

BYLAWS OF ENTRANOSA WATER AND WASTEWATER ASSOCIATION
August 22, 2019

ARTICLE 1

***Names, Objectives, Purposes and Principal
Place of Business***

The name of the organization shall be Entranosa Water and Wastewater Association (a Cooperative Association) ("Association" or "Entranosa"). The objectives, purposes and the principal place of business of this Association shall be as stated and provided for in the Articles of Incorporation.

ARTICLE II

Seal

The seal of the Association shall have inscribed thereon the name of the Association and the words "A Cooperative Association" and the date of original incorporation, "1981".

ARTICLE III

Fiscal Year

The fiscal year of the Association shall begin on the first day of January in each year.

ARTICLE IV

Membership

Section 1.

This bylaw establishes memberships for Entranosa Water and Wastewater Association. The Board of Directors ("Board") may determine and define different categories of memberships under each type of membership and eliminate existing categories as needed. Memberships will only be granted to a deeded parcel of land and may not be transferred to another parcel. In no case shall any membership be approved for large irrigation projects, such as golf courses. Any natural person, partnership, limited partnership, corporation, association, incorporated or

unincorporated group organized on a cooperative basis, or any nonprofit group who are bona fide occupants and residents or are landowners in the franchise area or place-of-use of the Association and who are in need of water for domestic or commercial purposes or wastewater services and who are approved by the Board of Directors, may be admitted to membership upon application thereof and appropriate payment of a membership fee. No application for membership shall be approved if the capacity of the Association pipelines and water is exhausted by the needs of its existing members. In the event of a shortage of water, the Association shall take appropriate measures to meet the needs of the water users being serviced by the Association by curtailment of consumption or by seeking additional sources.

- a. Each membership and single meter shall entitle that member to water service to a main residence, secondary residence, commercial establishment or any buildings on the same parcel.
- b. Multi-unit commercial establishments on the same membership parcel will require, at the discretion of Entramosa, a meter at each unit or groups of units.
- c. If a membership parcel is subdivided, each newly created parcel will require a membership and meter.
- d. An Associate membership and single meter will entitle that member organization to water service pursuant to a signed agreement.

Application for temporary service shall be submitted to the Chief Executive Officer. Temporary service granted on this basis can be revoked by the Board of Directors on thirty (30) day notice to the consumer.

Section 1A. Membership Prices

Membership values are based on the cost to provide service to the entire membership divided by the total number of members and connection commitments. The Board may revise membership values as needed.

Associate membership values will be determined by the Board based on the cost to provide service.

Section 2.

All applications for membership shall be approved by the Chief Executive Officer, and all applications for Associate members shall be approved by the Board of Directors. Applications for or subscriptions to membership in this Association shall be in the form approved and provided by the Board of Directors. Membership shall not be denied because of the applicant's age, race, color, creed, national origin, sex, disability or perceived disability, or any other discriminatory basis prohibited by the law of any applicable governmental entity.

Section 3.

The rights, privileges and obligations of all members of this Association shall be provided such that a member's right to delivery of water and/or collection of sewage and the amount thereof shall be based upon the number of service connections with the distribution and/or collection system of the Association and further provided that after October 5, 2000, all new memberships and transfer memberships shall either include wastewater service or be located in a subdivision or community where wastewater services are provided. Associate members do not have voting privileges as stated in Article IV Section 4, but may have voting rights as provided in their agreements with Entranosa.

Section 4.

Each member, regardless of the number of memberships owned, shall be entitled to one vote only. Voting by Proxy will not be permitted. Voting by mail will be permitted as provided in the following section.

Section 5.

Before any meeting of the members, the Secretary shall send to each of the members a copy of the proposed schedule with the notice of the meeting. Any member who is not present and voting at such meeting may cast his or her vote on all matters in the proposed schedule by mailing or delivering such vote to the Secretary in such time that it is received not later than the time of the holding of the meeting, as specified in the notice thereof. All such votes so received will be counted in the same manner and to the same effect as votes cast in person by members in attendance at the meeting. Voters casting their ballots in the manner described above shall be counted in determining a quorum as set out in Section 4 of Article V herein.

Section 6.

Any person or entity, as set forth in Section 1 of this Article, obligated or desiring to purchase a membership in the Association but who does not pay, at the time of submitting the application, the membership fee as stated in Section 1 above, shall be a subscriber. A membership shall not be issued until paid for in full. Subscribers shall pay for memberships in a manner and in accordance with the terms and conditions as agreed to between the subscriber and the Board of Directors, subject to the approval of the Lending Agency of the Association. Subscribers are entitled to water service but shall not be entitled to vote until the membership fee is paid in full.

Section 7.

