

**EMERGENCY MANAGER
CITY OF FLINT
GENESEE COUNTY MICHIGAN**

ORDER No. 24

**ADOPTION OF BENEFIT MODIFICATIONS FOR
NON-UNION EMPLOYEES**

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER
("EMERGENCY MANAGER") FOR THE CITY OF FLINT, MICHIGAN ("CITY")
PURSUANT TO MICHIGAN'S PUBLIC ACT 436 OF 2012, LOCAL FINANCIAL
STABILITY AND CHOICE ACT, ("PA 436"); DARNELL EARLEY, THE EMERGENCY
MANAGER, ISSUES THE FOLLOWING ORDER:

Pursuant to PA 436, the Emergency Manager has broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the City and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare; and

Pursuant to PA 436, the Emergency Manager acts in place of local officials, specifically the Mayor and City Council, unless the Emergency Manager delegates specific authority; and

Pursuant to PA436, Section 11(1)(f), the Emergency Manager may take any other actions considered necessary by the Emergency Manager, in the Emergency Manager's discretion, to achieve the objectives of the financial and operating plan, alleviate the financial emergency, and remove the local government from receivership; and

Pursuant to PA 436, Section 12(1)(e), the Emergency Manager may take any other action or exercise any power or authority of any officer, employee, department, board, commission, or other similar entity of the local government, whether elected or appointed, relating to the

operation of the local government. The power of the Emergency Manager shall be superior to and supersede the power of any of the foregoing officers or entities; and

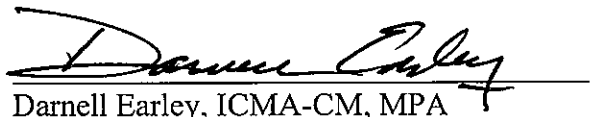
The Emergency Manager hereby adopts the Benefit Modifications for Non-Union Employees, attached hereto and made a part hereof, which shall be effective September 1, 2014.

IT IS HEREBY ORDERED:

That the Human Resources Director shall immediately implement the changes set forth in the attached Benefit Modifications for Non-Union Employees, which shall become effective September 1, 2014.

This Order may be amended, modified, repealed or terminated by any subsequent Order issued by the Emergency Manager.

Dated: 9-12-14

By: 
Darnell Earley, ICMA-CM, MPA
Emergency Manager
City of Flint

xc: State of Michigan Department of Treasury
Mayor Dayne Walling
Flint City Council
Inez Brown, City Clerk

BENEFIT
MODIFICATIONS
FOR NON-UNION
EMPLOYEES

CONVERSION OF ANNUAL AND SICK TO PTO

I. Conversion of Annual and Sick Leave to PTO and Modified Accrual Schedule

Effective September 1, 2014, all current categories of time off including vacation, personal time, as well as health, maternity leave and FMLA, not covered by the disability insurance program in Section 4, will be classified as Paid Time Off (PTO).

All exempt and appointed City of Flint employees (hereinafter "Employee") shall have their current accumulated annual and sick banks as of that date converted to PTO time. Up to 200 hours of converted PTO time will be placed in the employee's Maximum Accumulation Hours Bank. PTO time in excess of 200 hours of the maximum accumulations at the time of conversion, will be placed in a holding bank and paid out at retirement, death, termination of employment (including discharge upon exhausting any appeals) at the rate of 100% of the employees straight time hourly rate in effect as of September 1, 2014. Such payment shall not be included as final average compensation for the purpose of computing retirement benefits.

Section 1 – Accrual of PTO Time

PTO time shall be computed and accrued on the basis of each payroll period that a regular Employee has at least 72 hours of straight time pay. If a regular Employee has forty (40) hours of straight time pay in a payroll period, but less than 72 hours, the Employee shall accrue one-half (½) the amount shown in the schedule below. PTO time shall be based on City seniority and shall be accrued on the following basis:

<u>Years of City Seniority</u>	<u>Maximum Hours Accrued Per Payroll Period</u>	<u>Maximum Accumulated Hours</u>
<u>Less than 2</u>	3.07	300
<u>2 thru 10</u>	4.61	300
<u>11 thru 15</u>	6.15	300
<u>16 thru 19</u>	7.69	300
<u>20 and Over</u>	9.23	300

PTO time may be cumulative but not to exceed the maximums set forth above, and any excess shall be forfeited.

