

BYLAWS
OF THE
MONTANA MUNICIPAL INSURANCE
AUTHORITY

Amended and Restated

as of

August 26, 2005

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BYLAWS
OF THE
MONTANA MUNICIPAL INSURANCE AUTHORITY
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Article I, General Purpose and Nature

The Montana Municipal Insurance Authority is an intergovernmental authority organized pursuant to the Interlocal Cooperation Act, 2 -9-211, MCA for the purposes set forth in the Interlocal Agreement entered into between and among the Members.

Article II, Offices

The principal office of the Authority shall be located in the City of Helena, County of Lewis and Clark, Montana.

The Authority may have such other offices as the Board of Directors may designate or as the business of the Authority may require from time to time.

Article III, Members

Section 1. Member Entity Meetings. Member Entities shall hold at least one regular meeting each year, and the Board shall fix the date, hour and place at which each regular meeting is to be held. Members may vote by absentee ballots. The Chair shall preside at all meetings of the Members. Special meetings may be called upon written request by the Chair, by one-third or more of the Directors, or by one-third or more of the Members.

Section 2. Member Voting. Each Member shall have one (1) vote on each matter presented to the Membership, and shall have one (1) vote for each Director to be elected and may not cumulate votes; provided however that in the event that the matter presented to the Member Entities for a vote involves a specific Program, then only those Member Entities which are participants in such Program may vote on such matter.

Section 3. Meeting. All meetings of the Members shall be called, noticed, held and conducted in accordance with the provisions of the Montana Open Meetings Law. Written notice stating the place, day, and hour of the Members' meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten calendar (10) or more than fifty (50) calendar days before the date of the meeting, either personally, by mail, by telephonic or electronic means, or at the direction of the Chair, the Chief Executive Officer, or the Officers or persons calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage

thereon prepaid addressed to the Member at its address as it appears on the official records of the Authority. Notices called for hereunder may be waived in accordance with Article XI of these Bylaws or by attendance at any such meeting.

Section 4. Voting Lists. The Officer or agent having charge of the official records of the Authority shall make a complete list of the Members entitled to vote at each meeting of members or any adjournment thereof. Such list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole meeting for the purposes thereof. Failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

Section 5. Quorum and Conduct of Business. Members representing 20% of the Membership, either present at the meeting or represented by the submission of a proxy, constitute a quorum. Every act done or decision made by a majority of Members present at a meeting duly held at which a quorum is present shall be the act of the Membership unless a vote by a greater number is required by law, the Interlocal Agreement or these Bylaws. Provided, however, that any action required to be taken by the Members which is restricted in effect to one of the Authority's Programs, as determined by the Chair of the Board, shall also require the affirmative vote of a majority of those Members present or represented by proxy and voting who represent or are Participating Members in that Program. No business may be transacted by the Members without a quorum of the Members being present or represented by proxy, provided, however, less than a quorum may adjourn. Meetings of the Members shall be conducted in accordance with Roberts Rules of Order, except when in conflict with applicable law, the Interlocal Agreement or the Bylaws.

Section 6. Proxies. At all meetings of Members, a Member may vote either in person or by proxy executed in writing by the Member or by its duly authorized attorney - in-fact. No proxy shall be valid eleven (11) months from its date of execution unless otherwise provided in the proxy. Such proxy shall be filed with the Chief Executive Officer of the Authority, or their designee, before or at the time of the meeting.

Section 7. Informal Action by Members. Any action required to be taken at a Members' meeting, or any action which may be taken at a Members' meeting, may be taken without a meeting if consent in writing setting forth the action so taken shall be signed by all of the Members entitled to vote with respect to the subject matter t hereof. Such consent shall have the same effect as a unanimous vote of the Members.

Article IV, Board of Directors

Section 1. General Powers. All powers shall be exercised by, or under the authority of, and the business and affairs shall be managed under the direction of the Board of Directors, in accordance with the powers and duties set forth in the Interlocal Agreement.

Section 2. Membership of Board, Procedure for Electing and Term in Office .

