

Rim Trail Domestic Water Improvement District  
Bylaws  
Adopted May 27, 2017

**1.0 Organization**

1.1 History: Rim Trail Domestic Water Improvement District (“RTDWID” or “District”) was originally formed by a petition of the District property owners that was approved by the Gila County Board of Supervisors in 1977 in accordance with Sections 48-903, 48-905, and 48-906 of the Arizona Revised Statutes. An initial citizen Board of Directors, as appointed by the Board of Supervisors, took office that same year. Numerous other elected and appointed Board members have followed over the years.

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1.2 Members: Under organizational and other applicable statutes, the residents and property owners within the District are the beneficial Members and controlling interests of RTDWID; it is they who elect a Board of Directors to carry out the purposes and mission of the District. The Board operates in accordance with applicable statutes of the State of Arizona.

**2.0 Purpose and Mission**

The District was formed and obtained title and possession of the operating assets of the Upper East Verde Utility Company, a public service corporation that operated under the jurisdiction of the Arizona Corporation Commission. The District, whose Members are the Qualified Electors and Property Owners within RTDWID, is the purveyor of domestic water to the land parcels within its boundaries. As the purveyor of water, the District operates the domestic water systems that produces and distributes domestic water for the exclusive and sole benefit of the Members. Besides daily operation of the existing domestic water systems, the District intends to (a) develop additional water supplies; (b) upgrade existing water infrastructure (wells, tanks, and distribution systems); (c) expand infrastructure to all lots within the District; and (d) develop rules, regulations, rates, fees, and operating policies to be able to provide adequate and sustainable water resources to its Members, with such resources meeting all governmentally imposed service and quality standards for drinking water.

**3.0 Board of Directors Structure and Membership**

3.1 Membership: The Board of Directors, consisting of a minimum of three members and a maximum of five members, but not four members, shall hold all authority as provided by the Arizona Revised Statutes to operate the District for the benefit of District Members.

3.2 Term of Office: Beyond the initial terms of office, all Board memberships for newly elected members shall be for a term of four years beginning on the first Board meeting of the calendar year after Members are elected and ending with the election and qualification of a replacement Member. Notwithstanding the above, half or half plus one of all terms of office will expire every even numbered year.

3.3 Vacant Board Seats: Any Board Member resigning shall notify the District Secretary/Clerk and Board Chairman in writing, and the Gila County Department of Elections per the Procedures for Special Taxing Districts’ Governing Board Member Resignations and Appointments

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as to the effective date of such resignation. When vacancies occur, the Board shall within 30 days solicit letters of interest from potential replacement Members that are qualified electors of the District. The remaining Board Members, as long as they number a majority of the Board, shall select a replacement to fill the unexpired term of the departing member and shall notify the Department of Elections per the Procedures for Special Taxing Districts' Governing Board Member Resignations and Appointments. .

#### **4.0 Meetings and Activities of the Board of Directors**

4.1 Meeting Location, Frequency, and Notices: Meetings shall all be held in accordance with notice and agenda requirements and open meeting laws of the State of Arizona, and normally at locations located within the District or convenient to District Members, or by telephonic means to which the public can hear all parties on the call. Regular periodic meetings shall be scheduled at least four times per year. The Board as required by Statute shall periodically agree upon formal locations for public posting of notices of meetings. Quarterly and annual meetings shall be noticed at least one week ahead of time, with formal agendas issued within the required legal periods for notices. A website shall be maintained for distribution of District information.

4.2 District Members Meeting: Once per fiscal year the Board shall have an annual meeting (which may be accomplished as part of a Rate and Budget hearing) to which all property owners are invited. A status report on all major activities of the District shall be presented to those in attendance.

4.3 Board Member Participation: To hold a meeting, a quorum (a majority of the Board) shall be in attendance. A meeting at which a quorum was initially present may continue even though a Board Member must leave a meeting or abstain from participation during a scheduled meeting. Telephonic participation in meetings may be allowed at the discretion of the board. If the Board provides telephonic participation, all Board Members and any public participant must be able to hear and talk to each other. All Board Members shall be allowed to make and second motions, fully participate in all discussions of topics, and vote on all matters before the Board. Meetings may be temporarily adjourned to allow for breaks, executive sessions, movements to alternate locations, or for continuation of sessions that are running long. However, Board members not in attendance at the time of temporary adjournment must be notified of the future continuance of the meeting if it is delayed for less than 24 hours. Temporary adjournments for over 24 hours require the scheduling of another posted meeting.

