

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this “Agreement”) is entered this 12th day of October 2023 (the “Execution Date”), by and between RCH WATER SUPPLY CORPORATION (“RCH”) and Robin Mayall (“Mayall” or “Employee”).

WITNESSETH

WHEREAS, RCH is a non-profit water supply corporation operating a public water system and providing retail water service in Rockwall County, Texas;

WHEREAS, RCH intends to employ Mayall as General Manager to operate and manage its business affairs;

WHEREAS, Mayall has agreed to enter into this Agreement that sets for the terms, conditions, duties, and obligations of Mayall’s employment with RCH;

IN CONSIDERATION of the mutual covenants and promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, RCH and Mayall do hereby agree as follows:

1. Employment. RCH hereby employs Mayall as its General Manager to manage its business affairs and Mayall hereby accepts employment from RCH in accordance with the terms and conditions hereinafter set forth.
2. Employment Period.
 - a. This Agreement shall be effective as of October 12, 2023 (the “Effective Date”) and remain in effect until terminated in accordance with the provisions hereof (the “Employment Period”). RCH’s Board of Directors may review the terms and conditions of this Agreement periodically, as RCH’s Board of Directors deems necessary.
 - b. At-Will Employment. Mayall’s employment with RCH is At-Will. Accordingly, RCH may terminate the employment relationship at any time, for any reason or no reason, with or without cause or notice. Nothing in this Agreement shall be construed as altering the At-Will relationship. Only a written amendment to this Agreement can alter the At-Will nature of employment. Such written amendment must specifically state that it is modifying Section 2(b) of this Agreement.
3. Compensation and Benefits During Period of Employment. In consideration of the obligations undertaken by Employee and Employee’s performance of the services, terms, conditions, covenants and promises, as set forth herein and as otherwise directed by the Board of Directors, RCH agrees and promises to pay Employee at the time and in the manner herein stated, the following described compensation and benefits (collectively, “Compensation and Benefits”):
 - a. Salary. As the principal consideration of the obligations undertaken by Employee, as set forth herein, and for the services to be performed by Employee hereunder during the Employment Period hereof, Employee shall receive the annual base salary approved by RCH’s Board of Directors and referred to in the Resolutions of the Board of Directors in which this Agreement is approved, and as attached hereto. Base salary shall be payable semi-monthly as it accrues, or in such other manner as salary is customarily paid to other salaried employees of RCH. The Board will review the salary at least annually.

- b. Insurance and Benefits. RCH agrees to and shall offer to provide Employee with at least such health insurance, life insurance, disability benefits, retirement plans, and other benefit programs (collectively, "Insurance and Benefits") maintained by RCH and generally made available to employees of RCH, subject to the terms and conditions of such Insurance and Benefits, which may be amended, supplemented, or terminated from time to time, in RCH's discretion.
- c. Other Benefits. RCH agrees to and shall provide Employee with "Other Benefits" as defined to include the following:
 - i. Vehicle. A vehicle, type and style to be mutually agreed upon, and all related expenses, such as insurance, gas, oil, repairs and maintenance. It is understood that (i) the vehicle will be available for both personal and business use, and (ii) the value attributable to the personal use of the vehicle will be included in Employee's taxable income.
 - ii. Electronic Devices. An RCH-provided cell phone, computer and tablet (collectively, "Electronic Devices") for business and personal use. Employee will return Electronic Devices to RCH upon the expiration of this Agreement or termination of employment in the same condition in which it was originally received, minus normal wear and tear.
 - iii. Paid Time Off. Employee shall be eligible for "Paid Time Off" benefits, as defined and described in RCH's Personnel Policies, as such Personnel Policies may be amended or modified in the future from time to time ("RCH's Policies"). Employee shall earn and accumulate Paid Time Off as specified in RCH's Policies.
 - iv. Reimbursement of Expenses. Employee shall be reimbursed for all reasonable travel, entertainment and out-of-pocket expenses incurred in the course and scope of the RCH's business during the Employment Period. Such said reimbursement shall be made in accordance with RCH's Policies upon submission and approval by the Board of Directors.
 - v. Professional Dues. RCH shall pay for Employee's professional dues, expenses and fees related to Employee's certifications and renewals thereof, and continuing education. RCH shall allow time for Employee to attend continuing education courses, seminars and meetings.
- 4. Post-Employment Benefits. Upon Employee's termination of employment from RCH, Employee shall be entitled to the following described benefits (collectively, "Post- Employment Benefits") under the following circumstances:
 - a. Subject to Paragraphs 6 and 8(i), upon termination of Employee's employment by RCH without Cause, Employee shall be entitled to:
 - i. Severance Pay. Employee shall be entitled to receive, as severance pay, the equivalent of thirty-six (36) months of Employee's current base salary, less deductions required by law, ("Severance Pay"), provided that Employee executes and delivers to RCH an irrevocable release of claims and covenant not to sue, within thirty (30) days following the date of Employee's termination of employment, in accordance with Paragraph 7 herein. Severance Pay shall be payable in regular, semi-monthly payments beginning on the first regularly scheduled pay date following the date that RCH receives an irrevocable release of claims and covenant not to sue, and continuing thereafter until the entire Severance Pay is paid to Employee. No Severance Pay shall be paid to Employee if any of the following occurs: Employee fails to execute a release of claims and

