



BYLAWS OF THE GOVERNING BOARD OF THE VIRGIN VALLEY WATER DISTRICT

1. ORGANIZATION

1.1. The District. The Virgin Valley Water District (the “District”) is a political subdivision of the State of Nevada established by an act of legislation known as the Virgin Valley Water District Act (the “Act”) approved on May 10, 1993 as Chapter 100, Statutes of Nevada 1993 (as amended).

1.2. Power to Adopt Bylaws. The Act provides the District with the power to adopt ordinances, rules, regulations and bylaws necessary to conduct the affairs of the District (*see* Act (3)(8)). These Bylaws are designed to supplement and not restate the Act; therefore, where appropriate these Bylaws refer to the Act.

1.3. Purpose of the District. The purpose of the District is to provide adequate and efficient water service vital to the economy and well-being of the residents of the Virgin Valley area (*see* Act Preamble).

1.4. Powers of the District. The District’s powers, duties, and privileges are described in Section 3 of the Act and include, without limitation, providing for the storage, conservation, distribution, and sale or lease of water; the purchase, acquisition, and construction of water related facilities and appurtenances; the establishment and adjustment of rates and the terms and conditions for the sale, lease, or other use of water; the issuance of general obligation and revenue bonds; the levying and collection of taxes to assist in the operational expenses of the District; and other express and reasonably implied purposes consistent with the Act. The District’s jurisdiction and authorized service area are described in Section 1 of the Act.

2. THE BOARD

2.1. Qualification and Election of Board Members. The District’s governing board consists of five Board members (Act 5(1)). The provisions and requirements relating to the qualification and election of Board members are set forth in Sections 4 through 9 of the Act.

2.2. The Board’s Powers and Duties. The powers, duties, and privileges of the District are exercised and performed by the governing Board or may be delegated to District officers along with the power to employ necessary executives and clerical workers and to retain legal, accounting, and engineering services subject to any conditions imposed by the Board (Act (4)(1);

9(f)). The duties of the Board members are described in Section 9 of the Act and include the duty to take all actions and do all things reasonably and lawfully necessary to conduct the business of the District and to achieve the District's purposes (Act (9)(h)).

2.3. Vacancy. A vacancy in the Board shall be deemed to exist in the case of a Board member's death, resignation, disqualification, certified mental incompetency, conviction of a felony, or as otherwise determined by law. Any such vacancy shall be filled by appointment as determined by a majority vote of the remaining Board members and in accordance with Section 7(3) of the Act. No Board member shall attempt to appoint another individual to act as proxy for the Board member in voting or determining any action of the Board. Any such attempt shall be void.

2.4. Committees. From time to time and except as may be prohibited by law, the Board may establish one or more committees and assign specific duties such as investigating a particular matter and providing recommendations to the Board. Any such committees established by the Board shall act in accordance with the open meeting law, provide notice of meetings, keep and retain regular minutes, and report the same to the Board (*see* NRS 241.015(4)(a)). All such committees serve at the will and pleasure of the Board.

To the maximum extent allowed by law, the foregoing provision does not apply and is not designed to limit a group formed under the direction of the District's General Manager, which is formed without direct Board participation or instruction, which does not advise or make recommendations (*see* NRS 241.015(4)(a)), or which is otherwise not required to adhere to the open meeting law.

3. BOARD MEETINGS

3.1 Open Meetings, Meeting Order, and Location. The Board shall conduct its meetings in accordance with Nevada's open meeting law (NRS 241). Meetings shall be presided over and conducted by the Board President in an orderly manner. The President may implement reasonable procedures as may be necessary and as circumstances may warrant to ensure that meetings remain orderly, professional, respectful, and efficient. Board meetings shall take place at the District's principal office unless the Board determines otherwise and in such cases the meeting notice shall clearly specify the alternate location (*see* Act 9(1)(b)).

