

ARTICLES OF INCORPORATION
OF
ENTRANOSA WATER & WASTEWATER ASSOCIATION
(a Cooperative Association)

FILED IN OFFICE OF
NM PUBLIC REG. COMM.

JAN 19 2007

We, the undersigned, all of whom are residents and citizens of the State of New Mexico, acting as incorporators of an Association as a cooperative operation for the serving of a community water system and a wastewater authority, do hereby voluntarily associate ourselves for the purpose of forming a cooperative Association, with memberships, under the provisions of 53-4-1 through 53-4-45, NMSA 1978, of the laws of the State of New Mexico. These Articles of Incorporation supersede the Certificate of Association of Entranosa Water & Wastewater Association (a mutual domestic Association) and all amendments thereto.

CORPORATION BUREAU

ARTICLE I
Name

The name of the Association shall be the "Entranosa Water & Wastewater Association (a Cooperative Association)," hereinafter referred to as the "Association."

ARTICLE II
Duration

The Association shall have a perpetual existence.

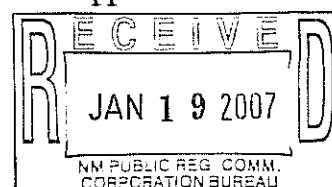
ARTICLE III
Purposes

The Association is organized for the following purposes and objects:

- 1) The formation of a water and wastewater users' association as a non-profit cooperative operation for the continued servicing of the water and wastewater operations of the Entranosa Water & Wastewater Association.
- 2) The management of water and wastewater associations, both as associate members and by management contract.
- 3) To do all things desired which are possible and proper under Section 53-4-4, NMSA, 1978, laws of the State of New Mexico and not contrary to law, and in any capacity and on any cooperative basis that may be agreed upon by the membership.

ARTICLE IV
Location

The location and address of the principal office of the Association will be 1330 State Highway 333 (aka, Old Highway 66), PO Box 2380, Tijeras, NM 87059. This is also the registered office of the Association. The Association appoints John L. Jones as its



registered agent, and will specify changes in names and address in its filings with the Public Regulation Commission.

ARTICLE V Incorporators

The name and address of each incorporator of the Association (members of the board of directors) are:

1. Stephen D. Hicks, 62 Crystal Lane, Sandia Park, NM 87047
2. Steve Varley, 6 Kirsten Court, Tijeras, NM 87059
3. Ron Bodo, 18 Holiday Loop, Tijeras, NM 87059
4. Shannon McReynolds, 19 Juniper Drive, Sandia Park, NM 87047
5. Paul Gorder, 9 Chaco Loop, Sandia Park, NM 87047
6. John Brault, 7 Corte Viernes, Edgewood, NM 87015
7. Steve Beffort, 67 Raindance, Sandia Park, NM 87047

ARTICLE VI Directors

The names of the directors who shall manage the affairs of the Association for the first year, unless sooner changed by the members, are the same as the incorporators in Article V above.

ARTICLE VII Powers

This Association shall have the following powers:

1. To borrow money, but not to exceed an amount equal to the ability of the Association to make repayment, to give a lien on any of its property as security therefore in any manner permitted by law, and to make advance payments and advances to members;
2. To act as agent for representative of any member or members in any of the activities mentioned in Article III hereof;
3. To buy, lease, hold and exercise all privileges of ownership over such real or personal property as may be necessary or convenient for the conduct and operation of the business of the Association, or incidental thereto;
4. To draw, make, accept, endorse, guarantee, execute, and issue promissory notes, bonds, bills of exchange, drafts, warrants, certificates and all kinds of obligations and negotiable or transferable instruments for any purpose that is deemed to further objects for which this Association is formed, and to give a lien on any of its property as security therefore;
5. To acquire, own and develop any interest in patents, trademarks and copyrights connected with or incidental to the business of the Association;

6. To transact business with or for non-members in an amount not greater in value than the business which it transacts with its members;
7. To cooperate with other similar associations in creating central, regional, or national community water and wastewater systems, for any of the purposes for which this Association is formed, and to become a member or stockholder of such agencies as now are or hereafter may be in existence;
8. To have and exercise, in addition to the foregoing, all powers, privileges and rights conferred on ordinary corporations by the laws of this state and all powers and rights incidental or conducive to carrying out the purposes for which this Association is formed, except such as are inconsistent with the express provisions of the Act under which this Association is incorporated, and to do any such thing anywhere. The enumeration of the foregoing powers shall not be held to limit or restrict in any manner the general powers possessed by this Association, all of which are hereby expressly claimed.

