#  BOARD OF DIRECTORS GUIDELINES

Kempner Water Supply Corporation (KWSC) is established as a nonprofit corporation under the laws of this state. The Board of Directors is established as the authority to operate KWSC in accordance with By-laws and Board policies. KWSC business shall be conducted in accordance with the laws of the State of Texas, the corporation’s articles of incorporation, By-laws of the Corporation, Board policies and generally accepted business practices that shall accomplish the KWSC mission.

##### ***A*uthority of the board of directors**

Each member of the KWSC Board, together with other members of the Board, is legally and morally responsible for all activities of KWSC. All members of the Board share in a joint and collective authority which exists and can only be exercised when the group is in session.

***B*oard Member Commitment**

Serving as a Board member of KWSC involves a very special commitment. To meet that commitment, Board Members are expected to:

* Ensure adherence to KWSC’s mission.
* Attend and actively participate in all of the Board’s meetings, and notify the
* General Manager or Board chairperson of anticipated absence.
* Review minutes and the results of missed
* meetings.
* Except for absent Board Members, abstain from discussing results of closed executive sessions with **ANYONE.**
* Do their homework to be prepared to participate fully in Board and committee meetings.
* Serve actively on at least one committee.
* Act only with the full Board, not individually unless authorized to do so by the full Board.
* Speak for the full Board only when the full Board sanctions their doing so.

***B*oard Delegation of Policy Interpretation to Staff and Public**

Board delegates to the General Manager responsibility for policy interpretation to the staff and public, issuance of procedural directives and guides not specifically covered or detailed in the Board Policy Manual. Such interpretations, rules and directives have the force of Board regulations unless and until superseded by Board action.

***B*oard Member Rights**

Members of the KWSC Board are granted certain specific rights. All Board Members have the right to:

* Receive notice of Board meetings and the agenda.
* Attend and participate in Board meetings.
* Examine KWSC’s books, records, meeting minutes, financial statements and contracts.
* Place items on the Board meeting agenda by notifying the President and/or General Manager five days prior to schedule meeting.

***B*oard Member Conflict of Interests (Also see Conflict of Interest in this Manual).**

Board members have a duty to subordinate personal interests to the welfare of KWSC and those we serve. Conflicting interests can be financial, personal relationships, status or power.

Board Members and employees are prohibited from receiving gifts, fees, loans, or favors from suppliers, contractors, consultants, or financial agencies, which obligate or induce the Board Member or employee to compromise responsibilities to negotiate, inspect or audit, purchase or award contracts, with the best interest of KWSC in mind.

Board Members and employees are prohibited from knowingly disclosing information about KWSC to those who do not have a need to know or whose interest may be adverse to KWSC, either inside or outside KWSC. Board Members or employees may not in any way use such information to the detriment of KWSC.

Board Members or employees may not have a significant financial interest in any property which KWSC purchases, or a direct or indirect interest in a supplier, contractor, consultant or other entity with which KWSC does business.

Since it is not possible to write a policy that covers all potential conflicts, Board Members and employees are expected to be alert for and avoid situations, which might be construed as conflicts of interests.

Any possible conflict of interests on the part of any Board Member should be disclosed to the other Board Members and made a matter of record, either through an annual procedure or when the interest becomes a matter of Board action.

Any Board Member having a conflict of interests or possible conflict of interests should not vote or use his/her personal influence on the matter. The minutes of the meeting should reflect that a disclosure was made, the abstention from voting and the quorum situation.

These restrictions should not be construed as preventing the Board Member from briefly stating his/her position in the matter, nor from answering pertinent questions of other Board Members, since his or her knowledge could be of assistance to the deliberations.

All Board Members shall be required to complete the “Conflict of Interests Statement.” This policy shall be given to each new Board Member for signature during orientation.

***D*uty of Board Members not to Compete**

A Board Member may not use his/her position on the KWSC Board to prevent KWSC from competing with the Board Member’s business. It is expected that Board Members, even after they complete Board service, shall not use trade secrets, client lists, or other confidential information acquired by virtue of being a member of the Board.

***L*egal Obligations of Board Members**

The Board of Directors are responsible to the KWSC and its members. The Board and the law require every Board Member to follow the rule of the reasonably prudent person and the principle of good faith.

***T***he rule of the reasonably prudent person means that the Board shall not:

* Mismanage KWSC by deviating from fundamental management principles, such as planning carefully for the future of KWSC, regularly reviewing the financial status of KWSC, and monitoring compliance with Board policies.
* Fail to govern by utilizing all control systems to govern KWSC.
* Be involved in self-dealing that provides personal gain to Board Members.

***T***he principle of good faith means that Board Members shall:

* Attend all Board and committee meetings to be a part of Board actions.
* Read and understand KWSC’s policies and By-laws.
* Pay attention to corporate affairs and keep informed about
* organization activities.
* Ensure that KWSC is in compliance with legal requirements.
* Avoid self-dealing

***E*thical Obligations of Board Members**

The Board shall approve a code of ethics for Board Members. All Board Members shall be given a copy of the code of ethics and shall be expected to adhere to the provisions of that code.

***T*he KWSC Board Code of Ethics:**

***A***s a member of the KWSC Board, I shall:

* Listen carefully to my fellow Directors, and those served by KWSC.
* Respect the opinion of other Board Members.
* Respect and support the majority decisions of the Board.
* Recognize that all authority is vested in the Board when it meets in legal session and not with individual Board Members.
* Keep well informed of developments that are relevant to issues that may come before the Board.
* Participate actively in Board meetings and actions.
* Call to the attention of the Board any issues that I believe shall have an adverse effect on KWSC or those we serve.
* Attempt to interpret the needs of constituents to KWSC and interpret the action of KWSC to its constituents.
* Refer constituent or staff complaints to the proper level on the chain of command.
* Recognize that the Board Member’s job is to ensure that KWSC is well managed, not to manage KWSC. The Board Member(s) initial point of contact shall be the General Manager on all matters involving the Corporation’s business. This includes Employees, Professional Staff, i.e. Legal Counsel(s), Engineer(s), Auditor(s), etc.
* Vote to hire the best-qualified person to manage KWSC.
* Represent all constituents of KWSC and not a particular geographic area or special interest group.
* Consider myself a “trustee” of KWSC and do my best to ensure that KWSC is well maintained, financially secure, growing and always operating in the best interests of the membership.
* Always work to learn more about the Board Member’s job and how to do it better.
* Declare any conflict of interests between my personal life and my position on the KWSC board and avoid voting on issues that appear to be a conflict of interests.

