

BY-LAWS
LITTLE MCDONALD, KERBS AND PAUL LAKES IMPROVEMENT DISTRICT

Article 1: Establishment

Establishment under Minnesota Statute 103B.501 by the Otter Tail County Board of County Commissioners' Resolution No. 2002-18 and its order establishing the Otter Tail County Little McDonald, Kerbs and Paul Lakes Improvement District, adopted June 11, 2002 and filed with the Minnesota Office of the Secretary of State, Minnesota Pollution Control Agency, and the Minnesota Department of Natural Resources. The LMKP Lakes Improvement District By-Laws were revised on July 10, 2021.

Article 2: Name of District

The name of the organization is: Little McDonald, Kerbs and Paul Lakes Improvement District (the "LMKP Lakes Improvement District").

Article 3: Definition of the LMKP Lakes Improvement District

The LMKP Lakes Improvement District is a nonprofit organization subject to applicable county, state, and federal laws.

Article 4: Purpose

To preserve and protect the lakes and to increase and enhance the use and enjoyment of the lakes. It is in the public interest that a lake improvement program is established to: preserve the natural character of the lakes and their shoreline environment where feasible and practical; improve the quality of water in the lakes; provide for reasonable assurance of water in the lakes, where feasible and practicable; and to assure protection of the lakes from detrimental effects of human activities and certain natural processes. The following water - related land and resource management programs and services may be undertaken by the LMKP Lakes Improvement District.

- a. Develop and implement a comprehensive plan to improve water quality;
- b. Apply for private or public grants and/or enter into contracts with federal or state agencies for the study and treatment of pollution problems and related demonstration programs;
- c. Enter into contracts with private contractors for the study and treatment of pollution problems and related demonstration programs;
- d. Undertake research to determine the condition and development of bodies of water included within the LMKP Lakes Improvement District and to transmit the studies to the Land and Resources Management Department, the Department of Natural Resources, the Minnesota Pollution Control Agency and other interested authorities;
- e. Make cooperative agreements with the United States or State government or other county or city to effect water and related land resource programs;
- f. Conduct programs of water improvement and conservation;
- g. Implement water quality monitoring systems;
- h. Serve as the local sponsor for state and federal project grants;
- i. Provide input to the Soil and Water Conservation District regarding surface water use and applications as deemed necessary and responsible;
- j. Conduct plans, studies, developments and improvements as allowed or permitted by law and approved by the County Board from time to time;
- k. Coordinate with the proper governmental agencies for the planning and installation of cluster or community sewage and/or water supply systems; and
- l. Any and all other programs and services as provided for by law.

Article 5: Membership

Section 1. Membership Qualification

Owners of properties located within the below stated boundaries are members. The boundaries of the LMKP Lakes Improvement District shall include parcels on Little McDonald.

Lake, Kerbs Lake, and Paul Lake in Otter Tail County but shall exclude agricultural land.

Section 2. Voting Rights

Voting at the annual LMKP Lakes Improvement District meeting or at any special LMKP Lakes Improvement District meeting is done on a per parcel basis. A parcel means (i) a parcel of land with either a single owner or multiple owners, as reflected on the Otter Tail County tax records, or (ii) multiple parcels held by common ownership, also as reflected on the Otter Tail County tax records. Multiple owners of a single parcel shall collectively have two (2) votes per parcel, and if multiple parcels are held under common ownership ,that group of parcels is deemed a single parcel and shall also collectively have two (2) votes.

Section 3. Votes

Except as otherwise provided herein, votes at all Membership meetings shall be cast in person.

Section 4. Transfer of Membership

When a parcel of land is sold, Membership shall transfer from the old owners to the new owners. When a parcel is sold on contract for deed, Membership shall transfer from the contract seller the contract to purchaser. When a parcel is leased, Membership shall not transfer from the landlord to the tenant.

Article 6: Funding

Section 1. Initial Funding

The initial (first) year, funding of the LMKP Lakes Improvement District shall be raised by the Paul Lake Association, the Little McDonald and Kerbs Lake Association, and any personal donations received.

