



By-Laws of the
County Water District of Billings Heights

ROUGH DRAFT November 19, 2021

ARTICLE I Statement of Organization and Incorporation

In 1957, the Montana Legislature passed the "County Water District Act," sections 16-4501 to 16-4534, R.C.M. 1947, which permits the residents of an area such as Billings Heights to create a district for the purpose of building, operating, and maintaining their own central water supply and distribution system. Pursuant to the provisions of the afore-mentioned Act, the Water District was established. Title 7, Chapter 13, Section 2203 of the Montana Code Annotated ("MCA") authorizes the formation and incorporation of county sewer and water districts pursuant to the requirements of the remainder of Parts 22 and 23 of the same Title and Chapter. The County Water District of Billings Heights ("District") was formed by mail ballot election—voted by the residents and landowners within the designated boundaries of the District located in Billings, Montana and duly conducted in accordance with MCA §7-13-2208(2)—on August 26, 1958. A Certificate of Incorporation for the District was thereafter issued by the Montana Secretary of State on August 29, 1958.

ARTICLE II Name and Boundaries

The name of the district is the County Water District of Billings Heights. The District is incorporated as required by Montana law. The principal office of the District shall be located at such place as the Board of Directors may from time to time determine. The mailing address of the District is 1540 Popelka Drive, Billings, Montana 59105. The boundaries of the district are as shall be designated by the Board of Directors from time to time in accordance with all applicable laws and statutes.

ARTICLE III Statement of Purpose

The purpose of the district is to provide a safe, potable water supply via the District's distribution system within its boundaries, and to do all things necessary and proper to maintain and operate these facilities as required and allowed by Montana State law.

ARTICLE IV Seal

The seal of the District shall have inscribed, thereon, the words "County Water District of Billings Heights". The Board Secretary for the District shall have custody of the seal. The seal may be used by causing it, or a facsimile thereof, to be impressed or affixed or reproduced otherwise.

ARTICLE V Fiscal Year

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

ARTICLE VI Board of Directors

Section 1: Powers The Board of Directors is the governing body of the District. All powers of the District, as provided by Montana statutory or regulatory law or necessarily implied, shall be vested in the Board of Directors.

Section 2: Qualifications

A director shall meet the qualification established by Montana law.

Section 3: Election and Appointment

The Board of Directors ("Board") shall consist of five (5) elected members as provided for in Montana law. There shall also be one member appointed by the Yellowstone County Commissioners and one member appointed by the Mayor of the City of Billings as prescribed in Montana law.

The procedure and mode of nomination and election for directors shall be as provided in Montana law.

Vacancies on the Board of Directors shall be filled as established by Montana law.

Section 4: Term of Office

As provided in Montana law, except as provided herein, or by law, the term of office for directors shall be four (4) years from and after the date of their election or appointment. Directors shall hold office until the election and qualification or appointment and qualification of their successors.

Section 5: Recall of Directors

Each director, as an incumbent of an elective office, whether elected by popular vote for a full term, elected by the Board of Directors to fill a vacancy, or appointed by a mayor or the board of county commissioners for a full term, is subject to recall by the electors of the District in accordance with Montana law.

Section 6: Meetings

The Board of Directors shall meet on a regular basis and may hold special meetings to conduct the affairs of the District. Committees of the Board may meet on a regular basis and may hold special meetings. All meetings of the Board shall be open to the public and subject to the public participation and notification requirements of Montana law except as otherwise provided in law. Appropriate notice of all meetings shall be provided to the public.

A meeting of the Board is defined as the convening of a quorum of the Board either in person or by means of electronic equipment to hear, discuss, or act upon a matter over which the Board has supervision, control, jurisdiction, or advisory power. A quorum is represented by a majority of the total members of the Board or committee in attendance.

Special meetings of the Board of Directors may be called by the President, or in his absence the Vice President, or by a quorum of the members of the board.

Official action at Board meetings can only occur with a quorum of Directors present. Minutes of all meetings required by statute Montana law 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 7: Duties and Offices of the Board of Directors.

