

BY-LAWS

OF

BIG MESA
MUTUAL DOMESTIC
WATER CONSUMERS
ASSOCIATION

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BIG MESA MDWCA BYLAWS

Duly adopted 6/18/1988 unless otherwise noted.

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BY-LAWS
OF
BIG MESA MUTUAL DOMESTIC WATER
CONSUMERS ASSOCIATION

ARTICLE I

Names, Objects, Purpose 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 now preceded by the "Certificate of Association" Enacted 8/4/2002.

ARTICLE II

Seal

The seal of the Association shall have inscribed thereon the name of the Association and the words: A Mutual Domestic Water Association.

ARTICLE III

Fiscal Year

The fiscal year of the Association shall be June 1st through May 31st each year.

ARTICLE IV

Membership

Section 1. Membership, Application, Qualification, Fees

Any natural person, association, corporation, incorporation or unincorporated group organized on a cooperative basis, or any non-profit group, who are bona fide occupants and residents within and in the vicinity of the community of Conchas Dam, county of San Miguel, New Mexico being reasonably accessible to the system of the cooperative and who are in need of water for domestic purposes, and the collection and disposal of sewage and solid waste and who are approved by the Board of Directors, may be admitted to membership upon application and payment of a non-refundable membership fee in the amount of \$35.00. No application for membership shall be approved under this action if the capacity of the Association's water, sewage, and solid waste disposal 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. Application Approval

All applications for membership shall be subject to approval by the Board of Directors. Applications for or subscriptions to membership in the Association shall be in the form approved and provided by the Board of Directors. Membership shall not be denied because of the applicant's race, color, creed, national origin, or sex. Membership may be based on ownership of property served by the Association or upon receipt of service from the association. No person shall have more than one membership irrespective of the number of service connections to property owned by him.

Section 3. Membership Rights

Voting rights of all members shall be equal. Other rights, privileges and obligations of members to delivery of water, collection of sewage and solid waste disposal and the payment of charges therefore shall be based upon the number of households served by the solid waste facilities of the Association and either:

- a. the number of service connections with the water system of the Association, or
- b. the Board may set uniform rates for water and sewer service based on water consumption.

Section 4. Membership Voting Rights

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. Deadlines for Candidacy and Mailing Ballots

1. All individuals desiring to be a candidate for a position on the Board of Directors shall be required to submit their names for nomination no later than 30 days prior to the date set for mailing of ballots.
2. The slate of individuals who are running for the Board of Directors shall be posted at the Association's office and on the Association's website no later than 15 days prior to the date set for mailing of ballots.
3. Ballots shall be mailed on the third Saturday of May of each year, or no later than 30 days prior to the date of the annual meeting set forth in Article V, Section 1 herein, whichever provides for the longer period of time. The ballots will be mailed in envelopes stamped BALLOT, and shall be addressed to all Association members using each member's billing address on file with the Association.

All members who are not present and voting at a meeting to elect members of the Board of Directors may cast their vote on all matters in the agenda by mailing their ballot in such time that it is received no later than the day prior to the date of the annual meeting. All such votes by mail timely 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.

Section 6. Voting by Mail

1. Any member desiring to vote by mail shall be provided with a pre-printed ballot that shall include a unique identification number (that shall not be the member's certificate number) that shall be utilized for the sole purpose of preventing duplicate voting. The relation of this unique identification number to each member shall be known only to the organization or entity so retained by the Association to conduct the voting. Any mailed ballot returned with this unique identification number altered or obscured shall disqualify that ballot from being accepted.
2. Any member desiring to vote by mail will be required to place a postage stamp on their ballot and mail the ballot timely. The Association will not pay the postage for ballots cast by mail. Any ballot received with postage due shall be disqualified and that ballot shall not be accepted.
3. A mail-in ballot must be mailed in a sealed envelope, addressed to the return address indicated on the ballot.
4. All mailed ballots will be required to be received no later than the day prior to the date of the annual meeting, and this date will be noted on the ballot form. Any ballot received later than the date posted on the notice in the ballot shall be disqualified. Each member must ensure that their ballot is mailed in a timely manner, and any

disqualified ballot will be held for a member's inspection. The date that a mailed ballot was postmarked shall not be conclusive proof that the ballot was timely received.

