

BYLAWS

For The

El Valle Water Alliance-Merged Associations

A Non-Profit Association Formed Under the Sanitary Projects Act (“SPA”), NMSA
1978 §3-29-1 through 3-29-20 NMSA.

2025

Resolution

Bylaws-Merged Associations

WHEREAS, a rural community water association that was formed to provide safe potable water, in accordance with State of New Mexico standards for drinking water, to residents living in certain rural communities in San Miguel County, NM (“El Valle Water Alliance” or “Alliance”);

WHEREAS, residents of said rural communities who are registered members of the Alliance and receive water from the Alliance (“Members”) desire to replace El Valle Water Alliance’s existing bylaws with the attached Bylaws dated _____, 2025;

WHEREAS, Members were provided copies of the Bylaws, and were given an opportunity in public meetings of the Alliance or by calling the staff at the Alliance to ask questions regarding the proposed changes the new Bylaws would implement;

WHEREAS, Those desiring to vote in person were given the days and times when they could vote at the Alliance’s office;

- **WHEREAS**, based on the foregoing, the Members of the Alliance desire to approve the attached Bylaws for the provision of potable/safe drinking water services, and that this Resolution and attached Bylaws form part of the Alliance Official Organization Documents along with the: Articles of Incorporation
- Governing Documents
- Rules and Regulations
- Memorandum of Agreement
- Amendment to Memorandum of Agreement
- Certificate of Membership

NOW, THEREFORE be it resolved that the attached Bylaws to this Resolution were adopted on _____ by voting Members [two thirds or enter the exact percentage]. The bylaws become effective on _____.

EL VALLE WATER ALLIANCE

BYLAWS

(dated: _____, 2025)

TABLE OF CONTENTS

Article I	Name, Objects, Purposes, Principal Place of Business
Article II	Seal
Article III	Fiscal Year
Article IV	Membership
Article V	Meetings of Members
Article VI	Directors of the Association
Article VII	Duties of Board Members and Officers
Article VIII	Water Charges, Assessments, and Distribution of Services
Article IX	Amendments to the Bylaws

Bylaws
Of
El Valle Water Alliance

Originally formed as a non-profit association under the Sanitary Projects Act, NMSA 1978 §3-29-1 through 3-29-20 NMSA (“Sanitary Projects Act”) the association having merged with various other water associations now functions as a political subdivision of the State of New Mexico.

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 certificate of incorporation of the association and in the Sanitary Projects Act, including the acquisition, construction and improvement of water supply and protection of the water shed and water table in the region in rural San Miguel County that lies within and around the upper Pecos River basin known as El Valle and the rural communities located in this area, and to operate and maintain such facilities for the public good.

Article II

Seal

The seal of the association shall be inscribed thereon with the name of the association in a circle around the outer edge of the seal and the words “Political Subdivision of the State of New Mexico.” The secretary of the association shall have custody of the seal, When the secretary’s term ends, the secretary will attend the board meeting where the incoming secretary is appointed. After the incoming secretary is appointed, the outgoing secretary will transfer custody of the seal to the newly appointed secretary. If the secretary is unable to attend the meeting, the outgoing secretary shall deliver the seal to the president of the board, who will transfer custody of the seal upon the appointment of the new secretary.

Article III

Fiscal Year

The fiscal year of the association shall commence on the 1st of July of each year.

Article IV

Section 1. Members

Property owners, of property within the areas serviced by El Valle Water Alliance ("Alliance") and which property being reasonably accessible to the Alliance's water distribution lines, which property owners are in need of water for domestic and related purposes, and who are eligible for membership in the Alliance as provided in the articles of incorporation and these Bylaws, may be admitted to membership in the Alliance upon application therefor and the payment of a membership fee plus the current tap-in fee per meter and any other fees as approved from time to time by the Alliance Board of Directors (hereinafter "Member" or "Members"). However, membership may be denied if: (i) the Alliance does not have sufficient capacity to provide services to additional owners, because it has reached the total capacity of its systems in providing services to existing Members, (ii) it is physically or financially impossible for the Alliance to acquire additional facilities to accommodate new members, or (iii) the distance from the Alliance's water distribution line to the potential member's property line, in the determination of the Operator and the Board of Directors is too great. In the event of a water shortage, the Alliance shall take appropriate measures to meet the needs of its Members.

