

**BYLAWS  
Of the  
EASTERN SERVICE AREA AUTHORITY,  
INC.**

A PUBLIC BENEFIT CORPORATION WITH  
MEMBERS

*Table of Contents*

<b>1</b>	<b><i>GENERAL</i></b> .....	<b>4</b>
1.1	TYPE OF CORPORATION.....	4
1.2	RULES OF CONSTRUCTION & INTERPRETATION.....	4
1.3	CORPORATE NAME AND SEAL.....	4
1.4	REGISTERED OFFICE & AGENT.....	4
1.5	PRINCIPAL OFFICE & ADDITIONAL OFFICES.....	5
1.6	STATUS.....	5
1.7	DURATION.....	5
<b>2</b>	<b><i>PERMITTED PURPOSES</i></b> .....	<b>5</b>
<b>3</b>	<b><i>PROHIBITED PURPOSES</i></b> .....	<b>5</b>
3.1	NO PERSONAL INUREMENT.....	5
3.2	NO LOBBYING ACTIVITIES.....	6
3.3	NO POLITICAL ACTIVITIES.....	6
3.4	NO ACTIVITIES PROHIBITED BY 501(C)(3) OR 170(C)(2).....	6
3.5	NO ACTIVITIES CREATING A PRIVATE FOUNDATION.....	6
<b>4</b>	<b><i>PERMITTED POWERS</i></b> .....	<b>6</b>
<b>5</b>	<b><i>MEMBERS AND MEMBER CONGRESS</i></b> .....	<b>6</b>
5.1	QUALIFICATIONS.....	7
5.2	TERM OF MEMBERSHIP.....	7
5.3	MEMBERSHIP NOT TRANSFERABLE.....	7
5.4	REGULAR QUARTERLY CONGRESS MEETINGS.....	7
5.5	SPECIAL CONGRESS MEETINGS.....	7
5.6	PLACE OF CONGRESS MEETINGS.....	7
5.7	NOTICE OF REGULAR CONGRESS MEETINGS.....	7
5.8	NOTICE OF SPECIAL CONGRESS.....	8
5.9	QUORUM FOR CONGRESS.....	8
5.10	PROXY FOR CONGRESS.....	8
5.11	PRESUMPTION OF NOTICE.....	8
5.12	PARLIAMENTARY PROCEDURE.....	8
5.13	NO MEMBERSHIP DUES.....	8

<b>6</b>	<b><i>BOARD OF DIRECTORS</i></b> .....	<b>8</b>
6.1	INITIAL DIRECTORS .....	8
6.2	QUALIFICATION OF DIRECTORS .....	9
6.3	TERM OF OFFICE FOR DIRECTORS.....	9
6.4	TERM LIMITS .....	9
6.5	GENERAL POWERS .....	9
6.6	REMOVAL.....	9
6.7	VACANCY .....	9
6.8	REMOVAL FOR LACK OF ATTENDANCE .....	10
6.9	REGULAR BOARD MEETINGS .....	10
6.10	SPECIAL BOARD MEETINGS .....	10
6.11	TELEPHONIC BOARD MEETINGS.....	10
6.12	NOTICE FOR SPECIAL BOARD MEETING .....	10
6.13	QUORUM FOR BOARD MEETINGS .....	11
6.14	PRESENCE & MAJORITY RULE AT BOARD MEETINGS .....	11
6.15	CONDUCT OF BOARD MEETING .....	11
6.16	UNANIMOUS ACTION WITHOUT A MEETING .....	11
6.17	COMMITTEES .....	12
6.17.1	Selection of Committee Members.....	12
6.17.2	Required Committee Procedures .....	12
6.17.3	Authority of Committees.....	12
6.18	COMPENSATION, LOANS TO, OR GUARANTEES FOR DIRECTORS.....	12
<b>7</b>	<b><i>OFFICERS</i></b> .....	<b>13</b>
7.1	NUMBER OF OFFICERS.....	13
7.2	APPOINTMENT AND TERM OF OFFICE.....	13
7.3	REMOVAL OF OFFICERS.....	13
7.4	PRESIDENT.....	13
7.5	THE VICE-PRESIDENT .....	14
7.6	THE SECRETARY .....	14
7.7	THE TREASURER .....	14
7.8	OFFICERS' SALARIES, LOANS, LOAN GUARANTEES .....	15
<b>8</b>	<b><i>LIMITATIONS AND RESTRICTIONS ON CERTAIN TRANSACTIONS</i></b> .....	<b>15</b>
8.1	AUTHORITY TO SIGN CHECKS & LEGAL DOCUMENTS .....	15
8.2	LOANS .....	15
8.3	DEPOSITS .....	16

