

CERTIFICATE OF RESOLUTION

THE STATE OF TEXAS

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COUNTY OF ROCKWALL

I, the undersigned Officer of the Board of Directors of RCH Water Supply Corporation, hereby certify as follows:

1. The Board of Directors of RCH Water Supply Corporation ("RCH") convened in a regular meeting at the meeting place inside the boundaries of RCH, and the roll was called of the duly constituted officers and members of the Board.

Whereupon, among other business, the following was transacted at the meeting: a written

RESOLUTION OF RCH REGARDING THE RCH BOARD OF DIRECTORS

was introduced for the consideration of the Board of Directors. It was then duly moved and seconded that the Resolution be adopted, and, after due discussion, the motion, carrying with it the adoption of the Resolution, prevailed and carried unanimously.

2. A true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; the Resolution has been duly recorded in the Board's minutes of the meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, and notice was posted and given more than 72 hours in advance, of the time, place and purpose of the aforesaid meeting in accordance with applicable law, including Chapter 551, Texas Government Code, as amended, and that the Resolution would be introduced and considered for adoption at the meeting;

SIGNED this 5th day of December, 2023.



President, Board of Directors

**RCH WATER SUPPLY CORPORATION –
RESOLUTION REGARDING RCH GOVERNANCE (BOARD OF DIRECTORS)**

WHEREAS, the Board of Directors is empowered by the members and is convened to institute such actions as are necessary to attain the objectives of RCH by the protection of its rights, interests, and assets, except such actions, which by law, the Articles of Incorporation, or the Bylaws are conferred upon or reserved to the members; and

WHEREAS, RCH wishes to establish, clarify, and interpret the responsibilities and authorities of the Board of Directors, as set by the Articles of Incorporation, the Bylaws, and accepted business practices; and

WHEREAS, RCH shall use the following outline of relationships and responsibilities as guidance and behavior as individual and collective members of the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF RCH, THAT:

SECTION 1. The facts and recitations in the preamble of this Resolution are hereby found and declared to be true and correct, and are incorporated by reference herein and expressly made a part hereof, as if copied verbatim.

SECTION 2. RCH adopts the following policies:

A. Relationships

1. The Board of Directors reports to:
 - a. As a Board -- the member-owners through the elected officers and others; and
 - b. As individuals -- the President as the chief presiding officer, or, in his or her absence, the Vice-President.
2. The Board of Directors shall direct:
 - a. All committees of the Board of Directors;
 - b. The President; and
 - c. The General Manager

B. Responsibilities

The Board of Directors is expected to fulfill the following responsibilities:

1. Maintain the legal entity of RCH by:
 - a. Complying with the Articles of Incorporation, Bylaws, and regulatory and contractual requirements placed upon RCH;
 - b. Revising RCH's Bylaws as necessary; and
 - c. Executing, or having executed, necessary legal contracts, unless otherwise delegated by the Bylaws, Board Policies, or Resolution.
2. Act on behalf of the members by, among other roles:
 - a. Complying with the provisions of the Bylaws and policies;
 - b. Assisting new Directors to become oriented in their responsibilities;

- c. Maintaining or having maintained minutes of official Board of Director and membership meetings;
 - d. Informing or having the members informed of the objectives, plans, and programs of RCH; and
 - e. Maintaining, improving, and using their knowledge and skills as Directors to contribute to the effective management of RCH.
3. Provide organization and operational direction by:
- a. Formulating, approving, and periodically reviewing general policies for the operation of RCH;
 - b. Establish and serve on Board committees that will provide strategic oversight for RCH in handling certain matters, including (1) financial (audit, financing, margins), (2) planning (new developments, infrastructure), (3) regulatory (PUCT, TCEQ, Texas Secretary of State, Bylaws, and Tariff), and (4) personnel (staffing, compensation); and
 - c. Selecting a General Manager and delegating to him/her the responsibility and authority for the operation of RCH within the limits of the general policies established by the Board of Directors.
4. Consider and adopt or approve in consultation with the General Manager:
- a. Terms and conditions governing the provisions of water service to members;
 - b. Plans for meetings of members;
 - c. Wage and salary plan;
 - d. Employee benefit program;
 - e. Long and short range financial and operational plans as required and necessary for the maintenance of the economic feasibility of RCH; and
 - f. Annual work plans and operating budget.
5. Provide the continuing operating and capital requirements of RCH by:
- a. Considering the results of studies and recommendations prepared by the General Manager;
 - b. Adopting rate changes and financial practices necessary to provide operating requirements; and
 - c. Initiating loan applications.
6. Establish and periodically review measures and controls as recommended by the General Manager to prevent unauthorized action; measure performance in relation to goals, plans, and budget; predict trends; and determine where changes should be made.

