

EXECUTIVE DIRECTOR

MANAGEMENT COMPENSATION PLAN

ARROWHEAD REGIONAL CORRECTIONS

2008-2009

This handbook is intended to outline executive-level compensation afforded to the top-level management employee of Arrowhead Regional Corrections. The salary schedule and benefit plan has been adopted by the Arrowhead Regional Corrections Board. It is the policy of the Board to establish a compensation plan which is generally competitive with similar public sector employees and which maintains equity with other "employee" used herein shall refer to and be limited to the executive director.

This position is not represented by a collective bargaining unit agreement, and is an at-will employee. It is the intent to the Board to amend and update the compensation plan periodically to reflect changing conditions and policies.

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I. **SALARY PLAN**

The Arrowhead Regional Corrections Board has adopted a salary plan for the top level management employee (Appendix A).

When an opening in this position occurs, it will be filled through an open and competitive process.

II. **PERFORMANCE EVALUATION**

The executive director will receive a review and evaluation of their performance at least once annually by the Arrowhead Regional Corrections Board. The review and evaluation will be in accordance with specific criteria developed by the Arrowhead Regional Corrections Board with input from the employee.

Annually, the ARC Board and the executive director will define goals and performance objectives which are deemed necessary for proper operation of the department, and which will attain the Arrowhead Regional Corrections Board's policy objectives. A relative priority among those various goals and objectives will be established and reduced to writing. They will generally be attainable within the time limitations as specified and within annual operating and capital budgets and appropriations provided to the department.

III. **WORK SCHEDULE**

The normal work day for management employees shall be 7 ½ hours. The normal hours of operation for ARC are 8:00 a.m. to 4:30 p.m. with exceptions depending upon departmental operations. It is the policy of ARC that management employees do not receive overtime or compensatory time. However, it is recognized that the employee must devote a great deal of time outside the normal office hours to business of ARC and to that end, the employee will be allowed to take informal time off as they and the ARC Board deem appropriate during normal office hours.

IV. **LEAVES**

Written records of the executive director leaves and benefits use shall be kept and filed in the Civil Service Department.

A. Vacation

The executive director will receive vacation with pay in accordance with the following schedule:

<u>Years of Service</u>	<u>Hours Per Pay Period</u>	<u>Days Per Year</u>
Commencing 0 - 3 Years	6.5	22.5
Commencing 4 - 5 Years	7.25	25.1
Commencing 6 - 10 Years	7.75	26.9
Commencing 11 - 15 Years	8.25	28.6
Commencing 16 Years & Over	9.0	31.2

The executive director will begin accrual of vacation with the first full pay period after employment and may use vacation leave as the hours are earned. Vacation may accumulate up to 350 hours and may be used in one hour increments.

Paid sick leave will not be allowed during a previous scheduled vacation unless the employee is under the care of a physician because of an unexpected injury or illness and the employee furnishes to the ARC Board a certificate indicating the number of days the employee was actually medically disabled from work. The employee will then receive paid sick leave for those days spent confined.

Upon termination, the employee will be paid in full for all past earned and accumulated unused vacation. In case of death of any employee, any unused vacation shall be paid to their estate.

B. Personal Leave

The executive director is entitled to four personal leave days each year to be used at their discretion. Personal leave time may be used anytime after the start of employment with ARC. Personal leave days cannot be carried over from year to year and may be used in hourly segments at a minimum.

The following schedule will be used to determine the number of personal leave days received during the first calendar year of employment for employees new to ARC:

<u>Month of Hire</u>	<u>Personal Leave Days:</u>
January through March	4
April through June	3
July through September	2
October through December	1

C. Holidays

The executive director is entitled to ten paid holidays each year. The days designated as official paid holidays are listed below:

New Year's Day	Day after Thanksgiving
Martin Luther King Day	Labor Day
Memorial Day	President's Day
Independence Day	Veterans Day
Thanksgiving Day	Christmas Day

As a general rule, when a holiday falls on a Sunday, it is observed on the following Monday, when it falls on a Saturday, it is observed on the preceding Friday.

