

Shelby Add. CO, water dist.  
PO Box # 24  
Lolo, mt. 59847

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BYLAWS OF THE  
SHELBY ADDITION COUNTY WATER DISTRICT

ARTICLE I

NAME AND LOCATION

The SHELBY ADDITION COUNTY WATER DISTRICT has been duly incorporated and certified in accordance with the requirements of Section 7-13-2214 of the Montanan Code Annotated on September 20, 1982. The principal office of the district shall be located at PO Box 24, Lolo, Montana, 59847.

ARTICLE II

DEFINITIONS

SECTION 1. "Auditor" shall mean an individual or organization appointed by the Board to install and maintain a system of auditing and accounting for the District.

SECTION 2. "Board" shall mean the Board of Directors duly elected under the provisions of Title 7, Chapter 13, parts 22 and 23 of the Montana Code.

SECTION 3. "Common Area" shall mean and refer to that certain real property described in the Declaration of Restrictive covenants of Shelby Addition, and such additions thereto as may hereafter be brought within the jurisdiction of the District.

SECTION 4. "District" shall mean and refer to the SHELBY ADDITION COUNTY WATER DISTRICT, its successors and assigns.

SECTION 5. "General Manager" shall mean an individual or organization appointed by the Board to oversee the maintenance, operation, and construction of all works and systems of the District. The General Manager will have a "4AB Certification".

SECTION 6. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties located within the District, with the exception of the Common Area.

SECTION 7. "Member" shall mean an individual or corporation residing or owning taxable real property located within the District.

SECTION 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 9. "Properties" shall mean and refer to that certain real property described in the Declaration of Restrictive Covenants of Shelby Addition, and such additions thereto as may hereafter be brought within the jurisdiction of the District.

201314213 B: 916 P: 579 Pages: 10  
07/19/2013 02:25:33 PM Bylaws  
Vicky M Zeier, Missoula County Clerk & Recorder



SECTION 10. "Secretary" shall mean an individual, appointed by the Board to 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 III

##### BOARD OF DIRECTORS

SECTION 1. Number. The affairs of this District shall be managed by a Board of Directors consisting of five (5) Directors, each Director being duly elected or appointed as prescribed by 7-13-2232(1), MCA. Each director must own or lease real property within the District or be a resident therein (7-13-2233, MCA).

SECTION 2. Term of Office. Except as otherwise provided under the provisions of Title 7, Chapter 13, Parts 22 and 23 of the Montana Code Annotated, each Director shall be elected for a term of four (4) years.

SECTION 3. Compensation. Each Director shall receive a monthly salary as determined by a majority vote of the Board at its Annual Meeting or such other meeting determined by the Board, provided, however, that such monthly salary may not exceed the amounts set forth in Section 7-13-2273 of the Montana Code Annotated. In addition, a Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties and approved by the Board.

#### ARTICLE IV

##### NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. A qualified individual may seek election to the Board by filing a petition of nomination in accordance with Section 7-13-2241 of the Montana Code Annotated. Such petition must be filed with the election administrator no earlier than 135 days or later than 75 days before the election.

Section 2. Election. An election shall be held every two years in accordance with Section 7-13-2236 of the Montana Code Annotated to fill vacancies created by the expiration of a Director's term.

Section 3. Vacancy. In the event of a vacancy on the Board due to death, resignation or failure to meet the qualifications set forth in Section 7-133-2233 of the Montanan Code Annotated, a successor shall be appointed by a majority vote of the remaining Directors and such appointee shall serve for the unexpired term of his or her predecessor.

Section 4. Recall of Directors. Each director, as an incumbent of an elective office, whether elected by popular vote for a full term, appointed by the Board of Directors to fill a vacancy, or appointed by a majority of the board of county commissioners for a full term, is subject to recall by the electors of the District in accordance with Title 2, Chapter 16, Part 6 of the Montana Code annotated (7-13-2261, MCA).

