



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

FOURTH AMENDED BYLAWS OF LAS CAMPANAS WATER COOPERATIVE

Las Campanas Water and Sewer Cooperative is a New Mexico cooperative association, governed pursuant to NMSA 1978, 53-4-1 *et seq.*, and it is commonly referred to as “Las Campanas Water Cooperative.” In accordance with the provisions of NMSA 1978, 53-4-8, the annual meeting of the Members of Las Campanas Water Cooperative was held on July 13, 2022. At that meeting, these bylaws were discussed, and subsequent to such meeting, the bylaws were presented to the members for a vote by mail (specifically, e-mail voting). As of August 22, 2022, a majority of the Members constituting a quorum voting by mail, voted to adopt the following Fourth Amended Bylaws of Las Campanas Water Cooperative. All previous versions of the Bylaws of Las Campanas Water Cooperative are hereby revoked and amended and restated by this document. The Fourth Amended Bylaws of Las Campanas Water Cooperative are hereby stated as follows:

ARTICLE I Definitions

Section 1. Certain defined terms used in these Bylaws are set forth below:

- a) **Co-op:** The Las Campanas Water and Sewer Cooperative, a New Mexico non-profit cooperative association, which entity is commonly referred to as the Las Campanas Water Cooperative.
- b) **Member:** An owner of record of one or more lots now owned or hereafter acquired within the service area shall be entitled to one membership, evidenced by a membership certificate on file with the secretary of the Co-op.
- c) **Board:** The governing body of the Co-op responsible for managing the business and affairs of the Co-op, being a Board of Directors.
- d) **Director:** Individual elected or appointed Members together comprising the Board.
- e) **Officer:** An elected Director holding the position of President, Vice-President, Secretary, and/or Treasurer of the Board.

ARTICLE II Name, Objects, Purposes and Principal Place of Business

The corporate name, the objects and purposes, and the principal place of business of this Co-op shall be as stated and provided in the Articles of Incorporation of the Co-op.



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

ARTICLE III Membership

Section 1. The Articles of Incorporation define the boundaries of the Co-op's service area. Each owner of record of one or more lots now owned or hereafter acquired within the service area shall be entitled to one membership, regardless of the number of lots owned by such member, evidenced by a membership certificate on file with the secretary of the Co-op (sample membership forms may be obtained on the Co-op's website). No owner of record shall have more than one membership regardless of the number of lots owned. A single membership certificate shall be issued to a Member in relation to all lots owned by that Member. If the owner of record is more than one individual or entity (such as joint tenants or tenants in common), the owners shall designate one of them as having the right to vote for such Member and report that name to the Secretary of the Co-op. If the owner is an entity, then the owner shall designate one individual to have the right to vote for such Member and report that name to the Secretary of the Co-op. A Member's vote as to a given matter shall be suspended if more than one person seeks to exercise it in a conflicting manner on behalf of a Member. Membership status shall be evidenced by a membership certificate executed by the Member and by the Co-op.

ARTICLE IV Meetings of Members

Section 1. The annual (aka, regular) meeting of Members of the Co-op shall be held at the principal office of the Co-op or at such other place within the State of New Mexico as the Board shall from time to time determine. The annual meeting shall be held on the fourth Wednesday in July of each year. The Board shall have the right from year to year to fix the date and time of said meeting to a different date and time, where the Board shall seek to have the annual meeting within a period that is not more than thirty (30) days prior and not more than thirty (30) days subsequent to the date above prescribed. At such annual meeting the Members shall elect Directors as provided in these Bylaws and transact such other business as may be raised at the annual meeting before them.

