



Employee Handbook

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KGM Contractors, Inc. Employee Handbook

I. Introduction and Disclaimers

To Our Employees,

We are pleased to provide you with this employee handbook, intended to provide you with a brief outline of opportunities and expectations while working for KGM Contractors, Inc. (KGM). It is also intended to present the information in a simple, comfortable and informal way that will not be too tedious. If you need further information about any topic discussed in this handbook, please feel free to contact Tom Kvas or me.

KGM is a leader in the highway heavy construction industry, and we take pride in our accomplishments and strive to provide a quality end product to our customers. As a member of the KGM team, we hope that you will be committed to providing a high level of service to all of our customers.

The items and topics in this handbook are not intended in any way to be contractual or legally binding to any party. It is simply a guide to convey opportunities and expectations during your employment with KGM. Employment with KGM is at-will (meaning that either KGM or the employee can terminate the employment relationship at any time, with or without notice, for any lawful reason).

KGM reserves the right to rescind any item within, and from time to time we may update this handbook. The most recent version of this handbook can be accessed online by KGM employees on our Website: www.kgmcontractors.com. Contact the office for the password. In addition, any updated versions will always be available in print at the main office.

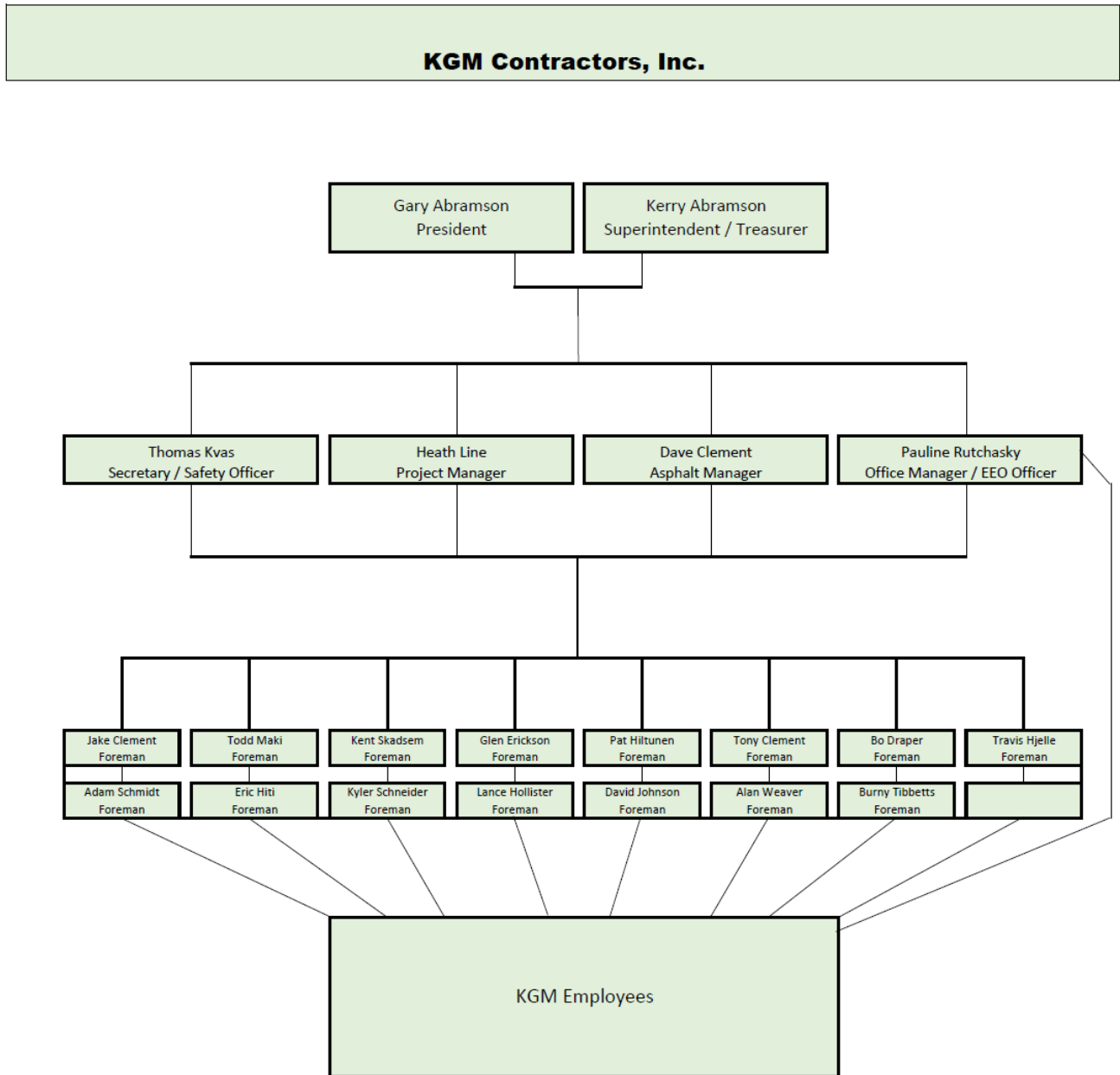
Best wishes for a successful career with KGM Contractors, Inc.