 ***A***s a member of the KWSC Board I shall not:

* Be critical, in or outside of the Board meeting, of other Board Members or their opinions.
* Use KWSC or any part of KWSC for my personal advantage or the personal advantage of my friends or relatives.
* Discuss the confidential proceedings of the Board outside the Board meeting.
* Promise prior to a meeting how I shall vote on any issue in the meeting.
* Interfere with duties of the General Manager or undermine the General Manager’s authority.

***C*ompensation of Board Members**

Board Members shall not be compensated for service on this Board.

***D*irectors’ and Officers’ Errors and Omissions Insurance**

It is the policy of KWSC to provide Directors and Officers liability insurance. The continuing need for such insurance shall be reviewed each time the policy is due for renewal.

***B*oard Approved Letters of Engagement from Professionals**

The Board shall designate and obtain letters of engagement from all outside professionals serving the needs of KWSC. The General Manager is authorized to invite the professionals to board meetings as required, based upon need to support agenda items.

Only the Board chairperson, the General Manager or their designee may contact professional counsel on behalf of the Board. Costs billed to KWSC and associated with individual Board Members contacting legal counsel, auditors or other professional consultants without specific authority from the Board of Directors, shall be billed to the Board Member making the unauthorized contact.

***B*oard Correspondence**

Correspondence from the Board shall be approved by the Board or its chairperson. Except for reports which are legally required to be sent out over the Secretary/Treasurer’s name, all correspondence from the Board shall be over the chairperson’s name. All correspondence from the Board shall be written on KWSC stationery and shall be prepared by the office of the General Manager. Use of KWSC letterhead shall be limited to official corporate business only.

No material or information disclosed in closed executive sessions of the Board shall be released to any unauthorized person.

***B*oard Members Speaking for the Board to the Public or Media**

Individual Board Members may not communicate to the public through any means including social media unless authorized by the Board.

When speaking about KWSC or about Board action, Board Members should be careful to define when their remarks represent personal opinion and when their remarks represent official Board position. Board Members must be aware that they are always seen as Board Members even when they designate comments as personal.

***B*oard Member Orientation and Development**

The KWSC Board believes that professional development for Board Members is vital to good governance of KWSC. Therefore, new Board Members shall be given, within 30 days of election, a thorough orientation about KWSC, Board operations, finance, Board ethics, responsibility and liability.

KWSC shall provide publications and materials to assist the Board to learn the job, training and in-service programs oriented to Board operations and travel to conferences and conventions will assist Board Members to develop their governance skills.

***A*uthority of Board Members**

Board Members have authority only when acting as a body in regular or special meetings of the Board.

The Board shall not be bound in any way by any statement or action by any individual Board Member except when such statement or action is in pursuance of an adopted Board resolution or special instructions by the Board, or under specified delegation of responsibility.

***B*oard Member Management of Staff and Public Concerns**

It is the policy of the KWSC Board that when a Board Member is contacted by a staff member or member of the general public who has a concern or complaint about KWSC or persons within KWSC, the Board Member shall follow the following procedures:

* Remember that individual Board Members have no power or authority to speak or act for the full Board.
* Listen to the person’s concern.
* Express a desire to reach a satisfactory solution.
* Explain that the Board and management have established a process for handling concerns, which starts with addressing your concern(s) with the General Manager.
* Refer complaints, other than staff complaints; to the General Manager. Refer staff to the grievance procedure.
* Assure the person that the General Manager shall be informed of the concern.
* Ask the person to report back to you about the progress or resolution of the concern, if desired.
* Inform the General Manager of the complaint or concern.

***G*uidelines for Processing Public Complaints**

From time to time situations may occur creating legitimate complaints on the part of the public or constituents relative to KWSC. Complaints must be aired so all sides of the issue may be heard and a rational procedure/solution found.

Anyone having a complaint which is not resolved with the General Manager, will meet with the Member/Customer Relations Committee who shall in turn attempt to resolve the complaint and present a final solution to the Board of Directors for approval.

Board Members

***B*oard Member Job Description**

Board Members are responsible for determining Kempner Water Supply Corporation policy in personnel, budget/financial/planning, member/customer relations, and organizational operations.

**Personnel** – Board Members have three key responsibilities in this area:

* Board membership, which includes recruiting new Board Members, recognizing and nurturing existing Board Members with opportunities to grow and develop as leaders;
* General Manager oversight, which includes hiring and termination.
* Personnel policies, which includes policies relating to the General Manager’s employment, and ensuring that the General Manager has complete and up-to-date policies in place for management of staff.

**Budget/Finance/Planning** – Board Members have seven key responsibilities in this area:

* Ensuring financial accountability of Kempner Water Supply Corporation.
* Overseeing an ongoing process of budget development, approval and review
* Raising funds and/or ensuring that adequate funds are available to support Kempner Water Supply Corporation’s policies
* Overseeing properties or investments of Kempner Water Supply Corporation
* Establishing and reviewing Kempner Water Supply Corporation mission/philosophy/goals
* Planning which services Kempner Water Supply Corporation provides
* Evaluating Kempner Water Supply Corporation services and operations on a regular basis.

**Member/Customer Relations** – Board Members have three key responsibilities in this area:

* Ensuring that Kempner Water Supply Corporation’s services appropriately address the needs of those we serve
* Advocating for Kempner Water Supply Corporation’s serves which includes an awareness that Board Members are always emissaries of Kempner Water Supply Corporation in the community
* Cooperative action, which includes determining occasions when Kempner Water Supply Corporation could/should take part in coalitions, joint operations, etc.

