

Employee Handbook

Public Water Supply District #1 of Stone County
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Section I: Welcome

Dear Employee,

Welcome to Public Water Supply District #1 of Stone County (PWSD #1)!

We are excited to have you as a part of PWSD #1. We are committed to quality work and superior customer service in all aspects of our business.

We value our employees and encourage them to make productive suggestions. We want you to succeed in your job.

You were selected because we believe your personal values align with our core values. Our employees have a genuine interest in helping others and strive to live out their own personal values every day. We feel your contributions will not only enhance our success but will contribute to the success of our customers.

For your convenience, we have included information to assist you in making a smooth transition into our organization. If you have any questions regarding the following information, please feel free to discuss them with your supervisor.

We are excited to welcome you into the PWSD #1 family and hope you are proud and excited to become a part of our organization.

PURPOSE OF THIS EMPLOYEE HANDBOOK

Section I: Welcome

This handbook is designed to acquaint employees with PWSD #1 and to give each employee a ready reference to answer most of their questions regarding employment with us. We intend for this handbook to offer two-way communication: what employees can expect from us, and what we expect from our employees.

The contents of this handbook constitute only a summary of the employee benefits, personnel policies, and employment regulations in effect at the time of publication. This handbook should not be construed as creating any kind of “employment contract”, since PWSD #1 is an “at will” employer. As such, it reserves the right to modify employee policies and other working conditions as it is deemed appropriate.

This handbook will supersede all previous agreements, representations or statements, oral or written, by and between PWSD #1 and the employee.

The policies set forth in this handbook are designed to adhere to all federal employment laws. If a provision or policy in this handbook violates applicable state law, the state law will apply.

Any handbook updates will be provided through written communication. Employees will be notified of any updates to the handbook in a timely manner.

CODE OF CONDUCT

All employees have a responsibility to understand and follow the Code of Conduct as well as perform their work with honesty and integrity in any area not specifically addressed by the Code of Conduct. A violation of this Code of Conduct may result in appropriate corrective action including the possible termination of employment with PWSD #1 without additional warning. The Code of Conduct is available in its entirety in the Appendix section of this employee handbook.

PROPRIETARY RIGHTS AND CONFIDENTIALITY AGREEMENT

Every employee is required to read and sign a Proprietary Rights & Confidentiality Agreement prior to starting work with PWSD #1. The agreement is available in its entirety in the Appendix section of this employee handbook.

EMPLOYMENT AT WILL

The doctrine of Employment at Will applies to each employee’s relationship with PWSD #1. No employment contract, whether expressed or implied, exists between the employee and the district. Accordingly, either the employee or PWSD #1 can terminate the employment relationship at will, with or without cause or advance notice, at any time. In addition, PWSD #1

Section I: Welcome

retains the right to establish and/or modify compensation, benefits, and working conditions for all its employees including the right to impose corrective action of whatever type and for whatever reasons PWSD#1 determines to be appropriate, at its sole discretion.

No employee or representative of PWSD #1, other than the President of the Board of Directors with a majority vote from the Board, has the authority to enter into any agreement which is contrary to the employment at will policy. Further, the President of the Board of Directors of may not alter the “at will” nature of the employment relationship unless done so specifically in a written agreement signed by both the PWSD #1 official and the employee.

Regardless of all other provisions of the personnel manual, rules and regulations, or other resolutions or ordinances of the district including any perceived understandings between employees, administrative officers or others working for the district - all district employees and all appointed officers of the district serve under the Missouri “employment at will doctrine” and Missouri common law conditioning the same, and are to reasonably expect the district reserves its rights under said provisions and does not waive the same or estop itself from exercising lawfully said rights. This instrument does not create or imply a lawful right to the contrary.

All employees and all appointees are to understand and expect that absent a written contract to the contrary, there are no implied conditions, understandings, or obligations contrary thereto, and that grievance or discipline procedures are gratuities conferred normally but not required in any case. The district is not bound to confer such gratuities and may even commence and thereafter conclude such procedures. The district reserves the right to not confer or continue such procedures. The employment or appointment may be terminated at any time by the Board of Directors as to employees or by the Board of Directors or its designated representative, as to the appointed officers.

Any employee or appointee, and the district, may terminate the employment/appointment connection with the district - with or without cause, for a good reason, for a bad reason (if not unlawful), or for no reason at all, without notice, and without adherence to grievance or disciplinary procedures. The district reserves the right regardless of whether grievance or disciplinary procedures are pending, to layoff or dismiss at any time, for a good reason, for a bad reason (if not unlawful), or for no reason at all, and no provision or interpretation the provisions of this document providing other procedures should be permitted to eliminate or condition the right of the district as herein set forth. All employees and appointees reserve the option to quit at any time, for a good reason, for a bad reason (if not unlawful) or for no reason at all. The district or the employee or appointee may but is not required to give brief notice prior to termination or discharge

Section II: Employee Relations

DIVERSITY STATEMENT

PWSD #1 is committed to creating an inclusive environment where differences are valued and respected. Real inclusion means every employee has the chance to learn and grow and the chance to take advantage of opportunities within the organization regardless of differences based on ethnicity, gender, age, religion, disability, national origin, gender identity (including transgender status), and sexual orientation or any other protected status.

Our approach to diversity encourages individuals to make contributions which reflect their unique perspectives while still fitting into the larger culture of the district. We believe our approach enriches our performance and products, the lives of our employees, and the community we touch.

EQUAL EMPLOYMENT OPPORTUNITY

PWSD #1 is an equal opportunity employer, and it is our policy to provide an equal employment opportunity to all individuals. We are committed to a diverse workforce. We value all employees' talents and support an environment that is inclusive and respectful. We are strongly committed to this policy and believe in the concept and spirit of the law.

We are committed to assuring that:

- All recruiting, hiring, training, promotion, compensation and other employment-related programs are provided fairly to all persons on an equal opportunity basis.
- Employment decisions are based on the principles of equal opportunity. All personnel actions are administered without regard to any characteristic protected by state, federal or local law.
- Employees and applicants will not be subjected to harassment, intimidation, threats, retaliation, coercion or discrimination because they have exercised any right protected by law; and
- Reasonable accommodation will be made for disabilities and religious beliefs.

The Board of Directors serve as our Equal Opportunity Coordinator and has overall responsibility for assuring compliance with this policy. All employees are responsible for supporting the concept of equal opportunity and diversity and assisting our District in meeting its objectives.

Employees should contact the President of the Board with questions or concerns.

Section II: Employee Relations

AMERICANS WITH DISABILITIES ACT AND ADA AMENDMENTS ACT

PWSD #1 is committed to complying fully with the Americans with Disabilities Act (ADA) and the Americans with Disabilities Amendments Act, known as the ADAAA. This includes ensuring equal opportunity in employment for qualified people with physical or mental disabilities. PWSD #1 will provide reasonable accommodation(s) to the known physical and mental limitations of applicants and employees with disabilities who are qualified for a job, with or without reasonable accommodation, to enable them to perform the essential job duties.

It is the policy of PWSD #1 to comply with all federal and state laws concerning the employment of people with disabilities and to act in accordance with regulations and guidance issued by the Equal Employment Opportunity Commission (EEOC). Furthermore, it is our policy not to discriminate against qualified individuals with disabilities regarding application procedures, hiring, advancement, discharge, compensation, training or other terms, conditions and privileges of employment.

PWSD #1 will reasonably accommodate qualified individuals with a disability so that they can perform the essential functions of a job unless doing so causes a direct threat to these individuals or others in the workplace and the threat cannot be eliminated by reasonable accommodation and/or if the accommodation creates an undue hardship to PWSD #1. Contact the President of the Board with any questions or requests for accommodation.

ANTI-DISCRIMINATION/ANTI-HARASSMENT POLICY

PWSD #1 is committed to maintaining a work environment free from unlawful discrimination and harassment based on race, color, religion, sex, gender, sexual orientation, ancestry, pregnancy, medical condition, age, marital status, national origin, citizenship status, disability, veteran status, gender identity (including transgender status), genetic information, or any other status protected by law. The policy applies to all individuals who work for or with PWSD #1 including managers, supervisors, employees, temporary workers, contract workers, vendors, and customers. The policy also applies to all work-related settings and activities, whether inside or outside the workplace, and includes business trips and business-related social events. The goal at PWSD #1 is to ensure conduct never reaches the level of “unlawful” behavior. Accordingly, PWSD #1 prohibits conduct inconsistent with our values, whether that conduct violates the law or not.

Harassment is unwelcome verbal or physical conduct which denigrates or shows hostility or aversion toward another person because of race, color, national origin, sex, gender, age, religion, disability, pregnancy, sexual orientation, gender identity (including transgender status), veteran status, genetic information, or other status protected by law.

Section II: Employee Relations

Harassment can take many forms including, but not limited to:

- Offensive actions, written or spoken, and graphic communications
- Racial slurs, epithets, negative stereotyping, ethnic jokes, and offensive gestures
- Sending or posting offensive statements, posters, or cartoons
- Unwelcome verbal or physical conduct
- Expectations, requests, demands, or pressure for sexual favors

While all forms of harassment are prohibited, sexual harassment deserves special mention. Sexual harassment is unlawful and unacceptable in the workplace. Unwelcome sexual advances, requests for sexual favors and other verbal and physical conduct of a sexual nature constitute sexual harassment when:

- Submission to such conduct is made either implicitly or explicitly a term or condition of employment; or
- Submission to or rejection of such conduct is used as the basis for employment decisions affecting the individual; or
- Such conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment.

Sexual harassment includes threats or insinuations that an employee's refusal to submit to sexual advances will adversely affect the employee's employment, performance evaluation, wages, advancement, assigned duties, shifts, or any other conditions of employment.

Other sexually harassing conduct in the workplace, whether committed by superiors, co-workers, customers, vendors, temporary or contract workers is prohibited. This conduct includes, but is not limited to sexual flirtations, advances, propositions or verbal abuse of a sexual nature; inquiries into one's sexual experiences or discussion of one's sexual activities; graphic verbal comments about an individual's body; sexually suggestive objects, pictures, writing, language or drawings; or unwelcome touching or physical contact. Such conduct is prohibited whether committed by persons of the same or opposite sex.

While such behavior, depending on the circumstances, may not be severe or pervasive enough to create a sexually hostile work environment, it can nonetheless make co-workers uncomfortable. Accordingly, such behavior is inappropriate and may result in disciplinary action regardless of whether it is unlawful.

Section II: Employee Relations

Use of PWSD #1 property (e.g. computers, telephones, bulletin boards, copy machines, facsimile machines, and computer applications such as e-mail and Internet access, or any other District property) for any harassing purpose, or to view, retain or transmit sexually explicit material will be treated as a violation of both the Anti-Harassment Policy and the General Computer Usage Policy. This policy applies to activities internally as well as transmissions from “outside” computers into the company computer system and transmissions between different “outside” computers if the intended recipient finds the material unwelcome and is an employee, customer, or vendor of PWSD #1 or is in a business relationship with the district.

ENFORCEMENT OF THIS POLICY

Any employee who has a question, concern, or complaint of discrimination or harassment in violation of this policy or who witnessed conduct prohibited by this policy should immediately notify the President of the Board of Directors.

PWSD #1 prohibits retaliation against anyone for reporting discrimination or harassment, assisting in making a discrimination or harassment complaint or cooperating in an investigation. All reports of inappropriate conduct will be promptly and thoroughly investigated, and PWSD #1 will act to ensure any improper conduct ceases immediately and corrective action is taken to prevent a recurrence. Any employee, whether a supervisor, non-supervisor, or a member of management, who violates this policy will be subject to corrective action up to and including termination of employment. As appropriate, PWSD #1 will inform the complaining employee of the resolution to the complaint.

All complaints will be treated confidentially to the extent feasible for an effective resolution. No individual will suffer adverse employment consequences because of making a good faith complaint or taking part in the investigation of a complaint. An individual who knowingly alleges a false claim against another will be subject to corrective action up to and including termination of employment.

Managers and supervisors must be alert to behaviors or situations in their department which could be construed as prohibited and immediately consult with the President of the Board of Directors to address and resolve the unacceptable actions.

I-9 IMMIGRATION REFORM

PWSD #1 complies with the Immigration Reform and Control Act of 1986 by employing only United States citizens and non-citizens who are authorized to work in the United States. All employees are asked on their first day of employment to provide original documents verifying the right to work in the United States and to sign a verification form (INS Form I-9) required by federal law.

Section II: Employee Relations

COMMUNITY SERVICE AND CORPORATE CITIZENSHIP

All PWSD #1 employees are encouraged to take an active role in organizations and activities which benefit the community in which PWSD #1 is located. Employees should contact the President of the Board of Directors with questions.

PERFORMANCE MANAGEMENT AND PERFORMANCE APPRAISALS

Performance management includes the entire cycle of activities and events which help define expectations and shape each employee's success. Each annual performance management cycle should include:

- Establishment and communication of goals.
- Regular review and feedback on performance.
- Structured performance appraisals; and
- Pay increases as merited by performance and achievement of established goals.

The annual performance cycle at PWSD #1 is concurrent with the fiscal year, (January 1 – December 31).

Both the employee and supervisor have responsibilities during each phase of the process, and they share accountability for managing performance.

SETTING OBJECTIVES

The process must begin with a planning discussion. The employee and supervisor should schedule a meeting to clarify expectations and determine objectives for the next period. Pertinent timeframes, as well as quantity, quality and developmental activities should be defined to the extent possible. This will occur at the annual performance appraisal and for new hires and transferred employees, it will occur within the first sixty days in the new position.

