

MARIPOSA PUBLIC IMPROVEMENT DISTRICT
BYLAWS

ADOPTED MARCH 17, 2006

**BYLAWS OF MARIPOSA EAST
PUBLIC IMPROVEMENT DISTRICT**

These Bylaws are made for the purpose of managing the affairs of the Mariposa East Public Improvement District, a public improvement district formed pursuant to Sections 5-11-1 through 5-11-27, NMSA 1978, Chapter 2, Article 10 of the City's Administrative Policies and Procedures entitled "Public Improvement District Guidelines and Application Procedures," and the Formation Resolution adopted by the City of Rio Rancho on February 8, 2006, as may be amended and supplemented from time to time.

**ARTICLE 1
DEFINITIONS**

Section 1.1 Capitalized terms shall have the definitions assigned in this section. Capitalized terms not defined in this section shall have the meanings assigned in the Formation Resolution and Development Agreement, unless the context clearly requires otherwise.

"Act" means Sections 5-11-1 through 5-11-27, NMSA 1978, as amended.

"Board" means the Board of Directors of the District.

"Bond Election Resolution" means a resolution authorizing a special, all-mailed ballot election to submit to the owners of real property within the District the questions of whether to authorize the District to issue the Bonds to finance the Project, which Bonds shall be general obligations of the District payable from a property tax levied by the District on the taxable property within the District, and whether to authorize the District to levy a property tax to pay the annual operating costs of the District.

"Bonds" means bonds issued by the District for the purposes and in the manner authorized by the Act, the PID Guidelines and the Formation Resolution.

"City" means the City of Rio Rancho, New Mexico.

"Council" means the City Council of the City of Rio Rancho.

"Developer" means High Desert Investment Corporation.

"Development Agreement" means the development agreement dated March 17, 2006 entered into by among the City, the District and the Developer.

"Director" means a member of the Board.

"District" means the Mariposa East Public Improvement District, as authorized by the Act, the PID Guidelines and the Formation Resolution.

"Facilities Fee" means a fee payable to the District by the Applicant or the owner of a legal parcel or tract of real property within the District, at the earlier of (i) the issuance of an initial building permit by the City of Rio Rancho or (ii) the transfer of title to the legal parcel or tract by the Applicant to a third party, for the purpose of defraying a portion of the cost of providing the PID Infrastructure Improvements to serve such lot or tract.

"Feasibility Study" means the study of the estimated costs and financing methods of the Project submitted by the Developer in connection with its petition for formation of the District.

"Formation Resolution" means City of Rio Rancho Formation Resolution adopted by the City Council on February 8, 2006.

"Local Government Division" means the Local Government Division of the Department of Finance and Administration of the State of New Mexico.

"PID Guidelines" means Chapter 2, Article 10 of the City's Administrative Policies and Procedures entitled "Public Improvement District Guidelines and Application Procedures."

"Project" means the acquisition, construction and financing of a water supply system and wastewater treatment facility.

ARTICLE 2 OFFICES

Section 2.1 Principal Office. The principal office for the transaction of business of the District shall be at 3791 Southern Boulevard, S.E., Suite 202, Rio Rancho, N.M. 87124. The Board is hereby granted authority to change the place of the principal office to another location within the City of Rio Rancho, and to hold meetings of the Board at any location deemed appropriate by the Board.

ARTICLE 3 BOARD MEETINGS

Section 3.1 Place of Meetings. Meetings of the Board shall be held at the place and time set forth in a Meeting Notice.

Section 3.2 Meetings; Purpose of Meetings in First Year of Operation. Meetings of the PID Board shall be held for, without limitation, the following purposes:

A. At an initial meeting to be held on or before March 17, 2006, to do the following:

- (i) appoint officers;
- (ii) adopt organizational documents for the District, including bylaws, an open meetings resolution and a schedule of additional meetings to be held in connection with the District's first full year of existence and operation;
- (iii) ratify and approve the Development Agreement; and
- (iv) adopt a resolution directing publication of a notice of special meeting to approve the Feasibility Study and the Project, and adopt a Bond Election Resolution.

B. At subsequent meetings, to do the following:

- (i) canvass returns from the bond election;
- (ii) impose the Facilities Fee;
- (iii) adopt a resolution authorizing the sale of the Bonds;
- (iv) approve the timely submittal of a budget to the Local Government Division of the Department of Finance and Administration as provided in the Act; and
- (v) to take such additional action as may be necessary or desirable as authorized by or not inconsistent with the Act, the PID Guidelines and the Formation Resolution.

C. Following the issuance of Bonds, the Board shall meet at least annually to adopt a budget to be timely submitted to the Local Government Division as provided in the Act.

Section 3.3 Notice of Meetings.

A. Regularly Scheduled Meetings. Notices of regularly scheduled meetings shall be provided in writing to each Director at least 7 days in advance of each meeting.

B. Special Meetings. Notices of special meetings shall be provided in writing to each Director at least 3 days in advance of each meeting.