**Organizational Operations** – Board Members have four key responsibilities in this area:

* Ensuring Kempner Water Supply Corporation’s management systems are adequate and appropriate
* Ensuring the Boards operations are adequate and appropriate, which includes writing policies for conduct of meetings and operation of Board business
* Ensuring organizational and legal structure are adequate and appropriate
* Ensuring its Board Members meet all applicable legal requirements

**Performance exceptions for Board Members**

In performing duties as a member of the Kempner Water Supply Corporation Board, every Board Member is expected to:

* Demonstrate a strong belief and commitment to Kempner Water Supply Corporation’s mission
* Devote the necessary time to prepare for and participate in Board and committee meetings
* Exhibit high ethical standards and integrity in all Board actions
* Be an enthusiastic advocate for Kempner Water Supply Corporation
* Take responsibility and accountability for Kempner Water Supply Corporation and all decisions made by the Board
* Spend the time necessary to learn more about Kempner Water Supply Corporation business and contracts.
* Demonstrate willingness to work as a team member with other Board Members and the General Manager.

Board Officers

Officers of the board shall be a president, vice-president, and secretary/treasurer elected by a majority vote of the board.

**The President** represents the entire membership and the best interest of Kempner Water Supply Corporation (KWSC). Exercises personal leadership in the motivation of other officers, board members and staff. Influences the establishment of goals and objectives of KWSC during the term of office. Monitors and evaluates KWSC performance and effectiveness. The President shall:

* Collaborate with the General Manager to prepare board meeting agendas, sign official documents requiring signature, and may represent the board in public and official capacities as instructed by the board.
* Preside at all meetings of the Board of Directors and Annual membership meeting.
* Work closely with the General Manager to ensure that KWSC is in compliance with state and federal drinking water regulations.
* Ensure that the Board of Directors are kept fully informed on the financial, managerial and technical operations of KWSC.
* Keep the members and customers of KWSC informed and shall periodically report the plans and activities of the Board and KWSC to the membership by means of letters, publications or special announcements.
* Appoint committees and committee chairperson(s) assignments the first monthly meeting following the Annual Membership Meeting. Special committees shall be assigned as needed and as approved by the Board of Directors.
* Ensure the Tariff and Policies of KWSC are reviewed as needed by the Board of Directors and they are in compliance with all state and federal laws.
* Promote the interest and active participation of the members and customers in KWSC activities.
* Act as a spokesperson for KWSC along with the General Manager to the members, the press, public and related organizations.
* Chair the executive committee.
* Serve as Ex-officio member for all committees.
* Make special assignments and appoint representatives to other organizations.
* Act as liaison between board and general manager.
* Encourage the board to do long-range planning.
* Assist board members to build their board skills.
* Act to discipline board members who violate ethical standards of the board.
* Encourage all board members to participate in board activities.
* Ensure all board members' views are represented in board meetings.

**The Vice-President** works closely with the President to accomplish the goals and objectives of KWSC and shall perform the duties of the President in the event of absence or inability to act and when so acting, shall have all the powers and be subject to the same authority as the President. The Vice-President shall:

* Serve on the executive committee.
* Assist the President in performing official duties when necessary.
* Preside at all KWSC meetings in the absence of the President.
* Work closely with the President and General Manager to assure that KWSC is in compliance with all state and federal drinking water regulations.
* Promote interest and active participation of the members and customers in KWSC activities.
* Have such duties and exercise such powers as may be needed from time to time, to be assigned by the President of the Board.
* Shall assume the office as soon as the BOD declares the position vacant and continues until the BOD elects new President.
* Manage special assignments as requested by the Board President.

**The Secretary/Treasurer** is responsible for assuring the adequate records of all financial transactions are maintained and properly audited. Performs all duties required by the President or Board of Directors and works in close partnership with the General Manager and office personnel. The Secretary/Treasurer shall:

* Serve on executive committee
* Ensure all official documents are safely passed to the next Secretary/Treasurer.
* Research KWSC records when necessary for information for the board.
* Assist the President and other officers in performing certain administrative duties pertaining to official communications with members and customers.
* Serve as Chairperson of the Budget/Financial/Planning Committee, which is responsible for reviewing the budget prior to Board approval.
* Serve, in conjunction with the General Manager, as Investment Officer/Asset Manager for the Corporation.
* Formulate, plan and recommend basic policies pertaining to the disposition of all KWSC’s records, assets, property and government documents.
* Review the annual reports on the financial condition of KWSC prior to its presentation to the membership and assist the Board in understanding the audit and financial reports before approval.
* Work with the General Manager to see that sound financial policies and procedures are established and implemented.
* Work with Staff to ensure an annual certified financial audit and reports are prepared and presented to the membership.
* Review all invoices/vouchers and co-sign all checks if possible with the President, Vice President, or Board Members/personnel for all purchases and expenditures of KWSC funds.
* Serve as Chairperson of the Election/Credentials Committee.
* Perform such other duties and have such other powers as from time to time may be assigned by the President or Board of Directors.
* Sign official documents of the Corporation as required.
* Sign and place the Corporate Seal on official documents of the Corporation as required.
* Shall oversee, but not manage the financial records of KWSC and ensure the Board regularly receives good reports of the financial condition of KWSC.
* Arrange in-service programs for the Board so Board Members shall be better able to understand the financial reporting process

***O*fficer Authority**

Officers of the Board are elected to be servant-leaders of the board. All authority of the officers is delegated to them by the Board of Directors. No officers shall have any authority to speak or act on behalf of the Board other than authority specifically granted in the KWSC bylaws, in Board policy or by majority vote of the Board of Directors.

***V*acancies of Officer Positions**

If a vacancy occurs in any elected office because of resignation, death, ineligibility to hold office or formal removal of an officer by the Board, the Board shall proceed to fill the vacancy at the earliest possible time.

If the vacancy occurs in the President's office, the vice-president shall assume the office as soon as the Board of Directors declares the position vacant. The Vice-President shall hold the office of President until the Board elects a new President.

A vacancy is filled in the prescribed manner of election of officers in this policy.