FEEDBACK

Formal and informal feedback should occur frequently throughout the review period. Although an employee may request feedback from a supervisor at any time, it is recommended that an Interim Progress Review be conducted mid-way through the review period established above. During this progress review, the employee and supervisor should assess the employee's efforts thus far and reaffirm the objectives previously set or establish new objectives.

Section II: Employee Relations

EMPLOYEE SELF-APPRAISAL

Toward the end of the annual review period, the employee will be asked to complete an employee Self-Appraisal. Self-Appraisals are typically completed prior to December. This provides the opportunity for each employee to participate in managing one's own performance. Employees can complete a Development Action Plan to identify skills, knowledge, experience, etc. which might enhance their ability to perform their current job or help prepare employees for possible future opportunities. Employee feedback is a critical part of contributing to the completion of the Annual Performance Appraisal.

ANNUAL PERFORMANCE APPRAISAL

At the end of the annual review period, the employee and the President of the Board of Directors will meet for the Annual Performance Appraisal. During that conversation, overall performance will once again be discussed, and an overall performance rating will be assigned. Employees and the President of the Board of Directors will discuss accomplishments during the review period, identify any areas of improvement, and begin the next performance cycle by reestablishing goals and specific expectations.

EMPLOYEE PERFORMANCE MANAGEMENT RESPONSIBILITIES

- Actively participate in setting objectives.
- Keep the employee's supervisor/manager informed about the status of work, including accomplishments and any barriers the employee may be encountering.
- Help to identify and resolve potential problems early by honestly assessing one's own performance, behavior, and developmental progress.
- Ask for feedback and respond objectively to constructive feedback when it is offered.
- Develop positive working relationships with co-workers.
- Make a sincere effort to meet all customer expectations, regardless of whether they are internal or external customers.

UNDERSTANDING PERFORMANCE RATINGS

The employee's Annual Performance Appraisal includes an overall rating derived from combined success meeting predetermined objectives and Performance Factors.

The following is used to assess the levels of achievement of each of the established performance objectives and performance factors:

Section II: Employee Relations

Consistently Exceeds Expectations- Performance is exceptional and rarely achieved by others. Performance significantly and consistently exceeds all requirements associated with the position and is sustained over the entire review period. This rating describes performance which is extraordinary.

Often Exceeds Expectations - Performance goes beyond the reasonable position requirements and exceeds normally expected results. Accomplishments are highly valued and may be well beyond the scope of the position.

Meets Expectations - Performance consistently meets all the essential requirements associated with the position. Successfully accomplishes all objectives. Accomplishments are clearly in accordance with job demands, quality and quantity of output.

Some Improvement Needed - Performance is somewhat below expectations for quality and quantity of work. Performance is inconsistent and falls short of what is expected. A need for further development and improvement is needed within a reasonable period.

Major Improvement Needed - Performance is below acceptable levels, or level of performance has not met minimum expectations. Immediate improvement is required.

PWSD #1 is a "Pay for Performance" organization - this means we reward employees based on their individual performance and contributions, rather than solely based on the value of the job they perform. Merit increases are processed annually following the Annual Performance Appraisal cycle and are based on the President of the Board of Directors recommendation and approval. Employees on a Leave of Absence when merit increases are processed are eligible for a merit increase when they return from leave.

STANDARDS OF BEHAVIOR

It is the goal of PWSD #1 to provide a safe, secure, and productive workplace which serves the best interest of the individual employee and the district. Each of us in accepting the obligations of our job has also accepted certain responsibilities for personally adhering to business principles and social conduct contributing to a friendly, cooperative, and effective work atmosphere.

If an employee's work performance does not meet PWSD #1 standards, coaching or corrective actions may result. To perpetuate an atmosphere of positive employee relations, PWSD #1 generally uses coaching and counseling to provide employees with the opportunity to improve deficiencies. The goal of the process is to help the employee correct performance, attendance and other behavioral issues by providing constructive coaching and positive solutions. All documentation related to formal corrective action will be placed in the personnel file.

Section II: Employee Relations

Employees are expected to adhere to the Code of Conduct and PWSD #1's Standards of Behavior. Examples of situations which may result in immediate termination include, but are not limited to:

- Insubordination, including but not limited to failure or refusal to follow instructions from a supervisor/manager or other member of management, or inappropriate behavior directed toward a supervisor/manager or other member of management
- Being insubordinate, threatening, intimidating, disrespectful or assaulting a manager/supervisor, coworker, customer or vendor
- Unsatisfactory performance of assigned work duties
- Violation of the Anti-Harassment/Anti-Discrimination policy
- Violation of the Substance Abuse policy
- Dishonesty
- Fighting, including but not limited to physical contact or verbal threatening behavior
- Sleeping at the job
- Excessive tardiness, absenteeism, or patterned absences on a recurring basis
- Unauthorized or unreported absence from work or leaving the work premises during working hours without approval of the supervisor
- Violation of the Absenteeism and Tardiness policy
- Absence of three or more days without notification or authorization is considered a voluntary resignation
- Falsifying a time record or entering time for another employee
- Providing false or misleading information (including material omission) during an investigation, on any application, questionnaire, form, or report
- Destruction or damage to PWSD #1, customer, or employee property, records, or other materials
- Misappropriation of PWSD #1, customer, employee property, records, funds, or other materials

Section II: Employee Relations

- Improper or unauthorized access, use, or alteration of PWSD #1 information systems or files
- Disclosure of PWSD #1 trade secrets or other confidential information
- Violation of the General Computer Usage Policy
- Illegal or unethical behavior
- Refusing to cooperate with an investigation
- Violation of the Workplace Violence policy
- Violation of any workplace health and safety programs
- Any other actions not deemed to be in the best interest of PWSD #1 or which result in PWSD #1 losing confidence in the employee's judgment

CORRECTIVE ACTION

The majority of PWSD #1 employees consistently perform the functions of their positions adequately and conduct themselves professionally. However, when employees conduct performance does not meet minimum expectations, it will be addressed and resolved. Corrective action activities are designed to achieve a positive result. The methods used to accomplish this vary and correspond to the circumstances.

Corrective action may include:

- Coaching
- Verbal Warning
- Written Warning
- Final Warning/Probation/Suspension
- Termination

Steps in the corrective action process will usually be progressive, meaning the process begins with a less severe verbal warning and may proceed to more formal written warnings and termination, if necessary. This progressive process may not be followed step by step when the circumstances warrant more serious action. Each situation is unique and will be analyzed to determine the appropriate corrective action step.

Section II: Employee Relations

Employees who are placed on Corrective Action may write a response to any activity which is part of the process. It is important to note, however, that a Corrective Action document is valid whether the employee writes a response or signs it as requested. By signing the document, the employee is simply stating the employee has heard the related discussion. The employee's signature does not signify the employee agrees with the document. If the employee refuses to sign a Corrective Action document, the manager/supervisor will note who discussed the content with the employee, the date it was delivered, and record the employee chose not to sign the document.

This Corrective Action Policy does not in any way affect the at-will agreement between PWSD #1 and its employees. As a condition of employment at will, any employee may end their association with the district at any time. PWSD #1 may also terminate the employment relationship without following any corrective action steps whenever it determines such action is necessary.

PROBLEM SOLVING PROCEDURE

If the employee has an issue that is of concern, PWSD #1 encourages the employee to bring it out into the open so it may be resolved. Our objective is to provide the employee with an opportunity to discuss an issue and to receive a timely and appropriate resolution.

Employees are encouraged to tell us if they are concerned. We think employees will find us to be receptive to their concerns. We are always looking for ways to make this a better place to work.

IF AN EMPLOYEE HAS A CONCERN

In addressing an issue, PWSD #1 offers employees the freedom to civilly discuss work-related issues with their supervisor. We recommend the employees take the following steps if they have a problem or concern:

Step 1

If the employee has a concern, the employee should try to resolve it with the President of the Board as soon as possible. However, if the employee does not believe a discussion with the Board President is appropriate, the employee may proceed directly to Step 2.

Step 2

If the employee and the Board President cannot solve the problem or if the employee is not satisfied after Step 1, the employee may speak to other members of the Board. To resolve the problem, the Board President can call an Executive session at the next Board session To privately discuss the situation and determine a solution.

We encourage employees to proactively address issues that are of concern to them. However, this procedure does not prevent, limit, or delay PWSD #1 from taking corrective action when it is

Section II: Employee Relations

deemed appropriate. Employees should be aware PWSD #1 will not tolerate retaliation against employees for using this procedure.

Section III: Recruiting

INTRODUCTORY PERIOD

PWSD #1 strives to hire employees who are a good fit for our organization. To assist in this determination, a sixty (60) day Introductory Period will apply to all newly hired regular employees.

An “introductory period” is a period after an employee’s hire date in which both the district and the new employee evaluate whether a successful employment relationship can be created. During the first sixty (60) days of employment, we will determine whether the employee has the skills and other qualifications needed to succeed. Employees are encouraged to also use this period to evaluate whether they are a good match for the position and our organization.

EMPLOYMENT OF RELATIVES

As a small employer, relatives of PWSD #1 employees will not be considered for employment with us to avoid circumstances which may create real or perceived conflicts of interest in the workplace.

The term "relative" refers to an employee's spouse or significant other, parent, child, sibling, including in-laws and step relationships, relatives up to two degrees of consanguinity, or any relationship where real or perceived conflicts of interest may arise.

INTERNAL JOB OPPORTUNITIES

If qualified, employees have the opportunity for development and career advancement through employment from within the district.

RE-EMPLOYMENT TO THE COMPANY

Individuals who previously resigned from employment with PWSD #1 and whose records of prior employment are satisfactory may be considered for rehire. Formerly qualified employees reapplying for employment are subject to compliance with all employment policies in effect upon reapplication of employment. Previous employment is not considered for any length of service requirements related to benefits and other employee programs, unless required by law.

Eligibility for re-employment for all individuals shall be subject to review by the President of the Board.

Section III: Recruiting

Individuals who were terminated for dishonesty, gross insubordination, harassment, lack of proper resignation notice, misconduct, theft, violation of workplace policies, or workplace violence are not eligible for rehire.

BACKGROUND CHECK POLICY

PWSD #1 carefully selects quality employees. Background checks help to ensure that new employees have the skills for the job and have performed well in the past.

Background checks are performed on all job candidates after a contingent offer of employment has been extended. A background check may also be completed during reassignment or promotion of an employee. A third-party administrator may be used to conduct the background checks, and all background checks will be compliant with applicable laws, such as the Fair Credit Reporting Act.

The information that may be collected includes, but is not limited to:

- Criminal background
- Employment history
- Education
- Credit
- Social Security verification
- Professional and personal references

Criminal background checks may not be used as the sole reason for denying employment, unless it is job-related. Regardless, the District has the right to make the final decision about employing an individual after the background check is complete.

Checking professional and personal references is an important part of the background check process. This provides us with information on the potential employee's work ethic, skills and performance.

Information obtained from the background check process, including information from professional and personal references, will be used only as part of the employment process and will be kept confidential.

A background check may also be completed during reassignment or promotion of an employee.

Section IV: Classification and Compensation

EMPLOYEE CLASSIFICATION

All employees are classified as either exempt or non-exempt under the provisions of the Fair Labor Standards Act of 1938 (FLSA) which affects eligibility for overtime payments. Classification of an employee as exempt or non-exempt is based on the job duties of each employee. It is the responsibility of the Board of Directors to review job requirements of all positions and classify each employee and position in accordance with FLSA provisions.

In addition, all employees are classified in one of the categories below which are important for determining eligibility for various benefits. Employees fall into one of the following categories:

REGULAR FULL-TIME EMPLOYEES

Regular full-time employees are those who are hired by PWSD #1 to work on a regular basis in the usual course of the business for the required number of hours in a standard workweek. These employees are eligible to participate in all District benefit programs, subject to the provisions of each plan, or as required by law.

Regular full-time employees can be classified as the following:

Salaried Exempt

Salaried exempt employees are those who occupy positions which meet applicable exemption requirements of the Fair Labor Standards Act. These employees will be paid a base salary and are not eligible for overtime pay. Wages are calculated at the current rate and paid weekly.

Non-Exempt Forty (40) Hour Full-Time

Non-exempt employees who are scheduled to work a standard forty (40) hour workweek will be compensated for hours worked and are eligible for overtime. These employees are required to track all the time worked and report this time in PWSD #1's timekeeping system, clocking in and out daily. Hourly employees are paid in arrears. Wages are paid weekly for the reported number of hours worked during the specified pay period associated with that pay day.

REGULAR PART-TIME EMPLOYEES

Regular part-time employees are those who are hired by PWSD #1 to work on a regular basis in the usual course of business and are expected to work fewer than (32) hours per week, are paid hourly, and will be compensated for actual hours worked. These employees are required to track all their time at work in PWSD #1's timekeeping system, clocking in and out. Regular part-time employees are paid an hourly rate for the reported number of hours worked during the specified pay period associated with that pay day and are not eligible for District benefits.

TEMPORARY EMPLOYEES

Section IV: Classification and Compensation

Temporary employees are those who are hired by a PWSD #1 to work for a certain length of time or may be hired by a temp agency. Temporary employees are paid an hourly rate for the reported number of hours worked during the specified pay period associated with that pay day and are not eligible for District benefits.

