Employees are encouraged to use PTO for rest, relaxation, and personal pursuits. Employees will immediately begin accruing PTO on a bi-weekly basis, each payday, at the rates indicated in the schedule above. PTO may only be used in 4-hour increments at a time that will not disrupt the effective operations of the District. The employee's supervisor will approve/deny PTO based on a variety of factors such as operational needs and staffing requirements. Employees are required to request PTO in advance (or on the same day in case of illness) by submitting a request to their supervisor in writing or by email whenever possible. A phone call at least two hours in advance is required in case of illness. PTO is paid at the employee's base pay rate at the time of the leave, and it does not include overtime or any additional compensation such as incentives, commissions, bonuses, or shift differential pay.

As indicated in the chart above, PTO accrual will be "capped", and if the accrual reaches the maximum, then accruals will stop until the employee uses PTO and reduces the balance, at which time the accrual will begin again. Upon termination of employment, employees will be paid for unused PTO up to the maximum stated in the chart above.

Annual PTO Cash-Out: Employees who have completed at least one (1) year of continuous employment with HISID may request a PTO cash-out annually on November 1. Employees must retain a PTO balance equal to or greater than their maximum separation payout allowance as established in the PTO schedule above. The cash-out may not reduce the remaining PTO balance below that allowance. There is no fixed hourly cash-out limit beyond this required retained balance. All PTO cash-outs are subject to approval by the District Manager.

Holidays (Section 303), jury duty (Section 304), Military Leave, and Family Medical Leave Act (FMLA) leave are governed by other sections of this policy and granted to employees in addition to PTO leave.

303 Holidays

Effective Date: 3-1-2022

HISID will grant time off to all full-time employees on the holidays listed below:

- New Year's Day (January 1)
- Martin Luther King Day (third Monday in January)
- Presidents' Day (third Monday in February)
- Memorial Day (last Monday in May)
- Independence Day (July 4)
- Labor Day (first Monday in September)
- Veterans Day (November 11)
- Thanksgiving (fourth Thursday in November)
- Day after Thanksgiving
- Christmas Eve (December 24)
- Christmas (December 25)

These recognized holidays are granted to full-time employees apart from PTO time. HISID will grant paid holiday time off to all eligible employees immediately upon employment. Holiday pay will be calculated based on the employee's straight-time pay rate (as of the date of the holiday) times the standard 8 hour day.

A recognized holiday that falls on a Saturday will be observed on the preceding Friday. A recognized holiday that falls on a Sunday will be observed on the following Monday.

If a recognized holiday falls during an eligible employee's paid absence (such as vacation or sick leave), holiday pay will be provided instead of the paid time off benefit that would otherwise have applied.

If eligible nonexempt employees work on a recognized holiday, they will receive holiday pay plus wages at one and one-half times their straight-time rate for the hours worked on the holiday.

Paid time off for holidays will not be counted as hours worked for the purposes of determining overtime.

307 Jury Duty

Effective Date: 3-1-2022

HISID encourages employees to fulfill their civic responsibilities by serving jury duty when required. Regular full-time employees may request up to 2 weeks of paid jury

duty leave over any 1 year period; the District Manager may, on a case-by-case basis, extend this time for employees who are required to serve beyond this 2 week period.

Jury duty pay will be calculated on the employee's base pay rate times the number of hours the employee would otherwise have worked on the day of absence, less any compensation received for serving on the jury.

If employees are required to serve jury duty beyond the period of paid jury duty leave, they may use any available PTO or may request an unpaid jury duty leave of absence.

Employees must show the jury duty summons to their supervisor as soon as possible so that the supervisor may make arrangements to accommodate their absence. Of course, employees are expected to report for work whenever the court schedule permits.

Either HISID or the employee may request an excuse from jury duty if, in HISID's judgment, the employee's absence would create serious operational difficulties.

