

**TOWN OF HOLLY SPRINGS
PERSONNEL POLICY**

Effective Oct. 1, 2009

BE IT RESOLVED by the Town Council of the Town of Holly Springs that the following policies apply to the appointment, classification, benefits, salary, promotion, demotion, dismissal, and conditions of employment of the employees of the Town of Holly Springs.

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ARTICLE I. GENERAL PROVISIONS

Section 1. Purpose of the Policy

It is the purpose of this policy and the rules and regulations set forth to establish a fair and uniform system of personnel administration for all employees of the Town under the supervision of the Town Manager. This policy is established under authority of Chapter 160A, Article 7, of the General Statutes of North Carolina.

Section 2. At Will Employment

It is the policy of the Town of Holly Springs that all employees do not have a written employment contract for a specific fixed term of employment. Any employment relationship with the Town is "at will" in nature, which means that the employee may resign at any time and the employer may discharge the employee at any time with or without cause. Nothing in this policy creates an employment contract or term between the Town and its employees. No person has the authority to grant any employee any contractual rights of employment.

Section 3. Merit Principle

All appointments and promotions shall be made solely on the basis of merit. All positions requiring the performance of the same duties and fulfillment of the same responsibilities shall be assigned to the same class and the same salary range. No applicant for employment or employee shall be deprived of employment opportunities or otherwise adversely affected as an employee because of such individual's race, color, religion, sex, national origin, political affiliation, non-disqualifying disability, or age.

Section 4. Responsibilities of the Town Council

The Town Council shall be responsible for establishing and approving personnel policies, the position classification and pay plan, and may change the policies and benefits as necessary. They also shall make and confirm appointments when so specified by the general statutes.

Section 5. Responsibilities of the Town Manager

The Town Manager shall be responsible to the Town Council for the administration and technical direction of the personnel program. The Town Manager shall appoint, suspend, and remove all Town employees except those whose appointment is otherwise provided for by law. The Town Manager shall make appointments, dismissals and suspensions in accordance with the Town charter and other policies and procedures spelled out in other Articles in this Policy.

The Town Manager shall supervise or participate in:

- a) recommending rules and revisions to the personnel system to the Town Council for consideration;
- b) making changes as necessary to maintain an up-to-date and accurate position classification plan;
- c) preparing and recommend necessary revisions to the pay plan;
- d) determining which employees shall be subject to the overtime provisions of FLSA;
- e) developing and administering such recruiting programs as may be necessary to obtain an adequate supply of competent applicants to meet the needs of the Town;
- f) performing such other duties as may be assigned by the Town Council not inconsistent with this Policy; and
- g) appointing an employee to the role of Human Resources Director.

Section 6. Responsibilities of the Human Resources Director

The responsibilities of the Human Resources Director are to make recommendations to the Town Manager on the following:

- a) recommending rules and revisions to the personnel system to the Town Manager for consideration;
- b) recommending changes as necessary to maintain an up-to-date and accurate position classification plan;
- c) recommending necessary revisions to the pay plan;
- d) recommending which employees shall be subject to the overtime provisions of FLSA;
- e) maintaining a roster of all persons in the municipal service;
- f) establishing and maintaining a list of authorized positions in the municipal service at the beginning of each budget year which identifies each authorized position, class title of position, salary range, any changes in class title and status, position number and other such data as may be desirable or useful;

- g) developing and administering such recruiting programs as may be necessary to obtain an adequate supply of competent applicants to meet the needs of the Town;
- h) developing and coordinating training and educational programs for Town employees;
- i) periodically investigating the operation and effect of the personnel provisions of this Policy; and
- j) performing such other duties as may be assigned by the Town Manager not inconsistent with this Policy.

Section 7. Application of Policies, Plan, Rules, and Regulations

The personnel policy and all rules and regulations adopted pursuant thereto shall be binding on all Town employees. The Town Manager, Town Attorney, members of the Town Council and advisory boards and commissions will be exempted except in sections where specifically included. An employee violating any of the provisions of this policy shall be subject to appropriate disciplinary action, as well as prosecution under any civil or criminal laws which have been violated.

Section 8. Departmental Rules and Regulations

Because of the particular personnel and operational requirements of the various departments of the Town, each department is authorized to establish supplemental written rules and regulations applicable only to the personnel of that department. All such rules and regulations shall be subject to the approval of the Town Manager, and shall not in any way conflict with the provisions of this Policy, but shall be considered as a supplement to this Policy.

Section 9. Definitions

For the purposes of this Policy, the following words and phrases shall have the meanings respectively ascribed to them by this section:

Probationary employee. A person appointed to an allocated position who has not yet successfully completed the designated probationary period. A probationary employee may be rejected, dismissed, demoted or suspended without the right to appeal. An employee who successfully completes the probationary period will be considered a regular employee of the Town.

Temporary employee. A person hired by a department to perform additional extra help. Many work on a seasonal or short-term basis. Temporary employees are paid on an hourly basis only for hours actually worked. They are not eligible for benefits except those mandated by State and Federal government. The temporary employee or the

Town can at any time or for any reason terminate the employment relationship.

Regular employee. A person who is appointed to an allocated position and has successfully completed the probationary period. Regular employees may be appointed to full-time or part-time allocated positions.

A regular full-time employee is appointed to a full-time allocated position, for which an average work week equals 40 hours. Regular full-time employees are eligible for all employee benefits.

A regular part-time employee is appointed to a part-time allocated position and normally works at least 20 hours and less than 40 hours per workweek. A regular part-time employee is eligible for pro-rated benefits based on the number of hours normally authorized to work.

Trainee. An employee status when an applicant is hired (or employee promoted) who does not meet all of the requirements for the position. During the duration of a trainee appointment, the employee is on probationary status.

Allocated position. An allocated position is authorized as a regular position by the Town Council. Regular allocated positions are assigned a specific job title, salary grade, salary range, duties, and minimum qualifications. Appointments to allocated positions are made through a competitive selection process. All town positions are subject to budget review and approval each year by the Town Council.

Continuous service. Years of regular service with the Town of Holly Springs without a termination and rehire of employment. This does not include Family and Medical leaves of absence. Continuous service in regards to the Health Insurance for Retirees only includes full-time, regular employees.

Pay status. When an employee is working or on paid leave (vacation leave or sick leave).

ARTICLE II. POSITION CLASSIFICATION PLAN

Section 1. Purpose.

The position classification plan provides a complete inventory of all authorized and permanent positions in the Town service, and an accurate description and specification for each class of employment. The plan standardizes job titles, each of which is indicative of a definite range of duties and responsibilities.

Section 2. Composition of the Position Classification Plan

The classification plan shall consist of:

- a) a grouping of positions in classes which are approximately equal in difficulty and responsibility which call for the same general qualifications, and which can be equitably compensated within the same range of pay under similar working conditions;
- b) class titles descriptive of the work of the class;
- c) written specifications for each class of positions; and
- d) an allocation list showing the class title of each position in the classified service.

Section 3. Use of the Position Classification Plan

The classification plan is to be used:

- a) as a guide in recruiting and examining applicants for employment;
- b) in determining lines of promotion and in developing employee training programs;
- c) in determining salary to be paid for various types of work;
- d) in determining personnel service items in departmental budgets; and
- e) in providing uniform job terminology.

Section 4. Administration of the Position Classification Plan

The Human Resources Director shall allocate each position covered by the classification plan to its appropriate class, and shall be responsible for the administration of the position classification plan. The Human Resources Director shall periodically review portions of the classification plan and recommend appropriate changes to the Town Manager.

Section 5. Authorization of New Positions and the Position Classification Plan

New positions shall be established upon recommendation of the Town Manager and approval of the Town Council. New positions shall be recommended to the Council with a recommended class title after which the Town Manager shall either allocate the new position into the appropriate existing class, or revise the position classification plan to establish a new class to which the new position may be allocated. The position classification plan, along with any new positions or classifications, shall be approved by the Town Council and on file with the Human Resources Director. Copies will be available to all Town employees for review upon request.

Section 6. Request for Reclassification

Any department head who considers a position within their department to be misclassified, shall submit a request in writing for reclassification to the Human Resources Director. Upon receipt of such request, the Human Resources Director shall study the request, determine the merit of the reclassification, and recommend any necessary revisions to the classification and pay plan to the Town Manager.

ARTICLE III. THE PAY PLAN

Section 1. Definition

The pay plan includes the basic salary schedule and the "Assignment of Classes to Grades" adopted by the Town Council. Each position is assigned a classification title and each title is assigned to a salary grade with a specific salary range. Positions are assigned to grades within the pay plan based on the duties and responsibilities assigned. Positions with more complex tasks, more responsibility, or requiring more technical knowledge are assigned to higher salary ranges than positions with lower responsibilities or knowledge requirements. Salary ranges are set based on two components: competitiveness with the market and internal equity with similar position and occupational groups. The salary range consists of the minimum (normal hiring rate), mid-point, and maximum rates of pay for all classes of positions. The range of salaries between the minimum and maximum is 55%.

Section 2. Administration and Maintenance

The Town Manager, assisted by the Human Resources Director, shall be responsible for the administration and maintenance of the pay plan. All employees covered by the pay plan shall be paid at a rate listed within the salary range established for the respective position classification, except for employees in trainee status or employees whose existing salaries are above the established maximum rate following transition to a new pay plan.

The pay plan is intended to provide equitable compensation for all positions, reflecting differences in the duties and responsibilities, the comparable rates of pay for positions in private and public employment in the area, changes in the cost of living, the financial conditions of the Town, and other factors. To this end, each budget year the Human Resources Director shall make comparative studies of all factors affecting the level of salary ranges including the consumer price index, anticipated changes in surrounding employer plans, and other relevant factors, and will recommend to the Town Manager such changes in salary ranges as appear to be pertinent. Such changes shall be made in the salary ranges such that the minimum and the maximum change according to the market. Periodically, the Town Manager shall recommend that individual salary ranges be studied and adjusted as necessary to maintain market competitiveness. Such adjustments will be made by increasing or decreasing the assigned salary grade for the class and possibly adjusting the rate of pay for employees in the class when the action is approved by the Town Council.

Section 3. Starting Salaries

A new regular employee is normally hired at the minimum of the salary range for the classification involved. Appointments above the minimum may be made with approval of the Human Resources Director and the Town Manager when deemed in the best interest of the Town, and will be based on such factors as exceptional qualifications of

the applicant much higher than the required education and experience for the class, shortage of qualified applicants, equal pay justification or operational need.

Section 4. Trainee Designation and Provisions

Applicants being considered for employment or Town employees who do not meet all of the requirements for the position for which they are being considered may be hired, promoted, demoted, or transferred by the Town Manager to a "trainee" status. In such cases, a plan for training, including a time schedule, must be prepared by the department head.

"Trainee" salaries shall be no more than two grades below the minimum salary rate established for the position for which the person is being trained. A new employee designated as "trainee" shall be regarded as being in a probationary period. However, trainee periods may extend from three to eighteen months. A trainee shall remain a probationary employee until the trainee period is satisfactorily completed.

If the training is not successfully completed to the satisfaction of the Town Manager, the trainee shall be transferred, demoted, or dismissed. If the training is successfully completed, the employee shall be paid at least at the minimum rate established for the position for which the employee was trained.

Section 5. Merit Pay

Upward movement within the established salary range for an employee is not automatic, but rather based upon specific performance-related criteria. Procedures for determining performance levels and performance pay increases or other performance-related movement within the range shall be established in procedures approved by the Town Manager. Merit increases may be granted annually based on performance. The amount of merit increase may vary from year to year, depending on the budget adopted by the Town Council. Employees who perform below expectations on the performance evaluation will not be eligible for any cost-of-living increases authorized in that same calendar year. Only employees starting regular employment with the Town prior to July 1 of the previous calendar year are eligible for merit pay based on the performance evaluation. Employees on a leave of absence will be eligible for a performance review and possible merit increase upon their return to work.

Section 6. Merit Pay Bonus

Employees who are at the maximum amount of the salary range for their position classification are eligible to be considered for a Merit Bonus at their regular performance evaluation time. Merit bonuses shall be awarded based upon the performance of the employee as described in the performance evaluation and in the same amounts as employees who are within the salary range. Merit bonuses shall be awarded in lump sum payments and do not become part of base pay.

