



FIRST PACIFIC GROUP, INC.

EMPLOYEE HANDBOOK  
September 2022

In addition to this main Employee Handbook, please refer to the applicable state supplement which describes various company policies, procedures, and employee benefits which are specific to that particular state.

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FIRST PACIFIC GROUP, INC.

## Welcome!

Welcome aboard! We wish you every success here.

We believe that each employee contributes directly to the growth and success of our company, and we hope you will take pride in being a member of our team.

**“Our mission is to be the market leader in apartment management  
by always striving to exceed the expectations of our residents,  
fellow employees and shareholders.”**

This handbook was developed to describe the expectations we have for our employees and to outline the policies, programs, and benefits available to eligible employees. Employees should familiarize themselves with the contents of the employee handbook as soon as possible, upon hire. It will answer many questions about your employment.

We hope that your experience here will be challenging, enjoyable, and rewarding. We welcome your questions and encourage innovative ideas, comments and suggestions from employees. Please feel free to share these with your immediate supervisor or share them with us at [humanresources@fpacific.com](mailto:humanresources@fpacific.com). We also conduct an anonymous Annual Survey, typically in the Fall, in which we gather information to help us improve First Pacific, we value your input and hope you will share your suggestions on how we can make First Pacific even better. Again, welcome!



Sincerely,

Sean Olson  
President  
First Pacific Group, Inc.

## **HANDBOOK INTERPRETATION**

This Employee Handbook is provided to all employees of First Pacific Group, Inc., and its affiliated and subsidiary companies (hereinafter referred to collectively as “First Pacific” or the “Company” and describes various company policies, procedures, and employee benefits to assist you in the conduct of company business. First Pacific reserves the right, at its sole discretion, to change its policies and procedures at any time.

First Pacific is your worksite employer and as such, directs your day-to-day work responsibilities, sets performance guidelines and determines your compensation level. MIDWESTHR (hereinafter referred to as MIDWESTHR) acts as the administrative employer by providing each client company with a dedicated team of Human Resource and Payroll experts.

**THIS EMPLOYEE HANDBOOK IS NOT A CONTRACT. NOTHING IN THIS HANDBOOK SHALL CREATE NOR IS INTENDED TO CREATE, NOR SHALL BE CONSTRUED TO CONSTITUTE A CONTRACT OF EMPLOYMENT, EXPRESS OR IMPLIED.**

All employment with the Company is "at will", which means that your employment may be terminated, with or without cause, or with or without notice, at any time, at your option or at the option of the Company. This "at will" policy can only be changed or modified in writing and signed by the President of the Company. No other officer, representative, or employee of the Company has any authority to make employment agreements of any kind.

These provisions supersede all existing policies and practices and may not be amended or added to without the express written approval of the President of the Company.

Nothing in this handbook is intended to conflict with any collective bargaining agreement entered into by the First Pacific/MIDWESTHR. Nor is this handbook intended to give additional rights not provided to union employees in a collective bargaining agreement. Should this handbook conflict with any collective bargaining agreement the terms of the collective bargaining shall prevail.

Please keep this Handbook readily available and promptly insert updated material provided to you. Contact your immediate supervisor for clarification of information or answers to questions.

# EMPLOYMENT

## INTRODUCTORY STATEMENT

The Company's handbook is designed to acquaint you with information about working conditions, employee benefits, and some of the policies affecting your employment. You should read, understand, and comply with all provisions of the handbook. It describes many of your responsibilities as an employee and outlines the programs developed by the Company to benefit employees. One of our objectives is to provide a work environment that is conducive to both personal and professional growth. No employee handbook can anticipate every circumstance or question about policy. As the Company continues to grow, the need may arise to supplement or rescind any policies or portion of the handbook from time-to-time as it deems appropriate. The Company reserves the right in its sole and absolute discretion, to make these revisions with or without prior notice.

## PEO CO-EMPLOYMENT

MIDWESTHR and First Pacific are co-employers. MIDWESTHR is a Professional Employer Organization (PEO). A company enters into a partnership agreement with a PEO to enjoy all functions handled by a Human Resources department. Some of the services provided may include:

- Developing employment policies that are in compliance with all local, state and federal employment laws
- Benefits administration
- Employee relations investigations and counseling
- New hire paperwork and terminations
- Training
- Payroll administration
- Workers' Compensation Insurance coverage

The Company directs your day-to-day work responsibilities, sets performance guidelines and determines your compensation level. MIDWESTHR provides each client company with a dedicated team of Human Resource, Benefits, and Payroll experts.

There will be some occasions where you will have the need to list MIDWESTHR as your employer and others where you will need to list the Company as your employer. For example, when a bank is requesting employment verification because you are applying for a loan, you will need to list MIDWESTHR as your employer.

## CONTACT INFORMATION

Throughout this Employee Handbook, situations are discussed in which you may want to contact a Human Resources Department representative, or other Company officer. You may direct your questions to MIDWESTHR at 608-258-5525, via e-mail at [gti-hrmailbox@tandemhr.com](mailto:gti-hrmailbox@tandemhr.com) or through their website at [www.midwestthr.com](http://www.midwestthr.com). Within First Pacific, you may contact the Management team at [humanresources@fpacific.com](mailto:humanresources@fpacific.com).

# GENERAL RESPONSIBILITIES AND EMPLOYEE CONDUCT

## WHAT IS YOUR FIRST PRIORITY?

To create a more enjoyable and rewarding workplace, we all need to treat each other with dignity and respect. This means managers and employees must seek to resolve any differences that may arise quickly and fairly, and to act fairly in all employment related matters.

Within this context, every manager has a responsibility to assign work, determine performance standards, direct staff, and control department activities. This includes determining when, where and by whom work shall be performed, as well as determining the means, methods and schedules of operation.

Along the same lines, each employee has a responsibility to finish their assigned tasks, follow established performance standards, and comply with the means, methods and schedules of operation determined by management.

## EMPLOYEE CONDUCT AND WORK RULES

Employees are expected to display a high level of responsibility and professionalism in performing their job duties as they represent the image and integrity the Company wishes to present to our residents and the public. That means that we need to be constantly aware of how we appear to the outside world, with not only our personal appearance (discussed in the Personal Appearance Section), but also how we conduct ourselves. These Work Rules will help keep the Company's working environment and working relationships consistent with productive, efficient and pleasant surroundings. The Company requires Employees to display a high level of responsibility and professionalism in performing their job duties.

This section discusses the conduct that is and is not acceptable as an employee of the Company. Although it covers many scenarios, this list is illustrative only and may not include all offenses that are unacceptable and subject to discipline. Please read through this and familiarize yourself with this section so you know what is expected of you.

