

LDWA PERSONNEL POLICIES AND PROCEDURES

SECTION VIII: PROGRESSIVE DISCIPLINARY ACTION

PURPOSE

1. To establish rules pertaining to employee conduct, performance, and responsibilities so that all personnel can conduct themselves according to certain rules of good behavior and conduct.
2. The purpose of these rules is not to restrict the rights of anyone, but rather to help people work together harmoniously according to the standards we have established for efficient and courteous service for our shareholders and customers.
3. Reasonable rules concerning personal conduct of employees are necessary if LDWA is to function safely and effectively. You will be kept informed of LDWA rules and changes to those rules during special sessions with all Board of Directors in attendance.
4. LDWA believes that you want to, and will, do a good job if you know what is required to perform your job properly. The Board of Directors is responsible for ensuring that you know what is expected of you in your job. Further, it is LDWA company policy that employees be given opportunity to improve in their job performance.
5. In determining the type and severity of the disciplinary action, a quorum of the LDWA Board may consider aggravating and mitigating circumstances which include, but are not limited to, the repeated nature of misconduct; prior disciplinary action imposed; the severity of the misconduct; the employee's work record; the effect on LDWA operations; and/or the potential of the misconduct to harm person(s) or property.
6. All LDWA employees are employed At-Will.

POLICY

Degrees of discipline are generally progressive and are used to ensure that the employee has the opportunity to correct his or her performance. There is a set standard that one oral warning must be given prior to a written warning, and two written warnings must precede termination. Factors to be considered are:

- how many different offenses are involved
- The seriousness of each offense
- The time interval and employee response to prior disciplinary action(s)
- Previous work history of the employee

EXCEPTIONS

Termination may be the first and only discipline for serious offenses, including insubordination; theft, including theft of time and misuse of company property; fighting; threats of violence; the sale or possession of illegal drugs or abuse of alcohol on company property; compromising the safety, health and/or welfare of LDWA consumers; etc.

Any step or steps may be skipped at the discretion of a quorum of the LDWA Board of Directors after investigation and analysis of the total situation, past practice, and circumstances.

In general, two oral warnings should, at the next infraction, be followed by a written warning, followed at the next infraction by discharge. This is especially true on those cases where the time interval between offenses is short and employee demonstrates a poor desire to improve his or her performance.

CAUSES FOR DISCIPLINARY ACTION

Causes for disciplinary action, up to and including termination, may include, but are not limited to, the following:

- Violation of the laws of the State of Utah or the United States, other than minor traffic offenses;
- Violation of the code of personal conduct;
- Insubordination;
- Conduct which endangers the peace and safety of others or poses a threat to the public interest;
- Misconduct;
- Malfeasance;
- Misfeasance;
- Nonfeasance;
- Incompetence;
- Negligence;
- Failure to maintain skills;
- Inadequate performance of duties;
- Unauthorized absence or tardiness;
- Falsification or unauthorized alteration of records and work;
- Violation of LDWA By-Laws, Articles, Amendments, Policies and Procedures;
- Falsification of employment application;
- Discrimination in hiring, assignment, or promotion;
- Sexual harassment;
- Use of alcohol or drugs, other than medication prescribed by a physician, that affect job performance;
- Knowingly marking the time sheet of another employee, authorizing one's time slip to be marked by another employee, unauthorized alteration of a time sheet;

- Unauthorized possession of firearms, weapons, or explosives on LDWA owned property, with the obvious exception of law enforcement officers;
- Carelessness which affects the safety of personnel;
- Threatening, intimidating, coercing, or interfering with fellow employees on the job, or the public at large;
- Theft or removal of any LDWA property or the property of any employee from the work area premises without proper authorization;
- Gambling or engaging in a lottery at any LDWA work area;
- Misusing, destroying, or damaging LDWA property or property of any employee;
- Deliberately restricting work output of themselves or others;
- Drinking any alcoholic beverage during the workday, or being under the influence of illicit drugs or alcohol during the workday;
- Fighting (verbal or physical) on LDWA premises, while on LDWA business, or while operating LDWA equipment or vehicle(s);
- Any act which might endanger the safety or lives of others.

PENALTIES FOR SPECIFIC OFFENSES

Penalties for Group 1 Offense:

- First Offense: Oral or written reprimand
- Second Offense: Suspension or termination

Group 1 Offenses include:

- Being tardy habitually without reasonable cause;
- Being absent without notification or excuse;
- Leaving your job or your regular working place during working hours for any reason without authorization from the Board of Directors by communication through the office, except for lunch rest periods and going to the restrooms;
- Disorderly conduct on company property;
- Leaving work before end of shift or not being ready to go to work at the start of shift;
- Interfering with the work of other employees;
- inefficiency or lack of application of effort on the job;
- Violations of company policies outlined in sections of this policy manual;
- Imperiling the safety of other employees;
- Malicious gossip and/or spreading of rumors.

