

**SOUTHERN WATER & SEWER DISTRICT
PERSONNEL POLICIES & PROCEDURES**

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February 13, 2006

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Southern Water & Sewer District

Welcome to Southern Water & Sewer District

On behalf of the Commissioners, we welcome you and wish you every success during your employment with the District.

We believe that each employee contributes directly to our growth and success, and we hope you will take pride in being a member of our team.

This manual outlines the policies, programs, and benefits available to eligible employees. It was also developed to describe some of the expectations we have of our employees.

Commissioners other community leaders, employees, and volunteers, as well as citizens of our service area are encouraged to review this document so that each may become better informed as to the purpose of the District, our goals and procedures.

The personnel policies contained herein are specifically binding on all employees of the Southern Water & Sewer District. It must be understood that no policy manual can anticipate every circumstance or question about policy, and the need will arise on occasion to change policies described in this manual. The Commissioners therefore reserve the right to revise, supplement, or rescind any of these policies or portions thereof from time to time as it deems appropriate, in its sole and absolute discretion. Employees will be notified of such changes as they occur.

This employee manual will answer many questions about employment with Southern Water & Sewer District so we suggest that you familiarize yourself with the contents of this handbook as soon as possible. Should you have any questions, please do not hesitate to ask your supervisor.

We hope that your experience here will be challenging, enjoyable, and rewarding.

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AUTHORITY

The Southern Water & Sewer District is a Special District organized pursuant to Statutes of the Commonwealth of Kentucky (KRS 74). The District's governing board consists of 5 members appointed by the Floyd County Judge-Executive. Each of the commissioners live in the District's designated service area and are charged with representing homes and businesses in that service area with regard to policies, rates, and procedures related to providing public water and sewer service in the most cost effective and consistent manner possible.

STATEMENT OF PURPOSE

To establish and operate a public entity whose responsibility it is to provide public water and sewer service to homes and businesses in the District's service area, and to provide oversight for the planning, development, construction, management and operation of those services as effectively as possible.

EMPLOYEE ACKNOWLEDGEMENT FORM

The employee manual describes important information about Southern Water & Sewer District and I understand that I should consult my supervisor regarding any questions not answered in the manual.

I have entered into my employment relationship with Southern Water & Sewer District voluntarily and acknowledge that there is no specified length of employment. Accordingly, either Southern Water & Sewer District or I may terminate the employment relationship at will at any time, with or without cause, so long as there is no violation of applicable federal or state law.

Since the information, policies, and benefits described in this manual are subject to change as needed, I acknowledge that revisions to the manual may occur, except to the employment-at-will policy of Southern Water & Sewer District. All such changes will be communicated through official notices, and I understand that revised information may supersede, modify, or eliminate existing policies. I also understand that only the Commissioners of Southern Water & Sewer District have the ability to adopt revisions to the policies in this manual.

Furthermore, I acknowledge that this manual is neither a contract of employment nor a legal document. I have received the manual, and I understand that it is my responsibility to read and comply with the policies contained in this manual and any revisions made to it.

EMPLOYEES NAME (printed):

EMPLOYEES SIGNATURE:

DATE: _____

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103 Equal Employment Opportunity

Effective Date: 2/7/2006

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Southern Water & Sewer District will be based on merit, qualifications, abilities and budget. Southern Water & Sewer District does not discriminate in employment opportunities or practices on the basis of race, color, religion, sex, national origin, age, disability, or any other characteristic protected by law.

Southern Water & Sewer District will make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship. This policy covers all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

If you have a question or concern about any type of discrimination in the workplace, you are encouraged to bring the issue to the attention of your Supervisor or the District's Manager. At Southern Water & Sewer District, be assured that you can raise concerns and make reports without fear of reprisal. Further, anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

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104 Code of Ethics

Effective Date: 2/7/2006

Statement of Purpose

The successful business operation and reputation of Southern Water & Sewer District is built upon the principles of fair dealing and ethical conduct of our employees and Commissioners. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

In that context, Southern Water & Sewer District has adopted the Code of Ethics previously adopted by the Floyd County Fiscal Court (Copy attached and incorporated herein by reference).

ACKNOWLEDGEMENT:

I have been provided a copy of the Floyd County Fiscal Court's Code of Ethics (adopted by Southern Water & Sewer District). I have studied this code, understand it, and agree that my participation as a Commissioner or as an employee, or as a volunteer with the District is conditioned upon my compliance with the elements of the Code.

| | |
|-------|--------------|
| _____ | Name (Print) |
| _____ | Signature |
| _____ | Date |

Southern Water & Sewer District

107 Immigration Law Compliance

Effective Date: 2/7/2006

Southern Water & Sewer District is committed to employing only United States citizens and aliens who are legally authorized to work in the United States. We also do not unlawfully discriminate on the basis of citizenship or national origin.

In order for us to comply with the Immigration Reform and Control Act of 1986, all new employees, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and provide documentation that establishes their identity and eligibility for employment. Former employees who are subsequently rehired must also complete an I-9 and provide appropriate documentation if 1) they have not completed an I-9 with the District within the past three years, or 2) their previous I-9 is no longer valid or was not retained.

If you have questions or want more information on immigration law issues, you are encouraged to contact your supervisor.

Southern Water & Sewer District

108 Conflicts of Interest

Effective Date: 2/7/2006

As an employee of Southern Water & Sewer District you have the obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. With this policy, the District is establishing the framework within which to operate. These guidelines are intended to provide a general direction so that you can get further clarification on areas that affect you. For more information or questions on conflict of interest, contact the District Manager.

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a relative as a result of business dealings with the District. For the purposes of this policy, we define a relative as any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

There is no "presumption of guilt" created by the mere existence of a relationship with outside firms. However, if you have any influence on transactions involving purchases, contracts, or leases, it is imperative that you disclose this fact to the Manager as soon as possible. By alerting us to the existence of any actual or even a potential conflict of interest, we can establish safeguards to protect all parties.

Commissioners and employees shall not seek nor accept any favor, benefit, personal aggrandizement or profit - whether it be in the form of objects, money, services, loans, travel, entertainment, or other way, either individually or for family members or friends, secured by privileged information or by misuse of position, public time or public resources. Further, employees shall avoid any interest or activity, which may convey the appearance of such a conflict of interest.

Political Activity - Staff members shall not violate Section 12A of the Hatch Act by:

1. Using official authority or influence for the purpose of interfering with an election or nomination to office or affecting the results thereof; or
2. Directly or indirectly coercing or attempting to coerce, commanding or advising Commissioners or employees to pay, lend, or contribute any part of his/her salary or compensation or anything of value to any party of committee, organization, agency or person for political purposes; or
3. Taking any action which will place the District in a partisan position.

A member of the staff may not serve as a member of the District's Board.

Staff members may join or affiliate with civic organizations of a partisan or political

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nature, attend political meetings, and advocate or support the principles or policies of civic or political organizations, so long as that association does not violate the Hatch Act.

Commissioners and employees shall familiarize themselves with and are responsible for understanding and complying with the appropriate Kentucky Statutes, county and city ordinances, as well as these and other District policies regarding matters of ethics generally, and conflicts of interest specifically.

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110 Outside Employment

Effective Date: 2/7/2006

Southern Water & Sewer District employees may hold outside jobs as long as they can satisfactorily perform their District job and there is no interference with our scheduling demands. It is further required that any Southern Water & Sewer District employee who seeks or accepts outside employment must receive written authorization from the District's Manager.

All employees will be held to the same standards of performance and scheduling expectations, regardless of any outside job. If we determine that outside work is impacting your performance or the ability to meet the District's requirements, which may change over time, you will be asked to terminate the outside job in order to stay employed with the District.

We prohibit outside employment that constitutes a conflict of interest. Employees may not render services free of charge for public or private entities or conduct a private business, when such services or business involvement creates a conflict with, impairs or detracts from the proper and faithful discharge of their duties, or has the potential for a conflict with their duties or responsibilities or otherwise conflict with services provided by and/or responsibilities of the District. Further, you may not receive any income or material gain from individuals outside Southern Water & Sewer District for materials produced or services rendered while performing your job.

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112 Confidentiality Policy

Effective Date: 2/7/2006

I. STATEMENT OF PURPOSE

In order to clarify and make specific the policy regarding confidentiality as regards data and information obtained in whatever context or format the following statements relating to protection of privacy and confidentiality are herein enunciated as District policy and procedure. The District recognizes its responsibilities under the Kentucky Open Records/Open Meetings laws as well as the Freedom of Information Act, and finds compliance with these laws not in conflict with this Confidentiality Policy.

