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Section: Governance	Category: Authorities and Purpose Policies
Policy Reference: G.1a	Policy Title: Bylaws

ARTICLE I – AUTHORITY

Section 1. The Village of Elk River Water, Light, Power and Building Commission was created on July 11, 1947, by resolution adopted by the Village of Elk River Trustees.

Section 2. Pursuant to Minnesota Statutes, Section 412.331, adopted in 1949, any water, light, power and building commission then in existence was required to thereafter operate as a public utilities commission under Minnesota Statutes, Sections 412.321 to 412.391. The Village of Elk River Water, Light, Power and Building Commission became Elk River Municipal Utilities.

Section 3. Elk River Municipal Utilities is a public utilities commission operating pursuant to and subject to Minnesota Statutes, Sections 412.321 to 412.391 and Elk River City Code Sections 2-271 to 2-276.

ARTICLE II – JURISDICTION

Section 1. Elk River Municipal Utilities has jurisdiction over:

- A. The City of Elk River Municipal electric utility; and
- B. The City of Elk River water utility.

ARTICLE III – COMMISSION MEMBERSHIP

Section 1. Pursuant to Laws of Minnesota 2016, Chapter 97 – House File No. 2718, and Elk River City Code Section 2-271, the Elk River Municipal Utilities Commission shall consist of five members. No more than two members may also serve as City Council members.

Section 2. Commissioners shall be appointed by the City Council to staggered terms.

Section 3. Each Commissioner shall serve for a term of three years and until a successor is appointed and qualified.

Section 4. Commissioners shall comply with the City’s conflict of interest ordinance, Elk River City Code Sections 2-131 to 2-135.

Section 5. No member of the Commission shall receive a salary except as fixed by the City Council.

ARTICLE IV – OFFICERS

Section 1. The Commission shall annually choose a president from among its members. The president shall be designated the Chair of the Commission and shall perform such duties as shall be delegated to the Chair in the Commission’s adopted policies

Section 2. The Commission may also annually appoint a Vice-Chair of the Commission who shall perform such duties as shall be delegated to the Vice-Chair in the Commission’s adopted policies. The Vice-Chair shall preside at meetings of the Commission if the Chair is absent.

Section 3. The Commission shall also appoint a Secretary for an indefinite term. The Secretary need not be a member of the Commission and shall perform such duties as shall be delegated to the Secretary in the Commission’s adopted policies.

Section 4. The Commission shall have the power to revoke a Commission member’s appointment as Chair or Vice-Chair, and appoint a replacement Chair or Vice Chair, if the Commission determines, by a vote of a majority of its members, to do so. The Commission shall also have the power to replace the Secretary at any time by a vote of the majority of its members.

ARTICLE V – MEETINGS

Section 1. The Commission shall hold at least one regular meeting each month, on the day and at the time designated by the Commission from time to time. Regular meetings shall be noticed as required by Minnesota Statutes.

Section 2. The Commission may hold special meetings from time to time at the request of the Chair or the request of two other Commissioners. Special meetings shall be noticed as required by Minnesota Statutes.

Section 3. A majority of the Commissioners shall constitute a quorum for the transaction of business, and the votes of a majority of the Commissioners present shall be sufficient to adopt any motion or resolution. The votes of members on any action shall be taken by ayes and nays recorded in the minutes.

Section 4. Commission meetings are open to the public unless closed as authorized by Minnesota Statutes, and shall be governed by Roberts Rules of Order, latest revised edition, for

all situations to which they apply and in which they are not inconsistent with these Bylaws, the Commission's adopted Policies, and any special rules of order that the Commission may adopt..

ARTICLE VI – POWERS

Section 1. The Commission shall have all of the powers enumerated in Minnesota Statutes, Section 412.361 and, except as provided in the Bylaws and the Commission's adopted Policies, shall exercise those powers on its own behalf.

ARTICLE VII – GENERAL MANAGER

Section 1. The Commission shall have the power to appoint a General Manager, whose responsibilities, duties, limits of authority and accountability to the Commission shall be set forth in these Bylaws and as designated by the Commission from time to time in its adopted Policies.

Section 2. The General Manager shall have the authority to implement the Commission's powers under Minnesota Statutes, Section 412.361, Subds. 1 and 2 to enter into contracts for the operation of the utility and to employ all necessary help for the management and operation of the public utility, by entering into contracts and employing personnel consistent with the Commission's adopted budget and pay plan. However, all contracts requiring public bidding, all contracts falling under Minnesota Statutes, Section 412.361, Subds. 3, 4 and 5, and all contracts required by the Commission's adopted Policies to be approved by the Commission, shall be approved by the Commission.

Section 3. If the position of the General Manager is vacant, the Commission may designate another to perform all or some of the General Manager's duties.

ARTICLE VIII – FINANCES, FUNDS AND REPORTS

Section 1. The Commission shall maintain the funds, conduct the audits and make the reports required by Minnesota Statutes, Sections 412.371 and 412.381.

ARTICLE IX – APPLICATION AND AMENDMENT

Section 1. In the event that any provision of these Bylaws is or may be in conflict with the laws of any governmental body or power having jurisdiction over the Elk River Municipal Utilities Commission, or over the subject matter to which such provision of these Bylaws applies or may apply, such provision of these Bylaws shall be inoperative to the extent only that the operation thereof unavoidably conflicts with such law and shall in all other respects be in full force and effect.

Section 2. These Bylaws may be amended by the Commission at any regular meeting by a majority vote of the entire Commission, provided the proposed amendment is on the agenda and made public no later than three days before the meeting.

Section 3. In addition to these Bylaws, the Commission may adopt, from time to time, Governance Policies (adopted Policies) that are not inconsistent with these Bylaws.

BYLAW HISTORY:

Adopted June 13, 2017

Section: Governance	Category: Authority and Purpose Policies
Policy Reference: G.1b	Policy Title: Organizational Core Purpose

PURPOSE:

The purpose for organizational initiatives and goals is to produce desirable results. In order for any organization to be effective and maintain sustainable success, the organization must define its organizational core purpose. This core purpose then becomes the basis for establishing the criteria from which results and organization success are measured. Just as the economy, industry, and community evolve and change, the organizational core purpose must also evolve and change. The organization must establish and maintain a review process of their organizational core purpose for sustainable success.

With this policy, the Commission commits that it will govern as a body in a manner consistent with its adopted mission statement, vision statement, organizational values, and organizational fundamentals. The Commission will also commit to govern as a body through policy development and initiative prioritization which are in alignment with adopted planning themes. The Commission acknowledges the importance for the development and support of the mission statement, vision statement, organizational values, organizational fundamentals, and planning themes to achieve the following: an environment of transparency; a clear line of sight from tasks through goals; and a work environment for meaningful work providing value to the community. The Commission also commits to engage in an ongoing review process of the organizations core purpose, to maintain organizational effectiveness and sustainable success.

POLICY:

The Commission will adopt and maintain relevant and sustainable organization core purpose documents including a mission statement, a vision statement, organizational values, organizational fundamentals, and planning themes. The Commission will govern ERMU in a manner consistent with these adopted documents outlining the organization’s core purpose. The Commission will review and update these documents as necessary at a minimum of once every five years through engaging with management and staff in a strategic planning process.

POLICY HISTORY:

Adopted May 9, 2017

Reviewed February 14, 2023

Section: Governance	Category: Authority and Purpose Policies
Policy Reference: G.1c	Policy Title: Mission Statement

PURPOSE:

One of the key components in establishing an organizational core purpose is the development and ongoing support of a relevant mission statement. Through the development, adoption, and ongoing support of an organizational mission statement, the Commission establishes a guiding statement to communicate both internally and externally the day to day purpose for the organization’s existence. The mission statement then plays an important role in the development of policies and programs and serves as a guide for effective governance and operations.

POLICY:

The Commission adopts and commits to govern in a manner consistent with the following mission statement:

Provide our customers with safe, reliable, cost effective and quality long term electric and water utility service. To communicate and educate our customers in use of utility services, programs, policies, and future plans. These products and services will be provided in an environmentally and financially responsible manner.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Authority and Purpose Policies
Policy Reference: G.1d	Policy Title: Vision Statement

PURPOSE:

A vision statement is a key component in establishing an organizational core purpose. Through the development, adoption, and ongoing support of an organizational vision statement, the Commission establishes a guiding statement to communicate both internally and externally where the organization aspires to be. The vision statement then plays an important role in inspiring the employees to engage and help support the organization in achieving their goals. The vision statement also plays an important role in providing transparency in policy development and organization initiatives to the customers and the public.

POLICY:

The Commission adopts and commits to govern in a manner consistent with the following vision statement:

Provide exceptional services and value to those we serve.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Authority and Purpose Policies
Policy Reference: G.1e	Policy Title: Organizational Values

PURPOSE:

Governance and leadership style set the tone for organizational culture. With this policy, the Commission acknowledges the importance for establishing expectations for organizational values to guide policy development and organizational behavior.

POLICY:

The Commission adopts, as an expectation of organization operational behavior, and commits to govern in a manner consistent with the following organizational values:

Value 1: Integrity – Honest, accountable and united in all that we do.

Value 2: Quality – Services that reflect excellence, dependability and expertise.

Value 3: Communication – Respectful and engaged interactions that are timely and clear.

Value 4: Safety – A culture that protects our customers, employees and assets.

Value 5: Competitive – Provide the best value for the services we deliver.

POLICY HISTORY:

Adopted May 9, 2017
Revised June 12, 2018

Section: Governance	Category: Authority and Purpose Policies
Policy Reference: G.1f	Policy Title: Organizational Fundamentals

PURPOSE:

The foundation to a building provides the structure stability to support the many components of the building, each of which service for different functions and combine to provide value and meaningful purpose. Similarly, organizational fundamentals serve as foundational concepts on which to build a company. These organizational fundamentals then align with and provide support and guidance for achieving the mission and vision of the organization.

POLICY:

The Commission adopts and commits to govern in a manner consistent with the following organizational fundamentals:

Fundamental 1: Safety, Reliability, and Quality of Utility Services.

Fundamental 2: Customer Service and Employee Development.

Fundamental 3: Competitive Rates, and Financial and Organizational Health.

POLICY HISTORY:

Adopted May 9, 2017
 Revised November 13, 2018

Section: Governance	Category: Authority and Purpose Policies
Policy Reference: G.1g	Policy Title: Planning Themes

PURPOSE:

Providing transparency and a clear connection between the organizational mission and vision to initiative and task, is an important leadership guide to make sure resources are contributed towards meaningful work. Line of sight between mission and task also helps to create a positive work environment where employees can identify the value of their efforts in achieving the organizational goals. Planning themes are used to prioritize initiatives, schedule and budget required resources, and create a clear line of sight between mission and task. With this policy the Commission acknowledges the importance of planning in a manner consistent with the organizational mission and vision such that the organizations resources are being used responsibly for meaningful work.

POLICY:

The Commission adopts and commits to govern in a manner consistent with the following planning themes:

- Theme 1: Communication – Improve the effectiveness of our communications inside the organization, with our customers, and with the community.
- Theme 2: Personnel and Governance – Develop our most valuable and vulnerable assets....our commissioners, employees, leaders, and future leaders.
- Theme 3: Strategic Thinking – Create a culture of strategic thinking and ensure line of sight from mission to vision.
- Theme 4: Technology – Implement the prudent use of technology to improve efficiency and increase customer choice, communication, and value.
- Theme 5: Growth – Assess the growth curve to make decisions regarding organizational change.

Theme 6: Process, Measurement, and Financial Health – Improve processes and measurement to better determine and report efficiency and effectiveness of organization and to ensure financial and organizational health.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Governance Policies
Policy Reference: G.2	Policy Title: Commission Purpose

PURPOSE:

With this policy, the Commission commits that it will govern as a body that understands its obligations to the owners and other stakeholders of the ERMU electric and water utility enterprises.

POLICY:

The Commission’s principal purpose is to ensure that ERMU achieves appropriate results (See *Results Policies*) for its owners, customers, employees, and other stakeholders at an appropriate cost, while avoiding unacceptable actions and situations.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Governance Policies
Policy Reference: G.2a	Policy Title: Commission – City Council Relationship and Roles

PURPOSE:

With this policy, the Commission describes its role in relation to the Elk River City Council and the way in which it desires to interact with the City Council.

POLICY:

The Commission and the City Council share the responsibility for ensuring effective governance of ERMU for the benefit of the City, its citizens, and ERMU’s utility customers. The Commission desires to maintain a working relationship with the City Council that will enable both bodies to coordinate and carry out their separate responsibilities so that ERMU is governed with excellence.

Although governed autonomously by the Commission, ERMU is part of the City of Elk River’s City government. This creates opportunities for bringing greater value to the stakeholders of both the City and ERMU through a hybrid of municipal utilities and city governance. It is the intent of the Commission to align its governance structures and processes with the city in ways that will realize opportunities for greater value.

Consistent with the preceding, the Commission will:

1. Routinely monitor, evaluate, and strive to improve its performance, keeping the City Council informed in a thorough and timely manner about the effectiveness of the Commission’s governance with respect to the following:
 - a. Compliance with legal and fiduciary responsibilities;
 - b. Compliance with Commission-established Governance policies that are periodically reviewed and updated, and that set expectations for ERMU’s strategic and business results, governance, and management.

2. Support ERMU's active participation in the City's Economic Development Authority (EDA), representing the interests of ERMU's stakeholders and working to develop common goals for economic development.
3. Provide an opportunity for the City Council to meet jointly with the Commission at least once every three (3) years. The meeting will be held following completion of the annual independent financial audit. The focus of this joint meeting will be a report by the Commission to the Council of ERMU's financial and operating results for the preceding fiscal year, along with an opportunity for the Council to provide input to the Commission on matters related to planning and budgeting for the next fiscal year. The Commission may request or recommend additional joint meetings for other specific purposes.
4. Develop, update as necessary, and provide to the Mayor and City Council documentation that is intended to ensure the appointment of qualified and committed ERMU Commissioners. Such documentation will include relevant knowledge and experience, core competencies, and character traits that are consistent with the Commission's requirements and commitments to effective governance. The Commission's expectation is that the City Council will use this information to appoint persons who are appropriately qualified and well-informed about the expectations for service as a Commissioner.
5. At least annually at the time of budgeting for the next fiscal year, consider ERMU's financial condition with respect to voluntary payments in lieu of taxes (PILOT) and other donations of services from the ERMU utility enterprises to the City that are likely to have material financial consequences for both entities. The Commission will inform the City Council promptly of any material changes in the PILOT and other donations. Further, the Commission will use a process for determining PILOT and other financial donations to the City that is transparent, consistent with state and national benchmarking comparisons, forecasted and budgeted, and with a mutually understood methodology. In approving or allowing other donations such as labor, street lighting, and water for fire suppression, the Commission will subscribe to the philosophy that it is providing value to the community and not just shifting costs from one entity to the other.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Governance Policies
Policy Reference: G.2a1	Policy Title: Payment in Lieu of Taxes and Other Donations to the City of Elk River

PURPOSE:

The success of ERMU is linked with the success of our community. And the success of our community is linked with the operation of our city government and ERMU. ERMU was purchased by the City of Elk River in 1945 and separate governance was created per State Statute in 1947. Although governed separately, ERMU is still an important component of our local government and our city services.

It is typical for a municipal utility to provide a Payment in Lieu of Taxes (PILOT) and other donations to their city, regardless of a separation of governance. Although typical, this contribution should never inhibit ERMU’s ability to make repayment on debt, cause ERMU to become non-competitive, or inhibit needed investment in personnel or infrastructure which may hurt ERMU’s ability to meet the needs of their customers. For these reasons the PILOT and other donations should be reviewed at least once every five (5) years by the ERMU Commission.

POLICY:

The PILOT and other donations to the City of Elk River shall be as follows:

1. Payment in Lieu of Taxes (PILOT) – The PILOT transfer from Elk River Municipal Utilities to the City of Elk River shall be four percent (4%) of the revenues generated by ERMU’s electric customers, except customers qualifying for the Transmission Transformed Service rate, within the corporate boundaries of the City of Elk River.

For the customers that qualify for the Transmission Transformed Service rate, the PILOT transfer from ERMU to the City of Elk River shall be four percent (4%) of the margin remaining from the evenly split charge per kWh to cover dispatching, billing, and administrative costs incurred by the wholesale power provider and ERMU.

2. Donated Electricity – Elk River Municipal Utilities shall donate all electricity to the City of Elk River for street lights and signal lights.

3. Donated Water – Elk River Municipal Utilities shall donate water for use by the Elk River Fire Department (ERFD) for the purpose of extinguishing fires within the City of Elk River and other cities under contract with the ERFD.

For the purpose of creating ice rinks for public/ non-enterprise use, ERMU shall donate water for use by the Elk River Parks Department.

Elk River Municipal Utilities shall donate water for the use by the Elk River Streets Department for the use of street sweeping.

4. Donated Labor – Because of specialized skills and equipment, ERMU may be able to provide a better value to our community by donating labor to the City of Elk River. For example, ERMU has trained employees and the equipment to hang banners where the City does not. In this example, ERMU is able to provide this donated service to the City for less cost than a third party, creating greater value to our community. For such situations, ERMU shall donate labor to the City of Elk River, as appropriate, where a greater value is created for our community and where ERMU is not subjected to undue burden.

In addition to hanging banners, other examples include: maintenance of street lighting, relamping signal lights, locating underground fiber optics and/or other facilities, administration costs associated with the billing of city franchise fees, installation of temporary lighting, relamping of city ball field lighting, installation and/or maintenance of city warning sirens, meter reading for wastewater, assistance with tree trimming, etc...

POLICY HISTORY:

Adopted December 6, 1994
Revised June 6, 2008
Revised July 2, 2013
Revised October 13, 2015
Revised January 1, 2016
Revised October 8, 2019
Revised May 11, 2021
Reviewed October 10, 2023

**STREETLIGHT INSTALLATION AND MAINTENANCE AGREEMENT
BETWEEN
ELK RIVER MUNICIPAL UTILITIES
AND
THE CITY OF ELK RIVER, MINNESOTA**

This AGREEMENT, hereinafter referred to as "Agreement," is hereby made and entered effective the 16th day of May, 2022, by and between the City of Elk River, Minnesota, hereinafter referred to as the "City" and Elk River Municipal Utilities, hereinafter referred to as "ERMU", and replaces the prior Memorandum of Understanding between the parties dated January 1, 2012.

1.0 Purpose

The purpose of this Agreement is to clarify the following with regard to streetlights, semaphores, and utility poles within the City of Elk River, Minnesota:

- The ownership of streetlights and certain trail lights within the City.
- Maintenance of semaphores within the City.
- The installation of new and replacement streetlights in existing developments.
- The material and labor costs associated with the installation and removal of City-approved brackets on streetlights and utility poles.

2.0 Installation of New and Replacement Streetlights

ERMU shall provide as a contribution to the residents of Elk River all the material costs and labor associated with the installation of new or replacement streetlights in street improvement and rehabilitation projects located within the City. The City shall notify ERMU of street improvement or rehabilitation projects under consideration on a timely basis to provide adequate time for design and budgeting and will specify the number and location of streetlights to be installed.

Streetlights in new developments shall be installed by ERMU, pursuant to ERMU's standards.

ERMU shall take possession of streetlight fixtures and associated public improvements that meet City/ERMU standard when public improvements are accepted by the City.

3.0 Maintenance of Streetlights and Trail Lights

As owner of City streetlights, ERMU shall provide all material costs and labor associated with maintenance of all streetlights located within the City. The maintenance of streetlights will include lamping, ballasts, painting, and the locating of associated underground facilities.

ERMU shall also maintain the City owned trail lights along Trunk Highway 10 from Orono Park to Downtown Elk River as a contribution to the City, and thereby the residents of Elk River (see map Appendix I.) The city shall pay the material cost to replace said trail lights.

4.0 Maintenance of Semaphores

ERMU shall provide as a contribution to the residents of Elk River, limited maintenance of semaphores when such public improvements are turned over to the City for public ownership. The limited maintenance of these semaphores will include lamping and the locating of associated underground facilities.

5.0 Attachments of Brackets to Streetlights

Upon request by City, and when deemed possible by ERMU, ERMU shall attach brackets to certain downtown streetlights within the City (see map Appendix II.) ERMU will maintain and replace the brackets as necessary and will bill the City for labor and materials.

In order to avoid unnecessary wear and tear/maintenance issues, the brackets may be used only for the following:

- Hanging banners year round
- Hanging planters in summer and wreath decorations during the holiday season.

The banners, plants, and wreath decorations shall be provided by the City.

ERMU will install replacement banners provided by the City when necessary for repair or replacement.

The City shall install, maintain, and remove the hanging planters seasonally.

ERMU will install and remove the wreaths annually, providing the labor as a contribution to the City.

6.0 Attachment of Flags to Specified Utility Poles

Flags will be installed on specific bracketed utility poles from Memorial Day to Labor Day in the *Mississippi Connections* designated downtown (see map Appendix III.) Flags will be provided by the City and installed and removed by ERMU.

7.0 Termination of Agreement

This Agreement may be cancelled or terminated without cause by either party by giving (30) calendar days advance written notice to the other party. Such notification shall state the effective date of termination or cancellation. Any and all amendments must be made in writing and must be agreed to by the parties before becoming effective.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed by their duly authorized representatives:

ELK RIVER MUNICIPAL UTILITIES

By  _____
John Dietz, Chair

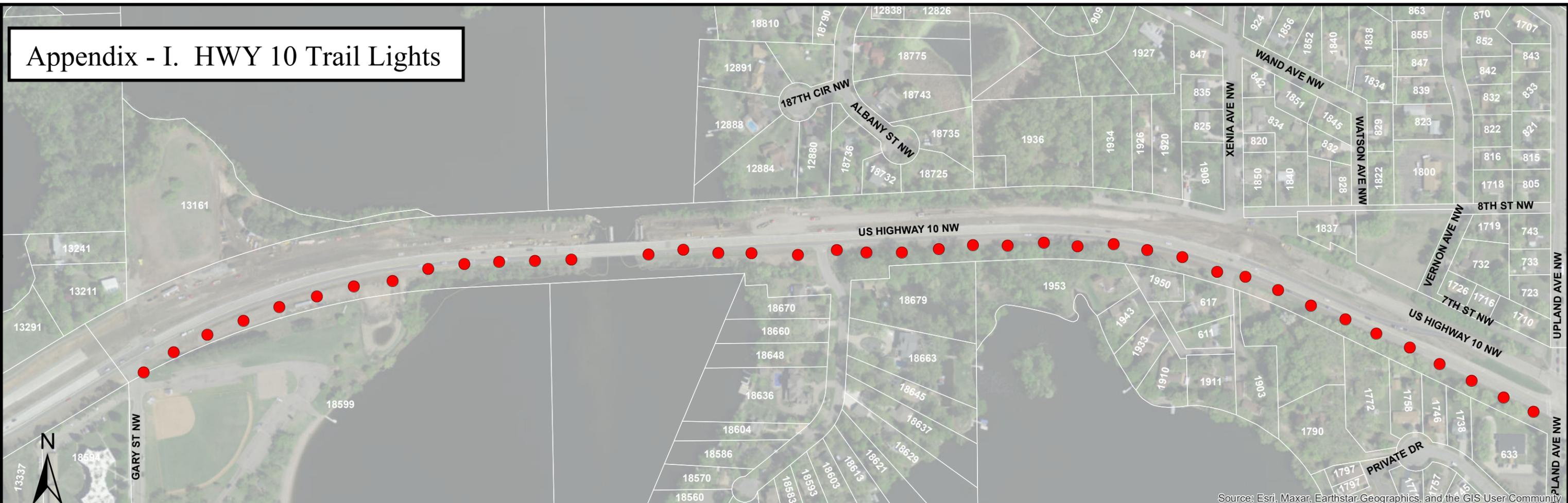
By  _____
Theresa Slominski, General Manager

THE CITY OF ELK RIVER, MINNESOTA

By  _____
John Dietz, Mayor

By  _____
Tina Allard, City Clerk

Appendix - I. HWY 10 Trail Lights



Source: Esri, Maxar, Earthstar Geographics, and the GIS User Community



Source: Esri, Maxar, Earthstar Geographics, and the GIS User Community

Legend

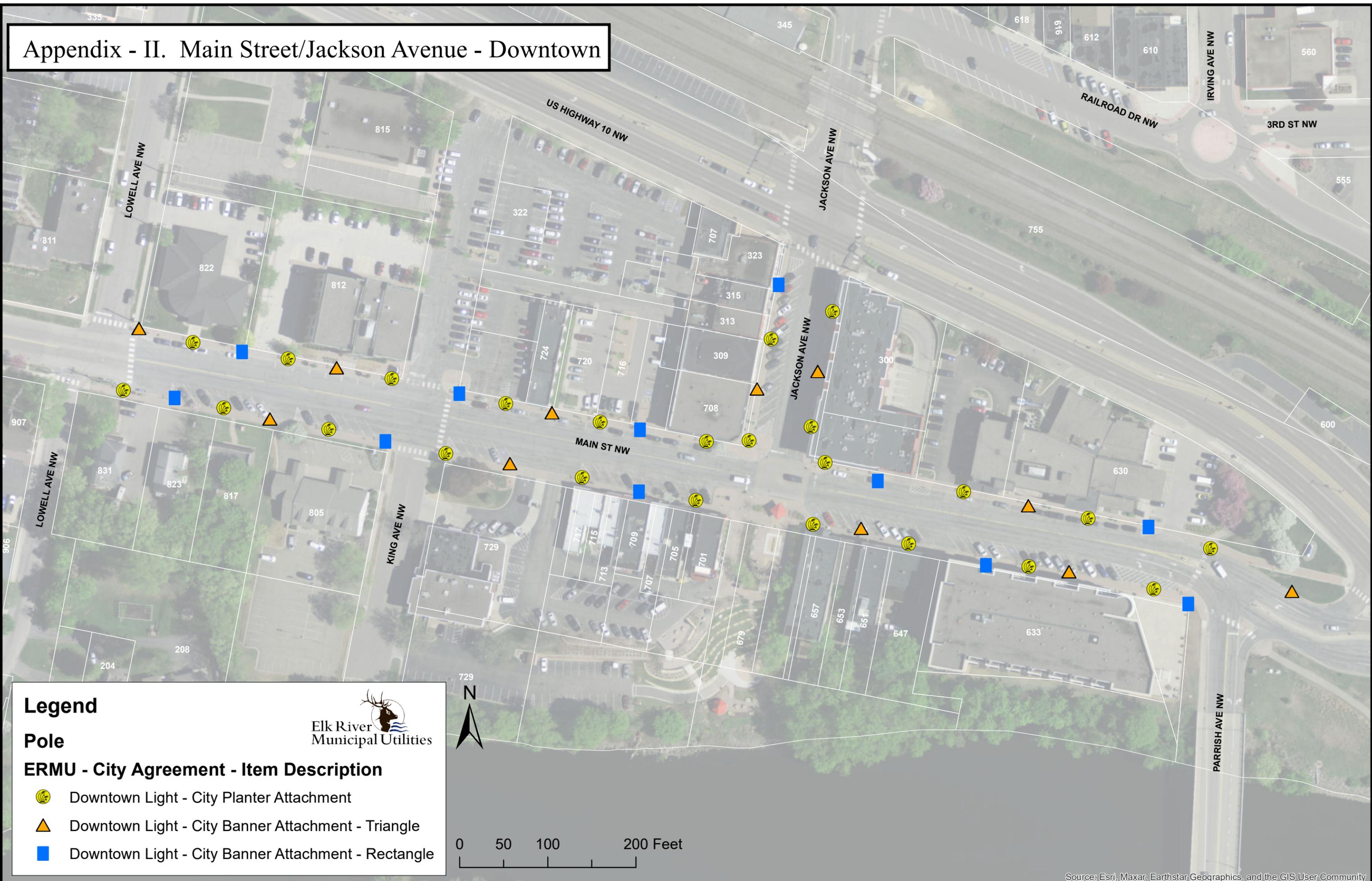
Pole

ERMU - City Agreement - Item Description

- HWY 10 Trail Light - 14' Aluminum, City Owned, ERMU MTC



Appendix - II. Main Street/Jackson Avenue - Downtown



Legend

Pole

ERMU - City Agreement - Item Description

-  Downtown Light - City Planter Attachment
-  Downtown Light - City Banner Attachment - Triangle
-  Downtown Light - City Banner Attachment - Rectangle



Appendix - III. Jackson Avenue/Main Street/Evans Avenue



Legend

Pole

ERMU - City Agreement - Item Description

★ Flag Mount



0 125 250 500 Feet

**MEMORANDUM OF UNDERSTANDING
BETWEEN
ELK RIVER MUNICIPAL UTILITIES
AND
THE CITY OF ELK RIVER, MINNESOTA
REGARDING
PAYMENT OF PRIVATE WATER LINE CONNECTION AND REPAIR COSTS**

This MEMORANDUM OF UNDERSTANDING, hereinafter referred to as "MOU", is hereby made and entered into on this 10th day of April, 2012, by and between the City of Elk River, Minnesota, hereinafter referred to as the "City" and Elk River Municipal Utilities, hereinafter referred to as the "Utilities".

1.0 Purpose

The purpose of this MOU is to address the payment of costs for the connection and repair of private water lines within the City of Elk River, Minnesota.

2.0 Connection and Repair of Private Water Lines

The City Council of the City of Elk River has adopted an ordinance which provides for payment by the city and assessment to the property owner of the costs to connect and repair private utility lines. This ordinance authorizes private property owners who are required to connect to the city water utility, or who have private water lines which have failed, to petition the City to pay the costs of connection or repair of the private water line and to assess amounts paid by the City as a special charge to the owner's property. The ordinance further provides that the City Council will establish policies regarding when and on what terms the costs to connect or repair private water lines will be eligible for payment and assessment.

3.0 Payment and Reimbursement of Elk River Municipal Utilities

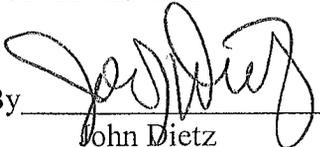
The City and Utilities agree that when payment of the costs to connect or repair private water lines has been approved pursuant to the City Code and the City Council policies, payment of the approved costs will be made by Utilities, the City will assess the costs paid by Utilities to the property, and the City will reimburse Utilities for the costs paid as the special assessments are paid. City and Utilities staff are directed to coordinate and adopt appropriate procedures to implement this payment and reimbursement process.

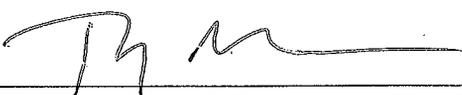
4.0 Termination of MOU

This MOU may be cancelled or terminated without cause by either party by giving (30) calendar days advance written notice to the other party. Such notification shall state the effective date of termination or cancellation. Any and all amendments must be made in writing and must be agreed to and executed by the parties before becoming effective. Cancellation of this MOU shall not affect the parties rights and responsibilities regarding payments already approved and made by Utilities.

IN WITNESS WHEREOF, each of the parties has caused this MOU to be executed by their duly authorized representatives:

ELK RIVER MUNICIPAL UTILITIES

By  _____
John Dietz
Chair

By  _____
Troy Adams, P.E.
Utilities Director

THE CITY OF ELK RIVER, MINNESOTA

By  _____
John J. Dietz, Mayor

By  _____
Tina Allard, City Clerk

GP:3136155 v1

Section: Governance	Category: Governance Policies
Policy Reference: G.2b	Policy Title: Governing Style

PURPOSE:

With this policy, the Commission intends to establish and articulate an institutional philosophy and approach that will enable it to govern with excellence.

POLICY:

Commission Members, individually and collectively, will act in ways that visibly demonstrate the ERMU style of governance. Commission members will lead proactively and the Commission will enforce upon itself the discipline needed to govern effectively and consistently.

Consistent with the preceding general statements:

1. The Commission will guide and inspire Management and staff employees toward a strategic vision through the thoughtful and proactive development of written policies that express clear expectations and shared accountability for results.
2. The Commission’s policies will reflect its statutory authority, effectively meeting its responsibilities while representing and balancing the sometimes competing interests of customers, the ERMU utility business enterprises, the City of Elk River, ERMU employees, and others who may be affected, either directly or indirectly, by ERMU’s decisions and actions.
3. The Commission will govern ERMU as the significant business enterprise that it is, enabling ERMU to provide quality services to its customers and prudent financial contributions to the City, while responsibly managing and sustaining its physical assets and financial resources.
4. The Commission, with support from the General Manager, will set its own agenda for governance and, to the greatest extent practical, will initiate its own policies. The Commission will consider and adopt policies in accordance with its stated *Principles for*

Policy Development. The Commission will routinely review, evaluate and update its policies, as necessary.

5. By adopting and enacting its policies, the Commission will create and sustain a governance structure and processes in which the respective roles and accountabilities of the Commission and Management are clearly delineated, understood, and mutually supported.
6. The Commission will promote a sense of partnership, trust, and mutual respect among its individual members, with ERMU Management and staff employees, and with customers, City, and community interests to provide value to all stakeholders.
7. The Commission will establish and use a variety of methods to promote two-way communications and dialogue about ERMU's future direction, accomplishments, and major challenges among its stakeholders.
8. The Commission will support the development of a values-based organization with high standards of professional conduct, interpersonal behaviors, and self-accountability for results.
9. The Commission will encourage mutual respect, open dialogue and expression of diverse viewpoints among Commission members and Management; the Commission will acknowledge and effectively handle disagreements, working toward consensus in its deliberations and decisions.
10. The Commission will support the hiring and retention of a capable General Manager, who will be responsible to the Commission for the management and operation of ERMU's utility businesses. The Commission will also support the General Manager in creating an organization which attracts and retains capable management and staff employees, and develops leaders.
11. Commission members will devote appropriate attention, time and energy to govern effectively. They will understand their responsibilities and take advantage of opportunities for continuing education and development that improve their governance capabilities.
12. The Commission will seek to create a reputation that attracts qualified and dedicated persons to become Commission members. It will do this by building public understanding of its governance role, as well as the commitments and contributions of its individual members.
13. The Commission will periodically evaluate and discuss its policies and the performance of the ERMU organization in relation to those policies, with particular attention to the needs and expectations of its various stakeholders.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Governance Policies
Policy Reference: G.2c	Policy Title: Agenda Planning

PURPOSE:

With this policy, the Commission establishes its expectations for a proactive governance process, expressed in terms of a forward-looking agenda of recurring governance functions. The Commission also establishes the process for determining the agenda for each regularly scheduled Commission meeting.

POLICY:

The Commission, with support from the General Manager, will prepare, distribute, and follow a governance agenda that spans the upcoming fiscal year. The Commission will update this agenda annually during the fourth quarter of each fiscal year. The Commission will review the agenda as a part of each regular Commission meeting. The Commission’s governance agenda will include a schedule of its recurring governance functions by month to facilitate the preparation of meeting agendas and the conduct of regular and special Commission meetings. Recurring governance functions include but are not limited to the following: consideration of stakeholder interests, policy review and development, strategic planning, approval of financial and business plans including budgets, organizational performance monitoring, internal and external audit reviews, General Manager performance planning and evaluation, governance evaluation and development, Commission Officer election, and committee appointments. The Commission will keep its governance agenda up-to-date and available to all Commission members, the Commission’s Legal Counsel, and the General Manager.

The General Manager, with direction from the Commission, will also prepare and distribute, in a timely manner, a detailed agenda that provides for open communications and the orderly and efficient conduct of each regular Commission meeting, special Commission meeting and Commission work session. Agendas for regular Commission meetings will address items from the governance agenda, Commission actions required by law, and other appropriate business matters. Agendas for special Commission meetings and Commission work sessions will typically focus on a limited number of specific items that are best handled in those types of meetings. Consistent with the preceding:

1. During the first quarter of each fiscal year (January - March):
 - a. The Commission will review its committee charters.
 - b. The Commission and Management will review ERMU's current Strategic Plan along with the results of the Annual Business Plan for the preceding fiscal year.
 - c. Commissioners appointed by the City Council will take the oath of office and the Commission will elect officers at its March meeting. The Commission will hold its annual orientation and review its governance responsibilities and role.
2. During the second quarter of each fiscal year (April-June):
 - a. The Commission will consider and approve the external audit report as specified in the Governance Agenda.
 - b. The Commission will review the financial reserves balances and related policy. The Commission will take action as appropriate per policy.
 - c. The Commission and Management will evaluate the Performance Metrics for the preceding fiscal year.
 - d. The Commission will formally evaluate the performance of the General Manager.
 - e. The Commission will formally evaluate its own performance. Following this evaluation, the Commission, with support from the General Manager, will arrange for governance education for the next fiscal year, including education related to the determination of desired results.
3. During the third quarter of each fiscal year (July-September):
 - a. The Commission and Management will begin its annual update of the Strategic Plan and Financial Plan for the succeeding five-year period.
 - b. The Commission will review Management's proposed twenty-year Capital Improvement Plan.
4. During the fourth quarter of each fiscal year (October - December):
 - a) The Commission, in conjunction with Management, will determine the stakeholder communications plan and schedule for the next fiscal year.
 - b) The Commission will adopt an official depository and delegate authority for electronic funds transfers.

