

MEMORANDUM

Nancy Kerry
2310 Eagle Bend Trl, Reno, Nevada 89523

To: Board of Directors, Somerset Owners Association
From: Nancy Kerry, SOA Transition Coordinator
Re: Review and Consideration of Personnel Policies
Meeting Date: October 13, 2021

Background

On November 1, 2021, the Somerset Owners Association will be directly managing the employees of the Association through and under their Agreement with Taylor Association Management (“TAM”) in collaboration with UniqueHR, the company who will provide payroll and benefits administration.

Personnel Policies

The SOA expects to adopt a comprehensive Employee Handbook, which will contain a variety of payroll policies including plan documents for the administration of payroll, benefits, retirement, workers compensation and so on. In the meantime, employees are in need of understanding how their paid-time-off (“PTO”) will accrue and be utilized, what holidays will be observed and what retirement, if any, contributions the SOA will offer to its employees. The attached policy explains these policies in detail. Should the Board agree to adopt these policies, employees will be able to accrue and utilize these benefits effective November 1, 2021, with the exception of retirement. If the Board adopts the retirement contribution amounts, UniqueHR will account for and accrue those contributions until such time as the SOA adopts the retirement contribution plan document (which is projected for mid-January 2022). Upon adoption of the retirement contribution plan, the amounts accrued will be deposited into employee’s 401a/401k accounts.

Financial Impact

Assuming the accrued PTO for employees currently employed by FSR who have accepted a position with the SOA, is a maximum financial liability of approximately \$7,500 (depending upon how many hours employees have in their PTO bank at the time on or about November 1, 2021). This cost (approximately \$7,500) may be reduced by the amount of PTO hours FSR is responsible for at the time of the management transfer to Taylor Association Management. The remainder of the policy as it relates to PTO accrual may create a financial liability that will require funding in year 2023 if it exceeds a total liability of greater than \$10,000/annually. Generally speaking, PTO time is accounted for in the annual salary of fulltime, regular employees, except for cash-out provisions, which are not available until December of 2022 with future Board review and approval.

Attachments

1. Policy



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PERSONNEL POLICIES RELATED TO PAID TIME OFF (PTO), HOLIDAYS and RETIREMENT

For Fulltime Permanent Employees of Somerset Owners Association

Effective: November 1, 2021

Purpose: To ensure full-time permanent employees of Somerset Owners Association are able to take time off from their jobs at Somerset when they are feeling great in order to spend quality time away from work, and when they are not feeling well to rest and recover; AND to ensure employees understand and are provided holiday time with their families; AND to provide an attractive benefit plan for employees as it relates to time off, holidays and retirement contributions in order to attract and retain quality employees. This policy does not apply to part-time, seasonal, or temporary employees of Somerset.

Effective Date: This policy as set forth herein will become effective when adopted by an affirmative majority vote of the Board of Directors of Somerset Owners Association, but no earlier than November 1, 2021. The Board retains the right and sole discretion to change this Personnel Policy at any time. However, once PTO hours are in an employee's "PTO bank", any accrual rate change adopted by the Board of Directors shall be prospective in its implementation and shall not adversely impact the number of PTO "banked" hours; similarly, any change in the retirement plan and contributions shall be prospective.

Paid Time Off ("PTO")

Vacation: PTO is to be scheduled in advance for vacation and leisure time off from work; employees simply need to request the time off from work from their supervisor or the Community Manager. Requests may be scheduled as far in advance as one would like, but requests shall not be less than two weeks in advance for vacation and leisure time away. Employees may use up to 80 hours of accrued time at one time. Exception: Salaried employees must use PTO time in increments greater than four-hours to avoid converting to an hourly paid employee.

Health: PTO may be utilized when an employee is not feeling well and needs to stay home to rest, recover, and avoid transferring any illness to coworkers or needs a mental health or wellness break. When using PTO for physical or mental health renewal, employees must report their impending absence as soon as possible to their supervisor or Manager On Duty and record hours used on the current payroll time period. Exception: Employees who feel well enough to work, but

are on quarantine due to possible exposure to a virus, or able to work but should not work to avoid transferring an illness to others, may work from home without using PTO time, upon approval of your supervisor *and* the Community Manager.

FMLA: Employees may use their accrued PTO hours when taking time off under the Family Medical Leave Act (FMLA).

Legacy “Legacy Employees” are those employed by First Service Residential (FSR) at the time Somerset began with new management beginning on or about November 1, 2021 and who submitted a signed offer of employment as presented during the transition period. Those employees will begin their employment with Somerset (SOA) with the number of banked PTO hours they had in their accrual bank with FSR, as so indicated on their past paycheck from FSR. To be eligible to receive their banked hours, employees must provide their last paycheck from FSR to the Community Manager on or before November 10, 2021. Legacy Employees may use their accrued and banked PTO time in the manner prescribed in this policy, with the exception that any Legacy Employee who resigns their position with the SOA within the first twelve months as an SOA employee (that is, on or before October 31, 2022), that employee will be paid out up to a maximum of 40 hours of accrued PTO time.

