

October 14, 2024

RE: Winding Up of Springs Hill Water Supply Corporation and Conversion to Springs Hill Special Utility District

Dear Springs Hill Members,

In connection with Springs Hill Water Supply Corporation's (Corporation) ongoing effort to convert itself into Springs Hill Special Utility District (District), the Corporation held a Special Meeting of the Membership on September 24, 2024 at 7:00 p.m. The primary purpose of this Special Meeting was to conduct the statutorily required election regarding the Corporation Board of Director's Resolution Regarding the Winding Up and Distribution Plan of the Corporation. As to the election, the Corporation received 218 total ballots, and of the 192 eligible ballots, 162 votes were in favor of the Resolution and 30 were opposed. **So the matter was approved by 84.4% of the voting Members.** A copy of the Independent Auditor's Official Report on the Membership Vote is enclosed for your convenience.

With this election result and in accordance with applicable state law, the Corporation will file its Certificate of Termination with the Secretary of State of Texas by October 24, 2024. In the meantime, the Corporation's Board of Directors and Staff will work to transfer all of the assets, debts, and contractual rights and obligations of the Corporation to the District as required by the District's enabling legislation in Texas Special District Local Laws Code § 7208.0153(a).

The day-to-day operations of the public water system will remain the same, so there should be minimal direct impact on our member/customers. The Corporation is working with its banks and vendors to ensure seamless transition of accounts from the Corporation to the District. Customers who make online payments will not need to re-register or make any changes. For Customers that pay their invoices by check, please make your payment for your October water bill to "Springs Hill Special Utility District." The mailing address, office address, phone number, and other contact information for the District will be the same as the Corporation. Again, you only need to update the name of the recipient to "Springs Hill Special Utility District."

We appreciate everyone who participated in this historic Membership Vote and look forward to this next chapter as Springs Hill Special Utility District. If you have any questions, you can contact the Corporation/District Staff at (830) 379-7683.

Sincerely,


Mike Andrews

General Manager, Springs Hill WSC

**Independent Auditor Official Report for
Springs Hill Water Supply Corporation Membership Vote
at the Special Meeting of the Membership Held on September 24, 2024**

I, the undersigned Independent Auditor, do hereby certify that all ballots received were counted with the assistance of:

1. Carla Bottorf
2. _____

Ballots were cast to vote for or against:

“Approve the Resolution of the Board of Directors of Springs Hill Water Supply Corporation, adopted on September 4, 2024, recommending the winding up and distribution plan of Springs Hill Water Supply Corporation.”

Total number of ballots cast: 218

Total number of ballots not counted due to defects: 26

MEMBERSHIP VOTE TOTALS

NUMBER OF VOTES

For approving the Resolution

162

Against approving the Resolution

30

IT WAS DECLARED THAT THE RESOLUTION RECOMMENDING THE WINDING UP AND DISTRIBUTION PLAN OF SPRINGS HILL WATER SUPPLY CORPORATION WAS / WAS NOT APPROVED BY AT LEAST TWO-THIRDS OF THE VOTES OF THE MEMBERS CAST EARLY OR AT THE SEPTEMBER 24, 2024, SPECIAL MEETING OF THE MEMBERSHIP.

Kristal Fowler
Printed Name of Independent Auditor

Kristal Fowler
Signature of Independent Auditor

Date: 9/24/2024