Section 7. Salary Effect of Promotions, Demotions, Transfers, and Reclassifications

Promotions. A promotion is a move to a position with a higher salary grade. The purpose of the promotion pay increase is to recognize and compensate the employee for taking on increased responsibility. When an employee is promoted, the employee's salary shall normally be advanced to the minimum of the new salary grade, or to a salary which provides an increase of approximately 5% over the employee's salary before the promotion, whichever is greater. In the event of highly skilled and qualified employees, shortage of qualified applicants, or other reasons related to the merit principle of employment, the Town Manager may set the salary at an appropriate rate in the range of the position to which the employee is promoted that best reflects the employees' qualifications for the job and relative worth to the Town, taking into account the range of the position and the relative qualifications of other employees in the same classification. In no event, however, shall the new salary exceed the maximum rate of the new salary range. In setting the promotion salary, the Town shall consider internal comparisons with other employees in the same or similar jobs.

Demotion. A demotion is a move to a position in a lower salary grade. Demotions can be either voluntary, where you choose to take a position in a lower salary grade, or involuntary/disciplinary, resulting from inefficiency in performance or as a disciplinary action. When an employee is voluntarily demoted to a position for which qualified, the salary will likely be cut to reflect a decrease in job responsibilities. The new salary shall be set in the lower pay range which provides a salary commensurate with the employees' qualifications and is consistent with the placement of other employees within the same classification. Employees who accept a voluntary demotion and retain their salary, and are then promoted within 24 months, will retain that same salary. If the demotion is the result of discipline, the salary shall be decreased at least 5%. Salaries of demoted employees may be no greater than the maximum of the new range. Employees with a salary above the maximum of the range shall be maintained at that level until such time as the employee's salary range is increased above the employee's current salary.

Lateral Transfer. A lateral transfer is a move from one position to another position at the same salary grade. The salary of an employee who takes a lateral transfer shall remain the same and not be changed by the reassignment.

Reclassification. A reclassification is a change in a position's salary grade and title due to a significant increase or decrease in job responsibilities and duties. An employee whose salary is below the minimum of the new salary grade will receive a salary increase at least up to the new minimum salary. If the current salary is above the new salary range minimum, there may be a pay increase based on increased job responsibilities.

If the position is reclassified to a lower pay range, the employee's salary shall remain the same. If the employee's salary is above the maximum established for the new

range, the salary of that employee shall be maintained at the current level until the range is increased above the employee's salary.

Labor Market Adjustment. When an employee's position is adjusted to a class having a higher salary range due to the current labor market trends for hiring and retention, the employee's salary will be adjusted to at least the minimum of the new salary range.

Redefinition of Class. When an employee's position is redefined due to redefinition of position class or class series to include departmental organizational changes and/or classification description, no salary increase will be given, only the position title will change.

Section 8. Salary Range Revisions

A salary range revision is a change in the salary range or grade assigned to a specific class of positions. The change may be based upon increased salaries in the relevant labor market, recruitment and retention data, or increased complexity in job content. Salary equity within the work unit must be maintained and other management needs must be given consideration when salary changes based on range revisions are made. When a class of positions is assigned to a higher salary grade, the employees' salaries may also change according to the following guidelines:

- Employee salaries shall be increased, if it is below the new minimum, to at least the minimum rate of the new salary range.
- Salaries that fall between the new minimum and the midpoint of the new salary range do not have to be increased. If funds are available and where appropriate, individual salary increases may be considered but the total cannot exceed the dollar amount provided by the difference in the minimum salaries of the old range and the new range. If the employee's current salary is at the midpoint or above of the new salary range, the salary will remain the same.
- When a class of positions is assigned to a lower salary range, the salaries of employees in that class will remain unchanged. If this assignment to a lower salary range results in an employee being paid at a rate above the maximum established for the new class, the salary of that employee shall be maintained at that level until such time as the employee's salary range is increased above the employee's current salary.

Section 9. Transition to a New Salary Plan

The following principles shall govern the transition to a new salary plan:

- 1) No employee shall receive a salary reduction as a result of the transition to a new salary plan.

- 2) All employees being paid at a rate lower than the minimum rate established for their respective classes shall have their salaries raised to the new minimum for their classes.

All employees being paid at a rate below the maximum rate established for their respective classes shall be paid at a rate listed in the salary schedule.

- 4) All employees being paid at a rate above the maximum rate established for their respective classes shall be maintained at that salary level until such time as the employees' salary range is increased above the employees' current salary.

Section 10. In-Range Salary Adjustment

It is the policy of the Town of Holly Springs, subject to the availability of funds to grant in-range salary adjustments to recognize job change of employees in regular, permanent positions, to establish equitable salary relationships, and/or to respond to labor market conditions. Only regular full-time or part-time employees are eligible for increases under this policy. In-range adjustments may be considered in the following circumstances:

- 1) Job Change – This type of adjustment is to compensate for changes in job duties and responsibilities as documented in position classification specifications which are at a higher level, but not enough to justify a reclassification to a higher salary grade, or a salary range revision.
- 2) Recruitment/Retention Problems – This type of salary adjustment may be made to reduce or avoid turnover due to market or other conditions that affect retention.
- 3) Salary Equity – This type of salary adjustment is used to establish or re-establish equitable salary relationships among employees in a relevant work unit performing the same type and level of work considering education, skill, related work experience, length of service and performance level.

It is the responsibility of the Human Resources Director to assess salary administration priorities and in-range salary adjustment requests. As part of this process, the salary of each employee in the department should be examined for equity purposes. The minimum percentage increase under this policy is 1% and the maximum is 3%. A completed request for an in-range salary adjustment must be in writing from the Department Head and include the following information: employee name, classification title, currently salary, summary of conditions that support the request, and justification for percent increase requested.

Section 11. Effective Date of Salary Changes

Salary changes approved after the first working day of a pay period shall become effective at the beginning of the next pay period, or at such specific date as may be provided by procedures approved by the Town Manager.

Section 12. Overtime Pay Provisions

Employees of the Town can be requested and may be required to work in excess of their regularly scheduled hours as necessitated by the needs of the Town and determined by the Department Head. Overtime work should be approved in advance by the Department Head or Town Manager.

To the extent that local government jurisdictions are so required, the Town will comply with the Fair Labor Standards Act (FLSA). The Human Resources Director shall determine which jobs are "non-exempt" and are therefore subject to the Act in areas such as hours of work and work periods, rates of overtime compensation, and other provisions.

Non-exempt employees will be paid at a straight time rate for hours up to the FLSA established limit for their position (usually 40 hours in a 7 day period; 171 hours for police and 212 hour for fire personnel in a 28 day cycle). Hours worked beyond the FLSA established limit will be compensated in either time or pay at the appropriate overtime rate (time-and-one-half). An employee must actually work over 40 hours to earn overtime compensation. In no event will vacation, sick leave, or holidays be included in the computation of hours worked for FLSA purposes. Non-Exempt employees may not accrue a compensatory time balance of more than 40 hours. Supervisors and Department Heads will work to ensure that employees take off time during the workweek to keep the balances below 40 hours.

Employees wishing to use accrued compensatory time must make a written request to their immediate supervisor. Use of such time will be allowed within a reasonable period following the request as long as the use does not unduly disrupt the operations of the Department/Town. Department Heads will be responsible for administering their department staff compensatory time by having employees take accrued compensatory time in a timely manner so that compensatory time will not accrue to excessive levels over 40 hours.

Whenever practicable, departments will schedule time off on an hour-for-hour basis within the applicable workweek for non-exempt employees, instead of paying overtime. When time off within the work period cannot be granted, overtime worked will be granted in accordance with the FLSA.

Employees in positions determined to be "exempt" from the FLSA are not eligible for overtime pay. Exempt employees may be given "compensatory time" up to 24 hours to use at the discretion of their Department Head but not to exceed straight time (hour-for-

hour) rate. Compensatory time should be approved by the Town Manager or Department Head and ends without compensation upon termination of employment.

Section 13. Call-back and On-Call Pay

The Town of Holly Springs must provide a variety of critical emergency services 24 hours a day, seven days a week. Need for these services may occur when employees with necessary skills are not on duty. As a result, the Town must be assured that skilled employees are always readily available by placing some employees on standby status. At other times it is necessary for certain employees to respond to any reasonable request for duty at any hour of the day or night. One of the conditions of employment with the Town is the acceptance of a share of the responsibility for continuous service, in accordance with the nature of each position. If an employee fails to respond to reasonable calls for emergency service, either special or routine, the employee shall be subject to disciplinary action up to and including dismissal by the Town Manager.

Call-Back Pay. Non-exempt employees will be guaranteed a minimum payment of two hours of wages for being called back to work outside of normal working hours when not on call. Non-exempt employees will be paid at the established hourly rate of pay for hours worked outside their normal schedule if they are actually required to return to work and will receive overtime for eligible overtime hours. The minimum of two hours pay is guaranteed for non-exempt employees who are called back or actual hours worked whichever is greater. "Call-back" provisions do not apply to previously scheduled overtime work (scheduled one or more days in advance). If more than one callback occurs within a given shift, total callback time cannot exceed two hours unless the work time exceeds two hours.

On-Call Pay. On-call pay compensates certain non-exempt employees who are required to be on-call and return to work by contact via pager or telephone in the event of an emergency. On-call status is a designated period of seven consecutive days. Hours of on-call status are not considered hours of work, and are not recordable on a time sheet. All non-exempt on-call employees shall receive an additional salary base of \$75.00 for each entire week served on-call. There is no additional compensation for being on-call when there is a holiday. Hours actually worked while on call are calculated beginning when the employee reports to the work site and are added to the regular total of hours worked for the week.

Section 14. Holiday Pay

Shift employees required to perform work on regularly scheduled, Town-recognized holidays will be paid at their hourly rate for hours actually worked in addition to any holiday pay to which they are entitled. If a holiday falls on a regularly scheduled off-duty day for shift personnel, the employee shall receive eight (8) hours for paid holiday leave. Employees may be paid for all excess when holiday time creates a balance exceeding 40 hours.

Regular non-exempt or exempt employees (excluding department heads and shift employees) who are required to work on a designated holiday are entitled to a total of one and one-half times regular compensation, in addition to the eight-hour holiday, given as pay or compensatory time to be taken off as mutually agreed by the employee and supervisor.

Section 15. Payroll Deduction

Deductions shall be made from each employee's salary, as required by law. Additional deductions may be made upon the request of the employee on determination by the Town Manager as to capability of payroll equipment, associated increase in workload and appropriateness of the deduction.

Section 16. Hourly Rate of Pay

Employees working in a part-time or temporary capacity with the same duties as full-time employees will work at a rate in the same salary range as the full-time employees. The hourly rate for employees working other than 40 hours per week, such as police officers working an average 42 hours per week, will be determined by dividing the average number of hours scheduled per year into the annual salary for the position.

Section 17. Longevity Pay

Full-time and part-time regular employees are compensated for years of service to the Town by payment of a longevity supplement. Longevity pay is based on total number of years of continuous service. Beginning with the 2008-2009 fiscal year, employees shall receive longevity pay on the payday for the pay period in which his/her eligibility date occurs and annually in succeeding years. Employees shall receive longevity pay based on the following table:

<u>Years of Service</u>	<u>Longevity Amount</u>
5 - 9	300
10 - 14	500
15 - 19	700
20 plus	1000

If an employee goes on leave without pay, longevity shall not be paid until the employee returns to work and completes six months of service.

Employees hired prior to December 31, 2009 with 2 to 4 years of continuous service will receive \$100 in longevity pay.

Section 18. Pay for Acting in a Higher Level Classification

An employee who is formally designated to perform the duties of a position that is assigned to a higher salary grade than that of the employee's regular classification for a period of 30 days or more shall receive an increase for the duration of the "Acting" assignment. The employee shall receive a salary adjustment to the minimum level of the job in which the employee is acting or an increase of 5%, whichever is greater. The salary increase shall be temporary and upon completion of the assignment, the employee shall go back to the salary he or she would have had if not assigned to the "Acting" role, taking into account any increases the employee would have received if he/she had not been placed in the "Acting" role.