Two main rules of employee conduct:

- 1. Employees are to treat the co-workers, residents, vendors, and the general public, with dignity and respect, in a polite and courteous manner, which is not discriminating.**
- 2. Employees are to perform their assigned work competently and diligently, while meeting or exceeding the Company's quality expectations.**

Violations of one or more of the following rules of conduct by an employee of the Company may result in disciplinary action up to and including termination of employment. Moreover, the Company may, in its sole discretion and depending on the facts and circumstances of a given situation, bring disciplinary action against an employee for conduct that is not identified in these rules. Disciplinary action may range from a verbal warning, written reprimand, suspension or termination of employment, depending upon the specific rule or rules violated, the number of current or previous infractions, and/or any other circumstance or criteria the Company deems appropriate to consider.

The following list is typical, but not all-inclusive, of the kinds of actions which may result in discipline:

3. Failure to maintain polite and courteous communications with fellow employees, residents, vendors and the general public;
4. Engaging in malicious gossip between employees, between properties, or with residents, vendors, or visitors;
5. Making false, vicious or malicious statements concerning other employees which creates a conflict of interest;
6. Threatening, harassing, intimidating, or coercing in a physical, verbal or written manner, or using abusive or derogatory language towards other employees, residents or the general public;
7. Unlawful discrimination against potential or actual residents and/or employees.
8. Exhibiting unprofessional, immoral or indecent conduct during work time or on the Company's premises that is unbecoming of a Company employee;
9. Acting in an unlawful manner while performing their job responsibilities;
10. Acting in an unlawful manner outside of work while employed by the Company;
11. Failure to report unlawful conduct of an employee, tenant, resident, contractor, or vendor to management or proper authorities;
12. Engaging in romantic relationships with residents, which may result in a conflict of interest or favoritism. If a relationship exists prior to or during employment, please be sure to disclose this to your manager immediately.
13. Engaging in sexual relations, or inappropriate sexual behavior while at work or during working hours anywhere on the property, including vacant apartments, community amenities, and offices;
14. Failure or refusal to do assigned work, follow instructions or carelessness in the performance of duties that are either outlined in the job description, given verbally or in the form of written communications;
15. Failure to routinely check, acknowledge, or respond to email throughout the day in a timely and professional manner;
16. Failure to perform tasks that are set on the monthly calendar or any checklist developed by their supervisor;
17. Failure to meet or maintain the acceptable level of work quality for each task performed;
18. Failure to maintain or enforce the federal/state Fair Housing law, including actions that could result in a fair housing violation;
19. Failure to uphold and enforce First Pacific policies as outlined in our criteria, lease agreement, and lease addendum;
20. Violating the Confidentiality policy with the disclosure of any non-public proprietary Company information with anyone who does not work for the Company and/or discussing business transactions with anyone who does not have a direct association with the transaction;
21. Failure to exercise good judgement;
22. Misrepresenting, falsifying, or omitting correct personal information or data for employment records, including employment applications;
23. Falsification of any records pertaining to any approved company reimbursements, use of company funds or use of company credit cards or company accounts (if applicable). At no time are employees permitted to commingle company funds with personal funds, use company funds for any personal use, borrow company funds or charge personal items to the company credit card;

24. Providing inaccurate, dishonest, or incomplete information whenever an authorized person requires such information;
25. Engaging in a profession, business, trade, investment or secondary occupation that results in a conflict of interest;
26. Contracting with a relative or personal friend to perform services for the Company without proper prior authorization;
27. Unauthorized solicitation, collection of contributions, circulation of petitions or literature for any purpose in a manner that interferes with productivity during work hours;
28. Engaging in unauthorized personal business during work hours, with the exception of meal and break periods;
29. Possession, manufacture, selling or delivering, or consumption of alcoholic beverages, marijuana, narcotics, or any illegal drugs while at work, on duty, or on company property, which would be in violation of the Company's Drug and Alcohol policy;
30. Reporting to work under the influence of intoxicating beverages, drugs or other narcotics;
31. Smoking on the property, in the office, maintenance shop, residences, or other areas which are designated as non-smoking areas;
32. Possession of dangerous weapons, explosives, and/or firearms on the Company's premises unless otherwise allowed under applicable state law;
33. Fighting on the Company's premises;
34. Soliciting or accepting unauthorized gifts or gratuities from residents or potential residents, or possession of any personal items left behind by former residents;
35. Excessive or unexcused absenteeism or tardiness, as defined in the Attendance policy;
36. Failure to observe time limits regarding rest periods and meal breaks, and unauthorized absences from the work area;
37. Sleeping while on duty;
38. Failure to act responsibly and appropriately in complying with the maintenance on-call policy and/or snow removal policy;
39. Failure to repeatedly clock in/out for scheduled shifts, as well as for on-call activity.
40. Falsely reporting hours worked, including altering your own or another employee's time record;
41. Entering an apartment unit without a valid reason or authorization;
42. Entering an apartment unit when minors, under the age of 18, are present when no adult is present;
43. Providing keys, copies of keys, or other means of repeated access to buildings, offices, apartments, etc. to anyone not employed by the Company who is not authorized to have access;
44. Unauthorized entrance to restricted areas of the Company property or entrance to unrestricted areas outside of assigned work hours;
45. Violations of safety rules;
46. Failure to maintain a high level of responsibility with regard to personal safety for themselves and those around them;
47. Negligent conduct or omissions that may result in injury or harm to another person;
48. Inflicting or attempting to inflict bodily harm to another person;
49. Failure to properly report a personal injury that occurred during work hours;
50. Failure to act in a responsible manner to protect company equipment and property from theft, loss and or damage. This includes proper storage and securing company offices/locations;

51. Deliberate abuse, misuse, destruction or unauthorized removal or theft of machines, tools, equipment, supplies or other property owned by the Company or the Company's employees;
52. Unauthorized use of company equipment for personal use, such as tools, phones, email, computers, printers, fax machines, and copiers;
53. Removing company owned property or equipment, or another person's property such as maintenance tools, office equipment, or supplies from the property, for unauthorized use outside of the Company;
54. Inappropriately dressing for the position in violation of the Personal Appearance policy or failing to wear identification badge while on duty, including while on-call;
55. Failure to comply with company requirements for marketing of the property, including, but not limited to Craigslist and Facebook; and
56. Insubordination or other disrespectful conduct.

## **ETHICAL STANDARDS**

It is the policy of the Company to maintain the highest ethical standards in the conduct of Company affairs and its relationship with employees, customers, tenants, vendors, and the communities in which we operate. It is the policy of the Company to treat everyone with dignity and respect. As an employee of the Company you are expected to accept certain responsibilities, adhere to acceptable business principles in matters of personal conduct, and exhibit a high degree of personal integrity at all times. This not only involves sincere respect for the rights and feelings of others, but also demands that in both your business and personal life, you refrain from any behavior that might be harmful to you, your co-workers, or the Company, or that might be viewed unfavorably by current or potential customers, residents, or by the public at large. Avoid any actions which might result in or be reasonably expected to create an appearance of using your position for private gain or giving preferential treatment to any person or entity. Whether you are working or not, your conduct reflects on the Company. You are encouraged to observe the highest standards of professionalism at all times.

