

By-Laws of the Gallatin Gateway County Water & Sewer District

ARTICLE I Organizational Authority

Title 7, Chapter 13, Section 2203 of the Montana Code Annotated (“MCA”) authorizes the formation and incorporation of county sewer and water districts pursuant to the requirements of the remainder of Parts 22 and 23 of the same Title and Chapter. The Gallatin Gateway County Water & Sewer District (“District”) was formed by mail ballot election–voted by the residents and landowners within the designated boundaries of the District located in Gallatin County, Montana and duly conducted in accordance with MCA §7-13-2208(2)–on January 13, 2009. Acting by resolution unanimously adopted on February 17, 2009, the Board of Gallatin County Commissioners ordered the creation of the District. A Certificate of Incorporation for the District was thereafter issued by the Montana Secretary of State on March 6, 2009.

ARTICLE II Name and Boundaries

The name of the corporation is the Gallatin Gateway County Water & Sewer District. The principal office of the District shall be located at such place as the Board of Directors may from time to time determine. The mailing address of the District is P. O. Box 383, Gallatin Gateway, Montana 59730. The properties constituting the District are situated in Township 3 South, Range 4 East, Principal Meridian, Gallatin County, Montana. The boundaries of the District are as shall be designated by the Board of Directors from time to time in accordance with all applicable laws and statutes.

ARTICLE III Purpose

The purpose of the District is to provide a wastewater collection and treatment facility and a public water supply and distribution system within its boundaries, and to do all things necessary and proper to maintain and operate these facilities as required by law and these Bylaws.

ARTICLE IV Seal

The seal of the District shall have inscribed, thereon, the words “Gallatin Gateway County Water & Sewer District” and the year of incorporation of the Dis-

trict, “2009.” The Secretary shall have custody of the seal.

ARTICLE V
Fiscal Year

The fiscal year of the District shall begin July 1 of each year and shall end on June 30.

ARTICLE VI
Board of Directors

1 Governing Body.

The Board of Directors is the governing body of the district (§7-13-2231(2), MCA). All powers of the District, as provided by Title 7, Chapter 13, Parts 22 and 23, MCA or necessarily implied, shall be vested in the Board of Directors.

2 Composition.

The Board of Directors (“Board”) shall consist of five (5) elected members, as prescribed by §7-13-2232(1), MCA. The five positions of the Board shall be numbered, one through five, and such numbered positions shall serve as reference for future elections and vacancies.

3 Qualifications.

A director shall be an owner or lessee of real property within the District or a resident therein (§7-13-2233, MCA).

4 Election.

The procedure and mode of nomination and election for directors shall be as provided in §7-13-2235 through §7-13-2262, MCA.

5 Recall of Directors

Each director, as an incumbent of an elective office, whether elected by popular vote for a full term, elected by the Board of Directors to fill a vacancy, or appointed by a major or the board of county commissioners for a full term, is subject to recall by the electors of the District in accordance with Title 2, Chapter 16, Part 6 of the Montana Code Annotated (§7-13-2261, MCA).

6 Term of Office.

Except as provided herein, or by law, the term of office for directors shall be four (4) years from and after the date of their election (§7-13-2234(2), MCA). Directors shall hold office until the election and qualification or appointment and qualification of their successors (§7-13-2234(1), MCA). The *initial* term of

office for Positions 1, 2 and 3 shall be two (2) years. The second and subsequent term of office for Positions 1, 2 and 3, and all terms of office for Positions 4 and 5, shall be four (4) years (§7-13-2234(3)(a), MCA).

The first regular election for positions on the Board of Directors shall be held in November of 2011, and elections shall be held in November of every odd year thereafter (§7-13-2234(5) & §7-13-2236(1), MCA).

7 Vacancies.

Vacancies on the Board of Directors shall be filled by the remaining directors (§7-13-2262(2), MCA).

8 Committees and Advisors.

The Board shall determine the necessity for any committees, either temporary or standing, and shall select and appoint the members of these committees by resolution after having received appropriate public input. The Board may appoint individuals to assist the Board in an advisory capacity. Such advisors may counsel the Board on issues of grant resources, general perspectives, and other issues and/or duties as deemed appropriate by the Board. Committees and advisors may not act on behalf of the Board, but may advise the Board on matters of special interest.