Section 19. Educational Incentive Pay Plan

The Town offers an educational incentive pay plan to assist employees in their continuing education efforts. The pay plan will provide monetary incentives for completing certain job-specific certifications and courses approved by the Town Manager. In order for courses/certifications to qualify for Educational Pay, they need to be approved by Human Resources prior to beginning the course. Procedures for the educational incentive pay plan shall be established and approved by the Town Manager. Refer to the Administrative Rules Manual for more information.

ARTICLE IV. RECRUITMENT AND EMPLOYMENT

Section 1. Equal Employment Opportunity Policy

It is the policy of the Town of Holly Springs to foster, promote and maintain a consistent recruitment program to promote equal employment opportunity and to identify and attract the most qualified applicants for all vacancies. This intent is achieved through consistency in announcing all positions, evaluating all applicants on the same criteria, providing reasonable accommodations as needed, and by applying consistent testing methods when applicable. The Town shall select employees on the basis of the applicant's qualifications for the job and award them, with respect to compensation and opportunity for training and advancement, without regard to age, sex, race, color, religion, national origin, disability, political affiliation, or marital status.

Section 2. Recruitment, Selection and Appointment

Recruitment Sources. When position vacancies occur, the Human Resources Department shall publicize these opportunities for employment, including applicable salary information and employment qualifications. Open positions should be posted for at least seven calendar days prior to an offer being made. Information on job openings and hiring practices may be provided to a variety of recruitment sources, including professional organizations and news media. In addition, notice of vacancies shall be posted on the Town's website. Individuals shall be recruited from a geographic area as wide as necessary and for a period of time sufficient to ensure that well-qualified applicants are obtained for Town service. In rare situations because of emergency conditions, high turnover, etc., the Town may hire or promote without advertising the position, upon approval of the Town Manager.

Job Advertisements. Jobs may be advertised in local newspapers, professional publications, and other relevant publications in order to establish a diverse and qualified applicant pool. The North Carolina Employment Security Commission may also be used as a recruitment source. Employment advertisements shall contain assurances of equal employment opportunity and shall comply with Federal and State statutes.

Application for Employment. All persons expressing interest in employment with the Town shall be given the opportunity to file an application for employment for positions which are vacant. Applications remain active for a period of six months and will be referred to jobs for which the applicant is qualified. After six months, the applicant will need to complete a new application for employment consideration. The applications are typically screened and referred to the hiring department by Human Resources. The hiring department conducts interviews, checks references, and selects the candidate best qualified for the job. Both Human Resources and the Town Manager approve hires before job offers are made.

Application Reserve File. Applications shall be kept in an inactive reserve file for a period of two years, in accordance with provisions of Chapters 121 and 132 of the

General Statutes of North Carolina.

Selection. Department heads, with the assistance of the Human Resources Director, shall make such investigations and conduct such examinations as necessary to assess accurately the knowledge, skills, and experience qualifications required for the position, including education verification and criminal history. All selection devices administered by the Town shall be valid measures of job performance.

Appointment. Before any commitment is made to an applicant either internal or external, the Department Head shall make recommendations to the Human Resources Director including the position to be filled, the salary requested, and the reasons for selecting the candidate over other applicants. The Human Resources Director and Department Head shall make recommendations to the Town Manager regarding the candidate and starting salary of appointments for his/her approval.

Section 3. Probationary Period

An employee appointed, promoted, or transferred to a regular position shall serve a probationary period. The probationary period serves as an extension of the selection process. It provides time for the employee to adjust and allows the supervisor time to ensure the new employee can satisfactorily meet performance expectations before granting regular status. Employees shall serve a six-month probationary period, except that sworn police and department heads shall serve a twelve month probationary period. Employees hired as "trainees" shall remain on probation until the provisions of their traineeship are satisfied. During the probationary period, supervisors shall monitor an employee's performance and communicate with the employee concerning performance progress. Supervisors are encouraged to have an informal review with employees six months into a twelve-month probation.

Before the end of the probationary period, the supervisor shall conduct a performance conference with the employee to discuss accomplishments, strengths, and needed improvements. The supervisor shall recommend in writing whether the probationary period should be completed, extended, or the employee transferred, demoted, or dismissed. Probationary periods may be extended for a maximum of six additional months. Disciplinary action, including demotion and dismissal, may be taken at any time during the probationary period of a new hire without following the steps outlined in this policy.

A promoted employee who does not successfully complete the probationary period may be transferred or demoted to a position in which the employee shows promise of success. If no such position is available, the employee shall be dismissed. Promoted and demoted employees who are on probation retain all other rights and benefits such as the right to use the grievance procedures.

Section 4. Promotion

Promotion is the movement of an employee from one position to a vacant position in a class assigned to a higher salary grade. It is the Town's policy to create career opportunities for its employees whenever possible. Therefore, when a current employee applying for a vacant position is the best suited of all applicants, that applicant shall be appointed to that position. The Town will balance three goals in the employment process: 1) the benefits to employees and the organization of promotion from within; 2) providing equal employment opportunity and a diversified workforce to the community; and 3) obtaining the best possible employee who will provide the most productivity in that position. Therefore, except in rare situations where previous town experience is essential (such as promotions to Police Sergeant), or exceptional qualifications of an internal candidate so indicate, the Town will consider external and internal candidates rather than automatically promote from within. Candidates for promotion shall be chosen on the basis of their qualifications and their work records. Internal candidates shall apply for promotions using the same application process as external candidates.

Section 5. Demotion

Demotion is the movement of an employee from one position to a position in a class assigned to a lower salary range. Demotion may be voluntary or involuntary. An employee whose work or conduct in the current position is unsatisfactory may be demoted provided that the employee shows promise of becoming a satisfactory employee in the lower position. Such disciplinary demotion shall follow the disciplinary procedures outlined in this Policy.

An employee who wishes to accept a position with less complex duties and reduced responsibilities may request a voluntary demotion by using the same application process as external candidates. A voluntary demotion is not a disciplinary action and is made without using the above-referenced disciplinary procedures.

Section 6. Lateral Transfer

A Lateral Transfer is the movement of an employee from one position to another position in the same salary grade. If a vacancy occurs and an employee in another department is eligible for a transfer, the employee shall apply for the transfer using the usual application process. The Department Head wishing to transfer an employee to a different department or classification shall make a recommendation to the Town Manager with the consent of the receiving department head. Any employee transferred without requesting the action may appeal the action in accordance with the grievance procedure outlined in this Policy. An employee who has successfully completed a probationary period may be transferred into the same job classification without serving another probationary period.

ARTICLE V. CONDITIONS OF EMPLOYMENT

Section 1. Work Schedule

The working hours for most Town administrative offices are 8:00 a.m. to 5:00 p.m., Monday through Friday. Departments that provide services to citizens on other schedules or on a 24-hour per day basis have different work schedules in order to effectively provide those services. Department Heads shall establish work schedules, with the approval of the Town Manager, which meet the operational needs of the department in the most cost effective manner possible.

Section 2. Political Activity

Each employee has a civic responsibility to support good government by every available means and in every appropriate manner. Each employee may join or affiliate with civic organizations of a partisan or political nature, may attend political meetings, may advocate and support the principles or policies of civic or political organizations in accordance with the Constitution and laws of the State of North Carolina and in accordance with the Constitution and laws of the United States. However, no employee shall:

- a) Engage in any political or partisan activity while on duty;
- b) Use official authority of influence for the purpose of interfering with or affecting the result of a nomination or an election for office;
- c) Be required as a duty of employment or as condition for employment, promotion or tenure of office to contribute funds for political or partisan purposes;
- d) Coerce or compel contributions from another employee of the Town for political or partisan purposes;
- e) Use any supplies or equipment of the Town for political or partisan purposes; or
- f) Be a candidate for nomination or election to office under the Town Charter;

Any violation of this section shall subject the employee to disciplinary action including dismissal.

Section 3. Outside Employment

The work of the Town shall have precedence over other occupational interests of employees. The Town understands that for various reasons employees may seek to hold other jobs while continuing to work for the Town. Outside employment is prohibited when it would create a conflict of interest or interfere with the employees' ability to perform work for the Town in a satisfactory manner. Before an employee begins

working at another outside position, he or she must obtain approval from the Department Head. The Department Head will review such requests for possible conflict of interest and then submit a record of the employment review to the employee's personnel file. Failure to obtain permission or accepting another position after permission has been denied, will be grounds for disciplinary action, up to and including termination. In addition, if an employee's outside position interferes with the employee's ability to work at the Town, the employee will be subject to discipline for poor performance or poor attendance in accordance with normal disciplinary policy.

Examples of conflicts of interest in outside employment *includes but is not limited to:*

- a) employment with organizations or in capacities that are regulated by the employee or employee's department; or
- b) employment with organizations or in capacities that negatively impact the employee's perceived integrity, neutrality, or reputation related to performance of the employee's Town duties.

Employees are prohibited from other employment while on a leave of absence (Workers' Compensation Leave, Family Medical Leave, etc.) from the Town.

Section 4. Dual Employment

A full or part-time employee of the Town may simultaneously hold another temporary position with the Town if the temporary position is in a different department and clearly different program area from that of the full or part-time position. The work of the temporary position must also be performed on an occasional or sporadic basis as identified in Fair Labor Standards Act regulations. However, the work of the full or part-time position shall take precedence over the temporary position, and such temporary work will not count toward the calculation of overtime for pay or time off.

Section 5. Employment of Relatives

The Town prohibits the hiring and employment of relatives in positions within the same department. The Town also prohibits the employment of any person who is a relative of individuals holding the following positions: Mayor, Mayor Pro Temp, Town Council Member, Town Manager, Finance Director, Human Resources Director, or Town Attorney. Otherwise, the Town will consider employing family members or related persons in the service of the Town, provided that such employment does not:

- 1) result in a relative supervising or having the authority to hire, remove or discipline the relative;
- 2) result in a relative auditing or evaluating the work of a relative;
- 3) result in one party handling confidential material that creates improper or inappropriate access to that material by the other;
- 4) create a circumstance that might lead to potential conflict among the relatives or in a

situation of actual or reasonably foreseeable conflict between the Town's interest and their own; or

5) create the potential or perception of favoritism.

The Town conducts open and competitive hiring processes. Preference will not be given to candidates who are dependents or relatives of current employees.

The definition of relatives for the purposes of this policy includes:

The employee's spouse, child, parent, grandparents, grandchild, sibling, aunt or uncle, first cousin, niece or nephew, daughter or son-in-law, or step-relatives and in-laws in the same relationship;

This provision shall not apply retroactively to anyone employed when the provision is adopted by the Town.

Section 6. Harassment / Sexual Harassment Prohibited

The Town of Holly Springs prohibits, and will not tolerate, sexual harassment or harassment on the basis of race, gender, age, religion, color, national origin, age or disability. Harassment complaints or allegations will be investigated promptly and where it is determined that such inappropriate conduct has occurred, we will act immediately to eliminate the conduct and impose such corrective action as is necessary, including disciplinary action up to and including dismissal.

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when 1) submission to or rejection of such conduct is made either explicitly or implicitly a term or condition of an individual's employment; 2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or 3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

Harassment, other than sexual, is verbal or physical conduct that denigrates or shows hostility or aversion towards an individual because of race, color, religion, gender, national origin, age, or disability, which has the purpose or effect of creating an intimidating, hostile, or offensive work environment or unreasonably interferes with an individual's work performance or otherwise adversely affects an individual's employment opportunities. Harassing conduct includes, but is not limited to, epithets, slurs, negative stereotyping, or threatening, intimidating, hostile acts. Written or graphic material which denigrates or indicates hostility or aversion toward an individual or group is prohibited from display on the employer's premises, or circulation in the workplace.

Any employee who feels harassed or who knows of or suspects the occurrence of forbidden harassment is responsible for informing the HR Director or the Town Manager in writing of the facts regarding such harassment so that management may promptly

and thoroughly conduct an investigation. Supervisors and Department Heads who receive a harassment complaint are to contact the Human Resources Director immediately.