Section 2 - General

Accumulation of PTO time shall begin at the date of employment, but may not be used until an Employee shall have worked six (6) months. Employees terminating within the first six months shall forfeit any right to payment for said accumulated time. In the case of Employees

who are involuntarily called into the armed forces of the United States, such Employee shall receive allowance for annual leave computed under the terms hereof from date of employment without regard to whether said Employees have worked less or more than six (6) months.

PTO shall not be paid where other City-paid benefits received by an Employee would result in cumulative payments in excess of his straight time hourly rate for a normal work week.

Employees requesting time off for the purpose of taking any examination administered by the City of Flint Personnel Department may be given time off as PTO, or without pay if that time off does not interfere with operations in the employees' department(s).

Section 3 – PTO Payout on Termination, Retirement, Death

Upon retirement or termination of employment (including at time of layoff and discharge upon exhausting any appeals), an Employee shall be compensated for his accrued PTO time at the time employment is terminated (including discharge upon exhausting any appeals), the Employee is laid off or the Employee retires at the rate of 100% of the Employees' straight time hourly rate.

In the event of the Employee's death, unused accumulated PTO time shall be paid to the Employee's living beneficiary on the same formula basis as retirees. Said payment shall be made to the spouse, children, father, mother, sister, or brothers of the deceased Employee with preference being given to those persons in the order named unless the Employee, by a sworn statement filed with the Employer prior to death, has established a different order, without requiring letters of administration to be issued upon the estate of the deceased Employee.

Section 4. Disability Insurance Program

The City will provide a short-term disability insurance program for Employees with extended absences. Such program will provide an eligible Employee (as determined by the insurance carrier/provider) with a wage continuation equivalent to sixty (60%) percent of the Employee's straight time rate to a maximum of \$1250 per week in gross pay, commencing after the fifteenth (15th) calendar day waiting period and extending for no more than Twenty-Four (24) weeks.

Eligibility for benefits under this program will be subject exclusively by the terms and conditions of the insurance carrier, and determined by the processes and policies of the insurer, which will be selected in the sole discretion of the City. Employees are bound by the terms and conditions of the carrier.

The City may establish administrative rules to facilitate the disability insurance program at its sole discretion.

The City may choose to utilize the benefits of both a short term and long term insurance policy, or be self-insured, in order to provide this benefit.

The City may also determine in its sole discretion to change insurance companies, or discontinue the program in its entirety should the City's cost of providing the benefit be substantially increased from the original premium.

Accumulated PTO time may be utilized at the written request of the Employee in order to receive pay during the waiting period. Employees are not eligible to receive any other pay including, but not limited to, holiday pay during the waiting period.

Seniority and other benefits will not accumulate during the disability period, except for any time an Employee receives PTO.

HOSPITALIZATION INSURANCE FOR NON-UNION EMPLOYEES

Section 1. Non-Union Employee (hereinafter “Employee”) Health Insurance.

The Employer agrees to provide full-time Employees and their eligible spouses and dependents health coverage subject to the terms below, subject to modification as may be required by the Patient Protection and Affordable Care Act (“PPACA”) as amended beginning in 2014.

- a. The City shall not provide health care coverage for the Employee’s spouse if the spouse is eligible to receive health coverage through an Employer or former Employer of the spouse. As a condition of continued spousal health care coverage under this section, the City may require that the Employee file an affidavit each year or upon request attesting that the spouse is eligible for no other Employer-paid health coverage.
- b. The Employer will offer eligible Employees the following health coverage plans:
 - (i) BCBSM Community Blue PPO Plan CB 12 PPO with \$1,000/\$2,000 deductible and \$10, \$40, \$80 (30 day supply) prescription drug coverage;
 - (ii) Health Plus Plan DVDF and \$20, \$40, \$60 (30 day supply) prescription drug coverage;
 - (iii) McLaren Health Plan C6 and \$10, \$25, \$50 (30 day supply) prescription drug coverage

The Employer may offer a high deductible plan in conjunction with a health savings account (HSA), to be offered in a special open enrollment not subject to subsection (c) below.

Employees may change their coverage elections during an open enrollment scheduled by the Employer. Plan coverage will be subject to the coverage terms and regulations of each carrier.