HISID will continue to provide health insurance benefits for the full term of the jury duty absence. PTO will continue to accrue during unpaid jury duty leave.

305 Workers' Compensation Insurance

Effective Date: 3-1-2022

HISID provides a comprehensive workers' compensation insurance program at no cost to employees. This program covers any injury or illness sustained in the course of employment that requires medical,

surgical, or hospital treatment. Subject to applicable legal requirements, workers' compensation insurance provides benefits after a short waiting period or, if the employee is hospitalized, immediately.

Employees who sustain work-related injuries or illnesses should inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately. This will enable an eligible employee to qualify for coverage as quickly as possible.

Neither HISID nor the insurance carrier will be liable for the payment of workers' compensation benefits for injuries that occur during an employee's voluntary participation in any off-duty recreational, social, or athletic activity sponsored by HISID.

306 Bereavement Leave

Effective Date: 8/1/10

Employees who wish to take time off due to the death of an immediate family member should notify their supervisor immediately.

Up to 3 days of paid bereavement leave will be provided to eligible regular full-time employees.

Bereavement pay is calculated based on the base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials.

Bereavement leave will normally be granted unless there are unusual business needs or staffing requirements. Employees may, with their supervisors' approval, use any available paid leave for additional time off as necessary. An employee may petition the District Manager for an additional 3 working days off with pay if either (a) the death is for a family member living at home, or (b) the funeral to be attended by the employee is in excess of 750 miles from Holiday Island.

HISID defines "immediate family" as the employee's spouse, parent, child, sibling; the employee's spouse's parent, child, or sibling; the employee's child's spouse; grandparents or grandchildren. Special consideration will also be given to any other person whose association with the employee was similar to any of the above relationships.

308 Benefits Continuation (COBRA)

Effective Date: 3-1-2022

HISID offers coverage under our Health Plan(s) to full time active employees in eligible employment classes and their dependents. For the purposes of this policy, the term Health Plan may include many benefits which fall under the COBRA statute, including but not limited to coverage under a traditional Major Medical plan, membership in a Health Maintenance Organization (HMO), dental coverage, vision coverage and other coverage as determined by the Board of Commissioners.

In accordance with our insurance contract(s) and plan document(s), employees who are no longer working on a full time active basis may lose eligibility for coverage under our Health Plan(s) for themselves and their dependents.

When an employee or their dependent loses eligibility under a Health Plan, they may be eligible to continue their coverage under a Federal law called COBRA. COBRA allows for individuals who would otherwise lose their coverage to continue their coverage, on a premium paying basis, for a period of 18,

29 or 36 months depending upon the reason they lost coverage. The events that may cause a loss of coverage are referred to as "Qualifying Events."

Qualifying Events may include but are not limited to:

- Termination of the covered employee's employment for any reason other than "gross misconduct."
- Reduction in the covered employee's hours of employment.
- Covered employee becomes entitled to Medicare.
- Divorce or legal separation of the employee.
- Death of the covered employee.
- Loss of "dependent child" status under the plan rules.

HISID will provide a general notice of COBRA rights when you first become covered under a Health Plan. This notice contains important information regarding your rights and responsibilities under COBRA. It is your responsibility to read this notice. If you have misplaced your general notice and would like a new copy, please contact the staff in the Administration Office.

In the event that you or your dependents experience a Qualifying Event, HISID will send you a COBRA election notice which gives you the opportunity to elect continuation coverage. It is very important that you respond to these notices promptly as HISID is restricted to a limited election period in accordance with our insurance contract(s). HISID cannot extend the election period for COBRA coverage or the grace period for COBRA payments.

309 Health Insurance

Effective Date: 3-1-2022

HISID's health insurance plan provides regular full-time employees and their dependents access to medical, dental, and vision care insurance benefits.