9 Meetings.

The Board of Directors shall meet on a regular basis and may hold special meetings to conduct the affairs of the District. Committees of the Board may meet on a regular basis and may hold special meetings. All meetings of the Board and its committees, whether corporal or by telephone or other means of electronic communication, shall be open to the public and subject to the public participation and notification requirements of Title 2, Chapter 3, MCA. A meeting of the Board or a committee of the Board, whether corporal or by telephone or other means of electronic communication, is defined as the convening of a quorum of the Board, or a quorum of committee members, to hear, discuss, or act upon a matter over which the Board, or a committee, has supervision, control, jurisdiction, or advisory power (§2-3-202, MCA). A quorum is represented by a majority of the total members of the Board or committee.

Meetings shall be at such time and place as determined by the Board of Directors. All meetings and the conduct of business at those meetings shall be guided by *Robert's Rules of Order, Newly Revised*.

Official action at Board meetings can only occur through resolution or ordinance and with a quorum of Directors present. Minutes of all meetings required by statute to be open, fully reflective of all business transacted at the meeting, shall be kept and shall be available for inspection by the public.

A consent agenda may be presented by the president at the beginning of a meeting. Items may be removed from the consent agenda on the request of any member of the Board or by any public participant in the meeting. Items not

removed may be adopted by general consent without debate. Removed items may be taken up either immediately after the consent agenda or placed later on the agenda at the discretion of the president.

10 Public Meeting Notices.

Appropriate notice of all meetings shall be provided to the public. Notices of regular or special meetings of the Board of Directors shall be posted at the District office or at the Post Office. Notice of Special Meetings and Public Hearings shall be published as required by law.

11 Ordinances and Resolutions.

The Board shall act only by Ordinance or Resolution (§7-13-2274(3), MCA).

An ordinance or resolution may not be passed or become effective without the affirmative votes of at least a majority of the total members of the board. The ayes and noes for passage of all ordinances and resolutions must be taken and included in the Minutes of the meeting (§7-13-2275(1), MCA).

The enacting clause of all ordinances passed by the Board shall be the following words: "Be it ordained by the Board of Directors of the Gallatin Gateway County Water & Sewer District as follows: . . ." All ordinances and resolutions shall be signed by the President of the Board and attested to by the Secretary of the Board (§7-13-2275(2), MCA).

12 Compensation.

Each member of the Board of Directors shall receive a monthly salary of \$60. The board may elect to waive Directors compensation during development of the budget each fiscal year.

ARTICLE VII Duties and Offices of the Board of Directors

1 Duties of the Board.

The Board of Directors, subject to restrictions of law and these Bylaws, shall exercise all of the powers of the District, and without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are hereby given full power and authority in respect to the matters set forth in §7-13-2201-MCA, et seq., and §7-13-2301, MCA, et seq., and hereinafter set forth to be exercised by ordinance and resolution duly adopted by the Board.

Specific duties of the Board, without prejudice to or limitation upon the general duties of the Board, include

- A. Selection, appointment, prescription of duties, establishment of appropriate compensation, and removal, where necessary or expedient, of all officers and agents of the District; and

- B. Prescription, adoption and amendment, from time to time, of such equitable uniform rules and regulations as, in its discretion, may be deemed essential or convenient for the conduct of the business and affairs of the District and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof; and
- C. Establishment, regular review of, and amendment of an annual financial budget for the District. The budget shall be approved by a majority of the Board prior to July 1 of each year.
- D. Completion of an annual independent audit of the books and accounts for the District.
- E. Review of rates, charges and taxes levied or assessed by the District as often as deemed necessary, but at least bi-annually (§7-13-2301(2), MCA), to ensure that income and revenue will be adequate to meet the needs of the present and future budgets.

2 Election of a Board President and Vice President.

The Board of Directors shall elect a President and a Vice President, who shall then serve for a term of one (1) year or until successors are elected.