covenant not to sue as required in Paragraph 7 herein; this Agreement is terminated for Cause, as described in Paragraph 6(b); or this Agreement is voluntarily terminated by Employee, as described in Paragraph 6(c). There shall be deducted from Employee's final paycheck any amounts owed by Employee to Employer. Employee authorizes RCH to withhold from Employee's final paycheck any amounts then owed by Employee to RCH.

5. Position and Duties of Employment.

- a. Employment Duties and Title. RCH hereby employs Employee as the General Manager of RCH, pursuant to the terms hereof, and Employee hereby accepts such employment. Employee's principal office for the performance of his duties under this Agreement shall be located in Rockwall, Texas, although Employee understands and agrees that he may be required to travel from time to time for business reasons. Employee's duties and responsibilities generally shall be those customarily undertaken by the General Manager of companies engaged in enterprises in which RCH is engaged, including, but not limited to, general management and operations responsibility for: finance; administration; hiring, terminating and supervising all employees as necessary; human resources; and regulatory and legal compliance. Employee may further be required to serve RCH-related Board' committees, as such is reasonably necessary and applicable from time to time. The Board may add, delete or otherwise alter Employee's duties and responsibilities, provided the Board shall make all assignment of duties and responsibilities in good faith and shall not materially alter the general character of the work to be performed by Employee, who shall perform such duties and discharge such responsibilities as directed by the Board in a good and businesslike manner.
- b. Performance. Employee shall (i) devote his primary business time to the business of RCH, (ii) faithfully serve RCH, (iii) in all respects conform to and comply with the lawful and reasonable directions and instructions given to him by the Board in accordance with the terms of this Agreement, and (iv) use his best efforts to promote and serve the interests of RCH. Employee may participate in the activities of professional trade organizations related to the business of RCH or its affiliates and engage in personal investing activities, provided that such activities, either singly or in the aggregate, do not substantially interfere with Employee performing his duties under this Agreement. Nothing herein prohibits Employee from devoting reasonable amounts of time to civic, social, community, charitable or religious pursuits.
- c. Reporting. Employee shall make regular reports to the RCH Board regarding the operation, maintenance, construction, and safety of RCH, and such other subjects as RCH may reasonably require.

6. Termination of Employment.

- a. By RCH Without Cause.
 - i. RCH may terminate Employee's employment at any time without Cause for any reason or no reason, as defined in Paragraph 6(b)(ii) below. At all times, employee is At-Will.
 - ii. Employee shall be entitled to accrued and unpaid regular Compensation and Benefits through the date of termination, per RCH's Policies and as set forth in Paragraph 3 of this Agreement.
 - iii. Upon termination without Cause or in the event that the RCH system is taken over by a third party, including City of McLendon-Chisholm, Employee shall also be

eligible for the Post-Employment Benefits set forth in Paragraph 4(a)(i) of this Agreement.

b. By RCH With Cause.