5. Any member who has voted by mail may still cast their ballot in person by attendance at the annual meeting, but in no instance will any member be able to cast two votes.
6. All ballots shall be retained for a period of not less than sixty (60) days from the date of the election by the organization or entity retained by the Association to conduct the voting.

ARTICLE V

Meetings of Members

Section 1. Date of Annual Membership Meeting

The annual meeting of the members of this Association shall be held at Conchas Dam, San Miguel County, State of New Mexico, at 10:00 A.M., on the third Saturday of June of each year.

Section 2. Special Membership Meetings

Special meetings of the members may be called by the "Board of Directors, the President, or by ten percent (10%) of the members. The Secretary/Treasurer shall call a special meeting upon receipt of demand for a special meeting from ten percent (10%) of the members.

Section 3. Notice of Membership Meetings

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 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 but no failure or irregularity of notice of any annual meeting, regularly held, shall affect any proceedings taken thereat.

Section 4. Quorum Requirements at Membership Meetings

Ten percent (10%) of the total membership of the Association, including votes by mail, shall constitute a quorum at any meeting of the Association for the transaction of business.

Section 5. Order of Business

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

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

ARTICLE VI

Directors

Revised

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 and delegation of authority to officers, necessary for the management of cooperative business.
2. The determination of policies for the management of the cooperative.
3. Keeping members fully informed of the business of the cooperative in accordance with the Robert's Rules of Order. (i.e. Personnel problems, raises, etc.) shall be held to executive sessions. The salary, miscellaneous pay and gas mileage employees receive is the membership business. A check disbursement sheet will be provide to the membership monthly and can be picked up in the

office during regular business hours. The next monthly meeting time and date will be posted on the monthly water bills.

4. Preparation and maintenance of annual and other budgets.
5. The making of an annual audit.
6. Studying the water, sewage, and solid waste disposal requirements of the members and promoting good membership certificate.
7. Any written or verbal request by a member of the co-op shall be responded to within thirty (30) days.
8. The establishing of water, sewer, and solid waste disposal charges and the levying of assessments and the enforcement and collection thereof, in accordance with the provisions of these By-laws, and applicable rules and regulations and the laws of the state of New Mexico.
9. The Board of Directors shall create standing rules and/or a policy book for future boards to have guidelines to follow. If the board wants to make any changes to the standing rules and/or policy book, changes shall be made by a majority vote.
10. Any member can view the Association's business records during regular business hours, according to the Inspection of public records Act.

Duly adopted 2/10/2001

Section 2. Election and Term of Board Members

The Directors, unless removed in the manner provided herein, shall serve for the terms for which they have been elected and until their successors are elected and have qualified. At the annual meeting of the members at which these by-laws are adopted, one director shall be elected for a term of one year, two directors for a term of two years, and two directors for a 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. The Directors shall be selected from the membership of the Association.

Section 3. Selection and Terms of Board Officers

The Board of Directors shall meet as soon as possible after 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, Secretary, and 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. The post of Secretary and of Treasurer may but need not be held by the same person.

Section 4. Meetings of the Board of Directors

The Board shall hold other meetings at such regular intervals as the Board may determine. A majority of the Board present in person at any meeting shall constitute a quorum for the conduct of business.

Section 5. Compensation of Directors and Officers

The members of the Board of Directors shall receive no compensation for their services as Directors. The Secretary and the Treasurer shall be paid at a rate fixed at any regular or special meeting of the members of the Association.

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, the articles of Incorporation or these bylaws. If the Association shall at any time borrow or receive funds or other property by way of grant, from the United States or the State of New Mexico, through any of their agencies, the Board of Directors shall follow 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, the Board of Directors, though less than a quorum shall choose a successor of their choice, who shall hold the office until the next annual meeting of the members of the Association. At this time the members shall elect a Director for the unexpired term or terms.

