

BY LAWS
OF
TRAQUILLO PINES WATER USERS COOPERTIVE

ARTICLE I

Names, Objects, Purposes and Principal
Place of Business

The corporate name, the objects and purposes and the principal place of business of this association shall be as stated and provided in the Articles of incorporation of the association.

ARTICLE II
SEAL

The seal of the association shall have inscribed thereon the name of the association in the following manner; "Tranquillo Pines Water Users Co-op".

ARTICAL III
Fiscal Year

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

ARTICAL IV
Membership

Section 1.

Any natural person, association, incorporated or unincorporated group organized on a co-opertive basis, or any non profit group, who are bona fide occupants and residents within and in the vicinity of the Manzano Mountians in Bernalillo County, New Mexico, more particularly described as Sections 19, 20, 30, 29, 31 and 32, Township 9 Range 6 East, N.M.P.M., being reasonably accessible to the system of the association and who are in need of water for domestic purposes and/or the collection and disposal of sewage, and who are approved by the Board of Directors, may be admitted to membership upon application therefor and the payment of a membership fee in the amount of \$ 100.00. No application for membership shall be approved under this section, if the capacity of the association's water and/or sewer system is exhausted by the needs of its existing members. In the event of a shortage of water, the association shall take appropriate measures to provide additional water to meet the needs of the association.

Section 2.

All applications for membership shall be passed on by the Board of Directors. Applications for or subscriptions to membership in this association shall be in the form approved by the Board of Directors. Membership shall not be denied because of the applicant's race, color, creed, national origin or sex.

Section 3.

The rights, privileges and obligations of all members of this association shall be equal, provided 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.

Section 4.

Each member 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.

At any time that a schedule of the matters proposed to be presented for action at a meeting of the members is definitely known in advance of such meeting, the Secretary-Treasurer shall send to each of the members a copy of such proposed schedule with the notice of said meeting. Any member who is not present and voting at such meeting may cast his vote on all matters in the proposed schedule by mailing such vote to the Secretary-Treasurer in such time that it is received and not later than the time of the holding of the meeting, as specified in the notice thereof. All such votes by mail 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. In no event shall voters casting their ballots by mail be counted in determining a quorum as set out in Section 4 of the Article V herein.

ARTICLE V.
Meetings of Members

Section 1.

The annual meeting of the members of this Association shall be held at Tijeras-Bernalillo County-State of New Mexico - 7:00 o'clock p.m. on the Third Thursday in February.

Section 2.

Special meetings of members of the Association may be called at any time by the President, or upon resolution of the Board of Directors, upon written petition to the President of the Board, 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 shown upon the books of the corporation, not less than (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, but no failure or irregularity of notice of any annual meeting, regularly held, shall effect any proceedings taken thereat.

Section 4.

Twenty (20%) percent of the total membership of the Association shall constitute a quorum at any meeting of the Association for the transaction of business.

Section 5.

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

1. Calling to order and proof of quorum.
2. Proof of notice of meeting.
3. Reading and action on any unapproved minutes.
4. Reports of officers and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE VI
Directors

Section 1.

Functions of the Board of Directors. The business and affairs of the association shall be managed by a Board of five (5) Directors. The functions of such board shall include: (1) The selection of and the delegation of authority to officers necessary for the management of the association business; (2) The determination of policies and 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 Farmers Home Administration; (6) The studying of the requirements of the members and promoting good membership relations; (7) The prescribing of the form of membership certificates; and (8) The establishing of water and/or sewer charges and the levying of assessments and the enforcement and collection thereof, 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. The first Board of Directors, consisting of those named in the Articles of Incorporation, shall serve until their successors are elected and have qualified. At the first annual meeting of the members, one director shall be elected for a term of one year; two directors for a term of two years; and two directors for the term of three years. At each annual meeting thereafter; the members shall elect for a term of three years, the number of directors whose terms of office have expired. Each director shall hold office for a term of which he is elected and until his successor shall have been elected and qualified. The Board of Directors shall be selected from the membership of the association.

Section 3.

The Board of Directors shall meet as soon as possible after the holding of the annual election of directors and, in any event, within ten (10) days of that time and shall elect by ballot a President, Vice President and Secretary-Treasurer from among themselves, each of whom shall hold office until the next annual meeting and until the election and qualification of his 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. The Secretary-Treasurer shall be paid for his services at the rate to be fixed at any regular or special meeting of the members of the association.

Section 5.

Meetings of the Board Members. In addition to the annual meeting, the board shall hold meetings at such regular intervals as the board may determine. A majority of the board present at any meeting shall constitute a quorum for the conduct of business thereat.

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 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 becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office or expiration of term, 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 not less than two-thirds (2/3) of the members of the association present at any annual meeting, or at any special meeting. The director or officer shall be informed, in writing, of the charges against him 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 behalf. A vacancy caused by such removal shall be filled by the vote provided in these bylaws for election of directors. Employees or agents, other than directors and officers may be removed from office or employment at any time by action of the Board of Directors.

ARTICLE VII Duties of Officers

Section 1.

Duties of the President. The President 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 shall sign all membership certificates, notes, bonds, mortgages, contracts and other instruments on behalf of the association.

He shall be an ex-officio member of all standing committees and shall have such powers and shall perform such other duties as may be properly required of him by the Board of Directors.

Section 2.

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

Section 3.