Section 2. Subsequent Funding and Special Projects

- a. LMKP Lakes Improvement District activities may be funded by the levying of ad valorem tax solely on property within the District. No establishment or increase in the ad valorem property tax will be allowed if it affects the county levy subject to state-imposed levy limits.
- b. LMKP Lakes Improvement District activities may also be funded by assessment of costs of projects upon the benefited property within the District in the manner provided under Minnesota Statutes Chapter 429.
- c. LMKP Lakes Improvement District activities may also be funded by imposition of service charges on users of the Lakes Improvement District services within the District (Minnesota Statute § 428A.05).
- d. LMKP Lakes Improvement District activities may also be funded by donations and grants from private parties, corporations, or foundations to the LMKP Lakes Improvement District.

Article 7: Board of Directors

Section 1. Initial Board of Directors

The Board of Directors of the LMKP Lakes Improvement District shall consist of nine (9) members. The board members must own property within the LMKP Lakes Improvement District, and a majority of the Board of Directors must be residents of the District. The initial Directors shall be appointed three (3) each to terms of one (1), two (2), and three (3) years. (The County Commissioners appoint the initial Board of Directors).

Section 2. Board of Directors

Insofar as there are qualified individuals willing to serve on the Board of Directors, the Board of Directors shall consist of at least two Members from Little McDonald Lake, two Members from Paul Lake, and two Members from Kerbs Lake. If there is not a qualified person willing to serve from a particular area, someone from elsewhere in the LMKP Lakes Improvement District may be elected to represent that area.

Section 3. Terms

After the Initial year, three Directors shall be elected each year to serve three-year terms. An

annual term year shall be from annual meeting to annual meeting. No Director may serve more than two successive complete terms.

Section 4. Nominating Committee

The Nominating Committee shall consist of the retiring Directors, and one person from each lake, who will be selected by the Board of Directors. The slate of nominees shall be submitted to the Board two months prior to the Annual Meeting.

Section 5. Election of Directors

Nominees shall be elected by majority vote of the Members at the Annual Meeting of the Little McDonald, Kerbs and Paul Lakes Improvement District. Property owners not present at the Annual Meeting may participate in the election of the District Board by absentee ballot. Absentee ballots shall be sent to the location, and by the date, designated in the annual meeting notice. This will precede the Annual Meeting. Elections shall be by secret ballot if more than one person is nominated for any office. Nominees must submit a letter of acceptance or be present at the annual meeting to accept the nomination.

Section 6. Vacancies

Vacancies in the Board of Directors may be filled by a majority vote of the remaining Directors, subject to approval by a majority of votes of the property owners present at the next Annual Meeting, as outlined in Article 7, Section 2. A Director elected to fill a vacancy shall serve the unexpired term.

Section 7. Removal of Directors

Directors may be removed by two-thirds vote of the remaining Board Members, or by a majority of the property owners present at the Annual Meeting.

Article 8: Board of Directors Officers

Section 1. Officers

All officers of the Little McDonald, Kerbs and Paul Lakes Improvement District shall be Directors.

Section 2. Officer Positions

The officers shall consist of: Chair, Vice Chair, Secretary, and Treasurer. These officers are the Executive Committee. The Executive Committee may meet from time to time without notice to other Board members for planning purposes and to facilitate the activities of the Board. At the Annual Meeting, the Board of Directors, with approval by the Members, may add an Assistant Secretary and/or Assistant Treasurer who will support the Executive Committee with general duties.

Section 3. Election of Officers

Officers will be elected by the Board of Directors from their numbers at the first board meeting following an annual meeting following at which new Directors were elected. Elections will be by secret ballot if more than one (1) person is nominated for any office.

Section 4. Duties of Officers

- a. The **Chair** shall preside over all the District Board meetings and the LMKP Lakes Improvement District Annual Meeting.
- b. The **Vice Chair** shall preside in the absence of the Chair and perform duties normally associated with this office.
- c. The **Secretary** shall keep accurate records of all meetings of the Board of Directors, regularly submit minutes to the Board of Directors, and perform all other duties normally associated with this office. The Secretary may delegate the duties of preparing the minutes to a third party. Minutes for each meeting shall be placed on the LMKP Lakes Improvement District website within one (1) week after approval or as directed by the Board of Directors. Minutes shall be formally approved at the beginning of the next meeting of the Board of Directors. The Secretary shall

maintain copies of all minutes and documents related to the LMKP Lakes Improvement District at the LMKP Lakes Improvement District's pump house facility or on the LMKP-LID web-page archive.

