

BYLAWS OF THE GALLATIN CANYON COUNTY WATER AND SEWER DISTRICT

ARTICLE I. STATEMENTS OF ORGANIZATION AND PURPOSE

(A) Organization. The name of this organization is the GALLATIN CANYON COUNTY WATER AND SEWER ("District"). The District was formed by petition on December 29th, 2020 pursuant to Title 7, Chapter 13, Parts 22 and 23 of the Montana Code Annotated ("M.C.A."). The Board of Gallatin County Commissioners approved the petition on the named date and adopted Resolution 2020-152 which is an order declaring the territory of the District to be organized. A Certificate of Incorporation for the District was thereafter issued by the Montana Secretary of State on April 6th, 2021.

(B) Purpose. The purpose of the District is to collect information and data, and to analyze the same, in order to determine what wastewater treatment system is best adapted to provide wastewater collection and treatment to not only the present District, but other properties in the canyon area that may elect to join the District, and to gather information and analyses for water and water distribution systems. In the event that such wastewater and water systems can be identified, it is also the intent of the District to finance, construct, operate and maintain such systems. The District does not intend to compel landowners to join the District, or to otherwise compel any landowner within the District to remain within the boundaries of the District should that landowner determine that because of costs or the necessary delays in construction and financing, such systems will not benefit them.

ARTICLE II. BOARD OF DIRECTORS

(A) District to be Governed by the Board of Directors. The Board of Directors is the governing body of the District (§7-13-2231(2), M.C.A.). The Board of Directors shall have the powers as enumerated in Title 7, Chapter 13, parts 22 and 23, of the M.C.A.

(B) Composition of Board of Directors. The Board of Directors shall consist of three (3) members until there are more than 10 qualified electors in the District. Once there are more than 10 electors, the board shall consist of five (5) members (§7-13-2232, M.C.A.).

If the boundaries of the district include unincorporated territory, the board may include one additional nonvoting ex officio member as provided in 7-13-2230 appointed by the board of county commissioners of each county containing the unincorporated territory. (§7-13-2232(3), M.C.A.).

(C) Director Conflict of Interests. All Directors are subject to the Conflict of Interest Policy attached hereto as Exhibit A.

ARTICLE III.
QUALIFICATIONS OF DIRECTORS AND TERMS OF OFFICE

(A) Qualifications of Directors To be eligible for election or appointment to a Board of Directors, a person must be:

1. registered to vote as required by law;
2. 18 years of age or older;
3. a citizen of the United States; and
4. a resident of the district or an owner of real property in the district who is a resident of the State of Montana. (§7-13-2233, M.C.A.).

(B) Terms of Office for Directors.

1. All Directors elected or appointed shall hold office until the election and qualification or appointment and qualification of their successors. The term of office of a Director begins on the first Monday of the month following the date of the Director's election or appointment. A Director elected or appointed shall hold office until the term of office of the Director's successor begins. (§7-13-2234(1), M.C.A.).

2. Except as otherwise provided, the term of office of directors elected under the provisions of Title 7, Parts 22 and 23, M.C.A. shall be four (4) years from and after date of their election.

ARTICLE IV.
ELECTION AND APPOINTMENT OF DIRECTORS

(A) Applicability of General Election Laws. Except as otherwise provided in Title 7, Chapter 13, parts 22 and 23 of the M.C.A., the provisions in Title 13, Chapter 1, part 5 of the M.C.A. relating to the qualifications of electors, the manner of voting, the duties of election officers, the canvassing of returns, and all other particulars with respect to the management of general elections, so far as they may be applicable, shall govern all District elections (§7-13-2222, M.C.A.).

(B) Election and Appointment Procedure. The declaration of candidacy and election of all elective Directors of the District to be voted for during any District election shall be as provided in Title 7, Chapter 13, part 22 and Title 13, Chapter 1, part 5 of the M.C.A.

(C) General District Election. The election of Directors of the District shall be held in accordance with Title 13, Chapter 1, part 5 of the M.C.A. The election of directors for the District may be conducted by mail ballot subject to §13-19-104, M.C.A. (§13-1-505(4), M.C.A.).

(D) Declaration of Candidacy. A declaration of candidacy must be filed with the election administrator within the time period specified in §13-1-502, M.C.A. The election administrator shall endorse on the declaration the date on which it was presented. The county clerk shall retain in the clerk's office for a period of 2 years all declarations of candidacy filed

under this section. (§7-13-2241, M.C.A.).