- c) The Commission will adopt a governance agenda, meeting schedule, and official newspaper for the succeeding year.
 - d) The Commission will review and adopt its proposed Annual Business Plan with budget, rates, and fees for the next fiscal year.
5. The Commission will direct the General Manager to prepare and distribute the agenda for each regularly scheduled meeting as follows:
- a. The General Manager will develop, at least seven (7) days in advance of each regularly scheduled Commission meeting, a tentative agenda, including any items to be discussed in closed session.
 - b. The tentative agenda and meeting packet of supporting materials will be distributed to Commission members and others approximately three (3) days in advance of the Commission meeting. Presentations and supplemental information items may be provided at the Commission meeting,
 - c. The General Manager will ensure the posting of a meeting notice, along with the tentative agenda, in compliance with applicable law.
 - d. Any Commission member or the General Manager may request additions, deletions, or other changes to the agenda at the beginning of a regular meeting when the Commission Chair requests approval of the tentative agenda. Items requiring research or other advanced preparation should be suggested for future meeting agendas. No items may be added to the agenda of special meetings and work sessions.
 - e. Agendas for regular Commission meetings will be prepared in a consistent format as shown in the most current version of the Commission’s “Model Agenda.” Agenda items will be categorized by their nature, specifically identifying in order items that are presented:
 - i. Governance – Includes agenda items: call meeting to order, pledge of allegiance, consider agenda, resolutions, and similar actions of governance.
 - ii. Consent – Includes items that are considered routine. There may be questions asked for clarification, but typically these items have no discussion. The items on consent are presented for Commission consideration all together and by one motion. A Commission member may request before the motion to approve the “Consent” items that any item(s) be moved from “Consent” to “Business Action.”
 - iii. Open Forum – This is an opportunity for public participation. Speakers will be required to state their name and address for public record. Items will be heard at the discretion of the Commission Chair. Items will be for discussion only; no action can be taken on the topic during that meeting. Presenters shall adhere to a time limit of 3 minutes.
 - iv. Policy & Compliance – Policy review, policy development, and compliance monitoring.
-

- v. Business Action – Current business action requests and performance monitoring reports.
 - vi. Business Discussion – This includes strategic planning, general updates, and informational reports. Topics may be tabled for future Business Action consideration. Will include an agenda item titled “Future Planning” during which time any Commissioner or the General Manager may discuss and suggest items for placement on future meeting agendas. This agenda category will also include the item “Other Business” to provide additional flexibility for discussion of matters not specifically contemplated in advance or for agenda items that do not require Commission action and do not conform to any of the predetermined categories.
- f. The Commission prefers to introduce important decision items on the agenda at least one meeting before the meeting at which a decision is required. This is a preference but not a requirement.
- g. The Commission will include monitoring of the General Manager on a meeting agenda if monitoring reports show policy violations, or if policy criteria are to be debated.

POLICY HISTORY:

Adopted	May 9, 2017
Revised	December 11, 2018
Revised	March 12, 2024

Section: Governance	Category: Governance Policies
Policy Reference: G.2d	Policy Title: Commission Member Role, Responsibilities, and Orientation

PURPOSE:

With this policy, the Commission describes the role and responsibilities of ERMU Commission members when acting in their capacity as a Commission in accordance with applicable law. The Commission also establishes its expectations for the orientation of new Commission members.

POLICY:

The Commissioners of ERMU act in the interests of customers, employees and other stakeholders. ERMU stakeholders expect the Commission to make policy decisions that ensure appropriate organizational performance as set forth in the Commission’s adopted Vision, Core Purpose, Mission, and Core Values.

Consistent with this general statement:

1. The Commission will continuously create and enhance connections between ERMU and its stakeholders.
2. The Commission will produce, maintain and use written governing policies that, at the broadest levels, address each of the following categories of deliberation and decision-making.
 - a. Authority and Purpose: Policies that recognize the Utilities’ and Commission’s right to exist, and authorities and policies to define organizational core purpose.
 - b. Governance: Policies that specify how the Commission conceives, carries out and monitors its own tasks.
 - c. Commission-Management Connection: How organizational authority is delegated, its proper use is monitored, and the General Manager is accountable for ERMU’s performance.

- d. Delegation to Management: Limitations on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - e. Results: ERMU's outcomes, impacts and benefits.
3. The Commission will measure and evaluate the General Manager's performance against its Results and Delegation to Management policies.
 4. Commission members will perform their responsibilities to protect and enhance the value of ERMU, exercising due diligence and using sound business judgment consistent with ERMU's enabling legislation and other applicable laws.
 5. The ERMU Commission is committed to excellent governance. This requires that individual Commissioners be well-informed about ERMU, its customers and stakeholders, the utility business, prudent financial management, and the Commission's own governance structure and processes. Consistent with this commitment and Commission policies, the ERMU Commission will develop, implement and maintain current a formal orientation program for new Commission members.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Governance Policies
Policy Reference: G.2e	Policy Title: Commission Member Conduct

PURPOSE:

With this policy, the Commission establishes its expectations for the ethical conduct and performance of ERMU Commission members.

POLICY:

The ERMU Commission commits itself to ethical, diligent, businesslike, and lawful conduct, including proper use of authority, performance of responsibilities, and appropriate good behavior.

Consistent with this general statement:

1. Commission members are expected to be present, in person or electronically, at all regular and specially called meetings of the Commission, and any Commission committees to which they are assigned.
2. Commission members will properly prepare themselves to perform their assigned duties as Commission officers and members, and for effective Commission deliberation, decision-making, and representation in advance of all assigned meetings and other Commission-approved and Commission-related activities.
3. Commission members must, at all times, represent the interests of ERMU and its stakeholders. This accountability supersedes any conflicting loyalty such as advocacy to a personal cause or interest groups, and membership on other Commissions or employment in other organizations.
4. Commission members may not attempt to exercise individual authority over the organization except as explicitly set forth in Commission policies.

- a. A Commission member's interactions with the General Manager or with staff must reflect that there is no authority vested in individual Commission members except when explicitly authorized by the Commission.
 - b. A Commission member's interactions with public, media or other entities must reflect the preceding limitation and the inability of any Commission member to speak for the Commission except to repeat explicitly stated Commission decisions or actions already taken.
 - c. Commission members will not make individual judgments of the General Manager or staff performance, except through the process established by the Commission's policy on Annual Evaluation of the General Manager.
5. Individual Commission members will never lead the public, media or staff to have the belief that the General Manager or any staff member is out of compliance with ***Delegation to Management Policies*** unless the Commission has made a formal determination of non-compliance.
 6. Commission members will respect the confidentiality that is appropriate to issues and information of a sensitive nature.
 7. Commission members are bound by, and will comply with, all State Statutes regarding conflicts of interest and Elk River City Code Sections 2-131 to 2-135.
 8. In addition, Commission members will avoid any situation in which they stand to benefit individually through financial gain or influence. If such situations cannot be avoided, Commission members will disclose any known or potential conflicts, excuse themselves from any meeting during those times when the matter causing the conflict or potential conflict is under consideration, and abstain from any voting on the matter.
 9. Depending on the circumstances, a Commission member may disclose any known or potential conflict to the Commission Chair, the General Manager, or ERMU's Legal Counsel. Legal Counsel will be available to advise the Commission, individually or collectively, about potential conflicts. Generally, an individual Commission member will first approach the Commission Chair or the General Manager about a potential conflict. Legal Counsel is also available to advise individual Commissioners in confidence about potential conflicts.
10. In support of ERMU's standards of high ethical conduct, Commission members WILL NOT:
 - a. Deceive, defraud, or mislead other ERMU Commission members, management, or staff members or those with whom ERMU has business or other relationships.
 - b. Misrepresent ERMU in any negotiations, dealings, contracts, or agreements.

- c. Divulge or release any information of a confidential or proprietary nature relating to ERMU’s purpose, mission, plans, business strategies, or operational databases
- d. Use ERMU property, financial resources, or services of ERMU personnel for personal benefit.
- e. Obtain a personal advantage or benefit through the use of ERMU’s name, either directly or through relationships established by the General Manager, another Commission member, or any staff member.
- f. Accept individual gifts of any kind in connection with the Commission member’s relationship with ERMU.
- g. Withhold their best efforts to perform their duties to acceptable standards.
- h. Engage in unethical business practices of any type.
- i. Violate any applicable laws or ordinances.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Governance Policies
Policy Reference: G.2e1	Policy Title: Conflicts of Interest

1.0 CONFLICTS OF INTEREST PROHIBITED

The credibility of ERMU rests heavily upon the confidence which citizens have in ERMU officials and employees to render fair and impartial services to all citizens without regard to personal interest and/or political influence. Thus, ERMU officials and employees must scrupulously avoid any activity which suggests a conflict of interest between their private interests and ERMU responsibilities. Officials and employees of ERMU, or their family members, shall not engage or have financial interest in any business or other activity which could reasonably lead to a conflict of interest with the official’s or employee’s primary ERMU responsibilities. Family members of an official or employee shall be deemed to be the official’s or employee’s spouse, parents, children, siblings, father-in-law, mother-in-law, brothers-in-law, and sisters-in-law and the lineal descendants of any of them.

2.0 CONTRACTS WITH ERMU COMMISSIONERS AND EMPLOYEES

A. Prohibition

No sale, lease or contract shall be entered into by or on behalf of ERMU in violation of Minnesota Statutes, Sections 471.87 – 471.89.

B. Procedure

Contracts which are permitted by Minnesota Statutes, Section 471.87 – 471.89 may be entered into, provided the requirements of those Statutes are met, including:

1. A determination is made that the contract price is as low as or lower than the price at which the commodity or services could be obtained elsewhere.
2. The ERMU Commission approves the contract by unanimous vote.

3. If an ERMU Commissioner is the interested officer, that Commissioner shall abstain from voting on the matter.
4. The ERMU Commission passes a resolution, in the form attached, setting out the essential facts, such as the nature of the officer's or employee's interest and the item or service to be provided, and stating that the contract price is as low or lower than could be found elsewhere.
5. Before the contract is approved, the interested officer or employee files an affidavit, in the form attached, with the General Manager that contains the following:
 - The name and office of the interested officer or employee.
 - An itemization of the commodity or services furnished.
 - The contract price.
 - The reasonable value.
 - The interest of the officer or employee in the contract.
 - That, to the best of the officer's or employee's knowledge and belief, the contract price is as low or lower than the price that could be obtained from other sources.

3.0 EXAMPLES OF PROHIBITED CONFLICTS OF INTEREST

Examples of activities which are not in accordance with this policy include, but are not limited to, the following:

1. Acceptance by an ERMU official of any gift from an interested person in violation of Minnesota Statutes, Section 471.895;
2. Activities which require the official or employee to interpret ERMU policies or regulations when such activity involves matters with which the official or employee has business and/or family ties;
3. Consulting activities within the City of Elk River or the ERMU service territory if such consulting involves talents or skills primarily related to the official's or employee's ERMU work responsibilities;
4. Using an official's or employee's authority, influence or ERMU position for the purpose of private or personal financial gain;
5. The use of ERMU time, facilities, equipment or supplies for the purpose of private or personal financial gain;
6. Entering into a business transaction when it involves using confidential information gained in the course of employment;

7. Accepting other employment or public office where it will affect the official's or employee's independence of judgment or require use of confidential information gained as a result of ERMU duties;
8. Conducting personal business while working regularly scheduled hours; and
9. Accepting rebates or procuring any financial gain through the bidding process or employment of outside personnel.

4.0 ENFORCEMENT:

Any official or employee engaging in any activity involving either an actual or potential conflict of interest or having knowledge of such activity by another official or employee shall promptly report the activity to the ERMU General Manager or an ERMU Commission. The ERMU General Manager or Commission shall investigate the matter and make a determination as to whether or not an actual or potential conflict exists. If the ERMU General Manager or Commission determines a conflict exists, it shall be presumed that the continuation of the practice would be injurious to the effectiveness of the official or employee in carrying out his duties and responsibilities. In such cases the official or employee shall immediately terminate the conflicting activity or be subject to termination of employment or removal from office.

POLICY HISTORY:

Adopted June 12, 2012
Revised May 14, 2019

Resolution Authorizing Contract with an ERMU Commissioner or Employee

(under Minn. Stat. §§ 471.88, subd. 5 and 471.89, subd.2)

WHEREAS, ERMU desires to purchase the following _____.

AND WHEREAS, _____ is the _____ of ERMU and will be financially interested in the contract;

AND WHEREAS, it is determined that the contract price of \$_____ is as low as, or lower than, the price at which the goods or services can be obtained elsewhere at this time;

AND WHEREAS, the contract is not one that is required to be competitively bid;

AND WHEREAS, _____ has filed an affidavit of official interest as required under Minn. Stat. §§ 471.89 and the ERMU Conflict of Interest Policy;

NOW BE IT RESOLVED, by the ERMU Commission, that ERMU staff is directed to make the above-mentioned purchase on behalf of ERMU from _____ for a price of \$_____.

THIS RESOLUTION passed and adopted this _____ day of _____, 20____, to comply with the provisions of Minn. Stat. §§ 471.87-.89 and the ERMU Conflicts of Interest Policy.

Moved by Commissioner _____, seconded by Commissioner _____

The following voted in favor of said resolution: _____

The following voted against the same: _____

The following abstained: _____

By _____
Chair

By _____
General Manager

Affidavit of Official Interest in Claim

(under Minn. Stat. §§ 471.88, subd. 5 and 471.89, subd. 3)

STATE OF MINNESOTA)

COUNTY OF _____)

I, _____, being duly sworn state the following:

- 1) I am the _____ of the Elk River Municipal Utilities.
- 2) On _____, the following goods or services were furnished by _____ to ERMU: (specify the type of goods, merchandise, equipment or services that were purchased).
- 3) The contract price for such goods or services was \$_____ and their reasonable value was \$_____.
- 4) At the time such goods/services were furnished to ERMU, I had the following personal financial interest in this contract: (specify the nature of the personal financial interest).

To the best of my knowledge and belief the contract price is as low as, or lower than, the price at which the goods or services could be obtained from other sources.

I further state that this affidavit constitutes a claim against ERMU for the contract price, that the claim is just and correct, and that no part of the claim has been paid.

Subscribed and sworn to before me this _____ day of _____, 20____.

_____ (Notary)

Section: Governance	Category: Governance Policies
Policy Reference: G.2f	Policy Title: Commission Officer Roles, Responsibilities, and Succession

PURPOSE:

With this policy, the Commission communicates the functions for which ERMU’s officers are accountable and the limits of authority that the Commission delegates to its officers.

POLICY:

The offices of the ERMU Commission include a Chair, a Vice-Chair, and a Secretary. The Commission elects the Chair and Vice Chair to one-year terms each year during its regular meeting in the month of March. An officer’s term begins that day and expires without action of the Commission upon resignation or death of the officer or upon failure of the officer to comply with the criteria necessary to hold the office. An officer’s term is extended without action of the Commission until a successor is duly elected. Any Commission member is eligible for office at any time; however, a Commission member nominated for the position of Chair will normally have served at least one term as Vice-Chair. The office of Secretary is held by the General Manager; however, the General Manager may appoint another employee as Secretary, with the concurrence of the Commission.

Chair

The Chair is accountable to the Commission for the integrity of the Commission's governance process. The Commission authorizes the Chair to call and schedule special meetings, set its meeting agendas, preside over its meetings and, with limitations, represent the Commission to outside parties. The Commission expects the Chair to set and maintain a friendly and productive tone for all meetings, encouraging full participation of all Commission members, effective deliberation and decision-making, and constructive resolution of disagreements. More specifically:

1. The expected result of the Chair’s function is that the Commission behaves in a manner that is consistent with its own policies and in full compliance with those obligations that others, with legitimate authority, impose on it from outside the organization. The Chair, by planning

the Commission's governance and meeting agendas will ensure that the Commission addresses those matters which, according to Commission policy, clearly belong to the Commission to determine, not to the General Manager. The Chair, by presiding over Commission meetings, will ensure that deliberation and decision-making at Commission meetings will be fair, open, and thorough, but also timely, orderly, and to the point.

2. The authority of the Chair is limited to Commission decision-making that falls within areas covered by Commission policies on **Governance** and **Commission-Management Connection**, except where the Commission specifically delegates portions of this same authority to others. The Commission authorizes the Chair to use any reasonable interpretation of the provisions in these policies in the discharge of duties.
 - a. The Commission empowers the Chair to call and schedule all special meetings, set all meeting agendas, and preside over all Commission meetings with all of the commonly accepted power of that position (e.g., Ruling, recognizing, handling disagreements and unacceptable behaviors, etc).
 - b. The Commission empowers the Chair, exercising reasonable discretion, to control the conduct of all meetings. This includes, but is not limited to, determining the time to be devoted to any particular matter before the Commission, whether any person in attendance may address the Commission on any subject and the order or duration of any presentations or comments permitted, closure of discussion on any matter before the Commission, and expulsion of any person whose conduct is disruptive. The Commission may, by a motion and majority vote of the Commissioners present, overrule the Chair on decisions related to the conduct of meetings.
 - c. For purposes of meeting management, the Commission adopts the Rules contained in the current edition of **Robert's Rules of Order Newly Revised** for all situations to which they are applicable and in which they are not inconsistent with ERMU's bylaws, policies and any special rules of order that the Commission may adopt.
 - d. The Commission authorizes the Chair to execute official documents on its behalf.
 - e. The Commission empowers the Chair to organize the work of the Commission, and to assign specific tasks to Commission members and to Committees established by the Commission. Specifically, the Commission empowers the Chair to schedule and coordinate the annual process for performance planning and evaluation of the General Manager.
 - f. The Chair has no authority to make decisions about policies created by the Commission within the **Results** and **Delegations to Management** policy areas. As a result, the Chair has no authority to supervise or direct the General Manager.
 - g. The Chair may represent the Commission to outside parties in announcing Commission-stated positions and in stating decisions and interpretations of Commission policy within the areas delegated by the Commission. The Chair will report to the Commission, as

soon as practical, any communications made on behalf of the Commission. Representation of the Commission to outside parties is subject to the following limitations:

- i. Communications must be consistent with ERMU’s core purpose, core values, and mission, and with the role and authority of the Commission as set forth by Commission policies.
 - ii. Communications must, as far as practical, represent the collective wisdom or position of the Commission.
 - iii. Communications must be limited to deliberations already conducted, actions taken, or decisions made. Communications must not be speculative in nature.
- h. The Chair may delegate the authority granted in this policy to others (e.g. Vice-Chair), but remains accountable for its use.

Vice-Chair

The principal function of the Commission Vice-Chair is to prepare for the office of Chair and to take over the functions of the Chair when the Chair is unavailable, or otherwise at the request of the Chair.

Secretary

The principal function of the Commission Secretary is to ensure that:

1. Notices of Commission meetings, meeting agendas, and supporting materials are prepared and distributed as required by Policy;
2. Appropriate written records of Commission meetings are prepared and distributed to all Commission members and the General Manager three (3) days prior to the next Commission meeting;
3. Resolutions and other official actions of the Commission are prepared and executed in proper form; and
4. Written records of Commission meetings, including resolutions and other official actions are archived in secure location(s) and disposed of in compliance with applicable laws and regulations.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Governance Policies
Policy Reference: G.2g	Policy Title: Commission Committees

PURPOSE:

With this policy, the Commission establishes and communicates its purposes and the means by which it creates and empowers committees to assist the Commission in its work. This policy applies to any group formed by Commission action, whether or not it is called a committee and whether or not the group includes Commission members. It does not apply to committees formed under the authority of the General Manager.

POLICY:

Commission committees, when created, will be used to reinforce the wholeness of the Commission and never to interfere with the delegation of authority from the Commission to the General Manager or to any officer of the Commission. Commission committees will not have direct involvement with current management and staff employee functions.

Consistent with this general statement:

1. The Commission will use committees sparingly and only for as long as required to accomplish its purposes. Committees may be appropriate in circumstances where the Commission recognizes the need for more in-depth review of information and issues, and where a committee is the best way to make effective and efficient use of available Commission member expertise and time. Committees may also be appropriate where it is necessary or desirable for the Commission to visibly demonstrate regulatory compliance or accountability to its stakeholders (e.g. Financial Reserves and Investments Committee).
2. Committees ordinarily will assist the Commission in the following specific ways by:
 - a. Monitoring organization performance metrics and related information;
 - b. Preparing policy alternatives and their implications for Commission deliberation and action;

- c. Determining the level of compliance with existing Commission policies and evaluating the results of policy compliance or non-compliance.
3. When the Commission creates a committee, it will develop and approve by resolution a written committee charter that sets forth the purposes, duration, expected outcomes, leadership, membership, delegated authority, available resources, and other information needed for the committee to function successfully. The General Manager will designate management/staff committee members if so requested. The Commission, by majority vote, will appoint Commission members to committees and remove or replace them, as appropriate. The Commission, by majority vote, will also appoint, remove, and replace a Committee Chair, Vice-Chair and any other positions of leadership that the Commission determines appropriate.
4. The Commission recognizes that appointments to a Committee provide opportunities for learning and Governance development. Accordingly, the Commission endeavors to appoint Commission members to committee leadership positions who do not already hold a Commission office.
5. The Commission will review the committee charter and performance of any standing committee at least annually to determine if changes are required or if the committee is still required.
6. Commission committees may not convene a meeting that includes a quorum of the Commission.
7. Commission committees may not speak or act for the Commission except when formally given such authority for specific and time-limited purposes. Expectations and authorities will be carefully stated in order not to conflict with authority delegated to the General Manager or Commission Chair.
8. Commission committees may not exercise authority over management and staff employees. The General Manager is accountable to the whole Commission and is not required to obtain approval of any Commission committee before taking an executive action.
9. Commission committees will avoid relating to or identifying with discrete parts of the organization rather than the whole. A Commission committee that has helped the Commission create policy on a particular subject will not be used to monitor organizational performance on that same subject, except with specific Commission approval.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Governance Policies
Policy Reference: G.2g1	Policy Title: Wage & Benefits Committee Charter

PURPOSE:

The Wage and Benefits Committee exists to help the Commission develop and maintain a pay plan structure and benefits package that are market competitive, help promote employee retention, and to help the Commission make informed decisions which provide value to the customers through fair labor expenses. This Committee also exists to help the Commission with succession planning and review pay equity compliance.

MEMBERSHIP:

The Committee shall be comprised of two Commissioners, the General Manager, the Administrations Director, and the Operations Director. At no time shall there be a quorum of the Commission on the Committee.

The Commission shall appoint Committee members annually following the Commission election of officers during the March Regular Commission meeting. The Commission shall also appoint the Committee Chair at that time.

ROLE OF THE COMMITTEE CHAIR:

The primary role of the Committee Chair is to run the Committee meetings. The Committee will adhere to the Current edition of *Robert’s Rules of Order Newly Revised* for all situations to which they are applicable and are not inconsistent with ERMU’s bylaws, policies, and any special rules of order that the Commission may adopt. Committee meetings may be open or closed in accordance with Open Meeting Law.

AUTHORITY:

Except as established in this Committee Charter, the authority of the Committee is limited to the purpose of research and recommendation to the Commission. The Committee, at the discretion and through formal action of the Commission, may be empowered beyond the role of research

and recommendation such that it is consistent with the *Organizational Core Purpose* policies and the *Commission Committees* policy.

SPECIFIC DUTIES:

1. At the request of the Commission, research and analyze topics related to employee compensation and benefits.
2. Annually perform market benchmarking and evaluate wages. The Committee shall present options and make recommendations regarding cost of living adjustments and pay plan structure modifications to the Commission for their consideration.
3. Review insurance policies and evaluate policy renewals related to employee benefit insurances. The Committee shall present options and make recommendations regarding these insurance policies to the Commission for their consideration.
4. Evaluate wage and benefit requests from employees. Present and make recommendations to the Commission as appropriate.
5. Review submittal information pertaining to pay equity compliance requirements and present options and make recommendations to the Commission as appropriate.
6. Record minutes of Committee meetings. Committee meeting minutes shall be subject to applicable data retention law and policies.

SCHEDULE:

At a minimum, the Committee shall meet on a quarterly basis.

TERMINATION:

The Committee shall exist until at such time formal action of the Commission is taken to dissolve the Committee.

POLICY HISTORY:

Adopted	May 9, 2017
Revised	February 14, 2023
Revised	January 9, 2024

Section: Governance	Category: Governance Policies
Policy Reference: G.2g2	Policy Title: Financial Reserves & Investment Committee Charter

PURPOSE:

The Financial Reserves & Investment Committee exists to help the Commission develop and maintain industry appropriate financial reserves and investment policies.

MEMBERSHIP:

The Committee shall be comprised of two Commissioners, the General Manager, and the Finance Manager. At no time shall there be a quorum of the Commission on the Committee.

The Commission shall appoint Committee members annually following the Commission election of officers during the March Regular Commission meeting. The Commission shall also appoint the Committee Chair at that time.

ROLE OF THE COMMITTEE CHAIR:

The primary role of the Committee Chair is to run the Committee meetings. The Committee will adhere to the Current edition of *Robert's Rules of Order Newly Revised* for all situations to which they are applicable and are not inconsistent with ERMU's bylaws, policies, and any special rules of order that the Commission may adopt. Committee meetings may be open or closed in accordance with Open Meeting Law.

AUTHORITY:

Except as established in this Committee Charter, the authority of the Committee is limited to the purpose of research and recommendation to the Commission. The Committee, at the discretion and through formal action of the Commission, may be empowered beyond the role of research and recommendation such that it is consistent with the *Organizational Core Purpose* policies and the *Commission Committees* policy.

SPECIFIC DUTIES:

1. At the request of the Commission, research and analyze topics related to financial reserves and investments.
2. On a periodic basis, the Committee will review the Investment Policies, investment balances, and the various investment instruments for return, liquidity, and diversification. The Committee may present options and make recommendations to the Commission for their consideration.
3. Annually, when the Commission designates the official depository for the year, it should provide for the Finance Manager to recommend that additional depositories be designated for the purpose of investing funds.
4. On behalf of the Commission and Committee, new investments will be authorized by the Finance Manager, with the funds actually being transferred via a check produced by the A/P Specialist, and recorded in the check register detail presented at the regular Commission meetings. Investments that mature shall be reinvested by the Finance Manager. All investing will be transacted working with the investment firm(s) or bank(s) for the best rate of return within the constraints of the Management Investment Policy. In the event that the Finance Manager is unable to conduct the above investment responsibilities, the General Manager has the authority to act in his/her absence.
5. On a periodic basis, the Committee will review the Financial Reserves Policies and reserve balances. The Committee may present options and make recommendations to the Commission for their consideration.

SCHEDULE:

At a minimum, the Committee shall meet on an annual basis.

TERMINATION:

The Committee shall exist until at such time formal action of the Commission is taken to dissolve the Committee.

POLICY HISTORY:

Adopted	May 9, 2017
Revised	July 14, 2020
Revised	January 9, 2024

Section: Governance	Category: Governance Policies
Policy Reference: G.2g3	Policy Title: Information Security Committee Charter

PURPOSE:

Information security is managing risks to the confidentiality, integrity, and availability of information using administrative, physical, and technical controls.

The Information Security Committee exists to help develop and maintain industry appropriate information security policies and oversight. Because of shared hardware and resources, there exists an overlap and shared risk for ERMU and the City of Elk River (City) operations. Although governed autonomously, this shall be an advisory Committee to both the ERMU and the City.

MEMBERSHIP:

This Committee shall be comprised of equal representation from ERMU and the City. From ERMU this committee shall include a Commissioner and the General Manager. The General Manager will appoint three additional members, at least one of whom will be a manager and at least one will be an information technology employee. From the City this committee shall include a Councilmember and the City Administrator. The City Administrator will appoint three additional members, at least one of whom will be a manager and at least one will be an information technology employee. At no time shall there be a quorum of the Commission or the Council on the Committee.

The Commission shall appoint ERMU’s Committee member representatives annually following the Commission election of officers during the March Regular Commission meeting. The Council shall appoint its member annually. The Committee shall elect a chair annually. The General Manager and the City Administrator shall serve as the authorized reporting representatives for their respective governing bodies.

ROLE OF THE COMMITTEE CHAIR:

The primary role of the Committee Chair is to run the Committee meetings and act as committee secretary. The Committee will adhere to the Current edition of *Robert’s Rules of Order Newly*

Revised for all situations to which they are applicable and are not inconsistent with ERMU's bylaws, policies, and any special rules of order that the Commission may adopt; and similarly, the Committee action shall not be inconsistent with applicable laws and policies which regulate the City of Elk River. Committee meetings may be open or closed in accordance with Open Meeting Law.

AUTHORITY:

Except as established in this Committee Charter, the authority of the Committee is limited to the purpose of research and recommendation to ERMU and the City.

SPECIFIC DUTIES:

1. Policies and Procedures: Assist ERMU and the City in the development of information security related policies. Review effectiveness of information security policy implementations. Identify and recommend how to handle non-compliance. Assist with the development of information security related procedures, standards, guidelines, and baselines to the ERMU and the City. At least annually, provide timely reports including recommendations regarding effectiveness of policies and procedures to ERMU and City leadership teams.
2. Risk Assessment: Review industry appropriate information security trends to maintain an up-to-date perspective on related risks and industry's best practice risk mitigation methods. Identify significant threats and vulnerabilities. Assess the adequacy and coordination of the implementation of information security controls. Recommend methodologies and processes for information security. Evaluate ongoing related legal and regulatory compliance changes. Review incident information and recommend follow-up actions. At least annually, provide timely reports including recommendation regarding risks assessment to ERMU and City leadership teams.
3. Budget Development: Develop data needed for thorough evaluation of proposed information security initiatives for budget preparation and consideration. Information shall include options, risk evaluation, resource requirements, implementation timelines, and costs. At least annually and coordinating with their respective budgeting process schedules, provide timely reports regarding information security initiatives proposed for consideration to ERMU and City leadership teams.
4. Education and Awareness: Function as an information security program champion providing clear direction and unity in ERMU and City leadership teams' support for approved security initiatives and policies. Develop and implement plans and programs to maintain information security awareness. Promote information security education, training, and awareness throughout ERMU and the City.

SCHEDULE:

At a minimum, the Committee shall meet on an annual basis.

TERMINATION:

The Committee shall exist as a joint effort between ERMU and the City until at such time either the Commission or Council dissolve the joint nature of the Committee.

POLICY HISTORY:

Established	August 8, 2017
Revised	November 12, 2019
Revised	February 14, 2023
Revised	January 9, 2024

Section: Governance	Category: Governance Policies
Policy Reference: G.2g4	Policy Title: Dispute Resolution Committee Charter

PURPOSE:

The Dispute Resolution Committee exists to provide customers an alternative dispute resolution option for circumstances which: require action beyond the authority assigned through the *Delegation to Management Policies*; require policy creation, revision, or exception; have exhausted the established utilities procedures and/or protocol; and involves customer protected data for which the customer prefers addressing the issue through a meeting closed to the public.

For qualifying customer disputes, the Committee will provide: an informal hearing in accordance with Open Meeting Law allowing the customers to communicate the concern; recess and reconvene as needed to conduct appropriate research and/or deliberate; make a determination within parameters established through the *Commission Policies* and within the authorities delegated through this policy; and report and/or make recommendations to the Commission as required.

MEMBERSHIP:

The Committee shall be comprised of five members, three appointed annually and two which vary with each dispute. The three members appointed annually shall include two Commissioners and the General Manager. At no time shall there be a quorum of the Commission on the Committee. The Committee shall also include the director and the manager most directly involved in the dispute.

The Commission shall appoint Committee members annually following the Commission election of officers during the March Regular Commission meeting. The Commission shall also appoint the Committee Chair at that time.

ROLE OF THE COMMITTEE CHAIR:

The primary role of the Committee Chair is to run the Committee meetings. The Committee will adhere to the Current edition of *Robert’s Rules of Order Newly Revised* for all situations to which they are applicable and are not inconsistent with ERMU’s bylaws, policies, and any

special rules of order that the Commission may adopt.

AUTHORITY:

Except as established in this Committee Charter, the authority of the Committee is limited to the purpose of dispute resolution within the authorities delegated to management through the Commission Policies, research related to customer disputes or complaints, and recommendations to the Commission. The Committee, at the discretion and through formal action of the Commission, may be empowered beyond the role as outlined in this policy such that it is consistent with the *Organizational Core Purpose* policies and the *Commission Committees* policy.

SPECIFIC DUTIES:

1. After a formal request is submitted for a qualifying customer dispute, the Committee will schedule a hearing, either in person or virtual, within a reasonable amount of time.
2. Through the hearing, the Committee will allow the customer to communicate relevant information and request dispute resolution which may require policy creation, revision, or exemption.
3. The Committee is required to verify all information and data; and the Committee will review the Customer's account history and other relevant information.
4. And as needed, the Committee shall research industry best practices related to the dispute.
5. The Committee is authorized to engage legal counsel for legal review and recommendations.
6. The Committee will make a determination whether resolution can be provided within the authorities assigned through this policy; and if so, the Committee will provide written summary of the dispute and the authorized resolution for implementation by management.
7. When no action is taken by the Committee toward resolution, the Committee will determine whether the request warrants further consideration by the Commission, in which case the Committee will present a summary of the dispute to the Commission and a make recommendation. In the event that no action is taken by the Committee, and the Committee has determined that the dispute does not warrant further consideration or advancement to the Commission, the Committee shall summarize their finding in a report to be provide to the customer and placed on file.
8. The Committee shall record minutes of all Committee meetings. Committee meeting minutes shall be subject to applicable data retention law and policies.

SCHEDULE:

The Committee shall meet on an as-needed basis.

TERMINATION:

The Committee shall exist until at such time formal action of the Commission is taken to dissolve the Committee.

POLICY HISTORY:

Adopted	January 12, 2021
Revised	February 14, 2023
Revised	February 13, 2024

Section: Governance	Category: Governance Policies
Policy Reference: G.2h	Policy Title: Independent Advisors to the Commission

PURPOSE:

The Commission expects to engage the services of independent advisors in order to effectively perform its functions. With this policy, the Commission establishes and communicates the purposes for which it may engage independent advisors and the process by which it engages those advisors.

POLICY:

Independent advisors are engaged to assist the Commission in its governance of ERMU. The Commission will engage independent advisors in the same manner that it expects management to engage independent professional service providers for other purposes. Only decisions of the Commission acting as a legally authorized decision-making body are binding on the independent advisors. Independent advisors; however, are expected to interact with the General Manager, management, and staff employees in the course of their work, and may have accountability to the General Manager.

Consistent with this general statement:

1. The Commission may request and receive recommendations from the General Manager; however, the Commission will select its independent advisors and the independent advisors will have a direct reporting relationship and accountability to the Commission.
2. When engaging the services of any independent advisor, the Commission will comply with all applicable legal requirements, appropriate policies and procedures for requesting, receiving and evaluating proposals, and for contracting with professional service providers. Fees for the Commission’s independent advisors will be paid from the Commission’s budget account for Governance.
3. The Commission will engage the services of General Counsel to provide required or appropriate legal advice and assistance on all matters related to the functions and

responsibilities of the Commission (individually and collectively) and with respect to actions taken or contemplated by the Commission. General Counsel will also be available to the General Manager for legal advice and assistance to management.

