

April 28, 2015

HIGHLANDS RANCH METROPOLITAN DISTRICT

BYLAWS

Section 1. Authority

Highlands Ranch Metropolitan District (hereinafter referred to as “District”) is a governmental subdivision of the State of Colorado and a body corporate with those powers of public or quasi-municipal corporations which are authorized in compliance with, C. R. S. Section 32-1-101 et seq.

Section 2. Purpose

It is hereby declared that the Bylaws hereinafter set forth will serve a public purpose.

Section 3. Intent of the Board

It is the intent of the District Board of Directors, consistent with the availability of revenues, personnel and equipment, to use its best efforts to provide those services allowed by law. The Board of Directors has overall fiduciary responsibility for the operation of the District on behalf of the citizens of the District.

Section 4. Board of Directors

The Board of Directors of Highlands Ranch Metropolitan District shall be composed of seven members as prescribed by statute, and all powers, privileges and duties vested in, or imposed upon, the District bylaw shall be exercised and performed by and through the Board of Directors (hereinafter referred to as the “Board”).

Section 5. Office

- a) Business Office. The principal business office of the District shall be at 62 W. Plaza Drive, Highlands Ranch, Colorado, unless otherwise designated by the Board.
- b) Establishing Other Offices and Relocation. The Board, by resolution, may from time to time, designate, locate and relocate its executive and business office and such other offices as, in its judgment, are necessary to conduct the business of the District.
- c) Business Hours. The regular business hours of the District shall be 8:00 am to 5:00 pm, Monday through Friday.

Section 6. Board Meetings

- a) Regular Meetings. Regular meetings of the Board will normally be held at the business office on the last Tuesday of each month except for December, which shall be determined on an annual basis by the Board. The meetings, including any variances to the above, shall be approved by the Board and posted as required by law. Meetings shall commence at 6:30 pm, or as soon thereafter as possible. Changes to this schedule will be posted in accordance with the provisions of C.R.S., Section 32-1-903 and on the District's website. There will be two opportunities for public comment during each board meeting.
- b) Study Session. A regular study session of the Board will normally be held at the business office on the Wednesday before the Board meeting. These shall be considered regular meetings for the purposes of the Open Meeting Act C.R.S., Title 24, Article 6, Part 4, however no official action shall be taken at study sessions. The schedule for such meetings shall be adopted at the November or December meeting for the ensuing year. There will be two opportunities for public comment during each study session.
- c) Workshops. The Board may schedule workshops on specific topics at any time. Budget Workshops will be scheduled as needed in October or November of each year. Said workshops will be considered regular meetings for the purposes of the Open Meeting Act C.R.S. Title 24, Article 6, Part 4, however no official action shall be taken at the workshop. The public is usually not invited to speak at such workshops but may be allowed to at the discretion of the Chairperson.
- d) Retreats. The Board may, from time to time, conduct retreats. These meetings may be on-site or off-site and the length of the retreat may vary. Retreats will be conducted in accordance with all laws, including being open to the public, appropriately posted and have minutes taken. Retreats are envisioned to be conducted as follows:
 - 1) For emergency issues – as required
 - 2) For interim planning – on a periodic basis
 - 3) For long range planning and visioning – every other year. This retreat should be held at a location that allows the participants to devote adequate time to the retreat.
- d) Public Meetings. All meetings of the Board, other than executive sessions, shall be open to the public.
- e) Notice of Meetings. Notice of meetings shall be posted as required by law. Subsection (a) above shall constitute formal notice of regular meetings to Board members.
- f) Special Meetings. Special meetings of the Board may be called by any Board member or Officer of the District by informing the Directors of the date, time and place of the special meeting and the purpose for which it is called and by posting such notice at least three days prior to said meeting in at least three places within the District and at the appropriate Douglas County office. Each Director shall be notified

of said special meeting. The notice of the meeting shall include an agenda of the items to be discussed.

