

BYLAWS OF
BIG SKY COUNTY WATER & SEWER DISTRICT No. 363

ARTICLE I
Statement of Organization and Incorporation

This Organization was formed by mail ballot election on July 26, 1993, voted by the residents and landowners within the designated boundaries of the water and sewer district in the unincorporated area known as Big Sky, pursuant to Title 7, Chapter 13, Parts 22 and 23, Montana Code Annotated (MCA). Certificate of Incorporation was issued by the Secretary of State on August 5, 1993.

ARTICLE II
Statement of Purpose

The purpose of this Organization is to provide a public water supply and distribution system and a wastewater collection and treatment facility 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 III
Name and Location

The name of the corporation is the Big Sky County Water & Sewer District No. 363 (District). The principal office of the District is located within the District's boundaries. The mailing address of the District is post office address Box 160670, Big Sky, Montana 59716-0670. The following properties constitute the Big Sky County Water & Sewer District:

All of Section 19 and 30 and the N.W. 1/4 of Section 29, Township 6 South, Range 3 East, M.P.M., Madison County, Montana.

The S 1/2 of Section 25, all of Sections 26, 27, 33, 35 and 36, Township 6 South, Range 3 East, the portion of Section 31, Township 6 South, Range 4 East, situated north of the US 191 Spur Road, all of Section 1 and the NE 1/4 of Section 2, Township 7 South, Range 3 East, M.P.M, Gallatin County, Montana; and that portion of the sewer outfall line easement which goes through Sections 28, 29, 33 and 34, of Township 6 South, Range 3 East, M.P.M., Madison County and Gallatin County, Montana.

Tracts of land situated in the SE 1/4 of Section 34, Township 6 South, Range 3 East, M.P.M., Gallatin County, Montana, described as Tract 1B, Certificate of Survey No. 1812, 79.579 acres; and Tract B, Certificate of Survey No. 1696, 20.009 acres.

ARTICLE IV

Seal

The seal of the District shall have inscribed, thereon, the name of the District, the year of its organization and the words "Big Sky County Water and Sewer District No. 363." The Secretary of the Board of Directors for the District shall have custody of the seal. The seal may be used by causing it, or a facsimile thereof, to be impressed or affixed or reproduced otherwise.

ARTICLE V

Fiscal Year

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

ARTICLE VI

Board of Directors

Section 1. Powers. The District shall be governed by a Board of Directors as provided by Section 7-13-2231, 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, which shall do and perform any and all acts and things that may be necessary and proper to carry out its powers.

Section 2. Duties. The Board of Directors, subject to restrictions of law, the Articles of Incorporation, 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 Section 7-13-2201-MCA, et seq., and Section 7-13-2301, MCA, et seq., and hereinafter set forth to be exercised by ordinance and resolution duly adopted by the Board.

- A. To select and appoint all agents of the District, remove such agents of the District, prescribe such duties and designate such powers consistent with these Bylaws and fix their compensation and pay for such services.
- B. To prescribe, adopt and amend, from time to time, 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.
- C. To order, at least once each year, an independent audit of the books and accounts for the District and reported by the independent auditor at a regular meeting specified in the Guidelines and Procedures.
- D. To set an annual financial budget once a year for the convenience and management of the business of the District. The proposed budget shall be available for public review, properly noticed and a public hearing conducted prior to adoption by the Board. The budget shall be approved by a majority of the Board prior to July 1 of each year. The Board of Directors may, from time to time, review the budget and revise the same by a majority vote of the directors present at the meeting. Any

revisions in the budget that require an increase in user fees will be submitted for public notice.

- E. To review rates for water or sewage services charged by the District as often as deemed necessary, but, at least once every two years, prior to beginning the new fiscal year, in order to fix the rate, toll, fee, rent or other charge for the services, facilities and benefits directly afforded and the direct benefits received, that will be sufficient in each year to provide income and revenue adequate for:
 - (i.) the payment of the reasonable expense of operation and maintenance of the facilities;
 - (ii.) administration of the District;
 - (iii.) the establishment or maintenance of any required reserves, including reserves needed for expenditures for depreciation and replacement of facilities, as may be determined necessary from time to time by the Board or as covenanted in the ordinance or resolution authorizing the outstanding bonds of the District.

Prior to the passage or enactment of an ordinance or resolution imposing, establishing, changing, increasing rates, fees or charge for services or facilities, the Board shall order a public hearing as provided in Section 7-13-2275, MCA.

- F. To determine and require performance bonds for certain District employees deemed necessary by the Directors, the costs, thereof, to be paid by the District (Section 7-13-2279, MCA).

