

Special Utility District vs Water Supply Corporation

	SPRINGS HILL SPECIAL UTILITY DISTRICT	SPRINGS HILL WATER SUPPLY CORPORATION
Entity Type	Governmental Entity	Non-Profit Corporation
Customers	Residents inside or outside of the district's service area	Members within service area
Subject to the Texas Open Meetings Act	Yes	Yes
Subject to the Texas Public Information Act	Yes	Yes
Director Qualifications	18 years old resident citizen of Texas, owner of property in the district/user of district facilities/qualified voter Additional limitations based on relationships by blood, marriage, or contract with developers of property in the district, the district, and consultants to such developers or the district	18 years old and a member of the corporation
Board of Directors	Has 6 directors	Has 6 directors
Director Terms	Staggered 3-year terms	Staggered 3-year terms
Director Elections	First in May of each year	First Tuesday of April

**SPRINGS HILL SPECIAL
UTILITY DISTRICT**

**SPRINGS HILL WATER
SUPPLY CORPORATION**

Election Procedures	As required by the Election Code	As required by the corporation's Bylaws
Eligible Voters	Resident within the boundaries of the district who is a registered voter Additional Requirements for the Confirmation Election based on a relationship by blood, marriage, or employment to a developer of property in the district, length of residency, and compensation exchanged for vote (<i>*see page 5-6 for details</i>)	18 years old and a member of the corporation
Removal of a Director	As specified by statute	Fails to maintain qualifications required by statute Fails to attend three consecutive Board of Directors meetings and each absence is considered unexcused
Director Compensation and Reimbursement	Fee of Office set by the Board of Directors, up to the amount of the per diem set by the Texas Ethics Commission for legislators (currently at \$221 per day) May be reimbursed for expenses	May be compensated and reimbursed
Required Meetings	Regular and special meetings as may be necessary for the proper conduct of the district's business	Regular and special meetings as may be necessary to conduct the corporation's business Annual meeting of the membership is required
Employee Benefits	Texas Counties and Districts Retirement System Government Investment Pools	401k

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Insurance	Eligible for Texas Municipal League Intergovernmental Risk Pool	Private insurance
Financing	Sell tax-exempt revenue bonds Loan from the Texas Water Development Board at tax-exempt rates Private loan	May contract with other entities that issue bonds, but will have higher interest rates Private loan
Property Taxes on Springs Hill Assets	Property tax exemption (personal property, utility lines, plant facilities)	Can claim exemption under Section 11.30 of the Tax Code
Sales Taxes Owed by Springs Hill	Sales tax exemption (supplies and services)	Limited sales tax exemption (must receive certification from the Texas Commission on Environmental Quality or a public-private partnership)
Audit	Must file an annual audit with the Texas Commission on Environmental Quality	Conducts an annual audit and evaluates compliance with the Public Funds Investment Act (required by its loan from the Texas Water Development Board)
Contracts	Sovereign & Official Immunity Texas Tort Claims Act Interlocal Contracts Statutory public bidding requirements and contractual provisions Cooperative purchasing programs	Not applicable
Statement of Officer and Oath of Office	Required	Not Applicable

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Director Bond	\$10,000 bond payable to the district and conditioned on the faithful performance of the director's duties	Not Applicable
Conflicts of Interest	<p>Statutory Requirements Required to disclose</p> <p>Must file an affidavit stating the nature and extent of the interest and abstain from participation in certain circumstances</p>	<p>Ethics Policy Required to disclose Must file an affidavit stating the nature and extent of the interest</p> <p>May not participate, directly or indirectly, in a vote if it is reasonably foreseeable that the decision could confer an economic or other benefit on the business</p>
Investment	Must adhere to the Public Funds Investment Act and an investment officer must take the required training	Must adhere to the Public Funds Investment Act and an investment officer must take the required training (required by its loan from the Texas Water Development Board)
Policies	Maintains policies on ethics, travel, investment, records retention, review of professional services	Maintains policies on directors elections, personnel, ethics, and investment
Rates and Fees	<p>Rates and fees set by the District</p> <p>May be appealed at the Public Utility Commission</p> <p>Impact fees are subject to the procedures set by Texas Local Government Code Chapter 395 (the initial fee is set by the legislation creating the SUD)</p>	<p>Rates and fees set by the corporation</p> <p>May be appealed at the Public Utility District</p>

VOTER QUALIFICATIONS FOR CONFIRMATION ELECTIONS

Voters in casting votes in the Confirmation Election must submit a completed **Voter Affidavit**, confirming their qualifications to vote, before the election officer will mark the voter as accepted. If the voter does not submit a completed affidavit to the election officer, then the voter may be accepted only to vote provisionally. (Texas Water Code § 49.1025(c)).

Voter Affidavits will be provided by the election officer.

"Developer of property in the district" means "any person who owns land located within a district covered under this section and who has divided or proposes to divide the land into two or more parts for the purpose of laying out any subdivision or any tract of land or any addition to any town or city, or for laying out suburban lots or building lots, or any lots, streets, alleys, or parks or other portions intended for public use, or the use of purchasers or owners of lots fronting thereon or adjacent thereto." (Texas Water Code § 49.052(d)).

Texas Water Code Section 49.1025(a) and (b)

(a) In this section, "developer of property in the district" has the meaning assigned by Section 49.052(d).

(b) A voter in a confirmation election or an election held jointly with a confirmation election on the same date and in conjunction with the confirmation election to authorize taxes and bonds must be a qualified voter of the district. For the purposes of an election described by this subsection, **a person is not a qualified voter if the person:**

(1) on the date of the election:

(A) is a developer of property in the district;

(B) is related within the third degree of affinity or consanguinity to a developer of property in the district;

(C) is an employee of a developer of property in the district; or

(D) has resided in the district less than 30 days; or

(2) received monetary consideration from a developer of property in the district in exchange for the person's vote.

VOTER QUALIFICATIONS FOR CONFIRMATION ELECTIONS

Degrees of Affinity and Consanguinity

An individual's relatives within the 3rd degree by consanguinity are the individual's:

- (1) parent or child (relatives in the 1st degree);
- (2) brother, sister, grandparent, or grandchild (relatives in the 2nd degree); and
- (3) great-grandparent, great-grandchild, aunt or uncle (sister/brother of a parent of the individual), nephew or niece (child of a sister/brother of a parent of the individual) (relatives in the 3rd degree).

An adopted child is considered to be a child of the adoptive parent for purposes of calculating the degree of consanguinity.

A husband and wife are related to each other in the 1st degree by affinity.

For other relationships by affinity, the degree of the relationship is the same as the underlying degree by consanguinity. An individual's relatives within the third degree by affinity are:

- (1) anyone related within the third degree by consanguinity to the individual's spouse, or
- (2) the spouse of one of the people related within the third degree of consanguinity to the individual.

The ending of a marriage by divorce or death ends relationships by affinity created by the marriage unless a child of the marriage is living, in which case the marriage is considered to continue as long as the child of the marriage lives.

(Chapter 573, Subchapter B of the Texas Government Code)