

WATER CODE
TITLE 4. GENERAL LAW DISTRICTS
CHAPTER 67. NONPROFIT WATER SUPPLY OR SEWER SERVICE CORPORATIONS
SUBCHAPTER A. GENERAL PROVISIONS

§ 67.004. Application of Texas Non-Profit Corporation Act

To the extent it does not conflict with this chapter, the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) applies to a corporation created under:

- (1) this chapter; or
- (2) Chapter 76, Acts of the 43rd Legislature, 1st Called Session, 1933 (Article 1434a, Vernon's Texas Civil Statutes).

Tex. Water Code § 67.004

BUSINESS ORGANIZATIONS CODE
TITLE 2. CORPORATIONS
CHAPTER 22. NONPROFIT CORPORATIONS
SUBCHAPTER D. MEMBERS

§ 22.164. Vote Required to Approve Fundamental Action

(a) In this section, "fundamental action" means:

(1) an amendment of a certificate of formation, including an amendment required for the cancellation of an event requiring winding up in accordance with Section 11.152(b);

(2) a voluntary winding up under Chapter 11;

(3) a revocation of a voluntary decision to wind up under Section 11.151;

(4) a cancellation of an event requiring winding up under Section 11.152(a);

(5) a reinstatement under Section 11.202;

(6) a distribution plan under Section 22.305;

(7) a plan of merger under Subchapter F;

(8) ***a sale of all or substantially all of the assets of a corporation under Subchapter F;***

(9) a plan of conversion under Subchapter F; or

(10) a plan of exchange under Subchapter F.

(b) Except as otherwise provided by Subsection (c) or the certificate of formation in accordance with Section 22.162, the vote required for approval of a fundamental action is:

(1) ***at least two-thirds of the votes that members present in person or by proxy are entitled to***

cast at the meeting at which the action is submitted for a vote, if the corporation has members with voting rights;

(2) at least two-thirds of the votes of members present at the meeting at which the action is submitted for a vote, if the management of the affairs of the corporation is vested in the corporation's members under Section 22.202; or

(3) the affirmative vote of the majority of the directors in office, if the corporation has no members or has no members with voting rights.

(c) If any class of members is entitled to vote on the fundamental action as a class by the terms of the certificate of formation or the bylaws, the vote required for the approval of the fundamental action is the vote required by Subsection (b)(1) and at least two-thirds of the votes that the members of each class in person or by proxy are entitled to cast at the meeting at which the action is submitted for a vote.

Tex. Business Organizations Code § 22.164

**BUSINESS ORGANIZATIONS CODE
TITLE 2. CORPORATIONS
CHAPTER 22. NONPROFIT CORPORATIONS
SUBCHAPTER F. FUNDAMENTAL BUSINESS TRANSACTIONS**

§ 22.252. Approval of Sale of All or Substantially All of Assets

(a) A corporation must approve the sale of all or substantially all of its assets by complying with this section.

(b) If the corporation has no members or has no members with voting rights, the sale of all or substantially all of the assets of the corporation must be authorized by the vote of directors required by Section 22.164.

(c) If the management of the affairs of the corporation is vested in its members under Section 22.202, a resolution authorizing a sale of all or substantially all of the assets of the corporation:

(1) must be submitted to a vote at an annual, regular, or special meeting of the members; and

(2) must be approved by the members by the vote required by Section 22.164.

(d) ***If the corporation has members with voting rights:***

(1) the board of directors of the corporation must adopt a resolution that:

(A) recommends the sale; and

(B) directs that the resolution be submitted to a vote at an annual or special meeting of the members having voting rights; and

(2) the members must approve the resolution by the vote required by Section 22.164.

(e) ***At the meeting required by Subsection (c) or (d), in addition to approving the resolution authorizing the sale, the members may set, or authorize the board of directors to set, the terms and conditions of the sale and the consideration to be received by the corporation for the sale by the same vote of members.***

(f) After the members authorize a sale under Subsection (d), the board of directors may abandon the sale, subject to the rights of third parties under any contracts relating to the sale, without further action or approval by members.

(g) Notwithstanding Subsection (d), if a corporation is insolvent, a sale of all or substantially all of the assets of the corporation may be authorized on receiving the affirmative vote of the majority of the directors in office.

(h) The phrase "sale of all or substantially all of the assets" means the sale, lease, exchange, or other disposition, other than a pledge, mortgage, deed of trust, or trust indenture unless otherwise provided by the certificate of formation, of all or substantially all of the property and assets of a domestic corporation that is not made in the usual and regular course of the corporation's activities without regard to whether the disposition is made with the goodwill of the corporation's activities. The term does not include a transaction that results in the corporation directly or indirectly:

(1) continuing to engage in one or more activities; or

(2) applying a portion of the consideration received in connection with the transaction to the conduct of an activity that the corporation engages in after the transaction.

Tex. Business Organizations Code § 22.252