Section 3. Composition. The Board of Directors shall consist of seven (7) members: five (5) elected members and two (2) appointed members— one appointed by the Board of Madison County Commissioners and one appointed by the Board of Gallatin County Commissioners. Members of the Board of Directors are subject to removal or recall according to Section 7-13-2261, MCA. The following elected and appointed numbered positions represent the initial conditions as of the 1993 elections and will serve as reference for future elections and appointments unless changed by Montana Code Annotated:

Position	Director	Term	Elected/Appointed
1	Wayne O. Hill	2 Years	Elected
2	Robert Juel	2 years	Elected
3	Dee Rothschiller	2 Years	Elected
4	William A. Ogle	4 Years	Elected
5	Harold P. Meabon	4 Years	Elected
6	William F. Neece	6 Years	Appointed by Madison County
7	John "Skip" Radick	6 Years	Appointed by Gallatin County

Section 4. Qualifications. Any director, whether elected or appointed to the Board, shall be an owner or lessee of real property within the District or a resident therein.

Section 5. Term of Office. All directors, elected or appointed, shall hold office until the election and qualification or appointment and qualification of their successors. At the first meeting of the Directors, Positions 1, 2 and 3 were determined by lot to serve an initial two (2) year term and positions 5 and 6 were determined to serve an initial four (4) year term. Thereafter, every elective term shall be for a period of four (4) years as provided in Section 7-13-2234, MCA. The first regular election for the District shall be held in November of 1995. The term of office of a director appointed by the Board of Madison County Commissioners and the Board of Gallatin County Commissioners shall be six (6) years.

Section 6. Vacancies. Vacancies on the Board of Directors, whether the vacant office is elective or appointive, shall be filled by the remaining directors.

Section 7. Election and Appointment. The procedure and manner of nomination and election of all elective officers of the District to be voted for at any district election and the mode of appointment of a director by the County Commissioners of both Madison and Gallatin County shall be as provided in Sections 7-13-2235 through 7-13-2262, MCA.

Section 8. Compensation. Each member of the Board of Directors shall receive a monthly salary that may not exceed the following amounts: (1) \$60 if the population in the District does not exceed 500 persons; (2) \$80 if the population in the District exceeds 500 but is no more than 5,000 persons; and (3) \$100 if the population of the District is more than 5,000 persons. The board may elect to waive Directors compensation during development of the budget each fiscal year.

Section 9. Meetings. 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 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 a modern modification of *Robert's Rules of Order*. All meetings, whether regular or special, shall be open to the public. Official action at Board meetings can only occur with a quorum of Directors present. A quorum represents a majority of the total members of the Board. All meetings, whether corporal or by means of electronic equipment, at which a quorum is present, shall be open to the public subject to the requirements and exceptions set forth in Montana Code Annotated, Title 2, Chapter 3, Part 2. Appropriate notice of all meetings shall be provided to the public. Appropriate minutes of all meetings required by statute to be open shall be kept and shall be available for inspection by the public. Such minutes shall include without limitation:

The date, time and place of meeting;

- A. A list of the individual members of the public body, agency or organization in attendance.
- B. The substance of all matters proposed, discussed or decided.
- C. At the request of any member, a record by individual members of any votes taken.

- D. The grounds for closure of any part of the meeting.

Section 10. Public Meeting Notices. Public notices of regular or special meetings of the Board shall be provided to the *Lone Peak Lookout*, *The Madisonian*, *High Country Independent Press*, and *Bozeman Daily Chronicle*. Notices shall also be posted at the District office and at the Post Office.

Section 11. Ordinances and Resolutions. The Board shall act only by Ordinance or Resolution. A record of the yes and no votes must be taken upon the passage of all ordinances or resolutions and included in the Minutes of the Board of Directors. No ordinance or resolution shall be passed or become effective without the affirmative vote of at least a majority of the total members of the Board. The enacting clause of all ordinances passed by the Board shall be the following words: "**Be it ordained by the Board of Directors of Big Sky County Water & Sewer District No. 363 as follows:**" All ordinances and resolutions shall be signed by the President of the Board and attested to by the Secretary of the Board.

- A. The Board shall have an affirmative vote of a simple majority of the total members of the Board for the first and second readings of an ordinance or resolution.
- B. A two thirds (2/3) majority of the total members of the Board shall be required to suspend the first and second readings of an ordinance or resolution and required for the third reading and final adoption of an ordinance or resolution.
- C. Hearing notices for ordinances are to be published in official papers for both Madison and Gallatin Counties in accordance with Section 7-1-2121, MCA.

ARTICLE VII **Offices and Duties** **of the Board of Directors**

Section 1. Election of Officers. The Board of Directors shall elect three (3) officers of the Board, a President, a Vice-President and a Secretary, each for a term of one (1) year at the regular November meeting unless said meeting is prior to a November public election of Board Member(s). In such case, the Board may call a special meeting within ten (10) days following the public election, for the purpose of electing a President, Vice President and Secretary or wait until the next regular meeting.