- c. The Employer may, at its discretion, amend the health coverage plans offered, add new health coverage plans, or remove health coverage plans. The Employer may change the open enrollment periods for existing health coverage plans, but not more often than twice annually.
- d. The Employer reserves the right to change or discontinue the existing health insurance benefit program in response to the Patient Protection and Affordable Care Act (“PPACA”), as amended. This includes the right to respond to regulations issued under the PPACA or judicial interpretations of the PPACA.

The Employer reserves the right to change or discontinue the existing health insurance benefit program in response to changes made in Medicare.

- e. The City's contribution for an Employee's health coverage, and to the health savings account (HSA), if applicable, is limited by the Michigan Publicly Funded Health Insurance Contribution Act, 2011 PA 152, to a maximum of defined amounts for single, double or family coverage contribution limits provided in Section 3 of the Michigan Publicly Funded Health Insurance Contribution Act, 2011 PA 152, as adjusted by the State Treasurer for each subsequent coverage year, or (ii) the aggregate costs based on the illustrative rates for the elected health coverage, plus contributions to the Employee's HSA, if applicable; or in the alternative, to a maximum of 80% of the annual premium amount for single, double, or family coverage. Pursuant to provisions of the state law, the Employer will select its method of setting its method and amount of the Employer's contribution on an annual basis. The Employer will annually inform its Employees of its decision and the amount of the Employer's contribution prior to open enrollment for the upcoming plan year. The Employee will pay any premium contributions that exceed the amount contributed by the Employer through payroll deduction. Contributions to the HSA will be provided in accordance with HSA regulations. If an Employee does not have sufficient funds in a paycheck, the Employee shall be obligated to pay his or her premium share within 14 days of established due date or insurance coverage will be cancelled. If PA 152 of 2011 is repealed, the Employer shall pay 80% of the annual premium.

Section 2. Retiree Health Coverage for Non-Union Employees (hereinafter "Employees")

A. New Employees and Deferred Retirement

1. Full-time Employees hired on or after April 25, 2012, are not eligible for Employer-paid retiree health care coverage. Instead, the Employer shall establish a Retiree Medical Savings Account (RMSA) or other IRS-qualifying savings plan for each affected Employee. The accounts may be used by the Employee, their spouse, or their dependents to offset the cost of healthcare after the Employee retires or separates from service. MERS shall administer the RMSA program as described herein. The MERS Plan document, policies and procedures of MERS shall control the administration of the program.

2. For all full-time Employees hired on or after April 25, 2012, the Employer shall contribute to the Employee's RMSA \$57.70 per pay period for time worked for which the Employee has more than 40 hours of straight time pay, beginning with the date of hire. Effective the first pay period after January 1, 2014 Employees shall make a pre-tax contribution to the Employee's RMSA (through payroll deduction) of \$23.08 per pay period for time worked for which the Employee has more than 40 hours of straight time pay. Additionally, an Employee may contribute additional amounts on a post-tax basis through payroll deduction.

3. Employees shall be one hundred percent (100%) vested at all times on their own Employee contributions and investment earnings. Employees shall be vested on Employer contributions and investment earnings according to the following schedule:

<i>Completed Years of Service</i>	<i>Percent Vested</i>
1 Year	20%
2 Years	40%
3 Years	60%
4 Years	80%
5 Years	100%

4. Employer and Employee contributions to an Employee's RMSA shall cease at the time of the Employee's separation from City employment (including retirement), or as otherwise required by law. The Employee may use the RMSA for any purpose consistent with federal law and regulations.

5. An Employee who elects a deferred retirement on or after April 25, 2012 is not eligible for the retiree health care coverage.

B. Current Employees Vested for Regular Retirement on or Before April 25, 2012

1. Retirement Before August 31, 2014

An Employee whose rights to a non-deferred defined benefit pension vested by virtue of the Employee's age and service on or before April 25, 2012, that retires between April 25, 2012 and August 31, 2014, may, upon retirement, elect health care benefits for the Employee, the Employee's spouse, and the Employee's dependents in existence at the time of retirement, on the same terms (including required contributions to premiums) and with the same benefit levels as offered to current regular Employees, until the Retiree becomes eligible for Medicare due to age, disability, or end stage renal disease.