3.2 Regular Meetings. The Board shall hold regular public meetings to consider and take action on items of District business. From time to time as the Board determines reasonable, the regular meeting days and times may be changed by Board resolution (*see* Act 9(1)(b)). When the day for a regularly scheduled meeting falls on a legal holiday, the meeting shall be on the next day following the legal holiday, unless the Board determines otherwise and proper notice is provided. In the event there is no District business to be conducted or other matters requiring consideration by the Board, a regular meeting may be cancelled with proper notice.

3.3 Annual Meetings. The Board shall hold an annual meeting at which the Board elects District officers, along with conducting any other regular District business. The first regular meeting held in January of each year shall be treated as the annual meeting.

3.4 Special Meetings. Special meetings of the Board may be called by the President, General Manager, or any two Board members. Special meetings shall be open to the public and notice of the meeting shall be provided in accordance with the open meeting law.

3.5 Emergency Meetings. Emergency meetings may be called in accordance with the open meeting law. This may include any meeting called for the purpose of addressing or taking action relative to an event or unforeseen circumstances requiring immediate action such as disasters caused by fire, flood, earthquake or other natural causes or any impairment to the health and safety of the public (*see* NRS 241.020(9)).

3.6 Closed Meetings. The Board may hold a closed meeting as permitted under NRS 241.030 to consider the character, alleged misconduct, professional competence, or physical or mental health of a person employed by the District or as otherwise permitted by law. The Board shall not hold a closed meeting to consider the character, alleged misconduct or professional competence of a Board member or the General Manager (NRS 241.031).

3.7 Meeting Minutes and Audio Recordings. The Secretary-Treasurer, or another person at the direction of the Board if the Secretary is unavailable, shall make audio recordings and take minutes of all public Board meetings (*see* NRS 241.035). Pursuant to NRS 241.035(1), the minutes shall include:

- a. The date, time, and place of the meeting,
- b. The names of the Board members present and absent,
- c. The substance of matters proposed and actions taken,
- d. A record of Board member voting, and
- e. The substance of remarks made by a member of the general public who addresses the public body and requests that the minutes reflect such remarks or, if the member of the general public has prepared written remarks, a copy of the prepared remarks if the member of the general public provides the copy to the Secretary-Treasurer and requests that it be included with the minutes (NRS 241.035(1)(d)).

Minutes shall not be final or official until they have been formally approved by the Board. The Secretary-Treasurer shall ensure that meeting minutes and audio recordings are retained in accordance with state law (NRS 241.035(2)).

3.8 Attorney-Client Litigation Sessions. Pursuant to NRS 241.015, attorney-client litigation sessions may be held (in person or by means of electronic communication) in order for the Board to receive information from the attorney employed or retained by the District regarding potential or existing litigation involving a matter over which the District has supervision, control, jurisdiction or advisory power and to deliberate toward a decision on the

matter. Litigation sessions are not public meetings and are closed to the public (NRS 241.015(3)(b)).

3.9 Quorum and Voting. A simple majority of the Board members constitutes a quorum (Act 9(2); NRS 241.015(5)). Even if a quorum is present and with the limited exception stated below, the Board may not take action on an item unless at least three Board members vote in favor of the action (NRS 241.0355(1)).

If a Board member abstains from voting due to a conflict of interest or otherwise consistent with NRS 281A.420, the necessary quorum and the number of votes necessary to act upon the matter, as fixed by any statute, ordinance or rule, shall be reduced as though the abstaining Board member was not a member of the Board but only if prior to the vote the abstaining Board member first receives and discloses a written opinion from the District’s legal counsel that the abstention is required pursuant to NRS 281A.420 and the opinion specifies the factual circumstances and analysis leading to that conclusion (NRS 241.0355(2)).

3.10 Notice of Meetings and Meeting Agendas. Prior to any public meeting and in a manner consistent with state law, the District shall post notice of Board meetings and shall prepare an agenda describing the items to be considered at the meeting. Pursuant to NRS 241.020, the notice must include the time, place, and location of the meeting; a list of locations where the notice has been posted; a copy of the meeting agenda including a clear and complete statement of the topics to be considered; identification of the items on which action may be taken (i.e., “for possible action”); and other requirements as imposed by the open meeting law.

