

BY-LAWS
Of the Pine Creek Canyon Domestic Water Improvement District
As Approved by the Board of Directors on December 12, 2020

INDEX

- 1.0 Organization and Purpose:**
 - 1.1 Formation:
 - 1.2 Governance:
 - 1.3 Purpose:

- 2.0 Board of Directors**
 - 2.1 Membership:
 - 2.2 Responsibility and Authority
 - 2.3 Term of Office
 - 2.4 Vacancies
 - 2.5 Compensation and Expenses

- 3.0 Officers and the Board**
 - 3.1 Election and Term
 - 3.2 Chairman
 - 3.3 Secretary
 - 3.4 Treasurer

- 4.0 Staffing**
 - 4.1 District Manager
 - 4.2 Other Staffing

- 5.0 Committees and Study Groups**
 - 5.1 General
 - 5.2 Advisory Committee
 - 5.3 Special Committees and Standing Committees
 - 5.4 Study Groups

- 6.0 Public Meetings**
 - 6.1 Requirement
 - 6.2 Guidelines
 - 6.3 Frequency and Location
 - 6.4 Notices
 - 6.5 Content of Notices
 - 6.6 Quorum
 - 6.7 Remote Conferencing for Board Members and Public
 - 6.8 Protocol
 - 6.9 Discussions
 - 6.10 Motions and Votes

BY-LAWS
Of the Pine Creek Canyon Domestic Water Improvement District
As Approved by the Board of Directors on December 12, 2020

- 6.11 Public Participation
- 6.12 Recesses
- 6.13 Minutes
- 6.14 Posting and Minutes

7.0 Executive Session

- 7.1 Notice
- 7.2 Agenda
- 7.3 Protocol
- 7.4 Minutes

8.0 Emergency Meetings

- 8.1 Definition
- 8.2 Notice
- 8.3 Emergency in a Public Meeting
- 8.4 Emergency in an Executive Session
- 8.5 Actions after an Emergency Meeting

9.0 Financial Matters

- 9.1 Fiscal Year and Annual Review
- 9.2 Annual Budgets
- 9.3 Taxation
- 9.4 Insurance

10.0 Public Records

- 10.1 Description
- 10.2 Maintenance of Public Records
- 10.3 Access to Public Records

11.0 Conflicts of Interest

- 11.1 Directors and Other Parties
- 11.2 Right to Act in an Individual Capacity

12.0 Asset Care/Information Security

13.0 Precedence of Other Authorities

14.0 Amendments

BY-LAWS

Of the Pine Creek Canyon Domestic Water Improvement District As Approved by the Board of Directors on December 12, 2020

1.0 Organization and Purpose:

1.1 Formation: The Pine Creek Canyon Domestic Water Improvement District (the “District”) was formed by a petition of property owners as approved by the Gila County Board of Supervisors in 1996. The District operates under the authority of Title 48, Chapter 6 of the Arizona Revised Statutes (“ARS”).

1.2 Governance: The District is governed by a Board of Directors (the “Board”) elected by the Qualified Electors in the District. Qualified Electors are property owners in the District who are also registered to vote in the State of Arizona. (ARS 48-1012.A and ARS 16-121)

1.3 Purpose: The District’s purpose is to provide domestic water and wastewater services for domestic purposes to the real property within its boundaries. The owners of real property in the District are entitled to receive water and wastewater services provided by the District, subject to the District’s Rules and Regulations.

2.0 Board of Directors:

2.1 Membership: The Board of Directors shall consist of five members. Directors must be Qualified Electors of the District. (ARS 48-1012.A.)

2.2 Responsibility and Authority:

A. The Board as a Whole: The Board of Directors as a “whole” has responsibility and authority for strategic planning, policy making, and oversight of all activities necessary to deliver domestic water and wastewater services to the District’s property owners. This includes the authority to monitor, direct, and supervise a District Manager, if engaged, and to approve staffing positions, use of outside vendors, communications to property owners, budgets, debt incurred, legal activities, meeting agendas, and other activities directly within the Board’s scope of authority.

