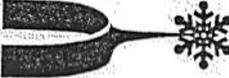


City of
Steamboat Springs 

Board of Directors
Steamboat Springs Local Marketing District
Steamboat Springs, CO 80477

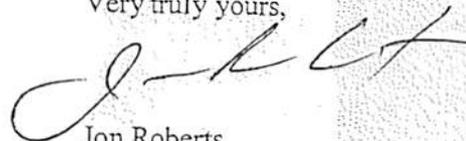
Re: Approval of LMD Bylaws

Dear Directors:

The existing 2011 Intergovernmental Agreement between the City of Steamboat Springs (the "City") and the Steamboat Springs Local Marketing District (the "District") provides in Subsection B of Section 6 that proposed bylaws of the District, including any alterations to the proposed bylaws which are acceptable to both the District board of directors and the City Manager, must be determined by the City Manager to be acceptable before such board of directors may adopt such bylaws. Representatives of the District board and City staff have negotiated and finalized the proposed bylaws, and the District board has requested that I determine such bylaws to be acceptable.

I have determined that the proposed Bylaws of the District attached to this letter are acceptable, and that therefore the District board may proceed to adopt such Bylaws as the official bylaws of the District.

Very truly yours,



Jon Roberts
City Manager
City of Steamboat Springs

- a -

BY-LAWS
OF THE
STEAMBOAT SPRINGS LOCAL MARKETING DISTRICT

By-Laws originally adopted: May 18th, 2012

By-Laws amended:

STEAMBOAT SPRINGS LOCAL MARKETING DISTRICT BY-LAWS
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BY-LAWS OF THE
STEAMBOAT SPRINGS LOCAL MARKETING DISTRICT

PREAMBLE

For the purpose of providing for the orderly conduct and carrying on of the business, objects and affairs of the STEAMBOAT SPRINGS LOCAL MARKETING DISTRICT, and pursuant to the authority to adopt Bylaws as provided in §29-25-111(1)(i), the Board of Directors of said District hereby makes, publishes and declares these By-Laws of the District.

ARTICLE I - DEFINITIONS

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

- a. The term "City" shall mean the City of Steamboat Springs, a Colorado home rule municipality.
- b. The term "City Council" shall mean the City Council of the City.
- c. The term "Local Marketing District Act" or "Act" shall mean the act as set forth in C.R.S. §§29-25-101 et seq., as amended.
- d. The term "District" shall mean the STEAMBOAT SPRINGS LOCAL MARKETING DISTRICT, a Colorado local governmental district.
- e. The term "Open Meetings Law" shall mean C.R.S. § 24-6-401 et seq., as it may be amended from time to time.
- f. The term "Open Records Act" shall mean C.R.S. § 24-72-201 et seq., as it may be amended from time to time.
- g. The term "2004 Resolution" shall mean Resolution No. 2004-33 adopted on September 7, 2004, by the City Council of the City of Steamboat Springs, by which the District was organized and created, pursuant to the Act.

ARTICLE II - BOARD OF DIRECTORS

SECTION 1 - Number, Power, Duties.

Pursuant to the Act and the 2004 Resolution, the number of Directors of the District shall be five (5), each of whom shall serve at the pleasure of the City Council and each of whom shall be electors of the District. If possible, no more than one-half of the members of the Board of Directors may be affiliated with one owner or lessee of taxable real or personal property in the District. The District was formed for the purpose of providing the services and exercising the powers granted under the Act. The District has all the powers set forth in the Act, and there is no limit on the powers granted by the Act which may be exercised by the District. The provisions of the 2004 Resolution are incorporated by this reference into and hereby made a part of these By-Laws. This Article II is intended to be supplementary to the Act and the 2004 Resolution, and in the event of any conflict between these Bylaws and the Act, the provisions of the Act shall control, and in the event of any conflict between these Bylaws and the 2004 Resolution, the provisions of the 2004 Resolution shall control.

SECTION 2 - Vacancies on the Board of Directors.

Pursuant to C.R.S. § 29-25-108 (1)(b), within 30 days after a vacancy occurs on the Board of Directors of the District, a successor Director shall be appointed by the City Council in the same manner as the original appointment of the Directors of the District. After a vacancy occurs on the Board of Directors, the remaining Directors may recommend to the City Council in writing one or more qualified candidates for filling such vacancy. The remaining Directors shall determine the manner in which applications are requested from qualified electors of the District to fill such vacancy. Such manner may (but is not required to) include publication of notice of such vacancy in a newspaper of general circulation in the District. The remaining board members, or a committee of such board members, may interview those applicants deemed qualified to become a Director of the District.