II. POLICY

It is the policy of the District that all Commissioner and employee functions and responsibilities are to be carried out in such a manner so as to assure that every individual's, every public or corporate entity, every unit of government's, and every customer's right to privacy be protected. Further, it is the policy of the District that data and information relating to individuals, whether home-owner, business, or other corporate customer, and unit(s) of government be obtained, utilized and maintained with assurance of the strictest confidentiality.

It is understood that the District is required to obtain a range of data and information relating to home owners, businesses, public and corporate entities for purposes of provision of water and/or sewer service, billing, and expansion.

Pursuant to this policy all information gathering, use, and maintenance for planning purposes, billing purposes and/or for development and project implementation purposes shall conform to the following procedures:

RE: Personal and proprietary data and information

1. Data and information relating to individuals, entities, or units of government may be obtained only by the authorization of the individual, or his/her guardian, officials or other designated person directly associated with an entity, and the appropriate elected or appointed officials of a unit of government. Only person(s) specifically authorized to do so may obtain such data and information.
2. Only that personal and/or proprietary information specifically required and for the provision of services, billing, and development or construction of a project shall be obtained from any individual, entity, or unit of government requesting services of the District.
3. Any and all personal and/or proprietary information generated as authorized by an individual, an entity, and/or unit of government shall be used or disseminated only after a written release to do so is granted by the individual, entity, or unit of government.

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RE: All data and information

4. All data and information developed and/or generated by the District is proprietary; diligence and care commensurate with the nature of specific data, information, or related policy issue shall be exercised by commissioners and employees including the enforcement of appropriate security measures, as warranted.

5. Dissemination of data and information and commentary on same or related policy issue for any purpose including response to media inquiries is restricted solely to the chairperson of the Commission or the Manager.

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114 Disability Accommodation

Effective Date: 2/7/2006

Southern Water & Sewer District is committed to complying fully with the Americans with Disabilities Act (ADA) and ensuring equal opportunity in employment for qualified persons with disabilities.

All employment practices and activities are conducted on a non-discriminatory basis. Our hiring procedures have been reviewed and provide persons with disabilities meaningful employment opportunities. Pre-employment inquiries are made only regarding an applicant's ability to perform the duties of the position.

Reasonable accommodation is available to an employee with a disability if the disability affects the performance of job functions. We make all employment decisions based on the merits of the situation in accordance with defined criteria, not the disability of the individual.

Qualified individuals with disabilities are entitled to equal pay and other forms of compensation (or changes in compensation) as well as job assignments, classifications, organizational structures, and position descriptions. We make leaves of all types available to all employees on an equal basis.

Southern Water & Sewer District is also committed to not discriminating against any qualified employee or applicant because the person is related to or associated with a person with a disability. Southern Water & Sewer District will follow any state or local law that provides individuals with disabilities greater protection than the ADA.

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116 Staffing Policy

Effective Date: 2/7/2006

It is the policy of Southern Water & Sewer District to employ, train, and develop a workforce which is responsive to the purposes of the District. Therefore, when District facilities, services, or new projects or expansions require staffing increases or changes, the hiring and retention of staff will be guided by:

1. The stated Purpose of the District; and
2. Adherence to these Personnel Policies and Procedures;
3. The identified needs of the District at that point in time.

In addition, it is the responsibility of District personnel, each employee, volunteer, and/or trainee to remain;

1. Focused on assigned tasks and
2. Committed to continual personal improvement as well as overall District program and service improvement.

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117 Employment Process

Effective Date: 2/7/2006

Vacant or new positions within the District shall be advertised, as appropriate, in local and or regional newspapers, the employment services office or otherwise as determined by the District's Manager or District Commissioners. Announcements for positions shall include position title and brief description, minimum qualifications, where and when to apply and shall include the statement "An Equal Opportunity Employer M/F/D".

Specific application forms shall be provided to applicants by the District and shall include at a minimum information related to the applicant's previous education, training, and employment experience; current place of residence; professional and personal references; information related to licenses, certifications, degrees, etc. appropriate to the job being applied for; release statement from applicant authorizing pre-employment investigation by District personnel.

Applications for all positions shall be reviewed by the appropriate supervisor and District Manager. Interviews shall be conducted, as necessary, for those applicants with qualifications most appropriate for the job being filled. The District manager shall submit recommendations to the District's commissioners for actual hiring approval.

Subsequent to approval by the District's commissioners, job applicants shall be required to take a pre-employment drug screen. Upon return of negative results from the drug screen, the applicant will be given an employment letter by the District's Manager stipulating job title & description, beginning rate of pay, starting date, employment status, work schedule, etc.

All new employees shall, at a minimum receive the following orientation material/information:

1. Explanation of the District, its current services and programs.
2. Overview of the District's facilities and service area.
3. Identification of organizational structure and supervisors.
4. Review of all safety programs and policies.
5. A copy of this policy and procedure manual.
6. Other information & materials, as appropriate to the position.

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201 Employment Categories

Effective Date: 2/7/2006

Understanding the definitions of the employment classifications at Southern Water & Sewer District is important because your classification is one of the factors that determine your employment status and benefit eligibility. These classifications do not guarantee employment for any specified period of time. Since employment with Southern Water & Sewer District is based on mutual consent, either you or the District have the right to terminate the employment relationship at will at any time, with or without cause or advance notice.

Depending on your position, you are designated as either NONEXEMPT or EXEMPT from federal and state wage and hour laws. NONEXEMPT employees are entitled to overtime pay under the specific provisions of federal and state laws. EXEMPT employees are excluded from specific provisions of federal and state wage and hour laws. Your EXEMPT or NONEXEMPT classification may be changed only with written notification by the manager acting in accordance with applicable federal and state laws.

In addition to the Exempt and Nonexempt categories, you also belong to one of the following employment categories:

REGULAR FULL-TIME employees are employees who are not in a temporary status AND who are regularly scheduled to work a full-time schedule at Southern Water & Sewer District. Generally, regular full-time employees are eligible for all District benefit programs, subject to the terms, conditions, and limitations of each benefit program.

REGULAR PART-TIME employees are employees who are not in a temporary status AND who are regularly scheduled to work less than the full-time work schedule, but at least 20 hours per week. Regular part-time employees are eligible for some District benefit programs, subject to the terms, conditions, and limitations of each benefit program.

PART-TIME employees are employees who are not in a temporary status AND who are regularly scheduled to work less than 20 hours per week. While part-time employees receive all legally mandated benefits (such as Social Security and workers' compensation insurance), they are ineligible for the other District benefit programs.

PROBATIONARY employees are employees whose performance is being evaluated to determine whether further employment in a specific position or with the District is appropriate. Employees who satisfactorily complete the working test period will be notified of their new employment classification.

TEMPORARY employees are employees who are hired as interim replacements, to temporarily supplement the work force, or to assist in the completion of a specific project. Employment assignments in this category are of a limited duration. Employment

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beyond the initially stated period does not in any way imply a change in employment status. Temporary employees retain that status until they are notified of a change. While temporary employees receive all legally mandated benefits (such as Social Security and workers' compensation insurance), they are ineligible for all other District benefit programs.

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202 Access to Personnel Files

Effective Date: 2/7/2006

At Southern Water & Sewer District we maintain a personnel file on each employee that includes the job application and related hiring documents, training records, performance documentation, salary history, and other employment records.

Personnel files are the property of Southern Water & Sewer District. Because this information is highly confidential and we respect your privacy, only persons with a legitimate business reason will be allowed access to personnel files.

If you wish to see your personnel file, contact the Office Manager or Project Manager. With reasonable advance notice, you may review your own personnel file in our offices and in the presence of a person authorized by the District.

204 Personnel Data Changes

Effective Date: 2/7/2006

To help us keep records and benefit program information accurate, please notify the District of any changes to your personal information. The information needed includes your mailing address, telephone numbers, your marital status, changes to your dependent' information, who to contact in case of an emergency, educational or professional certification accomplishments, and any other relevant information. To make changes or if you have questions about what information is required, contact the Office Manager.