Section 2. Cost of Meter Installation

Any person(s) applying for a membership and thereby a connection to the Alliance's water distribution system shall pay the actual cost of the connection.

Section 3. Approval of Membership

All applications for membership shall be reviewed and approved by the Alliance's Water Operator and Office Manager in accordance with the Alliance's Rules and Regulations as approved by the Board of Directors. Any person(s) or entity may appeal any decision by the Water Operator and Office Manager to the Board of Directors. Applications for a membership for water service will be in the form approved by the Board of Directors, as set forth in the Rules and Regulations approved by the Board of Directors, as amended from time to time. Membership shall not be denied based on the applicant's race, color, creed, national origin, age, sex or sexual orientation.

Section 4. Member Rights

Each Member of the Alliance has equal rights, privileges and obligations. During the Alliance's annual meeting, or during any special meetings called by the Board of Directors, each Member shall have one (1) vote, and no more than one (1) vote, in the affairs of the Alliance regardless of the number of services or connections under the

Member's name.

Section 5. Voting

Each Member shall be entitled to one vote, as set forth in Section 4. Voting by proxy shall not be allowed. Voting by mail is permitted in cases where the Member has physical mobility issues, is elderly, is ill, has a newborn, or will not be in El Valle during the day of the election. For mail-in ballots, the Member must contact the administrative office of the Alliance to request that a mail-in ballot be mailed to them. The request must be made within the time frame set forth in the written notices included with all Members' bills.

Section 6. Notification

At any time that the agenda for action at a meeting of the Members is known it will be available upon request within thirty- six (36) hours in advance of a regular and special meetings, and within twenty-four (24) hours of a emergency meeting.

Article V

Meeting of Members

Section 1. Annual Membership Meeting

The annual meeting of the Members of the Alliance shall be held on the fourth Monday of September.

Section 2. Special Meetings of the Members

Special meetings of the Members of the Alliance may be called at any time by: (i) the president of the Board of Directors, (ii) resolution of the Board of Directors, or (iii) written petition to the president of the Board of Directors, signed by two percent (2%) of the Members. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted, except for the agenda items set forth in the meeting notice.

Section 3. Notice of Meetings of the Members

Notices will be posted at the designated areas at least ten (10) days prior to the meeting. The notice will state the nature of the items to be discussed at the meeting, the time, place and purpose of the meeting.

Section 4. Meeting of Members – Quorum

One percent (1%) of the total membership of the Alliance shall constitute a quorum at any meeting of the Alliance for the transaction of business. Also, one percent (1%) of total membership of the Alliance shall constitute a quorum for any special meeting of the membership of the Alliance.

Section 5. The Order of Business

The order of business at regular meetings, and 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/approval on any approved minutes;
4. Reports of officers and committees, the Alliance's Office Manager, and the head of the technical staff;
5. Unfinished business (to include, if required, motions, votes, resolutions);
6. New business (motions, votes, resolutions); then
7. Adjournment.

Article VI

Directors

Section 1. Functions of the Board of Directors

The business and affairs of the Alliance shall be managed by an elected Board of Directors consisting of five (5) Members elected by Members in their area served by the Alliance, or such other odd number of Members if there are more than five (5) separate areas serviced by the Alliance, all such Directors shall be Members of the Alliance.

Section 2. Election and Term of Board Members

The Board of Directors shall be elected bi-annually from the membership of the Alliance, for staggered terms of four (4) years each. The purpose of the election every two (2) years is to provide a system of staggered four (4) year terms, so that an odd number of more than half of the directors will be elected in one (1) year and the remaining number of directors, of less than half of the directors, will be elected two (2) years later. Former directors may serve on the Board of Directors after two (2) years have lapsed following the end of his/her last service on the Board of Directors.