3 Duties of the Board President.

The president shall sign all resolutions, ordinances, and contracts on behalf of the district and perform such other duties as may be imposed by the board of directors (§7-13-2272 & §7-13-2275(3), MCA). The President shall also, when present, preside over meetings of the Board and shall convey all directives from the Board to the District's General Manager and other District employees as necessary and appropriate.

4 Duties of the Board Vice President.

In the President's absence, inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions of the President; provided, however, that in case of death, resignation or disability of the President, the Board of Directors may declare the office vacant and elect a successor. The Vice-President shall also perform such other duties as from time to time may be assigned to him or her by the President and the Board of Directors.

ARTICLE VIII Offices and Duties of the Administrative Personnel

1 Appointment.

Without limitation to the creation of additional offices as deemed necessary and appropriate by the Board for the conduct of the business of the District, the

Board shall appoint by a majority vote: a general manager, a secretary, and an auditor/treasurer (§7-13-2277, MCA). No director shall be eligible to the office of general manager, secretary, or auditor/treasurer. The general manager, secretary and auditor/treasurer shall receive such compensation as the Board shall determine, and each shall serve at the pleasure of the Board.

2 Duties.

- A. General Manager. The general manager has full charge and control of the maintenance, operation, and construction of all works and systems of the district, with full power and authority to employ and discharge all employees and assistants at pleasure and prescribe their duties, and shall, subject to the approval of the board of directors, fix their compensation. The general manager shall perform other duties that may be imposed by the board. The general manager shall report to the board in accordance with rules that it may adopt (§7-13-2278(1), MCA).

If a charge for services is due and payable in a fiscal year and is not paid by the end of the fiscal year, the general manager shall, by July 15 of the succeeding fiscal year, give notice to the owners of the property to which the service was provided. The notice must be in writing and:

- (i.) must specify the charges owed, including any interest and penalty;
- (ii.) must specify that the amount due must be paid by August 15 or it will be levied as a tax against the property;
- (iii.) must state that the district may institute suit in any court of competent jurisdiction to recover the amount due; and
- (iv.) may be served on the owner personally or by letter addressed to the post-office address of the owner as recorded in the county assessor's office (§7-13-2301(4)(a), MCA).

On September 1 of each year, the general manager shall certify and file with the county assessor a list of all property, including legal descriptions, on which arrearages remain unpaid. (§7-13-2301(4)(b), MCA).

- B. Secretary. The secretary shall countersign all contracts on behalf of the District and perform such other duties as may be imposed by the Board (§7-13-2278(2), MCA). The secretary will be the official record keeper for the Board and shall have custody of the seal. Minutes of all Board meetings, Resolutions and Ordinances passed by the Board will be attested by the secretary. All legal documents and notices of Public Hearings that require certification of Board action will be attested by the secretary. The secretary shall perform other duties that may be imposed by the board.
- C. Auditor/Treasurer. The auditor/treasurer is charged with the duty of installing and maintaining a system of auditing and accounting that must completely and at all times show the financial condition of the district.

The auditor/treasurer shall draw warrants to pay demands made against the district when the demands have been first approved by at least three members of the board and by the general manager (§7-13-2278(2), MCA). The auditor/treasurer shall perform other duties that may be imposed by the board.

ARTICLE IX Finance and Taxation

1 Loans and Indebtedness.

No loans shall be contracted on behalf of the District and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority shall be confined to specific instances.

2 Checks, Drafts and Orders.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the District shall be signed by the General Manager and one director, or by two directors.

3 Charges for Services.

The Board of Directors shall fix all water and sewer rates and shall, through the general manager, collect the sewer charges and the charges for the sale and distribution of water to all users. The Board, in the furnishing of water, sewer service, other services, and facilities, shall fix such rate, fee, toll, rent, or other charge as will pay the operating expenses of the district, provide for repairs and depreciation of works owned or operated by it, pay the interest on any bonded debt, and so far as possible, provide funds for the payment of the principal of such debt as it may become due. Notwithstanding any other provision regarding charges for services governed by §7-13-2301, MCA, the Board may adopt a system of rates, fees, and charges by ordinance to require that each recipient of treatment works services pays its proportionate share of the costs of operation, maintenance and replacement and to require industrial users of treatment works to pay their proportionate share of the capital cost of construction of the treatment works which is allocable to the treatment of that industrial user's wastes.