B. Individual Directors: Individual Directors may also have limited responsibility and authority for monitoring and participating in various District functions either as an officer of the Board, as a member of an Advisory Committee, or by specific delegation from the Board. The individual Director’s responsibility and authority for each function shall be determined by the Board on a case-by-case basis, and may or may not include full oversight as defined in the paragraph above depending on the amount of authority delegated to the Director by the Board. However, an individual Director should not be delegated the authority to make decisions that are the responsibility of the Board as a whole, decisions that should be made in a public meeting under the Open Meeting Law,

or decisions that conflict with responsibilities of the District staff. Conflicts between individual Board members or between District staff members and individual Board members regarding authority and responsibility issues shall be decided by the Board as a whole.

2.3 Term of Office: Each elected Director shall hold office for a term of four years, and until a successor is elected and qualifies. (ARS 48-1012.B). Elections, managed by the Gila County Department of Elections, are held every other year with staggered terms. Each Director appointed to fill a vacancy shall hold office for the remaining term of the Director who is being replaced by the appointment. Each elected Director shall take office at the first scheduled meeting after the results of elections are canvassed by the Gila County Board of Supervisors. Each appointed Director shall take office once the required oath of office has been administered, notarized, and signed by the new member (ARS 48-1012.C).

2.4 Vacancies: If a vacancy in the Board occurs due to the resignation of a Director or for any other reason, the Board shall within 30 days solicit letters of interest from the Qualified Electors of the District. The remaining Directors, by a majority vote in a public meeting, shall then appoint a Qualified Elector to fill the remaining term of office of the vacant position. (ARS 48-1012.C) Nominations to appoint a person to fill a vacancy on the Board of Directors can be made by any Qualified Elector of the District. In case of a tie vote, the tie shall be broken by the flip of a coin to determine the final selection of the new member. When the vacant position is filled, the Secretary of the Board shall arrange for the new Director to take and sign the oath of office, and shall notify the County Board of Supervisors of the new Director's identity.

2.5 Compensation and Expenses: Directors receive no compensation for services provided to the District. However, under Arizona Revised Statutes, each Director may be eligible to receive no more than \$75 for each Board meeting attended, plus reimbursement for necessary travel expenses for attending not more than four meetings of the Board during a calendar month. (ARS 48-1013.A). Each Director may also receive reimbursement for necessary expenses while engaged in official business of the District as authorized by the Board. (ARS 48-1013.B)

Board members seeking reimbursement of qualified expenses must submit a request for payment to the Treasurer within 10 days after attending a meeting or incurring a reimbursable expense. Requests shall be supported by appropriate documents required for reimbursement of business expenses under the regulations of the Internal Revenue Service.

3.0 Officers of the Board:

3.1 Election and Term: The Board shall annually elect from its members a Chairman, a Clerk/Secretary, and a Treasurer. Elections shall be held at the first Board meeting in each calendar year. Nominations for each officer position can be made by existing Board members or from the floor by any Qualified Elector of the District. The person making the nomination

can only nominate one person for each open position. Persons being nominated need not be in attendance at the meeting. In case of a tie vote for any officer position, the tie shall be broken by the flip of a coin to determine a final selection to hold such officer position. Each officer's term of office shall begin at that meeting and continue for one year or until the next Board officer election occurs. Interim officer elections may occur when vacancies occur at times other than the normally scheduled meeting for election of officers. No Director should hold more than one office at a time, except temporarily until a replacement can be elected.