PROVISIONAL EMPLOYEES

Provisional employees have not completed the 60-day introductory period. At-will employment remains at-will upon completion of the introductory period.

OVERTIME

When operating requirements or other needs cannot be met during regular working hours, non-exempt employees may be scheduled to work overtime hours. When possible, advance notification of these mandatory assignments will be provided. It is our policy that no overtime can be worked without the approval and authorization of the immediate supervisor.

Overtime compensation is paid to all non-exempt employees in accordance with federal and state wages and hour regulations. Non-exempt employees will be paid one and one-half of their normal hourly pay for overtime hours worked, more than forty (40) hours per week. Benefit hours such as PTO, leave, holidays, jury duty, etc. will not be considered hours worked when calculating overtime.

TIME REPORTING PROCEDURES

PWSD #1 must maintain accurate records of the time worked by non-exempt employees to calculate pay and benefits and comply with wage and hour record keeping requirements.

In compliance with federal law, hourly non-exempt employees are eligible for overtime compensation according to state laws. In addition, we are required to maintain accurate records for actual hours worked. Employees are required to track all time at work in PWSD #1's timekeeping system, clocking in and out.

Accurately recording time is the responsibility of each employee. Adjustments to time records which are received after the payroll cutoff date will be reflected in the following paycheck. Employees may not clock in or out for another employee. Falsification of any records or abuse of this policy is considered a serious infraction and may result in corrective action, up to and including termination of employment.

DIRECT DEPOSITS AND WAGE PAYMENTS

Section IV: Classification and Compensation

For the employee's convenience, PWSD #1 offers payroll direct deposit. We require employees to have pay deposited directly into their personal checking or savings account. Participation in this program allows employees to receive funds on payday and provides the additional benefit of accessing their pay advice electronically. To enroll in this program, contact the Office Manager.

Any questions about the employee's pay or deductions should be directed to the Office Manager or a member of the Board immediately.

LOANS AND PAY ADVANCES

It is our policy not to make loans or advances of pay to employees.

PAYCHECK AND DIRECT DEPOSIT ERRORS

Using our direct deposit program will prevent the loss or theft of a paper check. If an employee discovers an error in their paycheck, or their paycheck is lost or stolen, the employee must immediately notify the Office Manager. In the event of a lost or stolen paycheck, the Office Manager will attempt to contact the payroll company to stop payment on the check upon notification. A replacement check will be reissued to the employee ten (10) days after the stop payment has been placed. PWSD #1 is not responsible for any monetary loss if the paycheck is lost or stolen, or if a stop payment is unsuccessful.

If an employee is paid more than wages due, the excess should be refunded to PWSD #1 within the next pay period after the employee has received written notification from the Payroll company. Employees who notice any inaccuracy or overpayment must immediately report this discrepancy to the Office Manager.

GARNISHMENTS AND WAGE ASSIGNMENTS

PWSD #1 will withhold garnishments, wage assignments, levies and child support in accordance with all state and federal laws or as mandated by the federal court system. Due to the expenses associated with non-managed wage withholdings, we will not honor any voluntary payments an employee makes with a third party.

TRAVEL TIME FOR HOURLY NON-EXEMPT EMPLOYEES

Employees in positions classified as hourly non-exempt under the Fair Labor Standards Act are eligible for compensation for the time they spend traveling.

Section IV: Classification and Compensation

"Travel time" is defined as the time the employee arrives at the departure airport to the time the employee reaches their "destination". If an employee is traveling to a location, the "destination" is the hotel (or the work site if the employee travels directly from the airport to work). If the employee is returning home from a location, the "destination" is the airport of final arrival.

Whenever possible, hourly non-exempt employees are required to schedule travel time during normal business hours. If time travel increases an employee's time worked and requires overtime hours, the employee will be compensated at one and one-half times their hourly rate of pay.

Meal periods during travel time are not compensable and should be deducted from the employee's time worked.

Section V: Benefits

This employee handbook briefly summarizes PWSD #1 employee benefits. Terms and conditions of coverage are detailed in and governed by the applicable plans and Summary Plan Descriptions. The term of any applicable plan governs benefit issues. The Plan Sponsor reserves the right to modify any Plan(s) at any time for any reason and will make good efforts to inform employees in a timely manner of changes which may affect their benefits.

MEDICAL INSURANCE

All regular full-time employees who have successfully completed their 60-day probation period will be eligible to receive \$150 per month that can be used toward the medical policy of their choice. After the 60-day probation period, payments will begin on the first day of the following month.

MEDICAL INSURANCE CONTINUATION

Upon termination of employment, the monthly stipend toward medical insurance will be terminated and no medical insurance continuation will be available.

LIFE INSURANCE

No life insurance is available to employees currently.

VOLUNTARY BENEFITS

Voluntary Benefits are available, such as voluntary life insurance, accident and cancer policies. Other voluntary benefits may be available. See the Office Manager for additional information and Summary Plan Descriptions.

HOLIDAYS

- New Year's Day
- Martin Luther King Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day

Section V: Benefits

- Christmas Day

Unless otherwise notified, holidays which fall on Saturday are observed on the Friday before. Holidays which fall on Sunday are observed on the following Monday. Unless approved by their manager, employees must be at work the day before and the day after a holiday to be paid for a holiday, except for a previously approved absence.

Regular, full-time exempt and non-exempt employees are eligible for holiday pay. Part-time and temporary employees are not eligible for holiday pay.

To provide adequate customer service, some employees may be required to work on a holiday or on the day a holiday is observed by the district. Employees scheduled to work on a holiday but absent due to unplanned and/or unapproved absences will forfeit holiday pay.

Regular, full-time non-exempt employees who work on a PWSD #1-observed holiday will be paid at time and one-half their rate of pay for hours worked. Holiday pay does not count in the calculation of overtime. Regular, full-time non-exempt employees who take the holiday off will receive regular pay.

Regular, full-time exempt employees who work on a PWSD #1-observed holiday will be paid holiday pay or may work with their manager to arrange for an alternative day off.

PAID TIME OFF (PTO)

PWSD #1 provides Paid Time Off (PTO) benefits to provide flexibility in scheduling employees' time away from work.

Employees must schedule their PTO in advance, with their manager's approval. The exception to this requirement is in cases of unexpected illness or emergency. In general, employees should give forty-eight (48) hours' notice when requesting PTO. Some managers may require a longer request period based on operational requirements and business needs of the department.

To qualify for using PTO for illness purposes, employees should notify their manager as far in advance as possible, but no later than one hour after the start of their shift. See detailed Absenteeism and Tardiness Policy for more information.

The PTO plan does not cover scheduled holidays, time off for jury duty, or military leave. These absences are covered under applicable policies in this handbook. The district encourages employees to take time off so they are better able to perform their jobs when they return; therefore, the payment of PTO will not be permitted in lieu of taking the time off. As such,

Section V: Benefits

employees may not carry over unused PTO to the next year or receive compensation for unused PTO.

ELIGIBILITY

All regular, active, and full-time employees are eligible to receive PTO hours beginning on the first day of the next month following their probationary employment period.

Employees are eligible to use earned PTO hours only upon completion of sixty (60) days of employment and after receiving pre-approval from their supervisor for the specific dates requested.

PROCESS

- Full-time employees are awarded eighty (80) PTO hours on January 1.
- New full-time employees receive a pro-rated PTO of 6.67 hours per month remaining during their first year awarded on the employees' first day of employment.
- Employees may not carry over unused PTO to the next year or receive compensation for unused PTO.
- PTO is accrued during each pay period during which the employee has any time worked or uses PTO. If the employee is on leave of absence for the entire pay period, PTO does not accrue unless required by law.
- All employees and managers may request PTO using a PTO Request Form.
- Salaried Exempt employees may use PTO in 1/2-day or full day increments.
- Hourly Non-Exempt employees may use PTO in hour increments.

Use of PTO Time during Approved Leave of Absence

- Medical Leaves of Absence: All accrued, but unused PTO must be used before unpaid time will be authorized.
- Medical Leave of Absence in conjunction with Workers Compensation: All accrued, but unused PTO time may be used.
- Military Leave of Absence: All accrued, but unused PTO time may be used; thereafter, the leave is unpaid.

Section V: Benefits

On occasion, employees may need short periods of unpaid time off to attend to personal matters, such as a mortgage closing, transportation issue, school conference, family emergency, etc. when all PTO has been exhausted in the year. When time off is foreseeable, the employee must provide reasonable prior notice and make a reasonable effort to schedule the leave so as not to disrupt PWSD #1's operations. The decision to grant unpaid time off is at the discretion of the employee's manager. Excessive time taken beyond the PTO allowance or an inappropriate attendance pattern will be treated as a serious infraction and will be subject to appropriate corrective action.

Upon termination of employment, all accrued, but unused, PTO will be included in the employee's final paycheck.

Section VI: Leaves of Absence

MEDICAL LEAVE OF ABSENCE WITHOUT JOB PROTECTION

An employee may be eligible for a Medical Leave of Absence without Job Protection if the employee is medically unable to work due to a personal non-work-related illness, injury, disability, pregnancy, or other conditions as defined by a qualified medical professional. An approved Medical Leave of Absence may be paid or unpaid.

Eligible employees may apply for Medical Leave in qualified situations by contacting the General Manager and completing and returning the Request for Leave of Absence form and other required documentation.

ELIGIBILITY REQUIREMENTS

All active, regular, full-time employees are eligible for up to ninety (90) calendar days of Medical Leave of Absence without Job Protection after sixty (60) days of employment.

Only employees who meet the following conditions may be placed on a Medical Leave of Absence:

- The employee is medically unable to work for more than five (5) consecutive business days as documented by a health care professional

A Medical Leave of Absence cannot exceed ninety (90) days subject to the provisions of applicable laws.

BENEFITS AND PAY

During an approved Leave of Absence, all Paid Time Off (PTO) must be exhausted before any unpaid time off will be authorized. PTO will not accrue while an employee is on Personal Leave of Absence.

PWSD #1 will continue the employee's health benefits payment while on an approved Leave of Absence that is ninety (90) calendar days or less.

Section VI: Leaves of Absence

MILITARY LEAVE

PWSD #1 recognizes the obligations some citizens may encounter when called to active duty. If the employee is called to or volunteers for military training or active military duty, as part of a Regular or a Reserve Unit of any branch of the U.S. Armed Forces (Army, Navy, Marines, Air Force, or Coast Guard), Army National Guard, Air National Guard, or commissioned corps of the Public Health Service, the employee will be granted a Military Leave of Absence per the Uniformed Services Employment and Reemployment Act of 1994 (USERRA). Such leave will not prejudice the employee's performance rating, advancement opportunities, or other usual terms/conditions of employment.

Leaves should be requested verbally or in writing to the General Manager as far as possible in advance. A copy of military orders should accompany the written request.

Employees may use unused PTO earned during their military leave instead of unpaid leave.

Employees will be placed on inactive employment status during their Military Leave. For Military Leaves of less than 31 days, the district will continue to pay the normal share of premium for employees. For Military Leaves greater than 31 days, employees have the right to elect to continue their medical insurance for employees and their eligible dependents at their own cost for the duration of their active duty not to exceed five (5) years.

We ask that the employee provide a forwarding address or a designated contact to assist us in maintaining communication with the employee regarding the district, benefits, and any employee-related information.

Upon returning from active duty, PWSD #1 will provide re-employment in accordance with the Uniformed Services Employment and Re-employment Rights Act of 1994, (USERRA) if the following criteria have been met:

- The employee contacted the President of the Board, providing advance written notification of the military service.
- The employee has five (5) years or less of cumulative service in the uniformed services while with PWSD #1.
- The employee returns to work or applies for reemployment in a timely manner after the conclusion of service; and
- The employee has not been separated from service with a disqualifying discharge or under other than honorable conditions.

Section VI: Leaves of Absence

Under the conditions established by applicable laws, employees who return to our employment after military service will be restored to their previous position (or one of the same statuses and pay) with seniority as if the employee were continuously employed during the qualifying military leave.

JURY AND CIVIC DUTY LEAVE

PWSD #1 is proud of employees who perform their civic duties as jurors and witnesses. To encourage employees to carry out civic responsibilities, free of financial hardship, the district provides full pay to all regular, full-time employees serving as jurors or witnesses under subpoena for up to two (2) weeks per calendar year. In situations where the employee is the plaintiff or the defendant, this time away is limited to when the employee is a witness. For non-exempt employees, any additional time required would be unpaid unless PTO is approved. Employees are also permitted to retain any allowances received from the court for such services.

Employees must present the summons or court documents they receive to their supervisor as soon as possible after receiving receipt. This advance notice is required to help us make any needed scheduling adjustments. If the absence requires more than one (1) day away from work, employees are required to call in to share whatever information is received about the probable length of their absence.

Managers and supervisors are required to report these absences on PWSD #1 timekeeping system.

BEREAVEMENT LEAVE

A leave of bereavement is available to all regular, full-time employees of PWSD #1. Under the policy, employees receive up to (3) days of paid time off when there is a death in their immediate family. Immediate family is defined as a spouse, child or grandchild, brother or sister, parent, or grandparent, including in-laws and step relationships. For unusual circumstances, employees may request additional days of paid time, subject to the President of the Board approval in advance of use. Bereavement leaves for the death of anyone other than an immediate family member will require prior approval from the President of the Board. Employees may use accrued PTO in the event of the death of other family members or friends.

The employee is required to note these absences on the PWSD #1 timekeeping system. A funeral notice or obituary, along with the relationship between the employee and the deceased individual, may be provided to the employee.