Associate members shall consist of homeowner or landowner

associations or be organized to operate water & wastewater facilities. Associate membership will entitle that organization to water service pursuant to a signed agreement with Entranosa.

ARTICLE V

Meetings of Members

Section 1.

The annual meeting of the members of the Association shall be held at any place designated by the Board of Directors in the State of New Mexico, during the fourth quarter of each year.

Section 2.

Special meetings of the members of the Association may be called at any time by the Chair, or upon resolution of the Board of Directors signed by ten (10) percent of the members. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat, except such as is specified in the notice.

Section 3.

Notice of meetings of members of the Association, both regular and special, shall be given by notice mailed by first-class mail to each member of record, directed to the address as shown upon the books of the Association, not less than ten (10) nor more than forty (40) days prior to such meeting. Such a notice shall state the nature, time, place and purpose of the meeting.

Section 4.

Three (3) percent of the members of the Association shall constitute a quorum at any meeting of the Association for the transaction of business. The Association shall undertake to ensure a larger participation in membership meetings by all reasonable means.

Section 5.

The order of business at the regular meetings and, if possible, at the other meetings shall be:

1. Calling to order and proof of quorum
2. Proof of notice of meeting
3. Reading and action of any approved minutes
4. Reports of Officers and committees
5. Election of Directors

6. Unfinished business
7. New business
8. Adjournment

ARTICLE VI

Directors

Section 1. Function of the Board of Directors

The business and affairs of the Association shall be managed by a Board of seven (7) Directors. The functions of such Board shall include:

1. The selection of a delegation of authority to Officers necessary for the management of the Association business;
2. The determination of policies for guidance of the management of the Association;
3. The control of expenditures by authorizing budgets;
4. The keeping of members fully informed of the business of the Association;
5. The causing of audits to be made from time to time as is necessary or required by the financing organization and/or the laws of the State of New Mexico;
6. The studying of the requirements of members and promoting good membership relations;
7. The prescribing of the form of membership certificates and;
8. The establishment of water charges and levying of assessments and the enforcement and collection thereof, limitations on water use or consumption, in accordance with the provisions of these bylaws, equitable uniform rules and regulations, and the laws of the State of New Mexico.

Section 2. Election and Term of Board Members.

At each annual meeting the membership shall elect for a term of three (3) years the number of Directors whose terms of office have expired. Each Director shall hold office for a term for which he or she is elected and until his or her successor shall have been elected and qualified. The Board of Directors shall be elected from the membership of the Association who are eligible to vote.

Section 3. Election of Officers

Newly elected Directors shall formally take office on January 1, after the election. They shall be required to attend board meetings, but shall not have voting powers except provided below, until formally taking office. Election of Board Officers shall take place at the January meeting which shall be chaired by the incumbent Chair. The Directors who will serve in the forthcoming calendar year shall elect by ballot a Chair,

Vice-Chair, Secretary and Treasurer from among themselves, each of whom will hold office until the next annual meeting and until the election and qualification of his or her successor unless sooner removed by death, resignation, or for cause.

Section 4. Compensation of Officers.

The members of the Board of Directors shall receive no compensation for their services as Directors.

Section 5. Meetings of the Board of Directors.

In addition to the annual meeting, the Board shall hold meetings at such regular intervals as the Board may determine, but not less than every three (3) months. A quorum consisting of a majority of the Board members is required to conduct business at a board meeting. Meetings of the Board of Directors shall be held in the State of New Mexico.

Section 6. Powers of the Board.

The Board of Directors shall have the general power to act for the Association in any manner not prohibited by statute or by the Articles of Incorporation. If the Association shall at any time borrow or receive by way of grant, any property of the United States, through any of its agencies, the Board of Directors shall pursue such management methods, including accounting and audits, as such agency may prescribe.

Section 7. Vacancies.

If the office of any Director or Officer becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office or expiration of term, a majority of the remaining Directors, though less than a quorum, shall by a majority vote, choose a successor who shall hold office until the next regular meeting of the members of the Association, at which time the members shall elect a Director for the unexpired term or terms, providing that in the call of such regular meeting, a notice of such election shall be given.

Section 8. Removal of Directors and Officers.

Any Director or Officer of the Association may be removed from office with or without cause by a vote of no less than two-thirds (2/3) of the members of the Association present at any properly-convened annual or special meeting. The Director or Officer shall be informed, in writing, of the charges against him or her at least ten (10) days before such meeting and at such meeting shall have the right and opportunity to be heard in person or by counsel and to present witnesses in his or her behalf. A vacancy caused by such removal shall be filled by the vote provided in these bylaws for election of Directors at the meeting where the removal occurs. Employees and agents,

other than Directors and Officers, may be removed from office or employment at any time by action of the Board of Directors.

Section 9. Indemnification of Directors and Officers.