If an investigation confirms that unlawful harassment occurred, the Town will take immediate corrective action, including discipline up to and including immediate termination of employment of the harassing party as is appropriate. Employees making complaints of sexual harassment are protected against retaliation from alleged harassers or other employees. Please refer to the Administrative Rules Manual for more detailed information on this policy.

Section 7. Solicitation and Acceptance of Gifts and Favors

No official or employee of the Town shall solicit or accept gifts, favors, gratuities, discounts or price breaks, entertainment, or anything of monetary value from any person, organization or group with which he or she has official, enforcement or regulatory relationships that may tend to influence such employee in the discharge of the employee's duties, or grant in the discharge of duty an improper favor, service, or thing of value.

Section 8. Performance Evaluation

Supervisors and/or Department Heads shall conduct Performance Evaluation conferences with each employee at least once a year. These performance evaluations shall be documented in writing and placed in the employee's personnel file. Procedures for the performance evaluation program shall be published by the Town Manager.

The Town's merit-based performance management system requires regular employees to receive a total score of at least "meeting expectations" on the performance evaluation in order to receive a merit increase. In the event an employee is rated "below expectations" overall, he/she will not be eligible for a merit increase or any cost-of-living adjustment awarded for the same calendar year. In this event, the supervisor shall develop a written Corrective Action Plan outlining performance deficiencies and measures to be taken to correct these deficiencies. A deadline for correcting these deficiencies shall also be set on or before the next performance review date. If the employee's performance does not improve to a satisfactory standard by the deadline date, salary increases will continue to be withheld and the supervisor will initiate such disciplinary action as deemed necessary.

Section 9. Safety

Safety is the responsibility of both the Town and employees. It is the policy of the Town to establish a safe work environment for employees. The Town shall establish a safety program including policies and procedures regarding safety practices and precautions and training in safety methods. Department Heads and supervisors are responsible for ensuring the safe work procedures of all employees and providing necessary safety

training programs. Employees shall follow the safety policies and procedures and attend safety training programs as a condition of employment. Employees who violate such policies and procedures shall be subject to disciplinary action up to and including dismissal.

Section 10. Substance Abuse Policy

The Town is concerned with the safety of both employees and the public. As such, the Town provides a drug free workplace for all employees and conducts pre-employment, random, post-accident, and reasonable suspicion drug testing in addition to any required by law. The Town has established a detailed policy and procedure relating to employee substance abuse and drug testing in order to ensure the safety and well-being of citizens and employees, and to comply with any state, federal, or other laws and regulations. Please refer to the Administrative Rules Manual for a detailed description of the Town's drug testing policy.

Section 11. Internet and Email Policy

The Town has established an Internet and Email Acceptable-Use Policy which all employees should sign at the time of hire. All employee workstations and work activity are subject to monitoring, audit and review by the employer. Employees shall not make any intentional use of the internet that is illegal, malicious, inappropriate or obscene. Internet access is restricted to workstations for positions that have a clear and on-going need for such access that will benefit the Town of Holly Springs.

Section 12. Attendance

The Town depends on employees to provide needed services every day. Attendance is important and is part of the work standards for most jobs. Poor attendance can negatively affect performance evaluations or may lead to disciplinary action. Excessive absenteeism or a chronic attendance problem can lead to disciplinary action up to and including termination.

ARTICLE VI. EMPLOYEE BENEFITS

Section 1. Eligibility

As an integral part of a comprehensive, competitive compensation program, the Town offers a variety of benefits. Specific benefit programs will vary from time to time and the type, level, eligibility and cost of such programs are subject to change at any time at the sole discretion of the Town.

All regular full-time Town employees are eligible for employee benefits, subject to any waiting period. Regular part-time employees are eligible for pro-rated benefits based on the number of hours worked weekly as well as the stipulations in benefit contracts. Temporary employees are eligible only for workers' compensation and FICA. An employee must be in a "pay status" a minimum of 50% of the month in order to remain covered by insurance. Pay status means one is working or utilizing appropriate leave. Once an employee is in pay status for less than 50% of the month, he/she is responsible for paying the coverage.

Section 2. Group Health and Hospitalization Insurance

All regular full-time employees who are scheduled to work 30 hours or more per week on a continuous year-round basis are eligible to purchase available group health insurance. The Town pays the full cost of the premium on individual coverage for all regular full-time employees unless otherwise noted. The Town pays a portion of the individual health insurance premium for regular part-time employees based on a pro-rated amount for the number of regularly scheduled hours worked. (Ex. – 75% for 30 hrs/wk). Employees may purchase coverage for their dependents and are responsible for paying the full cost of the additional coverage. Coverage begins after a 30-day waiting period. Information concerning cost and benefits shall be available to all employees from the Human Resources Department.

Under the Federal Consolidated Omnibus Budget and Reconciliation Act, or COBRA, employees are eligible to continue health insurance at group rates for up to 18 months after employment. The employee must pay 100% of the Town's cost of both individual and dependent health insurance.

Section 3. Group Life Insurance

The Town provides group life insurance for regular full-time employees subject to the stipulations of the insurance contract. Coverage begins after a 30-day waiting period and is equivalent to two times the employee's annual salary rounded to the nearest \$1,000, subject to appropriation. The insurance includes Accidental Death & Dismemberment (AD&D) coverage paid by the Town.

Section 4. Dental Insurance

The Town provides dental insurance to all regular full-time employees with the premium for the individual coverage paid by the Town. Employees may purchase coverage for their dependents and are responsible for paying the full cost of the additional coverage. Coverage begins after a 30-day waiting period.

Section 5. Other Optional Group Insurance Plans

The Town may make other group insurance plans available to employees upon authorization of the Town Manager or Town Council.

Section 6. Retirement

The Town provides a retirement income plan for regular full-time and part-time employees under the North Carolina Local Governmental Employees' Retirement System. All regular employees assigned to work 20 or more hours per week (or more than 1,000 annually) are required to participate as of the first day of employment. The employee contributes 6% of salary (deducted from employees' paychecks) while the Town pays a matching contribution of approximately 5%. The retirement plan is known as a "defined benefit plan" meaning that one can count on a guaranteed percentage of your income at retirement. The percentage will depend on your average final compensation, years of service, and the age at the time of drawing benefits.

After one year as a contributing member, active employees are covered by a death benefit equal to the highest 12 months of salary in a row during the 24 months before you die, but no less than \$25,000 and no more than \$50,000. This benefit is provided to your beneficiary if you die during employment or within 180 days of the last day for which you were paid salary. With five years of service, you are eligible for disability retirement if you become disabled. Booklets are available in Human Resources which provide more information about retirement benefits and information is available online at www.nctreasurer.com, the Retirement System's website.

Section 7. Health Insurance for Retired Employees

Town of Holly Springs employees who retire from the Town service before the age of 65 and qualify for unreduced benefits under the provisions set forth in the North Carolina Local Government Employees' Retirement System may continue group health insurance coverage until they reach 65, based upon the following schedule:

- a) Under fifteen (15) years of continuous service – group health insurance benefits available through COBRA for 18 months at the employee's expense.

- b) Fifteen (15) years, but less than twenty (20) years of continuous service – group health insurance benefits available at the current premium rate to be paid for in full by the retiree.
- c) Twenty (20) years, but less than twenty-five (25) years of continuous service – group health insurance benefits available at the full current premium rate to be paid 50% by the Town and the retiree will pay the remaining amount.
- d) Twenty-five (25) years, but less than thirty (30) years of continuous service - group health insurance benefits available at the full current premium rate to be paid 75% by the Town and the retiree will pay the remaining amount.
- e) Thirty (30) years or more of continuous service - group health insurance benefits available at the current premium rate to be paid 100% by the Town.

Retirees will be carried on the same insurance plan as active employees. Coverage will be available only to those dependents of the member covered on the day immediately preceding the date of retirement. Retirees will pay the full cost for the dependent coverage. A spouse or dependent who is still covered when you turn age sixty-five (65) or otherwise become entitled to Medicare, will be eligible to continue coverage for up to thirty-six (36) months under the COBRA law.

Insurance coverage will only be extended to retirees until they reach age 65 or until they are eligible to receive Medicare under Title XVIII (Medicare of the Social Security Act), whichever occurs first, or becoming gainfully employed by another employer and thus covered by other group insurance. At the time of their 65th birthday or Medicare eligibility, the coverage will be terminated and the Town will no longer be responsible for providing health insurance for the retiree.

If, after retirement, a retiree is re-employed by any employer in a capacity that they receive health insurance benefits, the Town will no longer be responsible for providing coverage. After insurance coverage is terminated, the Town is under no obligation to renew the coverage. In addition, any retiree who fails to pay any applicable fees on or before the date due, shall be terminated from coverage.

The provisions of this policy shall apply to all employees retiring after the adoption of this revised policy. The benefits provided under this section are not intended to be contractual in nature. The Town retains the right to modify these benefits, including amendments and termination, if it deems such modification to be necessary without prior notice.

Section 8. Supplemental Retirement Benefits

The Town provides 401(k) benefits through the State's 401(k) program for its full and part-time employees in the amount of 5% of annual salary beginning on the first day of employment, subject to appropriation by the Town Council. Employees must work at

least 20 hours per week and participate in the retirement system in order to be eligible for the 401(k) benefit program. Each law enforcement officer shall receive 401(k) benefits as prescribed by North Carolina State Law and beginning on the first day of employment.

Section 9. Social Security

The Town, to the extent of its lawful authority and power, has extended Social Security benefits for its eligible employees and eligible groups and classes of such employees.

Section 10. Workers' Compensation

All employees of the Town (full-time, part-time, and temporary) are covered by the North Carolina Workers' Compensation Act. Benefits are paid under this coverage if you have an eligible on-the-job injury or illness. The Workers' Compensation insurance pays for all necessary medical treatment, including hospitalization, doctor fees, and prescriptions.

Responsibility for claiming compensation under the Workers' Compensation Act is on the injured employee. All employees are required to report all injuries arising out of and in the course of employment to their supervisors immediately at the time of the injury in order that appropriate action may be taken at once. In addition to immediately reporting any job-related injury or accident to their supervisor/manager, employees must complete and sign an Employee Accident / Injury Report Form and turn into his/her supervisor or Department Head who will sign it as well and turn into Human Resources. The Human Resources Director will assist the employee in filing the claim. Under NC Workers' Compensation law, the Town has the right to direct medical care for employees who suffer work related injuries or illnesses. Employees may be directed to seek medical treatment for work related injuries from healthcare providers designated by the Town.

A disability of over seven calendar days is required before payment of Workers' Compensation salary benefits under the Workers' Compensation Act. An employee may use accrued sick or vacation leave during the first seven calendar day waiting period. If the work related disability exceeds two weeks, the employee will be placed on Workers' Compensation Leave which runs concurrently with Family Medical Leave. During recovery from an accident, an employee may be able to work on light-duty assignments for all or part of the work day. Failure to report to a modified or light-duty assignment may result in disciplinary action and/or the workers' compensation salary supplement may be stopped. The Town has a Return to Work Policy for which the procedures can be found in the Administrative Rules Manual.

If you are employed as a firefighter or a sworn police officer and you have an adverse medical reaction to an employment vaccination against smallpox or become infected with smallpox or with vaccinia, you will be treated as any other employee with a compensable occupational disease under the North Carolina Workers' Compensation

Act.

Section 11. Unemployment Compensation

In accordance with Public Law 94-566 and subsequent amendments, local governments are covered by unemployment insurance. Town employees who are terminated due to a reduction in force or released from Town service may apply for benefits through the local Employment Security Commission office, where a determination of eligibility will be made.

Section 12. Tuition Reimbursement Program

Regular, full-time employees who have completed initial probation may apply for tuition reimbursement for courses taken on their own time, which will improve their skills for their current job or prepare them for promotional opportunities within the Town. Courses that are not job-related or are primarily avocational will not be approved. Therefore, reimbursement will be given on a course-by-course basis and not based on a general curriculum or educational program. Tuition, registration, fees, laboratory fees, and student fees are eligible expenses. Employees may be reimbursed eligible expenses up to a total of five hundred dollars (\$500) per fiscal year, subject to availability of funds, but no more than \$1,000 total during their employment with the Town. If tuition reimbursement requests exceed budgeted funds, disbursements will be made on a first-come, first-served basis. Satisfactory completion of the courses (*Grade "C" or better*) will be required for reimbursement. Requests for tuition reimbursement shall be submitted to the Department Head and require approval from the Human Resources Director and Town Manager prior to course registration.