<b>9</b>	<b><i>PROHIBITED</i></b> .....	<b>16</b>
<b>9.1</b>	<b>NO SHARING IN CORPORATION INCOME</b> .....	<b>16</b>
<b>9.2</b>	<b>NO SELF-SERVING DISTRIBUTIONS</b> .....	<b>16</b>
<b>9.3</b>	<b>NO SELF-SERVING DISTRIBUTIONS ON DISSOLUTION</b> .....	<b>16</b>
<b>9.4</b>	<b>NO SELF-SERVING TRANSACTIONS WITH RELATED PARTIES</b> .....	<b>17</b>
<b>9.5</b>	<b>TRANSACTIONS JEOPARDIZING TAX EXEMPT STATUS</b> .....	<b>17</b>
<b>9.6</b>	<b>PURCHASE OF MEMBERSHIPS</b> .....	<b>17</b>
<b>9.7</b>	<b>CORPORATE FUNDS USED FOR INDEMNIFICATION</b> .....	<b>17</b>
<b>10</b>	<b><i>AMENDMENTS</i></b> .....	<b>17</b>

## 1. GENERAL

This part describes the type of corporation, the rules of construction and interpretation, the name, and location of the corporate offices.

### 1.1 TYPE OF CORPORATION

As stated in the *articles*, this nonprofit corporation is a public benefit corporation.  
[Reference Mont. Code Ann. §§ 35-2-126 and 35-2-213]

### 1.2 RULES OF CONSTRUCTION & INTERPRETATION

Bold *italicized* words represent special definitions that shall be given the same meaning wherever appearing in italics. Word gender, word plurality, and word sequence shall be given a reasonable meaning in the context of this entire document and may even be disregarded, where appropriate. If any part of this document should be determined inoperative or unenforceable, all other parts shall remain in effect. For this purpose, the following ***bold, italicized*** words represent the following special definitions:

<u>Term</u>	<u>Special Definition</u>
<i>Articles</i>	The articles of incorporation of this organization.
<i>Board or director(s)</i>	The board of directors of this nonprofit corporation An individual director on the <b><i>board</i></b> .
<i>Bylaws</i>	These bylaws
<i>Corporation</i>	This nonprofit corporation, the EASTERN SERVICE AREA AUTHORITY, INC.
<i>Member</i>	A person who is a voting <b><i>member</i></b> of this organization.
<i>Officers</i>	Officers of the board of directors and the corporation
<i>Region</i>	The defined geographical area for the EASTERN SERVICE AREA AUTHORITY, INC., as determined by the Department of Public Health and Human Services for the State of Montana

### 1.3 CORPORATE NAME AND SEAL

The nonprofit corporation shall do business in its corporate name, EASTERN SERVICE AREA AUTHORITY, INC. and any other properly registered name. The nonprofit corporation may acquire and use a corporate seal, which shall bear its corporate name.