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205 Working Test Period

Effective Date: 2/7/2006

For all new employees, your first 60 days of employment will be considered a "working test period". The working test period provides you with the opportunity to demonstrate that you can perform your job at a satisfactory level of performance and to determine if the new job meets your and our expectations. We use this period to evaluate your capabilities, work habits, and overall performance. Since employment at the District is based on mutual consent, either you or Southern Water & Sewer District may end the employment relationship at will at any time during or after the working test period, with or without cause or advance notice.

The working test period for all new and rehired employees is the first 60 calendar days after the date of hire. Either during the working test period or at the end of the period, we may extend the working test period if we determine there was not adequate time to evaluate performance.

When the initial working test period is satisfactorily completed, employees enter the "regular" employment classification.

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209 Performance Evaluation

Effective Date: 2/7/2006

The best communications about job performance happen on an informal, day-to-day basis. You and your supervisor are strongly encouraged to frequently talk about performance. Performance evaluations are conducted at the end of your working test period, in any new position. The working test period gives you and your supervisor the opportunity to evaluate job performance, standards, and performance requirements. In addition, Southern Water & Sewer District wants to ensure that you and your supervisor have scheduled formal performance evaluations. These discussions give you both the opportunity to discuss job responsibilities and goals, encourage and recognize strengths, identify and correct any weaknesses, develop plans for dealing with any obstacles, and plan for the future.

Performance evaluations are scheduled approximately every 12 months during the month of December.

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210 Position Descriptions

Effective Date: 2/7/2006

Southern Water & Sewer District makes every effort to create and maintain accurate position descriptions for all positions within the District. Each description includes sections for position information; a job summary (giving a general overview of the job's purpose); essential duties and responsibilities; supervisory responsibilities; and qualifications.

We use the position descriptions to help new employees understand their job duties and to set standards for employee performance evaluations. Job descriptions are also used to identify the minimum requirements of each position, establish hiring criteria, and establish a basis for making reasonable accommodations for individuals with disabilities.

The manager prepares position descriptions when new positions are created. Existing position descriptions are also reviewed and revised in order to ensure that they are up to date. Job descriptions may also be rewritten periodically to reflect any changes in the position's duties and responsibilities. You can be helpful by making sure that your position description accurately reflects the work you do.

We would like you to remember that position descriptions do not necessarily cover every task or duty that you may be assigned, and that additional responsibilities may be assigned as necessary. You can contact your supervisor if you have any questions or concerns about your position description.

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301 Employee Benefits

Effective Date: 2/7/2006

Southern Water & Sewer District provides a range of benefit programs to eligible employees. Certain legally required programs (such as Social Security, workers' compensation, and unemployment insurance) cover all employees in the manner required by federal, state, and local laws.

Your eligibility for other benefit program depends on a variety of factors, including your employee classification. The following benefit programs are available to eligible employees, subject to terms and conditions of each program:

- Paid Holidays
- Paid Vacation Leave
- Paid Sick Leave
- Medical & Dental Insurance
- Retirement Plan
- Life Insurance
- Bereavement Leave
- Jury Duty Leave
- Military Leave
- Reimbursement for District travel expenses

While some of the benefit programs we offer may require you to contribute to the cost, many programs are fully paid by the District. Specific information on benefit costs are available through the Office Manager.

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303 Annual Leave Benefits

Effective Date: 2/7/2006

Southern Water & Sewer District offers vacation time (annual leave) off with pay to eligible employees for rest, relaxation, and personal pursuits. Employees in the following employment classifications are eligible to earn and use annual leave:

- * Regular full-time employees
- * Regular part-time employees

Regular full-time employees earn annual leave based on their length of employment. Annual leave shall be accrued on a monthly basis for each continuous month of service, at the following rates:

| <u>Years of Continuous Employment</u> | <u>Annual Leave Accrual Rate</u> |
|---------------------------------------|------------------------------------|
| Up through 5 years | 6.66 Hours / Month (10 days/year) |
| Over 5 years up through 10 years | 10 Hours / Month (15 days/year) |
| Over 10 years | 13.33 Hours / Month (20 days/year) |

Regular part-time employees shall accrue annual leave at one-half of the rate of regular full-time employees.

Annual leave should be scheduled with your immediate supervisor at least two weeks in advance of the requested leave. Leave requests must be made in writing on forms provided by the District. Annual leave can be taken for a minimum of 4 hours and a maximum of 80 hours per leave request. The only exception is those employees who are requesting to use accrued annual leave for an extended illness (after they have used up all accrued sick leave). Annual leave requests will be granted on a routine basis unless there are emergency or other extenuating circumstances regarding the safe and continuous operation of the District's facilities and services that would justify denial of your request.

Employees are encouraged to utilize all of their annual leave in the year in which it is accrued. A maximum of 80 hours of annual leave may be carried over from one calendar year to the next. Any unused annual leave accrued as of December 31st of each year in excess of 80 hours will be forfeited.

Any employee who terminates his/her employment with the District and in is in good standing shall be paid for all of their accrued annual leave as of the date of their termination. Employees who are terminated for cause shall forfeit all accrued annual leave.

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305 Holidays

Effective Date: 2/7/2006

Southern Water & Sewer District gives holiday time off to all employees on the following holidays:

- * New Year's Day (January 1)
- * Presidents' Day (third Monday in February)
- * Veterans Day (November 11)
- * Memorial Day (last Monday in May)
- * Independence Day (July 4)
- * Labor Day (first Monday in September)
- * Thanksgiving (fourth Thursday in November) and the day after
- * Christmas Day (December 25th)

In addition, three (3) paid holidays shall be granted, one in association with the Christmas holiday, one in association with New Year's holiday, and one for each individual employee on his/her birthday. When any holiday falls on a Saturday, it will be observed on the preceding Friday. When any holiday falls on a Sunday, it will be observed on the following Monday.

All regular full time and regular part time employees shall receive time off at their regular rate of pay for each holiday. Any non-exempt employee required to work on a holiday shall be paid for those hours worked at two times their regular rate for the amount of hours actually worked on the holiday.

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306 Workers' Compensation Insurance

Effective Date: 2/7/2006

Southern Water & Sewer District provides a comprehensive workers' compensation insurance program to our employees. The workers' compensation program covers injuries or illnesses sustained in the course of employment that require medical, surgical, or hospital treatment. Subject to the applicable legal requirements, this program provides benefits after a short waiting period or, in the event of hospitalization, immediately.

It is critical that you inform your supervisor and the Accounting Department immediately about any work-related injury or illness, regardless of how minor it might appear at the time. Supervisors are required to maintain a written record of any notification of employee injury, which shall include the date and time of notification as well as the date, time and description of the employee's injury. Immediate reporting ensures that, if eligible, you will qualify for workers' compensation benefits as quickly as possible and also lets us investigate the matter promptly.

Workers' compensation is intended to cover only work-related injuries and illnesses. Because of this, neither the District nor our insurance carrier will be liable for the payment of workers' compensation benefits for injuries that might occur during employees' working unapproved "off-time" hours, or voluntary participation in off-duty recreational, social, or athletic activities that we may sponsor.

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307 Sick Leave Benefits

Effective Date: 2/7/2006

Southern Water & Sewer District provides paid sick leave benefits to eligible employees after completion of the 60 day working test period for temporary absence due to illnesses or injuries. Employees in the following employment classifications are eligible for sick leave:

- * Regular full-time employees
- * Regular part-time employees

Once you are eligible, you will accrue sick leave benefits at the rate of 8 hours per month (four hours per month for regular part-time employees). Sick leave may be accrued by individual employees up to a total of 240 hours (30 days). After accruing a total of 240 hours of sick leave, no further sick leave will be accrued until the total amount of sick leave available is less than 240 hours. Employees will not be paid for sick leave upon termination with the District, regardless of the reason for termination.

You can request use of paid sick leave after completing a waiting period of 60 calendar days from the date you were hired. Paid sick leave can be used in minimum increments of one hour. You may use sick leave benefits for an absence due to your own illness or injury, or that of any member of your immediate family. The term "immediate family" is defined as: husband, wife, son, daughter, step-child, parent, step-parent, foster parent, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece, son-in-law, daughter-in-law, and a spouse's parent, grandparent, brother, or sister.

If you are unable to report to work due to illness or injury, you should notify your immediate supervisor before the scheduled start of your regular shift if possible. Your supervisor must also be contacted on each additional day of absence.

