

Seeley Lake-Missoula County Sewer District By-Laws
Original Adopted August 24, 1993,
as Amended September 19, 2019, October 17, 2019, &
December 19, 2019
and adopted November 21, 2019
Amended January 16, 2020
Amended April 16, 2020

ARTICLE I. Name

Section 1. Name. The name of this sewer district, formed under M.C.A., Title 7, Chapter 13, Parts 22 and 23, shall be the SEELEY LAKE-MISSOULA COUNTY SEWER DISTRICT (hereinafter, the "District").

ARTICLE II. Address

Section 1. Address. The address of the District shall be: SEELEY LAKE-MISSOULA COUNTY SEWER DISTRICT, P.O. Box 403, Seeley Lake, MT, 59868.

ARTICLE III. Date of Formation

Section 1. Date of Formation. The date of formation of the District was June 18, 1992, pursuant to M.C.A., Title 7, Chapter 13, Parts 22 and 23.

ARTICLE IV. Purpose of District

Section 1. Purpose. It is the purpose of the District to maintain and provide a healthful environment for present and future generations and to supervise wastewater treatment within the District.

ARTICLE V. Boundaries of the District

Section 1. Current Boundaries. The current boundaries of the District, as subject to future amendment as necessary, are: The following described real property, lying in Townships 16 North and 17 North Range 15 West Montana Principal Meridian, Missoula County, Montana enclosed by the following boundaries:

Beginning at the north section corner between Sections 2 and 3, T16N, R15W; thence southerly along the section line between Sections 2 and 3 to a distance of 850 feet south of section corner common to Sections 2, 3, 10 and 11, to the northwest corner of Parcel 1, Section 11, COS 5056, and including all of Parcel 1; thence easterly, southerly and westerly a distance of 885 feet along the northeast, east and southeast boundary of said

Parcel 1, to the northeast corner of Parcel A, Section 11, COS 3186, and including all of Parcel A; thence continuing southerly a distance of 360 feet along east boundary of said Parcel A, to the northeast corner of Parcel B1, Section 11, COS 5925, and including all of parcel B1; thence continuing southerly a distance of 312 feet along the east boundary of said Parcel B1, to the southeast boundary of said Parcel B1; thence westerly a distance of 402 feet along south boundary of said Parcel B1, to west boundary of said Section B1 (also Highway 83); thence northerly 667 feet along west boundaries of said Parcels B1, A and 1 (also Highway 83); thence westerly 120 feet, across Highway 83, to southeast corner of Lot 5, Section 10, Lazy Pine Addition, and including all of said Lot 5; thence continuing westerly 642 feet along south boundaries of said Lot 5 and also Lot 4A, Section 10, Lazy Pine Addition, and including all of said Lot 4A; thence northerly 131 feet along west boundary of said Lot 4A; thence easterly 1920 feet along south boundaries of said Lot 4A and also Lot 1A, Section 10, Lazy Pine Addition, and including all of Lot 1A, to centerline of Section 10; thence northerly along centerline of Section 10 to common point with south boundary of Section 3; thence westerly along Section line between Sections 3 and 10 to section corner common to Section 3, 4, 9 and 10; thence northerly along section line to section corner of north boundary of Section 3 and 4; thence easterly along section line between 3 and 34 to southwest boundary of Parcel 1, Section 34, T17N, R15W, COS 5079, and including all of said Parcel 1; thence northwesterly 665 feet along southwest boundary of said Parcel 1 to north-south centerline of SE $\frac{1}{4}$ of Section 34; thence northerly along the said centerline of SE $\frac{1}{4}$ of Section 34 to common point with NE $\frac{1}{4}$ of Section 34; thence westerly along common boundary between NE $\frac{1}{4}$ and SE $\frac{1}{4}$ of Section 34 to the center point of Section 34; which point is also the southwest corner of Block 1 of Clark Addition No. 1; thence northerly along centerline of Section 34, a distance of 1320 feet to NW corner of Clark Addition No. 1, which corner is also the NW corner of the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 34; thence easterly along the northern line of the SW $\frac{1}{4}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 34 to point on the section line common to Section 34 and 35, thence southerly along section line to 288 feet north of section line common to Sections 3 and 35, at northwest corner of Parcel A, Carnes' Seeley Creek Tracts, No. 1 in Section 35, T17N R15W, COS 3181, and including all of said Parcel A; thence easterly 727 feet along north boundary of said Parcel A to the northeast corner of said Parcel A; thence southerly 283 feet along east boundary of said Parcel A to southeast corner of said Parcel A and common point with section line common to section 3 and 35; thence easterly along section line between Section 35 and Section 3 to the north section corner between Sections 2 and 3.

