

## **BYLAWS**

### **CARMAN BAY LAKE IMPROVEMENT DISTRICT**

#### **Article 1: Name, Location and Authority**

##### Section 1. Name

The name of the organization shall be Carman Bay Lake Improvement District. The organization may be referred to as CBLID.

##### Section 2. Location

The CBLID official office (Office)<sup>1</sup> shall be located in Orono, Minnesota and shall be near Carman Bay, Lake Minnetonka, or as determined by the Board of Directors (Board) of the CBLID. The Office shall be (i) the physical place where the CBLID shall receive US Mail, (ii) the address of the agent designated (Designated Agent) by the Board for receipt of service of legal process and (iii) the physical place where the Secretary and the Treasurer shall maintain the official records of the CBLID. In the event that the Board has failed to name a Designated Agent, the City Clerk of the City of Orono shall be the Designated Agent.

##### Section 3. Authority

The CBLID is a non-profit local unit of government and shall operate in accordance with Minnesota Statutes 103B.501 to 103B.581, Minnesota Rules 6115.0900 to 6115.0980, the City of Orono Resolution of the City Council (City Council) No. 6781 approving the establishment of the Carman Bay Lake Improvement District dated July 24, 2017, which is attached hereto as Exhibit A, and any amendments thereto.

#### **Article 2: Purpose<sup>2</sup>**

The primary purpose of the CBLID is to promote the health of Carman Bay, Lake Minnetonka (Carman Bay), for boating, swimming, recreation and enjoyment by controlling Aquatic Invasive Species (AIS) in Carman Bay.

To that end, the CBLID will continue the development, monitoring, assessment, and implementation of the Lake Vegetation Management Plan (LVMP) of Carman Bay which is attached hereto as Exhibit B.

The CBLID also will monitor and evaluate the availability of feasible controls for additional AIS when available and needed, including zebra mussels and other AIS that becomes established and problematic in Carman Bay.

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<sup>1</sup> The concept of an official office, which is used as the address for the designated agent for service of process and where all records are kept, is not required by statute. This concept is used in the Joint Cooperation Agreement II of the St. Alban's Bay Lake Improvement District (St. Alban's Agreement).

<sup>2</sup> See Exhibit B of the City of Orono Resolution of the City Council No. 6781 (Resolution).

In fulfilling the CBLID's primary purpose, the Board will work with qualified resources including the Carman Bay community, the LMA, the LMCD, the DNR, the City Council and other state and federal agencies as determined by the Board.

### **Article 3: Membership, Boundaries and Voting**

#### Section 1. Membership and Boundaries

Membership of the CBLID shall include the owner or owners (Property Owners) of the various real estate parcels identified by Hennepin County PID number located within the official boundaries of the CBLID as illustrated on the official map of the CBLID, which is attached hereto as Exhibit C.

#### Section 2. Voting<sup>3</sup>

As more specifically set forth in these Bylaws, Property Owners are eligible to cast votes on board member elections, budgets, and proposed projects by the CBLID having a cost to the CBLID in excess of \$5,000. Each parcel identified by a Hennepin County PID number within the official boundaries of the CBLID shall have one (1) vote.

### **Article 4: Funding**

#### Property Tax Levies, Grants and Gifts

The public financing of projects and services by the CBLID may be made by the following methods in compliance with MN Statute 103B.555 FINANCING:

1. Assessing the costs of the projects upon benefitted property within the CBLID in the manner provided under chapter 429;
2. Levying ad valorem tax solely on property within the CBLID, to be appropriated and expended solely on projects of special benefit to the district.

In addition, the CBLID may be funded by revenues from grants, gifts, or the like.

### **Article 5: Board of Directors**

#### Section 1. Powers and Responsibilities

The Board shall have authority for and be responsible for the supervision, control and direction of the CBLID including:<sup>4</sup>

1. Developing, monitoring, assessing, and implementing the LVMP;
2. Scheduling the Annual Meeting;
3. Managing the business of the CBLID; and
4. Performing such other duties as are specified in these Bylaws.

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<sup>3</sup> See Minn. Stat. S. 103B.571 Subd. 3.

<sup>4</sup> Taken in part from Minn Stat. S. 103B.571 and Article IX Section 1 of the St. Alban's Agreement.

