

BYLAWS OF THE DOWNTOWN DEVELOPMENT AUTHORITY

ARTICLE 1

PRINCIPAL OFFICE

SECTION 1. PRINCIPAL OFFICE. The principal office of the DDA shall be located at 17 North Uncompahgre Ave. Suite A, Montrose, Colorado 81401. The Board may change the principal office by resolution, and by the filing of any necessary documentation in accordance with applicable law. The DDA may also have offices at other places as the Board may approve by resolution.

ARTICLE 2

DDA BOARD

SECTION 1. COMPOSITION OF BOARD. The Montrose DDA is an independent public authority established by ordinance of the City of Montrose, authorized by a vote of the qualified electors and has all powers authorized by Part Eight of Article 25 of Title 31, C.R.S., 2010. Per City ordinance, the DDA Board is comprised of seven (7) members: one (1) City Council representative, two (2) business lessees, two (2) business real property owners within the district, and two (2) at large members, each of whom must be appointed by the City Council (C.R.S. § 31-25-805(3)), and may be removed for cause by the City Council. A majority of the members appointed shall reside or own property in the downtown development district. The DDA Board may make recommendations for candidates to the City Council. Board members shall hold office for a period of four (4) years, with staggered terms expiring June 30 after having satisfied the term of office in (C.R.S. § 31-25-805-2(a, b, c, d)). Each appointed member shall qualify by taking and subscribing to the oath of office required of officials of the municipality (C.R.S. § 31-25-806(2)).

SECTION 2. VACANCIES. Appointments to fill vacancies shall be for the unexpired term. All vacancies must be filled by a successor appointed by the City Council within forty-five (45) days of the occurrence.

SECTION 3. ELECTION OF BOARD MEMBERS. When the term of office of a member of the Board expires, the position shall be advertised publicly no less than one (1) time in a local newspaper of general circulation. Candidates shall appear before the City Council at a regularly scheduled Council meeting or work session. The City Council will select the candidate(s) for the Board.

SECTION 4. REMOVAL OF BOARD MEMBERS. The DDA Board may recommend to the City Council any member of the Board that demonstrates cause for removal. Such causes for recommendation of removal may be, but are not limited to: a conflict of interest or unethical behavior, consistent disruption of meetings, excessive absences (missing three (3) consecutive regular meetings), illegal activity, or any violation of the Colorado Code of Ethics, C.R.S. § 24-18-101 *et seq.* After notice and an opportunity to be heard, an appointed member of the Board

may be removed for cause by the City Council. The City Council may also hold a hearing to remove a DDA Board member on the Council's own initiative. Board Members may be removed, for cause, by a majority vote of the City Council after the hearing.

SECTION 5. CONTRACTS. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the DDA, and such authority may be general or confined to specific instances.

The Board may hire an Executive Director for the DDA, who will perform duties that comply with the policies and interests of the DDA Board.

SECTION 6. LOANS. No loans shall be made, or accepted, on behalf of the DDA, and no evidences of indebtedness shall be issued in the DDA's name, unless authorized by a resolution of the Board.

SECTION 7. CHECKS, DRAFTS, NOTES. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the DDA shall be signed by the treasurer and one other officer of the DDA and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 8. FIDUCIARY DUTIES OF BOARD MEMBERS. All Board members shall discharge their responsibilities in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner reasonably believed to be in the best interests of the DDA.

Board members shall avoid conflicts of interest: a conflict of interest occurs when a transaction or agreement with the DDA occurs in which the Board member has a direct or indirect interest. A conflict of interest transaction is not voidable by the DDA solely because of the Board member's interest in the transaction if any one of the following is true: (1) the material facts of the transaction and the Board member's interest were disclosed or known to the Board, and they approved or ratified it; and (2) the transaction was fair to the DDA.

No Board member shall use his position to profit or realize an advantage at the expense of the DDA. No Board member shall contract with the DDA to provide services during his term of office, unless it is agreed that there is no viable alternative.

ARTICLE 3

MEETINGS OF BOARD MEMBERS

SECTION 1. REGULAR BOARD MEETINGS. The Board may provide, by resolution, the time and place, either within or without the State of Colorado, for the holding of regular meetings. Notice of all regular Board meetings shall be provided in accordance with C.R.S. § 24-6-402 *et seq.* (sometimes known as the "Colorado Sunshine Law"). Board members may attend and vote by telephone, videoconferencing, or other electronic means.

SECTION 2. SPECIAL BOARD MEETINGS. Special meetings of the Board may be called at the request of any three (3) Board members. The person or persons authorized to call special meetings of the Board may fix any place, either within or without the State of Colorado, as the place for holding any special meeting of the Board called by them. Notice of all special Board meetings shall be provided in accordance with C.R.S. § 24-6-402 *et seq.* (sometimes known as the “Colorado Sunshine Law”). Board members may attend and vote by telephone, videoconferencing, or other electronic means.