***R*emoval of Officers**

The KWSC board has the right to remove any officer from the elected position by the same authority that elected the officers. Officers may be removed from office for:

* Gross or willful neglect of the duties of the office.
* Misuse of KWSC funds.
* Conviction of a felony.
* Intentional lack of public support for the KWSC mission, staff or programs.
* Procedure for removal of any officer from office shall be 2/3 vote of the board membership.

Committees of the Board Responsibilities

***C*ommittee Purpose**

It is the purpose of any committee appointed by the Kempner Water Supply Corporation (KWSC) Board President to assist the Board of Directors to govern more efficiently. A Board Committee is not designed to do staff work. Committees shall be used to investigate, deliberate and analyze special issues on behalf of the Board and make recommendation(s) to the full Board which may be accepted, modified or rejected. The Board may establish or abolish standing or special committees as necessary.

***C*ommittee Authority**

Any committee established by the Board shall have only the powers specifically delegated to it by the Board. Functions of each committee shall be in writing as part of Board policy and recorded in the minutes of the meeting at which the committee was established.

***C*ommittee Accountability**

Committees are a subsidiary of the Board and are expected to report their work to the full Board on a regular basis. Each committee shall be expected to make recommendations to the Board for action. Recommendations are to be made by a member of the committee in the form of a motion at a full Board meeting.

The KWSC Board shall as necessary review the work of each committee and determine which committees are necessary.

***A*ppointment of Committees**

The President of the Board shall appoint committees and committee chairperson(s) assignments the first monthly meeting following the Annual Membership Meeting with exception to the Credentials Committee, taking in consideration the preference of the Board Members for committee assignments. The Board of Directors will appoint a Credentials Committee of three individuals during the first business meeting after the annual members’ meeting (see Election Procedures policy for more detail). KWSC employees may be appointed to a committee.

***E*x Officio Committee Members**

The President of the Board shall be an ex-officio member of all committees.

***D*uties of Committee Members**

Duties of the members of individual Board committees shall vary, but certain basic committee member responsibilities remain the same for all committees. Those responsibilities include (see Committees and Their Duties):

* Attend all meetings of the committee to which the Board Member is assigned.
* Prepare for committee meetings by studying the agenda and researching issues to be discussed at committee meetings.
* Actively participate in discussions at committee meetings.
* Follow through promptly on any assignments for the committee.

***C*ommittee Meetings**

The committee chairperson shall convene all meetings of the committee or a majority of the committee members may call a committee meeting. Meeting dates shall be coordinated with the executive to avoid conflict and to ensure completion of staff support and research for the committee.

Committees shall submit a written summary of committee actions and any recommendations to the Board in the Board meeting packet to the maximum extent possible.

Electronic recording of meetings shall be used by the KWSC to record regular, special and annual meetings of the Board. Committee meetings may be recorded at the chairperson’s discretion. Recording shall be used by the office staff of the corporation for clarification purposes when preparing minutes of the meeting. A sign shall be appropriately displayed stating that the meeting is being recorded.

Electronic recording devices shall not be used by the KWSC to record closed meetings or executive sessions of the Board of Directors.

***G*uidelines for the Committee Chairperson**

The committee chairperson shall be expected to lead the committee just as the Board President is expected to lead the board. The committee chairperson is accountable for ensuring the productivity of the committee by:

* Planning the agenda for the committee meetings.
* Ensuring all members of the committee are notified of committee meetings.
* Convening committee meetings and keeping meetings on track.
* Appointing a member of the committee or staff to keep a written record or at the chairpersons’ discretion an electronic recording device may be used to record the committee meeting.
* Encouraging the committee to take action on the issues discussed by the committee.
* Ensuring written reports and recommendations for action from the committee are presented to the full board.
* Leading the committee to evaluate its operations.

***Duties***

The President of the Board shall be Ex-officio of all Committee Meetings.

The General Manager serves as an advisor to all committees and attends all committee meetings to the maximum extent possible. Meeting dates shall be coordinated with the General Manager to avoid conflicts and ensure staff support.

All Committees must work within the Corporations policies and budget parameters.

**Committee Chairperson and Members**

The President of the Board announces committee assignments the first monthly meeting following the Annual Membership Meeting. Appointments are for a one (1) year period.

**Reports by Committees to Board of Directors**

All Committee Chairpersons must present or prepare one of the following reports at the next regular meeting:

Verbal - when no board action is required. However, a memo for record of the meeting shall be prepared and filed in the Corporations office.

Written - when Board action is required. Written reports should be included in the Board Member’s packet prior to the next scheduled meeting. The format for written reports is at Attachment I.

**Executive Committee:**

The Executive Committee shall consist of the President, Vice President and Secretary/Treasurer; these positions shall be voted on by the Board of Directors at the special meeting immediately following the Annual General Membership meeting. Length of term is one (1) year.

This committee shall meet as necessary to perform issues to be presented to the full Board and it is the Executive Committee’s responsibility to perform the following:

* Initial Board oversight of corporate operations.
* First point of contact(s) for the General Manager when issues, problems, concerns, arise involving corporate operations.
* Overall preparation and reporting on the annual evaluation of the General Manager.
* In times of emergency, a polling of the available board members to obtain a majority decision of the Board shall be required before any action is taken.
* Any other powers delegated to the committee by the full Board.
* Meets with any Entity, Company, Municipality or Corporation to resolve the purchase or transfer of KWSC’s Certificate of Convenience and Necessity (CCN), when such action is necessary.
* Meets, as needed to review all other matters pertaining to KWSC’s facilities or CCN.
* Serves as the Corporation’s representatives in all contract negotiations, disputes and issues involving KWSC contract(s).

 **Election/Credentials Committee:**

* Develop procedures for conducting an Annual or Special Meeting of the Membership.
* Develop notification material for Meetings of the Membership, the voting instructions and the official Ballot Form.
* Implement the procedures to determine and qualify the eligible voters at Meetings of the Membership.
* Screens prospective members of the Board and make recommendations to fill vacancies on the Board of Directors and verify qualifications of potential members for the Board of Directors prior to placing them on the annual ballot.

