

LAKE BONANZA WATER SUPPLY CORPORATION

ELECTION PROCEDURES FOR THE ANNUAL MEMBERS MEETING

Adopted in accordance with Sections 67.0051-.0055 and 67.007 of the Texas Water Code by the Board of Directors, this ____ day of _____, 2022.

President *Mary Wesolick*

Secretary-Treasurer *Karen Gonzalez*

Corporate Seal

1. **Annual Meeting Date.** The annual meeting of the members of the Corporation must be held between January 1 and May 1¹. If the Corporation's Bylaws specify a date for annual meeting the meeting shall be on that date. If the Bylaws do not specify a date, the board shall determine the date which is no earlier than January 1st and not later than May 1st. The Corporation may hold other special meetings of the members for the purpose of conducting an election on an issue that requires a vote of the membership or for another purpose.
2. **Credentials Committee.** The Board of Directors shall appoint at least 180 days prior to the annual meeting a **Credentials Committee** of two individuals. This committee shall at no time have sufficient board members appointed to constitute a quorum of the Board of Directors.
 - a. The chairperson of the **Credentials Committee** will be the Secretary/Treasurer unless that individual is running for re-election; in which case the Board shall appoint any other officer not running for re-election to serve as the chairperson of the committee. If all officers are running for re-election any other director not running for re-election will be appointed as the chairperson.
 - b. The **Credential Committee** shall assist the board by;
 - 1) Recommending for Board approval the ballot form, director application forms, the annual meeting packet, the meeting notice and any other related forms and notices for the annual meeting at least 95 days prior to the annual meeting;
 - 2) Recommending for Board approval a person to fill the role of **Independent Election Auditor** at least 45 days prior to the annual meeting;
 - 3) Ensuring that the election procedures are implemented;
 - 4) Generating interest among the membership to apply to serve on the board;
 - 5) Verifying candidate applications and petitions for completeness.
 - 6) Insuring the application is accurate with no falsification. To do so the committee is authorized to follow up on references', verify board service, business or government experience;
 - 7) After reviewing the applications for accuracy, truthfulness, and completeness, the committee then presents to the board their opinion. The board then can decides on whether to accept or reject the committee's recommendation.
 - 8) Serving other functions as set forth in these procedures.
3. **Adoption of Election Procedures.** The Board will meet at least 90 days before the annual meeting to review and adopt the ballot form, director application form, and election procedures. These election procedures apply to a member meeting where an election will be held. They are adopted in accordance with Section 67.007(b) and 67.0054(f) of the Texas Water Code. The timeline for events leading up to an election is set forth in **Attachment 1**.
4. **Applications for Director.** At least 80 days before the date of the annual meeting that includes a director election, the Corporation will notify all members of their opportunity to submit an application to serve as a Director.² The notice shall specify the procedures for submitting an application including instructions on who and where to send the completed application forms including the mail address.

¹ See. T.W.C. Sec. 67.007

² See. T.W.C. Sec. 67.0052(c); This is the first deadline prescribed by law and it is set at 75 days, but extra time is suggested.

- a. The application form will require the following information³:
- 1) The person's name and contact information;
 - 2) If applicable, the director's position number, district number or other distinguishing number for which the person seeks to be elected;
 - 1) Biographical information about the person;
 - 2) A statement of the person's qualifications to serve as director;
 - 3) A signed statement that the person is qualified under Texas Water Code Section 67.0051 as follows:
 - i. is at least 18 years old on the first day of the term to be filled;
 - ii. is a member of the Corporation;
 - iii. has not been determined by a final judgment of a court exercising probate jurisdiction to be totally mentally incapacitated or partially mentally incapacitated without the right to vote; and
 - iv. has not been finally convicted of a felony or if convicted, was pardoned or otherwise released from the resulting disabilities;
 - 4) A statement that the person meets the eligibility requirements, if any, set forth in the Certificate of Formation and Bylaws of the Corporation;
 - 5) The person's written consent to serve, if elected;
- b. Director Applications are due 50 days before the date of the annual meeting in the manner described above.⁴ Applications shall be submitted to the Corporation or Board designated Corporation Employee and/or Credential Committee.
- c. Upon receipt of each application, the **Credential Committee** and/or designated Corporation Employee shall review the application for completeness and truthfulness including whether the signatures on the petition represent a valid membership (if applicable). Candidates will be notified by the application reviewer (Corporation Employee or Credential Committee) within 48 hours of receiving application to cure any defects in the application or petition and the candidate shall be given the opportunity to cure the defects.
- d. Applicants must submit a corrected application or petition not later than 45 days before the date of the annual meeting in the same manner proscribed for original applications and petitions in Section 4.