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Meetings. Attendance at Board and committee meetings will meet in person, except a Board member may appear at a Board meeting or committee meeting telephonically no more than one time per year. All meetings of the Board and its committees shall be open to the public and subject to the public participation and notification requirements of Title 2, Chapter 3, MCA. A meeting of the Board or a committee of the Board is defined as the convening of a quorum of the Board, or a quorum of committee members, to hear, discuss, or act upon a matter over which the Board, or a committee, has supervision, control, jurisdiction, or advisory power (2-3-202, MCA). All meetings and the conduct of business at those meetings shall be guided by *Robert's Rules of Order, Newly Revised*.

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

Section 2. Annual Meeting. An annual meeting of the Board shall be held every year on the third Tuesday in January at the hour of 7:00pm. If the day for the annual meeting is a legal holiday, the meeting will be held at the same hour on the first day following, which is not a legal holiday.

Section 3. Regular Meetings. Regular meetings of the Board shall be held on the third Tuesday of each month at the hour of 7:00pm at the Lolo Community Center. The place and hour of monthly meetings may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 4. Special Meetings. Special meetings of the Board may be called at any time by written request of the President, three (3) Directors, or signed by one-half (1/2) of all Members eligible to vote in the last election of the Board. Upon such written request, the President shall set the date, time and place for the meeting, and provide notice thereof to the public and Directors at least seven (7) days before such date.

Section 5. Notice of Meeting. Written notice of each meeting of the Board shall be given by, or at the direction of, the President, by posting notice at a location within the District generally open to the public, or by mailing a copy of such notice, postage prepaid, at least seven (7) days before such meeting to each owner within the district or Member. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. General Powers. The District shall have such powers as provided in Title 7, Chapter 13, Parts 22 and 23. Such powers shall, except as otherwise provided, be exercised by the Board.

Section 2. Authority. The Board may only act by ordinance or resolution with a quorum of directors present.

An ordinance or resolution may not be passed or become effective without the affirmative votes of at least a majority of the total numbers of the board. The yeas 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).

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

The Board's authority includes, but is not limited to, the power to:

- (a) establish rules and regulations for the operation, maintenance, use, and availability of any of the District's systems or improvements, including but not limited to connection procedures, service termination, and the payment of rates and charges, including penalties and interest charges for delinquent accounts;
- (b) cause taxes to be levied for the purpose of paying any obligation of the District;
- (c) levy special assessments against Lots located in the District, and benefitted by any of its improvements, and pledge the collections of the special assessments in whole or in part, with any other revenue of the District, to the payment of bonds;
- (d) enter into covenants and agreements as to the establishment and maintenance of reasonable rates and charges for the use of its systems or improvements, and review such rates, charges and taxes levied or assessed by the District as often as deemed necessary, but at least bi-annually (7-13-2301(2), MCA), to ensure that income and revenue will be adequate to meet the needs of the present and future budgets;
- (e) appoint a General Manager, Secretary or Auditor to serve at the pleasure of the Board and to determine the compensation for each such position. No Director shall be eligible for such appointments;
- (f) the establishment, regular review of, and amendment of an annual financial budget for the District. The budget shall be approved by a majority of the Board prior to July 1 of each year; and
- (g) complete an annual independent audit of the books and accounts for the District.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every resolution passed by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Duties. It shall be the duty of the Board to:

- (a) cause to be kept a complete record of all its resolutions, ordinances, and District affairs and to provide a statement thereof to the Members upon written request;
- (b) Supervise all officers, agents and employees of the District and to see that their duties are properly performed;
- (c) Fix and provide notice of assessment against each Lot, file and record a lien against any Lot for which assessments are not paid within ninety (90) days following the date such assessment is due; and issue, or to cause to be issued a receipt evidencing the payment of each assessment. Such receipt shall be conclusive evidence of such payment (7-13-2302 thru 2310, MCA);
- (d) Procure and maintain adequate liability and hazard insurance on property owned by the District, and such other insurance coverage's as required by law;
- (e) Cause all officers or employees of the Board having fiscal responsibilities to be bonded as required by law;

- (f) Whenever the Board deems it necessary for the District to incur a bonded indebtedness, it shall by resolution declare and state the purpose for which the proposed debt is to be incurred, the land within the district to be benefitted 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 Members. In addition the provisions of 7-13-2321 thru 2331, MCA, shall govern the procedure for acquisition of bonded indebtedness by the District. 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.
- (g) All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the District shall be signed by the President and Vice President.