ARTICLE VIII Capital Value and Memberships

1. The Association is organized with memberships and limited to 20,000 in number;
2. There shall be multiple classes of membership: water and wastewater users, and an Association membership for entities organized under the cooperative or sanitary projects acts, government entities, or other non-profit organizations operating or created to operate a water or wastewater system. Each water and wastewater user membership shall have a par value of \$4,000, and association memberships shall have a par value as set by the board of directors given the specific circumstances of service for that entity. The board of directors may determine different categories of memberships under each type of membership, and the board of directors may determine a commercial price for each membership, if authorized in the bylaws.
3. Each member shall be required to own at least one (1) membership.
4. There shall be no limit on the percentage of memberships that may be owned or controlled by any member.
5. There shall be only one vote per member regardless of the number of memberships owned.

ARTICLE IX Ownership of Water & Wastewater User Memberships

A membership of this Association may be purchased, owned and held only by water and wastewater users or landowners who patronize the Association in accordance with the uniform terms and conditions prescribed thereby, within the franchise area or place of use of waters of the Association and only such water and wastewater users and landowners shall be eligible for membership in the Association. Ownership of memberships in this Association shall follow the ownership of the land. No member shall have more than one (1) vote in any meeting of the Association regardless of the number of memberships owned by him or her. Ownership of a membership in the name of a husband and wife

shall be counted as one owner and shall entitle the owners thereof to one, and only one, vote. Only fully paid members shall be entitled to vote.

As association membership of this Association may be purchased, owned and held only by entities organized under the cooperative or sanitary projects acts, government entities, or other non-profit organizations operating or created to operate a water or wastewater system. All provisions of the foregoing paragraph apply to association members, except they need not be water users or landowners, but shall consist of associations of water and wastewater users and landowners, or operate or are organized to operate water and wastewater facilities. Such entities must be non-profit or governmental in nature, and their memberships shall not be transferred except in name only in the event of a sale.

In the event the Board of Directors of the Association shall find, following a hearing, that any membership of the Association has come into the hands of any person or entity who is not eligible for membership, or that the holder thereof has ceased to be an eligible member, he or she shall have no rights or privileges on account of such membership, or vote or voice in management of the affairs of the Association, other than the right to participate in accordance with the law in case of dissolution, and the Association shall have the right, at its option, to:

- 1) Purchase such membership at its book or par value, whichever is less, as determined by the board of directors of the Association, or;
- 2) Require the transfer of any such membership at such book or par value to any person eligible to hold it.

In exercising its right to purchase or to require the transfer or conversion of membership if such holder fails to deliver the certificate or certificates evidencing membership, the Association may cancel such certificate or certificates on its records and issue new membership documentation (pursuant to the bylaws), to the party entitled thereto.

ARTICLE X Transfer of Membership

A membership of the Association may be transferred only with the consent of the Board of Directors of the Association, and then only to person(s) eligible to hold it; and no proposed assignment or transfer of a membership shall pass to any person not eligible to hold the membership, any rights or privileges on account of such membership, or vote or voice in the management of the affairs of the Association.

ARTICLE XI Minimum Number of Memberships

The minimum number of memberships which must be owned to qualify for membership in the Association is one (1).