In addition, the Board shall be responsible for preparing and presenting for the following year at its Annual Meeting a (i) budget for the financial requirements of the CBLID and (ii) proposed levy sufficient to meet such requirements including the proposed distribution of such levy among the Property Owners.<sup>5</sup> The proposed levy information shall include the recommended method to assess properties in the CBLID.<sup>6</sup> The proposed levy must be approved, or amended and approved, by an affirmative vote of the majority of the Directors at the Annual Meeting.<sup>7</sup> The levy approved by the Board at the Annual Meeting must in turn be submitted to the City Council for approval.<sup>8</sup>

#### Section 2. Eligibility<sup>9</sup>

All directors (Directors) of the Board must be Property Owners. A majority of the Directors also must be residents of the CBLID.

#### Section 3. Number and Term<sup>10</sup>

The Board shall consist of seven (7) Directors. Except for the original Directors appointed by the City Council, of which four (4) Directors shall serve three-year (3) terms and three (3) Directors shall serve two-year (2) terms, each Director shall serve a two-year (2) term. The terms shall be staggered and shall run from annual meeting to annual meeting.

#### Section 4. Nominations and Election

1. The initial Directors shall be appointed by the City Council.<sup>11</sup>
2. All subsequent Directors shall be elected by an affirmative vote of the majority of the Property Owners present and entitled to vote at the Annual Meeting, including absentee ballots of the same physically received by the CBLID by 4pm on the date immediately preceding the Annual Meeting.<sup>12</sup>
3. Annually, Property Owners desiring to stand for election to the Board as a Director shall file with the Secretary of the CBLID, (or the Secretary's designee for receipt of said filings), on or before June 1, a "Declaration of Candidacy for Director." A Property Owner who so files shall be added to the slate of candidates for the Board at the following Annual Meeting.

#### Section 5. Vacancies

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<sup>5</sup> See the Resolution.

<sup>6</sup> See Article IX Section 1 of the St. Alban's Agreement.

<sup>7</sup> See the Resolution.

<sup>8</sup> Minn. Stat. S. 103B.555 provides that the "county board" (interpreted to include the City Council) has authority to impose a levy and there is no authority for delegating this action to a LID board of directors. Accordingly, the City Council must approve the levy.

<sup>9</sup> See the Resolution. See also Minn. Stat. S. 103B.51 Subd. 1.

<sup>10</sup> See the Resolution.

<sup>11</sup> See the Resolution.

<sup>12</sup> See the Resolution. See also Minn. Stat. S. 103B.571 Subd. 3(b). See also Article VII Section 2 of the St. Alban's Agreement.

The Board shall, by majority vote of the remaining Directors, elect members to temporarily fill vacancies until the next Annual Meeting.<sup>13</sup> If the vacated Board seat has a remaining unexpired term at the next Annual Meeting, the remaining unexpired term must be filled by election at the Annual Meeting in accordance with the provisions of Article 5 Section 4 of these Bylaws.<sup>14</sup>

#### Section 6. Resignation of Directors

A Director may resign from the Board at any time by written notice given to the Secretary, with such resignation to be effective at such time as is stated in the notice, or if no effective date is so stated, such resignation shall be effective immediately. A Director who ceases to be a Property Owner shall be deemed to have resigned from the Board effective at such time as he or she ceased to be a Property Owner.

#### Section 7. Removal of Directors

A Director may be removed from the Board, with or without cause, by a majority vote of the remaining Directors or by the vote of a majority of Property Owners present at an Annual Meeting.

#### Section 8. Compensation<sup>15</sup>

Directors shall serve without compensation, but they may be reimbursed for their actual expenses necessarily incurred in the performance of their duties in the manner provided for City of Orono employees.

#### Section 9. Annual Report<sup>16</sup>

Each year the Board shall prepare and file a report of the financial conditions of the CBLID, the status of all projects in the CBLID, the business transacted by the CBLID, other matters affecting the interests of the CBLID, and a discussion of the Directors' intentions for the succeeding years. Copies of the report shall be transmitted to the City Council, the commissioner of the DNR, and the Pollution Control Agency within four (4) months after the Annual Meeting.

### **Article 6: Officers**

#### Section 1. Officers

The officers of the CBLID shall be Chair, Vice Chair, Secretary and Treasurer.

