

Reference : HUMAN RESOURCES
Section : EMPLOYMENT PRACTICE
Title : SEVERANCE POLICY
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I PURPOSE

The purpose of this policy is to provide the NFTA's position on severance payments.

II POLICY

I. INTRODUCTION

The Niagara Frontier Transportation Authority Severance Plan (the "Plan") is designed to assist eligible employees in the transition to another job when their employment with the Company is terminated and, as a result, they are unemployed. The Plan covers non-represented salaried employees as defined in the eligibility section of this policy. For purposes of eligibility and benefits, "Company" means the Niagara Frontier Transportation Authority (NFTA). The Company does not and cannot guarantee continued employment, and employees may be terminated for any reason the Company in its discretion believes is a fair and honest business reason, or where no reason need be stated. In recognition of this broad discretion reserved by the Company, the Company provides the Plan for eligible employees, effective June 26, 1995 as approved by the Board. Notwithstanding anything herein to the contrary, the Company reserves the right to make exceptions to the Plan in appropriate individual situations.

II. ELIGIBILITY

To be an "Eligible Employee" under this policy, the employee must meet the following criteria:

Non-represented full-time salaried employee.

Non-represented part-time salaried employee covered under policy [4-02-09](#).

III. BENEFITS

A. CONDITIONS OF PAYMENT

Severance benefits shall be payable from the Plan to an Eligible Employee under the following circumstances:

1. The Eligible Employee is terminated for lack of work;
2. The Eligible Employee is terminated due to failure through no fault of the Eligible Employee to perform his or her job as required or expected by the Company;
3. The Eligible Employee is terminated due to job elimination, e.g., facility closure or relocation of all or a portion of the Company's operations; or
4. Any other reasons, other than voluntary resignation, retirement, or termination for willful misconduct, which are determined by the Company to not be the fault of the Eligible Employee.

B. EXCEPTIONS

Severance benefits shall not be payable to an Eligible Employee if:

1. The Eligible Employee's termination is for willful misconduct, determined by the Company in its sole discretion, which includes, but is not limited to, dishonesty, insubordination, excessive absenteeism, violation of or extended deviation from any reasonable Company rule or policy, or willful failure to

- perform his/her assigned duties;
2. The Eligible Employee voluntarily quits to accept other employment, or voluntarily quits for any reason;
 3. The Eligible Employee voluntarily elects to take early or normal retirement; or
 4. The Eligible Employee's termination from the Company is the result of the sale to another corporation or business entity of all or a portion of the business or assets of the Company, and employment is offered by the "purchaser" to the terminated Eligible Employee.

C. **AMOUNTS OF BENEFITS**

An Eligible Employee whose termination satisfies the conditions of payment in Article III.A will be paid severance benefits in normal payroll installments (i.e., weekly, semi-monthly, etc.), as a continuation of his or her normal base salary of the termination date, in the following amounts:

Four (4) weeks pay, plus one (1) week per year of service to a maximum of six (6) months. Eligible part-time employees pay will be computed based on their part-time status.

D. **RELEASE**

Each Eligible Employee who receives and accepts severance benefits hereunder is required to sign a Release and Severance Plan Agreement (a copy is attached to this Plan). This agreement outlines the severed employee's vacation and severance benefits coverage. It also releases the Company from any claim the Eligible Employee may have arising out of his/her employment or the termination thereof, including, but not limited to, claims or severance, vacation or termination pay, or continuation of employment.

E. **TERMINATION OF SEVERANCE BENEFITS**

The payment of severance benefits will be terminated under any of the following conditions:

1. The Eligible Employee commences employment with a new employer;
2. In the event of death, severance benefits will be discontinued at the end of the week in which the Eligible Employee's death occurs;
3. The Eligible Employee is reemployed as a full-time employee with the Company during the period severance benefits are being paid.

Should a reemployed employee be terminated again at a future date, and the conditions of payment outlined in III.A are met, the Eligible Employee may be entitled to receive severance benefits in accordance with the terms of this Plan with no deduction for severance benefits previously received.

F. **EXTENDED BENEFITS COVERAGE**

Benefits coverage under those Company employee benefits programs listed in the second following sentence will continue in force until severance benefits hereunder are no longer paid as which time such benefit coverage will be terminated. The Eligible Employee may elect at that time to exercise certain conversion privileges on an individual basis to the extent they may be available under his/her existing group coverage. Extended benefits coverage includes all Company medical, dental, and optical plans, excluding life insurance and disability coverage. For purposes of computing pension benefits, the Eligible Employee's participation for benefit accruals end the date of termination of employment.

IV. PAYMENTS TO AND FROM THE PLAN

The benefits under the Plan shall be paid from the general funds of the Company, and all Eligible Employees shall be no more than unsecured general creditors of the Company. Nothing contained in

the Plan shall be deemed to create a trust of any kind for the benefit of the Eligible Employees, or create any fiduciary relationship between the Company and Eligible Employees with respect to fund the benefits provided herein prior to payment, although it may do so if it chooses. Any assets which the Company chooses to use for advance funding shall nevertheless constitute assets of the Company and shall not cause this to be a funded plan.

V. ADMINISTRATION

The Company is the Plan Administrator.

VI. LEGAL CONSTRUCTION

This Plan is drawn under and shall be construed in accordance with the laws of the State of New York.

VII. NON-ALIENATION OF BENEFITS

No Plan benefit, hereunder, shall be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void.

VIII. AMENDMENT AND TERMINATION

The Company may amend, suspend or terminate the Plan in whole or in part at any time; provided, however, that such amendment, suspension or termination shall not adversely affect the rights of an Eligible Employee to any remaining unpaid severance benefits which had commenced in payment or were payable because of termination of employment prior to the adoption of the amendment or any resolution to suspend or terminate the Plan. In addition, the Company may establish a separate plan applicable only to a particular situation or situations.