### 1.4 REGISTERED OFFICE & FISCAL AGENT

***The registered office of the nonprofit corporation shall be located in Montana at the address of the registered fiscal agent.***

### **1.5 PRINCIPAL OFFICE & ADDITIONAL OFFICES**

The principal office of the nonprofit corporation shall be located within Montana. Although the principal office need not be the same as the registered office, until designated otherwise, the principal office shall be that of the registered agent. The most current Annual Report of the nonprofit corporation, filed with the Montana Secretary of State, shall identify the location of the principal office. The *Secretary* shall maintain a copy of all required records at the principal office. The nonprofit corporation may have such other offices within the United States as the *board of directors* may designate.

### **1.6 STATUS: *This nonprofit corporation is an instrumentality of the State of Montana.***

### **1.7 DURATION**

This nonprofit corporation shall have **perpetual life**.

## **2. PERMITTED PURPOSES**

The purpose of this nonprofit corporation is exclusively for charitable, education, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code; and more specifically, to

collaborate with **Montana’s Department of Public Health and Human Services** (hereafter **DPHHS**) and local advisory councils to plan, implement, and evaluate regional public mental health care within the budget constraints for the EASTERN REGION of Montana [the Service Area as defined by the *DPHHS* under Montana Code Annotated § 53-21-1001];

promote consumer and family leadership within the public mental health system through the EASTERN REGION service area authority; and, foster a consumer-driven and family-driven system of public mental health care that advances access to a continuum of mental health services; and individual choice of services and providers.

[Reference Mont. Code Ann. § 35-2-117]

## **3. PROHIBITED PURPOSES**

Notwithstanding any other provision in the *articles* or these *bylaws*, this nonprofit corporation:

### **3.1 NO PERSONAL INUREMENT**

May not allow any part of its net earnings to inure more than incidentally for the benefit of any director, officer, or *nonvoting member*, except that the *corporation*

may pay reasonable compensation for service rendered and may make payments and distributions in furtherance of the purposes set forth in this section.

### **3.2 NO LOBBYING ACTIVITIES**

May not allow any substantial part of its activities to carry on any propaganda, or otherwise attempt to influence legislation [except as permitted by I.R.C. § 501(h)].

### **3.3 NO POLITICAL ACTIVITIES**

May not participate or intervene in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office.

### **3.4 NO ACTIVITIES PROHIBITED BY 501(C)(3) OR 170(C)(2)**

May not engage in any activities which would fail to satisfy the requirements of I.R.C. § 501(c)(3)(including all corresponding provisions of any future federal tax code) for permitting its tax exempt status, and of I.R.C. § 170(c)(2)(including all corresponding provisions of any future federal tax code) for allowing the deductibility of its donors' charitable contributions.

### **3.5 NO ACTIVITIES CREATING A PRIVATE FOUNDATION**

May not be operated in any manner to cause it to be treated as a private foundation under I.R.C. § 509(a)(1), (a)(2), or (a)(3) or an organization.

*[Reference Mont. Code Ann. § 35-2-117]*

## **4. PERMITTED POWERS**

Except as otherwise limited by the *articles*, this nonprofit corporation may exercise any of the general powers set forth under the Montana Nonprofit Corporation Act; including but not limited to:

collaborate with Montana's Department of Public Health and Human Services (hereafter DPHHS) to manage public health care through the planning, implementation and evaluation of services within the budget constraints for the EASTERN REGION of Montana [the Service Area as defined by the *DPHHS* under Mont. Code Ann. § 53-21-1001], and to do this in a clinically and fiscally responsible way to ensure access, consumer choice and effective treatment.

## **5. MEMBERS AND MEMBER CONGRESS This nonprofit corporation may have one class of members (members with the right to vote). Such**

***members hold the exclusive right to select the board of directors (hereafter *board*).***

## **5.1 QUALIFICATIONS**

As provided in Article 7 of the Articles of incorporation, *members* shall be the following persons:

This *corporation* shall have *members* (referred to as the membership's *Congress*). *Members* shall be those persons 16 years of age or older who reside within EASTERN REGION and have submitted a membership form. No other criteria or waiting period shall be required for voting membership. The *members*, either directly or through the Local Advisory Councils (LACs), hold the exclusive right to select the board of directors.