Section 3. Election of Officers

All officers of the Board of Directors shall serve for four (4) years. The Board of Directors shall meet as soon as possible after the annual election of the Board of Directors, and in any event within ten (10) days of that time, and shall elect by ballot any of the officer positions that are then vacant from among themselves, each of whom shall hold office for four (4) years or until the expiration of their term of four (4) years on the Board of Directors and until the election and qualification of a successor, unless sooner removed by death, resignation, or for cause.

Section 4. Compensation of Officers

The Members of the Board of Directors shall not receive compensation for their board service and will provide their time as a pro bono service to their communities; except the Members of the Board of Directors may submit a request for expenses incurred for Alliance business reimbursement in accordance to amounts and purpose as set forth in New Mexico State laws and/or federal laws.

Section 5. Meetings of the Board of Directors

The Board of Directors shall have the general power to act for the Alliance in any manner not prohibited by the Articles of Incorporation and New Mexico State laws. If the Alliance shall, at any time, borrow or receive by way of grant, any property of the United States, or any funds, grants or loans from an agency of the United States or from the State of New Mexico or any of their 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 of the Board of Director's becomes vacant by reason of death, resignation, disqualification or any other reason, except by removal from office, a majority of the remaining directors, though less than a quorum, shall by a majority vote select a successor who shall hold office until the next regularly scheduled election. At that election, the Members from the area represented by the former Board Member shall elect a director for the unexpired term of the vacated position on the Board of Directors or new term, as the case may be. If the director is removed from office for cause, the Board of Directors will call for a new election to replace that director. The elected director will complete the remainder of the term and may run for another term of four (4) years.

Section 8. Removal of Directors and Officers

- (a) Any Director or Officer of the Alliance may be removed from office with cause,

upon petition of not less than ten percent (10%) of the Members of the Alliance. A meeting shall be held prior to the election and the director or officer shall be informed in writing of the charges against him/her at least ten (10) days before such meeting and at such meeting shall have the right and opportunity to be heard in person or by counsel, and to present witnesses in his/her behalf. The director or officer may be removed by a vote of not less than 2/3 of the votes cast in a recall election.

- (b) Any director or officer who fails to attend three (3) regularly scheduled board meetings in any one year, without prior notification and approval of absence by the Board, may be dropped as a Board Member if such action is approved by a majority of the remaining Board of Directors. The Board will select an interim appointee to serve until the next annual membership meeting at which time the general membership will elect a Member to complete the unexpired term of the original Board Member. As stated in Article VI, the new Board Member may run for election and serve the full four (4) year term if so elected.

Article VII

Duties of Officers

Section 1. Duties of the President

The president shall: (i) preside over all meetings of the Members of the Alliance and the Board of Directors; (ii) call special meetings of the Board of Directors; and (iii) perform all acts and duties usually performed by an executive and presiding officer. The president shall sign all membership certificates, notes, bonds, mortgages, contracts and other instruments on behalf of the Alliance. The president 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/her by the Board of Directors.

Section 2. Duties of Vice-President

The vice-president, in the absence or disability of the president, shall perform the duties of the president. The Board of Directors may declare the office vacant, if the president is unable to complete his/her term. In such case, the vice president will assume the role of president and shall call for an election by the Members to elect another Board member. After the new Board member is elected, the Board of Directors shall by majority vote select a new vice president. The then current president will complete the term of the former president, as will the newly elected vice president complete the term of the former vice president. The president and vice president may at the end of their terms, run for another four (4) year term as Board members.

Section 3. Duties of the Secretary and Treasurer

(a) The secretary of the Board of Directors shall keep a complete record of all meetings of the Alliance and of the Board of Directors and shall have general charge and supervision of the books and records of the Alliance. The secretary shall attest the president's signature on all membership certificates and other papers pertaining to the Alliance unless otherwise directed by the Board of Directors. The secretary shall serve, mail, or deliver all notices required by law and by these bylaws and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting, or at such other time or times that the Board of Directors may require. The secretary shall ensure the corporate seal and membership certificate records of the Alliance are kept, complete and attest all certificates issued and affix said Alliance seal to all papers requiring seal. The secretary shall make all reports required by law and shall perform such other duties as may be required of the secretary by the Alliance or the Board of Directors. Upon the election of his/her successor, the secretary shall deliver to the next secretary the seal when the next secretary is appointed, as well as any other property of the Alliance in his/her possession.