SECTION 3 - Powers.

The Board of Directors shall have all of the powers granted it by the Local Marketing District Act, C.R.S. §§29-25-101 et seq., as amended, and other provisions of Colorado and federal law applicable to the District; and said Board shall have such ancillary and incidental powers as may be proper, necessary or convenient for the full effectuation of the purposes, powers and objectives of the District.

SECTION 4 - Compensation.

The directors shall not receive compensation for their services as directors, but the District will reimburse each Director for their actual traveling and transportation and meal expenses when away from Routt County on District business.

SECTION 5 - Performance of Duties.

A Director of the District shall perform all duties of a Director, including duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner which the Director reasonably believes to be in the best interests of District, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing the Director's duties, the Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by officers, employees, counsel, or accountants employed or contracted by the District, any committee of the Board, or other persons or groups as to matters which the Director reasonably believes to be within the knowledge or expertise of such persons or groups. The Director shall not be considered to be acting in good faith if he has actual knowledge concerning the matter in question that would cause such reliance to be unwarranted, unless such knowledge is disclosed to the remaining members of the Board and the remaining members, by unanimous vote, conclude that such Director is acting in good faith regarding the matter in question.

SECTION 6 - Term of Office of Directors; No Term Limits.

Each Director appointed to the Board shall serve for a term of four (4) years after the date of appointment by the City Council, provided that, by statute, each Director serves at the pleasure of the City Council. There are no limits as to the number of consecutive terms in office that any Director may serve. The term limits provisions of Section 11 of Article XVIII of the Colorado Constitution does not apply to the Directors of the District since such Directors are appointed by the City Council and are not elected by the electors of the District.

ARTICLE III - MEETINGS OF THE BOARD OF DIRECTORS

SECTION 1 - Regular Meetings.

Regular meetings (a/k/a bi-monthly meetings) of the Board of Directors shall be held pursuant to the Act on the third Friday in the months of January, March, May, July, September, and November of each year. The time and date of such regular meetings shall not be varied except with the favorable vote of a majority of the Directors. The

time and location of the Board meeting shall be set and determined by the President or Secretary/Treasurer of the District. Meetings are to be adjourned by noon if practicable.

SECTION 2 - Special Meetings.

A special meeting of the Board of Directors may be held upon call of the President or Vice President, and shall be called if requested by any Director or the Clerk of the District or the City Manager of the City if such request is consented to by a majority of the Directors. Proper notice of such Special Meeting shall be given in the manner set forth in Section 4 of this Article III below.

SECTION 3 - Place of Meetings.

The offices of the Steamboat Springs Chamber-Resort Association ("Chamber-Resort Association"), 125 Anglers Drive, Steamboat Springs, CO, is hereby designated as the place where the principal office of the District shall be maintained. All regular and special meetings of the Board of Directors shall be held at the City Council chambers in the City Administrative Offices of the City of Steamboat Springs, or such other public meeting place within the City Administrative Offices on 10th Street in Steamboat Springs, unless such space is not available at the scheduled meeting time and date, in which event the regular meeting shall be held at a different location determined by the President or the Secretary/Treasurer of the Board. Directors may participate in regular or special meetings by telephone, subject to the other provisions of these By-Laws.

SECTION 4 - Notice of Meetings.

(a) Per CRS §29-25-109 of the Local Marketing District Act, meetings of the Board of Directors are subject to the Colorado Open Meetings Law. Per §24-6-402(2)(c) of the Colorado Open Meetings Law, notice of a regular or special Board meeting is deemed to be "full and timely" if posted to the District's designated public place for posting at least 24 hours in advance of the scheduled board meeting. The District's primary designated public place for posting is hereby declared to be the outside front wall adjacent to the front door of the offices of the Chamber-Resort Association, 125 Anglers Drive, Steamboat Springs, CO. In addition, notices and agendas of any regular or special Board meeting shall also be delivered to the City Clerk for posting at the regular public notice posting facility of the City on 10th Street, and at City Market and the US Post Office. Notice of regular and special meetings of the Board of Directors, and the anticipated agenda for such meeting, shall be posted at such primary designated public place for posting, with three duplicate copies delivered to the City Clerk's office, at least 24 hours prior to any regular or special meeting of the Board of Directors.