Section VI: Leaves of Absence

VOTING LEAVE

All employees should be able to vote either before or after regularly assigned work hours. However, when this is not possible due to work schedules, managers are authorized to grant a reasonable period, up to three (3) hours paid during the workday to vote or within guidelines in accordance with appropriate State laws. Employees must provide 24 hours advance notice that they have a need for time off to vote. PWSD #1 may specify three hours between the opening time and the time of closing the polls during which such an employee may be absent.

Section VII: Workplace Safety

HEALTH AND SAFETY

At PWSD #1, we realize people are our most valuable resource. Therefore, the personal health and safety of each employee is of primary importance. Our objective is to have a safety and health process which reduces the number of injuries and illnesses to the absolute minimum, with zero injuries and illnesses as our goal. The prevention of occupational injuries and illnesses is of such consequence that precedence over operating productivity whenever necessary.

Safety is a dynamic process, not a program. Proactive hazard assessments and incident management will be utilized to prevent accidents which can cause injury and property loss. To be successful in this effort, all members of the PWSD #1 team must cultivate and encourage continuous improvement in injury and illness prevention.

PWSD #1's safety and health process are guided by many individual programs. Each of these programs will include the following basic principles:

- Safe work practices and facilities are a condition of doing business.
- We must investigate every incident thoroughly, to prevent its recurrence.
- All levels of personnel will cooperate fully with all safety programs and policies knowing that through employee involvement and cooperation, continuous improvement can be sustained.
- A program of safety and health inspections will be used to identify and eliminate unsafe work practices and conditions, to control hazards, and to comply fully with safety and health standards for every job.
- Safety and health policies, procedures and guidelines will be purposefully developed and consistently enforced.
- Safety training must be practical and meaningful for all employees.

It is our philosophy that safety and health responsibilities are shared. We accept the leadership responsibility for developing and sustaining an effective process for preservation of health for all. Those in supervisory roles will foster and encourage the proper attitudes and behaviors toward safety in themselves and in those with whom they work. For all PWSD #1 team members, genuine cooperation with all safety and health programs is a condition of employment.

WORKPLACE VIOLENCE

Section VII: Workplace Safety

Definition of Workplace Violence- *"any incident, in which a person is abused threatened or assaulted in circumstances relating to their work. These behaviors would originate from outsiders, employee-related outsiders, customers, and co-workers at any level of the organization. This definition would include all forms of harassment, bullying, intimidation, physical threats/assaults, robbery and other intrusive behaviors."*

PWSD #1 is committed to providing a safe, violence-free workplace. In this regard, we strictly prohibit employees, consultants, customers, visitors, or anyone else on PWSD #1 premises or engaging in PWSD #1's related activity from behaving in a violent or threatening manner. Moreover, as part of this policy, we seek to prevent workplace violence before it begins and reserve the right to deal with behavior which suggests a propensity toward violence even before violent behavior occurs.

In addition, we believe prevention of potential violence is a responsibility shared by all employees. Thus, all employees are required to immediately report any acts or threatened acts of violence by any person in the workplace or during PWSD#1's related activities to a member of the Board of Directors. Anyone found to have engaged in such acts will be subject to corrective action, up to and including immediate termination of employment and may be personally subject to other civil or criminal liability.

Although it is impossible to anticipate every type of violent or threatening behavior that could occur, the following behaviors are examples of violent behavior which will not be tolerated by PWSD #1:

- The actual or implied threat of harm to any individual or group of individuals
- The possession of weapons of any kind, or the brandishing of any object which could legally be construed as a weapon
- Loud, angry, or disruptive behavior which is clearly not a part of the typical work environment
- Disregard for the physical safety or well-being of others
- Destruction of property
- Commission of a felony or misdemeanor involving violence, threats of violence, or assault
- Any other conduct that, in PWSD #1's discretion, may constitute a threat of violence

In addition, PWSD #1 will also strictly enforce the following rules:

Section VII: Workplace Safety

- No employee shall threaten or use force or violence to restrain, coerce, or intimidate any customer, co-worker, or member of the public during PWSD #1's-related activities or sponsored functions, including parking areas and work sites.
- Guns and other dangerous weapons are prohibited on all PWSD#1 premises including PWSD #1's-provided parking areas, work sites, and at all functions sponsored by PWSD #1. This prohibition will be enforced regardless of any permit for carrying such weapons which an employee may have or any federal, state, or local law permitting private citizens to possess, carry, or conceal guns or other weapons.

Any violation of this policy, including the possession of guns or other dangerous weapons or participation in workplace violence including on PWSD #1 or customer premises, parking areas, or work sites will constitute grounds for immediate termination.

Any employee, who is subjected to, witnesses, or has knowledge of actions which are or could be perceived as violent behavior, or has reason to believe such actions may occur, is required to report it immediately to any member of the Board of Directors. Employees may raise concerns and make reports without fear of reprisal.

Employees who, in good faith, report what they believe to be workplace violence or who cooperate in any investigation will not be subject to retaliation. Any employee who believes they have been the victim of retaliation for reporting workplace violence or cooperating in an investigation should immediately contact any individual who was involved in the retaliation, in which case the employee should report the incident directly to the Board President.

SUBSTANCE ABUSE POLICY

PWSD #1 is committed to providing a safe working environment to protect our employees and others; to provide the highest level of service; and to minimize the risk of accidents and injuries.

Each employee has a responsibility to co-workers and the public to deliver services in an efficient, safe and conscientious manner. Continuing research and practical experience have proven even limited quantities of illegal substances, abused prescription drugs, or alcohol can impair an employee's reflexes and judgment. This impairment, even when not readily apparent, can have catastrophic results including the erosion of customer confidence. For these reasons, we have adopted a policy that all employees must report to work completely free from the presence of illegal drugs, misused prescription drugs, and the effects of alcohol. Compliance with this substance abuse policy is a condition of employment.

PURPOSE

Section VII: Workplace Safety

The purpose of this policy is fourfold:

- To ensure that the workplace is free of illegal drugs
- To establish restrictions on the workplace-related use of legal substances, such as alcohol and prescription drugs
- To address other behaviors (such as absenteeism, tardiness, being involved in frequent accidents, and the like) that can be related to the abuse of alcohol and other drugs
- To explain the steps that will be taken to prepare employees, identify problems, and possible aid.

DRUG USE/DISTRIBUTION/POSSESSION/IMPAIRMENT

All employees are prohibited from manufacturing, cultivating, distributing, dispensing, possessing, or using illegal drugs, unauthorized, mind-altering or intoxicating substances while on PWSD #1 property (including parking areas and grounds), or while otherwise performing their work duties. Included within this prohibition are lawful controlled substances which have been illegally or improperly obtained.

This policy does not prohibit the possession and proper use of lawfully prescribed drugs taken in accordance with the prescription. Employees are also prohibited from having any such illegal or unauthorized controlled substance or alcohol in their systems while at work.

ALCOHOL USE/DISTRIBUTION/POSSESSION/IMPAIRMENT

All employees are prohibited from distributing, dispensing or using alcohol while at work or on duty. Furthermore, all employees are prohibited from having alcohol in their system while at work or on duty.

The consumption of alcoholic beverages on PWSD #1 property, except for officially sanctioned functions, is prohibited. The serving of alcohol at PWSD #1 functions must be approved in advance by the President of the Board. Employees who choose to drink at Company functions must use sound judgment in their consumption of these beverages and always maintain a professional manner.

Alcohol use off-the-job which adversely affects an employee's job performance and/or PWSD #1 or jeopardizes the safety or property of employees is prohibited.

Employees also are prohibited from reporting to work under the influence of alcohol. Employees who drive a motor vehicle, including personal vehicles, as a part of their work may be dismissed

Section VII: Workplace Safety

from their positions if they are found to have been driving under the influence of alcohol resulting in a revocation or suspension of a valid driver's license, whether on duty or off duty.

PRESCRIPTION DRUG USE

The proper use of medication prescribed by the employee's physician is not prohibited; however, we do prohibit the misuse of prescribed medication. Employees' drug use may affect their job performance, causing dizziness or drowsiness.

It is the employee's initial responsibility to determine from a physician whether a prescribed drug may impair job performance. When an employee is required to take a prescription medication which may affect the performance of job duties, the employee must register the usage with the President of the Board and submit a list of the medication's limitations.

In addition, employees can report the use of prescription or non-prescription drugs which may affect drug tests by registering the prescription usage with the President of the Board.

Notification of Impairment

It shall be the responsibility of each employee who observes or has knowledge of another employee who may be in an impaired condition, or who may present a hazard to the safety and welfare of themselves or others, or is otherwise in violation of this policy, to promptly report that fact to the President of the Board.

Substances Covered by Drug/Alcohol Testing

Candidates will be tested for use of alcohol and commonly abused controlled substances. Candidates must advise the testing lab of all prescription drugs taken in the past month before the test and be prepared to show proof of such prescription to testing lab personnel.

DRUG/ALCOHOL TESTING

Employees may be required to submit to drug/alcohol testing. Testing may arise from, among other factors, supervisory observation, coworker reports or complaints, performance decline, attendance problems, behavioral changes, results of searches or other detection methods, or involvement in a workplace or vehicular accident indicating a possible error in judgment or negligence.

Testing Methods

Pre-Employment

PWSD #1 may conduct a drug test of all applicants after the applicants receive a conditional offer of employment. Company employment applications shall include a notification that our company will perform pre-employment drug testing. PWSD #1 will not test applicants for the presence of alcohol.

Section VII: Workplace Safety

Failure to submit to pre-employment testing will be grounds to deny the applicant employment.

Test results must be returned negative to be determined acceptable for employment. If an applicant tests positive, the conditional offer of employment shall be withdrawn, and the applicant may reapply for employment after one year.

Reasonable Suspicion

PWSD #1 may conduct a drug and alcohol test when reasonable suspicion exists to suspect an employee has reported to work impaired or has used alcohol or other drugs while on company property. Reasonable suspicion shall be determined by a supervisor and may be based upon visual observation or other reported actions.

A supervisor shall be deemed to have reasonable suspicion to order a drug and alcohol test when an employee exhibits excessive absenteeism, tardiness, or unacceptable work performance.

A supervisor shall be deemed to have reasonable suspicion to order a drug and alcohol test if an employee is found to possess drugs, alcohol, or drug paraphernalia or when such alcohol or drugs are found in an area controlled or used by the employee, including, but not limited to the employee's desk, assigned vehicle locker, etc.

An employee undergoing a test under this subsection will be suspended immediately pending the outcome of the tests.

Post-Accident

PWSD #1 may conduct a drug and alcohol test whenever any employee is involved in a work-related accident.

Post-Rehabilitation/Follow-Up

If an employee has previously tested positive and completed a rehabilitation program, the employee must test negative before returning to work and may be subject to an indefinite number of unannounced and unscheduled tests for drugs or alcohol by our company during the two-year period following the positive test.

If an employee is still employed by our company, a second violation of this policy (as indicated by positive test results) within 24 months calendar may result in termination. Each case will be treated on an individual basis.

Refusal to Test

Failure or refusal to submit to a drug or alcohol test, upon request, shall constitute insubordination and will be the basis for corrective action, up to and including termination of employment.

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Testing Procedure

All testing will be conducted by a licensed independent medical laboratory, which will follow testing standards established by the state or federal government. Testing will be conducted on a urine sample provided by the employee to the testing laboratory under procedures established by the laboratory to ensure privacy of the employee, while protecting against tampering/altering of the test results.

Employees will be engaged at work for the time spent taking any tests and will be compensated for such time at their regular rate.

PWSD #1 will pay for the cost of the testing.

Testing Positive

Employees who test positive will be subject to corrective action up to and including termination of employment.

In those rare circumstances in which an employee's employment is not immediately terminated for testing positive or for some other violation of the policy, PWSD #1, in its sole discretion, may allow the employee to return to work pursuant to the employee executing an agreement acknowledging:

- That the employee tested positive or otherwise violated the policy; and,
- That in exchange for PWSD #1 not terminating their employment for this instance of testing positive or otherwise violating the policy, the employee agrees to undergo rehabilitation, counseling, or other activities prescribed by PWSD #1 at the employee's expense, to undergo periodic unannounced screening for a set period; and be subject to termination of employment for any future violation of the policy.

Right to Explain Test Results

All employees and applicants have the right to meet with the testing laboratory personnel, and with PWSD #1, to explain their test results. These discussions shall be considered confidential except that information disclosed in such tests will be communicated to personnel within PWSD #1 or within the lab who need to know such information to make proper decisions regarding the test results or regarding the employment of the individual.

Right to Review Records

Employees have a right to obtain copies of all test results from the testing laboratory, or from PWSD #1. When the individual disagrees with the test results, the individual may request that the test laboratory repeat the test. Such repeated testing shall be at the expense of the individual, unless the repeat test overturns the original report of the lab, in which case we will reimburse the employee for the costs incurred for the retest.

Confidentiality Requirements

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All records concerning test results will be kept in medical files, which are maintained separately from the personnel file of the employee.

Testing laboratories may conduct testing only for substances included on the disclosure list provided to the individual and may not conduct general testing related to the medical conditions of the individual which are unrelated to drug usage.

Retesting

Employees may request a retest of their positive test results within five (5) working days after notification by PWSD #1 of such positive test result. This retest is at the expense of the individual, unless the original test result is called into question by the retest.