2. Retirement on or after September 1, 2014

However, effective September 1, 2014, Employees vested by virtue of age and service that retire on or after September 1, 2014 are eligible for healthcare benefits going forward

equivalent to those in existence for active employees. The Employer's contribution for health care coverage for such retirees not eligible for Medicare will be limited to the amount contributed for the lowest cost medical portion of the Medicare Supplemental or Medicare Advantage plans provided to Retirees pursuant to Section 2.B.6, plus the Employer's cost of prescription drug coverage provided to eligible employees and retirees pursuant to this section. The Retiree shall pay any premium contribution that exceeds the amount contributed by the Employer through automatic deduction from their monthly pension check.

3. Employees who participate in the high-deductible health coverage plan at the time of retirement and who are eligible to deposit monies into an HSA as defined by federal regulations shall receive an annual contribution to the Retiree's HSA equal to fifty percent (50%) of the applicable contribution amount provided to active Employees pursuant to Section 1(e) of this Article.

4. The City shall not provide retiree health care coverage for the Retiree if the Retiree is eligible to receive paid health coverage through another Employer or former Employer. As a condition of continued retiree health care coverage under this section, the City may require that a Retiree file an affidavit each year or upon request attesting that the Retiree is eligible for no other Employer-paid health coverage.

5. The City shall not provide retiree health care coverage for the Retiree's spouse if the Retiree's spouse is eligible to receive paid health coverage through an Employer or former Employer of the Retiree's spouse. As a condition of continued spousal health care coverage under this section, the City may require that a Retiree file an affidavit each year or upon request attesting that the spouse is eligible for no other Employer-paid health coverage.

6. A City of Flint Retiree who becomes eligible for Medicare due to age, disability, or end stage renal disease will be covered by a Medicare Supplemental plan (or Medicare Advantage plan) at the Employer's expense, subject to the contribution limits provided in Section 3 of the Publicly Funded Health Insurance Contribution Act, 2011 PA 152, and the retiree must enroll in Part A and Part B and pay for Medicare Part B. The eligible spouse or dependent child of a City of Flint Retiree who becomes eligible for Medicare due to age, disability, or end stage renal disease will be covered by a Medicare Supplemental plan (or Medicare Advantage plan) at the Employer's expense, subject to the contribution limits provided in Section 3 of the Publicly Funded Health Insurance Contribution Act, 2011 PA 152, but the spouse or dependent child must enroll in Part A and Part B and pay for Medicare Part B. If PA 152 of 2011 is repealed, the Employer shall pay 80% of the annual premium.

C. Employees Hired Prior to April 25, 2012 But Not Vested for Regular Retirement on or Before April 25, 2012

1. An Employee whose rights to a non-deferred defined benefit pension do not vest on or before April 25, 2012, that retire between April 25, 2012 and August 31, 2014, may, upon retirement, elect health care benefits for the Employee only on the same terms (including required contributions to premiums) and with the same benefit levels as offered to current Regular full-time Employees, until the Retiree becomes eligible for Medicare due to age, disability, or end stage renal disease.

However, Employees not vested by virtue of age and service as of August 31, 2014 that retire on or after September 1, 2014 are eligible for healthcare benefits going forward in existence for active employees but the Employers contribution for health care coverage for such retirees not eligible for Medicare will be limited to the amount contributed for the lowest cost medical portion of the Medicare Supplemental or Medicare Advantage plans provided to Retirees pursuant to Section 2.C. (4) plus the Employer's cost of prescription drug coverage provided to eligible employees and retirees pursuant to this section. The Retiree shall pay any premium contribution that exceeds the amount contributed by the Employer through automatic deduction from their monthly pension check.

2. Employees who participate in the high-deductible health coverage plan at the time of retirement and who are eligible to deposit monies into an HSA as defined by federal regulations shall receive an annual contribution to the Retiree's HSA equal to fifty percent (50%) of the applicable contribution amount provided to active Employees pursuant to Section 1(e) of this Article.

3. The City shall not provide retiree health care coverage for the Retiree if the Retiree is eligible to receive paid health coverage through another Employer or former Employer. As a condition of continued retiree health care coverage under this section, the City may require that a Retiree file an affidavit each year or upon request attesting that the Retiree is eligible for no other Employer-paid health coverage.