Items may be included on a Board meeting agenda for discussion in accordance with the District’s Policy for Placing Items on Board Meeting Agendas, as amended. During the meeting, items on the agenda may be taken out of order; the Board may combine two or more items for consideration; and the Board may remove an item from the agenda or delay discussion relating to an item at any time (NRS 241.020(2)(d)(6)).

3.11 Public Comment. Public meetings shall include one or more periods devoted to comments by the general public. Public comment periods may be (1) at the beginning of the meeting before any Board actions are taken as well as at the end of the meeting, or (2) after each action item on the agenda is discussed but before the Board votes to take any particular action on such item (NRS 241.020(2)(d)(3)). The President or the Board may enact or impose reasonable limitations and restrictions on the time, place, and manner of public comments, but may not restrict comments based upon viewpoint (NRS 241.020(2)(d)(7)).

3.12 Remuneration. In accordance with Section 9(3) of the Act, Board members shall receive up to \$80 per day and reasonable per diem and travel expenses, as set by the Board, for attending District meetings and conducting other District business.

4. OFFICERS

4.1. Officers. The District’s officers include a President, Vice President, and Secretary-Treasurer. Annually, at the first regular Board meeting in January, the Board shall

appoint the positions of President, Vice President, and Secretary-Treasurer by majority vote. Each officer appointed shall serve a one-year term. The Board shall prescribe the powers and duties of all officers, including as set forth in these Bylaws, and shall require all bonds necessary to protect the money and property of the District (*see* Act 9(1)(g)).

4.2. Compensation. District officers may be required to attend additional meetings or otherwise conduct District business beyond that required of regular Board members. District officers shall receive up to \$80 per day and reasonable per diem and travel expenses, as set by the Board, for attending additional District meetings and conducting other District business. However, District officers shall not receive additional compensation merely for holding the position of an officer. If the Secretary-Treasurer is not a Board member (*see* Act 9(1)(d)), he or she shall receive his or her regular compensation as an employee of the District (as applicable) and no additional compensation except as otherwise determined by the Board. If the Secretary-Treasurer is not a Board member and not a District employee, the Secretary-Treasurer's compensation shall be determined by action of the Board.

4.3. President. The Board shall elect one of its members to act as President and Chair of the Board (Act 9(1)(a)). The President shall preside at Board meetings; execute approved instruments, resolutions, deeds, agreements, and other documents on behalf of the District; attend ceremonial activities on behalf of the District with consent of the Board; and act as a spokesperson for the Board with consent of the Board and in accordance with the Board's decisions and actions. In acting as Board spokesperson, the President shall faithfully represent the will of the Board. When speaking in a public setting, the President should clearly identify whether the President is speaking in his or her official capacity as President. When speaking as a private individual, the President shall take care to avoid the appearance that he or she is speaking on behalf of the District, especially when discussing issues concerning water or other matters that may be reasonably perceived as relating to the District. The President may designate a Board member, the General Manager, or other representative of the District to represent the District in specific matters outside of Board meetings and consistent with the decisions and actions of the Board. In the event neither the President nor the Vice President is available, the senior member of the Board, in terms of total consecutive months serving as a Board member, shall preside and conduct Board meetings.

4.4. Vice President. The Board shall elect one of its members to the position of Vice President. The Vice President shall act as President in the event of the President's temporary absence. In the event of a vacancy in the office of the President due to the President's death, resignation, disqualification, certified mental incompetency, or conviction of a felony, the Vice President shall act as President until the Board by a majority vote acts to appoint a new President. The Vice President may also countersign agreements, documents, and other District documents consistent with the actions of the Board or as necessary when the President is not available.

