

**RESOLUTION AMENDING
THE BYLAWS
OF THE
TESUQUE MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION**

BE IT RESOLVED that the *Bylaws of the Tesuque Mutual Domestic Water Consumers Association adopted on June 4, 1975 are amended in their entirety to read as follows:*

ARTICLE I

The Tesuque Mutual Domestic Water Consumers Association ("Association") is a non-profit association under the New Mexico Sanitary Projects Act, NMSA 1978, § 3-29-1 to 3-29-20, as amended. The corporate name, the objects and purposes, and the principal place of business of this Association shall be as stated and provided in the Certificate of Incorporation of the Association.

ARTICLE II

The Seal of the Association shall be inscribed thereon the name of the Association, a "Non-Profit Association." The Secretary of the Association shall have custody of the seal.

ARTICLE III

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

ARTICLE IV

Mission

The mission of the Association is to develop, facilitate legal availability of, and safeguard high quality potable water that meets New Mexico drinking water standards for Association members. The Association aspires to provide safe, affordable and consistent water to members within the boundaries of the Association's service area.

ARTICLE V

Membership

Section 1. Membership List. The Secretary shall be responsible for maintaining an official list of currently active Membership Certificates and Association members that reflects any changes in membership or the addition of any new members as provided below. The list shall include the Membership Certificate identification number, full name of the member(s), their address, phone number, and the total number of water service connections provided to each member.

Section 2. Tenants of Members. In situations where a Member rents or leases residential or non-residential property connected to the Association system, each such tenant shall be known as a Tenant of a Member. Each Member is ultimately responsible for all payments due to the Association for services rendered to the member's tenants. At the election of the member, bills may be addressed to the Tenant of a Member for direct payment of services rendered by the Association. Where this election has been made by the Member, the Secretary shall keep a list of each such Tenant of a Member to which the statement of services rendered is to be addressed. The list shall include the full name and address of the Member and the associated Member of a Tenant's name, address, phone number, and the specific water service connection to which the Tenant of a Member is connected. Tenants of a Member shall not be subject to payment of a transfer fee. This official list shall be kept by the Secretary and shall be changed to reflect any changes in each such Tenant of a Member.

Section 3. Admission of New Members. In addition to existing members identified in the membership list, bona fide owners of residential and non-residential property within the vicinity of the community of Tesuque, County of Santa Fe, New Mexico and accessible to the system of the Association and in need of water for domestic purposes and who are eligible for membership as provided by Article VI of the Articles of Incorporation and as provided in Article IV herein may apply for membership upon application and payment of a membership fee in the amount defined in the Rules & Regulations Establishing Rates, Fees and Charges for the association in effect at the time. Membership shall not be denied because of the applicant's race, color, creed, national origin or sex.

Section 4. Transfer of Membership. Membership may be transferred to new property owners, provided that any transfer fee as required by the board has been paid to the Association and that the transferee is eligible for membership and approved by the board of directors. Any indebtedness to the Association shall be paid in full before the transfer is approved. Upon approval of such transfer, the new Membership Certificate shall be issued and the prior Membership Certificate shall be terminated and void for all future uses and purposes of the Association.

Section 5. Membership Approval. All applications for new membership and applications to transfer membership will require approval by the board of directors. Applications for new or transferred membership shall be in the form required by the board of directors. Acknowledgement of approval of a new or transferred Membership Certificate shall be issued as provided in Section 6 below. An application for new or transferred Membership shall not be denied because of the applicant's race, color, creed, national origin or sex. A new membership may be denied if the capacity of the Association's system is exhausted by the need of its existing members, or if it is not economically feasible for the Association to acquire additional facilities or water rights to accommodate new members.