3.2 Chairman: The duties of the Chairman shall include the following:

1. Provide leadership and direction to the Board, and preside over Board meetings.
2. Coordinate with the District Manager and Clerk/Secretary for preparation of meeting agendas and required legal notices of meetings.
3. Act as the primary interface with the District Manager.
4. Exercise oversight of legal matters affecting the District, including coordination with legal counsel and compliance with the Open Meeting Law (ARS 38-431 et. seq. as applied and interpreted by the Arizona Attorney General in Chapter 7 of the Arizona Agency Handbook, which is referred to herein as the "Agency Handbook").
5. Exercise oversight of District communications to property owners and the public, including use of the web site and information technology issues.
6. Act as the official District spokesperson to the public and to other organizations. Perform such other duties as are customary and necessary for the position of Chairman, or that are assigned by the Board.

3.3 Secretary: The duties of the Secretary shall include the following:

1. Interface with the Chairman and District Manager to prepare, post, and distribute meeting notices, agendas, and minutes.
2. Act as the parliamentarian in meetings.
3. Exercise oversight for compliance with the state public records laws (ARS 39-101 to 39-161), and state record management requirements (ARS 41-151.14).
4. Assume the role of the Chairman in his absence.
5. Act as the Secretary for the District to oversee or perform the duties necessary to generate Agendas, Minutes, and legally required notices prescribed for a Clerk under ARS Title 48, Chapter 6.
6. Perform such other duties as are customary and necessary for the position of Secretary, or that are assigned by the Board.

3.4 Treasurer: The duties of the Treasurer shall include the following:

1. Prepare a recommended annual budget with the assistance of the District Manager and other interested parties.
2. Interface with the District Manager and provide the Board and public with quarterly financial reports including interim balance sheets, income statements, cash flow

statements, and actual income and expenses compared to budgeted income and expenses.

3. Exercise oversight of all financial matters including banking, disbursement of funds, management of cash balances, bookkeeping, CPA financial statement reviews, accounting policies, rate/fee schedules, and insurance (property and casualty, general liability, and public official's liability).
4. Monitor whether property taxes, user fees, assessments, loans or other financial resources are necessary to meet the District's needs, and lead the process to authorize and raise necessary funds.
5. Perform such other duties as are customary and necessary for the position of Treasurer, or that are assigned by the Board.

4.0 Staffing:

4.1 District Manager: The Board of Directors may engage a District Manager to manage day-to-day activities of the District including the physical, technical, administrative, and customer communication activities necessary to provide domestic Water and Wastewater services to the property owners within the District. The Board may also engage the District Manager to perform other services or to undertake special projects under separate agreements.

4.2 Other Staffing: The Board of Directors, after consultation with the District Manager, may engage individuals or organizations to support the District's activities including system operators, engineers, hydrologists, maintenance and repair technicians, meter readers, administrative personnel, bookkeepers, information technology and/or website personnel, accountants, financial and insurance advisers, attorneys, consultants, and other parties as deemed necessary by the Board.

5.0 Committees and Study Groups:

5.1 General: The Board may establish advisory committees, special committees, and standing committees. Each of these is a "public body" subject to the requirements of the Open Meeting Law. (ARS 38-431.6) The Board may also establish study groups that are not subject to the Open Meeting Law. All committee members other than those with a conflict of interest shall be permitted to vote on committee matters and recommendations.

5.2 Advisory Committees: An advisory committee or subcommittee is a group established by a motion and order of the Board, or by the Chairman of the Board, whose members are appointed for the specific purpose of making a recommendation to the Board concerning a decision or course of conduct to be taken or considered by the Board. (ARS 38-431.1)

5.3 Special Committees and Standing Committees: These committees may consist of Board members who have been appointed by, or authorized by the Board to act on limited topics for, the Board as a whole. Persons who are not Board members may also be appointed to these committees. (ARS 38-431.6)

5.4 Study Groups: The Chairman may establish study groups to investigate specific limited issues and provide data or information to the Board. Study groups are not permitted to make recommendations to the Board, and as such are not subject to the requirements of the Open Meeting Law.