The Association shall indemnify any person who was or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she is or was a Director, Officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, Officer, employee or agent of another association, company, partnership, joint venture, trust or other enterprise against expenses (including reasonable attorneys' fees to be approved by the Board of Directors) judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, to the extent and under the circumstances permitted by the N.M. Statutes Annotated, Section 53-4-9.1 (1978), as amended. Such indemnification (unless ordered by the court) shall be made as authorized in a specific case upon a determination that indemnification of the Director, Officer, employee or agent is proper under the circumstances because he or she has met the applicable standards of conduct set forth in the Cooperative Laws of New Mexico (Sections 53-4-1 to 53-4-45 NMSA 1978). Such determination shall be made (1) by the Board of Directors by a majority vote of quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) by the voting members. The foregoing right of indemnification shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of membership or disinterested Directors or otherwise, and shall continue as to a person who has ceased to be a Director, Officer, employee or agent and shall accrue to the benefit of the heirs, executors and administrators of such a person. Any advance indemnification under this Section given to a Director, Officer, employee or agent for reasonable expenses to be incurred in connection with the defense of the action suit or proceeding, shall provide as a condition of such advance indemnification, that the Director, Officer, employee or agent shall reimburse the Association if it is subsequently determined that the Director, Officer, employee or agent was not entitled to the indemnification.

Section 10.

The Board shall establish and amend rules and regulations of the Entramosa Water and Wastewater Association.

Section 11.

The Board shall establish policies and requirements for accepting and retaining Associate members, and for contracting for managing water and wastewater associations.

ARTICLE VII

Duties of Officers and Employees

Section 1. Duties of the Chair.

The Chair shall preside over all meetings of the Association and the Board of Directors, shall call special meetings of the Board of Directors, and perform all acts and duties usually performed by an executive and presiding Officer. He or she shall sign all membership certificates, notes, bond, mortgages, contracts and other instruments on behalf of the Association. He or she shall be an ex-officio member of all standing committees and shall have such powers and perform such other duties as may be properly required of him or her by the Board of Directors.

Section 2. Duties of the Vice-Chair.

The Vice-Chair, in the absence or disability of the Chair, shall perform the duties of the Chair. However, in case of death, resignation, or disability of the Chair, the Board of Directors may declare the office of Chair vacant and elect a successor to fill the unexpired portion of the Chair's terms.

Section 3. Duties of the Secretary.

The Secretary shall keep or cause to be kept a complete record of all meetings of the Association and of the Board of Directors and shall attest the Chair's signature on all membership certificates and other papers pertaining to the Association, keep the corporate seal and membership certificate records of the Association, complete and attest all certificates issued, and affix the corporate seal to all papers requiring seal. Upon election of a successor, the Secretary shall turn over all books and other property belonging to the Association as there may be in his or her possession.

Section 4. Duties of the Treasurer.

The Treasurer shall monitor the financial status of the Association and provide a written financial report to the membership at the annual membership meeting. In addition, the Treasurer shall report periodically to the Board of Directors on the financial status of the Association and provide to the Board of Directors an assessment of the financial impact of proposed budgets and activities.

Section 5. Personnel Hiring, Policies, and Bonding.

The Board of Directors will hire a Chief Executive Officer who will be directly responsible to the Board of Directors for the overall operations of the physical plant of the Association. The specific duties of the Chief Executive Officer will be as directed by the Board of Directors. The Chief Executive Officer shall be responsible for hiring and organizing all other employees as he or she deems necessary to operate the

Association, within budget approval of the Board of Directors. The Board of Directors shall establish personnel policies and procedures and stipulate those Directors and employees requiring a surety bond in the performance of their duties. The premium for such a bond shall be paid by the Association.

ARTICLE VIII

Water Charges, Assessments and Distribution of Water

Section 1.

Water shall not be delivered by the distribution systems of the Association except to users who are members or subscribers of the Association except as provided for in Section 6 of this Article. If any member or subscriber needs and desires service connections within the system in excess of one (in the case of a subdivided parcel), each additional connection or service shall be made upon application to and approval of the Board of Directors and upon appropriate payment of the membership fee as stated in Article IV, section 1 above for each such subdivided connection or service.

Section 2.

The Board of Directors shall establish a rate schedule to be charged the members for services provided by the Association. The established rate schedule shall apply to each service connection. The Board of Directors shall review the established rate schedule of charges on an annual basis to assure that sufficient funds will be generated for the coming year to cover anticipated expenses and replacements. This determination shall be based on the previous year's actual expenses and the estimated budget for the coming year.

Section 3.