Where the employee/applicant believes that the positive test result was affected by taking of lawful or prescribed substances, the individual may be suspended without pay pending receipt of confirming information to substantiate the claims of the individual. Normally, the individual will be provided with no more than five (5) business days on which to provide this additional information.

Once PWSD #1 has determined whether there is evidence to indicate that the test results are incorrect, the employee will be advised of the decision.

Returning/Continuing to Work

Employees who test positive, admit to drug or alcohol use or related misconduct, or voluntarily seek assistance and do not have their employment terminated will not be returned to work or continue working until they have been evaluated by a PWSD #1 selected physician who may determine if they can safely return to work.

Employees who test positive, admit to drug or alcohol use or related misconduct, or voluntarily seek assistance, and did not have their employment terminated will not return to work or continue working until they have executed a Return-to-Work agreement.

ENFORCEMENT

To enforce these policies and procedures, we may investigate potential violations and require personnel to undergo drug/alcohol testing, including urinalysis, blood tests, or other appropriate tests and searches of all areas of PWSD#1's or customer's physical premises, including, but not limited to, work areas, personal articles, employee's clothes, desks, workstations, personal vehicles, Company vehicles, etc.

Employees will be subject to corrective action up to and including termination for refusing to cooperate with searches or investigations, refusal to submit to testing, or for failing to execute consent forms when required by supervisors. Additionally, any employee assisting another employee in such actions will be subject to corrective action.

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We recognize that employees suffering from alcohol or drug dependence can be treated. We encourage any employee to seek professional care and counseling prior to any violation of this policy.

DRIVING UNDER THE INFLUENCE (DUI)/DRIVING WHILE INTOXICATED (DWI)

In keeping with our Substance Abuse Policy and other safety-related policies/programs, PWSD #1 does not condone employees driving while intoxicated.

If an employee that is required to travel as part of his or her primary job requirement with PWSD #1 is arrested for DUI/DWI (whether while traveling for PWSD #1 or on personal time) the employee must disclose this to PWSD #1 immediately and will not be permitted to travel for PWSD #1 pending an investigation. Upon completion of the investigation and analysis of the results, we will determine whether the employee can continue to fulfill the essential functions of the job. Failure to disclose information about a DUI/DWI to PWSD #1 is grounds for immediate termination of employment.

If an employee is arrested and convicted of a DUI/DWI, the employee will not be eligible to drive a vehicle in conjunction with PWSD #1 job responsibilities from the time of the arrest until ALL related court assignments, including probation, have been completed. If the employee's license is returned during the period of probation, that employee is still not eligible to drive a vehicle on behalf of PWSD #1 during this period. However, the employee may be able to travel for PWSD#1 if no driving is involved.

Upon an investigation and analysis, if it is determined an employee cannot perform the essential functions of the position because of a DUI/DWI, employment will be terminated.

CELL PHONE/MOBILE DEVICE USE

To ensure the safety of our employees and the safety of others, PWSD #1 prohibits all business-related use of a cell phone/mobile device (PWSD #1 provided or personal) while operating any motor vehicle (PWSD #1 provided or personal). It is our mandatory policy that, regardless of the circumstances (including slow or stopped traffic), employees pull safely to the side of the road before conducting any Company business on a personal or Company provided cell phone or mobile device. Special care should be taken in situations where there is traffic, inclement weather, or the employee is driving in an unfamiliar area.

Employees are also required to comply with all applicable state and local laws restricting the use of personal cell phones or mobile devices while operating a Company provided motor vehicle. Employees who are charged with traffic violations resulting from the use of a cell phone or mobile device while driving will be solely responsible for all liabilities that result from such actions.

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If an hourly, non-exempt employee engages in business calls outside of a work shift, they are required to enter the time worked into PWSD #1 timekeeping system.

Employees may not use cell phones for personal use, including texting, when within hearing distance or line of sight of customers. Employees are urged not to use cell phones and mobile devices while working, except in rare circumstances, and with management's express approval.

CORPORATE VEHICLE INSURANCE

If the employee's position requires travel, PWSD #1 will provide proper insurance identification for each state in which it is mandatory to provide proof of insurance. Employees should confirm they always have the proper insurance identification in rental vehicles.

COMPANY VEHICLE POLICY

Employee responsibilities regarding the vehicle assigned to them include the following: Our trucks are marked; employees should conduct themselves as an ambassador of this company every time they operate the vehicle.

Keep the vehicle clean, both inside & out, to present a professional image. Pressure washers and waxing products are provided by PWSD #1.

- Tobacco use is not allowed in service vehicles.
- Employees are required to always wear seatbelts.
- A Motor Vehicle Report (MVR) will be requested upon hiring and annually during employment. If a service employee, whose job requires driving a company vehicle, becomes uninsurable, employment will be terminated.
- Lock vehicle, topper, ladder, and other accessories whenever the vehicle is unattended.
- Notify the Board of Directors about developing mechanical problems.
- Notify the Board of Directors immediately of damage to the vehicle body.
- Each employee shall complete the maintenance checklist issued for their service vehicle as scheduled.
- No person not employed by PWSD #1 may drive the company vehicle while it is entrusted to the employee except in an emergency.

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- People not employed by PWSD #1 may be transported in the company vehicle only as necessary to facilitate company business.
- Employees are not allowed to allow spouses, friends, or relatives to ride in the service vehicle at any time without permission from PWSD #1 Management.
- Remove frost, snow, dew, etc., as necessary to provide clear and full visibility for safe operation.
- Use fleet fuel charge account exclusively for PWSD #1 vehicle and other company equipment.
- Turn in all fuel receipts in a timely manner.
- Employees who are assigned a company vehicle are issued a main vehicle key. If an employee is locked out of the service vehicle, that employee shall be responsible for any expense incurred to unlock the vehicle. The company shall NOT dispatch another employee to unlock the vehicle.
- Keep stereos too quiet to be heard outside the vehicle.
- Do not tailgate; it is unsafe and is responsible for many chipped windows and paint.
- Do not attempt to drive on slick roads. Report unsafe driving conditions to management as soon as they affect work duties.
- Do not talk or text on a cell phone while driving. Pull over to take or make a call.

This is not an all-inclusive list. The Employee is expected to conduct himself or herself regarding the company vehicle in a manner which will strengthen and enhance the professional image and profitability of the Company.

VEHICLE USE FOR COMPANY BUSINESS

PWSD #1 provides vehicles for business use or may require employees' use of their personal vehicle for company business. The Company retains the right to amend or terminate this policy at any time.

PWSD #1 employees may not drive any business vehicles without prior approval. Before being approved to operate a Company vehicle, an employee's driving records will be reviewed, with the consent of the employee. The existence of a valid driver's license and appropriate classification of license for Company vehicle use will be verified.

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Employees approved to drive on Company business as an essential function of the job are required to inform the Board of Directors of any changes that may affect their legal or physical ability to drive or their continued insurability. Failure to maintain valid driver's license, specialty classification license, or an employee possessing a driving record which affects insurability by PWSD #1 may result in suspension of employee's job duties without pay or termination of employment for failure to maintain the necessary qualification required for that position.

Employees who need transportation in the course of their normal work may be assigned a Company vehicle for their use. All other employees needing transportation for Company business may use their own vehicles for business purposes with prior approval.

Employees who drive a vehicle in the Company business must, in addition to meeting the approval requirements above, exercise due diligence to drive safely and maintain the security of the vehicle and its contents. Employees are also responsible for any driving infractions or fines that occur because of their driving.

Non-employees and non-business passengers (e.g. family members and friends) are prohibited from riding in Company vehicles unless preapproved by PWSD#1 Management (as stated in a bullet point above).

Employees who use their personal vehicles for approved business purposes will be reimbursed for mileage. Employees who operate personal vehicles for Company business should obtain auto liability coverage for bodily injury and property damage with a special endorsement for business use, when necessary, as determined by their personal insurance agent. Personal insurance costs will not be reimbursed by PWSD #1.

Employees must report to the President of the Board any theft or damage involving a Company vehicle, regardless of the extent of the damage. Such reports must be made as soon as possible, but no later than 48 hours after the incident. Employees should make no voluntary statement other than in reply to questions of investigating officers.

Employees are not permitted, under any circumstances, to operate a Company vehicle or a personal vehicle for Company business when any physical or mental impairment causes the employee to be unable to drive safely. Additionally, employees shall not operate any Company vehicle at any time or operate any personal vehicle for Company business while using or consuming alcohol, illegal drugs or prescription medications that may affect their ability to drive. These prohibitions include circumstances in which the employee is temporarily unable to operate a vehicle safely or legally because of impairment, illness, medication or intoxication.

Employees who are aware of any condition of any vehicle not allowed by law are required to notify their supervisor and are not allowed to operate the vehicle until the condition is rectified. Violation of these rules may result in the employee being held responsible for any damage because of vehicle use.

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WORKERS' COMPENSATION POLICY

In the event of a work-related injury or illness to any employee, it is the goal of PWSD #1 to assist the employee in obtaining prompt and appropriate medical treatment to aid the injured employee in recovering pre-injury health. To accomplish this, all employees are required to report any injury they receive at work immediately. This applies to all injuries, even very minor ones which may not require professional medical attention. Any employee who sustains a work-related injury may be required to submit to a post-accident drug screen per the PWSD #1 Substance Abuse Policy.

ILLNESS/INJURY REPORTING PROCEDURES

In the event an employee should sustain a work-related injury, the employee must follow the steps outlined below.

- If emergency or life-threatening medical treatment is necessary, call 911 to initiate emergency assistance for transportation to the nearest emergency medical facility. As soon as reasonably possible after the incident, notify the President of the Board by telephone and then follow up with written requirements.
- Employees must notify the President of the Board as soon as reasonably possible, but no later than eight hours after becoming aware of an injury or prior to the end of their shift, and before seeking treatment, unless it is an emergency.
- Once the President of the Board has been notified, the injured or ill employee will be directed to an approved medical provider for treatment. Employees are advised not to seek medical treatment on their own without approval from a Board member. If emergency medical treatment outside normal working hours is required, it should be administered at the local hospital emergency room or urgent care facility, and the President of the Board should be contacted immediately.
- Employees who have sustained a work-related injury or illness may be required to submit to drug/alcohol screening per the PWSD #1 Substance Abuse Policy.
- Employees must complete the required Report of Injury form and submit it to the President of the Board within twenty-four (24) hours.
- Ensure all documentation is provided within twenty-four (24) hours of medical treatment to the Board of Directors (doctor notes, work release status reports, etc.).

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- Report any follow-up appointment dates and times to the supervisor and the President of the Board to ensure the time is properly documented and pay reimbursement is supplied where due.

ERGONOMIC PROGRAM

It is PWSD #1's policy to provide its employees with a safe and healthy workplace. Ergonomics is the study of people while they use equipment in specific environments to perform tasks.

Ergonomics seeks to minimize adverse effects of the environment upon people and, thus, enable each person to maximize their contribution to a given job. Our shared goal is:

- To educate employees that they share responsibility for their comfort and prevention of injury
- To increase awareness of how poor work habits and improper posture contribute to muscular discomfort and potential injury
- To provide employees with guides to enable them to arrange and adjust their workstation equipment safely, comfortably, and according to established guidelines
- To provide employees with exercises which address common workstation complaints and should help to reduce workstation-related injuries

Proper workstation use, including proper posture and reasonable equipment adjustments, with attention to muscle and eye fatigue, will help prevent musculoskeletal and visual problems.

It is every manager's responsibility to ensure all employees understand and follow these guidelines. Contact the General Manager for further information.

VIDEO SURVEILLANCE

To promote the safety of employees and Company visitors, as well as the security of our facilities, PWSD #1 conducts video surveillance of any portion of its premises at any time, the only exception being private restrooms. Video cameras are positioned in appropriate places within and around PWSD #1 buildings and used to help promote the safety and security of people and property.

HAZARDOUS AND TOXIC MATERIALS

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If an employee's job requires the use of hazardous or toxic materials, the employee is expected to comply with all laws, rules and regulations concerning their safe handling and disposal. If employees have any questions about the materials they work with or the proper safety procedures to follow, they should discuss them with the Board of Directors.

ACCIDENT/INCIDENT REPORTING POLICY

PWSD #1 is committed to providing a safe and secure work environment. A safe and secure environment is a fundamental prerequisite for fulfilling the PWSD mission statement. Accident/Incident prevention must be diligently followed by all employees to reduce property damage or injuries and illnesses which may result in lost work time, light duty, or medical treatment to employees, visitors, and contractors. The best way to accomplish this is to identify and alleviate the preventable cause(s) of injuries and illnesses which result in lost workdays.

Employees are responsible for reporting all accidents/incidents to the President of the Board and for completing the required notification paperwork.

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PROFESSIONAL APPEARANCE POLICY

PWSD #1's professional reputation is maintained, in part, by the image our employees present to our customers and to their peers. Therefore, it is essential all employees observe appropriate job habits of dress, grooming, and personal hygiene always in accordance with the guidelines outlined in this policy.

Employees are expected to exercise their best judgment and common sense when determining their attire and appearance.

CASUAL ATTIRE

Employees working inside, such as those involved with office functions, are required to wear casual attire which includes clothing, which is clean, neat, pressed and is suited to any situation which may place an employee in contact with customers.

PWSD #1 ISSUED ATTIRE

Employees working outside, such as those involved with line installation, inspection or repairs, are required to wear PWSD #1 issued apparel consisting of a reflective t-shirt or sweatshirt provided annually at no cost.

