

Lookout Mountain Water District
POLICIES, RULES AND REGULATIONS

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ARTICLE I – INTRODUCTION, AUTHORITY, PURPOSE AND DEFINITIONS

1.1 Introduction

The Policies, Rules and Regulations of the Lookout Mountain Water District, (the "District") were primarily adapted from the Service Plan for the District filed in Jefferson County, Colorado, in March 1988. It has been necessary to modify these policies from time to time due to changes in conditions and events within the District.

1.1 Authority.

The Lookout Mountain Water District, (the "District"), is a Colorado special district, a division of the government of the State of Colorado formed pursuant to the Special District Act, Title 32, Colorado Revised Statutes, by decree of the District Court in Jefferson County, Colorado, in Civil Action 88CV0265, March, 1988. The authority of the District to adopt rules, regulations and by-laws is expressly conferred by Statute. The Board of Directors of the District expressly finds and determines that the adoption of the following policies, rules and regulations, including by-laws, is necessary for the health, welfare, security and public safety of the inhabitants of the District. It is intended that these rules, regulations and by-laws shall be liberally construed to effect the general purposes set forth herein and that each and every part thereof is separate, distinct and severable from all other parts. No omission nor additional material set forth in these rules, regulations and by-laws shall be construed as an alteration, waiver or deviation from any grant of power, duty or responsibility, or limitation or restriction imposed or conferred upon the Board of Directors by virtue of the Statutes as existing or as may hereafter be amended. Nothing contained herein shall be so construed as to prejudice, limit or affect the right of this District to secure the full benefit and protection of any laws which are now or hereafter may be enacted by the Colorado State Legislature pertaining to local improvement and service districts.

1.2 PURPOSE OF THE WATER SYSTEM.

It is hereby declared that the water system of the District is for the primary purpose of supplying potable water for domestic and fire protection uses. The uses of water for irrigation and watering of livestock, commercial uses and government uses are secondary to domestic and fire protection uses and may be permitted and regulated at the discretion of the Board of Directors as hereinafter provided. In the conduct of its mission, the District and its Board shall in all of their activities consider and promote any and all feasible means for the conservation and protection of water resources.

1.3 Definitions.

1.3.1 Persons and Agencies.

1.3.1.1 Board.

The elected Board of Directors of the District.

1.3.1.2 Administrator.

The appointed individual(s) or firm(s) under contract with the District to administer the financial and business affairs of the District.

1.3.1.3 Operator.

The appointed individual(s) or firm(s), duly licensed by the State of Colorado Department of Health, under contract with the District to operate and maintain the District's public water system and affiliated entities necessary to provide the District's service.

1.3.1.4 Engineer.

The appointed individual(s) or firm(s), duly licensed by the State of Colorado as a professional engineer, under contract with the District to design, specify and oversee

construction of District facilities. The Board shall rely on the Engineer to determine what standards and specifications are necessary and appropriate for any modification of the Public Water System.

1.3.1.5 Counsel.

The appointed individual lawyer(s) or law firm(s), under contract with the District to advise and assist the Board in its legal affairs.

1.3.1.6 Tap Owner.

Person(s), entities or successor(s) in interest, designated in the closing documents for the District's Golden Agreement as owning a tap, or a person to whom a tap is issued by the District pursuant to the Viewpoint Agreement and applicable subsequent agreements and transfers.

1.3.1.7 Golden.

The City of Golden, Colorado, which was the District's predecessor in ownership and operation of the Beaver Brook Water System.

1.3.1.8 Customer.

The person or persons inhabiting or occupying premises served by an active District tap.

1.3.1.9 Beaver Brook Water Consumers Association (BBWCA).

The nonprofit organization comprised of former customers of Golden on the Beaver Brook Water System, which organized and petitioned to form the District.

1.3.1.10 The District.

The Lookout Mountain Water District.

1.3.2 Agreements and Documents.

1.3.2.1 Service Plan.

The Service Plan, of latest revision, for the Lookout Mountain Water District, originally prepared and filed by BBWCA with the Jefferson County Commissioners, December, 1987.

1.3.2.2 Golden Agreement.

The Amended Water Agreement between BBWCA and Golden, dated May 14, 1987, the System Purchase Option of which was executed on September 30, 1988.

1.3.2.3 Viewpoint Agreement.

The Second Agreement between Viewpoint Associates and BBWCA, dated December 9, 1987, the closing of which took place on July 27, 1988 and was a condition precedent to execution of the Golden Agreement.

1.3.2.4 Mount Vernon Agreement.

The March 15, 1984 agreement between Mount Vernon Country Club and Golden, whereby Golden issued a tap and agreed to supply water to certain designated sites.

1.3.3 System Components.

1.3.3.1 Main.

The Beaver Brook Main transmission line, which extends from the District's treatment plant at Lower Beaver Brook Dam to Lookout Mountain Reservoir.

1.3.3.2 Lateral.

A distribution pipe connected to the Main to which two or more service lines are connected. Unless formally conveyed to and accepted by the District from its owners, laterals are jointly owned private property governed by but not the financial responsibility of the District.

1.3.3.3 Service Line.

A privately owned water line connecting the Main or a lateral to a service location.

1.3.3.4 Curb Stop.

A valve located in a service line usually near the point where the line enters the property served.

1.3.3.5 Corporation Stop.

A connection and valve located at the junction of a service line with a lateral or the main, or at the junction of a lateral and the main.

1.3.3.6 Tap.

The right to obtain water from the District's main. Taps are personal property until either connected physically or irrevocably assigned for use on a designated parcel of land, after which they may be appurtenant to the land.

1.3.3.7 Meter.

A flow measuring device located in a service line at or near the premises served.

1.3.3.8 Public Water System.

As used herein the term public water system shall be liberally construed to include all components of the mechanical systems administered or co-administered by the District to capture, store, treat and deliver water to premises served. In addition to facilities owned by the District, i.e., its dams and reservoirs, treatment plant, the Beaver Brook Main, its treated water storage reservoir and pump station and all metering equipment throughout the system, the following components which are not owned by the District are also included in the term public water system: (a) lateral lines and appurtenant regulating equipment, (b) service lines, (c) domestic, fire suppression and irrigation plumbing, (d) the Golden Watershed, (e) the Beaver Brook watercourse, between the Upper and Lower Beaver Brook reservoirs, and (f) fire hydrants.

ARTICLE II - SERVICE CLASSIFICATIONS

2.1 Tap Status Definitions.

2.1.1 Assigned.

An authorized tap that has been assigned to a particular parcel of land which is or is about to be (at the next inclusion filing with the District Court) included within the District's boundaries.

2.1.1.1 Active.

An assigned tap where a physical connection to a lateral or the main exists and is not shut off. All active taps shall be metered and billed for consumption subject to a minimum periodic charge, as specified in the District's schedule of rates and fees.

2.1.1.1.2 Unconnected.

An assigned tap where there is no physical connection to a lateral or the main, or where the physical connection has been disabled by the District. Unconnected taps shall be subject to a fee, as specified in the District's schedule of rates and fees.