If you are absent for three or more consecutive days due to illness or injury, a physician's statement must be provided verifying the sickness and its beginning and expected ending dates. The same verification may be requested for other sick leave absences as well and may be required as a condition of receiving sick leave benefits. Before returning to work from a sick leave absence of 3 calendar days or more, you must provide a physician's verification that you may safely return to work.

Excessive absenteeism will not be tolerated. The District deems excessive to be in excess of one sick day per month. If you are calling in sick more often than this, you may be asked by your supervisor how you plan to correct this problem. If the problem persists without just cause and you do not correct the problem, you will receive written notification of excessive unexplained absenteeism and will be placed on warning. The District reserves the right to disallow sick leave benefits if you are warned about excessive absenteeism. Sick leave benefits are intended solely to provide income protection in the event of illness or injury, and may not be used for any other absence. You will not be paid for unused sick leave benefits either while you are employed or upon termination of employment.

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308 Time Off to Vote

Effective Date: 2/7/2006

Southern Water & Sewer District encourages you to fulfill your civic responsibilities by voting in elections. Generally, we expect that you will be able to vote either before or after work hours since the polls open at 6:00 a.m. and do not close until 6:00 p.m. Regardless, employees will receive up to 2 hours off to vote.

309 Bereavement Leave

Effective Date: 2/7/2006

If you need to take time off in the event of the death of an immediate family member, the District provides up to 3 days of paid bereavement leave to eligible employees. Should additional leave be necessary, employees may utilize accumulated annual or sick leave, at the discretion of their supervisor.

The District will normally grant bereavement leave unless there are unusual business needs or staffing requirements that prevent accommodating the request. You may also, with supervisor approval, use any available paid leave benefits, such as vacation, for additional time off as necessary.

The bereavement leave policy defines "immediate family" as your husband, wife, son, daughter, step-child, parent, step-parent, foster parent, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece, son-in-law, daughter-in-law, and spouse's parent, grandparent, brother, or sister.

Southern Water & Sewer District

311 Jury Duty

Effective Date: 2/7/2006

Southern Water & Sewer District encourages you to fulfill your civic responsibilities by serving jury duty when required.

If you are eligible for paid jury duty leave, you will be compensated at your base rate of pay for the number of hours you would normally have worked that day. When a staff member on jury duty is notified that his/her service is not needed, that staff member shall return to work *or* use annual leave for the remainder of the day, with authorization from your respective supervisor.

If you receive a jury duty summons, show it to your supervisor as soon as possible so that arrangements can be made to accommodate your possible absence from work. You are expected to report for work whenever the court schedule permits. Documentation from the court indicating the time you have spent on jury duty will be required and kept in your personnel file.

Annual and sick leave accrual as well as other District employee benefits shall continue for the staff member during jury duty service.

Southern Water & Sewer District

313 Benefits Continuation (COBRA)

Effective Date: 2/7/2006

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives employees and their qualified dependents the opportunity to continue health insurance coverage under our health plan when a "qualifying event" occurs that would normally result in the loss of eligibility. "Qualifying events" include resignation, termination of employment, or death of an employee; a reduction in an employee's hours; employee's leave of absence; employee's divorce or legal separation; and when a dependent child no longer meets the eligibility requirements as a dependent.

Under COBRA, the employee or beneficiary pays the full cost of coverage at Southern Water & Sewer District's group rates plus an administration fee.

Southern Water & Sewer District

314 Educational Assistance

Effective Date: 2/7/2006

The District places high value on and supports educational development of its employees. Continuing education and certification classes for plant operators, distribution workers, and supervisors is strongly encouraged and in some instances will be mandatory. All costs associated with training, testing, and certification (initial or advanced) for plant and field personnel shall be paid by the District.

Likewise, all other District personnel are encouraged to pursue educational and professional development opportunities that will facilitate the performance of their employment with the District. Consequently, as fiscal resources permit, the District will share with full-time employees the costs of formal education at accredited institutions and certified training programs when such education and training is related to improved productivity and job performance of the employee in context of the District's programs.

To be eligible for educational assistance, individual courses or courses that are part of a degree, licensing, or certification program must be related to your current job duties, such determination to be made the District's Manager.

Southern Water & Sewer District

316 Health Insurance

Effective Date: 2/7/2006

The health insurance plan at Southern Water & Sewer District offers employees and their dependents access to medical insurance benefits. The District and the employee pay appropriate shares of the cost of premiums, as determined annually by the District. All participating employees are subject to the terms and conditions of the group insurance plans provided by the District.

If you change to an employment classification that would cause you to lose your health insurance plan eligibility, you may qualify to continue your health care benefits under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Refer to the Benefits Continuation (COBRA) Policy in this manual for more information.

You will receive details of the health insurance plan in the orientation phase when you begin employment. When you become eligible, you will receive a packet with requirements and rate information prior to the enrollment date.

317 Life Insurance

Effective Date: 2/7/2006

The District provides a basic life insurance plan for eligible employees, paid from District funds. The policy amount may vary from time to time, depending on the District's budget and financial condition. The basic life insurance plan includes Accidental Death and Dismemberment (AD&D) insurance, which provides benefits if a serious injury or death results from an accident.

Southern Water & Sewer District

320 Retirement Plan

Effective Date: 2/6/2006

Southern Water & Sewer District participates.....

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401 Timekeeping

Effective Date: 2/7/2006

Non-exempt employees are responsible for accurately recording the hours they work. This information also helps the District comply with laws that require us to keep accurate records of "time worked" in order to correctly calculate employee pay and benefits. "Time worked" is defined as all the time staff spend performing assigned duties.

If you are a non-exempt employee, you must accurately record the time you begin and end your day, as well as the beginning and ending time you leave the workplace for personal reasons. The District also requires that you receive advance approval from your supervisor leader before working any overtime hours.

We consider attempts to falsify timekeeping records a very serious matter. Therefore, any of the following actions may result in disciplinary action, up to and including termination: altering, falsifying, tampering with time records, or recording another employee's time record.

You are also responsible for signing your time records to certify their accuracy. Your supervisor will then review and sign the time records before submitting for payroll processing.

Deductions other than those required by law will be made only upon authorization in writing of the employee. The District reserves the right to limit the types of deductions, which may be made. Mandatory deductions currently include the following: Federal Income Tax, Kentucky Income Tax, Location Occupational Tax, Social Security/Medicaid and Counties Employment Retirement Systems (???)

You are also responsible for signing your time records to certify their accuracy. Your team leader will then review and sign the time records before submitting for payroll processing.

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403 Paydays

Effective Date: 2/7/2006

All employees shall be paid on a bi-weekly basis. Effective with the date of enactment of these personnel policies, employees shall be paid for the two week payroll period ending on February 17, 2006 and on every Friday of each bi-weekly period ending thereafter.

If a regularly scheduled payday falls on a day off, such as a holiday, you will be paid on the last work day before the regularly scheduled payday.

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405 Employment Termination

Effective Date: 2/7/2006

Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. These are some of the most common circumstances for employment terminations:

A. Volunteer Termination/Resignation

1. If an employee finds it necessary to resign from the District, the individual is expected to notify his/her supervisor and Manager in writing at least 10 working days prior to termination date, giving reasons for the resignation.
2. An employee who is resigning or terminated is required to return all records, keys, and/or property of the District in his/her possession or custody, and to provide status report on any work in progress. Staff who receive equipment for their position will be required to sign an acknowledgment stating condition of that equipment upon return.
3. Unauthorized absence from work of two (2) working days will be considered as, and so constitute, a resignation, unless, due to special circumstances the staff member is unable to report his/her reason for absence.

B. Circumstantial Termination/Layoff

1. The District Manager, with approval of the Commissioners, may layoff employees when necessary due to changes in duties, organizational changes, lack of work, or funds. When feasible, employees who are to be laid off will be integrated into other position openings by transfer.
2. Planned Reduction in Force - As conditions warrant, the District's Manager may propose a reduction in work force plan to the Commissioners. Upon authorization, the Manager will inform all employees that a plan is being considered. Upon approval, but in no case less than fourteen (14) calendar days prior to the reduction in work force, the employees will be given written notices of how the plan affects them.

A specific plan will be developed for each planned reduction in work force. The plan will establish those District functions and positions to be retained and specifically note those employees who are to be retained and those who are to be laid off, or required to work reduced hours. Further:

- a. The plan will specify retention and separation factors. Generally, employees with higher performance evaluation ratings who are qualified to perform additional work activities to be assigned to them will be retained. If performance evaluation ratings are equal, employees with the longest

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continuous service, including leaves of absence, will be retained.

b. Part-time positions may be eliminated or combined, but part-time employees need not be separated to preclude the separation of full-time employees.

c. Layoffs made to meet a reduction in force plan of the District will be clearly documented to illustrate that such layoff was not a disciplinary action.