(E) Deadlines for Candidate filing, Write-in Candidacy, and Withdrawal, Election Cancellation and Election by Acclamation.

1. The candidate filing deadline for election to the Board of Directors is no sooner than 145 days and no later than 85 days before the election.

2. A candidate may not withdraw after the candidate filing deadline provided in subsection 1.

3. A declaration of intent to be a write-in candidate must be filed with the election administrator by 5 p.m. on the 65th day before the date of the election.

4. If by the write-in candidate deadline in subsection 3 the number of candidates is equal to or less than the number of positions to be filled at the election, the election administrator shall cancel the election and, pursuant to §13-1-304, M.C.A. immediately notify the governing body of the local government in writing of the cancellation. However, the governing body of the local government may by resolution require that the election be held.

5. If an election has been canceled and there is only one candidate for a position, the governing body of the local government shall declare the candidate elected to the position by acclamation.

6. If an election has been canceled and there are no regular or declared write-in candidates for a position, the Board of Directors shall fill the position by appointment and an appointed member shall serve the same term as if the member were elected. (§13-1-502 and §7-13-2262, M.C.A.).

(F) 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 the Board of County Commissioners for a full term, is subject to recall by the electors of the District. (§7-13-2261, M.C.A.).

(G) Effect of Failure to Qualify for Office. If a person elected to the Board of Directors fails to qualify, the office must be filled as if there were a vacancy in the office as provided by Article IV, Paragraph G, set forth below. (§7-13-2258, M.C.A.).

(H) Vacancies on Board of Directors - Appointment of Entire Board.

1. Except as provided in subsection (3), any vacancy in the Board of Directors, whether the vacant office is elective or appointive, must be filled by majority vote of the remaining Directors.

2. A vacancy must be determined in accordance with §7-13-2263, M.C.A.

3. If there are no Directors remaining on the board and no nominees for any Director position to be elected, the County Commissioners may appoint the number of Directors specified in §7-13-2232(1), M.C.A. The County Commissioners shall stagger the terms of the directors appointed.

4. Following the appointment of a Board in accordance with subsection 3, the Directors must be elected as provided in this part. (§7-13-2262, M.C.A.).

(I) Vacancies. A vacancy is created when any of the following events occurs before the expiration of the term of the incumbent:

1. death;
2. a determination pursuant to Title 53, chapter 21, part 1, that the incumbent is mentally ill;
3. resignation;
4. removal from office;
5. neglect or refusal to perform the duties required by this part for 3 consecutive months, except when prevented by sickness or when absent from the district by permission of the Board of Directors;
6. conviction of a felony or a violation of official duties; or
7. the decision of a court declaring the incumbent's election or appointment void. (§7-13-2263, M.C.A.).

(J) Qualifications to Vote.

1. An individual is qualified to vote in any election if the individual is a qualified voter pursuant to §13-1-111, not including §13-1-111(1)(a) and (1)(c), M.C.A. and is:
 - (a) a resident of the proposed or existing district;
 - (b) an owner of taxable real property within the boundaries of the proposed or existing district or, if the property is owned by more than one person, an agent designated by the owners;
 - (c) an individual listed in §13-1-506, M.C.A. representing a corporation or company that owns taxable real property within the boundaries of the proposed or existing district; or
 - (d) a designated agent for a property held in trust within the boundaries of the proposed or existing district.
2. An individual qualified to vote pursuant to subsections (1)(b) through (1)(d) shall provide written proof of the individual's qualifications to the election administrator at least 25 days before the election. (§7-13-2212, M.C.A.)

ARTICLE V.

ORGANIZATION OF BOARD OF DIRECTORS AND CONDUCT OF BUSINESS

(A) Organization of Board of Directors. A new Board of Directors shall hold its first meeting on the sixth Monday after the election of directors. It shall choose one of its members to be the President and shall provide for the time and place of holding its meetings. Special meeting may be called by the President or a majority of the Board of Directors. The Board shall also establish rules for its proceedings. (§7-13-2271, M.C.A.).

(B) Election of Officers. The Board of Directors shall elect three (3) officers of the Board, a President, Vice-President and a Treasurer, each for a term of one (1) year at the first meeting after the election of Directors or at the regular July meeting.

(C) Duties of Board President. In addition to performance in accordance with §7-13-2272 M.C.A., the President shall:

1. Perform all acts and duties usually performed by an executive and presiding officer.

2. Sign all contracts, payments, and such other papers of the District as may be authorized and directed by the Board of Directors on behalf of the District.
3. Convey all directions from the Board to the District Personnel.
4. Perform any other duties that may be imposed by the Board of Directors.

