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# BY-LAWS

Verde Glen Domestic Water Improvement District  
as Approved by the Board of Directors on the  
13<sup>th</sup> day of February 2025

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# BY-LAWS

## Verde Glen Domestic Water Improvement District

### 1.0 Organization and Purpose:

**1.1 Formation:** The Verde Glen Domestic Water Improvement District (the “District”) was formed by a petition of real property owners as approved by the Gila County Board of Supervisors in 2023. The District operates under the authority of Title 48, Chapter 6 of the Arizona Revised Statutes (“A.R.S.”).

**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 real property owners in the District.

**1.3 Purpose:** The District’s purpose is to provide domestic water for domestic purposes to the real property within its boundaries. The owners of real property in the District are entitled to receive water 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. (A.R.S. § 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 services to the District’s real property owners. This includes the authority to monitor, direct, and supervise a District Manager if engaged, use outside contractors, communicate with real property owners, and manage key responsibilities such as budgeting, debt obligations, legal matters, and meeting agendas. Additionally, the Board oversees other activities that fall 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 Board shall determine the individual Director’s responsibility and authority for each function on a case-by-case basis. It 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.

The Board shall decide conflicts between individual Board members regarding authority and responsibility issues 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. (A.R.S. § 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 Director (A.R.S. § 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. (A.R.S. § 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 Director. 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. Each Director may receive reimbursement for necessary expenses while engaged in the official business of the District as authorized by the Board. (A.R.S. § 48-1013.B)

Directors seeking reimbursement of qualified expenses must submit a request for payment to the Treasurer within 10 days after 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 Vice-Chairman, Clerk/Secretary, and a Treasurer. Elections shall be held at the first Board meeting in each fiscal year (July 1 – June 30). 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 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 the 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 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 (A.R.S. § 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. 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 Vice-Chairman:** The duties of the Vice-Chairman shall include the following:

1. Exercise oversight of District website to real property owners and the public.
2. Assist Chairman with duties as assigned.
3. Assume the role of the Chairman in their absence.

**3.4 Clerk/Secretary:** The duties of the Clerk/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 (A.R.S. §§39-101-39-161), and state record management requirements (A.R.S. § 41-151.14).
4. 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 A.R.S. Title 48, Chapter 6.
5. Perform other duties as are customary and necessary for the position of Clerk/Secretary, or that are assigned by the Board.

**3.5 Treasurer:** The duties of the Treasurer shall include the following:

1. Prepare a recommended annual budget with the assistance of the Board and other interested parties.
2. Interface with the Chairman 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 (real 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 services to the real 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 Contract Staffing:** The Board of Directors may engage individuals or organizations to support the District's activities, including system operators, engineers, hydrologists, maintenance and repair technicians, 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, special, and standing committees. Each of these is a "public body" subject to the requirements of the Open Meeting Law. (A.R.S § 38-431.6) The Board may also establish study groups 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. (A.R.S. § 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. (A.R.S. § 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. (A.R.S. § 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 one 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 in the future.

**6.3 Frequency and Location:** The Board shall convene public meetings as deemed necessary. Meetings shall be held virtually with public access through conference calls or other technical means where all meeting participants can hear and talk to each other (Agency Handbook Section 7.10.1). Each calendar year, the Annual Meeting will be conducted within the district's boundary, typically in May/June.

**6.4 Notices:** Notice of all Board meetings shall be provided to the Board Members, the District's real 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. (A.R.S. § 38-431.02.C; Agency Handbook Section 7.6.5)

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 A.R.S. § 38-431.02.C. Notice to Board members shall be given by telephone, email, or hand delivery.
- B. Real Property Owners. Property owners are members of the public under A.R.S. § 38-431.02.C. They must, therefore, receive notice under paragraph C below. Additionally, notice to real property owners shall be given by posting to the District's Official Bulletin Board (Tall Trees and Canyon Dr), or by hand delivery, or 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 at the corner of Tall Trees and Shady Lane) and on its website. If anyone has specifically asked to be notified of meetings, that person should also be notified.
  - (3) Meetings will be conducted virtually via Zoom. The Board of Directors will determine the place of the annual meeting, which will be held within the boundaries of the District. Notice of meetings and agendas will be posted on the website and the bulletin board at the corner of Tall Trees and Canyon Dr, and they will be emailed to each Qualified Electors of the District.

**6.5 Content of Notices:** Prior to each meeting, the Chairman or 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 Protocol:** Meetings shall be conducted by the Chairman, or if the Chairman is unavailable, then by the Vice-Chair, or Clerk/Secretary, as Acting-Chairman. The meeting shall be conducted in accordance with the By-Laws.

**6.8 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.

**6.9 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.

**6.10 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.

**6.11 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.

**6.12 Minutes:** The Clerk/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 board members. The minutes or recordings shall include, at a minimum:

1. The date, time and place of the meeting.
2. The Directors 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.

**6.13 Posting of Minutes:** The draft 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 draft minutes on the District's website. Minutes will be posted and marked as "draft" minutes until such time as the minutes are approved at a following meeting. The Clerk/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 A.R.S. § 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. (A.R.S. § 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 A.R.S. § 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 are 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. (A.R.S. § 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. (A.R.S. § 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. (A.R.S. § 38- 431.02.J)

**8.5 Actions after an Emergency Meeting:** Within 24 hours after an emergency meeting, the

Clerk/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. (A.R.S. § 38-431.02.J)

## **9.0 Financial Matters:**

**9.1 Fiscal Year and Annual Review:** The fiscal year shall be from July 1<sup>st</sup> 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, real property tax collections if any, assessments if any, 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. (A.R.S. § 48-954; and A.R.S. Title 42, Chapter 17, Article 3). Additionally, on or before the third Monday in July of each year, the Board shall prepare the following 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. (A.R.S. § 48-952) If real 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 real 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. 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 pumphouse on Tall Trees.  
(A.R.S. § 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 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. (A.R.S. §39- 121.01.B and C; A.R.S. §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 are, with several exceptions, open to inspection by any person at all times available upon request. Any person may request to examine or be furnished with copies, printouts or photographs of any Public Record may request that the custodian mail a copy of any public record not otherwise available on the District’s website to the requesting person. (A.R.S. §39-121) There are exceptions for confidential records, protection of individual privacy, and the best interests of the district.

If a Board Member, or any other entity involved in District activities, receives a request for access to Public Records, that person shall immediately inform the Chairman what has been requested, what requested information they have, and when they will respond to the request. Unless advised otherwise by the Chairman, the custodian of the records shall promptly furnish the items requested. (A.R.S. § 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 immediately 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 advisory members, staff members shall not be prohibited from acting on their own behalf as a real 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 staff members 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.