Section 2. Additions and Annexations. Land may be added and/or annexed to the District upon petition from property owners and ordinance of the District Board of Directors (hereinafter, the "Board"), providing there is excess capacity, pursuant to the procedures set forth in M.C.A. 7-13- 2341, as may be amended.

Section 3. Exclusions. Land may be excluded from the District upon petition from property owners and order of the Board, and/or upon resolution of the Board pursuant to

the procedures set forth in M.C.A. §§ M.C.A. 7-13-2343 through 7-13-2348, as may be amended.

Section 4. Sub-districts. The Board may establish one or more sub-districts within the District, including temporary sub-districts within the District (hereinafter, a “Phase”), to provide for and finance the cost of projects, improvements or extensions that would benefit land in the Phases or sub-district, but not other land in the District pursuant to the procedures set forth in M.C.A. 7-13- 2349, as may be amended, and in accordance with the Board’s other statutory powers.

Section 5. Consolidations. Districts may be consolidated pursuant to the procedures set forth in MCA § 7-13-2342, as may be amended.

Section 6. Dissolution. The district may be dissolved pursuant to the procedures set forth in M.C.A. §§ 7-13- 2351 through 7-13-2352, as may be amended.

ARTICLE VI. Powers of the Board

Section 1. Powers of the Board. The Board shall be responsible for the establishment of District policy, plans and implementation in order to ensure the well-being of the District in accord with the Montana Constitution and Montana Code Annotated. (M.C.A. § 7-13-2217)

The powers of the Board shall include: holding elections; establishing District policy; authority to construct works across roads or other obstacles, to secure right-of-way across state lands, to accept funds, property or other assistance from federal, state and other public or private sources, and causing taxes, assessments, and/or other charges to be levied, and all other powers provided for by law, including but not limited to M.C.A. Title 7, Chapter 13, Parts 22 and 23.

Section 2. Hiring Administrative Personnel and Employing Labor. The Board shall have the power to hire administrative personnel and employ labor responsible for implementing the established policies and plans relative to the District as a whole. These positions include but are not limited to a general manager, a secretary, a clerk/bookkeeper, and an auditor.

ARTICLE VII. Composition and Responsibilities of the Board of Directors

Section 1. Directors. The Board shall consist of five (5) directors pursuant to M.C.A. § 7-13-2232, as may be amended.

Section 2. Public Service and Fiduciary Duties. Both individual board directors and the board at large have fiduciary duties as public servants. Fiduciary is derived from the Latin terms of *fides* or *fiducia*, each of which means trust and confidences. In selecting board members, the electors put their trust and confidence in those agents, or fiduciaries, to act in the public’s best interests. The essence of public service ethics is putting the public’s

~~interests first, pursuant to M.C.A. § 2-2-103 (1)- Public Trust- Public Duty.~~

~~Law and ethics regarding fiduciary duties impose strict standards in three broad areas-~~

~~1) Diligence/Care, 2) Responsibility/Loyalty/Impartiality, and 3) Honesty/Accountability.~~

~~Diligence/Care involve the Duty to Do a Good Job: A Board Director is expected to use his/her "best efforts" on behalf of those served- to competently and faithfully execute the duties of the office.~~

~~Responsibility/Loyalty/Impartiality involve the Duty to Put Other's Interests First: Board Directors have an absolute obligation to put the public's interest before their own direct or indirect personal interests and to represent all constituents fairly.~~

~~Honesty/Accountability involve the Duty to be Open and Transparent: Fiduciary duties have limits in the public service context; directors are answerable to both courts and the public. When a director and a board focus on the public's trust and confidence in the decision-making process and avoid conduct that may be strictly speaking, legal but not ethical, they are demonstrating undivided respect and loyalty to the public's interest.~~

~~Strikeout recommended by District's legal counsel Jon Beal 3/2020- renumber section.~~

Section 3. Elections. Regular elections for directors of the District shall be held pursuant to the procedures provided for in M.C.A. § 7-13-2222 and M.C.A. Title 13, Chapter 1, Part 5, as may be amended.

Section 4. Terms of Office. The term of office for a director shall be four (4) years, pursuant to M.C.A. § 7-13-2234, as may be amended.

Section 5. Qualifications. Any director, whether elected or appointed, must meet the qualifications of MCA § 7-13-2233, as may be amended.

Section 6. Candidates. Candidates for director shall file with the county election office in accordance with M.C.A. § 7-13-2241.