Eligible employees may participate in the health insurance plan beginning 60 days after their start of employment, subject to all terms and conditions of the agreement between HISID and the insurance carrier. HISID Health Plan(s) offer an annual Open Enrollment period. If you have previously declined coverage for yourself or your dependents but have not experienced a Special Enrollment event, you may have the opportunity to enroll during our Open Enrollment period. Our Open Enrollment period begins December 1 and ends December 31 of each year. A change in employment classification that would result in loss of eligibility to participate in the health insurance plan may qualify an employee for benefits continuation under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Refer to the Benefits Continuation (COBRA) policy for more information.

Details of the health insurance plan are described in the Summary Plan Description (SPD). An SPD and information on cost of coverage will be provided in advance of enrollment to eligible employees. Contact the Office Manager for more information about health insurance benefits.

Certain employees may stay on the Arkansas Municipal League Municipal Health Benefit Program plan if they meet the following criteria:

- Is age 55 or older and has completed 5 years of service with HISID.
- Is receiving a retirement benefit from the Arkansas Local Police and Fire Retirement System or any other retirement program offered by HISID, such as the 457 deferred compensation plan described in Section 310 of this policy.
- Pays both the Employer and Employee contribution to the Program.
- Is not covered at any time during retirement by another health care plan.
- Notifies the Employer within 30 days of the official date of retirement of their intent to participate in the Program.

The retired employee or official may also include his or her spouse and/or Eligible Dependents in the Program provided the spouse and/or dependent premium is paid.

310 HIPAA

Effective Date: 8/1/10

The Health Insurance Portability and Accountability Act (HIPAA) limits exclusions for preexisting conditions, prohibits discrimination against employees and their dependents based on their health status and allows for individuals who have experienced certain events to "Special Enroll" into a Health Plan sponsored by HISID or another company's Health Plan.

HISID has taken steps to ensure that the Health Plan(s) that we sponsor fully comply with the HIPAA exclusions on preexisting conditions. HISID has also reviewed our internal policies and procedures to ensure that we do not discriminate against employees or their dependents based upon health status. Eligible individuals may enroll in the Health Plan(s) sponsored by HISID regardless of current health status.

Special Enrollment rights apply under two broad sets of circumstances. The first set of circumstances relate to the loss of other health coverage. If you originally declined dependent coverage at HISID because you already had other health coverage, you may have the opportunity to Special Enroll if you lose that other coverage. An employee can enroll in coverage when he/she first becomes eligible for coverage or at any Open Enrollment after that – these are the only times an employee can enroll. If the employee declines coverage due to having other coverage and then loses the other coverage, the employee must wait until an Open Enrollment period to enroll with MHFB. The definition of a "loss of coverage" is quite complex. You may contact the District Office Manager if you have additional questions.

The other circumstances which may trigger a special enrollment opportunity are changes in your family. If you gain a new dependent as a result of marriage, birth, adoption or the placement for adoption, you may have the opportunity to Special Enroll yourself and/or the new dependent in a HISID Health Plan. As is the case with loss of coverage, there are special rules that regulate who may be added to the Health Plan as a result of special enrollment. Acquiring new dependents by marriage, birth, or adoption are qualifying events to add the dependents only, but the employee must already be enrolled in coverage. If

the employee is not already enrolled when the dependents are acquired, the employee and dependents must wait until an Open Enrollment period to enroll. You may contact the District Office Manager if you have additional questions.

Most Special Enrollments must be reported to us within 30 days of the event that triggered the Special Enrollment rights. For example, if your dependent(s) lose coverage under another employer's health plan on the 1st of the month, you must request Special Enrollment with HISID by the 30th of the month. The same 30-day rule applies to most other Special Enrollment opportunities such as marriage. The exception to the 30-day rule is when coverage is lost under the State Children's Health Insurance Program (SCHIP) or Medicaid. A loss of coverage under SCHIP or Medicaid must be reported to us within 60 days of the event.