4 Levy of Taxes.

The District may levy taxes to meet bond obligations and other expenses as provided by §7-13-2302 through 2310, MCA.

5 Bonded Indebtedness.

Whenever the Board of Directors deems it necessary for the District to incur a bonded indebtedness, it shall by a resolution so declare and state the purpose for which the proposed debt is to be incurred, the land within the district to be

benefited thereby, the amount of debt to be incurred, the maximum term the bonds proposed to be issued shall run before maturity, and the proposition to be submitted to the electors. In addition, the provisions of §7-13-2321 through 2331, MCA, shall govern the procedure for acquisition of bonded indebtedness by the District.

6 Governmental Grants, Loans or Other Financial Assistance.

The District may be treated as a municipality when applying for a grant, a loan, or other financial assistance from the State.

7 Public Hearing Required

Except as provided in §7-13-2275(5), MCA, prior to the passage or enactment of an ordinance or resolution imposing, establishing, changing, or increasing rates, fees, or charges for services or facilities, the board shall order a public hearing. Notice of the public hearing must be published as provided in §7-1-2121, MCA. The published notice must contain:

- (i.) the date, time, and place of the hearing;
- (ii.) a brief statement of the proposed action; and
- (iii.) the address and telephone number of a person who may be contacted for further information regarding the hearing.

The notice must also be mailed to all persons who own property in the District and to all customers of the District at least seven (7) days and not more than thirty (30) days prior to the public hearing. The mailed notice must contain an estimate of the amount that the property owner or customer will be charged under the proposed ordinance or resolution (§7-13-2275, MCA).

ARTICLE X Insurance

The District shall purchase appropriate insurance as determined by the Board to protect its Board members, officers, employees, and property from any potential loss and/or loss expense.

ARTICLE XI Conflict of Interest Prohibited

Members of the Board, advisors to the Board, officers of the District, staff members and employees shall at all times act in good faith with respect to the duties of their respective offices. They shall not use their positions or knowledge gained therefrom, so that a conflict of interest might arise between the interest of the District and that of the individual. A full disclosure of all facts pertaining to a transaction that is subject to any degree of doubt concerning the possible existence of a conflict of interest shall be made to the President of the Board of Directors before consummating the transaction.

A conflict of interest can be considered to exist in any instance where the actions or activities of an individual on behalf of the District also involve an improper or unfair gain or advantage to any party, or has an adverse effect on the District's interests

ARTICLE XII Indemnification

No Board member, officer, or employee of the District shall be individually liable for any act or omission made in the course and scope of his official capacity on behalf of the District as long as the individual:

- A. Conducted him- or herself in good faith;
- B. Reasonably believed that his or her conduct in his or her official capacity was in the best interests of the District;
- C. That in all other cases his or her conduct was at least not opposed to the best interests of the District;
- D. That he or she had no reason to believe that his or her conduct was unlawful;
- E. That he or she does not derive an improper personal benefit from his or her conduct; and
- F. That his or her acts or omissions do not constitute willful misconduct, recklessness, or knowing violation of law.

ARTICLE XIII Amendments

These Bylaws may be repealed or amended by the affirmative vote of a three-fifths ($\frac{3}{5}$) majority of the total members of the Board, at any regular or special meeting so long as the change does not put the District into conflict with the Montana Code Annotated or the administrative rules of the State of Montana.

KNOW ALL PERSONS BY THESE PRESENTS:

The undersigned President of the Board of Directors of the Gallatin Gateway County Water & Sewer District DOES HEREBY CERTIFY that the above and foregoing Bylaws were duly adopted by the Board of Directors of the District on this 7th day of June, 2010, and that the same now constitute the Bylaws of the Gallatin Gateway County Water & Sewer District.

PRESIDENT

WITNESS: my hand and seal of the District this _____ day of _____
, 2010.

(SEAL)

SECRETARY