C. Emergency Meetings. Notices of emergency meetings shall be provided as far in advance as reasonably possible, in writing if possible, to each Director. Notices of emergency meetings shall be provided at least 24 hours in

advance of each meeting, unless the nature of the emergency prevents such advance notice.

D. Public Meetings. Meetings of the Board are open to the public. Notice of regular meetings shall be provided to the public as set forth in the District's Open Meetings Resolution.

ARTICLE 4 CONDUCT OF BUSINESS

Section 4.1 Powers. The Board shall manage the affairs of the District and may take any and all actions necessary or convenient to carry out the powers and transactions authorized by or consistent with the Act, the PID Guidelines and the Formation Resolution. The Board may take action through the ratification of administrative measures taken on behalf of the Board by its counsel and consultants and approved, at the time such measures are taken, by the Chair, Vice-Chair or Clerk.

Section 4.2 Actions; Quorum. Actions of the Board shall be authorized by vote of a majority of the quorum of Directors. A majority of all the Directors constitutes a quorum. All Directors shall be entitled to vote in connection with any action of the Board. Directors shall not abstain from voting if abstention would result in less than a quorum or in a tie vote. Any or all Directors may attend meetings by telephone so long as the matters being discussed are audible to all Directors in attendance.

Section 4.3 Officers.

A. Chairperson and Vice-Chair. The Chairperson shall preside at meetings of the Board. In the Chairperson's absence, the Vice-Chair shall preside, and in the absence of both the Chairperson and Vice-Chair, the Treasurer shall preside.

B. Clerk. The Clerk (who may be designated the Secretary of the Board) shall keep or cause to be kept a book of minutes and a book of resolutions of the District at the principal office of the District or at such other location as the Board may authorize. The Clerk shall attest the signature of the presiding officer on documents and instruments executed by the Board, shall be responsible for issuing notices of meetings and other notices provided by the Board, and shall otherwise be responsible for documenting the actions and proceedings of the Board.

C. Treasurer. The Treasurer shall maintain adequate and correct accounts of District funds and transactions undertaken by the District, provided that the District's transactions in connection with the issuance of Bonds and expenditure of the proceeds of the Bonds shall be administered through a trustee. The Treasurer shall be the authorized officer of the District to certify that work for which a payment request is made has been accomplished in a manner satisfactory

to the District. The duties of the Treasurer and the Clerk may be assumed by a single Director.

D. Deputy Clerk. The Deputy Clerk shall prepare and distribute ballots for any bond election and respond to general inquiries regarding the same. The Deputy Clerk shall act as Clerk in his absence.

E. Appointment of Additional Officers. Officers not appointed pursuant to resolution may be elected by the Directors.

Section 4.4 Vacancies. In the event that a Director resigns or is unable to act as a Director, a new Director shall be appointed by the remaining Directors. To the extent required by the Act, the PID Guidelines or the Formation Resolution, the Board shall request the ratification of the appointment of the new Director by the Council.

Section 4.5 Appointment of Committees. The Board may appoint an executive committee and such other committees from time to time as may be necessary or convenient to carry out the Board's powers, consisting of at least two Directors, provided that actions requiring Board approval, including, without limitation, the adoption of resolutions authorizing the issuance of Bonds, shall not be delegated to committees.

Section 4.6 Delegation of Certain Authority. The Board may delegate to individual officers authority to execute instruments, endorse checks and expend funds of the District for any purpose not inconsistent with the Act, the PID Guidelines and the Formation Resolution.

ARTICLE 5 DISTRICT RECORDS

Section 5.1 Records. The District shall maintain adequate records and documentation of its business and actions. The District is subject to the Inspection of Public Records Act.

ARTICLE 6 DISTRICT SEAL

Section 6.1 Seal. The Board may provide a seal stating the District's name, state, and year of formation, to be kept by the Clerk and be used in the execution and attestation of resolutions and adopted and instruments executed by the Board on behalf of the District, provided that the absence of a seal shall not invalidate resolutions and instruments of the Board which have otherwise been executed by the presiding Officer and attested by another member of the Board.

ARTICLE 7
AMENDMENT OF BYLAWS

Section 7.1 Amendment. These Bylaws may be amended by majority vote of the Directors, from time to time, in any manner not inconsistent with the Act, the PID Guidelines and the Formation Resolution.

Section 7.2 Record of Amendment. Any amendment to these Bylaws shall be included with the original Bylaws, along with the record of action taken by the Board to enact such amendment.

ARTICLE 8
INDEMNIFICATION

Section 8.1 Indemnification of Directors. Each Director shall be indemnified by the District to the extent permitted by law against liabilities arising from, and expenses reasonably incurred in connection with, the Director's actions on behalf of and participation on the Board and the District.

Section 8.2 Insurance. The Board may arrange for the District to obtain insurance providing liability coverage for Directors and Officers in amounts deemed reasonably necessary, feasible and consistent with the transactions contemplated by the Act, the PID Guidelines and the Formation Resolution.

ARTICLE 9
ADOPTION BY RESOLUTION

These Bylaws shall be adopted by Resolution No. 2006-01 of the Board as the Bylaws of the Mariposa East Public Improvement District, and shall be effective thereafter.