

ELECTION PROCEDURES FOR  
MEMBERS' MEETINGS

SPRING VALLEY WATER SUPPLY CORPORATION

Adopted in accordance with Sections 67.0051-.0054 and 67.007 of the Texas Water Code by the Board of Directors, this 22nd day of November, 2011.

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Larry Hobbs, President

\_\_\_\_\_  
W. Frank Alexander, Secretary-Treas.

Corporate Seal

1. **Annual Meeting Date.** The annual meeting of the members of the Corporation must be held between January 1 and May 1, at a time specified by the Corporation’s Bylaws; or if not addressed in the Bylaws, as determined by the board. 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.** Each year the Board of Directors will appoint a Credentials Committee of three individuals during the first business meeting after the annual members’ meeting.
  - The chairperson of the Credentials Committee will be the Secretary–Treasurer unless that individual is running for re-election the following year; in which case the Board will appoint a director not running for re-election to serve as chairperson of this committee.
  - In filling the other two positions, the Board will appoint one other member of the Board and one other person from the membership.
  - The Credentials Committee may assist the board: (1) by recommending for Board approval the election procedures, ballot form, director application form, meeting packet, and meeting notice; (2) by recommending for approval a person to fill the role of independent election auditor (“Election Auditor”); (3) by ensuring that the election procedures are implemented; and (4) by serving other functions as set forth in these procedures.
3. **Adoption of Election Procedures.** These election procedures apply to a member meeting where an election will be held. They were adopted in accordance with Section 67.007(b) of the Water Code.
4. **Applications for Director.**
  - At least 75 days before the date of a member meeting that includes a director election, the Board will notify all members of their opportunity to submit applications to serve as a Director. The Application Form will require the following information (**Attachment 2**)<sup>1</sup>:
    - i. The person’s name and contact information;
    - ii. If applicable, the director’s position number or other distinguishing number for which the person seeks to be elected;
    - iii. A petition, signed by the lessor of 20 members or five percent of the members, requesting that the person’s name be placed on the ballot as a candidate for that position;
    - iv. Biographical information about the person;
    - v. A statement of the person’s qualifications to serve as director;
    - vi. A sworn statement that the person is qualified under Texas Water Code Section 67.0051 as follows: (1) is at least 18 years old on the first day of the term to be filled; (2) is a member of the Corporation; (3) 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 (4) has not been finally convicted of a felony or if convicted, was pardoned or otherwise released from the resulting disabilities;
    - vii. A statement that the person meets the eligibility requirements, if any, set forth in the Certificate of Formation and Bylaws of the Corporation; and
    - viii. The person’s written consent to serve, if elected.

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<sup>1</sup> See T.W.C. Sec. 67.0052

- Director Applications are due 45 days before the date of the meeting where the election will be held.<sup>2</sup>
5. **Election Auditor.** The Board of Directors will select an Election Auditor not later than 30 days before the scheduled date of a member meeting where an election will be held.<sup>3</sup>
    - The Election Auditor is not required to be an experienced election judge or auditor and may serve as an unpaid volunteer.
    - The 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.
    - The Election Auditor will: (1) oversee the validation of ballots; (2) receive and count the ballots before the meeting is adjourned; and (3) serve other functions as set forth in these procedures.
  6. **Meeting Packets.** At least 30 days before the date of a member meeting where an election will be held,<sup>4</sup> the Corporation shall mail to each voting membership of the Corporation the meeting packets, which will contain as applicable: (1) Official Ballot Form (**Attachment 4**); (2) biographical information about each candidate for director, including their qualifications as provided in their application (**Attachment 6**); (3) a detailed explanation of any issue that the members are being asked to vote on; (4) if bylaw changes are being proposed, a copy of the specific changes; (5) 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) (**Attachment 5**); and (6) the meeting notice and agenda (**Attachment 3**).
- Note for Meetings with no Elections:** The Corporation will mail to each voting membership of the Corporation the meeting packets which will contain the meeting notice and agenda; and an explanation of the reason for which the meeting is being held. The law requires notice at least 10 days in advance of the meeting.
7. **Open Meetings Act Notice.** The Corporation will post the Meeting Notice & Agenda in accordance with the Open Meetings Act at least 72 hours in advance of any member meeting.
  8. **Voting Roster.** The Corporation will prepare an alphabetical list of the names and addresses of all its voting members (“Voting Roster”) as required by Section 22.158 of the Business Organizations Code.
    - Not later than the second business day after the date the meeting packets are sent to the members, and through the day of the meeting, the Voting Roster will be made available in the Corporation’s office for inspection by members or member’s agents or attorneys. It will also be available for inspection at the meeting.
    - 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.