Duly adopted 2/10/2001

Section 8. Removal of Directors and Officers

A. Any Officer may be removed for cause by a majority of the Board of Directors at any time.

B. Any Director may be removed from office before expiration of his term by a majority of the membership.

C. All Directors are subject to reasonable ethical standards and are expected to maintain said standards while representing this Association during meetings.

D. If a Director does not attend three (3) consecutive meetings or misses a total of five (5) meetings, within a one year period, without due cause, he/she shall be removed from the Board.

Duly adopted 2/10/2001

Section 9. Resignation

At any time a Director turns in a resignation, it cannot be retracted after three (3) working days.

Duly adopted 2/10/2001

ARTICLE VII

Duties of Officers

Section 1. Duties of the President

The president shall preside over all meetings of the membership and the Board of Directors, may call special meeting of the Board of Directors or the membership and shall 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 as are granted or implied, 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

a. The Secretary 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 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 seals to all papers requiring a seal.

b. Upon the election of his successor, the Secretary shall turn over to him all records and other property belonging to the Association as are in his possession.

Section 4. Duties of the Treasurer

a. The Treasurer shall collect all assessments and monies due 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, and if requested by the Board of Directors at other times, and he shall do and perform such other duties and functions as may be required of him by the Board of Directors or the President.

b. The Treasurer shall be covered in the performance of his duties by a surety bond in an amount to be determined by Board of Directors. The Premium for the bond shall be paid by the Association.

c. Upon the election of his successor, the Treasurer shall turn over to him all books and records and other property belonging to the Association as are in his possession.

Duly adopted 2/10/2001

Section 5. Other Employees or Agents

The Board of Directors may appoint other agents or employees necessary to operate, maintain and repair the water, sewer or solid waste disposal systems of the Association. Employment of such agents and employees may be authorized by the Board of Directors. Such agents and employees shall be paid compensation in an amount to be determined by the Board of Directors.

ARTICLE VIII

Water, Sewer and Solid Waste Charges and Assessments Distribution of Water and Collection of Sewage and Solid Waste

Section 1. Service Connection Guidelines

Water shall not be delivered nor shall sewage or solid waste be collected by this system or systems of the Association, except for those who are members of the Association. If any members need connections with the system in excess of one, such excess connections shall be made upon the application to and approval of the Board of Directors and upon payment of a fee of not less than five dollars (\$5.00) to be determined by the Board for each connection in excess of one. No service connections 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 or systems is needed to serve the existing connections. No new member shall be admitted when the full capacity of the Association's system is needed to serve existing connections.

Section 2. Rate Schedule

The Board of Directors shall establish a rate schedule to be charged to the members for water, sewage and solid waste disposal services provided by the Association. The established rate schedule shall apply to each service connection in the case of water and sewage service, and to each household in the case of solid waste disposal. Annually, the Board of Directors shall review the established rate schedule and may modify it for the coming year 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, the estimated budget for the coming year and such other factors as the Board of Directors deem appropriate.

Section 3. Assessments

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 fund derived or which will be derived from water, sewer and solid waste disposal 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 the assessment, from water, sewer and solid waste disposal charges, and from stand-by charges is sufficient to fully pay when due all

costs of operation, maintenance, repair, replacement and repayments of indebtedness , and other expenses for the year's operation. The amount of the assessment to be levied against each member shall be proportional to charges billed him for business done with the Association in the preceding year for water, sewer and solid waste disposal services and stand-by charges and any other services provided that member by the Association.

Section 4. Termination of Service for Non-Payment

In the event any member fails to pay for water service after seventy (70) days the charges will be assessed in the following manner:

Second billing, sixty (60) days delinquent notice stamped SECOND NOTICE and mailed in a sealed envelope.