If at any time within ninety (90) days prior to the end of any fiscal year it appears in the judgment of the Board of Directors that the amount derived from the collection of water charges during any fiscal year will be insufficient to pay when due all costs incident to the operation of the Association's systems and the payment of all debts of the Association, the Board shall make and levy an assessment against the members of the Association so that the total amount reasonably expected to be collected from water charges will be sufficient to fully pay when due all costs of operation, maintenance, replacement and repayments on indebtedness or other expenses for the year's operation. A proportionate amount of the necessary total of such assessments levied in any year shall be levied against each member in an amount which bears the same relation to the total assessment as the number of service connections serving such member bears to the total number of service connections within the systems of the Association.

Section 4.

The Board of Directors shall have the authority to sell the membership of any member in the event of non-payment of any water charges or assessments owing by such member within thirty (30) days after demand for payment by mail, properly addressed to such delinquent member. The proceeds of any sale of membership over and above the amount due the Association shall be paid to the delinquent member. In lieu of such sale of membership, the Board of Directors may purchase the membership on behalf of the Association at a price determined by the Board to be the fair value of the membership, provided that in the event of either a sale of the membership or the purchase thereof by the Association, the proceeds shall be first applied to the payment of any indebtedness due the Association by the delinquent member.

Section 5.

Notwithstanding the rights of the Association to terminate the membership of a delinquent member as provided above, the Association through its Board of Directors, shall have the additional right to terminate the water service to the delinquent member after thirty (30) days written notice by mail of the delinquency, which shall include a notice of termination of water service.

Section 6.

The Board of Directors, upon the request of a city, county, or volunteer fire department, may provide water in an amount and for a fee as established by the Board of Directors.

Section 7.

Revenue from water and wastewater operations shall accrue to the general ledger. As a policy, expansion of the water or wastewater systems shall be paid by the development or project requiring the expansion and not by the operation or capital funds of the Association. Such limitations shall not affect service improvements.

ARTICLE IX***Membership Records*****Section 1. Form of Certificate.**

The Board of Directors shall determine the form of membership certificate and the same shall be signed by the Chair and his or her signature attested by the Secretary who shall impress thereon the seal of the Association, provided that the form of the

certificate, in addition to any other matters required by the Board of Directors to appear therein, shall contain statements as required by the laws of the State of New Mexico. Certificates to be issued for memberships that are associations shall clearly indicate "MEMBERSHIP OF ASSOCIATE MEMBER."

Section 2. Membership Book.

As a part of the records of the Association, there shall be kept a membership book, which shall contain a list of the certificates of membership which have been issued, noting the number of the certificate, the date thereof, the number of service connection, the name and address of the person to whom issued and the legal description of the property to which the memberships runs (unless an Associate membership).

Section 3. Transfer of Membership.

Certificates of membership may be transferred with the land to which the certificate attaches and the transfer shall be noted on the books of the Association, provided that the right to transfer of membership shall be subject to the preferential right of the Association to purchase such membership as provided by the laws of the State of New Mexico. All transfers of membership are subject to the approval by a majority vote of the Board of Directors.

Section 4. Recall of Member's Holdings.

The Board of Directors shall have the power to use surplus funds of the Association to recall, at par value, the holdings of any member in excess of the amount necessary for one single-family dwelling, one commercial establishment, or the holding of any member in excess of the amount necessary for each single-family dwelling or each commercial establishment actually serviced by the Association for that member. Any action under this section providing for a recall of memberships must be authorized by a majority of the Directors. When any memberships are recalled, they shall either be reissued or canceled. In the case of recall of subscribing members, the Board of Directors shall reimburse the subscribing member for only those principal funds paid by the subscribing member to the Association for the membership. This Section shall not apply to those members who applied for water service to the predecessor company prior to May 21, 1977.

Section 5. Expulsion.

A member may be expelled in the manner provided by the laws of the State of New Mexico under which this Association was formed and incorporated.

ARTICLE X

Distribution of Net Savings

Distribution of net savings shall be in accordance with the Articles of Incorporation of this Association.

ARTICLE XI

Amendments

These bylaws may be repealed or amended by a vote of 2/3 of the members voting at any regular meeting of the Association or any special meeting of the Association called for that purpose.

I, Rob Baracker, Secretary of the Entranosa Water & Wastewater Association, a corporation and Cooperative association existing under the laws of the State of New Mexico, hereby certify that the foregoing is a true and correct copy of the bylaws, together with all amendments thereto, as of this 16th day of September 2019 which were duly authorized on the 20th day of September, 2018 by vote of the membership.


Rob Baracker, Secretary

Approved by:

Lee Liggett, Chair
Board of Directors

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

The foregoing instrument was acknowledged before me this 16th day of September 2019 by Rob Barracker and Lee Liggett, officers of the Association.

My Commission expires: 8/1/23


NOTARY PUBLIC