2.1.1.1.3 Shut Off.

An assigned tap where a physical connection to a lateral or the main exists, but service has been interrupted by means of shutting off a valve in the service line, either at the customer's request, or as a result of nonpayment of District charges. Shut off taps shall be subject to the District's minimum periodic service charge, as specified in the District's schedule of rates and fees.

2.1.2 Unassigned.

An authorized tap which has not been assigned to a parcel of land included within the District and shall be subject to a fee, as specified in the District's schedule of rates and fees.

2.1.3 Unauthorized.

Any connection to the public water system that does not meet the definitions associated with Assigned or Unassigned, above.

2.1.4 District Not a Recorder of Tap Ownership.

The Clerk and Recorder of Jefferson County, (not the District), is the official recorder of real property ownership within the County and the District. The Board is the final authority to determine whether a person or entity is a tap owner who is entitled to water

service from the District. The Board shall make such determinations based on the best available evidence which can be produced, but shall not be obliged to make any independent investigations. Generally, a trail of bills of sale or recorded deeds shall be persuasive in ascertaining ownership of a tap. It is the District's recommendation that tap ownership and assignment be disclosed upon conveyance of real property by specific mention on the face of a recorded deed, to ensure that said transfers of ownership and assignments become matters of public record.

2.2 Tap Types.

A tap's type is significant with respect to regulation of permitted water uses on the premises served and rates to be charged for consumption at the tap. Taps bear the respective types designated by the District's Board as of January 1, 1991, which designations were made based on the tap's historical use through the date of designation.

2.2.1 Residential.

A metered tap through which water can be delivered to one single family dwelling unit through a single meter. Each single family dwelling unit shall require its own tap. A residential tap can serve separate structures appurtenant to the dwelling, including garages, barns and guest houses, provided that no such structure served by the tap shall be leased to a nonfamily member and that said structures are physically located on the same legally described parcel of land that has been included in the District.

2.2.1.1 Residential, Clear Creek County.

A tap through which water can be delivered to a single family dwelling on Beaver Brook Drive in Clear Creek County.

2.2.2 Commercial.

A metered tap through which water can be delivered to a single business enterprise, church or eleemosynary organization, through a single meter. For purposes of defining such an entity, the District shall acknowledge the zoning of a Commercial or Commercial Equivalent property by Jefferson County. Whether multi-family residential properties are considered commercial shall be determined on a case by case basis by the Board of Directors, and the zoning and land use permitted by Jefferson County for the property would be part of the consideration process. See section 3.1.3 for water supply to Commercial Taps.

2.2.3 Governmental.

A metered tap through which water can be delivered for use by a governmental unit, other than a fire protection district, or its residential or commercial tenant or concessionaire.

2.2.4 Fire Protection District Tap.

A metered tap, other than a hydrant or fire plug, through which water can be delivered to a fire station for domestic or fire suppression purposes.

2.2.5 Designation of Tap Size.

Certain taps were designated upon issuance by Golden with a size greater than a standard 3/4 inch. Said taps, most of which are 1-1/2 inch, shall continue to hold their larger sized designations, which in turn authorizes continuing service through their respectively sized meters. Most, but not all, of said taps bear District designations as Commercial type taps.

District designation of a tap as Commercial provides no inherent or corresponding right to obtain service through a meter larger than the standard 3/4 inch size.

2.3 Changes in Tap Status or Type.

2.3.1 Unassigned to Assigned.

A tap owner may at any time assign a previously unassigned tap to a parcel of land within or outside of the District's boundaries. All tap assignments designating the area of

usage made on or after August 1, 1988 shall be deemed irrevocable, (but see Section 2.3.5). The parcel, if not already included within the District, must become properly included by means of a process specified in Colorado Statute, (currently C.R.S. Section 32-1-401).

2.3.1.1 Inclusion Fee and Costs

An inclusion fee, as specified in the schedule of rates and fees, shall be paid by the petitioning tap owner at the time the inclusion petition is submitted. The petitioner shall also reimburse the District for all out of pocket costs incurred in the process of complying with the statutory inclusion process. If for any reason District property taxes have been levied and paid on the subject parcel in the past, the specified inclusion fee shall be reduced by the amount of said taxes collected to date by the District on the property.

2.3.2 Unconnected to Active (Tap Permit process)

In order for a tap to be activated, the tap owner must apply to the District for a Tap Permit and the tap permit fee, as specified in the schedule of rates and fees, shall be submitted with the application. The Tap Permit Application is signed by the tap owner affirming agreement to comply with the District's Rules and Regulations and countersigned by applicable lateral owners, if any, granting permission to tap into the lateral or laterals and countersigned by the District's Operator and Administrator, evidencing that prescribed inspections have been made and fees paid, thereby granting permission for the tap owner to connect to the Public Water System. The Tap Permit Application process shall provide a mechanism to control and document the tap owner's compliance with the District's rules and regulations, (especially its mechanical specifications), to ensure that written permission has been obtained from the owners of any laterals involved for the tap to be served through said lateral or laterals, and to ensure that excavating and plumbing contractors employed are acceptable to the District. It shall be the Applicant's responsibility to arrange for review and inspections by the Operator at the following key points in the permit process: (a) plans and specifications review, (b) service line excavation and connection, and (c) acceptance of service as installed. Following acceptance of the service, the tapowner will schedule the meter installation and service activation with the Operator.

2.3.2.1 Tap Permit vis. Assignment and Inclusion.

The procedures specified in paragraphs 2.3.1 and 2.3.2, above may be accomplished concurrently; however, a tap permit will not be approved by the Administrator unless the parcel to be served is already included in the District or until the tap owner's inclusion petition has been heard and accepted by the Board.

2.3.3 Seasonal Shut Off.

A customer or tap owner may request temporary shut off of service, e.g., during winter months or other planned extended absence from premises served. During the shut off period the tap shall remain subject to any minimum charge as specified in the schedule of rates and fees. Turn Off and Turn On fees, as specified in the schedule of rates and fees, shall be charged to the Customer. Customer, adult occupant or agent must be present for Turn On to avoid possible damage to premises.

2.3.4 Involuntary Shut Off.

The District, after due process specified herein, may shut off service to a tap for failure of the Customer and Tap Owner to pay amounts billed by the District. Turn Off and Turn On fees, as specified in the schedule of rates and fees, shall be charged to the Customer. Customer, adult occupant or agent must be present for Turn On to avoid possible damage to premises.

2.3.5 Reassignment.

A tap assigned to a property prior to August 1, 1988 may be severed from the property to which it is assigned and reassigned to another parcel, provided that the tap shall be activated at its newly assigned location within one year of reassignment. Reassignment hereunder is allowed irrespective of the fact that the tap may have been *irrevocably*

assigned to its original parcel prior to August 1, 1988. Unless already within the District, the new parcel to which the tap is assigned must be duly included in the District by petition to the Board and payment of the inclusion fee then in effect. Reassignment shall also require a petition to the Board and payment of any scheduled reassignment fee in effect plus reimbursement of any out-of-pocket costs the District incurs. Should activation of the tap at its new reassigned location not be accomplished within in one year, the District may impose an additional reassignment fee in an amount not less than the cumulative fees which would have accrued on the tap had it been activated in a timely manner.