Employees are to provide their own outer wear as needed for cold season work when the PWSD #1 issued apparel is not suitable. Such outer wear must uphold company standards of appearance and safety. Employees are encouraged to carry a pair of insulated coveralls on their service vehicle.

All employees are required to exercise high standards of personal hygiene and always strive to project a professional image while in PSWD #1 attire.

GENERAL GUIDELINES

- Unacceptable attire includes, but is not limited to:
- Cut off shorts or shorts with holes
- Miniskirts (shorter than two inches above the kneecap)
- Torn, frayed, wrinkled, or stained clothing
- Tank tops (including spaghetti straps), tube tops, halter tops

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- Bare midriffs or sheer clothing
- T-shirts with inappropriate logos (except approved PWSD #1 logos)
- Flip flops, thong or beach sandals
- Crocs™, or similar plastic footwear
- Caps (allowed for maintenance crew)
- Athletic wear, workout clothes, sweat suits
- Yoga or sweatpants

GROOMING

- Employees shall maintain a neat, clean, and well-groomed appearance always.
- Hair must be clean, combed, and neatly styled or trimmed. Shaggy, unkempt hair is not permissible, regardless of length or style. No extreme or exotic hairstyles, as determined by the Board of Directors, are permitted.
- Any personal grooming practices which draw unusual attention, unfavorable comments, or cause discomfort/safety hazards are unacceptable.
- Clothing should be neat, clean, in good condition, and appropriate for the environment.
- Body piercings (other than earrings) must not be visible.
- Discreet, non-offensive tattoos are permissible. However, employees may be asked to cover tattoos when necessary for business reasons.
- A key component in the Professional Appearance Policy is the use of common sense and good judgment. If employees question the appropriateness of the attire, it probably isn't appropriate.

PWSD #1 reserves the right, at its sole discretion, to determine what constitutes job appropriate attire or appearance.

Enforcement of this policy is the responsibility of PWSD #1 management and supervisory employees. Employees who fail to meet the standards of this policy may be sent home to correct their appearance. Employees who fail to meet the standards of this policy may be subject to corrective action, up to and including termination of employment.

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ABSENTEEISM AND TARDINESS

Each employee plays an important role in getting the day's work done. Therefore, each employee is expected to be at their workstation on time each day and to remain there throughout scheduled hours. Absenteeism or tardiness, even for good reasons, is disruptive to our operations and interferes with our ability to satisfy our customers' needs. Excessive or patterned absenteeism or tardiness may result in corrective action, up to and including termination.

If an employee is late or absent from work for any reason, the employee must personally notify the appropriate supervisor as far in advance as possible, but no later than one hour after the start of a scheduled shift, so proper arrangements can be made to handle work during the absence. Failure to properly report an absence within one hour of the scheduled start time may be considered an unauthorized absence. Multiple unauthorized absences may result in corrective action, up to and including termination of employment.

Some situations may arise in which prior notice cannot be given. In those circumstances, employees are expected to notify the supervisor as soon as possible. If employees are required to leave work early, they must personally speak with their supervisor and obtain permission. Failure to notify a supervisor as required by this policy may result in corrective action, up to and including termination of employment.

When absence is due to illness, PWSD #1 has the right to request appropriate medical confirmation. In most cases, PWSD #1 will require medical documentation after the employee has been absent for three consecutive business days to obtain a release to work. All medical documentation is subject to verification.

Absence of three (3) consecutive business days without proper notification or authorization is considered a voluntary resignation without notice. Failure to provide requested documentation for an absence or falsifying or misrepresenting the reason for an absence may result in immediate termination of employment.

MEAL PERIODS AND BREAKS

It is the policy of PWSD #1 to comply with state and federal laws regarding meals and breaks. Meal periods and breaks will be scheduled by the employees' supervisor to accommodate the operational needs of the department. Lunch periods, which are unpaid, will normally begin at noon and be no less than thirty (30) minutes in duration.

During lunch periods, an employee need not stay on the job or at PWSD #1's premises or worksite, will not respond to business telephone calls or other forms of district business communication, and is not to be interrupted by district business. Employees may stay on PWSD

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#1 premises for a lunch period; however, they will avoid consuming food or beverages in the presence of customers.

Hourly, non-exempt employees are not required to clock out for their lunch period but will report their time out and into their supervisor. The thirty (30) minute lunch period will be automatically deducted on all timecards unless otherwise authorized by the General Manager. Breaks, which are paid, include one in the morning and one in the afternoon typically no longer than fifteen (15) minutes. Breaks may also be authorized by the supervisor, under the oversight of the President of the Board, to provide employees with reasonable accommodation during inclement weather and difficult working conditions. Examples include, but are not limited to, properly resting and hydrating in extreme heat or the necessity to promptly change attire, boots etc. due to a cold or wet environment.

MEAL PERIODS DURING EMERGENCY REPAIRS

Employees working on major repairs will be permitted a meal break as soon as the emergency is under control, per the supervisor's direction. If the employee is expected to stay on the job and unable to take an evening meal period, a meal will be provided and delivered to the employee by PWSD #1 or the employee will receive a monetary amount, currently \$12.00, in lieu of a meal. The thirty (30) minute lunch period will not be deducted for the employee's timecard if the employee is unable to take a meal break.

CALL IN PAY DURING EMERGENCY REPAIRS

On the occasion that it is necessary to "call in" non-exempt employees without notice outside of their regular shift hours to handle emergency repairs, the employee shall be paid the greater of the actual hours worked at the applicable straight-time or overtime rate or three (3) hours at the applicable straight-time or overtime rate.

NURSING MOTHER BREAKS

To ease the transition of mothers returning to work following the birth of a child, lactation accommodation will be provided for nursing mothers.

For up to a year following a child's birth, nursing employees will be provided break time to express breast milk during the workday. The employee will be allowed a reasonable break whenever she has the need to express milk throughout the day.

PWSD #1 will provide a private area for nursing employees to express breast milk. Employees must bring their own cooler or storage container but may store their milk in a PWSD#1 refrigerator.

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Breaks to express milk will not be paid. Employees may use normal break and lunch periods to accommodate their nursing needs. However, if the breaks needed to express milk exceed standard daily break time, then the employee must use personal time (either in the form of an unpaid break or paid time off).

If an employee is returning from maternity leave, she should speak with her supervisor or Human Resources regarding her nursing needs. The employee's supervisor will work with her to accommodate the lactation break schedule as needed, knowing that the employee's breaks may differ on a day-to-day basis.

If an employee has any further questions or concerns regarding this policy, she should contact the President of the Board.

NON-FRATERNIZATION POLICY

PWSD #1 has a non-fraternization policy to promote the efficient operation of the Company's business and to avoid misunderstandings; complaints of favoritism; other problems of supervision, security, and morale; and possible claims of sexual harassment. Managers and supervisors shall not date or have or pursue romantic or sexual relationships with employees whom they directly or indirectly supervise. Employees who violate this guideline will be subject to corrective action, up to and including termination of employment.

If a romantic or sexual relationship between a manager/supervisor and an employee develops, it is the responsibility and mandatory obligation of the manager/supervisor to promptly disclose the existence of the relationship to the Board of Directors. The subordinate employee may make the disclosure as well, but the primary burden of doing so is upon the manager/supervisor.

USE OF COMPANY EQUIPMENT

It is not the intent of PWSD #1 to prohibit the use of the phone system for personal use; however, this use must be kept to an absolute minimum to ensure phones are available for business purposes. Any personal calls made to or from PWSD #1 offices which result in long distance charges billed to PWSD #1 must be paid by the employee.

In addition, PWSD#1 may choose to monitor telephone calls for business reasons to ensure calls are handled in a professional manner and to promote efficiency in the way customers are treated. Employees should therefore not assume calls made or received on District phones are confidential.

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DAMAGE TO CLIENT PROPERTY

If an employee damages a client's property, he/she is to phone the office immediately during office hours. If the incident has happened other than during business hours, he/she is to refer to the Board of Directors guidance. The employee responsible for the loss shall also be responsible for replacement of the property. Replacement cost shall be used to determine value.

ARREST OR CONVICTION OF AN EMPLOYEE

Any employee that has been arrested for/or convicted of a misdemeanor or felony must notify his/her supervisor of the arrest or conviction within forty-eight (48) hours after the incident. This notification requirement includes employees that are on any type of leave of absence from PWSD #1.

An employee that fails to report an arrest or conviction within the specified timeframe will be subject to corrective action up to and including termination of employment.

Managers and Supervisors must report information received regarding arrests or convictions to President of the Board immediately upon receipt of the information. The President of the Board will assess the relevant facts and circumstances related to the arrest or conviction. Based on this assessment, a determination will be made as to what action will be taken, if any, regarding the issues which resulted in the employee's arrest or conviction.

Criminal misconduct that is deemed inconsistent with PWSD #1's responsibility to protect the security of our employees, customers, vendors, and guests and to maintain the integrity of our operations may result in corrective action, up to and including termination of employment.

PERSONAL MAIL

All mail delivered to PWSD #1 is presumed to be related to our business. Mail sent to an employee at PWSD #1 may be opened and routed to their department. Personal items should not be delivered to PWSD #1, including shipments of alcohol and firearms.

PWSD #1 postage meters, stamps, and letterhead may not be used for personal correspondence.

VISITORS

All visitors in the office are required to report to the front desk who will notify the employee whom the visitor is requesting. The door to the office is always locked. This control is necessary to prevent unauthorized people from entering the office and to facilitate meetings with visitors with a minimum amount of disruption to normal office activities.

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Employees are expected to conduct all personal visits during their lunch period, breaks, or before or after work hours.

OFFICE SOLICITATION

No organization is permitted to solicit in the office unless specifically granted pre-approval by the Board of Directors.

BULLETIN BOARDS

The PWSD #1 location maintains a bulletin board as an important source of information. This bulletin board, located on the premises, is to be used solely to post information approved by PWSD #1 regarding District policies, governmental regulations, and other matters of concern to all employees and related to employment by PWSD #1. No information may be placed on these bulletin boards without approval from the Office Manager.

TOBACCO USE

PWSD #1 recognizes that tobacco use is a hazard to the health and wellbeing of its employees, customers, vendors, and other visitors to our facilities. To protect the health of all individuals entering the PWSD #1 facilities, the use of tobacco products is prohibited inside the building.

This policy applies to smoking, the use of smokeless tobacco, and the use of electronic or vapor smoking devices. For the purposes of this policy, smoking is defined as the "act of lighting, smoking, or carrying a lit or smoldering, cigar, cigarette, or pipe of any kind". Smokeless tobacco use consists of the use of snuff, chewing tobacco, smokeless pouches, or other forms of loose-leaf tobacco.

Tobacco Cessation support is available to PWSD #1 employees on our medical insurance through our medical carrier. Participation in the program is encouraged to help those who presently use tobacco products and desire to quit.

The Tobacco Use Policy applies to:

- All buildings that are occupied by PWSD #1 employees.
- All PWSD #1 customer sites.
- All vehicles owned, rented, or leased by PWSD #1
- All customers, vendors, or other visitors to PWSD #1 premises

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- All contractors and consultants and/or their employees working on PWSD #1 premises
- All full-time, part-time, and temporary employees

Where permitted, employees who choose to use tobacco products or vapor cigarettes on PWSD #1 grounds will be restricted to do so in areas that are removed from employee concentration and public access.

Employees smoking or using tobacco products or vapor cigarettes in PWSD #1 buildings are in violation of this policy and subject to corrective action as outlined in the Corrective Action section of the PWSD #1 Employee Handbook.

Any employee who observes a violation of this policy shall notify a supervisor/manager or may contact the President of the Board. It is the responsibility of all PWSD #1 managers to ensure that this policy is enforced.

INCLEMENT WEATHER OR NATURAL DISASTERS

Due to the nature of PWSD #1 operations, PWSD #1 will attempt to remain open in severe weather conditions and other emergencies. However, no employee should ever be put in danger due to ice conditions or heavy snow events.

Employees who do not report to work due to individual circumstances resulting from weather conditions or other emergencies will be required to use available Paid Time Off (PTO) for each absence, if they desire.

CORPORATE EXPENSE REPORTS

PWSD #1 will reimburse employees for reasonable and actual expenses incurred when traveling on approved PWSD #1 business. Employees should exercise reasonable judgment when incurring these expenses and must not request reimbursement for expenses not actually incurred. Expense reports for cash and credit card charges must include applicable receipts and should be turned in by the employee monthly.

CORPORATE CREDIT CARDS

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Employees should guard their District credit cards as carefully as they would guard their own. Personal charges or cash advances are not allowed on Company credit cards at any time. In the event PWSD#1 credit card is lost or damaged, notify the President of the Board of Directors immediately. A replacement card will be ordered. Any violation of these policies may result in corrective action, up to and including termination of employment.

CHANGES IN PERSONNEL RECORDS

Employees are responsible for providing any change of name, address, phone number, or other applicable information to the Office Managerf.

OUTSIDE INQUIRIES

There are occasions when PWSD #1 is required to provide information regarding a current or former employee to an outside organization. All such requests, whether verbal or in writing, must be forwarded to the Office Manager for handling. Responses to comprehensive requests will be limited to the dates of employment and the most recent occupation of the employee.

Requests for purposes such as establishing credit or obtaining a loan will be honored, provided they are made in writing and carry the signature of the employee. In some cases, PWSD #1 will release information without employee consent when the request is submitted by certain governmental agencies.