Section 2. Special meetings of the Members may be called by the president, by a majority vote of the directors, or upon written petition to the president signed by at least 10 percent (10%) of the Members. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted except that specified in the notice. In the event that a special meeting is called by written petition of ten percent (10%) of the Members, then (i) within seven (7) days of the date the petition is submitted, there shall be a meeting of the petitioning Members and the Board to discuss the matters to be raised at the special meeting (an "Special Meeting Preconference," where the parties shall seek to have a frank discussion about issues that the petitioning Members want to bring before the membership, and any potential



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

resolution proposals that the Board or such Members may have, and (ii) if either a petitioning Member or the Board elects in writing, within one (1) business day after the Special Meeting Preconference, to submit the matters discussed to mediation, the petitioning Members and the Board shall meet for mediation prior to the date of the special meeting. Such mediation shall be specifically subject to the provisions of New Mexico's Mediation Procedures Act, NMSA 1978, 44-7B-4 that provides that "mediation communications are confidential, and not subject to disclosure and shall not be used as evidence in any proceeding." At the special meeting, the petitioning Member and Board may disclose the discussions and any proposals made at the Special Meeting Preconference but not at the mediation. The Special Meeting Preconference and mediation may take place in person, or by electronically transmitted, telephone conference or broadcast meeting. In the event that the petitioning Members and Board cannot agree on dates to hold the Special Meeting Preconference or the mediation, the Special Meeting Preconference shall occur on the date that is 5 business days after the petition is submitted and the mediation shall occur on the date that is 2 business days before the date of the special meeting.

Section 3. The secretary shall give written notice stating the place, day and hour of annual and special meetings of Members and shall be delivered not less than five (5) nor more than thirty (30) days before the date of the meeting either personally, by electronic mail, fax, or by U.S. mail, at the discretion of the president, the secretary or the officer or persons calling the meeting, to each Member of record. If mailed, the notice shall be deemed delivered when deposited in the U.S. mail, addressed to the Member at his or her address as it appears on the membership certificate or Co-op records, with postage prepaid. If sent via electronic mail or fax, the notice shall be deemed delivered upon sending. In the case of a special meeting of the Members, notices shall include the purposes for which the meeting is called.

Section 4. At any meeting, annual or special, of Members, ten percent (10%) of the total membership of the Co-op shall constitute a quorum for the transaction of business and a majority of the quorum shall decide any issues, including the amendment of the bylaws, properly before the meeting and, in the instance of a special meeting, detailed in the meeting notice and/or agenda. All matters to be voted on by the Board shall be noticed to the Members no later than ten (10) days prior to the date of the meeting. The Board may allow for Members' participation and voting at any meeting, annual or special, through an electronically transmitted, telephone conference or broadcast meeting so long as each Member can hear and be heard on such transmission, conference or broadcast.

Section 5. Wherever written notice of a Members' meeting, annual or special, is required herein, such notice shall be deemed waived by the attendance at such meeting of any Member who failed to receive a notice for any reason (without the requirement for a waiver in writing) or who, subsequent to the holding of such meeting, waives notice in writing and assents to the action taken at such meeting by the Members who were present.



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

Section 6. Each Member shall be entitled to one vote regardless of the number of lots or membership certificates held by such Member. Voting may be in person, by mail, electronic mail, over electronically or telephonically held meetings or fax as provided by law and these Bylaws. No Member shall be permitted to vote by proxy. Upon approval by the Board, Members may vote by mail as contemplated by applicable law. Mail votes shall be counted in computing a quorum. As provided in NMSA 1978, 53-4-16, references in these Bylaws to “votes cast by the members shall be construed to include the votes cast by mail.”

Section 7. Insofar as is practicable, the following order of business shall be observed at all annual and special meetings of the Members:

- a) Calling the roll and determining if a quorum is present
- b) Reading, correction and approval of minutes of previous meetings
- c) Reports of officers
- d) Reports of committees
- e) Election of Directors, if necessary
- f) Unfinished business
- g) New business

ARTICLE V **Directors**

Section 1. The business and affairs of the Co-op shall be managed by a Board of at least five (5) Directors and no more than nine (9) Directors, with a preference for the Board to be comprised of seven (7) Directors whenever possible. The Directors shall be chosen by the Members at their annual meeting and shall hold office for a term of three (3) years or until their successors are elected. Their terms shall begin at the annual meeting and extend until the third (3rd) following annual meeting. All Directors shall be Members. The number of Directors to be elected is initially set at seven (7) Directors, and may be increased or decreased in accordance with the requirements of this Section by the Board, from time to time. Any increase or decrease of Directors on the Board shall only have an effect at the next regular meeting of the Members. In the event that the number of Directors is decreased, the position of the Director or Directors who has or have been longest serving on the Board shall have their position terminated, where such Director or Directors may self-nominate or be nominated for any then-open position.



