



BYLAWS

Adopted September 2024

ARTICLE I

NAME AND ORGANIZATIONAL AUTHORITY

Title 7, Chapter 13, Section 2203 of the Montana Code Annotated, hereinafter “MCA”, Authorizes the formation and incorporation of county water and sewer districts pursuant to the requirements of the remainder of Parts 22 and 23 of the same Title and Chapter. The Hungry Horse County Water and/or Sewer District (hereinafter “District”) was formed by ballot election, voted on by the residents and landowners within the designated boundaries of the District located in Flathead County, Montana and duly conducted in accordance with 7-13-2204 through 2216 MCA on September 29, 1983. A Certificate of Incorporation for the District was thereafter issued by the Montana Secretary of State on October 24, 1983.

ARTICLE II

LOCATION

The location of the District is within the greater Hungry Horse area, Township 30 North Range 19 West in Flathead County, Montana. The location of the District office is 528 Colorado Blvd., Hungry Horse, Montana. The mailing address of the District is P. O. Box 190309, Hungry Horse, MT, 59919. The boundaries of the District are as recorded at the Flathead County Clerk and Recorder and as may be amended by the Board of Directors (hereinafter “Board”) from time to time in accordance with all applicable laws and statutes.

ARTICLE III

PURPOSE

The purpose of the District is to provide a public water supply and distribution and/or sewer 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

CORPORATE SEAL

The official seal of the District shall have inscribed thereon the words “Hungry Horse County Water and/or Sewer District” and the year of its incorporation (1983). The seal shall be circular in form with the image of two horses in the center. The Secretary of the Board shall have custody of said seal. The seal shall be used by causing it or a facsimile to be impressed or affixed onto all official documents and records.

ARTICLE V

FISCAL YEAR

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

ARTICLE VI

BOARD OF DIRECTORS

§1. Governing Body.

The Board is the governing body of the District (7-13-2231(3) 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.

§2. Composition.

The 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.

¶1. A Director must be a registered voter and a resident of the District or an owner of real property in the District who is also a resident of the State of Montana (7-13-2233 MCA).

¶2. A Director may not be the General Manager, Secretary (7-13-2277(1) MCA) or an employee of the District.

¶3. Any Director who no longer owns or leases property in the District will no longer be eligible to be a Director of the Hungry Horse Water and/or Sewer District and shall be removed from the Board.

§4. Election.

The procedure and mode of nomination and election for Directors shall be as provided in 7-13-22 & 7-13-23 (MCA).

§5. Term of Office.

¶1. Except as provided herein or by law, the term of office for Directors shall be four (4) years from the date of their election (7-13-2234(2) MCA). Directors shall hold office until the term of office of the Director's successor begins (7-13-2234(1) MCA).

¶2. The term of office for Positions 1, 2 and 3 shall be four (4) years beginning in 2020. The term of office for Positions 4 and 5, shall be four (4) years beginning in 2022 (7-13-2234(3)(a) MCA).

¶3. Directors are seated according to (7-13-2234(1) MCA), currently the first Monday of the month following the election or appointment.

¶4. The next regular election for positions on the Board shall be held in 2022 and elections shall be held in every even year thereafter.

§6. Resignation of Directors.

Resignations shall be made in accordance with 7-13-2263 MCA and 2-16-502(5) MCA and shall be accepted by the Board pursuant to affirmative vote.

§7. 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 to fill a vacancy, or lawfully otherwise appointed, is subject to recall by the qualified electors of the District in accordance with 7-13-2261 MCA.

§8. Censuring of Directors & Employees

¶1. A censure is the formal disapproval of an individual director's or employee's actions in their representation of the District. A censure does not remove a person from office or employment nor does it restrict a person's power and authority to act within their office or position in the district.

¶2. Conduct considered as basis for censure includes, but is not limited to:

- a. A breach of fiduciary duties.
- b. Improper or offensive conduct towards directors, customers, employees or vendors.
- c. Failure to disclose any conflict of interest.
- d. Use of overt hostility, profanity, intimidation, etc., in the performance of their duties as a representative of the District.