In addition, management and staff are prohibited from providing letters of recommendation for any active or terminated employees. Any requests for letters of recommendation will be evaluated by and responded to by the President of the Board.

Other than the Office Manager or President of the Board, no employee is to provide employment data about an employee to a third party.

NOTICE OF RESIGNATION

In the event an employee chooses to resign from his or her position, PWSD #1 requires the employee to provide a minimum of two weeks written notice to be eligible for rehire. Employees should be aware failure to provide the appropriate notice may affect their rehire status. PWSD #1 reserves the right to accept a resignation immediately and to accelerate the final date of employment. Employees are responsible for returning all PWSD #1 property in their possession.

Section VIII: Employment Policies and Procedures

EXIT MEETING

Any employee leaving PWSD #1 may be required to attend an exit meeting conducted by the Office Manager or a Board Member. The purpose of the meeting is to review paperwork associated with the separation from PWSD#1 and to collect all PWSD #1 property.

RETURN OF COMPANY PROPERTY

Any District property issued to the employee, including, but not limited to keys, computer equipment, cell phones, credit cards, peripheral or promotional materials must be returned at the time of termination of employment from PWSD #1, or at the request of a supervisor. Employees may be responsible for paying for lost or damaged property.

OTHER POLICIES AND PROCEDURES

For further information about District policies and procedures, employees should contact their manager or the President of the Board.

Section IX: Information & Office Security

GENERAL COMPUTER USAGE POLICY

PWSD #1 requires a General Computer Usage Policy to accomplish its business objectives in a secure and timely manner. Instituting such a policy demonstrates the commitment PWSD #1 has to safeguard corporate information assets. That commitment must extend from every individual involved in business operations.

All data on information systems at PWSD #1 is classified as PWSD #1 proprietary information. Any attempt to circumvent PWSD#1s security procedures is strictly prohibited. Unauthorized use, destruction, modification, and/or distribution of PWSD#1's information or information systems are strictly prohibited.

All PWSD#1's information systems will always be subject to monitoring and auditing. Users acknowledge that they have no expectation of privacy regarding their activity on PWSD#1's information systems.

Use of any of PWSD #1's information systems or dissemination of information in a manner bringing disrepute, damage, or ill-will against PWSD #1 is not authorized.

Individual passwords will be kept in strict confidence by the Office Manager and his/her designee assigned to computer maintenance. In no situation should a username and password be given to another individual or changed without permission from the Office Manager.

Misuse, as defined in this policy, will be handled directly with the offender and could include disciplinary action up to and including discharge.

INTERNET USAGE

Internet usage is provided to PWSD #1 employees to conduct work-related business. Personal use is not permitted. Exception: livestreaming music services may be accessed on the condition the music is not deemed as a distraction to other employees and is not offensive or otherwise inappropriate.

E-MAIL USAGE

E-mail accounts are provided to PWSD #1 employees to conduct work-related business. Personal emails are not permitted.

All e-mail on the PWSD #1 information systems is the property of PWSD #1. As such, all e-mail can and may be periodically monitored.

Section IX: Information & Office Security

Outgoing and incoming e-mail of an offensive, pornographic, or otherwise inappropriate nature is prohibited. Violations of this may result in disciplinary action, up to and including termination of employment.

DESKTOP SERVICES

PWSD #1 prohibits the downloading of software from the Internet because of significant risk of infecting PWSD #1 systems with a virus and the unreliability of such downloaded software. No PSWD #1 data shall be saved on a desktop. All PSWD #1 data must be saved on the PSWD #1 server. All PWSD #1 information systems will be subject to periodic inventory and inspection for compliance and data not saved on the PSWD #1 server may be lost. The use of personal portable storage devices or unauthorized online data storage for the retaining and/or storage of any PWSD #1 data is strictly prohibited.

PORTABLE STORAGE DEVICES

Portable storage devices, such as a USB drive or external hard drive, may on occasion need to be used for work-related business and will be provided by PWSD #1. These devices shall always remain on the PSWD #1 premises unless in use by the employee acting in their role within their approved working hours. PWSD #1 portable storage devices must be returned to the premises prior to the employee clocking out at the end of their shift.

PERSONAL DEVICES

Limited or incidental use of personal devices, such as smart phones and tablets, is acceptable at appropriate times such as a lunch period or break but should not negatively affect business productivity. The use of PSWD #1's wireless network for personal use is prohibited.

SOCIAL MEDIA POLICY

PWSD #1 understands that social media can be a fun and rewarding way to share an employee's life and opinions with family, friends, and co-workers around the world. However, the use of social media also presents certain risks and carries with it certain responsibilities. To assist employees in making responsible decisions about their use of social media, we have established these guidelines for appropriate use of social media. This policy applies to all employees who work for PWSD #1.

GUIDELINES

In the rapidly expanding world of electronic communication, social media can mean many things. Social media includes all means of communicating or posting information or content of any sort on the Internet, including to one's own or someone else's web log or blog, journal or diary, personal web site, social networking or affinity web site, web bulletin board or a chat room,

Section IX: Information & Office Security

whether or not associated or affiliated with PWSD #1, as well as any other form of electronic communication.

The same principles and guidelines found in our policies apply to our employees' activities online. Ultimately, employees are solely responsible for what they post online. Before creating online content, employees should consider some of the risks and rewards that are involved. Employees should keep in mind that any of their conduct that adversely affects their job performance, the performance of fellow employees or otherwise adversely affects members, customers, suppliers, people who work on behalf of PWSD #1, or our legitimate business interests may result in disciplinary action up to and including termination of employment.

KNOW AND FOLLOW THE RULES

Employees should carefully read these guidelines, the Code of Conduct policy, the General Computer Usage policy, and the Anti-Harassment policy, and ensure their postings are consistent with these policies. Inappropriate postings that may include discriminatory remarks, harassment, and threats of violence or similar inappropriate or unlawful conduct will not be tolerated and may subject an employee to disciplinary action up to and including termination.

BE RESPECTFUL

Employees must always be fair and courteous to fellow employees, customers, members, suppliers, or people who work on behalf of PWSD #1. Also, employees should keep in mind that they are more likely to resolve work-related complaints by speaking directly with their co-workers than by posting complaints to a social media outlet. Nevertheless, if an employee decides to post complaints or criticism, the employee should avoid using statements, photographs, video, or audio that reasonably could be viewed as malicious, obscene, threatening, or intimidating, that disparages customers, members, employees or suppliers, or that might constitute harassment or bullying. Examples of such conduct might include offensive posts meant to intentionally harm someone's reputation or posts that could contribute to a hostile work environment based on race, sex, disability, religion or any other status protected by law or company policy.

BE HONEST AND ACCURATE

Employees should make sure they are always honest and accurate when posting information or news, and if they make a mistake, they should correct it quickly. Employees should be open about any previous posts they have altered. Remember that the Internet archives almost everything; therefore, even deleted postings can be searched. Employees should never post any information or rumors that they know to be false about PWSD #1, fellow employees, customers, vendors, and people working on behalf of PWSD #1 or competitors. They should post only appropriate and respectful content. Employees should also:

Section IX: Information & Office Security

Maintain the confidentiality of PWSD #1 trade secrets and private or confidential information. Trades secrets may include information regarding the development of systems, processes, products, know-how, and technology. Do not post internal reports, policies, procedures, or other internal business-related confidential communications. Employees should keep in mind that any release of confidential information as noted above adversely affects their job performance, the performance of fellow employees or otherwise adversely affects members, customers, suppliers, people who work on behalf of PWSD #1, or our legitimate business interests may result in disciplinary action up to and including termination of employment.

Not creating a link from a personal blog, website, or other social networking site to a PWSD #1 website without the employee identifying themselves as a PWSD #1 employee.

Employees should express only their personal opinions. They should never represent themselves as a spokesperson for PWSD #1. If our organization is a subject of the content an employee is creating, the employee should be clear and open about the fact that they are an associate and make it clear that their views do not represent those of PWSD #1, fellow employees, members, customers, suppliers, or people working on behalf of our organization. If an employee does publish a blog or post online related to the work they do or subjects associated with PWSD #1, the employee must make it clear that they are not speaking on behalf of our organization. It is best to include a disclaimer such as “The postings on this site are my own and do not necessarily reflect the views of PWSD #1.”

USING SOCIAL MEDIA AT WORK

Employees shall refrain from using social media while at work time or on equipment we provide, unless it is work-related as authorized by their manager or consistent with the Use of Company Equipment policy. Employees must not use their PWSD #1 email addresses to register on social networks, blogs or other online tools utilized for personal use.

RETALIATION IS PROHIBITED

PWSD #1 prohibits taking negative action against any employee reporting a possible deviation from this policy or for cooperating in an investigation. Any employee who retaliates against another employee for reporting a possible deviation from this policy or for cooperating in an investigation will be subject to disciplinary action, up to and including termination.

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RECEIPT OF EMPLOYEE HANDBOOK

The Employee Handbook is a compilation of personnel policies, practices, and procedures currently in effect at Public Water Supply District #1 of Stone County (PWSD #1), an equal opportunity employer.

This handbook is designed to introduce employees to the organization, familiarize you with District policies as they pertain to you as an employee, provide general guidelines on work rules, disciplinary procedures, and other issues related to your employment, and to help answer many of the questions that may arise in connection with your employment.

This handbook and any other provisions contained herein do not constitute a guarantee of employment or an employment contract, express or implied. You understand that your employment is “at-will” and that your employment may be terminated for any reason, with or without cause, and with or without notice. Only the Board President or other authorized representative(s) of PWSD #1 has the authority to enter into a signed written agreement guaranteeing employment for a specific term. This handbook is intended solely to describe the present policies and working conditions at PWSD #1. This handbook does not purport to include every conceivable situation; it is merely meant as a guideline and, unless laws prescribe otherwise, common sense shall prevail. Of course, federal, state, and local laws will take precedence over PWSD #1 policies when applicable.

Personnel policies are applied at the discretion of PWSD #1. The district reserves the right to change, withdraw, apply or amend any of our policies or benefits, including those covered in this handbook, at any time. PWSD #1 may notify you of such changes via email, posting on the district’s bulletin board or website, or via a printed memo, notice, amendment to or reprinting of this handbook, but may, in its discretion, make such changes at any time, with or without notice and without a written revision of this handbook.

By signing below, you acknowledge that you have received a copy of PWSD #1’s Employee handbook and understand that it is your responsibility to read and comply with the policies contained within it and any revisions made to it. Furthermore, you acknowledge that you are employed “at-will” and that this handbook is neither a contract of employment nor a legal document.

Signature

Date

Please print your full name

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Please sign and date one copy of this notice and return it to Human Resources. Retain a second copy for your reference.

CODE OF CONDUCT AND CONFLICT OF INTEREST POLICY

All employees have a responsibility to understand and follow the Code of Conduct. In addition, all employees are expected to perform their work with honesty and integrity in any area not specifically addressed by the Code of Conduct. A violation of this Code of Conduct may result in appropriate corrective action including the possible termination of employment with the district, without additional warning.

PWSD #1 strongly encourages dialogue among employees and their supervisors to make everyone aware of situations which give rise to ethical questions and to articulate acceptable ways of handling those situations. In addition, each supervisory employee has an obligation to apply and enforce this Code of Conduct in his or her dealings with subordinates.

The Code of Conduct reflects general principles to guide employees in making ethical decisions and cannot and is not intended to address every specific situation. As such, nothing in this Code of Conduct prohibits or restricts the district from taking any corrective action on any matters pertaining to employee conduct, whether they are expressly discussed in this document. The Code of Conduct is not intended to create any expressed or implied contract with any employee or third party. Nothing in this document creates any employment contract between PWSD#1 and any of its employees.

PWSD #1 has the exclusive responsibility for the final interpretation of the Code of Conduct. The Code of Conduct may be revised, changed or amended at any time by the Board of Directors.

GENERAL STATEMENT OF BUSINESS PHILOSOPHY

The commitments to excellence and quality in all we do are fundamental to the philosophy of PWSD #1. This commitment to excellence requires employees to share a common set of objectives and employees benefit from the achievement of those objectives.

One essential objective is our conviction to uphold high ethical standards in all our District activities. These standards apply to all PWSD #1 activities. The purpose of this Code of Conduct is to strengthen our ethical climate and to provide basic guidelines for situations in which ethical issues arise.

It is the policy of PWSD #1 to comply with all applicable laws, including, employment, discrimination, health, safety, and environmental laws. No board director or manager has authority to violate any law or to direct another employee or any other person to violate any law on behalf of the district.

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Each employee and board director of PWSD #1 is, and will be held, responsible for the observance of this Code of Conduct. If any employee has questions about any section of this Code of Conduct, they should direct all questions to his or her immediate supervisor, the General Manager, or the President of the Board of Directors. If employees become aware that another employee has violated this Code of Conduct, they are obliged to report it in accordance with the procedures set forth below. No one has the authority to retaliate against an employee who reports a possible violation. Failure to comply with any of the provisions of this Code of Conduct subjects the employee to corrective measures up to and including termination.