3. Employees terminated at the convenience of the District, for whatever reason, will be paid their earned accumulated leave up to 20 days. Employees who are laid off will be given priority consideration for re-employment when conditions are more favorable.

C. Suspension & Discharge

1. Any employee may be suspended or discharged at any time, by the Manager for "just cause" determined by careful and factual consideration of all relevant matters.

2. The suspension or discharge of a staff member shall be in writing, and the reasons for the action shall be cited and retained in the personnel files.

3. A suspension will clearly state the terms and conditions under which a staff member will be allowed to return to the position.

4. The Manager may suspend or discharge a staff member for the following reasons:

a. failure to satisfactorily perform the duties for which employed.

b. fighting; threatening or attempting bodily injury to another; stealing; malicious mischief resulting in the injury of a person or destruction of property.

c. public intoxication.

d. non-prescribed use of habit forming drugs or hallucinogen or their induction or possession.

e. disorderly or immoral conduct; violation of the District's policy prohibiting sexual harassment; violation of the District's policy prohibiting dual relationships.

f. insubordination, including refusal or failure to perform work assignments.

g. abusive and/or manipulative behavior toward other District

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- personnel, customers, or the public in general.
- h. willful neglect in the care or use of District property.
 - i. gross or habitual carelessness or recklessness.
 - j. outside employment without proper notification of and approval by the Manager.
 - k. unauthorized or excessive tardiness or absence.
 - l. incurring costs or obligations in the name of the District without the written authorization or prior approval of the Manager.
 - m. falsifying an official document or record including, application for employment and other personnel records.
 - n. unauthorized use of the office address to receive personal mail or goods; unauthorized use of the office telephone, e-mail or equipment for personal matters.
 - o. conduct unbecoming a staff member of the District, including but not limited to the acceptance of anything of value from a client of District services.
 - p. repeated failure to comply with the provisions set forth in this manual.
 - q. conviction of any penal or criminal offense.
 - r. other actions or behaviors which disrupt or impede the business of the District.
5. Any staff member receiving notice of suspension or termination pursuant to this policy must comply immediately with the directive.
6. Any staff member wishing to appeal the action of the Manager must follow the procedures for invoking the Fair Hearing Process, as set forth in this manual.

The District will generally schedule an exit interview at the time of employment termination. The exit interview is an opportunity to discuss such issues as employee benefits, conversion privileges, repayment of any outstanding debt to the District, or return of District-owned property. It is also a time for you to voice any suggestions, complaints, and questions you may have.

Since employment with Southern Water & Sewer District is based on mutual consent,

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either you or the District have the right to terminate the employment relationship at will, with or without cause or advance notice, at any time.

Your benefits are affected by termination in several ways. An employee separated in good standing for any reason will be paid for any unused annual leave time that has accrued, not to exceed 160 hours. Payment for accrued annual leave shall be made with the last hourly or salary payment. Accrued sick leave and/or compensatory time have no monetary value. Some benefits may be continued at your expense if you choose. You will be notified in writing of the benefits that may be continued and of the terms, conditions, and limitations for continuing them.

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502 Work Schedules

Effective Date: 2/6/2006

Normal work schedules vary based on the type of position and assigned work site. All non-exempt full time employees are expected to work a minimum of 40 hours per week (including two paid break periods, pursuant to federal law and based on schedules established by supervisors). A one-half hour unpaid lunch break will be allowed during the normal work day. You will be advised of your regular work schedule prior to your first day of work. All non-exempt employees are required to register their beginning and ending work times on a time clock provided by the District, unless exemption is granted from such procedure by the District's manager. The normal work week begins on Saturday and ends on Friday.

Those employees required to be on-call for responding to emergency situations shall be so notified prior to employment. Schedules for on-call employees shall be established from time to time by the Manager and Department Supervisors. On-call employees are required to utilize paging devices provided by the District and be available to respond to an emergency situation within 30 minutes of being called out. Employees called out after hours shall be compensated as follows:

1. Employees shall be compensated at their regular rate of pay for the actual number of hours worked. If their emergency call hours cause their total number of hours per week to exceed 40, they shall be paid at the rate of one and one half their regular rate of pay.
2. At a minimum, non-exempt on-call employees shall be paid \$50.00 for the week they are on call, regardless of whether or not they are actually called out.

Whenever possible, any overtime work must be approved in advance by your supervisor.

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504 Use of Phone and Mail Systems

Effective Date: 2/7/2006

Southern Water & Sewer District office telephones, cell phones, pagers and mail systems are intended for business use only. Therefore, employees are discouraged from making excessive outgoing personal calls or using any communications devices owned or rented by the District for personal matters. We may require you to reimburse the District for charges resulting from personal calls when applicable.

Our mail system is intended for business purposes only so we request that you do not send or receive your personal mail at work. If an emergency arises and you must use our mail system, reimbursement for postage is required.

Because our telephone communications are an important reflection of our image to customers and the community, every employee should use proper telephone etiquette. Some examples of good telephone etiquette are always using the approved greeting, speaking courteously and professionally, confirming the information you have received from the caller, and only hanging up once the caller has done so.

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505 Smoking

Effective Date: 2/7/2006

Revision Date:

In keeping with Southern Water & Sewer District's intent to provide a safe and healthful work environment, smoking in the workplace is prohibited except in those locations that have been specifically designated as smoking areas. In situations where the preferences of smokers and nonsmokers conflict, the preferences of the nonsmokers will prevail.

This policy applies equally to all employees as well as to our visitors.

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otherwise restrict the driver's ability to operate the vehicle in a legal and safe manner.

9. Appropriate supervisors shall insure that all District vehicles have a current license and registration as well as current certificate of insurance in the vehicle at all times.
10. District employees will be issued a gas credit card to be used only for gas and diesel in District owned vehicles for use on District business. Use of District issued gas credit cards for any purpose other than authorized District business is grounds for immediate termination from employment.
11. Any damage incurred to a District owned vehicle, any accident involving a District vehicle (whether any other vehicles are involved, and regardless of the extent of damage), and any mechanical failures of vehicles must be immediately reported to your supervisor and/or to the District's manager. If possible, drivers should attempt to contact county or state police officials immediately after an accident occurs.
12. Failure to comply with established workplace safety rules, report workplace injuries, or failure to report unsafe/hazardous conditions of which the employee is aware will result in disciplinary action up to and including termination from employment.

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510 Emergency Closings

Effective Date: 2/7/2006

There may be times when emergencies, such as severe weather, fires, or power failures may disrupt normal business operations. In extreme cases, these circumstances may require that we close one or more of the District's facilities. Any closure will be at the discretion of the Manager.

When a facility is officially closed due to emergency conditions, the time off from scheduled work will be paid the same as if the affected employee was actually at work. However, if the particular emergency situation requires your presence at work, regardless of closure of one or more District facilities, you will be required to report to work as scheduled. Supervisors and/or Manager will notify affected employees as soon as possible of employee schedules during emergencies.

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512 Business Travel Expenses

Effective Date: 2/7/2006

Southern Water & Sewer District will reimburse employees for reasonable business travel expenses. All business travel must be approved in advance by your supervisor and the District's manager.

Allowable travel expenses include mileage reimbursement for use of your personal vehicle, other transportation costs (if necessary), meals, lodging, and other expenses directly related to accomplishing the objective of your trip. Unallowable expenses include entertainment costs and alcoholic beverages. Meals and lodging will be reimbursed at actual costs and mileage reimbursement for use of a personal vehicle will be reimbursed at the current state reimbursement rate. Itemized receipts must be retained and presented to your supervisor before and reimbursement can be made.

The method of reimbursement of expenses for Commissioners for attendance at seminars and training sessions when representing the District shall be treated the same as an employee of the District.

It is the express policy of the District that employees will exercise moderation and discretion in incurring any costs while traveling on District business.

The above notwithstanding, the District's Manager has full discretion as to the appropriateness of any or all expenses for which reimbursement is requested by District employees.