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

Section 2. Election of Directors shall be by ballot, which may be written at the meeting or transmitted electronically. The persons receiving the greatest number of votes shall be declared elected. There shall not be cumulative voting.

Section 3. Candidates wishing to be elected to the Board shall be up for election by self-nomination or by nomination by a Nominating Committee. There shall be a Nominating Committee comprised of five (5) committee members, to include current and former Directors of the Board. The Board shall appoint the Nominating Committee. The Nominating Committee shall:

- Formulate the criteria to determine the qualifications, qualities, skills, positive attributes, independence and other expertise required to be a director of the Co-op and to develop, and recommend to the Board for its approval, criteria to be considered in selecting director(s) (the “Director Criteria”).
- Set a timeline for preparation for the election of Directors at the annual meeting, which shall include a deadline for receiving self-nomination applications.
- Screen and review candidates qualified to be appointed as directors, consistent with Director Criteria (including evaluation of incumbent directors for potential re-nomination), and making recommendations to the Members and Board on candidates for: (i) nomination for election or re-election by the Members; and (ii) any Board vacancies that are to be filled by the Board.
- Conduct evaluation of candidates in accordance with a process that the Nominating Committee sees fit and appropriate, passing on the recommendations for the nomination to the Board and Members.

If it becomes necessary to elect new Directors because Directors have resigned or are otherwise not able to serve outside of the course of the regular election cycle, the Nominating Committee shall follow a similar process.

Section 4. Any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining Directors, or at the election of the Directors, a special meeting of the Members may be called for such election. A Director elected to fill a vacancy shall serve for the unexpired term of his predecessor in the office.

Section 5. The annual meeting of the Board shall be held on the same date and at the same place fixed for the annual meeting of the Members at the earliest practicable time following the conclusion of the annual meeting of Members.



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

Section 6. Special meetings of Directors may be called by the president or a majority of Directors at any time by giving not less than two (2) days' notice in writing to all Directors; provided, however, that any such notice may be waived by a Director in writing or by his attendance at such meeting. Attendance of a Director at a meeting constitutes waiver of notice of the meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. At any meeting, annual or special, a majority of the Directors shall constitute a quorum for the transaction of business, and a majority of a quorum shall decide any questions properly before the meeting.

Section 7. The Directors shall have the general management and control of the business affairs of the Co-op. They shall have and exercise all of the powers that may be exercised and performed by the Co-op under law, the Articles of Incorporation and the Bylaws, including but not limited to:

- 1) establishing annual Co-op goals and allocating Co-op resources;
- 2) overseeing management of the Co-op finances, including approving the annual budget and establishing appropriate rate and tariff schedules;
- 3) approving programs and activities of the Co-op committees and providing oversight of such committees;
- 4) overseeing the management of the Co-op's activities through policy guidance and directives to the General Manager,
- 5) promoting interaction with its Members and maintaining the transparency of the organization to its Members;
- 6) establishing relationships with other organizations where it is in the interest of the Co-op to do so;
- 7) authorizing participation in litigation to protect the Co-op's interests;
- 8) determining types and amounts of insurance appropriate to protect the Co-op, its Board, officers, and its assets; and
- 9) ensuring orderly long-range planning for the Co-op.

The Board shall also have authority to collect past due receivables, approve and make effective rates and tariffs applicable to water and sewer service provided by the Co-op, including rate surcharges intended to encourage water conservation. The Board shall also encourage Members to limit water usage in accordance with restrictions applicable to their lots, encourage Members to comply with applicable conservation measures in times of limited water availability, and provide a less drastic means than discontinuing service to enforce use restrictions and necessary conservation measures.