4. A City of Flint Retiree who becomes eligible for Medicare due to age, disability, or end stage renal disease will be covered by a Medicare Supplemental plan (or Medicare Advantage plan) at the Employer's expense, subject to the contribution limits provided in Section 3 of the Publicly Funded Health Insurance Contribution Act, 2011 PA 152, and the retiree must enroll in Part A and Part B and pay for Medicare Part B. If PA 152 of 2011 is repealed, the Employer shall pay 80% of the annual premium.

Section 3. Termination of Benefits.

A. Except as otherwise provided herein, health coverage terminates on the last day of the premium month in which the Employee is terminated or laid off or otherwise becomes ineligible for health coverage. Health coverage terminates on the last day of the premium month in which the Retiree becomes ineligible for health coverage. Health coverage for a dependent Spouse is terminated on the date on which they are no longer eligible (i.e., on the date of divorce, or upon the death of

the Employee or Retiree). Health coverage for a dependent child is terminated on the date the child turns 26. Health coverage for dependents will be terminated in the event an Employee or Retiree fails to provide the City with proof of dependent eligibility.

- B. Health coverage shall be continued during any leave for which the Employee receives full pay from the Employer. Employees on leave of absence with reduced hours and pay are not entitled to continued health coverage paid by the Employer except where Employee may be entitled to coverage by virtue of coverage requirements under PPACA or the Family Medical Leave Act (FMLA) as administered by the Employer. Employees on leave of absence without pay or on layoff are not entitled to continued health coverage paid by the Employer but may be eligible for continuation coverage as provided by the federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).
- C. Health Coverage will be continued while an employee is on an authorized disability leave paid by the carrier, if the employee is otherwise eligible. The Employee shall be obligated to pay his or her premium share, if any, within 14 days of established due date or insurance coverage will be cancelled.

Section 4. 125 Plan

At its option, the Employer may offer a Section 125 Plan. All regular full time Employees (excluding temporary Employees) shall be eligible to participate in such a plan, including premium only for pre-tax Employee contributions and health care flexible spending accounts, as amended and restated in accordance with federal law and as defined and limited by the Employer's plan design. Participation by Employees is voluntary.

RETIREMENT

The Municipal Employees' Retirement System (MERS) shall administer the pension system for all current retirees and all future retirees. The MERS Plan Document, policies and procedures of MERS shall control the administration of all employee pensions whether defined benefit, defined contribution, or hybrid plan, including investments and payments, except as otherwise provided below.

Employees in this division will be credited with one month of service credit for each month worked, provided however, that the employee works a minimum of 80 hours in that month. Hours worked includes those hours for which the employee is fully compensated, such as paid time off, vacation, or sick leave.

Defined Benefit Plan

The Defined Benefit Plan is for all employees hired prior to July 1, 2013. The provisions in this section apply to the administration of the Defined Benefit Plan only.

Employees in this division may purchase up to 5 years (60 months) of generic service credit. Purchased service counts towards retirement eligibility and must be paid in full at the time of approval.

Notwithstanding anything to the contrary as may contain herein, employees hired prior to July 1, 2013 shall have the portion of their pension earned for credited service time prior to May 1, 2012, calculated in accordance with the existing benefit provisions at that time. Effective May 1, 2012, the multiplier for these employees shall be 2.40% for all credited service time earned after that date.

Final Average Compensation (FAC) will be computed using the average of the highest consecutive 3 year (36 month) period of earnings from the member's entire work history as reported to MERS by the Municipality. For the pension calculation after May 1, 2012, overtime will not be included in FAC. (For example: FAC years 2006 + 2007+ 2008 = FAC.)

The employee annual contribution is 2% on all wages earned. However, effective the first full pay period following September 1, 2014, the employee annual contribution is 2% on all base wages earned.

Employees who have accumulated 120 months (10 years) of service credits in accordance with this section, and who have reached the age of 55 years, are eligible to retire and to receive a pension benefit calculated in accordance with this article.

Employees who leave the employment of the City with 120 months (10 years) of accumulated service credits, but who have not attained the age of 55, are eligible to receive a pension benefit calculated in accordance with this article, once they attain the age of 55.

Employees are eligible to retire and to receive a pension benefit calculated in accordance with this article if they have accumulated 300 months (25 years) of service credits.