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516 Computer and E-mail Usage

Effective Date: 2/7/2006

Southern Water & Sewer District may give employees access to computers, computer files, the e-mail system, and software to use in doing their work. We strive to maintain a workplace that is free of harassment and sensitive to the diversity of our employees. Therefore, we prohibit the use of computers and the e-mail system in ways that are illegal, disruptive, offensive to others, or harmful to morale.

We prohibit displaying, downloading, or e-mailing sexually explicit images, messages, and cartoons. Other examples of unacceptable computer usage include (but are not limited to) ethnic slurs, racial comments, off-color jokes, or anything that may be seen by another person as harassment or disrespectful.

You may not use e-mail to solicit others for commercial ventures, religious or political causes, outside organizations, or other nonbusiness matters.

You should notify your supervisor or District Manager, if you learn about a violation of this policy. Employees who violate this policy are subject to disciplinary action, up to and including termination of employment.

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517 Internet Usage

Effective Date: 2/7/2006

Southern Water & Sewer District may provide employees with Internet access to help them do their jobs. This policy explains the guidelines for using the Internet responsibly and productively. While Internet usage is intended for job-related activities, we permit incidental and occasional brief personal use within reasonable limits.

All Internet data that is composed, transmitted, or received via our computer systems is considered to be part of our official records. This means that it is subject to disclosure to law enforcement or other third parties. Therefore, you should always make sure that the business information contained in Internet email messages and other transmissions are accurate, appropriate, ethical, and lawful.

The equipment, services, and technology that you use to access the Internet are always the property of the District. Therefore, the District reserves the right to monitor Internet traffic. We also reserve the right to retrieve and read any data that is composed, sent, or received through our online connections or is stored in our computer systems.

We do not allow data that is composed, transmitted, accessed, or received via the Internet to contain content that could be considered discriminatory, offensive, obscene, threatening, harassing, intimidating, or disruptive to any employee or other person.

Examples of unacceptable content include (but are not limited to) sexual comments or images, racial slurs, gender-specific comments, or other comments or images that could reasonably offend someone on the basis of race, age, sex, religious or political beliefs, national origin, disability, sexual orientation, or any other characteristic protected by law.

The District does not allow the unauthorized use, installation, copying, or distribution of copyrighted, trademarked, or patented material on the Internet. As a general rule, if you did not create the material, do not own the rights to it, or have not received authorization for its use, you may not put the material on the Internet. You are also responsible for ensuring that a person sending material over the Internet has the appropriate distribution rights.

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Before you download or copy a file from the Internet, you should take the necessary anti-virus precautions. The District requires that all downloaded files be checked for viruses. All compressed files must be checked for viruses both before and after decompression.

Employees whose Internet usage violates laws or District policies are subject to disciplinary action, up to and including termination of employment. Employees may also be held personally liable for any violations of this policy. The following are examples of some actions and activities that are prohibited and which could result in disciplinary action:

- Sending or posting discriminatory, harassing, or threatening messages or images
- Using the organization's time and resources for personal gain
- Stealing, using, or disclosing someone else's code or password without authorization
- Copying, pirating, or downloading software and electronic files without permission
- Sending or posting confidential material, trade secrets, or proprietary information outside of the organization
- Violating copyright law
- Failing to observe licensing agreements
- Engaging in unauthorized transactions that may incur a cost to the organization or initiate unwanted Internet services and transmissions
- Sending or posting messages or material that could damage the organization's image or reputation
- Participating in the viewing or exchange of pornography or obscene materials
- Sending or posting messages that defame or slander other individuals
- Attempting to break into the computer system of another organization or person
- Refusing to cooperate with a security investigation
- Sending or posting chain letters, solicitations, or advertisements not related to business purposes or activities
- Using the Internet for political causes or activities, religious activities, or any sort of gambling

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- Jeopardizing the security of the organization's electronic communications systems
- Sending or posting messages that disparage another organization's products or services
- Passing off personal views as representing those of the organization
- Sending anonymous email messages
- Engaging in any other illegal activities

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518 Workplace Monitoring

Effective Date: 2/7/2006

Southern Water & Sewer District may conduct workplace monitoring to help ensure quality control, employee safety, security, and customer satisfaction.

The computer equipment systems and Internet access that employees may use are always the property of the District. Therefore, District reserves the right to monitor computer activities. We also reserve the right to retrieve and read any computer files or data that are composed, sent, or received through Internet connections or stored in our computer systems.

The District may conduct video surveillance of non-private workplace areas. We use video monitoring to identify safety concerns, maintain quality control, detect theft and misconduct, and discourage and prevent acts of harassment and workplace violence.

Because we are sensitive to the legitimate privacy rights of our employees, we will make every effort to guarantee that workplace monitoring is always done in an ethical and respectful manner.

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522 Workplace Violence Prevention

Effective Date: 2/7/2006

Southern Water & Sewer District is committed to preventing workplace violence and to maintaining a safe work environment. We have adopted the following guidelines to deal with intimidation, harassment, or other threats of (or actual) violence that might occur during business hours or on our premises.

All employees, including volunteers and temporary employees, as well as all District customers should be treated with courtesy and respect at all times. Employees are expected to refrain from fighting, "horseplay," or other conduct that may be dangerous to others. We prohibit firearms, weapons, and other dangerous or hazardous devices and substances from the premises or property of Southern Water & Sewer District without proper authorization.

The District will not tolerate conduct that threatens, intimidates, or coerces another employee, a customer, or a member of the public at any time. This includes all acts of harassment, including harassment that is based on an individual's sex, race, age, or any characteristic protected by federal, state, or local law.

All threats of (or actual) violence, either direct or indirect, should be reported as soon as possible to your supervisor or the District's manager. This includes threats by employees as well as threats by customers, vendors, solicitors, or anyone else. When reporting a threat of violence, you should be as specific and detailed as possible.

Be sure to report any suspicious person or activities as soon as possible to your supervisor. Do not place yourself in peril. If you see or hear a commotion or disturbance near your work area, do not try to intercede or see what is happening.

We will promptly and thoroughly investigate all reports of threats of (or actual) violence and of suspicious individuals or activities. The identity of the person who made the report will be protected to the extent practical. To maintain workplace safety and the integrity of its investigation, the District may suspend an employee, either with or without pay, pending investigation.

Any person who violates these guidelines will be subject to disciplinary action, up to and including termination of employment. Violations include making a threat of violence or actually committing a violent act.

If you are having a dispute or differences with another employee, we encourage you to discuss it with your supervisor or the manager before the situation escalates into potential violence. Southern Water & Sewer District is eager to assist in the resolution of employee disputes and we will not discipline an employee for raising these types of concerns.

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599 Whistle Blower

Effective Date: 2/7/2006

The Commonwealth of Kentucky has enacted legislation protecting employees from disciplinary action where the employee has disclosed to an appropriate government official illegal conduct by the employer. As such, unless the employee knows that the report is false, this employer will not discharge, threaten, or otherwise discriminate against an employee because the employee reports, verbally or in writing, a violation or suspected violation of law, regulation, or rule promulgated pursuant to the laws of this state, a political subdivision of this state, or the United States to a public body, or because an employee is requested by a public body to participate in an investigation, hearing, or inquiry held by that public body, or a court action.

Information regarding known or suspected disclosure of information shall be forwarded to the Executive Director, except that information shall be forwarded to the Chairman if the disclosure involves the District's Manager. The Manager (or Chairman) shall conduct an investigation into the disclosure within one calendar month following receipt of the information.

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603 Personal Leave

Effective Date: 2/7/2006

Southern Water & Sewer District will consider a request from an eligible employee to take an unpaid personal leave of absence to fulfill personal obligations. Only regular full time employees are eligible.

Eligible employees may request a personal leave only after completing 12 months of service. In order for us to give your leave request adequate consideration, we ask that you submit the request in writing to your supervisor as far in advance as possible.

An eligible employee may not take more than 60 calendar days of personal leave every 1 year. With supervisor approval, you may include available accrued paid time off, such as vacation, as part of your personal leave period.

We will give each request individual consideration. The decision to approve a personal leave will be based on a number of business factors such as anticipated workload needs and staffing considerations during the proposed absence.

Subject to the terms, conditions, and limitations of the applicable plans, as well as budget restrictions, the District will continue to provide health insurance benefits for the full period of the approved personal leave.

While on leave employees will be removed from active payroll and benefit accrual, such as vacation, sick leave, or holiday benefits, will be suspended during a personal leave and will resume when you return to active employment.