(b) Not less than 24 hours prior to the date of any special Board meeting or any rescheduled regular Board meeting, the Secretary/Treasurer or Clerk of the District shall notify all Directors and the City Manager of the City, or his designee, of the time, date, and place of such meeting, and (if a special meeting), the purpose for which it is called. Such notice may be by writing delivered in person, by FAX machine, by telephone, by the US mails, or may be by email communication. The notice shall be directed to each Director at the address, FAX number, and/or email address which he or she has provided to the Secretary/Treasurer or Clerk of the District. It is each Director's responsibility to provide and revise his or her address, FAX number, and email address to the Secretary/Treasurer and Clerk of the District as and when changed.

(c) Notices of all meetings shall include or be accompanied by an agenda stating the specific items of business expected to be considered.

SECTION 5 - Rescheduling of Meetings.

Any Director or the Clerk who, after a Board meeting has been set, would like to reschedule the time and/or date of the scheduled meeting shall take responsibility for calling all of the Directors and the Clerk to get their concurrence to the change of the meeting date or time. No meeting date or time shall be changed unless all other Directors concur with the change or waive their right to hold the meeting at its previously scheduled date and time,

and unless there is sufficient time to provide notice as required under the Act and Section 4 above, and provided that notice as so required under Section 4 above is in fact accomplished. If a Board meeting is rescheduled, the Clerk shall provide notice of the rescheduled meeting in the manner described in Section 4 above.

SECTION 6 - Quorum.

A quorum of the Board of Directors shall consist of a majority of the members thereof. Less than a quorum shall have power and authority to adjourn any regular or special meeting at which less than a quorum shall be present or to continue their meeting and to fix the time and place of the holding of the continued meeting. If a Board meeting is continued to a date and time certain, the Clerk shall provide notice of the continued meeting in the manner described in Section 4 above. A Director participating in a regular or special meeting by telephone shall be counted in determining the existence of a quorum, provided that such participation is through a speaker phone in which all other Directors may hear the Director participating by telephone at the same time.

SECTION 7 - Voting.

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

SECTION 8 - Actions at Meetings.

The Board shall not act at any special meeting on any matter which has not been described by general reference in the notice (agenda) for that meeting, except for new items brought up under "New Business" by any Director, or unless the President determines that such matter should be acted upon because of necessity for prompt or immediate action thereon, or unless the Board first votes to modify the agenda. A consent agenda, consisting of a list of routine action items to be considered collectively by the Board, may be utilized at any regular or special meeting. Items shall be removed from the consent agenda and addressed separately at the request of any Director.

SECTION 9 - Order of Business.

The business of all regular meetings of the Board shall be transacted, as far as practicable, in the following order:

- (1) Establishment of Quorum and Call to Order;
- (2) Approval of Agenda for Meeting;
- (3) Reading and approval, or approval as submitted, of the minutes of the previous meeting;
- (4) Public Hearings/Public Input and Comment;
- (5) Treasurer's Report, and Acceptance of Report;
- (6) Report of Standing Committees;
- (7) Report of Directors;
- (8) Report of General Counsel;
- (9) Report of Clerk;
- (10) Report of Special Committees;
- (11) Consideration/Action on District Projects;
- (12) Unfinished Business;
- (13) New business;
- (14) Determination of Future Meetings; and
- (15) Adjournment

SECTION 10 - Meeting Procedures.

Regular and special Board meetings and the meetings of all committees of the Board shall be conducted generally in conformance with The Modern Rules of Order, Third Edition, published by the American Bar Association. Procedures for Board meetings may be modified by the President as necessary to ensure the fair and

efficient conduct of Board meetings. Procedures for committee meetings may be modified by the committee chairperson as necessary to ensure the fair and efficient conduct of such committee meetings.

Each and every action of the Board necessary for the governance and management of the affairs of the District, for the execution of the powers vested in District, and for carrying into effect the provisions of the Act and the 2004 Resolution, shall be taken by the passage of motions or resolutions by the Board of Directors.

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

One or more members of the Board or of any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar tele-communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting. However, at least one member of the Board must be physically in attendance at the time, date, and place provided in the notice of the regular or special meeting, and receiving tele-communications equipment shall be used at that location during the meeting.