2.3.6 Change of Ownership.

2.3.6.1 Active and Shut Off Taps.

For transfer of ownership of an active or shut off tap, the transferor of said tap shall give the Administrator advance notice in writing of the transfer, including the scheduled date of transfer, the transferor's forwarding address, the name, address, and telephone number of the escrow agent handling the transaction, and the name of the transferee. The transferor shall be charged a transfer fee as specified in the schedule of rates and fees.

2.3.6.2 Unconnected Assigned and Unassigned Taps.

For transfer of ownership of an unconnected assigned or unassigned tap, the transferor of said tap shall give the Administrator notice in writing of the transfer within thirty days of the transfer; other requirements and fees may apply.

2.3.7 Conversion.

Taps may be converted from commercial to residential or from residential to commercial in such ratios and upon such terms and considerations which may be determined by the Board. In all such conversions the flow limitations of these rules and regulations shall apply.

ARTICLE III - REGULATION AND MEASUREMENT OF CONSUMPTION.

3.1 Water Supply.

3.1.1 General.

The District will operate, maintain and improve components of the public water system which the District owns and will oversee operation of other components of the public water system which the District does not own, with the objective of providing a reliably safe, continuous and ample supply of water to its customers.

3.1.1.1 Interruption for Repairs or Improvements.

Whenever necessary, the District may temporarily suspend delivery of water to one or more customers for the purpose of making repairs or improvements to the system. Every effort shall be made in the case of non-emergency repairs to notify affected customers well in advance of any planned interruption. Interruptions of service shall not relieve customers from charges for service actually supplied, including any minimum charge which may apply.

3.1.1.2 Drought, Fire or Other Emergency.

In case of drought, fire or other emergency, the Board, at its discretion, may impose such temporary or seasonal water use restrictions as it deems necessary and prudent in the circumstances, and in so doing may grant preference to those classes of service which it deems most essential to the public welfare. Said restrictions may include regulation of the hours and time for irrigation or other nonessential water use.

3.1.1.3 District Not Liable for Shortages, Interruptions or Surges.

The District shall exercise reasonable diligence and care in regulating delivery of a safe, continuous and ample supply of water to customers, and further, to avoid shortages, interruptions, wide fluctuations in pressure and to minimize the presence of suspended

particulate matter in the water. However, the District shall not be liable for said shortages, interruptions, pressure variations, or particulates, or for any injury, loss, or damage occasioned thereby, if same is due to causes or contingencies beyond the control of the District, including accidents, equipment failures, or acts of God. Tap owners and customers shall hold the District harmless and indemnify the District against all claims and liability for injury to persons or damage to property when such damage or injury results from or is occasioned by the tap's service connection, unless said damage or injury is caused by the negligence or wrongful acts of a District agent or employee.

3.1.2 Residential Taps.

The District's Mechanical Specifications, appended to these Policies, Rules and Regulations, provide for the use of water saving toilets in all new or remodeled construction. Residents of Paradise Hills Unit 3 should be cognizant of additional water use restrictions imposed by covenant pursuant to the Viewpoint Agreement and enforceable by the District.

3.1.3 Commercial Taps.

The District's Mechanical Specifications, appended to these Policies, Rules and Regulations, provide for the use of water saving toilets in all new or remodeled construction. Commercial consumption shall be limited in any year to 120% of the average annual consumption through the tap in the immediately preceding three years. The Board may extend the allowable consumption for a commercial tap by specific agreement with the tap owner in return for the contribution of water rights or other consideration to the District.

3.1.4 Government Taps.

The District's Mechanical Specifications, appended to these Policies, Rules and Regulations, provide for the use of water saving toilets in all new or remodeled construction at government facilities, whether used for commercial, residential or other governmental purposes. Governmental consumption shall be limited in any year to 120% of the average annual consumption through the tap in the immediately preceding three years. The Board may extend the allowable consumption for a governmental tap by specific agreement with the tap owner in return for the contribution of water rights or other consideration to the District.

3.1.5 Fire Protection District Taps.

The District's Mechanical Specifications, appended to these Policies, Rules and Regulations, provide for the use of water saving toilets in all new or remodeled construction at fire district facilities.

3.1.6 Nonstandard Size Taps.

Consumption through a nonstandard size tap shall be limited in any year to 120% of the average annual consumption through the tap in the immediately preceding three years. The Board may extend the allowable consumption for a nonstandard size tap by specific agreement with the tap owner in return for the contribution of water rights or other consideration to the District.

3.2 Metering.

3.2.1 All Taps Metered.

As a basis for billing and to monitor the yield of water delivered by the public water system, it is the District's policy that all taps, including fire protection district taps, and laterals be metered. Meters shall be supplied by and at the expense of the District, except that the customer shall bear the incremental cost of the meter for a nonstandard tap size

3.2.2 Reading Schedule.

Meters shall be read on a bimonthly schedule, as close as possible to the 25th of January, March, May, July, September and November.

3.2.3 Right of Entry and Safe Passage.

Duly authorized representatives of the District with proper credentials shall be permitted to enter upon the property of a tap owner during daylight hours for the purpose of reading a meter. Customers shall provide for the safe conduct of said representatives on their premises. A Customer's account will be charged for failure to maintain right of entry and safe passage to access to the meter and related devices as specified in the schedule of rates and fees or may be shut-off due to non-compliance.

3.2.4 Meter Access

The Customer is responsible for maintaining access to the meter and related devices and is responsible for costs incurred by the District to maintain access to the meter. A Customer's account will be charged for failure to maintain access to the meter and related devices as specified in the schedule of rates and fees or may be shut-off due to non-compliance.

3.2.5 Meter Accuracy and Suspected Malfunction.

A Customer may request and obtain an independent bench test of a meter where the tap owner suspects that a meter is reading inaccurately. Evergreen Metropolitan District or similar shall be deemed an independent laboratory for purposes of said testing. If a meter is found to be within a plus or minus 3% average tolerance of accuracy at each of three nominal rates of flow, (2 gpm, 5 gpm, and 10 gpm for 3/4 in. meters), the meter shall be presumed reliable and the Administrator may charge the Customer a meter test fee deposit, as specified in the schedule of rates and fees. When a meter is found to be out of tolerance in the Customer's favor, the Administrator shall calculate and apply an appropriate credit adjustment to the Customer's account, based on the average indicated error. Meters discovered to be out of tolerance shall be replaced expeditiously.

3.2.5.1 Audit of Remote Readout Devices.

The Operator shall conduct a systematic program whereby readings per remote readout devices are compared to their respective meter readings.