4.5. Secretary-Treasurer. The Board shall choose by a vote of its members an individual, who in the discretion of the Board may or may not be a Board member, to act as Secretary-Treasurer (Act 9(1)(d)). The duties of the Secretary-Treasurer, which may be

performed by the Secretary-Treasurer or in conjunction with the District's chief financial officer or such other District employees or agents as approved by the Board, include the following:

4.5.1. Under the direction of the General Manager, prepare meeting agendas and notices and post the same in accordance with state law,

4.5.2. Take minutes and make audio recordings of all public Board meetings,

4.5.3. Attest to the signatures of Board members and District officers in connection with District documents and consistent with approvals of the Board,

4.5.4. Oversee the receipt of all public funds and money payable to the District and ensure that it is deposited in appropriate District accounts,

4.5.5. Ensure that District funds are not commingled with the funds of another person or entity (except as may be dictated by a duly authorized agreement of the District or otherwise as consistent with law),

4.5.6. Oversee the disbursement of District funds to pay authorized District expenses,

4.5.7. Monitor the income and expenses of the District and report the same periodically to the Board,

4.5.8. Ensure that an accurate and detailed account of the District's funds is kept and maintained as required by law and as directed by the Board,

4.5.9. Keep the seal of the District and affix the same to papers and instruments as may be required in the regular course of District business,

4.5.10. Keep, maintain, and oversee the keeping and maintenance of District documents and public records in accordance with state law,

4.5.11. Act as the custodian of records for the District except when such duty is delegated to another representative or employee of the District, and

4.5.12. Perform such other acts as are reasonably required to fulfill the duties of the office of the Secretary-Treasurer or as otherwise directed by the Board.

The monetary and financial duties of the Secretary-Treasurer may be shared with or delegated to the District's chief financial officer unless prohibited by law or by action of the Board.

The Secretary-Treasurer shall obtain and cause a bond to be issued in a sum fixed by the Board and with one or more sureties satisfactory to the Board or by a corporate surety for the faithful performance of the duties of his/her office and for a restoration to the District in case of his/her death, resignation, retirement, or removal from office of all books, papers, vouchers, money and

other property of whatever kind in his/her possession or under his/her control belonging to the District.

4.6. Resignation of an Officer. An officer may resign at any time by giving verbal or written notice to the Board or to the General Manager. The resignation shall take effect upon receipt of such notice or at any later time specified therein. The Board's acceptance of the resignation shall not be necessary to make it effective.

4.7. Vacancy in an Officer Position. A vacancy in the position of an officer shall be deemed to exist in the case of the officer's death, resignation, disqualification, certified mental incompetency, or conviction of a felony. Any such vacancy shall be filled as determined by a majority vote of the remaining Board members. The person so appointed must be qualified for the position (see above sections 4.3 through 4.5 describing the qualifications for President, Vice President, and Secretary/Treasurer) and shall serve the remainder of the term of the officer whose absence required his or her appointment.

5. GENERAL MANAGER

5.1. General Manager. The Board, by a vote of its members, shall appoint a General Manager, who shall not be a member of the Board (Act 9(1)(e)). The General Manager is the chief executive officer of the District and is responsible for the overall operations of the District. The Board enacts policy and the General Manager's job is to carry out such policies. Individual Board members shall not give orders to the General Manager or any staff member, either publicly or privately, but may make suggestions and recommendations to the General Manager consistent with the actions of the Board. The functions and duties of the General Manager include, but are not limited to, the following:

5.1.1. Ensure Compliance with Laws and Policies. Faithfully execute and enforce all applicable laws, rules, and regulations. Observe, implement, and enforce all policies and regulations adopted by the Board.

5.1.2. Oversee District Business. The General Manager shall carry out the purposes and mission of the District in a competent, efficient, lawful, and professional manner; maintain and operate the District's resources and facilities to provide the maximum benefit to the District; ensure that all District transactions, contracts, leases, permits, agreements, licenses and privileges are fulfilled and observed; maintain good relations with other government agencies and officials of the federal, state and local governments; be honest and open in all dealings with the Board, staff, other agencies, and the public; take reasonable and appropriate measures to ensure the safety of the public and District employees, facilities, property, and finances.