Sincerely,

Pauline Rutchasky

Pauline Rutchasky
EEO Officer / Office Manager
KGM Contractors, Inc.
(218) 666-5698

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II. Employment with KGM

How KGM Recruits Employees

Because we are a union employer, when KGM is looking for potential employees, typically, we will first contact the prospective union for possible referrals. If no qualified employees are available through the union, we will then access our applicant database from our online applications. Additionally, we encourage referrals from our employees. If an employee is not in the union, he or she will be required to join the union as a condition of hire.

How to Apply

KGM no longer accepts paper applications. All applications must be completed online on our website: www.kgmcontractors.com. If you are a union member, be sure to inform your union office that you are available for work because, as mentioned above, contacting the union is usually our first step in recruiting workers.

III. Pre-Employment Drug Testing

Non-DOT Drug Testing

KGM requires all new employees to be drug tested prior to starting on the project. Typically, results are available within a couple days. In some cases, an employee will be allowed to start work prior to receiving the test result; however, if a positive result is received, the employee will be terminated.

A pre-employment drug test will also be required of all previous employees who have not worked for KGM in the previous 12 months.

DOT Drug Testing

All employees hired to drive trucks will be required to go for DOT pre-employment drug testing. In addition, KGM has contracted with Midwest Compliance, Inc., a company that handles all of our compliance requirements with the Minnesota Department of Transportation. As a part of that program, all drivers are subject to random drug and/or alcohol testing.

IV. Personnel Records

Privacy

We value your privacy. We make it a policy to release information only to you, the employee – not the employee's spouse, parent, significant other, etc. unless other arrangements have been made in writing. In addition, we do not provide information to collection agencies, banks, or employment agencies in regard to our employees without a signed release from that individual.

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Update New Information Promptly

Be sure to inform the office of any changes in your personal data. This could include a change of address, phone number, new bank account for direct deposit, etc. It is your responsibility to keep us up to date with this information. For example, if you are a returning employee and you previously participated in direct deposit, but now you no longer have that account or maybe it is your ex's account – be sure to let us know – we don't want your wages getting deposited into the wrong account!

Right to Review Your Personnel Records

As a KGM employee, you have the right to review your personnel records upon written request. You also have the right to make a written request for a copy of those records. In addition, you have the right to dispute information contained in those records without retaliation. If there is a dispute regarding your records, please contact Pauline Rutchasky.

All employee records are kept on file for a minimum of five years after your last day worked with KGM after which the records will be destroyed.

Reporting

KGM participates in E-Verify, a government program with the U.S. Department of Homeland Security. We also report all newly hired and re-hired employees to the Minnesota New Hire Reporting Center.

V. Union Organizations

Relationships

KGM has established collective bargaining relationships with the following:

- Operating Engineers – Local #49
- Laborers – District Council of Minnesota
- Teamsters
- Cement Masons

Benefits

All benefits, including medical, dental, vacation, etc. are administered through each union. KGM has nothing to do with handling union benefits, so please do not call the office with benefit-related questions. Contact your union for those items.

Membership

Most likely you will already be a union member upon being hired at KGM, but if not, you will be expected to join the union related to your position of hire. Administration dues and other union-related deductions and benefit payments will apply immediately. It is likely that you will be contacted by a union official on the job, but it is recommended that you contact the union to provide your information. Apprenticeship positions may be available – contact the union office to inquire.

VI. Work Schedule

Work Week

Our work week begins on Sunday and ends on Saturday. Payroll is processed and mailed out the following Wednesday of each week. If you have direct deposit, it will be deposited into your account on Thursday mornings.

