AMENDED BYLAWS
OF
Penasco Mutual Domestic Water Consumers and Mutual Sewage Works Associations (Penasco MDWC & MSWA)

A Non-Profit Association Formed Under the Sanitary Projects Act

ARTICLE I
Names, Object, Purposes, Principal Place of Business and Boundaries
The corporate name, the objects and purposes, and the principal place of business of this association will be as stated and provided in the Certificate of Incorporation of the association. The boundaries of this association shall be as indicated on the attached map and shall be part of these bylaws.

ARTICLE II
Seal
The Seal of this association will have inscribed in it the name of the association and the words "Non-Profit Association." The secretary of the association shall have custody of the seal.

ARTICLE III
Fiscal Year
The fiscal year of the association shall begin on the first day of January of each year.

ARTICLE IV
Membership

Section 1. Membership Qualification
An application for membership will be made as provided by the Association's Bylaws and reviewed for approval or disapproval by the Board of Directors.

Eligibility for memberships is based on:
- Property owners within the community of Penasco or established boundaries of the association/reasonably accessible areas for the system
- Provide proof of property ownership
- Pay the non-refundable, one-time membership fee in the amount specified by the Rules and Regulations

Section 2. Membership Application Approval
All applications for, or subscriptions to, membership in this association will be in the forms approved and provided by the Board of Directors. Membership will not be denied because of the applicant’s race, color, creed, national origin, or sex. The Board of Directors may deny membership based on capacity of the system and/or the financial capacity of the system. If the application for membership is approved by the Board of Directors, the member must pay any labor and material costs for the system to install the connection. Upon approval of the application, the member must sign an agreement identifying the responsibilities of the association and the applicant. A membership certificate will be issued. The member will be provided with a copy of the Association Bylaws, Rules and Regulations. In the event of a shortage of water, the association will take appropriate measures to provide water to meet the needs of the association, when possible given the circumstances.

Section 3. Membership Type

The Association shall have residential and non-residential memberships.

A. Residential Memberships entitle the member to water and wastewater service to one residence. The memberships shall be issued to:
   a. Individual persons;
   b. Married persons who shall own the single membership jointly as community property associated with ownership of the property within the franchise limits of the Community

B. Commercial/Institutions Memberships entitle the member to water and wastewater services to one commercial establishment. Multi-unit commercial establishments where each establishment is metered may require a secondary membership for each commercial store front. The memberships shall be issued to:
   a. businesses, partnerships, corporations, or any other form of business organization, such as water haulers,
   b. churches, schools, senior centers,
   c. multiple unit rental property

C. Association Memberships entitle the member to water and wastewater service within their areas. Association memberships are designed for non-profit associations composed of water and wastewater users and landowners and shall be issued to:
   a. homeowner associations,
   b. governmental entities, such as fire stations, schools,
   c. cooperative associations,
   d. non-profit corporations

D. Conversion from one type of membership to another shall be governed by the Rules and Regulations of the Association. All applications for membership and/or transfer of membership shall be approved by the Board of Directors. Connection to
the system shall only be approved and completed after the applicant has paid or
agreed to pay all associated membership and connection/fees and has complied
with other requirements as stated in this Bylaws and Rules and Regulations of the
Association.

E. Membership shall not be denied because of the applicant's race, color, creed,
national origin or sex. Provided, however, that membership may be denied if the
physical infrastructure or legal capacity of the Association is inadequate to supply
the needs of its existing Members and /or if it shall cause a financial hardship to its
existing Members and/or is prohibited by funding agencies.

F. In the event of a shortage of water, the Association will take appropriate
measures to provide water to meet the needs of existing Association Members
before consideration of new membership applications.

G. If a member refuses to obtain an additional membership so that each residence,
unit, establishment on the Members property is separately metered as determined by
the Board or it is discovered that a declaration statement has been falsified, the
Association may terminate water or wastewater service and the primary membership
with written notice. The Association will work with the member to create a plan to correct
the non-compliance issue within 60 days, after sixty (60) days the Association will issue
a shut-off notice.

Section 3. Rights, Privileges and Obligations of Members

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

Section 4. Voting

A. Each member will be entitled to one vote only, regardless of the number of
connections one member may have.
B. Renters are not members, and therefore may not vote
A. Voting by proxy and by mail will NOT be permitted. To preserve the one vote per
membership, in the case of a Residential Membership where there is more than
one individual property owner, or Commercial, Institution or Association
Membership, each 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 initial designated Member. All actions taken by the designated Member or
the replacement shall be binding on all other property owners.
ARTICLE V

Meeting of Members

Section 1. Date and Time of Membership Meeting

The meeting of the members of this association will be held annually in Penasco, county of Taos, State of New Mexico, on or about 2:00p.m. or at a time designated by the board, on or about the First Sunday in June. If in the event that such meeting cannot be held on this day, the meeting will be rescheduled and held within thirty (30) days of the date specified above.

Section 2. Calling for a Special Meetings

Special meetings of the members of the association may be called at any time by the Board of Directors, or upon a written petition to the President of the board, signed by six (6) percent of the members. The purpose of every special meeting will be stated in the notice thereof, and no business will be transacted there at, except such as is specified on the agenda.