6.0 Public Meetings:

6.1 Requirement: Under the Arizona Open Meeting Law, all discussions, deliberations, considerations or consultations among a quorum (a majority) of the Directors or committee members regarding matters that may foreseeably require action or a decision by the Board, must be conducted in a public meeting or executive session. (ARS 38-431.01)

6.2 Guidelines: Guidance for deciding when a public meeting is required or not required, is provided in Section 7.0 of the Arizona Attorney General's Agency Handbook, and in various Attorney General Opinions. Individuals elected or appointed to a public body shall review this Chapter Section 7 at least day before taking office. Board members should refer to this guidance when conducting the District's business or to other guidance from legal authorities that may be issued from time to time in the future.

6.3 Frequency and Location: The Board shall convene public meetings as deemed necessary by the Board. If practicable this shall include regular face to face periodic meetings once each calendar quarter. Meetings shall be held at locations within the District or convenient to District Members, and when practical, public access by use of conference calls or other technical means where all meeting participants can hear and talk to each other (Agency Handbook Section 7.10.1).

6.4 Notices: Notice of all Board meetings shall be provided to the Board Members, the District's property owners, and the general public. Under the Open Meeting Law, notice must be provided at least 24 hours prior to the meeting, excluding Sundays and holidays.(ARS 38-431.02.C; Agency Handbook Section 7.6.5) Whenever practicable, the Board will provide more notice, normally three to five days. Notice shall be provided as follows:

- A. Board Members. Board members are members of the "public body" under ARS 38-431.02.C. Notice to Board members shall be given by telephone, email, or hand delivery.
- B. Property Owners. Property owners are members of the public under ARS 38-431.02.C. They must therefore receive notice under paragraph C immediately below. Also, notice to property owners shall be given by posting to the District's Official Bulletin Board or by hand delivery, email, or postal mail to their address of record as maintained with the District.
- C. The Public. Notice to the public is a two-step process(ARS 38-431.02.A.3):

- (1) The District will annually post a Disclosure Statement with the Gila County Board of Supervisors and on its website identifying the physical location where public notices of meetings will be displayed. The physical location must be a place to which the public has reasonable access.
- (2) The District will post a notice of each meeting at its official physical posting location identified in the Disclosure Statement (bulletin board by exist gate) and when practical on its website. If anyone has specifically asked to be notified of meetings, that person should also be notified.

6.5 Content of Notices: Prior to each meeting, the Secretary or his designee shall issue a "call for agenda items" to all Board Members to solicit desired topics to potentially include in planned meetings. Meeting and agenda notices must contain the following information:

- A. The date, time and specific location of the meeting.
- B. An agenda for the meeting prepared by the Secretary or his designee. Each agenda shall include the following items:
 - (1) Call to Order and Determination of a Quorum.
 - (2) Approval of the Minutes from the Previous Meeting(s).
 - (3) Officer's Reports. These are brief summaries of current events only. No decisions are allowed. In order for an Officer Report matter to be discussed, the matter must be specifically listed as a topic on the agenda.
 - (4) Call to the Public for Items on the Agenda. The public shall be given the opportunity, prior to Board discussion or consideration of listed agenda items, to offer input to the Board; or at the option of the Chairman, such input related to listed agenda items may occur during the Board discussion of that agenda item. The Chairman shall have the authority to limit such public input in order to maintain meeting schedules or meeting decorum.
 - (5) Matters to be Discussed or Decided. The agenda shall list each specific matter to be discussed or decided at the meeting. The Board is only allowed to discuss and make decisions on matters that are individually listed on the agenda and other matters related directly thereto.
 - (6) Call to the Public for Items Not on the Agenda. This topic shall indicate: "Members of the public may address the Board on any issue within the Board's jurisdiction. However, under the Arizona Open Meeting Law, the only actions the Directors can take on these non-agenda issues are to "respond to criticism, to ask staff to review a matter, or to ask that a matter be put on a future agenda".
 - (7) Adjournment.
 - (8) The following language shall be placed at the bottom of each agenda: "During the meeting, the Board may decide to go into an executive session to discuss the following matters: (1) personnel matters; (2) confidential records; (3) legal advice; (4) litigation, negotiations, and settlement discussions; (5) discussions with designated representatives regarding salary negotiations; (6) international, interstate, and tribal negotiations; or (7) purchase, sale or lease of real property; (8) discussion of school safety programs, (9) discussions related to security of facilities, information technology, and

records storage. Executive Sessions are closed to the public. No decisions can be made in an Executive Session. All decisions must be made in a public meeting convened after the Executive Session is adjourned.”