## **5.2 TERM OF MEMBERSHIP**

All *memberships* shall be annual, unless and until a *member* fails to meet the initial *membership* enrollment criteria (described above).

## **5.3 MEMBERSHIP NOT TRANSFERABLE**

*Members* may not assign or transfer their *membership* rights to any other person.

## **5.4 REGULAR ANNUAL CONGRESS MEETING**

Unless designated otherwise, the *members* shall hold an annual meeting (*Congress*) immediately following the regularly scheduled annual meeting of the *board*.

## **5.5 SPECIAL CONGRESS MEETINGS**

Special meetings of *members*, for any purpose or purposes whatsoever, may be called at any time by the *president* or by a majority of a quorum of the *board of directors*, or by the written request of five percent (5%) or more of the voting power of the *members*.

## **5.6 PLACE OF CONGRESS MEETINGS**

All *member* meetings shall be held at the nonprofit corporation's principal office or at such other location in Eastern Montana as designated by the *board of directors*.

## **5.7 NOTICE OF REGULAR CONGRESS MEETING**

Notice of the annual *Congress* meeting will be provided by email, publication on the ESAA website and written notice to the LACs for posting. All board members and officers shall be notified by email or U.S. Mail. There will also be notice to the public via local newspapers.



## **5.8 NOTICE OF SPECIAL CONGRESS**

Written notice of each *Congress* meeting of the *members* shall be given by, or at the direction of, the *secretary* or person authorized to call the meeting by mailing a copy of such notice by first class, postage prepaid, at least ten (10) days but not more than fifty (50) days before such meeting to each *member* entitled to vote at the *members'* meeting, addressed to the *member's* address last appearing on the books of the nonprofit corporation or supplied by such *member* to the nonprofit corporation for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and those matters which the *board of directors* at the time of the mailing of the notice intends to present for action by the *members*.

Alternatively, proper notice may be given as provided for in Notice of Regular Congress Meetings (5.7 above).

## **5.9 QUORUM FOR CONGRESS**

A quorum shall constitute the *members* of the nonprofit corporation present in person at a meeting.

## **5.10 PROXY FOR CONGRESS**

*Members* may not vote by proxy.

## **5.11 PRESUMPTION OF NOTICE**

A recitation in the minutes of any *membership* meeting that notice of such meeting had been properly given shall be *prima facie* evidence that such notice was given.

## **5.12 PARLIAMENTARY PROCEDURE**

A *members' Congress* shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the nonprofit corporation may adopt.

## **5.13 NO MEMBERSHIP DUES**

The *board of directors* may not levy any dues or any other economic requirements for *membership*.

# **6. BOARD OF DIRECTORS**

This part describes the duties and authority of the *board of directors*.

***6.1 The board of directors shall be comprised of 19 persons, serving staggered three year terms.***

## **6.2 QUALIFICATION OF *DIRECTORS***

Of the 19 elected *directors*,

All *directors* must reside within the ESAA *Region*, complete an application and be selected by the *Congress*.

A majority of all *directors* shall be consumers of mental health services and family members of consumers of mental health services;

The remaining directors shall be selected from persons representing the stakeholders in the state mental health system.

## **6.3 TERM OF OFFICE FOR *DIRECTORS***

Each *director* shall hold office for the designated three year or partial three year term and on expiration of such term shall be replaced at the next annual *Congress* meeting. If a *director's* term expires, the *director* shall continue to serve until replaced.

## **6.4 TERM LIMITS: *Directors may serve up to two (2) consecutive terms. After a one year break, a director may be elected to return to a directorship.***

## **6.5 GENERAL POWERS**

All corporate powers shall be exercised by or under the authority of the *board of directors*. The business and affairs of the nonprofit corporation shall be managed under the direction of the *board of directors*. Each *director* shall have one vote on any matter that comes before the *board*.