The Board of Directors, subject to restrictions of law, the Articles of Incorporation, and these Bylaws, shall exercise all of the powers of the District, and without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are hereby given full power and authority as provided in Montana law, including without limitations:

- A. To select and appoint or remove the General Manager and Board Secretary, and agents supporting Board services (ie attorney or others), prescribe duties and designate such powers consistent with these Bylaws, 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 or convenient for the conduct of the business and affairs of the District and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.
- C. To order, at least once each year, an independent audit of the books and accounts for the District and reported by the independent auditor at a regular meeting.
- D. To approve an annual financial budget once a year for the convenience and 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 of 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 at the meeting. Any revisions in the budget that require an increase in user fees will be submitted for public notice.
- E. To review rates for water services charged by the District as often as deemed necessary, but, at least once every two years, prior to beginning the new fiscal year, in order to fix the rate, toll, fee, rent or other charge for the services, facilities and benefits directly afforded and the direct benefits received, that will be sufficient in each year to provide income and revenue adequate for:
 - i. the payment of the reasonable expense of operation and maintenance of the facilities;
 - ii. administration of the District;
 - iii. the establishment or maintenance of any required reserves, including reserves needed for expenditures for depreciation and replacement of 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 charge for services or facilities, the Board shall order a public hearing as provided in Montana law.

Members of the Board, advisors to the Board, officers of the District, staff members and employees shall at all times act in good faith with respect to the duties of their respective offices. They shall not use their positions or knowledge gained therefrom, so that a conflict of interest might arise between the interest of the District and that of the individual. A full disclosure of all facts pertaining to a transaction that is subject to any degree of doubt concerning the possible existence of a conflict of interest shall be made to the President of the Board 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 an improper or unfair gain or advantage to any party, or has an adverse effect on the District's interests

Election and Removal of Board Officers

The Board of Directors shall elect a President, Vice President, Recording Secretary and Treasurer who shall then serve for a term of one (1) year or until successors are elected.

Unless otherwise restricted by law, any officer of the Board may be removed from the office, with or without cause, at any time by a quorum of the Board that elected, designated or appointed such Board Member, and any vacancy caused by any such removal or may be filled by election of the Board.

Duties of the Board President.

The President shall, when present, preside over meetings of the Board. The president shall sign all resolutions and contracts on behalf of the district and perform such other duties as may be imposed by the board of directors as required by Montana law. The President shall communicate to all directors the information needed to make decisions.

Duties of the Board 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 elect a successor. The Vice-President shall also perform such other duties as from time to time may be assigned to him or her by the President and the Board of Directors.

Duties of the Board Recording Secretary

The Recording Secretary shall identify those present, record all votes taken at Executive Committee and Board meetings. The Recording Secretary may perform other duties as agreed by the majority of the Board of Directors

Duties of the Board Treasurer

The Treasurer shall chair the district Finance Committee to monitor all revenues and expenses of the district. The Treasurer will produce a monthly financial statement of income and expenses for the Board.

Section 8: Compensation

Each member of the Board of Directors shall receive a monthly salary as established by Montana law.

Committees and Advisors

The Board shall determine the necessity for any committees, either temporary or standing, and shall select and appoint the members of these committees.

ARTICLE VII Amendments

These Bylaws may be repealed or amended by the affirmative vote of majority of the District 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 after two reviews at regular board meetings. The board shall not have the power to change the purposes of the District, so, as to decrease its rights and powers under Montana law or to waive any requirement of bond or other provisions for the safety and security of the property and funds of the District or its users.

The undersigned President of County Water District of Billings Heights, does hereby certify that the above and foregoing Bylaws were duly adopted by the Board of Directors as the Bylaws of the said corporation at a regular meeting held the _____, and that the same now constitute the Bylaws of this District.

DENNIS COOK, President

WITNESS: my hand and seal of the District this _____ day of _____
, 2021.

(SEAL)

BOARD SECRETARY