4.4 Meeting Protocol/Rules of Order: When questions on meeting protocol arise, the Parliamentarian shall explain the rules of procedure, at which time a majority rule of the Board will prevail in any procedural dispute. Roberts Rules of Order (unless modified within the bylaws) shall prevail including allowance of full discussions of topics to occur prior to formal motions being made.

4.5 Meeting Agendas: Agendas shall be prepared by the Secretary/Clerk and Board Chairman, or their designee, after seeking input from all board members, with a majority of the Board in-

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formally agreeing to discussion topics that may occur during Board deliberations. In case of tie votes on agenda disputes, the Chairman's vote shall be considered as a tiebreaker, i.e., by counting the Chairman's vote twice.

4.6 District Member/Public Participation: Prior to Board consideration of items on a current agenda, the meeting agendas and procedures should normally contain some opportunity for limited public comment on such items, such limitation procedures subject to a majority vote of the Board. For items brought up by the public, but not on the current agenda, a limited public comment period should be included, usually near the end of the meeting.

4.7 Board Meeting Minutes: The Board Secretary/Clerk or a designee shall record the minutes of each Board meeting, carefully noting the wording of motions and the votes thereon. Recording of the full details of all discussion is not required. Roll call votes rather than simple "aye" and "nay" can be required at the request of any board member. Preliminary minutes of meetings shall be posted in the officially agreed upon locations within the legally required time limits. Within 10 days after a meeting, the formal preliminary minutes should be completed under supervision of the Board Secretary/Clerk and passed to all Board members for review prior to final approval of any adjustments at the following public meetings. Upon final approval, the minutes shall be posted at the locations described in section 4.1.

## **5.0 Officers of the Board/District Staffing**

5.1 Term of Office: Each Board member may hold one of the following officer's positions for no less than one year and shall serve in that position at the pleasure of the full Board. Officers shall be elected by a majority of the Board at the first meeting in January each calendar year, and shall take office at that meeting. Normally, no Board member should hold more than one officer position, except temporarily, until a replacement can be appointed by a majority of the remaining Board members.

5.2 Chairman: The Chairman shall preside over the Board meetings, provide leadership and direction for other Board members, and be the official District spokesman. The Chairman shall be the primary interface with the District Manager, if one is engaged, although the District Manager shall formally report to the Board as a whole.

5.3 Vice Chairman: The Vice Chairman shall assume the role of the Chairman in his absence, and shall fulfill other responsibilities as assigned by the Board.

5.4 Secretary/Clerk: The Secretary/Clerk, or a suitable designee, under the supervision of the Secretary/Clerk shall maintain and file all documents and formal records - other than those maintained by the District Manager or the Administrative Assistant, if engaged by the District. Duties also include making sure that all meeting agendas and minutes are properly posted, documented and published in accordance with State Statutes. The Board shall approve record storage locations.

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5.5 Treasurer: The Treasurer is the primary custodian of all funds and is responsible for presenting at every Board meeting required under the District's bylaws a written report of cash balances, income, and expenses for prior accounting periods. Disbursements of all funds and management of cash balances shall be at the direction of the Treasurer, or at the Direction of the Chairman in the Treasurer's absence. The Treasurer or suitable designee(s) under the supervision of the Treasurer should actively pursue financial resources when the District is in need of additional funding, and the Treasurer should maintain relations with financial entities concerning banking, insurance, auditing, and accounting policy. The Treasurer shall provide major leadership for preparation of annual budgets.

5.6 Parliamentarian: The Parliamentarian shall be knowledgeable in open and closed meeting procedures and *Robert's Rules of Order* as well as the Bylaws of the Rim Trail Domestic Water Improvement District.

5.7 Staffing: At the pleasure of the Board of Directors, additional staffing may be engaged to carry on the day-to-day activities of the District. Additional staffing may include, but is not limited to, a District Manager, a District administrative assistant, an IT/Website person, and others as approved by the Board of Directors. Duties of any additional staff shall be documented in writing.

## **6.0 Committees**

6.1 From time to time, the Board may establish various committees to help carry out the purposes of the District. Each approved committee shall have the authority to make recommendations to the Board; the Board will make final decisions. At least one Board member shall be assigned to participate on any committee formed. Citizen and outside advisors approved by the Board may be assigned to be members of established committees. All members have the right to vote on committee matters, which must be carried out under the open meeting law requirements and procedures as established for the full Board as described under Section 4.1. Committees shall meet as frequently as necessary to carry out their purposes and assigned work. At a minimum, the Board may maintain the following committees:

6.2 Audit Committee: From time-to-time and at the direction of a majority of the Board, the Chairman may appoint an ad hoc audit committee. This committee shall review the financial books and legally required records of the District and file a report of its findings with the Board at least once per year. The District Treasurer and Secretary/Clerk may not be a member of the committee, but shall be available to the committee for possible questions.

