

LNRA BOARD POLICY
202 – EMPLOYEE BENEFITS

202.10 PURPOSE

The purpose of this policy is to establish guidance for the Board of Directors and staff in providing employee benefits that attract and retain highly motivated employees.

202.20 POLICY

202.201 WORK FORCE.

The Board of Directors has determined that in order to meet the major goals and objectives of LNRA, it must maintain a well trained, competent and adequately compensated work force. Adequate compensation is a combination of fair pay and an employee benefits program.

202.202 EMPLOYEE BENEFITS PROGRAM.

LNRA's employee benefits program should provide an array of benefits that provide a measure of protection for employees and their dependents. The program should be designed to maintain a highly motivated work force. It should also include components that assure LNRA's employees of a reasonable retirement. The Board also recognizes that the program must be competitive with similar organizations as well as major employers within the LNRA service area. Its cost must be reasonable so that LNRA's rates and cost for services are competitive with local markets.

202.203 RETIREMENT PLAN.

All eligible employees will become members of the Texas County and District Retirement System. The Board of Directors will establish annually the rate at which LNRA will contribute to an employee's retirement account each month.

202.204 SECTION 457 RETIREMENT SAVINGS PLAN.

A retirement savings plan will be provided to the employees as an enhancement to the retirement plan in compliance with Section 457 of the Internal Revenue Code. The plan will provide for voluntary participation by the employees.

202.205 MEDICAL, DENTAL, AND VISION INSURANCE.

An employee health program will be maintained by LNRA which may include comprehensive medical and dental insurance. The program may be fully insured, partially self-insured or self-insured, depending on the level of risk that LNRA is willing to assume. Medical insurance will

be offered to all of LNRA's full-time employees and their dependents. The percentage of premiums paid by LNRA may be adjusted by the Board of Directors.

Vision insurance will be offered to all of LNRA's full-time employees and their dependents on a voluntary basis. Employees are responsible for 100% of the cost for the plan.

A retiree health program will be maintained by LNRA which will include medical insurance for eligible retirees and their dependents. The definition of a retiree is outlined in the Employee Information Manual. The percentage of premiums paid by LNRA may be adjusted by the Board of Directors. LNRA will also provide eligible retirees with a Medicare supplement program. Retirees will be responsible for 100% of the cost for the plan.

202.206 GROUP LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE.

LNRA will provide a group insurance plan for life insurance and accidental death, dismemberment for all qualified employees. The percentage of premiums paid by LNRA may be adjusted by the Board of Directors.

202.207 125 FLEXIBLE BENEFIT PLAN.

A flexible spending account benefit plan in compliance with Section 125 of the Internal Revenue Code will be provided to all qualified employees on a voluntary basis. The plan may provide for employees to defer income in order to pay medical, dental, and vision premiums, and to establish flexible spending accounts to pay for medical, dental, vision, and dependent care costs. LNRA will pay for the administrative cost of the plan, but will make no contributions into the plan other than required by law.

202.208 VACATION LEAVE.

LNRA will provide vacation leave to all of its qualified employees. Vacation leave will accrue based on the length of employment. Upon termination, employees will be paid for unused vacation leave which has been accrued according to the conditions set forth in the Employee Information Manual.

202.209 SICK LEAVE.

LNRA will provide sick leave for all qualified employees. Eligible employees accrue four-(4) hours sick leave per pay period. Accrued sick leave shall have no monetary value upon termination of employment, nor can sick leave be used as vacation leave.

202.210 OTHER LEAVE.

LNRA will provide other types of leave which are statutory, customary for its service area or usually provided by similar organizations. These types of leave may include, but are not limited

to, compensatory time leave, leave of absence, court and jury leave, bereavement leave, military leave, injury leave, and family and medical leave.

202.211 HOLIDAYS.

An authorized LNRA holiday schedule will be approved by the General Manager at the beginning of each calendar year and a list of the authorized holidays will be posted.

202.30 RESPONSIBILITIES

202.301 BOARD OF DIRECTORS.

The Board of Directors will approve all employee benefit programs. The Board will also approve the Employee Information Manual, which will include the details of the employee benefit programs. Each fiscal year, the Board shall determine the contributions of LNRA into its employee benefit programs.

202.302 GENERAL MANAGER.

The management responsibility for LNRA's employee benefits is delegated to the General Manager. The General Manager shall insure that practices, procedures and internal controls are developed which effectuates this policy. The General Manager shall also insure that employees of LNRA are well informed of the employee benefits that are being provided to them and their dependents. The General Manager will also designate staff personnel who will be responsible for the administration and coordination of the employee benefits included in this policy. As necessary from time to time, the General Manager shall propose changes to LNRA's employee benefits, as well as proposed changes to the Employee Information Manual, and present such changes to the Board for its consideration.

EFFECTIVE: August 15, 2007