4. The Commission will engage the services of a recognized certified public accountant to conduct required independent financial audits of records and accounts and to provide required or appropriate financial and accounting advice and assistance with respect to specific actions taken or contemplated by the Commission.
5. The Commission may engage the services of other independent advisors as may be required or appropriate to the effective discharge of its responsibilities. These other independent advisors may include:
 - a. Financial advisors to provide required or appropriate financial advice and assistance related to financial planning, issuance of debt, cost recovery, and other specific actions taken or contemplated by the Commission.
 - b. Special legal counsel to provide required or appropriate legal advice and assistance with respect to specific actions taken or contemplated by the Commission.
 - c. Consulting engineers to provide required or appropriate engineering and technical advice and assistance with respect to specific actions taken or contemplated by the Commission.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Governance Policies
Policy Reference: G.2i	Policy Title: Electronic Signature

PURPOSE:

Elk River Municipal Utilities (“ERMU”) continuously works to increase efficiencies and further sustainability measures. ERMU’s efforts include the reduction of printing and paper use, and the increase in paperless forms of communication and approval processes. The purpose of this policy is to establish procedures to allow the use of electronic or digital signatures in place of handwritten (or “wet”) signatures pursuant to Minnesota’s Uniform Electronic Transactions Act (Minn. Stat., Ch. 325L) (“the Act”).

The State of Minnesota authorizes and encourages the use of electronic signatures by governmental agencies, including municipalities commissions, and instrumentalities of municipalities, as an efficient and cost-effective method of operations. Specifically, the State requires government agencies to determine whether and to what extent they will use and accept electronic signatures (Minn. Stat. § 325L.18). As more governmental services and forms are offered online, agencies and municipalities need the ability and authority to review, comment upon, approve, sign, and otherwise process these forms and information in a digital and paperless medium.

The Minnesota Legislature codified this encouragement with the passage of the Act. The Act provides the basis for electronic or digital signatures to be given the same legal recognition, function, and weight as handwritten signatures in all circumstances outlined in the Act. The Act applies to any electronic record or electronic signature created, generated, communicated, received, or stored after August 1, 2000.

Under the Act, “electronic signature” means an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record. A record or signature may not be denied enforceability solely because it is in an electronic form (Minn. Stat. § 325L.07 (a)). Further, if a law requires a record to be in writing, an electronic record satisfies the law (Minn. Stat. § 325L.07(c)). If a law requires a signature, an electronic signature satisfies the law (Minn. Stat. § 325L.07(d)).

To recognize these efficiencies in ERMU operations, the Elk River Public Utilities Commission (“Commission”) authorizes the use of electronic and/or digital signatures as a valid signature to issue checks and other orders of public funds; and execute documents and agreements.

POLICY:

To the fullest extent permitted by law, ERMU may utilize electronic digital signatures as legally binding and equivalent to handwritten signatures whenever feasible, prudent, and efficient.

This policy hereby adopts the Definitions of the Act (Minn. Stat. § 325L.02). This policy does not apply to certain documents and transactions governed by the Uniform Commercial Code.

A legible and acceptable electronic signature should have the following components:

- A. The name of the signer and is applied in a manner to execute or validate the document;
- B. The typed or printed name of the signer below or adjacent to the signature when the signature uses a digitized or scanned version of the signer’s hand scribed signature or the name is in a cursive font;
- C. The signer’s corporate, managerial, or partnership title as part of or adjacent to the digital signature when the signer is signing on behalf of an organization or legal entity;
- D. When required or capable, evidence of authentication of the signer’s identity such as the text “digitally signed by” along with the software provider’s seal/watermark, date and time of execution; or, have an authentication code or key identifying the software provider; and,
- E. A font, size and color density that is clearly legible and reproducible when reviewed, copied and scanned into a black on white format.

PROCEDURES:

All legally binding electronic documents and agreements shall be executed in accordance with the Uniform Electronic Transactions Act (UETA) and the Minnesota Act.

- A. ERMU staff and appointed officials are authorized to accept and use electronic signatures in all situations where requirement of a signature or approval is stated or implied. This policy does not supersede situations where laws specifically require a written signature, nor the specific signature policies of other government agencies.
- B. ERMU staff and appointed officials are authorized to use electronic signatures for documents, such as ERMU service agreements, purchase orders, expense reports, checks, and other customary and routine documents that are electronically generated. Other documents may be deemed appropriate by the General Manager or Commission Attorney.

- C. ERMU staff and appointed officials may utilize third party certification methods to authenticate electronic or digital signatures with vendors, contractors, or other government departments and agencies whenever prudent or at the direction of the General Manager or Commission Attorney.
- D. ERMU staff are authorized to use the signature field in Adobe or other similar electronic signature tool as a means of signing the document electronically.
- E. Electronic signatures must apply to individuals only, and not for roles, positions, or titles.
- F. ERMU reserves the right to refuse to use or accept an electronic or digital signature that does not comply with the Act or other applicable Minnesota Statutes.
- G. ERMU will retain an electronic copy of all electronically signed documents and agreements in accordance with the State Record Retention Policy.

RESPONSIBILITY AND AUTHORITY:

Administrative implementation of policy as permitted by the Act, the Minnesota Electronic Authentication Act (Minn. Stat., Ch. 325K), and Minnesota Statutes §§ 47.41 and 47.42.

POLICY HISTORY:

Adopted August 8, 2023

Section: Governance	Category: Commission – Management Connection Policies
Policy Reference: G.3	Policy Title: Commission – Management Roles

PURPOSE:

With this policy, the Commission describes the general nature of its working relationship with the General Manager and distinguishes its role as the governing body from the role of the General Manager, management and staff.

POLICY:

The Commission will work with the General Manager as a leadership team.

The Commission’s principal role is to:

1. Hire a competent General Manager and support the General Manager by routinely engaging in collaborative performance planning and evaluation.
2. Develop and adopt policies for the governance of ERMU that set forth the results ERMU is to achieve and place limits on the authority of the General Manager to determine how those results are achieved.
3. Review and approve major plans, programs and budgets proposed by the General Manager (as required by the Commission’s *Delegation to Management* policies).
4. Routinely monitor organizational performance and accept accountability for that performance.

The General Manager’s principal role, with the support of management and staff employees, is to:

1. Support the Commission in its development of policies.
2. Carry out the Commission’s policies.

3. Keep the Commission fully informed about compliance with the Commission’s policies and the outcomes of those policies, including the achievement of results and the use of resources.
4. Manage and operate ERMU, accepting accountability for the performance of the organization in relation to the Commission’s policies.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Commission – Management Connection Policies
Policy Reference: G.3a	Policy Title: Controlling Authority

PURPOSE:

With this policy, the Commission affirms that its authority to direct the General Manager resides only in an official action supported by the affirmative vote of a majority of a quorum of the Commission members during either a regular or a called special meeting of the Commission.

POLICY:

Only decisions of the Commission acting as a legally authorized decision-making body are binding. Consistent with this general statement:

1. An individual Commission member or Commission committee cannot make decisions or recommendations, nor issue directives that are binding except in unusual instances when the Commission has acted to specifically authorize an individual Commission member or Commission committee to exercise such authority. This applies both during and outside of called meetings of the Commission.
2. When individual Commission members or Commission committees request information or assistance from management without first obtaining Commission authorization to do so, the General Manager may:
 - a. Respond as requested, notifying all other Commission members of the request and the response provided. The General Manager may, at his or her sole discretion, provide copies to all other Commission members of any documents provided in the response. (Note: Other Commission members may request copies of any documents provided in the response and the General Manager is expected to provide them promptly).
 - b. Refer the request to the Commission for consideration and direction before taking any action. The General Manager is not required to explain the basis for referring a request, but such basis could include a determination that the request may be sensitive or disruptive, or that it would require the expenditure of a material amount of staff time or funds that were not previously budgeted and scheduled for that purpose. (Note: the

Commission member making a request for information may also refer it to the Commission for consideration and direction, if the General Manager did not respond to the satisfaction of the Commission member.)

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Commission – Management Connection Policies
Policy Reference: G.3b	Policy Title: Delegation of Authority to the General Manager

PURPOSE:

With this policy, the Commission describes the manner in which it delegates authority to the General Manager.

POLICY:

The Commission will provide direction to management only through the General Manager or through a temporary successor authorized by the General Manager or the Commission for a specific length of time. Except in unusual circumstances, the Commission will give direction by means of Commission action recorded in meeting minutes, by resolution, or by written policy that prescribes the results to be achieved as well as the actions and consequences to be avoided. The Commission will allow the General Manager to use any reasonable interpretation of its recorded actions, resolutions, or written policies.

Consistent with this general statement:

1. The Commission will develop *Authority and Purpose Policies*, and *Results Policies* outlining high level priorities and instructing the General Manager to achieve certain results using the resources of ERMU that are made available through the approved *Annual Business Plan* (with budget).
2. The Commission will develop *Commission-Management Connections Policies* that establish the respective roles and responsibilities of the Commission and the General Manager.
3. The Commission will develop *Delegation to Management Policies* that limit the methods the General Manager (and, by further delegation, management) may employ to achieve the results required by the Commission.
4. The Commission will develop its *Results Policies* and *Delegation to Management Policies* methodically and by subject area, beginning with the broadest level and moving to more

focused levels, at the Commission’s discretion. The Commission will determine the level of policy definition and specification so that, once approved, Commission members are comfortable allowing the General Manager to interpret each policy without the Commission’s involvement (unless the General Manager requests Commission involvement).

5. As long as the General Manager uses a reasonable interpretation of the Commission’s *Authority and Purpose Policies*, *Results Policies*, and *Delegation to Management Policies*, the General Manager is authorized to establish all other management policies, make all decisions, develop all processes and procedures, take all actions, and establish all practices.
6. The Commission may, from time to time, change its *Results Policies* and *Delegation to Management Policies*, to allow the General Manager more or less latitude with respect to policy interpretation, decisions and actions. The Commission; however, will not use policy in this manner to reduce the latitude allowed a General Manager in situations where the person in that position is new or performing at an unacceptable level. As long as any particular policy is in place, the Commission will respect and support the General Manager’s reasonable interpretations, decisions and actions.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Commission – Management Connection Policies
Policy Reference: G.3c	Policy Title: General Manager Accountability

PURPOSE:

With this policy, the Commission affirms that the General Manager is the only person directly accountable to the Commission.

POLICY:

The General Manager is the Commission’s only formal connection to the ERMU organization and is the only person directly accountable to the Commission for operating results and operational conduct. Additionally, the General Manager is accountable only to the Commission. From the Commission’s perspective, the authority and accountability of ERMU management and staff employees is inseparable from the authority and accountability of the General Manager.

Consistent with this general statement:

1. The Commission as a body and the Commission members individually will never give instructions (direct or implied) to anyone other than the General Manager.
2. The Commission as a body and the Commission members individually will refrain from evaluating, either formally or informally, the job performance of any employee other than the General Manager.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Commission – Management Connection Policies
Policy Reference: G.3d	Policy Title: Monitoring Performance of the General Manager

PURPOSE:

With this policy, the Commission describes the manner in which it will routinely monitor the performance of the General Manager.

POLICY:

The Commission will ensure that it routinely and thoroughly monitors the General Manager’s job performance. The performance of the General Manager will be measured by comparing ERMU’s accomplishments with the Commission’s *Results Policies* and by comparing ERMU’s operational conduct with the specific delegations and limits established by the Commission’s *Delegation to Management Policies*, and consistent with *Authority and Purpose Policies*.

Consistent with this general statement:

1. Monitoring is the periodic review of objective, relevant, timely and accurate information that allows the Commission to determine the extent to which Commission policies are being carried out. Information that does not do this is not considered monitoring information and should not be a focus of the Commission.
2. The Commission will acquire the monitoring information it needs by either or both of the following methods:
 - a. By internal report, in which the General Manager provides compliance information directly to the Commission.
 - b. By external report, in which an objective external party, selected by the Commission, gathers information for the Commission. At the Commission’s discretion, the external party may also evaluate compliance with Commission policies and report this information to the Commission.

3. Regardless of the method(s) employed, the standard for compliance with any policy shall be whether or not the General Manager made a reasonable interpretation of the Commission policy being monitored following its adoption.
4. The Commission will regularly monitor compliance with ***Results Policies*** and ***Delegation to Management Policies*** according to the schedule approved by the Commission in its biennial Governance Agenda. The General Manager will recommend a schedule using monitoring methods and frequencies. The Commission may monitor a policy at any time by any method.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Commission – Management Connection Policies
Policy Reference: G.3e	Policy Title: General Manager Performance Planning and Evaluation

PURPOSE:

With this policy, the Commission describes the manner in which it will routinely establish performance expectations for and evaluate the performance of the General Manager.

POLICY:

During the second quarter of each fiscal year, the Commission will evaluate the General Manager’s performance for the preceding fiscal year and establish performance expectations for the next fiscal year. The General Manager’s performance will be evaluated by comparing the organization’s results and methods, as well as the General Manager’s personal performance and conduct in relation to Commission policies and other expectations, as established and communicated by the Commission for the time period that coincides with the immediately preceding fiscal year. The Commission will conduct its evaluation within the boundaries of the Commission’s policies and it’s Employment Agreement with the General Manager. The Commission is responsible for the performance of the General Manager and may evaluate the General Manager’s performance at any time the Commission determines that it is in the best interests of ERMU to do so.

The evaluation of the General Manager will be based on:

1. ERMU’s operational performance and conduct in comparison to the Commission’s ***Results Policies*** and ***Delegation to Management Policies***, and consistent with ***Authority and Purpose Policies***.
2. ERMU’s operational and fiscal performance and conduct in comparison to the ERMU ***Strategic Plan***, ***Annual Business Plan*** (with budget), ***Financial Plan***, and any other critical success factors established by the Commission. The General Manager shall propose with each ***Annual Business Plan*** the specific performance criteria that represent his/her reasonable interpretation of the Commission’s performance expectations for the following fiscal year. The Commission and General Manager will discuss and agree in advance on the criteria to be used.

3. The General Manager’s personal performance and conduct in interactions with the Commission, the Commission’s independent advisors, customers, elected officials, employees, regulators, and representatives of other allied organizations or any other area deemed appropriate by the Commission and communicated to the General Manager.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4	Policy Title: Corporate Limitations

PURPOSE:

With this policy, the Commission describes, at a high level, the limits that it places on the General Manager to determine the methods by which management and staff conform to Commission policies in the management and operation of ERMU. Other policies in this series place more specific limits on the prerogatives of the General Manager with respect to specific functions of management

POLICY:

The General Manager shall not cause or intentionally allow any practice, decision, action or circumstance within the ERMU organization that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics.

POLICY HISTORY:

Adopted June 13, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4a	Policy Title: Succession of Leadership

PURPOSE:

With this policy, the Commission intends to ensure ERMU’s continuity of leadership, both long-term and short-term. More specifically, the Commission intends to protect ERMU from the sudden loss of services by the General Manager, other executive managers, and any employee who performs functions that are critical to the organization. The Commission also intends to prepare employees at all levels of the organization for increasing leadership responsibilities.

POLICY:

The General Manager shall establish, and at all times maintain current, a short-term plan for executive leadership and critical function succession under which two or more of his/her direct reports are designated and prepared to temporarily assume the responsibilities of Acting General Manager on short notice.

Consistent with this general statement, the General Manager shall:

1. Keep the Commission informed about the content of his/her short-term plan for executive leadership and critical function succession. The General Manager’s plan for executive leadership succession shall include the designation of a primary and secondary successor, both of whom are acceptable to the Commission, and a written position description for Acting General Manager
2. Keep the Commission informed about his/her availability to perform the duties of the General Manager.
3. Not be absent from ERMU’s offices and/or otherwise unavailable for communication with the Commission and other management employees for more than three (3) consecutive business days without first having designated a temporary successor and informing both the Commission and management employees of that designation.

4. Not allow the General Manager and both his/her primary and secondary designated successors to travel together in the same vehicle or other public or commercial form of conveyance.

The primary successor shall immediately assume the responsibilities of Acting General Manager upon receiving information that the General Manager is unable to fulfill his/her responsibilities or has been absent from corporate headquarters and/or otherwise unavailable for more than three (3) consecutive business days without having designated his or her temporary successor. In such event, the Acting General Manager shall formally notify the Commission of his/her assumption of responsibilities, after which the Commission President shall convene a special meeting to confirm the appointment of the Acting General Manager and to either confirm or modify the position description for Acting General Manager.

Additionally, the General Manager shall establish, and at all times maintain current, and effectively implement a long-term plan for leadership succession that is intended to:

1. Prepare all employees to grow in their leadership capabilities and responsibilities.
2. Ensure that the loss of services from any one employee does not impair the performance of the organization's critical functions.
3. Identify capable and willing people for future critical leadership positions and intentionally develop them in their leadership competencies and responsibilities.
4. Identify and communicate to the Commission any critical human resource needs of the organization that are not adequately met with available resources, along with steps that he/she is taking to meet those needs.

POLICY HISTORY:

Adopted June 13, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4b	Policy Title: Information and Support to the Commission

PURPOSE:

With this policy, the Commission communicates its expectations for information and support from the General Manager.

POLICY:

The General Manager shall not permit the Commission to be uninformed or unsupported in its work.

Consistent with this general statement, the General Manager shall:

1. Inform the Commission in a timely manner about ERMU’s significant successes or shortcomings with respect to Commission policies, goals and other directives.
2. Submit timely, accurate, and understandable financial, operating and other monitoring data required by the Commission in a form that directly relates to the provisions of the Commission policies being monitored. (See *Monitoring Performance of the General Manager Policy*)
3. Report in a timely manner any actual or anticipated instance of management noncompliance with Commission policies.
4. Inform the Commission about significant events and situations that are directly relevant to the Commission’s policies, especially any changes which may materially alter assumptions that the Commission has used previously to establish policy and make other significant decisions.
5. Advise the Commission if, in the General Manager’s opinion, the Commission is not in compliance with its own *Governance Policies* and *Commission-Management Connection*

Policies, especially where Commission actions or behavior (individual or collective) are detrimental to the working relationship between the Commission and the General Manager.

6. Advise the Commission if, in the General Manager’s opinion, the Commission is unfocused in its work or out of step with ERMU’s strategic framework (vision, core purpose, core values, mission and strategic objectives) as stated in the *Authority and Purpose Policies*.
7. Bring before the Commission in a timely manner as many internal and external points of view, issues and alternatives as the Commission may need to deliberate effectively and make fully informed decisions.
8. Bring to the Commission, in support of the Commission’s deliberations and decision-making, the recommendation(s) of management, the rationale for those recommendations, and the process(es) by which those recommendations were developed.
9. Present information that is clear, concise, and in a form that differentiates among the purposes for which it is intended (i.e. monitoring, decision-making, business context, education, etc.). (See *Agenda Planning Policy*).
10. Provide appropriate methods and resources for official communications and other functions of the Commission, its officers, committees and independent advisors.
11. Communicate and work with the Commission as a whole, either directly or, as appropriate, through its officers and committees.
12. Supply for the agenda of any Commission meeting all matters that are required by law or contract to be approved by action of the Commission.

POLICY HISTORY:

Adopted June 13, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4c	Policy Title: Strategic and Business Planning

PURPOSE:

With this policy, the Commission affirms the importance of strategic and business planning and sets forth its expectations for the General Manager in terms of the effective development, implementation, monitoring, and updating of the Commission’s approved Strategic Plan, Financial Plan and Business Plan/Budget.

POLICY:

The General Manager shall not allow ERMU to operate without the following Commission approved plans:

1. A Strategic Plan that provides strategic direction for a period of not less than five (5) future fiscal years in terms of high-level elements such as vision, core purpose, core values, mission, key result areas and broadly stated strategic objectives that are intended to achieve the organizational outcomes contained in the Commission’s *Authority and Purpose Policies*.
2. A Financial Plan covering not less than five (5) future fiscal years (see *Financial Planning and Budgeting Policy*).
3. A Business Plan/Budget that supports accomplishment of the Strategic Plan and sets forth specific operating and financial results in terms of elements such as actions and outcomes, budgeted financial and other resource requirements, and projected financial statements.

Consistent with this general statement, the General Manager shall:

1. Provide the overall direction, leadership, education, and resources needed to engage the Commission, management employees, key staff employees, and other key stakeholders in an effective strategic planning process.

2. Present to the Commission for approval a recommended Strategic Plan, a recommended Financial Plan, and a recommended Business Plan/Budget, as well as any subsequent changes to the approved plans that are needed to keep them relevant and effective. The Strategic Plan, as approved by the Commission, will include the high-level elements identified above. Consistent with the strategic direction approved by the Commission, management will implement, monitor, and periodically report to the Commission the status of the Strategic Plan through the use of goals, action plans, and performance measures. The Strategic Plan, Financial Plan, and Business Plan shall not materially deviate from the Commission's *Authority and Purpose Policies*.
3. Implement, if the Commission does not approve in a timely manner, the recommended Strategic Plan, Financial Plan, and Business Plan/Budget, as required to effectively manage the ERMU organization and utility enterprises.
4. Use the Strategic Plan as a guide and point of reference for preparing and updating the Financial Plan, Business Plan/Budget and other business management tools.
5. Communicate key elements of the Strategic Plan, Financial Plan, and Business Plan/Budget to ERMU's Commission, customers, employees, and other stakeholders at appropriate intervals to keep them well-informed about ERMU's operating environment, strategic direction and desired business and operational performance.
6. Report key business results and other operational outcomes to ERMU's Commission, customers, employees, and other stakeholders at appropriate intervals, using the Strategic Plan and Business Plan/Budget as a point of reference.

Note: The ERMU Commission has established strategic and business planning as an important part of its own Governance Agenda (see *Agenda Planning Policy*). During the first quarter of each fiscal year (January - March), the Commission will review the most current adopted version of ERMU's Strategic Plan and Financial Plan, along with the results of the Business Plan/Budget for the preceding fiscal year. The Commission and Management will prepare, and the Commission will adopt an updated Strategic Plan and Business Plan/Budget before the end of each calendar year. During the second and third quarters of every third year, the Commission and Management will work together to re-develop, and the Commission will adopt a Strategic Plan for at least five (5) future fiscal years. Management will prepare, and the Commission will adopt during the fourth quarter (October – December) of each year a Business Plan/Budget that includes management's revenue/expense budget and projections, including relevant assumptions for two (2) future fiscal years.

POLICY HISTORY:

Adopted June 13, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4d	Policy Title: Customer Interests

PURPOSE:

With this policy, the Commission communicates its expectations for the General Manager’s understanding of customer needs and management/staff employee interaction with customers and customer representatives.

POLICY:

In all ERMU interactions with customers and customer representatives, the General Manager shall not intentionally allow situations, processes, actions, behaviors or attitudes that are unsafe, undignified, inattentive, disrespectful or unresponsive to customer needs and requests, or otherwise in conflict with the organizational values advocated by the Commission. (See *Organizational Values Policy*).

Consistent with this general statement, the General Manager shall:

1. Keep the Commission and management/staff employees informed about customer expectations for and satisfaction with ERMU’s services and conduct.
2. Keep the Commission and management/staff employees informed about current and emerging customer needs that are relevant to ERMU’s core purpose and mission.
3. Provide relevant information to customers about ERMU services, using all appropriate media.
4. Keep customers reasonably informed about current and emerging issues, regulations, policies or practices that may affect their ERMU utility services and/or their use of those services.
5. Provide customers with convenient and secure access to their personal or business account information and to other information that will enable them to be informed and efficient

consumers of the services that ERMU provides.

6. Comply with all applicable legal and regulatory requirements for collecting, reviewing, transmitting, and storing customer information to protect it against improper access and use, damage or loss, and unauthorized destruction. (See *Legal & Regulatory Compliance Policy*).
7. Keep customers reasonably informed about potential service outages, emergency preparedness, safe use practices, and service restoration status.
8. Provide customers with various means to express their service needs, concerns, or ideas to ERMU.
9. Promptly handle identified customer issues and utilize a dispute resolution process, if necessary, through which any unresolved issues are brought to the attention of the Dispute Resolution Committee for resolution.

POLICY HISTORY:

Adopted July 11, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4d1	Policy Title: Customer Data Privacy

1.0 POLICY

Elk River Municipal Utilities (ERMU) recognizes our responsibility to keep information about our customers secure and confidential. We are committed to using our best efforts to protect our customers' private information and have taken the following steps to ensure that our customers' privacy is protected.

2.0 INFORMATION WE COLLECT

ERMU is the sole owner of the information collected from our customers. We collect personally identifiable information, such as name, address, account number, phone number, financial information, social security number, email addresses, etc. that is required for business purposes. This information will be maintained as confidential business information for which access is strictly limited. We do not sell or rent any information to others. We do not disclose any non-public personal information about our customers to any, except as permitted by law.

3.0 SECURITY

We restrict access to non-public personal information about our customers to those employees who need to know specific information to provide products or services to our customers. Our employees are trained to respect customer privacy and to access customer information only when they have a business reason to know information. We maintain physical, electronic, and procedural safeguards that comply with federal and state standards to guard our customers' non-public personal information.

4.0 NOTIFICATION

This policy will be provided to customers as requested and distributed on an annual basis in the form of a customer privacy notice. Changes to this privacy policy will occasionally be updated to reflect company and customer needs.

POLICY HISTORY:

Adopted November 14, 2006

Revised November 9, 2021

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4e	Policy Title: Core Customer Services

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning core customer services and related business opportunities.

POLICY:

The ERMU Commission expects the General Manager to ensure that customers receive safe, reliable, cost effective and quality long term electric and water utility services that directly support ERMU’s core purpose and mission as stated in the *Organizational Core Purpose Policy* and *Mission Statement Policy*. ERMU’s “core customer services” are retail electric and water services.

Consistent with this general statement, the General Manager shall:

1. Identify and keep the Commission informed about the full range of business opportunities that are reasonably available to ERMU for the provision of its core customer services, bringing appropriate recommendations to the Commission for consideration and approval.
2. Keep him/herself and others in the organization informed about electric and water services trends, technologies, and practices through independent research, membership in appropriate organizations, and participation in appropriate industry workshops, seminars, and other similar opportunities.
3. Actively participate in relevant associations and advocacy groups, and stay informed about the national, regional, and state electric power and water supply markets, market participants, market management, and related legal and regulatory initiatives that may directly affect the interests of ERMU customers. Work to mitigate regulatory risks by acting on behalf of the interests of ERMU and its customers.

4. Maintain professional and productive relationships with utility service providers, regulators, professional experts and others with whom ERMU must collaborate to create and execute successful business opportunities.
5. Clearly articulate and consistently demonstrate a high value proposition for customers who receive ERMU's core customer services.
6. Establish core customer service standards for reliability, cost, quality, regulatory compliance, and other factors important to ERMU's customers.
7. Routinely monitor and keep the Commission informed about ERMU's overall performance with respect to its core customer services standards, as well as ERMU's business strategies and initiatives to improve those services.

The General Manager is expected to look for and consider new business opportunities but shall not implement any new core customer services or pursue any related business opportunities without legal authority and clear direction to do so from the Commission-approved ERMU Strategic Plan, Annual Business Plan or specific authorization of the Commission.

POLICY HISTORY:

Adopted July 11, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4e1	Policy Title: Customer Accounts

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning customer accounts, responsible person(s), and application for services.

POLICY:

Consistent with the *Core Customer Services Policy*, the ERMU Commission expects the General Manager to ensure that customers receive safe, reliable, cost effective and quality long term electric and water utility services that directly support ERMU’s core purpose and mission as stated in the *Organizational Core Purpose Policy* and *Mission Statement Policy*.

The ERMU Commission expects the General Manager to establish processes, procedures, and management policy which clearly define the terms for core customer services in such that customer service is provided at the highest level possible while considering all customers and customer classes, the short and long term health of the organization, and the safety of employees and the community.

Consistent with this general statement, the General Manager shall:

1. Establish policy and procedures for the application of service which:
 - a. Designate the person(s) responsible for the service.
 - b. Collect Social Security numbers and Dates of Birth for all persons responsible for service, or in the case of a commercial customer, a signed guarantor form.
 - c. Establish a requirement for any customer’s previously incurred obligations or delinquent bills to ERMU to be paid in full before a new service is provided.
 - d. Establish that in the case of a rental or lease space vacancy, that the account responsibility be designated to the building owner.
 - e. Establish that any person receiving service from ERMU which has not applied for service as required by policy, and complied with all applicable policies, shall be considered an

- unauthorized user of ERMU service and be subject to penalty and immediate disconnection without notice.
- f. Establish that those applying for service from ERMU consent to reasonable access to all ERMU equipment and metering located on customer's property, and that failure to do so may result in disconnection of service.
2. Establish policy and procedures for billing due dates, payments, penalties, and delinquent notices which specify the following requirements:
 - a. With consideration for the ERMU billing software abilities, and operationally consistent for the multi-cycle billing process with four billing cycles, customers shall be billed one time per month. The due date shall be clearly specified on the bill sent to customers which shall be approximately 20 days after the bill is generated.
 - b. Provide and communicate the availability of multiple payment options, both physical and electronic, for customers to submit payment.
 - c. Bills are considered late the next business day following the due date. Reminder notices and notices of delinquency must be provided consistent with applicable law. A grace period of up to 6 days may apply.
 - d. For accounts that become delinquent, a penalty shall be applied at the percentage identified in the Commission adopted ***Fee Schedule***.
 - e. Any check given in payment for services that is returned by the bank marked Non-Sufficient Funds (NSF), will be subject to an NSF fee as identified in the Commission adopted ***Fee Schedule***.
 - f. After continued returned payments, ERMU reserves the right to provide notification to the customer that checks will no longer be accepted for payment on their account. If a customer continues to submit checks for payment after notification, they will be subject to an administrative fee as identified in the Commission adopted ***Fee Schedule***.
 - g. Consistent with the ***Customer Deposits Policy***, customers shall be subject to additional deposit requirements after having late payments.
 - h. Provide the option for customers to opt out of automatic meter reading, provided the requesting customer would be responsible for 100% of the equipment costs and subject to a manual meter reading fee as identified in the Commission adopted ***Fee Schedule***.
 - i. Provide the option for budget payment plans allowing customers the convenience of predictable monthly payments while maintaining ERMU's ability to minimize risk and recover costs and customer obligations.
 - j. Provide reasonable and feasible deferred payment programs for customers with legitimate financial difficulty.
 - k. Employ any and all reasonable methods for collecting unpaid accounts.
 3. Establish policy and procedures for disconnection and reconnection of service:
 - a. Establish a policy for authorized customers, who are designated as a responsible party for the account, to request disconnection.
 - b. Establish a policy for the disconnection of service with notice of but not limited to, the following: payment or obligation delinquency, failure to apply for service, violation of terms of service agreement, violation of policy or rules, or failure to provide reasonable access to equipment or metering.
 - c. Establish a policy for communicating notice of disconnection of service.
-

- d. Establish a policy for the disconnection of service without notice for the following circumstances: unauthorized use of service; tampering with utility equipment or metering; or conditions determined to be hazardous to the customer, equipment, or to the public.
 - e. Establish a policy defining the conditions for reconnection of service that include the following: customers placed on the disconnection list must pay disconnection/reconnection fee as identified in the Commission adopted ***Fee Schedule***; customers who are in arrears before disconnection shall be required to post an additional deposit consistent with the ***Deposit Policy***; and all obligations must be made in full prior to reconnection. Payment of all amounts required for reconnection must be made in the office or online. Only cash, money order, or credit cards will be accepted. There will be no payments collected by field staff.
 - f. Consistent with Minnesota Statutes Section 216B.097, regarding the Cold Weather Rule, develop a policy addressing non-disconnection for customers meeting the qualification requirements between October 15 and April 15.
 - g. Consistent with Minnesota Statutes Section 216B.0975, regarding Disconnection During Extreme Heat Conditions, develop a policy addressing non-disconnection for customers meeting the qualification requirements.
4. Establish policy and procedures for customer account disputes:
 - a. Consistent with the ***Dispute Resolution Committee Charter Policy***, provide an option for a customer appeal process through the Dispute Resolution Committee for customer issues where resolution requires action not authorized or delegated to management.

POLICY HISTORY:

Adopted May 12, 2020

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4e2	Policy Title: Electric Services

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning the provisions of electric services with practical safeguarding of persons, buildings and their contents from hazards arising from the use of electricity for light, heat, power, radio and television signaling, and other safeguards to life and property.

POLICY:

Consistent with the *Core Customer Services Policy*, the ERMU Commission expects the General Manager to ensure that customers receive safe, reliable, cost effective and quality long term electric utility service that directly support ERMU’s core purpose and mission as stated in the *Organizational Core Purpose Policy* and *Mission Statement Policy*.

The ERMU Commission expects the General Manager to establish processes, procedures, and management policy which clearly define the terms for providing electric service.

Consistent with this general statement, the General Manager shall:

1. Establish policy and procedures for the provisions of electric services which are compliant with applicable rules, regulations, standards, code, and law including but not limited to the following:
 - a. ERMU shall operate under the National Electrical Safety Code (NESC).
 - b. All connected electric loads shall be required for their installation to comply with the National Electrical Code (NEC).
2. Establish metering policy and procedures which address, but are not limited to the following:
 - a. Customers shall be furnished one service entrance and one meter to measure energy consumption and demand, unless otherwise approved by the General Manager.
 - b. For residential customers, the meter shall be the point of sale (POS). All equipment and materials required for metering shall be owned and maintained by ERMU. The customer

shall be subject to all metering equipment costs as identified in the Commission adopted ***Fee Schedule***.

3. Establish policy regarding the redistribution of energy consistent with the following:
 - a. All energy sold by ERMU is to be used by the customer for the purposes designated or implied in the ***Rates Schedule*** applicable to their installation. Energy so sold may not be resold or redistributed to other metered users unless specifically approved by the General Manager.
4. Establish policy and procedures for customer disputes:
 - a. Consistent with the ***Dispute Resolution Committee Charter Policy***, provide an option for a customer appeal process through the Dispute Resolution Committee for customer issues where resolution requires action not authorized or delegated to management.

POLICY HISTORY:

Adopted May 12, 2020

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4e3	Policy Title: Water Services

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning the provision of water services with practical safeguarding of persons, buildings and their contents from hazards arising from the use of water service.

POLICY:

Consistent with the *Core Customer Services Policy*, the ERMU Commission expects the General Manager to ensure that customers receive safe, reliable, cost effective and quality long term water utility service that directly support ERMU’s core purpose and mission as stated in the *Organizational Core Purpose Policy* and *Mission Statement Policy*.

The ERMU Commission expects the General Manager to establish processes, procedures, and management policy which clearly define the terms for providing water service.

Consistent with this general statement, the General Manager shall:

1. Establish policy and procedures for the provision of water services which are compliant with applicable rules, regulations, standards, code, and law including but not limited to the following:
 - a. ERMU shall operate in compliance with drinking water quality standards established by the Environmental Protection Agency (EPA) that are authorized through the Safe Drinking Water Act (SDWA). Additionally, ERMU shall operate in compliance with these drinking water quality standards consistent with their interpretation and enforcement by the Minnesota Department of Health (MDH).
 - b. ERMU shall design and maintain the water production and distribution system consistent with American Water Works Association (AWWA) standards.
 - c. All connected water services shall be required to comply with the Minnesota Building Code and the Minnesota Plumbing Code as adopted into ordinance by the council.

- d. ERMU shall require all new development construction design to have looped water mains; consistent with city ordinance, side lot easements shall be required as needed.
2. Establish metering policy and procedures which address, but are not limited to the following:
 - a. Customers shall be allowed one service entrance and one meter to measure water usage, unless otherwise approved by the General Manager.
 - b. All equipment and materials required for metering shall be owned and maintained by ERMU. The customer shall be subject to all metering equipment costs as identified in the Commission adopted ***Fee Schedule***.
 - c. The customer shall own and be responsible for the entire water service line. The service line shall include the piping extending from the water main in the street, including the corporation cock, to the meter within the building. The service line shall meet ERMU standards.
3. Establish policy regarding the redistribution of water consistent with the following:
 - a. All water sold by ERMU is to be used by the customer for the purposes designated or implied in the ***Rate Schedule*** applicable to their installation. Water so sold may not be resold or redistributed to other metered users unless specifically approved by the General Manager.
4. Establish policy and procedures for customer disputes:
 - a. Consistent with the ***Dispute Resolution Committee Charter Policy***, provide an option for a customer appeal process through the Dispute Resolution Committee for customer issues where resolution requires action not authorized or delegated to management.

POLICY HISTORY:

Adopted May 12, 2020

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4f	Policy Title: Employee Interests

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning the employment, termination of employment, management, compensation and treatment of employees.

POLICY:

In all ERMU interactions with and among the employees of ERMU, the General Manager shall not intentionally allow situations, processes, actions, behaviors or attitudes that are unsafe, illegal, undignified, inattentive or unresponsive to employee needs or requests, or otherwise in conflict with the organizational values advocated by the Commission. (See *Organizational Values Policy*).

