HUMAN RESOURCES COMMITTEE CHARTER

Forest Lakes Mutual Water Company

The HR Committee's charter is longer than those of other standing committees because it is the only committee that handles confidential personnel matters, complaints involving individuals, and general manager performance evaluation. Those functions require written provisions on composition, intake, recusal, and confidentiality that other advisory committees do not need.

1. Authority and Status

The Human Resources Committee is a standing committee of the Board of Directors, established under By Law IV, Section 1 and By Law XI, Section 2(e). It serves at the pleasure of the board. Consistent with By Law XI, Section 2(e), the Committee reviews matters within its subject area and formulates policies and/or makes recommendations to the board, which are subject to board approval. The Committee has no authority to take disciplinary or corrective action on its own.

2. Composition

- **At least two directors**, appointed by majority vote of the directors then in office (By Law XI, Section 2(e)).
- **Stockholders who are not directors** may be appointed as additional members and are bound by the Code of Conduct and Ethics (Section C).
- The **Board President** serves as a standing member, subject to the recusal provisions in Section 5.
- The board may appoint one or more directors as **alternate members**, who may serve in place of any member who is absent, recused, or unable to serve. Alternates exist so that the Committee retains valid composition when a member steps aside.
- If recusals or vacancies would leave the Committee with **fewer than two participating directors** on a given matter, the board appoints a director to serve on that matter before the Committee proceeds.
- The Committee **selects its own chair** from among its members. If the chair is recused from a matter under Section 5, the Committee designates another non-recused member to preside over that matter.
- Members serve one-year terms, renewed at the annual Board reorganization, unless the board provides otherwise.

3. Scope of Work

- **Complaint intake and review**, per Section 4 and the Code of Conduct and Ethics (Section E).
- **General manager performance evaluation** — coordinating the board's annual evaluation process, consistent with procedures adopted by the board for the respective roles of the board and board President in supervising the General Manager.

- **Personnel policy** — reviewing and recommending policies on employment, conduct, training, and workplace practices.
- **Board and staff training** — recommending training on roles and responsibilities, conduct and ethics, and lawful operation of a mutual water company.
- **Recommendations to the board** on any of the above, brought forward as noticed agenda items.

The Committee does not supervise or direct staff, does not make operational decisions, and does not act or speak for the company without specific board delegation.

4. Complaint Intake and Routing

Every complaint has one clear recipient, and an automatic alternate when the ordinary recipient is the complainant, the subject, or otherwise conflicted:

Complaint concerns…	Goes to…	If that person is conflicted…
Company staff (other than the GM)	General Manager	Board President
The General Manager	The GM’s supervisor, per adopted supervision procedures	Vice President
A director	Board President	Vice President
The Board President	Vice President	Next unconflicted officer; then unconflicted directors
A Committee member, or the Committee’s process	Board President	Vice President; the member concerned recuses

Complaints should be in writing where practicable. The recipient promptly notifies the Committee, which determines by majority vote whether review is warranted and whether to conduct the review itself or refer it to legal counsel (Code of Conduct, Section E.1).

5. Recusal

- A member **recuses** from a matter in which they are the complainant, the subject, a percipient witness, or have a personal relationship or interest that a reasonable person would think could affect their judgment.
- Recusal covers **the entire matter**: receiving materials, participating in interviews or deliberation, drafting, voting, and signing findings or reports.
- Recusal is **recorded in the Committee’s minutes**, including its beginning and, if applicable, its end. A recusal remains in effect for the duration of the matter unless the board determines otherwise.
- A recused member is replaced for that matter by an alternate or by board appointment, so the Committee retains the composition required by Section 2.

6. Process and the Rights of Those Involved

- The Committee conducts its review promptly and gathers relevant information from the parties and any witnesses.
- **A person whose conduct is under review is informed of the substance of the allegations and given a fair opportunity to respond** before findings are made.
- Where a company policy provides a right to contest findings (including the third-party harassment policy's provision for the next regular board meeting in closed executive session), that right is preserved and communicated.
- At the conclusion of a review, findings are provided to the Committee. If no violation is found, no further action is taken. If findings are substantiated, the Committee makes a recommendation to the board at its next regular meeting unless more immediate action is required (Code of Conduct, Section E.2).
- The board may adopt, reject, or modify any recommendation, or reach its own decision.
- Matters may be resolved informally by agreement of the parties where appropriate, in which case the Committee reports the resolution to the board without disclosing details.

7. Confidentiality

- Complaints, investigative materials, and deliberations are confidential and handled in closed session.
- Reports to the board disclose only what the board needs in order to act; where a matter is resolved without board action, the report may be limited to the fact of resolution.
- Where a matter may involve potential company liability, or bears on operational or policy decisions established at the board level, the Committee informs the board and recommends that counsel be consulted.

8. Meetings and Records

The Committee sets its meeting schedule. **Minutes are kept and filed with the corporate records** (By Law XI, Section 2(e)), recording attendance, recusals, votes, and actions. Confidential personnel content is maintained separately and securely.

9. Review

This charter is reviewed annually and may be amended by the board.

Revision History

Record each amendment below, keyed to the board action that made it.

Date	Amendment	Board Action / Vote
8/11/26		Approved

Prepared by the Board President as a working draft for board discussion, alongside charters for all standing committees.