(D) Duties of 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.

(E) Duties of the Treasurer. The Treasurer shall establish, keep and maintain adequate and correct accounts of the accounts, properties and business of the District, including accounts of its assets, liabilities, receipts and disbursements. The Treasurer shall prepare and report such periodic accountings as shall be required by the District in conjunction with the Auditor/Bookkeeper.

(F) Conduct of Business.

1. All meetings of the Board of Directors, whether regular or special, must be open to the public. Notice of the meetings must be given and the meetings must be held in compliance with the requirements of Title 2, Chapter 3, Parts 1 and 2 of the M.C.A. A majority of the total membership of the Board constitutes a quorum for the transaction of business. The Board may act only by ordinance or resolution (§7-13-2274, M.C.A.).

2. The Board of Directors shall meet on a regular basis and may hold special meetings to conduct the affairs of the District. Meetings shall be held 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 the latest edition of Robert's Rules of Order. Official action at Board meetings can only occur with a quorum of Directors present.

3. Directors may participate fully in meetings remotely through audio and/or video call methods. Directors participating via electronic means, including but not limited to phone and video-calls, are considered present, can help constitute a quorum, and have all the rights and ability to vote as if they were physically present.

4. All warrants (or other orders) for the disbursement of funds issued in the name of the District save those covered in F.5 shall be signed by the President and Secretary, or by any two Directors of the District. Claims must be duly executed by the claimant and approved by at least a majority of the Board of Directors prior to being paid. (§7-13-2278, M.C.A.).

5. The District President is authorized to sign-off on small expenses of \$500 or less without additional Board approval or the signature of the Secretary or other Director. Any such expenditures must be properly accounted for and disclosed at the following regular Board meeting.

6. All funds of the District shall be deposited in a timely manner by the District President, Auditor/Bookkeeper or the Secretary to the credit of the District in bank accounts established and approved by the Board of Directors for such purpose.

(G) Compensation of Board of Directors. Each of the Directors may receive a monthly salary that may not exceed the following amounts based upon the population of the District.

1. \$60.00 per month if the population of the District is less than 500 persons;
2. \$80.00 per month if the population of the District exceeds 500 persons but is no more than 5,000 persons;
3. \$100.00 per month if the District population exceeds 5,000 persons (§7-13-2273, M.C.A.).

(H) Procedure Relating to Ordinances and Resolutions - Rates, Fees and Charges Established.

1. The ayes and nays must be taken upon the passage of all ordinances or resolutions and entered upon the journal of the proceedings of the Board of Directors.

2. 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.

3. The enacting clause of all ordinances passed by the Board must be in these words: "Be it ordained by the Board of Directors of the Gallatin Canyon County Water and Sewer District as follows:".

4. All resolutions and ordinances must be signed by the Board President and attested by the Secretary.

5. 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, M.C.A. The published notice must contain: (i) the date, time and place of the hearing; (ii) a brief statement of the proposed action; (iii) the address and telephone number of a person who may be contacted for further information regarding the hearing.

6. 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. Any interested person, corporation or company may be present, represented by counsel and testify at the hearing. The hearing may be continued by the Board as necessary. After the public hearing, the Board may, by resolution, impose, establish, change or increase rates, fees or charges

7. A public hearing is not required for a cumulative rate increase of less than or equal to 5% within a 12-month period if the board provides notification of the increase to persons within the district on whom the rate will be imposed at least 10 days prior to the passage or enactment of the ordinance or resolution implementing the increase. (§7-13-2275, M.C.A.).

(I) Committees.

1. The Board of Directors may establish such standing or special committees it deems advisable and assign to each committee specific duties or functions. Each committee will consist of at least one Director and may include members of the public. No committee may commit the Board to the endorsement of any plan or program.

2. The President shall appoint the members of each standing or special committee, name the chair of each committee and state the objective, duration of time, and reporting responsibility of the committee.

3. All committees will meet at the call of the committee chair with notice to the public.

4. A majority of the members appointed constitutes a quorum of all committees. The affirmative vote of a majority of the committee membership is required for all matters before the committee to make a recommendation to the Board.

5. All legislative sessions of the board of directors, whether regular or special, must be open to the public. Notice of the sessions must be given and the sessions must be held in compliance with the requirements for public notice and public participation. (§7-13-2274, M.C.A.).