Consistent with this general statement:

1. The General Manager shall not allow ERMU management or the Commission to be inadequately informed about, or fail to exercise reasonable judgment and discretion regarding appropriate and timely action on, any issue of material significance concerning employee safety and health, performance, satisfaction and morale, or employment policies and processes.
2. The General Manager shall not operate without an Employee Safety Manual.
3. The General Manager shall not operate without proactive management support for a safety culture that includes expected compliance with the Safety Manual, participation in ongoing safety training, consistent use of safe work practices and personal protective equipment, reporting of unsafe conditions and safety incidents/near misses, and accountabilities for safety at the organizational, work group, and individual level.

4. The General Manager shall not operate without documented employment policies, processes, and practices that have been adopted by the Commission and communicated to employees in the form of an ERMU Employee Handbook.
5. The General Manager shall exercise reasonable judgment and discretion to avoid operating ERMU in material contravention of the Commission-approved employment policies, processes, and practices or any applicable employment law or regulation.
6. The General Manager shall adopt a reasonable process for notifying employees of material changes to the ERMU Employee Handbook and other applicable employee policies.
7. The General Manager shall adopt a reasonable process for conducting and documenting annual employee performance planning and evaluation in a manner consistent with the nature of each employee's duties.
8. Within the financial limitations of the budget approved by the Commission, the General Manager shall provide employees with safe working conditions, adequate facilities and equipment, and other support needed to enable high levels of employee performance, job satisfaction, and career development.
9. The General Manager shall not use methods of collecting, reviewing, transmitting, or storing employee information that fail to protect the information against improper access and use, damage or loss, or unauthorized destruction.

POLICY HISTORY:

Adopted August 8, 2017



EMPLOYEE HANDBOOK

**13069 Orono Parkway
ELK RIVER, MN 55330**

June 2023

Office: 763-441-2020

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RECEIPT AND ACKNOWLEDGMENT
(EMPLOYEE REFERENCE COPY)

By signing this receipt, I acknowledge that I have received a copy of the Elk River Municipal Utilities Employee Handbook (the “Handbook”). This Handbook and the policies contained or referenced in the Handbook supersede and replace previously-issued handbooks, contrary oral or written statements of employment policy, and contrary employment practices.

I understand that the Employee Handbook may be amended at any time, with or without notice. I understand that I do not have a protected property interest in my employment with the Utilities. I also understand that neither this Handbook nor any provision in it creates a contract of employment for any particular duration between the Utilities and me. Further, I understand that nothing in this Handbook creates a contract with specific terms between the Utilities and me.

I acknowledge that it is my responsibility to become and remain informed about the employment policies and practices of the Utilities and to abide by the rules, regulations, standards and policies of the Utilities, including those contained in this Handbook. I also understand that any violation by me of the Utilities’ rules, regulations, policies, practices, or standards is just cause for discipline, up to and including termination of my employment.

Date

Print or Type Name

Employee Signature

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1. IMPORTANT NOTICE ABOUT THIS HANDBOOK

This Employee Handbook sets forth general policies of the Elk River Municipal Utilities (the “Utilities”) and is intended to help you get to know the Utilities and your responsibilities. The Handbook applies to all Utilities employees.

The Utilities Commission shall, in accordance with its statutory responsibility to manage the Utilities, be responsible for the maintenance and periodic revision of personnel policies, the Utilities’ personnel program, and this Handbook. The Utilities is committed to complying with all applicable law. If it comes to the attention of the Utilities that any provision of this Handbook is inconsistent with applicable law, the Utilities will comply with applicable law.

Each employee of the Utilities is responsible to become and remain informed about the employment policies and practices of the Utilities and to abide by the rules, regulations, standards and policies of the Utilities, including those contained in this Handbook.

This Handbook is designed to answer basic questions about the Utilities’ employment policies and procedures and to serve as a resource when you may need information. This Handbook cannot cover every situation, and the Utilities reserves the right to interpret and apply this Handbook and to address each situation as it determines appropriate.

If you have any questions about the information in this Handbook, or if the Handbook does not appear to address your concern, please contact your immediate supervisor, another Utilities manager or Director, or the Utilities’ Human Resources Representative.

No employee has a protected property interest in his or her employment with the Utilities, and nothing in or about this Handbook creates a contract of employment for any particular duration between the Utilities and any Employee. Further, to be clear, nothing in this Handbook creates a contract with specific terms between the Utilities and any employee.

Violation of the Utilities’ rules, regulations, policies, standards or practices is just cause for discipline, up to and including termination of employment.

PERSONNEL RECORDS

Certain personnel records are required by law, and others are needed for the Utilities benefits and administrative purposes. Please be sure that all personal information in your file is accurate and up-to-date. If your personal information changes, please let Human Resources know.

ACCESS TO PERSONNEL RECORDS

Minnesota Law provides employees with certain rights relating to their personnel records. (See Minnesota Statutes Sections 181.960 to 181.965). The Utilities will comply with all

requirements of the law. As a new or continuing employee of the Utilities you are put on notice of the following rights and remedies provided by Minnesota law.

1. Employees, upon making a good faith written request, have the right to review their personnel record, as defined by the statute, up to once every six months. The record must be made available during the Utilities' normal hours of operation, but not necessarily the employee's normal working hours, and at the employee's place of employment or other nearby location. The Utilities may require that the review be done in the presence of a Utilities representative. If employees so choose, they may make a written request for a copy of the personnel record which will be provided free of charge.

2. Former employees, upon making a good faith written request, have the right to receive a copy of their personnel record, as defined by the statutes, once each year after separation of employment for as long as the personnel record is maintained. The personnel records must be provided free of charge.

3. The Utilities must comply with the written request to review or provide a copy of the personnel records no later than seven working days after receipt of the written request, or no later than fourteen days after the receipt of the request if the personnel record is located outside of the state.

4. Employees and former employees have the right to submit a written position statement to the personnel record if the record contains any disputed information which the employee/former employee and the Utilities cannot agree to remove or revise. The written position statement may not exceed five written pages. The written position statement must be included along with the disputed information in the record for as long as the disputed information is maintained in the personnel record. A copy of the written position statement must also be provided to any other person who receives a copy of the disputed information from the Utilities after the written position statement is submitted.

5. If the Utilities and the employee have fully complied with the requirements related to disputed information, which are described in the paragraph immediately above, no communication by the employee or the Utilities of information contained in the personnel records may be made the subject of any common law civil action for libel, slander, or defamation, unless the Utilities communicates information with knowledge of its falsity or with reckless disregard of its falsity.

6. If the Utilities refuses to comply with the personnel record statutes, employees and former employees may bring a civil cause of action seeking to compel compliance and may recover actual damages plus costs for a violation of the statutes. In addition, the Minnesota Department of Labor & Industry can enforce the statutes and seek additional remedies and impose fines.

7. The Utilities may not retaliate against an employee for asserting the rights or seeking the remedies described above. Employers that retaliate against employees for exercising the rights or remedies described above may be liable for actual damages, back

pay, reinstatement, costs, attorneys' fees and other make whole relief. In addition, the Minnesota Department of Labor & Industry may seek additional remedies and impose fines.

8. Information that properly belongs in the employee's personnel record, as defined in the statute, which is omitted from the personnel record provided by the Utilities to the employee may not be used by the Utilities in certain legal proceedings including administrative, judicial or quasi-judicial proceedings, unless the Utilities did not intentionally omit the information and the employee is given a reasonable opportunity to review the omitted information prior to its use.

GENERAL WORKPLACE POLICIES

2. OPEN DOOR POLICY

During your employment with the Utilities you may have certain concerns, such as an issue, suggestion, complaint, or question, about your job, your working conditions or some related matter. We strongly encourage you to raise any such concerns to Utilities management, so that we will have the benefit of your input on the matter and you will have the benefit of our best efforts to address any concerns you might have.

In addition, you are required to report any conduct in the workplace or related to the Utilities that you believe is illegal, and to ask questions if you are not sure whether any particular conduct is legal or appropriate. Please also see the discussion under the Whistleblower Policy in this Handbook. Anyone who fails to report a known or suspected violation of law, regulation or internal policy may be considered to have committed an equally serious violation. That individual may be subject to corrective and/or disciplinary action, up to and including discharge.

Under this Open Door Policy, we ask that you first raise any concern about your employment or the workplace with your immediate supervisor, if possible, and follow the steps below to have your concerns addressed. (Please note that issues of harassment should be addressed in accordance with the Utilities' Harassment Policy in this Handbook.)

1. If you have any concern about any aspect of employment with the Utilities or with the Utilities' business, please voice your concerns to your immediate supervisor as soon as possible. In most cases your immediate supervisor will be the person in the best position to address your concerns. The supervisor and the Utilities will make every effort to keep the matter confidential to the extent possible within the confines of the rights and obligations of you and the Utilities.
2. If for some reason you are not comfortable discussing your concerns with your immediate supervisor, choose another Utilities manager or Director with whom to discuss your concerns. Again, he/she will make every effort to keep the matter confidential to the extent possible.
3. Alternatively, or in addition, you may feel free to contact the Utilities' Human Resources Representative.

The Utilities strictly prohibits retaliation or reprisal of any kind against an employee who makes a good faith report regarding a known, or suspected, violation or concern regarding any law.

3. EQUAL EMPLOYMENT OPPORTUNITY

The Utilities pledges its best efforts to avoid discrimination against any employee or applicant for employment because of race, color, creed, religion, sex, sexual orientation, gender identity, age, national origin, marital status, familial status, pregnancy, genetic information, veteran status, status with regard to public assistance, disability, status as a patient enrolled in the state of Minnesota medical marijuana registry program or an enrolled patient's positive drug test for marijuana, or any other status that may be protected by state or federal law.

The Utilities prohibits discrimination against and harassment of any employee or job applicant on the basis of protected class status. Employees who participate in discrimination in violation of this Policy are subject to discipline up to and including termination. Retaliation against any employee for making a good faith complaint under this Policy or for assisting with investigations of complaints made under this Policy is also strictly prohibited.

Any person who feels that he/she has experienced discrimination or harassment in violation of law and/or this Policy should immediately contact his/her supervisor, the Human Resources Representative, and/or any Utilities manager or Director. Any manager or Director who receives a report under this policy is required to communicate the matter to the Human Resources Representative immediately.

4. DISABILITY ACCOMMODATION

The Utilities is committed to providing reasonable accommodation, as appropriate, for qualified employees who have disabilities and for health conditions related to an eligible employee's pregnancy, childbirth, or related health conditions.

An employee who believes that he or she requires an accommodation due to a disability, pregnancy or childbirth in order to perform the essential functions of his or her position should so advise his or her immediate supervisor, another Utilities manager or Director, or the Human Resources Representative. We ask that this request be made in writing.

On receipt of a reasonable accommodation request, the Utilities will engage in an interactive process with the employee to determine if the employee is entitled to a reasonable accommodation and if one can be granted without creating an undue hardship for the Utilities. The Utilities reserves the right to request medical or other certification of the need for the accommodation in accordance with applicable law.

Retaliation against any individual for making a good faith complaint under this Equal Employment Opportunity/Disability Accommodation policy, for opposing discrimination, or for participating in an investigation of any claim regarding discrimination or disability accommodation is strictly prohibited.

If you feel that you have experienced such retaliation, you should follow the Reporting Procedure outlined above in the Open Door Policy. Any manager or Director who receives a report under this policy is required to communicate the matter to the Human Resources Representative immediately.

5. HARASSMENT PROHIBITED

All Utilities employees have a right to work in an environment free from discrimination and intimidation, including harassment. The mission of the Utilities is best accomplished in an atmosphere of professionalism that in turn is supported by mutual respect and trust. The Utilities expects all employees to work toward this goal. Harassment based on a person's race, color, creed, religion, national origin, sex, sexual orientation, gender identity, disability, age, marital status, genetic information, status with regard to public assistance, veteran status or any other protected class status may be unlawful and is strictly prohibited by the Utilities.

Definitions of Sexual and Other Forms of Harassment

Harassment consists of unwelcome conduct based on a person's race, color, creed, religion, national origin, sex, sexual orientation, gender identity, disability, age, marital status, genetic information, status with regard to public assistance, veteran status, or any other protected class status that is interfering with your job performance, or creating an intimidating, hostile, or offensive work environment; or when submission to such conduct is:

- a condition of employment; or
- a basis for an employment decision affecting your job.

One form of prohibited harassment is sexual harassment. Sexual harassment includes unwelcome sexual advances, requests for sexual favors, sexually motivated physical contact or other verbal or physical conduct or communication of a sexual nature that is interfering with your job performance, or creating an intimidating, hostile, or offensive work environment; or when submission to such conduct is made:

- a condition of employment; or
- a basis for an employment decision affecting your job.

The Utilities prohibits sexual harassment of any type and in any form, including verbal, physical, and visual harassment. Some examples of conduct that may be sexual harassment include:

- use of offensive or demeaning terms that have sexual connotations;

- telling suggestive jokes or stories and conversations about sexual exploits, sexual preferences, and desires;
- jokes, cartoons, pictures, objects or stories that have a sexual content;
- threats, demands or suggestions that an employee's work status, advancement or other terms and conditions of employment are contingent upon the employee's toleration of or acquiescence to unwelcome sexual advances;
- repeated, unwelcome sexual flirtations, propositions, or invitations to social engagements; or
- unwelcome and objectionable physical contact or physical proximity.

Scope of Policy

The Utilities prohibits harassment of any type or form. This policy prohibits same sex harassment as well as harassment by members of the opposite sex. In addition, this policy prohibits sexual harassment and any other form of harassment by any individual, including Utilities managers, employees, co-workers, and third parties such as clients, elected officials, consultants, contractors or vendors who deal with the Utilities' employees.

Procedure for Reporting Harassment

The Utilities wants to resolve any problems, but it can do so only if it is aware of them. The Utilities encourages any individual who believes he/she is being harassed to report any and all incidents of perceived harassment.

If at any time you feel you are being harassed, you should immediately contact:

your supervisor; and/or

another Utilities manager or Director (including any superintendent of the Utilities or other representative as defined in Section 24 of this Handbook); and/or

the Human Resources Representative.

Any Utilities manager or Director or other person who receives a report under this policy is required to communicate the matter to the Human Resources Representative immediately.

Your report of harassment may be oral or written; in either case, it is important that you state that your report is being made under this harassment policy, or that it concerns harassment. You may choose to whom you make the report; that choice, however, must be made from the list of individuals named above.

The Utilities will promptly investigate harassment complaints as appropriate, and take other appropriate action. Any person who is found to have committed prohibited harassment will be subject to corrective action up to and including termination.

Confidentiality – No Retaliation

The Utilities will strive to protect the confidentiality of information the Utilities receives pursuant to this policy to the extent feasible and to the extent permitted by law.

Retaliation against any individual for making a good faith complaint under this policy, for opposing harassment, or for participating in an investigation of any claim regarding harassment or inappropriate behavior is strictly prohibited.

If you feel that you have experienced such retaliation, you should follow the Reporting Procedure outlined in this policy.

Questions About This Policy

Any questions about this policy or any related matter should be referred to the Human Resources Representative or any Utilities manager or Director.

6. BUSINESS CONDUCT

In accepting employment with the Utilities, employees become its representatives to the public and are responsible for assisting and serving the customers for whom they work. An employee's primary responsibility is to serve the customers of Elk River Municipal Utilities. The values of Elk River Municipal Utilities - ethics, open and honest communication, maintaining a positive workplace for employees, and serving customers – must guide our daily business activities. We strive for and take individual responsibility for ethical behavior – not only because it is the right thing to do, but also because it is a fundamental value in public services.

Unacceptable conduct consists of any act or omission that, in the business judgment of Elk River Municipal Utilities, significantly departs from expected standards of behavior affecting the workplace. Some examples of unacceptable conduct include, but are not limited to:

1. Not performing assigned duties to the best of the employee's ability at all times.
2. Not rendering prompt and courteous service to customers and the public at all times.
3. Not maintaining courtesy and professionalism towards other employees.
4. Unauthorized possession of Utilities property.
5. Falsifying timekeeping records or any other Utilities records.
6. Violating the Utilities' work rules regarding alcohol and illegal drugs.
7. Violating the Utilities' rules regarding Electronic Communications.
8. Fighting or threatening violence in the workplace.

9. Negligence or improper conduct leading to damage of employer-owned or customer-owned property.
10. Insubordination or other disrespectful conduct, including failing to respond to warnings or directives to improve conduct or performance.
11. Violation of safety or health rules.
12. Sexual or other unlawful or unwelcome harassment.
13. Unauthorized possession of firearms or any object that could be considered a dangerous weapon (or other violation of the Utilities' weapons policy).
14. Excessive absenteeism or any absence without reasonable notice.
15. Unauthorized disclosure of business secrets or confidential information.
16. Misuse of Utilities resources.
17. Any other behavior unacceptable to Utilities management or any conduct inconsistent with the policies in this Handbook or the rules, practices or standards of the Utilities.

All employees have a personal responsibility to report any behaviors or practices that may constitute unacceptable conduct under this policy. Such conduct may risk our future success. If you have any concerns or questions, discuss them with the Human Resources Representative, your supervisor or any Utilities manager or Director. These concerns will be treated confidentially (to the extent possible) and with high priority.

7. ETHICS, GIFTS AND CONFLICTS OF INTEREST

Utilities employees shall not use their official position for personal gain, engage in any business or transaction or have a financial interest, direct or indirect, which is in conflict with the proper performance of their official duties. Utilities employees must scrupulously avoid any activities that suggest a conflict of interest between their private interests and Utilities responsibilities.

Employees shall not accept, either directly or indirectly, any money, property, gift, gratuity, reward, loan, fee, discount, or special consideration or special accommodation from any vendor or potential vendor to the Utilities or the City of Elk River, or that arises from or is offered because of their employment or any activity connected with their employment with the Utilities.

8. EMPLOYMENT OF RELATIVES

It is generally the policy of the Utilities not to employ relatives or cohabitants of current employees or Utilities Commissioners. The purpose of this policy is to prevent conflicts of interest, the appearance of such conflicts, undue influence over an individual's employment, and distraction from workplace productivity and safety. Occasional exceptions may be made to this general policy for legitimate business reasons in the discretion of the Utilities; provided, however, that in no event will relatives or cohabitants be permitted to be in a direct reporting relationship at the Utilities. "Relative" for purposes

of this policy includes parent, marital or non-marital domestic spouse, sibling, child and step-child, grandparent, grandchild, parent-in-law, a person for whom the employee is a legal guardian, first cousin, sibling-in-law, son/daughter-in-law, niece/nephew, and aunt/uncle.

9. WHISTLEBLOWERS

Pursuant to Minn. Stat. § 181.932, Elk River Municipal Utilities will not discharge, discipline, threaten, or otherwise discriminate against, or penalize an employee regarding the employee's compensation, terms, conditions, location, or privileges of employment because:

- a. The employee, or a person acting on behalf of any employee, in good faith, reports a violation or suspected violation of any federal or state law or rule adopted pursuant to law to the Utilities or to any governmental body or law enforcement official;*
- b. The employee is requested by a public body or office to participate in an investigation, hearing, inquiry; or*
- c. The employee refuses the Utilities' order to perform an action that the employee has an objective basis in fact to believe violates any State or Federal law or rule regulation adopted pursuant to law and the employee informs the Utilities that the order is being refused for that reason.*

The Utilities will make reasonable efforts to preserve as confidential the identity of an employee making a report under this policy to the extent feasible and consistent with applicable law. Any Utilities manager or Director who receives a report under this policy is required to communicate the matter to the Human Resources Representative immediately.

Employees shall not make any statements or disclosures pursuant to this section knowing that they are false or that they are in reckless disregard of the truth. This section does not permit disclosures that would violate federal or state law or diminish or impair the right of any person to the continued protection of confidentiality or communications provided by common law.

10. WAGE INFORMATION

Employees working for the Utilities, or living, in Minnesota have the right, under Minn. Stat. §181.172, to choose to disclose their own wages and to discuss another employee's wages that have been voluntarily disclosed by that employee. In addition, regardless of location, employees who are not managers or supervisors also have these rights. An employee does not, however, have the right to disclose to a competitor of the Utilities or to any other person any wage information regarding other employees of the Utilities that

he or she has learned in the course of performing job duties that involve access to confidential and private information about employees.

The Utilities shall not require an employee to agree to give up his or her wage disclosure rights as a condition of employment, to sign any document that purports to deny an employee his or her wage disclosure rights, or take any retaliatory or other adverse employment action against an employee for exercising his or her wage disclosure rights.

A copy of Minn. Stat. §181.172 can be obtained from Human Resources. §181.172 permits a civil cause of action for a violation of the statute and, in any such action, the court may, if found appropriate, order job reinstatement, back pay, restoration of lost service credit, and the expungement of adverse records.

11. WEAPONS PROHIBITED

Elk River Municipal Utilities prohibits all employees from carrying or possessing firearms or other weapons while acting in the course and scope of their employment for the Utilities. Carrying or possessing firearms or weapons in Utilities vehicles is also prohibited.

This policy extends to any situation in which employees are acting in the course and scope of their employment including while utilizing personal vehicles or attending work-related training. However, it is not a violation of this policy to lawfully carry a firearm in a personal vehicle that is lawfully encased and secured. Employees may be disciplined for violations of this policy up to and including termination of employment.

A narrow exception is made to this policy, which is applicable only in connection with attendance at the Minnesota Municipal Utilities Underground School (“MMUA Underground School”) or the Minnesota Municipal Utilities Overhead School (“MMUA Overhead School”). Both of these events are held at the MMUA Training Center in Marshall, MN. An employee is not prohibited from carrying or possessing a firearm or other appropriate weapon in a situation where, in connection with his or her Utilities employment, the employee is using a Utilities vehicle while attending MMUA Underground School or MMUA Overhead School --- if and only if the employee’s participation in the MMUA Underground School or MMUA Overhead School includes a hunting or target-shooting activity, and provided that the employee is otherwise lawfully permitted to carry and possess a firearm. This exception applies only for the duration of the specific MMUA event and the period of the employee’s travel to and from the event.

12. EMPLOYEE SAFETY

Safety is of paramount importance to the Utilities. All employees and managers must follow the regulations and laws of the State of Minnesota and rules of the Utilities governing the safety of employees and the public. If employees have questions or concerns about issues affecting safety, they should immediately discuss them with their supervisor,

any Utilities manager or Director, the Human Resources Representative, or the relevant public safety authority.

Employees are required to report accidents resulting in personal injuries and/or vehicle, equipment, or property damage to their supervisor immediately.

Personal Injuries. Immediately report to your supervisor all accidents and injuries occurring within the course of your employment. The supervisor shall submit a First Report of Injury and a Supervisor's Report of Injury Form to the Human Resources Representative within twenty-four (24) hours of receiving such report from you.

Vehicle, equipment, or property damage accidents. Immediately report to your supervisor all damage to Utilities property. The supervisor should submit documentation regarding the incident to the Utilities' Finance Manager within twenty-four (24) hours of the time of the damage or accident. A copy of the Minnesota Motor Vehicle Accident Report must be submitted for all vehicle accidents.

The Utilities will provide necessary safety equipment to employees. This may include:

- One pair of safety glasses at the time of employment. The employee shall provide the correct prescription for the safety glasses.
- The Utilities will pay the cost of new safety lenses, upon a change in the prescription. If needed, frames will be replaced as needed contingent upon supervisor approval.
- Safety glasses that are broken or damaged while the employee is on the job will be replaced by the Utilities.

13. COMMITMENT TO A DRUG AND ALCOHOL-FREE WORKPLACE

The Utilities is committed to providing a safe, healthy, and productive drug and alcohol-free workplace.

To promote this goal, employees and others are required to report to work in appropriate mental and physical condition to perform their jobs in a satisfactory manner. Being under the influence of alcohol or illegal drugs (as classified under federal, state, or local laws), including marijuana, while on the job poses serious health and safety risks to employees and members of the public/others, which is not tolerated. As a condition of employment employees must adhere to the terms and conditions of this policy.

Prohibited Conduct

The Utilities expressly prohibits the following activities at any time that the employee or other person is either (1) on the Utilities' facilities (whether or not the employee is working) or (2) on duty or conducting Utilities business (either on or away from the Utilities'

facilities) (the locations in (1) and (2) above are collectively referred to as the “Workplace” under this policy):

- The use, abuse, or being under the influence of alcohol, illegal drugs, or other impairing substances.
- The possession, sale, purchase, transfer, or transit of any illegal or unauthorized drug, including prescription medication that is not prescribed to the employee or drug-related paraphernalia.
- The illegal use or abuse of prescription drugs.

While the use of marijuana has been legalized under the laws of some states for medicinal uses, it remains an illegal drug under federal law and its use in, and as it impacts, the Workplace is prohibited by the Utilities’ policy. The Utilities does not discriminate against employees on the basis of their off-duty use of medical marijuana that is in compliance with any applicable state marijuana law. However, employees may not consume or be impaired by marijuana while in the Workplace, even if the employee has a valid prescription for medical marijuana.

Nothing in this policy is meant to prohibit the appropriate use of over-the-counter medication or other medication that is legally prescribed to the employee, to the extent that it does not impair an employee's job performance or safety or the safety of others. Employees who take over-the-counter medication or other medication legally prescribed to the employee should inform their immediate supervisor if they believe the medication may impair their job performance, safety, or the safety of others or if they believe they need a reasonable accommodation **before** reporting to work while under the influence of that medication. For more information on how to request a reasonable accommodation, please refer to the Utilities’ Reasonable Accommodation policy.

A violation of this policy is subject to disciplinary action, up to and including termination of employment or contractual relationship, and/or required participation in a substance abuse rehabilitation or treatment program as may be provided by applicable state law. Such violations may also have legal consequences.

Utilities-Sponsored Events

From time to time, the Utilities may sponsor in-person or remote social or business-related events at which alcohol is served and/or usage is permitted. This policy does not prohibit the use or consumption of alcohol at such events. However, if employees choose to consume alcohol at such events, they must do so responsibly and maintain their obligation to conduct themselves properly and professionally at all times with colleagues and/or current or prospective clients.

Workplace Searches and Inspections

In order to achieve the goals of this policy and maintain a safe, healthy, and productive work environment, the Utilities reserves the right at all times to search employees at the Workplace, as well as their surroundings and possessions, for substances or materials in violation of this policy. This right extends to the search or inspection of clothing, desks, bags, briefcases, containers, packages, boxes, lunch boxes, and any vehicles on or in the

Workplace where prohibited items may be concealed. Employees should have no expectation of privacy while in the Workplace, except in restrooms, locker rooms, or dressing areas.

Drug Testing

Applicants and Utilities employees are subject to certain kinds of drug testing in accordance with applicable law and Utilities policy. Separate policies are maintained for CDL drivers and for other employees and are distributed at the start of employment and periodically throughout employment. Copies of the Utilities' drug testing policies are available upon request from Human Resources and the Administrations Director.

14. EXPOSURE TO HAZARDOUS SUBSTANCES

Any employee routinely exposed to hazardous substances or harmful physical agents as defined in the Minnesota Employee Right to Know Act (MINN. STAT. § 182.675) shall be trained before being assigned or reassigned work exposing the employee to such substances or agents and shall be given training annually thereafter. Training shall include an explanation of how and where information about hazards is stored in the workplace, how the hazards are labeled, and where to obtain specific information. The supervisor (or other designee) shall provide for such training and for compliance with the Minnesota Employee Right to Know Act, including the establishment of specific policies to insure compliance with the state law and regulations. An employee acting in good faith has the right to refuse to work under conditions which the employee reasonably believes present an imminent danger of death or serious physical harm to the employee.

15. SOLICITATION AND DISTRIBUTION

The Utilities intends to establish and maintain a safe and productive business environment and to prevent interference with the work of its employees. This policy prohibits solicitation and the distribution of literature on Utilities property by non-employees. In addition, this policy addresses the limited circumstances under which solicitation and the distribution of literature on Utilities property by employees will be permitted, and it addresses the wearing and display of items, posting material on Utilities bulletin boards, and certain uses of the Utilities' computer, email, and other resources.

The term *solicitation* means any oral or electronic communication that encourages, advocates, demands, or requests any position or action or contribution of money, time, effort, personal involvement or membership in any organization or the sale or purchase of any merchandise or service.

The term *distribution* means posting, handing out, or otherwise distributing any written material in hard copy.

Non-Employees

Non-employees of the Utilities are strictly prohibited from engaging on Utilities premises in: i) trespassing; ii) the solicitation of any person; and iii) the distribution of any written material. Any violation or attempted violation of this policy by a non-employee should be reported immediately to the on-site supervisor.

Employees

Employees are prohibited from solicitation, for any purpose, during the working time of any employee involved in making or receiving the solicitation.

Employees are prohibited from distribution of written material in any work area at all times. Employees are also prohibited from distributing written material anywhere during the working time of any employee actively engaged in the distribution.

This policy does not prohibit an employee from performing solicitation or distribution in a non-work area on behalf of a third party that is not engaged in commercial, for-profit, or political activity, provided the employee has received the advance approval of the on-site supervisor to engage in such solicitation or distribution.

Related Policies

- Utilities Bulletin Boards. The Utilities in its discretion may permit employees to distribute written material by posting on Utilities bulletin boards in accordance with this policy, provided that any material for such posting must be reviewed and approved in advance by a Utilities manager or Director, who may consult with the Human Resources Representative before making a decision whether or not to allow the posting.
- Solicitation and Distribution on Utilities Computer and E-Mail Systems. Employees and non-employees are prohibited from using Utilities computer systems and other property and resources, including the Utilities e-mail system, for solicitation or distribution, except in connection with a Utilities-sponsored activity or, with advance approval of the on-site supervisor, on behalf of a third party that is not engaged in commercial, for-profit, or political activity.

Violation of This Policy By an Employee

Any employee in violation of this policy will be subject to disciplinary action up to and including discharge.

16. ELECTRONIC COMMUNICATIONS: INTERNET, E-MAIL, AND SOCIAL MEDIA

This policy covers all types of electronic communications. All Utilities computers, software, servers, computer systems, cell phones and telephone systems and other electronic services arranged for by the Utilities (“Electronic Communications Systems” or “ECS”) are the property of the Utilities and are intended and expected to be used for Utilities business. While occasional use of these systems for personal, non-business use is acceptable, employees must demonstrate a sense of responsibility and may not abuse such privileges. Communications of any kind by a Utilities employee over the Utilities’ ECS, whether work-related or personal, is subject to monitoring and review by the Utilities at any time, with or without notice or permission. Employees should have no expectation of privacy in the use of these systems. The use of passwords on these systems does not mean that messages stored on them are private or confidential, either from the Utilities or others.

This policy covers all usage and communications by employees in, on or over the Utilities’ Electronic Communications Systems, including e-mail, voice-mail, Internet and social media, whether such usage or communications are from the Utilities’ offices or from a remote location. This policy also covers electronic communications not done in, on, or over the Utilities’ ECS but in which the employee identifies himself or herself as a Utilities employee. Violations of this policy may result in discipline, up to and including termination.

All communications sent by employees over the Utilities’ ECS must be respectful in tone and professional. Communications over the Utilities’ ECS may not be used for transmitting, retrieving or storing any communications of a discriminatory or harassing nature, derogatory to an individual or group, obscene, or which are of a defamatory or threatening nature. Such communications should not be used for “chain letters” or for any purpose which is illegal or against Utilities policy.

Employees must respect other people’s electronic communications. Employees may not obtain unauthorized access to another’s e-mail or voice-mail messages, except pursuant to direction from a Utilities manager or Director for the purposes specified above.

Employees may not use the e-mail or voice-mail systems in a way that causes congestion on the systems or that significantly interferes with another employee’s ability to use the systems.

GENERAL GUIDELINES APPLICABLE TO ELECTRONIC COMMUNICATIONS, INCLUDING COMMUNICATIONS OVER SOCIAL MEDIA

- In general, the Utilities encourages the use of e-mail and other available electronic communications with residents, consultants, and others as a means of providing services more effectively and efficiently. Internet e-mail is provided and is intended for the Utilities’ business use.

- Tact counts.
- Humor might not work. Attempts at humor in electronic communications are especially difficult to carry off successfully, so be careful and “when in doubt, leave it out.” Take extra steps to make your intent clear in written communications.
- Never gossip, don’t provide confidential personal information about yourself or someone else, and refrain from emotional responses.
- Do not communicate with residents, consultants or others using e-mail without first obtaining their consent to email communication. Employees at all times must use discretion in communicating sensitive information and should select communications methods that will protect the confidential and/or sensitive nature of such information.
- Communications over the Utilities’ ECS may be identifiable and attributable to the Utilities. Do not send electronic communications that you would not send, or would not be authorized to send, over Utilities letterhead.
- The Utilities’ ECS may not be used to participate in social media or other electronic forums except for approved Utilities business, professional development, or business development purposes.
- The Utilities’ ECS may not be used to access pornographic or obscene material or other offensive or inappropriate content.
- Internet access is provided primarily for you to *retrieve* information. Do not use the ECS to *post* information, comments or statements, except for prior-approved Utilities business, professional development or Utilities business development purposes.
- An Internet site may request information about you in order to build a user profile or mailing list. Refuse any such requests when using the Utilities’ ECS. Respond “no” to any suggested download, upgrade, or enhancement of software. Do not make any purchases or access a web site that charges a fee, except for approved Utilities business purposes.
- Employees may not send electronic communications over the ECS that attempt to hide the identity of the sender or that represent the sender as someone else or someone from a different Utilities or a company.
- Employees must respect all copyrights and intellectual property rights of others’ materials, and may not copy, retrieve, modify or forward copyrighted, patented or trademarked materials except as permitted by the owner or as a single copy for reference use only.

- Internet and other ECS usage is not confidential. The Utilities receives detailed monthly reports on Internet usage by individual employees and the Utilities' software tracks each Internet site you visit.

Bandwidth Conservation

The Utilities uses the Internet for a number of key Utilities functions. To ensure sufficient bandwidth to perform these functions, the Utilities has implemented a variety of bandwidth conservation measures. These measures include blocking websites that have no instructional or administrative value. Employees may not use Internet radio stations for casual listening and/or background music. Employees may not download music or video files from the Internet.

Employees who violate any of the guidelines may be subject to disciplinary action including, but not limited to, written warnings, revocation of access privileges and termination of employment.

17. SUPPLEMENTAL EMPLOYMENT

The Utilities does not restrict employees from engaging in outside employment. However, the Utilities expects regular full-time employees to consider Utilities work their primary employment. No Utilities employee may engage in outside employment that interferes with the performance of his/her duties with the Utilities, that represents a conflict of interest, or that may influence or bias an employee's job related decision making ability. The Utilities will not change an employee's work hours to facilitate the scheduling of any outside employment. If a supervisor believes an employee's outside employment is detrimental to the Utilities and his/her position, the employee may be asked to discontinue the outside employment. If an employee is asked to discontinue outside employment and fails to do so, he/she may be subject to discipline up to and including termination.

Fire Department Participation

Employees are allowed to participate as a part-time paid firefighter in a Fire Department. A non-exempt employee will be allowed to respond to fire calls as approved and determined by his/her department supervisor, based on the work assignments and responsibilities of the employee and department. Non-exempt employees responding to fire calls during scheduled work hours will need to use vacation time for time away from work, and exempt employees need to use vacation time or make-up time for the same scenario. An employee may not respond to fire calls while on-call for the Utilities.

18. REPORT OF PERSONNEL CHANGES

The Utilities attempts to maintain complete and accurate personnel information on its employees. It is the responsibility of each employee to notify the office of the Utilities when changes occur, including:

- Name (through marriage or otherwise);
- Address;
- Beneficiaries for life insurance and retirement;
- Telephone number;
- Person to contact in case of emergency; or
- Other changes which may affect benefits coverage.

19. ATTENDANCE

Regular attendance is an essential function of every job with the Utilities. Every Utilities employee has an important role to play in maintaining a productive workplace. Therefore, it is essential that all employees report to work as scheduled every day. Unsatisfactory attendance, including reporting late to work and leaving work early may result in disciplinary action up to and including discharge.

If an employee must be absent from work for any reason, other than approved time off, the employee must notify his/her immediate supervisor at least thirty (30) minutes prior to the start of his/her normal working hours. If an emergency prevents the employee from notifying his/her supervisor at such time, the employee must call his/her immediate supervisor as soon as possible during the workday.