5. **Board Meeting.** The board will meet no later than 40 days before the date of the annual meeting to;

- a. Select an **Independent Election Auditor**
 - 1) The Board of Directors will select an **Independent Election Auditor**⁵ based on the recommendation of the Credentials Committee.
 - 2) The **Independent Election Auditor** is not required to be an experienced election judge or auditor and may serve as an unpaid volunteer.
 - 3) The **Independent Election Auditor** cannot be associated with the Corporation as an employee, director or candidate for director, or independent contractor engaged by the Corporation as part of the Corporation's regular course of business but may be a member of the Corporation.

³ See T.W.C. Sec. 67.0052

⁴ See T.W.C. Sec. 67.0052(b); Requirement is 45 days, but TRWA suggests adding five extra days for petition signature verification.

⁵ See T.W.C. Sec. 67.007(d), "not later than the 30th day before the scheduled date of the annual meeting"

- b. **Finalize and approve the voting ballot** listing candidates, the annual meeting agenda and the annual meeting packet;
- c. **Determine whether any candidate is unopposed.** If there are unopposed candidates, the board may declare the candidates elected and certify in writing by resolution that the candidates are unopposed⁶. If there is more than one director position for which unopposed candidates are declared elected and the terms are not for equal duration of service, those unopposed candidates will draw lots under the direction of the presiding director to determine who will fill each position. The resolution will specify which candidates have been declared elected for each position. An election will not be held for the unopposed candidates. The Board will direct that the resolution be posted at the Corporation's main office as soon as practical. The resolution also will be read into the record at the annual meeting.

Note: If an election is still necessary after any unopposed candidate has been declared elected as stated above, the ballot must also include the names of the unopposed candidate(s) who have been declared elected under the heading "Unopposed Candidates Declared Elected" along with the opposed candidates, e.g. Director Position for District 1 was unopposed, however District 2 has two candidates running for this position.

- d. If the board fails to pass a resolution of unopposed candidates, the election shall proceed with the unopposed candidates on the ballot.

Note: Per Texas Water Code Sec. 67.0055, a person may not, by intimidation or by means of coercion, influence or attempt to influence a person to withdraw as a candidate or not to file an application for a place on the ballot so that an election may be canceled.

6. **Voting Roster.** At least 40 days prior to the annual meeting the Corporation will prepare an alphabetical list of the names of all its voting members ("Voting Roster") as required by Section 22.158 of the Business Organizations Code. (Unless members have contacted Lake Bonanza WSC office requesting that the LBWSC can share personal information the "Voting Roster" will not include addresses or phone numbers)
 - a. The voting roster of Members approved to vote in the annual election shall be available no later than the second business day after the date the annual meeting packets are sent to the members, and through the day of the meeting.
 - b. The Voting Roster will also be made available in the Corporation's office or other location deemed accessible for inspection by a member or the member's agent or attorney.
 - c. It also will be available for inspection at the annual meeting.
7. **Meeting Packets.** At least 30 days before the date of a member meeting where an election will be held,⁷ the Corporation shall mail to each voting member of the Corporation the meeting packets, which will contain as applicable: (1) the Notice of Member Meeting , (2) Official Ballot Form ; (3) an envelope for members to return their ballots that includes the member's return address and account number, and the address where the ballots are to be sent (either Corporation's main office or Election Auditor's office/address) ; (4) biographical information about each candidate for director**, including their qualifications as provided in their

⁶ See T.W.C. Sec. 67.0055(a) & (b)

⁷ See T.W.C. Sec. 67.0053

application ; (5) a detailed explanation of any issue (ballot measure) that the members are being asked to vote on; and (6) if bylaw changes are being proposed, a copy of the specific changes.

