

# **RUBY RANCH WATER SUPPLY CORPORATION'S PROCEDURES FOR ANNUAL OR SPECIAL MEMBERSHIP MEETINGS**

## **PREFACE**

These Procedures for Annual or Special Membership Meetings (the "Policy") were initially adopted by the Board of Directors of Ruby Ranch Water Supply Corporation ("RRWSC") at the November 17, 2011 Regular Meeting. The Policy was subsequently amended by the Board of Directors on May 15, 2012, November 14, 2013 and November 13, 2014.

## **I. PURPOSE**

The purpose of this Policy is to implement procedures for conducting annual or special membership meetings of RRWSC, including elections of directors and propositions, in accordance with applicable Texas laws, to ensure the fairness, integrity, and openness of the Corporation and its voting process.

## **II. ENFORCEABILITY**

This Policy replaces and supersedes any prior RRWSC policies regarding procedures for annual or special membership meetings and the election of directors; provided, however, that this Policy is subject to RRWSC's Articles and Bylaws, as may be amended from time to time, and any other applicable laws.

## **III. PROCEDURES**

### **A. GENERAL PROCEDURES FOR ANNUAL OR SPECIAL MEMBERSHIP MEETINGS**

#### **Director Duties**

The President, or his/her designee, shall preside at all RRWSC membership meetings and the Secretary, or his/her designee, shall keep minutes of all such meetings. The Directors shall also have the other obligations outlined in this Policy.

#### **Quorum**

A quorum for the transaction of business at any meeting of the members 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 RRWSC or the Independent Election Auditor on a matter submitted to a vote at the meeting are counted as present.

#### **Deadlines**

If any deadline herein falls upon a Saturday, Sunday, or legal state or national holiday, then the deadline shall extend until the close of the next regular business day.

### **Annual Meeting of the Membership**

Each year, between January 1 and May 1, there shall be an annual membership meeting held in order to transact all business that may be properly brought before the members of RRWSC.

### **Special Meetings of the Membership**

The President may call a special membership meeting. The President shall, upon the demand of one-third (1/3) of the members, as evidenced by a petition verified by RRWSC, or upon demand of one-third (1/3) the Directors, call a special membership meeting.

### **Notification of Membership Meetings**

Except as otherwise provided herein, prior to convening an annual membership meeting, the Secretary or the Treasurer shall give all members written notice of the meeting at least ten (10) days prior to the meeting, delivered either by first-class United States mail, with postage paid and addressed to the member at the last known address as it appears in RRWSC's records, or by hand delivery. Such notice, if mailed, shall be deemed delivered when deposited in the United States mail.

Prior to convening a special membership meeting, the President shall request in writing that the Secretary give all members written notice of the meeting at least ten (10) days prior to the meeting delivered either by first-class United States mail, with postage paid and addressed to the member at the last known address as it appears in RRWSC's records, or by hand delivery. Such notice, if mailed, shall be deemed delivered when deposited in the United States mail.

Notice of each annual or special membership meeting shall also be posted as required by the Texas Open Meetings Act, Chapter 551, Texas Government Code, by posting such notice at a place readily convenient to the public for at least seventy-two (72) hours proceeding the scheduled time of the meeting.

All such annual or special membership meeting notices shall indicate the agenda, time, date, and place for the meeting, and other director election information as required in this Policy.

### **Annual or Special Membership Meeting Packets**

Except as otherwise provided herein, the Annual or Special Membership Meeting Packet will either be mailed or hand delivered to all RRWSC members approximately ten (10) days in advance of the meeting. At a minimum, such packet shall contain an Official Ballot Form and an Agenda. The packet shall further inform members that only the Official Ballot Form and Agenda will be used in conducting any business of RRWSC.

### **Annual or Special Membership Meeting Agenda Items**

These can include, but are not limited to: any proposed changes in the Bylaws or Articles of Incorporation (including the actual text of the proposed change and an explanation of that change); approval of previous minutes, audit or financial statements; construction projects for extensions or improvements to system; any report to the membership; any special speakers with the topics to be discussed; elections; and a time for member questions and comments.