A. Membership. The Board shall be composed of a minimum of thirteen (13) Directors, appointed or elected in the following manner:

A minimum of six (6) Directors, each appointed by a Member participating in one or more of the Authority's Programs and having over 20,000 population, shall be appointed to represent that Member, and

A minimum of six (6) Directors elected by and representing Members, participating in one or more of the Authority's Programs and having less than 20,000 population; and

One (1) at-large Director from a Member participating in one or more of the Authority's Programs appointed by the members selected above and representing a member whose population is less than 20,000.

At such time as the population of a Member participating in one or more of the Authority's Programs exceeds 20,000, that member shall be granted representation on the Board. The Director filling that seat shall be appointed by that entity. At the time of the addition of seat on the Board for entities whose population exceeds 20,000, the body of Directors representing members whose population is less than 20,000 shall expand by the same number through election as set forth above. The expansion in the number of Directors shall occur at the next annual meeting of the Member Entities following the annual census that established said population.

B. Procedure. The nomination and election of the Board of Directors will be conducted at the regular annual meeting of the Authority. Each Member shall appoint and elect Directors for its respective category as herein provided. No Member shall have more than one Director at any time. If at the time of the annual meeting, a Member is not participating in at least one of the Authority's Programs, it shall not be eligible to vote for Board of Directors. For purposes of this Article, the population of the Member shall be as determined by the most recent annual census statistics published by the United States Census Bureau.

C. Terms. Directors, whether appointed or elected, shall serve a term of two years.

A Director shall hold office until: (i) the expiration of his or her term of office or the Member he or she represents no longer participates in at least one Program of the Authority and (ii) until a successor has been elected or appointed. In the event of a vacancy, the remaining Directors shall appoint a replacement Director who shall serve until the expiration of the predecessor's term.

D. Qualifications. To represent a Member as a Director, the individual must be an officer of a city as set forth in Sec. 7-4-4101, MCA, 7-4-4102, MCA, or an officer of a town as set forth in Sec. 7-4-4103, MCA.

Section 3. Board Meetings. The Board shall hold at least four (4) regular meetings each year. The Board shall fix the place where each regular meeting is to be held. Special meetings may be called upon written request by the Chair or one-third or more of the Directors.

Section 4. Notice. All meetings of the Board shall be called, noticed, held and conducted in accordance with the provisions of the Open Meeting Law.

Section 5. Quorum and Conduct of Business. A majority of the authorized number of Directors constitutes a quorum. Every act done or decision made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be the act of that body, unless a vote by a greater number is required by law, the Interlocal Agreement or these Bylaws. Provided, however, that any action required to be taken by the Board which is restricted in effect to one of the Authority's Programs, as determined by the Chair of the Board, shall also require the affirmative vote of a majority of those Directors present in person or by proxy and voting who represent or are participating Members in that Program. No business may be transacted by the Board without a quorum being present; provided, however, less than a quorum may adjourn. Meetings of the Board shall be conducted in accordance with Roberts Rules of Order, except when in conflict with applicable law, the Interlocal Agreement or these Bylaws.

Section 6. Meetings by Telephone Conference Call. In addition to any of the methods for holding a regular or special meeting of the Board of Directors otherwise set forth in these Bylaws, members of the Board of Directors, or any committee designated thereby, may participate in a meeting of such Board or committee by means of a conference telephone or other electronic means of which all persons participating in the meeting shall have an equal opportunity to hear and participate in the entire meeting; and participation by such means shall constitute presence in person at a meeting.

Section 7. Action Without a Meeting. Any action which may be taken by the Board of Directors or a committee at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors or all of the members of the committee, as the case may be, entitled to vote with respect to the subject matter thereof. Such consent shall have the same effect as a unanimous vote.