- i. RCH may terminate Employee's employment at any time for Cause, as defined in Paragraph 6(b)(ii) below.
- ii. The term "Cause" shall mean (i) Employee's material failure, neglect or refusal to perform those duties, responsibilities or obligations described in or assigned to him pursuant to Paragraph 5 of this Agreement or failure to meet regulatory requirements, (ii) any willful or intentional act of Employee that has the effect of substantially injuring the reputation or business of RCH or any of its affiliates and any of their respective affiliates; (iii) use of illegal drugs by Employee or repeated drunkenness; (iv) a plea of nolo contendere, admission of guilt or conviction of Employee by a court of competent jurisdiction for the commission of (A) a felony or (B) a misdemeanor involving moral turpitude; (v) an act of fraud or embezzlement or material dishonesty by Employee against RCH or any other person or entity; (vi) Employee fails or refuses to comply with the reasonable policies, standards, and regulations of RCH, or (vii) excessive unexcused absences which are unrelated to a disability and for an amount of time greater than Employee's earned and accumulated Paid Time Off through the date of termination per RCH's Policies and this Agreement.
- iii. Upon termination by RCH for Cause, Employee shall be entitled only to accrued and unpaid Compensation and Benefits through the date of termination per RCH's Policies and as set forth in Paragraph 3 of this Agreement.

c. Voluntary Termination of Employment by Employee.

- i. At any time during the Employment Period, Employee may voluntarily terminate his employment by giving 90 days' prior written notice of such termination to RCH; provided, however, that RCH shall not be obligated or required to employ Employee for the duration of such 90-day period and may, in its absolute discretion, terminate Employee's employment at any time during such 90-day period, which termination shall not constitute a termination by RCH without Cause.
- ii. Employee shall also be entitled to accrued and unpaid Compensation and Benefits through the date of termination, per RCH's Policies and as set forth in Paragraph 3 of this Agreement.
- iii. Upon voluntary termination by Employee, Employee shall also be eligible for the Post-Employment Benefits set forth in Paragraph 4(a)(ii) of this Agreement

d. Settlement of Accounts by Employee on Termination of Employment. Upon termination of his employment, Employee shall, within a reasonable period not to exceed thirty (30) days, settle all accounts and return all property of RCH, including that property described above in Paragraph 3(c)(i)-(ii), in the same condition as it was received by Employee, reasonable wear and tear excepted.

7. Release of Claims. The payment of Severance Pay under Paragraph 4(a) shall not commence until the first regularly scheduled pay date following the date that RCH receives an irrevocable release of claims and covenant not to sue in a form satisfactory to RCH, provided that, such release and covenant must be executed, delivered to RCH, and irrevocable within thirty (30) days following the date of Employee's termination of employment. If Employee fails to execute such release and covenant within the period prescribed by RCH, or revokes such release and covenant during any

applicable revocation period, Employee shall forfeit his right to any amounts which would otherwise be payable pursuant to Paragraph 4(a). Notwithstanding the foregoing, if the thirty (30) day period described above begins in one calendar year and ends in the following calendar year, then payments under Paragraph 4(a) shall not, in any case, commence until RCH's first regularly scheduled pay date in the following calendar year.

8. Miscellaneous.

- a. Notices and Addresses. All notices to be given under this Agreement shall be given by certified mail or registered mail, addressed to the proper party, at the respective address set forth below:

RCH:

RCH Water Supply Corporation
P.O. Box 2318
Rockwall, Texas 75087

Employee:

Robin Mayall



Either party may change the address to which notices are to be sent to it by giving the other party written notice of the new address in the manner provided in this section.

- b. Parties Bound. This Agreement shall be binding upon, and inure to the benefit of, the parties to this Agreement and their respective heirs, executors, administrators, legal representatives, successors and assigns when permitted by this Agreement.
- c. Texas Law to Apply. This Agreement shall be construed under and in accordance with the laws of the State of Texas, without giving effect to principles of conflict of laws.
- d. Entire Agreement: Prior Agreements Superseded. This Agreement constitutes the sole and exclusive agreement of the parties and supersedes any prior understandings and written or oral agreements between the parties respecting the subject matter of this Agreement. No oral statements or prior written material not specifically incorporated in this Agreement shall be of any force and effect. The parties represent and acknowledge that in executing this Agreement, the parties did not rely, and have not relied, on any communications, promises, statements, inducements, or representation(s), oral or written, by RCH or Employee, except as expressly contained in this Agreement. Rather, the parties relied on their own judgment in entering this Agreement.
- e. Amendment. No amendment, modification, or alteration of the terms of this Agreement shall be binding unless the same is in writing, dated subsequent to the date of this Agreement, and duly executed by the parties to this Agreement.
- f. Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. These rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.
- g. Waiver of Default. No waiver by either party of any default or breach of any term, condition, or covenant of this Agreement shall be deemed to be a waiver of any other breach of the same or any other term, condition, or covenant of this Agreement or any obligations, rights or remedies arising hereunder.
- h. Headings. The descriptive headings of the provisions of this Agreement are formulated and used for convenience only and will not be deemed to affect the meaning or construction of any such provision.