Section 6. Membership Certificate. A single Membership Certificate shall be provided to the property owners of each separate property, where such property owners are members of the Association. The board of directors shall determine the form of Membership Certificate. The Membership Certificate shall state the date of the board of director's approval of the new or

transferred membership, full name of the member(s), their address, phone number, and the total number of water service connections provided to the member. The original Membership Certificate issued in the name(s) of the property owners shall be retained in the Association membership records. A copy of the Membership Certificate with the association seal will be provided to association members

Section 7. Rights, Privileges and Obligations of Membership. The rights, privileges and obligations of all members of this Association shall be equal. Tenants of a Member are not members of this Association and as such are not eligible to vote, are not eligible to serve as an officer or director, and are not to be counted in the determination of a quorum of a meeting of members. Each Tenant of a Member is responsible for complying with all other rules and regulations of the Association and the timely payment for services rendered by the Association.

Section 8. Termination of Membership. The board of directors shall have the authority to terminate the membership of any member in the event of non-payment of any service charges or assessments owed by such member or Tenant of a Member, or for violation of state or federal law, the Association's Bylaws, Articles of Incorporation, rules and regulations, or policies. A member whose membership has been terminated may be eligible to apply for a new membership pursuant to this Article, upon payment of all previously owed monies and compliance with all rules and regulations of the Association. The board of directors shall not terminate any membership until after written notice of the delinquency or violation and designating the time period for remediation has been sent to the member by mail or posting on premises of the service meter location. The member shall have the opportunity to correct the violation or pay the account in full. If the member refuses or fails to comply within the time prescribed in the notice, then the board of directors shall terminate the membership. The Secretary of the Association shall issue a written notification of the termination of membership and water service to any member not in compliance. Termination of membership in any manner shall not release the member or the member's estate or successors from any debts due to the Association, which must be paid in full. The board 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 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 the association shall be paid to the delinquent member. In lieu of such sale of membership, the board 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 9. Voting. A maximum of one (1) vote is allowed per Membership Certificate, regardless of how many connections to the water system or meters are associated with such Membership Certificate and regardless of how many members are associated with such Membership Certificate. Further, no individual member shall be entitled to vote more than once even if such member has been issued multiple Membership Certificates. Voting by proxy will not be permitted. Voting by mail will be permitted as provided in this section. At any time that a schedule of the matters proposed by the Board of Directors for action at a meeting of the members is known in advance of such meeting, the Secretary shall send to each of the members a

copy of such proposed schedule with the notice of said meeting. Any member qualified to vote and who is not present at the meeting may cast his vote on all matters in the proposed schedule by mailing such vote to the Secretary. The vote shall not be considered if it is received later than the time of the holding of the meeting as specified in the notice. All such votes by mail so received will be counted in the same manner and shall have the same effect as votes cast in person by members qualified to vote and in attendance at the meeting. In no event shall the voters casting their ballots by mail be counted in determining a quorum as set out in Section 4 of Article VI.

ARTICLE VI

Meetings of Members

Section 1. The Annual Meeting of the members of this Association shall be held at Tesuque, County of Santa Fe, State of New Mexico, at 7:00 p.m. on the 2nd Wednesday of July of each year. The time and place of the annual meeting may be changed by the board of directors by resolution.

Section 2. Special Meetings of the 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 members representing ten (10%) percent of the currently active Membership Certificates. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat, except as specified in the notice.

Section 3. Notice of meetings of the members of the Association, both regular and special, shall be given by a notice mailed to each member of record, directed to the address shown upon the books of the Association, at least ten (10) days prior to the meeting. Such a notice shall state the nature, time, place and purpose of the meeting.

Section 4. Members representing ten percent (10%) of the total number of currently active Membership Certificates of the Association present in person shall constitute a quorum at any annual or special meeting of the members of this Association for the purpose of transacting business. If a quorum is present and unless otherwise provided by law, the majority vote of the members qualified to vote that are present and voting shall be considered the act of the members. If less than a quorum is present at any meeting, those present may adjourn the meeting and, provided that the proper notice is given to all members of the Association, another meeting shall be held within thirty (30) days. At the rescheduled meeting, the members qualified to vote that are present in person shall constitute a quorum for the transaction of business.