Section 7. Voter Eligibility. Eligible voters for any type of District election are individuals who are 18 years or older from any state who own taxable real property within the District or who reside within the District pursuant to M.C.A §§ 7-13-2212 and 13-1-111, as amended. If the real property is owned by more than one person, the owners must designate an agent to vote pursuant to MCA § 7-13-2212(1)(b), as amended. When a corporation owns real property within the District, one officer of the corporation may cast a vote on behalf of the corporation. When a Limited Liability Company ("LLC") owns real property within the District the LLC must designate one person to vote for and on behalf of the LLC. When a Trust owns real property within the District, the Trust must designate one person to vote for and on behalf of the Trust.

Section 8. Newly Elected Directors. Newly elected directors shall take office at the

next regular meeting following an election.

Section 9. Vacancies. Any vacancies between elections, whether the vacancy is an elected or appointed position, shall be filled by appointment by the remaining directors pursuant to M.C.A. § 7-13-2262. Appointed directors must meet the same qualifications as elected directors pursuant to M.C.A. § 7-13-2233.

Section 10. Officers. The Board shall choose two (2) of its directors to hold the following offices: President and Vice-President. All directors, whether elected or appointed, are eligible for these offices. Elections for these offices shall be held at the next regular meeting subsequent to the even year election, or as needed in between elections.

Part A. The board President shall preside at all meetings of the Board and have general charge over the affairs of the District, subject to the Board. The President shall sign all contracts on behalf of the District and perform other duties that may be imposed by the Board. The President shall also appoint directors to committees as may be necessary for the affairs of the District pursuant to M.C.A. §§ 7-13-2271 through 7-13-2272)

Part B. The Board Vice-President shall fulfill the duties of the President in his/her absence.

Section 11. Removal of Officers. The Board may remove any officer of the Board (President and/or Vice-President) upon a majority vote of the directors of the Board, at any meeting. Only three (3) of the five (5) directors are required to vote in the affirmative for removal to constitute a majority of the Board for the removal of officers.

Section 12. Signatures Required on Checks. Signatures of any two (2) of the five (5) directors are required on checks written on District accounts for any amount over \$500.

Section 13. Compensation of Directors. At this time, no other compensation, i.e. pay, will be provided to Directors pursuant to M.C.A. § 7-13-2273.

Section 14. Conflicts. In order to avoid conflicts of interest and potential conflicts of interest, directors of the Board, advisors to the Board, staff members (whether employed directly or retained on an independent contractor basis), volunteers, legal tenants, and any immediate family members of the aforementioned shall exercise good faith in all transactions associated with 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 interests of the District and that of the individual.

Section 15. Duties. Board directors, staff members, volunteers, and any individuals appointed to committees of the Board owe attendant duties of loyalty, trust and competence to the District and the Board in carrying out the purpose and intent of the Board's duly adopted resolutions and/or ordinances pursuant to M.C.A § 2-2-103(1) and other applicable law. All persons must comply with the laws of Montana pursuant to M.C.A. §§ 1-1-101 through 1-1-109, as may be amended, including but not limited to

Mont. Const. Art. II § 9 and related case law. No person may use their own rights so as to infringe on the rights of another, pursuant to M.C.A. § 1-3-205, as may be amended.

“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, legislators, and public employees. A public officer, legislator, or public employee shall carry out the individual’s duties for the benefit of the people of the state.” M.C.A. § 2-2-103 (1). The Montana Supreme Court has held that a fiduciary relationship has “attendant fiduciary duties of loyalty, trust, and competence”. *Anderson v. ReconTrust Co., N.A.*, 2017 MT 313, ¶11, 390 Mont. 12, 407 P.3d 692. Likewise, the public trust set forth in M.C.A. § 2-2-103 (1) has been described as requiring “a duty of loyalty and responsibility to act in the best interests of...the public” *Sheehy v. Comm’r of Political Practices for Mont.*, 2020 MT 37, ¶60, 399 Mont. 26 (Justice McKinnon, concurrence). Thus, board directors, staff members, volunteers, and any individuals appointed to committees of the Board must place the best interests of the District and the Board above their own competing interests and personal beliefs when carrying out the purpose and intent of resolutions and/or ordinances that have been duly adopted by the Board. Any action taken by an individual to interfere with, delay, or otherwise prevent the Board from pursuing its duly adopted resolutions and/or ordinances may constitute a conflict of interest and breach of the individual’s attendant duties of loyalty, trust, and competence to the District and the Board.