6.3 Budget Committee: From time-to-time and at the direction of a majority of over 50% of the Board, the Chairman may appoint an ad hoc budget committee. This committee shall study and recommend financial plans including sources of income, tax rates, and expected month-by-month and capital expenditures for the current and next fiscal year.

6.4 Work-Study Groups: Any other groups that need to be formed may be established at the full direction and selection of the Chairman as work-study groups. Assigned property owners,

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citizens, and others assigned, per statute, may supply information to the board, appropriate to the objective of the study group, but they may not make recommendations to the Board.

### **7.0 Outside Support**

To carry out the District's work, the Board may from time-to-time engage various individuals, consultants, or firms to assist with District work including accountants, insurance experts, engineers, hydrologists, legal counsel, etc.

### **8.0 Financial Activities and Records**

8.1 Fiscal Year/Financial Reports/ Annual Reviews: The fiscal year shall be from July 1st of a year through the following June 30th. Financial reports including interim balance sheets, income statements, and actual income and expenses compared to budgets shall be provided to the Board, at a minimum, once each quarter of the fiscal year. Once per year, the most recent annual financial statements of the District shall be reviewed or audited by an independent accounting agency whose level of expertise shall be determined by the Board on an annual basis.

8.2 Budgets: Annually, a budget of projected income, expenses, and capital items shall be prepared. If property taxes are to be levied, the budget shall be provided to Gila County within the timelines they establish so that taxes are collected and remitted to the District.

8.3 Expenses of Board Members. Board members may be reimbursed for reasonable out-of-pocket expenses incurred in the normal course of District activities. Board members must get prior approval before incurring these out-of-pocket expenses and must submit said expenses to the administrative office by the 5th of the month following the month in which the expenses were incurred. Such prior approval may be acquired from the Board Chairman, the Secretary/Clerk or a majority of the board. Reimbursement claims shall be supported by appropriate documents normally acceptable in business situations and as allowed by the Internal Revenue Service. Expenses for travel costs outside Gila County shall be allowed at the standard IRS rate.

8.4 Insurance: The District shall maintain a reasonable level of property and casualty insurance to protect owned assets and to protect the District against general liability claims. In addition the Board members, committee members, work-study group members and District management shall be protected by an officer and directors liability policy with limits of at least \$1,000,000 per incident. The Board Chairman and/or the Secretary/Clerk or their suitable designee, shall review the adequacy of the insurance coverage annually within 90 days of the end of the fiscal year. The Board Chairman and/or Secretary/Clerk, or their suitable designee, shall report their findings to the board at the first meeting following the completion of their review.

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**9.0 Miscellaneous**

9.1 Conflicts of Interest: Board members and District staff members shall avoid conflicts of interest whenever possible. Upon Board membership or engagement by the Board, any likely or actual conflicts shall be disclosed in writing prior to any action related to the potential conflict of interest, so that Board members (excluding the party in a possible conflict) can evaluate the situation. For certain conflicts, the solution may be the Board member abstaining from the discussion and the vote related to a possible conflict of interest situation. Board members excluded from a decision because of a conflict of interest shall be included in the determination of a quorum being present for a meeting.

9.2 Amendments: These Bylaws may be amended by a majority of the Board or by a vote of over 50% of the qualified electors of the District that petition the Board in writing to make desired changes. Any approved changes shall take effect immediately.

9.3 Legal: The District shall at all times follow the laws of the applicable government units, and it shall adhere to the policies of all regulatory bodies that have jurisdiction over the District and its activities.

9.4 Rights to Act in an Individual Capacity: Besides acting in a capacity as a Board member, officer, committee member, or staff member, such parties shall not be prohibited from acting in their own behalf as a property owner or citizen within the District; and any actions taken by such individuals shall not constitute an action by the District. However, under no circumstances may any current board member use proprietary information confidential to the board, to further their cause when acting on their own behalf.

9.5 Asset Care/Information Security: Board members and official staff personnel shall always maintain close long-term control over District assets (lands, water rights and claims, equipment, infrastructure, etc.) and shall protect customer information by reasonably securing facilities and by owning computers that are regularly backed up as to data files. Equipment and assets shall be maintained to provide long-term service and high reliability at the lowest reasonable costs.

9.6 Conflict of Provisions: In case any provisions of these Bylaws conflict with statutes or rulings issued by the State of Arizona or other governing agencies or regulatory bodies with jurisdiction over Domestic Water Improvement Districts, or with the budget or rates documents, such statutes, rulings, or documents shall govern and the conflicting bylaws shall be null and void.