20. DISCIPLINE, DISMISSAL & LAY OFF

Discipline. The Utilities retains the right to take disciplinary and other action as it believes appropriate to manage employee performance and workplace conduct. The type and level of discipline imposed will be at the Utilities' discretion based upon the nature and severity of the issue and the circumstances as a whole.

Examples of discipline and other action that may be taken to manage performance and workplace conduct include, but are not limited to:

- Documented Coaching and Counseling
- Oral reprimand
- Written reprimand
- Performance Improvement Plan
- Suspension
- Demotion

- Termination.

Discipline and other action may be used in any order or combination in the discretion of the Utilities. In some cases, one or more disciplinary actions will be taken before termination; in other cases, termination will be immediate.

While the Utilities strives for consistency, the level of discipline taken in any given case does not establish a controlling precedent for future circumstances.

Probation and Dismissal. All new employees shall be on probation for a period of one hundred eighty (180) days. Continued employment during this period shall rest solely with the discretion of the Utilities Commission. After that period, the employee shall attain regular status subject to the following:

Employees on regular status may be dismissed only for cause, which may include, but is not limited to, the following: Conduct in violation of or inconsistent with Utilities policy, including but not limited to any and all policies set forth in this Handbook; conduct or language that is improper or inappropriate in the discretion of the Utilities; insubordination; failure to do the work assigned in a manner satisfactory to the Utilities; dishonesty or stealing; and the sale, transfer of, or possession, or being under the influence, of intoxicating beverages or controlled or mood altering substances while on the job.

Layoff/Reduction in Force. The Utilities reserves the right and sole discretion to eliminate positions and/or reduce the hours associated with a position for any legitimate business reason, with or without cause.

21. JOB POSTING

As position vacancies occur at the Utilities, the position's job description will be posted in a prominent location to inform employees of the vacancy. Employees in good standing that wish to be considered for the position are encouraged to contact the appropriate decision-maker(s) indicated on the posting. The Utilities may also advertise the vacancy to attract external candidates.

The Utilities retains all its managerial rights and has the sole discretion to decide which candidate is best qualified to fill a vacant position, whether or not the candidate is a current Utilities employee.

22. PERFORMANCE REVIEWS

An employee's immediate supervisor or department head normally will conduct a performance review on an annual basis. Employee performance, however, may be coached or reviewed formally or informally at any time.

Performance reviews are an opportunity for employees, management, and the Utilities to assess an individual's job performance and to assure the continuing improvement of every employee's performance. The performance review system is designed to:

- Ensure that quality services are provided to the public at the least possible cost;
- Motivate and develop employees to their fullest potential;
- Clarify roles and mutual expectations of supervisors and employees;
- Promote open and ongoing communication between employees at all levels, including feedback from subordinates to supervisors; and
- Assist in determination of whether employees are meeting the performance standards for their position.

The performance review will usually be documented in writing as well as delivered orally to the employee in person. Completed performance review forms should be signed by the employee and the supervisor or other Utilities manager, Director or other representative delivering the review to the employee. These completed forms are generally maintained in the employee's personnel file.

Performance Metrics Incentives

The Utilities uses a Performance Metrics Incentive system to annually award performance-based compensation to eligible employees (those currently employed who are in good standing). An employee must remain employed by the Utilities at the time such award is to be made in order to receive the incentive.

WAGES AND HOURS

23. WORK HOURS, OVERTIME, AND COMPENSATORY TIME

General Policy

For purposes of timekeeping and overtime calculations, the regular workweek at the Utilities runs from Tuesday through Monday.

Non-exempt employees are paid on the basis of hours worked. Exempt employees are paid on a salary basis; their compensation is not based on the number of hours they work.

Overtime & Overtime Compensation

Overtime is earned and compensated as follows.

All non-exempt employees earn overtime for all time worked in excess of forty (40) hours during the workweek (Tuesday – Monday). Regular field workers earn overtime for regular work performed in excess of eight (8) hours in a day.

Earned overtime will be compensated a rate equivalent to one and one-half times the employee's regular rate of pay; except that time worked on Sundays and designated Holidays will be compensated a rate equivalent to two times the employee's regular rate of pay.

Generally, overtime compensation is paid directly to the employee on their regular payroll check for the period in which the overtime is earned.

Alternatively, for up to 40 hours of earned overtime per year, non-exempt employees may elect to receive and accrue Compensatory Time ("Comp Time") in lieu of direct overtime pay. Comp Time is accrued and paid at the same rate as other earned overtime, i.e., at one and a half times the employee's regular rate of pay; or two times the regular rate for time worked on Sundays or designated holidays. Receipt and Use of Comp Time is explained in more detail below.

Note. Further, if a field worker uses sick or vacation time during the regular eight-hour day, this will not affect the earning of overtime for those hours worked in excess of the regular workday. Also, when a field worker is mandated to start work prior to the normal scheduled workday, the hours worked outside of the regular scheduled workday will be paid at a rate of one and one-half times the employee's regular rate of pay; or two times the regular rate for time worked on Sundays or designated holidays; or the employee may elect to accrue Comp Time for the earned overtime as described below.

The eight hour and double time provisions above do not apply to travel and training time spent away from the regular workplace, but the forty-hour overtime pay provision does apply in all cases where an employee is engaged in activity related to and/or required in connection with his or her Utilities employment.

Exempt employees are salaried and do not earn or receive overtime or, in turn, Comp Time.

Compensatory Time

Compensatory Time ("Comp Time") is paid time off for earned overtime in lieu of direct pay. Comp Time is accrued at the rate of one and one-half hours (or, two hours for overtime earned for work on Sundays or designated holidays) for each hour of overtime earned.

Comp Time may be accrued and taken in lieu of direct overtime pay in accordance with the following rules.

- When an employee earns overtime they may elect to accrue Comp Time in lieu of direct pay for the overtime.
- Accrual of Comp Time is subject to a cap of 40 hours per calendar year. Once an employee has accrued 40 hours of Comp Time in a calendar year, no further Comp Time may accrue in that calendar year, even if the employee has used some or all of the 40 hours previously accrued. Once the 40-hour cap is reached, all further earned overtime will be paid directly on the paycheck for the period in which it is earned.
- When an employee elects Comp Time they will not receive any pay for the hour of overtime worked on their paycheck for the period in which the overtime is earned. Instead, the employee will accrue one and a half hours (or, two hours for overtime earned for work on Sundays or designated holidays) of Comp Time to be used at the employee's election within the calendar year before December 15.
- Under no circumstances will Comp Time ever be forfeited. Accrued Comp Time that has not been used by December 15 will be paid out in full on the last payroll check of the calendar year. Under no circumstances will Comp Time carry over to a following calendar year.
- In order to elect to accrue Comp Time in lieu of receiving direct overtime pay in the current payroll period, an employee must mark their timesheet for "Comp Time," clearly indicating the number of earned overtime hours they wish to accrue as Comp Time in lieu of direct overtime pay.
- In order to use Comp Time, employees are to follow the same procedures as apply to other paid time off and leave requests, including making specific arrangements with their supervisor. Use of Comp Time is subject at all times to the operating needs of the Utilities.
- If at the time an employee separates from employment with the Utilities they have accrued unused Comp Time, all such Comp Time will be paid out at the hourly pay rate the employee is earning at the time of separation.

24. EMPLOYEE CLASSIFICATIONS

The following definitions are provided to assist employees in understanding their employment classification and benefits eligibility. Although employees generally will be classified as one of the following, they should be aware that their classification may change at any time as the Utilities considers appropriate.

All employees are designated as either non-exempt or exempt from federal and state wage and hour laws. Non-exempt employees are covered by specific provisions of the wage and hour laws, including overtime pay. Exempt employees are excluded from specific provisions of the wage and hour laws, including the overtime provisions. Generally, exempt employees are engaged in managerial, professional, administrative, or executive positions and are paid on a salaried basis.

It is our policy to fully comply with federal and state wage and hour laws. In keeping with this commitment, we will pay exempt employees their full salary (or salary plus vacation to equal the amount of the full salary) for any workweek in which they perform work, regardless of the number of days or hours worked, subject only to deductions that are permitted by law. Full day deductions from pay that are permitted by law include, for example, deductions for personal time off, sick days before or after eligibility for paid sick leave, or for infractions of written workplace conduct rules including but not limited to any rule or policy set forth in this Handbook. Full or partial day deductions may be made from the salaries of exempt employees for infractions of safety rules of major significance and in certain other limited circumstances.

Employees are classified according to the following definitions:

Regular Full-Time Employee. A regular full-time employee typically works 40 or more hours per week, and is not classified as a temporary worker.

Regular Part-Time Employee. A regular part-time employee typically works fewer than 40 hours per week, and is not classified as a temporary worker.

Regular Field Worker. An employee whose regular assigned position involves performing a significant portion of his or her work outside of the Utilities' physical facilities.

Exempt Employee. An employee whose duties result in exclusion of the employee's work from coverage under the minimum wage and/or overtime provisions of the wage and hour laws.

Non-Exempt Employee. An employee whose duties result in coverage of the employee's work under the minimum wage and/or overtime provisions of the wage and hour laws.

Utilities Manager. Any employee of the Utilities, or other individual identified by the Commission, who is a Utilities supervisor, superintendent, manager, director, representative or other individual who is generally identified to employees by Utilities policy, practice or communication as having managerial, supervisory, or administrative authority to act on behalf of the Utilities, regardless of whether such authority is limited or subject to the authority of others in the Utilities' organizational structure.

Temporary Worker. A temporary worker typically is hired for a specific period of time. Generally, temporary workers are hired as interim replacements, to supplement the work force, and/or to assist with specific projects. Temporary workers often will be informed of an estimated duration of their assignment, although either the worker or the Utilities may end the work relationship at any time. Temporary work that continues beyond an estimated duration in no way implies a change in the worker's status. Temporary workers retain their temporary status unless and until they are specifically notified by the Utilities of a change.

25. TIME REPORTING POLICY

General Policy

The goal of the time reporting system is the accurate and timely reporting of time worked (by job or account) and time off (by category). This is essential for (1) guaranteeing that employees are paid correctly and that their leave accumulations are accurate, (2) monitoring actual performance against budgetary goals, and (3) ensuring labor costs are properly reported.

Each employee is responsible for the accurate submission of his or her own personal time reporting, and each supervisor is responsible for reviewing the employee's compliance with this time reporting policy.

Recording Time

Non-exempt employees are required to record and submit the following on their timecard:

- Amount of Time Worked in increments of the nearest one-quarter hour;
- Description of the activities performed during the time worked;
- Identification of the account to be charged (accounting system designation); and
- The work order(s) to which the time applies (as appropriate).

The purpose of the description of activities during the time worked is to document for employee performance and client accountability purposes how an employee's work time was spent. Work orders are utilized for specific projects to track time and labor for billing purposes, or capitalization projects.

Frequency

Non-exempt employees are required to fill out their timecards daily. It is preferred that employees fill out their timecards at the end of each completed workday, but timecards

may be completed within the first hour of arriving at work on the subsequent workday. This is not intended to conflict with payroll deadlines for paperwork.

Timecards may be checked periodically throughout the pay period for completeness and accuracy. It is understood that timecards must be available for, and are subject to review/audit by, the employee's supervisor at any time.

Time Deductions for Breaks

Field workers generally will receive one 15-minute paid break in the morning and one in the afternoon; and will receive a 30-minute unpaid lunch break during each shift.

Office employees receive a 60-minute break for lunch, 30 minutes of which is paid in lieu of having two fifteen-minute breaks, morning and afternoon. The other 30 minutes of the office employees' 60-minute lunch break is unpaid. *Please see below under "Ensuring Accuracy of Timekeeping Reports"* for important information about pay practices affecting unpaid lunch breaks.

Ensuring Accuracy of Timekeeping Reports

Non-exempt employees are responsible for, and must take steps to ensure, the accuracy and completeness of time reporting data collected. This is critically important because the Utilities relies on such submissions in carrying out its duty to properly pay wages and other forms of compensation. Furthermore, knowingly submitting or approving inaccurate time reporting data is a violation of policy and may subject the person to disciplinary action.

PLEASE NOTE: By submitting time reporting data a non-exempt employee is attesting to the accuracy of the time data reflected on the timecard and/or in the report.

PLEASE NOTE FURTHER: Because of the regularity of our break and work schedules, the Utilities automatically deducts scheduled unpaid lunch breaks. If an employee does not receive the 30-minute unpaid lunch break on any given shift, the Utilities will pay you for that 30-minutes. We can do so, however, only if you notify us that you did not get your break. ***It is your responsibility to provide this notice to your supervisor.*** A pattern of not taking unpaid lunch breaks may subject an employee to discipline; but it will never result in the Utilities failing or refusing to pay for such time.

Special Note About Work Performed Outside of Scheduled Times and Places

Each non-exempt employee must accurately record and properly report all time spent performing work for the Utilities, regardless of the location where such work is performed. Employees generally should not perform work at times or places outside of the times and places they are scheduled to work by the Utilities. If a need for work outside of scheduled times or places is, or should be, anticipated, the employee should seek permission to perform such work from Utilities management in advance, and if permission is not secured in advance such work should generally not be performed. Performing work outside of

scheduled and approved times and places may result in discipline; it shall not under any circumstances, however, result in an employee not being paid for time spent performing Utilities work. In the case of a non-exempt employee who is on call, the on-call stipend paid to the employee covers all compensation due for calls taken as to which there is no call out.

If unanticipated, time-sensitive, or urgent work needs to be performed at times and/or places outside of those scheduled by the Utilities, the non-exempt employee should perform only so much of the work as is necessary to address the immediate need. Regardless of whether work is anticipated or of an urgent nature, and regardless of whether advance permission has been received to do such work or not, ***all time spent by a non-exempt employee actually performing Utilities work must be accurately recorded and properly reported to Utilities management.***

Further to the Special Note above: Time Worked Remotely

Any and all time worked remotely, including time spent accessing Utilities systems or data for the benefit of the employer, must be recorded and reported to the Utilities in order to assure proper compensation, in accordance with the applicable provisions for exempt and non-exempt employees of this Time Reporting Policy and the Fair Pay Policy below in Section 27.

26. REMOTE WORK POLICY

Purpose

This policy governs the practice of working remotely, other than for field work, from locations other than a Utilities facility, including an employee's home. Working remotely is voluntary for the employee and at the sole discretion of Utilities management.

Elk River Municipal Utilities is committed to providing excellent customer service for our customers, as well as attracting and retaining critical employee talent, increasing productivity and efficiency and saving on workspace and costs. A remote work policy can help provide these benefits. Working remotely should never be allowed to adversely affect external or internal service or operational needs of the Utilities.

General Guidelines

Remote work as defined for this policy means working some or all scheduled hours and/or performing some or all job duties from a location not on Utilities premises:

- Working all scheduled hours off-site, or
- Working some scheduled hours off-site and some on Utilities premises.

Employees may not access Utilities' systems or data remotely without first obtaining written permission.

Regardless of location, a remote worker remains responsible for all job duties, responsibilities and obligations associated with their position, even if such duties require the employee to come into a Utilities facility while performing work remotely. Employees and supervisors should seek to find solutions to maximize benefit to the Utilities and to the employee.

Remote work arrangements will be considered by the Utilities on an individual, case-by-case basis. A Remote Work Agreement form must be completed and approved by the Supervisor and the employee before an employee will be permitted to begin a remote work arrangement.

Because the primary focus of the Utilities is always on serving the needs of customers, remote work arrangements may not be feasible for some positions. Field workers, in particular, generally have duties that cannot be performed remotely. Remote work arrangements may vary depending on the position and department. Supervisors are responsible for determining remote work arrangements and schedules within their departments, subject to the approval of the General Manager or their delegate.

The Utilities has sole discretion in considering an employee request to work remotely and setting remote work policy for a particular department, employee group, or employee. In exercising this discretion the Utilities may consider the following factors and guidelines and any other relevant matters:

- The length of an employee's continuous, regular employment and degree of success performing their job duties.
- Remote work requires the same focus on job duties as if the employee were in the office; repeated interruptions from household members, pets or other distractions may disqualify an employee from remote work.
- There must be adequate department coverage during all standard hours.
- There must be no adverse impact on internal or external customers.
- There must be no known safety issues associated with working remotely.
- There must not be any known security issues with technology or otherwise.
- Employees working under a Performance Improvement Plan are not eligible for remote work.
- Internal and external customers must be given direction on who to contact in the employee's absence if the employee is not available during all business hours.
- A remote work schedule must not result in additional overtime for the employee or co-workers.
- The employee will not be allowed to work outside the State of Minnesota except when travelling on Utilities business or during time when the employee is otherwise scheduled to be away from work.
- The Utilities may end an employee's remote work arrangement at any time.
- There may be other or additional considerations when an employee with a qualifying disability requests remote work as a reasonable accommodation. The

Utilities will follow its Reasonable Accommodations Policy and consider such requests on a case by case basis.

Employees and supervisors may consider various types of scheduling options for efficiency and productivity in remote work arrangements, including:

- Entire weeks on site or working remotely.
- Certain days on site; remaining days working remotely.
- Whether to have entire teams of employees on site on the same day(s) on a regular basis.

Employees should expect to remain flexible as to their days and hours for work onsite and at remote locations in accordance with the particular duties of their job and the needs of the Utilities. Remote work arrangements remain subject at all times to change by the Utilities.

Work Hours, Calendars and Meetings

An employee with a remote work arrangement must agree to be accessible by phone, virtual computer software and email as needed during their scheduled working time. Depending on the employee's position and the needs of the Utilities, the work schedule may include core hours during which the employee must be available or the schedule may include greater flexibility for the employee to work outside the Utilities' normal business hours.

Non-exempt remote workers (those who are classified as not exempt from the overtime requirements of the Fair Labor Standards Act (FLSA)) are required to record all hours worked in a manner designated by the Utilities as discussed in Sections 25 and 27 of this Handbook. Overtime during a remote work arrangement is subject to the same requirements for approval in advance as all other overtime.

Exempt employees, (those who are classified as exempt from the overtime requirements of the FLSA must follow the Utilities' applicable payroll and timekeeping policies as discussed in Sections 25 and 27 of this Handbook and are generally accountable for their normal work week hours.

All remote workers must use sick, vacation or compensatory time to cover periods of time off in accordance with the Utilities' normal policies.

Remote workers are responsible for keeping their electronic calendars up to date and accessible to anyone in the Utilities during all scheduled work hours. Appointments for doctor or other private appointments can be marked as "private" or "personal time out of office." Please include travel time as needed to help others schedule meetings.

Remote workers must attend all required meetings, including those which normally would be held on a remote workday, and are also responsible for obtaining information from

optional meetings when such meetings impact their work with the Utilities. Supervisors are responsible for setting expectations for their work teams regarding whether meeting attendance will be in-person, remote or hybrid, considering these guidelines:

- Meetings of a sensitive, highly interactive, or complex nature are best held entirely in-person (e.g., brainstorming, troubleshooting, project “kick-off” meetings, performance reviews, disciplinary meetings).
- In-person business meetings with others may not be held in an employee’s home.

Work Environment and Technology

For employees with a remote work arrangement, the employee must establish an appropriate work environment to avoid problems associated with safety or poor ergonomics. The Utilities will not be responsible for costs associated with initial setup of an employee’s remote office such as remodeling, furniture, lighting, repairs, or modifications to the office space. Employees will be offered appropriate guidance in setting up a workstation designed for safe, comfortable work.

The Utilities may provide employees with appropriate technology (e.g., computer, monitor(s), docking station, mouse, keyboard, headset) for one location, either on-site at Utilities offices or off-site. Employees who work in a hybrid remote work arrangement (both on and off site) are responsible for providing the technology required to work remotely effectively and efficiently. This includes a reliable internet connection. All Utilities -owned equipment must be returned upon termination of the remote work arrangement or at termination of employment.

The Utilities will supply the employee with the appropriate office supplies (pens, paper, etc.) for their assigned job responsibilities, which the employee must pick up on site. An employee may be required to come into the office in order to perform some duties such as mailing, scanning and photocopying.

The Utilities may not provide reserved on-site office space for employees with remote work arrangements.

Utilities Employment Policy and Benefits Coverage

The Utilities’ normal policies and procedures (for example, computer use, data practices, respectful workplace, outside employment, etc.) apply to employees working remotely. Employees should ask their supervisors if they have any questions about whether or how a particular Utilities policy applies to a remote work environment.

An employee working remotely is generally covered by the Utilities’ Workers’ Compensation insurance while acting in the course and scope of employment and must report any injury to their supervisor as soon as possible.

27. FAIR PAY POLICY

Elk River Municipal Utilities (referred to in this Fair Pay Policy as the “Employer” or the “Utilities”) is committed to fair compensation for its employees as explained in this Fair Pay Policy. Specifically, it is the policy and practice of the Employer to accurately compensate employees and to do so in compliance with all applicable state and federal laws. The Utilities will never knowingly fail or refuse to pay an employee the full amount of compensation to which he or she is entitled by law for work performed on behalf of the Utilities.

ALL EMPLOYEES

Protection of Employee Rights

The Employer will protect the right of each employee to receive compensation according to the law. Violations of this Fair Pay Policy, whether by a managerial or non-managerial employee, may result in disciplinary action, if appropriate under the circumstances, up to and including termination of employment.

The Employer will not tolerate or allow any form of retaliation against individuals who report alleged or suspected violations of this policy or who cooperate in the Employer’s investigation of such reports. Retaliation is unacceptable, and any form of retaliation in violation of this policy will result in disciplinary action, up to and including termination.

Record Your Time And Review Your Pay Stub

To ensure that you are paid properly for all time worked and that no improper deductions are made, you must record correctly all work time and review your paychecks promptly to identify and to report all errors.

The Employer makes every effort to ensure that its employees are paid correctly. Occasionally, however, inadvertent mistakes can happen. When mistakes happen, the Employer will promptly make any corrections necessary to provide you with the pay to which you were entitled and as otherwise required by law. To assist the Employer in its efforts, please review your pay stub when you receive it to make sure it is correct. If you believe a mistake has occurred or if you have any questions, please use the following procedure.

How to Raise a Question or Concern about your Pay or a Payroll Deduction

If you have questions about your pay or any deduction from your pay, please immediately contact your supervisor/manager. If you believe your paycheck has been subjected to an improper deduction or that the pay you have received does not accurately reflect the compensation you are entitled to for your work, you should immediately report the matter to your supervisor/manager, the Finance Manager, or the Payroll Specialist.

The Employer will fully investigate every such report, including by reviewing appropriate time and payroll records and interviewing persons responsible for payroll and/or payroll deductions. If you have been paid incorrectly or if the Employer determines that a deduction was improperly made, the Employer will reimburse you as promptly as possible, which will be no later than two pay periods from the time you report the suspected problem. The individual(s) responsible for the error will be investigated further to determine if the error was an isolated incident or whether instead it may be part of a pattern of conduct that requires further action on the part of the Employer.

Regular Attendance is an Essential Job Function and Your Attendance Record is a Performance Issue

Regular attendance is an essential function of jobs with the Employer. The failure of any employee, whether exempt or non-exempt, to perform according to the Employer's expectations, including any failure by an employee to meet the Employer's attendance standards, may result in disciplinary action up to and including termination of employment. For these and other reasons, it is important for employees to accurately record the time they work for the Employer.

NON-EXEMPT EMPLOYEES

If you are classified as a non-exempt employee, the Employer relies on your use of the timekeeping software to maintain an accurate record of the total hours you work each day. The timekeeping software is designed to reflect all regular and overtime hours worked, any absences, late arrivals, early departures and meal breaks. If any error or inaccuracy occurs in connection with your use of the timekeeping software it is your responsibility to notify your supervisor/manager to correct the error or inaccuracy. When you receive each pay check, please verify immediately that you were paid correctly for all regular and overtime hours worked during each work week.

You should not work any hours that are not scheduled or requested of you by the Employer unless you are authorized to do so by your supervisor. Do not start work early, finish work late, work during a meal break or perform any other extra or overtime work unless you are authorized to do so and you record such time on your time card. Non-exempt employees are strictly prohibited from performing any "off-the-clock" work. "Off-the-clock" work means work you perform but fail to report on your time card. Any employee who fails to report or inaccurately reports hours worked will be subject to disciplinary action, up to and including termination.

It is a violation of the Employer's policy for any employee to falsify a time card, or to alter another employee's time card. It is also a serious violation of Employer policy for any employee or manager to instruct another employee to incorrectly or falsely report hours worked or alter another employee's time card to under-report or over-report hours worked. If any manager or employee instructs you to either (1) incorrectly or falsely under-report or over-report your hours worked, or (2) alter another employee's time records to

inaccurately or falsely report that employee's hours worked, you should report the situation immediately to the Payroll Specialist, the Finance Manager, or your supervisor/manager.

On Call Time For Non-Exempt Employees

Non-exempt employees in certain positions may be scheduled to be on call for duty of various kinds. Compensation for time spent on call by non-exempt employees is generally subject to applicable state and federal law and to the terms of any governing union contract. Similarly, compensation for time spent actually working is paid according to applicable state and federal law and to the terms of any governing union contract.

EXEMPT EMPLOYEES

Salary Basis of Compensation

If you are classified as an exempt employee, you will receive a salary that is intended to compensate you for all hours worked for the Employer. This salary will be established at the time of hire or when you become classified as an exempt employee. While your salary may be subject to review and modification from time to time, such as during salary review times, the salary will be a predetermined amount that will not be subject to deductions for variations in the quantity or quality of the work you perform.

Attendance and Recording Time for Exempt Employees

Although exempt employees are paid on a salary basis and not by the hour, all exempt employees are nevertheless required to record all time spent working for the Employer. This is important for a variety of reasons, but it is not for the purpose of paying an exempt employee other than on a salary basis.

For payroll purposes, the regular workweek for exempt employees of the Employer is defined as the week running from Tuesday morning at 12:00 a.m. to the following Monday evening at 11:59 p.m.

The regular business workday for exempt employees is generally from 7:00 a.m. to 3:30 p.m. or 8:00 a.m. to 4:30 p.m., unless a manager, Director, or supervisor has specified other expectations or arrangements. The Employer generally expects that an exempt employee will work forty or more hours in each workweek. Exempt employees are required to meet the Employer's attendance standards, which the Employer sets in its discretion.

On Call Time For Exempt Employees

Exempt employees who are assigned on-call duty or pager duty do not receive additional pay for that duty. The Employer may, from time to time in its discretion, choose to assign certain credit or rewards to exempt employees for performing such duty.

Deductions from an Exempt Employee's Salary

The Employer does not permit any payroll deduction unless it is approved by the Finance Manager. Deductions from an exempt employee's salary will only be made in good faith and in compliance with applicable law. No manager or other employee of the Employer has the authority to order any deductions from an exempt employee's salary without the approval of the General Manager.

Federal and state law limit the deductions that may be made from the salary of an exempt employee. The Employer intends to fully and strictly comply with these limitations. Please note that these limitations concern the amount of gross salary received on the paycheck; but these are different from any limitation on deductions from an employee's leave bank. Further explanation of how this works follows below.

Important Definitions.

A deduction from salary is a deduction that results in a lower gross pay amount on an employee's paycheck.

A deduction from a leave bank does not result in a lower gross pay amount on an employee's paycheck, but, rather, reduces the balance in the employee's leave account; or, in other words, reduces the amount of an employee's accrued and unused vacation or sick leave.

Permissible Deductions from Salary.

Absent contrary state law requirements or a specific employment contract executed by a duly authorized representative of the Employer, the salary of an exempt employee may be reduced for any of the following reasons:

- Full day absences for personal reasons.
- Full day absences for sickness or disability (which absence may otherwise be paid through any sick time benefits available to the salaried employee, if any).
- Full day disciplinary suspensions for infractions of the Employer's written policies and procedures.
- Full day disciplinary suspensions for violations of workplace safety rules of major significance.
- To offset amounts received as payment for jury and witness fees or military pay.
- The first or last week of employment in the event the employee works less than a full week.

The salary of an exempt employee may also be reduced for certain types of deductions such as the employee's portion of health, dental or life insurance premiums; state, federal or local taxes, social security; or, voluntary contributions to a Section 457 retirement plan.

Impermissible Deductions from Salary.

In any work week in which an exempt employee performs any work, the exempt employee's salary amount will not be reduced for any of the following reasons, although, as explained further in more detail below, the employee's leave bank may be reduced for these reasons, in some circumstances:

- Partial day absences for personal reasons, sickness or disability.
- Absence because the facility is closed on a scheduled workday.
- Absences for jury duty, attendance as a witness, or military leave in any week in which you have performed any work.
- Any other deductions prohibited by state or federal law.

Permissible Deductions from An Exempt Employee's Leave Bank.

Federal and state law permit the Employer to reduce an exempt employee's accrued vacation or sick balance for *full or partial* day absences for personal reasons, sickness or disability. Deduction for the use of such leave time will not be made from the exempt employee's *salary*, but from the exempt employee's *leave bank*.

Questions or Concerns about This Fair Pay Policy

If you have questions or concerns about this Fair Pay Policy, please contact your supervisor/manager, any Director, or Human Resources.

28. BREAKS FOR NURSING MOTHERS TO PUMP BREAST MILK

Employees who need to express breast milk for their infant child during the twelve (12) months following the birth of the child will be provided with reasonable break times for this purpose each day, as long as such breaks do not unduly disrupt company operations. As far as possible, such breaks must run concurrently with regular break times otherwise provided; and must be arranged so that the requirements of the job can be adequately met by other staff on duty. It is not necessary for an employee to clock out for such breaks unless regular unpaid meal break time is being used; the Utilities will not reduce the compensation of any employee as a result of taking lactation breaks.

Employees needing time to express breast milk should contact their supervisor to inform them of the need and discuss an appropriate private location. For lactation breaks Employees will be provided an appropriate private (non-bathroom) space with an electrical outlet that is shielded from view and free from intrusion.

29. CALL OUT TIME: REGULAR FIELD WORKERS

Regular field workers who are asked to report for work outside their regular working hours shall be paid a minimum of two (2) hours each time they report for work.

Scheduled work contiguous to normal working hours shall not be subject to this two (2) hour minimum reporting pay obligation. However, if a regular field worker reports for work before or remains after the regular eight (8) hour workday, or works on a Saturday, Sunday or Holiday, he/she will be paid at the applicable overtime rate for each hour worked over eight in a day, or on a Sunday or Holiday, as applicable. Such reporting and overtime pay is not applicable to situations involving travel or training time away from the regular workplace except where the employee's total working time for the workweek exceeds 40 hours, in which case the 40-hour overtime provision will apply.

Work performed for which an employee does not report to a particular work site, such as work that can be performed on a laptop computer from a non-work site, shall not be subject to this two hour minimum reporting pay obligation.

This policy does not apply to employees other than regular field workers.

30. ON-CALL

Regular Field Workers.

Required On-Call Rotation for Regular Field Workers.

Regular field workers (including linepersons, water operators, and other specifically trained field workers) are subject to a residency rule. These same workers are also subject to required participation in a scheduled on-call rotation. Apprentices may be excluded from the on-call rotation for up to one year from their date of hire, per management discretion. The on-call rotation is scheduled in one (1) week blocks.

Residency Rule. The residency rule applies to the regular field workers who may be required to serve on-call. The residency rule is that these employees must live within a twenty (20) mile radius or thirty minute commute of the power plant.

Response Time. The following guidelines on response time apply to regular field workers in the on-call rotation schedule on a 24-hours-a-day, seven-days-a-week basis during the workers' scheduled on-call weeks.

- While on-call, workers must remain within the 20-mile residency radius or a 30 minute commute of the power plant.
- While on-call, workers are expected to make immediate telephone contact in response to a call.
- While on-call, workers are expected to urgently report to a site of need within a reasonable time, which will vary depending on the identified reason for the call. Depending on the need an on-call worker may find it necessary to call in a field partner to assist in providing appropriate and timely call response.

Take Home Vehicles. Regular field workers who are part of the scheduled on-call rotation will be provided a company vehicle to take home for the exclusive purpose of responding to calls about Utilities business during the on-call block.

Compensation for On-Call Time. Time spent on-call by regular field workers is not working time. In recognition of this on-call service, however, nominal compensation is paid.

Weekly Compensation for Workers in an On-Call Rotation. For workers in a regular on-call rotation, compensation of fourteen (14) hours at the worker's base rate of pay is paid, which covers an entire one (1) week block of on-call service. This compensation covers all time spent on call during the on call week, including phone or other remote triage work as to which there is no call out.

Pro Rata Compensation for Workers Performing Back-Up On-Call Service. Workers not in a regular on-call rotation may be designated and required to serve on-call on a back-up basis. Such workers who serve on-call for less than a full week at a time will be compensated for their on-call service on a pro rata basis for each day of on-call service, at the daily rate of 1/7 of 14 hours times the worker's base rate of pay. Workers not in a regular on-call rotation who serve on call, upon designation, for a full week will receive compensation on the same basis as do workers who are in an on-call rotation.

When a recognized paid holiday falls within the on-call block covered by the worker (whether a week or portion thereof), eight (8) vacation time hours will be awarded as additional on-call compensation.

Compensation for Actual Response Time. Time spent actually responding to a call that is received while a worker is serving on-call, however, is working time, and is therefore paid based on an employee's regular rate of pay.

Call out time. When an employee is on-call, the Utilities' policy on call out time pay still applies, in accordance with the terms of that policy.

Other On-Call Arrangements. Certain employees other than regular field workers, namely, the Operations Director, Electric Superintendent and the Water Superintendent, are subject to call response requirements for emergency preparedness and/or customer service purposes. The Operations Director, Electric Superintendent and the Water Superintendent are not subject to the residency rule that applies to regular field service workers.

Superintendents.

Electric Superintendent. The Electric Superintendent is required to be available to triage or respond on an as-needed basis to emergency calls 24 hours a day, seven days a week without rotation. Such on-call time and availability is not working time. The Electric Superintendent is not required to remain within the residency radius and does not receive additional compensation for on-call time or for actual response time. The call out time policy does not apply to the Electric Superintendent. The Electric Superintendent shall arrange for another qualified Utilities employee to be on call: 1) during his or her scheduled vacation periods; 2) when it is necessary for the Electric Superintendent to use accrued sick leave.

Water Superintendent. The Water Superintendent is required to be available to triage or respond on an as-needed basis to emergency calls 24 hours a day, seven days a week without rotation. Such on-call time and availability is not working time. The Water Superintendent is not required to remain within the residency radius and does not receive additional compensation for on-call time or for actual response time. The call out time policy does not apply to the Water Superintendent. The Water Superintendent shall arrange for another qualified Utilities employee to be on call: 1) during his or her scheduled vacation periods; 2) when it is necessary for the Water Superintendent to use accrued sick leave.

Operations Director. The Operations Director is required to be available to triage or respond on an as-needed basis to emergency calls 24 hours a day, seven days a week without rotation. Such on-call time and availability is not working time. The Operations Director is not required to remain within the residency radius and does not receive additional compensation for on-call time or for actual response time. The call out time policy does not apply to the Operations Director. The Operations Director shall arrange for another qualified Utilities employee to be on call: 1) during his or her scheduled vacation periods; 2) when it is necessary for the Operations Director to use accrued sick leave.

Take Home Vehicles. Based on the expectation that they will regularly be available to respond in a timely and appropriate manner to calls about Utilities business outside of regular business hours, the Operations Director, the Electric Superintendent and the Water Superintendent, are provided Utilities vehicles to take home. These vehicles are subject to the Utilities' Use and Disposal of Utility Property policy and may only be used for the exclusive purpose of responding to calls about Utilities business.

31. ELECTRIC RE-CONNECT TIME

Regular field workers performing electric re-connects at times other than during their scheduled work hours will be paid in accordance with the general policy on Call Out Time for Regular Field Workers.

32. STORM PAY

Employees assigned to work at another utilities distribution system to assist with restoration following a storm, will receive time and one-half (1.5) times their regular rate of pay for all such hours worked, except hours worked on Sunday or an Elk River Municipal Utilities recognized Holiday, which shall be paid at two (2.0) times the employee's regular rate of pay. The Utilities will use its best efforts to rotate and distribute these assignments equally with priority on maintaining proper staffing levels at Elk River Municipal Utilities.

33. LEAD PAY DIFFERENTIAL

An employee who is currently a lineworker shall assume the duties of a lead lineworker when the lead lineworker is absent from a crew, *provided that* only the most senior

lineworker on a crew shall assume the lead lineworker's duties. The lineworker assuming such duties shall receive a rate differential equal to 3% of the applicable rate of pay times the number of hours worked during which the lineworker assumed such lead duties.