Section 5. The order of business at any meetings of the Association where official business will be conducted shall be as follows:

Calling to order and proof of quorum
Proof of notice of meeting
Reading and action of any approved minutes
Reports of officers and committees

Election of directors
Unfinished business
New business
Adjournment

ARTICLE VII

Directors

Section 1. Functions of the Board of Directors. The business and affairs of this Association shall be managed by a board of five (5) directors ("board"). The functions of the board shall include: (1) the selection of and 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 as is necessary or required by the Farmers Home Administration; (6) the studying of the requirements of members and promoting good membership regulations; (7) prescribing of the form of Membership Certificates; (8) the establishing of water charges, levying of assessments, issuance of fines, 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; (9) create reserve funds for expected future needs and monitor the adequacy of funding; and (10) other actions necessary to fulfill the purposes of the Association.

Section 2. Election and Term of Board Members. Board members shall be elected in the manner provided in Article V of the Articles of Incorporation, and for the terms as provided therein.

Section 3. Meetings of the Board. Board members shall meet as soon as possible after the holding of the annual election of board members but not more than ten (10) days after the annual election and shall elect by ballot a President, Vice-President, Secretary, and Treasurer 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 President and Vice-President shall be members of the board.

Section 4. Compensation of Officers. Board members and officers may receive compensation for their services as approved by the Board of Directors. Such compensation shall be published in the Rules & Regulations Establishing Rates, Fees and Charges for the Association.

Section 5. Meetings of the Board. 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 members shall constitute a quorum. A quorum shall be required for the conduct of business. A majority vote of a quorum shall be considered the act of the board.

Section 6. Powers of the Board. The board shall have the general power to act for the association in any manner not prohibited by Statute, Bylaws, or 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 shall be responsible for managing that property, including accounting and audits, as the agency may prescribe.

Section 7. Vacancies. If the office of any board member becomes vacant before his or her term expires, a majority of the remaining board members (which may be 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 board member for the unexpired term or terms. If an election is scheduled by the members of the Association to fill a vacancy on the board, such information shall be included in the notice of the meeting at which the election will occur.

Section 8. Removal of Directors and Officers. Any board member or officer of the Association may be removed from office with or without cause. For the removal of a board member or officer, members qualified to vote that represent a majority of the currently active Membership Certificates shall constitute a quorum. A quorum shall be required for an election to remove a board member or officer. A two-thirds (2/3) vote of the quorum at any meeting of association members is required to remove a board member or officer. The board member or officer shall be informed in writing of the reasons for removal, if any, 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 on his behalf. Other than board members and officers, any agent or employee of the Association may be removed from office or employment at any time by action of the board.

Section 9. Conflict of Interest and Recusal. The board and its officers shall use the powers and resources of their position only to advance the interests of the Association and its members and not to obtain personal benefits or pursue private interests incompatible with the interests of the Association and its members. Board members and its officers shall disclose any real or potential conflicts of interest and shall recuse themselves from acting in an official capacity in any matter for which a conflict of interest exists.

ARTICLE VIII

Duties of Officers

Section 1. Duties of the President. The President shall preside over all meetings of the Association and the board, shall call special meetings of the board and perform all acts and duties usually performed by an executive and presiding officer. He or she shall sign all Membership Certificates, notes, bonds, 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 shall perform such other duties as may be properly required of him or her by the board. The President must be a board member.

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 may declare the office vacant and elect his successor, to fill the unexpired portion of the President's term. The Vice-President must be a board member.

Section 3. Duties of the Secretary. The Secretary shall keep a complete record of all meetings of the Association and of the board and shall have general charge and supervision of the books and records of the Association. He or she shall attest the President's signature on all Membership Certificates and other papers pertaining to his office to the members at the annual meeting, or at such other time or times as the board may require. He or she shall keep the corporate seal and membership certificate records of the Association, complete and attest all certificates issued and affix said Association seal to all papers requiring seal. He or she shall keep a proper membership record, showing the name of each member of the Association and date of issuance, surrender, transfer, termination, cancellation or forfeiture of the members' Membership Certificates. He or she shall make all reports required by law and shall perform such other duties as may be required of him or her by the association or the board. The Secretary may in his or her discretion delegate specific duties to an Accounts Manager. The Secretary or Accounts Manager shall be covered in the performance of his or her 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 or her successor, the Secretary shall turn over to him or her all books and other property belonging to the Association that he may have in his or her possession.