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

SECTION 11 - No Informal Action by Directors; Executive Sessions.

All official business of the Board shall be conducted at regular or special meetings. Executive sessions may be called at regular or special meetings, and conducted according to the following guidelines:

(a) Calling the Executive Session. The topic for discussion in the executive session shall be announced in a motion, and the specific statute that authorizes the executive session shall be cited. The matter to be discussed shall be described in as much detail as possible without compromising the purpose of being in executive session. An affirmative vote of two-thirds of the quorum present shall be required to go into executive session.

(b) Conducting the Executive Session. No adoption of any proposed policy, position, resolution, rule, regulation, or formal action shall take place in an executive session. The discussion in executive session shall be limited to the reasons for which the executive session was called. An electronic record of the actual contents of the discussion in the executive session shall be made as required by the Colorado Open Meetings Law. No record is necessary to be kept for any portions of the discussion which the District's attorney reasonably believes constitute attorney-client privileged communication. The attorney shall state on the electronic record of the Executive Session when any portion of the executive session is not recorded as an attorney-client privileged communication. The Board may invite into attendance in the executive session such person or persons as are reasonably necessary to conduct the discussions of the items announced in the call for the executive session. The Board shall invite into attendance in the executive session the City Manager or his/her designee.

(c) After Executive Session. If an electronic record of an executive session is required to be made by law, then the record of such executive session shall be retained by the District for ninety days and then destroyed or erased. Recordings of the executive session shall not be released to the general public for review under any circumstances, except as required by law.

SECTION 12 - Adjournment and Continuance of Meetings.

When a regular or special meeting is for any reason continued to another time and place, the Clerk shall provide notice of the continued meeting in the manner described in Section 4 above. At the continued meeting, any business may be transacted which could have been transacted at the original meeting.

SECTION 13 - Emergency Meetings.

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

ARTICLE IV - OFFICERS

SECTION 1 - Designation.

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

SECTION 2 - Qualification and Election of Officers.

The President, Vice-President, and Secretary/Treasurer shall be members of the Board of Directors. One director shall be both Secretary and Treasurer. The Clerk cannot be a member of the Board of Directors, and is expected to be an employee of the Chamber-Resort Association who is assigned to assist with the business affairs of the District. The Board of Directors shall elect a President, Vice-President, and Secretary/Treasurer at the January regular board meeting in each even-numbered calendar year. The Clerk shall be appointed by the Board of Directors from time to time, to serve at the pleasure of the Board.

SECTION 3 - Term of Office of Officers.

The President, Vice-President, and Secretary/Treasurer shall each serve for a term of two (2) years, and shall hold their offices until their successors shall have been elected. There are no term limits on officers, and each officer may serve an indefinite number of terms of office. The Clerk shall serve at the pleasure of the Board.

ARTICLE V - DUTIES OF OFFICERS

SECTION 1 - President.

The President shall be the Chairman of the Board of Directors and shall preside at all meetings of the Board. Except as otherwise provided herein or by Board action, the President shall sign all contracts, instruments and other documents involved in or concerning the business of the District.

SECTION 2 - Vice-President.

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

SECTION 3 - Secretary/Treasurer.

(a) The Secretary/Treasurer shall be the Secretary of the Board of Directors and all special and standing committees of the Board of Directors. The Secretary/Treasurer, or the Clerk working under his/her direction and control, shall keep a record of all meetings of the Board of Directors and all special and standing committees of the Board of Directors, and shall make such record of executive sessions of the Board as are required by law.

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

(c) The Secretary/Treasurer, or the Clerk working under his/her direction and control, shall give and post notices of regular and special meetings of the Board of Directors and of all special and standing committees of the Board of Directors as required by these By-Laws, by the Act or by the Colorado Open Meetings Law, and the Secretary/Treasurer or Clerk shall retain such notices or appropriate evidences thereof as part of the District's permanent records.