 **Vehicle Committee**

* Review bids with General Manager for purchase of vehicles and/or capitalized equipment and to ensure compliance with budget parameters.
* Informs the Board of Directors of such purchases at the next regular scheduled meeting.
* Annual review, or as needed, of maintenance logs and mileage on individual vehicles.
* Annual review, or as needed, of hours on all heavy equipment. i.e. tractors, backhoes, etc.
* Annual review, or as needed, of inventory on all rolling stock

**Member/Customer Relations Committee:**

Resolve complaint(s) presented by the General Manager or Member/Customer.

* Makes recommendations to the Board of Directors when board action is required.
* Establish communications with members/customers.
* Public relations.

**Personnel Committee:**

* Annual review, or as needed, the Employee Hand Book and recommends changes.
* Initial review of employee grievance(s) when board action is required.
* Inform Board of Directors of resolution of grievance(s) or makes recommendation for board action.

**Budget/Financial/Planning Committee: (Referenced By-laws of Secretary/Treasurer duties and job description)**

* Assists the General Manager with preparation and presentation of the annual fiscal year budget to the Board of Directors for a workshop review and final approval.
* Assists the Asset Manager (Secretary/Treasurer) and General Manager on financial matters.
* Review and recommend approval of the Annual Audit.
* Reviews, at least annually, investment strategy of the corporation.
* Review and recommend Internal and External Auditors to the board for approval.
* Review and recommend legal counsel and engineering proposals to the Board for approval.
* Meets with the Corporation’s Engineer as needed to review the systems current status and develop future needs.
* Makes recommendations to the board.

**Policy Committee:**

* Reviews annually, the Corporations Policies, except the Employee Hand Book, which is the responsibility of the Executive Committee.
* Reviews all information to determine the need to develop or amend current and future policies.

**Tariff Committee:**

* Reviews annually and make changes made by the Texas Commission on Environmental Quality (TCEQ) to determine impact and need to update the corporation’s Tariff policies.
* Reviews the Tariff annually to determine need for updating rates, procedural changes for voluntary contribution, etc.

**Conservation**

* Reviews annually and makes necessary changes to meet the Corporations needs or as mandated by State Agencies and/or River Authorities.
* The Committee’s duties are covered in the Tariff, Conservation, Drought Contingency, and Emergency Response Plan.

**Negotiating Committee:**

* Meets with any Entity, Company, Municipality or Corporation to resolve the purchase or transfer of KWSC’s Certificate of Convenience and Necessity (CCN) when such action is necessary.
* Meets as needed to review all other matters pertaining to KWSC’s facilities or CCN.

**Kempner Water Supply Corporation**

 **(Committee Reporting)**

**Attachment I**

## **Committee Members Present:** (Include date meeting was held, customer’s name and account number presenting the issue and committee members present.)

## **Issue/Problem:** (Describe the issue/problem as presented by the customer and exactly what the customer desires in order to resolve.)

**Facts Involved:** (Include facts that pertain to the issue, for example, board policies, KWSC Tariff, TCEQ policies, etc. If none exist, so state.)

**Discussion:** (Provide a synopsis of the discussions with the customer and between the committee members to develop the committee recommendation(s).)

 **Recommendation(s):** (List all possible recommendations as a. b. c. etc.)

**Committee Recommendation:** (State the committee’s recommendation for board approval and the rationale for the recommendation.

**Signature:** (Signature of Committee Chairperson.)

Board Meetings

***C*onduct of Meetings**

So, meetings may be conducted in the most orderly manner, discussion of agenda items shall be limited to communications among Board Members, between the Board and the General Manager, and among the Board, General Manager and those the Board and General Manager request to make presentations.

***B*oard Calendar**

A calendar of agenda items shall be established by the Board annually before the beginning of the Board year. The calendar shall list agenda items that regularly require Board action during specific time frames each year, such as approval of the budget, long range plan, renewal of contracts, evaluation of the General Manager and other standard annual events

***C*ommittee Meetings**

Committees shall submit a written summary of committee actions and any recommendations to the Board in the Board meeting packet for the meeting at which committee recommendations shall be considered.

***E*mergency Meetings**

An emergency or an urgent public necessity exists only if immediate action is required for an imminent threat to public health and safety or a reasonably unforeseeable situation. Agenda must be posted at least two hours before the meeting is convened.

When notice for a scheduled meeting has been posted (at least 72 hours before meeting is to convene) and then an emergency or public necessity arises, the notice of the additional agenda item must be posted at least two hours before the meeting is convened.

Emergency meetings shall be held in accordance with Section D of the Texas Open Meetings Act.

***R*egular Meetings**

The Board of Directors shall meet on the fourth Wednesday of every month. The General Manager shall post notice of the date, location, and agenda no later than 72 hours prior to the meeting. Individuals requesting to address the Board shall submit a written request to the General Manager and be placed on the agenda. Requests must arrive in the Kempner WSC Office within five (5) workings days prior to the scheduled meeting.

***S*pecial Meetings**

Special meetings of the Board shall be called by the President or by the majority of the Board, only when the business to be addressed cannot wait until the next regularly scheduled meeting. A call for a special meeting shall state the business to be addressed by the Board at the special meeting. Every member of the Board must be notified of the special meeting by mail, phone or in person no less that 3 days advance of the meeting.

***A*nnual Membership Meetings**

The annual membership meeting of KWSC is held the 4th Thursday of March each year. Its purpose is to elect members to the Board of Directors, make needed changes to its By-laws and to inform the membership on the status (financial, future plans, etc.) of the Corporation. Procedures for conducting the Annual Membership meeting are outlined in Part II of the Board Policies and Procedures of the KWSC Manual.

 ***C*onference Calls**

In extraordinary cases and in compliance with the Texas Open Meetings Act the Board of Directors may conduct business via a conference telephone call when deemed necessary by the President of the Board. A report of any action taken shall be verified and made a part of the minutes of the next meeting of the Board of Directors.

***A*bsence from Meetings**

Board members are required to attend all meetings of the Board of Directors. In the event absences are necessary, the President or General Manager shall be notified, by phone or in person as soon as possible prior to the meeting.

Any directors failing to attend two (2) consecutive regular meetings, without appropriate notification outlined above, shall be given written notice that failure to attend a third consecutive meeting without justifiable cause acceptable to the Board shall give rise to removal of said Director from the Board.