Section 4. Duties of the Treasurer. The Treasurer, or Accounts Manager upon delegation by the Treasurer, shall collect all monies due to the association and deposit same in the depository designated by the board, shall disburse funds on the proper order of the board, shall make a report on the business transacted by him or her as requested, and shall account for all monies received and expended by the Association. The Treasurer shall prepare a budget for each fiscal year and present it to the board for approval. The Treasurer shall arrange for audits of the association's finances as provided by the board or the laws of the State of New Mexico. He or she shall make all reports required by law and shall perform such other duties as may be required of him or her by the Association or the board of directors. The Treasurer or Accounts Manager shall be covered in the performance of his or her duties by a surety bond in an amount to be determined by the board. The premium for such bond shall be paid by the Association. Upon the election of his or her successor, the Treasurer shall turn over to him or her all books and other property belonging to the association that he may have in his or her possession.

Section 5. Other Employees or Agents. The board shall appoint in addition to the officers named above, a certified operator, Accounts Manager, and other agents or employees which may be necessary to superintend the water system of the Association and its construction, maintenance and repair. Such agents or employees may be authorized by the board under its direction and pursuant to its rules and regulations to provide for the delivery of water 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 be determined by the board.

ARTICLE IX

Indemnification of Officers and Directors

Section 1. Non-derivative Actions. Consistent with section three (3) of this article and following a determination that the board member or officer acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interest of the Association and, with respect to any criminal proceeding, had no reasonable cause to believe the conduct of the person was unlawful, the association shall indemnify any board member and officer, including former board members and officers of the Association, for any expenses reasonably and actually incurred from: (1) any threatened, pending or completed action, suit or proceeding, whether civil, criminal or administrative or investigative and (2) any settlement, judgment, fine, levy, or demand incurred as a result of being or having been a director or officer of the Association. *Except that*, the board member or officer shall not be indemnified for matters in which the director or officer is adjudged in any suit or proceeding to be liable for willful misconduct or recklessness in the performance of duty to the Association. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, by itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of this Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

Section 2. Derivative Actions. Consistent with section three (3) of this article, the Association shall indemnify each board member or officer who was or is currently a party to or is threatened to be made a party to any threatened, pending or complete action because that person is or was a director or officer of the Association. *Except that*, the board member or officer shall not be indemnified for matters in which the director or officer is adjudged in any suit or proceeding to be liable for willful misconduct or recklessness in the performance of duty to the Association.

Section 3. Authorization. Unless ordered by a court, any indemnification under this article shall be made by the Association only if authorized by these bylaws and after a determination that indemnification of the board member or officer is proper in the circumstances because the director or officer has met the applicable standard of conduct set forth in these bylaws. The determination shall be made by: (1) a majority vote of a quorum of board members who were or are not parties to the proceeding; (2) independent legal counsel if a quorum is not obtainable or if a quorum of disinterested board members so direct; (3) a majority vote of the Association members; or (4) by the court in which the proceeding is or was pending following application by the corporation, the board member, officer, attorney, or any other person rendering services in connection with the defense, whether or not the application by the director, officer, attorney, or other person is opposed by the Association.

Section 4. Advance Payments. Following a determination that indemnification is proper pursuant to this article, expenses incurred in defending any proceeding may be paid by the Association in advance of the final disposition of the proceeding.

Section 5. Other Rights. The indemnification provided by this article shall not be deemed exclusive of any other rights to which those indemnified may be entitled.

Indemnification under this article shall apply to board members, officers, heirs and personal representatives of those individuals.