SECTION 3. BOARD QUORUM AND VOTING. Except as otherwise provided in these Bylaws, a quorum of the Board consists of a majority of the number of members in office immediately before the meeting begins. Any modification to this quorum requirement is subject to the provisions of Section 6 of this Article 3.

SECTION 4. BOARD MEMBERS, MANNER OF ACTING. The act of the majority of Board members present at a meeting at which a quorum is present when the vote is taken shall be the act of the Board. Any amendment which changes the number of members needed to take action is subject to the provisions of Article 6 Section 3 of these bylaws.

SECTION 5. A Board member who is present at a meeting of the Board or a committee of the Board when action is taken is deemed to have assented to the action taken unless: (1) he objects at the beginning of the meeting (or promptly upon his arrival) to holding it or transacting business at the meeting; or (2) his dissent or abstention from the action taken is entered in the minutes of the meeting; or (3) he delivers written notice of his dissent or abstention to the presiding officer of the meeting before its adjournment. The right of dissent or abstention is not available to a member who votes in favor of the action.

SECTION 6. ESTABLISHING A SUPERMAJORITY QUORUM OR VOTING REQUIREMENT FOR THE BOARD. For purposes of this Section, a supermajority quorum is a requirement that more than a majority of the members in office constitute a quorum, and a supermajority voting requirement is any requirement that requires the vote of more than a majority of those members present at a meeting at which a quorum is present to be the act of the Board members.

A bylaw that fixes a quorum or supermajority voting requirement may be amended or repealed by a supermajority vote.

A supermajority quorum voting requirement is necessary to recommend to the City Council the removal of a member.

SECTION 7. BOARD ACTION WITHOUT MEETING, AND WORK SESSIONS. No action may be taken outside of a properly noticed regular or special meeting of the Board. Non-action meetings, at which no formal decisions shall be made, or votes taken, are called Work Sessions, and may be held after proper notice.

SECTION 8. OPEN RECORDS ACT. The DDA is subject to the Colorado Open Records Act, codified under C.R.S. § 24-72-101 *et seq.* Minutes kept at meetings, recordings of meetings, and other records made or created as a result of the conduct of business or operation of the DDA shall be made available to the public as required by said Open Records Act.

ARTICLE 4
OFFICERS AND DUTIES

SECTION 1. OFFICERS. The officers of the DDA shall consist of a chairperson of the Board, one (1) vice chairperson, a secretary and a treasurer. Any two (2) or more offices may be held by the same person, except the offices of chairman and secretary. Officers shall be elected or appointed annually by the Board at the annual meeting of Board members. A vacancy in any office may be filled by the Board at any regular or special meeting called for that purpose.

SECTION 2. CHAIR OF THE BOARD. The chair of the Board shall preside at all meetings of the Board, and may have any other powers and duties as may be conferred by the Board.

SECTION 3. VICE CHAIR. The vice chair shall have the duties that the Board may delegate to him or her from time to time. In the absence of the chair or his or her inability to act, the duties and powers of the office shall be performed and exercised by a vice chair.

SECTION 4. SECRETARY. The secretary shall have the responsibility for the preparation and maintenance of minutes of the DDA Board's meetings and other records and information required to be kept by the DDA and for authenticating records of the DDA. Minutes must be kept of all Board meetings, and must be made available for examination by any member of the public, officer, or member of the DDA, upon reasonable notice, or as provided by law.

Anyone requesting records may be charged a reasonable fee by the DDA approximately equal to the actual cost of producing copies of minutes and other DDA records, in accordance with the Colorado Open Records laws. This provision shall not apply to reports furnished to the City of Montrose, and may be modified by any contract between the City and the DDA.

The secretary shall perform all duties usually incident to the office of the secretary, those duties specified in these bylaws, and other duties that may from time to time be delegated by the Board.

SECTION 5. TREASURER. The treasurer shall have general supervision over the care and custody of the funds and securities of the DDA and shall deposit the same or cause the same to be deposited in the name of the DDA in the bank or banks, trust company or trust companies, which the Board may designate. The treasurer shall keep or cause to be kept full and accurate accounts of all receipts and disbursements of the DDA and whenever required by the Board, shall render or cause to be rendered financial statements of the DDA and an annual financial audit of the DDA.

SECTION 6. FIDUCIARY DUTIES OF OFFICERS. All officers shall discharge their responsibilities in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner reasonably believed to be in the best interests of the DDA.

Officers shall avoid conflicts of interest: a conflict of interest occurs when a transaction or agreement with the DDA occurs in which the officer has a direct or indirect interest. A conflict of interest transaction is not voidable by the DDA solely because of the officer's interest in the transaction if any one of the following is true: (1) the material facts of the transaction and the

officer's interest were disclosed or known to the Board, and they approved or ratified it; and (2) the transaction was fair to the DDA.

No officer shall use his position to profit or realize an advantage at the expense of the DDA. No officer shall contract with the DDA to provide services during his term of office, unless it is agreed that there is no viable alternative.