Section 3. Notice of Meetings

Notice of the annual, regular, special, and emergency meetings will be given by notice posted at various locations determined by the board, three (3) days prior to a special/regular meeting; and one (1) days prior to an emergency meeting when possible. Such a notice will state the nature, time, place and purpose of the meeting.

Section 4. Quorum

Two (2) percent of the total membership of the association will constitute a quorum at annual meeting of the association for the transaction of business. If no quorum is determined, another meeting will be held within thirty (30) day. At that meeting the members present will constitute a quorum for the transaction of business. The arrangement for such meeting will follow Sections 2 and 3 of Article V of these Bylaws.

Section 5. Meeting Agenda

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

1. Calling to order and proof of the quorum
2. Proof of notice of meeting
3. Approval of minutes
4. Reports of officers and committees
5. Elections of directors
6. Unfinished business
7. New business
8. Adjournment
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ARTICLE VI
Board of Directors

Section 1. Functions of the Board of Directors

A board of five (5) directors will manage the business and affairs of this association. The functions of such board include:

1. The selection of, and delegation of authority to, officers necessary for the management of the association's 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 member fully informed of business of the association
5. The causing of audits to be made from time to time as is necessary or required by the USDA/Rural Utilities Services and/or the Laws of the State of New Mexico
6. The studying of requirements of members and promoting good membership regulations
7. The prescribing of the form of Membership Certificates
8. The establishing of water and/or sewer charges and the leveling 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 business and affairs of this association shall be conducted and managed by a Board of Directors, consisting of five (5) members, all of whom shall be active and in good standing of this association. The members of the Board of Directors shall be elected biennially (every two years) from the membership of the association, for staggered term of four (4) years each. The purpose of the election every two (2) years is to provide a system of staggered four (4) years term, so that three (3) directors will be elected in one (1) year and two (2) years later the other two (2) directors shall be elected.

Section 3. Election of Officers

The Board of Directors will meet within ten (10) days after the holding of the annual membership meeting to elect a President, Vice-President, and Secretary-Treasurer from among themselves. The officers shall hold office until the next membership 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

With proper documentation/receipts, directors may be reimbursed for per diem/mileage expenses at the state's current rate. The Secretary Treasurer shall be paid for at the rate to be fixed at any regular or special meeting of the Board of Directors of the Association.
Section 5. Meeting of the Board of Directors

In addition to the annual and any special or emergency meeting, the board shall hold regular monthly meetings at a day, time, and location specified in the annual Open Meetings Act Resolution. A majority of the board members in office present at any meeting will constitute a quorum for the conduct of business.

Section 6. Powers of the Board

The Board of Directors shall have the general power for the association in any manner not prohibited by Statute 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 of Directors shall pursue such management methods, including accounting and audits, as such agencies may prescribe.

Section 7. Vacancies

If the office of any director becomes vacant for any reason; resignation (must be submitted in writing to the Board of Directors). A majority of the remaining directors, though less than a quorum, shall appoint an interim Board Director. At the end of the term, the members of the association shall elect a new director following the normal election procedures.

Section 8. Removal of Directors and Officers

Any director or officer of the association can be removed from office with cause, provided that a quorum is present. Meeting attendance by Board of Directors; A member of the Board of Directors with three (3) unexcused absentees from a meeting, will be sent a letter of notice for non-attendance. Employees or agents, other than directors and officers, can be removed from office or employment at any time by action of the Board of Directors.

Section 9. Board Training

Every board member will comply with the Sanitary Projects Act training requirement:
All MDWCA board members must obtain 12 hours of training in the first 2 years on the board
All MDWCA must obtain 2 hours of continuing education for each year on the board after.

ARTICLE VII
Duties of Officers

Section 1. Duties of the President

The President will preside over all meeting of the association and the Board of Directors, will call special meetings of the Board of Directors and perform all acts and
duties usually performed by an executive and presiding officer. The President signs all membership certificates, notes, bonds, mortgages, contracts and other instruments on behalf of the Association. The President will perform other duties as may be properly required of him or her by the Board of Directors.

Section 2 Duties of Vice-President

The Vice-President, in the absence or disability of the President, will 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 a successor, to fill the unexpired portion of the President's term.

Section 3. Duties of the Secretary and Treasurer

The Secretary shall:

1. Keep a complete record of all meetings of the association and of the Board of Directors
2. Attest the President's signature on all membership certificates and other papers pertaining to the association unless otherwise directed by the Board of Directors
3. Serve, mail, or deliver all notices required by the law and by these bylaws
4. Make a full report of all matters and business pertaining to his or her office to the members at the annual meeting, or at such time or times as the Board of Directors may require
5. 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
6. Keep a proper membership certificate record, showing the name of each member of the association and date of issuance, surrender, transfer, termination, cancellation or forfeiture
7. 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, unless professional reporting services are hired by the Board

Secretary – Treasurer duties may be combined upon agreement by the Board of Directors.