6.6 Quorum: A quorum (majority) of Directors must be present in order to convene a meeting. A meeting at which a quorum is initially present may continue even though a Board member leaves or abstains from participating.

6.7 Remote Conferencing for Board Members and Public: If a Director or member of the public is unable to be present at a meeting in person, he or she may participate by telephone or other remote conferencing as long as:

- A. the notice and agenda state that one or more members of the Board will participate either in person or by remote conferencing;
- B. the meeting place has facilities to permit the public and all Board members to observe and hear all communications;
- C. all Board members participating by remote conferencing are clearly identified; and
- D. the minutes of the meeting identify the members participating by remote conferencing and describe the procedures followed to provide the public access to all communications during the meeting.

6.8 Protocol: Meetings shall be conducted by the Chairman, or if the Chairman is unavailable, then by the Secretary or the Treasurer, in that order, as Acting-Chairman. The meeting shall be conducted in accordance with the By-Laws; however, if needed a simplified Robert’s Rules of Order can be used to determine questions of protocol. If a question of protocol arises, the Secretary will provide guidance to the Chairman, who will rule on the issue. However, if called for by any Board member, protocol issues will be decided by a majority vote of the Board.

6.9 Discussions: At the discretion of the Chairman, the discussion of an agenda topic may occur either before or after a formal motion is made. The Chairman may also place reasonable time and decorum limits on the discussion of any matter by a Director or a member of the public. Any objection to the limitation shall be noted in the minutes, but the limitation shall be enforced.

6.10 Motions and Votes: All Board members shall be allowed to make and second motions, to fully participate in all discussions, and to vote on all matters. The approval of all motions and other decisions made by the Board shall be by majority vote. A formal roll-call vote stating how each Board member voted shall be conducted at the request of any Board member, whether the request is made before or after an informal verbal vote on the matter.

6.11 Public Participation: Under the Open Meeting Law, members of the public are allowed to attend and listen to discussions at public meetings. However, the law does not establish a right for the public to participate in discussions or decisions. In the sole discretion of the Chairman, members of the public may be allowed to provide input or ask questions about agenda items being discussed by the Board.

6.12 Recesses: A meeting may be recessed and resumed within less than 24 hours if, before recessing, the Chairman states the time and place when the meeting will be resumed, or the method by which notice will be publicly given. If a meeting will not reconvene for more than 24 hours, a new meeting notice and agenda must be posted.

6.13 Minutes: The Secretary or a designee shall take written minutes or recordings of all meetings. The minutes should mainly contain a record of what action was taken at the meeting, not what was said by the members. The minutes or recordings shall include, at a minimum:

1. The date, time and place of the meeting.
2. The members of the Board either present in person or by remote conferencing or absent.
3. A general description of the matters considered.
4. An accurate description of all actions or decisions that are proposed, discussed or taken; and the names of the Director(s) who proposed each motion.
5. The names of the persons making statements or presenting requested materials to the Board, and a reference to the action or decision about which they made statements or presented material. Public comments (or summaries of such comments) and who made them may be included if deemed appropriate by the Secretary.

6.14 Posting of Minutes: The minutes of all meetings except Executive Sessions shall be made available to the public by the end of the third working day after the day of the meeting. (ARS 38-431.01.D) This will be done by posting the minutes at the official location where notices of meetings are physically posted and reasonably soon thereafter on the District's web site. The three-working-day deadline is a legal requirement, so if the preliminary minutes have not been finalized they should still be posted and marked as "draft" minutes until such time as the minutes are approved at a following meeting. The Secretary shall complete adjusted minutes within 10 days for review and consideration by Board members prior to final approval of any required adjustments at the following public meeting.