3.2.6 Estimates When Necessary.

In a case where it is impossible to access a meter due to ice or snow accumulation, meter malfunction or other condition beyond the District's control, the District may base its billing on an estimate of the tap owner's consumption for the period, computed using a method which the Administrator deems appropriate in the circumstances. If the estimated billing is rendered at the District's minimum rate and the subsequent reading indicates greater than minimum usage for the four month period, actual consumption shall be charged for the four month period and the account credited for the minimum previously charged as an estimate.

ARTICLE IV - BILLING AND COLLECTIONS.

4.1 Billing Cycle.

4.1.1 Billing Dates.

Billing dates shall be the 25th of January, March, May, July, September and November. The bimonthly bills shall be mailed to customers as soon as possible following the billing dates.

4.1.2 Billing Address.

Bills shall be mailed to the service address unless the customer requests otherwise.

4.2 Collection of Amounts Due.

4.2.1 Payment Due Date.

Water bills shall be payable upon receipt and no later than the "due date," which is the end of the month following the month of the billing date.

4.2.1.1 Current Amounts Due.

Timeliness of payment shall be evaluated based on postmark or the date received in person by the Administrator.

4.2.1.2 Delinquent Amounts Due.

Payment of delinquent amounts due, including late fees, shall be deemed to have been made in time to avert issuance of a shutoff notice if actually received by mail or in person

by the Administrator, no later than 3:00 p.m. on the 15th day of the month following the due date.

4.2.2 Returned Checks or Payments

No attempt shall be made to redeposit dishonored or returned checks or payments, including electronic payments made by Automatic Payment Service (APS). The customer's account will be charged for the amount of the check which had been previously posted to the account and for a returned payment handling fee as specified in the schedule of rates and fees. It is likely that said charges may place the account in delinquent status.

4.2.3 Late Payment Fees.

Late payment fees, as specified in the accompanying schedule of rates and fees shall be charged to delinquent accounts following the due date.

4.2.4 Shutoff Process for Failure to Pay Delinquent Amounts.

4.2.4.1 Delinquency Notice.

Customers with delinquent accounts may be notified of past due amounts sent by regular mail to the billing address between billing cycles.

4.2.4.2 Shut Off Notice.

On or after the 15th day of the month following the month of the due date, shut off notices shall be delivered in one of the following ways: 1) sent by regular mail to the billing address 2) sent by certified mail to the billing address or 3) posted on premises served by taps with delinquent accounts. Said notices shall indicate that water service will be shut off by the District if payment in good funds is not received or other arrangements for payment made with the Administrator by a specified time and date at the District's office. Fees as specified in the schedule of rates and fees will apply (Turn Off and Turn On).

4.2.4.3 Shut Off.

In cases where no response is forthcoming from a shutoff notice, the Administrator shall issue a shutoff order to the Operator and the Operator shall physically disconnect said water service. Operator may not collect payments from customers to avoid shut off. Turn off fee shall apply as specified in the schedule of rates and fees.

4.2.4.4 Reconnection.

When full payment in good funds or other arrangements acceptable to the Administrator has or have been made, the Administrator shall issue a reconnection order. Reconnections shall be attempted within 24 hours of the day following the date of the reconnection order. The customer or an adult inhabitant of the premises served must be present before the Operator will turn water back on. This latter provision is necessary to avoid water damage from faucets which may have been left open during the shutoff period. Turn on fee shall apply as specified in the schedule of rates and fees.

4.2.5 Billing Errors or Omissions.

In the event an error or omission in a billing occurs, the District shall credit an overcharge promptly and, likewise, shall have the right to collect an undercharge, irrespective of the date or duration of said billing error or omission. The Administrator is authorized to make appropriate arrangements with a tap owner for deferred payment of an undercharge.

4.2.6 Lien Filing on Property for Non-payment.

In the event that billing charges remain unpaid and/or fees continue to accrue, at the Administrator's discretion, a lien shall be filed against the property and the Tap Owner shall be subject to a fee as specified in the schedule of rates and fees.

4.2.7 Responsibility of Tap Owner for Charges to Account and Tenants.

The Tap Owner is responsible for all District charges to an account, regardless of a tenancy or lease agreement that may exist between Tap Owner and tenant(s). It is the responsibility of the Tap Owner to collect such charges from the tenant(s) and the District will not serve as a collection agent for the Tap Owner. A Tap Owner may request that

the bills be sent to a tenant at a specified billing address, however such billing arrangement does not remove responsibility for the account by the Tap Owner.

4.2.8 Special Project Costs.

Direct costs, particularly subcontractor and legal costs, incurred by the District on behalf of an individual or entity, such as a developer, homeowners association, or special district, for special projects that require significant effort over a period of time, must be reimbursed to the District by the individual or entity.

ARTICLE V - LATERALS AND SERVICE LINES.

5.1 General.

It shall be the responsibility of the owner or owners of a service line or privately owned lateral to protect the integrity of the public water system by maintaining said lines and their connections to the Main in good repair at all times. While the District has the responsibility of safe and efficient operation of its entire public water system and, accordingly, the authority to make inspections and enforce proper maintenance and timely repair of privately owned components, the District undertakes no financial or other liability for maintenance or repair of said components.

5.2 Privately Owned Lateral Systems.

5.2.1 Annual Registration.

The owners of each privately owned lateral system shall submit a report on an annual basis to the Administrator which shall provide the following original or updated information with regard to the line and its ownership:

- (a) Name, address and form of organization, and directors or officers.
- (b) Emergency contact names and telephone numbers.
- (c) Copy of most recent update of by-laws, rules and regulations of the lateral owners' organization, including policy on extending service to new taps.
- (d) Current financial statements of the lateral owners organization.

5.2.2 Line Extension, Replacement and Repairs.

Prior to going out to bid for the accomplishment of any extension, replacement or refurbishment of a private lateral, the line's owners shall submit plans, specifications and contract documents, including a schedule for work, to the District for review by the Engineer and Counsel. No contract for said extension, replacement or refurbishment of a private lateral shall be let without the Board's assent, which shall not be granted unless and until plans, specifications and the contractor meet with the approval of the Engineer and Counsel. The Engineer and Counsel shall review plans, specifications and contract documents in a timely and expeditious manner, and shall convey their comments to the lateral owners as to what changes may be necessary to bring the documents into compliance with the District's Policies, Rules and Regulations, including Mechanical Specifications. The minimum size water main extension or replacement of a lateral shall be 8" diameter and all extensions or replacements shall be "looped," unless specific exemptions are granted by the Board of Directors of the District. A looped line is defined as a lateral line which is connected to another independent line (i.e. the District's main or a lateral line, if of adequate size). Contract specifications shall include a provision whereby the Contractor is required to cooperate with the District by accommodating and responding to inspections by the Engineer during construction.

5.2.3 Leaks, Repairs and Maintenance.

Lateral owners shall at all times maintain their lateral line and keep it adequately protected from damage, according to District construction and mechanical specifications.