Attendance

Because of the nature of our work, it is essential that employees are reliable and on time every day. If you will be late or absent, please call your foreman to provide the earliest possible notification to allow for re-scheduling. Consistent tardiness and/or absenteeism creates a burden on everyone and simply will not be tolerated and may lead to termination of employment.

Job Boards

Almost every job will have a job board posted, most likely close to the area where the crew meets at the beginning of the shift. On this board there will be information about the job with regard to wages, overtime rules (such as after 8 hours as opposed to after 40 hours), discrimination information, unemployment, etc. Be sure to check it out.

Unpaid Personal Leave

We understand that, sometimes life can throw you a curve. If you need time off for bereavement, medical, jury duty, etc. be sure to inform your foreman.

Banking of Hours

KGM does not allow banking of hours. Most of our projects are prevailing wage jobs that require weekly certified payrolls, which makes banking of time worked impossible.

Travel Time or *Per Deim*

KGM does not pay for travel time or provide a *per deim* for most projects unless it is indicated in the job proposal. It is highly recommended that you keep a log of your work-related dates, mileage, lodging, receipts, etc. for unemployment and income tax purposes. Please do not rely on or call the office for this information.

VII. Work Policies

Controlled Substances and Alcohol

KGM strives to maintain an alcohol and drug-free workplace. Usage of these substances during work hours and on KGM projects is prohibited.

Smoking

Smoking is not allowed inside the office building or shop. Employees must go outside to smoke.

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Cell Phone Policy

The purpose of this policy is to facilitate the safe usage of all cell phones (company and personal) on all KGM project sites. It is the responsibility of each KGM employee to ensure a safe environment for all others on the project. We realize that, in this new technological era, cell phone usage can aid in verbal communication as well as text and email; therefore, minimal cell phone usage will be allowed on KGM projects. Use common sense and obey all laws when using your cell phone.

DON'T text while driving or operating equipment.

DO focus while driving or operating equipment - avoid using cell phone.

DO find a safe area to pull over and stop your vehicle or equipment if you need to call or text.

DO hang up if you have to - always remember, if any situation gets hairy and requires your full attention, hang up and be safe.

DON'T make personal calls or conduct personal business during work hours.

DON'T play games or surf the Internet during work hours.

DO use your cell phone for communication purposes regarding work.

If any employee violates the personal cell phone use policy, the proper disciplinary procedures will be followed as outlined in KGM's Safety Manual Section 1. Administration. Pg. 1.D-2.

Housekeeping

A clean, organized work area facilitates the ability to do a good job whether you are bouncing around in a piece of heavy equipment, or driving down the road in a haul truck, or wrenching on a broken-down dozer, or setting a piece of concrete pipe, or sitting in front of a computer preparing the next bid. We all have the responsibility to maintain our work areas.

Equal Employment Opportunity Employer

This is to affirm the policy of KGM Contractors, Inc. for providing Equal Opportunity to all employees and applicants in accordance with all applicable Equal Employment Opportunity/Affirmative Action Laws, directives, and regulations of Federal, State, and Local governing bodies and/or agencies, specifically Minnesota Statute (MN Stat. 363A).

KGM Contractors will not discriminate against or harass any employee or applicant for employment because of race, color, creed, religion, national origin, sex, sexual orientation or membership or activity in a local human rights commission, disability, age, familial status, marital status, status in regard to public assistance.

KGM Contractors will take affirmative action to ensure all employment practices are free of such discrimination. Such employment practices include, but are not limited to, the following: hiring, upgrading, demotion, transfer, recruitment, action, termination, rates of pay, or other forms of compensation and selection for training, including apprenticeship.

KGM Contractors will commit the necessary time and resources, both financial and human, to achieve the goals of Equal Employment Opportunity and Affirmative Action.

KGM Contractors fully supports incorporation of non-discrimination and Affirmative Action rules and regulations into contracts.

KGM contractors will evaluate the performance of its management and supervisory personnel on the basis of their involvement in achieving these Affirmative Action objectives as well as other established criteria. Any employee of this organization, or subcontract of this employer, who does

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not comply with Equal Employment Opportunity Policies and Procedures set forth in this Statement and Plan will be subject to disciplinary action. Any subcontractor not complying with all applicable Equal Employment Opportunity/Affirmative Action laws, directives and regulations of the Federal, State and Local governing bodies or agencies thereof, specifically Minnesota Statute (MN Stat. 363A) will be subject to appropriate legal sanctions.