(b) The treasurer shall work with and provide oversight of the Office Manager and be responsible for: (i) financial oversight, including fiscal integrity and stewardship of the organization; (ii) ensuring that financial resources are used efficiently and effectively budgeted; (iii) ensure that budgets are met and not exceeded; (iv) provide accurate, timely, and accessible financial reports to the Board of Directors; (v) ensure that financial reporting is accurate; (vi) provide oversight over the management of the Alliance's bank accounts; (vii) supervises and manages financial risks, such as fraud or embezzlement; (viii) ensures appropriate controls are in place to mitigate all such risks; and (ix) ensures the Alliance is compliant with all relevant financial and accounting regulations.

Section 4. Manager

The Board of Directors shall appoint an Office Manager to supervise and manage the day-to-day operations of the Alliance, including maintaining all finances of the Alliance. The Office Manager shall supervise all staff and contractors retained by the Alliance, and supervise all projects including construction, maintenance and repair of the Alliance water systems. The Office Manager may delegate supervision duties to technical staff, provided the Office Manager secures reports from such staff. The Office Manager will report to the Board of Directors, and present regular financial reports to the Board of Directors at its regular meetings.

Section 5. Nepotism

No person who is an immediate family member of an Alliance Board Member shall be hired as an employee of the Alliance. "Immediate family" for purposes of this Section 5, means the Board Member's spouse, parent, child, sibling, or grandparent, grandchild, aunt, uncle, nephew, niece or cousin or a step relation of any of the foregoing (hereinafter "Step Relation"); or the parent, child, sibling, aunt, uncle, nephew, niece, cousin or Step Relation of the Board Member's spouse or partner.

Article VIII

Water Charges, Assessments, and Distribution of Water

The Alliance is designated a political subdivision of the State of New Mexico and a public body by the 2006 amendments of the New Mexico Sanitary Projects Act and the Alliance intends to maintain a perpetual existence. The Alliance may merge with other mutual water domestic water associations or political subdivisions, or the Alliance may transfer its functions and assets to another political subdivision upon making provisions for the continuation of services to its Members. In the event of a proposed merger into another association, transfer and/or dissolution of the Alliance, the Board of Directors shall propose a plan to be approved by a two-thirds vote of the Members present at a regular or special meeting of the membership. In no event may any Member, former Member, Director, former Director, officer or former officer receive, directly or indirectly, any distribution or portion of a distribution of any assets. In the event of a merger, transfer, or dissolution of all assets of the Alliance, the Alliance shall be transferred or disposed of in a manner set forth in a plan approved by the membership and which serves the best interests of the membership and which complies with the New Mexico Sanitary Projects Act and any other laws and regulations of the State of New Mexico and any applicable federal laws and regulations.

Section 1. Delivery and Collection

Water shall only be delivered by the systems of the Alliance to users who are Members of the Alliance. If any Member needs and desires service connections to the Alliance water system, in excess of Member's first connection, such excess connections shall be made only upon application to and the approval of the Board of Directors and upon payment by the Member of the fees set forth in Article 4 above. Service connections, in excess of the first connection, shall **not** be approved for any Member or made pursuant to this Section when the full capacity of the Alliance's system(s) is needed to serve the existing Member connections.

Section 2. Rate Setting

The Board of Directors shall establish a rate schedule to be charged to the Members for services provided by the Alliance. The established rate schedule shall apply to each service connection, based on the approved rate schedule in effect. Annually, the Board of Directors shall review the established rate schedule for connections and water services 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. If the then current rates are not sufficient to meet the Alliance's budgetary needs, the Board of Directors may increase the amounts shown in the rate schedule to meet the Alliance's budgetary needs.