Section 8. Resignation of a Director. A Director may resign upon giving thirty (30) calendar days' notice in writing to the Chair of the Board of Directors of the Authority. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or by such other officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Removal of a Director. Any Director may be removed from office at any time by a majority vote of the Board for inefficiency, neglect of duty or malfeasance in office. Neglect of duty shall occur when a Director fails to attend a regular or special meeting for a period of six (6) consecutive months, subject to review by the Board. Notification of such removal or appointment of a successor shall be by instrument in writing by the Board and delivered to all Members.

Section 10. Compensation of Directors. The Directors shall receive no salary but may be compensated for any reasonable and necessary expenses incurred in connection with the performance of their duties.

Section 11. Vacancies. Vacancies on the Board may be filled by a majority of the remaining Directors, each Director so elected shall hold office for the unexpired portion of the term for the position to which they are elected to fill and until that Director's successor has been elected and qualified.

Section 12. Presumption of Assent. A Director of the Authority who is present at a meeting of the Board of Directors at which action on any matter is taken is presumed to have assented to the action taken unless his dissent is entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or forwards such dissent by registered mail to the Chief Executive Officer of the Authority immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Article V, Officers

Section 1. The Board of Directors shall elect from its membership a Chair, a Vice Chair, a Secretary and a Treasurer to serve one -year terms.

The Board of Directors shall appoint a Chief Executive Officer. The Chief Executive Officer shall administer the business and activities of the Authority, subject to the general supervision and policy direction of the Board or Executive Committee and shall perform such other duties as are assigned by the Board or Executive Committee.

The Chief Executive Officer shall appoint a Chief Financial Officer. The Chief Financial Officer shall be responsible for the financial, banking and investment activities of the Authority and shall perform such other duties as are assigned by the Chief Executive Officer. The Chief Financial Officer shall report to the Chief Executive Officer.

The Chair, or in his or her absence, the Vice Chair , or in his or her absence the Secretary, or in his or her absence the Treasurer, shall preside at and conduct all meetings of the Board, the Members and the Executive Committee.

Section 2. Removal of Officer or Agent. Any Officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Authority will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an Officer or agent shall not, of itself, create contract rights.

Section 3. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise shall be promptly filled by the Board of Directors

for the unexpired portion of the term. Any Officer may resign at any time by giving written notice of such resignation to the Board of Directors, the Chair, or the Chief Executive Officer of the Authority. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or by such other Officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Powers and Duties. The powers and duties of the several Officers shall be, as provided, by resolution or other directive of the Board of Directors. In the absence of such provisions, the respective Officers shall have the powers and discharge the duties customarily and usually held and performed by like Officers in entities similar in organization and business purposes to this Authority.

Section 5. Salaries. The salaries of the Officers may be fixed from time to time by the Board of Directors. Any Officer who is also a Director of the Authority shall receive no salary from the Authority.

Section 6. Sureties and Bonds. In case the Board of Directors shall so require, any Officer, employee, or agent of the Authority shall execute to the Authority a bond in such sum and with such surety or sureties as the Board of Directors may direct, conditioned upon the faithful performance of his or her duties to the Authority, including responsibility for negligence and for the accounting for all property, funds, or securities of the Authority which may come into his or her hands.

Section 7. Committees. The Chair shall have the authority to appoint members to committees, both standing and special, as he or she deems appropriate, with the approval of the Board.

Article VI, Staff

Principal Staff. The Board shall provide for the creation of positions through its budget process as may be necessary for the administration of the Authority. The Chief Executive Officer will recommend to the Board for its approval the necessary positions for the administration of the Authority. The principal staff shall be appointed by and serve at the pleasure of the Chief Executive Officer.

Article VII, Contracts, Loans, Checks and Deposits

Section 1. Contracts. The Board of Directors may authorize any Officer or Officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of, and on behalf of, the Authority. Such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in the name of the Authority unless authorized by resolution of the Board of Directors. Such authority may be general or

confined to specific instances.

Section 3. Checks, Drafts or Orders. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Authority shall be signed by such Officer or Officers, agent or agents, of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the Authority not otherwise employed shall be deposited to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select or authorize.