#### Section 2. Terms

1. The terms for all officers shall be for one (1) year. Officers may serve multiple consecutive terms.
2. No officer may hold more than one office at a time.

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<sup>13</sup> See the Resolution.

<sup>14</sup> See Minn. Stat. S. 103B.571 Subd. 2(b).

<sup>15</sup> Note that director compensation is permitted under the statute. The language regarding reimbursement of expenses is from the statute. See Minn. Stat. S. 103B.551 Subd. 2.

<sup>16</sup> See Minn. Stat. S. 103B.571 Subd. 4.

### Section 3. Duties of Officers

Chair: The Chair shall preside over the Annual Meeting and all other CBLID Board Meetings, including special meetings. The Chair shall perform all duties typically incident to the office of a Chief Executive Officer of a municipal political body and shall perform such other duties as may be prescribed by action of the Board, the City Council, or law.

Vice Chair: The Vice Chair shall act as Chair in the absence of the Chair.

Secretary: The Secretary shall be responsible for keeping a record of all of the proceedings of the CBLID and the giving of notice of all Board meetings other than the Annual Meeting. The Secretary shall be responsible for the preparation of Board minutes (Minutes) and shall keep the Minutes and records at the Office. The Secretary may delegate the duties of preparing the Minutes to a third party. Minutes will be sent to all Board members via email within one (1) week after a meeting. Concerns or requests for edits should be received within one (1) week after the Minutes are sent. Minutes from the prior Board meeting shall be formally approved at the beginning of the next meeting of the Board or by email vote.

Treasurer: The Treasurer shall be the custodian of the CBLID's funds, pay its bills, keep financial records, secure insurance, and generally manage funds received and oversee their disbursement and the CBLID's financial affairs. CBLID funds shall be kept on deposit in financial institutions or invested as approved by the Board in the same manner and practice demanded of a municipal corporation under Minnesota state law. The Treasurer shall cause a financial report to be made to the Board at each meeting of the Board, which shall be included in the public records of the CBLID and in the Minutes. The Treasurer shall provide for two authorized signatures on all checks drawn upon the CBLID bank account. Those having signatory authority shall be the Chair, the Vice Chair, the Treasurer, and the Secretary.

## **Article 7: Board of Directors Meetings**

### Section 1. Meetings

Directors shall hold meetings as needed in addition to the Annual Meeting. The Chair, or any CBLID Director with approval of at least one-third (1/3) of the Board, may call special meetings. All meetings of the Board are open to any Property Owner and the public to attend. Voting rights for meetings other than the Annual Meeting are limited to Board members only. A Board meeting may be held in person or electronically.

### Section 2. Notice of Meetings

#### 1. Directors

Notice of each meeting other than the Annual Meeting shall be issued stating the purpose of the meeting along with a proposed draft agenda to each Director no less than three (3) days prior to the meeting date. Electronic email notice shall be the official means of notification, plus any other means as may

be requested by a Director. A Special Meeting may occur in less than three (3) days of notification provided (i) notice is sent to all Board members and a quorum is present and (ii) the requirements of subsection 3 of this Section 2 are satisfied.

2. Regular Meetings<sup>17</sup>

In compliance with applicable state law, a schedule (Schedule) of the regular meetings (Regular Meetings) of the Board shall be kept on file at the Office. If the Board holds a Regular Meeting at a time or place different from the time or place stated in the Schedule, it shall provide the notice required for Special Meetings set forth in subsection 3 of this Section 2. To the extent applicable state law modifies the foregoing requirements of notice for Regular Meetings, these Bylaws shall be deemed to be amended to comply with such requirements.

3. Special Meetings<sup>18</sup>

Meetings of the Board other than Regular Meetings and the Annual Meeting are deemed to be special meetings (Special Meetings). In compliance with applicable state law, the Board shall at least three (3) days prior to a Special Meeting (i) post written notice of the date, time, place, and purpose of the Special Meeting on the public notice board of the City of Orono and (ii) to the extent any person has filed a written request for notice of Special meetings, (a) mail or otherwise deliver the same information to such person or (b) publish the same information in the legal newspapers of the City of Orono. To the extent applicable state law modifies the foregoing requirements of notice for Special Meetings, these Bylaws shall be deemed to be amended to comply with such requirements.