## **6.6 REMOVAL**

A *director* may be removed by the required vote and manner provided in Montana Code Annotated § 35-2-421, as it may be amended from time to time.

## **6.7 VACANCY**

If a vacancy occurs on the *board of directors* by either attrition or removal, the *directors* may fill the vacancy. If the *directors* remaining in office constitute less than a quorum of the *board*, they may fill the vacancy by the affirmative vote of a majority of all the *directors* remaining in office. Whenever a new director is elected by the *directors*, the *director's* term shall be for the same term of the *director* being replaced.

## **6.8 REMOVAL FOR LACK OF ATTENDANCE**

A director may be removed from office by a majority vote of the *board of directors* if a *director* misses three (3) or more meetings in any twelve (12) month period.

## **6.9 REGULAR BOARD MEETINGS**

The *board of directors* shall hold regular meetings at least four (4) times a year. Written notice by email or U.S. mail and by website shall be given at least two (2) weeks prior to the meeting.

The *board* may also provide by resolution the date, time and place for additional meetings. Regular *board of director* meetings may be held by conference telephone, if convened in accordance with these *bylaws*.

## **6.10 SPECIAL BOARD MEETINGS**

Upon appropriate and timely notice, a special meeting may be called in the manner provided by Montana Code Annotated § 35-2-527. In addition to the authority of the *directors*, the chairman of the *board* and the *president* (if they are separate individuals) are separately authorized to call a special meeting. In addition, upon written request to the *president* and *secretary*, five percent (5%) of the *directors* in office may call a special board meeting. Those authorized to call special *board* meetings may fix any time and place for a special meetings, so long as such time and place is reasonably convenient to the *directors*. Special *board of director* meetings may be held by conference telephone, if convened in accordance with these *bylaws*.

## **6.11 TELEVIDEO BOARD MEETINGS**

If authorized by the *board of directors*, the *board of directors* or any designated committee of the corporation may participate in a *board* or committee meeting by means of a conference telephone or similar communications equipment, provided all persons entitled to participate in the meeting have received proper notice of the telephone meeting and are able to hear each other at the same time. A *director* participating in a conference telephone meeting is deemed present in person at the meeting. The chairperson of the meeting may establish reasonable rules as to conducting the meeting by phone. The *secretary* must provide instructions for participating in all televideo meetings (whether regular or special).

## **6.12 Notices FOR SPECIAL BOARD MEETING**

The corporation's *secretary* shall give either oral or written notice of any special *director* meeting at least two (2) days before the meeting. The notice shall include the meeting place, day and hour, but need not state its purpose. If telephonic, the *secretary* shall satisfy the special requirements for holding such meetings.

### **6.13 QUORUM FOR *BOARD* MEETINGS**

A majority of the number of *directors in office* shall constitute a quorum for the transaction of business at any *board of directors* meeting. A *director* unable to attend a regular *board* meeting may select by written authorization, to be filed with the secretary, another *director* to act as proxy for voting on matters before the *board* on behalf of the absent member.

### **6.14 PRESENCE & MAJORITY RULE AT BOARD MEETINGS**

The act of a majority of the *directors* present at a meeting at which a quorum is present (when the vote is taken) shall be the act of the *board of directors*. If no quorum is present at a meeting of *directors*, the president may declare those present to be a Committee of the Whole and at the next regular *board* meeting any action that has been taken will be voted on by a quorum present. No new business will be acted upon in the Committee of the Whole proceedings unless identified in the agenda. The corporation shall deem a *director* to have approved of an action taken if the *director* is present at a meeting of a *board* unless any of the following occur:

The *director* objects at the beginning of the meeting (or promptly upon arrival) to holding it or transacting business at the meeting;

The *director's* dissent or abstention from the action taken is entered in the minutes of the meeting; and,

The *director* delivers written notice of dissent or abstention to the presiding officer of the meeting before its adjournment or to the nonprofit corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a *director* who votes in favor of the action taken.