7.0 Executive Sessions:

7.1 Notice: When an Executive Session is going to be held, or if it is likely that an Executive Session will be necessary, the meeting notice must state the specific provision of law authorizing the Executive Session, including the specific numbered paragraph of ARS 38-431.03.A that applies.

7.2 Agenda: The agenda for an Executive Session must contain a general description of the matters to be considered.

7.3 Protocol: Action involving a final vote or decision shall not be taken at an Executive Session. All votes or decisions on matters considered in an Executive Session must occur in a public meeting following the Executive Session. (ARS 38-431.03.D)

7.4 Minutes: Minutes of an Executive Session, and all discussions that take place at an Executive Session, shall be kept confidential and may not be disclosed to anyone, with several exceptions listed in ARS 38-431.03.B. (Agency Handbook Section 7.8.4) The minutes of Executive Sessions must contain the following information:

- A. The date, time and place of the meeting.
- B. The members of the Board recorded as either present or absent.
- C. A general description of the matters considered.
- D. An accurate description of instructions given to attorneys or representatives.
- E. A statement of the reasons for emergency consideration of any matter not on the agenda.
- F. Such other information as the Board deems appropriate.

8.0 Emergency Meetings:

8.1 Definition: A Board of Director's "emergency" exists when, due to unforeseen circumstances, immediate action by the Board is necessary to avoid some serious consequence that would result from waiting until the required notice could be given.

8.2 Notice: In case of an emergency, a meeting, including an Executive Session, may be held on such notice as the Board deems appropriate to the circumstances. (ARS 38-431.02.D)

8.3 Emergency in a Public Meeting: If an emergency arises during a previously noticed meeting, it may be discussed and decided even if it is not on the meeting agenda. However, prior to the discussion, a statement setting forth the reasons necessitating the discussion must be placed in the minutes and announced at the public meeting. (ARS 38-431.02.J)

8.4 Emergency in an Executive Session: In the case of an Executive Session, the reason for consideration of an emergency shall be announced in a public meeting prior to the Executive Session, and shall also be placed in the minutes of the Executive Session. (ARS 38-431.02.J)

8.5 Actions after an Emergency Meeting: Within 24 hours after an emergency meeting, the Secretary must post a notice declaring that an emergency meeting has been held, and containing the same information as required in an agenda for a normal meeting. In addition, a statement of the reasons for the emergency action must be placed in the minutes of the meeting. (ARS 38-431.02.J)

9.0 Financial Matters:

9.1 Fiscal Year and Annual Review: The fiscal year shall be from July 1st of a calendar year through the following June 30th. At the end of each fiscal year, the annual financial statements shall be reviewed by a certified public accountant.

9.2 Annual Budgets: Near the end of each fiscal year (usually by May 31), a preliminary budget for the following fiscal year shall be prepared that includes projected income, property tax collections, assessments, rate and fee schedules, expenses, reserve funds, and capital investments. The Board shall also develop a year-to-date statement of the District's financial affairs for the current fiscal year. The District shall then publish notice of the statement and estimates, have public hearings thereon, and adopt them in accordance with the laws governing District budgeting processes. (ARS 48-954; and ARS Title 42, Chapter 17, Article 3). Additionally, on or before the third Monday in July of each year, the Board shall prepare required financial documents for submission to various governmental agencies:

- A. A statement of the District's financial affairs for the preceding fiscal year.
- B. An estimate of the rates and fees and amounts of total revenues and expenses that will be required to meet the District's financial obligations, cash requirements, and financial reserves for the fiscal year starting as of July 1.

9.3 Taxation: General obligations of the District may be provided for by the levy and collection of taxes upon all the real and personal property in the district. (ARS 48-952) If property taxes are to be levied, the necessary information shall be provided to Gila County within the timelines established by the County, so that taxes can be collected and remitted to the District.