Lateral owners shall repair leaks as soon as possible. Lateral owners are responsible to promptly reimburse the District for expenditures made on their behalf, regardless of whether notice was provided in advance or after the fact. The District may make recommendations regarding repairs and maintenance that are of mutual benefit to the lateral system and the District in writing; if the lateral owners are unable to complete the recommended items within the recommended timeline, they should provide an explanation to the District in writing.

When a leak or suspected leak in a lateral line comes to the attention of the District, the following procedures shall be followed:

(a) If the leak is deemed to be significant by the Operator, the District will arrange for repairs at the District's discretion. The District will take into account the cost of the repair with the seriousness of the damage, potential damage and potential loss of water. The District shall bill all the related costs incurred for the repair either in equal amounts to the owners' accounts for all taps served by the lateral or the total amount to the lateral organization.

(b) If a leak is confirmed or strongly suspected by the Operator, but is apparently a minor leak in the Operator's judgment, all procedures and provisions of (a) above shall apply, except that the lateral owners shall be allowed a period of 72 hours in which to investigate the suspected leak and begin repairs, before the District may step in to investigate and arrange for repairs. The District will attempt to contact a lateral representative to provide such notice.

5.2.4 Acquisition or Acceptance of Laterals (Adopted November, 2008).

This policy regarding the acceptance or acquisition of laterals is necessitated by the history of the formation of the Lookout Mountain Water District ("District") which occurred upon the District's acquisition of the Golden water system which crossed Lookout Mountain. In about 1903 the City of Golden commenced the building of a reservoir (k/n/a the Upper Beaver Brook Reservoir) which was to be the major reservoir for Golden's water supply. In order to transport the water from the Upper Beaver Brook Reservoir to the residents of Golden it was necessary to lay a pipeline across Lookout Mountain. In order to acquire the right-of-way for that pipeline, the City of Golden gave the residents of Lookout Mountain the right to tap onto the water main which traversed Lookout Mountain and to purchase water therefrom. The result was that the landowners on Lookout Mountain built their own laterals to supply various properties owned by them. In 1988 when Golden had no further use for the system, the District was formed and acquired the entire the Beaver Brook water system from Golden. The laterals from the water main remained owned by the lateral users. The City of Golden could not convey the laterals to the District because it did not own them; yet the laterals were a necessary part of the total water supply system.

Since the formation of the District the costs of maintaining and repairing the laterals has remained with the lateral owners. This result was necessary from a financial standpoint for the District to survive the high initial costs of improving reservoirs, building new treatment facilities and other infrastructure. Had the District been required to assume the costs of maintaining and repairing the laterals, the price of water delivered would have been exorbitant. Today the District is in different financial position, but still cannot assume all of the maintenance and repair costs of laterals. In some cases the laterals are 80 or more years old and the assumption of the expenses of maintaining those laterals would not benefit the entire District, but only the particular lateral owners. Therefore, the District has adopted this policy regarding the acquisition or acceptance of

the ownership of laterals and thereafter the repair and maintenance of such laterals under the following circumstances:

5.2.4.1 Replacement of the Entire Lateral at Lateral Users Expense Prior to Acquisition.

Upon request of the lateral owners the District will form sub-districts [per Colo. Statute] so lateral owners can build an entire new lateral system which complies with District standards as determined by the District's engineers. The District will take said action if the owners of the lateral agree to pay all costs associated with replacement of the lateral. The District may further assist the sub-district, by agreeing to finance costs of constructing the new lateral or joining in such other financing as the District's Board approves in its sole discretion. The Board will require conveyance of the ownership of the newly constructed lateral to the District when completed.

5.2.4.2 Acquisition of Laterals Under Other Circumstances.

Upon the request of lateral owners the District may acquire laterals under such circumstances, conditions, and circumstances as the District in its sole discretion determines. The information required, basis for requirements and conclusions, opinions and decisions reached by the District shall be solely within the discretion of the District. The District's decision shall, however, be decided in a manner which will primarily protect the District against costs and expenses which historically have been borne solely by the owners of laterals.

5.2.4.3 Emergency Acquisition of Laterals by the District.

The District shall have the right to acquire on its own initiative by any acceptable means, including condemnation, any lateral or lateral system which represents a potential or current danger to the integrity of the District's water supply system. Such acquisition may be with financial protection to the District by requiring the deposit of funds necessary to protect the District against expenses which historically have been paid by the lateral owners or by assessment against the lateral owner's property to be paid over a period of time. If the lateral owners cannot or will not pay for the replacement of the lateral, the District shall be authorized to proceed in any manner it deems appropriate to protect the integrity of the District's water system by acquiring, replacing, repairing, or closing any such laterals and by assessing the owners of such laterals amounts which over a period of time will pay for the reconstruction, repair, updating, acquisition of ownership, and bringing such laterals to a condition acceptable to the District's Board. The District may acquire ownership of laterals improved, repaired or reconstructed pursuant to this policy.

5.2.4.4 Miscellaneous Provisions.

The following shall apply to this Section:

- a) The term "Lateral" shall be as defined in ---
- b) The action of the lateral owners may be in the form of action by a legally constituted lateral owner's entity or by unanimous written consent of all of the lateral owners. The formation of a legal entity to represent the lateral owners is strongly encouraged.
- c) Inactive taps (unconnected taps) assigned to a parcel which can be served by the lateral in question shall be considered an active tap served by the lateral for the purpose of this policy. But an inactive tap (unconnected tap) which has not been assigned to a particular parcel shall be disregarded for the purpose of this policy.

5.3 Service Lines.

5.3.1 New Installations.

Before beginning the installation of a new service line, the tap owner should confer with the Administrator to determine whether the type of service, capacity and pressure desired by the tap owner is available and to determine precisely the point where the District's existing public water system can be connected to the proposed new service. A tap permit must be applied for and approved before water service through a tap can be activated, (see section 2.3.2, above).

5.3.2 Alteration of Existing Service.

Before any material addition to or alteration of an existing water service installation, the tap owner shall notify the Administrator reasonably in advance thereof in order for the Engineer to determine whether the service desired can be delivered by the District. All additions and modifications to an existing service installation shall be accomplished in accordance with the District's Mechanical Specifications then in effect.

5.3.3 Maintenance and Repairs.

Tap owners shall at all times maintain their service lines and appurtenances thereto (except for the meter and remote readout) in good repair and adequately protected from frost. Service installations, including all plumbing fixtures and appliances shall be maintained in compliance with applicable building codes and City of Golden or District mechanical specifications in effect at the time of original installation.

