

EMPLOYEE HANDBOOK

OF

**SOUTH EASTERN WATER
ASSOCIATION, INC.**

(Revised December 14, 2012)

South Eastern Water Association, Inc.
Employee Handbook

INTRODUCTION

The purpose of this Handbook is to give you, the employee, basic information on what to expect in the course of your work for South Eastern Water Association, Inc. This Handbook outlines company policies on employee compensation and benefits, standards of conduct, employee grievances, and related topics of concern and interest to our employees.

This Handbook is intended to be informational only, and is not a contract. The company reserves the right to revise or discontinue any of the policies described in this Handbook, and to terminate the employment relationship with any of its employees at any time, in its sole discretion for any reason it deems appropriate in its sole discretion. In addition, in certain positions there may be specific understandings or agreements entered between the employee and the company on an individual basis; these are beyond the scope of this Handbook.

HIRING AND PROMOTION

South Eastern Water Association, Inc. is an equal opportunity employer, and all decisions regarding the hire and promotion of South Eastern Water Association, Inc.'s employees are made with that policy in mind.

The Americans with Disabilities Act establishes guidelines on the nature of employer inquiries on medical information regarding potential employees, and the timing of such inquiries. It is the company's policy to strictly comply with those guidelines.

Certain positions within the company may require specific qualifications. These may include education, training, experience, licensing, or skill levels. To the extent practicable, the company will include such requirements in information about job and promotional openings.

In compliance with the federal Drug Free Workplace Act, and because of concerns regarding safety and productivity, the company reserves the right to require employees to undergo drug screening, and may in certain positions require pre-employment drug screening.

COMPENSATION

In addition to the basic monetary compensation (salary or wages) for each employee, the company provides the following forms of additional compensation and benefits:

Overtime. For employees classified as "non-exempt" under federal and state wage and hour laws, overtime at the rate of one and one-half times the normal hourly rate for all hours in excess of 40 worked in a single work week.

HEALTH INSURANCE

Employees employed prior to June 2007 policy renewal date are offered group health insurance coverage for themselves and their family at no cost to the employee.

Employees employed on or after June 2007 policy renewal date be offered group health insurance for themselves and their family after ninety days from their employment date; the cost of the employee's coverage will be at the employer's cost; family coverage will be the responsibility of the employee.

In the event of separation for employment, or termination of coverage, employees and their covered dependents will be provided information on rights to continue health insurance coverage at their own expense.

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RETIREMENT PLAN

Participation in the company's retirement plan applies to an employee that has attained the age of twenty one by the end to the plan year (December 31 of each year) and has earned three hundred dollars in three of the last five years.

LEAVES OF ABSENCE

Leaves of absence fall into two categories: paid and unpaid. All leaves, whether paid or unpaid, are subjects to the prior approval of the employee's supervisor.

Vacation. Employees accumulate paid vacation leave which is described below.

Medical Leave/ Sick Days.

a. Paid medical leave. Employees accumulate paid medical leave is described below.

Paid medical leave is not a form of vacation and may be used only for bona fide illness or injury of the employee or, where the employee's presence is medically required for illness or injury to members of the employee's immediate family including parents.

b. Absence due to illness or injury, generally. Any time an employee misses work because of illness or injury to the employee or illness or injury to a member of the employee's immediate family, the employee must call his or her supervisor before the time the employee is scheduled to start work, and shall keep his or her supervisor fully informed regarding the number of days the employee will miss work. The company reserves the right to require the employee to produce acceptable medical documentation for the absence, or to authorize the release to the company of medical records verifying the need for the absence.

c. Family medical leave. If an employee is required for medical reasons, as described above, to be off work for a number of days that is greater than the employee's accumulated sick time, then the employee will be granted an unpaid leave of absence in accordance with the Family Medical Leave Act. The employee may use any accrued vacation time for these medically required absences, if desired. This leave may extend to at least twelve weeks as medically required, including both paid and unpaid leave time. This will include the birth of a child or placement with the employee of a child for adoption or foster care. Where the need for a family medical leave of absence is foreseeable, the employee must provide thirty days' advance notice.

d. Bereavement. Employees shall be allowed up to three paid days absence due to death in the employee's immediate family. Immediate family shall include the death of a sibling, spouse, parent, child, grandchild, grandparents, and father in law or mother in law.