- i. Code Section 409A. This Agreement is intended to be interpreted and applied so that the payments and benefits set forth herein shall either be exempt from or comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the corresponding Treasury Regulations (collectively referred to herein as, "Code Section 409A"). In no event may Employee, directly or indirectly, designate the calendar year of any payment to be made under this Agreement or otherwise which constitutes a "deferral of compensation" within the meaning of Code Section 409A. Each payment under this Agreement to Employee (including any installment payments) shall be deemed a separate payment. In the event this Agreement or any payments or benefits provided hereunder are subject to Code Section 409A, then the term "termination of employment" or any similar term under this Agreement shall mean a "separation from service" as defined in Code Section 409A. With respect to expense reimbursements provided pursuant to this Agreement, (i) the amount of expenses eligible for reimbursement provided to Employee during any calendar year shall not affect the amount of expenses eligible for reimbursement provided to Employee in any other calendar year, (ii) the reimbursements for expenses for which Employee is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense was incurred, and (iii) the right to payment or reimbursement hereunder may not be liquidated or exchanged for any other benefit. Notwithstanding any provision of this Agreement to the contrary, if Employee is deemed, upon his termination of employment, to be a "specified employee" within the meaning of Code Section 409A, any payment or benefit under this Agreement for which the commencement of payment is required to be delayed under Code Section 409A(a)(2)(8) shall not be paid or commence until the earliest of (i) the first business day following the expiration of six months from Employee's separation from service or (ii) the date of Employee death; provided, that any such delayed payments or benefits shall be paid to Employee in a single lump sum, and any remaining payments or benefits shall be paid or provided in accordance with the normal payment dates specified herein for such payment or benefit.
- j. Mediation. The parties agree that the first step in resolving any controversy or claim arising out of or relating to this Agreement or any dispute arising out of the interpretation or application of this Agreement (hereafter referred to as a "dispute") shall be a one-day mediation. The aggrieved/complaining party may request mediation, which shall be administered by the Judicial Arbitration and Mediation Services ("JAMS"), and be held in Dallas County or Rockwall County, Texas, whichever is most convenient for the parties. Mediation means presenting facts in a dispute to a neutral third party expert who guides the discussion and attempts to help the parties reach mutual agreement on resolution of the dispute, based on the parties' needs and interests. It is a non-binding process that requires all parties to agree to a resolution before any settlement can be made. The party requesting mediation shall be responsible for the filing fee. If the aggrieved party is the Employee, once the filing and processing fees are paid, the parties will split the cost of the mediation equally, except the parties will each be responsible for paying their own attorneys' fees, if any.
- k. Arbitration. If the parties are unable to resolve their dispute through mediation, the parties agree that any dispute arising out of or relating to this Agreement or arising out of the interpretation or application of this Agreement shall be finally resolved and settled exclusively by arbitration in either Dallas County or Rockwall County, Texas, whichever is most convenient for the parties, by a single arbitrator from JAMS in accordance with the substantive laws of the State of Texas. If the parties cannot agree upon an arbitrator from

the list(s) provided by JAMS, then, for the sole purpose of selecting an arbitrator, each party shall choose its own independent representative and those independent representatives shall in turn choose the single arbitrator within thirty (30) days of the date of the selection of the first independent representative. The parties agree that the arbitrator selected to hear their dispute shall be a lawyer or human resources professional knowledgeable and experienced in employment law. If filing and processing fees were paid in connection with the mediation, the parties will split the costs of the arbitration equally, except that each of the parties will be responsible for their own attorney's fees and any costs related to witnesses called by the party to testify at the arbitration. However, the arbitrator shall have the authority and the discretion to award attorney's fees and costs to the prevailing party if that award would be available in court. The parties to this Agreement recognize and consent to the jurisdiction over each of them by the courts of the State of Texas.

This Agreement is entered and executed by RCH through its authorized representative and the Employee, individually:

RCH:	DocuSigned by: <i>David A. Naylor</i> D8563CDCAC5541A	Employee:	DocuSigned by: <i>Robin Mayall</i> BCCD4A0FCEAC426...
By:	David Naylor		Robin Mayall
Title:	Board President		