The rate differential provided in this policy for lineworkers applies during both regular scheduled work hours and after hours. During after-hours call out, as well as at any other time, this rate differential will be paid only when the crew is full and the lead lineworker is absent.

An employee who is currently a water operator shall qualify for and assume the duties of a lead water operator when he/she performs general functions of the lead water operator, such as providing work direction for the other water operators in the absence of both the water superintendent and water operations foreperson. The water operator assuming such duties shall receive a rate differential equal to 3% of the applicable rate of pay times the number of hours worked during which the water operator assumed such lead duties.

The rate differential provided in this policy for water operators applies during both regular scheduled work hours and after hours. During after-hours call out, as well as at any other time, this rate differential will be paid only when directed by the water operations foreperson or water superintendent.

34. LONGEVITY PAY

The Utilities values long term dedicated service by Employees. Beginning on January 1, 2022, a Longevity Bonus will be paid to qualifying eligible employees based on their years of service according to the schedule below. The purpose of the Longevity Bonus is to recognize the service of Employees that work for the Utilities long-term.

Regular full-time and regular part-time Employees are eligible for a Longevity Bonus when they qualify as set forth in this Section.

Regular full-time employees are eligible to receive a Longevity Bonus once each time they qualify by reaching a milestone anniversary date in accordance with the following schedule:

Milestone: Years of Service Longevity Pay Amount

8 years	\$1,550
12 years	\$2,025
16 years	\$2,100
20 years	\$2,125
24 years	\$2,300
28 years	\$3,000
32 years	\$3,000

Regular part-time employees are eligible to receive a Longevity Bonus once each time they qualify by reaching a milestone anniversary date in accordance with the following schedule:

<u>Milestone: Hours of Service</u>	<u>Longevity Bonus Amount</u>
16,640	\$1,550
24,960	\$2,025
33,280	\$2,100
41,600	\$2,125
49,920	\$2,300
58,240	\$3,000
66,560	\$3,000

A Longevity Bonus is paid in one lump sum within 60 days of the anniversary date on which the Employee reaches the relevant milestone. Qualifying Employees who are eligible for a Longevity Bonus will be invited to the monthly Commission meeting in the month of their anniversary date, where the Commission Chair and the Employee’s manager will present the Longevity Bonus paycheck to the Employee(s).

Because longevity pay is considered supplemental income by the Internal Revenue Service, 22% will be withheld in taxes from the employee’s longevity pay during check processing.

35. PAYCHECK DEDUCTIONS

By law, the Utilities is required to withhold federal and state taxes, FICA and PERA from an employee’s pay. The Utilities also has a Health Care Savings Plan with mandatory participation and will withhold applicable amounts from an employee’s pay. In addition, other deductions may be made upon authorization of a participating employee including the following:

- a. Employee share of health insurance*
- b. Credit Union*
- c. PERA life insurance*
- d. 457 contributions*
- e. Flexible benefits*
- f. Computer Loans up to \$1,200.00 (12 month term)*
- g. World Vision*
- h. United Way*

36. PAYCHECKS

Employees are paid every two weeks. The pay period begins every other Tuesday at 12:00 a.m. and ends every other following Monday at 11:59 p.m. Payday is the Friday immediately following the end of the pay period.

Employees are responsible for their paychecks upon receipt. Direct deposit is preferred but a check is available to employees upon request.

37. NIGHTWORK REST TIME

The Utilities will provide a regular field worker with one hour paid rest time for each hour worked between 10:00 p.m. and 6:00 a.m., excluding work performed during such window on Saturday or Sunday. The worker must make arrangements with his or her supervisor before taking such rest time. This nightwork rest time shall be taken during the next scheduled work shift. If the supervisor does not release the worker to take this nightwork rest time, all hours worked by the worker on the next scheduled shift shall be paid at one and one half times the worker's base rate of pay. It is the employee's responsibility to notify the supervisor and obtain approval prior to taking the rest time. It is also the employee's responsibility to take the nightwork rest time if it is approved by the supervisor. The employee's failure to take approved nightwork rest time shall result in forfeiture of such rest time. Nightwork rest time does not apply and is not paid in connection with travel or training time away from the regular workplace.

38. TRAVEL AND TRAINING TIME

Employees are paid for time spent in training related to their position with the Utilities, which must be approved in advance by the supervisor.

Employees will be paid for their time spent traveling in the following circumstances.

1. When a non-exempt employee is engaged in travel which keeps the employee away from home overnight **and** which cuts across a regular workday;
2. When a non-exempt employee travels to a special one-day work assignment in another city that does not require an overnight stay;
3. When a non-exempt employee spends time traveling as part of the employer's principal activity;
4. When a non-exempt employee spends time traveling between home and work in "call back" or "emergency" situations; and
5. When a non-exempt employee performs work during travel.

Overtime (at one and a half times the regular rate of pay) will be paid in connection with training or travel time only when, and to the extent, that an employee's total compensated hours in a workweek exceed 40. The eight hour and double time provisions of the Utilities' wage and hour policy do not apply to days involving work-related travel or training.

BENEFITS

39. GENERAL BENEFITS

This handbook provides a brief description of benefits available to eligible employees. The descriptions provided here are not intended to be comprehensive and all questions regarding eligibility and benefit levels should be directed to your supervisor so the specific plan documents can be reviewed for an answer. The plan documents govern any inconsistencies between these documents and the information provided here. Benefits and eligibility requirements are subject to change, and such changes may not be reflected in this description. Further, to be clear, nothing in the Benefits sections or elsewhere in this Handbook creates a contract with specific terms between the Utilities and any employee.

The Utilities expects to offer its benefit plans for the foreseeable future, but it reserves the right, in its sole discretion, to change, modify or eliminate them at any time, except to the extent prohibited by law.

40. VACATION

All regular full-time employees shall accrue vacation according to the following schedule:

<u>Years of Service</u>	<u>Accrued Per Pay Period</u>	<u>Accrued Per Year</u>
0-4	3.70 hours	12 days
5	4.00 hours	13 days
6-9	4.62 hours	15 days
10	4.93 hours	16 days
11	5.24 hours	17 days
12	5.54 hours	18 days
13	5.85 hours	19 days
14-15	6.16 hours	20 days
16-18	6.77 hours	22 days
19	7.70 hours	25 days
20-21	8.00 hours	26 days
22-23	8.31 hours	27 days
24+	8.62 hours	28 days

Vacation days accrue each pay period as shown in the table above. Paid vacation may be taken as soon as it is accrued. Accrual rates change, as applicable, on an employee's anniversary date. Example: If an employee's start date was July 1, 2016, the new accrual rate would start July 1, 2021.

If an employee is on leave and using vacation on a basis of less than the regular eight-hour day, and so not receiving full vacation pay for each day, the accrual is calculated on a pro rata basis.

Regular part-time employees accrue paid vacation under this schedule on a pro rata basis. Temporary and seasonal employees are not eligible for paid vacation.

Employees must request time off for vacation as far in advance as feasible. When possible, employees will be granted vacation time of their choice. However, scheduling of vacation time is subject to the operating needs of the Utilities.

Unused vacation days may be carried over from year-to-year, but only to a limited extent, as follows. Unused vacation carryover will be limited to the number of hours accrued during the previous year. Accrued vacation days beyond the carryover limit are lost. For example, if an employee with 2 years of service has accrued but not used 15 vacation days by the end of the pay period containing his or her anniversary date, he or she will only be permitted to carryover 10 days to the next year.

Paid vacation may not be used for the purpose of extending an employee's active employment with the Utilities or for retaining a full-time equivalency percentage that is not based on an employee's actual planned and scheduled working time.

Employees who voluntarily end their employment and who give the Utilities proper (generally at least two-weeks) notice, and employees terminated involuntarily by the Utilities for reasons *other than an ethics violation, fraud, theft, or other egregious misconduct*, shall be paid out for the amount of earned but unused vacation time in their account as of the date of separation, provided they sign and do not rescind an agreement releasing claims arising out of their employment, in a form prescribed by the Utilities. Employees involuntarily terminated by the Utilities for an ethics violation, fraud, theft, or other egregious misconduct shall not be paid out any unused vacation time.

Employees who retire immediately eligible to claim their pension and who give the Utilities proper notice (generally at least two-weeks) shall have 100% of unused vacation time converted into cash and deposited into their Post Employment Health Care Savings account, but only *on the condition that* they sign and do not rescind an agreement releasing claims arising out of their employment, in a form prescribed by the Utilities.

The Operations Director, Electric Superintendent and Water Superintendent accrue paid vacation at the rate set forth above and are generally subject to this Vacation policy; but they each shall also receive an additional 40 hours of paid vacation per year, the balance of which will be paid out at their respective then-current base rates of pay if not used by the end of the year. No such balance may be carried over from year to year.

41. PURCHASED VACATION TIME (PVT)

Upon starting employment and during each annual open enrollment period, an employee may purchase up to 40 hours of additional paid vacation time. If an employee decides to purchase vacation time, the employee pays for the hours on a pre-tax basis. The cost of

the purchased vacation time will be deducted equally from each paycheck over the course of the year and paid out at the rate in effect upon payout.

Vacation is purchased in one-hour increments with a minimum purchase of eight hours and a maximum purchase of 40 hours. **Per IRS regulations, the purchased vacation time can only be used once the employee’s entire accrued vacation time has been exhausted.**

Purchased vacation hours must be used in the calendar year in which they are purchased. Any purchased vacation hours that have not been used before the second to last pay period end date of the calendar year will automatically be paid out in the last paycheck of the calendar year in which the vacation time was purchased, at the rate in effect at the time of payout and subject to withholding at the supplemental tax rate. Therefore, purchased vacation time will not be available for use in any year after mid-December.

Upon separation from employment, if purchased vacation time used exceeds the cost of such purchase that has been deducted up to that time, the employee must pay the difference back to ERMU. However, if the employee has remaining purchased vacation time that has not been used, it will be paid out to the employee upon separation.

New employees are allowed to buy purchased vacation time based on their benefit eligibility date, as listed in the chart below.

Benefit Eligibility Date	Maximum PVT Hours Eligible for Purchase
January – March	40 Hours
April – May	32 Hours
June – July	24 Hours
August – September	16 Hours
October – November	8 Hours
December	0 Hours

42. PAID SICK LEAVE

Regular full-time employees accrue sick leave at the rate of 3.70 hours per pay period (approximately 8 hours per month or 12 days per year). If an employee is on leave and using sick leave less than the regular 8-hour day, and so not receiving full pay, the accrual is calculated on a pro rata basis. Regular part-time employees accrue sick leave pro rata based on the full-time accrual rate. Temporary and seasonal employees are not eligible for sick leave.

Sick leave may be used for illness and for visits to a health care provider (including any visit that would qualify for reimbursement under IRS Flexible Health Care Spending Accounts guidelines, which include, for example, medical doctors, dentists and optometrists). Sick leave may be used to cover illness or visits of the employee or the employee’s child or another “covered relative” as defined below, or for purposes of

parenting leave in accordance with Minnesota law. To be a “covered relative” under this policy an individual must have same residence address as the employee and must receive substantially all of his or her financial support from the employee. Sick leave may also be used when an employee’s daycare facility is closed due to sickness. Documentation from a health care provider may be requested by the Utilities in its sole discretion. Misuse of paid sick leave may result in disciplinary action.

In addition, an employee’s sick time can also be used for a “safety leave” for covered relatives for the purpose of providing or receiving assistance due to sexual assault, domestic abuse or stalking. *See also Minnesota Sick Family Member or Safety Leave, Section No. 55, below.*

Sick leave may not be used for the purpose of extending an employee’s active employment with the Utilities or for retaining a full-time equivalency percentage that is not based on an employee’s actual planned and scheduled working time.

Employees are required to notify their immediate supervisor at least thirty (30) minutes prior to the start of their regular working hours if they intend to be absent from work. If an emergency prevents the employee from notifying his/her supervisor at such time, the employee is expected to call as soon as possible during the workday. Employees are also required to keep their supervisors informed of their condition and anticipated return to work.

An employee attempting to use sick time for reasons other than those explicitly permitted in this policy will be subject to disciplinary action up to and including termination.

A doctor’s certification of the need for sick leave in accordance with this policy shall be required if an employee is absent more than four (4) days or if abuse of sick leave is suspected by the employee’s immediate supervisor, a Utilities manager, Director, or the Human Resources Representative. In some circumstances, an employee may be requested to submit to a medical examination by an appropriate health care provider to confirm whether the employee is fit for duty. In such a circumstance, the Utilities may select the health care provider to conduct the examination.

Unused sick leave will not be paid out in wages upon termination of employment, but in some circumstances is subject to limited conversion under the Health Care Savings Plan policy found elsewhere in this Handbook.

43. PAID HOLIDAYS

Regular full-time employees who are non-exempt will be paid for eight (8) hours at their base wage rate for each of the following holidays:

<i>New Years Day</i>	<i>Labor Day</i>
<i>Martin Luther King Day</i>	<i>Veterans Day</i>

*Presidents Day
Memorial Day
Juneteenth Day
Independence Day*

*Thanksgiving Day
Friday following Thanksgiving Day
Christmas Eve Day
Christmas Day*

Eligible part-time employees who are non-exempt will receive paid holidays on the same basis as regular full-time employees, except that holiday pay will be pro-rated according to the number of hours worked.

Exempt employees are permitted to observe the designated holidays above without reduction of their salary.

If the holiday falls on a Saturday, the preceding Friday will be observed. If the holiday falls on a Sunday, the following Monday will be observed as a holiday. Employees will not receive holiday pay for any holiday that falls during any leave of absence.

44. EMPLOYEE CLOTHING

It is required that employees wear clothing items specified by the Utilities for their position and activity during working time.

For regular field workers potentially exposed to electric hazards, the Utilities will provide an initial issue of five fire retardant long sleeved shirts, five fire retardant pants, and five fire retardant tee shirts per outside employee exposed to electric hazards. A second set of five fire retardant long sleeved shirts, five fire retardant pants, and five fire retardant tee shirts will be issued after the probationary period. As an alternative option, one fire retardant hooded fleece may be substituted for two fire retardant long-sleeved shirts and/or one sweatshirt may be substituted for two long-sleeved shirts. Field Supervisors may substitute logoed fire retardant dress shirts for fire retardant uniform shirts. Provided clothing may also include: lineworker's climbing boots, summer work boots, rubber boots, rubber overshoes, insulated winter boots, and coveralls (used for maintenance on trucks). The Utilities will issue a check to the supplier for the covered items. For Commissioners and employees other than regular field workers, the Utilities will provide a \$75 annual allowance for Utilities logo clothing.

On an annual basis, the Utilities will replace worn out items that have been provided by the Utilities. Worn out items should be turned in to the Utilities. The Utilities will also provide and replace the following as necessary in the Utilities' discretion: fire retardant lined and unlined bib overalls, fire retardant lined parka and hood, fire retardant lined bomber jacket, and hats with the appropriate emblems and identification.

Upon the end of employment with the Utilities, an employee must return all Utilities-logoed clothing items that were issued to him or her that were paid for by the Utilities.

45. HEALTH CARE SAVINGS PLAN

Utilities' employees participate in the Minnesota Post Employment Health Care Savings Plan (HCSP) established under Minn. Stat. § 352.98 and as outlined in the Minnesota State Retirement System's Trust and Plan Documents. All funds collected by the employer on behalf of the employee will be deposited into the employee's Post Employment Health Care Savings Plan account. General participation rules are outlined below, for a complete guide regarding benefits, use, and eligibility see the plan's documents.

1. Employees are required to contribute to the Post Employment Health Care Savings Plan. These funds will be deposited after each pay period. The contribution shall be based on the following structure:

There will be four groups, concurrent with the pay plan. The four groups are Office, Field Workers, Line Workers, and Management. All groups shall participate in contributions as follows:

- a. Employees with fewer than 10 years of service are required to contribute 1% of their gross wages.
 - b. Employees with fewer than 20 years of service and at least 10 years of service are required to contribute 2% of their gross wages.
 - c. Employees with at least 20 years of service are required to contribute 3% of their gross wages.
2. Employees who have accrued over 960 hours of sick time will have 50% of those hours converted to cash and deposited in their Post Employment Health Care Savings account. The conversion will take place once a year at the end of December.
 3. Employees who voluntarily end their employment and who give the Utilities proper (generally at least two-weeks) notice, and employees whose employment ends involuntarily because of lack of work, will have 50% of unused sick leave, up to a maximum of 120 days, converted into cash and deposited into their Post Employment Health Care Savings account provided they sign and do not rescind an agreement releasing claims arising out of their employment, in a form prescribed by the Utilities. Employees involuntarily terminated by the Utilities for any reason other than lack of work shall not be eligible to receive such conversion. No contributions will be accepted by the Plan on behalf of an employee after the death of the employee.
 4. Employees who retire immediately eligible to claim their pension and who give the Utilities proper notice (generally at least two-weeks) shall have 100% of unused vacation time converted into cash and deposited into their Post Employment Health Care Savings account, but only *on the condition that* they sign and do not rescind an agreement releasing claims arising out of their employment, in a form prescribed by the Utilities.

46. 457 DEFERRED COMPENSATION

The Utilities will match funds contributed by employees, up to a maximum contribution of \$2,500.00. These plans are administered by the Minnesota State Deferred Compensation Plan and/or Wenzel & Associates' John Hancock Plan.

Employees in the Management Pay Group are eligible for an additional employer matching (dollar for dollar) contribution up to 2.5% of the manager's annual base salary, conditioned on the individual providing the Utilities with authorization for the necessary payroll deduction and subject to applicable legal limits to such contributions.

All Utilities employees are subject to Minnesota law capping public employee salaries based on the Governor's salary. Certain definitions and exclusions apply from time to time to the calculation of salaries under that cap, including, for example, vacation and sick leave allowances.

Leave Credit In Lieu Of Compensation. Each employee will be paid that portion of the employee's assigned salary that is permitted by law to be paid. An employee whose salary and other forms of compensation exceed the amount permitted by law to be paid is entitled to receive paid leave time in lieu of that portion of the salary that exceeds the amount permitted by law to be paid. The amount of such paid leave credit will be calculated using the employee's annual rate of pay established pursuant to the applicable compensation policy and plan. The Commission and the General Manager are each authorized to establish the assigned salary using the provisions of this policy and the compensation plan established by the Commission. Further information about this Leave Credit is available from management or Human Resources upon request.

For more information about the Utilities' benefit plans consult the summary plan descriptions that have been distributed to each employee, additional copies of which are also available upon request.

47. HEALTH INSURANCE COVERAGE

For eligible employees who regularly work 30 hours per week and enroll in a health insurance plan provided by the Utilities, the Utilities will pay a majority of the premium charged, and will set the employee share of the premium for each level of coverage available. The Utilities current group health insurance allows the Utilities to offer a Health Savings Account-related plan. Plans, plan designs, and employee share of premiums may change from time to time. The amount of the monthly premium for a health insurance plan

that is the responsibility of the employee is currently as follows. Premiums and employee shares are subject to change from time to time.

COVERAGE	MONTHLY EMPLOYEE SHARE
• Employee	\$109
• Employee + 1	\$218
• Family	\$328

Employees should consult the applicable Summary Plan Description (SPD) for details regarding coverage and eligibility. A copy of the SPD will be provided to employees and is available upon request.

48. DENTAL INSURANCE

Eligible employees who regularly work at least 30 hours per week and who enroll in the Utilities' dental insurance plan, the Utilities will pay seventy-five percent (75%) of the monthly premium per employee/family for dental insurance. Any monthly premium over and above 75% of the dental coverage is the responsibility of the employee. Employees should consult the Summary Plan Description for details regarding coverage and eligibility. A copy of this description will be provided to employees and is available upon request.

49. LONG-TERM DISABILITY

A Long-Term Disability Plan is provided to eligible employees who regularly work at least 30 hours per week. Schedule amount: 60% of Monthly Earnings subject to a maximum amount of \$5,000.00 per month. Employees must be employed for two (2) months to qualify for coverage. Employees should consult the Summary Plan Description for details regarding coverage and eligibility. A copy of this description will be provided to employees and is available upon request.

50. LIFE INSURANCE

Life insurance is provided to each employee at a rate of Two and One Half times (2½) the employee's annual salary, to a maximum of \$85,000.00. Employees should consult the Summary Plan Description for details regarding coverage and eligibility. A copy of this description will be provided to employees and is available upon request.

51. SHORT TERM DISABILITY INSURANCE

A Short-Term Disability Plan is provided to eligible employees who regularly work at least 30 hours per week. Scheduled benefit amount: 60% of weekly earnings subject to a maximum amount of \$1,000.00 per week. Employees may qualify for this benefit after a

fourteen day elimination period with a maximum coverage amount up to eleven weeks. Employees should consult the Summary Plan Description (“SPD”) for details regarding coverage and eligibility. A copy of this SPD will be provided to employees and is available upon request.

52. VISION INSURANCE

Eligible employees who regularly work at least 30 hours per week are eligible to enroll in the Utilities’ vision insurance plan. The monthly premium for vision coverage is the responsibility of the employee. Employees should consult the Summary Plan Description for details regarding coverage and eligibility. A copy of this description will be provided to employees and is available upon request.

53. HOME COMPUTER LOAN POLICY

In an effort to encourage all employees to develop and improve their computer skills, employees may purchase a home computer per the following guidelines.

1. The purchased computer and software shall be new, not reconditioned, not used.
2. The purchased computer shall be used in the employee’s home.
3. Employee must provide a receipt reflecting the purchase of this computer.
4. The Utilities will provide an interest-free loan for the purchase of this computer up to \$1,200.00, for a term not to exceed 12 months.
5. Employee will repay the computer loan to the Utilities in not more than 25 equal installment payments authorized and made through payroll deduction, upon the employee’s election by signed authorization form.
6. Employee must maintain ownership and possession of the computer for the duration of the loan term.
7. If the employee leaves the Utilities before the loan is paid back in full, the Utilities will withhold the outstanding portion of the loan from the employee’s final paychecks (including any check for unused and unpaid benefits) as authorized by the employee in the authorization form signed at the time the loan is made.

54. EDUCATIONAL ASSISTANCE

The Utilities will provide financial assistance to eligible employees for pre-approved courses that are job related, lead to a job-related degree, or are within areas beneficial to the Utilities in its discretion and pursuant to this policy. With regard to education required by the Utilities or in connection with a Utilities-approved apprenticeship training program, check with a Utilities manager or Director.

1. All full-time Utilities employees with at least three months of continuous employment are potentially eligible for reimbursement under this policy.

2. The Utilities may pay up to 100% reimbursement of the costs for tuition, registration, fees, books and course required materials after successful completion of a pre-approved course. Courses must be at accredited colleges, universities, or vocational schools or be short courses conducted by recognized professional training organizations.
3. A course may be approved if:
 - a) It is directly related to the employee's work for the Utilities.
 - b) It is required by a program of study leading to a degree that is directly related to the employee's work for the Utilities.
 - c) It will improve the employee's work for the Utilities.
 - d) It is expected to be completed within a time acceptable to the Utilities.
4. This policy will not cover recreational or personal interest courses.
5. Prior to registration, the employee must have full approval for the course from Utilities' management designated as having approval authority for such matters.
6. The Utilities reserves the right to disapprove educational assistance requests and to amend or eliminate this policy from time to time in its discretion.
7. Total reimbursements to an employee during the academic year may not exceed \$3,000.
8. Not eligible for reimbursement are costs of:
 - a) late fees and fees due to an employee error
 - b) meals, transportation, lodging, insurance, etc.
9. If an employee is eligible for education assistance from any outside source (e.g.: G.I. Bill, grants, scholarships, etc.), the employee must apply for any assistance first and request the balance through this Education Assistance Policy.
10. Termination of employment prior to completion of a course will disqualify the employee for educational assistance.
11. Courses not satisfactorily completed within the time expected or otherwise acceptable to the Utilities will not receive reimbursement but must instead be paid for by the employee.
12. Course attendance and preparation must take place outside of scheduled work hours and must not jeopardize the employee's work performance.

13. Employees will be paid for any time used in attending courses for which they are required by the Utilities to attend. All tuition and fees for such course will be paid for by the Utilities.

LEAVES OF ABSENCE

The Utilities provides leaves of absence according to the following policies. Unless otherwise indicated, all leaves of absence are unpaid. However, employees taking unpaid leave are required to concurrently use any paid vacation or other paid time they have available concurrently with their unpaid leave, beginning with using accrued paid vacation time.

An employee requesting a leave of absence must complete a Request for Leave of Absence form. Forms for requesting a leave of absence are available from the Human Resources Representative. When possible, advance notice of a leave should be provided to an employee's supervisor so work schedules can be adjusted accordingly.

55. PARENTING LEAVE

Under the Minnesota Parental Leave Act, a Minnesota employee who has worked for the Utilities for at least 12 months and who has worked at least one-half (1/2) time during the twelve (12) months preceding a leave is entitled to take up to twelve (12) weeks of unpaid leave as follows:

- An eligible biological or adoptive parent make take such leave for the birth or adoption of a child; and
- An eligible female employee may take such leave for prenatal care or incapacity due to pregnancy, childbirth, or related health conditions.

An employee requesting parental leave must give the Utilities at least thirty (30) days advance notice of the start and end dates of the requested leave, unless such notice is not possible due to legitimate unanticipated factors in which case as much notice as is possible should be given. For a leave for the birth or adoption of a child, the leave must begin within either 12 months of the birth or adoption or, if the child must remain in the hospital longer than the mother, within 12 months of the child leaving the hospital.

Insurance benefits will continue during the leave, but the employee must pay his or her portion of the premiums during the leave and will be required to reimburse the Company for premiums paid by the Company during the leave if the employee does not return to work following the leave.

If any employee is eligible for parental leave under both the FMLA and the MN Parental Leave Act, the parental leave time taken under the Company's FMLA leave policy will run concurrently with time taken under this policy.

If you are eligible for both unpaid MN parental leave and any paid vacation or long-term disability insurance, you must use this paid time off or salary continuation benefit during any MN parental leave period up to the amount needed to cover the entire parenting leave.

Following leave under this policy, an employee will be reinstated to his or her same job or one with comparable duties, hours, and pay.

56. MINNESOTA SICK FAMILY MEMBER OR SAFETY LEAVE

A Minnesota employee who has worked for the Utilities for at least 12 months and who has worked at least one-half (1/2) time during the past twelve (12) months may use his or her accrued sick time to care for the employee's sick or injured child, stepchild, foster child, adopted child, adult child, spouse, sibling, parent, parent-in-law, stepparent, grandparent, or grandchild (including a biological, step, foster, or adopted grandchild) for reasonable times as the employee's attendance may be necessary. This type of leave is referred to as a "Sick Family Member Leave".

In addition, a Minnesota employee who has worked for the Utilities for at least 12 months and who has worked at least one-half (1/2) time during the past twelve (12) months may use his or her accrued sick time to receive assistance or provide assistance to the employee's child, stepchild, foster child, adopted child, adult child, spouse, sibling, parent, parent-in-law, stepparent, grandparent, or grandchild (including a biological, step, foster, or adopted grandchild) because of domestic abuse (as defined in Minn. Stat. §518B.01), sexual assault (as defined in Minn. Stat. §§609.342, 609.3453, or 609.352), or stalking (as defined in §Minn. Stat. 609.749). This type of leave is referred to as a "Safety Leave."

Eligible employees are limited to using a maximum of 160 hours of sick time in any 12-month period for a Safety Leave or for a Sick Family Member Leave resulting from the illness of or injury to the employee's adult child, spouse, sibling, parent, parent-in-law, stepparent, grandparent, or grandchild.

Sick time under this policy must be used in the same manner as the employee would use the sick time for his/her own illness.

Please note that, if an employee is also eligible for FMLA leave to care for a sick family member, FMLA leave and Minnesota Sick Family Member Leave time will run concurrently.

57. SCHOOL ACTIVITIES LEAVE POLICY

Employees who have worked at least one-half time during the preceding twelve months are entitled to up to 16 hours leave during any 12-month period to attend school conferences or classroom activities related to the employee's child, provided the conferences or classroom activities cannot be scheduled during non-work hours. If an employee's child receives child care services or attends a pre-kindergarten regular or special education program, the employee may use the leave time to attend a conference, or activity related to the employee's child, or to observe and monitor the services and program, provided the conference, activity or observation cannot be scheduled during non-work hours.

When the need for leave under this section is foreseeable, the employee must provide reasonable prior notice of the leave to his or her immediate supervisor and make a reasonable effort to schedule the leave so as not to unduly disrupt Utilities business.

Regular paid sick leave may not be used for purposes of this school activities leave.

58. BONE MARROW AND ORGAN DONATION LEAVE

Employees who work an average of twenty (20) or more hours per week who seek to undergo a medical procedure to donate bone marrow or an organ or partial organ will be granted up to forty (40) hours of paid leave. Regular sick leave need not be used when this Bone Marrow and Organ Donation Leave policy is applicable to the circumstances. The Utilities may require verification by a health care provider of the purpose and length of each leave requested by the employee pursuant to this policy.

59. NATIONAL GUARD AND RESERVE LEAVE

Any officer or employee of the Utilities who is a member of the National Guard or other reserve unit is entitled to a leave of absence from public office or employment without loss of pay, seniority status, efficiency rating, vacation leave, sick leave, or other benefits for the time that he/she is engaged with the reserve in training or active service so long as such leave does not exceed a total of fifteen (15) days in any calendar year. Such leave will be allowed only in cases where the required military or naval service is satisfactorily performed. Such leave will not be allowed unless the officer or employee:

- Returns to the public position immediately on being relieved from such military or naval service and not later than the expiration of the time herein limited for such leave; or
- Is prevented from returning to Utilities employment by physical or mental disability or other cause not due to the officer's or employee's own fault; or

- Is required by proper authority to continue in such military or naval service beyond the time herein limited for such leave.

60. MILITARY LEAVE FOR UNIFORMED SERVICE

Except as provided otherwise in the National Guard and Reserve Leave Policy above, employees who are members of, apply to perform, or have an obligation to perform service in a uniformed service will be granted an unpaid leave of absence to perform such service. Military leave requests shall be made to the immediate supervisor. The term “uniformed service” means the Armed Forces, the Army National Guard and the Air National Guard when engaged in active duty, active duty for training, initial active duty for training, inactive duty training, full-time National Guard duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President in time of war or emergency. As soon as an employee is informed of the dates of the military training, he or she should notify his or her supervisor and request a leave of absence, even if he or she has not yet received written orders.

In the case of an employee whose period of military service is less than 31 days, an employee must report back to his or her job at the first regularly scheduled shift after the completion of military service and the time required for return from the place of military service to the place of civilian employment. An employee called to active duty for more than 30 days, but less than 181 days, must report back to his or her job not more than 14 days after the completion of his or her military service. An employee called to active duty for more than 180 days must report back to his or her job not more than 90 days after the completion of his or her military service.

This Policy is not intended to preclude leave with pay as may be provided in the National Guard and Reserve Leave Policy above.

61. JURY/WITNESS DUTY LEAVE

Employees will be allowed a leave of absence pursuant to state statute without restriction or sanction when called for jury duty.

- An employee performing jury duty or subpoenaed as a witness in court or voluntarily serving as a witness on behalf of the Utilities in a case in which the Utilities is a party will receive the difference between his/her regular rate of pay and the amount received as juror or witness up to the maximum allowed by state or federal law.
- The employee must notify his/her supervisor and complete a leave of absence form within 48 hours of receiving call for jury duty.
- An employee excused or released from jury duty during his/her regular work hours must report to his/her supervisor immediately thereafter.
- Time spent on jury duty will not count as time worked in computing overtime.

62. PERSONAL LEAVE DAY

Each January 1st, every regular employee will be credited with one day of paid personal leave, which will be available to be taken during the next 12 months, with the scheduling approval of management. This day, if unused, will not be carried over from year to year, and it is not paid out or converted upon separation from employment.

63. BEREAVEMENT LEAVE

A leave of absence, with pay and fringe benefits may be granted to a regular full-time employee for a maximum of three (3) days in the event of the death of a spouse, child, parent, brother, sister, grandparent, grandchild, or parent-in-law, brother-in-law, sister-in-law, grandparents-in-law, step-parents, step-siblings and step-children.

64. GENERAL LEAVE

The Utilities recognizes that circumstances of a unique personal nature may cause an employee to seek time off without pay. The Utilities may, at its sole discretion, grant unpaid personal leaves of absence to employees (“General Leave”). Approval is required of the employee’s immediate supervisor and the General Manager before General Leave will be granted. In no event will General Leave be granted for longer than ninety (90) days, unless special approval is received from the General Manager.

Vacation and sick leave will not accrue during a General Leave. Further, the employee on General Leave will not be eligible for holiday pay during the leave. The Utilities will not contribute to the cost of insurance premiums for an employee on General Leave.

Employees are expected to return from General Leave when the reason for the leave expires. Employees who take a General Leave have no right to reinstatement.

65. VOTING LEAVE; SERVICE AS ELECTION JUDGE

Under Minnesota Statutes Section 204C.04, employees who are eligible to vote in an election to fill a vacancy in the office of United States Senator, United States Representative, State Senator or State Representative, or a presidential primary have the right to be absent from work for the time necessary to vote and return to work on the day of that election without penalty or deduction from salary or wages because of the absence. The Utilities will not abridge or interfere with this right.

The Utilities will provide an employee with paid time off to serve as an election judge, provided that the employee gives the Utilities at least 20 days’ advance written notice. The

Utilities will reduce the employee's pay by the amount the employee is paid to serve as an election judge.

66. PAID LEAVE DONATION

With the written consent of the Utilities' General Manager or Finance Manager, employees wishing to do so may voluntarily donate accrued paid leave time that is presently available for use by the donor employee to a co-worker who is experiencing a major or catastrophic life event in the form of a medical emergency, loss of a family member, or other extraordinary circumstance (subject to management approval) necessitating time off from work for which the receiving employee has insufficient paid time off available. Examples of such a life event include, but are not limited to, a heart attack, stroke, organ transplant, or other medical condition of the employee or a family member for whose care the employee bears substantial responsibility.

An employee will be eligible to receive and use donated paid leave only if the following conditions are satisfied:

1. The receiving employee must submit a request for paid leave donation in the form prescribed by the Utilities.
2. The receiving employee's request for leave must be based on medical need to be absent from the workplace that is supported by documentation from a health care provider.
3. There is a reasonable expectation based on a treating provider's documentation that the receiving employee will return to work within a reasonable time following any leave of absence unless the employee qualifies for long term disability insurance benefits.
4. The receiving employee is currently eligible to accrue sick leave and vacation under the Utilities' policies.
5. The receiving employee has exhausted all of the employee's own paid leave time including all sick, vacation, compensatory, and other paid time.
6. The sick leave taken by the receiving employee will not be subject to income replacement by disability or workers compensation insurance.

The following additional conditions apply to leave donation under this policy:

1. All donations must be made in increments of eight (8) hours subject to a limit of 16 hours per donor to a particular recipient per year. Leave donation must be in one of the following configurations: i) a total of eight hours of paid sick leave; ii) a total of eight hours of vacation; iii) a total of sixteen hours, with eight hours being

vacation and eight hours being paid sick leave; iv) a total of sixteen hours, with sixteen hours being paid sick leave; v) a total of sixteen hours, with sixteen hours being vacation time.

2. The donor employee must complete a Paid Leave Donation Form prescribed by the Utilities in order to donate paid leave.
3. The total amount of paid leave donated to any individual employee in any rolling twelve-month period measured backward from the employee's most recent request for leave donation may not exceed 240 hours.
4. The Utilities will set a deadline for donations of paid leave to the receiving employee ("Donation Deadline"). No donations of paid leave will be accepted in response to the receiving employee's Request for Paid Leave Donation after the Donation Deadline.
5. The Utilities will set a date on which submitted donations of paid leave will become final and effective ("Donation Effective Date"). The Donation Effective Date shall be no more than ten business days after the deadline for donations to the receiving employee.
6. Before the Donation Effective Date, if Paid Leave Donation Forms are submitted for a total amount of leave that is more than the number of hours requested by the employee in the Paid Leave Donation Request Form, or for more than the maximum total donation of 240 hours, the Utilities will pro rate donations to the maximum allowed, among all employees submitting a Paid Leave Donation Form for the receiving employee and will notify all such employees in writing of such pro rating and the final number of hours from their Paid Leave Donation Form that will be donated to the receiving employee on the Donation Effective Date.
7. On the Donation Effective Date the Utilities will transfer all paid leave donations that are indicated collectively on the Paid Leave Donations Forms submitted, prorated, if necessary, in accordance with this policy, to the account of the receiving employee; and will reduce the corresponding account balances of the donating employees accordingly.
8. Donation of paid leave is permanent and final as of the Donation Effective Date and cannot be rescinded thereafter. Donated paid leave may not be transferred back to the donor after the Donation Effective Date under any circumstances. If the donated paid leave is not used by the receiving employee it is forfeited by all parties.
9. Donated paid leave time may be used by the receiving employee only for purposes of the medical leave necessitated by the catastrophic life event supporting leave donation under this policy.