If full payment, to include cost of certified return receipt, has not been received in full within ten (10) days after a certified receipt of demand notice is received, delinquent member will be disconnected and meter removed or, ten (10) days after certified bill was sent, whichever comes first. This would solve any problem in not picking up or signing for the certified letter on purpose.

Delinquencies where meter has been removed: payment of all delinquencies plus \$150.00 Fees plus tax will be paid in full before meter and service is re-established.

In the event that any member becomes subject to termination of service for non-payment according to this Section 4, then such member's delinquency shall constitute a lien upon the tract of the parcel of land of such member for the amount of the delinquency. Such lien shall be a first and prior lien co-equal with municipal liens pursuant to Section 3-36-2 NMSA 1978, but subject only to lien of general state and county taxes.

Duly adopted 2/10/2001

ARTICLE IX

Combined Billing

The Board of Directors may bill Association members for all services, water, sewer, and solid waste disposal, in a single bill.

ARTICLE X

Additional Membership Information

Section 1. Form of Certificate

The Board of Directors shall determine the form of membership certificate which when issue, shall be signed by the President and his signature shall be attested by the Secretary 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 thereon, 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. Notices given to members at the address shown in the membership book shall be conclusively presumed to have actually been received by the member.

Section 3. Transfer and Termination of Membership

Membership may be transferred and the transfer shall be noted on the books of the Association. The Association shall charge a transfer fee of \$35.00 in connection with the transfer of any membership for which a new membership fee is not charged. Any person who shall cease to receive service by reason of his cessation of occupancy or disposal of the property served by the Big Mesa association shall automatically be terminated as a member. Rights on termination shall be determined annually by the Board of Directors, so that any member whose interest is terminated shall be purchased by the Association at a market value to be determined annually by the Board.

Section 4. Stand-by Charges

If any member has failed to utilize the services of the Association for a period of six (6) months, the Board of Directors may impose a reasonable stand-by charge upon such membership for all months thereafter in which no charges for services are made.

ARTICLE XI

Distribution of Net Savings

Section 1. Apportionment of Surplus Funds

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

a. Not less than ten percent (10%) shall be placed in a surplus fund until such time as the fund shall equal \$5,000.00; thereafter no further contributions shall be made to the surplus fund unless it shall be less than \$5,000.00.

b. Ten percent (10%) of the remainder shall be allocated to an education and conservation fund to be used in teaching conservation practices and acquisition of water conservation devices, up to a maximum of \$3,000.00; thereafter no further contribution shall be made to the education fund unless it shall be less than \$3,000.00.

c. The remainder shall be distributed among all the members and former members of the Association in proportion to amount of business done with the Association since its date of formation, insofar as may be practicable.

Section 2. Board of Directors' Use of Surplus Funds

Use of surplus funds shall be in the discretion of the Board of Directors for emergency expenses for repair, operation and maintenance and for extraordinary administrative, accounting and legal expenses. The Board shall have the right to borrow from the fund or to deplete the fund, as it deems proper, for the payment of expenses otherwise authorized.

Use of education and conservation funds shall be in the discretion of the Board of Directors. Any such funds expended for water conservation devices shall be for the benefit of all members.

ARTICLE XII

Amendments

These by-laws may be repealed or amended by a vote of two-thirds (2/3) of the members voting, including votes by mail, at any regular meeting of the Association, or at any specific meeting of the Association called for the purpose.

ARTICLE XIII

By-Laws Part of Contract

By continuing water, sewage or waste disposal service, or payments to the Association after receiving a copy of or notice of the existence of these by-laws, each member will be deemed to have agreed that the provisions of these by-laws shall constitute contractual rights and obligations of the member and the association.

I, Tim Isengard, Secretary of the Big Mesa Mutual Domestic Water Consumers Association, an association existing under the laws of the State of New Mexico, hereby certify that the above is a true and correct copy of the by-laws, together with all amendments thereto, as of this 16th day of June, 2012, which were duly adopted on June 16, 2012. Done at Conchas Dam, New Mexico, this 16th day of June 2012.


Secretary