ARTICLE 5 COMMITTEES

SECTION 1. APPOINTMENT. The Board, by resolution adopted by a majority of the full Board, may designate one or more of its members to constitute a committee. Each committee shall have one (1) or more members, who serve at the pleasure of the Board. The designation of such a committee and the delegation to it of authority shall not operate to relieve the Board, or any member of it, of any responsibility imposed by law. Committees shall act solely in an advisory capacity to the Board.

SECTION 2. LIMITS ON AUTHORITY OF COMMITTEES. No committee may do any of the following:

- A. Approve or propose action that is required by law;
- B. Fill vacancies on the Board or on any of its committees;
- C. Amend these Bylaws;
- D. Adopt, amend, or repeal bylaws;
- E. Perform or authorize any act not specifically authorized under the laws of the State of Colorado; or
- F. Authorize any payment, incur any debt, or enter into any transaction requiring funding.

SECTION 3. TENURE. Each member of a committee shall serve at the pleasure of the Board.

SECTION 4. RESIGNATION AND REMOVAL. Any member of a committee may be removed at any time, with or without cause, by resolution adopted by a majority of the full Board. Any member of a committee may resign from the committee at any time by giving written notice to the president or secretary of the DDA Board, and unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5. VACANCIES. Any vacancy in a committee may be filled by an appointment by a majority of the full Board.

SECTION 6. PROCEDURE. A committee shall elect a presiding officer from its members and may fix its own rules of procedure that shall not be inconsistent with these Bylaws. A committee

shall keep regular minutes of its proceedings, and report the same to the Board for the Board's information at the meeting thereof held next after the proceedings shall have occurred.

ARTICLE 6

ANNUAL RESPONSIBILITIES

SECTION 1. FISCAL YEAR. The Board shall by resolution establish the fiscal year for the DDA.

SECTION 2. ANNUAL MEETING. The Board shall hold an annual meeting, place and time to be determined by the Board, and post it according to custom established by resolution of the Board.

SECTION 3. ANNUAL BUDGET. The Board shall draft an annual budget, to be approved by resolution of the Board. Said budget may be adopted based upon the fiscal year established by the DDA, or it may run concurrently with the calendar year or the City's budget cycle, as necessary or appropriate for the operation of the DDA, or as agreed to by contract with the City.

SECTION 4. ANNUAL AUDIT. The Board shall hold an annual audit to coincide with the City of Montrose's annual audit.

ARTICLE 7

AMENDMENT OF BYLAWS

SECTION 1. BOARD ACTION. The Board may amend these Bylaws at any time to add, change, or delete a provision. Such amendments shall be made only by a supermajority quorum, supermajority vote of the members, as provided in Article 6, Section 3 of these Bylaws.

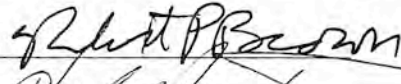
ARTICLE 8

COMPLIANCE

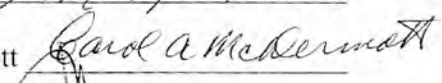
SECTION 1. These Bylaws shall not be interpreted to abrogate or supersede any City ordinances or State statutes. If a conflict occurs, the City and/or State statute shall prevail.

WITNESSETH, that we, the undersigned original DDA Board hereby adopt and enact these Bylaws, herein set forth in full, and that these Bylaws shall henceforth be in full and proper effect as of the date set forth below, unless and until amended as provided herein, or until the Downtown Development Authority is fully dissolved and ceases to exist. Should any provision(s) of any section of these Bylaws be held invalid by a court of law, or repudiated or repealed by said Downtown Development Authority, the remainder of that provision or section of these Bylaws shall remain in full effect as if severed from the ineffective provision(s).

SIGNED AND RATIFIED this 7th day of September 2010, by the board of the Downtown Development Authority, whose signatures appear below.

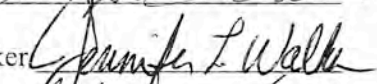
Robert Brown 

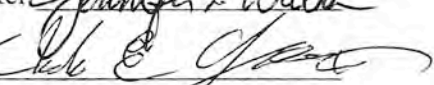
Kirk Hartman 

Carol McDermott 

Phuong Nguyen 

Ralph Walchle 

Jennifer L. Walker 

Charles Young 

The Downtown Development Authority acted to amend its bylaw by adding Section 1.2 to Article 5. The Change shall be added as:

1.2 The board of directors, by resolution adopted by a majority of the full board, may appoint Associate non-voting members to serve as committee chairs of designated committees. The Associate members would serve at the pleasure of the board of directors. The designation of such a member shall not operate to relieve the board of directors, or any member of it, of any responsibility imposed by law. Associate members shall act solely in an advisory capacity to the board.

The board voted unanimously for this amendment.

Chair: Melanie Kline

Treasurer: Kirk Hartman

Secretary: Phuong Nguyen

Adam Duncan

City Liaison: Judy Ann Files

Chris Adams