Section 3. Balancing the Budget

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 in the remaining months, 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 Alliance's system(s) and the payment of all debts of the Alliance, the Board shall make and levy an assessment against the Members of the Alliance (or of the particular system) so that the total amount reasonably expected to be collected from water charges to fully pay when due all costs of operation, maintenance, replacement and repayments on indebtedness, or other expenses of operation that year. A proportionate amount of the necessary total of such assessments levied in any year shall be levied against each connection, thus Members with more than one connection will pay an amount proportionate to the total usage by Members, which bears the same relation to the total assessment as the patronage of such Member bears to the total patronage of the Alliance for the year.

Section 4. Termination of Membership

In addition to the rights of the Alliance to terminate the Membership of a delinquent Member, the Alliance, through policies adopted by its Board of Directors, shall have the additional right to terminate the supply of water to the delinquent Member.

Article IX

Membership Records

Section 1. Form of Certificate

The Board of Directors shall determine the form of membership certificate and the same shall be signed by the president and his/her signature attested by the Secretary, who shall impress thereon the corporate seal of the Alliance, provided that the form of certificate, in addition to any other matters required by the Board of Directors to appear therein, shall contain the statements as required by the laws of the State of New

Mexico.

Section 2. Membership Record

As a part of the records of the Alliance, there shall be kept a membership record, which shall contain a list of the certificates of membership which have been issued, noting the number of the certificates, the date thereof, the number of service connections per Member and the name of and address of the person(s) to whom the certificate is issued.

Section 3. Transfer of Membership

Certificates of membership may be transferred, and the transfer shall be noted on the books of the Alliance, as provided by the laws of the State of New Mexico. The Member must submit a written request to the Office of the Alliance, to make the transfer. When the transfer is completed the Member must provide the Office of the Alliance a copy of the document transferring such membership. The transferee must be eligible for membership and must apply for membership in the Alliance, which shall be approved by the Board of Directors. In the case of inheritance of property served by the Alliance, the transferee must notify the Alliance Office Manager of the death of the Member and complete a membership request form to complete the Alliance's records. If the property is sold, the purchaser will be considered a non-Member, until they have completed a membership request form and have been approved for membership.

Article X

Amendments

These bylaws may be repealed or amended by a vote of the majority of the Members present at any meeting called for such purpose, except that so long as any indebtedness is held by or guaranteed by the United States Department of Agriculture or any other agency of the United States, 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 of New Mexico, 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 to amend the bylaws as to effect a fundamental change in the policies of the corporation without the prior written approval of the United States Department of Agriculture or other agency of the United States.

Article XI
Commercial Water Use

Section 1. Allowance of Commercial Water Use

The Alliance, through the Board of Directors, shall have the authority to allow the commercial use of water through the issuance of a “commercial water service agreement” as provided by policies adopted by the Board of Directors. A commercial user of water shall become a Member of the Alliance, and shall be required to pay all membership, tap-in, water right and other fees required of a commercial new Member.

Section 2. Definition

The “commercial” use of water is defined as the use of water for any purpose other than a single domestic-residential use.

Section 3. Water Sales

Approval of a water service agreement shall only be allowed if there is adequate capacity in the system and it is in the best interest of the Alliance to allow the use as determined by the Board of Directors. The Board of Directors will identify the types of uses proper for each type of agreement.

El Valle Water Alliance will not sell water to any private entity. El Valle Water Alliance protects its water rights and wet water from losses to outside entities. Short term construction projects that benefit the communities are allowable with Business Manager approval.

Section 4. Policies and Procedures

The policies and procedures adopted by the Board of Directors shall minimally provide provisions regarding water conservation; rates, charges and penalties; payment of account; term of the contract; requirements of deposits; membership status; membership certificate; termination provisions; easements; and the form of commercial and other water service agreements; and any other management matters as they arise. The Board of Directors may add whatever other provisions to the commercial and other water service agreements that it deems necessary under the circumstances.

We certify that the foregoing bylaws are true and correct and that the same are in full force and effect.

Given under our hands and the seal of the corporation, this ____ day of _____
202__.

President

Attest:

Secretary