

**BYLAWS OF
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 (the "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. 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 do the same information gathering 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 coerce 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.).

(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.).

ARTICLE III.

QUALIFICATIONS OF DIRECTORS AND TERMS OF OFFICE

(A) Qualifications of Directors. Any director elected or appointed shall be an owner or lessee of real property within the District or a resident within the District (§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.
2. Except as otherwise provided, the term of office of directors elected under the provisions of M.C.A. Title 7, Parts 22 and 23 shall be four (4) years from and after date of their election. Given that the creation of the District required the election of three (3) directors, one (1) of the directors shall serve for a term of two (2) years, and two (2) shall serve for a term of four (4) years. At their first meeting, the directors shall determine by lot which of them shall serve the two (2) year terms. Each term thereafter shall be for a period of four (4) years (§7-13-2234, M.C.A.).

(C) 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 8, set forth below.

(D) Applicability of General Election Laws. Except as otherwise provided in Title 7, Chapter 13, Parts 22 and 23 of Montana Code Annotated, the provisions of Montana law 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.).

ARTICLE IV.

ELECTION AND APPOINTMENT OF DIRECTORS

(A) Election and Appointment Procedure. The mode of nomination and election of all elective officers of the District to be voted for during any District election and the mode of appointment of a director by a mayor or board of county commissioners shall be as provided in Title 7, Chapter 13, Part 22 of the Montana Code Annotated (§7-13-2235, M.C.A.).

(B) General District Election. The election of directors of the District shall be held every two (2) years with the election for local government officials provided for in §3-1-104(2), M.C.A. Since the District is located in an unincorporated area, the election of directors for the District may be conducted by mail ballot as provided in Title 13, Chapter 19 of the Montana code Annotated (§7-13-2236, M.C.A.).

(C) Filing of Petition of Nominations.

1. A petition of nomination, signed by at least five (5) electors of the District for any one (1) candidate, may be filed with the election administrator not earlier than 135 days or later than 75 days before the election. The election administrator shall endorse thereon the date upon which the petition was presented to him or her.

2. If the petition conforms to the above requirements, the election administrator shall place the name of the petitioner on the ballot as a candidate for the Board of Directors for the District (§7-13-2241, M.C.A.).

(D) Withdrawal of Candidacy.

1. Any individual who has been nominated as a candidate may, not later than seventy-five (75) days before the day of election, cause his or her name to be withdrawn from nomination by filing with the election administrator, a request therefore in writing, and no name withdrawn may be printed upon the ballot.
2. If, upon such withdrawal, the number of candidates remaining does not exceed the number to be elected, then other nominations may be made by filing petitions therefore no later than seventy-five (75) days prior to the election (§7-13-2246, M.C.A.).

(E) Provision for Vote by Corporate Property Owner. Where a corporation owns real property within the boundaries of the District, the president, vice-president or secretary of such corporation shall be entitled to vote on behalf of the corporation (§7-13- 2254, M.C.A.).

(F) Provision for Vote by Non-Resident Property Owner. An elector owning real property within the District need not reside within the District in order to vote (§7-13-2255, M.C.A.).

(G) Recall of Directors. Each District 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, M.C.A.).

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

1. If the number of candidates for the Board of Directors is equal to or less than the number of positions to be elected, the election administrator may cancel the election in accordance with §13-1-304, M.C.A. If an election is not held, the Board of Directors shall declare elected by acclamation the candidate who filed a nominating petition for the position. If no candidate filed a nominating petition for the position, the Board of Directors shall make an appointment to fill the position, and the director's term is the same as if the director were elected.
2. Except as provided in subsections (3) and (4) below, any vacancy in the Board of Directors, whether the vacant office is elective or appointive, must be filled by the remaining directors.
3. If there are no directors remaining on the Board of Directors and no nominees for any director position to be elected, the county commissioners may appoint the number of directors specified in Article II, Paragraph 1.
4. Following the appointment of the new Board of Directors in accordance with subsection (3) above, the appointed directors must be elected to future terms as provided in Title 7, Chapter 13, Part 22 of the Montana Code Annotated (§7-13-2262, M.C.A.).

ARTICLE V.

ORGANIZATION OF BOARD OF DIRECTORS AND CONDUCT OF BUSINESS

(A) Organization of Board of Directors. At the first meeting, the Board of Directors elect officers of the Board and shall thereupon provide for the time and place of holding its meetings and the manner in which its special meetings may be called. 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 regular July meeting unless said meeting is prior to a July public election of Directors. In such case the Board shall wait until the next regular meeting.

(C) Duties of Board President. In addition to performance in accordance with §§7-13-2272 and 7-13-2275, M.C.A., the President shall:

1. Perform all acts and duties usually performed by an executive and presiding officer.
2. Sign, along with one other board member, 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.

(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 Montana Code Annotated. 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. Board members 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. The Board of Directors may, by resolution, authorize any two board members to enter into any contract, or execute and deliver any instrument, in the name of and on behalf of the District.
 5. All warrants (or other orders) for the disbursement of funds issued in the name of the District save those covered in F.6 shall be signed by the President and Bookkeeper/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.
 6. 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 board member. Any such expenditures must be properly accounted for and disclosed at the following regular board meeting.
 7. All funds of the District shall be deposited in a timely manner by the District President or Secretary to the credit of the District in bank accounts established and approved by the Board of Directors for such purpose(s).
- (G) Compensation of Members of Board. Each of the members of the Board of 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 noes 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 (§7-13-2275, 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. They shall draw warrants to pay demands made against the District when such demands have been first approved by at least three (3) members of the Board and by the General Manager (§7-13-2278, M.C.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 three-fifths (3/5) 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 Montana Code Annotated, 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 so 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 Montana Code Annotated.

KNOW ALL PERSONS BY THESE PRESENTS:

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 *25th day of October, 2021*, and that the same now constitute the Bylaws of the Gallatin Canyon County Water and Sewer District.

President

Vice President

Treasurer

These Bylaws were amended by majority vote of the board:

1/27/2022