- d. The **Treasurer** shall oversee the books of financial accounts, present a financial statement of the LMKP Lakes Improvement District at each meeting, and shall perform all other duties normally associated with this office. The Treasurer shall provide for two authorized signatures on all checks upon the LMKP Lakes Improvement District bank account. The Board of Directors may vote to have the Treasurer pay all regular, routine monthly bills without a monthly regular meeting being held. All monthly and/or quarterly financial reports shall be posted on the LMKP Lakes Improvement District website. Financials will be stored at the LMKP Lakes Improvement District's pump house facility.

Article 9: Directors Meetings

Section 1. Meetings

Directors are to hold at least four quarterly meetings annually, in addition to the Annual Meeting of the Membership, as shall be scheduled by the Chair, or in the Chair's absence, by a majority of the remaining members of the Executive Committee. Special meetings may be called by the Chair, or Vice Chair as directed by the Chair, or by three members of the Board of Directors, as may be from time to time required to carry out the activities of the Board. A Board of Directors meeting may be held in person or through electronic means. If approved by the Board of Directors, and held in accordance with Minnesota Open Meetings Law (Minn. Stat. Ch. 13D), certain Members and consultants may attend meetings through electronic means.

Section 2. Notice of Meetings

There shall be at least ten days prior notice given in writing or by e-mail to each Director for any regularly scheduled meeting. In case of special meetings, written or electronic notice shall be given to the Board of Directors not less than three days previously. In any case, any Director may waive such notice by written or electronic notice to the secretary.

Section 3. Quorum

A majority of the Board of Directors duly serving shall constitute the necessary quorum for the transaction of business. Board Members may attend Directors meetings or other special meetings through electronic means.

Article 10: Committees

Section 1. Appointment and Records

The Chair with the approval of the majority of the Board of Directors at any regular or special meeting may create and appoint such additional committees as deemed necessary. The Chair of each such committee, upon its organization, shall be designated by the appointing authority and each such committee or committee Chair shall report to the Board of Directors their committee's progress. All committee members shall be Members of the LMKP Lakes Improvement District or consultants approved by the Board of Directors.

Section 2. Funds

Should any committee require funds for the purposes of its work, the committee shall make application to the Board of Directors in writing with a full statement of the funds required and the purposes for which such funds are to be expended. Upon request to the Board of Directors, the committee shall meet with the Board at any regular or special meeting thereafter to review the request and secure approval of the same. No committee shall expend any funds without the approval of the Board of Directors of the LMKP Lakes Improvement District. All funds secured by any formed committee shall be turned over to the Board of Directors. All disbursement of funds, for any committee, shall be dispersed by the Treasurer of the LMKP Lakes Improvement District only after such approval is given by the Board of Directors.

Article 11: Annual Meeting of the District

Section 1. Time

The Annual Meeting shall be held on the first Saturday following July 4 of each year, unless changed by vote at a previous Annual Meeting.

Section 2. Notice

The Annual Meeting notice must include the time and place that the Annual Meeting will be held. The Annual Meeting shall be preceded by a minimum of two weeks' published notice in the Perham Focus, and by written notice mailed at least ten days in advance of the meeting to the county board or joint county board or joint county authority, town boards and statutory and home rule charter cities wholly or partially in the District, the Minnesota Pollution Control Agency, and Commissioner of Natural Resources. If there is a proposed project by the LMKP Lakes Improvement District having a cost in excess of \$5000, thirty (30) days written notice will be given to all property owners within the assessment district.

Section 3. Agenda

At the Annual Meeting the LMKP Lakes Improvement District property owners present shall:

- a. Elect one or more Members to fill the vacancies in the Board of Directors;
- b. Approve a budget for the fiscal year, which shall include the amount of funds held within the dedicated reserve funds for the maintenance of existing District Projects
- c. Approve or disapprove proposed projects by the District having a cost to the District in excess of \$5000;
- d. Except as set forth in Article 14, section 3, approve or disapprove a resolution to pay any pumping repair or pumping expenses to the LMKP Lakes Improvement District in excess of \$5000 for projects that are not associated with existing District Projects.
- e. Take up and consider other business that comes before them;
- f. Approve taxes and assessments to satisfy budget requirements; and
- g. Any LMKP Lakes Improvement District Member that would like to make a presentation to the general membership at the Annual Meeting, must inform the Board of Directors thirty (30) days in advance of the Annual Meeting so necessary materials can be prepared and the meeting agenda can be prepared.