* If the election is cancelled, the meeting notice must still be sent, but may be included with a utility bill.

** The Corporation may not edit the biographical statement submitted by the candidate for spelling or grammar mistakes, so candidates cannot claim their answers were changed by the Corporation.

8. **Voting.** A member is entitled to only one vote regardless of the number of memberships the member owns. A member may be a natural person; a partnership of two or more persons having a joint or common interest, including a married couple who jointly own property; or a corporation.
 - a. **Voting in Advance of the Annual Meeting**
 - 1) The Corporation will accept ballot forms received during regular office hours at the Corporation's office or by mail until 12 noon the day before the annual meeting.⁸
 - 2) Upon receipt of a ballot, the **Credentials Committee** or designated Corporation staff will record on the Voting Roster that the member has submitted a ballot envelope, and then will place the unopened ballot envelope in a secured box.
 - 3) The secured box[es] will be turned over to the **Independent Election Auditor** after the 12-noon voting deadline and will remain in the custody of the **Independent Election Auditor** until the end of the Election.
 - b. **Voting in Person at the Annual Meeting.**
 - 1) Members attending the annual meeting will check in with the **Independent Election Auditor** who will verify whether the member has already submitted a ballot.
 - 2) The **Independent Election Auditor** will provide an official ballot to those members who are voting at the annual meeting. The ballots will be printed on a different color paper or contain a special marking to distinguish them from the ballots sent in advance of the meeting.
 - 3) If a member attends the annual meeting but has already submitted a ballot, the member may participate in the meeting but may not change their vote or submit another ballot.
9. **Open Meetings Act Notice.** The Corporation also will post the Agenda of the Members Meeting in accordance with the Open Meetings Act at least 72 hours in advance of any member meeting (see attachment #3). If the board plans to hold a board meeting on adjournment of the annual meeting, a separate notice of that meeting also must be posted.
10. **Conducting the Annual Meeting.** The President will conduct the annual members meeting in accordance with the noticed meeting agenda.
11. **Quorum Requirement.** At the commencement of the annual meeting, the President will make a last call for the submission of ballots. The President will report the total number of members who are present, which includes those members who mailed or delivered ballots prior to the meeting, for the

⁸ See T.W.C. Sec. 67.0054(a). In the alternative, the Corporation may designate that the ballots be delivered to the office of the Independent Election Auditor.

purpose of establishing a quorum. The President will announce that a quorum of the membership is present and that the meeting [and election] may proceed.⁹

12. **Counting the Ballots.** The **Independent Election Auditor** will open the ballot envelopes received prior to the meeting and place the ballots with the ballots received at the meeting. The envelopes will be kept separately in a secured location. The **Independent Election Auditor** will count all the ballots at the meeting prior to adjournment and will provide the board with a written report of the election results.¹⁰

The **Independent Election Auditor** may enlist the assistance of members or other individuals to count ballots and to assist with other duties as long as those individuals are not an employee of the Corporation, a director or candidate for director, a family member of a candidate, or an independent contractor engaged by the Corporation as part of the Corporation's regular course of business.

- If there is more than one director position to be filled and the terms are not for equal duration of service, those candidates receiving the greater number of votes will fill the positions with the longer terms.
- If two or more candidates for a director's position tie for the highest number of votes, those candidates will draw lots under the direction of the **Independent Election Auditor** to determine who is elected.
- If there is a tie vote on an issue other than a director election, the measure fails.

13. **New Board of Directors Meeting.** The first regular board meeting of the newly elected board of directors will be held on the same day and immediately following the annual election meeting. An agenda will be posted for this first board meeting, as required by the Open Meetings Act, where business will include electing new officers from among the new board members. Additionally, the board may elect to appoint **Credentials Committee Members** for the next election year. The board also will designate those directors who have authority to sign checks on the behalf of the Corporation, if not otherwise designated by the Corporation's Bylaws.