POLICIES AND PRACTICES

Conflicts of Interest

A conflict of interest may arise in any situation in which an employee's loyalties are divided between business interests that, to some degree, are incompatible with the interests of the district. All such conflicts should be avoided. PWSD#1 demands absolute integrity from all its employees and will not tolerate any conduct which falls short of that standard. The district expects no employee will knowingly place himself or herself in a position that would have the appearance of being, or could be construed to be, in conflict with the interests of the PWSD#1. Some of the more sensitive areas of conflicts of interest and the district's related guidelines are as follows:

Accepting Gifts and Entertainment

Our aim is to deter givers of gifts from seeking or receiving special favors from employees. Accepting any gift of more than nominal value or entertainment that is more than a routine social amenity can appear to be an attempt to influence the recipient into favoring a particular customer, vendor, consultant or the like. To avoid the appearance of improper relations with current or prospective customers, vendors, and consultants, employees should observe the following guidelines when deciding whether or not to accept gifts or entertainment:

Gifts

Gifts such as merchandise or products, as well as personal services or favors, may not be accepted if of more than nominal value. Employees are urged to consult with their supervisor or the General Manager if they are offered any gifts of more than nominal value. Gifts of any amount may never be solicited. A business gift or "commission" of cash or securities from a third party may never be accepted. Unless employees are instructed otherwise by their supervisor, they should consider any gift with a fair market value greater than an annual limit of \$25 to be of more than nominal value.

In some special business transactions, it may be appropriate for a gift of more than nominal value to be received and under the circumstances returning the gifts or paying for them may be an affront to the giver. In such a situation, the gift must be reported to the employee's supervisor. In all instances where gifts cannot be returned and offering to pay for them would adversely affect continuing business relationships, supervisors must

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be notified. In some cases, the gift may be retained by PWSD #1, at its sole discretion, and not the individual.

Entertainment

Normal business entertainment such as lunch, dinner, theater, golf, a sporting event, and the like, is appropriate if of a reasonable nature and during a meeting or another occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations. Entertainment such as a gentleman's club, escort service or gambling would not be deemed "of a reasonable nature". Any entertainment of more than nominal value should be reported (in advance, if practical) by the employee to his or her supervisor.

Outside Activities

It is the policy of PWSD #1 that no employee is to have a "free-lance" or "moonlighting" activity which will materially encroach on the time or attention which should be devoted to the employee's duties; adversely affect the quality of work performed; compete with the District's activities; imply sponsorship or support by PWSD#1 of the outside employment or organization; or adversely affect the good name of the District. All freelance or moonlighting activities which raise any of these issues require the prior written approval of the employee's supervisor. Employees who free-lance or moonlight may not use PWSD #1 time, facilities, resources, or supplies for such work.

Interests in Other Businesses

Unless approved in advance by an employee's supervisor, neither an employee, an employee's spouse, domestic partner, nor any other member of the employee's immediate family may directly or indirectly have a financial interest (whether as an investor, lender, employee, or other service provider) in a customer or supplier if that employee or his or her subordinates deal directly or indirectly with that customer or supplier in the course of his or her job with the District. A financial interest in a mutual fund or in 1% or less of the outstanding stock or other securities of a public company shall not be deemed to be a violation of this provision.

Use of District Property and Information

All employees are responsible for the proper use of PWSD #1's physical resources and property, as well as its proprietary and other confidential information.

District Property and Facilities

PWSD #1 property, facilities, or physical resources may not be used for solicitation or distribution activities which are not related to an employee's services to the district. Under no circumstances may an employee disturb the work of others to solicit or distribute literature to them during their working time. People not employed by PWSD #1 may not solicit PWSD #1 employees for any purposes on District premises.

Any employee found to be engaging in, or attempting, theft of any property of PWSD #1, including documents, equipment, intellectual property, personal property of other employees, cash or any other items of value or misuse of District credit cards, will be liable to immediate

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summary dismissal and possible criminal proceedings against them. All employees have a responsibility to report any theft or attempted theft to the General Manager.

District Proprietary and Other Confidential Information

All files, records, and reports acquired or created in the course of employment are the property of PWSD #1. Originals or copies of such documents may be removed from the District's offices for the sole purpose of performing the employee's duties to PWSD#1 and must be returned at any time, upon request. Employees must also abide by the provisions of their individual Proprietary Rights and Confidentiality Agreements with the District.

Trademarks, Service Marks and Copyrights

No employee may negotiate or enter into any agreement respecting the District's trademarks, service marks, or logos without first consulting the General Manager. Similarly, using the trademark or service mark of another company, even one with whom PWSD #1 has a business relationship, always requires appropriate authorization from the other company or clearance from the General Manager.

Employees must avoid the unauthorized use of copyrighted materials of others and should confer with the Office Manager if they have any questions regarding the permissibility of photocopying, excerpting, copying or otherwise using copyrighted materials. In addition, simply because material is available for copying, such as matters downloaded from the Internet, does not mean it is automatically permissible to copy or re-circulate (by, for example, email or posting to an intranet facility). All copies of work that is authorized to be made available for ultimate distribution to the public, including all machine-readable works such as computer software, must bear the prescribed form of copyright notice.

PWSD #1 is legally entitled to all rights in ideas, inventions and works of authorship relating to its business which are made by employees during the scope of their employment with PWSD#1 or using the resources of PWSD #1 ("Employee Developments"). As a condition of employment, each employee is required to promptly disclose all Employee Developments to his or her supervisor, and, upon request, to execute the necessary documentation to transfer all Employee Developments to the District.

District Political Involvement

Employees are free to exercise the right to make political contributions while not on district time within legal limits, unless such a contribution is otherwise prohibited by other policies of PWSD #1. The District will not reimburse any employee for political contributions, and employees should not attempt to receive or facilitate such reimbursements.

Any questions about compliance should be directed to the Office Manager. In addition, any political activity or contribution by an employee which might appear to constitute an endorsement or contribution by PWSD #1 must be approved in advance by the Office Manager or President of the Board of Directors.

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Relationships with Public Officials

Some employees have regular contact with federal and state government and regulatory agencies. All employees engaged in regular contact with a governmental body or agency must know and abide by the specific rules and regulations covering relations with public agencies. Such employees must also conduct themselves in a manner which avoids any dealings that might be perceived as attempts to influence public officials in the performance of their official duties.

Bribery, Kickback and Fraud

No funds or assets of PWSD #1 shall be paid, loaned, or otherwise disbursed as bribes, "kickbacks", or other payments designed to influence or compromise the conduct of the recipient; and no employee shall accept any funds or other assets (including those provided as preferential treatment to the employee for fulfilling their responsibilities), for assisting in obtaining business, or for securing special concessions from the District.

Employees should conduct their business affairs in such a manner that the District's reputation will not be impugned if the details of their dealings become a matter of public discussion.

Employees must not engage in any activity which degrades the reputation or the integrity of the District.

To illustrate the strict ethical standard PWSD #1 expects every employee to maintain, the following conduct is expressly prohibited:

- Payment or receipt of money, gifts, loans, or other favors which may tend to influence business decisions or compromise independent judgment.
- Payment or receipt of rebates or "kickbacks" for obtaining business for or from the Company.
- Payment of bribes to government officials to obtain favorable rulings; and
- Any other activity that would similarly degrade the reputation or the integrity of PWSD #1.

Any employee found to be receiving, accepting or condoning a bribe, kickback, or other unlawful payment, or attempting to initiate such activities will be liable to termination and possible criminal proceedings against them. Any employee found to be attempting fraud or engaging in fraud will be liable to termination and possible criminal proceedings against them. All employees have a responsibility to report any actual or attempted bribery, kickback, or fraud to PWSD #1.

Books and Records

All employees with supervisory duties should establish and implement appropriate internal accounting controls over all areas of responsibility to ensure the accuracy of the District's financial records and reports. PWSD #1 has adopted controls in accordance with internal needs

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and the requirements of applicable laws and regulations. These established accounting practices and procedures must be followed to ensure a complete and accurate recording of all transactions. All staff, within their areas of responsibility, are expected to adhere to these procedures, as directed by the General Manager.

Any accounting adjustments that materially depart from GAAP (Generally Accepted Accounting Principles) must be approved by the audit committee and reported to the District's independent auditors. In addition, all material off-balance-sheet transactions, arrangements and obligations, contingent or otherwise, and other relationships of PWSD #1 with unconsolidated entities or other persons who may have material current or future effects on the financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses must be disclosed to the audit committee and the District's independent auditors.

No employee or non-employee director may interfere with or seek to improperly influence, directly or indirectly, the auditing of PWSD #1's financial records. Violation of these provisions shall result in corrective action, up to and including termination, and may also subject the violator to substantial civil and criminal liability.

If an employee becomes aware of any improper transaction or accounting practice concerning the resources of the District, he or she should report the matter immediately to his or her supervisor or the President of the Board. Employees may also file a confidential, anonymous complaint with the President of the Board of Directors if they have information regarding questionable accounting or auditing matters. There will be no retaliation against employees who disclose questionable accounting or auditing matters in good faith.

EMPLOYMENT POLICIES

Detailed policies and procedures, as well as additional standards of conduct, applicable to all employees are set forth in PWSD #1's employee handbook. Every employee must abide by the standards set forth therein.

The District is committed to fostering a work environment in which all individuals are treated with respect and dignity. Everyone should be permitted to work in a business-like atmosphere which promotes equal employment opportunities and prohibits discriminatory practices, including harassment. Therefore, we expect all relationships among people in the workplace will be business-like and free of unlawful bias, prejudice, and harassment. It is the District's policy to ensure equal employment opportunity without discrimination or harassment on the basis of race, color, national origin, religion, sex, age, disability, or any other status protected by law. Our Anti-Discrimination/Anti-Harassment Policy is contained in this employee handbook.

It is the District's policy to comply with all applicable wage and hour laws and other statutes regulating the employer-employee relationship and the workplace environment.

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No PWSD #1 employee may interfere with or retaliate against another employee who seeks to invoke his or her rights under the laws governing labor and employee relations. If any employee has any questions about the laws or District policies governing labor and employee relations matters, they should consult the PWSD #1 employee handbook or contact the General Manager.

We are committed to providing a safe workplace for all employees. In addition, several laws and regulations impose responsibility on PWSD #1 to safeguard against safety and health hazards. For that reason, and to protect themselves and others, employees and other people who are present at District facilities are required to follow carefully all safety instructions and procedures which PWSD #1 adopts. Questions about possible health and safety hazards at any PWSD #1 facility should be directed immediately to the employee's supervisor.

REPORTING SUSPECTED NON-COMPLIANCE

As part of its commitment to ethical and legal conduct, PWSD #1 expects its employees to bring to the attention of the Office Manager, or President of the Board of Directors, information about suspected violations of this Code of Conduct or of law by any District employee.

Employees who have information about suspected improper accounting, accounting controls or auditing matters should bring it to the attention of the Office Manager. In the event the Office Manager is unavailable, or it would not be appropriate to contact the Office Manager regarding the issue, an alternative contact is the President of the Board of Directors. Employees are required to come forward with any such information, without regard to the identity or position of the suspected offender. The District will treat the information in a confidential manner (consistent with appropriate evaluation and investigation) and will seek to ensure no acts of retribution or retaliation will be taken against anyone for making a report.

Because failure to report criminal activity can itself be understood to condone the crime, we emphasize the importance of reporting. Failure to report knowledge of wrongdoing may result in corrective action against those who fail to report.

Complaint Procedure

Notification of Complaint

Information about known or suspected violations by any employee should be reported promptly. Whenever practical an employee should do so in writing.

Investigation

Reports of violations will be investigated under the General Manager's supervision, as they find it appropriate. Employees are expected to cooperate in the investigation of reported violations.

Confidentiality

The General Manager will not, to the extent practical and appropriate under the circumstances to protect the privacy of the people involved, disclose the identity of anyone who reports a suspected violation or who participates in the investigation. Employees should be aware of the

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Office Manager, and those assisting are obligated to act in the best interests of the District, and do not act as personal representatives or lawyers for employees.

PROPRIETARY RIGHTS AND CONFIDENTIALITY AGREEMENT

Every employee is required to read and sign this Proprietary Rights & Confidentiality Agreement prior to starting work with PWSD #1.

PRIVACY OF CUSTOMER INFORMATION

PWSD #1 has established the following policy which prohibits the use or distribution of information of any nature regarding any of PWSD #1's customers to any third party.

Employees are required to maintain all information communicated to them by our customers in the strictest confidence, and such information is to be used only for the purposes intended by the customer, and no such information shall be disclosed to any third party by any employee, without prior written consent of the customer who owns said information.

Employees are required to take all precautions to prevent the disclosure to outside parties of such information, except as may be necessary by reason of legal, accounting or regulatory requirements beyond the reasonable control of the District. Any requests from an outside party for customer information should be routed to the President of the Board. Failure to abide by the terms of this confidentiality policy requirement may result in corrective action up to and including the termination of a violator's employment with PWSD #1.

PRIVACY OF DISTRICT INFORMATION

Serious problems could result from unauthorized disclosure of internal information about the District. "Employees are encouraged to only discuss internal organizational matters or developments with other employees, supervisors, general manager and Board President."

It is very important that all such communications be made only through an appropriately designated officer under carefully controlled circumstances. Unless an employee is expressly authorized, if an employee receives any inquiries of this nature, the employee should decline comment and refer the inquiry to the General Manager.

This prohibition also applies to comments or responses employees may make on electronic communications systems.

Consequence of Violation

PWSD #1 considers strict compliance with this policy to be a matter of utmost importance. Violation of this policy could cause embarrassment and legal liability to the employee and PWSD #1. Violations of the letter or spirit of this policy will be grounds for corrective action, up to and including termination of employment.

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I have read and understood the information printed above and I agree to abide by these Code of Conduct and Conflict of Interest and Proprietary Rights and Confidentiality Agreements.

Employee Signature

Name (Please Print)

Date