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<sup>2</sup> This is the first deadline specifically required by law at T.W.C. Sec. 67.0052(b)

<sup>3</sup> See T.W.C. Sec. 67.007(d)

<sup>4</sup> See T.W.C. Sec. 67.0053

**9. Voting in Advance of a Member Meeting**

- The Corporation will accept ballot forms in-person during regular office hours at the Corporation's office or by mail until 12:00 noon the day before the member meeting.<sup>5</sup>
- The Credentials Committee or Corporation staff will record on the Voting Roster which members have submitted ballot envelopes, and then will place the unopened ballot envelopes in a secured box[es].
- The secured box will be turned over to the Election Auditor after the 12:00 noon voting deadline and will remain in the custody of the Election Auditor until the end of the Election.

**10. Voting in Person at a Member Meeting.**

- Members attending a meeting will check in with the Election Auditor who will verify whether the member has already submitted a ballot.
- The Election Auditor will provide ballots to those members who are voting at the annual or special 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.
- If a member attends the meeting but has already submitted a ballot, the member may participate in the meeting but may not change their vote or submit another ballot.

**11. Conducting the Meeting.** The presiding director will conduct a member meeting in accordance with the noticed meeting agenda.

**12. Quorum Requirement.** At the commencement of the meeting, the presiding director will make a last call for the submission of ballots. The presiding director 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 purpose of establishing a quorum. The presiding director will announce that a quorum of the membership is present and that the meeting [and election] may proceed.<sup>6</sup> Members arriving after a quorum has been established may still vote as long as the Election Auditor has not completed the written report of the election results.

**13. Counting the Ballots.** The 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 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.<sup>7</sup> The 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, or an independent contractor engaged by the Corporation as part of the Corporation's regular course of business.

- If there is more than one vacant 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 vacancies 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 Election Auditor to determine who is elected.

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<sup>5</sup> See T.W.C. Sec. 67.0054(a)

<sup>6</sup> See T.W.C. Sec. 67.007(a-1)

<sup>7</sup> See T.W.C. Sec. 67.0054(b) & (e)

- If there is a tie vote on an issue other than a director election, the measure fails.

14. **New Board of Director Meeting.** The first business meeting of the new board of directors will be held on the same day and immediately following a director election. A separate agenda will be posted for this first meeting, as required by the Open Meetings Act, where business will include electing new officers and appointing a Credentials Committee for the next election year. The board will also designate those directors who have authority to sign checks on the behalf of the Corporation, if not otherwise designated by the Corporation's Bylaws.

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

16. **Meeting to Consider Removal of Officer or Director.** Notwithstanding anything herein to the contrary, in the event that an annual or special meeting of the members is convened to consider removal of an Officer or Director pursuant to removal procedures contained in the Corporation's Bylaws, then the Credentials Committee may recommend to the Board of Directors modified, alternative, or additional procedures or rules for such a meeting or applicable portions of such meeting. Any such recommendations shall be designed (a) to ensure the fairness, integrity, and openness of the process; and (b) to effectively implement the removal proceedings set forth in the Corporation's Bylaws. The Board of Directors may approve any such recommendations by the majority vote of the Board of Directors and, in that event, such modified, alternative, or additional procedures or rules shall control.

**§ 67.0051. QUALIFICATIONS FOR ELECTION OR APPOINTMENT AS DIRECTOR.**

(a) To be qualified for election or appointment as a director, a person must be:

(1) 18 years of age or older on the first day of the term to be filled at the election or on the date of appointment, as applicable; and

(2) a member or shareholder of the Corporation.

(b) In addition to the qualifications prescribed by Subsection (a), a person is not qualified to serve as a director if the person:

(1) has been determined by a final judgment of a court exercising probate jurisdiction to be:

(A) totally mentally incapacitated; or

(B) partially mentally incapacitated without the right to vote; or

(2) has been finally convicted of a felony from which the person has not been pardoned or otherwise released from the resulting disabilities.

(c) If the board determines that a person serving as a director does not have the qualifications prescribed by Subsections (a) and (b), the board shall, not later than the 60th day after the date the board makes that determination, remove the director and fill the vacancy by appointing a person who has the qualifications prescribed by those subsections.

**§ 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) a petition, signed by the lesser of 20 members or shareholders or five percent of the 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.

(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.

**§ 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.

**§ 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 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.

**§ 67.007. ANNUAL OR SPECIAL MEETING.**

(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.



APPLICATION FOR BOARD OF DIRECTOR'S POSITION OF THE SPRING VALLEY  
WATER SUPPLY CORPORATION ("CORPORATION")

This form must be accompanied by a petition signed by 20 members, requesting that the applicant's name be placed on the ballot as a candidate for director. The application form must be completed and submitted to the Corporation's main office at 7025 Sanger Ave., Waco, TX 76710, by December 31, 2011 for the applicant's name to be placed on the ballot.