## ARTICLE VII

### OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Board shall consist of a President and Vice-president, as well as such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the Annual meeting of the Board. Newly elected officers will take office as of the first meeting following the election.

Section 3. Term. The officers shall be appointed by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve (as defined in Article VII, Section 5).

Section 4. Special Appointments. The Board may appoint such other officers as the affairs of the District may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by a quorum of the Board. Any officer may resign at any time giving written notice to the Board, the President or Vice President. Such resignation shall take effect on the date of receipt of such notice or any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces (7-13-2262(2), MCA).

Section 7. Duties. The duties of the officers are as follows:

#### President

The President shall preside at all meetings of the Board, see that ordinances and resolutions of the Board are carried out; sign all leases, mortgages, deeds, promissory notes and other written

instruments on behalf of the District, co-sign all checks and perform such other duties as may be imposed by the Board (7-13-2272 & 7-13-2275(3), MCA).

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 appoint a successor. The Vice President shall also co-sign all checks and perform such other duties as from time to time may be assigned to him or her by the President and the Board.

ARTICLE VIII

OFFICES AND DUTIES OF ADMINISTRATIVE PERSONNEL

Section 1. Appointment. Without limitation to the creation of additional offices as deemed necessary and appropriate by the Board for the conduct of the business of the District, the Board shall appoint by a majority vote: a general manager, a secretary, and an auditor (7-13-2277, MCA). No director or member of the district shall be eligible to the office of general manager, secretary, or auditor. The general manager, secretary, and auditor 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 will have the minimum of a 4AB Certification. The general manager has full charge and control of the maintenance, operation, and construction of all works and systems of the district, with full power and authority to employ and discharge all employees and assistants at pleasure and prescribe their duties, and shall, subject to the approval of the board of directors, fix their compensation. The general manager shall perform other duties that may be imposed by the board. The general manager shall report to the board in accordance with rules that it may adopt (7-13-2278(1), MCA). The general manager shall act in the best interest of the district and its members.

Basic services performed by the general manager are the normal necessary, known tasks needed for regular testing, maintenance and operation of the District's water system. Basic services shall include:

- Perform one monthly on-site inspection of the water system. During this site visit, all facilities shall be visually inspected and any meters shall be read. These readings shall become part of the system records. These records shall be maintained by the general manager both in raw format and electronically. Readings shall be monitored for possible early detection of any problems. A copy of these records will be supplied at the request of the Board. Additionally, the general manager will obtain copies of all the past records of the District and keep them on file.
- Collect one monthly water sample and have the sample analyzed by a certified laboratory for Total Coliform. The general manager will report any positive tests to the Board immediately.

- Collect one yearly nitrate/nitrite water sample and have the samples analyzed by a certified laboratory as required by the Montana Department of Environmental Quality (MDEQ).
  - Annually, all known and readily accessible water main valves (does not include individual service lines) shall be exercised.
  - Annually, inspect and flush all fire hydrants.
  - Annually, flush blowoffs located on dead end mains.
  - Annually, provide a report to the District which summarizes the past year's operation, water use, water quality and any other significant happenings. This report shall be presented to the Board at one of their monthly meetings.
  - Annually, prepare and post the required Consumer Confidence Report (CCR) as required by law.
  - Any noted deficiencies or necessary maintenance noted by the general manager shall be reported to the Board. The Board shall then make arrangements for repairs or scheduled maintenance. Except in emergencies, the general manager shall perform no extra work on the Shelby Water District water distribution system without first obtaining approval from the Board. Likewise, the Board shall notify the general manager of any proposed system modifications or repairs prior to the work being performed.
  - The general manager shall keep abreast of mandated sampling requirements and inform the Board of these requirements.
- (b) Secretary. The secretary must be able to attend monthly meetings of the Board and give 24 hours notice in advance to the president or vice president if unable to attend. The secretary must record or type notes during meetings (paraphrasing is sufficient) and read back Board members' comments or positions. The secretary must have typed minutes of Board meetings, resolutions, and ordinances passed by the Board available from the previous meeting available at least 7 days in advance of each meeting, either by mail or email to each Board member. The secretary must be able to answer Board members' questions about the typing of the minutes and be willing to be available to record minutes for special meetings called by the Board or the members of the District.
- (c) Auditor. The auditor is charged with the duty of installing, maintaining, and overseeing a system of auditing and accounting that is in accordance with Generally Accepted Accounting Principles (GAAP) and that must completely and at all times show the financial condition of the district. The auditor shall perform other duties that may be imposed by the board.