It is important that you use good judgment in the performance of your duties and responsibilities. When situations occur where the proper course of action is unclear, request advice from your manager, or any other member of management. The reputation and good name of the Company depends entirely upon the honesty and integrity of each employee.

All employees must conform to high ethical and legal standards and preserve the Company's integrity and reputation both on and off Company premises. Failure to adhere to this policy may result in disciplinary action, up to and including termination of employment.

## **PERFORMANCE IMPROVEMENT**

In the event of performance and/or behavior problems, corrective counseling may be initiated when management believes that an employee's performance or behavior problem can, and will be, resolved through adequate counseling and support. Corrective counseling is at the discretion of management and may include verbal warnings, written warnings, suspension, or termination. The Company expressly reserves the right to discharge "at-will."

The performance or behavior problem which management deems correctable through corrective counseling will be documented and discussed with the employee, including recommendations for improvements. If such performance or behavior problem is not resolved through counseling, further disciplinary action, up to and including termination of employment, may be taken.

## **POLICY STATEMENTS**

### **AMERICANS WITH DISABILITIES ACT (ADA)**

The Americans with Disabilities Act (ADA) is a federal law which requires employers with 15 or more employees, to reasonably accommodate qualified individuals with disabilities. It is the policy of First Pacific/MIDWESTHR to comply with all Federal and state laws concerning the employment of persons with disabilities.

It is the Company's policy not to discriminate against qualified individuals with disabilities in regard to application procedures, hiring, advancement, discharge, compensation, training, or other terms, conditions, and privileges of employment.

The Company will reasonably accommodate qualified individuals with a disability so that they can perform the essential functions of a job so long as the accommodation does not provide an undue hardship on the Company.

An individual who can be reasonably accommodated for a job, without undue hardship, will be given the same consideration for that position as any other applicant.

All employees are required to comply with safety standards. Applicants who pose a direct threat to the health or safety of other individuals in the workplace, which threat cannot be eliminated by reasonable accommodation, will not be hired. Current employees who pose a direct threat to the health or safety of the other individuals in the workplace will be placed on appropriate leave until an organizational decision has been made in regard to the employee's immediate employment situation.

First Pacific is responsible for implementing this policy, including resolution of reasonable accommodation, safety, and undue hardship issues. Individuals who believe that they have a disability or would like to request a reasonable accommodation must contact their manager or the Human Resources Department at MIDWESTHR.

### **Definitions**

As used in this policy, the following terms have the indicated meaning and will be adhered to in relation to the ADA policy.

- "Disability" refers to a physical or mental impairment that substantially limits one or more of the major life activities of an individual. An individual who has such impairment, has a record of such impairment, or is regarded as having such impairment is a "disabled individual."
- "Direct threat to safety" means a significant risk to the health or safety of others that cannot be eliminated by reasonable accommodation.
- A "qualified individual with a disability" means an individual with a disability who, with or without reasonable accommodation, can perform the essential functions of the employment position that the individual holds or has applied for.

- “Reasonable accommodation” means making existing facilities readily accessible to and usable by individuals with disabilities, job restructuring, part-time or modified work schedules, reassignment to a vacant position, acquisition or modification of equipment or devices, adjustment or modification of examinations, adjustment or modification of training materials, adjustment or modification of policies, and similar activities.
- “Undue hardship” means an action requiring significant difficulty or expense by the employer. The factors to be considered in determining an undue hardship include: (1) the nature and cost of the accommodation; (2) the overall financial resources of the facility at which the reasonable accommodation is to be made; (3) the number of persons employed at that facility; (4) the effect on expenses and resources or other impact upon that facility; (5) the overall financial resources of Our Company; (6) the overall number of employees and facilities; (7) the operations of the particular facility as well as the entire company ; and (8) the relationship of the particular facility to Our Company. These are not all of the factors but merely examples.
- “Essential job functions” refers to those activities of a job that are the core to performing said job for which the job exists that cannot be modified.

## **ANTI-HARASSMENT/ANTI-DISCRIMINATION POLICY**

The Company is committed to providing a working environment free from discrimination, sexual harassment, and/or harassment of its employees based on race (including traits historically associated with race, including but not limited to, hair texture and protective hairstyles), color, gender, gender identity (including transgender identification), gender expression, marital status, sexual orientation, religion (including religious dress and grooming practices), age for individuals over forty years of age, national origin (includes language, use and possession of a driver’s license issued to persons unable to prove their presence in the United States is authorized under federal law), ancestry, disability (physical, mental, or sensory), medical condition, veteran status, military, genetic information, registered domestic partner status, sex (including pregnancy), or any other characteristic protected by applicable state, local and federal laws (“protected classification”). It also prohibits unlawful discrimination and/or harassment based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. The Company’s anti-discrimination/anti-harassment policy applies to all persons involved in the operation of the Company, including all Company employees, supervisors and those in management, as well as persons doing business with or for the Company including vendors, customers, independent contractors, and others who enter the workplace. The Company’s anti-discrimination/anti-harassment policy prohibits unlawful harassment by any employee of the Company, including supervisors and co-workers of the above-listed persons. In addition, the Company will not tolerate any type of discrimination or harassment of the residents by any employee.

Discrimination and harassment based on a job applicant or employee’s race, color, national origin, age, or any other protected classification is against state and federal law.

Sexual harassment is a form of gender discrimination. Both state and federal law prohibit discrimination and harassment based on a job applicant or employee’s gender.

There are two recognized types of sexual harassment under state and federal law: Quid pro quo and hostile work environment. The definitions of both forms of sexual harassment are as follows:

1. “Quid Pro Quo” Sexual Harassment. The essential elements of this type of harassment are unwelcome sexual advances, requests for sexual favors or other verbal, visual or physical conduct of a sexual nature when:
  - a. Submission to the conduct is made either explicitly or implicitly a term or condition of an employee’s employment, or
  - b. Submission to or rejection of the conduct by an employee is used as the basis for employment decisions affecting that employee.
2. “Hostile Work Environment” Sexual Harassment. The essential elements of this type of harassment are:
  - a. The employee affected was subjected to harassing conduct directed toward him or her, or the employee personally witnessed the harassing conduct and it took place in their immediate work environment;
  - b. The employee’s gender was a motivating factor for the harassment;
  - c. The conduct is unwelcome and sufficiently severe or pervasive that it has the purpose or effect of altering the conditions of employment and creating an intimidating, hostile, abusive, or offensive working environment;
  - d. The environment created by the conduct would have been perceived as intimidating, hostile, abusive, or offensive by a reasonable person in the same position as the affected employee; and
  - e. The environment created was perceived by the affected employee as intimidating, hostile, abusive, or offensive.