¶3. A censure is effected by a motion which must be approved by a majority of directors in a duly held board meeting. The censure shall be recorded in the meeting minutes along with necessary information explaining the reason for the censure.

§9. Vacancies.

¶1. A vacancy is created when a Director fails to meet the qualifications of office as stated in Article 6, §3 of these bylaws or in the events stated in 7-13-2263 MCA.

¶2. Vacancies on the Board shall be filled for the unexpired portion of that term by a majority vote of the remaining Directors (7-13-2262(1) MCA). A new Director shall therewith file their oath of office.

¶3. A Director filling a vacancy, in order to retain position on the Board, is required to run for office at the expiration of their partial term (7-13-2231(4) MCA).

§10. Compensation.

Directors may be compensated according to (7-13-2273 MCA).

§11. Reimbursement.

A Director's reasonable and necessary expenses incurred in performing specific tasks as directed by the Board will be reimbursed on a monthly basis upon submission of an itemized expense report with receipts.

§12. Director Authority.

¶1. Individual Directors shall not act as authority for the Board unless so authorized by the Board. No Director shall enter into any agreement on behalf of the District without the approval of a majority of the Board or the express consent of the President of the Board.

¶2. Individual Directors shall not interfere in the day to day operations of the District or in the duties of District personnel without express consent of the Board.

¶3. No Director shall take an active role in the operation and maintenance of the system.

§13. Access to Information.

Directors have the right of access to all District information including but not limited to all records, reports and mail including correspondence with customers and regulatory agencies, through specific request. The request need not be formal but must be written and reasonable.

ARTICLE VII

CONDUCT OF BUSINESS

§1 Meetings.

¶1. The Board 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 corporeal 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.

¶2. A meeting of the Board or its committees, whether corporeal or by means of electronic communication, is defined as the convening of a quorum of the Board or committee, 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 voting members of a committee.

¶3. Excused absent Directors may give their signed written proxy to another director specifying which votes or if all votes are to be voted by proxy.

¶4. Meetings shall be at such time and place as determined by the Board. All meetings shall be guided by the most recent edition of Robert's Rules of Order in consideration of Procedures for Small Boards, currently Part 49-12.

¶5. Official action of the board can only occur through resolution or ordinance, and with a quorum 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 with all their Board approved reports and attachments for inspection by the public.

¶6. 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.

¶7. Special meetings may be called for any purpose by the President or any two (2) Directors.

§2 Public Meeting Notices.

Appropriate notice of all meetings shall be provided to the public. Notices of regular or special meetings of the Board and its committees shall be posted at the Hungry Horse Post Office.

§3 Ordinances and Resolutions.

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

¶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. The Ayes and Nays for passage of all ordinances and resolutions must be taken and included in the Minutes of the meeting (7-13-2275(1), MCA).

¶3. The enacting clause of all ordinances passed by the Board shall be the following words: "Be it hereby ordained by the Board of Directors of the Hungry Horse County Water and/or Sewer District as follows: . . . "

¶4. All Ordinances shall require two (2) readings in regular public meetings before passage by the board.

¶5. 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(3), MCA).

ARTICLE VIII

DUTIES AND OFFICES OF THE BOARD

§1. Duties of the Board.

¶1. The Board, subject to restrictions of law and these Bylaws, shall exercise all of the powers of the District. It is hereby expressly provided that the Board shall have, and are hereby given full power and authority in respect to the matters set forth in 7-13-22 MCA, et seq., and 7-13-23 MCA, et seq., and hereinafter set forth to be exercised by ordinance and resolution duly adopted by the Board.

¶2. Specific duties of the Board, without prejudice to or limitation upon the general duties of the Board, include:

- (a) 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
- (b) Establishment, regular review of, and amendment of an annual financial budget for the District prior to the beginning of the fiscal year; and
- (c) Completion of an independent audit of the books and accounts of the District as required by law; and
- (d) Review of rates, charges and taxes levied or assessed by the District as often as deemed necessary, but at least 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, and
- (e) 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. The extent and specific nature of coverage shall be reviewed by the Board on an regular basis as part of the annual budget review and approval.

§2. Election of Officers.