### **6.15 CONDUCT OF *BOARD* MEETING**

The *president*, or in the *president's* absence, the *vice-president*, or in their absence, any person chosen by the *directors* present shall call the meeting of the *directors* to order and shall act as the chairperson of the meeting. The chairperson, or the chairperson's designee, shall establish rules of the meeting that will freely facilitate debate and decision-making. The chairperson will indicate who may speak and when a vote will be taken. The *secretary* of the corporation shall act as the *secretary* of all meetings of the *directors*, but in the *secretary's* absence, the presiding officer may appoint any other person to act as the *secretary* of the meeting.

### **6.16 UNANIMOUS ACTION WITHOUT A MEETING**

The *directors* may act on any matter generally required or permitted at a *board* meeting, without actually meeting, if:

all the *directors* approve the action;

each one signs a written consent describing the action taken;

and the *directors* file all the consents with the records of the nonprofit corporation.

Action taken by consents is effective when the last *director* signs the consent, unless the consent specifies a different effective date. A signed consent has the effect of a meeting vote and may be referred to as a meeting vote in any document.

[Reference Mont. Code Ann. § 35-2-428]

## **6.17 Committees**

The *board of directors* may create one or more committees from its board to serve them. Each committee must have two (2) or more *directors*, who serve at the pleasure of the *board of directors*.

### **6.17.1 Selection of Committee Members**

To create a committee and appoint *members* to it, the *board* must acquire approval by the majority of all the existing *directors* when the action is taken.

### **6.17.2 Required Committee Procedures**

The same *bylaws* which govern *board* meetings and procedures apply to committees and their *members*. Committees shall keep regular minutes of their proceedings and report the same to the *board of directors*.

### **6.17.3 Authority of Committees**

Each committee shall have the specific authority set forth in the *board* resolution creating it, except a committee may not do any of the following:

Approve or recommend dissolution, merger, or the sale, pledge, or transfer of all or substantially all of the nonprofit corporation's assets;

Elect, appoint, or remove *directors* or fill vacancies on the *board of directors* or on any of its committees; or,

Adopt, amend, or repeal the *articles* or *bylaws*.

## **6.18 COMPENSATION, LOANS TO, OR GUARANTEES FOR DIRECTORS**

Other than for actual expenses, no *director* may be remunerated for attending a *board* meeting. Subject to all other limitations in these *bylaws*, a *director* may receive reasonable compensation for non-director services

and reimbursement for out-of-pocket expenses. Under no circumstance may this nonprofit corporation lend money to a *director* or guarantee the obligation of a *director*.

## 7. OFFICERS

This part describes the authority and responsibilities of the officers of the nonprofit corporation.

### 7.1 NUMBER OF OFFICERS

The nonprofit corporation shall have the following officers:

*President*  
*Vice President*  
*Secretary*  
*Treasurer*

The *board of directors* shall elect each of the above officers from the *board of directors* in the manner prescribed in these *bylaws*. On an interim basis, the *board* may fill vacant positions. The same person may simultaneously serve for more than one office, but not for all officers.

### 7.2 APPOINTMENT AND TERM OF OFFICE

Unless the *board of directors* determine otherwise, the officers of the corporation shall hold office for one year or until they resign, die or are removed, whichever is earlier. A designation of a specified term does not grant to the officer any contract rights, and the *board* can remove the officer at any time prior to the termination of the designated term.