The Treasurer shall:

1. Have general charge and supervision of the books and records of the association
2. Make a full report of all matters and business pertaining to his or her office to the members at the annual meeting, or at such time or times as the Board of Directors may require
3. 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, unless professional reporting services are hired by the Board
4. Collect all assessments and monies due the association and deposit same in the depository designated by the Board of Director
5. Shall disburse funds on the proper order of the Board of Directors and shall make a report on the business transacted by him or her as requested.

6. Secretary/Treasurer duties may be combined upon agreement by the Board of Director

Upon the election of a successor, the Secretary / Treasurer shall turn over all books and other property belonging to the Association in their possession.

The Secretary/Treasurer will be covered in the performance of duties by a surety bond in an amount determined by the Board of Directors. The premium for such bond will be paid by the association.

Section 4. Other Employees or Agents

The Board of Directors n hire a Licensed contractor or employee as needed to operate the water and/or sewer system of the Association to include construction, maintenance and repair. Such agents or employees will be paid a compensation for the performance of their duties in an amount determined by the Board of Directors.

ARTICLE VIII

Water, Assessments, and Distribution of Services

Section 1. Water Delivery

Water will be delivered by the Association, to users who are members of the Association. If any member needs and desires service connections with the system in the excess of one, such excess connections will be made only upon application to, and approval of, by the Board of Directors and upon payment of a fee specified in the association's Rules and Regulations.

Section 2. Establishing Rates and Budget

The Board of Directors will establish a rate schedule to be charged the members for services provided by the Association. The established rate schedule will apply to each service connection by an approved rate schedule in effect. Annually the Board of Directors will 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 will be based on the previous year's actual expenses and the estimated budget for the coming year.
Section 3. Establishing Reserve Funds

The Board will establish rates at a level which provides for no less than ten (10) percent of annual revenue to be placed in a fund to be used for the purpose of meeting contingent and unforeseen expenses of the association. The Board of Directors will determine the total amount of such contingent fund and at which amount it shall be maintained. The Board may establish additional reserves as required by lending agencies, and to plan for future needs of the systems in accordance with best financial practices.

Section 4. Assessments

If at any time prior to the end of any fiscal year, it appears in the judgment 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 will make and levy an assessment against each member of the association so that the total amount reasonably expected to be collected from the water and/or sewer charges fully pay, when due, all cost of operation, maintenance, replacement and repayments on indebtedness, or other expenses of the year's operation.

Section 5. Terminating the Supply of Water Service and Membership

The Board of Directors will have the authority to terminate the supply of water/membership service to a delinquent member, in accordance with the Rules and Regulations of the Association. The Board of Directors will have the additional rights to terminate the membership of any member in the event of non-payment of any water charges or assessments owing by such member or for violating the Association’s Bylaws, Rules and Regulation or Policies. The Board will act thirty (30) days after written notice of the delinquency or violation has been sent to the member by mail and/or by posting on premises, unless the member has tampered with system property, in which case the timeline of termination of membership will be decided by the Board and may be immediately after providing notice.

Furthermore, the Association may recover its costs and reasonable attorney fees incurred in pursuing collection of the amount owed by filing a lawsuit against the member for a money judgment. After the judgment by a court of law the amount owed by the member including late charges, costs, interest, attorney fees, and future assessments, may be secured by a lien on the member’s property if so authorized by the Board of Directors.
ARTICLE IX

Section 1. Form of Certificate

The Board of Director will determine the form of membership certificate and the same will be signed by the President, signature attested by the Secretary, who will impress thereon the corporate 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, will contain the statements as required by the Laws of the State of New Mexico.

Section 2. Membership Records

As part of the records of the Association, members certificates will be kept in the Associations electronic billing database, which will contain a list of membership certificates that have been issued, noting the number of the certificate, the date issued, 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 to another property owner but not another property (See Section 4 below), provided that any required transfer fee has been paid to the Association and that the transferee will be eligible for membership and will be approved by the Board of Directors. The transfer shall be noted on the records of the Association.

Section 4. Transfer of Meter

All the meters are the property of the Association and are permanently fixed at their respective service locations. Therefore, no meter is transferable from the property that is intended to serve to any other location. Thus, in the event of the sale, transfer, assignment, lease or conveyance of the subject property by the owner of record, all the rights to service from the meter that serves the subject property shall automatically be included in the sale, transfer, assignment, lease or conveyance of that property. This also applies to all duly authorized service connections that have inoperable meters or where no meter exists. In the event that a dwelling or place of service is permanently discontinued or eliminated by the owner of record, the Association may, in its sole discretion, elect to either remove the meter or leave the meter to provide service for possible future users.
ARTICLE X

These Bylaws may be repealed or amended by a vote of the majority of the members present at any annual meeting of the association, or at any special meeting of the association called for that purpose, except that so long as any indebtedness is held by or guaranteed by the USDA/Rural Utilities Services, the members shall not have the power to change the purposes of the association 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 association 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 USDA/Rural Utilities Services in writing.

I, Pam Fernandez, Secretary of the
Penasco MOWC & SWA

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 bylaws, together with all amendments which were duly adopted on July 15, 2018.

Secretary

Pete Padilla
President