ARTICLE XII
Lien of Indebtedness

This Association shall have a lien on all of its issued memberships for all indebtedness of the holders thereof to the Association. Each member, as a condition of membership, waives, as against the Association, any and all exemptions provided by law in order that the lien of the Association provided by this article shall not be impaired. The member shall not pledge, mortgage, encumber, or otherwise grant a security interest in any membership or memberships held without the written permission of the board of directors, which permission may not be withheld or granted conditionally, and may be governed by applicable provisions of the bylaws that may be adopted. This article shall not prohibit the encumbrance of a membership or memberships when given in conjunction with a mortgage or to refinance the real property to which the membership, or memberships, run provided such encumbrance of a membership or memberships is expressly subordinate and inferior to the lien of the Association for the full amount of the member's indebtedness to the Association.

ARTICLE XIII
Allocation and Distribution of Net Savings

At least once a year, after all indebtedness has been paid in full, the Board of Directors shall apportion the net savings of the Association in the following order:

- 1) Not less than ten percent (10%) shall be placed in a reserve fund until such time as the fund shall equal at least fifty percent (50%) of the paid up membership value;
- 2) A portion of the remainder, in an amount equal to one percent (1%) of the paid up membership value, may be allocated to an education fund to be used in educating the community about the Association, its mission, and activities;
- 3) The remainder shall be allocated in the same uniform rate to all members of the Association in proportion to their individual patronage, provided that:
 - a. In case of a fully paid member, his proportionate amount of savings return shall be distributed to him;
 - b. In the case of a subscriber, his proportionate amount of savings return shall be credited to his account until the full value of the membership subscribed has been fully paid.

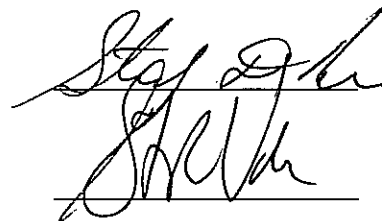
ARTICLE XIV
Dissolution

The Association may, at any regular or special meeting legally called for that purpose, vote to dissolve the Association, provided two-thirds (2/3) of the entire membership so votes. Upon a vote of dissolution, a majority of the members at the meeting shall designate three (3) members of the Association as trustees who shall, on behalf of the Association and within a time fixed in their designation or within any extension thereof, liquidate the assets of the Association, pay its debts and expenses, return to the members

the par value of their memberships if paid for in full, and if not then to the subscribers the amount paid on their subscription. Any remaining funds (surplus) will be evenly distributed among the members in good standing as of the date of the dissolution based upon the number of memberships owned.

We, the undersigned incorporators of the Entranosa Water & Wastewater Association (a Cooperative Association), having voted at a meeting of the Board of Directors on December 21, 2006, acknowledge and certify the decision to change the Entranosa form of organization from that of a mutual domestic association organized under the Sanitary Projects Act to that of a Cooperative Association organized under the Cooperative Act, pursuant to article 3-29-20 NMSA 1978 of the laws of the State of New Mexico

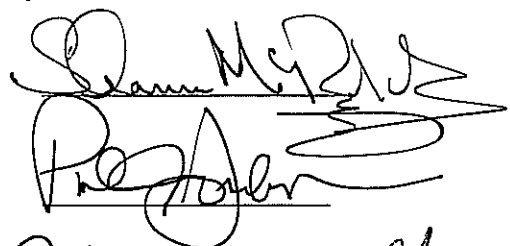
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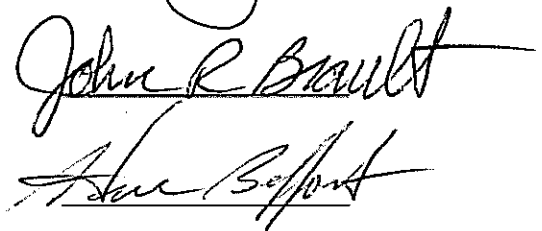
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John R. Brault
7 Corte Viernes, Edgewood, NM 87015



Steve Beffort
67 Raindance, Sandia Park, NM 87047

I, John L. Jones, as Chief Operating Officer of the Association, acknowledge and accept the appointment of the Association as its registered agent until amended by annual filing.



The foregoing instrument was acknowledged before me this 21st day of December, 2006, by each of the above named members, and the COO, of Entranosa Water & Wastewater Association.



OFFICIAL SEAL
LORI K. SELF
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 2-1-09