When a personal leave ends, we will make every reasonable effort to return you to the same position if it is available or to an available similar position for which you are qualified. However, the District cannot guarantee reinstatement in all cases.

If you do not report to work promptly at the end of a personal leave, we will assume that you have resigned.

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605 Military Leave

Effective Date: 2/7/2006

Southern Water & Sewer District will grant a military leave of absence to employees who are absent from work because they are serving in the U.S. uniformed services in accordance with the Uniformed Services Employment and Re-employment Rights Act (USERRA). You are required to give your supervisor advance notice of upcoming military service, unless military necessity prevents advance notice or it is otherwise impossible or unreasonable.

You will receive full pay for a period up to ten (10) working days in a twelve (12) month period. The portion of any military leave of absence in excess of two weeks will be unpaid. However, you may use any available accrued paid time off, such as vacation or sick leave, for the absence.

Continuation of health insurance benefits is available as required by USERRA based on the length of the leave and subject to the terms, conditions and limitations of the applicable plans for which you are otherwise eligible.

Benefit accrual such as vacation, sick leave, and holiday benefits will continue during a military leave of absence.

Employees who are on military leave for up to 30 days must return to work on the first regularly scheduled work period after service ends (allowing for reasonable travel time). Employees who are on military leave beyond 30 days must apply for reinstatement in accordance with USERRA and all applicable state laws.

When you return from military leave (depending on the length of military service in accordance with USERRA), you will be placed either in the position you would have attained if you had remained continuously employed or in a comparable position. For the purpose of determining benefits that are based on length of service, you will be treated as if you had been continuously employed.

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607 Pregnancy-Related Absences

Effective Date: 2/7/2006

Southern Water & Sewer District will not discriminate against any employee who requests an excused absence for medical disabilities associated with pregnancy. We will evaluate such leave requests according to the medical leave policy provisions outlined in this manual and all applicable federal and state laws.

If you request time off for a pregnancy or childbirth reason (such as bonding or child care) that is not related to a medical disability for those conditions, we will treat the request in the same way as we would consider a request for unpaid family or personal leave.

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701 Employee Conduct and Work Rules

Effective Date: 2/7/2006

To ensure orderly operations and provide the best possible work environment, we expect you to follow rules of conduct that will protect the interests and safety of all employees and the District.

Although it is not possible to list all the forms of behavior that are considered unacceptable at work, the following are some examples of conduct that may result in disciplinary action, up to and including termination of employment:

- Theft or inappropriate removal or possession of property
- Falsification of timekeeping records
- Working under the influence of alcohol or illegal drugs
- Possession, distribution, sale, transfer, or use of alcohol or illegal drugs in the workplace, while on duty, or while operating employer-owned vehicles or equipment
- Fighting or threatening violence in the workplace
- Boisterous or disruptive activity in the workplace
- Negligence or improper conduct leading to damage of employer-owned or customer-owned property
- Insubordination or other disrespectful conduct
- Smoking in prohibited areas
- Sexual or other unlawful or unwelcome harassment
- Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace
- Excessive absenteeism or any absence without notice
- Unauthorized absence from work station during the workday
- Unauthorized use of District vehicles or equipment
- Unauthorized use of telephones, mail system, or other employer-owned equipment
- Unauthorized disclosure of confidential information
- Violation of personnel policies
- Unsatisfactory performance or conduct
- Conviction of a felony

Southern Water & Sewer District

A. Office Protocol

District office space and equipment are designed and appointed for the conduct of business. Furnishings, decor, and conduct of personnel shall further the conduct of District business.

B. Office Management

The Manager shall obtain, organize and assign appropriate space, equipment, and materials for the District's operations. Operational and maintenance responsibilities, special work assignments and office management policies or procedures shall be established and promulgated, and changed as required in like manner.

C. Correspondence

The Manager shall sign all official correspondence relative to policy issuance, with the concurrence of the District Commissioners.

D. Dress Code

Appropriate dress shall be defined as follows:

1. All field and plant employees shall wear uniforms supplied by the District at all times, unless excused by your supervisor.
2. All office and administrative personnel shall wear casual business attire appropriate for working with customers, the public in general and other office visitors.
3. All employees should remember that we play an important role in creating and maintaining a positive and favorable image to customers and the public at large and should dress and conduct ourselves appropriately. How you dress, your grooming and personal cleanliness standards all contribute to that image and also to the morale of your co-workers.

E. Soliciting

In an effort to assure a productive and harmonious work environment all solicitation must be pre-approved by the Manager.

The District recognizes and encourages its personnel to have interests in events and organizations outside the workplace. However, employees may not solicit or distribute literature concerning these activities during working time. Employees will be reminded of the policy. However, employees may leave order forms or literature in the common area of the break room.

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F. Office Decorum

Employees are expected to keep their respective offices or designated workspaces neat, clean and orderly, and to assist, both by assignment and by volunteering, in cleaning and maintain common-use areas. This includes the outside premises from trash and litter.

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702 Drug and Alcohol Use

Effective Date: 2/7/2006

Southern Water & Sewer District wants to provide a drug-free, healthful, and safe workplace. To meet this goal, we expect you to report to work in a mental and physical condition that enables you to perform your job in a satisfactory manner.

While in or on District premises or while performing duties out in the field, you may not use, possess, distribute, sell, or be under the influence of alcohol or illegal drugs. Controlled substances are those described in KRS 218 A.020 through KRS 218 A.140, or in regulations of the Cabinet for Families and Children and the Cabinet for Health. We permit the legal use of prescribed drugs on the job only if they do not impair your ability to perform the essential functions of your job effectively and safely without endangering others.

Each employee shall read and sign the Drug Free Workplace Certification, attached to this policy, which will be placed into your permanent personnel file.

If you violate this policy, it may lead to disciplinary action, up to and including immediate termination of your employment. Additionally, we may require that you participate in a substance abuse rehabilitation or treatment program. If you violate this policy, there could also be legal consequences.

To help employees understand the important provisions of this policy, we will refer you to a drug-free awareness program in the area. The program provides information on the dangers and effects of substance abuse in the workplace, the resources available, and the consequences of violating this policy.

An employee with a drug or alcohol problem may request approval to take unpaid time off to participate in a rehabilitation or treatment program through our health insurance benefit coverage, if the employee's substance abuse problem has not already resulted in disciplinary action and the employee is not currently subject to immediate disciplinary action. The time off may be granted if the employee agrees to abstain from using the problem substance; abides by all District policies, rules, and prohibition relating to conduct in the workplace; and if granting the time off will not cause the District any undue hardship.

Employees are hereby informed that drug abuse prevention information and counseling is available through a Mountain Comprehensive Care Center located in each county seat of the Big Sandy Region.

Southern Water & Sewer District requires all employees to sign a drug free workplace acknowledgement form at the time of hire. This form will be placed in your permanent personnel file. The District reserves the right to randomly drug test all employees with or without cause. Any such testing will be done without notification and at the District's

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expense.

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703 Sexual and Other Unlawful Harassment

Effective Date: 2/7/2006

Southern Water & Sewer District is committed to providing a work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment. Actions, words, jokes, or comments based on an individual's sex, race, color, national origin, age, religion, disability, or any other legally protected characteristic will not be tolerated.

Sexual harassment is defined as unwanted sexual advances, or visual, verbal, or physical conduct of a sexual nature. This definition includes many forms of offensive behavior and includes gender-based harassment of a person of the same sex as the harasser. The following is a partial list of sexual harassment examples:

- Unwanted sexual advances.
- Offering employment benefits in exchange for sexual favors.
- Making or threatening reprisals after a negative response to sexual advances.
- Visual conduct that includes leering, making sexual gestures, or displaying of sexually suggestive objects or pictures, cartoons or posters.
- Verbal conduct that includes making or using derogatory comments, epithets, slurs, or jokes.
- Verbal sexual advances or propositions.
- Verbal abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, or suggestive or obscene letters, notes, or invitations.
- Physical conduct that includes touching, assaulting, or impeding or blocking movements.

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Unwelcome sexual advances (either verbal or physical), requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when: (1) submission to such conduct is made either explicitly or implicitly a term or condition of employment; (2) submission or rejection of the conduct is used as a basis for making employment decisions; or, (3) the conduct has the purpose or effect of interfering with work performance or creating an intimidating, hostile, or offensive work environment.