¶1. The Board shall bi-annually, on even numbered years, at the regularly scheduled meeting after the seating of elected or appointed Board members (7- 13-2234(1) MCA, nominate and elect a President and a Vice President, who shall then serve for a term of two (2) years.

¶2. The Board may from time to time and as it deems necessary create additional permanent or temporary offices.

§3. Duties of the 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 (7-13-2272(1) & 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 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 placed upon the President; provided, however, that in case of death, resignation or disability of the President, if the Vice President is unwilling to serve the Board may declare the office vacant and elect a successor. The Vice President shall perform such other duties as from time to time may be assigned to them by the President and the Board.

§5. Sequence of Office.

In the event an officer is temporarily unable to fulfill their duties, their duties may be fulfilled by the next Director in sequence.

§6. Committees and Advisors.

¶1. The Board shall determine the necessity for any committees, whether standing or temporary, and shall select and appoint the members of these committees by resolution, and fill vacancies as necessary. If necessary, the President may appoint committee members and committee chairs. Committees shall not act on behalf of the Board. The President, in ex officio capacity, may exercise all rights of a Committee member.

¶2. The Board may appoint non-Board individuals or experts to assist the Board in an advisory capacity. Such advisors shall have no vote but may counsel the Board or its Committee in the conduct of its affairs on specific issues as deemed appropriate by the Board. Advisors shall not act on behalf of the Board or the Committee.

ARTICLE IX

ADMINISTRATIVE PERSONNEL

§1. Appointment.

¶1. 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 and a Secretary. (7-13-2277, MCA). No director shall be eligible to the office of General Manager or Secretary. The General Manager and Secretary must receive such compensation as the Board shall determine, and each shall serve at the pleasure of the Board.

¶2. No employee shall take an active role in the operation of the Board.

§2. Duties.

¶1. 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, fix their compensation. The general manager shall ensure that the District establishes and maintains a system of auditing and accounting that must completely and at all times show the financial condition of the district. The General Manager shall cause warrants to be drawn to pay demands made against the district when the demands have been first approved by at least three members of the board.

(a) 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).

¶3. Secretary. The Secretary shall be the official record keeper for the Board and shall have custody of the Official 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.

(a) 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).

ARTICLE X

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 authorized by resolution of the Board at regularly scheduled monthly meetings and shall be signed by two Directors.

§3. Charges for Services.

The Board 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 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 as stated in 7-13-2201(3), MCA.

§7. Public Hearing Required.

¶1. 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:

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

¶2. 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 XI

CONFLICT OF INTEREST PROHIBITED

Members of the Board, advisors to the Board, officers of the District, staff members and employees are bound by Title 2 Chapter 2 MCA Standard of Conduct, and 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 before consummating the transaction.

ARTICLE XII

INDEMNIFICATION

Pursuant to 2-9-305 MCA, Directors, officers, and employees of the District are indemnified for good faith acts or omissions made in the course and scope of their official capacity on behalf of the District. Pursuant to 2-9-211 MCA, the District as a political subdivision under 13-1-101(34)MCA and 13-1-101(48) MCA may acquire indemnification insurance.

ARTICLE XIII

EQUAL OPPORTUNITY

The District is an equal opportunity employer and shall abide by Federal and State law in its hiring, discipline, and termination practices.

ARTICLE XIV

AMENDMENTS

These Bylaws may be repealed or amended at any regular meeting of the Board by a three-fifths majority vote of the total members of the Board, provided that the amendment has been submitted in writing at the previous regular meeting.

KNOW ALL PERSONS BY THESE PRESENTS:

We the undersigned, being all the Board of Directors of the Hungry Horse County Water and/or Sewer District, DO HEREBY CERTIFY that the above and foregoing Bylaws were duly adopted by the Board of Directors of the District on this 19th day of September, 2024, and that the same now constitute the Bylaws of the Hungry Horse County Water and/or Sewer District.

Douglas T. Wagner, President (1)

Tom Blakney, Vice President (2)

Jamie Foster, Director (3)

Brent Schmidt, Director (4)

Dan Stahlberg, Director (5)