Duty related disability benefits are subject to MERS processes and approval with the disability being the natural and proximate result of on-the-job injury. There are no vesting requirements. Benefits will be paid if the member is determined to be disabled under MERS' definition. The benefit will be the greater of the result of the applicable defined benefit formula or 15% of the FAC. The pension benefit will be recalculated by granting additional service credit at the age of 60 or if the municipality notifies MERS that state workers' compensation payments have ceased.

Non-Duty related disability benefits are subject to MERS processes and approval. The member must have 10 years of service in order to qualify. Benefits will be paid if the member is determined to be disabled under MERS' definition. The benefit will be computed as the result of the defined benefit formula without regard to a minimum. For individuals who retired prior to joining MERS, their benefits are not offset by income earned from a future job. Individuals who retire after joining will be subject to the MERS income limitations.

Duty related death benefit has no vesting requirements. The surviving spouse will receive the greater of the result of the defined benefit formula or 33.33% of the FAC. If the member dies with no spouse, any children would equally share in not less than 50% of the member's straight life benefit until 21 or married. A survivor beneficiary would receive a portion of a vested member's straight life benefit.

Non-Duty related death benefits are payable should death occur to an active member. The member must be vested in order to qualify. The spousal benefit will be 85% of the result of the defined benefit formula or the 100% Joint and Survivor benefit, whichever is higher. If a survivor beneficiary is named, he/she would receive a portion of the straight life benefit. If the member dies with no spouse or survivor beneficiary, any children would equally share 50% of the member's straight life benefit until 21 or married.

Hybrid Plan

Employees hired on or after July 1, 2013 and current employees in the City of Flint's 401(a) Defined Contribution Plan shall be provided with the MERS hybrid pension plan (which includes a component of a defined benefit and defined contribution) with a 1.0% multiplier.

Final Average Compensation (FAC) will be computed using the average of the highest consecutive 3 year (36 month) period of earnings from the member's entire work history as reported to MERS by the Municipality.

Employees who have accumulated 72 months (6 years) of service credits in accordance with this section, and who have reached the age of 60 years, are eligible to retire and to receive a pension benefit calculated in accordance with this article.

Employees who leave the employment of the City with 72 months (6 years) of accumulated service credits, but who have not attained the age of 60, are eligible to receive a pension benefit calculated in accordance with this article, once they attain the age of 60.

Participants may make a one time, irrevocable election to contribute up to 5% of all earnings in increments of 1% to the defined contribution component of the Hybrid Plan. The employer will match the employee's contribution up to 5% not to exceed the 10% overall Hybrid Plan employer contribution cap. Employees shall be 100% vested at all times on their own contributions. They will vest on the employer contributions according to the following schedule: After 1 year of service, 20% vested; 2 years, 40% vested; 3 years, 60% vested; 4 years, 80% vested; 5 years, 100% vested.

Employees participating in the City of Flint 401(a) Defined Contribution Plan shall have an amount equal to their employee contributions to the Defined Contribution plan, the investment earnings thereon, and the vested portion of Employer contributions to the Defined Contribution plan, and the vested portion of investment earnings thereon, transferred to the defined contribution plan component of the Hybrid Plan. Employees shall be vested in the transferred amount exactly as they are in the current City of Flint 401(a) Defined Contribution Plan.

LIFE INSURANCE

Effective September 1, 2014, the City agrees that it will pay the premiums to furnish the following amounts of accidental death and dismemberment insurance for non-union employees:

Elected and appointed:	\$75,000
High Level Exempt:	\$40,000
Low-Level Exempt:	\$25,000

This insurance coverage will begin the first day of the month following the Employee's obtaining six (6) months of City seniority accrual. . The coverage shall be discontinued on the day the Employee's services are terminated, the Employee quits, retires, is laid off, or is otherwise not on the payroll; provided, however, such insurance coverage will be continued for an Employee who is on an approved leave of absence without pay for a period not to exceed six (6) months. Provided further, that if the Employee is discharged and the discharge is ultimately reversed the Employer will be liable for any life insurance benefits that would have been otherwise due.

Forms will be made available to Employees by the Employer whereby Employees can designate a beneficiary on this life insurance coverage, and in the event no beneficiary is designated, the policy will be payable to the Employee's estate.

Life Insurance Coverage will be continued while an employee is on an authorized disability leave if the employee is otherwise eligible. The Employee shall be obligated to pay his or her premium share, if any, within 14 days of established due date or insurance coverage will be cancelled.