KGM Contractors has appointed Pauline Rutchasky to manage the Equal Employment Opportunity Program. Her responsibilities will include monitoring all Equal Employment Opportunity activities and reporting the effectiveness of this Affirmative Action Program, as required by Federal, State and Local agencies. The Chief Executive Officer of KGM Contractors, Inc, will receive and review reports on the progress of the program.

If any employee or applicant for employment believes he/she has been discriminated against, please contact:

Pauline Rutchasky, 9211 Hwy 53, Angora, MN, 55703, or call (218) 666-5698.

If any employee is unable to resolve discrimination issues at the company level, please refer to the following list of government agencies and filing time-limits:

MnDOT Civil Rights for filing Title VI discrimination complaints

Phone: (651) 366-3073

Time Limit: 180 calendar days.

See: <http://www.dot.state.mn.us/civilrights/titlevi-complaint.html>

MN Department of Human Rights

Phone: (651) 539-1100

Time Limit: One year.

See: <http://mn.gov/mdhr/intake/first-step/>

US Equal Employment Opportunity Commission (EEOC)

Phone: 1-800-669-4000

Time Limit: 180 calendar days (300 calendar days under certain circumstances).

See: <https://www.eeoc.gov/employees/timeliness.cfm>

and

<https://www.eeoc.gov/contact/index.cfm>

US Department of Transportation - Civil Rights

Phone: (202) 366-4648

Time Limit: 180 days.

See: <https://www.transportation.gov/civil-rights/complaint-resolution/public-complaint-process>

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Appropriate Work Place Behavior

It is the full intention of KGM Contractors, Inc., to follow all work place policies set forth by the Minnesota Department of Transportation (MnDOT) EEO Special Provisions, Office of Civil Rights.

It is MnDOT's policy to provide a workplace free from violence, threats of violence, harassment and discrimination. MnDOT has established a policy of zero tolerance for violence in the workplace. Contractors who perform work on MnDOT construction projects, or local government entities or public agencies utilizing state funds on highway construction projects, shall maintain a workplace free from violence, harassment and discrimination (see definitions, below).

Violence is the threatened or actual use of force which results in or has a high likelihood of causing fear, injury, suffering or death. Employees are prohibited from taking reprisal against anyone who reports a violent act or threat.

Harassment is the conduct of one employee (toward another employee) which has the purpose or effect of 1) unreasonably interfering with the employee's work performance, and/or 2) creating an intimidating, hostile or offensive work environment. Harassment is not legitimate job-related efforts of supervisor to direct/evaluate an employee or to have an employee improve work performance.

A. Unlawful discriminatory harassment is harassment which is based on these characteristics: race, color, creed, religion, national origin, sex, disability, familial status, age, marital status, status with regard to public assistance or sexual orientation or membership or activity in a local human rights commission. Managers, supervisors and employees shall not take disciplinary or retaliatory action against employees who make complaints of sexual harassment. Sexual Harassment is unwelcome sexual advances, requests for sexual favors, or sexually motivated physical contact, or other verbal or physical conduct of a sexual nature constitutes sexual harassment when submission to such conduct is 1) made a term or condition, either explicitly or implicitly, of obtaining employment; 2) is used as a factor in decisions affecting an individual's employment; or 3) when that conduct or communication has the purpose or effect of substantially interfering with an individual's employment or creating an intimidating, hostile or offensive work environment, and the employer knows or should have known the existence of the harassment and fails to take timely and appropriate action.

Examples include but are not limited to insulting or degrading sexual remarks or conduct; threats, demands or suggestions that status is contingent upon toleration or acquiescence to sexual advances; displaying in the workplace sexually suggestive objects, publications or pictures, or retaliation against employees for complaining about the behavior cited above or similar behaviors.

B. General harassment is harassment which is not based on the above characteristics. Examples may include, but are not limited to: physically intimidating behavior and /or threats of violence; use of profanity (swearing), vulgarity; ridiculing, taunting, belittling or humiliating another person; inappropriate assignments of work or benefits; derogatory name calling.

Discrimination includes actions which cause a person, solely because of race, color, creed, religion, national origin, sex, disability, familial status, age, marital status, status with regard to public assistance or sexual orientation or membership or activity in a local human rights commission to be subject to unequal treatment.