***7.3 REMOVAL OF OFFICERS: The board of directors may remove any officer or agent any time. Removal shall be without prejudice to any contract rights, if any, of the person removed. A board's appointment of an officer or agent may not of itself create contract rights.***

### 7.4 PRESIDENT

The *president* in good faith shall:

Act as the principal executive officer of the nonprofit corporation, but subject to the control and limitations of the *board of directors*;

Supervise and control all of the business and affairs of the nonprofit corporation;

Preside at *members'* and *directors'* meetings (when present);

have authority to sign, with the *secretary* or any other proper officer of the nonprofit corporation that the *board* has authorized, expense vouchers, corporation documents, insurance policies, bonds, contracts, or other *board* authorized instruments; and,

Have authority to appoint advisory committees for recommendations as to plan activities of the corporation, so long as each advisory committee has no authority to act.

## 7.5 THE VICE-PRESIDENT

The *vice-president* in good faith shall:

Perform the *president*'s duties if the *president* is absent, dies, is unable or refuses to act;

Have all presidential powers and be subject to all the restrictions upon the *president*, when acting in the absence of the *president*; and,

Perform any other duties that the *president* or *board* may assign to the *vice-president*.

## 7.6 THE SECRETARY

The *secretary* in good faith shall:

Create and maintain one or more books for the minutes of the proceedings of the *Congress* and *directors*.

Provide that all notices are served in accordance with these *bylaws* or as required by law;

Be custodian of the corporate records;

When requested or required, authenticate any records of the nonprofit corporation;

Keep a current register of the address of each *member*;

Assume the duties of *president*, when the *president* and *vice-president* are unable to act; and,

Perform all duties incident to the office of *secretary* and any other duties that the *president* or the *board* may assign to the *secretary*.

## 7.7 THE TREASURER

The *treasurer* in good faith shall:

Have charge and custody of and be responsible for all funds and securities of the nonprofit corporation;

receive and give receipts for moneys due and payable to the nonprofit corporation from any source, and deposit all moneys in the nonprofit corporation's name in banks, trust companies, or other depositories that the *board* shall select;

Submit the books and records to a Certified Public Accountant or other accountant for annual audit or review;

In general, perform all of the duties incident to the office of *treasurer* and any other duties that the *president* or *board* may assign to the *treasurer*; and if requested by the *board*

Give a bond for the faithful performance of the *treasurer's* duties and as insurance against the misappropriation of funds, if required by the *board of directors*; and if a bond is required, it shall be in a sum and with the surety of sureties that the *board of directors* shall determine.

## **7.8 OFFICERS' SALARIES, LOANS, LOAN GUARANTEES**

No *director* may receive remuneration as an officer or an employee. Subject to this limitation, the *board of directors* may fix and/or adjust salaries of any officer or employee. The nonprofit corporation may not lend money to or guarantee the obligation of an officer of the nonprofit corporation.

## **8. LIMITATIONS AND RESTRICTIONS ON CERTAIN TRANSACTIONS**

This part describes special limitations and restrictions regarding certain transactions.

### **8.1 AUTHORITY TO SIGN CHECKS & LEGAL DOCUMENTS**

Unless otherwise authorized by the *board of directors*, all checks for any amount, stock certificates, bonds, drafts, contracts, notes and other legal instruments shall be signed by the fiscal agent.

### **8.2 Loans**

Unless otherwise authorized in writing by the *board of directors*, the nonprofit corporation may not allow anyone to contract on behalf of it on credit or issue evidence of the nonprofit corporation's indebtedness. The authorization may be general or specific.



### 8.3 DEPOSITS

The *treasurer* of the nonprofit corporation shall deposit all funds of the nonprofit corporation, that are not being used, in banks and other depositories; the *board of directors* shall authorize by *board* resolution the exact location of the banks and depositories.

## 9. PROHIBITED

This part describes certain prohibited transactions.

### 9.1 NO SHARING IN CORPORATION INCOME

No *member, director, officer, employee, committee member, or person* connected with the nonprofit corporation shall receive at any time any of the net earnings or pecuniary profit from the operations of the nonprofit corporation; provided that this may not prevent the nonprofit corporation's payment to any person of reasonable compensation for services rendered to or for the nonprofit corporation in effecting any of its purposes as determined by the *board of directors*.