Coverage will generally be effective under our plan on the 1st day of the month following your notification to us. The exception to this rule relates to the birth or placement for adoption of a new child. Coverage for new children will be effective retroactive to the date of birth or date of adoption. IT IS VERY IMPORTANT THAT YOU NOTIFY US WITHIN 30 DAYS OF A BIRTH OR PLACEMENT FOR ADOPTION.

Some employees incorrectly assume that because they are covered under a HISID health plan, their child will automatically be covered. Your new child will only be covered retroactive to their birth or placement for adoption if you notify us within 30 days. Due to the restrictions of our insurance contract(s), we are unable to make exceptions to this policy. Newborn children or newly placed adopted children can only be added retroactive to their date of birth/placement if there was already family coverage in place at the time of birth/placement. Otherwise, family coverage can be added the first day of the month following birth/placement.

If you decline enrollment under HISID plan for yourself or your dependents, we will ask you to complete a Declination of Enrollment form. This form will be kept on file to document the reason(s) why you declined coverage. Our insurance contract(s) may require that we provide them with a copy of this form in the event that you request a Special Enrollment due to loss of other coverage. We may also need evidence of the date that your other coverage was lost. The most common form of evidence is a Certificate of Creditable Coverage. A Certificate of Creditable Coverage may be automatically mailed to you when your other coverage is lost. Providing a copy of this certificate will help us ensure that your Special Enrollment is processed quickly and efficiently. If you do not have a Certificate of Creditable Coverage, there are other ways you can demonstrate the loss of other coverage. If you have any questions, contact the District Office Manager.

311 Life Insurance

Effective Date: 3-1-2022

Life insurance offers you and your family important financial protection. HISID provides a basic life insurance plan for regular full-time employees who participate in HISID's health insurance plan.

Accidental Death and Dismemberment (AD&D) insurance provides protection in cases of serious injury or death resulting from an accident. AD&D insurance coverage is provided as part of the basic life insurance plan.

Eligible employees may participate in the life insurance plan subject to all terms and conditions of the agreement between HISID and the insurance carrier.

Details of the basic life insurance plan including benefit amounts are described in the Summary Plan Description provided to eligible employees. Contact the Office Manager for more information about life insurance benefits.

312 457 Deferred Compensation Plan

Effective Date: 3-1-2022

HISID has established a 457 deferred compensation plan to provide employees the potential for future financial security for retirement. To be eligible to join the 457 plan, you must complete a 90-day introductory period and be 21 years of age or older. You may join the plan only during open enrollment periods. Eligible employees may participate in the 457 plan subject to all terms and conditions of the plan.

The 457 deferred compensation plan allows you to elect how much salary you want to contribute and direct the investment of your plan account, so you can tailor your own retirement package to meet your individual needs. HISID also contributes an additional matching amount, up to 5%, to each employee's 457 contribution.

Because your contribution to a 457 plan is automatically deducted from your pay before federal and state tax withholdings are calculated, you save tax dollars now by having your current taxable amount reduced. While the amounts deducted generally will be taxed when they are finally distributed, favorable tax rules typically apply to 457 distributions.

Complete details of the 457 deferred compensation plan are described in the Summary Plan Description provided to eligible employees. Contact the Office Manager for more information about the plan.

313 ERISA

Effective 3-1-2022

HISID sponsors a variety of benefit programs for our employees. Some, but not all, of these benefit programs are governed under the Federal Law titled the Employee Retirement Income Security Act (ERISA).

HISID reserves the right to terminate or change our benefit plans at any time. ERISA provides you with certain rights and protections, including:

- The right to examine plan documents, at the plan administrator's office, without charge.
- The right to obtain copies of all plan documents and other plan information upon written request and payment of reasonable copy charges to the plan administrator.
- The right to receive a summary of the plan's financial report.

Although HISID is the plan sponsor for all of our benefit programs, some of our plans are insured, which means an insurance company administers the plan and pays the claims. You may discuss general matters regarding our benefit plans with the District Office Manager such as enrollment status or costs