SECTION 3. The Board of Directors is responsible for the administration of this Resolution.

SECTION 4. This Resolution shall be effective immediately upon adoption.

SECTION 5. A copy of this Resolution shall be filed in RCH's office and shall be continuously available for public inspection during normal business hours at the administrative offices of RCH beginning no later than ten (10) days from the date hereof.

PASSED AND APPROVED on this 5th day of December, 2023.

RCH WATER SUPPLY CORPORATION

By: 
David Naylor, President

CERTIFICATE OF RESOLUTION

THE STATE OF TEXAS

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COUNTY OF ROCKWALL

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I, the undersigned Officer of the Board of Directors of RCH Water Supply Corporation, hereby certify as follows:

1. The Board of Directors of RCH Water Supply Corporation ("RCH") convened in a regular meeting at the meeting place inside the boundaries of RCH, and the roll was called of the duly constituted officers and members of the Board.

Whereupon, among other business, the following was transacted at the meeting: a written

RESOLUTION OF RCH REGARDING THE DELEGATION OF AUTHORITY TO THE GENERAL MANAGER

was introduced for the consideration of the Board of Directors. It was then duly moved and seconded that the Resolution be adopted, and, after due discussion, the motion, carrying with it the adoption of the Resolution, prevailed and carried unanimously.

2. A true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; the Resolution has been duly recorded in the Board's minutes of the meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, and notice was posted and given more than 72 hours in advance, of the time, place and purpose of the aforesaid meeting in accordance with applicable law, including Chapter 551, Texas Government Code, as amended, and that the Resolution would be introduced and considered for adoption at the meeting;

SIGNED this 5th day of December, 2023.



President, Board of Directors

**RCH WATER SUPPLY CORPORATION – RESOLUTION REGARDING THE
DELEGATION OF AUTHORITY TO THE GENERAL MANAGER**

WHEREAS, RCH Water Supply Corporation's ("RCH") Board of Directors has hired a General Manager to perform such duties and exercise such authority as the Board of Directors may vest in him/her as outlined in this policy, or as otherwise provided by the Bylaws, or a resolution of the Board of Directors;

WHEREAS, the Board of Directors recognizes that mutual understanding and cooperation between the Board of Directors and General Manager is necessary for the efficient management of RCH; and

WHEREAS, the Board of Directors acknowledges and gives the General Manager the latitude of judgment and discretion and expects faithful performance in carrying out the policies of the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF RCH, THAT:

SECTION 1. The facts and recitations in the preamble of this Resolution are hereby found and declared to be true and correct, and are incorporated by reference herein and expressly made a part hereof, as if copied verbatim.

SECTION 2. RCH adopts the following policies regarding the role of the General Manager:

A. Planning

1. Policies

Formulate and recommend the Board Policies and Personnel Policies of RCH and recommend to the Board of Directors for their consideration.

2. Strategic Planning

Develop, with the staff and the Board of Directors, RCH's long-range objectives by periodically assessing changes in the system's external environment and identifying key issues. Develop action plans and strategies to address identified key issues and objectives by conducting studies and market research, and utilizing staff and outside consultants, in such areas as future water requirements, financial forecasts, and long-range system engineering requirements.

3. Membership Meetings

Plan for and hold annual and other member meetings of RCH.

4. Bylaws & Policies

Unless otherwise required, review the Bylaws and RCH policies periodically, with RCH's legal counsel, and report to the Board of Directors any recommended revisions.

5. Work Plans and Budgets

Formulate and present annual work plans and budgets for adoption by the Board of Directors. Provide the Board of Directors detailed timely reports on revenue, expenses, and other results compared to such plans and budgets.

6. Rates and Service Rules and Regulations

Periodically study and analyze RCH's rates and any applicable rules and regulations to make sure they meet current operating requirements and to make appropriate recommendations to the Board of Directors.

B. Organization

1. Organization Structure & Personnel

- a. Periodically review activities of RCH and determine the organization structure best suited to carry out RCH's objectives. Modify the organization structure as conditions warrant by the addition, transfer, reassignment, or elimination of positions and by the addition, transfer, assignment, promotion, demotion, and termination of personnel.
- b. Develop and maintain standards and qualifications for use in the recruitment, hire, transfer, and promotion of personnel.
- c. Establish schedules for personnel, delegate responsibilities to personnel, and supervise personnel.
- d. Recruit, train and develop personnel. Initiate and promote, through staff, appropriate training, including sending personnel to training outside the organization.

2. Consultants

Select and retain consultants and other professionals to provide advice and assistance on internal operations, or as otherwise needed. Negotiate and enter contracts for such services.