- g) No Informal Action by Directors/Executive Sessions. All official business of the Board shall be conducted at regular or special meetings. Executive Sessions may be called at regular or special meetings, and conducted according to the following guidelines:
- 1) Calling the Executive Session. The topic for discussion in the Executive Session shall be announced in a motion, and the specific statute that authorizes the Executive Session shall be cited. An affirmative vote of two-thirds (2/3) of the quorum present shall be required to go into Executive Session.
 - 2) Conducting the Executive Session. No formal action shall take place in an Executive Session. The discussion in Executive Sessions shall be limited to the topics for which the Executive Session was called. The Executive Session shall be recorded electronically and that record held in accordance with state statutes.
- h) 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 and place thereof are announced at the meeting at which the continuance is taken, other than as required by law.

Section 7. Committees

- a) Highlands Ranch Metro District Committees. The Board may from time to time appoint members to various committees which will review and recommend action on items related to the intent and charter of the committee.
- b) Approval by Committee. Except for specific approval rights delegated to the committees by the Board, the committees' primary function will be to recommend to the Board the approval or denial of various matters and the recommendation of whether to place said matters on the Board agenda under either General Business or Consent.
- c) Committee Formation Criteria. There must be a need and a clear charter for the committee. The committee shall have clearly defined membership criteria. Non-standing committees may be formed to address a specific issue and shall have a beginning and a termination date.
- d) Audit Committee. Unless otherwise created by the Board pursuant to the provisions above, the entire Board shall serve as the Audit committee of the District and perform said duties as prescribed by generally accepted accounting principals.

Section 8. Conduct of Business

- a) Quorum. All official business of the Board shall be transacted at a regular or special meeting at which a quorum of at least four of the Directors shall be present in person, by telephone or computer conference providing that each Director is able to communicate with each of the other Directors, except as provided in Section (b).
- b) Vote Requirements. Any action of the Board shall require the affirmative vote of a majority of the Directors present and voting, provided, however, that: i) when emergency circumstances affecting the affairs of the District and the health and safety of District residents so dictate, then those Directors available at the time may undertake whatever action is considered necessary and may so instruct the District's employees; and ii) a two thirds majority is required to meet in executive session.
- c) Action Following Emergency Poll. If time allows, emergency action may be taken following telephone or electronic polling of the Board members by the Secretary or other officer of the District provided that:
 - 1) The Secretary or other officer conducting the poll makes a reasonable attempt to contact all of the Board members; and
 - 2) At least four Board members approve the proposed action; and
 - 3) No Board member contacted objects to the proposed action.
 - 4) Ratification of the action shall be placed on the agenda for the next regular meeting.
- d) Order of Business. The business of all regular meetings of the Board shall be include the following and be transacted, as far as practicable, in the following order:
 - 1) Call to order
 - 2) Pledge of Allegiance
 - 3) Roll call of members
 - 4) Special Presentations by guest speakers
 - 5) Public Comments or Questions
 - 6) Reaffirmation of Disclosure
 - 7) Staff Presentations
 - 8) Discussion Items
 - 9) Approval of the minutes of the previous meeting(s)
 - 10) Receipt and file of Study Session / Committee meeting / Workshop / Retreat minutes, notes or reports
 - 11) Public Hearings
 - 12) Approval of Business Agenda
 - 13) Consent Business
 - 14) General Business
 - 15) Special Reports of Staff, Legal Counsel, Chairperson and/or Individual Directors
 - 16) Public Comments or Questions
 - 17) Adjournment
- e) Resolutions and Motions. Each and every action of the Board necessary for the governing and management of the affairs of the District, for the execution of the

powers vested in the District, and for carrying into effect the provisions of Article I of Title 32, C.R.S. as amended, shall be taken by the passage of motions or resolutions.