## **Official Director Candidacy Applications**

1. Applications Available. RRWSC shall make director candidate application forms available at the RRWSC's main office between January 1 and the deadline to file such application form (discussed in Subsection 2, below), for every calendar year when a director election will be held at the Annual Meeting of the membership. Additionally, the Secretary of the Board of Directors or his or her delegate shall provide application forms by mail or electronically upon request from a member. A copy of the application form is attached hereto as Exhibit A.
2. Deadline to File Application. All director candidate application forms must be received by RRWSC at its main address not later than the 45th day before the date of the annual meeting of the membership. The term "received" means the actual date of receipt by RRWSC. Upon receipt, RRWSC will date stamp all completed Official Candidacy Application forms and said date stamp will determine the timeliness of the application. Application forms will be accepted by RRWSC by hand delivery, mail, or courier delivery. All applications delivered by mail shall be sent to the RRWSC's main address, located at 871 Clark Cove, Buda, Texas 78610. All mailed applications shall be sent to the attention of the Secretary of the Board of Directors. To be considered, an application must be completed (as more specifically described in Section 3, below) and contain an original signature. The Board of RRWSC shall notify the members of the application deadline not later than the 30<sup>th</sup> day before the deadline.
3. Application Requirements. To be listed on the ballot as a candidate for a director position, a person must timely file an application with the corporation that includes all of the following:
  - a. the director position sought, including any position number or other distinguishing number;
  - b. the person's written consent to serve, if elected;
  - c. biographical information about the person; and
  - d. a statement of the person's qualifications, including a statement that the person has the qualifications prescribed by Subsection 4, below.
4. Director Qualifications. 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 of RRWSC. However, a person who meets these prerequisites 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 totally mentally incapacitated or 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. The Secretary of the Board of Directors of RRWSC shall evaluate whether a person is or is not qualified to run for the election of or to be appointed to a seat on RRWSC's Board of Directors.
5. Withdrawal of Candidacy. A candidate who has timely submitted a completed

Official Candidacy Application form may later withdraw his/her candidacy by submitting to RRWSC written notice of the same, signed by that candidate.

6. Directors Serving as of September 1, 2011. This Policy regarding the qualifications of RRWSC directors does not affect the entitlement of a director serving on the board of directors immediately before September 1, 2011 to continue to carry out the board's functions for the remainder of the director's term. This Policy only applies to a director elected or appointed on or after September 1, 2011. This Act does not prohibit a person who is a member of the board of directors as of September 1, 2011 from being reelected or reappointed to the board of directors in the future if the person has the qualifications required for a director under this Policy.
7. Removal of a Director. If the Board of RRWSC determines that a person serving as a director does not meet the qualifications prescribed by this Policy, then 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.

## **B. CONDUCTING ANNUAL OR SPECIAL MEMBERSHIP MEETINGS**

**The following are the procedures for conducting an Annual or Special Membership Meeting, provided a quorum is present.**

1. Members will sign-in as they enter the meeting for the purpose of:
  - a. validating a quorum
  - b. eligibility of member
2. Members during open session will be given the opportunity to speak for a maximum period of three (3) minutes, with a thirty (30) minute maximum open session. Members may address the Board prior to any voting on any issue on the ballot.
3. The meeting will start on time and the posted agenda will be followed for conducting the business of the meeting.
4. The Board President, Secretary and/or professional consultants (if available) will be present to inform the membership and answer questions about the status of the system, improvement projects, financial condition, legal responsibilities, and customer problem resolution.
5. No motions can 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 meetings. 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 of the membership.

6. The President will introduce the newly elected directors and if no objections from the floor or other board members, declares them as Board of Directors.
7. If a recount is requested, the chairperson will have the Independent Election Auditor and President recount the Ballot Form with the member requesting such recount present during the recount. Upon announcement of the recount and the winning candidate(s) are declared, board members are to assume the position of directors immediately.
8. Meeting is adjourned.