PAYMENT IN LIEU OF INSURANCE COVERAGE

The City will pay to eligible Employees, under the conditions herein set forth, \$100/month, paid monthly, as an annual amount in lieu of hospitalization insurance coverage.

PREMIUM SHARE FOR DENTAL AND OPTICAL BENEFITS

Effective September 1, 2014, for exempt and appointed employees, Dental coverage shall be provided at the level and by the carrier (including self-insurance) as determined by the Employer at the Employee's option. The Employee pays 50% of premium cost through payroll deduction.

If an Employee does not have sufficient funds in a paycheck, the Employee shall be obligated to pay his or her premium share within 14 days of established due date or insurance coverage will be cancelled.

Dental Coverage will be continued while an employee is on an authorized disability leave if the employee is otherwise eligible. The Employee shall be obligated to pay his or her premium share, within 14 days of established due date or insurance coverage will be cancelled.

Optical coverage shall be provided at the level and by the carrier (including self-insurance) as determined by the Employer at the Employee's option. The Employee pays 50% of premium cost through payroll deduction.

If an Employee does not have sufficient funds in a paycheck, the Employee shall be obligated to pay his or her premium share within 14 days of established due date or insurance coverage will be cancelled.

Optical Coverage will be continued while an employee is on an authorized disability leave if the employee is otherwise eligible. The Employee shall be obligated to pay his or her premium share, within 14 days of established due date or insurance coverage will be cancelled.

FLEXIBLE SPENDING PLAN

Effective September 1, 2014, all employees shall be offered the option of participating in a Flexible Spending Plan, the details and conditions of which are provided in Addendum A.

SENIORITY

Effective September 1, 2014, seniority will be computed as provided in Addendum B.

ADDENDUM B

SENIORITY

Section 1. Definitions.

(a) City Seniority: The Employee's original date of hire, by Employer, adjusted for time not worked/paid. City seniority shall be used for determining step increases in pay and/or paid time off (PTO) accrual(s)

(b) Departmental Seniority: The date the Employee joined his current division/department adjusted for time not worked/paid.

When a department, division or section of a division is transferred to another department, seniority in classification in the previous department shall be credited to the affected Employees.

(c) Classification Seniority: The date the Employee was promoted, by Employer, adjusted for time not worked. Classification seniority shall be used for layoffs, scheduled PTO time and shift preference where applicable.

Section 2. Computation.

Seniority shall not be credited for time not worked/paid, except under the following:

- (a) Military leave time as required by law.
- (b) Workers' compensation, for the period when an Employee is receiving benefits under the statute, up to a maximum of one (1) year

Section 4. Loss of Seniority.

An Employee shall lose his seniority for the following reasons:

- (1) Resignation
- (2) Discharge not subsequently reversed
- (3) Retirement
- (4) Absence for three (3) consecutive days on which the Employee was scheduled to work without proper notification to the Employer. Because of unreported absence, the Employee is considered to have resigned (voluntary quit) and is no longer in the employ of the City of Flint. In proper cases exceptions shall be made upon the Employee producing convincing proof of his inability to give such notice.

- (5) Failure to report for work within seven (7) days from the date of mailing of notice of recall.
- (6) Failure to return to work upon expiration of an authorized leave of absence, subject to paragraph 4 above.
- (7) Failure to return to work from a leave caused by the employee's disability within one (1) year of the commencement of such leave or for a period of time equal to the length of his/her seniority at the time the approved disability leave commences, whichever is less. If an Employee on a leave caused by the employee's disability returns to work but fails to remain in active employment with the Employer for at least six (6) consecutive months, the Employer will consider any subsequent period on a leave caused by the employee's disability a continuation of the original period of leave for purposes of application of this paragraph; provided that, if the Employee can demonstrate by clear and convincing evidence that a subsequent period of disability is caused by a different injury or condition, that subsequent period will not be deemed a continuation of the original period of leave for purposes of application of this paragraph.
- (8) Layoff for a continuous period equal to the length of seniority, or two (2) years, whichever is less.
- (9) The Employee fails to return on the specified date following an approved disability leave. In proper cases, exceptions may be made upon the Employee presenting convincing proof of his/her inability to return on the require date.