ARTICLE VI. **ADMINISTRATIVE PERSONNEL**

(A) Appointment of Administrative Personnel. The Board of Directors may, at its first meeting, or as soon thereafter as practicable, appoint by a majority vote, a General Manager, a Secretary, and an Auditor/Bookkeeper. No current director shall be eligible to hold the office of General Manager, Secretary or Auditor/Bookkeeper. The General Manager, Secretary and Auditor/Bookkeeper shall receive such compensation as the Board shall determine, and each shall serve at the pleasure of the Board (§7-13-2277, M.C.A.).

(B) Duties of Administrative Personnel.

1. The General Manager, subject to the prior approval of the Board of Directors, shall have 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, prescribe their duties and fix their compensation. The General Manager shall perform such other duties as may be imposed upon him by the Board. The General Manager shall report to the Board in accordance with such rules as it may adopt.

2. The Secretary will be the official record keeper for the Board. 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 countersign all contracts on behalf of the District and will perform such other duties as may be imposed by the Board.

3. The Auditor/Bookkeeper shall be charged with the duty of installing and maintaining a system of auditing and accounting that shall completely and at all times show the financial condition of the District in conjunction with the Treasurer. They shall draw warrants to pay demands made against the District when such demands have been first approved by a majority of the Board of Directors and by the General Manager (§7-13-2278, M.C.A.).

(C) Conflict of Interests. All Administrative Personnel are subject to the Conflict of Interest Policy attached hereto as Exhibit A

ARTICLE VII.
FISCAL YEAR

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

ARTICLE VIII.
INDEMNIFICATION

(A) Director and Employee Indemnification. No Director, 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:

1. Conducted themselves in good faith;
2. Reasonably believed that their conduct in their official capacity was in the best interests of the District;
3. That in all other cases their conduct was at least not opposed to the best interests of the District;
4. That they had no reason to believe that their conduct was unlawful;
5. That they do not derive an improper personal benefit from their conduct;
6. That their acts or omissions do not constitute willful misconduct, recklessness or knowing violation of law.

(B) The indemnification provided by this Bylaws shall include indemnification for damages awarded against a Director in their individual capacity as well as indemnification for attorney's fees and costs incurred by a Director in their individual capacity

ARTICLE VIII.
AMENDMENTS

(A) Any by-law of this District that is inconsistent with any law or administrative rules of the State of Montana shall be deemed amended to comply with said law or administrative rule. If any by- law, rule, regulation or ordinance of the District is declared invalid, that fact shall nevertheless not affect the validity or enforceability of any remaining by-laws, rules, regulations or ordinances duly adopted or enacted by the District or its governing body.

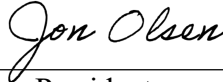
(B) The Board of Directors may amend or repeal these Bylaws by an affirmative vote of a majority of the total Board membership at any regular or special meeting. The Board shall not have the power to change the purposes of the District, so, as to decrease its rights and powers under the M.C.A., or to waive any requirement of bond or other provision for the safety and security of the property and funds of the District or its users, or to amend the Bylaws as to affect a fundamental change of the policies of the District which would bring the District, in any manner, into conflict with the M.C.A.

KNOW ALL PERSONS BY THESE PRESENT:

The undersigned President of the Board of Directors of the Gallatin Canyon County Water and Sewer District DOES HEREBY CERTIFY that the above and foregoing Bylaws were duly adopted by the Board of Directors of the District on the *9th Day of April, 2024* and that the same now constitute the Bylaws of the Gallatin Canyon County Water and Sewer District.



President



Vice President



Treasurer

EXHIBIT A

GALLATIN CANYON COUNTY WATER AND SEWER DISTRICT CONFLICTS OF INTEREST POLICY

I. Statement of Purpose:

The Gallatin Canyon County Water and Sewer District recognizes and acknowledges that the holding of public office or employment is a public trust, created by the confidence that the electorate reposes in the integrity of public officers and employees. A public officer or employee must carry out the individual's duties for the benefit of the people of the state.

The Gallatin Canyon County Water and Sewer District adopts this policy based upon the Montana Code of Ethics for public officer and employees as set forth in Section 2-2-101, M.C.A., et seq., to prohibit conflicts between public duty and private interest for District board member and employees. This policy recognizes that some actions are conflicts per se between public duty and private interest, while other actions may or may not pose such conflicts depending upon the surrounding circumstances.