### **C. CONDUCTING ELECTIONS AT ANNUAL OR SPECIAL MEMBERSHIP MEETINGS**

**The following are the procedures for conducting elections prior to and at an Annual or Special Membership Meeting, provided a quorum is present (as defined in this Policy).**

1. Notice of Election. Unless the RRWSC Board has adopted a resolution certifying that the director election is unopposed, as more specifically described in Section 8, below, RRWSC shall:
  - a. validate the eligible voters of RRWSC, and
  - b. not later than the 30th day before the date of an annual meeting of the membership, mail the following to each eligible member of record at the address last known to RRWSC:
    - i. written notice of the meeting (including the proposed agenda, time, location, and date of the meeting);
    - ii. the election ballot; and
    - iii. a statement of each candidate's qualifications, including biographical information as provided in each candidate's application.
2. Ballots. The election ballot must include the number of directors to be elected and the names of the candidates for each position. If a matter, other than the election of Directors, is properly brought before the membership at a meeting, then the President and/or Secretary shall develop language for the Official Ballot form that explains the matter at issue and instructs members how to vote for or against the proposed matter. Oral nominations for director candidates are not allowed and may not be considered at any meeting of the membership. In the event that there are separate elections in addition to an unopposed director(s) election (as more specifically described in Section 8, below), the ballot shall include the following provision, after listing such separate elections:

“Unopposed Candidates Declared Elected: [list the names of such unopposed candidate(s)].”

3. Adopting the Ballot. The Board of Directors shall adopt an official ballot form to be used in conducting the business of the corporation at any annual or special meeting of the membership.
4. Voting.
  - a. A member may vote in the election of a director in one of the following ways:
    - i. in person at the annual meeting of the membership;
    - ii. by mailing a completed ballot to (A) the office of the independent election auditor or (B) RRWSC's main address; provided, however, such ballot must be received not later than noon on the business day before the date of the annual meeting of the membership; or
    - iii. by hand-delivering a completed ballot not later than noon on the business day before the date of the annual meeting of the membership to (A) the office of the independent election auditor or (B) RRWSC's main office, located at 871 Clark Cove, Buda, Texas 78610.
  - b. Ballots that are unsigned, not properly filled in or ambiguous will not be accepted.
  - c. As of September 1, 2011, proxy voting is not authorized at annual or special meetings of the Membership.
5. Confidentiality of a Ballot. All voted Ballots received by RRWSC from its members are confidential and are exempted from disclosure by RRWSC until after the date of the relevant election and after the canvassing and announcement of the official election results thereof.
6. Document Retention. RRWSC shall retain all voted Ballots received from its members for a period of ninety (90) days after the date of the relevant election, after which time RRWSC shall then destroy or otherwise dispose of all voted Ballots in the routine course of business, unless an election contest is pending.
7. Determining the Winner of a Director Election:
  - a. For each director's position in an opposed director election, the candidate who receives the highest number of votes is elected.
  - b. If two or more candidates for the same position in an opposed director's election tie for the highest number of votes for that position, those candidates shall draw lots to determine who is elected.
  - c. In an unopposed director(s) election, the director(s) named in the RRWSC's Board resolution, as more specifically described in Section 8, below, is/are elected.
8. Unopposed Director Election. In the event that the candidate(s) for a director(s) election is/are unopposed (meaning, the number of candidates on the ballot are equal to or less than the number of available director positions), the RRWSC Board of Directors may:

- a. by resolution may declare such director candidate(s) elected to such director position(s);
  - b. certify in writing that the candidate(s) is/are unopposed for the position(s), and a copy of the resolution shall be posted at the RRWSC's main office;
  - c. announce at the annual meeting of the membership that the director position(s) election shall not be held because the director candidate(s) was/were unopposed; and
  - d. not hold the election for such unopposed director position(s).
9. Selecting an Independent Election Auditor. The Board of Directors of RRWSC shall select an Independent Election Auditor not later than the 30th day before the scheduled date of the annual meeting of the membership. The Independent Election Auditor is not required to be an experienced election judge or auditor. The Independent Election Auditor 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:
  - a. an employee;
  - b. a director or candidate for director; or
  - c. an independent contractor engaged by the Corporation as part of the Corporation's regular course of business.
10. Duties of the Independent Election Auditor. In each director election, the Independent Election Auditor for RRWSC shall complete the following:
  - a. Receive and count the ballots before the annual meeting of the membership is adjourned;
  - b. Supervise the drawing of lots in the event that two or more candidates for the same position tie for the highest number of votes for that position; and
  - c. The Independent Election Auditor shall provide the board of directors of RRWSC with a written report of the election results.
11. Voting List.
  - a. Once the notice date of a membership meeting is determined, the RRWSC Secretary shall make a list of voting members available to vote at such meeting.
  - b. Not later than the second business day after the date notice is given of the annual meeting of the membership for which a list of eligible voters was prepared, and continuing through the meeting, the list of voting members shall be available at RRWSC's main office or at a reasonable place in the municipality in which the meeting will be held, as identified in the notice of the meeting, for inspection by members entitled to vote at that meeting for the purpose of communication with other members concerning the meeting. Any voting member or voting member's agent or attorney is entitled to inspect the list at any time during the meeting.
12. Election Results. At the next meeting of the Board following any membership meeting, the Board's first course of business will be to canvass the completed Official Ballot forms collected during that membership meeting, thereby

determining the official election results. The Board shall then announce such election results during the course of the Board meeting.

13. Election Contest. Should any member wish to contest an election, said member must officially file suit in Hays County District Court within thirty (30) days of the announcement of the official results of the election at issue.
14. General Election Policy Concerning Unopposed Elections. RRWSC prohibits the intimidation or by means of coercion, influence or attempt to influence a person to withdraw as a director candidate or not to file an application for a place on the ballot so that a director election may be canceled.



**EXHIBIT A  
OFFICIAL DIRECTOR CANDIDACY APPLICATION**

**APPLICATION TO BE PLACED ON THE BALLOT AS A CANDIDATE FOR THE 2018  
RUBY RANCH WATER SUPPLY CORPORATION DIRECTORS ELECTION:**

*To be listed on the ballot as a candidate for Director of Ruby Ranch Water Supply Corporation ("RRWSC"), the applicant must complete and deliver an original, signed application form, not later than the 45th day before the date of the annual meeting of the membership, to either RRWSC's main office, located at 871 Clark Cove, Buda, Texas 78610, or the Independent Election Auditor of RRWSC. If the applicant opts to mail the original, signed application form to the Corporation at the above-listed address, then it must be addressed to the attention of the Secretary of the Board of Directors. Delivery is complete upon actual receipt by RRWSC, so mailing by certified mail return receipt requested is strongly encouraged.*

1. Name: \_\_\_\_\_
2. Address: \_\_\_\_\_  
\_\_\_\_\_
3. Subdivision (if applicable): \_\_\_\_\_
4. Telephone Number: \_\_\_\_\_
5. Email Address: \_\_\_\_\_
6. Director Position Sought (name of current Director's seat): \_\_\_\_\_
7. I will be 18 years of age or older on \_\_\_\_\_  
(circle one): YES / NO
8. As of the date signed below, I am a member of Ruby Ranch WSC:  
(circle one): YES / NO

As of the date signed below, I affirm that I have 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 I have not been finally convicted of a felony from which I have not been pardoned or otherwise released from the resulting disabilities. Further, I agree that if I am elected, I will serve as a Director of Ruby Ranch WSC.

Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

**OFFICIAL BALLOT FORM**

**OFFICIAL BALLOT**

**Ruby Ranch Water Supply Corporation  
For Annual Membership Meeting  
Held on April 17, 2018**

**BALLOT**

Instructions:

[insert other instructions and matters, if any, to be voted on by members]

I, the undersigned member of Ruby Ranch Water Supply Corporation, do hereby: (i) cast my Official Ballot as noted above; (ii) acknowledge that this Official Ballot will be used for the purpose of establishing a quorum at this special meeting, and any adjournment(s) thereof, and for the election of Directors, and for all other business, if any, which may be properly brought before the members; (iii) acknowledge that incomplete, unclear, or unsigned Official Ballots will not be counted; and (iv) affirm that all information contained herein is true and correct.

\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Printed Name of Member

\_\_\_\_\_  
Address

\_\_\_\_\_  
Lot Number(s)