

EMPLOYEE GOVERNANCE POLICY

Policy Purpose

The purpose of this document is to formalize the policies of Kentucky Municipal Energy Agency (“KYMEA”) regarding the management of its employees.

Policy

It is the policy of KYMEA to provide compensation and benefits to employees as follows:

1. Without regard to race, color, religion, age, sex, national origin, disability status, genetics, protected veteran status, sexual orientation or gender identity or expression, or any other characteristic protected by federal, state, or local laws;
2. Provide compensation based upon internal equity and that is competitive with similar jobs within the joint action agency industry and region and based upon the demands and requirements of the position;
3. Provide benefits comparable to and competitive with those being offered by similar organizations; and
4. In a manner which maintains personnel costs within appropriate limits so as to ensure the continued financial stability of KYMEA.

It is the intent of KYMEA to maintain a compensation program that:

1. Clearly defines the responsibilities of each job through written classification descriptions;
2. Determines the relative value of each job based upon differences in standardized compensable factors;
3. Establishes overall pay levels and ranges of pay which are competitive in the marketplace and are internally equitable;
4. Administers pay in accordance with the Federal Wage and Hours laws and other applicable governmental statutes and regulations;
5. Promotes effective communications throughout KYMEA with regard to compensation and benefit programs; and
6. Provides for an objective, systemized approach to the budgeting and monitoring of compensation and benefits expenses.

The President and CEO of KYMEA (the “CEO”) shall have the administrative responsibility to manage the KYMEA employee workforce in accordance with this Policy of the KYMEA Board (the “Board”) and the KYMEA Employee Handbook.

The Board has ultimate authority and responsibility for KYMEA’s compensation objectives and policies. Upon the advice and recommendations of the CEO, the Board shall establish the number, classification, and range of pay of employees. The Board shall approve compensation policies that

set the pay ranges of positions and pay grade structure, including any changes to existing ranges or grade structure, and any exception to or major revisions to the compensation objective or policy. The Board shall approve any general wage increases for employees, structure movement of pay grades and any incentive pay initiatives. The Board shall set the compensation of the CEO.

Pursuant to the Board's policies, ongoing responsibility for implementing and monitoring the compensation program is delegated to the CEO. As such, the CEO is responsible for the following:

1. Maintaining a written compensation plan and a KYMEA Employee Handbook containing associated employee benefit plans, policies and procedures;
2. Approving procedures that support the application of the compensation plan and policies approved by the Board;
3. Drafting/recommending new or revised pay policies and procedures for consideration by the Board;
4. Preparing and maintaining classification descriptions and obtaining approval for job classification or titles, however, minor, non-substantive revisions to existing descriptions may be made by the CEO without Board approval;
5. Preparing and maintaining the physical requirements of each position;
6. Monitoring the evaluation of new classifications and re-evaluations of existing classifications;
7. Authorizing the pay rate at hire, in accordance with the Board's range of pay or pay scales, and any step or other movements within a classification's pay grade, provided that the rate does not exceed the maximum value of the job;
8. Approving the transition from junior to senior grade levels;
9. Monitoring the pay structure to maintain market competitiveness and internal equity;
10. Maintain and review compliance with Fair Labor Standards Act, Equal Employment Opportunity Commission requirements, and other applicable governmental regulations including the determination of "exempt" and "non-exempt" status of each position;
11. Maintaining history of salary and personnel records including the written documentation and authorization of any pay adjustments;
12. Appraising program effectiveness and recommending program revisions to the Board as necessary;
13. Authorizing and approving temporary or contract labor and setting the employment conditions and pay for such that are not in contravention of civil service statutes or Board directives; and
14. Maintaining an organization chart that outlines the various KYMEA workforce positions.

The CEO shall strive to provide KYMEA with a workforce that promotes and achieves the purposes, goals, and values of KYMEA as set forth in KYMEA's Strategic Plan, its Policies, and

the standards of its Employee Handbook. The CEO shall have the administrative responsibility to interview and hire KYMEA's employees.

The Board will establish a compensation program that is competitive in the market, has internal equity and systematic pay grades and ranges based on standard compensable factors and written job descriptions, and provides for an objective, systematic approach to the budgeting and monitoring of human resource expenses system. The CEO shall administer that compensation system in accordance with the Board's policies and approved number, classifications, and payroll ranges.

The Board will establish and approve a benefits program which shall be fair and equitable that is competitive in the market. The CEO shall be required to advise any employee as to the benefits program and shall provide a written summary of the benefits program in the Employee Handbook. The CEO shall establish a set of internal controls for monitoring and reporting the benefits program.

The Board has approved a KYMEA employment policy that ensures the fair and equitable treatment of employees and candidates for employment; establishes terms and conditions of employment including rules of employee conduct. The CEO shall establish internal controls for monitoring and reporting on violations of the employment policy and the CEO shall have the authority to suspend, demote or terminate an employee.

The CEO, subject to the Board's approved budget, shall provide employees with safe working conditions, adequate facilities and equipment, opportunities for continuing education and other support to enable high levels of employee performance and job satisfaction.

The CEO shall inform the Board about employee satisfaction or any employment issues that may require Board attention.

The CEO shall operate KYMEA in accordance with applicable employment law, federal and Kentucky laws and regulations, and KYMEA policy.

The CEO shall be responsible for informing employees of KYMEA written personnel policies and the rules and procedures for their implementation.

The CEO will establish procedures that will protect the use, collection, review, transmission, or storing of employee information in a manner that protects it against unauthorized or improper access or use, damage or loss, and unauthorized disposition.

The CEO shall establish an employee travel and expense program which ensures the business necessity of any expense, specifically defines allowable costs, tracks, and ensures proper reimbursements of employees, and provides requirements for internal controls, review, and reporting.