5.3.4 Leaks.

When a leak or suspected leak in a service line comes to the attention of the Operator and Administrator, as a result of an unusually high measured consumption during the billing period, physical discovery by the Operator or discovery and telephone message report to the Administrator by the customer or tap owner, the following procedures shall be followed:

(a) If the leak is confirmed and deemed to be major by the Operator, the Tap Owner shall have 24 hours from the time notice of the leak is issued by the District to effect repairs. The Administrator and Operator shall use due diligence and speed in attempting to deliver notice of the leak to the tap owner directly by telephone; however, in any case notice of the leak shall be construed to have been duly delivered by the District's mailing, certified, return receipt requested to the tap's current customer address. If the tap owner fails to effect repairs within 24 hours of the discovery of what the Operator deems a major leak, the District shall cause said repairs to be accomplished and the related costs incurred shall be billed to the tap's account. If the service line leak happens to be downstream of the District's meter, the Customer shall in any event be responsible for all water flowing through the meter before, during and after the period of leakage.

(b) If a leak is confirmed or strongly suspected by the Operator, but is apparently a minor leak in the Operator's judgment, all procedures and provisions of (a) above shall apply, except that the Tap Owner shall be allowed a period of 72 hours in which to investigate the suspected leak and effect repairs, before the District may step in to investigate and repair.

5.3.5 Cross-Connections Control and Backflow Prevention Devices.

Article 12 of the Colorado Primary Drinking Water Regulations states that a public water system shall have no uncontrolled cross-connections to a pipe, fixture, or supply, any of which contain water not meeting provisions of the drinking water regulations. A cross-connection is any point in a water distribution system where chemical, biological, or radiological contaminants may come into contact with potable water. During a backflow event, these contaminants can be drawn or pushed back into the potable water system. A backflow prevention device is installed at every point of cross-connection which prevents contaminated water from entering the potable water distribution system.

5.3.5.1 Inspection and Correction.

The District has the right to inspect the premises served (or to be served) by the District for hazardous cross-connections and will mail a notice of the need to schedule the

inspection to the customer's billing address. Any hazardous cross-connection discovered to be uncontrolled will need to be corrected within ten days or the water service will be shut off. The Colorado Department of Public Health and Environment will be informed of the hazardous connection and the corrective action being taken. Inspection fee shall apply as specified in the schedule or rates and fees.

5.3.5.2 Installation and maintenance of Backflow Prevention Devices.

Customers are required to install and maintain backflow prevention devices on potentially hazardous connections, as stated in Article 12. Each cross-connection may require a different type of backflow prevention device, commensurate with the degree of hazard posed by the cross-connection. Article 12 requires that a certified backflow prevention technician test backflow prevention devices annually and maintain records for three years. Failure to submit backflow test results fee shall apply as specified in the schedule or rates and fees.

5.3.5.3 Common Cross-Connections and Backflow Prevention Devices.

The following devices can be used for backflow prevention, if approved by the Colorado Department of Health and Environment:

Type of Cross-Connection	Backflow Prevention Device
Hose bib	Vacuum breaker
Fire sprinkler system Solar system using potable water as heat source	Double check valve assembly on water only line. Approved reduced pressure principal backflow assembly on branch lines carrying chemicals
Photographic processors and developers	Reduced pressure principal backflow assembly
Hot water boilers	Reduced pressure principal backflow assembly
Water hauler tank filling station	Air gap

ARTICLE VI - SYSTEM SECURITY.

6.1 Tampering or diversion

The existence of water consuming devices installed ahead of a meter, or any tampering or interference with pipes, devices, or equipment connected to the public water system, or any damage to, alteration or obstruction of a meter (including breakage of a meter seal) which may permit or make possible the use of water without its proper registration on the meter serving a property, shall constitute prima facie evidence of diversion of water by the property or tap owner or the person benefiting from the use of diverted water.

In a case of water diversion, the District, using a reasonable method, shall compute an estimate of the volume of water diverted. To this end, the tap owner shall grant the District access to premises served for the purpose of identifying and enumerating all water consuming or delivery devices on the premises. If the District does not obtain said access, e.g., in the case of premises not legitimately served by a tap, the District's computation shall be based on any reasonable assumptions and available facts. The water diversion computation shall be for a period commencing with the date of first Certificate of Occupancy for the premises, (but not sooner than the date that the District main or lateral from which water has been diverted was in service), unless it can be proved that the diversion commenced at a later date. Based on the computation of water diverted, a bill shall be rendered to the tap or property owner reflecting applicable rates in effect from time to time during the period of diversion. In addition, all costs of investigation and discontinuance of the diversion shall be reimbursable to the District by the tap or property owner and tampering or diversion fees shall apply as specified in the schedule of rates and fees.

The foregoing procedure shall not be construed to limit in any manner the pursuit by the District of any legal remedies that it may have available under civil or criminal law in the State of Colorado.

6.2 Unauthorized connections

If a connection is made to the public water system without initiating a tap permit application first, or if a person allows these Rules and Regulations governing the installation, connection and maintenance of water lines to be violated, then in either event the connection may be summarily removed by the District at the expense of the subject property's owner. If a service installation is accomplished without the requisite inspections prescribed in the District's Mechanical Specifications, the District may demand that any component of the installation, including a buried service line, be uncovered for inspection by the Operator and repaired to District specifications, if necessary. If disconnection occurs hereunder, subsequent reconnection, and if a valid tap permit can be issued, the Administrator may assess a fee according to the schedule of rates and fees and bill for estimated water use, in addition to the normal tap permit fee. Unless evidence persuasive to the Board can be produced as to the actual date at which unauthorized consumption commenced, said date shall be the later of (a) thirty days prior to the earliest Certificate of Occupancy date for the premises, or (b) the date at which the main or lateral feeding the service line was completed. A contractor which participates in the installation or repair of an unauthorized connection shall be ineligible to work on any component of the District's public water system, including individual service lines, for a period of one year from the Board's ruling thereon.

ARTICLE VII - AVAILABILITY OF SERVICE.

7.1 General Policy.

In view of its limited water resources and facilities, the District's policy is to supply water to only those residences and commercial or government establishments (a) which were served as of September 30, 1988 by the 389 connected taps listed in Exhibit B to the Golden Agreement, or (b) which can be served by the 80 unassigned or assigned, unconnected taps listed in Exhibit C to the Golden Agreement, or (c) which can be served by the 76 taps optioned for purchase to Viewpoint Associates for use in Paradise Hills Unit 3 by the Viewpoint Agreement, or (d) which the District is contractually bound to serve under the Mount Vernon Agreement, or (e) which the Board, considering available testimony or other evidence, determines are entitled to water service based upon understandings or agreements between the parcel owner's predecessors and Golden, which understandings or agreements, due to incomplete record keeping were not disclosed in the Golden Agreement, or (f) which do not meet the above criteria but experience hardship in the form of failure of a well upon which they have relied for domestic use.

