**Question: What is Springs Hill Special Utility District (District)?**

Answer: The Texas Legislature created the District via House Bill 5303 during the 2023 Legislative Session. House Bill 5303 took effect on September 1, 2023 and the law is now codified in Special District Local Laws Code, Ch. 7208. House Bill 5303 is the District’s “enabling legislation.” The enabling legislation required the District’s residents to confirm the creation of the District and vote for directors through a Confirmation and Directors Election. This was held on May 4, 2024, and the District’s creation was confirmed. The District is a separate legal entity from Springs Hill Water Supply Corporation (Corporation), your current water provider, and both entities currently exist.

**Question: I thought we already voted on something about the District? Why are we voting again?**

Answer: The District residents voted to confirm the creation of the District on May 4, 2024. But the Corporation still needs to transfer its assets, debts, and contracts to the District to fulfil the requirements set out in the enabling legislation. In order to do so, Business Organizations Code § 22.302(3) requires the Corporation’s Board of Directors to approve a resolution to recommend the winding up and distribution plan for the Corporation, and direct that the winding up and distribution plan be submitted to a vote at a Special Meeting of the Membership. So, the Corporation Members are now voting on the voluntary winding up and distribution plan of the Corporation.

**Question: What does “winding up” the Corporation mean?**

Answer: Winding up a corporation is the process of settling the affairs of the corporation before the corporation is terminated. Windup procedures mean the corporation must cease to carry on its business, except to the extent necessary to windup its affairs. Once the Corporation has completed all the procedures to transfer its assets, debts, and contracts to the District, the Corporation will file a Certificate of Termination with the Texas Secretary of State. Windup procedures must be completed within 30 days of the Members’ vote approving the voluntary winding up and distribution plan of the Corporation.

**Question: What will happen to my Membership Fee?**

Answer: According to the proposed Distribution Plan, your Membership Fee will be converted into a “security deposit” to be held by the District. This security deposit amount is within the range of security deposits held by other Special Utility Districts in the region, like Crystal Clear SUD, County Line SUD, and Green Valley SUD.

**Question**: **What happens to me as a former member of the Corporation, now customer of the District?**

Answer: The public water system’s day-to-day operations should not change much with the conversion of the Corporation to the District, and there should not be any interruption in water service or change in water rates. The District’s office location and contact information will remain the same, so your contacts for billing and customer service issues will not change. Additionally, the Corporation is already working with its vendors, contractors, and other representatives to seamlessly transfer the Corporation’s assets and information from the Corporation to the District.

**Question**: **Can I vote by proxy?**

Answer: Voting by proxy is not allowed. Section 9.03 of the Corporation’s Bylaws specifies that “Voting by proxy shall not be permitted.” If a member is unable to vote in person, then they may mail in or drop off their completed ballot. If you are not voting in-person, then it is the Member’s responsibility to ensure that the Corporation receives your completed ballot by the early voting deadline—Monday, September 23, 2024, by noon.

**Question**: **Do I need to provide proof of my identity in order to vote?**

Answer: In order to vote at the Special Meeting of the Membership you must be a Member of the Corporation, meaning the customer account-holder. This vote on September 24, 2024 is different from the District’s election on May 4, 2024, which was a political subdivision’s election and subject to the Texas Election Code. Voting at the Corporation’s Annual or Special Membership Meetings is similar to how shareholders vote at a corporation’s shareholder meeting. The Corporation’s Bylaws do not require Members to provide picture ID, and SHWSC has never required members voting in-person, by mail, or by drop-off to provide identification. At the Special Meeting of the Membership, the Independent Auditor will check that the name on the ballot matches the account number and address provided, and that the ballot has been signed. The Independent Auditor’s review process will be the same for all ballots received by the early voting deadline and in-person.