

**TRAVERSE CITY LIGHT & POWER
OFFICE OF THE EXECUTIVE DIRECTOR**

EXECUTIVE ORDER #2015-004

TITLE: TRVERSE CITY LIGHT & POWER ACT EMPLOYEE GROUP PROVISIONS

EFFECTIVE DATE: February 2013
AMENDED October 2015, March 2016, August 2016, August 2017

PURPOSE: To provide written documentation of the provisions which affect the Traverse City Light & Power (TCL&P) Administrative, Confidential and Technical (ACT) Group.

ELIGIBILITY: The provisions of this Order shall cover exempt and non-exempt TCL&P ACT employees.

THIS EXECUTIVE ORDER IS INTENDED AS A GUIDE TO THE CONDITIONS OF EMPLOYMENT AND BENEFITS THAT APPLY TO THE ADMINISTRATIVE, CONFIDENTIAL AND TECHNICAL (ACT) EMPLOYEES WITHIN TRAVERSE CITY LIGHT & POWER. NOTHING HEREIN CONTAINED SHALL BE CONSTRUED TO BE A CONTRACT BETWEEN THE EMPLOYER AND THE EMPLOYEE. ADDITIONALLY, THIS EXECUTIVE ORDER IS NOT TO BE CONSTRUED BY ANY EMPLOYEE AS CONTAINING BINDING TERMS AND CONDITIONS OF EMPLOYMENT. TRAVERSE CITY LIGHT & POWER RETAINS THE ABSOLUTE RIGHT TO TERMINATE ANY ACT EMPLOYEE, AT ANY TIME, WITH OR WITHOUT GOOD CAUSE. MANAGEMENT RETAINS THE RIGHT TO CHANGE THE CONTENTS OF THIS EXECUTIVE ORDER AS IT DEEMS NECESSARY, WITH OR WITHOUT NOTICE.

SECTION 1. COVERAGE AND STATUS

The ACT Group consists of the following positions:

Administrative Assistant
Controller

Manager of HR & Communications
Operations Manager

Computer Systems Specialist
Field Supervisor
Line Superintendent
Manager of Telecommunications &
Technology

Scheduling & Operations Coordinator
Energy Technician
System Engineer

Positions may be added to or deleted from the ACT Group by the Executive Director, subject to approval of the TCL&P Board. Positions in the ACT Group are full-time, forty (40) hours per week. Part-time positions (less than forty (40) hours per week) are not in the ACT Group and are not eligible for benefits contained in Section 3, unless required under State or Federal law.

Employees in the ACT Group are “at will” appointments and serve at the discretion of the Executive Director, with some positions subject to Board approval. TCL&P or the employee may terminate the employment relationship at any time, with or without cause.

The policies, insurance and benefit coverages contained in this document are subject to change with or without notice.

The Employee is required to abide by all policies, executive orders, and established procedures during the term of employment; including Board Approved policies that may be created or amended from time-to-time (partial list of policies follows):

- Alcohol & Drug Testing Policy
- Computer, Internet and Electronic Mail Policy
- Conflicts of Interest Policy
- Credit Card Policy
- Family and Medical Leave Act Policy
- Private Use of Public Property Policy
- Sexual harassment in the Workplace Policy
- Smoking Policy
- Social Media Policy
- Travel Expense Policy
- Volunteer Work, Use of Dept. Equipment Policy
- Workplace Violence Prevention Policy

All employees shall be citizens of the United States and shall maintain a permanent and bona fide residence within reasonable distance of the City, not to exceed a twenty (20) mile radius as measured from the nearest City limit.

The Employer and Employee agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions or privileges of employment, or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, marital status, genetic makeup, or sexual orientation.

SECTION 2. SALARIES

The salary rates for the ACT Group are performance based and determined by the Executive Director. Employee classifications and Compensation ranges shall follow the June 2015 Study performed by Municipal Consulting Services, as approved by the Board.

