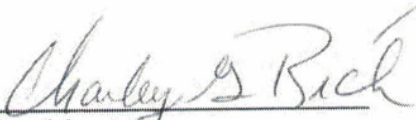
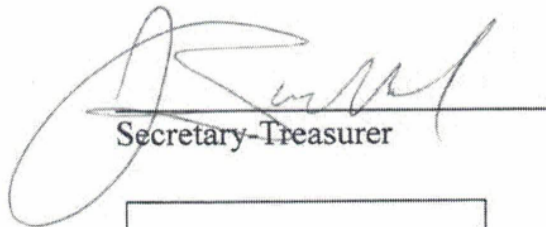


ELECTION PROCEDURES FOR  
MEMBERS' MEETINGS

LEVI WATER SUPPLY CORPORATION

Adopted in accordance with Sections 67.0051-.0055 and 67.007 of the Texas Water Code  
by the Board of Directors, this 27 day of Jan, 2014

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary-Treasurer

Corporate Seal

1. **Annual Meeting Date.** The annual meeting of the members of the Corporation will be held the last Tuesday of April as the time specified by the Corporation's Bylaws. 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 Board approval a person to fill the role of independent election auditor ("Election Auditor"); (3) by ensuring that the election procedures are implemented; (4) by generating interest among the membership to apply to serve on the board; (5) by verifying candidate applications and petitions for completeness; and (6) by 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, 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 a member meeting that includes a director election, the Corporation will notify all members of their opportunity to submit applications to serve as a Director.<sup>1</sup> In addition, the Credentials Committee may take additional actions to generate interest among the membership to apply to serve on the Board. The Application Form will require the following information (**Attachment 2**)<sup>2</sup>:
    - The person's name and contact information;
    - If applicable, the director's position number or other distinguishing number for which the person seeks to be elected;
    - Biographical information about the person;
    - A statement of the person's qualifications to serve as director;
    - A signed 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;

<sup>1</sup> See. T.W.C. 67.0052(c); This is the first deadline prescribed by law and it is set at 75 days but extra time is suggested.

<sup>2</sup> See T.W.C. Sec. 67.0052

- A statement that the person meets the eligibility requirements, if any, set forth in the Certificate of Formation and Bylaws of the Corporation;
  - The person's written consent to serve, if elected; and
  - If the system has 1,500 or more members, a petition, signed by 20 members, requesting that the person's name be placed on the ballot as a candidate for that position<sup>3</sup>.
- Director Applications are due 50 days before the date of the meeting where the election will be held.<sup>4</sup>
  - Upon receipt of each application, the Corporation shall designate an employee or the Credentials Committee to review the application for completeness, including whether the signatures on the petition represent a valid membership. Candidates will be notified of any defects in the application and petition and will be given the opportunity to cure the defects.
  - Applicants notified of the defects must cure them and resubmit their application or petition no later than 45 days before the date of the meeting in order to be included on the ballot.
  - The day after the deadline to submit applications the Corporation will determine whether the candidates are unopposed.
5. **Board Meeting.** The board will meet 40 days before the date of the annual meeting to: (a) select an independent election auditor; (b) finalize and approve the ballot, agenda and meeting packet for the member meeting; and (c) if applicable, pass a resolution declaring elected all unopposed candidates and direct that the resolution be posted at the Corporation's main office.
- a. **Election Auditor.** The Board of Directors will select an Election Auditor based on the recommendation of the Credentials Committee.<sup>5</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.
  - b. **Finalize and approve the ballot, agenda and meeting packet for member meeting.** Credentials committee will present drafts of these documents for board discussion and approval.
    - If an election is still necessary after any unopposed candidates have been declared elected per paragraph (c) below, the ballot must also include the names of the unopposed candidates who have been declared elected under the heading "Unopposed Candidates Declared Elected."
  - c. **Unopposed Candidates.** If there are unopposed candidates, the board may declare the candidates elected and certify in writing by resolution (**Attachment 7**) that the candidates are

<sup>3</sup> Note: The Corporation may advise candidates to obtain a few extra signatures in case there are any disqualifications of the signatures provided. Only one representative from each membership may sign a petition supporting an application for director. An applicant may sign his or her own petition for director.

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

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

unopposed<sup>6</sup>. 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: 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.** 40 days prior to the meeting, 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 also will be available for inspection at the meeting.
7. **Meeting Packets.** At least 30 days before the date of a member meeting where an election will be held,<sup>7</sup> 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 (**Attachment 3**)\*, (2) Official Ballot Form (**Attachment 4**); (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) (**Attachment 5**); (4) biographical information about each candidate for director\*\*, including their qualifications as provided in their application (**Attachment 6**); (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.

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<sup>6</sup> See T.W.C. Sec. 67.0055(a) & (b)

<sup>7</sup> See T.W.C. Sec. 67.0053

- a. **Voting in Advance of a Member Meeting**
    - 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 member meeting.<sup>8</sup>
    - 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.
    - The secured box[es] will be turned over to the Election Auditor after the 12 noon voting deadline and will remain in the custody of the Election Auditor until the end of the Election.
  - b. **Voting in Person at a Member Meeting.**
    - Members attending a member 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.
9. **Open Meetings Act Notice.** The Corporation also will post the Notice of Member Meeting (**Attachment 3**) in accordance with the Open Meetings Act at least 72 hours in advance of any member meeting. If the board plans to hold a board meeting on adjournment of the member meeting, a separate notice of that meeting also must be posted.
  10. **Conducting the Meeting.** The presiding director will conduct a member meeting in accordance with the noticed meeting agenda.
  11. **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>9</sup>
  12. **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>10</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.

<sup>8</sup> 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.

<sup>9</sup> See T.W.C. Sec. 67.007(a-1)

<sup>10</sup> See T.W.C. Sec. 67.0054(b) & (e)

- 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 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 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 Board meeting, as required by the Open Meetings Act, where business will include electing new officers from among the board of directors and appointing a Credentials Committee 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 McLennan County District Court within thirty days of the announcement of the official results of the election at issue.