9.4 Insurance: The District shall maintain a reasonable level of property, casualty and liability insurance to protect District assets, compensate injured parties, and protect the District against general liability claims. In addition, the District shall maintain Public Officials and Managers insurance covering the Directors, District management, committee members, and study group members with limits of at least \$1,000,000 per incident. The Treasurer shall review the adequacy of insurance coverage annually within 30 days before the renewal

date of each policy, and shall report findings to the Board at the first meeting following the completion of the review.

10.0 Public Records:

10.1 Description:

- A. "Public Records" are defined broadly to include all materials, regardless of physical form, made or received by a public body in pursuance of law or in connection with the transaction of public business. This includes emails on organizational or personal computers, web pages, word processing files, data bases, hand written notes, and other material not physically located at the organization's offices. (ARS 41-151.18)
- B. "Other Matters" includes documents not required by law to be kept as Public Records but that are held by a public officer in his or her official capacity.

10.2 Maintenance of Public Records: All Board members and the District Manager shall maintain all records reasonably necessary or appropriate to maintain an accurate knowledge of their official activities. Each individual shall be responsible for the preservation, maintenance and care of his or her Public Records, and shall secure, protect and preserve Public Records from deterioration, mutilation, loss or destruction. (ARS 39-121.01.B and C; ARS 41.151.15 and 151.19)

10.3 Access to Public Records: Public Records and Other Matters (as defined above) in the custody of any Board member or the District Manager are, with several exceptions, open to inspection by any person at all times during office hours. Any person may request to examine or be furnished with copies, printouts or photographs of any Public Record during regular office hours; or may request that the custodian mail a copy of any public record not otherwise available on the District's website to the requesting person. (ARS 39-121) There are exceptions for confidential records, protection of individual privacy, and the best interests of the state.

If a Board Member, the District Manager, or any other entity involved in District activities, receives a request for access to Public Records, that person shall immediately inform the Chairman of the Board and the District Manager what has been requested, what requested information they have, and when they will respond. Unless advised otherwise by the Chairman, the custodian of the records shall promptly furnish the items requested. (ARS 39-121.01.D)

11.0 Conflicts of Interest:

11.1 Directors and Other Parties: Directors and other individuals or organizations that work for the District shall avoid activities involving conflicts of interest with the District. Any potential or actual conflicts shall be disclosed in writing to the Board prior to any action being taken related to the conflict of interest. If a Director has a potential conflict, the

Director shall be excused from the Board's discussion of matters involving the conflict; and the Director shall abstain from any discussion or vote related to the conflict. However, Directors excluded from a discussion or vote because of a possible conflict of interest shall be included in the determination of a quorum being present for a meeting.

11.2 Right to Act in an Individual Capacity: Directors, officers, committee members, or staff members shall not be prohibited from acting on their own behalf as a property owner in the District or as a member of the general public. Actions taken in an individual capacity shall not constitute an action by the District. No current or former Director shall use proprietary or confidential information obtained as a member of the Board to further their cause when acting on their own behalf.

12.0 Asset Care/Information Security: Board members and official staff personnel shall maintain control over District assets (lands, water rights and claims, equipment, infrastructure, etc.) and shall protect customer personal data and information by reasonably securing facilities, not disclosing personal information to outside parties, and by using computers that regularly back up to secondary sources. Equipment, including software, shall be maintained to provide long-term service and reasonable reliability.

13.0 Precedence of Other Authorities: If any provision of these Bylaws conflicts with a statute, ordinance, regulation, administrative rule or court ruling issued by any governmental organization with jurisdiction over domestic water improvement districts, the conflicting provision of the Bylaws shall be null and void.

14.0 Amendments: These Bylaws may be amended by a majority of the Board or by a majority vote of the Qualified Electors of the District. Any approved changes shall take effect immediately.

12/14/2020 9:19 AM