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

Section 8. The Directors of the Co-op shall discharge their duties in good faith and in a manner consistent with the best interests of the Co-op and shall adhere to all fiduciary obligations including a commitment to the interest of the Co-op, a commitment to the responsibilities set forth in these bylaws, and a commitment to support the approved positions and decisions of the Board. The business judgment rule shall apply to all actions of the Directors of the Co-op, specifically subject to the provisions of NMSA 1978, 53-4-18.2 (which describes the events in which a Director may have personal liability for monetary damages for breach of a fiduciary duty). The term “business judgement rule,” for the purpose of these bylaws means, as set forth in *White on Behalf of Banes Co. Derivative Action v. Banes Co.*, 116 N.M. 611, 615, 866 P.2d 339, 343 (1993), “If in the course of management, directors arrive at a decision, within the [Co-op’s] powers (inter vires) and their authority, for which there is a reasonable basis, and they act in good faith, as the result of their independent discretion and judgment, and uninfluenced by any consideration other than what they honestly believe to be the best interests of the [Co-op], a court will not interfere with internal management and substitute its judgment for that of the directors to enjoin or set aside the transaction or to surcharge the directors for any resulting loss”

Section 9. To assist in the management of the Co-op, the Board shall have the power to appoint an Executive Committee of the Board composed of certain Directors of the Co-op. The Board may also establish committees, in addition to the Executive Committee, as appropriate. The president shall appoint, with Board approval, the Members of such Committees from among the Members of the Board, including designation of the Chair and Vice Chair of such Committees, as appropriate. The designation of any such committee and the delegation of authority thereto shall not operate to relieve the Board or any individual Member of any responsibility imposed by law. Upon approval of the Board, a Member may serve on a committee of the Board. The Executive Committee and other committees may have persons who are not on the Board, but such persons shall be *ex officio* and shall not be entitled to vote on committee matters.

Section 10. The Co-op shall reimburse the Directors and officers all expenses necessarily incurred in connection with their attendance at said meetings. Such disbursement shall be made from funds of the Co-op. The Directors shall designate an officer or officers of the Co-op to review the bills and obligations incurred by the Co-op and to draw checks on the Co-op funds for the billings and obligations that are so approved by said designees.

Section 11. A Director may be elected to no more than three (3) consecutive terms of three years each.

Section 12. A Director may resign at any time by causing written notification of resignation to be delivered to the president or secretary of the Co-op. Resignation shall be effective on the day of receipt of such notice.



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

ARTICLE VI. Duties of Officers

Section 1. The officers of the Co-op shall be chosen by the Directors annually and shall consist of a president, vice-president, secretary and treasurer, and such other officers as shall from time to time be provided for by amendments or changes to these Bylaws. Any two or more offices may be held by the same person, except the offices of president and secretary. All officers must be Directors. The business judgment rule shall apply to all actions of the Directors of the Co-op.

Section 2. Each officer shall be elected to a term of one year, may be reelected for an additional two (2) one-year terms, and shall serve until his or her successor is elected and qualified at the next regular annual meeting of the Board or at any special meeting of the Board.

Section 3. The president shall serve as the chairman of the Board, the chair of the Executive Committee, and shall preside at all meetings of Members. The president shall have general charge and control over the affairs of the Co-op as the chief executive and administrative officer of the Co-op, subject to the review and direction of the Board. He or she shall sign deeds, notes, mortgages, conveyances of real property and written contracts of the Co-op and shall perform all other such duties incidental to that office.

Section 4. In the absence of the president or in the event of his or her inability or refusal to act, the vice-president shall have and exercise all the duties, obligations and responsibilities and shall have the same rights and powers as the president. Upon and in the event of the death, resignation or removal of the president, the vice-president shall succeed to all the rights and duties of the president for the unexpired term of the president.