5.1.3. Manage District Employees. The General Manager shall manage and provide leadership and direction to all District employees and staff; ensure compliance with the District's Personnel Policies and Procedures Handbook; manage all employee hiring and make such appointments, suspensions, removals, and terminations of District employees as are reasonably necessary for the efficient and effective operation of the District and in accordance with law and the District's policies; and delegate and authorize District employees and agents as

reasonably necessary and appropriate to carry out the duties of the General Manager and to accomplish the District's objectives and purposes.

5.1.4. Keep the Board Informed. The General Manager shall keep the Board informed of all important aspects of the District's operations; provide sufficient information to the Board to enable it to make informed decisions in the best interests of the District; and recommend to the Board the adoption of such measures and actions as may further the District's mission and purposes.

5.1.5. Participate in Board Meetings. The General Manager shall oversee the scheduling of Board meetings; cause meeting notices to be issued and posted as required by law; attend Board meetings; take part in Board meeting discussions and deliberations; and give meaningful advice and input as appropriate and as requested by the Board.

5.1.6. Oversee District Finances. The General Manager shall safeguard, monitor, oversee, and manage the District's finances and develop and maintain programs as directed by the Board to provide the maximum beneficial use of the District's funds; prepare or cause to be prepared an annual budget for review and approval of the Board; establish or cause to be established an adequate and efficient accounting system consistent with state law; evaluate the adequacy of fees, assessments, and all other revenue sources to ensure sufficient funds to meet the District's financial obligations; and ensure that reports are made to the Board on a regular basis concerning the financial condition and activities of the District.

5.1.7. Oversee District Purchases and the Expenditure of Funds. The General Manager shall oversee and cause the District to make such purchases of goods and services and other expenditures of District funds as are in the District's best interests and as authorized by the Board. The General Manager is authorized to approve purchases without prior Board approval in amounts up to the General Manager's "authorized spending limit," which is subject to change from time to time by action of the Board. Purchases over the General Manager's authorized spending limit shall require prior Board approval. All District purchases shall be made in accordance with state and federal law including NRS 332 and 338 as applicable.

On an annual basis as the Board considers and approves the District's budget for the next fiscal year, the Board will review and may make changes to the General Manager's authorized spending limit. Unless and until a change is made by action of the Board, the authorized spending limit shall remain the same.

5.1.8. Emergencies and Emergency Purchases. The General Manager shall reasonably prepare for and oversee the District's response to emergencies and keep the Board informed of the same. In the event of an emergency and as circumstances may allow, the General Manager shall call an emergency Board meeting and seek authorization from the Board to make any purchases greater than the General Manager's authorized spending limit which are necessary to reasonably address the emergency. If the emergency requires immediate attention and circumstances do not allow time for an emergency meeting, the General Manager is authorized to make purchases greater than the General Manager's authorized spending limit, but only to the extent necessary to address the emergency. More specifically, the General Manager may approve

purchases greater than the authorized spending limit in order to address those aspects of the emergency requiring immediate attention. Purchases associated with aspects of the emergency which do not require immediate attention should be deferred until a Board meeting may be held and Board authorization provided. Any purchases greater than the General Manager's authorized spending limit made to address an emergency shall be reported to the Board at the next regular Board meeting (*see* NRS 338.011(2)). For purposes of this paragraph, an "emergency" includes an event or circumstances which put health, safety, or property at risk and which require immediate action (*see* NRS 332.112) or a natural or artificially created disaster which threatens the health, safety or welfare of the public (*see* NRS 338.011(2)).