Section 13. Disability Insurance

The Town provides both short-term and long-term disability insurance to all full-time regular employees at no cost to the employee. Disability insurance starts after a 30-day elimination period due to an illness or accident off the job and provides a 60% salary benefit to a maximum benefit of \$500 per week. Employees may use sick leave, vacation leave, or comp time to cover the first 30 calendar days of the elimination period and the remainder of time out of work. These benefits run concurrently with the 12 weeks of Family Medical Leave as well as the Town's leave policies.

Section 14. Flexible Spending Accounts (FSA)

Full-time employees have the option of enrolling in the Dependent Care Reimbursement Plan, Medical Reimbursement Plan, or both. Contributions to either plan are made with pre-tax dollars through payroll deduction which will increase employee take-home pay. There will be an annual enrollment period in order to participate in the tax-savings plans.

Section 15. Wellness Benefits

Regular employees of the Town are eligible to use the Exercise Facilities located at the Hunt Community Center at no cost. Other wellness benefits may be provided for Town employees.

Section 16. Employee Assistance Program

The Town of Holly Springs recognizes that some personal problems require professional help and therefore provides a free, confidential Employee Assistance Program for Town employees and their family members. The services provided include assessment of personal problems that may be emotional, marital, family-related, financial, legal, drug or alcohol related, job stress, or any other issue that may cause concern. A counselor is on call 24 hours a day for immediate assistance. Short-term counseling and/or referral for extended or specialized help will follow, if necessary. Department Heads or supervisors may make appointments for employees when personal problems are adversely affecting job performance. They will then be told only whether or not the employee kept the appointment. Frank Horton & Associates (FHA) provides our EAP services and all meetings or discussions with their counselors are strictly confidential. You may contact Frank Horton & Associates at (919) 850-3410 or (800) 326-3864 to schedule an appointment or talk to a counselor over the telephone.

Section 17. Effective Date of Benefit Changes

Employees are given the opportunity annually during open enrollment to make changes in their medical plan, dental plan, and/or flexible spending accounts. In addition, employees may add or remove dependents within 30 days following an IRS-defined "qualifying event". Qualifying events must be reported to Human Resources within 30 days of the occurrence.

Section 18. Law Enforcement Officers' Separation Allowance

Each eligible sworn law enforcement officer, as defined by G.S. 128-21 (11b) or G.S. 143-166.50 (a) (3), of the Town who shall be and remain retired under the provisions of G.S. 128-27 (a) shall be eligible for a special separation allowance as provided by G.S. 143-166.42, equal to .85% of the annual equivalent of the base rate of compensation. The allowance shall be paid in 12 equal installments on the last paycheck of each month. In order to qualify for the allowance, the officer shall:

1. Have completed 30 years or more of creditable service or have attained 55 years of age and completed five (5) or more years of creditable service (as the term "creditable service" is defined in G.S. 143-166.41(b); and
2. Not yet have attained the age of 62; and

3. Have completed at least 5 years of continuous service as a law enforcement officer as herein defined with the Town immediately preceding a service retirement.

The special separation allowance payments to a retired officer will cease at the first of (1) the death of the officer; (2) the officer attains 62 years of age; or (3) the first day of re-employment in any capacity by a North Carolina local government employer, department, agency or institution whether or not said officer is reemployed as a law enforcement officer. The term "local government" is defined as any county, city, town or other political subdivision of the State of North Carolina.

Any officer who is entitled to receive a special separation allowance from the Town shall, within ten (10) days of any change in his/her employment status, report the same to the Town Manager of the Town.

The governing body shall determine the eligibility of employees for the benefits provided herein.

ARTICLE VII. HOLIDAYS AND LEAVES OF ABSENCE

Section 1. Policy

The policy of the Town is to provide vacation leave, sick leave, and holiday leave to all regular full-time and part-time employees. Employees shall accrue leave proportionately with each payroll. An employee must be in "pay status" for a minimum of 50% of the pay period in order to accrue leave.

Section 2. Holidays

The following days, and other such days as the Town Council may designate, are holidays with full pay for employees and officers of the Town:

New Year's Day
Martin Luther King's Birthday
Good Friday
Memorial Day
Independence Day

Labor Day
Veteran's Day
Thanksgiving Thursday & Friday
Christmas (see following schedule)

When Christmas Day falls on:

Sunday
Monday
Tuesday
Wednesday
Thursday
Friday
Saturday

The Town observes:

Friday and Monday
Monday and Tuesday
Monday, Tuesday, and Wednesday
Tuesday, Wednesday, and Thursday
Wednesday, Thursday, and Friday
Thursday and Friday
Friday and Monday

When any recognized holiday falls on Saturday, the preceding Friday will be the designated holiday. When any other recognized holiday falls on Sunday, the following Monday will be the designed holiday.

Holidays are equivalent to 8 hours straight-time pay for all regular full-time employees regardless of their typical workweek schedule and are excluded from hours worked in calculating overtime. In order to receive a paid holiday, an employee must have worked the day before and the day after the holiday(s), or have been given approved leave.

Section 3. Holidays: Effect on Other Types of Leave

Regular holidays which occur during a vacation, sick or other leave period of any employee shall not be considered as vacation, sick, or other leave.

Section 4. Vacation Leave

Vacation leave is intended to be used for rest and relaxation, school appointments, and

other personal needs. Vacation accrues from the first day of employment with the accrual rate determined by the length of service. Vacation leave may also be used by employees who wish to observe religious holidays other than those granted by the Town. Employees who wish to use leave for religious observances must request leave from their respective Department Heads. The Department Head will attempt to arrange the work schedule so that an employee may be granted vacation leave for the religious observance. Vacation leave for religious observance may be denied only when granting the leave would create an undue hardship for the Town. Vacation leave shall be taken only with the prior approval of the employee's Department Head.

Section 5. Vacation Leave: Use by Probationary Employees

Employees serving a probationary period following initial employment will accumulate vacation leave but shall not be permitted to take vacation leave during the first six months of employment unless approved by the Department Head.

Section 6. Vacation Leave: Accrual Rate

Each full and part-time employee of the Town shall accrue vacation at the following schedule, prorated by the average number of hours in the workweek (Section 16):

Years of Service	Days Accrued Per Year
0 - 2	10
2 - 5	12
5 - 10	15
10 - 15	18
15 - 20	20
20+	24

Section 7. Vacation Leave: Maximum Accumulation

Vacation leave may be accumulated without any applicable maximum until December 31 of each year. Effective the last payroll in the calendar year, any employee with more than 240 hours of accumulated vacation leave shall have the excess accumulation converted to sick leave so that only 240 hours are carried forward to January 1 of the next calendar year. Employees are not eligible to receive pay for vacation time not taken.

Employees are cautioned not to retain excess accumulated vacation leave until late in the year. Because of the necessity to keep all functions in operation, large numbers of employees cannot be granted vacation leave at any one time. If an employee has excess leave accumulation during the latter part of the year and is unable to take such leave because of staffing demands, the employee shall receive no special consideration either in having vacation leave scheduled or in receiving any exception to the maximum accumulation.

Section 8. Vacation Leave: Manner of Taking

Employees shall be granted the use of earned vacation leave upon request in advance at those times designated by the Department Head which will least obstruct normal operations of the Town. Department heads are responsible for insuring that approved vacation leave does not hinder the effectiveness of service delivery. Vacation leave may be taken in half-hour or 1 hour increments. Failure to request or take vacation leave without prior approval may result in disciplinary action.

Section 9. Vacation Leave: Payment upon Separation

An employee who has successfully completed six months of the probationary period will normally be paid for accumulated vacation leave upon separation not to exceed 30 days (240 hours), provided notice is given to the supervisor at least two weeks in advance of the effective date of resignation.

Any employee failing to give the notice required by this section shall forfeit payment for accumulated leave. The notice requirement may be waived by the Town Manager when deemed to be in the best interest of the Town. Employees who are involuntarily separated shall receive payment for accumulated vacation leave subject to the 30 day maximum. Employees dismissed for criminal conduct may be determined ineligible to receive vacation pay.

Section 10. Vacation Leave: Payment upon Death

The estate of an employee who dies while employed by the Town shall be entitled to payment of all the accumulated vacation leave credited to the employee's account not to exceed the maximums established in this Article.

Section 11. Sick Leave

Sick leave benefits are a privilege and not a right that an employee may demand. Sick leave may be granted to a probationary or regular employee absent from work for any of the following reasons: sickness, bodily injury, required physical or dental examinations or treatment, or exposure to a contagious disease, when continuing work might jeopardize the health of others. Sick leave is not intended to provide time off for recreation, personal reasons, or to extend vacations.

Sick leave may be used when an employee must care for a member of his or her immediate family who is ill. "Immediate family", for purpose of this policy, shall be defined as spouse, children (including step children), parent (including step parents), sibling, grandparent, and grandchild of the employee.

Sick leave runs concurrently with other types of leave including Family Medical Leave. Sick leave may be used to supplement Workers' Compensation during the waiting

period before benefits begin.

Notification of the desire to take sick leave should be submitted to the employee's supervisor prior to the leave. If an employee is unable to report to work, the employee must notify their supervisor as soon as practical after the beginning of the regular scheduled work day. If the employee cannot call, the employee must have someone else call. If it is necessary for an employee to leave the work site because of illness, the employee must notify their supervisor before leaving. The employee is responsible for keeping their supervisor/department head informed on a regular basis of the status of the illness and when they expect to return to work. Department Heads may require that employees obtain a physician's statement describing the nature of illness and/or attesting to one's capacity to resume work duties. Failure to properly notify the supervisor or provide necessary medical documentation may result in disciplinary action up to and including termination.

The Town has the discretion to send an employee home on sick leave if he/she exhibits signs of a serious contagious illness or to send the employee to a physician to obtain a fitness for duty note before returning to work.

Section 12. Sick Leave: Accrual Rate and Accumulation

Sick leave shall accrue at a rate of one day per month of service or twelve days per year. Sick leave for full-time and part-time employees working other than the basic work schedule shall be pro-rated as described in this Article. Sick leave will be cumulative for an indefinite period of time and may be converted upon retirement for service credit consistent with the provisions of the North Carolina Local Government Employees' Retirement System.

All sick leave accumulated by an employee shall end and terminate without compensation when the employee resigns or is separated from the Town, except as stated for employees retiring or terminated due to reduction in force.

Section 13. Transfer of Sick Leave from Previous Employer

The Town will accept sick leave balances of up to 30 days when documented by a previous employer when the employee worked for a previous employer covered by the State or Local Government Retirement System and the employee did not withdraw accumulated contributions from that employer when leaving employment. The sick leave will be treated as though it were earned with the Town of Holly Springs. The sick leave amount must be certified by the previous employer and it is the employee's responsibility to provide documentation from their previous employer within three (3) months of employment. Transferred sick leave will be credited to the employee upon completion of the probationary period.

Section 14. Sick Leave: Medical Certification

The employee's supervisor or Department Head may require a physician's certificate stating the nature of the employee's or employee family member's illness and the employee's capacity to resume duties, for each occasion on which an employee uses sick leave or whenever the supervisor observes a "pattern of absenteeism." The employee may be required to submit to such medical examination or inquiry as the Department Head deems desirable. The Department Head shall be responsible for the application of this provision to the end that:

- 1) Employees shall not be on duty when they might endanger their health or the health of other employees; and
- 2) There will be no abuse of leave privileges.

Claiming sick leave under false pretense to obtain a day off with pay shall subject the employee to disciplinary action up to and including dismissal.

Section 15. Leave Pro-rated

Holiday, vacation, and sick leave earned by full-time and part-time employees with fewer hours than the basic work week shall be prorated and determined by the following formula:

- 1) The number of hours worked by such employees shall be divided by the number of hours in the basic work week (usually 40 hours).
- 2) The proportion obtained in step 1 shall be multiplied by the number of hours of leave earned annually by employees working the basic work week.
- 3) The number of hours in step 2 divided by 12 shall be the number of hours of leave earned monthly by the employees concerned, or divided by 26 shall be the number of hours of leave earned bi-weekly.

