

**Introduced by Senator Anderson**

February 18, 2011

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An act to add Section 301.9 to the Corporations Code, relating to mutual water companies.

LEGISLATIVE COUNSEL'S DIGEST

SB 918, as introduced, Anderson. Mutual water companies: boards of directors.

Existing law provides for the formation and operation of general corporations, and specifies that directors shall be elected to the board of directors at each annual meeting of shareholders to serve until the next annual meeting, except as provided for a publicly listed corporation.

This bill would provide that a mutual water company incorporated as a general corporation may elect directors to staggered 4-year terms and allow the initially elected directors to determine by lot which of them shall instead serve a 2-year term, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 301.9 is added to the Corporations Code,
- 2 to read:
- 3 301.9. Notwithstanding Section 301, a mutual water company
- 4 organized under this division may elect directors to serve staggered
- 5 four-year terms if authorized in the corporation's articles of
- 6 incorporation or bylaws. Upon the initial election of directors to
- 7 staggered terms, the elected directors shall determine by lot who

- 1 among them shall serve initial two-year terms and who among
- 2 them shall serve four-year terms.

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