Prohibited unlawful harassment based upon sex (gender or pregnancy), or other protected characteristics (age, race, national origin, etc.) includes, but is not limited to, the following behavior:

- Verbal conduct such as epithets, derogatory jokes or comments, slurs or unwanted sexual advances, invitations or comments;
- Visual conduct such as derogatory and/or sexually oriented posters, photography, cartoons, drawings or gestures;
- Physical conduct such as assault, unwanted touching, blocking normal movement or interfering with work because of sex, race or any other protected basis;
- Threats and demands to submit to sexual requests as a condition of continued employment, or to avoid some other loss, and offers of employment benefits in return for sexual favors; and
- Retaliation for having reported or threatened to report harassment

Sexual harassment does not need to be motivated by sexual desire to be unlawful or to violate this policy. For example, hostile acts toward an employee because of his/her gender can amount to sexual harassment, regardless of whether the treatment is motivated by any sexual desire.

First Pacific needs, expects and encourages you to come forward, without delay, should you suspect that any form of discrimination, sexual harassment, and/or harassment has occurred in the workplace. The Company takes all complaints regarding discrimination, sexual harassment, and/or harassment in the workplace seriously. If you feel you have been subject to discrimination, sexual harassment, and/or harassment, please notify the Company immediately using the Company’s Complaint Reporting Procedure (below). Discrimination, sexual harassment, and/or harassment in the workplace will not be tolerated.

Any employee, regardless of position or title, whom the Company determines has engaged in discrimination, sexual harassment, and/or harassment in violation of this policy, will be subject to discipline, up to and including unpaid suspension and/or termination of employment.

In addition, you should avoid personal relationships with co-workers and residents that create real or perceived conflicts of interest. All interaction with residents must be on a professional basis only. Managers are also prohibited from becoming romantically involved with employees they directly supervise. Any manager that has a relationship with a person they manage or supervise, or a personal relationship that could create a real or perceived conflict of interest, should **immediately** disclose the relationship to their Manager so that appropriate action may be taken.

Harassment and/or Sexual Harassment is extremely serious misconduct and may result in disciplinary action, up to and including termination of employment.

### ***Reporting***

All employees of the Company have a responsibility to report any incident of harassment they experience or observe, and all employees are strongly encouraged to make any such report, as explained further in the Complaint Resolution Procedure outlined below. Any applicant or employee who believes that they have been the subject of harassment and/or sexual harassment, who has witnessed anyone else connected with the Company experience or commit such conduct, should promptly notify their supervisor, the Community Manager, any other management employee, an owner, the MIDWESTHR Human Resources Department (630-836-3000) or Company counsel. If a perpetrator is the employee's supervisor or another member of management, the employee should notify another Management employee, an owner, the MIDWESTHR Human Resources Department (630-836-3000) or Company counsel.

### ***Investigations***

The Company will promptly investigate any harassment and/or sexual harassment complaint and the Company will take corrective action where appropriate. The Company will make reasonable efforts to preserve the confidentiality of everyone involved with any harassment, sexual harassment, complaint and investigation. Employees have a right to make good faith complaints about harassment, sexual harassment or violence and to act as witnesses in investigations of those complaints. The Company will protect complaining employees and witnesses against retaliation for making a harassment or sexual harassment complaint or report. Reported incidents of harassment, including sexual harassment, are investigated fully. Employees are required to participate and to be truthful in any investigation by the Company.

### ***Company Actions***

Any employee or supervisor found to have committed harassment or sexual harassment will be subject to discipline, up to and including termination.

Employees are required to participate in any training the Company may provide or sponsors about harassment. Please refer to the state supplement for any specific training requirements.

Employees who refuse to cooperate in the Company's training or who fail to provide complete and truthful information as part of an investigation will be subject to disciplinary action up to and including termination.

If you believe you may have been harassed, you are encouraged to use the *Complaint Resolution Procedure* contained in this handbook in addition to reporting the harassment to management. **Employees can raise concerns and make reports without fear of retaliation.**

### ***Complaint Resolution Procedure***

The Company strives to provide a positive working environment for all the employees. However, in any work environment, problems or differences do occasionally occur between employees.

To respond to employee concerns in an appropriate and timely manner, a *Complaint Resolution Procedure* is available to all employees. **Employees can raise concerns and make reports without fear of retaliation.**

The following steps apply to all employees for a complaint of **any** nature including harassment of any type:

1. Present the concern or complaint to your immediate supervisor. Ideally, this should occur no later than seventy-two (72) hours following the incident. Explain the issue in detail and provide any resolutions you may have. Your supervisor may request that you provide the concern or complaint in written form. If you need assistance in order to put the concern or complaint in writing (i.e., due to language or reading barriers) you may ask your supervisor for assistance. The supervisor will provide an answer to you as soon as practicable, but no later than ten (10) working days of the initial report.
2. If, for any reason, you feel uncomfortable presenting the concern or complaint to your immediate supervisor, or you are not satisfied with the supervisor's decision, you may present the issue to the next level of management (your supervisor's supervisor), to an owner, to the MIDWESTHR Human Resources Department (630-836-3000) or the Company's outside counsel. This should take place no later than twenty (20) working days after your supervisor's decision was due to you. Again, you may be requested to put the concern or complaint in writing. Once received, management will review the concern or complaint and report a decision as soon as practicable.

All complaints should be submitted in writing. If the circumstances merit an extension of time on the investigation into the concern or complaint, management will notify the employee in writing of the delay.

### ***Additional Information on Harassment***

At the federal level, you can contact the Equal Employment Opportunity Commission (EEOC). At the state level, please refer to the applicable state supplement for specific information.

## **CONFIDENTIALITY AGREEMENT**

All identifying information related to customers, residents, suppliers and co-workers, as well as the specific assets which are purchased or sold by the Company and the prices charged for such assets are all confidential information and may not be disclosed by any Company employee without the express written consent of the Company.

All lists, books, records, and accounts relating in any manner to the Company's products and customers, whether prepared by the employee or otherwise coming into the employee's possession, shall constitute a work product and shall be the exclusive property of the Company and shall be returned immediately to the Company upon termination of employment or upon request by the Company at any time.

The terms of this agreement apply specifically to computer lists, and any other documents reflecting in any manner the identities and product requirement of any Company customers or the suppliers from whom the Company obtains its products. The design of the Company's products, their specifications and performance criteria may constitute trade secrets which may not be divulged for personal gain by any active or former employee.

The Company has a substantial and legitimate interest in maintaining the privacy of certain business information, consequently violations of confidentiality, as described in this policy, may seriously injure the Company's reputation and effectiveness. Please do not discuss non-public, proprietary company information with anyone who does not work for the Company, and refrain from discussing business transactions with anyone who does not have a direct association with the transaction. Even casual remarks can be misinterpreted and repeated. Refer such requests for information outside of the normal course of your job to your manager.

All employees may be required to sign a non-disclosure agreement as a condition of employment. Employees who improperly use or disclose trade secrets or other confidential non-public, proprietary business information will be subject to disciplinary action, up to and including termination of employment and legal action, even if they do not actually benefit from the disclosed information.

## **CONFLICTS OF INTEREST**

The Company expects employees to conduct business in an ethical and legal manner and to recognize that in all their transactions, and at all times, they have a responsibility not to engage in any activity that might create a conflict of interest. These obligations demand positive action by all employees to avoid situations where their self-interests create real or perceived conflict of interest with the Company or its customers. Examples of conflicts of interest include but are not limited to: outside employment with a competitor or accepting gifts or favors from a competitor.