### 9.2 NO SELF-SERVING DISTRIBUTIONS

The nonprofit corporation may not have or issue shares of stock. No dividends shall be paid. No part of the income or assets of the nonprofit corporation shall be distributed to any *member* of the nonprofit corporation without full consideration. The nonprofit corporation is prohibited from lending money or guaranteeing any obligation of a *member, director* or officer of the nonprofit corporation. The nonprofit corporation may contract in due course, for reasonable consideration, with its *members, directors, trustees, and officers* without violating this provision.

### 9.3 NO SELF-SERVING DISTRIBUTIONS ON DISSOLUTION

No *member, director, or officer* of the nonprofit corporation shall be entitled to share in the distribution of any of the nonprofit corporation's assets upon the dissolution, except in the capacity as a creditor. All *members and directors* are deemed to have expressly agreed that, upon the dissolution or the winding up of the affairs of the nonprofit corporation, whether voluntary or involuntary, the assets of the nonprofit corporation, after all debts have been satisfied, then remaining in the hands of the *directors*, shall be distributed, transferred, conveyed, delivered, and paid over exclusively to the organization or organizations as the *directors* may designate, that are qualified as tax exempt under Internal Revenue Code of 1986 § 501(c)(3), and as it may later be amended or to the State of Montana.

## 9.4 NO SELF-SERVING TRANSACTIONS WITH RELATED PARTIES

Neither the nonprofit corporation, nor its *directors*, nor its officers have any power to cause the nonprofit corporation to do any of the following with any *related parties*:

Make any substantial purchase of securities or other property, for more than adequate consideration in money or money's worth;

Sell any substantial part of its securities or other property, for less than an adequate consideration in money or money's worth.

*Related parties'* means any person who has made a substantial part of its securities or other property, for less than an adequate consideration in money or money's worth.

## 9.5 TRANSACTIONS JEOPARDIZING TAX EXEMPT STATUS

Notwithstanding any other provisions of these *bylaws*, no *member*, *director*, officer, employee or representative of this nonprofit corporation shall take any action or carry on any activities by or on behalf of the nonprofit corporation, which would jeopardize or threaten its tax exempt status.

## 9.6 PURCHASE OF MEMBERSHIPS

The nonprofit corporation may not purchase any of its *memberships* or any right arising from *membership*.

## 9.7 FUNDS USED FOR INDEMNIFICATION

Corporate funds may be used to benefit officers and *directors* by way of indemnification, but only if such indemnification is authorized in these *bylaws*.

## 10 Procedure for Amendments by Consent

This part describes how the *bylaws* of this **public benefit corporation with voting members** may be amended. As a **public benefit corporation**, the *articles* provide:

**The board and the members may amend these articles and the bylaws in any manner authorized under the Montana Nonprofit Corporation Act as it exists when the amendment is adopted, unless more stringent requirements are required in the bylaws or under Montana Law.**

### *PROCEDURE FOR AMENDMENTS AT MEETINGS*

Subject to the above, if any amendment to the *articles* or *bylaws* is to be approved at any *Congress* meeting, the *members* shall be given proper

written notice of the meeting and its purpose, including a copy or summary of the amendment.

Subject to the above, if any amendment to the *articles* or *bylaws* is to be approved by written consent or by written ballot, the written solicitation for approval must be included with amendment.

As the Secretary of **EASTERN SERVICE AREA AUTHORITY, INC.**, I certify that the foregoing *bylaws*, which include the election of the initial *board of directors* is a full, true, and correct copy of the initial *bylaws* of this nonprofit corporation.

IN WITNESS WHEREOF, I have set my hand this \_\_\_\_\_ day of

\_\_\_\_\_

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

STATE OF MONTANA

The above-named individual has signed these *bylaws* on this date.

\_\_\_\_\_  
NOTARY PUBLIC for the State of Montana

(SEAL)

My Commission Expires: \_\_\_\_\_