Section 16. Family and Medical Leave

It is the policy of the Town of Holly Springs to allow up to 12 weeks of job-protected leave in accordance with the Family and Medical Leave Act of 1993 (FMLA). Under the Family and Medical Leave Act of 1993 (FMLA), eligible employees may be granted up to a total of 12 weeks of unpaid leave per 12-month period, as determined below, for any of the following reasons:

1. For incapacity due to pregnancy, prenatal medical care or child birth;
2. To care for the employee's child after birth, or placement for adoption or foster care;

3. To care for employee's spouse, son or daughter (under age 18 or incapable of self-care due to disability) parent (in-laws not included), with a serious health condition, as defined by FMLA;
4. For a serious health condition, as defined by FMLA, that renders employee unable to perform the job.
5. For qualifying exigency arising out of the fact that the spouse, child, or parent of the employee is on active duty or called to active duty status in the National Guard or Reserves in support of a contingency operation.

Servicemember Family Leave

FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered servicemember during a single 12-month period. A covered servicemember is a current member of the Armed Forces, including a member of the National Guard or Reserves, who has a serious injury or illness incurred in the line of duty and is receiving medical treatment, recuperating or undergoing therapy for a serious injury or illness. In contrast to all other FMLA leaves, servicemember family leave may be taken only once and does not again become available with the start of a new FMLA year. An employee may not take more than a combined total of 26 workweeks of leave in any year in which he or she uses servicemember family leave. The same eligibility, leave usage, and medical certification requirements apply to servicemember family leave as apply to all other FMLA leaves.

Eligible employees

To qualify for FMLA coverage, the employee must have worked for the Town of Holly Springs 12 months or 52 weeks; these do not have to be consecutive. However, the employee must have worked 1,250 hours during the twelve month period immediately before the date when the FMLA time begins.

Leave

Employees must provide 30 days advance notice of the need to take FMLA leave when the need is foreseeable. The request for the use of leave must be made in writing by the employee and approved by the Town Manager. The FMLA permits, and the Town of Holly Springs requires, that while utilizing FMLA leave employees exhaust all accrued paid sick leave first, then vacation leave, and lastly earned compensatory time before being granted unpaid leave. Additional time away from the job beyond the 12-week period may be approved in accordance with the Town's Leave Without Pay policy. Any use of sick leave beyond two weeks is required to be submitted as Family and Medical Leave. Family Medical Leave runs concurrently with other types of leave including sick leave/disability, voluntary shared leave, and worker's compensation. An employee ceases to earn leave credits on the date leave without pay begins. An employee is prohibited from moonlighting or performing other outside work during any kind of leave including FMLA leave.

12-Month Period

For the purposes of determining available leave, the 12-month period during which employees may be eligible for leave will be calculated on a rolling leave year looking

backward 12 months from the date an employee begins FMLA leave.

Medical Certification

The Town may require medical certification to assess FMLA eligibility, as well as updates at reasonable intervals for continued certification. Employees are responsible for paying for the certification or re-certification. The Town, at its own cost, may also require the employee to get a second or third opinion from a physician designated by the Town. Failure to provide adequate information within 15 calendar days, may result in denial of leave. The employee is expected to return to work at the end of the time frame stated in the medical certification, unless he/she has requested additional time in writing under the Town's Leave Without Pay policy. The Town requires a physician's statement certifying an employee's ability to return to work prior to returning from medical leave. An employee who does not return to work within three working days after their FMLA expires will be considered to have resigned their position.

Spouse's Combined Leave

If a husband and wife both work for the Town and each wishes to take leave for the birth of a child, adoption or placement of a child in foster care, or to care for a parent (not parent-in-law) with a serious health condition, the husband and wife together may only take a total of 12 weeks leave during the 12-month period under FMLA. The request for the use of leave must be made in writing by the employee and approved by the department head or Town Manager.

Benefits Continuation

The Town will continue to provide health care benefits, however, the employee will be responsible for paying his/her portion of the premium for dependent coverage if applicable. Other insurance and payroll deductions (i.e. dental, flex, etc.) are the responsibility of the employee and the employee must make those payments. Failure to pay premiums may result in loss of coverage. Under federal regulations, the Town has the right to recover the insurance premiums if the employee fails to return to work for reasons other than the inability of the employee to work.

Reinstatement

Under most circumstances, employees who return to work immediately after the expiration of this leave and who do not exceed the amount of leave permitted under the FMLA, will be reinstated to either the same or equivalent job. If the twelve or twenty-six weeks of this leave are exhausted and the employee has not returned to work, the Town will determine if the employee will be reinstated.

Section 17. Leave Of Absence

A regular full or part-time employee may be granted a leave of absence for a period of up to 52-weeks (twelve months) by the Town Manager for various reasons including administrative leave, personal disability/extended medical leave, sickness or disability of immediate family members, continuing of education, special work that will permit the Town to benefit by the experience gained or the work performed, or for other reasons

deemed justified by the Town Manager.

Eligible employees will be required to exhaust their vacation leave, sick leave, and any accrued compensatory time prior to requesting leave without pay. The Town requires that all leave of absences qualifying for Family and Medical Leave run concurrently with the 12-week FMLA entitlement. No benefits are accrued during an unpaid leave of absence.

The employee shall apply in writing to their supervisor for leave. The request should include the reason for leave, date expected for beginning leave, duration of leave, and the expected date to return to work. The Town Manager approves any leave of absence request. The employee is obligated to return to duty within or at the end of the time determined appropriate by the Town Manager. If the employee decides not to return to work, the supervisor shall be notified immediately. Failure to report at the expiration of a leave of absence, unless an extension has been requested in writing and approved, shall be considered a resignation.

Section 18. Leave Without Pay

Leave without pay is an administrative decision and may be granted by the Town Manager upon the recommendation of the Department Head and Human Resources. An employee must exhaust all applicable other leave before being placed on leave without pay status. An employee will not be permitted to rotate in and out of leave without pay status and paid leave status. While on leave without pay, an employee shall not accrue leave benefits. Under leave without pay status, employees are responsible for paying both the Town and employee contributions for premiums or benefit packages if they wish to maintain coverage, subject to any regulation by the Town Council and the regulations of the insurance carrier/benefit provider.

(Exception: For leave without pay occurring under the 12-week FMLA entitlement, the Town's contributions to health insurance is maintained.)

Section 19. Workers' Compensation Leave

Under the North Carolina Workers' Compensation Act, employees may be compensated for absence from work due to injury or illness covered by the Act, subject to the following leave provisions:

- (a) There is a mandatory 7 calendar day waiting period before workers' compensation salary benefits begin. For this waiting period, employees may use sick leave, vacation leave, or accrued compensatory time.
- (b) Beginning the calendar day eight (8) following the injury or illness, employees who have not returned to work shall be placed in a Workers' Compensation Leave Without Pay status until their return to work. Accrued leave cannot be used while in Leave Without Pay status.

- (c) Employees in leave without pay status will retain all accumulated sick and vacation leave while receiving Workers' Compensation benefits. An employee on workers' compensation leave may be permitted to continue to be eligible for benefits under the Town's group insurance plans.
- (d) Upon reinstatement, an employee's salary will be computed on the basis of the last salary plus any salary increase to which the employee would have been entitled during the absence covered by Workers' Compensation benefits.
- (e) After returning to work, employees shall be required to use sick or vacation leave for any additional absences for doctor visits, physical therapy, and other required medical care.
- (f) Any period of leave for a Workers' Compensation disability that qualifies as a "serious health condition" under the Family and Medical Leave Act (FMLA), will run concurrently with FMLA leave.
- (g) The Town of Holly Springs' personnel policies shall continue to apply to an employee on Workers' Compensation leave in the same manner as they would apply to an employee who continues to work, or is absent while on some other form of leave.
- (h) An employee is prohibited from moonlighting or performing other outside work during any kind of leave including workers' compensation leave.
- (i) After a one-year (52-week) leave of absence on Workers' Compensation leave, employment with the Town will be terminated to allow the Town to fill the position. The employee will be eligible for rehire and given priority for qualified job openings upon a physician's statement certifying the employee's ability to return to work. The Town reserves the right to separate the employee prior to 52-weeks.

Section 20. Return to Work

Before an employee may return to work from an injury at full or light duty, the employee must provide a physician's note to his/her supervisor indicating that he/she is released and capable of resuming duties, and what, if any restrictions are in place.

If the employee retains some temporary disability after Workers' Compensation leave, which prevents successful performance in his/her original position, efforts will be made to place the employee in a Modified Duty assignment. A Modified Duty assignment is a temporary position to which an employee is assigned when he/she is unable to return to his/her regular position following an on-the-job injury or illness. The modified duty assignment temporarily addresses the restrictions placed on the employee by the treating physician. For work to be considered suitable modified employment, the following conditions must be met:

- (1) the employee must meet the required qualifications for the modified duty assignment,
- (2) the work must be a meaningful and productive part of the department's operations,
- (3) the work must conform to the medical restrictions set by the medical care provider, and
- (4) the modified duty assignment and/or modified work schedule cannot exceed ninety calendar days.

If the employee's regular department is unable to meet the employee's need for modified duty, the employee's department is responsible for payment of the employee's salary and benefits while performing a Modified Duty position in a different department which has been able to meet the employee's needs. The employee placed in a Modified Duty position will be paid a salary that is equivalent to the salary of other employees holding the same position. The Town cannot guarantee placement and is under no obligation to offer or create any specific position for purposes of offering placement.

An employee may choose to accept or refuse the Return to Work (modified duty) job offer. However, an employee who refuses a Modified Duty job offer is subject to termination. Rejection of the job offer might also result in cancellation of income benefits under Workers' Compensation Insurance.

If an employee is unable to return to work at full duty after 90 calendar days, he/she may request a continuation of Modified Duty not to exceed a total of 180 calendar days in a modified capacity. Approval beyond 90 calendar days will be based upon the assessment of the employee's ability to return to full duty within the immediate future. An employee requesting an extension beyond 90 calendar days must submit updated information from the treating physician. The Town reserves the right to consider a separation of employment for any employee who is out on workers' compensation leave for an extended period of time thus causing hardship for the department.

Section 21. Military Leave

In accordance with federal and state laws, the Town provides military leave to employees who are members of a United States Armed Forces organization or National Guard for absences to perform military duty, whether voluntary or involuntary. Absences to perform any military duty (including active duty, active duty training, inactive duty training such as scheduled drills and summer camp, full-time National Guard federal duty, fitness-for-duty examination, and funeral honors duty) are covered by this policy, unless the employee reaches the five-year maximum of military leave as

established by the Uniformed Services Employment and Reemployment Rights Act (USERRA). This policy provides military leave to regular Town employees unless their employment is for a brief, non-recurrent period and there is no reasonable expectation that such employment will continue indefinitely or for a significant period.

Employees should submit a request for military leave to the supervisor or Department Head as soon in advance of the military duty as possible. The request should be in writing and should be accompanied by a copy of the military orders. Employees must report back to work as soon after military duty as possible, consistent with federal and state laws. If the reason for the employee's delay is not related to military duties, the employee is subject to the personnel policies and practices normally applied to employees with unexcused absences.

Employees may choose whether to use earned compensatory time, accrued vacation leave (leave with pay), leave without pay, or some combination thereof for these absences, and the provisions of that leave shall apply. Upon exhausting all other paid leave, employees may request to use sick leave, if approved by the Town Manager.

Regular employees choosing to use military leave may claim up to ten (10) days of differential pay per calendar year provided the days are recorded as military leave and the military basic pay is less than the employee's regular Town pay. To claim differential pay, the employee must submit a copy of his/her military orders, pay vouchers, Leave and Earnings Statement and/or other appropriate documentation evidencing performance and compensation pertinent to the military duty.

During the period of military leave, regular employees may continue health and dental insurance coverage up to eighteen months under COBRA coverage, provided they continue to pay their share of the premiums. As with any other unpaid leave, employees do not accrue vacation leave or sick leave during the period of leave without pay. However, the balance of such accruals on the date of commencement of the military leave will remain intact for the employee's return to work.