VACATION

Vacation starts January 1 of each year (i.e. if hired any time during year one, even December 31 of year 1, employee would have a weeks vacation in January 1, of year 2 of employment). Employee has one week paid vacation in years two and three of employment; two weeks paid vacation in years four and five; the sixth year and thereafter one additional paid vacation day is added each year until the employee has three weeks paid vacation. Vacations are to be taken by December 31 of the year the vacation is earned, unless carryover is approved by management. A week vacation pay defined as forty regular hours. A vacation day pay is defined as eight regular hours.

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PERSONAL DAYS

After a ninety day probationary period an employee will earn with pay at regular hourly rate of pay; one personal day for that year, and a one half personal day per month. Personal days can be taken only after they are earned. Personal days earned from January 1 through December 31 of a year can be taken through December 31 of the next year. Any personal days carried over from the previous year not taken by December 31 of the current year will be lost.

HOLIDAYS

Holiday pay is given to all full time employees. Each holiday is compensated at eight hours regular pay. The following are the paid holidays.

1. New Years Day
2. Martin Luther Kings Birthday
3. Memorial Day
4. July 4th
5. Labor Day
6. Thanksgiving Day
7. Day after Thanksgiving Day
8. Christmas Day
9. The Day after Christmas

OTHER BENEFITS

Workers' Compensation. Workers' compensation coverage is provided to all employees covered by the Kentucky Workers' Compensation Act.

Unemployment Insurance. Unemployment Insurance coverage is provided for all employees subject to the Kentucky statutes and regulations regarding unemployment insurance.

GRIEVANCE POLICY

South Eastern Water Association, Inc. encourages its employees to advise it of complaints or difficulties in the workplace. This specifically includes problems connected with equal employment opportunity, but also includes job-relates disputes generally. Any employee who wishes may make use of this grievance policy, and employees who believe they have been subjected to sexual harassment or harassment because of any other protected category, or who believe they have been denied a reasonable accommodation to which they believe they are entitled, are specifically encouraged to make use of this grievance policy. Delay is often harmful to the ability to resolve grievances, and so employees are encouraged to present their grievances as quickly as possible.

Step 1. Generally, a grievance should first be presented to the employee's immediate supervisor, who will then have an opportunity to attempt to resolve the situation.

Step 2. If the grievance has not been resolved within five working days of its having been presented to the employee's supervisor, or if the circumstances make it inappropriate to present the grievance to the supervisor (as for example when the supervisor is alleged to have engaged in unlawful harassment), then the employee may present the grievance to the manager

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Step 3. If the grievance has not been resolved within ten days of its having been presented to manager, then the employee may present the grievance to the President of the Board of Directors. Although the grievance may or may not be in writing at steps one and two, it must be presented in writing at step 3. The company will attempt to respond at step 3 within thirty working days.

MISCELLANEOUS

Safety. All employees must promote safety and health on the job and avoid activity that threatens workplace safety.

No Cell Phone. There is to be no cell phone use when operation an association vehicle.

Threats and Violence. Employees are prohibited from making threats toward other persons in or connected with the workplace or making statements, gestures, or other communications which could reasonably be interpreted as threatening, intimidating, or to terrorizing, implying a significant danger of impending physical violence. All acts of violence are prohibited.

Drug and Alcohol Free Workplace. The manufacture, distribution, dispensing, possession or use, of a controlled substance, or of an intoxicating substance, are prohibited at any time during the work day, or at any work location whether during the work day or not, and no employee may come to work under the influence of any intoxicating substance or any drug or medicine which might affect the employee's ability to perform work safely and well.

Any employee convicted of a crime connected with drug related statutes, where the criminal activity took place in connection with the work place, shall inform his or her supervisor no later than 5 days after such conviction.