D. Sick Leave and Funeral Leave

Sick leave with pay will be granted at a rate of 5.5 hours per pay period, which is 19.07 days per year. Accumulation of sick leave shall be permitted up to 1900 hours.

Sick leave may be paid for absence because of an employee's inability to perform their duties by reason of illness or injury, by necessity for medical or dental care, or by exposure to a contagious disease under circumstances in which the health of the employee, co-workers or members of the public would be endangered by the employee's attendance at work.

Sick leave may be paid, upon approval of the ARC Board, for absence because of illness or death in the immediate family of the employee where attendance of the employee is necessary. "Immediate family," for this purpose shall be defined as spouse, parents of spouse, parents, guardian, children, brothers and sisters, wards of the employee, grandparents or grandchildren. An employee may be permitted up to a maximum of ten consecutive (10) days sick leave in the event of death in the immediate family. The ARC Board may authorize additional sick leave for this purpose when conditions warrant.

E. Maternity Leave

Maternity leave will be considered in the same manner as any other type of leave of absence. In maternity cases the use of sick leave and leaves of absence will be as follows: In order to use sick leave days, the employee must work up until the time for which there is a physical disability as documented by doctor's statements. If additional time off is needed, leaves may be taken in accordance with other leave benefits. For male employees, maximum sick leave days allowed for maternity related reasons is three days, unless more time is needed upon doctor's verification.

F. Military Leave

A member of a military reserve unit of the United States or the State of Minnesota, who is called to active duty, is entitled to up to 15 work days per calendar year.

G. Juror Service

Anyone called for jury service will receive their regular rate of pay for the time spent in court less any compensation paid by the court, but is expected to report for work for any time that is not required in court.

H. Leaves of Absence Without Pay

In limited circumstances, the executive director may be granted a leave of absence without pay for a period not to exceed one year, if it is in the best interests of Arrowhead Regional Corrections. A leave of absence may be requested for a sickness or disability, including pregnancy or a pregnancy related condition, or for education, or for active military service. A leave request must be submitted in writing and must be approved by the ARC Board.

For any leave in excess of one month, a leave request must be submitted, in writing, to the ARC Board at least 60 days in advance. All other leave requests shall be submitted at least 30 days in advance. A leave request shall state the duration of the leave and the purpose of the leave and where appropriate, shall be accompanied by supporting documents

A leave request may be denied if the request is not timely submitted, if the leave would severely disrupt a department or project, or because of financial concerns.

An employee receiving a leave of absence shall provide written authorization to permit ARC to validate the extent and purpose of the leave upon request. A previous authorization for leave shall immediately cease if the project, reasons, or purpose for which the leave was initially granted ceases.

V. HEALTH, DENTAL LIFE AND OTHER INSURANCES

A. Health Insurance

The executive director is eligible for participation in ARC's hospital medical insurance plan from the date of hire. The Employee is agreed to permit all employees to be covered by the group hospitalization insurance programs under the St. Louis County Employees Plan, and is to pay the full single premium and 80 percent of the family dependents premium.

During each Plan year that St. Louis County is self-insured for medical coverage,

and establishes a funding level for the following Plan year, the Executive Director agrees that covered Plan subscriber will be responsible for funding the first twenty (20) percent of the County Board-approved increase plus an additional amount representing the subscribers contribution for elected coverage – using the applicable 20/80 or 30/70 family premium split model.

Each Plan subscriber's month contribution toward the increased premium, commencing as of January 1 of the new Plan year, shall be computed as follows: the projected total active employee revenue increase for the Plan year times twenty (20) percent, divided by the number of active employee contracts as of December of the preceding year, divided by twelve (12). Each Plan subscriber shall pay this amount monthly and shall also pay the subscriber's monthly contribution for elected coverage – using the applicable 20/80 or 30/70 family premium split model, and the Plan subscriber's monthly contribution toward the increased funding level as established for prior Plan years that this has been in effect, as shown in the example set forth on the attached sheet. Contributions for prior months to be deducted from back pay where possible.

B. Dental Insurance

A Dental Insurance Plan is provided to all management employees upon employment. The employer will provide and pay for the single premium for single dental insurance.