Article VIII, Fiscal Year

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

Article IX, Accounts and Records

Section 1. Annual Budget. The Authority shall annually adopt operating budgets not later than the commencement of the fiscal year. These budgets shall include a separate budget for each Program under development or adopted and implemented by the Authority.

Section 2. Funds and Accounts. The Chief Financial Officer of the Authority shall establish and maintain such funds and accounts as may be required by good accounting practices and by the Board. Separate accounts shall be established and maintained for each Program under development or adopted and implemented by the Authority. Books and records of the Authority shall be open to inspection at all reasonable times by authorized representatives of the Members.

The Authority shall adhere to the standard of strict accountability of public funds.

Section 3. Annual Report. The Authority, within one hundred and eighty (180) calendar days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each Member.

Section 4. Annual Audit. The Authority shall either make or contract with a certified public accountant or the Audit Division of the Department of Commerce pursuant to Title 2, Chapter 7, Part 5, M.C.A. to make an annual fiscal year audit of all accounts and records of the Authority. A report of the audit shall be filed as a public record and will be made available to each Member within six months of the end of the fiscal year under examination. Costs of the audit shall be considered a general expense of the Authority.

Article X, Responsibilities for Funds and Property

Section 1. Custody of Funds. The Chief Financial Officer shall have the custody of and may disburse the Authority's funds. He or she may delegate disbursing authority to such persons as may be authorized by the Board to perform that function.

Section 2. Property of Authority. The Chief Executive Officer, the Chief Financial Officer and such other persons as the Board of Directors may designate shall have charge of, handle, and have access to the property of the Authority.

Section 3. Fidelity Bonds. The Authority shall secure and pay for a fidelity bond or bonds, in an amount or amounts and in the form specified by the Board of Directors, covering all officers and staff of the Authority who are authorized to hold or disburse funds of the Authority, and all officers and staff who are authorized to have charge of, handle, and have access to property of the Authority.

Article XI, Waiver of Notice

Whenever any notice is required to be given to any Member or Director of the Authority under the provisions of Montana law, the Interlocal Agreement or under the provisions of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Article XII, Indemnification

Any person who at any time shall serve, or shall have served as a Director or Officer of the Authority, shall be indemnified, held harmless and defended by the Authority against all costs and expenses (including but not limited to attorney's fees of an attorney approved by the Authority), amounts of judgments, and settlements reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative, or other, in which he, she, or they may be involved by virtue of such person's being or having been a Director or Officer; provided, however, that such indemnity shall not be operative with respect to: (1) the Director or Officer gaining any personal profit or advantage in his or her capacity as Director or Officer, (2) the dishonesty of a Director or Officer, (3) a Director's or Officer's conflict of interest, (4) willful violation of a statute or ordinance committed by a Director or Officer or with the Director's or Officer's knowledge or consent, or (5) any matter as to which the Director or Officer shall have been finally adjudged in such action, suit or proceeding to be liable for misconduct in the performance of his or her duties as Director or Officer. The indemnification will not be operative for any settlement unless the settlement is approved by a majority of the Directors.

Article XIII, Amendments

These bylaws may be altered, amended, or repealed, and new bylaws may be adopted by the Board of Directors by at least two-thirds (2/3) vote of all of the members of the Board voting at any regular or special meeting of the board, subject to repeal or change by action of the Members; provided, however, that the number of directors shall not be increased or decreased, nor shall the provisions of Article III concerning the Members be substantially altered, without prior approval of at least two-thirds (2/3) of the Members voting at a regular or special meeting of the Members or by written consent.

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OF THE
MONTANA MUNICIPAL INSURANCE AUTHORITY
AMENDED AND RESTATED AS OF August 26, 2005

KNOW ALL PERSONS BY THESE PRESENT that the undersigned Chair of the Montana Municipal Insurance Authority does hereby certify that the above and foregoing Bylaws were duly adopted by the Directors of the corporation on the 26th day of August, 2005, and the same now constitute the Bylaws of this Authority.

Joe Menicucci, Chair

ATTEST:

Larry Bonderud, Secretary

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