#### ARTICLE IX

#### COMMITTEES

The Board may appoint committees made up of Members of the District, the number of which the Board deems appropriate to carry out the purpose of the committee. Any committee appointed by the Board must include one member of the Board, but may not include more than one Board member. The Board member may not chair the committee.

ARTICLE X

BOOKS AND RECORDS

By written request to the Board, any Member may view the books, records or documents of the Board. Upon such request, the information will be made available at the next scheduled meeting of the Board.

ARTICLE XI

CONFLICT OF INTEREST, NEPOTISM, AND INDEMNIFICATION

Section 1. Conflict of Interest. Members of the board of directors, ex-officio members, advisors to the board, executive officers, administrative staff members, and employees shall exercise the utmost good faith in all transactions touching upon their duties to the District. 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 any transaction that is subject to any doubt concerning the possible existence of a conflict of interest shall be made to the President of the Board of Directors before consummating the transaction. A conflict of interest can be considered to exist in any instance where the actions or activities of an individual on behalf of the District also involve the obtaining of an improper gain or advantage, or an adverse effect on the District's interests.

Section 2. Nepotism. A conflict of interest may exist if a relative of a Board member is appointed as general manager, secretary, auditor, or any other position deemed necessary by the board; therefore, relatives of members of the Board are not eligible to serve in these positions. A relative is defined as a spouse, child, son-in-law or daughter-in-law, parent, mother-in-law or father-in-law, sibling, brother-in-law or sister-in-law, grandparent, grandchild, step-brother or step-sister, step-parent, aunt, uncle, niece or nephew, or cousin. The term also includes domestic partners (a person with whom the Board member's life is interdependent and who shares a common residence) and children of a Board member's domestic partner.

Section 3. 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 or her official capacity on behalf of the District as long as the individual:

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

ARTICLE XII

CORPORATE SEAL

The Board shall create, or cause to be created, and adopt a seal in circular form having within its circumference the words: SHELBY ADDITION COUNTY WATER DISTRICT.

ARTICLE XIII

AMENDMENTS

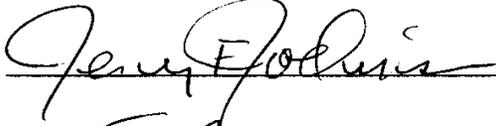
These Bylaws may be repealed or amended by the affirmative vote of a three-fifths (3/5) majority of the total members of the Board, at any regular or special meeting so long as the change does not put the District into conflict with the Montana Code Annotated or the administrative rules of the State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

ARTICLE XIV

INTERPRETATION

These Bylaws and any administrative rules and procedures of the Board shall be interpreted pursuant to Montana law, including but not limited to the statutory framework for County Water Districts, MCA Title 7, Chapter 13, Parts 22 & 23 and any amendments thereto.

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE SHELBY ADDITION COUNTY WATER DISTRICT, the Board hereby adopts these Bylaws to supersede and repeal any and all prior bylaws on this, the 16 day of July, 2013.

  
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President

  
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Vice President

  
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Director

  
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Director

  
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Director