Section 5. The secretary shall sign all certificates of membership of the Co-op. He or she shall keep record of all the proceedings of meetings of Directors and Members and shall have general custody of all books, records and papers of the Co-op except such as shall be in charge of the treasurer or of other persons authorized to have custody, control and possession thereof by the Board. He or she shall maintain the official roll of Members for voting and all other purposes. He or she shall cause notice to be given of all meetings of Members, or of the Board and of any committees. He or she shall attend all meetings of the Board and shall record the proceedings thereat and shall report the same to the next succeeding meeting. The Secretary shall perform such other duties as may be assigned by the Board.

Section 6. The duties and responsibilities of the treasurer of the Board of the Co-op shall be to co-sign checks pursuant to authority from the Board and approve payments of the Co-op obligations subject to limits prescribed and approved by the Board. The treasurer shall also work



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

with Co-op management and financial employees in the design, implementation and application of all procedures and policies relating to budgeting, financial report and controls. The treasurer shall also monitor the Co-op's investment and borrowing activities under the direction of the Board. It shall be the treasurer's responsibility to keep the Board informed of all substantive issues relating to the financial activities of the Co-op and, as such, will make periodic reports to the Board. The treasurer shall, subject to the Board's approval, engage an independent auditor on an annual basis to conduct an audit of the financial records of the Co-op according to standard acceptable accounting procedures.

Section 7. The Board shall elect its officers following the annual meeting of the Members, or as and when officer positions become vacant or are created.

Section 8. In the event of the death, resignation or removal of any officer, the Directors shall elect a successor to fill the unexpired term of the vacated office.

Section 9. Any officer of the Co-op may be removed by the Board at any time.

ARTICLE VII Staff

Section 1. The Board is authorized to appoint a General Manager to manage the business and the activities of the Co-op, including the authority to manage employees, consultants, and other appropriate personnel, and to manage the funds of the Co-op.

Section 2. The General Manager shall be compensated at a level and, in a manner, determined by the Board.

Section 3. The General Manager shall report to the Board periodically and shall on a continuing basis keep the president informed of Co-op activities and operate subject to the president's supervision.

Section 4. The General Manager shall manage the Co-op in a manner consistent with the job description approved by the Board which shall include, but not be limited to, the following, subject to Board and Officer approval:

- 1) Management of the budget, properties, and assets of the Co-op.
- 2) Interaction and leadership of the staff, contractors, and consultants.
- 3) Management of all interactions with affiliated governmental agencies.
- 4) Management of technical operation functions.
- 5) Interaction with the Board.



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

ARTICLE VIII Indemnification of Directors and Officers

The Co-op shall indemnify each Director and officer, including former Directors and officers of the Co-op, against reasonable expenses actually and reasonably incurred by each such Director or officer in connection with a settlement or defense of any action, suit or proceeding, civil or criminal, in which he or she is made a party by reason of being or having been such Director or officer, except in relation to matters as to which he or she shall be adjudged in such action, suit or proceeding to be liable for willful misconduct or recklessness in the performance of duty to the Co-op. The Co-op specifically indemnifies each such Director and officer and former Director and officer from payment of any judgment, levy or demand that might be granted against any such Director or officer, or former Director or officer by virtue of his or her occupancy of said directorship or office, growing out of an action, suit or proceeding, which does not involve willful misconduct or recklessness in the performance of duty to the Co-op. Advance indemnification may be allowed of a Director or officer for reasonable expenses to be incurred in connection with the defense of the action, suit or proceeding, provided that the Director or officer shall reimburse the association if it is subsequently determined that the Director or officer was not entitled to indemnification, and the undertaking to reimburse shall be acceptable as to form and potential security for such reimbursement obligation, as may be required by the Board.

ARTICLE IX Amendments

Provided a quorum is present as defined in Article IV, Section 4, these Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a majority vote of the Members voting at any annual meeting or at any special meeting called for that purpose.