- f) Minutes File. Within a reasonable time after passage, all resolutions and motions and all minutes of Board meetings shall be recorded in a file kept for that purpose. If individual Board members desire to provide a written statement concerning his or her position, she or he may do so, but it will be included only as an addendum to the minutes.

Section 9. Directors, Officers and Personnel

- a) Director Qualifications and Terms. Directors shall be electors of the District. The term of each Director shall be determined by relevant statutory provisions, with elections held and conducted in the manner prescribed by law.
- b) Oath of Office. Each member of the Board, before assuming the responsibilities of his/her office, shall take and subscribe an oath of office and, at the expense of the District, furnish any bond required by law.
- c) Election of Officers. The Board of Directors shall elect from its membership a chairperson, vice chairperson and a treasurer who shall be the officers of the Board of Directors and of the District. The General Manager shall be the Secretary unless the Board decides otherwise. The officers shall be elected by a majority vote of the Directors. The election of the officers shall be scheduled at the first regular meeting of the Board following the regular election of the Directors. Each officer, so elected, shall serve at the pleasure of the Board or until their successors are duly elected and qualified.
- d) Vacancies. Any vacancy on the Board shall be filled by appointment by the remaining Directors as prescribed by statute. Any vacancy occurring in any office shall be filled until the next regular District election.
- e) Chairperson. The Chairperson shall preside at all meetings and shall perform all duties incident to that office including setting the agendas for meetings of the Board.
- f) Vice Chairperson. The Vice Chairperson shall act as Chairperson of the Board in the absence of the Chairperson and shall perform all duties incident to that office as required by the Board.
- g) Treasurer. The Treasurer shall keep, or cause to be kept, permanent, strict and accurate accounts of all money received and disbursed by the District. The Treasurer shall cause to be filed with the Clerk of the Douglas County District Court, at the expense of the District, a corporate fidelity bond in an amount determined by the Board of not less than \$5,000, conditioned on the faithful performance of the duties of the office.
- h) Secretary. The Secretary shall be responsible for the recording of all votes and the composing of a record of the proceedings of the Board in a minutes file kept for that

purpose, which shall be the official record of the Board. The Secretary shall be the custodian of and have the power to attest all contracts and instruments authorized to be executed by the Board. The Secretary shall not be required to take an oath of office, nor shall a performance bond be required.

The Secretary is authorized to accept and set for public hearing all petitions for inclusion of real property located and identified within the Highlands Ranch Development Plan.

- i) Additional Duties. The officers of the Board shall perform such other duties and functions and may from time to time be required by the Board, by the Bylaws or rules and regulations of the District.
- j) General Manager. The Board may appoint a General Manager to serve for such term and upon such conditions, including salary, as the Board may establish. The General Manager shall serve as Chief Executive Officer and have general supervision over the administration of the affairs, employees and business of the District and shall be charged with the hiring and discharging of employees, as set out in the Personnel Practices and Policy Manual, and the management of District's properties. The General Manager shall, according to established procedures cause to be approved all vouchers, orders and checks for payment. The General Manager shall serve as Secretary of the District and serve as the designated election official for all elections held by the District.
- k) Director- Finance and Administration. The Board may authorize the appointment of a Director - Finance and Administration to serve as a regular District employee for such term and upon such conditions, including salary, as the Board may establish. The Director- Finance and Administration shall be the Chief Financial Officer ('CFO'), the designated Budget Officer. As such the CFO shall have general supervision over the financial administration of the District; managing compliance and relationships with rating agencies and other debt related requirements; and care and custody of all funds of the District in such banks and financial institutions as the Board may select. The Director- Finance and Administration shall keep regular books of account of all District transactions and shall obtain, at the District's expense, such bond for the faithful performance of his duties as the Board may designate. The Director- Finance and Administration shall serve as an Assistant Secretary to the Board, and, in the absence of the General Manager, as acting General Manager. The Director - Finance and Administration reports to the General Manager.
- l) Director of Public Works. The Board may authorize the appointment of a Director of Public Works to serve as a regular District employee for such term and upon such conditions, including salary, as the Board may establish. The Director of Public Works shall have general supervision over the planning, engineering and construction of most projects of the District. He may also have responsibility for the maintenance of some facilities. The Director of Public Works reports to the General Manager.
- n) Director – Parks, Recreation and Open Space. The Board may authorize the appointment of a Director of Parks and Open Space to serve as a regular District