14. **Election Contest.** Should any member wish to contest an election, said member must officially file suit in _____ District Court within thirty days of the announcement of the official results of the election at issue.

⁹ See T.W.C. Sec. 67.007(a-1)

¹⁰ See T.W.C. Sec. 67.0054(b) & (e)

At least 180 Days Prior

The Board of Directors shall appoint a Credentials Committee.

At least 95 Days Prior

The Credential Committee will recommend to the Board the ballot form, director applications forms, the annual meeting packet, annual meeting notice and any other related forms for the annual meeting.

At least 90 Days Prior

The Board of Directors will hold a meeting to vote on approving the Credential Committee recommendations of the director ballot form, director application forms, the annual meeting packet, annual meetings notice, election procedures and any other related forms for the annual meeting.

At least 80 Days Prior

Notice of opportunity to submit applications for director positions is sent to members.

50 Days Prior

Applications for director positions are due. Corporation will review applications and petition signatures upon receipt; and notify candidates of any defects that need to be cured.

45 Days Prior

Deadline for Credentials Committee to recommend individual to serve Independent Election Auditor.

Final deadline to accept resubmitted director applications and petitions that cure defects identified in original application. Corporation determines if candidates are unopposed.

At least 40 Days

Board meets to:

- (1) Select an Independent Election Auditor;**
- (2) Determine whether any candidates are unopposed, and, if applicable, pass a resolution declaring elected all unopposed candidates and direct that resolution be posted at the Corporation's main office.**
- (3) Finalize and approve the ballot, agenda and meeting packet for the member meeting**

Also, the corporation shall prepare a voting roster of members, and make it available to the members in the Corporation's office.

At least 30 Days

Members' meeting packets, including notice of meeting, agenda, statement of each candidate's qualifications, including biographical information and ballots are mailed. If the election is cancelled, the meeting notice and agenda must still be sent, but may be included with a utility bill.

**3 Days (72
Hours) Prior**

Corporation posts notice of Membership Meeting/ Director Election and of first Board of Director meeting, if applicable, in accordance with Open Meetings Act.

**12 Noon, 1 Day
Prior**

Deadline for submittal of ballots by mail, drop box (if applicable) or delivered to business office.

**Meeting/ Election
Day**

**Meeting is convened, and ballots are accepted until presiding director makes a last call for ballots. If applicable, presiding director reads into the record resolution declaring unopposed candidates elected.
Upon adjournment of director election, new Board of Directors meets.**

§ 67.0052. BALLOT APPLICATION.

(a) To be listed on the ballot as a candidate for a director's position, a person must file an application with the corporation that includes:

(1) the director's position sought, including any position number or other distinguishing number;

(2) if the corporation has 1,500 or more members or shareholders, a petition signed by 20 members or shareholders requesting that the person's name be placed on the ballot as a candidate for that position;

(3) the person's written consent to serve, if elected;

(4) biographical information about the person; and

(5) a statement of the person's qualifications, including a statement that the person has the qualifications prescribed by Section 67.0051.

(b) The application must be filed with the corporation not later than the 45th day before the date of the annual meeting. The corporation shall notify the members or shareholders of the application deadline not later than the 30th day before the deadline.

(c) The corporation shall make available director candidate application forms at the corporation's main office and shall provide application forms by mail or electronically on request.

(d) This section applies only to a corporation that provides retail water or sewer service.

§ 67.0053. BALLOT.

(a) Not later than the 30th day before the date of an annual meeting, the corporation shall mail to each member or shareholder of record:

(1) written notice of the meeting;

(2) the election ballot; and

(3) a statement of each candidate's qualifications, including biographical information as provided in each candidate's application.

(b) The election ballot must include:

(1) the number of directors to be elected; and

(2) the names of the candidates for each position.

(c) This section:

(1) applies only to a corporation that provides retail water or sewer service; and

(2) does not apply to an election in relation to a candidate for a director's position for which the board has adopted a resolution under Section 67.0055.