ARTICLE X Action by Director Consent; Director Meetings

Any action which may be taken at a meeting of the Board may be taken without a formal meeting; provided, however, that a majority of Directors consent in writing by mail, electronic mail, or fax, to the action so taken. If an action does not receive majority consent, it may be placed on the consent agenda at the next regular or special meeting of the Board for vote consistent with the consent indicated by those Members in writing. Directors' participation and voting at any meeting, annual or special, may be through an electronically transmitted, telephone conference or broadcast meeting so long as each Director can hear and be heard on such transmission, conference or broadcast.



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

ARTICLE XI

Rules and Operating Procedures; Rates and Other Charges

Section 1. The Board shall have authority to adopt and amend, from time to time, rules and operating procedures that govern the day-to-day business of the Co-op, including but not limited to rates, tariffs, surcharges, costs, fees, and other matters. The rules and operating procedures may be amended by a majority vote of the Directors voting at any meeting.

Section 2. New or amended rates, tariffs, and surcharges must be approved by a majority of the Directors voting at any meeting called for that purpose at which a quorum is present. The Co-op shall give Members notice of the adoption of new or amended rates, tariffs or surcharges at least thirty (30) days before they become effective. Upon written petition to the president protesting the adoption of any new or amended rate, tariff, or surcharge signed by at least ten percent (10%) of the Members, which petition must be delivered no later than the effective date of the new rate, tariff, or surcharge, a special meeting of the Members shall be called for the purpose of voting on the protested rate, tariff or surcharge, and provided that a quorum is present at the meeting, the protested rate, tariff or surcharge may be rescinded by a majority of the Members voting by ballot or in person.

ARTICLE XII

Transfer of Membership

The sale or transfer of the possessory interest in any lot, or portion thereof, for which a membership in the Co-op was obtained, shall terminate the membership of the seller unless the seller continues to own other real property in the service area. The new owner of the possessory interest shall become a Member of the Co-op unless the new owner already is an owner of a unit in the development, eligible to become or appoint a Member of the Co-op, which Member shall be an individual, and which Member shall be bound by these Bylaws. The rights and obligations provided in these Bylaws shall run with the land.

The transfer of an interest in a lot will not affect or change any existing or accrued obligations, and such new interest holder will not be liable for such obligations, unless otherwise provided in these Bylaws; provided, however, that the Co-op is not required to provide the new Member service until all fees, charges and assessments incurred for service to the property transferred are brought current. Any such transfer shall not be binding on the Co-op until such transfer is reflected in the books and records of the Co-op maintained by the secretary.



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

ARTICLE XIII
Rules of Order

Unless otherwise provided, all proceedings of the Board shall be governed by Robert's Rules of Order.



Las Campanas Water Cooperative

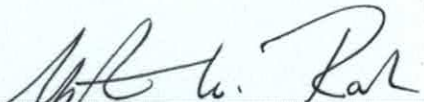
SANTA FE, NEW MEXICO

CERTIFICATE

We, the undersigned, president and secretary of Las Campanas Water and Sewer Cooperative, a New Mexico cooperative association organized and existing under the laws of the State of New Mexico, do hereby certify that the foregoing Amended Bylaws of Las Campanas Water Cooperative are duly adopted by a majority of the Members voting by mail (specifically, e-mail voting) and that the same do constitute the Bylaws of said Co-op.

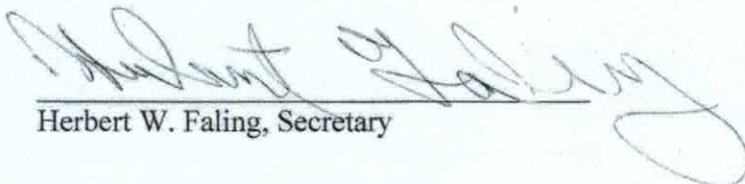
DATED: September 12, 2022

LAS CAMPANAS WATER AND SEWER COOPERATIVE



Stephen W. Raab, President

ATTEST: September 12, 2022



Herbert W. Faling, Secretary