***O*pen Board Meetings**

It is the policy of the KWSC Board to hold open board meetings using the following guidelines:

* Agendas shall be provided to guests at the beginning of the meeting.
* Guests may comment to the board only at the designated "Open Session” section on the agenda or when the board requests public comment. There is a three (3) minute time limit for each guest, unless granted further time by the Board of Directors. A group may select one speaker, for a time limit of seven (7) minutes, unless granted further time by the Board of Directors. No more than thirty (30) minutes shall be allocated for “Open Session”.
* When dealing with confidential matters the board may elect to go into a closed executive session.

***C*losed Meetings/Executive Session**

All regular meetings of the board shall be open to members and public except as specified below. The Board shall close its meetings only when:

* Contracts, litigation and legal advice from attorney
* Personnel
* Real Estate

To close a meeting, a motion must be made and approved by a majority of the Board stating the specific reasons for closing the meeting. Business conducted in the closed session must pertain directly to the stated purpose for closing the meeting.

When required, “executive sessions” and its stated purpose shall be listed as an agenda item on regular scheduled meeting.

***M*eeting Agenda Packet**

All matters to be considered by the Board at the meeting shall be included on the agenda and in the Board, packets delivered to Board members at least four days prior to the meeting.

Meeting agendas shall be developed by the general manager and approved by the Board president prior to distribution to other Board members and the official posting of the agenda.

All Board members shall have an opportunity to request items be placed on the agenda five (5) working days prior to the scheduled meeting.

Materials pertaining to action items on the Board’s agenda shall be printed and sent to Board Members prior to the meeting, when possible, or be ready for distribution at the beginning of the meeting.

Mailings sent to all members and customers shall also be mailed to the Board of Directors or distributed at board meetings.

The KWSC Board meeting agenda shall be as follows:

1. Call to Order and Establish Quorum
2. Pledge of Allegiance and Honor the Texas Flag
3. Open Session
4. Approve Previous Month’s Minutes
5. Old Business
6. Committee Minutes
7. New Business
8. CFO Financial Report
9. Managerial Report’s (As Required)
	1. General Manager’s Report
	2. Administrative Report
	3. Plant Report
	4. Field Report
10. President’s Comments
11. Board Member’s Comments
12. Adjourn

***S*taff Attendance at Board Meetings**

The General Manager may have any staff member attend Board meetings of the Board that he/she needs as a resource for issues the Board shall consider during the meeting.

***O*pen Session**

Each meeting agenda, except special meeting of the Board, shall allocate no more than thirty (30) minutes for “Open Session”. However, the President has the option to extend the time limit when necessary. All persons, other than Board Members, wishing to speak during the forum may do so at that time. The Board President shall announce the “Open Session” asking attendees “if anyone wishes to address the Board at this time”. (See Open Board Meetings on page 21.)

***Q*uorum**

A majority of all currently elected members of the KWSC Board shall constitute a quorum for the purpose of conducting official Board business. An affirmative vote of the majority of the Directors present at a meeting, at which a quorum has been established, shall be an official act of the Board.

***V*oting**

All members of the KWSC Board who are present when a motion is on the floor shall vote on the motion unless there is a conflict of interest or a lack of enough information to vote either yes or no and then a vote to abstain is appropriate.

Voting on all motions shall be by show of hands unless requested otherwise by a member of the Board, at the direction of the President, or required by these policies.

Voting to elect officers of the Board or appointing a General Manager shall be completed by one of the following options.

* Show of hands.
* Roll Call.
* Signed Ballot.

A Board Member who is present at a meeting of the Board, at which action is taken on any corporate matter, shall be presumed to have concurred in the action taken unless the dissent of the Board Member is entered in the minutes of the meeting. Such dissent shall be indicated by a simple "no" vote on the action.

A Board Member who is absent from a meeting of the Board at which action is taken shall be presumed to have concurred in the action unless the member files a written dissent with the Secretary of the Board within a reasonable time after learning of the action. A reasonable time after learning of the action is five (5) working days.

All policy decisions shall be made by majority vote of the board members present at the meetings. Before adopting any policy, all board members shall receive a copy of the proposed policy in advance of the meeting at which the vote is to be taken.

Disposition of each motion made—passed or failed. (If the vote is by roll call, each board member’s vote shall be recorded by name. When a ballot vote is taken, the number voting for and the number voting against shall be recorded. No views, protests or explanations from Board members about the vote shall be recorded in minutes unless the full Board votes to allow such entries.)

***D*isqualification for Voting**

No member of the KWSC board may vote on any matter in which the Board Member has a direct, indirect or financial interest.

No member of the Board nor any employee of KWSC shall have proprietary business dealings with KWSC which directly or indirectly results in gain or profit to such Board Member or employee unless he/she first files a sworn statement with the President of the Board of the intent to have such business dealings, and states therein the nature, type, and extent of the transaction and interest of the Board Member. Remaining Board Members must, by majority vote, give approval.

***M*inutes of the Board Meeting**

Records of all actions of the Board shall be set forth in the minutes of the meeting. Minutes shall be kept on file as the official record of the KWSC Board. Copies of minutes shall be available for each Board Member within upon request to the general manager. Record copies are retained in the corporation office.

Agenda items and minutes will provide outstanding and current business of the Board and provide clarity to capture the proceedings of the Board.

The following format will be captured in both the agenda and minutes of the meeting.

1. Call to Order and Establish Quorum
2. Pledge of Allegiance and Honor the Texas Flag
3. Open Session
4. Approve Previous Month’s Minutes
5. Old Business
6. Committee Minutes
7. New Business
8. Financial Report
9. Managerial Report’s (As Required)
	1. General Manager’s Report
	2. Administrative Report
	3. Plant Report
	4. Field Report
10. President’s Comments
11. Board Member’s Comments
12. Adjourn

Minutes shall include pertinent details of the action and discussion.

The office of Secretary/Treasurer, or its designee(s) of the Board shall be custodian of the minutes. However, it is vital all members of the Board and the General Manager be able to fully participate in the discussions and deliberations, so minutes shall be recorded, and the minutes reduced to writing by a member of the corporation office staff.