Overtime Pay

Non-exempt employees are eligible to receive overtime pay in accordance with the provisions of the Federal Fair Labor Standards Act (FLSA). Employees may earn compensatory time in lieu of paid overtime in accordance with provisions of the FLSA. However, accumulated compensatory time cannot exceed forty (40) hours. The employee's supervisor must authorize overtime in advance.

Exempt employees are not eligible for overtime pay unless otherwise authorized by the Executive Director.

SECTION 3. EMPLOYMENT AND INSURANCE BENEFITS

Employment benefits begin the first day of the month following the date of hire unless otherwise noted.

Leaves

Holidays

The ACT Group observes the following holidays:

New Year's Day, President's Day, Good Friday, Memorial Day, July 4th, Labor Day, Thanksgiving Day, Friday After Thanksgiving, Christmas Eve, Christmas Day, and Employee's Birthday (floating).

If the holiday falls on Saturday, the preceding Friday will be observed as the holiday. If the holiday falls on Sunday, the following Monday will be observed as the holiday. ACT Group employees receive eight (8) hours of holiday pay for each observed day. Holidays begin upon date of hire.

Annual Leave

Annual leave is earned and accumulated each pay period at a rate dependent on the length of the employee's service with TCL&P. The determination of when annual leave is to be used and the amount that is taken at one time are at the discretion of the employee's supervisor. Annual leave may not be used before it is earned. Employees of the ACT group earn and accumulate annual leave according to the following schedule:

| <u>Length of Service</u> | <u>Maximum Hrs Per Pay</u> | <u># of Hrs/Days Per Year</u> |
|--------------------------|----------------------------|-------------------------------|
| 0 to 5 years | 3.08 | 80 hrs/10 days |
| 6 to 15 years | 4.62 | 120 hrs/15 days |
| 16 to 24 years | 6.15 | 160 hrs/20 days |
| = to or > 25 years | 7.69 | 200 hrs/25 days |

New hires may use accrued vacation time the first of the month following date of hire. Vacation days accruing in excess of 25 days as of July 1st shall be used or lost prior to the following October 31st. Employees who have accrued 120 or more hours by July 1st may cash out 40 or 80 hours in lieu of vacation.

Employees separated from TCL&P employment who have completed at least six (6) months service will be paid at separation for their unused accumulation of annual vacation leave at their pay rate at date of separation.

Short Term Leave

On December 1st of each year, employees receive 56 hours (7 days) of short term leave. Short term leave may be used for illness or other purposes with the approval of the employee's supervisor. Short term leave does not accumulate. The benefit period is from December 1st to November 30th of each year. Effective the first full pay period following December 1st of each year, employees will be paid for any unused short term leave, not to exceed 56 hours, at the employees regular rate of pay. New hires will receive a pro-rata amount of short term leave based on their date of hire with usage beginning on their benefit eligibility date.

In the event of separation from service (voluntary, in-voluntary, retirement), cash-out of any remaining STL will be pro-rated based on date of separation.

Personal Time

ACT Group employees are granted three (3) personal days (24 hours) for each fiscal year (July through June). Personal days are non-accumulative and may be taken with approval of the supervisor. Upon separation and after at least six (6) months of service, employees are entitled to a payout of any unused personal time. New hires will receive a pro-rata amount of personal leave based on their date of hire with usage beginning on their benefit eligibility date.

Frozen Accrued Sick Leave Bank

ACT Group employees who were employed by TCL&P prior to November 30, 1987 may have a frozen accrued sick leave bank. The employee may use the frozen accrued sick leave bank for the following purposes:

- A. In lieu of Short Term Disability insurance coverage where the employee would otherwise qualify for benefits under the terms of the policy.
- B. For all days not covered by Short Term Disability insurance, provided the length of time lost, due to the illness or injury, would qualify the employee for benefits under the terms of the policy.
- C. In the event a member of the employee's immediate family living in the same household is ill and a doctor has recommended that the employee remain at home during this illness. The employee must provide the Employer with written verification of the doctor's recommendation to be eligible to use accumulated sick leave for this purpose.
- D. Where the illness or injury arises out of or in the course of employment with the Employer; to provide the difference between the employee's regular pay, based on their normal forty (40) hour work week, and the weekly benefit provided through Worker's Compensation Insurance. Provided however, only the amount of sick leave required making up this difference shall be deducted from the employee's sick leave bank. Sick leave will not be deducted for the day of the injury.
- E. To provide the difference between the employee's regular pay, based on their normal forty (40) hour work week, and the weekly benefit provided through Short Term Disability Insurance. Provided however, only the amount of sick leave required making up this difference shall be deducted from the employee's sick leave bank.

Upon an employee's retirement, TCL&P shall pay the employee fifty percent (50%) of their accumulated sick leave. Such payment shall be at the employee's regular rate of pay at the time of retirement. Such payment shall not exceed sixty (60) days (480 hours).

Bereavement Leave

Bereavement leave with pay is available to ACT Group employees in case of death of any relative living within the household of the employee or the death of:

- | | |
|-------------|--|
| wife | son-in-law of current marriage |
| husband | daughter-in-law of current marriage |
| child | grandmother-in-law of current marriage |
| father | father-in-law of current marriage |
| mother | mother-in-law of current marriage |
| sister | sister-in-law of current marriage |
| brother | brother-in-law of current marriage |
| grandfather | grandfather-in-law of current marriage |
| grandmother | stepfather of current marriage |
| grandchild | stepmother of current marriage |
| | stepchild of current marriage |

Such leave shall be granted from the date of death to the date immediately following the date of the funeral, not to exceed three (3) working days, or up to five (5) days, if the funeral is more than three hundred (300) miles from the City limits or in cases of the death of a spouse or child or any relative (listed above) living within the household of an employee. The employee may be asked to provide verification (obituary, death certificate, etc.)

Jury Duty Leave

Employees shall be paid their regular wage for any response to a summons from a court of jurisdiction to perform jury service. The employee must submit to TCL&P the jury duty payment from the Court, less mileage allowance. The Employer's payment is limited to a maximum of eight (8) hours to an employee scheduled to work on the date(s) jury service is required. The employee must report for work immediately following jury service.

Insurances

Health Insurance

TCL&P provides a High Deductible Health Plan (HDHP) with Health Savings Account (HSA) as its primary health plan. The coverage is the Priority Health Savings Account HMO 100% Hospital Plan with minimum individual and family deductibles subject to annual deductible adjustment in accordance with Internal Revenue Service (IRS) regulations and \$10 generic/\$40 brand name copayment for prescription drugs, or equivalent plan. Additionally, TCL&P makes available the Priority Health HMO 100% Plan (Priority 1) with \$10 copayment primary care provider office visit, \$10 copayment specialist office visit and \$10 generic/\$30 brand name copayment for prescription drugs or equivalent plan.

TCL&P makes this coverage available to ACT Group employees, the employee's spouse, and the employee's dependent children up to age twenty-six (26). Employees are required to complete an application for coverage and required to promptly notify the TCL&P of any changes in status affecting the employee's coverage. New hires are eligible for health insurance the first of the month following date of hire.

The employer and employee cost share is as follows:

Employer shall pay 80% of the monthly cost with the employee responsible for 20% of the monthly cost.

Per the above, the cost of the plan deductible will be paid by the Employer into an eligible employee's individual health savings account on an annual basis. New hires and/or employees who increase coverage level from single to double/family after July 1 shall receive a pro-rata payment into their health savings account beginning with the first full

month of insurance eligibility or coverage change through the end of the plan year. Employee shall be responsible for the remainder of the deductible.

TCL&P reserves the right to change health insurance providers and/or programs.