Section 4. Annual Report

Each year the Board of Directors shall prepare and file a report of the financial condition of the LMKP Lakes Improvement District, status of all projects in the District, the business transacted by the District, other matters affecting the interest of the District, and discussion of the Directors' intentions for the succeeding years. Copies of the report shall be transmitted to the county board or joint county authority, town board and city councils of statutory and home rule charter cities wholly or partially within the District, the Commissioner of Natural Resources, and Minnesota Pollution Control Agency by four months after the Annual Meeting.

Section 5. Quorum

A majority of the Board of Director's duly serving shall constitute the necessary quorum for the transaction of business at the Annual Meeting.

Article 12: Special Membership Meetings

Special meetings of the Membership of the LMKP Lakes Improvement District may be called to discuss pending matters. Notice of a special Membership meeting must include the time and place that the meeting will be held. The Annual Meeting shall be preceded by a minimum of two (2) weeks' published notice in the Perham Focus, and by written notice mailed at least ten(10) days in advance of the meeting to the county board or joint county authority, town boards, and statutory and home rule charter cities wholly or partially in the LMKP Lakes Improvement District, the Minnesota Pollution Control Agency, and Commissioner of Natural Resources; and if there is a proposed project by the LMKP Lakes Improvement District having a cost in excess of \$5,000.00, thirty (30) days' written notice will be given to all property owners within the assessment district.

Section 2 Quorum

A majority of the Board of Directors duly serving shall constitute the necessary quorum for the transaction of business at the special Membership meeting. Board Members may attend

special Membership meetings through electronic means.

Article 13: Fiscal Year

The District fiscal year shall be the calendar year starting January 1 and ending December 31.

Article 14: Expenditure of District Funds

Section 1. Approval

All projects and expenditures must be submitted to the Board of Directors. All expenditures must be approved by a majority vote of the Members at the Districts annual meeting, or a special meeting of the District. The Board of Directors may approve the Treasurer to pay regular monthly bills before monthly or quarterly Board meetings.

Section 2. Projects in excess of \$5,000.00

All projects in excess of \$5,000.00 must be first approved by the Board of Directors and a majority vote of the Membership at the Annual Meeting, or special meeting of the District.

Section 3. Pumping Activity or Repair of Existing Projects in Excess of \$5,000.00

Maintenance, operations and capital maintenance expenditures for existing District Projects does not need to be approved by the Members of the District if the funds for such maintenance, operations and capital maintenance are paid out of the dedicated reserve funds for the maintenance of existing District Projects and such dedicated reserve funds were approved as part of the budget for the fiscal year. Notwithstanding the foregoing, the Board of Directors is required to approve by resolution all expenditures for the maintenance, operations and capital maintenance of existing District Projects.

Section 3. Financial Reporting

Each year, the Board of Directors shall prepare and file an annual report of all LMKP Lakes Improvement District financial activity as required by Minn. Stat. §103B.571, Subd. 4. The complete report shall be distributed to the Chair prior to the Annual Meeting and to the LMKP Lakes Improvement District Members at the Annual Meeting. Yearly financial reports shall be electronically filed with the Minnesota State Auditor. Any audits as required by the State Auditor shall be completed by an independent audit firm. The Board of Directors may request an appropriate audit of the District's financials after a Treasurer departs their position and a new Treasurer is elected. The cost of any audit, if greater than \$5000 must be included in the budget and approved by the general membership at the Annual Meeting.

Article 15: Amendment of By-Laws

These By-Laws may be amended at any annual or special meeting for which due notice has been given and when such amendment has been approved by a majority of the Board and approved by majority vote of the Members at any annual or special meeting.

Article 16: Rules of Order

The rules contained in the current edition of the *Robert's Rules of Order (Revised)* shall govern the convention in all cases to which they are applicable and which are not governed by the By-Laws of the District.