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How to File a Discrimination Complaint

Discrimination Complaint Procedure Form

File with Pauline Rutchasky, EEO Officer by phone 218-666-2983, or mail 9211 Hwy 53, Angora, MN 55703, or by email pauline@kgmcontractors.com

Name, address and telephone number and preferred method of contact:

Description of the events that you believe were discriminatory (for example, terminated, demoted, harassed):

Why you believe you were discriminated against (for example, because of your race, color, religion, sex, sexual orientation, national origin, age, disability, etc.)

Description of any injury suffered:

This is an Example Form

Employees Signature _____ Date _____

Once the formal complaint is filed, KGM management will investigate the complaint immediately. Any new events should be reported promptly. Information will be gathered and KGM will try to resolve the matter. KGM will investigate the complaint and respond within 15 business days. If the investigation reveals persons other than the complainant have been discriminated against, any corrective measures taken will extend to all affected parties.

It is important that all employees know that there will be no retaliation for filing a discrimination complaint. If there is, please bring it to Pauline's attention immediately. Retaliation will not be tolerated and corrective action will be imposed on the offenders which could lead to their termination.

VIII. Safety

Employee Responsibilities

- Be familiar with and comply with proper safety and health practices.
- Use the required safety devices and proper personal protective safety equipment.
- Notify supervisor immediately of unsafe conditions and acts.
- Report all accidents to supervisor immediately.
- Maintain a clean and safe work area.
- Refrain from horseplay.

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Equipment

KGM values each employee's health and safety on the job, and we are committed to providing access to safety equipment such as hearing protection, safety glasses, hard hats and safety vests. These items and other necessary safety equipment can be attained at the office or from your foreman.

Accidents

Most on-the-job accidents will require involved individuals to go for a post-accident drug test. If you are injured on the job, be sure to report it to your foreman right away.

Safety Suggestions

Employees are a valuable resource of this company and have many skills and insights related to their jobs, which can be utilized to improve our safety program. To better utilize this resource, employees are encouraged to make suggestions to the Safety Officer, General Superintendent, Foremen, or the safety committee. This can be done verbally or by completing an employee suggestion form and forwarding it to the main office. The form is available in the Safety Wizard online manual, from the office, or from your foreman.

Management's decision on each suggestion may be discussed with the person submitting the suggestion. Suggestions may be kept anonymous if the employee so desires.

Safety Policy Enforcement

All employees are obligated to observe the safety rules. Safety is everyone's responsibility. Failure to enforce the safety rules is in itself an infraction and will be treated as such utilizing corrective discipline to encourage behavioral change.


All employees, participating in or condoning an unsafe act shall receive equal corrective discipline. The unsafe act performed and previous events shall determine the level of corrective discipline received, not the extent of injury or damage incurred. Documentation of corrective disciplinary actions and case interviews may become part of the employee's personnel records. All documented corrective disciplinary action will be approved by management and the Safety Director to assure consistent application of this policy.

Safety Manual


All employees are required to read our Safety Manual, which is available on our website, www.kgmcontractors.com. To access the manual, you will need to enter a user name and password which are available by calling the office (218) 666-5698 and asking for the user name and password for the Safety Wizard. At the end of the manual, there is a form that you will need to complete indicating that you have read the manual. You will need an email address in order to complete the form, so if you do not have one, please create one prior to accessing the Safety Wizard. Once the form is submitted, we will receive notification that you have completed this task. *If you have never reviewed the Safety Manual please take the time to complete this task – there is a lot of important information, policies, procedures, and forms available. If you desire, a printed copy is available at the office.*

IX. Workers Compensation

As mentioned earlier, KGM values each employee's health and safety on the job. When new employees complete their initial paperwork, they are provided with a pamphlet from the Union Construction Workers' Compensation Program, which highlights the procedures to follow should you become injured. We hope you will be able to perform your job safely and return to your family at the end of your shift; however, if you are injured on the job, it is important to report your injury to your foreman immediately so that a First Report of Injury can be filled out.