3. Wage, Salary, & Fringe Benefits Administration

- a. Develop a systematic wage and salary plan and present it to the Board of Directors or appropriate Board committee for review and recommendation to the Board of Directors.
- b. Determine all salaries, salary adjustments, except the General Manager's salary, consistent with the Board approved wage and salary budget or plan and Cooperative policy. Salary adjustments for the General Manager shall be approved by the Board of Directors annually.
- c. Administer or approve holidays, paid time off, and other fringe benefit programs for personnel.
- d. Conduct labor surveys, as necessary, to determine salaries paid for comparable jobs in the area in which RCH recruits personnel.

C. Operations

1. Overall Administration

- a. Direct the daily operations of RCH. Perform all acts necessary or incidental to the management of the operations of RCH, unless such acts are specifically reserved to the Board of Directors pursuant to law, the Articles of

Incorporation, the Bylaws, or Board policies. Manage and direct the distribution of water to meet member needs.

- b. Manage operations of RCH in accordance with the policies of the Board of Directors and in accordance with obligations imposed by applicable federal, state, and local laws.
- c. Submit periodic reports to the Board of Directors on RCH's operations, recommend any revisions requiring approval from the Board of Directors, and direct any remedial action required.
- d. Designate an appropriate person to serve as Acting General Manager in the event of an extended absence of the General Manager.
- e. Participate in the deliberation of the Board of Directors or any of its committees, as requested or required.
- f. Participate in, or designate other staff members to participate in, national, regional, state, and local or water related meetings which further the best interests of RCH.
- g. Determine and meet the transportation needs of RCH in an economical and practical way possible.
- h. Serve as the spokesperson for RCH on major issues and keep the Board of Directors informed on such issues.
- i. The "flow" of authority for the management of RCH shall pass through the General Manager and the General Manager shall be the connecting link between the Board of Directors and the employees.

2. Financial

- a. Administer the approved budget, including approval of non-budgeted items up to \$100,000.00 and all non-budgeted items which, in his/her judgment, are either approved by resolution of the Board of Directors or vital to perform unanticipated emergency maintenance or repairs. Nonbudgeted items exceeding \$100,000.00, which are not vital to perform unanticipated emergency maintenance or repairs must be presented to the Board of Directors for approval, unless the item or project is otherwise approved by resolution of the Board or provided by the Bylaws or Board Policies. Borrow and authorize the disbursal of funds. Invest or re-invest funds.
- b. Approve accounting systems, procedures, statistics, and types of reports necessary (1) for sound financial management, (2) to meet the requirements of lending and regulatory agencies, and (3) for control information required by the Board of Directors.
- c. Ensure that all persons having access to cash or responsibility for the purchase of materials are properly bonded in accordance with all requirements of lending institutions or Board policy.
- d. Negotiate and award contracts up to \$100,000.00 (without Board of Director approval). Contracts exceeding

\$100,000.00 must be presented to the Board of Directors for approval. Negotiate and execute contracts and purchase orders, including change orders and contracts for the purchase or lease of Real Property, for projects or items previously approved by the Board of Directors by Resolution, approval of the Budget, or otherwise.

- e. Determine insurance coverage required for effective risk management and to negotiate purchase of such coverage.
- f. Exercise the power of eminent domain to acquire, for projects described in an approved budget or for projects approved by resolution of the Board, property that RCH has been unable to obtain by negotiation; make application for all permits relating to the operations or projects of RCH; and determine the design and route for all facilities.
- g. Participate with the Board of Directors in the review, with the auditor present, of the annual financial audit and management letter, direct any remedial action required, and ensure that the management letter and audit report are sent to each Board member prior to the meeting at which they are to be discussed.

D. Responsibility

- 1. The General Manager may delegate to his/her staff duties, as deemed appropriate by the General Manager. However, the General Manager shall continue to be responsible for any duties delegated and cannot be relieved of any portion of accountability.
- 2. The Board of Directors is responsible for approving any changes to the duties delegated to the General Manager.
- 3. The Board of Directors, or an appropriate committee thereof which shall report to the Board of Directors, shall be responsible for seeing that the performance of the General Manager is systematically appraised each year in order that growth, development, and effective improvements are encouraged. The appraisal shall include a recommendation on a salary adjustment when appropriate. The results of the appraisal will be discussed with the General Manager.
- 4. The Board of Directors may, at its discretion, enter a contract for the services of a General Manager.

SECTION 3. The Board of Directors is responsible for the administration of this Resolution.

SECTION 4. This Resolution shall be effective immediately upon adoption.

SECTION 5. A copy of this Resolution shall be filed in RCH's office and shall be continuously available for public inspection during normal business hours at the administrative offices of RCH beginning no later than ten (10) days from the date hereof.

PASSED AND APPROVED on this 5th day of December, 2023.

RCH WATER SUPPLY CORPORATION

By: 
David Naylor, President