Biographical Information

Applicant's Name:

Mailing Address: street, city, TX ZIP

Physical Address (if different than mailing address):

Phone #:

Water System Member Since: year

Director Position Sought: position number or other distinguishing number (if applicable):

Qualifications (will be printed and sent to members with ballot)

Previous Board of Director Experience:

Business/Government Experience:

Education:

Personal Statement (will be printed and sent to members with ballot)(100 word limit):

Affirmation and Pledge to Serve:

I, applicant's name will be at least 18 years of age on the first day of the director term; am a member of the Corporation; have not been determined by a court exercising probate jurisdiction to be totally mentally incapacitated or partially mentally incapacitated without the right to vote; and have not been finally convicted of a felony.

I have reviewed the Corporation's bylaws and certificate of formation and I meet the qualifications set forth therein.

If elected, I pledge to serve in a director position on the Corporation's Board of Directors; and will do my best to attend all meetings, regular or called, as designated by the board.

Under penalties of perjury, I declare that I have reviewed the information presented in this Application, including accompanying documents, and to the best of my knowledge and belief, the information is true, correct and complete.

Signature of Applicant \_\_\_\_\_ Date \_\_\_\_\_

SPRING VALLEY WATER SUPPLY CORPORATION (“CORPORATION”)

The members of SPRING VALLEY WSC, whose names and signatures appear below, petition that candidate’s name be placed on the ballot as a candidate for director of the Corporation for the April 21, 2012 election.

Signatures required if the system has 400 or more members: 20 signatures

**Member’s Name (please print)**

**Member’s Signature**

<b>Member’s Name (please print)</b>	<b>Member’s Signature</b>
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20.	

**Notice of Member Meeting and Election for  
Spring Valley Water Supply Corporation**

1. The Meeting for the Spring Valley Water Supply Corporation will be held at the Heart of Texas Electric Co-Op Community Center, located at 1111 S. Johnson Drive, McGregor, Texas 76657. The meeting will start at 5:30 p.m. on the 14th of February, 2012.
2. Members will check in with the Election Auditor who will verify whether the member has already submitted a ballot. Those members who are voting at the meeting will be provided with a ballot.
3. Members who want to address the board or the membership must sign-in on a separate sheet provided by the presiding director indicating the topic they wish to discuss. Members will be given three minutes each to speak.
4. No motions may be accepted or action taken on issues brought up at the meeting from the floor. All action items must have been included on the posted agenda. Members can request that items be placed on the agenda for future annual (or special) members meetings or for future meetings of the Board of Directors. This limitation is required by the public notice requirements of the Texas Open Meetings Act and is not an attempt to limit any member's access to the Board of Directors or the membership.

**Agenda for Members' Meeting**

1. Presiding director calls the meeting to order at 5:30 p.m.
2. Presiding director makes a last call for submission of ballots.
3. Presiding director announces the total number of members present at the meeting and the total number of ballots received prior to the meeting. Presiding director will then announce that a quorum of the membership is present and that the meeting may proceed. Members arriving after a quorum has been established may still vote as long as the Election Auditor has not completed the written report of the election results.
4. Read and approve the previous Member Meeting minutes.
5. Election Auditor counts the ballots.
6. Update reports
  - a. Report of board president or presiding director
  - b. Report of Corporation manager
  - c. Auditor's report on system finances
  - d. Engineer's report on projects
  - e. Operator's report on system's operations and concerns
  - f. Regulatory report by \_\_\_\_\_ representative

7. Open or Public Forum: Comments from members who signed up to speak, limited to three minutes each.
8. Election Results
  - a. Election Auditor provides the board with a written report of the election results for director positions, amendments to Bylaws; and any other proposition voted on by the members.
  - b. Presiding director announces election results.
  - c. Presiding director introduces newly elected directors and if no objections, declares them as board members to assume the position of directors immediately.
  - d. Comments from the newly elected directors.
9. Closing comments by presiding director.
10. Meeting is adjourned.

After adjournment of the member meeting and director election, the board of directors will hold its first business meeting to elect officers; appoint a Credentials Committee for the following year; designate those directors who have authority to sign checks on the behalf of the Corporation, if not otherwise designated by the Corporation's Bylaws; and discuss other items as specified in the notice of the directors meeting.

SPRING VALLEY WATER SUPPLY CORPORATION

Charles Careful  
 123 Best Street  
 Anywhere, Texas 12345

Member Account No. \_\_\_\_\_

Please refer to separate materials accompanying the ballot for the qualifications of each candidate.