5.1.9. Other Duties. The General Manager shall fulfill any other duties specified by the Act, as directed by the Board, or otherwise reasonably required to fulfill the duties of the General Manager. The General Manager shall devote his or her full attention to the performance of the General Manager's duties during normal business hours and shall be reasonably available on weekends and holidays for emergencies or otherwise as necessary. The General Manager shall not engage in outside employment without the consent of the Board. Time away from the General Manager's duties during the regular work week shall be taken as and treated in accordance with the District's Personnel Policies.

5.2. Annual Performance Evaluation. The Board will review and evaluate the performance and compensation of the General Manager annually in a public meeting (NRS 241.031). The date, time, and place of the evaluation shall be determined by the Board. As part of the evaluation and pursuant to NRS 241.031, the Board may consider the General Manager's character, any alleged misconduct, professional competence, and physical or mental health when such are or may be related to the General Manager's job performance and duties. Written notice shall be provided to the General Manager in advance pursuant to the requirements of NRS 241.033 or may be waived by the General Manager in writing. The General Manager is an "at-will" employee of the District, serving at all times at the will and pleasure of the Board. At any time with or without cause, the Board may in its sole discretion vote to terminate the employment of the General Manager. Nothing in this section shall be construed to limit the Board's ability to evaluate the General Manager's performance at any time so long as proper notice is provided and the evaluation is conducted in accordance with the open meeting law.

5.3. Assistant General Manager. The Board may appoint an Assistant General Manager who shall assist the General Manager in carrying out the General Manager's duties and who shall act as an interim general manager in the absence or incapacity of the General Manager. While filling in as the interim general manager, the Assistant General Manager shall have the same authority and powers as the General Manager. The Assistant General Manager shall not be a member of the Board (*see* Act 9(1)(e)).

6. ETHICAL STANDARDS AND CONDUCT

6.1. Ethical Standards and Conduct. All Board members, District employees and officers shall at all times act in conformance with all applicable laws, regulations, and standards governing ethics, fidelity, and honesty including, but not limited to, those set forth in NRS 281A. Board members, District officers, and District employees who may be involved in use of District

funds, purchasing, contract awards, and similar matters shall become familiar with and shall abide by the Code of Ethical Standards set forth in NRS 281A.400 through 281A.430.

6.2. Fiduciary Duties. The District's Board members, officers, General Manager (including any interim General Manager) are fiduciaries who owe the District the duties of loyalty, care, and all other duties imposed by law.

6.3. Preparation and Attendance. Board members shall prepare and use reasonable efforts to inform themselves of the matters that come before them to enable them to make sound decisions in the best interests of the District. They should become familiar with and keep themselves abreast of the District's operations, resources, plans, growth, and development to the extent reasonably necessary to enable them to enact policies and make decisions in the best interests of the District. Board members should make diligent efforts to attend all Board meetings. They are encouraged to attend trainings, seminars, and use other available resources to assist them in fulfilling their duties.

6.4. Conflicts of Interest. The provisions of state law governing conflicts of interest apply to public officers and public employees. For purposes of this Section, the term "District officers/employees" includes all Board members, District officers, and District employees.

District officers/employees shall at all times abide by all laws, regulations, and standards pertaining to conflicts of interest including, without limitation, those set forth in NRS 281A.420. Unless the District officer/employee first makes full disclosure as required by law, a District officer/employee shall not approve, disapprove, vote, abstain from voting, or otherwise act upon a matter:

- a. Regarding which the officer/employee has accepted or will accept a gift or loan;
- b. In which the officer/employee has a significant pecuniary, monetary, financial, or economic interest; or
- c. Which would reasonably be affected by the officer/employee's commitment in a private capacity to the interests of another person or entity (*see* NRS 281A.420).