TCL&P agrees to compensate employees who have other health insurance coverage, two thousand four hundred dollars (\$2,400) per year pro-rated at two hundred dollars (\$200) per month for each month the employee has opted out of the Employer's health insurance coverage. Opt-out compensation will be payable in the last pay in June for eligible employees. For those employees who terminate during the year, the applicable monthly opt-out compensation will be paid out in the employee's final paycheck. Eligible employees will be required to sign a Payment In Lieu of Insurance Waiver and Release form annually.

Dental Insurance

TCL&P provides dental insurance coverage to ACT group employees, to the employee's spouse and their dependent children to the end of the calendar year in which they turn 19 and dependent unmarried children who are eligible to be claimed as an IRS dependent. TCL&P pays 100% of the insurance premium.

Life Insurance

TCL&P provides Group Life insurance to ACT Group employees. The benefit is two (2) times annual earnings, rounded to the next higher multiple of \$500, if not already a multiple of \$500. The maximum benefit amount is \$100,000. TCL&P pays 100% of the insurance premium.

Life insurance amounts in excess of \$50,000 are subject to Federal tax. Tax deductions for life insurance are taken on the final paycheck at the end of the calendar year.

Voluntary life insurance is available with the expense to be paid entirely by the employee.

Short Term Disability Insurance

ACT Group employees will be provided with Short Term Disability (STD) insurance for non-duty related injury or illness which provides the following:

- up to twenty-six weeks of coverage per occurrence
- coverage effective upon the first day of an accident or the eighth day of an illness
- weekly benefit payment of 66-2/3% of the employee's gross wage.

TCL&P pays 100% of the insurance premium. STD insurance eligibility begins first of month following date of hire.

Long Term Disability Insurance

TCL&P provides Long Term Disability insurance to ACT Group employees. After a 180 day benefit waiting period, the benefit is 60% of the first \$6,667 of monthly pre-disability earnings, reduced by deductible income, with a maximum of \$4,000 before reduction by deductible income. TCL&P pays 100% of the insurance premium.

Vision Insurance

TCL&P provides vision insurance coverage to ACT group employees, to the employee’s spouse and their dependent children. TCL&P pays 100% of the insurance premium.

Workers Compensation Insurance

TCL&P provides Worker’s Compensation protection for all employees as required by law.

Post Employment Benefits

Pension Plan

TCL&P provides a defined benefit pension plan through the Michigan Municipal Employees’ Retirement System (MERS). The plan includes the following benefit provisions:

| | |
|--------------------------|---|
| Benefit Program B-3 | 2.25% multiplier, not to exceed 80% of employee’s final average compensation (FAC) |
| Normal retirement age | 60 |
| Vesting: | V-10 (10 years) |
| Early retirement benefit | F55(25) – full retirement benefit at age 55 with 25 years of service |
| FAC-5 | Average of the highest consecutive 5 year (60 months) period of earnings of the employee’s credited service |
| E-2 | Post retirement cost of living allowance of up to 2.5%/year based on CPI |
| Employee contribution | 0% |

Effective July 1, 2017 newly hired ACT employees shall have the following pension plan benefit:

| | |
|-----------------------|---------------------------------|
| Benefit Program C-1 | 1.5% multiplier, base wage only |
| Normal retirement age | 60 |
| Vesting: | V-6 (6 years) |

| | |
|--------------------------|---|
| Early retirement benefit | F55 (25) – full retirement benefit at age 55 with 25 years of service |
| FAC-5 | Average of the highest consecutive 5 year (60 months) period of earnings of the employee’s credited service |
| E-2 | Post retirement cost of living allowance of up to 2.5%/year based on CPI |
| Employee contribution | 0% |

Section 457 Deferred Compensation Plan

TCL&P offers a Section 457 Deferred Compensation Plan through Massachusetts Mutual or ICMA Retirement Corporation. Participation in the plan is voluntary. For ACT Group employees participating in the plan, TCL&P provides a 100% match up to 6% of the employee’s gross pay (including regular hours, overtime, vacation pay, short term leave/sick pay and longevity). Annual benefit cash-outs and retirement cash-outs are not eligible to receive TCL&P match.