Section 2. Duties of President. In addition to performance in accordance with sections 7-13-2272 and 7-13-2275, MCA, the President shall:

- A. Perform all acts and duties usually performed by an executive and presiding officer.
- B. Sign all contracts and such other papers of the District as may be authorized and directed by the Board of Directors on behalf of the District.
- C. Convey all directives from the Board to the District Personnel.
- D. Perform any other duties that may be imposed by the Board of Directors.

Section 3. 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 by the President and the Board of Directors.

Section 4. Duties of Board Secretary. 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. When the President and Vice President are both absent at a regularly scheduled or special meeting of the Board, the Secretary will conduct the meeting.

ARTICLE VIII
Offices and Duties
of the Administrative Personnel

Section 1. Appointment. The Board shall, at its first meeting, or as soon thereafter as practical, appoint by a majority vote: a general manager, a secretary, and an auditor (financial officer). No director shall be eligible to the office of general manager, secretary, or auditor. The general manager, secretary and financial officer shall receive such compensation as the Board shall determine, and each shall serve at the pleasure of the Board.

Section 2. Duties.

- A. General Manager. The general manager 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 and prescribe their duties and subject to the approval of the Board of Directors, fix their compensation. The manager shall cause the District to operate in a sound fiscal manner with the involvement of the Board of Directors for approval and/or action as necessary for significant unbudgeted expenses prior to the expenditure. Unforeseen or discovered variances that are over budget shall be reported to the Board of Directors immediately upon discovery. The general manager shall be responsible for all property and equipment owned or operated by the district; he shall direct and oversee all employees of the District, including hiring personnel, wages, job assignments and duties, counselling, discharging employees, and evaluating each employee. All hiring and employee termination will be subject to Board approval. 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.
- B. Administrative Secretary. The secretary shall countersign all contracts on behalf of the District and perform such other duties as may be imposed by the Board.
- C. Auditor. The auditor shall be charged with the duty of installing and maintaining a system of accounting and auditing that shall completely and at all times show the

financial condition of the district. The auditor shall draw warrants to pay demands made against the district when such demands have been first approved by the general manager and at least three (3) members of the Board.

Section 3. Personnel Manual. The general manager shall prepare a Personnel Manual for approval by the Board of Directors. The Personnel Manual shall govern the personnel policies instituted by the District for its employees. All revisions to the Personnel Manual shall be in writing, and shall be approved by a majority vote of the total members of the Board.

ARTICLE IX **Finance and Taxation**

Section 1. 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 a sinking or other 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 Section 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.

Section 2. Levy of Taxes. The District may levy taxes to meet bond obligations and other expenses as provided by Section 7-13-2302 through 2310, MCA.

Section 3. 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 Section 7-13-2321 through 2331, MCA, shall govern the procedure for acquisition of bonded indebtedness by the District.

Section 4. 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.

ARTICLE X **District Insurance**

The District shall purchase appropriate insurance as determined by the Board of Directors and District employees to protect its Board members, employees, and property from any potential loss and/or loss expense. The extent and specific nature of coverage shall be reviewed by the Board of Directors and District employees on a periodic basis as deemed appropriate.

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

ARTICLE XII
Amendments

These Bylaws may be repealed or amended by the affirmative vote of a two-thirds (2/3) majority of the total members of the Board, 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 in policies of the District which would bring the District, in any manner, into conflict with the Montana Code Annotated.

KNOW ALL MEN BY THESE PRESENTS:

The undersigned President of **BIG SKY COUNTY WATER & SEWER DISTRICT No. 363**, DOES HEREBY CERTIFY that the above and foregoing Bylaws were duly adopted by the Board of Directors as the Bylaws of the said corporation at a regular meeting held the 17th day of June, 1997, and that the same now constitute the Bylaws of this corporation.

===== END =====

ATTEST TO BYLAWS:

We, the undersigned Board of Directors of said corporation, do hereby assent, adopt and make effective the above set forth Bylaws for the said corporation this 17th day of June, 1997.

<u>YES</u>	<u>NO</u>	<u>WILLIAM A. OGLE, President</u>
<u>YES</u>	<u>NO</u>	<u>WILLIAM F. NEECE, Secretary</u>
<u>YES</u>	<u>NO</u>	<u>HAROLD P. MEABON, Vice President</u>
<u>YES</u>	<u>NO</u>	<u>DEE ROTHSCHILLER, Director</u>
<u>YES</u>	<u>NO</u>	<u>SKIP RADICK, Director</u>
<u>YES</u>	<u>NO</u>	<u>STEWART PEACOCK, Director</u>
<u>YES</u>	<u>NO</u>	<u>WENDELL INGRAHAM, Director</u>