Minutes of the meeting are a record of the actions of the Board, not a record of discussion. Minutes of KWSC Board meetings shall include:

Written committee reports or resolution shall be attached to the minutes, if these items are important clarification for the minutes of the meeting.

***E*lectronic Recording of Meetings**

Electronic recording of meetings shall be used by the KWSC to record regular, special and annual meetings of the Board. Committee meetings may be recorded at the chairperson’s discretion. Recording shall be used by the office staff of the corporation for clarification purposes when preparing minutes of the meeting. A sign shall be appropriately displayed stating that the meeting is being recorded.

Electronic recording devices shall not be used by the KWSC to record closed meetings or executive sessions of the Board of Directors.

***O*pen Meeting Act & Parliamentary Authority**

Meetings of the KWSC Board shall be held in accordance with Texas Open Meetings Act. Meetings shall also be governed by the parliamentary rules as outlined in Robert's Rules of Order Newly Revised in all instances where current By-laws and current Board policies do not apply.

***C*oncealed Carry Policy**

Weapons, explosives, and firearms are prohibited at KWSC meetings, in KWSC vehicles and on KWSC premises except as provided by this policy.

An employee or board of director who is duly licensed under Subchapter H, Chapter 411 of the Texas Government Code may possess or carry a concealed handgun while performing official duties only after notifying and presenting proof of licensure to the General Manager.

Regardless of licensure status, an employee or board of director may not:

* Openly carry handguns on KWSC premises;
* Store firearms or ammunition in the KWSC building;
* Display or use firearms to perform his or her official duties; or
* Possess or carry firearms at a facility or property where doing so is prohibited by law or by the facility’s company policy.

Possessing firearms illegally or the open display of firearms is not allowed. Violations of this policy and/or any law pertaining to the carrying of firearms shall be asked to leave the meeting.

Financial Management

***Fiscal Year***

The Kempner Water Supply Corporation (KWSC) fiscal year shall be the first day of October through the last day of September the following year. All General Ledger Financial records shall be kept on an accrual basis.

***Financial Management***

Financial resources of KWSC are the responsibility of the Board of Directors. The Board shall:

* Have a clear plan for acquisition of financial resources to pay for the programs and services provided by the corporation.
* Provide guidelines for management and allocation of financial resources which shall produce optimum benefit for those served by KWSC.
* Monitor and evaluate the financial plans and guidelines of KWSC to ensure the financial integrity of the corporation.

***Long Range Plan***

The General Manager and Corporation Engineer shall be responsible for developing a (10-year revolving) Long-Range Capital Improvement Plan for the Corporation. It shall be presented July of each year to the Budget/Financial/Planning Committee for its review and recommendation to the Board for approval.

The Budget/Financial/Planning Committee’s approved plan is then presented to the Board of Directors at the August meeting for their review with final action taken at the September meeting each year. Once approved by the Board, the plan is used as input to the next fiscal year’s budget.

The long-range plan is a living document, which means it should be updated throughout the year as needs are identified.

***Budget***

The Manager, with the assistance of the Budget/Financial/Planning committee, shall be responsible for developing an annual operation budget for the KWSC. The budget shall be developed during the month of July each year.

The Budget/Financial/Planning Committee’s approved annual operation budget shall be forwarded to the Board of Directors for review at the August meeting with action, if possible, taken at the September meeting.

The budget shall be viewed by the Board as their financial plan for KWSC, and approval of the budget by the Board shall give authority for the General Manager to manage the corporation’s finances according the plan without seeking further approval from the Board. The General Manager shall keep the Board informed of the ongoing status of the financial plan and shall not make expenditures outside the budget plan without seeking Board approval to amend the budget. Amendments to the budget shall be presented to the Board for approval for any of the following reasons:

* KWSC enters into contracts that were not included in the approved budget.
* Management proposes a major expenditure ($10,000.00 or more) that was not included in the budget.
* Significant cost overruns ($5,000.00 or more) occurs to approved projects.

The General Manager is responsible for informing the Board as to the cause for line item overruns that occur during the year.

***Working Capital Reserves***

A working capital reserve sufficient to keep KWSC operating for at least a 60-day period shall be maintained at all times.

***Accounting***

The accounting system used by KWSC shall be generally accepted accounting practices that are required and/or recommended by regulatory or lending agencies and the corporation auditor.

The accounting practices and procedures used by KWSC shall allow for adequate management of its revenues and expenditures and shall provide adequate systems of monitoring by the Board of Directors as well as outside auditors.

***Financial Report and Audits***

Reports reflecting the financial condition of KWSC shall be presented to the Board monthly and quarterly. These financial reports include:

* At least quarterly the status of expenditures on major projects.
* Monthly statement of cash flow
* Monthly revenue and expenditure statement for the month and year-to-date.
* Monthly, a year-to-date comparison of revenue and expenditures to the budget
* Quarterly, a report of KWSC investments shall be presented to the Secretary/Treasurer for review and forwarded to TWDB as per loan documents.

An internal audit process shall be established and maintained. The General Manager shall report, at least quarterly, any significant findings to the Board. Gross violations or breach of trust shall be reported to the Board immediately upon discovery.

An annual audit of KWSC’s finances shall be conducted by an independent auditor appointed by the Board. The scope of those audits shall be determined from time to time by the Board. A summary of the Annual Audit Report and Financial Report shall be prepared and presented in January to the Board of Directors for preliminary approval to meet TWDB submission deadline of 120 days from end of fiscal year. The annual audit report shall also be on the agenda of the Annual Membership Meeting for membership approval.

The Board shall enter into a contract with a Certified Public Accountant and/or Account firm to accomplish an annual audit for a period of three (3) years. The Contract shall be reviewed annually to ensure compliance with Kempner WSC goals, objectives and meet new requirements. The contract shall be based upon applicable rules and regulations for accounting practices pertaining to a water supply system. Internal computations, general ledger entries, monthly and quarterly reporting may be done by staff or contracted to a qualified individual or firm separate from the CPA or firm that does the annual audit for the Corporation this contract shall be for a period of three (3) years and reviewed annually.