The disclosure shall include information concerning the gift or loan, significant pecuniary interest, or commitment in a private capacity sufficient to inform the public of the potential effect of the action or abstention upon the person who provided the gift or loan, upon the officer/employee's pecuniary interest, or upon the person to whom the officer/employee has a commitment in a private capacity (NRS 281A.420(1)(c)). If the matter is to be considered at a public meeting, the disclosure must be made at the time the matter is considered and before any action is taken. If the conflict of interest or potential conflict of interest relates to the General Manager or a Board member, the disclosure must be made to the general public at a public meeting. If the matter is not considered at a public meeting, the officer/employee shall, at a minimum, make full disclosure to the General Manager and to the Board President who shall make the matter known at a public meeting as appropriate or as required by law and take any other appropriate steps.

Nothing in this Article is intended nor shall be construed to limit the disclosures and actions required by state or federal law.

Interests of a person to whom a District officer/employee has a commitment in a private capacity may include a person related to the officer/employee or to the spouse or domestic partner of the officer/employee by blood, adoption, marriage, or domestic partnership within the third degree of consanguinity (e.g., a spouse, child, parent, sibling, niece, nephew, aunt, uncle, grandchild, grandparent, etc.); a member of the officer/employee's household; the officer/employee's employer or the employer of a member of the officer/employee's household; a person with whom the officer/employee has a substantial and continuing business relationship; or any other person substantially similar to the foregoing (*see* NRS 281A.065).

District officers/employees shall abstain from participating in any action or influencing any action or decision in clear cases where the independence of judgment of a reasonable person in the officer/employee's situation would be materially affected by the conflict of interest. Pursuant to NRS 281A.420(4)(a), it must be presumed that the independence of judgment of a reasonable person in the officer/employee's situation would not be materially affected where the resulting benefit or detriment is not greater than that accruing to any other member of the public or any general business or group that is affected by the matter. Nevertheless, appropriate disclosures should be made even if the officer/employee does not abstain.

The minutes of the meeting at which the matter in question was considered shall reflect all disclosures and any limitations on the officer/employee's consideration of or participation in the matter at issue.

"Pecuniary interest" means any beneficial or detrimental interest in a matter that consists of or is measured in money or is otherwise related to money, including, without limitation anything of economic value and payments or other money which a person is owed or otherwise entitled to by virtue of any statute, regulation, code, ordinance or contract or other agreement (NRS 281A.1439).

6.5. Gifts. Board members (including candidates for election to the Board) shall make all disclosures, including gifts and gratuities, as required by state and federal law including, without limitation, those set forth in NRS 281.558 *et. seq.* In accordance with NRS 281.571, such required disclosures may include all non-exempt "gifts" or other things of value received by a Board member without an exchange of equal or greater value when the value is \$200 or more or where the combined value of all gifts received in a year from a single person or entity exceeds \$200. This may include money, loans, tangible items, or intangible items such meals, drinks, rooms, golf, spa, entertainment tickets, and services if the value (or combined value) exceeds \$200. Disclosure may also be required for any "gifts" associated with an educational or informative event where a Board member receives education or information relating to any administrative or political action of the District or the Board member or where a Board member's family or household member receives anything of value from an interested party in connection with attendance at the event. An "interested party" may include any individual or entity with a substantial interest in the legislative, administrative, or political action of the District.

7. FIDELITY BONDS

7.1. Faithful Performance of Duties. In order to protect the District and ensure the faithful performance of duties and actions by the District’s Board members, officers, and certain employees, the District shall obtain a corporate surety bond guaranteeing the faithful performance of the duties of their offices and for the payment of all monies received by them, in the following minimum bond amounts:

General Manager	\$1,000,000
Assistant General Manager	\$1,000,000
District Accountant/Chief Financial Officer.....	\$1,000,000
Secretary/Treasurer	\$1,500,000
District Administrator.....	\$25,000
Billing Supervisor	\$15,000
Customer Service Clerk	\$15,000

Before taking office, each member of the Board must qualify by filing with the Clerk of Clark County a corporate surety bond, at the expense of the District, in an amount determined by the Clerk, but no greater than \$10,000, which bond must guarantee the faithful performance of the duties of the Board member (Act 7(2)).

