Section shall be void ab initio, and no District funds shall be expended in payment of such contracts, except as provided in Sections 8 and 9 below.

SECTION 8 - Contingencies.

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 in excess of the budget by resolution duly adopted by at least five Directors. Such resolution shall set forth in full the facts concerning the emergency and shall be included in the minutes of such meeting. If so enacted, a copy of the resolution authorizing additional expenditures shall be filed with the Division of Local

Government in the State Department of Local Affairs and shall be published in compliance with statutory requirements.

SECTION 9 - Payment of Contingencies.

If there is unexpended or uncommitted money in funds other than those to which the emergency relates, the Board shall transfer such available money to the fund from which the emergency expenditure is to be paid. To the extent that transferable funds are insufficient to meet the emergency appropriation, the Board may borrow money through (a) the issuance of tax anticipation warrants, to the extent that the mill levy authority of the District is available as provided by law, or (b) the issuance of bond anticipation notes payable from future bond proceeds or operating revenue, or (c) any other lawful and approved method.

SECTION 10 - Annual Audit.

The Board shall cause an annual 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. In all events, the audit report must be submitted to the Board within six months of the close of such fiscal year. Such audit shall be conducted in accordance with generally accepted auditing standards 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 State law pursuant to statutory requirements. A copy of the audit report shall be maintained by the District as a public record for public inspection at all reasonable times. A copy of the audit report shall be forwarded to the State Auditor or other appropriate State official pursuant to statutory requirements.

ARTICLE VIII - GENERAL COUNSEL

The Board may retain an attorney licensed to practice law in the State of Colorado to act as General Legal Counsel for the District, including its Enterprise. Such General Counsel shall report to and be responsible to the Board and its committees and shall conduct legal affairs on behalf of the District subject to requirements of laws and rules governing the attorney-client relationship and with the assistance of such special legal counsel as the Board may authorize.

ARTICLE IX - PUBLIC RECORDS

SECTION 1 - General Procedures.

The Secretary/Treasurer, as custodian of the District's records, shall make the District's nonconfidential records available for inspection by the public during normal District office hours and provide copies of such documents to the public without the need for formal requests pursuant to the Open Records Act. The Secretary/Treasurer shall determine whether such records are confidential and therefore not available to the public by reference to the provisions of the Open Records Act concerning denial of inspection of public records and, as he/she deems appropriate, after conferring with the District's General Counsel. The Secretary/Treasurer also shall implement the procedures of the Open Records Act when requests for records are made by the public pursuant to that statute.

SECTION 2 - Requests for Board Meeting Information.

The Secretary/Treasurer shall provide copies of all nonconfidential documents which are provided to the Directors in connection with regular and special Board meetings to members of the public who request the same and agree to pay the costs thereof determined in accordance with the Open Records Act. In providing copies of documents to members of the public pursuant to this Section, the Secretary/Treasurer shall charge the amount allowed by statute.

ARTICLE X - CONFLICTS

SECTION 1 - Protection of Privileges.

At times Directors may be associated with other entities which have interests which are adverse to the interests of the District. Such Directors shall not disclose or use confidential information received as a District director contrary to the District's interests without approval of the Board. If a District director acts or intends to act for another entity on a matter in which there are or reasonably are expected to be adverse interests between that entity and the District, he/she shall recuse himself/herself from participating in the District's confidential discussions of that matter and decline to receive confidential District information about that matter. Such director also shall not vote on Board actions affecting the matter. In such a situation, the director shall promptly notify the District's General Counsel, or General Manager of his/her decision or intention to act on behalf of the adverse or potentially adverse entity, and General Counsel, and the General Manager thereafter shall not provide confidential information to such director about the matter.

SECTION 2 - Code of Ethics.

District directors, officers and staff shall comply with the Colorado Code of Ethics law which is codified at C.R.S. § 24-18-101 et seq., as it may be amended from time to time.

SECTION 3 - Disclosure of Conflicts.

District directors, officers and staff shall comply with C.R.S. § 18-8-308 concerning disclosure of conflicts of interest.

ARTICLE XI - SEAL

The Seal of the District shall consist of two concentric circles within the word "SEAL" and the name of the District within said circle.

ARTICLE XII - INDEMNIFICATION OF DIRECTORS, OFFICERS & EMPLOYEES

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

ARTICLE XIII - BIDDING AND CONTRACTING PROCEDURES

Except in cases in which the District will receive aid from a government agency, a notice shall be published for bids on all construction contracts for work or material, or both, involving an expense of \$25,000 or more of District funds. The Board may reject any and all bids, and if it appears that the District can perform the work or secure material for less than the lowest bid, it may proceed to do so in accordance with law. All other constitutional and statutory requirements relating to sole source contracts performance bonds, retainage, and similar matters shall also be complied with.

ARTICLE XIV - AMENDMENTS

These Bylaws may be amended by the affirmative vote of a majority of the entire Board of Directors. A copy of any amendments to these Bylaws proposed to be made shall be mailed by the General Manager to each member of the Board of Directors not less than ten (10) days prior to the meeting of the Board at which such amendment is to be considered.

CERTIFICATE OF SECRETARY

I hereby certify that the foregoing Bylaws were approved by the Board of Directors of the Upper Yampa Water Conservancy District effective as of September 21, 2016.

By: _____
Kevin McBride, General Manager
and Secretary/Treasurer

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