(d) The custodian of the funds of the District is the City Manager or his designee. The Secretary/Treasurer shall be the principal director dealing with the City Manager regarding the funds of the District, and shall, to the extent permitted by the Act, the 2004 Resolution, and any agreements or understandings between the District and City, coordinate with the City Manager or his designee in the timely payment and disbursement of District funds, and the accounting and reporting to the Board of the revenues and expenditures of the funds of the District. Additionally, the Chamber-Resort Association may obtain from time to time revenues from its members in support of the programs of the District, and the Secretary/Treasurer shall coordinate with the Manager of the Chamber-Resort Association or his/her designee in the timely payment and disbursement of Chamber-Resort Association funds which are committed to the programs of the District, and the accounting and reporting to the Board of the receipt and expenditures of such funds.

(e) On a periodic basis and, where practicable, to accompany the notice of a regular meeting pursuant to Section 4 of Article III above, the Secretary/Treasurer shall cause to be prepared and delivered in writing to the Directors a Treasurer's Report including a current income statement, income comparison to budget, and balance sheet, and including identification of any recommended changes to policies and/or accounting procedures, instances of non-compliance, and similar matters. The Secretary/Treasurer may delegate in writing all or any part of such responsibility to the City Manager or his designee.

(f) The Secretary/Treasurer shall coordinate with the City Manager or his designee to cause an audit of the books of the District to be made annually in compliance with Colorado governmental audit law. The City Manager or his designee shall cause the audit to be performed, and shall report such audit to the Board of Directors annually as required by law.

(g) Since the revenues of the District from taxes are held and disbursed by the City, and revenues of the Chamber-Resort Association in support of the programs of the District are held and disbursed by the Chamber-Resort Association, the Secretary/Treasurer shall not be required to be separately bonded.

SECTION 4 - Clerk.

The Board shall designate a Clerk who shall discharge the duties of the Secretary/Treasurer in his/her absence or in the event of the inability of the Secretary/Treasurer to act or pursuant to the delegation of such duties to such Clerk as may from time to time be determined by the Secretary/Treasurer, verbally or in writing.

ARTICLE VI - COMMITTEES

SECTION 1 - Creation.

Committees may be created upon motion or resolution adopted at any meeting of the Board of Directors. The number of members of such committees shall be two. The Directors who shall serve thereon shall be selected by vote of the Board of Directors, or, in default of such selection, shall be determined and appointed by the President. Authority of any such committee to act on behalf of or bind the Board shall only be delegated by Board motion or resolution. Any such committees may be dissolved by the Board at any time by Board motion or resolution.

SECTION 2 - Meetings.

All Board members shall receive notice of committee meetings and information required by the Open Meetings Law. Locations and notices of such committee meetings shall conform with the requirements of Section 4 of Article III. All directors are entitled to attend committee meetings, but only committee members may vote. The Clerk shall be an ex-officio member of each such committee, but may not vote on any matter coming before such committee.

SECTION 3 - Conduct of Meetings.

The provisions and requirements of Article III concerning quorum, voting, actions and procedures at Board meetings shall apply to committee meetings, subject to the provisions of this Article.

ARTICLE VII - FINANCIAL ADMINISTRATION

SECTION 1 - Fiscal Year.

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

SECTION 2 - Preparation of Budget.

By August 15 of each year, the Secretary/Treasurer, with the assistance of the City Manager or his designee and the Clerk, shall prepare and submit to the members of the Board a proposed budget for the ensuing fiscal year. Thereafter, the Board shall review and revise, if necessary, such proposed budget. Such proposed budget shall be accompanied by a statement which shall describe the important features of the budget plan and by a general summary wherein shall be set forth the aggregate features of the budget in such manner as to show the balanced relations between the total proposed expenditures and the total anticipated revenues 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 revenues of the District shall be classified according to the nature of receipts.

SECTION 3 - Adoption of Budget.

The Board shall, at a regular or special meeting of the Board for which notice has been properly given pursuant to Section 4 of Article III above, and held prior to September 1, adopt a budget setting forth the expenditures to be made in the ensuing fiscal year. The Board shall provide for sufficient revenues to finance

expenditures in the budget with special consideration given to proposed marketing and promotion tax levy, if any, and sales and use tax levy by the City for the benefit of the District. The approved budget from the District for the next fiscal year shall be submitted to the City Manager or his designee by September 1 of each year. The approved budget from the District shall be included in the proposed Operating Plan of the District for the next fiscal year, as submitted by law to the City.

SECTION 4 - Levy and Collection of Taxes.