Employees of the Company cannot engage in the same or a similar line of business or research conducted by the Company. An employee cannot have a financial interest in a company that is a competitor of or supplier to the Company.

Financial interests by an employee or by their immediate family members in such companies are to be disclosed immediately to the Company officers. A determination will then be made as to whether or not a conflict of interest exists. Members of the employee's immediate family include spouse, children, and any relative sharing the same household.

Because of the potential seriousness of the consequences of an employee's disregard of this policy on the Company's reputation and interests, failure to comply with this policy may result in disciplinary action, up to and including termination of employment.

## **DRUG AND ALCOHOL-FREE WORKPLACE**

The Company has adopted a zero-tolerance policy in accordance with the Federal Controlled Substance Act. The Company reserves the right to review the policies and procedures contained in this policy, as well as the right to change, revise, or terminate the policy at any time. Please refer to the state supplement for additional information on compliance with specific state laws.

The Company prohibits the possession, use, consumption, manufacture, sale, transfer, distribution, purchase, or attempts to sell, transfer, distribute, or purchase of any controlled substance or alcohol while on Company premises, including Company vehicles, or while on duty, whether or not the employee is on Company premises, including meal and break periods.

### ***Work Rules Involving the Possession or Use of Drugs and Alcohol***

Except as described below, an employee who possesses, uses, consumes, manufactures, sells, transfers, distributes, purchases, or attempts to sell, transfer, distribute, or purchase any controlled substance, behavior

altering drug of any kind (including marijuana) or alcohol while on Company premises, or while on duty, whether or not on Company premises, including during mealtime and breaks, will be subject to disciplinary action, up to and including termination, without warning and without conducting a drug and/or alcohol test. Consumption of alcohol in a Company facility is prohibited except at Company sponsored or sanctioned events where alcohol is allowable and with the approval of management, which may be either on Company premises or off-site. Any employee who violates this policy will be subject to disciplinary action, up to and including termination of employment, without warning and without conducting a drug and/or alcohol test. Likewise, employees are prohibited from reporting to work under the influence of alcohol (including the “after-effects” of alcohol; i.e. odor, hangover, etc.), behavior altering drug of any kind (including marijuana) or controlled drugs of any kind and using alcohol or controlled drugs, including, but not limited to physician approved medical marijuana, before work or during any break or mealtime so as to influence, in the Company’s judgment, your ability to work.

An employee must notify the Company of any criminal drug statute conviction for a violation which affects their ability to perform their job and/or affects the workplace immediately after such conviction. Failure to do so will result in immediate termination. An employee who is convicted of any criminal drug statute for a violation occurring in the workplace will be subject to discipline, including termination.

#### ***Notice to Supervisor***

An employee must notify their immediate supervisor or a member of the executive management team whenever they are using a prescription drug including, but not limited to physician approved medical marijuana or an over-the-counter drug if use of the drug may potentially affect the employee's ability to safely perform their assigned job duties or may otherwise affect the safety of the workplace. Upon such notification, the Company reserves the right to take appropriate steps to preserve the safety of its employees and the workplace, including, but not limited to, the right to relieve the employee of their assigned job duties during the period of usage. Failure to provide the required notification will result in disciplinary action, up to and including termination of employment.

#### ***Impairment During Work Time***

An employee who appears to be impaired during work hours due to the effects of (1) the use of alcohol, (2) the abuse of a legal drug, (3) the use of a controlled substance, or (4) a prescription drug, including, but not limited to physician approved medical marijuana, or over-the-counter drug, will not be allowed to work or to continue to work, and the employee will be subject to discipline, including termination, without warning and without conducting a drug and/or alcohol test.

#### ***Impairment Outside of Work Time***

If the Company learns that an employee has operated a Company vehicle while impaired due to drugs and/or alcohol outside of work time, the employee will be subject to disciplinary action up to and including termination of employment, without warning and without conducting a drug and/or alcohol test.

#### ***Searches of Company Property and Worksites***

The Company reserves the right to conduct reasonable and necessary searches to determine whether an employee has engaged in illegal conduct or conduct that is in violation of this Policy or conduct that may affect the safety interests of the Company's employees and members of the public.

Failure to cooperate with an investigation or search (including providing false information during an investigation) will subject an employee to discipline, up to and including termination of employment, without warning and without conducting a drug and/or alcohol test.

In order to prevent the possession, use, consumption, under the influence of, manufacture, sale, transfer, distribution, purchase, or attempts to sell, transfer, distribute, or purchase of any controlled substance or alcohol while on Company premises, or while on duty, whether or not the employee is on company premises, the Company reserves the right to monitor employee conduct and that of other persons entering and leaving the Company's premises, including, but not limited to, conducting searches of company property such as offices, work space, desks, files, lockers, vehicles, and other company equipment. The Company also reserves the right to inspect any personal property brought by an employee onto company premises if the Company has reasonable suspicion of a violation of this policy.

Violations of this policy will result in disciplinary action, up to and including termination.

## **DRUG AND ALCOHOL TESTING**

To prevent the hiring and retention of individuals who use illegal drugs and/or abuse legal drugs, the Company may conduct drug and/or alcohol testing of employees.

Employees may be subject to the following drug and/or alcohol testing:

### ***Post-Accident***

An employee may be asked to submit to drug and/or alcohol testing if the Company reasonably suspects that drug and/or alcohol use either contributed to the accident or cannot be completely discounted as a contributing factor to the accident, in violation of this Policy.

An accident is defined as an incident or occurrence: (a) in which a person dies or requires medical treatment; (b) in which there is damage to the Company's property; or (c) that involves an employee who, as a regular condition of their employment, is required to drive.

### ***Reasonable Cause***

An employee will be asked to submit to drug and/or alcohol testing if the Company has a good faith belief that the employee is impaired because they are using or have used drugs and/or alcohol, in violation of this Policy.

Reasonable suspicion of impairment includes, but is not limited to, the following:

- Specific observations concerning the appearance, behavior, speech or performance of the employee while at work, such as direct observation of alcohol and/or drug use or abuse or observation of impairment due to alcohol and/or drug use;
- Abnormal conduct or erratic behavior while at work or a significant deterioration in work performance;
- A report of alcohol and/or other drug use provided by a reliable source;
- Indications that an employee has tampered with any drug and/or alcohol test during the employee's employment with the Company;
- Indications that an employee has manufactured, sold, distributed, solicited, possessed, used, or transferred alcohol and/or drugs while working or while on the Company's premises, including while on rest or meal breaks, or while operating the Company's vehicle, machinery, or equipment;
- Violation of a safety rule, or other unsafe work incident that leads the supervisor/manager to believe that the employee's functioning is impaired; or
- Other circumstantial or coexisting indicators of impairment.

Employees who refuse to submit to and/or who test positive for drug and/or alcohol use will be subject to disciplinary action, up to and including termination of employment.