10. Donated paid leave may be used by the receiving employee only for work time actually and necessarily missed due to the leave taken for the purpose set forth in the leave request submitted under this policy, and for no other purpose.
11. Donated paid leave may be used by the receiving employee only to replace the employee's normal work hours lost, up to a maximum of the receiving employee's FTE (measured as of the date on which the leave begins).
12. Donated paid leave must be used by the receiving employee concurrently with any applicable unpaid leave available to the receiving employee.
13. Donated paid leave must be used during the leave taken for the purpose submitted in the leave request under this policy.
14. Donated paid leave not used as described in this policy will be forfeited by the recipient.
15. When used by the receiving employee, donated paid leave will be paid at the receiving employee's current rate of pay.
16. The donation of paid leave time will permanently decrease the amount of accrued unused paid leave in the donor's paid leave account(s) and thereafter will not be counted or used by the donor or the Utilities for any purpose. For the avoidance of doubt, this means, among other things, that donated paid leave time does not qualify to be counted as unpaid sick leave for purposes of any severance pay calculation.
17. The Utilities will treat the identity of donor employees under this policy as private and confidential information.
18. This policy applies on a prorated basis to part-time employees eligible to accrue and receive paid leave time.

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RECEIPT AND ACKNOWLEDGMENT

(EMPLOYER COPY:

MUST BE SIGNED AND RETURNED TO MANAGEMENT)

By signing this receipt, I acknowledge that I have received a copy of the Elk River Municipal Utilities Employee Handbook (the “Handbook”). This Handbook and the policies contained or referenced in the Handbook supersede and replace previously-issued handbooks, contrary oral or written statements of employment policy, and contrary employment practices.

I understand that the Employee Handbook may be amended at any time, with or without notice. I understand that I do not have a protected property interest in my employment with the Utilities. I also understand that neither this Handbook nor any provision in it creates a contract of employment for any particular duration between the Utilities and me. Further, I understand that nothing in this Handbook creates a contract with specific terms between the Utilities and me.

I acknowledge that it is my responsibility to become and remain informed about the employment policies and practices of the Utilities and to abide by the rules, regulations, standards and policies of the Utilities, including those contained in this Handbook. I also understand that any violation by me of the Utilities’ rules, regulations, policies, practices, or standards is just cause for discipline, up to and including termination of my employment.

Date

Print or Type Name

Employee Signature



G.4f2 – Controlled Substances

1.0 *Drug and Alcohol Policy and Procedures*

The abuse of drugs and alcohol is a nationwide problem which affects persons of every age, race and gender. The Elk River Municipal Utilities recognizes that work performance and safety problems are created when employees use or abuse illegal drugs and/or alcohol. Elk River Municipal Utilities has established the following policy on drug and alcohol testing provisions.

2.0 *Purpose*

The purpose of this policy is to provide written guidelines in compliance with Minn. Stat. 181.950-181.957 for requesting or requiring employees or job applications to undergo drug and/or alcohol testing. Elk River Municipal Utilities prohibits the possession, consumption, sale, transfer, or “being under the influence” of alcohol or illegal drugs during employment. Further, employees are prohibited from being at work under the influence of drugs or alcohol, including those prescribed by a doctor that may in any way adversely affect an employee’s alertness, coordination, reaction, response, or the safety of others.

3.0 *Coverage*

All employees of Elk River Municipal Utilities are covered by this policy. All applicants, and persons currently employed by Elk River Municipal Utilities may be required to take a drug and alcohol test.

4.0 *Objectives*

- A. To create a safe and healthy environment for all employees to work in.
- B. To provide professional, efficient services to the public with employees utilizing their full potential.
- C. To reduce the costs directly and indirectly associated with substance abuse in our workplace.
- D. To assure fairness and equality in the administration of this policy.
- E. To set forth the procedures for the administration and implementation of this program.

5.0 Duty

Elk River Municipal Utilities does not have a legal duty to request or require drug or alcohol testing.

6.0 Applicability

The Elk River Municipal Utilities may request or require alcohol and/or drug testing of the following individuals and under the following circumstances:

- A. Job applicants for positions requiring pre-employment physical. Testing will not be required until a job offer has been made.
- B. Employees who, during assigned work schedules, the employer has reasonable suspicion to believe that the employee:
 - 1. Is under the influence of drugs or alcohol;
 - 2. Has violated the employer's written work rules prohibiting the use, possession, sale, or transfer of drugs or alcohol while the employee is working or while the employee is on the employer's premises or operating the employer's vehicle, machinery, or equipment, provided the work rules are in writing and contained in the employer's written drug and alcohol testing policy.
 - 3. Has sustained a personal injury, as that term is defined in Minnesota Statutes section 176.011, subdivision 16, Workers Compensation, or has caused another employee to sustain a personal injury; or
 - 4. Has caused a work-related accident or was operating or helping to operate machinery, equipment, or vehicles involved in a work-related accident.
- C. Employees who have been referred by the Elk River Municipal Utilities for chemical dependency treatment or evaluation or who are participating in a chemical dependency treatment program under an employee benefit plan, in which case the employee may be requested to undergo drug and alcohol testing without prior notice during the evaluation or treatment period and for a period of up to two (2) years following completion of any prescribed chemical dependency treatment program.
- D. Should any employee or employees feel that they have reasonable suspicion to believe that their supervisor is under the influence of drugs or alcohol, they should contact another supervisor, General Manager, or any member of the Elk River Municipal Utilities Commission.

7.0 Requirements and Procedure

- A. Elk River Municipal Utilities will post and maintain a notice in appropriate and conspicuous locations at its facilities that this policy has been adopted and that copies are available for inspection at a specified location.
- B. All personal injuries sustained while working for Elk River Municipal Utilities, and all work-related accidents will be reported to an on-duty supervisor by the person involved in the injury or accident and/or witness to the injury or accident. If no supervisor is on duty at the time, one will be called at home. The notified supervisor will then determine whether to request drug/alcohol testing of the injured person, the person causing the injury, or the person involved or causing a work-related accident. Any employee tested under this section of the policy may be suspended, pending further investigation.
- C. When a supervisor determines that an employee should be tested, the employee will be told that in the supervisor's opinion, the employee appears to be impaired and in a state unfit to work. The employee may request another supervisor to be present during the discussion. During this discussion, the employee shall be asked if he/she has been drinking alcohol or has taken legal or illegal drugs. A written record of the questions and the employee's replies and actions will be maintained.
- D. The employee has the right to refuse testing. Refusal will result in disciplinary action taken against the employee.
- E. In the event an employee agrees to testing, regardless of whether the employee admits or denies taking legal or illegal drugs, the supervisor will explain that the employee will be driven to the designated medical facility where the testing/screening will be administered. The employee will NOT be allowed to drive to or from the designated facility on his/her own accord.

8.0 Rights of Employees and Job Applicants to Refuse Testing

- A. Applicants. IF a job applicant refuses to submit to an alcohol and/or drug test, any offer of employment will be withdrawn and the individual will not be considered for employment by Elk River Municipal Utilities.
- B. Employees. Employees have the right to refuse to submit to alcohol and/or drug testing. Employees or prospective employees, who refuse to provide a specimen, or have adulterated a specimen, will be dismissed.

9.0 Employee/Job Applicant Rights After A Test

- A. Within three (3) days after receiving notification of a positive test result, an individual may submit any information to explain the result and request in writing a confirmatory retest of the original sample at the employee's or job applicant's own expense.

- B. An employee or job applicant may request and receive from Elk River Municipal Utilities a copy of the drug or alcohol result report.

10.0 *Effect of Positive Test*

- A. Applicants. If a job applicant tests positive on a test for alcohol and /or drugs, other than medications prescribed by a physician, any offer of employment will be withdrawn and the individual will not be considered for employment by Elk River Municipal Utilities.
- B. Employees. Employees, who test positive for alcohol and/or drugs for the first time, will be given the opportunity to enter an approved drug and/or alcohol counseling or rehabilitation program at the individual's expense or through the employer's health care provider. Elk River Municipal Utilities will consult with a substance abuse professional before approving a program. Employees who refuse to enter or fail to complete a program may be dismissed. Employees who elect to enter a program may be placed on probation for up to two (2) years by Elk River Municipal Utilities. The probation will not affect the employee's use of sick leave or vacation. During probation period, the employee will be required to submit to unannounced follow-up alcohol and/or drug testing. Failure to comply with this requirement or a positive test result during the probation period will result in immediate dismissal. Upon successful completion of the probationary period with negative test results during that period, the employee will be reinstated employment status. Employees who have once tested a confirm positive will be terminated if they test a confirmed positive at a later date.

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4g	Policy Title: Organization, Staffing, and Compensation

PURPOSE:

With this policy, the Commission sets forth the responsibilities of the General Manager with respect to the ERMU organization structure, staffing levels and position-based compensation practice.

POLICY:

The Commission expects the General Manager to continuously evaluate the human resource needs of ERMU and to advise the Commission regarding the organization structure, staffing levels, position-based compensation practice, and use of contracted services that will best achieve the organizational results set forth in the *Goals and Results Policy*, the Strategic Plan, and the Annual Business Plan/Budget. As set forth in the approved Policy establishing the Commission’s Wage & Benefits Committee, the General Manager will keep the Committee fully informed and the Committee will periodically advise the Commission about the organization’s human resource needs.

The General Manager’s responsibilities shall include:

1. Presenting to the Wage & Benefits Committee, at least annually and in conjunction with the Commission’s review and approval of the Annual Business Plan/Budget, an Organization and Staffing Plan detailing overall staffing levels and organizational structure.
2. Presenting to the Wage & Benefits Committee, at least annually and in conjunction with the Commission’s review and approval of the Annual Business Plan/Budget, an Employee Compensation and Benefits Plan. The Employee Compensation and Benefits Plan shall set forth market-competitive compensation ranges and benefits for each authorized permanent position in the ERMU organization. Included in the Employee Compensation and Benefits Plan which is presented for Commission approval shall be the Wage & Benefits Committee’s recommendation of Cost Of Living Adjustment (COLA).

3. Presenting for Commission approval, as part of the Annual Business Plan, a Budget that will support the staffing and contracted services levels described in items 2 and 3 above.
4. Upon approval by the Commission of the Annual Business Plan, Budget, Organizational Chart and Employee Compensation and Benefits Plan, managing ERMU and its staffing and contracted services at the budgeted levels, with appropriate allowance for changes in workload requirements and the limitations of the market for qualified employees and contracted services. The General Manager shall assign specific responsibilities to the positions approved, shall designate the employees that fill specific positions and their compensation, and shall engage contracted services as provided in approved ERMU Policies.
5. If the Commission fails to timely approve the Annual Business Plan, Budget or Employee Compensation and Benefits Plan, managing ERMU and its workforce as necessary to serve ERMU's customers within projected revenues.
6. Considering the evolving utility industry, the changing expectations of ERMU's customers and stakeholders, advances in technology, relevant employment/service markets and other factors that impact ERMU's workforce requirements and its ability to meet those requirements.
7. Maintaining current and accurate organization charts that identify all authorized management and staff positions and their reporting relationships as well as the status of those positions (occupied or vacant).
8. Maintaining current and accurate position descriptions or equivalent documentation of the qualifications, accountabilities, and working conditions for each authorized permanent or temporary position in the ERMU organization.

POLICY HISTORY:

Adopted August 8, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4g1	Policy Title: Performance Metrics and Incentive Compensation

1.0 PURPOSE AND SUMMARY

The successful performance of the ERMU is measured in terms of the Utilities’ ability to meet our strategic goals and mission. By improving our efficiency and level of performance in meeting our strategic goals and mission we can improve the delivery of value to our customers.

To create incentives for employees to take personal responsibility for accomplishment of the Utilities’ strategic goals and mission, the Utilities has established a Utilities Performance Metrics-based Incentive Compensation system (“UPMIC”). Through UPMIC the employees of ERMU will have an opportunity, as a group, to earn annual incentive compensation for each qualifying employee by contributing individually to the overall success of ERMU on a daily basis.

Under UPMIC, either all qualifying employees will earn an incentive compensation distribution in a given year, or none will. And not only will incentive compensation under UPMIC in that sense be an all or nothing proposition each year, but there will be an equal percentage share basis for all on which the incentive compensation will be paid out if earned. This appropriately reflects the reality that we all succeed, or fall short, together as a team.

To administer the UPMIC and measure objectively the level of performance that must be achieved for qualifying employees to earn incentive compensation, the attached UPMIC Performance Metrics Policy Scorecard (“Scorecard”) has been created. The Scorecard will be subject to revision annually based on the performance metrics adopted by the Commission annually for the coming year (“Performance Metrics”). By tracking and measuring the Performance Metrics and creating incentive for employees to achieve the goals the Metrics embody, the Utilities believes it will be better able to focus efforts and resources on becoming more efficient and successful in meeting our strategic goals and mission and delivering improved value to our customers.

2.0 UTILITIES PERFORMANCE METRICS SCORECARD

As reflected on the Scorecard, the Performance Metrics are divided into the following three categories: Safety, Reliability and Quality of Utility Services; Workforce Development; and Financial Goals. These categories are used to characterize the overall strategic goals and mission of ERMU.

Under the Performance Metrics, these three main categories are then divided into various weighted factors, or sub-categories. These sub-categories, their percentage weight, and the goal or target for each, shall be established by the Utilities Commission annually. The Performance Metrics as adopted are reflected in the attached Scorecard. As discussed above, the Performance Metrics and thus the Scorecard are subject to modification and adoption by the Commission annually, which will normally occur during the Utilities' budgeting process.

3.0 UTILITIES PERFORMANCE INCENTIVE COMPENSATION DISTRIBUTION CRITERIA

Under the UPMIC a Performance-Based Compensation Incentive, if earned, will be distributed to Qualifying Employees annually. The total amount available to be earned by Utilities employees as a Performance Based Compensation Incentive each year will be an amount up to 3% of the Utilities' total gross wages paid to Qualifying Employees during the Measurement Period.

The measuring period used to calculate how much, if any, of the Performance-Based Compensation Incentive the Utilities employees have earned will be the calendar year (the "Measurement Period"). After the Measurement Period is complete and the Commission has received its audit in the spring of the year following the Measurement Period, the Performance Metrics will be applied to determine whether the Performance-Based Compensation Incentive has been earned for the Measurement Period. In doing so, the performance of the Utilities in each sub-category will be reviewed. If the sub-category performance meets or exceeds the established goal, the sub-category will be scored with the designated percentage that will contribute to a total Performance Metrics Multiplier to be used as a factor in calculating the distribution earned, if any, as shown in the Scorecard ("Multiplier"). The Multiplier has a maximum factoring effect of 100%. The Multiplier is used to determine how much, if any, of the amount established by the Commission for the UPMIC Performance-Based Compensation Incentive has been earned in the Measurement Period. (For example if the Multiplier equals 100%, the distribution would equal 3%. If the Multiplier equals 75%, the distribution would equal 2.25%.) In other words, the amount established by the Commission may be earned on an annual basis by the group of Qualifying Employees (as defined below in Section 4.0) in whole, in part, or not at all.

After the Multiplier is calculated on the Scorecard, the Performance Based Compensation Incentive earned, if any, will be distributed to Qualifying Employees. The total amount to be distributed as the Performance Based Compensation Incentive will be the product of: a) the Multiplier; and b) 3% of the Utilities' total gross wages paid to Qualifying Employees during the Measurement Period.

The percentage of the Performance Based Compensation Incentive awarded to each Qualifying Employee will be based on the gross wages of each Qualifying Employee during the Measurement Period. To each Qualifying Employee, the distribution would be allocated in a lump sum equal to the product of: a) the Multiplier; and b) 3% of that employee’s gross wages paid during the Measurement Period. (For example, if a Qualifying Employee’s gross wages earned during the Measurement Period were equal to \$50,000 and the Multiplier was equal to 100%, the total distribution to that employee would be equal to: $\$50,000 \times 3\% \times 100\% = \$1,500.$)

If the Utilities’ margins are negative due to sudden and unforeseen material changes to the industry or customer base, the Commission reserves the right to withhold distribution of the Performance Based Compensation Incentive in any given year.

4.0 EMPLOYEE QUALIFICATIONS AND DISTRIBUTION OF THE INCENTIVE COMPENSATION

An employee of the Utilities will be eligible for participation in the Performance Metrics Incentive Compensation distribution if the employee meets the following eligibility requirements and is therefore a “Qualifying Employee” for purposes of this policy.

- a. The employee is in good standing with the Utilities. An employee would not be eligible while on disciplinary probation or a performance improvement action plan.
- b. The employee was a Full Time or Part Time employee during the Measurement Period. Seasonal, and Temporary employees are not eligible.

The UPMIC Performance Based Compensation Incentive distribution will be made to Qualifying Employees on the first payroll date after the thirty day period following the date on which the Commission formally receives its annual auditor’s report in an open meeting.

GP:3300714 v4

POLICY HISTORY:

Adopted December 12, 2012

Revised January 14, 2020

Revised December 13, 2022, effective January 1, 2023

Revised December 12, 2023, effective January 1, 2024

Elk River Municipal Utilities
G.4g1a - Performance Metrics and Incentive Compensation Policy Scorecard - 2024

Category	Percent	Sub-Category	Sub-Percent	Goal	Score	Awarded Multiplier Percentage
Safety, Reliability and Quality of Utility Services	40	Water Quality Standards	5	Meet Requirements		
		Lead and Copper quality	5	90th percentile		
		Bacteria Detection	5	0 positive samples		
		CAIDI	5	<120 Min		
		SAIDI	5	<90 Min		
		SAIFI	5	< 0.5		
		Line Loss	5	<5%		
		Water Loss	5	<12%		
Workforce Development	25	Clean Energy Choice Program Participation	5	+30 net		
		Employee Turnover	10	≤ 7.5%		
		Participation in Recommended and Mandatory Trainings	10	≥ 95%		
Financial Goals	35	Margins/Net Profit	20	≥ Budget		
		Reserves	10	≥ Target		
		Inventory Accuracy	5	≥ 95%		
Total Multiplier:						

Adopted December 12, 2012
 Revised October 11, 2016
 Revised December 17, 2019
 Revised December 14, 2021
 Revised December 13, 2022

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4h	Policy Title: Financial Planning and Budgeting

PURPOSE:

With this policy, the Commission affirms the importance of financial planning and budgeting and sets forth its expectations for the General Manager in terms of the effective development, implementation, monitoring, and updating of the Commission’s approved Financial Plan and Business Plan/Budget. (See *Strategic and Business Planning Policy*)

POLICY:

The General Manager will propose for Commission approval a Financial Plan that supports the Strategic Plan and provides credible projections of expenses and revenues (in major categories), reserve fund balances, and key financial ratios for not less than five (5) future fiscal years.

The General Manager will propose for Commission approval a Business Plan/Budget for each fiscal year that is reasonably consistent with the projections contained in the Commission’s approved Financial Plan.

Within the financial limits established by the Commission through its approved Financial Plan and Business Plan/Budget, the General Manager shall provide adequate resources for the effective execution of the Strategic Plan and for the accomplishment of the specific operating and financial results contained in the Business Plan/Budget.

Consistent with this general statement, the General Manager shall implement financial planning and budgeting that:

1. Is based on credible assumptions about variables that are likely to affect ERMU’s future financial performance.
2. Includes credible projections of revenues, expenses, cash flow, mandatory and discretionary reserve funds, fund balances, and key financial ratios for a period of at least five (5) future fiscal years.

3. Includes credible projections of capital expenditures and borrowing needs.
4. Includes credible revenue requirements and general retail rate adjustment needs.
5. Recognizes the need for appropriate adjustments or contingencies that may arise during implementation as a result of changed conditions and unexpected events.
6. Clearly communicates the connection between planned expenditures of resources and the expected business results as identified in the Strategic Plan and the Business Plan/Budget.
7. Does not violate the Commission’s policy on *Financial Condition and Transactions*.
8. Provides financial support for the Commission’s activities in the amount that is needed for the Commission to fulfill its statutory duties and to govern with excellence.

POLICY HISTORY:

Adopted August 8, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4i	Policy Title: Financial Condition and Transactions

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning ERMU’s financial condition and transactions.

POLICY:

The General Manager shall not intentionally cause or allow ERMU’s financial condition to become precarious or to materially deviate from the Financial Plan or Business Plan/Budget. The General Manager shall not allow financial transactions to occur outside of the boundaries established by other applicable provisions of the Commission’s governance policies. The General Manager shall not allow financial reporting that fails to comply with applicable standards for governmental accounting.

Consistent with this general statement, the General Manager shall:

1. Provide monthly financial reports to the Commission which accurately and adequately describe ERMU’s financial condition.
2. Provide quarterly financial report presentations which discuss any material changes (1% or greater of annual revenues or expenditures for each utility enterprise) to the projections for the balance of the fiscal year including any appropriate remedial actions.
3. Not allow the cumulative expenditure of funds during a fiscal year to exceed by more than \$1 million the amounts that have been allocated through the approved capital and operating budgets without prior approval by the Commission in the form of a budget amendment.
4. Advise the Commission of any individual project expenditure in excess of 10% above the approved budgeted amount.

5. Not reallocate an amount greater than \$500,000 among line items in the approved capital and operating budgets without prior approval by the Commission in the form of a budget amendment.
6. Advise the Commission of any financial transaction or event deemed by the General Manager to have a substantial impact on ERMU's financial condition.
7. Not take any financial action that violates bond covenants or otherwise jeopardizes ERMU's ability to obtain favorable bond ratings.
8. Not allow working capital and other designated reserves to fall below the levels established in the Financial Plan.
9. Make payroll and pay other financial obligations in a timely way.
10. Collect or otherwise resolve receivables.
11. Implement internal policies and procedures that comply and ensure timely accounting and reporting of financial condition and transactions in accordance with legal or regulatory requirements, and generally accepted industry practices.
12. Not acquire, encumber, or dispose of real property without approval of the Commission.

POLICY HISTORY:

Adopted August 8, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4i1	Policy Title: Investments

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning the investment of ERMU funds.

POLICY:

The General Manager shall not allow investments of ERMU funds that conflict with the requirements of applicable federal, state, and local laws and regulations governing the investment of public funds (Including Minnesota Statutes Chapter 118A. Deposit and Investment of Local Public Funds). Management responsibility for the investment program is hereby delegated to the General Manager, acting under the guidance of the Financial Reserves and Investment Committee Charter.

The General Manager shall implement a Management Investment Policy that sets forth ERMU’s policy, standard of prudence, objectives, delegation of authority, suitable investments, internal controls, performance standards and reporting requirements for ERMU investments.

In addition, the General Manager shall inform the Commission routinely about ERMU’s investment performance, the content and application of the Management Investment Policy, and other investment matters that support the Commission in meeting its fiduciary requirements.

POLICY HISTORY:

Adopted December 12, 2017
Revised July 14, 2020

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4i2	Policy Title: Financial Reserves

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning the maintenance of ERMU’s financial reserves.

POLICY:

The General Manager shall ensure that ERMU maintains cash reserves for its electric and water utility enterprises that are reasonable, prudent and necessary to:

1. Meet or exceed the requirements of all bond covenants
2. Demonstrate to rating agencies and investors that ERMU’s utility enterprises are credit worthy
3. Provide liquidity that is adequate, along with other risk-management measures, to ensure ongoing operation of the utility systems
4. Stabilize revenue requirements and customer rates
5. Manage the level of debt by funding a portion of the capital investments

In addition, the General Manager shall implement a Management Financial Reserves Policy that sets forth the designated reserve funds to be maintained, along with their purposes and methods for determining appropriate target levels and requirements for internal controls, monitoring and reporting. Designated reserve funds may include, but are not limited to reserves restricted for debt service and unrestricted designated reserves.

POLICY HISTORY:

Adopted December 12, 2017
 Revised July 14, 2020

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4i3	Policy Title: Debt Issuance and Payment

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning Debt Issuance and Payment. This policy is subsidiary to the *Financial Condition and Transactions Policy*, and relates to *Financial Planning and Budgeting Policy*, and *Cost Allocation and Recovery Policy*.

POLICY:

The General Manager, when preparing ERMU’s Financial Plan and Business Plan/Budget for Commission approval, shall consider and present the benefits and costs of borrowing funds in relation to the benefits and costs of using income and revenues to secure adequate funding for infrastructure and operations. Factors to be considered and communicated to the Commission include, but are not limited to: revenue requirements, reserve fund balances, the cost of borrowing, the competitiveness of ERMU’s rates and charges for services, the desired relationship between those who will receive benefit from the borrowed funds and those who will pay for retirement of the debt, and ERMU’s overall financial condition and bond rating. Factors contributing to a favorable financial condition and bond rating include, but are not limited to: a consistent record of compliance with bond covenants, achievement of key financial ratios, determination of revenue requirements, establishment of adequate rates and charges for services, and compliance with generally accepted accounting and financial reporting practices.

In addition, the General Manager shall:

1. Establish, as a part of any recommendation for the issuance of revenue bonds, adequate provisions for setting aside and pledging the income and revenue of the utility enterprise for which the bonds are issued into a separate and special fund to be used in the payment of the principal and interest on the revenue bonds.
2. Ensure that the income and revenues pledged for the bonds are allocated and deposited in conformity with the provisions of the revenue bond documents.

3. Implement all necessary measures to assure that all required payments of principal and interest on the bonds are paid when due.
4. Monitor the accounts established under any bond documents to ensure that adequate funds are maintained therein, and recommend for approval by the Commission any transfer of funds required or permitted by the applicable law for the prudent operation of the utility.

POLICY HISTORY:

Adopted December 12, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4i4	Policy Title: Procurement

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning procurement of supplies and services for ERMU.

POLICY:

The General Manager shall establish management policies, procedures, and practices for procurement that are consistent with the requirements of the most current version of or successor to Minnesota Statute 471.345 Uniform Municipal Contracting Law, and which implement and comply with the following:

1. Contracts for procurement which are estimated to exceed \$175,000 in value shall be presented to the Commission for specific approval.
2. Contracts for procurement with a value of less than \$175,000 do not require specific Commission approval, but the General Manager shall report on the procurement to the Commission at the next regular Commission meeting if the contract amount exceeds \$25,000 and the item has not been previously approved by the Commission as part of the Business Plan/Budget.
3. Contracts for procurement with a value of less than \$25,000 may be entered into by the General Manager or his/her designee without approval or reporting to the Commission, but shall be reflected in ERMU's financial records.

In addition, the General Manager shall:

1. Designate specific delegated procurement authorities for selected ERMU managers and employees, by position title, based on type of procurement, dollar value, or other appropriate criteria.

2. Keep complete and accurate records of all procurement contracts demonstrating compliance with applicable legal and regulatory requirements, this Commission policy, and established management policies, procedures and practices.
3. Inform the Commission, as soon as practical after discovery, of any material violations of this policy, Minnesota law, or the conditions of a Commission contract approval.

POLICY HISTORY:

Adopted	December 12, 2017
Revised	July 9, 2019

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4i6	Policy Title: Public Purpose Expenditures

1.0 POLICY

Pursuant to the statutes and laws of the State of Minnesota which regulate the expenditure of public funds for public purposes, Elk River Municipal Utilities (ERMU) believes it is necessary and appropriate to provide assistance and guidance to officials, employees, and representatives of ERMU to aid in the determination of when public funds may be spent for a public purpose.

To provide that assistance and guidance, the ERMU Board of Commissioners has adopted this Public Purpose Expenditure Policy establishing operating policies and procedures for the appropriate expenditure of public funds. The Utility Commission authorizes the General Manager to establish administrative policies and procedures that are consistent with this Policy.

Definition: A public purpose expenditure is one which relates to the purpose for which Elk River Municipal Utilities exists.

2.0 PUBLIC PURPOSE GUIDELINES

- A. Training and development programs for ERMU employees serve a public purpose when those training and development programs are directly related to the performance of the employees' job-related duties and are directly related to the programs/services for which ERMU is responsible.
- B. Payment of employee work-related expenses, including travel, lodging and meal expenses, serves a public purpose when those expenses are necessarily incurred by ERMU employees in connection with their actual work assignments or official duties, and those expenses are directly related to the performance of the governmental functions for which Elk River has responsibility.
- C. Appropriate safety and health programs for ERMU employees serve a public purpose because they result in healthier and more productive employees and reduce certain costs to ERMU customers, including various costs associated with workers compensation and disability benefit claims, insurance premiums, and lost time from employee absences.

- D. Employee recognition and achievement awards for ERMU employees are appropriate public expenditures and serve a public purpose because formally recognizing employees who make significant contributions and demonstrate their commitment during the performance of their duties results in higher morale and productivity among all ERMU employees, and therefore helps ERMU to fulfill its responsibilities efficiently and more cost effectively.
- E. Public expenditures for food and refreshments associated with official ERMU functions and meetings serve a public purpose when the provision of food or refreshments is an integral part of an official ERMU function, or the meeting or event occurs over a meal time and the provision of food or refreshment is reasonably necessary to promote timely attendance and meaningful participation by the participants.
- F. Public expenditures for appropriate community and customer outreach and similar activities serve a public purpose when those expenditures are necessary for ERMU to ensure the efficient operation of its programs/services, promote the availability and use of ERMU resources, and promote coordinated, cooperative planning activities among and between the public and the private sectors.

3.0 SPECIFIC PROGRAMS AND EXPENDITURES

Every ERMU expenditure must be valid based upon the public purpose for which it is expended. These line-items are approved annually by the ERMU Commission as part of the overall budget approval process.

The following items are deemed to meet the ERMU Commission’s definition of public purpose expenditures:

A. Meetings - Food/Meals/Refreshments

ERMU recognizes that situations in which ERMU business needs to be discussed can and do occur during meal hours (i.e. luncheon meetings). In addition, there are public and employee meetings and events in which reasonable refreshments may add to the success of the meeting and/or event and create a more productive workforce. Meals are allowed at training or meetings only when they are part of a meeting or training involving official ERMU business, and are reasonably necessary or productive to conduct the meeting over those meal periods.

The following items are deemed to meet the ERMU Commission’s definition of public purpose expenditures in regards to food/meals/refreshments:

1. Allowed at ERMU meetings and events that have the purpose of discussing official ERMU business.
2. Allowed when they are part of the structured agenda for an offsite conference, workshop, seminar, training session, or meeting which the General Manager or a department head has authorized the employee to attend for training and development purposes. This does not include routine staff meetings.

3. Allowed when they are part of a breakfast/lunch/dinner meeting for official ERMU business when it is the only practical time to meet and when it involves non-ERMU employee participants (i.e. business developers or business representatives). Payment for fees relating to a special event, such as a Chamber of Commerce event, may also be allowed when approved by the General Manager and when attendance is deemed to meet the public purpose guidelines for community or customer outreach and marketing of ERMU.
4. Allowed during official meetings of the Utility Commission, utility committees, advisory boards/commissions, and taskforces.
5. Allowed where employees are participating in an ERMU sponsored or authorized special event, or in an outside event as an official representative of ERMU.
6. Allowed for department sponsored meetings, conferences or workshops where the majority of invited participants are not ERMU employees.
7. Cookies and coffee allowed for ERMU employees' monthly safety meetings sponsored by the Safety Committee.
8. Annual safety training lunch where lunch is provided at a minimal cost while safety training is being held.
9. Coffee is provided by ERMU for employees and guests at ERMU buildings.

B. Alcoholic Beverages

ERMU will not purchase or reimburse any employee, Commission Member, volunteer, or agent for the purchase of alcoholic beverages.

C. Employee Recognition Program

ERMU recognizes the hard work and service performed by ERMU employees through a formal Employee Recognition Program. The ERMU Commission believes the benefits of attracting, retaining and motivating employees through an Employee Recognition Program support employee job satisfaction, which in turn impacts cooperation and productivity. The result is to provide excellent public and customer service to better serve the interests of the citizens of the community.

The Program will include:

1. Annual Employee Customer Service Appreciation, in conjunction with the national Customer Service Week recognition. Annually ERMU will sponsor an Employee Customer Service Appreciation for ERMU employees. Appreciation tokens will be distributed and a lunch or breakfast will be provided, at a modest expense with prior General Manager approval.

2. ERMU supports recognizing years of service. The Employee Recognition Workgroup has identified the following milestones for recognition:

- 1 Year
- 3 Years
- 5 Years
- 10 Years
- 15 Years
- 20 Years
- 25 Years
- 30 Years
- 35 Years

Annually, the Employee Recognition Workgroup will review all upcoming anniversaries and recognition items that will be available for employee selection. The Workgroup will then include a program line item in the budget for ERMU Commission review and approval.

3. Recognition Lamp. ERMU supports recognition of long term employees retiring after a minimum of 20 years of service. ERMU employees shall receive a novelty meter lamp with an engraved plate noting years of service.

D. Other Events

ERMU supports other events that are planned and paid for by employees. Examples of such events include holiday gatherings and monthly birthday recognition.

E. Refreshments and Food for Emergency Response Staff

Because emergency personnel are often called to perform for extended periods of time where refreshments are important to duty performance, ERMU personnel may be provided refreshments or food when it is deemed appropriate by the General Manager to assure the delivery of quality emergency response service.

F. Employee Training

ERMU supports employee training and provides for reasonable reimbursement of registration, tuition and travel expense for conferences, seminars, workshops, and approved ERMU employment-related course work in accordance with the ERMU Personnel Policy. The Personnel Policy also contains guidelines for an education reimbursement program. Job related advanced education meets the public purpose guidelines of this Policy.

G. Employee Wellness Program

ERMU recognizes the importance of employee fitness and health as it relates to the overall work and life satisfaction of the employee and the impact on the ERMU health insurance

program. As such, ERMU supports the Employee Wellness Program, which has been designed to educate employees on fitness/health issues. Also, in an effort to promote wellness, the city maintains a fitness room equipped with exercise equipment that is available to all ERMU staff 24/7.

H. Employee Safety Program

Programs created by the Safety Committee to promote and retain a safe work environment are supported by ERMU. *Refer to Meetings: Food/Meals/Refreshments*

I. Membership and Dues

The ERMU Board of Commissioners has determined that ERMU will fund memberships and dues for ERMU Commission Members and employees in professional organizations and social and community organizations when the primary purpose is to promote, advertise, improve or develop the ERMU's resources and advantages and not personal interest or gain. Said memberships shall be approved by the General Manager.

J. Membership in the Local Chamber of Commerce & Rotary

The ERMU Board of Commissioners has determined that it serves a public purpose for ERMU to maintain membership in the Elk River Chamber of Commerce and Rotary as a means of promoting, advertising, improving, and developing the economic resources and advantages of ERMU.

K. Donations to Organizations

The ERMU Board of Commissioners has determined that it serves a public purpose for ERMU to purchase decorations, and candy for distribution at local parades and similar community events.

L. Clothing and Other Sundry Items

ERMU employees may receive T-shirts, and other sundry items of nominal value when these items are made available to the general public, or if these items are determined by the General Manager to be important to the successful involvement of employees in special ERMU sponsored or supported events (i.e. National Night Out, etc.).

M. Marketing Items

The ERMU Board of Commissioners has determined that it serves a public purpose for ERMU to distribute items of a nominal nature for the purpose of educating or promoting ERMU provided programs such as water and energy conservation, and electrical safety.

N. Sympathy Gifts

The cost of flowers or other similar items as a sign of sympathy shall not be paid for with ERMU funds.

O. Gifts for Employees, Consultants and Others

ERMU shall not pay for gifts to employees, consultants, or similar persons working with or for the ERMU.

P. Recognition Plaques for Commissioners

ERMU supports recognition plaques in recognition of years of service. ERMU Commissioners shall receive a plaque thanking them for their dedicated years of service upon completion of their service on the Board.