The following coverage is provided under this Plan:

1. Regular services are provided at 100% payment for routine periodic examinations, full mouth x-rays, dental prophylaxis, and topical fluoride applications.
2. Restorative services are provided at 80% payment for emergency treatment, regular restorative services; oral surgery; gold restorations when necessary, crowns and jackets when needed, non-surgical and surgical periodontics and endodontics.
3. Prosthetics (removable and fixed) are provided at 50% payment for bridges, partial dentures and complete dentures.

There is a maximum of \$1,000.00 per person per coverage year. There are no deductibles applicable to this plan. A more detailed schedule of benefits is available from the Civil Service Department of St. Louis County.

C. Life Insurance

All employees covered by this plan are eligible for the term life insurance coverage at an amount equal to their annual salary rounded off to the nearest one-thousand dollar

increment during their employment with ARC. This life insurance policy covers death from any cause, any place, and any time.

D. Retiree Insurance

Section 1. Arrowhead Regional Corrections agrees to permit retired employees to be continued on the then existing hospitalization and insurance programs as such programs are provided to St. Louis County Retired Persons provided they qualify for retirement under the rules and regulations of P.E.R.A. or Coordinated Plans established by State law and are otherwise eligible to continue coverage under Minn. Stat. §471.61.

Section 2. The Employer will immediately adopt a policy providing for the implementation of a Post-Retirement Health Care Savings Plan for qualified employees covered by this agreement. Pursuant to that policy, to qualify for participating in the Post-Retirement Health Care Savings Plan, an employee must, at retirement, have been employed by the Employer for five consecutive years immediately prior to retirement, qualify for and receive retirement benefits under the rules and regulations of the Public Employees Retirement Association or other appropriate State of Minnesota sponsored retirement fund, or Social Security, and participate in the current Arrowhead Regional Corrections self-insured health and dental plans as of the date of retirement.

Pursuant to the Post-Retirement Health Care Savings Plan policy, the Employer shall, upon a qualified employee's retirement, deposit the cash equivalent of the employee's accrued sick leave and accrued vacation into the employee's account with the plan.

Accrued sick leave shall be an amount equal to the number of hours, not to exceed 1900, of unused sick leave multiplied by the employee's hourly base pay rate during the last payroll period prior to retirement. Accrued vacation shall be an amount equal to the number of hours of unused vacation time multiplied by the employee's hourly base pay rate during the last payroll period prior to retirement.

Prior to an employee's retirement, the Employer shall provide the employee with notice of his/her accrued vacation. The employee may utilize his/her vacation in full prior to retirement. If the employee does not qualify for the Post-Retirement Health Care Savings Plan, the employee shall, upon retirement, be paid in full for all accrued vacation. If the employee does qualify for the Post-Retirement Health Care Savings Plan, the employee shall have the cash equivalent of the employee's accrued vacation deposited into the employee's account pursuant to the Employer's Post-Retirement Health Care Savings Plan policy.

In the event that an employee is legally qualified to be exempt from the Post-Retirement Health Care Savings Plan and the employee's application for exemption is approved by the Plan Administrator, then in lieu of any of the above-referenced payments on behalf of the employee to a Post-Retirement Health Care Savings Plan account, the

employee shall receive a taxable cash severance payment calculated as follows:

First, the employee's accumulated, unused sick leave, calculate the lesser of one-half of the employee's accumulated, unused sick leave or the cost of the maximum life insurance benefit available to the employee under the employee's collective bargaining contract, when the life insurance is purchased as paid up life insurance. This amount shall be designated the portion of the option amount which the employee wishes to use to purchase paid up life insurance. From the balance of the option amount, after deduction of the life insurance cost, shall be subtracted an amount equal to any Employer's FICA tax payable on the option amount. The remaining balance of the option amount shall then be paid to the employee as a cash payment, subject to withholding deductions required by law (i.e. employee's FICA, State and Federal income tax, etc.).