Penalties for Group 2 Offense:

- First offense: Suspension or termination.

Group 2 Offenses include:

- Gambling on company property
- Possession of narcotics, or consuming narcotics on company property
- Reporting for work in an intoxicated condition
- Responsibility for instigating a fight on company property
- Dishonesty

- Removal of another employee's property or company property without permission
- Willful destruction of company property
- Insubordination - Refusal to perform service connected with an employee's immediate supervisor or refusal to obey any reasonable order given by a quorum of the Board of Directors.
- Misrepresentation of physical condition or other important facts in seeking employment
- Refusal to perform work assignment
- Absence for two consecutive days without notification to the LDWA Board by notifying the office, or without acceptable excuse
- Petty thievery, including stealing time by misrepresentation of hours worked

PROBATION

You may be placed on probation in connection with the written warning for a period of time determined by the LDWA board of Directors. Wages, vacations, and any compensation will not be given during this period.

INVESTIGATIVE SUSPENSION

An investigative suspension is a period, not exceed 10 working days, during which time an employee is relieved of his or her job because of alleged serious misconduct. An employee may be placed on investigative suspension without compensation when it is necessary to make a full investigation to determine the facts of the case, as in insubordination, theft, accident, etc, as described within the Penalties for Specific Offenses.

DISCIPLINARY SUSPENSION

A disciplinary suspension is a period of not more than 10 working days and may be given in addition to the investigatory suspension or as punishment for the violation. The employee is relived of his or her job assignment because of serious or repeated instances of misconduct and shall forfeit pay lost a as result of the suspension in situations where there is no specific instance of conduct that is so outrageous that justifies termination, but there is a pattern of conduct where the employee has continually engaged in one minor infraction of the rules after another, and has received a documented verbal and/or written warning for rule(s) infraction(s). Disciplinary suspension would generally not be used as a form of discipline for employees with attendance problems.

CRISIS SUSPENSION

A crisis suspension is given at the discretion of the Board of Directors when action must be taken immediately.

DISCHARGE

When the employee is discharged as a result of a serious offense, or as the final step in an accumulation of infractions for which a warning or notices have been written, the employee will be discharged for cause, and not be given the option to resign, be laid off, or retire.

All LDWA employees are At-Will employees, and may be terminated at any time by the majority vote of the LDWA Board. An employee has no appeal rights for termination.

MISCONDUCT

LDWA has a progressive discipline policy. The goal of LDWA's progressive discipline system is to give the employee an opportunity to correct employment problems that may arise, rather than to punish employees.

Employees will be kept informed of LDWA's rules and the employee is expected to follow them.

IMMEDIATE DISCIPLINARY ACTION

LDWA believes that engaging in certain types of misconduct should subject an employee to immediate suspension or discharge, rather than allowing opportunity for correction of behavior through progressive discipline steps.

DISCIPLINARY STEPS - to be taken by, at a minimum, a quorum of the LDWA Board of Directors in private session with employee.

Should there be a problem regarding the employee's adherence to LDWA rules, the employee will be given three opportunities to change the unwanted behavior:

1. The employee will be given a verbal explanation of the errant behavior, including a reiteration of what LDWA's rule regarding that behavior is. In addition, the employee will be advised of the consequences of further infractions of the rule in question. The employee shall have the opportunity to review the disciplinary action with, at a minimum, a quorum of the LDWA Board. The employee shall have the opportunity to respond to the allegations. If no further problems occur with regard to the issue raised at the verbal warning stage, no further disciplinary action will be taken.
2. If the problem persists, the employee will be given a written explanation of the errant behavior, including a reiteration of what LDWA's rule regarding that behavior is. The employee will be requested to sign the document acknowledging his/her understanding of the discussion and what is expected of him/her. In addition, the employee will be advised that continuation of the problem will lead to suspension without pay or compensation for a stated period of time. As before, the employee will be given the opportunity to change the unwanted behavior and, if the behavior does not recur, no further disciplinary action will be taken.

3. If verbal and written warnings fail to bring about a change in the undesired conduct, the employee will be suspended and will be informed that further occurrences of the conduct will lead to the employee's immediate discharge, without additional warnings.

DOCUMENTATION

LDWA will document a disciplinary process beginning with the first verbal warning. A report of the disciplinary action will be retained in the employee's personnel file, however, if no further disciplinary action is required after 5 years, the report will remain as part of the employee's personnel file but will no longer be considered a part of the employee's work record.

Should a challenge arise regarding the disciplinary action in the report, the report may be used ensuing grievance proceeding or arbitration.

Approved