Section 22. Reinstatement Following Military Service

Employees who are separated or discharged from military service under honorable conditions and who apply for reinstatement within the established time limits are reinstated to the same position or one of like status, seniority, and pay with the Town. If, during military service, an employee is disabled to the extent that the duties of the original position cannot be performed, the employee is reinstated to a position with duties compatible with the disability, if available. The employee's salary upon reinstatement is based on the salary rate just prior to leave, plus any general salary increase(s) implemented while on leave. The addition of a performance salary increase may be considered. Employees who are eligible for military leave have all job rights specified by the Uniformed Services Employment and Reemployment Rights Act (USERRA).

An employee's entitlement to the provisions of this section terminates upon the occurrence of any of the following events:

- (1) Such employee is separated from uniformed service with dishonorable or bad conduct discharge;
- (2) Such employee is separated from uniformed service under other than honorable conditions, as characterized pursuant to regulations prescribed by the Secretary concerned;
- (3) The Town's circumstances have so changed as to make such reemployment impossible or unreasonable; or
- (4) Such employee gives clear written notice s/he has no intention of returning to work.

Section 23. Civil Leave

A Town employee called for jury duty or subpoenaed for the federal or state governments, or a subdivision thereof, shall receive leave with pay for such duty during the required absence without charge to accumulated leave. The employee may keep fees and travel allowances received for jury or witness duty in addition to regular compensation; except, that employees must turn over to the Town any witness fees or travel allowance awarded by that court for court appearances in connection with official duties. While on civil leave, benefits and leave shall accrue as though on regular duty. Employees required to be in court for their own case, defendant or plaintiff, must use vacation leave or compensatory time.

Section 24. Parental School Leave

A Town employee who is a parent, guardian, or person standing in loco parentis (in place of the parent) may take up to eight hours of paid leave per calendar year to involve him or herself in school activities of his or her child(ren). This leave is subject to the three following conditions:

- 1) The leave must be taken at a time mutually agreed upon by the employee and the Town;
- 2) The Town may require the employee to request the leave in writing at least 48 hours prior to the time of the desired leave; and
- 3) The Town may require written verification from the child's school that the employee was involved at the school during the leave time.

Vacation time can be taken by an employee to attend school activities of his or her child for any time beyond the eight hours of parental school leave.

Section 25. Funeral Leave

Up to three days paid leave is granted each calendar year for making funeral

arrangements, traveling to, and attending the funerals of “Relatives” (as defined in Article V, Section 5). Funeral leave does not accumulate from year to year. Funeral leave must be approved prior to use. Any additional time off may be charged as vacation leave or compensatory time, if available. Extra days are granted based on the needs of the employee and the department.

Section 26. Shared Leave

Employees may donate vacation leave to qualified employees as shared leave. Shared leave allows a co-worker to continue to receive income when his/her sick leave is exhausted because of absence due to their own serious injury/illness or to care for spouse, child or parent with a serious injury/illness. The procedures for the shared leave program shall be established and approved by the Town Manager. See the Administrative Rules for the procedures for Shared Leave.

Section 27. Administrative Leave

The Town Manager can approve certain types of Administrative Leave at his/her discretion. Administrative Leave is typically for volunteer opportunities such as donating blood, assisting with natural disasters, and other approved activities.

Section 28. No Moonlighting During Leave

Employees are prohibited from working outside positions during any kind of leave from the Town (Workers’ Compensation Leave, Family Medical Leave, etc.). Outside employment during a period of leave can result in disciplinary action up to and including termination.

ARTICLE VIII. SEPARATION AND REINSTATEMENT

Section 1. Types of Separations

All separations of employees from positions in the service of the Town shall be designated as one of the following types and shall be accomplished in the manner indicated: Resignation, reduction in force, dismissal (termination), disability, voluntary retirement, or death.

Section 2. Resignation

An employee may resign by submitting the reasons for resignation and the effective date in writing to the immediate supervisor as far in advance as possible. In all instances, the minimum notice requirement is two weeks. Failure to provide minimum notice shall result in forfeit of payment for accumulated vacation leave unless the notice is waived upon recommendation of the Department Head and approval by the Town Manager.

Three consecutive days of absence without contacting the immediate supervisor or Department Head may be considered a voluntary resignation. Sick leave will only be approved during the final two weeks of a notice with a physician's certification or comparable documentation.

Section 3. Reduction in Force

In the event that a reduction in force becomes necessary, consideration shall be given to the quality of each employee's performance, organizational needs, and seniority in determining those employees to be retained. Employees who are separated because of a reduction in force shall be given at least two weeks notice of the anticipated action. No regular employee shall be separated because of a reduction in force while there are temporary or probationary employees serving in the same class in the department, unless the regular employee is not willing to transfer to the position held by the temporary or probationary employee.

Section 4. Disability

An employee who cannot perform the essential duties of a position because of a physical or mental impairment may be separated for disability. Action for disability separation may be initiated by the employee or the Town, but in all cases, consideration for disability separation shall be supported by medical evidence by a competent physician. The Town may require a physical and/or mental examination, at the Town's expense, performed by a physician of the Town's choice. Before an employee is separated for disability, all reasonable efforts shall be made to locate alternative positions within the Town's service for which the employee may be suited. The Town shall comply with the intent, rules and regulations of the Americans with Disabilities Act.

Section 5. Voluntary Retirement

An employee who meets the conditions set forth under the provision of the North Carolina Local Government Employee's Retirement System may elect to retire and receive all benefits earned under the retirement plan.

Section 6. Death

Separation shall be effective as of the date of death. All compensation due shall be paid to the estate of the employee.

Section 7. Dismissal

An employee may be dismissed in accordance with the provisions and procedures of Article IX.

Section 8. Reinstatement

An employee who is separated because of reduction in force may be reinstated within one year of the date of separation, upon recommendation of the Department Head, and upon approval of the Town Manager. An employee who is reinstated in this manner shall be re-credited with his or her previously accrued sick leave.

Section 9. Rehiring

An employee who resigns while in good standing may be rehired with the approval of the Town Manager and will be regarded as a new employee (vacation leave and service start over), subject to all of the provisions of rules and regulations of this Policy. If an employee is hired back into the same position within one year from the date of separation, the employee may be hired back at the previous salary rate, including any salary increases for which he/she would have been eligible as well as a reinstatement of accumulated sick leave. An employee in good standing who is separated due to a reduction in force shall be given the first opportunity to be rehired in the same or a similar position.

ARTICLE IX. DISCIPLINARY ACTION AND DISMISSAL

Section 1. Disciplinary Action

A regular employee may be reprimanded, suspended, demoted, or dismissed as discussed below, however nothing contained herein shall modify the status of the employee to anything other than at-will.

Probationary employees who have not attained regular status and temporary employees may be terminated immediately for unsatisfactory job performance or conduct/safety violations without following the progressive discipline process. There is no right of appeal. Appropriate documentation of the termination will be included in the employee's personnel file.

Section 2. Unsatisfactory Job Performance

An employee whose work is unsatisfactory over a period of time shall be notified by the department head in what way the employee's work is deficient and what must be done if the work is to be satisfactory.

Unsatisfactory job performance includes any aspects of the employee's job which are not performed as required to meet the standards set by the Department Head or Town Manager.

Examples of unsatisfactory job performance include, but are not limited to, the following:

- 1) Demonstrated inefficiency, negligence, or incompetence in the performance of duties;
- 2) Careless, negligent or improper use of Town property or equipment;
- 3) Physical or mental incapacity to perform duties after reasonable accommodation;
- 4) Discourteous treatment of the public or other employees;
- 5) Absence without approved leave;
- 6) Improper use of leave privileges;
- 7) Failure to report for duty at the assigned time and place;
- 8) Failure to complete work within time frames established in work plan or work standards;
- 9) Failure to meet work standards or perform critical tasks over a period of time;

- 10) Failure to follow the chain of command to address work-related issues;
- 11) Poor work habits, such as chronic tardiness; or
- 12) Repeated or serious incidents of unsafe behavior at work.

Section 3. Communication and Warnings for Unsatisfactory Job Performance

When an employee's job performance is unsatisfactory, or when incidents or inappropriate actions warrant, the supervisor shall meet with the employee as soon as possible in one or more coaching/counseling sessions to discuss specific performance problems to prevent the conduct and/or performance problem from becoming a disciplinary issue. A brief summary of these counseling sessions including dates, performance deficiencies discussed, and corrective actions recommended shall be noted in the employee's personnel file by the supervisor. The Human Resources Director and the Town Manager will be kept informed of any employee's disciplinary activity.

An employee who is dismissed for unsatisfactory job performance shall normally receive at least three (3) warnings before disciplinary action resulting in dismissal is taken. First, one (1) or more oral warnings must be issued by the employee's immediate supervisor. Second, if the oral warning does not result in improved performance, a written warning must be issued by the supervisor, specifying the employee's performance deficiencies and the steps required to achieve satisfactory performance. Third, if performance still does not improve, a final written warning must be issued by the department head. A final written warning serves notice to the employee that corrective action must be taken immediately to avoid disciplinary action including termination.

Disciplinary suspensions are for the purpose of communicating the seriousness of the performance deficiency, not for the purpose of punishment and should not generally exceed three days (24 hours) for non-exempt employees. Suspensions for exempt employees shall be for one full work week in accordance with FLSA requirements to maintain exempt status. Demotions are appropriate when an employee has demonstrated inability to perform successfully in the current job, but shows promise and commitment to performing successfully in a lower level job. If no other options are available, dismissal is appropriate. If, after suspension or demotion, the employee's performance does not reach an acceptable level, the employee may be dismissed.

Section 4. Misconduct

An employee may be placed on disciplinary suspension, demoted, or dismissed, without prior warning or disciplinary action having been given to the employee, for causes relating to personal conduct detrimental to Town service in order to 1) avoid undue disruption of work; 2) to protect the safety of persons or property; or 3) for other serious reasons.

Section 5. Misconduct Defined

Misconduct includes behavior of such a serious detrimental nature that the functioning of the Town may be or has been impaired; the safety of persons or property may be or have been threatened; or the laws of any government may be or have been violated.

Examples of detrimental personal conduct include, but are not limited to, the following:

- 1) Fraud or theft;
- 2) Conviction of a felony or the entry of a plea of nolo contendere thereto;
- 3) Falsification of records for personal profit, to grant special privileges, or to obtain employment;
- 4) Willful misuse or gross negligence in the handling of Town funds or personal use of equipment or supplies;
- 5) Willful or wanton damage or destruction to property;
- 6) Willful or wanton acts that endanger the lives and property of others;
- 7) Possession of unauthorized firearms or other lethal weapons on the job;
- 8) Brutal, threatening, or intimidating behavior in the performance of duties;
- 9) Reporting to work under the influence of alcohol or drugs or partaking of such while on duty. Prescribed medication may be taken within the limits set by a physician as long as medically necessary;
- 10) Engaging in incompatible employment or serving a conflicting interest;
- 11) Request or acceptance of gifts in exchange for favors or influence;
- 12) Engaging in political activity prohibited by this Policy;
- 13) Harassment of an employee(s) and/or the public on the basis of sex or any other protected class status;
- 14) Harassment of an employee or the public with threatening or obscene language and/or gestures;
- 15) Stated refusal to perform assigned duties, flagrant violation of work rules and regulations, or serious malfeasance of work;
- 16) Engaging in acts during or outside work hours that negatively affect the Town,

the image of the Town, or negatively affect the relationship between the employee and the Town or the employee and other coworkers.

- 17) Accepting gifts in exchange for favors or influences.

Section 6. Pre-dismissal Conference

Before dismissal action is taken, whether for failure in personal conduct or failure in performance of duties, the Department Head shall provide the employee with a written notice of the proposed dismissal, which should include the reason(s) for the action and a date and time for a pre-dismissal conference. At this conference the employee may present any response to the proposed dismissal to the Department Head, Human Resources Director, and Assistant Town Manager. The Assistant Town Manager will consider the employee's response, if any, to the proposed dismissal, and will, within three working days following the pre-dismissal conference, notify the employee in writing of the final decision. If the employee is dismissed, the notice shall contain a statement of the reasons for the action and the employee's appeal rights. The Town Manager will be provided with a written notice of action taken.