Harassment. Harassment of employees because of their sex, race, or other protected category is strictly prohibited by this company. This will include any conduct that tends to make the workplace a hostile or oppressive environment because of sex or race. Unwelcome sexual advances, lewd behavior, racial invective or jokes, and similar conduct cannot be tolerated. Employees with knowledge of any such activity are specifically encouraged to report it to, and those who believe they have been subjected to such conduct are encouraged both to report the conduct and to make use of the company grievance policy.

Cooperation in Investigations. All employees are expected to cooperate with the company in investigations and efforts to determine the truth regarding any allegations of misconduct or inappropriate conduct.

Searches and Privacy. While South Eastern Water Association, Inc. will attempt to respect the privacy of it employees, it reserves the right to conduct investigations to assure the safety, productivity, and well being of all those who are associated with it. When allegations of misconduct or of activity that might endanger the workplace or give rise to legal consequences arise, it is the company's duty and responsibility to take steps to determine the truth of the situation. This will include the following:

- interviews with employees in which the employee is expected to fully cooperate.
- inspection of employee lockers, desks, and all places or facilities in the workplace, as well as of lunch boxes, briefcases, packages, and containers. Please keep this in mind when deciding whether to bring something to the workplace; *if you wish to keep the contents of a package, briefcase, lunchbox, or any container private, please do not bring it to work.*
- drug and alcohol screening.

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EQUAL OPPORTUNITY

South Eastern Water Association, Inc. is an equal opportunity employer. It is the policy of the company to promote equal opportunity in the workplace; toward this end, the following guidelines will apply:

Individuals with disabilities who may be in need of accommodation are encouraged to advise the manager of this. This voluntary disclosure will enable the company to work with the employee in determining what might be a reasonable accommodation. The company will comply with the Americans with Disabilities Act, and all other applicable law, in attempting to make such accommodations.

South Eastern Water Association, Inc. will honor the religious beliefs and preferences of its employees to the extent practicable and with the interests of all employees in mind. Employees who wish reasonable accommodations regarding religious holidays or other religious practices should inform manager. The company will comply with the Civil Rights Act of 1964, and all other applicable law, in attempting to find a reasonable accommodation.

Harassment of employees because of their sex, race, or other protected category is strictly prohibited by this company. This will include any conduct that tends to make the workplace a hostile or oppressive environment because of sex or race. Unwelcome sexual advances, lewd behavior, racial invective or jokes, and similar conduct cannot be tolerated. Employees with knowledge of any such activity are specifically encouraged to report it to manager, and those who believe they have been subjected to such conduct are encouraged both to report the conduct and to make use of the company grievance policy.

STANDARDS OF CONDUCT

The continued health of South Eastern Water Association, Inc. is a matter of vital interest not only to the company but also to its employees. South Eastern Water Association, Inc. expects its employees to conduct themselves in a manner consistent with the company's best interests. In the event that a disciplinary infraction has occurred, the company reserves the right to impose disciplinary action as it deems appropriate in its discretion; all employees are subject to disciplinary action, up to and including termination, at the discretion of the company. This applies to all conduct on the job, and within reason to conduct off the job. The following items regarding conduct are specific examples of the general policy that employees must keep the interests of South Eastern Water Association, Inc. in mind in their actions; naturally it is impossible to list every example, and this is not an attempt to do so.

Attendance. Employees will be advised of a daily work schedule, and may be given a specific beginning time for work. Employees will be expected to be present and ready to begin work at the scheduled starting time.

Respect for Property. All individuals in and off the work place must respect the property of other individuals and of the company. Theft or destruction of property, or the handling of equipment in a manner contrary to good maintenance, cannot be tolerated.

Quality of Work. Employees are expected to perform their work to the best of their ability and at a consistently high level of quality, and to avoid waste of time or materials.

Courtesy. Everyone associated with South Eastern Water Association, Inc. must deal with members of the public, as well as with fellow workers, subordinates, and supervisors with appropriate courtesy.