Accrual Accrual rates are listed below based on years of service and position.

<u>Hourly Employees</u>	<u>Accrual Rate</u> <u>(Hours) Per Period</u>	<u>Estimated Weeks</u> <u>Per year</u>
First twelve months	4.33	2.60
13th month through 36th	5.50	3.30
37th month through 60th	6.67	4.00
61st and forward	7.67	4.60
 <u>Salaried/Senior Management</u>		
First twelve months	4.33	2.60
13th month through 36th	6.00	3.60
37th month through 60th	7.00	4.20
61st and forward	8.33	5.00

End of Year Employees who have not utilized their accrued PTO hours by the last pay period in December of each year will forfeit their PTO bank except for the following conditions; (1) this “end of year” section will not apply for the year 2021; (2) at the sole discretion of the Board of Directors based on any reason they deem appropriate including budgetary constraints, the “end of year” section of this policy will require Board review and approval by November 30 of every year. Given these constraints, pending Board of Directors review in 2022, beginning in December of 2022, employees may elect to “roll-over” (or “retain”) up to 60 (sixty) hours of accrued PTO time; and may elect to cash-out up to 20 hours of accrued PTO time.

- Accrual Cap** All employees (Legacy Employees included) may not exceed 240 hours of accrued or banked PTO. Once 240 hours is reached, employees will no longer accrue Paid Time Off.
- Resignation** Employees, except Legacy Employees, who resign their position with Somerset anytime before completion of twelve months of service will forfeit their accrued hours, except as provided by law. Exception: see Legacy Employees.

Holidays

The following holidays will be observed by full-time permanent employees (hourly and salaried) as paid holidays away from work, with noted exceptions below.

- New Year's Day (January 1)
- Presidents' Day (Third Monday in February)
- Independence Day (4th of July)
- Labor Day (First Monday in September)
- Veterans Day (November 11)
- Thanksgiving Day (Fourth Thursday in November)
- Friday after Thanksgiving
- Christmas Day (December 25th)

The following partial day "holidays" will be observed providing up to four hours to be taken on these dates only; these hours are not transferrable and may not be banked.

- New Year's Eve - 4 hours
- Christmas Eve - 4 hours

Holiday exceptions:

1. When an observed holiday falls on a Saturday, it will be observed on the Friday immediately preceding the date. When an observed holiday falls on a Sunday, it will be observed on the Monday immediately following the date. Similarly, the partial days observed for New Year's Eve and Christmas Eve will be observed the day before the holiday is observed. For example if New Years Day falls on a Sunday, then New Day will be observed on the Monday immediately following New Year's Day and four hours for New Year's Eve will be observed on the Friday preceding the holiday. All terms and conditions may be amended by the Board of Directors at any time.

Retirement Contributions

It is the intention of the Board of Directors to encourage and support employees in their pursuit of retirement by providing a matching contribution to the employer's (401a) retirement account on behalf of employees. Employees may access the funds in accordance with all applicable laws, rules, regulations of the Internal Revenue Service, which may include a tax liability. The Board of Directors may amend this policy and contribution rates at any time. Employees vesting schedule is yet to be determined by the Board of Directors.

<u>Employees</u>	<u>% of base salary</u>	<u>Vesting</u>
First twelve months	Up to 2%	Vesting is subject to a Board Policy to be approved prior to December 31, 2021
13th month through 36th	Up to 3%	
37th month through 60th	Up to 4%	
61st and forward	Up to 5%	



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PERSONNEL POLICIES RELATED TO HOLIDAY SCHEDULE AND PAY

For Part-time, Seasonal and Temporary Employees of Somerset Owners Association

Effective: November 1, 2021

Purpose: To provide an attractive compensation schedule for part-time, seasonal, and temporary employees in the provision of services to the community when they work during holidays. This policy assists the Board of Directors in attracting and retaining quality employees. This policy does not apply to full-time permanent employees of Somerset.

Effective Date: This policy as set forth herein will become effective when adopted by an affirmative majority vote of the Board of Directors of Somerset Owners Association, but no earlier than November 1, 2021. The Board retains the right and sole discretion to change this Personnel Policy at any time.

Holidays

The following holidays will be observed by the Association and as such, any temporary, part-time, or seasonal employees working on these dates will be paid at time and one quarter for the first four(4) hours of work and time and one half for the next four (4) hours of work, and double time for any hours thereafter.

- New Year's Day (January 1)
- Presidents' Day (Third Monday in February)
- Independence Day (4th of July)
- Labor Day (First Monday in September)
- Veterans Day (November 11)
- Thanksgiving Day (Fourth Thursday in November)
- Friday after Thanksgiving
- Christmas Day (December 25th)