The marketing and promotion tax of the District, set forth in the 2004 Resolution and approved by the electors of the District, is 2% of all lodging revenues from lodging in facilities located within the District. Such marketing and promotion tax is collected by the State of Colorado and remitted to the City. The City also imposes pursuant to referendum approved by the electors of the City a 0.25% sales and use tax rate on taxable sales and uses within the City for a period of 5 years after the electoral approval in 2012. Such 0.25% sales and use tax is collected by the City. The City will withhold or retain 1% of the revenues received by it from such marketing and promotion tax and such 0.25% sales and use tax, commencing on January 1, 2012, for the purposes of recovering to the City all or part of the cost to the City of providing the accounting and financial services to the District and collecting such marketing and promotion tax and 0.25% sales and use tax, as may from time to time be agreed upon between the City and the District Board of Directors.

SECTION 5 - Filing of Budget.

On or before September 1 of each year, the Board shall cause a certified copy of such approved budget, together with the proposed Operating Plan of the District for the ensuing calendar year, to be filed with the City Council.

SECTION 6 - Appropriating Resolution.

At the time of adoption of the budget, the Board shall enact a motion or resolution to adopt such budget and also making appropriations for the ensuing fiscal year. The amounts appropriated thereunder shall not exceed the amounts fixed therefor in the adopted budget. The revenues of the District, as estimated in the budget, shall be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution. The Board may make an appropriation to and for a contingency fund or reserve fund to be used in cases of emergency or other unforeseen contingencies.

SECTION 7 - No Contract to Exceed Appropriation.

The Board shall have no authority to enter into any contract, or otherwise bind or obligate the District to any liability for payment of money for any purposes, for which provision is not made in an appropriation resolution, including any legally authorized amendment thereto, in excess of the amounts of such appropriation for that fiscal year, or for which funds are not detailed in the District budget to be received in the ensuing fiscal year or are in an established reserve fund of the District, and which are stated in the Board's appropriation resolution, including any legally authorized amendment thereto, to be appropriated for that ensuing fiscal year. Any contract, verbal or written, contrary to this Section shall be void ab initio, and no District funds shall be expended in payment of such contracts, except as provided in Sections 9 and 10 below.

SECTION 8 - Contingencies.

In cases of emergency caused by a contingency which could not reasonably have been foreseen at the time of the adoption of the budget, including any unanticipated additional costs of the current and future direct air program at the Yampa Valley Regional Airport, the Board may authorize the expenditure of funds in excess of the budget by resolution duly adopted by at least three Directors. Such resolution shall set forth in full the facts concerning the emergency and shall be included in the minutes of such meeting. If so enacted, a copy of the resolution authorizing additional expenditures shall be filed as an amendment to the District's annual Operating Plan with the City Council, and shall not become effective until approved by such City Council.

SECTION 9 - Payment of Contingencies.

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

SECTION 10 - Annual Audit.

The Board shall request that the City Manager or his designee cause an annual audit to be made after the end of each fiscal year of all financial affairs of the District through December 31st of such fiscal year. The audit report should be submitted to the Board within six months of the close of such fiscal year. Such audit shall be conducted in accordance with generally accepted auditing standards for special districts by a registered or certified public accountant, who has not maintained the books, records and accounts of District during the fiscal year. A copy of the audit report and auditor's opinion letter shall be maintained by the City or the District as a public record for public inspection at all reasonable times. A copy of the audit report shall be forwarded to the State Auditor or other appropriate State official pursuant to statutory requirements.

ARTICLE VIII - GENERAL COUNSEL

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

ARTICLE IX - PUBLIC RECORDS

SECTION 1 - General Procedures.

The following provisions of the District's Public Records Procedures comply with the requirements of the Colorado Public Records Law, C.R.S. § 24-72-201 *et seq.*

SECTION 2 - General Procedures for Public Records Review.

(a) **Hours.** Public Records, as defined in C.R.S. § 24-72-202(6), may be reviewed by any person at the offices of the Clerk or at the offices of the City Manager or his designee between the hours of 9:00 a.m. to 10:30 a.m. and 3:00 p.m. to 4:30 p.m. daily, or by special arrangement with the Clerk or City Manager or his designee, as appropriate.

(b) **Requests for review of public records** should be made through the custodian of records. The official custodian of records is the Clerk.