### ***Substance Tested***

In the case of a post-accident or reasonable suspicion drug test, the Company's protocol is to conduct a 9-panel drug test which includes the following substances or their metabolites:

- |                     |                         |
|---------------------|-------------------------|
| 1. Amphetamines;    |                         |
| 2. Barbiturates;    | 6. Opiates;             |
| 3. Benzodiazepines; | 7. Phencyclidine (PCP); |
| 4. Cocaine;         | 8. Propoxyphene; and    |
| 5. Methadone;       | 9. THC (Marijuana)      |

### ***Safeguards and Confidentiality***

The collection, screening, confirmation, analysis, and retention of samples are accomplished according to federal and state laws. All tests are performed by a certified outside laboratory, which strictly follow the chain of custody/command guidelines to ensure the integrity of the testing process. The drug screen analysis is conducted through urinalysis testing. Alcohol testing may be conducted through breath testing and/or urinalysis testing. Samples will be collected in a sanitary environment designed to maximize employee privacy while minimizing the possibility of sample tampering.

If there is a positive drug and/or alcohol result on the initial screening test, the laboratory will automatically do a second confirmatory test. The second confirmatory drug test will be performed using gas chromatography/mass spectrometry or other scientifically accepted method. A positive breath alcohol test will be confirmed by a second breath test.

A Medical Review Officer (MRO) will be responsible for receiving the laboratory results generated by the Company's Drug and Alcohol-Free Workplace Policy. The MRO shall be a licensed physician who has knowledge of substance abuse disorders and the appropriate medical training to interpret and evaluate confirmed positive results together with medical histories and any other relevant biomedical information.

Each applicant or employee will have an opportunity to discuss the drug and/or alcohol test with a MRO in a confidential setting, typically over the phone. At the time of the meeting with the MRO, the individual may provide any information that may be relevant to the test. Such information may include identification of prescription or non-prescription drugs currently or recently used or any other relevant medical information. To the extent feasible, precautions will be taken to ensure that the testing only measures and the records concerning the testing only make use of, the information regarding use of drugs in the body.

In the event the drug and/or alcohol test results are not achieved due to a diluted sample, the applicant or employee will be required to re-test. A maximum of two (2) retests will be allowed due to diluted results.

All test results will be provided to an authorized manager of the Company, who will maintain the confidentiality of the test results and release the results only as authorized or required by law. The Company will treat any information shared by an applicant or employee regarding their drug test results as confidential to the extent it can do so without failing to fulfill its legal obligations.

Unless automatically required under state law, each applicant or employee may request a written copy of their test results.

### ***Employee Test Scheduling and Costs of Test***

Post-accident and reasonable suspicion drug and/or alcohol testing shall normally occur during, or immediately after a regular work period. The time required for testing, including travel time, will be considered work time for employees for the purposes of compensation. Employees who refuse to submit to a drug and/or alcohol test at the end of their work shift will be subject to disciplinary action, up to and including termination of employment.

The actual costs of the testing, other than for a second, confirmatory test, if one is requested by the employee based on an appeal, are paid by the Company.

## **EQUAL EMPLOYMENT OPPORTUNITY**

First Pacific is committed to equal employment opportunity for all applicants and employees. The principle of equal employment opportunity for all persons regardless of age, ancestry, citizenship status, national origin, religion, creed, sex, gender, sexual orientation, pregnancy (including childbirth and medical conditions related to pregnancy and childbirth), marital status, disability (physical or mental), genetic information, race, color, sealed or expunged records, arrest records not resulting in conviction, judicially dismissed criminal convictions, status as a victim of a crime (including, but not limited to, domestic violence, sexual assault, and stalking), military discharge or veteran status, or any other characteristic protected by state, federal or local law is of the utmost importance to First Pacific. Any and all decisions with regard to employment and continued employment shall comply with all federal and state laws prohibiting discrimination in employment.

The commitment to equal employment opportunity for all applicants and all employees is the absolute policy of First Pacific. All subsidiaries, affiliates and partnership companies are also committed to this policy. This policy of equal opportunity employment applies to all terms, conditions, and privileges of employment including, but not limited to hiring, introductory period, training, placement and employee development, promotion, transfer, compensation, benefits, educational assistance, layoff and recall, social and recreational programs, employee facilities, termination and retirement.

Each applicant and employee are recruited, employed, evaluated, and considered for promotion without regard to any protected characteristic, such as those referenced above. It is the Company philosophy when filling positions to promote from within First Pacific in any appropriate instance.

Any employees who feel they are the victim of discrimination have a responsibility to report this fact to their immediate Supervisor, a member of management, or MIDWESTHR Human Resources Department (630-836-3000).

## **GIFTS AND GRATUITIES**

Employees are prohibited from directly accepting gifts or gratuities in any form except a gift of food to be shared among the staff unless otherwise approved by the Regional Manager. Goods/belongings left behind by residents or others on the property do not belong to the property or to any employee of the property. Such items must be stored and/or disposed in accordance with applicable laws and company procedures. Company policy also prohibits employees from giving cash or cash equivalent gifts to residents or potential residents unless otherwise approved by the Regional Manager.

## **HIPAA COMPLIANCE**

The Health Insurance Portability and Accountability ACT (HIPAA) provides rights and protections for participants and beneficiaries in group health plans. HIPAA includes protections for coverage under group health plans that limit exclusions for pre-existing conditions; prohibit discrimination against associates and dependents based on health status; and allow a special opportunity to enroll in a new plan to individuals in certain circumstances. In addition, HIPAA requires that health insurance plans limit the release of health information to the minimum necessary required for care, or as outlined in the plans Privacy Notice.

Employees with questions about claims should contact the carrier first. If, after contacting the carrier, additional assistance is required, MIDWESTHR will assist with any claim issues. MIDWESTHR may require employees to provide written authorization to release information related to the claim.

## **OUTSIDE EMPLOYMENT**

An employee may hold a job with another organization as long as they satisfactorily perform their job responsibilities with the Company. All employees will be judged by the same performance standards and will be subject to the Company's scheduling demands, regardless of any existing outside work requirements. If the Company determines that an employee's outside work interferes with performance or the ability to meet the requirements of the Company as they are modified from time-to-time, the employee may be asked to terminate their outside employment if they wish to remain with the Company.

In addition, employees must not participate in any arrangement that results in an actual or perceived conflict of interest. A conflict of interest occurs when an employee's actions are influenced or are perceived to be influenced by a desire for personal gain to the detriment of the Company. Concerns about a possible conflict of interest must be resolved before outside employment is established.

An employee who engages in outside employment that utilizes substantially the same expertise as in their position at the Company may compromise the Company's ownership of and rights to intellectual property. Employees must not compromise their obligations and responsibilities to the Company when engaged in outside employment.

Employees who are engaged in outside employment under this policy may not utilize the Company facilities, resources, property, telephones, equipment or staff in support of such activities and outside employment activities may not be conducted on the Company premises.