**Union Construction
Workers' Compensation
Program**



**Making Workers' Compensation Work
Right for Minnesota's Union
Construction Industry.**

Union Employee's Guide

www.ucwcp.com

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Participating Unions & Associations:
Associated General Contractors of MN
Bricklayers Local #1 - statewide
Cabinet Makers Local #1865
North Central States Regional Council of
Carpenters/Lathers/Pile Drivers -statewide
Carpentry Contractors Association
Carpet and Linoleum Layers Local #596
Cement Masons (Finishers) Local #633 -
statewide
Drywall Tapers Locals #61, 386, 681
Electrical Workers Locals #110 & 292
Glaziers Local #1324
Heat & Frost Insulators Local #34
Iron Workers Local #512 - statewide
Laborers - statewide
Millwrights – statewide
Minnesota Concrete & Masonry Contractors
Minnesota Mechanical Contractors Assn.
National Electrical Contractors Assn.
Operating Engineers Local #49 - statewide
Painters Locals #61 & 386
Pipe Fitters Locals #455, 539, 11 & 589
Plasterers Local #265 - statewide
Plumbers Locals #15, 34, 11 & 589
Roofers Local #96 - statewide
Sheet Metal Workers' Local #10 - statewide
Sheet Metal, Air Conditioning & Roofing
Contractors Assn.
Teamsters (Highway/Heavy) – statewide

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KGM will do everything possible to prevent injuries. However, when an injury does occur, KGM Contractors, Inc. will provide prompt medical care and assist in the employee's return-to-work. Research shows that people recover more completely and quickly when they return as soon as medically possible. To that end, it is our policy to identify jobs that are within an injured employee's physical capabilities (temporary modified duties) in order to promote recovery.

X. Disciplinary Procedures

Investigation and Corrective Action

The failure of an employee to comply with the company policies and safety rules will be investigated and corrective action taken in accordance with this section. When a policy isn't detailed in a specific section, the following policy will be followed:

- Step 1 - Investigation and documentation
- Step 2 - Review of documentation
- Step 3 - Determine reason and cause
- Step 4 - Determine Action and/or corrective action
- Step 5 - Implementation of action and/or corrective action

The results of the investigation and corrective action may result in one or more of the following actions being enforced:

- A verbal warning.
- Written warning to be signed, returned to the company and placed in the employee's personnel file.
- Warning will result in the employee having a discussion with their supervisor and an officer of the company and may cause the employee to be subject to disciplinary action.
- Any further failure to comply with this policy may result in dismissal.
- Immediate dismissal.

XI. Use of Company Business Accounts and Credit Cards

If you are issued a company credit card or gas card, it is understood that only KGM business-related purchases will be made with that card. Please do not make personal purchases with company credit. When you make business-related purchases, it will help the accounting department if you will remember to *print your name, unit number and/or the job number* all invoices and receipts.

Additionally, KGM has established credit accounts at various businesses. Only authorized personnel are allowed to make purchases for items such as materials for jobs, safety equipment, tools, fuel, etc. Again, if you conduct any transactions, remember to *print your name, unit number and/or the job number* all invoices and receipts.

Employees will be responsible to re-pay for any unauthorized or personal charges to KGM credit accounts or credit cards. Just don't do it.

About KGM

KGM is a second generation, highway heavy construction contractor. Karla, Kerry, Mark and Gary grew up on the big equipment, working for their dad. They started their own small trucking company in the early 1980's and have been growing ever since. By focusing on quality and customer satisfaction, KGM has developed into one of the largest highway heavy contractors in Northeastern Minnesota. Today, KGM manages up to 200 employees with projects ranging from \$5,000 to over \$30 million.

Through ingenuity and innovation, KGM pioneers a competitive industry. In 2004, KGM acquired GPS technology for all of their finishing equipment. This equipment provides each individual operator the capability of meticulous work accuracy within 5/100ths of a foot. KGM works hard to stay on the cutting edge and this technology puts them at the top of the list when it comes to precision work.

Along with technology and project management, commitment to employees is vital to KGM's success. Many employees have been with the company since its inception and all are committed to the mission put before them. Whether seasonal or year-round, on site or in the office, each employee contributes to the company's success. Working together, the team in the office and the boots-on-the-ground crew perennially produce top-notch projects throughout the Upper Midwest.

Affiliates

- US Chamber of Commerce also members in Cook and Orr
- AGC - Associated General Contractors- State and Federal levels
- NFIB - National Federation of Independent Business
- Minnesota Safety Council
- IMA - Iron Mining Association of Minnesota
- Duluth Builders Exchange
- Society for Mining, Metallurgy & Exploration
- US. Equal Employment Opportunity Commission
- Minnesota Asphalt Pavement Association

For more information, visit our Web Site: www.kgmcontractors.com