7.2. Approved Sureties. The fidelity bonds shall be written with corporate sureties licensed to do business in the State of Nevada and having a current Best’s Rating of “A” or better. A blanket bond or separate bonds may be obtained.

7.3. Premiums. All bond premiums shall be paid by the District.

8. FISCAL YEAR, BUDGET, AND AUDIT

8.1. Fiscal Year. The District’s fiscal year shall begin on July 1st of each year.

8.2. Budget. The District shall prepare and maintain an annual budget in accordance with state law (*see* NRS 354.474(1)(a)).

8.3. Monthly Financial Reports. The District’s Chief Financial Officer under the direction of the General Manager shall prepare and present to the Board monthly detailed financial reports showing the financial position and operations of the District for the previous month and the year-to-date status.

8.4. Annual Financial Audit. On an annual basis, the General Manager shall cause an independent, financial audit to be conducted of the District’s financial statements and an audit report to be prepared. The auditor shall be selected by a majority vote of the Board. The report shall be prepared in conformity with generally accepted accounting principles and shall include findings relative to the District’s compliance with applicable law and regulations and an expression of the auditor’s opinion of the District’s financial statements. Within 120 days after the close of the fiscal year, the General Manager shall present or shall cause the audit report to be

presented to the Board. The presentation may be made by the independent auditor if the financial statements included in the audit report are appropriately prepared and reviewed with the Board (see NRS 354.624(4)). The audit report shall be treated as a public record.

8.5. Two Signatures Required on District Checks. Funds paid out by check on the District’s account require two signatures, which shall be any two of the following: the General Manager, the District Administrator, the District President, the District Vice President, or the District Secretary-Treasurer. This requirement is not satisfied when signed by the Administrator and Secretary-Treasurer if the Administrator and Secretary-Treasurer are the same person.

9. AMENDMENT

9.1. These Bylaws may be amended with a majority vote at any regular or special meeting.

10. GENERAL PROVISIONS

10.1. Citations to the Act and Nevada Law. These Bylaws include citations and references to the Virgin Valley Water District Act (1993, as amended) and Nevada Revised Statutes (NRS). As the Act and Nevada statutes may be amended from time to time, all references to the Act and NRS in these Bylaws shall be construed consistent with any such amendments and as necessary to comply with applicable law.

10.2. Headings and Terms. Captions and headings are used for reference only and shall not be used in construing or interpreting these Bylaws. As used in these Bylaws, the singular shall include the plural (and vice versa) as the context may require.

10.3. District Charter and Applicable Law. Nothing in these Bylaws is intended to supersede the provisions of the Act or applicable state or federal law. In the event of any inconsistency between the Bylaws and the Act or applicable law, the Act or applicable law shall govern and control.

10.4. Severability. In the event any portion of these Bylaws is ever declared by a court of competent jurisdiction to be invalid or unenforceable such portion shall be deemed severed from these Bylaws and the remaining parts of these Bylaws, including without limitation the remaining parts of the paragraph of which the invalid or unenforceable portion was a part, shall remain in full force and effect as fully as though such portion had never been part of these Bylaws.

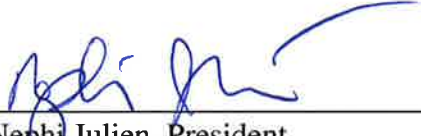
10.5. Previous Bylaws, Policies, and Resolutions. These Bylaws replace any and all previous District bylaws and the Administrative Policy, Rules and Procedures Manual (2008) in their entirety. In the event of any inconsistency between these Bylaws and any resolution, rule, or policy of the District or Board approved or adopted of an earlier date, these Bylaws shall govern and control.

11. ADOPTION OF BYLAWS

Approved and adopted by a vote of the board members of the Virgin Valley Water District on February 26, 2016.

Board members in favor: Nephi Julien, Barbara Ellestad, Bubba Smith, Sandra Ramaker, and Richard Bowler

Board members opposed: none



Nephi Julien, President

ATTEST



Mary Johnson, Secretary