### Section 3. Quorum

A simple majority of the current Board of Directors shall constitute a quorum at any meeting. Simple majority is defined as greater than fifty (50) percent of the Directors. No action shall be deemed approved unless votes cast in favor on a motion are approved by a majority of the quorum.

## **Article 8: Committees**

The Board may vote to create committees as needed for the purpose of completing or implementing specific tasks, projects, or events to benefit the goals of the CBLID. The committee chair shall be approved by a majority of the Board. The Board shall authorize and define the powers and duties of all committees and task forces subject to the provisions of these Bylaws. No committee shall commit the CBLID to any contractual obligation or advocacy or opposition to any position without the specific authority of the Board.

## **Article 9: Annual Meeting**

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<sup>17</sup> See Minn. Stat. S. 13D.04 subd. 1

<sup>18</sup> See Minn. Stat. S. 13D.04 subd. 2

### Section 1. Time<sup>19</sup>

The Board shall call an Annual Meeting of Property Owners to be held once each year. The initial Annual Meeting shall be scheduled during the month of July or August as determined by the Board and shall be held annually in that period unless changed by vote of the previous Annual Meeting.

### Section 2. Notice<sup>20</sup>

The Annual Meeting shall be preceded by two weeks' published notice in the legal newspapers of the City of Orono, shall be posted on the public notice board of the City of Orono, and written notice shall be mailed at least ten (10) days in advance of the meeting to the City Council, the Pollution Control Agency, the commissioner of the DNR, and if there is a proposed project by the CBLID having a cost in excess of \$5,000, all Property Owners.

### Section 3. Agenda.<sup>21</sup>

At the Annual Meeting:

1. The Directors shall present a budget, a proposed levy for the subsequent calendar year, and the distribution of such levy among the Property Owners as provided in Section 1 of Article 5 of these Bylaws.
2. The Property Owners present shall:
  - a. Approve the budget for the upcoming fiscal year;
  - b. Approve or disapprove proposed projects by the CBLID having a cost to the CBLID in excess of \$5,000; and
  - c. Take up and consider other business that comes before them.
3. The Property Owners shall elect one or more Directors as provided in Section 4 of Article 5 of these Bylaws.<sup>22</sup>

## **Article 10: Personal Liability**

No Director shall be personally liable for the debts or obligations of the CBLID of any nature nor shall any of the property of the Directors be subject to the payment of the debts or obligations of the CBLID. The CBLID Board shall maintain liability, and Director/Officer insurance coverage for the CBLID.

## **Article 11: Indemnification**

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<sup>19</sup> See Minn. Stat. S. 103B.571 Subd. 1.

<sup>20</sup> See Minn. Stat. S. 103B.571 Subd. 2. See also Article VII Section 3 of the St. Alban's Agreement, which expands upon these requirements to include posting on the public notice board.

<sup>21</sup> See Minn. Stat. S. 103B.571 Subd. 3.

<sup>22</sup> Note for actions other than the election of directors at the Annual Meeting, the statute (Minn. Stat. S. 103B.571 Subd. 3(a)) says property owners "present" shall.... Contrast this with the election of directors at the Annual Meeting, where the statute (Minn. Stat. S. 103B.571 Subd. 3(b)) provides that all property owners, "including absent members as provided in the order establishing the district, shall elect...." This distinction is the reason for segregating this item from the other items on the Agenda.

To the full extent permitted by Minnesota law, current and former Directors who are made a party, or threatened to be made a party, to a civil, criminal, administrative, arbitration, or investigative proceeding by reason of their position and activities on behalf of the CBLID shall be indemnified by the CBLID against judgments, penalties, fines, settlements, costs of defense including reasonable attorney's fees, and other losses incurred in connection with the proceeding. Acts of fraud, and/or criminal conduct shall not be indemnified. This indemnification shall inure to the benefit of the heirs, executors, and administrators of those who are so indemnified. The CBLID shall obtain insurance to cover this indemnification.

## **Article 12: Amendments**

The Board may adopt or amend these bylaws by two-thirds (2/3) vote of the Directors present and entitled to vote at any meeting of the Board.

### **Certification:**

These Bylaws were adopted and approved by the Board on September 7, 2017.



Exh A Resolution  
6781.pdf



Exh B LVMP for  
CBLID.docx



Exh C .CBLID  
map.pdf