It is the parties' intention that in no event shall payment of the option amount, whether received as paid up life insurance or cash severance, result in a FICA tax payment by the Employer which cannot be fully deducted from the option amount.

Adoption of the policy shall not be construed as a waiver of the Employer's position that employer contributions to Post-Retirement Health Care Savings Plans are not a mandatory topic of negotiations. The Employer may amend or repeal the policy at any time; provided, however, if the Union objects to the Employer's amendment or repeal, the Union shall be entitled, upon written notice to the Employer, to reinstate the terms of Article 17 of the 2002-2003 collective bargaining agreement in lieu of the Post-Retirement health Care Savings Plan.

Section 3. The Employer is agreed to pay the Employer's pension share as provided under Minnesota Law for payment into the P.E.R.A. Fund or the P.E.R.A.-Social Security Coordinated Plan for those employees having either plan and to deduct the employee's share as required by the same pension law.

E. Worker's Compensation

Every employee of Arrowhead Regional Corrections is entitled to worker's compensation as mandated by State law. In the event of work related accident, injury or occupational disease an employee may be entitled to benefits including wage reimbursement, medical payments, rehabilitation services and permanent partial disability compensation. All work related injuries must be immediately reported to the Worker's Compensation Administrator in the County Attorney's Office.

VI. DEFERRED COMPENSATION

Deferred compensation is a voluntary investment plan whereby you may set aside part of your salary and postpone the income tax liability on it until the year(s) in which you actually receive the deferred amount. Your deferred salary is invested, and the

appreciated (or depreciated) value of your deferred salary will then be paid to you in a schedule selected by you and as prescribed by the company you select for administration of your funds. Taxes on interest earned, any appreciation of stock value and dividends are deferred until actually distributed and received by you.

The deferred compensation administrators available to you at St. Louis County are:

International City Management Association - Retirement Association
Lutheran Brotherhood
Lincoln National Life
Investment Diversified Services (IDS)
Minnesota State Retirement System/National Benefits, Inc.

VII. MANDATORY RETIREMENT

All employees who have attained the age of 70 shall be subject to mandatory retirement at the end of the quarter following the quarter, in which their 70th birthday occurs. The employer shall notify the employee 60 days prior to said date.

VIII. EMPLOYEE ASSISTANCE PROGRAM

Arrowhead Regional Corrections recognizes that a wide range of problems not directly associated with one's job function can have an effect on an employee's job performance. The Employee Assistance Program is designed to assist the employee in seeking help and resolution to financial, marital, legal, emotional, alcohol and drug use, and other problems affecting the employee's job performance.

The following guidelines and policies have been established regarding referral to the Employee Assistance Program:

1. An employee may independently contact the Employee Assistance Program. When an employee's job performance or attendance is unsatisfactory it is the responsibility of the ARC Board to inform the employee of such, and to suggest that the employee seek professional assistance.

Further information concerning the Employee Assistance Program can be obtained by contacting Information and Referral - 727-8538 or the Civil Service Department - 726-2422.

XI. MANAGEMENT DEVELOPMENT

A. Travel and Meal Reimbursement

The executive director agrees to accept the travel policy set by the ARC Board.

B. Training and Development

Arrowhead Regional Corrections will budget and pay for the travel and subsistence expenses of an employee for professional and official travel, meetings and occasions adequate to continue the professional development of the employee, and to trips to promote official business and other functions on behalf of ARC.

C. Selection and Termination

The executive director of the Arrowhead Regional Corrections Board will be chosen solely on the basis of training, experience and administrative qualifications necessary to head their respective departments. Final appointment will be made by the ARC Board. The executive director will be appointed for an indefinite period. The executive director may be removed at any time except when there are statutory provisions to the contrary. The termination may be made by the ARC Board. After the employee has served in their position for one year, the employee may demand written reasons for the dismissal. The employee may also demand a closed meeting before the ARC Board prior to the date when final removal takes effect. Pending such meeting and removal, the ARC Board may suspend the employee from office.

When a voluntary resignation or retirement is submitted, it is expected that the executive director will provide thirty days notice to the ARC Board so that appropriate action can be taken to ensure the continuity of management within the departments.