7.1.1 Hardship Provision.

For purposes of subparagraph (f), above, a hardship is a situation wherein a water well, upon which property owner has relied as a domestic water supply, becomes contaminated or depleted to the extent that it can no longer be relied upon for domestic, non-irrigation purposes. If the Board is persuaded, based on testimony of a competent engineer or other expert, that the well cannot be rehabilitated and that the owner has explored other alternative avenues of supply, finding none feasible, the Board may sell the afflicted party a tap, at a reasonable fee to be then determined by the Board. In order for service to be obtained through the tap, the owner must follow the procedures and satisfy the conditions required of any tap owner for service, i.e., petition the Board for inclusion of the property to which the tap will be assigned and pay the inclusion fee then in effect, obtain any necessary easements or permissions to tap from owners of private property or laterals and install service line and plumbing in accordance with the District's mechanical specifications.

7.2 Annexation, exclusive of inclusion or acquisition

The District's general policy on availability of service notwithstanding, a proposal for annexation of property by the District involving more than one tap to be served may be considered and processed by the Board in accordance with Statute if all of the following conditions are met:

7.2.1 Adequate Water Rights to Be Conveyed.

No property will be annexed to the District unless the owner of the property (a) acquires and conveys to the District directly or from a third party at said property owner's sole expense water rights which are acceptable and adequate to serve the projected needs of the property to be annexed, in the opinion of water experts hired by the District, and (2) pays all costs, expenses and fees, including attorney's fees and expert's fees, necessary to transfer or exchange the rights by Water Court Decree which will make them fully useable by the District.

7.2.2 Cooperation, Security and Costs.

The owner of the property proposed for annexation must cooperate fully in all annexation proceedings and contracts with the District and, at the request of the District, must post an adequate bond or other security to construct at the property owner's expense all mains, laterals, storage tanks and other appurtenant apparatus determined necessary by the Engineer to provide water to the annexed property.

7.2.3 Customary District Fees Shall Apply.

The owner of the property proposed for annexation shall pay (a) the District's inclusion fee then in effect, for each tap to be served, provided the property is not already included within the District's boundaries, (b) the District's tap fee and tap permit fee then in effect for each tap to be served, and (c) all out of pocket costs and fees incurred by the District in complying with statutory annexation and inclusion procedures. The applicant shall be granted credit against tap fees for the out-of-pocket costs incurred by applicant related to acquisition and adjudication of water rights pursuant to paragraph 7.2.1, above.

7.2.4 Election May Be Required.

For proposed annexations of residential property, the Board may at its discretion determine that the proposed annexation ought to be approved by a majority of the District's electors voting in a special election, in which case the property owner shall bear all costs of the requisite public notices, hearings and special election. For proposed annexations of commercial property, a public referendum shall be required, for which the applicant shall bear all costs of the requisite public notices, hearings and the special election. A commercial annexation shall require approval by a majority of the District's electors voting at the election.

7.3 Hydrants and Fire Suppression

The District's policy is to supply water (whether from hydrants or reservoirs) for fire suppression at not cost to the owner when the property involved is located within the District. The District's policy is to charge for water supplied for the fire suppression on property located outside of the District or for water supplied for training purposes; but the District's Board of Directors may waive or reduce such charges when circumstances warrant. When charges are made, they can be based on reasonable estimates of the water used.

Numerous hydrants are located in the proximity of District properties, most of which are connected to privately owned laterals. Said hydrants vary widely in age, condition and capacity of the lines by which serve the hydrants. While the District has engineered and constructed its new facilities with the objective of providing excess capacity in case of peak fire demands, the District makes no warranties or guarantee regarding the volume, flow rate or pressure of water from any hydrant connected to its water system or the laterals. The District undertakes no continuing responsibility, financial or otherwise, for maintenance of any hydrant not directly connected to its water system or for the

installation of new hydrants. The responsibility for the maintenance of any hydrants connected to laterals is that of that lateral owners to which the hydrant is connected. In the case of hydrants connected directly to the water system owned by the District, such hydrants are owned by the District and shall be the responsibility of the District to maintain.

7.3.1 Use of Hydrants or Other Water Supply (other than for fire).

The District may furnish temporary water service to a contractor, Customer or others from a hydrant or other supply in accordance with the Fire Hydrant Permit and Regulations. The use of water must remain within the Clear Creek Watershed Boundaries unless approved by the Board. The Hydrant Permit and Regulations shall specify the procedures including billing rates. The unauthorized use of hydrants is prohibited. Fees shall apply as specified in the schedule or rates and fees.

7.3.2 New (including replacement) Hydrants.

It is the policy of the District to cooperate with all neighboring fire protection districts, lateral owner organizations and individual tap owners toward the installation of new and replacement of old hydrants although the District shall not undertake to share the direct costs of any fire hydrant. The entity or individual who is installing the hydrant shall cooperate with the District to install the hydrant and the District shall issue a permit for an installation and shall inspect the hydrant installation, with fees as specified in the schedule of rates and fees.

7.4 Excess Capacity.

From time to time the Board may see fit to lease the District's water diversion, conveyance or storage facilities then in excess of its current needs. Any such lease must be subject to and must not interfere with the District's obligation to serve its tap owners. Any lease of system capacity shall be limited for use on land included within the District but which is not served by the District due to difficulties of terrain, cost of conveyance, or other logistical considerations. There shall be no lease of District water rights or storage rights; any lease shall only be for excess capacity, if any, and subject to availability, in District diversion, conveyance and storage capacity. Any lease shall provide as follows:

- (a) That, should the District need system capacity after a lessee's water has been stored in the District system, the District can spill such water without liability to the lessee.
- (b) The lessee shall indemnify and hold the Board harmless for any liability for injury or property damage related to or in any way arising out of the use of system capacity.
- (c) The lessee and not the District shall be responsible for any and all lease costs and costs of operation, maintenance and repairs, administrative, accounting expenses, and other overhead attributable to the lessee's use of system capacity.
- (d) The lease shall terminate in the event that the use by the lessee of system capacity permanently interferes with the District's obligation to provide water service to District tap owners.
- (e) The lessee shall have the obligation and bear all costs associated with obtaining approvals from the Office of State Engineer and the Water Court for any substitute supply plan or plan of augmentation involving District facilities. Applications for such approvals must be submitted to the Board for review and approval before being submitted to the State Engineer or Water Court.

7.5 Water Storage and Acquisition.

From time to time the Board may see fit to acquire additional water or storage rights. Such acquisitions shall be by purchase, lease or any other means which the Board

deems appropriate, including but not limited to exchange and options. Such acquisitions may be temporary or permanent as the Board deems appropriate. The necessity for such acquisitions and the consideration to be paid therefore shall be matters in the discretion of the Board, subject to the availability of funds which may include, but is not limited to the issuance of bonds therefore.

ARTICLE VIII - BYLAWS.

8.1 Board of Directors.

All powers, privileges and duties vested in, or imposed upon the District by law shall be exercised and performed by and through the Board, whether set forth specifically or impliedly in these by-laws. The Board may delegate to officers, employees or contractors of the District any administrative or ministerial powers. A full term is four years. In May of 2002, the electors voted to eliminate the limitations on terms of office imposed by Article XVIII, Section 11 of the Colorado Constitution for Directors of the District.

8.2 Mailing address.

The mailing address of the District is 25958 Genesee Trail Road, PMB 514, Golden, Colorado 80401.