4.0 CONCLUSION

The ERMU Board of Commissioners reserves the right to not fund any item of expenditure described in this Policy. No provision of this Policy, or its administration, shall be construed as being a benefit or condition of employment by or for any employee of ERMU, nor is any provision of this Policy to be considered a provision of the ERMU's Personnel Policy.

The ERMU Board of Commissioners has determined that the above expenditures are valid expenditures and serve a public purpose.

POLICY HISTORY:

Adopted November 15, 2011
Revised April 10, 2018
Revised November 12, 2019

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4j	Policy Title: Cost Allocation and Recovery

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning cost allocation and recovery of costs for ERMU’s core customer services (See *Core Customer Services Policy*).

POLICY:

The General Manager shall operate ERMU in accordance with the Financial Plan (See *Financial Planning and Budgeting Policy*).

Consistent with this general statement, the General Manager shall:

1. Annually report to the Commission on the performance and adequacy of ERMU’s rates, fees, and charges for utility services with respect to revenue requirements, provide an updated projection of revenue and revenue requirements in the Financial Plan (See *Financial Planning and Budgeting Policy*), and recommend an appropriate plan for rate adjustments as needed.
2. Provide, at least once every ten (10) years or sooner at Management or Commission discretion, and in conjunction with development of the Financial Plan, a full cost-of-service rate study for each of ERMU’s core customer services which fairly allocates costs among customer classes, provides for sufficient revenues, demonstrates that recommended rates are just and reasonable, and provides for competitive positioning with nearby service providers.
3. Recommend any new or adjusted rates, fees, or charges to the Commission for consideration and approval.
4. Implement any Commission-approved rates, fees, charges (or changes to same), provide adequate advance public notice and information to affected customers.

5. Apprise the Commission of and recommend any changes to existing cost-of-service allocation methods or practices concerning rates, fees, or charges that are inconsistent with good and accepted utility practice.

POLICY HISTORY:

Adopted August 8, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4j1	Policy Title: Rates and Charges for Electric Service

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning the establishment of rates and charges for ERMU’s electric services, as well as the dissemination of information that customers and their agents require to be fully informed about the conditions under which ERMU provides those services (See also *Cost Allocation and Recovery Policy*).

POLICY:

The General Manager shall prepare for Commission approval and, upon approval, implement electric service tariffs that apply to the services provided to every designated customer class. Each tariff shall be public, kept current, and shall include, but not be limited to, the following information:

1. Availability of service
2. Special conditions
3. Fixed rate components
4. Variable rate components
5. Power Cost Adjustment (PCA)
6. Minimum bill
7. Terms of payment
8. Special provisions (if any)

In addition, the General Manager shall:

1. Recommend rates that are developed from accurate cost accounting data, and the application of cost allocation factors and rate structures that are based on accepted electric utility cost-of-service ratemaking principles. Rates and charges for electric service shall be uniform between

those customers located within the corporate limits of the City of Elk River and those who are not.

2. Prepare for Commission approval and, upon approval, implement a current schedule of fees and charges for related services that are not part of any published rate tariff.
3. Provide information and consultation that allows customers and customer agents to identify and apply for the rate tariff and type of service that result in the most favorable cost and conditions of service for the customer.
4. Make available to customers and their agents, at least annually, a current copy of the rate tariffs that are in effect.

POLICY HISTORY:

Adopted December 12, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4j2	Policy Title: Rates and Charges for Water Service

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning the establishment of rates and charges for ERMU’s water services, as well as the dissemination of information that customers and their agents require to be fully informed about the conditions under which ERMU provides those services (See also *Cost Allocation and Recovery Policy*).

POLICY:

The General Manager shall prepare for Commission approval and, upon approval, implement water service tariffs that apply to the services provided to every designated customer class. Each tariff shall be public, kept current, and shall include, but not limited to, the following information:

1. Availability of service
2. Special conditions
3. Special charges
4. Rates and Rate Tier Definitions
5. Minimum bill
6. Terms of payment
7. Special provisions (if any)

In addition, the General Manager shall:

1. Recommend rates that are developed from accurate cost accounting data and the application of cost allocation factors and rate structures that are based on accepted electric utility cost-of-service ratemaking principles.
2. Prepare for Commission approval and, upon approval, implement a current schedule of fees and charges for related services that are not part of any published rate tariff.

3. Provide information and consultation that allows customers and customer agents to identify and apply for the rate tariff and type of service that result in the most favorable cost and conditions of service for the customer.
4. Make available to customers and their agents, at least annually, a current copy of the rate tariffs that are in effect.

POLICY HISTORY:

Adopted December 12, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4j3	Policy Title: Customer Deposits

1.0 POLICY

To minimize the exposure of bad debt expense for ERMU and its rate payers, which helps keep rates from unfairly increasing for those customers who do pay their bills, customer accounts may be subject to a deposit.

2.0 DEPOSIT REQUIRED

All residential, commercial, and industrial customers of ERMU will be required to submit a deposit in the acceptable form set forth below subject to the exceptions set forth below. In addition, existing customers who have been disconnected or previous customers who have had their account sent to collections by ERMU for non-payment of amounts due shall be required to submit a deposit in addition to all amounts owed before service will be reconnected. Existing customers who are establishing a new account or adding an additional account are also subject to the deposit policy. Failure to submit the required deposit at the time of application for commercial accounts, or when due for residential accounts, shall be cause for ERMU to immediately terminate service.

3.0 AMOUNT OF DEPOSIT

A. Residential Customers

The amount to be deposited for residential services shall be:

- \$100 for apartments
- \$100 for water and sewer service
- \$150 for electric service
- \$250 for all services.

B. Commercial Customers

The amount required to be deposited for commercial and industrial services shall generally be equal to two times ERMU's estimate of the customer's highest monthly utility bill. For commercial customers on the non-demand rate, the minimum deposit will be \$250. For commercial customers on the demand electric rate, the minimum deposit will be \$1,000. ERMU may increase or decrease the security deposit based on assessment of risk.

4.0 FORM OF DEPOSIT

The deposit shall be in the form of a cash deposit or an irrevocable letter of credit. If in the form of an irrevocable letter of credit, the letter of credit shall be renewed at least 30 days prior to its expiration. Failure to renew a letter of credit will result in the letter of credit being drawn on and the cash recovered from the letter of credit being held by ERMU as a cash deposit. If ERMU is not able to draw on the letter of credit, the customer shall submit a cash deposit prior to expiration of the letter of credit. Failure to submit the required deposit shall be cause for immediate termination of service by ERMU.

5.0 RECEIPT FOR DEPOSIT

At the time the deposit is made ERMU will furnish the customer with a written receipt specifying the conditions, if any, the deposit will be diminished upon return.

6.0 RETURN OF DEPOSIT

Any deposit received by ERMU shall be returned to the customer within 45 days of termination of service, provided that the customer has paid in full all amounts due on the account. If the customer has not paid in full within 30 days of the termination of service, the deposit will be applied to any outstanding amounts owed by the customer to ERMU. If the deposit exceeds the amount due, the balance will be returned to the customer. If the deposit is not sufficient to cover the amount due, the customer shall remain liable to ERMU for the balance and shall pay the balance due within 15 days of notice from ERMU. ERMU reserves the right to use reasonable legal means to collect amounts due.

7.0 INTEREST ON DEPOSITS

Interest shall be paid on all deposits in excess of \$20 at the rate established by Minnesota Statutes, 325E.02 (b). ERMU may, at its option, pay the interest at intervals it chooses, but at least annually, by direct payment or as a credit on the customer's account.

8.0 SUBMISSION OF AND EXCEPTIONS TO DEPOSIT REQUIREMENT

A. Residential Customers

Residential customers may submit the required deposit at the time service is requested, or have the deposit billed with the customer's first bill for services provided. Failure to pay a deposit when billed shall be cause for ERMU to immediately terminate service. ERMU may, in its discretion, waive the required deposit for residential customers if the customer consents to ERMU's collection of credit history data on the customer, the customer's credit score is above 90 percent probability of non-default, and the customer has no history of disconnection for non-payment to ERMU, and no history of late payments to ERMU two times in 12 months.

B. Commercial and Industrial Customers

All commercial and industrial customers will complete an application for service that identifies the individual or business entity that will be entering into a service agreement and will pay an application fee per the fee schedule. All commercial and industrial customers shall submit the required deposit and enter into a service agreement with ERMU prior to the time service is desired. The service agreement shall be an agreement on the part of the individual or business entity to make payment of all amounts billed by ERMU for electric, water and sewer services, and to be liable for any default or non-payment of amounts billed by ERMU. ERMU may, in its discretion, reduce or increase the required deposit for commercial and industrial customers if a service agreement is executed by the customer, the customer has provided ERMU with sufficient information to allow ERMU to analyze the credit risk of the individual or business entity executing the service agreement, and ERMU, in its sole discretion, determines to reduce or increase the deposit required based on its analysis.

POLICY HISTORY:

Adopted March 9, 2010
Revised February 14, 2012
Revised June 16, 2015
Revised February 9, 2016
Revised January 9, 2018
Revised August 10, 2021
Revised December 13, 2022

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4k	Policy Title: Minnesota Municipal Power Agency Relationship, Representation, and Governance

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning the relationship between Elk River Municipal Utilities (ERMU) and the Minnesota Municipal Power Agency (MMPA). By ERMU accepting the provisions of the Agency Agreement and By-Laws of MMPA through Resolution 13-5, and as parties to a full-requirements Power Sales Agreement and Membership Agreement, ERMU and MMPA have long-term obligations to each other with respect to wholesale power supply and delivery in which MMPA is the service provider and ERMU is the member. As parties to these agreements, ERMU represents the interests of its electric customers and the City of Elk River as one of MMPA’s Member communities. ERMU also participates in the governance of MMPA through its representation on MMPA’s Board of Directors.

POLICY:

The ERMU General Manager shall be ERMU’s representative on the MMPA Board of Directors and a Commissioner shall serve as the alternate representative. The General Manager shall ensure that ERMU’s contractual and working relationships with MMPA are handled in a collegial manner and with diligent attention to ERMU’s best interests when ERMU is acting as an MMPA customer, and to balance the best interests of MMPA when ERMU is acting as an MMPA member. The General Manager shall make every reasonable effort to prevent the relationship between ERMU and MMPA from becoming contentious or unproductive.

Consistent with this general statement, the General Manager shall:

1. Support MMPA by providing the staff time and other resources that may be reasonably requested by MMPA in connection with its services to and ongoing business relationship with ERMU as a customer.

2. Make available to MMPA the leadership, staff support, and other resources of ERMU as determined necessary to support ERMU’s interests as a member-owner while also ensuring that such support to MMPA does not jeopardize ERMU’s own needs and interests independent of MMPA.
3. Communicate routinely about MMPA and its relationship with ERMU to the Board, employees, customers, and other stakeholders.

POLICY HISTORY:

Adopted September 12, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.41	Policy Title: Protection of Assets

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning the protection of ERMU’s assets.

POLICY:

The General Manager shall not allow ERMU’s assets to be unprotected, inappropriately used or disposed of, inadequately maintained, or placed at undue risk.

Consistent with this general statement, the General Manager shall:

1. Maintain comprehensive security program, property insurance program and loss prevention program which adequately protect ERMU from significant damage or loss to its corporate assets including, but not limited to, physical assets, real property, rights-of-way, corporate image or credibility, intellectual property, and information.
2. Not allow any investment of ERMU funds that violates State of Minnesota law, any provision of ERMU’s bond indentures (as adopted and amended), or the provisions of any present or future Commission-approved investment policy (See *Investments Policy*).
3. Implement and maintain management policies and procedures that establish effective and sufficient controls with appropriate checks and balances, including separation of duties, which are regularly tested for adequacy and compliance. Functions that require such management policies and procedures include, but are not limited to designation of banking signatories and transactions, cash management, accounting, and procurement of goods and services, and inventory management.
4. Maintain a comprehensive physical asset inspection and proactive maintenance program consistent with accepted utility industry practice.

5. Maintain comprehensive operating procedures aimed at safeguarding equipment and preventing improper wear and tear consistent with accepted utility industry practice.
6. Maintain a corporate records management program to safeguard paper and electronic files from loss, significant damage, or improper disposition in accordance with applicable laws and regulations (See *Legal and Regulatory Compliance Policy*).
7. Maintain competitive positions or business arrangements that safeguard's the business purpose and financial return of ERMU's assets.

POLICY HISTORY:

Adopted	September 12, 2017
Revised	August 10, 2021

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.411	Policy Title: Use and Disposal of Utility Property

1.0 PERSONAL USE

All Utility property and equipment is publicly owned. Utility-owned equipment and facilities are not available for personal use by employees except as explicitly authorized in this or other Utility policies. Personal use of all Utility vehicles, machinery, tools, and other equipment is strictly prohibited.

2.0 DISPOSAL

From time to time, Utility property becomes obsolete, is damaged, or is not needed. Such property will be disposed of by the Utility through salvage, trade, negotiated sale, or public auction.

- A. In most instances property will be disposed of by public auction conducted by a qualified third-party auctioneer.
- B. If it is determined that a negotiated sale is the best way to dispose of property, notice of the sale must be advertised in the official newspaper and/or the Utilities website, and posted in the Utilities office, for at least 5 business days. The appropriate department head will determine the minimum price for items to be sold.
- C. In no instance will anything of value within the scope of this policy (i.e., Utility property that becomes obsolete, damaged, or unnecessary) be given away free to anyone including employees, except as follows:
 - 1. In the case of used and unwanted utility poles, cross arms, wood chips, wood cable reels, or other items where there is a disposal cost, the Utility may in its discretion offer such items to the general public for a nominal price or at no charge. Nothing in this policy shall be interpreted to prohibit employees from accessing any such offer on the same terms and to the same extent as the general public;

2. In the case of used and unwanted utility poles, other infrastructure materials such as reclosers or fuses, meters, etc., the Utility may in its discretion donate the items to training facilities, such as Minnesota Municipal Utilities Association Training Center or other trade schools.
- D. Employees involved in the auction or sale process, including the decision to sell, determining the minimum sale price, administration and collection of sealed bids, or negotiating trade values, are prohibited from purchasing Utility property.
- E. An employee may purchase no more than one motor vehicle from the Utility or another Elk River political subdivision in any 12-month period.
- F. In all instances where Utility property is disposed of, other than by auction through a third-party auctioneer, the property shall not be transferred or delivered to the buyer or donee until the buyer or donee has executed and delivered to the Utility a release of liability and indemnification agreement on a form approved by the Utility.

Unauthorized removal of Utility property or its conversion to personal use may result in discipline up to and including termination.

3.0 USE OF UTILITY VEHICLES

Utility-owned vehicles are to be used only by Utility employees for official Utility business. Employees who drive or may be required to drive Utility vehicles and equipment are responsible for maintaining a safe driving record and for observing all traffic laws. Seat belts must be properly used at all times. Drivers must carry a current, valid driver's license that is adequate for the type of vehicle being driven. Any employee who operates a Utility vehicle without a valid driver's license will be subject to disciplinary action up to and including termination.

Passengers may be carried only when necessary to conduct Utility business and/or when their transportation via Utility vehicle is in the best interests of the Utility. Utility vehicles may not be used to travel from work to an employee's residence for rest or lunch breaks without prior Utility approval. Utility employees conducting official Utility business out of town (conventions, meetings, etc.) may carry family members as passengers if such accompaniment does not interfere with the best interests of the Utility and it has been approved by their department head.

POLICY HISTORY:

Adopted February 24, 2009
Revised November 15, 2011
Revised February 9, 2016
Revised July 9, 2019
Revised October 12, 2021

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.413	Policy Title: Mobile Device Guidelines

1.0 PURPOSE AND SUMMARY

These guidelines pertain to ERMU employees and Utilities Commissioners who are issued a device purchased by ERMU. The purpose of these guidelines is to outline the responsibilities and care required for utilities issued iPad or tablet devices.

The devices are intended to be utilized by ERMU staff and Utilities Commissioners for the purpose of enhancing meeting workflow, reducing the use of paper agenda packet materials, improve staff efficiency, and to improve the timeliness of Utilities Commission, staff, and customer communication.

2.0 UTILITIES USE

Issued devices are intended for professional use. ERMU does not maintain loaner devices, so users will be responsible for conducting meetings without a device in the event of a lost or misplaced device.

- Devices shall be maintained in a suitably charged state during work hours.
- Inappropriate media may not be used as a screensaver or background photo.
- Devices will be secured with a minimum eight (8) digit numeric pass code.
- Sound shall be muted at all times unless needed for instructional purposes.
- Personally owned music, games and apps may only be present on ERMU issued device when using a personal Apple ID iTunes account.
- In the case a device is restored to its original condition, the user is responsible for restoring any personal content.
- ERMU is not responsible for backing up personal related content.
- Users may save work locally on the device. It is strongly recommended that users utilize the ERMU designated online storage technology.

- Information stored on the iPad or tablet device could be classified as public, private, or other data and is governed by the Minnesota Government Data Practices Act (MN Statute Chapter 13) and must be treated accordingly.
- Staff and Utilities Commissioners should retain information stored on the iPad or tablet device in keeping with ERMU policies and procedures per the General Records Retention Schedule.

3.0 PERSONAL/HOME USE

The iPad or tablet device is a powerful computing tool. ERMU issued devices may be taken home provided the use is consistent with the Email/Internet portion found in the ERMU Employee Handbook as well as any other relevant ERMU policy. Failure to adhere to ERMU policies shall result in the revocation of such use privilege.

- Users are allowed to connect devices to non-city wireless networks.
- While instruction and advice may be offered, ERMU is not responsible for home network use or support.
- It is the policy of ERMU to maintain the right to access and disclose any and all messages communicated through electronic means when ERMU-issued equipment is used. Regardless of the intent of the message (business or personal), any employee involved has no right to privacy, or to the expectation of privacy, concerning the content of any message or the intended destination of any message when using ERMU issued equipment.

4.0 IPAD CARE

Users will be held responsible for the maintenance and care of assigned communication devices.

- Keep batteries charged and ready for use at meetings.
- Clean the view screen with a soft, dry cloth or anti-static cloth as needed.
- Do not lean or place anything on the screen that may cause damage.
- Always utilize the protective case.
- When not in use, store in a secure location. Never leave in an unlocked car or any other theft-prone area.
- Immediately report lost stolen, malfunctioning, or damaged devices to ERMU.
- Stolen devices must be reported immediately to the local authorities.
- Consult with ERMU before connecting or syncing devices to another computer.

5.0 APPLICATION SOFTWARE

All software applications purchased and installed by ERMU must remain on the device in a usable condition and be accessible at all times. Users are responsible for personal software applications and are responsible for installation and backup.

- Software purchased by ERMU will be done through an ERMU Apple ID iTunes or similar account.
- Users are allowed to purchase and download personal applications providing they are not profane, obscene, or offensive to others.
- ERMU is not responsible for the loss of any personal software applications when the device is updated, tested with diagnostic tools, or restored to its original state.
- Storage space needed for ERMU applications will take precedence over space used for personal items.

6.0 ACKNOWLEDGEMENT

All Utilities Commissioners and ERMU staff who are assigned an iPad or tablet device shall be provided a copy of these guidelines and shall acknowledge receipt and understanding of the provisions outlined herein. The guidelines may be updated as needed.

I agree that I will use the ERMU issued iPad or tablet device in accordance with the specifics outlined in this user agreement. I also understand that use of an ERMU asset is a privilege that may be revoked at any time.

Printed Name: _____

Signature: _____

Date: _____

POLICY HISTORY:

Adopted May 14, 2013

Section: Governance	Category: Results Policies
Policy Reference: G.414	Policy Title: Third Party Attachment to Assets

PURPOSE:

Consistent with all *Results Policies*, the Commission shall establish clear expectations for producing the right results for the right people in the right way. With this policy the Commission affirms their commitment to the *Organization Fundamentals Policies* prioritizing financial and organization health by protecting its assets.

Consistent with the *Protection of Assets Policies*, the General Manager shall be responsible for appropriate oversight in the protection of the organizations assets to be sure that they are protected, appropriately used, adequately maintained, or placed at undue risk. Part of this oversight is maintaining competitive positions or business arrangements that safeguard’s the business purpose and financial return of ERMU’s assets. Elk River Municipal Utilities will not allow any attachments to our assets without a third party attachment agreement signed and executed.

POLICY:

The various third party attachment to assets shall be as follows:

1. Pole Attachments - Elk River Municipal Utilities generally does not allow attachments to poles due to the construction design elements of the poles. Elk River Municipal Utilities, upon the terms and subject to the conditions set forth therein, may enter into an agreement providing a grant of license to a third party for the attachment of communication equipment. The Pole Attachment Agreement shall establish requirements for, but not limited to the following: payment terms, method to determine allocation of installation costs, access, design standards, and hold harmless terms. The Utility reserves the right to deny or remove any unsafe or hazardous attachments or attachments made without proper permission or not meeting the terms of the aforementioned agreement. The annual license fee for communication equipment attachments per pole shall be adjusted as needed and published in the Utilities Fee Schedule annually. The third party will be responsible for tracking and inventorying all attachments and will periodically audit to assure accurate quantities for billing purposes.

2. Water Tower Attachments - Elk River Municipal Utilities, upon the terms and subject to the conditions set forth therein, may enter into an agreement providing a grant of license to a third party to lease space for the attachment of communication equipment. The Water Tower Lease Agreement shall establish requirements for, but not limited to the following: payment terms, method to determine allocation of installation costs, access, design standards, and hold harmless terms. The Utility reserves the right to deny or remove any unsafe or hazardous attachments or attachments made without proper permission not meeting the terms of the aforementioned agreement.

3. Streetlight Attachments – Elk River Municipal Utilities generally does not allow attachments to streetlights due to the construction design elements of the lights. Elk River Municipal Utilities, upon the terms and subject to the conditions set forth therein, may enter into an agreement providing a grant of license to the City of Elk River for attachments, per the ***G.2a2 Policy of Streetlight Installation and Maintenance Agreement***. This is in support of maintaining a working relationship with the City to realize opportunities for greater value. The Utility reserves the right to deny or remove any unsafe or hazardous attachments or attachments made without proper permission not meeting the terms of the aforementioned agreement.

4. Other Attachments - Elk River Municipal Utilities generally does not allow attachments to its assets due to the construction design elements of the assets. Elk River Municipal Utilities, upon the terms and subject to the conditions set forth therein, may enter into an agreement providing a grant of license to a third party for attachments to assets. The Utility reserves the right to deny or remove any unsafe or hazardous attachments or attachments made without proper permission not meeting the terms of the aforementioned agreement.

POLICY HISTORY:

Adopted December 13, 2022

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4m	Policy Title: Corporate Risk Management

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning ERMU’s corporate risk management.

POLICY:

The General Manager shall not allow ERMU to operate without a corporate risk management program which both identifies and assesses the risks which ERMU faces, and then prudently manages and mitigates risks which could negatively affect achievement of the *Results Policies*.

Consistent with the preceding general statement, the General Manager shall:

1. Conduct, at least once every five (5) years, a risk identification and assessment that describes significant risks in terms of the cause or type and estimates ERMU’s exposure to each including the potential range of financial loss (See *Protection of Assets Policy*).
2. Maintain, communicate and enforce an active risk management, mitigation and reporting program, including policies and practices.
3. Prudently protect ERMU, the Commission, management, and staff from claims of liability.
4. Protect ERMU against significant risks of loss using prudent levels of insurance coverage (See *Protection of Assets Policy*).
5. Maintain and comply with the Financial Reserve Policy (See *Reserve Funds Policy*) in conjunction with the Annual Business Plan.
6. Maintain an emergency/disaster preparedness and business restoration plan that is reviewed annually and adjusted as needed to cover changing risks and business requirements.

7. Engage competent legal counsel and maintain sufficient staff resources, internal review procedures, and controls to avoid imprudent contractual and legal risks (See *Legal and Regulatory Compliance Policy*).
8. Engage competent legal counsel/regulatory consultants and maintain sufficient staff resources and internal review procedures and controls to avoid regulatory risks due to non-compliance with applicable present and proposed future regulations (See *Legal and Regulatory Compliance Policy*).

POLICY HISTORY:

Adopted September 12, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4n	Policy Title: Legal and Regulatory Compliance

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning ERMU’s compliance with laws and regulations that are applicable to ERMU.

POLICY:

The General Manager shall not cause or intentionally allow any practice, decision, action or circumstance within the ERMU organization that is unlawful or in violation of any applicable regulation.

Consistent with this general statement, the General Manager shall:

1. Keep the Commission informed of legal and regulatory developments that could potentially impact ERMU and its operations, either positively or negatively
2. Retain the services of legal counsel and/or regulatory consultants and use such services as required to obtain timely and accurate advice and counsel on existing and proposed laws and regulations that are or may be applicable to ERMU.
3. Inform the Commission and the Commission’s legal counsel of any known, suspected, or potential material violations of this policy as soon as practical after they are discovered.
4. Advise the Commission of appropriate responses to any known, suspected, or potential material violations of this policy based on advice from legal counsel, regulatory consultants, and ERMU management or staff.

POLICY HISTORY:

Adopted September 12, 2017

Section: Governance	Category: Delegation to Management
Policy Reference: G.4o	Policy Title: Environmental Stewardship

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning ERMU’s environmental stewardship.

POLICY:

ERMU will make decisions and manage its operations with appropriate consideration of the environmental consequences and will encourage and enable customers to make wise use of the utility services that ERMU provides. Consistent with this general statement and as allowed by the Commission through the approved business plan and budget, the General Manager shall develop and implement policies, procedures, and programs that:

1. Provide customers with educational materials, programs, products, and other resources that promote and support the efficient consumption of energy and water.
2. Ensure that ERMU facilities are designed, constructed, operated, and maintained in compliance with applicable environmental laws, regulations, and permit requirements. (See *Legal & Regulatory Compliance Policy*).
3. Contribute to the visual appeal of the ERMU service area by maintaining and, where prudent and cost effective, enhancing the appearance of its facilities.
4. Support those customers who desire to produce on their premises, purchase from ERMU, or sell to ERMU electricity that is derived from recognized renewable resources. Note: ERMU will negotiate renewable energy customer contracts in good faith with the assistance of the Minnesota Municipal Power Agency (MMPA) and within the legal limitations of ERMU’s contracts with MMPA, and consistent with state law.
5. Minimize the waste produced from its operations and reuse or recycle its waste products where prudent and cost-effective.

6. Support ERMU leadership in promoting and participating in community dialogue about environmental issues and values associated with the planning, construction, operation, and maintenance of its facilities.

POLICY HISTORY:

Adopted October 10, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4o1	Policy Title: Water Use Restrictions

1.0 PURPOSE

All In order to protect the health, safety, and general welfare needs of the City of Elk River and its residents, and to reduce peak demand on the water distribution system and promote water conservation, the Commission has imposed permanent restrictions on lawn sprinkling.

2.0 POLICY

Pursuant to its authority under Section 78-51 of the City of Elk River Code of Ordinances, the Commission has adopted by resolution the following water use restrictions:

- A. No lawn sprinkling shall occur between the hours of 10:00 a.m. and 6:00 p.m.
- B. Use of the municipal water supply system for lawn sprinkling shall be limited to an odd-even schedule. Homes and businesses with addresses ending in an odd number may water on odd numbered days, and homes and businesses with addresses ending in an even number may water on even numbered days. Multi-family residences, businesses with multiple addresses, townhome associations with multiple addresses, and properties without an apparent address may water on odd numbered days.
- C. In addition to the permanent restrictions on lawn sprinkling outlined above, the Commission has designated to the General Manager the authority to impose additional temporary water use restrictions, such as a watering ban, until the Commission can meet to consider a resolution imposing temporary restrictions.

These restrictions shall apply only to the use of water supplied by Elk River Municipal Utilities and shall not apply to water from private wells, whether those wells are located inside or outside of the Elk River Municipal Utilities water service area. However, all property owners utilizing a private well for lawn sprinkling are strongly encouraged to follow the time-of-day and odd/even restrictions.

3.0 EXEMPTIONS

Although the following are exempt from the water use restrictions, users are encouraged to employ water efficiency to the greatest extent possible.

- A. Watering of shrubs, flowers, or other landscaping vegetation is permitted when done by hand and the watering device is personally tended.
- B. Property owners with new sod, seed, or landscaping do not need to follow the odd-even restrictions during the first 30 days after planting. However, they must still abide by the midday ban from 10:00 a.m. to 6:00 p.m.
- C. Property owners who intermittently use their outdoor water system exclusively for recreational use such as filling a swimming pool or washing a vehicle are exempt from the restrictions.
- D. City and school athletic fields, golf courses, commercial nurseries, agricultural and horticultural businesses are exempt from the restrictions.

4.0 PENALTIES

Failure to comply with water use restrictions is a violation of City Code. In accordance with Section 78-52 of the City of Elk River City Code of Ordinances, fees and penalties for non-compliance may be assessed to the offending person, firm, corporation, or association.

POLICY HISTORY:

Adopted: May 19, 1998
Revised: July 14, 2009
Revised: August 11, 2009
Revised: July 12, 2011
Revised: August 10, 2021

Section: Governance	Category: Delegation to Mangement
Policy Reference: G.4p	Policy Title: External Communications

PURPOSE:

With this policy, the Commission sets forth its expectations for the General Manager concerning ERMU’s external communications.

POLICY:

The Commission expects the General Manager, or an authorized designee of the General Manager, to be the point of contact for communications between ERMU and external interests including the news media, state or federal governmental and regulatory bodies, and the elected or appointed leaders of governmental jurisdictions in which ERMU operates. Such designation does not preclude the Commission Chair (or other Commission officer or member specifically designated by the Commission) from speaking on behalf of the Commission concerning matters of Commission policy or Commission action. The Commission expects all external communications to be reasonably consistent, timely, accurate, and clearly stated, with appropriate protection of any information that has been designated as confidential.

Consistent with the above general statement, the General Manager shall:

1. Protect information that has been designated confidential, except in those situations where the release of such information has been explicitly authorized by the Commission or required by law or regulation, including the Minnesota Data Practices Act (Minnesota Statutes, Chapter 13).
2. Adopt appropriate management policies and procedures to ensure that ERMU management and staff are fully aware of their individual responsibilities and limitations with respect to information management and external communications. These policies will include a data practices policy; a records management policy; and a communications policy.

Note: See *Commission Member Role, Responsibilities, and Orientation*; *Commission Member Conduct*; and *Commission Officer Roles, Responsibilities and Succession* for related policy provisions concerning external communications by Commission Members and Commission Officers.

POLICY HISTORY:

Adopted October 10, 2017

Section: Governance	Category: Delegation to Management
Policy Reference: G.4q	Policy Title: Community Involvement

PURPOSE:

With this policy, the Commission establishes its expectations for the General Manager with respect to ERMU’s engagement with the communities that it serves.

POLICY:

The General Manager shall be responsive to community needs and values by communicating proactively with community leaders and by maintaining a strong community presence in support of the Commission’s *Authority and Purpose Policies*.

Consistent with this general statement, the General Manager shall:

1. Develop, implement, monitor, and improve community engagement strategies and programs that align with ERMU’s business objectives and are aimed at improving the quality of life in the various communities that ERMU serves.
2. Promote the economic vitality of the ERMU service area.
3. Promote Commission approved economic development incentives, special rates, or terms and conditions for utility services, as described in ERMU’s customer service rules, regulations and rate tariffs.
4. Encourage and support employee volunteerism that supports ERMU’s community involvement strategies and programs within the various communities served by ERMU.
5. Inform appropriate community leaders and customers of ERMU’s community engagement strategies and programs and their benefits.

POLICY HISTORY:

Adopted October 10, 2017

Section: Governance	Category: Delegation to Management Policies
Policy Reference: G.4r	Policy Title: Mutual Aid

1.0 POLICY

In the event if a natural disaster or catastrophic event resulting in the compromise of water or electric utilities outside Elk River Municipal Utilities’ service territory, Elk River Municipal Utilities may be contacted through utility associations, utility companies or cities to provide assistance. This request for assistance may be that of labor or equipment resources. At the discretion of the Utility Management, resources may be dispatched in such a way as to not compromise Elk River Municipal Utilities or their customers.

HISTORY:

Adopted February 24, 2009

Section: Governance	Category: Results Policies
Policy Reference: G.5	Policy Title: Goals and Results

PURPOSE:

Well defined organizational core purpose policies are essential to establish goals, set criteria for organizational benchmarking and measurement, and ultimately produce desirable results.

POLICY:

The Commission will annually establish goals for the organization that are consistent with the *Strategic Plan, Annual Business Plan* (with budget) and *Financial Plan*. The Commission will annually review the results.

POLICY HISTORY:

Adopted May 9, 2017

Section: Governance	Category: Results Policies
Policy Reference: G.5a	Policy Title: Margins

PURPOSE:

Consistent with all *Results Policies*, the Commission shall establish clear expectations for producing the right results for the right people in the right way. With this policy the Commission affirms their commitment to the *Organization Fundamentals Policies* prioritizing financial and organization health by setting an annual goal for operational margins.

The annual strategic and business planning, consistent with the *Financial Planning and Budgeting Policy*, shall be conducted such that the organization has appropriate operating margins. By establishing clear expectations for operating margins through policy, the Commission creates clear and consistent direction for the General Manager.

This clear direction provides stability in organizational vision allowing the General Manager, while developing the annual budget and business plan, to more effectively utilize long range tools, such as multiple year capital improvement plans, to produce both short term and long term financial and organizational health. Additionally, this practice helps to avoid inconsistent direction to the General Manager from year to year such as tight margins one year due to rate competitiveness concerns and concerns another year about revenues and desiring higher margins.

POLICY:

To promote financial health and organization stability, the General Manager shall develop the annual business plan and budgets for the following services as follows:

1. Electric –The budget shall be developed with margins that are at least 1.5% of total revenue but no greater than 3.5% of total revenue.
2. Water –The budget shall be developed with margins that are at least 1.5% of total revenue but no greater than 3.5% of total revenue.

*Margins will also meet requirements set by any bond convenance.

POLICY HISTORY:

Adopted October 11, 2022

Revised December 13, 2022

Section: Governance	Category: Results Policies
Policy Reference: G.5b	Policy Title: Competitive Rates

PURPOSE:

Competitive rates play a critical role in customer satisfaction, economic development opportunities, and business retention. The organization’s *Mission* includes the statement that the services provided are “cost effective.” And the organization’s *Fundamentals* and *Values* both specify “competitiveness.” These defining organizational position policies reflect the expectations of the customers, the consumer-owners. With this policy, the Commission recognizes the importance of remaining competitive through strategic short-term and long-term planning, budgeting, and rate design.

Consistent with all *Results Policies*, the Commission shall establish clear expectations for producing the right results for the right people in the right way. With this policy the Commission affirms their commitment to the *Organization Fundamentals Policies* prioritizing financial and organization health by establishing reporting requirements regarding the competitiveness of rates.

POLICY:

To provide the Commission with the information needed, in a timely manner, for evaluation of rate competitiveness, the General Manager annually provides a rate competitive analysis report to the Commission prior to rate setting for the following budget year. The report shall include the following information:

1. Electric
 - a. Report the blended \$/kWh effective electric rate data (total revenue collected/total kWh sold) as available through the U.S. Department of Energy, Energy Information Administration, Form EIA-861. The report shall include ten-year trend data graphing ERMU electric rates compared to neighboring competitor electric utilities. Recognizing that the data release lags one year, the intent of the report shall be to provide graphical trend data for long term planning rather than short term comparisons. The report shall be provided to the Commission annually prior to rate setting for the following budget year.

- b. Report customer class rate analysis comparing ERMU electric rates to neighboring competitor electric utilities. The report shall include ten-year trend data graphing ERMU electric rates compared to neighboring competitor electric utilities. The intent of this is to show, from a customer perspective, how rate competitiveness would be perceived currently. The report shall include all rate classes or other unique customer types within rate classes.

2. Water

- a. Report tiered water rate comparisons, as available locally sourced. The report shall include data graphing ERMU water rates compared to neighboring water utilities. The intent of the report shall be to provide trend data for long term planning rather than short term comparisons.
- b. Report customer class rate analysis comparing ERMU water rates to neighboring communities, as available through regional AE2S survey reports. The report shall include ten-year trend data graphing ERMU water rates compared to neighboring competitor water utilities. The intent of this is to show, from a customer perspective, how rate competitiveness would be perceived currently. The report shall include all rate classes.

POLICY HISTORY:

Adopted December 13, 2022