employee for such term and upon such conditions including salary, as the Board may establish. The Director of Parks and Open Space shall lead the planning, development, and management of the District's Parks, Open Space, outdoor Recreation and Parkways programs and services. The Director – Parks and Open Space reports to the General Manager.

- o) Personnel Selection and Tenure. The selection of agents, employees, engineers, accountants, special consultants and attorneys of the District will be based upon the relative qualifications and capabilities of the applicants and shall not be based on political services or affiliations. Contracts for professional services of engineers, accountants, special consultants and attorneys may be entered into on such terms and conditions as may seem reasonable and proper to the Board.
- p) Director Compensation. Each Director may receive only the compensation prescribed by statute. Directors receiving compensation will be paid \$75 (which may be increased to \$100 for Directors elected to future terms by a vote of the Board of Directors) for every Study Session and every regular or special Board meeting attended, subject to the following maximums.
 - 1) The maximum annual compensation (accrual basis) prescribed by statute.
 - 2) Payment for no more than two meetings per month.

Section 10. Financial Administration

The procedure for approving annual budgets shall comply with C.R.S. Section 29-1-101 *et seq.*, which is generally as follows:

- a) Fiscal Year. The fiscal year of the District shall commence on January 1 of each year and end on December 31.
- b) Budget. By the statutory deadline, the General Manager and Budget Officer shall prepare and submit to the Board a proposed budget for the ensuing fiscal year. The budget shall be accompanied by a written budget message describing the important features of the budget and by a general summary which shall set forth the aggregate figures 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.
- c) Notice of Budget. Upon receipt of such proposed budget, the Secretary or Budget Officer shall cause to be published a notice that the proposed budget is open for inspection by the public at the business office; that the Board will consider the adoption of the proposed budget at its regularly scheduled December meeting; and that any interested elector may inspect the proposed budget and file or register any objections thereto at any time prior to its final adoption. Notice shall be published in substantial compliance with C.R.S. § 29-1-108, as amended.

- d) Budget Hearing. The budget hearing will be conducted during the regular board meeting in November of the year preceding the fiscal year.
- e) Adoption of Budget. On the day set for consideration of such proposed budget, usually during the board meeting in December, 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 adopt a budget setting forth the expenditures to be made in the ensuing fiscal year. The Board shall provide for sufficient revenues to finance the budgeted expenditures.
- f) Levy and Collection of Taxes. At the time and in the manner required by law, the Board shall certify to the Board of County Commissioners the mill levy established for the ensuing fiscal year.
- g) Filing of Budget. The Secretary shall cause a certified copy of such budget to be filed with the Division of Local Government in the Department of Local Affairs as prescribed by law.
- h) Budget Resolutions.
 - 1) General - On or before December 15th, the Board shall enact the resolutions necessary to certify the mill levy and to appropriate funds at the total expenditure level for all funds other than the Capital Project Funds, Major Repair Fund, the Conservation Trust Fund and capital projects related to the Storm Water Management Fund. The appropriations made for all said funds shall not exceed the amounts fixed therefore in the budget and shall lapse at year end.
 - 2) Appropriations from the Capital Projects Fund, Major Repair Fund, Conservation Trust Fund and for capital projects funded by the Storm Water Management Fund shall be made throughout the fiscal year on a project by project basis. Any appropriation for any particular project shall continue until expended or until any unexpended appropriation for that project is rescinded by the Board.
- i) Contingencies.
 - 1) In cases of emergency caused by a natural disaster, public enemy, or some contingency which could not reasonably have been foreseen at the time of the adoption of the budget, the Board may authorize expenditure of funds in excess of the budget by a resolution duly adopted by the Board. Such resolution shall set forth in full the facts concerning the emergency and shall be included in the minutes of that meeting.
 - 2) If so enacted, the Secretary shall cause a copy of the resolution to be filed with the Division of Local Government and shall publish the resolution as required by law.
- j) No Contract to Exceed Appropriation. No person including the Board shall have the authority to enter into any contract, or otherwise bind or obligate the District to any liability for payment of money for any purposes, for which provision is not made in an appropriation resolution, including any legally authorized amendment thereto, in excess of the amounts of such appropriation. Any contract, verbal or written, contrary