## **RELATIONSHIPS WITHIN THE COMPANY**

The Company is committed to avoiding situations which may generate complaints of favoritism and sexual harassment. All staff members are strongly encouraged to refrain from becoming romantically involved with any supervisor, manager, resident or vendor. Any relationship outside of a professional one with a resident can generate complaints of favoritism and possible sexual harassment.

In the event a romantic relationship develops, the staff member must report the relationship immediately to their Manager and Regional Manager. It will be decided if this relationship interferes with the employee's ability to perform their job fairly and unbiased. If it is determined at any time that this relationship is causing any disturbances, to either the work place, or other residents, the staff member may be asked to transfer to another position or work site (if an open position is available) or be subject to termination of employment. Employees who fail to report such a relationship may face disciplinary action, up to and including termination. Employees who have questions about this policy may contact their Manager or Regional Manager.

## **SOLICITATION**

In an effort to assure a productive and harmonious work environment, subject to federal and state laws persons not employed by the Company may not solicit or distribute literature in the workplace at any time for any purpose unless they have a signed agreement specifically authorizing them to do so (Comcast, Qwest, etc.). Employees may only admit non-employees to work areas with management approval or as part of a Company-sponsored program. These visits should not disrupt workflow. The employee must accompany the non-employee at all times. Former employees are not permitted onto Company property except for official Company business.

The Company recognizes that employees may have interests in events and organizations outside the workplace; however, employees may distribute literature concerning these activities during non-working time, such as meal times or other periods during the workday when employees are not properly engaged in performing their work tasks. Working time includes the working time of both the employee doing the soliciting or distributing and the employee to whom the soliciting or distributing is directed.

In addition, the posting of written solicitations on company bulletin boards is restricted. If employees have a message of interest to the workplace, they may submit it to the designated Company representative for approval. All approved messages will be posted by the designated Company representative.

## **WHISTLEBLOWING**

It is the policy of the Company and MIDWESTHR to abide by all applicable federal, state and local laws, rules and regulations and to have all employees do the same. The Company holds all employees responsible for carrying out and monitoring compliance with this commitment. If any employee becomes aware of any violation of a legal or ethical obligation, or any unfair or improper treatment of a customer, a potential resident, a resident, or another employee the employee must immediately report the matter so that it can be investigated right away.

Whistleblowing can be defined as “disclosing information by an employee, applicant, or vendor who alleges willful misconduct carried out by an individual or group of individuals within an organization.” It can be internal or external. This first occurs when an employee airs their complaint internally, through designated channels in the organization. The latter occurs when an employee blows the whistle outside the organization to the media, law enforcement officials, or some other public entity.

In most cases, you should report a violation of this policy to your worksite supervisor. If this is not practical, or if that action is taken but does not correct the perceived violations, you should prepare and sign a written statement with the specific information that you know and submit the statement to a designated officer of the Company or to MIDWESTHR, as applicable, so that an investigation may be undertaken. This policy is important to the Company and MIDWESTHR and each employee should seek to resolve any problem within the Company and MIDWESTHR before reporting it to any outside person or entity.

The whistleblowing policy is intended to cover serious concerns that could have a large impact on a company such as actions that:

- May lead to incorrect financial reporting;
- Are unlawful;
- Are not in line with company policy; or

- Otherwise amount to serious improper conduct.

Employees should feel free to report any information regarding this policy without fear of reprisal or retaliation of any kind. Employees can report information in confidence if they wish. The Company will treat such information as confidential to the extent it can do so without failing to fulfill its legal obligations. In addition, employees who do not wish to identify themselves can report information anonymously.

There will be no retaliation by the Company or MIDWESTHR against any employee who makes a good faith report pursuant to this policy even if an investigation shows that there has not been a violation.

It is the responsibility of the Company to correct or prevent any violations found to exist. This is a legal obligation as well as a practical necessity. A violation can taint the credibility of the entire company and cause the Company and its employees to be subjected to adverse publicity and distrust by the public, customers and the government. By making it the responsibility of all employees to police compliance with our strict ethical standards and commitment to complying with all legal responsibilities, we can continue to maintain our reputation in the community. Please refer to the state supplement for additional information on specific state requirements under this policy.

## CONDITIONS OF EMPLOYMENT

### ACCESS TO PERSONNEL FILES

The Company maintains a personnel file for each employee. The personnel file includes such information as the employee's job application, resume, records of training, documentation of performance appraisals and salary increases, and other employment records. Medical information is maintained in a separate file for each employee.

Personnel files are the property of the Company and MIDWESTHR, and access to the information they contain is restricted. Generally, only management of the Company or MIDWESTHR who have a legitimate reason to review information in a file are allowed to do so.

Employees who wish to review their own file should contact their direct supervisor. With a seventy-two (72) hour written request, employees may review a copy of their personnel file at reasonable times, during regular business hours with a Company appointed representative present and the employee may request a copy of their personnel file, at the employee's expense, as allowed by federal, state and local laws.

### ATTENDANCE

Attendance by employees at their assigned work place and on their assigned schedule is a key element of good employee performance and company productivity. This is especially true during the first ninety (90) days of employment when a new employee is in training. Employees who are frequently absent, arrive late, or leave early cause disruption within the Company and place a burden on other employees. Each employee has an essential responsibility for arriving at work in a timely manner and remaining at work for their entire work schedule.

The Company understands that, at times, it may be necessary for an employee to unexpectedly be off of work, arrive late (more than 5 minutes), or leave early during scheduled work hours due to emergencies, illnesses, or pressing personal business. If an employee is going to be late or absent from work, they must contact their supervisor at least one (1) hour before the beginning of their scheduled shift. Messages left with voice mail or answering services must be followed by a personal contact with their supervisor by the beginning of the scheduled shift. **Text messages and e-mails are not an accepted form of communication regarding attendance.** Employees who need to leave before the end of their work schedule are required to receive authorization in advance from their manager.

An employee's unexpected absence, late arrival (more than 5 minutes), or unscheduled early departure may be considered **excused** in limited extenuating circumstances and if the employee provides proper and timely notification deemed satisfactory to the Manager. The Company reserves the right to require an employee to submit a physician's certificate in the event of repeated absences for medical reasons or in the event of an unexcused medical absences of one (1) or more days. If the absence exceeds three (3) days, employees will need to request a General Medical Leave of Absence (please see the General Medical Leave of Absence policy for additional details).

An employee's unexpected absence, late arrival (more than 5 minutes), or unscheduled early departure will be deemed **unexcused** when an employee fails to use the proper call-in procedures, gives a late notice, or fails to give advance notice for an absence, late arrival, or early departure which could be anticipated. The only exception is where the employee is physically unable to use the telephone.

For new employees during their first ninety (90) days of employment attendance is very important, so unexpected absences, late arrivals, and unscheduled early departures will not be tolerated. During the first ninety (90) days, the employee will be subject to a verbal warning following their first unexpected absence, late arrival, or unscheduled early departure; a written warning for their second unexpected absence, late arrival, or unscheduled early departure; and termination following their third unexpected absence, late arrival, or unscheduled early departure.