Three (3) Options to Cast Your Vote

<p>1. Mail</p> <ul style="list-style-type: none"> <li>• Mark your selections by placing an X or √ inside the appropriate boxes.</li> <li>• Detach ballot and place in the enclosed envelope.</li> <li>• Mail envelope to: Spring Valley Water Supply Corporation, PO Box 399, Lorena, Tx 76655.</li> <li>• Mailed ballots must be received by Noon on February 13, 2012, in order to be counted.</li> </ul>	<p>2. Deliver to Corporation's Office</p> <p>Follow the instructions in #1 for mailing, but deliver the forms to the Corporation's office at 7025 Sanger Ave., Waco, Tx 76710, by Noon on February 13, 2012.</p> <p>3. In Person at the Member Meeting</p> <ul style="list-style-type: none"> <li>• The Annual Meeting will be held on Tuesday, February 14, 2012 at 5:30p.m. at the Heart of Texas Electric Co-Op Community Room, 1111 S. Johnson Drive, McGregor, Texas 76657.</li> <li>• This mailed ballot will not be valid for voting at the Meeting. Ballots will be provided during registration.</li> </ul>
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For voting assistance or a replacement ballot, please call 254-776-1999 during business hours Monday-Friday 9:00 a.m. – 4:00 p.m. or email: TWhitley@aquaaamerica.com

THANK YOUR FOR PARTICIPATING IN THE 2012 ELECTION

Spring Valley Water Supply Corporation  
 2012 Official Election Ballot

Mark your selections by placing an X or a √ inside the appropriate boxes.  
 Candidate names are listed in order from a random drawing.

Directors (vote for (# of positions to be filled) candidate(s))		Proposed Bylaw Change: Amend bylaws to move Annual Meeting date to third Thursday of March	
<input type="checkbox"/> Bea Better	<input type="checkbox"/> Alice Alright	<input type="checkbox"/> For	<input type="checkbox"/> Against
<input type="checkbox"/> Darla Doright	<input type="checkbox"/> Charles Careful		

ATTACHMENT 5: SAMPLE RETURN ENVELOPE

DO NOT INCLUDE BILL!  
Any payment in this envelope will  
not be credited until after election.

Charles Careful  
123 Best Street  
Anywhere, TC 12345-6789

Best-In-Texas Water Supply Corporation  
P.O. Box 9021  
Funtimes, Texas 75323

Member Account No. \_\_\_\_\_

POSTAGE

## Spring Valley Water Supply Corporation

### 2012 Board of Director Candidate Information

#### Board Position

Bea Better	Water System Member Since: 2001
<p>Previous Board of Director Experience: Former Vice President of Somewhere Women in Business</p> <p>Business/Government Experience: Owner of Better Insurance Company</p> <p>Education: Graduated from Texas State University in 1985 with a Bachelor of Science degree</p> <p>Personal Statement: With nine years in the insurance industry, I understand the importance of strong internal controls, proper oversight and full financial reporting. Combined with my other corporate experience gained from employment and consulting services, I can assist in the development of excellent policies for the employees of the Corporation.</p>	

#### Board Position

Charles Careful	Water System Member Since: 1995
<p>Previous Board of Director Experience: Board Member, Best-in-Texas Water Supply Corporation, President; Somewhere Lions Club</p> <p>Business/Government Experience: Served in the United States Air Force and the Texas Air National Guard. Own and Operate Careful Construction</p> <p>Education: BS Business and Management - University of Texas</p> <p>Personal Statement: As one of three reform directors elected in 2009, I initiated the first budget for this water system and the first internal control function. The results of the new budget have been very impressive – we have been able to reduce costs even while the system is growing. I welcome the opportunity to continue to work towards our goal of providing low cost water while maintaining high standards of reliability and customer service.</p>	

#### Board Position

Alice Alright	Water System Member Since: 1990
<p>Previous Board of Director Experience: None</p> <p>Business/Government Experience: Corporate human resources, followed by 20+ years as a business entrepreneur-retail/rental</p> <p>Education: Bachelor of Business Administration Texas A &amp; M University</p> <p>Personal Statement: The water system should be run for the benefit of the members delivering the best service at the lowest feasible price while being operated as transparently as possible. I will bring straight-forward common sense business practices to obtain this goal.</p>	

**At close of the previous annual member meeting**

**Board appoints Credentials Committee.**

**90 Days Prior Today, Nov 22,2011**

**Ballot, director application form, and election procedures are reviewed and adopted by the board. May take a couple of board meetings to complete adoption.**

**75 Days Prior December 1, 2011**

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

**45 Days Prior December 31, 2011**

**Applications for director positions are due. Board selects an independent election auditor. Board finalizes and approves agenda and meeting packet for the meeting. Corporation prepares voting roster of members.**

**30 Days Prior January 15, 2012**

**Members' meeting packets, including notice of meeting, are mailed.**

**28 Days Prior January 17, 2012**

**Voting roster is made available to the members in Corporation's office.**

**3 Days (72 Hours) Prior February 10, 2012**

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

**12 Noon, 1 Day Prior February 13, 2012**

**Deadline for submittal of ballots by mail or delivered to business office.**