Section 6. Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any board member or officer of the Association for any liability asserted against or incurred by the director or officer, whether or not the Association would have the power to indemnify the director or officer for liability under this article.

ARTICLE X

Water Charges, Assessments, and Distribution of Water

Section 1. Water shall not be delivered by the systems of the Association, except to users who are members of the Association or a Tenant of a Member, and such water shall not be moved or used off of the property to which it is delivered. If any member needs and desires service connections with the system in excess of one, such excess connections shall be made only upon application to and approval of the board and upon payment of a fee determined by the board for each connection in excess of one (1). No additional service connections 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 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 by an approved rate schedule in effect. Annually, the board 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 any fiscal year, it appears in the judgment of the board that the amount derived, or which will be 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 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 charges to fully pay when due all cost of operation, maintenance, replacement and repayments on indebtedness, or other expenses of 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 with the system(s) of the Association.

Section 4. Notwithstanding the rights of the Association to terminate the membership of a delinquent member as provided above, the Association, through its board members, shall have the additional rights to terminate the supply of water service to the delinquent member after

thirty (30) days written notice by mail of the delinquency.

Section 5. 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 or, if additional water cannot be obtained, shall allocate shortages among members. In the case of a membership consisting of more than one individual property owner, the membership shall designate in writing a single individual to act as their official representative, who shall be entitled to one (1) vote for the membership. Such designation may include alternative designated members who may replace the initially-designated member.

ARTICLE XI

Distribution of Net Savings

Section 1. 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 system of the Association, at least once each year the board, 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 on the basis of their patronage during the year. Provided that, before such distribution among the members an amount up to ten (10%) percent of the previous 12 months operating costs shall be placed in a fund to be used for the purpose of meeting contingent and unforeseen expenses of the Association. The amount of funds contained in the contingent fund shall be determined by the board. As provided above, any excess funds shall be distributed each year among the members.

ARTICLE XII

Merger, Transfer and/or Dissolution

The Association is designated a political subdivision of the State of New Mexico and a public body in accordance with the 2006 Amendments to the New Mexico Sanitary Projects Act. The Association intends to maintain a perpetual existence. The Association may merge with another Association or political subdivision or the Association may transfer its functions and assets to another political subdivision upon making adequate provisions for the continuation of services to its Members. In the event of a proposed merger, transfer and/or dissolution, the Board shall develop and propose a Plan to be approved by a simple majority of the Members qualified to vote after Notice of a Special Meeting of the Membership, defined as votes equal to or in excess of the ten (10%) of the currently active Memberships as required by Article VI, Section 4 herein, which shall include receipt of votes delivered to the Special Meeting in person or by mail provided they are postmarked prior to the date of the Special Meeting. Consistent with the voting rules, the Association shall provide a ballot that provides for identification of the qualified Member. In the event of a merger, transfer or dissolution, all assets of the Association shall be transferred or disposed of in a manner set forth in a plan approved by the Board and which serves the best interests of the Membership.

ARTICLE XIII

Amendments

These Bylaws may be repealed or amended by a vote of the majority of a quorum of the members present at any annual or special meeting of the Association. *Except that*, 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 rights 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, RANDOLPH F. BUCKLEY, President, and ALLEN LEWIS, Secretary of the Tesuque 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 Amended Bylaws adopted by Resolution at ANNUAL MEETING ON JULY 8, 2015
OF MEMBERS

RF Buckley
RANDOLPH F. BUCKLEY
President

Allen Lewis
ALLEN LEWIS
Secretary

(SEAL)

ACKNOWLEDGEMENT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

This instrument was acknowledged before me this 24th day of August, 2015 by Randolph F. Buckley, President of the Tesuque Mutual Domestic Water Consumers Association and Allen Lewis, Secretary of the Tesuque Mutual Domestic Water Consumers Association.

OFFICIAL SEAL
Maria C. Bustamante
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 5-23-16

Maria C. Bustamante
NOTARY PUBLIC