Duties of the Secretary-Treasurer. The Secretary-Treasurer shall keep a complete record of all meetings of the association and of the Board of Directors and shall have general charge and supervision of the books and records of the association. He shall attest the President's signature on all membership certificates and other papers pertaining to the association. He shall keep the Corporate Seal and membership certificate records of the association, complete and attest all certificates issued and affix corporate seal to all papers requiring a seal. He shall collect all assessments and money due to the association and deposit the same in the depository designated by the Board of Directors and shall disburse funds on the proper order of the Board of Directors and shall make a report of the business transacted by him annually or oftener, if so requested by the Board of Directors and he shall do and perform such other duties and functions as may be required of him by the Board of Directors or President. The Secretary-Treasurer shall be covered in the performance of his duties by a surety bond in an amount to be determined by the Board of Directors. The premium for such bond shall be paid by the association. Upon the election of his successor, the Secretary-Treasurer shall turn over to him all books and other property belonging to the association as he may have in his possession.

Section 4.

Other Employees or Agents. The Board of Directors may appoint in addition to the officers named above, other agents or employees which may be necessary to superintend the water or sewer system of the association and its construction, maintenance and repair. Such agents or employees may be authorized by the Board of Directors under its direction and pursuant to its rules and regulations, to provide for the delivery of water and/or sewer service to the members of the association. Such agents or employees shall be paid a compensation for the performance of their duties in an amount to determined by the Board of Directors.

ARTICLE VIII
Water and/or Sewer Charges, Assessments and Distribution
of Water and/or Collection of Sewage

Section 1.

Water shall not be delivered and/or sewage collected by the system(s) of the Association, except to users who are members of the association. If any member needs and desires service connections with the system in excess of one, such excessive connections shall be made upon the application to and approval of the Board of Directors and upon payment of one-half times the current minimum cost of joining the Cooperative and having the first meter installed for each connection in excess of one. No service connection in excess of one shall be approved for any member or made pursuant to this section when the full capacity of the Association's system(s) is needed to serve the existing connections.

Section 2.

The Board of Directors shall establish a rate schedule to be charged to the members for service provided by the association. The established rate schedule shall apply to each service connection by an approved rate schedule in effect. Annually the Board of Directors shall review the established rate schedule of charges to assure that sufficient income will be generated for the coming year to cover anticipated expenses. 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 the fiscal year, it appears in the judgement of the Board of Directors that the amount derived or which will be derived from the collection of water and/or sewer charges during any fiscal year will be insufficient to pay when due all costs incident to the operation of the Association's system(s) 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 and/or sewer charges 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 system(s) of the Association.

Section 4.

The Board of Directors shall have the authority to sell membership of any member in the event of non-payment of any water and/or sewer charges or assessments owing by said 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 to 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 to 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 rights to terminate the supply of water and/or sewer service to the delinquent member after thirty (30) days written notice by mail of the delinquency.

ARTICLE IX

Section 1.

Form of Certificate. The Board of Directors shall determine the form of membership certificate and the same shall be signed by the President and his signature attested by the Secretary-Treasurer who shall impress thereon the Seal of the association, provided that the form of 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.

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 connections and the name and address of the person to whom issued.

Section 3.

Transfer of Membership. Certificates of membership may be transferred and the transfer shall be noted on the books of the association, provided that the right to transfer of membership shall be subject to preference right of the association to purchase such membership as provided by Laws of New Mexico, and also provided that, in the event of disposal of the membership to a transferee, said transferee is subject to approval by a majority vote of the Board of Directors.

Section 4.

Recall of Member's Holdings. Surplus funds may be used by the Board of Directors to recall at par value, the holdings of any member in excess of the amount requisite for membership. If any member has failed to patronize the association during the period of six (6) months, the Board of Directors may use the surplus funds to recall all of said member's holdings, whereupon he shall cease to be a member of the association. When so recalled, such membership certificate shall be either reissued or cancelled.

Section 5.

Expulsion. A member may be expelled in the manner provided by the Laws of New Mexico, under which this association was formed and incorporated.

ARTICLE X Distribution of Net Savings

Section 1.

Although this association is anon-profit cooperative association for the mutual benefit of its members and it si not intended to be operated in such a way as to accumulate funds in excess of those necessary for the operation of the system of the association, at least once each year the Board of Directors in the event it is determined that funds have been accumulated in excess of those necessary for the operation of the association, shall apportion such surplus funds among the members of the association in the following order:

- a. Not less than ten (10%) percent shall be placed in a surplus fund until such time as the fund shall equal to at least fifty (50%) percent of the paid up capital.
- b. A portion of the remainder, in the amount of (50%) percent shall be allocated to an educational fund to be used in teaching cooperation.
- c. The remainder shall be allocated at the same uniform rate to all patrons of the association in proportion to their individual patronage, provided that, in the case of a member patron, his proportionate amount of savings return shall be distributed to him.

ARTICLE XI
Amendments

These bylaws may be repealed or amended by a vote of two-thirds (2/3) of the members voting at any regular meeting of the corporation, or at any special meeting of the corporation called for that purpose, except so long as any indebtedness is held by or guaranteed by the Farmers Home Administration, the members shall not have the power to change the purposes of the corporation so as to decrease its right and powers under the laws of the State, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the corporation or its members, or so to amend the bylaws as to effect a fundamental change in the policies of the corporation without the prior approval of the Farmers Home Administration in writing.

We certify that the foregoing bylaws were duly adopted by the members on September 29, 1974, that the same are in full force and effect and have not been amended.

Given our hands and seal of the corporation, this 2nd day of February, 1975.

Signed: Hazel Brinkman
Secretary-Treasurer

Signed: Paul Sweenhart
President