Duties:

- 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 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, as required by law, an independent audit of the books and accounts for the District and accept the report of the independent auditor at a regular meeting of the Board.
- D. To set an annual financial budget once a year for the 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 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. Any revisions in the budget that require an increase in user fees will be submitted for public notice.
- E. To review rates for sewer usage rates charged by the District as often as deemed necessary, but at least once every year, prior to the beginning of the new fiscal

year, in order to fix the rate or charge for the services, facilities and benefits directly afforded or received, that will be sufficient in each year to provide income and revenue adequate for:

- a. The payment of the reasonable expense of operation, maintenance and repair of the sewer system;
- b. Administration of the District;
 - i. The establishment of maintenance of any required reserves, including reserves needed for expenditures for depreciation and replacement of system 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 charges for services or facilities, the Board shall order a public hearing as provided in M.C.A. 7-13-2275.

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 (M.C.A 7-13-2279).

G. To disclose any conflict of interest on agreements or contracts that will be voted on by the Board, before board or committee action. A Director or committee member having a conflict of interest shall not participate in the Board discussion or vote on the agreement or contract where a conflict exists.

All highlighted sections are recommended by District Legal Counsel Jon Beal- 3/2020

ARTICLE VIII. Meetings of the Board of Directors

Section 1. Legislative Sessions. All legislative sessions of the Board shall be open to the public in accordance with M.C.A. § 7-13-2274.

Section 2. Meetings. All meetings of the Board shall be open to the public and conducted in accordance with M.C. A. § 7-13-2274 and under Robert's Rules of Order, 11th Edition, for small boards, as amended.

Section 3. Meeting Schedule. Regular meetings of the Board of Directors shall ordinarily be held on the third Thursday of the month. The next meeting date, time and place shall be determined prior to adjournment at each meeting.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by the President or any two (2) directors by presenting the call to the full board in writing/email. At least seven (7) days advance notice shall be provided by email to all directors. The call and notification for a special meeting may be shortened to forty-eight (48) hours, provided that 80% of the directors give their approval. The purpose for any special meeting shall be stated when notice is given and shall be written on the agenda as presented by the callers of the special meeting pursuant to M.C.A. 7-13-2274, as may

be amended.

Section 5. Meeting Notices. Notices of all meetings shall be posted at least 48 hours ahead of any meeting at the Seeley Lake Post Office, the Valley Market, the District website and other locations as useful.

Section 6. Meeting Agendas. Meeting agendas shall contain the order of business and be publically posted in set places throughout the community at least 48 hours prior to any meeting. Agenda items may be added at the beginning of a meeting by majority vote of the board directors present, or after the meeting has started by a 2/3 vote of the board directors present, pursuant to Robert's Rules of Order, and care shall be taken so as not to conflict with the public's right to know. Items upon which the Board intends to act during the meeting must be on the original agenda, while items that the Board intends to discuss may be added as above.

Section 7. Quorums. A majority of the Board present shall constitute a quorum for the transaction of business pursuant to M.C.A. § 7-13-2274, as may be amended.

Section 8. Voting. Voting shall be done in person or by telephone or other voice methods at the meetings of the Board.

Section 9. Ordinances and Resolutions. Three (3) votes to the affirmative are required to pass any Ordinance or Resolution.

Section 10. Meeting Attendance. Directors may attend Board meetings via electronic means.

Section 11. Meeting Minutes. Minutes shall be taken of all proceedings of the Board and shall be kept on file and readily available for access by all directors, property owners, residents and electorate within the District. Minutes must also be kept of closed meetings, but may not be made available for investigation by the public except pursuant to a court order pursuant to M.C.A. §§ 2-3-203 and 2-3-212, as may be amended.

ARTICLE IX. By-law Amendments

Section 1. Amendments. Any of these By-Laws may be amended, added to or repealed by a majority vote of the directors for the amendment, addition or repeal. Notice of intention to amend, add to or repeal any By-Law shall be remitted to all directors in writing at least fourteen (14) days in advance and shall include what the intended change shall be.

ARTICLE X. By-laws Adopted

These Bylaws are hereby adopted on this 21st day of November, 2019 by the Board of Directors of the Seeley Lake-Missoula County Sewer District.

[Signature Page to Follow]

By:_____

Pat Goodover
Its: President

Date/Time

By:_____

Walt Hill
Its: Vice President

Date/Time

By:_____

Michael Boltz
Its: Director

Date/Time

By:_____

Davy Good
Its: Director

Date/Time

By:_____

Beth Hutchinson
Its: Director

Date/Time

ATTEST:

By:_____

Felicity Derry
Its: Secretary

Date/Time