II. Definitions:

For this policy, the following definitions are as set forth in Section 2-2-102, MCA:

- (1) "District" shall mean the Gallatin Canyon County Water and Sewer District.
- (2) "Business" includes a corporation, partnership, sole proprietorship, trust or foundation, or any other individual or organization carrying on a business, whether or not operated for profit.
- (3) "Compensation" means any money or economic benefits conferred on or received by any person in return for services rendered or to be rendered by the person or another.
- (4) "Gift of substantial value" means a gift of \$100 or more for an individual. The term does not include:
 - (a) a gift that is not used and that, within 30 days after receipt, is returned to the donor or delivered to a charitable organization or the state and that is not claimed as a charitable contribution for federal income tax purposes;
 - (b) food and beverages consumed on the occasion with participation in a charitable, civic, or community events that are in relationship to the public officer or employee's employment or when the officer or employee is in attendance in an official capacity;
 - (c) educational material directly related to official governmental duties;
 - (d) an award publicly present in recognition of public service; or
 - (e) educational activity that does not place or appear to place the recipient under

obligation, that clearly serves the public good; and that is not lavish or extravagant.

- (5) “Official act” or “official action” means a vote, decision, recommendation, approval, disapproval, or other action, including inaction, that involves the use of discretionary authority.
- (6) “Private interest” means an interest held by an individual that is:
 - (a) an ownership interest in a business;
 - (b) a creditor interest in an insolvent business,
 - (c) an employment or prospective employment for which negotiations have begun;
 - (d) an ownership interest in real property;
 - (e) a loan or other debt or interest; or
 - (f) a director or officer in a business.

III. Ethical Requirements for District Board Member and Employees:

(1) Except as provided in paragraph (3) below, a District Board member or employee shall not acquire an interest in any business or undertaking that the Board member or employee has reason to believe may be directly and substantially affected to its economic benefit by official action to be taken by the District.

(2) A District Board member or employee shall not, within twelve (12) months following the voluntary termination of office or employment, obtain employment in which the Board member or employee will take direct advantage, unavailable to others, of matters which the Board member or employee was directly involved during a term of office or during employment.

(3) When a District Board member is required to take official action on a matter as to which the Board member has a conflict created by a person or private interest that would directly give rise to an appearance of impropriety as to the Board member’s influence, benefit, or detriment in regard to the matter, the Board member shall disclose the interest creating the conflict prior to participating in the official action.

(4) A District Board member or employee may not perform an official act directly or substantially affecting the District or other undertaking to its economic detriment when the District Board member or employee has a substantial competing firm or undertaking.

IV. Disclosure of Conflict of Interest

1. Each Board member shall, prior to December 15 of each even-numbered year, complete the District’s Business Disclosure statement. This is public information and will be kept on file with the District. An individual filing pursuant to subsection (1)(b) is not required to file under this subsection during the same period. An individual appointed to the District Board who would be required to file under subsection (1)(a) is required to file the business disclosure statement with the District at the assumption of office.

2. The business disclosure statement must provide the following information for each District Board member:

- (a) the name, address, and type of business of the individual;
- (b) each present or past employing entity for which benefits, including retirement benefits are currently received by the individual;
- (c) each business, firm, corporation, partnership and other business or business professional entity or trust in which the individual holds an interest;
- (d) each entity not listed under sub-sections (2)(a) through (2)(c) in which the individual is an officer or director, regardless of whether or not the entity is organized for profit; and
- (e) all real property other than a personal residence in which the individual holds an interest. Real property may be described by general description.

3. An individual may not assume or continue to exercise the powers and duties of the office to which the individual has been elected or appointed until the disclosure statement has been filed as provided in Paragraph 1.

4. The District shall make the business disclosure statements available upon request.

V. Rules of Conduct for District Board Members and Employees

A District Board member or employee may not:

- (a) disclose or use confidential information acquired in the course of official duties in order to further substantially the individual's personal economic interest;
- (b) accept a gift of substantial value or of substantial economic value tantamount to a gift;
- (c) use public time, facilities, equipment, supplies, personnel or funds for the Board member's or employee's private business purposes;
- (d) engage in a substantial financial transaction for the Board member's or employee's private business purposes with a person whom the Board member or the employee inspects or supervises in the course of official duties;
- (e) assist any person for a fee or other compensation in obtain a contract, claim, license or other economic benefit from the District; or
- (f) perform an official act directly and substantially providing an economic benefit to a business or other undertaking in which the Board member or employee has either a substantial interest or is engaged as counsel, consultant, representative or agent.