(c) **Copying charges:** If a request for review is made to the Clerk, the Steamboat Springs Chamber-Resort Association offices (not the District) will charge a reasonable rate per page for photocopies or paper reproduction of miniaturized and digital public records, will charge a reasonable rate for digital copies, whether provided on disk, CD-ROM or other methods of digital storage, and will charge a reasonable rate for requested supplies and secretarial time of the Steamboat Springs Chamber-Resort Association. All of such charges and costs are to be set from time to time and imposed by the Chamber-Resort Association, not the District, and such Association will keep and retain all payments of such charges and costs and need not account or report to the District for same.

(d) Where the public records requested are kept or are to be provided only in digital form, such as magnetic or optical disks, tapes, microfilm, microfiche, electronic form, or otherwise, neither the Steamboat Springs Chamber-Resort Association nor the District will provide the necessary viewing stations or direct electronic access, but instead the Chamber-Resort Association shall only provide a portable disk copy on CD or DVD or flash drive of digital copies of the relevant computer files requested, and shall charge the requesting party for such provision as above provided.

(e) If records requested are not in the custody or control of the District, for example, if such records are only in the custody or control of the City Manager or his designee, the Clerk of the District shall so notify an applicant, in writing if requested, and shall identify who has custody of the records.

(f) If records requested are in active use, in storage, or otherwise not available, the Clerk of the District shall so notify an applicant, in writing if requested, and the Clerk shall, upon request, make such records available at a date and time within three business days. Such three-day period may be extended under extenuating circumstances, and only after written notice from the Clerk to the applicant made within three days of the initial request. The extension shall be no longer than seven business days. Extenuating circumstances include:

- (1) a broadly-stated request that encompasses all or substantially all of a large category of records, in response to which the Clerk cannot reasonably prepare or gather the records within a three-day period;
- (2) a broadly-stated request that encompasses all or substantially all of a large category of records and the Clerk is unable to prepare or gather the records within the three-day period due to impending deadlines or a period of peak demand or requirements of such Clerk's employment with the Steamboat Springs Chamber-Resort Association; or
- (3) the request involves such a large volume of records that the Clerk cannot reasonably prepare or gather the records within three days without substantially interfering with the Clerk's other obligations.

(g) Charges shall be made by the Steamboat Springs Chamber-Resort Association for actual staff time of Chamber-Resort Association staff for voluminous record searches or searches for documents in storage. Charges shall be made on a reasonable basis but not less than \$60 per hour, such rate being intended to take into account all salary, compensation, and benefits costs of the Chamber-Resort Association for such staff.

(h) Inspection of certain types of public records will be denied, in accordance with the provisions of the Colorado Public Records Law. See C.R.S. § 24-72-204. A request for a specific record will be denied if the Clerk determines that the disclosure of the record would be contrary to state or federal statute or regulation or would violate the rules or orders of any court. A request for a specific record may be denied if the Clerk determines, pursuant to C.R.S. § 24-72-204(2), that disclosure of the record would be contrary to the public interest. If denial is made, the applicant may request from the Clerk a written statement of the grounds and statutory authority for the denial.

(i) If the Clerk is unable to determine whether disclosure of the record is prohibited, after exercising reasonable diligence, and after reasonable inquiry, the Clerk may transfer the request to the Board, and the Board may make such decision or apply to the district court for a determination of whether release of the record in question is prohibited, at the cost of the District.

(j) An applicant denied the right to inspect a record may request a hearing in district court, at which the Clerk or Board must show cause why the inspection should not be permitted. The applicant must provide written notice to the Clerk and the Board of his intent to file an application with the district court at least three business days prior to such filing. If the Clerk improperly denied inspection of the records, the applicant will be

permitted to inspect the record and will be awarded court costs and reasonable attorneys fees against the District (but not the Clerk). If denial of access was proper, and the request was frivolous, groundless, or vexatious, court costs and reasonable attorneys fees will be awarded to the Clerk and/or the District.

SECTION 3 - Procedures for Inspecting Certain Records.

The Clerk has established specific procedures for the inspection and copying of certain public records controlled by the Clerk pursuant to C.R.S. § 24-72-203(1), as follows:

(a) Copies of Board Minutes and Resolutions: These documents are not released for inspection or copying until approved or adopted by the Board of Directors.

(b) Audit Reports and Other Financial Information: Copies of Final Audit Reports and Financial Information are typically available for inspection and copying at the office of the City Manager or his designee, after such reports and information have been accepted or approved by the Board of Directors.