For employees hired on or after 7/1/2017, the Employer will contribute an additional 4% per year to the employee’s 457 Deferred Compensation Plan.

Health Care Savings Program (HCSP)

TCL&P provides an IRS qualifying health savings plan that allows employees to save for retiree medical expenses with pre-tax dollars. TCL&P and ACT Group employees each contribute ½% of the employee’s gross pay (including regular hours, overtime, vacation pay, short term leave/sick pay and longevity). Annual benefit cash-outs and retirement cash-outs are not subject to employer or employee contributions. Per IRS regulations, employee participation in the program is mandatory and irrevocable.

Retiree Health Insurance

Upon a regular employee’s retirement (as defined under the terms set forth under the Municipal Employees Retirement System (MERS)) if said employee retires directly from his employment with TCL&P under the aforementioned MERS system and leaves employment collecting a MERS pension benefit, the Board agrees to pay the premium for the retiree’s hospital-medical-surgical insurance coverage for the retiree only. For a reduced benefit pension as calculated by MERS, the Board will reduce the retiree health payment by the same percentage. The retiree may elect to pay the premium for dependent coverage. Upon the retiree’s eligibility for Medicare coverage, the retiree shall notify the Employer of such. The Board shall then pay only the premium for the retiree’s supplemental coverage. The retiree may elect to pay the premium for spousal supplemental coverage. Supplemental coverage will only be offered to the retiree and spouse of retiree at the time of retirement from the Employer.

Effective July 1, 2017, for all new hires who become eligible for a pension benefit, the Board will pay the retiree's hospital-medical-surgical insurance coverage until the retiree is Medicare eligible; at which point this obligation for the Board will terminate. For a reduced benefit pension as calculated by MERS, the Board will reduce the retiree health payment by the same percentage until Medicare eligible.

Miscellaneous Benefits

Mileage Allowance & Travel Expense Reimbursement

TCL&P shall reimburse employees for reasonable expenses related to company related travel in accordance with the Travel Expense Policy. Mileage and Per Diem shall be reimbursed in accordance with IRS regulations.

Section 125 Plan

TCL&P in conjunction with the City has established a Section 125 Plan that includes an employee pre-tax premium program for group health plans, a voluntary dependent care assistance program and a voluntary limited purpose health flexible spending account program.

Indemnification

Members of the ACT Group shall be indemnified against any and all claims and liabilities as outlined in the Board approved Defense and Indemnification of Officials and Employees Policy, adopted on October 28, 1986.

Automobile Accident Reimbursement

TCL&P shall pay an employee's out-of-pocket losses for employees involved in accidents using personal vehicles to conduct TCL&P business as described in the *Use of Personal Vehicles For Light And Power Business Policy*, adopted by the Board on December 9, 2003.

Employee Assistance Program

The Employer recognizes the benefits derived from an Employee Assistance Program and will, as long as possible continue to provide the existing program to all of its employees.

Volunteering

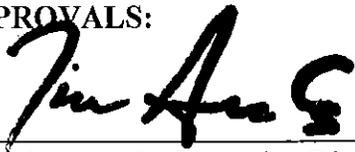
Employees will be eligible for up to two days of straight time pay per year for volunteer activities within the community subject to pre-approval by the Executive Director.

College Education Incentives

TCL&P will reimburse up to 100% of the cost of tuition for the education or training courses which are directly related to any company job description, subject to prior approval by the Executive Director and other certain conditions being met as outlined in the Educational Assistance Policy, approved by the Board on July 1, 1984.

The employee must remain employed by the Employer for a period of 12 calendar months following completion of the course, or courses, or will be required to pay back the tuition reimbursement. An employee terminated as a result of Employer action may not be required to pay back the tuition payment at the Executive Director's discretion.

APPROVALS:



Timothy Arends, Executive Director
Traverse City Light & Power

8-8-17

Date