If you experience or witness sexual or other unlawful harassment in the workplace, report it immediately to your supervisor. If the supervisor is unavailable or you believe it would be inappropriate to contact that person, you should immediately contact the District's Manager. You can raise concerns and make reports without fear of reprisal or retaliation.

All allegations of sexual harassment will be quickly and discreetly investigated. To the extent possible, your confidentiality and that of any witnesses and the alleged harasser will be protected against unnecessary disclosure. When the investigation is completed, you will be informed of the outcome of the investigation.

Any supervisor who becomes aware of possible sexual or other unlawful harassment must immediately advise the District's Manager so it can be investigated in a timely and confidential manner. Any employee engaging in sexual or other unlawful harassment will be subject to disciplinary action, up to and including termination of employment.

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704 Attendance and Punctuality

Effective Date: 2/7/2006

As an employee of Southern Water & Sewer District, you are expected to be reliable and punctual by reporting for work on time and as scheduled. When you are absent or late, it places a burden on other employees and can impact productivity and service. In the rare instances when you cannot avoid being late or are unable to work as scheduled, be sure to notify your supervisor as soon as possible so that appropriate arrangements can be made.

Because unplanned absences can be disruptive to work, a poor attendance record or excessive lateness may lead to disciplinary action, up to and including termination of employment.

705 Disciplinary Actions

Effective Date: 2/7/2006

Revision Date:

Generally, Southern Water & Sewer District believes in the application of progressive discipline. However, the District reserves the right to skip any step or requirement in the disciplinary action sequence outlined below depending on the severity of the misconduct or when the facts or circumstances otherwise warrant. Further, it is also noted that in establishing the following disciplinary procedures, it is specifically not the District's intention any employment situation that compromises its at-will employment status. As stated in these policies, nothing in these policies is intended to create a contract of employment. Any individual may voluntarily leave employment or may be terminated by the District at any time, for any lawful reason, or for no reason at all. Any oral, written statements, custom or course of dealing to the contrary are hereby expressly disavowed.

When an employee fails to follow any rule, regulation, operating procedure or job requirement, one of the following measures shall apply, depending on the circumstances involved and the severity of the offense:

- 1. Verbal Warning:** In the case of a minor infraction, the immediate supervisor shall administer the verbal reprimand as soon as possible after the offense. The date of the verbal reprimand along with a description of the occurrence which prompted the reprimand and any comments the employee may have had will be noted by the supervisor and placed in the employee's personnel file.
- 2. Written Warning:** In the case of either a second minor infraction or a more serious first infraction, the supervisor shall give the employee a written warning specifying the reasons(s) for such warning. After issuing a written warning, the District may choose to have the employee's performance reviewed on a daily or weekly basis for improvement.

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In doing so, the employee shall be made aware of the consequences of continued infractions. The employee may sign the written warning or it can be signed by a witness. A copy of the written warning shall be placed in the employee's personnel file.

3. **Suspension:** After either a serious violation or repeated minor infractions, the supervisor may request in writing to the District's Manager that the employee be suspended with or without pay. The request shall include the reason(s) for suspension along with details of previous disciplinary actions. The Manager may suspend an employee for a period of up to 4 calendar weeks, depending on the severity of the offense. When a decision to suspend an employee is made the Manager shall provide written notification to the employee within two working days. The notice shall include the reason(s) for the suspension and the duration of the suspension. The District's manager shall present the suspension and reasons therefore to the District's Commissioners at the next meeting of the District. Employees suspended without pay shall not accrue sick and vacation time while suspended.

4. **Dismissal:** When an offense is repeated, or misconduct is serious enough for discharge on the first offense, a supervisor may recommend dismissal to the District's Manager. The recommendation shall include reason(s) for dismissal, details of previous disciplinary actions (if any), and the recommended effective date of discharge. It is the District Manager's responsibility to inform Commissioners of the recommendation for dismissal, and if necessary, ask the Chairman to convene a special meeting of the District to act on the recommendation. Upon approval of the Commissioners, the Manager shall provide the employee with a Letter of Intent to Dismiss containing reasons for dismissal (if any), details of previous disciplinary actions (if any) and recommended date for employment termination.

5. **Right to Respond:** An employee who has been notified on intent to dismiss him/her has the right to appear personally before the District's Commissioners to contest his/her dismissal. He/she must notify the Manager within 5 days of receipt of the Letter of Intent to Dismiss that they wish to meet directly with the District's Commissioners. Subsequent to the meeting with the District's Commissioners, their decision will be final and will be so noted in the employee's personnel file.

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706 Return of Property

Effective Date: 2/7/2006

As part of your job, you may be issued or given temporary possession of District property, equipment, and materials or written information.

You are expected to be responsible for and maintain control of any District property in your possession. If your employment ends, all District property must be returned on or before your last day of work. In situations where you do not return District property, we may take steps to recover the item or its cost by withholding from your regular or final paycheck when allowed by law, or by taking legal action.

PROPERTY ACKNOWLEDGEMENT FORM

I acknowledge receipt of the property or equipment listed herein and that all property or equipment listed is in good condition. By signing this acknowledgement I agree to the value listed herein and promise that I will return any property or equipment assigned to me in good condition or I will be held financially liable for it. I also understand that the value of any property or equipment not returned upon my termination of employment will be withheld from my final paycheck.

Name _____ Date _____

Witness _____ Date _____

ITEM

VALUE

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718 Grievances and Complaints Resolution

Effective Date: 2/7/2006

Southern Water & Sewer District is committed to providing the best possible working conditions for our employees. Part of this commitment is encouraging an open and frank atmosphere in which any problem, complaint, suggestion, or question receives a timely response from District supervisors and management.

The District strives to ensure fair and honest treatment of all employees. We expect supervisors and employees to treat each other with mutual respect. We encourage employees to offer positive and constructive criticism to each other.

If you disagree with established rules of conduct, policies, or practices, you can express your concern through the problem resolution procedure. You will not be penalized, formally or informally, for voicing a complaint with the District in a reasonable, business-like manner, or for using the problem resolution procedure.

If a situation occurs when you believe that a condition of employment or a decision affecting you is unjust or inequitable, you are encouraged to make use of the following steps. You may discontinue the procedure at any step.

PROBLEM RESOLUTION PROCEDURE

1. You present the problem to your supervisor within 10 calendar days after the incident occurs. If your team leader is unavailable or you believe it would be inappropriate to contact that person, you may present the problem to the Manager.
2. The supervisor responds to the problem during discussion or within 10 calendar days after consulting with appropriate management, when necessary. The supervisor documents the discussion.
3. You present the problem to the District's Manager within 5 calendar days if the problem is unresolved.
4. The Manager counsels and advises you, assists in putting the problem in writing, visits with your supervisor, if necessary, and directs you to the District's commissioners, if necessary, for appeal of the problem.
5. You present the problem to the Commissioners in writing, within 10 days.
6. The District's Commissioners review and consider the problem. They inform you of their decision within 10 calendar days and forward a copy of the written response to the Manager for your file.

Not every problem can be resolved to everyone's total satisfaction, but only through

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understanding and discussion of mutual problems can employees and management develop confidence in each other. This confidence is important to the operation of an efficient and harmonious work environment, and helps to ensure everyone's job security.

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507 Compensatory Time / Overtime

Effective Date: 2/7/2006

The District offers Compensatory Time to exempt employees and pay overtime (one and one half times the hourly rate amount set out in the letter of employment) to hourly or non-exempt employees only as specifically authorized hereinafter, and pursuant to state and federal labor laws.

Compensatory Time - Special tasks, attendance at night meetings, or other circumstances often require time in excess of the hours of the standard workweek. With the approval of the District's manager, compensatory time may be granted to eligible employees. Compensatory time shall be scheduled so that it is taken within sixty days following the time it is authorized and so as not to interfere with the routine business operations of the District. Compensatory time is a benefit, is not accrued, and has no monetary value. The District Manager shall establish appropriate time accounting forms to properly record accrual and usage of compensatory time.

Overtime Work - All non-exempt employees who work in excess of 40 hours per week will be paid at one and one-half times their regular rate of pay. Whenever possible, all overtime work must be approved in advance by your immediate supervisor.

With specific authorization only, all non-exempt employees will be paid overtime compensation in accordance with federal and state wage and hour restrictions. Overtime pay is based on actual hours worked. For this reason, time off for sick leave, vacation, and other paid or unpaid leaves of absence is not considered hours worked for the purpose of calculating overtime pay.