ARTICLE X - CONFLICTS

SECTION 1 - Protection of Privileges.

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

SECTION 2 - Code of Ethics.

District directors, officers and staff shall comply with the Colorado Code of Ethics law which is codified at C.R.S. § 24-18-101 et seq., as it may be amended from time to time. If any director believes in good faith that another director of the District has violated such Code of Ethics or the provisions of Section 1 above, such director is encouraged to advise the other director of such belief and may report such violation to the District Attorney for the 14th Judicial District pursuant to C.R.S. § 24-18-103, who is empowered thereby to bring appropriate judicial proceedings on behalf of the people.

SECTION 3 - Disclosure of Conflicts.

District directors, officers and staff shall comply with The Board shall have no authority to enter into any contract, or otherwise bind or obligate the District to any liability for payment of money for any purposes, for which provision is not made in appropriation resolution, including any legally authorized amendment thereto, in excess of the amounts of such appropriation for that fiscal year. concerning disclosure of conflicts of interest.

SECTION 4 - Removal of Directors by City Council.

The City Council may, pursuant to C.R.S. §29-25-108(1)(e), remove a member of the Board of Directors or the entire Board for inefficiency or neglect of duty or misconduct in office, but only if the Director or the Board has been given a copy of the charges made by the City Council against such Director or such Board and has had an opportunity to be heard in person or by counsel before the City Council. In the event of the removal of any Director

or the Board pursuant to this Subsection, the City Council shall file in the office of the City Clerk a record of the proceedings, together with the charges made against the Director or the Board and findings thereon.

ARTICLE XI - SEAL

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

ARTICLE XII - INDEMNIFICATION OF DIRECTORS, OFFICERS & EMPLOYEES

The District shall defend, hold harmless and indemnify any Director, officer, agent, or employee, whether elective or appointive, against any tort or liability, claim or demand, without limitation, arising out of any alleged act error or omission occurring during the performance of official duty, as more fully defined by law or by an indemnification resolution. The provisions of this Section shall be supplemental and subject to and, to the extent of any inconsistency therewith, shall be modified by the provisions of the Colorado Governmental Immunity Act, 24-10-101, et seq., C.R.S. Such indemnity shall extend to and include the payment by the District of all costs, expenses (including attorney's fees), damages, and penalties incurred by any Director, officer, agent, or employee against whom any such claim or demand has been made, EXCEPT that the District shall not indemnify any Director, office, agent, or employee with respect to any act or omission which is a crime or with respect to any willful and wanton act.

ARTICLE XIII - BIDDING AND CONTRACTING PROCEDURES

The District shall comply with the Act and the 2004 Resolution in all contracts of the District, and in connection with negotiation and finalization of any contract. In addition, if revenues of the District from the Marketing and Promotion Tax or from the 0.25% sales and use tax imposed by the City for the benefit of the District are to be, or may be, expended to accomplish or perform a contract, then such contract shall not be executed by the District until and unless such contract has first been approved by the City Council. The District may enter into one or more long-term participation contracts with the Steamboat Ski and Resort Corporation or its successors or assigns in ownership of the Steamboat Ski Area for the commitment and expenditure of District funds in support of the current and future direct air program at the Yampa Valley Regional Airport, but only if such contracts are in each instance approved by the City Council. Once so approved by the City Council and entered into by the District, the annual or more frequent expenditure of District funds or revenues pursuant to such contract shall not require in each instance further approval by the City Council.

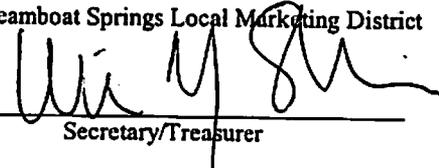
ARTICLE XIV - AMENDMENTS

These By-Laws may be amended by the affirmative vote of a majority of the entire Board of Directors at any regular meeting or at any special meeting called for such purpose, but only if the proposed amendment has first been approved by the City Manager or his designee. A copy of any amendment to these By-Laws proposed to be made shall be mailed by the Secretary/Treasurer or Clerk to each member of the Board of Directors, and to the City Manager or his designee, not less than ten (10) days prior to the meeting of the Board at which such amendment is to be considered.

APPROVED AND ADOPTED as of the date and year below described.

Date: 5.18, 2012

By:

Steamboat Springs Local Marketing District

Secretary/Treasurer