to the terms of this sub-section, shall be void, and District funds shall not be expended in payment of such contracts.

k) Annual Audit.

- 1) The Treasurer shall cause, pursuant to statutory requirements, an annual audit to be made at the end of the fiscal year of all financial affairs of the District.
- 2) The CFO is authorized to execute the engagement letter on behalf of the District consistent with the terms approved by the Board.
- 2) A copy of the audit report shall be maintained in the District office as a public record for public inspection at all reasonable times.
- 3) The CFO shall forward a copy of the audit report to the State Auditor or other official, pursuant to statutory requirements, within thirty days following receipt of the audit.

l) Bank / Investment Accounts.

- 1) No District accounts which are to be used as bank savings deposit accounts (including checking accounts which earn interest or money market deposit accounts) or bank demand (non-interest bearing) accounts may be opened with financial institutions without approval consistent with intentions of the Board through the adoption of an appropriate resolution.
- 2) Accounts may be established and maintained in order to facilitate the investment of District funds, which are in excess of immediate operating requirements and which said investments and delivery thereof are consistent with the Investment Policy and Procedures adopted by resolution of the Board.

Section 11. Disclosure of Conflict of Interest

Any Director who is present at a meeting at which is discussed any matter in which they have, directly or indirectly, a private pecuniary or property interest shall disclose such interest to the Board. Unless such Director has given seventy-two hours actual advance written notice to the Colorado Secretary of State and to the Board, in accordance with all statutory requirements, such Director shall refrain from advocating for or against the matter and shall disqualify himself/herself from voting on such matter.

Section 12. Indemnification of Directors and Employees

The District shall defend, hold harmless and indemnify any Director or employee and shared employees against any claim or demand, whether groundless or otherwise, which lies in tort or could lie in tort as defined in the Colorado Governmental Immunity Act (Title 24, Article 10, C.R.S.) arising out of any alleged act of omission occurring during the performance of their duties and within the scope of their employment with the District. The District may compromise and settle any such claim or suit and/or pay the amount of any settlement or judgment rendered thereon.

Section 13. Public Records

All public records requests shall be directed to the Secretary of the District who shall respond to such requests after consultation with the attorneys for the District and in accordance with the Rules and Regulations of the District.

Section 14. Powers of the Board of Directors

Without restricting the general powers conferred by law, it is hereby expressly declared that the Board may:

- a) Determine and designate, except as otherwise provided by law, by the Rules and Regulations of the District or these Bylaws, who shall be authorized to make purchases, negotiate leases for office space, and sign receipts, endorsements, checks, releases and other documents within the limits established by the Board.
- b) Create standing or special committees and to delegate such power and authority thereto as the Board deems necessary and proper for the performance of its functions and obligations.
- c) Prepare financial reports, other than the statutory audit, covering each year's fiscal activities; and said report, if requested, shall be submitted to the Board and made available for inspection by the public.
- d) Establish, alter, amend or repeal these Bylaws and the suggested standards of conduct as set out in Addendums A through H, which standards do not have the effect of Rules, Regulations or Bylaws.

Section 15. Modification of Bylaws

These Bylaws may be altered, amended repealed or suspended at any regular or special meeting of the Board.