§ 67.0054. ELECTION PROCEDURES.

(a) A member or shareholder may vote:

(1) in person at the annual meeting;

(2) by mailing a completed ballot to the office of the **Independent Election Auditor** selected under Section 67.007(d) or to the corporation's main office, which ballot must be received by the corporation not later than noon on the business day before the date of the annual meeting; or

(3) by delivering a completed ballot to the office of the **Independent Election Auditor** or to the corporation's main office not later than noon on the business day before the date of the annual meeting.

(b) The **Independent Election Auditor** shall receive and count the ballots before the annual meeting is adjourned.

(c) For each director's position, the candidate who receives the highest number of votes or who is the subject of a resolution described by Section 67.0055 is elected.

(d) If two or more candidates for the same position tie for the highest number of votes for that position, those candidates shall draw lots to determine who is elected.

(e) The **Independent Election Auditor** shall provide the board with a written report of the election results.

(f) The board may adopt necessary rules or bylaws to implement this section, including rules or bylaws to ensure the fairness, integrity, and openness of the voting process.

(g) This section applies only to a corporation that provides retail water or sewer service.

Sec. 67.0055. ELECTION OF UNOPPOSED CANDIDATE.

(a) This section applies only to an election for a director's position on a board of a corporation that provides retail water or sewer service in which a candidate who is to appear on the ballot for the position is unopposed.

(b) The board by resolution may declare a candidate elected to a director's position if the board certifies in writing that the candidate is unopposed for the position. A copy of the resolution shall be posted at the corporation's main office.

(c) If a declaration is made under Subsection (b), the election for that position is not held.

(d) If the election for the unopposed candidate would have been held with an annual meeting of the members or shareholders of the corporation, the text of the declaration described by Subsection (b) shall be read into the record at the annual meeting.

(e) The ballots used at a separate election that is held at the same time as an election for an unopposed candidate would have been held shall include after measures or contested races the position and name of a candidate declared elected under this section, under the heading "Unopposed Candidates Declared Elected."

(f) A person may not, by intimidation or by means of coercion, influence or attempt to influence a person to withdraw as a candidate or not to file an application for a place on the ballot so that an election may be canceled.

(g) The board may adopt necessary rules or bylaws to implement this section, including rules or bylaws to ensure the fairness, integrity, and openness of the process.

§ 67.007. ANNUAL OR SPECIAL MEETING OF RETAIL CORPORATION.

(a) The annual meeting of the members or shareholders of the corporation must be held between January 1 and May 1 at a time specified by the bylaws or the board.

(a-1) A quorum for the transaction of business at a meeting of the members or shareholders is a majority of the members and shareholders present. In determining whether a quorum is present, all members and shareholders who mailed or delivered ballots to the **Independent Election Auditor** or the corporation on a matter submitted to a vote at the meeting are counted as present.

(b) The board shall adopt written procedures for conducting an annual or special meeting of the members or shareholders in accordance with this section and Sections 67.0052, 67.0053, and 67.0054. The procedures shall include the following:

(1) notification to eligible members or shareholders of the proposed agenda, location, and date of the meeting;

(2) director election procedures, including candidate application procedures;

(3) approval of the ballot form to be used; and

(4) validation of eligible voters, ballots, and election results.

(c) The board shall adopt an official ballot form to be used in conducting the business of the corporation at any annual or special meeting. No other ballot form will be valid. Ballots from members or shareholders are confidential and are exempted from disclosure by the corporation until after the date of the relevant election.

(d) The board shall select an **Independent Election Auditor** not later than the 30th day before the scheduled date of the annual meeting. The **Independent Election Auditor** is not required to be an experienced election judge or auditor and may serve as an unpaid volunteer. At the time of selection and while serving in the capacity of an **Independent Election Auditor**, the **Independent Election Auditor** may not be associated with the corporation as:

- (1) an employee;
- (2) a director or candidate for director; or
- (3) an independent contractor engaged by the corporation as part of the corporation's regular course of business.

(e) This section applies only to a corporation that provides retail water or sewer service.