Section 7. Non-Disciplinary Suspension

During the investigation, hearing, or trial of an employee on any criminal charge, or during an investigation related to alleged detrimental personal conduct, or during the course of any civil action involving an employee, when suspension would, in the opinion of the Department Head or Town Manager, be in the best interest of the Town, the Department Head or Town Manager may suspend the employee for part or all of the proceedings as a non-disciplinary action. In such cases, the Town Manager may:

- 1) Temporarily relieve the employee of all duties and responsibilities and place the employee on paid or unpaid leave for the duration of the suspension, or
- 2) Assign the employee new duties and responsibilities and allow the employee to receive such compensation as is in keeping with the new duties and responsibilities.

If the employee is reinstated following the suspension such employee shall not lose any compensation or benefits to which otherwise the employee would have been entitled had the suspension not occurred. If the employee is terminated following suspension, the employee shall not be eligible for any pay from the date of suspension; provided, however, all other benefits with the exception of accrued vacation and sick leave shall be maintained during the period of suspension.

Section 8. Employee Appeal

An employee wishing to appeal a reprimand, demotion, suspension, or dismissal may present the matter using the grievance procedure prescribed in Article X.

ARTICLE X. GRIEVANCE PROCEDURE

Section 1. Policy

The Town is committed to providing employees an effective and responsive grievance process. The purpose of this article is to outline the procedure and to assure all employees that a response to their complaints and grievances will be prompt and fair. Employees utilizing the grievance procedure shall not be subjected to retaliation or any form of harassment from supervisors or employees for exercising their rights under this policy. Supervisors or other employees who violate this policy shall be subject to disciplinary action up to and including dismissal from Town service.

Section 2. Grievance Defined

A grievance is a claim or complaint by a current or a former employee based upon an event or condition within control of the Town, which adversely affects the circumstances under which an employee works, allegedly caused by misinterpretation, unfair application, or lack of established policy pertaining to employment conditions. An employee filing a grievance should be actually or potentially adversely affected by the condition or event being grieved. Performance appraisals do not fall under the grievance procedure.

Section 3. Purposes of the Grievance Procedure

The purposes of the grievance procedure include, but are not limited to:

- 1) Providing employees with a procedure by which their complaints can be considered promptly, fairly, and without reprisal;
- 2) Encouraging employees to express themselves about the conditions of work which affect them as employees;
- 3) Promoting better understanding of policies, practices, and procedures which affect employees;
- 4) Increasing employees' confidence that personnel actions taken are in accordance with established, fair, and uniform policies and procedures; and
- 5) Increasing the sense of responsibility exercised by supervisors in dealing with their employees.
- 6) Encouraging conflicts to be resolved between employees and supervisors who must maintain an effective future working relationship, and therefore, encouraging conflicts to be resolved at the lowest level possible of the chain of command; and

7) Creating a work environment free of continuing conflicts, disagreements, and negative feelings about the Town or its leaders, thus freeing up employee motivation, productivity, and creativity.

Section 4. Procedure

When an employee has a grievance, the following successive steps are to be taken unless otherwise provided. The number of calendar days indicated for each step should be considered the maximum, unless otherwise provided, and every effort should be made to expedite the process. However, the time limits set forth may be extended by mutual consent. The last step initiated by an employee shall be considered to be the step at which the grievance is resolved. A decision to rescind a disciplinary suspension, demotion or dismissal must be approved by the Department Head or Town Manager before the decision becomes effective.

Informal Resolution. Prior to the submission of a formal grievance, the employee and supervisor should meet to discuss the problem and seek to resolve it informally. This is to ensure that the supervisor knows about and has had the opportunity to consider and investigate the problem and to resolve the problem informally before the formal grievance process is initiated. Either the employee or the supervisor may involve the respective Department Head as a resource to help resolve the grievance. In addition, the employee or supervisor may request mediation from a local mediation service or other qualified parties to resolve the conflict, upon approval of the Human Resources Director. Mediation is the process where a neutral party assists the parties in conflict with identifying mutually agreeable solutions or understandings.

Step 1. If no resolution to the grievance is reached informally, the employee who wishes to pursue a grievance shall present the grievance to the appropriate supervisor in writing. The grievance must be presented within fifteen calendar days of the event or within fifteen (15) calendar days of learning of the event or condition. The grievance should contain the following: the decision, action, or policy the employee does not agree with, on what basis the action is wrong or unfair, and the proposed resolution the employee is seeking.

The supervisor shall submit a written response to the employee within ten (10) calendar days after receipt of the grievance. The supervisor should, and is encouraged to, consult with any employee of the Town in order to reach a correct, impartial, fair and equitable determination or decision concerning the grievance. Any employee consulted by the supervisor is required to cooperate to the fullest extent possible.

The response from the supervisor for each step in the formal grievance process shall be in writing and signed. In addition, the employee shall sign a copy to acknowledge receipt thereof. The responder at each step shall send copies of the grievance and response to the Human Resources Officer.

In cases involving discrimination or harassment which may involve the immediate supervisor, the employee may file the grievance with the next level of department management or contact the Human Resources Department directly.

Step 2. If the grievance is not resolved to the satisfaction of the employee by the supervisor, the employee may appeal, in writing, to the appropriate Department Head within ten (10) calendar days after receipt of the response from Step 1. The grievance should state why the employee disagrees with the supervisor's decision in the Step 1 as well as offer a suggested resolution to the problem. The Department Head shall respond to the appeal in writing, stating the determination of decision within ten (10) calendar days after receipt of the appeal.

Step 3. If the grievance is not resolved to the satisfaction of the employee at the end of Step 2, the employee may appeal, in writing, to the Town Manager within ten calendar days after receipt of the response from Step 2. The grievance should state why the employee disagrees with the department head's decision in Step 2 as well as offer a suggested resolution to the problem. The Town Manager shall respond to the appeal in writing, stating the determination of decision within ten calendar days after receipt of the appeal. The Town Manager's decision shall be the final decision. The Town Manager would notify the Town Council of any impending legal action.

Filing a lawsuit on an issue while you have a grievance on the same issue will end your appeals under the Town's grievance procedure.

Department Heads. In the case of Department Heads or other employees where the Town Manager has been significantly involved in determining disciplinary action, including dismissal, the Town may wish to obtain a neutral outside party to act as a mediator to assist in resolving the conflict.

Section 5. Role of the Human Resources Director

Throughout the grievance procedure, the role of the Human Resources Director shall be as follows:

1. To advise parties (including employee, supervisors, and Town Manager) of their rights and responsibilities under this policy, including interpreting the grievance and other policies for consistency of application;
2. To be a clearinghouse for information and decisions in the matter including maintaining files of all grievance documents.
3. To give notices to parties concerning timetables of the process, etc;
4. To assist employees and supervisors in drafting statements; and
5. To facilitate the resolution of conflicts in the procedures or of the grievance at any

step in the process; and

6. To help locate mediation or other resources as needed.

The Human Resources Director shall also determine whether or not additional time shall be allowed to either side in unusual circumstances if the parties cannot agree upon extensions when needed or indicated.

Section 6. Grievance Procedure for Discrimination

When an employee, former employee, or applicant, believes that any employment action discriminates illegally (ie. is based on age, sex, race, color, national origin, religion, creed, political affiliation, or non-job related handicap), he or she has the right to appeal such action using the grievance procedure outlined in this Article (Section 4 above). While such persons are encouraged to use the grievance procedure, they shall also have the right to appeal directly to the Human Resources Director or Town Manager. Employment actions subject to appeal because of discrimination include promotion, training, classification, pay, disciplinary action, transfer, layoff, failure to hire, or termination of employment. An employee or applicant should appeal an alleged act of discrimination within thirty calendar days of the alleged discriminatory action, but may appeal for up to six months following the action.

ARTICLE XI. RECORDS AND REPORTS

Section 1. Public Information

In compliance with GS 160A-168, the following information with respect to each Town employee is a matter of public record: name; age; date of original employment or appointment to the service; current position title; current salary; date and amount of the most recent increase or decrease in salary; date of the most recent promotion, demotion, transfer, suspension, separation, or other change in position classification; and the office to which the employee is currently assigned. Any person may have access to this information for the purpose of inspection, examination, and copying, during regular business hours, subject only to such rules and regulations for the safekeeping of public records as the Town may adopt.

Section 2. Access to Confidential Records

All information contained in a Town employee's personnel file, other than the information mentioned above is confidential and shall be open to inspection only in the following instances:

- 1) The employee or his/her duly authorized agent may examine all portions of his/her personnel file except letters of reference solicited prior to employment, and information concerning a medical disability, mental or physical, that a prudent physician would not divulge to the patient.
- 2) A licensed physician designated in writing by the employee may examine the employee's medical record.
- 3) A Town employee having supervisory authority over the employee may examine all material in the employee's personnel file.
- 4) By order of a court of competent jurisdiction, any person may examine all material in the employee's personnel file.
- 5) An official of an agency of the State or Federal Government, or any political subdivision of the State, may inspect any portion of a personnel file when such inspection is deemed by the Town Manager to be necessary and essential to the pursuit of a proper function of the inspecting agency, but no information shall be divulged for the purpose of assisting in a criminal prosecution of the employee, or for the purpose of assisting in an investigation of the employee's tax liability. However, the official having custody of the personnel records may release the name, address, and telephone number from a personnel file for the purpose of assisting in a criminal investigation.
- 6) An employee may sign a written release to be placed in his/her personnel file that

permits the record custodian to provide, either in person, by telephone, or by mail, information specified in the release to prospective employers, educational institutions, or other persons specified in the release.

- 7) The Town Manager, with the concurrence of the Town Council, may inform any person of the employment, non-employment, promotion, demotion, suspension or other disciplinary action, reinstatement, transfer, or termination of a Town employee, and the reasons for that action. Before releasing that information, the Town Manager shall determine in writing that the release is essential to maintaining the level and quality of Town services. The written determination shall be retained in the Town Manager's office, is a record for public inspection, and shall become a part of the employee's personnel file.

The Town Council shall establish procedures for all personnel files containing information other than the public information mentioned above whereby an employee who objects to material may seek to have the material removed from the file or may place in the file a statement relating to the material.

Section 3. Personnel Actions

The Human Resources Director, with the approval of the Town Manager, will prescribe necessary forms and reports for all personnel actions and will retain records necessary for the proper administration of the personnel system. There shall be one set of official personnel files, centrally located as designated by the Town Manager. Any document not located there is not an official part of that employee's personnel record. These files shall contain documents such as employment applications and related materials, records of personnel actions, documentation of employee warnings, disciplinary actions, performance evaluations, retirement and insurance records, letters of recommendation, and other personnel-related documents.

Section 4. Records of Former Employees

The provisions for access to records apply to former employees as they apply to present employees.

Section 5. Remedies of Employees Objecting to Material in File

An employee who objects to material in his/her file may place a statement in the file relating to the material considered to be inaccurate or misleading. The employee may seek removal of such material in accordance with established grievance procedures.

Section 6. Penalties for Permitting Access to Confidential Records

Section 160A-168 of the General Statutes provides that any public official or employee who knowingly and willfully permits any person to have access to any confidential information contained in an employee personnel file, except as expressly authorized by

the designated custodian, is guilty of a misdemeanor and upon conviction shall be fined in an amount consistent with the General Statutes.

Section 7. Examining and/or Copying Confidential Material without Authorization

Section 160A-168 of the General Statutes of North Carolina provides that any person, not specifically authorized to have access to a personnel file designated as confidential, who shall knowingly and willfully examine in its official filing place, remove or copy any portion of a confidential personnel file shall be guilty of a misdemeanor and upon conviction shall be fined consistent with the General Statutes.

Section 8. Destruction of Records Regulated

No public official may destroy, sell, loan, or otherwise dispose of any public record, except in accordance with GS 121.5, without the consent of the State Department of Cultural Resources. Whoever unlawfully removes a public record from the office where it is usually kept, or whoever, alters, defaces, mutilates or destroys it will be guilty of a misdemeanor and upon conviction will be fined in an amount provided in Policy 132.3 of the General Statutes.