The Budget/Financial/Planning Committee in conjunction with the General Manager shall develop a scope of work and submit to three (3) CPA or Accounting Firms for Annual and Internal proposals,

The General Manager shall solicit bids for the audit and internal computations from three (3) or more qualified firms and shall recommend to the Board a firm to perform the audit and a firm to perform internal computations. The Board’s selection shall be based on consideration of cost, professional qualifications, reputation and relevant experience.

As a minimum, the contracts shall consist of the following:

1. Three (3) year contract
2. Annual review of contract
3. General content and scope of work
4. Cost of the contract

***ACH & Wire Transfers***

Authorized signatories for general and investment ACH & wire transfers must include one director and one employee as outlined below:

* The Secretary/Treasurer of the Board, and/or
* The President of the Board, or
* The General Manager, or
* The Office Manager.

Internal controls for the request and completion of ACH & wire transfers are as follows:

* ACH and wire transfer requests shall include documentation detailing the amount, purpose and destination of the wire.
* Documentation authorizing ACH and wire transfers shall require one director and one employee signature, separate from the document’s creator.
* Banking institutions shall be required to provide written verification of completed wire transfer requests.
* Confirmation receipts shall not be approved or signed by the authorized individual completing the wire transfer.
* Journal entries for wire transfers must be supported by bank confirmation receipt and corresponding review/approval documents.
* Accounts shall be reconciled monthly on a timely basis and reconciliations must be approved by the Secretary/Treasurer or management.

***Signing Checks***

Authorized signatories for all general fund accounts must include two of the following in chronological order:

1. The Secretary/Treasurer of the Board and/or
2. The President of the Board, or
3. The Vice President of the Board, or
4. Board Member(s)

It is the responsibility of the General Manager to ensure that signatures can be gained from appropriate signatories so that payment can be made on obligations of the corporation. It is also the responsibility of the General Manager to ensure that adequate controls and safeguards have been established to ensure disbursement of funds are only for KWSC purposes.

It is the responsibility of all check signers to ensure that there is adequate documentation, consistent with good internal controls for valid payment of check’s they sign.

***Credit Cards***

The General Manager shall recommend to the Board those staff members authorized to use KWSC credit cards.

Each member of the Board is authorized a credit card to be used for corporate business. The credit card shall be kept in the KWSC office safe until required by the Board Member.

KWSC credit cards shall only be used for corporate business only and all uses shall be documented. They shall not be used for personal expenditures.

***Investment Policy***

The Board shall adopt and review as necessary, an investment policy is in accordance with, and to the maximum extent practicable, Section 5 of the Texas Public Funds Investment Act. A copy of the policy is included in a separate part of this manual and reviewed in January by the Budget/Financial/Planning Committee with recommended changes approved no later than March.

Funds not required for current operations shall be invested according to the investment policy approved by the Board.

Investments must be secured and guaranteed. Investments can be made at the discretion of the investment officer within the plan adopted by the Board.

***Executive Limitations***

The General Manager may not risk financial losses to KWSC beyond those that may occur in the normal course of business. The General Manager shall:

* Ensure against embezzlement casualty losses to full replacement value and against liability losses (to Board Members, organizations or staff) beyond the minimally acceptable prudent level.
* Ensure all personnel with access to significant amounts of KWSC funds are appropriately bonded.
* Ensure facilities and equipment are properly maintained.
* Limit exposure of KWSC the Board or staff to claims of liability.
* Disburse funds only under controls sufficient to meet the Board-appointed auditor’s standards.
* Assist Secretary/Treasurer to invest operating capital in accordance with the Board approved investment policy.
* Ensure daily backup and safe storage of all computers and other financial records necessary for uninterrupted operation of the corporation.

***Spending Authorization***

The General Manager may make expenditures consistent with the Board approved budget without further Board approval. However, expenditures that are not within the Board approved budget or obligate the corporation in any manner must be formally approved by the Board of Directors.

A list of expenditures for capital improvements and capital procurements shall be included in the annual budget submitted to the Board of Directors for approval.

Non-budgeted emergency repairs to the physical plant or equipment that must be completed immediately and cannot be practically submitted to the Board for approval can be authorized by the General Manager. The President of the Board shall be advised of the expenditure as soon as possible.

Approval of the Annual Budget authorized the Secretary/Treasurer to move funds to and from the investment or savings accounts to pay obligations of the Corporation. However, transfers either single or by combination shall not exceed $100,000.00 per transaction and nor be split to circumvent the limitations. The Board shall be notified at the next regular meeting. Transfers over $100,000.00 shall require Board approval. All investments terminated i.e. CDs, Bonds, and/or Government Securities prior to maturity date must acquire Board approval.

# Capitalization Policy

It is the policy of the Kempner Water Supply Corporation to capitalize all purchased equipment that cost $2,500.00 or more. This policy includes equipment bought for use in the field, storage areas (barn) and furniture and fixtures for the administrative office and Board room. To determine if an item is to be capitalized follow this rule of thumb: “If the item can function alone without additional components” then consider only the cost of the item. If additional components are required for the item to function properly, e.g. blades for a saw, then consider both the costs of the saw and the blades. Include the cost of the item, transportation charges, taxes, etc. when determining the cost of an item. Questions or clarification should be referred to the General Manager or Secretary/Treasurer.

***Insurance & Bonding Protection***

The General Manager shall recommend to the Board in September all necessary bonding of staff members who handle KWSC funds and recommend to appropriate insurance coverage to protect the finances, assets, water treatment plant and equipment of the corporation to include workman’s compensation and report at that time KWSC is fully bonded.

***Charitable Donations***

KWSC is non-profit organization funded by loans and grants from the federal and/or state government. Since it is funded by public funds, KWSC shall not make charitable contribution from the funds of the corporation. However, this does not prevent KWSC employees or members of the Board from making charitable contributions in their own name.

***Open Records Act***

All financial and other records and documents of the KWSC shall be made available to members and to the general public in accordance with the Texas Public Information Act. A reasonable charge shall be made for copies of requested documents.