8.3 Meetings.

8.3.1 Time and Place.

Regular monthly meetings of the Board shall be held according to the notices posted as specified in 8.3.2.2 below..

8.3.2 Notice.

8.3.2.1 Directors.

Directors shall be notified in writing of all regular and special meetings of the Board. Paragraph 8.3.1 shall constitute notice of regular monthly meetings.

8.3.2.2 Public.

8.3.2.2.1 Three-day Notice.

Notice of the time and place of designated regular or special meetings shall be posted in the following four locations at least three days prior to said meeting: (a) Lookout Mountain Fire Station No. 1, (b) Highland Rescue Team Station, (c) Rockland Community Church, and (d) the Jefferson County Clerk's office. Special mention must be made in said notice for the undertaking of any of the following acts: (a) a final determination to issue or refund general obligation indebtedness, (b) consolidation of the District, (c) dissolution of the District, (d) filing a plan for adjustment of debt under federal bankruptcy law, (e) entering into a private contract with a Director, or (f) not making a scheduled bond payment.

8.3.2.2.2 24-Hour Notice.

Notice, including an agenda, of all meetings of a quorum of the Board at which any public business is discussed must be posted at the Lookout Mountain Fire Station No. 1 no less than 24 hours prior to said meeting.

8.3.3 Open to Public.

All meetings of the Board for the purpose of discussing public business or taking formal Board action shall be open to the public. This open meeting requirement shall not apply to chance meetings or social gatherings at which discussion of public business is not the central purpose. This open meeting requirement shall apply to all formal meetings of the Board and work or study sessions. However, the open meeting requirement shall not apply to staff meetings where a quorum of the Board is not present. The term public shall be construed to include all members of the public, including reporters, attorneys or other counsel for District inhabitants or Tap Owners.

8.3.3.1 Executive Sessions.

The Board may retreat to an executive or nonpublic, closed session at a formal meeting of the Board (not at a work or study session) upon the affirmative vote of two-thirds of the quorum present. Anticipated executive sessions should be noted on the published agenda for the meeting wherein the session will take place. The President of the Board must announce and the meeting's minutes reflect, one of the following topics of discussion, in order for the executive session to be proper and valid: (a) Purchase, acquisition, lease, transfer or sale of any property interest, (b) Conferences with an attorney regarding legal advice, (c) confidential matters, (d) Security arrangements or investigations, (e) Negotiations, (f) Personnel matters, or (g) Items concerning mandatory nondisclosure.

8.3.3.2 Telephone Conferences.

From time to time it may be deemed necessary by the Administrator to obtain the Board's guidance about or assent to a specific course of action on an urgent matter. In such unusual circumstances, the Board may be assembled for a telephone conference, with any direction issued through consensus of the conference participants subject to subsequent review and ratification at the next formal meeting of the Board.

8.3.4 Conduct of Business.

8.3.4.1 Quorum.

Three directors present in person shall constitute a quorum.

8.3.4.2 Action.

Generally, motions, orders or resolutions of the Board shall require an affirmative majority vote of a quorum. However, questions relating to the inclusion or exclusion of territory, the setting of water rates, the levying of taxes, the annual budget, the release of a retainage on a construction contract shall require an affirmative vote of a minimum of three Directors (a majority of the Board). Before creating any new tap or taps beyond those contemplated or enumerated in the Service Plan, (except in a case of obvious clerical error or inadequacy of record keeping by Golden), the Board shall give due consideration as to whether said action would more appropriately be put to a vote of the District's electors.

8.3.4.3 Order of Business.

The business of regular monthly meetings of the Board shall, so far as is practicable, be conducted in accordance with the following agenda:

- (a) Roll call.
- (b) Hearings, scheduled, or hearing of visiting Electors or others.
- (c) Approval of the previous meeting's minutes.
- (d) Operator's Report
- (e) Engineer's Report
- (f) Special Committee Reports
- (g) Legal Counsel's Report
- (h) Administrator's Report
- (i) Adjournment

8.3.4.4 Minutes.

Board meetings shall be recorded by the Secretary, and an approval copy of minutes furnished to all Directors as soon as possible. Corrected and approved minutes shall be attested and saved by the Secretary.

8.3.5 Board of Directors.

8.3.5.1 Compensation.

Directors serving a term of office commencing on or after July 1, 2005 shall earn a fee not exceeding one-hundred dollars (\$100.00) per formal meeting of the Board, subject to the statutory limitation that no Director shall receive more than \$1,600.00 per year. Prior terms of office shall be paid \$75.00 per meeting, not to exceed \$1,200 per year.

8.3.5.2 Officers.

The Board shall elect from its membership a President, Vice President and Treasurer, and the Board shall appoint a Secretary who need not be a member of the Board, all of whom shall constitute the officers of the Board and of the District. The elected officers shall be elected by a majority of the Directors voting at said election. Election of officers shall be conducted at the first regular meeting of the Board following the regular biennial public election of Directors, held in May of even years. Officers so elected shall serve two year terms, expiring at the first regular Board meeting following the biennial public election. The Secretary shall serve under contract as approved by the Board until succeeded by another appointed individual.

8.3.5.2.1 President.

The President shall serve as chairman of the Board, presiding at all Board meetings, and shall be the chief executive officer of the District. Except as otherwise authorized, the President shall sign all contracts, deeds, notes, debentures, warrants and other legal instruments on behalf of the District.

8.3.5.2.2 Vice President.

Normally at the President's request, the Vice President shall perform the functions of President when and for so long as the President is traveling or otherwise unable to attend a meeting or perform an official function.

8.3.5.2.3 Treasurer.

The Treasurer shall sign all checks and generally oversee the finances of the District, unless he or she is not available for a period of five days or more, signatures of the President and another Director shall be required. Checks in the amount of \$5,000 or greater shall require a second signature from one of the Directors of the District.

8.3.5.2.4 Secretary.

The Secretary shall act as recorder of the Board's meetings and custodian for all records and the seal of the District. A copy of all correspondence issued by a Director or other authorized individual for or on behalf of the District shall be furnished to the Secretary. The Secretary shall attest and affix the seal of the District to contracts and other instruments authorized to be executed by the Board.

8.3.5.2.5 Officer Vacancies.

A vacancy occurring in any of the aforementioned offices shall be filled for its unexpired term in a similar manner to that by which the departing officeholder was installed.

8.3.5.3 Vacancies.

Any vacancy on the Board, by whatever means caused, may be filled for the unexpired term by a vote of a majority of the Board (requiring three affirmative votes).

8.3.5.3.1 Resignations.

The resignation of a Board member shall not be effective until made in writing and accepted by a majority of a quorum of the Board.

Appendices

- A. Schedule of Rates and Fees
- B. Mechanical Specifications
- C. Application for Tap Permit
- D. Hydrant and Water Use Permit
- E. Hydrant Installation Permit
- F. Permanent Disconnection Procedure