Following the first ninety (90) days of employment, excessive absenteeism is defined as two (2) or more instances of unexcused absences in any thirty (30) day period. Such excessive absenteeism is subject to corrective action. Any eight (8) instances of unexcused absenteeism in a twelve (12) month period will be considered grounds for termination of employment.

Excessive tardiness is defined as two (2) or more unexcused late arrivals in any thirty (30) day period. Such excessive tardiness is subject to corrective action. Any ten (10) instances of unexcused late arrivals in any twelve (12) month period will be considered grounds for termination of employment.

Excessive early departures are defined as more than one (1) unexcused early departures in any thirty (30) day period. Such excessive early departures are subject to corrective action. Any five (5) instances of unexcused early departures in any twelve (12) month period will be considered grounds for termination of employment.

Be aware that any combination of excessive absenteeism, tardiness, and early departures is unacceptable and will be subject to disciplinary action up to and including termination of employment.

An employee's unreported absence from work for two (2) consecutive days will be considered to have abandoned their job and will be classified as a "quit" (see the Termination section of this Handbook).

An employee's attendance record will be considered when evaluating requests for promotions, transfers, leaves of absence, approved time off, and other employment statuses.

## **CLASSIFICATION OF EMPLOYEE STATUS**

All employees of the Company and its subsidiaries and affiliates are employed for an indefinite term, and either the employee or the Company may terminate employment, with or without cause, at any time. This status can only be altered by a written contract of employment which is specific as to all material terms and is signed by both the employee and the Company management representative. No verbal statement or promise from a manager or supervisor shall be interpreted as, nor will it constitute, an agreement or contract with an employee. All employees will be classified as one of the following:

### **Regular full-time Employees**

A regular full-time employee is an individual who is classified as such, whose employment is for an indefinite term, and who is scheduled to work a minimum of thirty (30) hours per week on a regular basis. A regular full-time employee is eligible for group insurance benefits, paid leave time and company-paid holidays.

### **Regular part-time Employees**

A regular part-time employee is an individual who is classified as such, whose employment is for an indefinite term, and who is typically scheduled to work less than thirty (30) hours per week on a regular basis. On occasion, a regular part-time employee may be required to work more than thirty (30) hours in a

week to assist in the completion of a specific task or project. This fluctuation in hours does not in any way imply a change in status. A regular part-time employee is not eligible for group insurance benefits, paid leave time, or company-paid holidays.

### **Temporary Employees**

A temporary employee is an individual who is hired as an interim replacement to temporarily supplement the work force or to assist in the completion of a specific project. Employment beyond any initially stated period does not in any way imply a change in employment status. Temporary employees retain that status until notified of a change. Temporary employment with the Company is “at will” and may be terminated, with or without cause, or with or without notice, at any time, at your option or at the option of the Company. A temporary employee is not eligible for any benefits, except those outlined within this handbook and required by state or federal law.

### **Independent Contractors**

An independent contractor is an individual who meets the IRS qualifications for such, is not an employee of the Company, and therefore is not eligible for any Company benefits.

## **CLASSIFICATION OF POSITION – EXEMPT VS. NON-EXEMPT**

In addition to an employee’s work status, all employees are classified as either “Exempt” or “Non-exempt,” depending on the positions they are filling. In general, “Exempt” refers to an employee who is exempt under the executive, administrative, or professional exemptions from the minimum wage, timekeeping, and overtime requirements of the Fair Labor Standards Act (FLSA) and any similar requirements of applicable state law. “Non-exempt” refers to an employee who is not exempt from these FLSA or state law requirements. Whether or not an employee is considered exempt or non-exempt is governed by applicable state and federal wage and hour laws. These terms are defined as follows:

### **Exempt Employees**

All exempt employees are paid on a salary basis, with the exception of some computer professionals and sales representatives. Exempt employees are not required to receive overtime, in accordance with applicable federal wage and hour laws, for work performed in excess of forty (40) hours in a workweek. An exempt employee’s salary is for total compensation for all hours worked in a workweek. Exempt employees’ rates of pay are generally stated in terms of annual salaries. This does not, however, mean that such employees are employed for any definite period of time. Exempt employees complete a Time Off Report and are compensated on a bi-weekly pay cycle every other Friday.

### **Non-exempt Employees**

Non-exempt employees’ rates of pay may be stated in terms of either hourly or salary rates and such employees are compensated on a bi-weekly pay cycle every other Friday. Non-exempt employees must accurately report their hours worked for each workweek on a time sheet. Such employees are paid an overtime premium in accordance with applicable state and federal law.

## **EMPLOYEES LIVING ON SITE**

Employees receiving apartment value as a part of their compensation and/or as a condition of employment will be on a “License to Occupy Premises” agreement. This agreement states that upon involuntary termination of employment or determination by the Company that occupying the premises should no longer be a condition of employment due to an employee’s change of position or for any other business reason, the employee must vacate the apartment within three (3) days of the last day worked. Employees who

voluntarily terminate their employment and are in good standing may be allowed to convert their lease to that of a regular resident. The security deposit collected at time of lease may be retained in partial or full, dependent upon the condition of the apartment at the time of vacancy. If no security deposit is collected or the amount of damage exceeds the deposit, the monies may be withheld from the employee's final paycheck. Apartment value is earned for each day worked and not earned in advance.

Employees not already living on-site prior to employment may not move on-site until ninety (90) days after employment begins. Employees who choose to live on-site may receive an employee discount on the market rent of 20%, must meet the same qualifications to rent as a regular resident, pay a minimum of a \$100 refundable security deposit and sign a "License to Occupy Premises" agreement and a month to month lease agreement. The amount of discount is subject to employee and property performance and may vary. Employee is bound by all the addendums to lease agreement. The Regional Manager is the only personnel authorized to approve the application for tenancy and to set up the monthly lease charges and move in fees. Employees who wish to move out of the apartment during their employment with the company are required to give a thirty (30) day notice. If said employee resigns or is terminated, they must vacate the apartment within three (3) days of the last day worked. For some properties, employees who live on-site may be required to reimburse the property for their unit's portion of RUBS, but are required to pay the electric and gas for their unit where applicable. Employees living on-site have two (2) options regarding payment of their rent:

1. Rent must be paid in full within the grace period that applies to their property in the form of debit card, credit card or ACH payment. See License to Occupy for details.
2. The employee may have one half (½) of their rent taken out of their paycheck each payroll period resulting in full payment of rent by the second payroll of the month. This option is required if the employee's credit does not meet the criteria of the said property.
3. Transfer fees to other properties or within the current community will apply, see Employee Site Transfer Policy.
4. Employees with unpaid evictions or who owe a previous landlord move-out fees cannot reside at a Company property.

All Employees are subject to a late fee if they do not meet their rent payment obligations per their month to month lease agreement. Employees must have their rent ledger at a \$0 balance no later than the 2<sup>nd</sup> payroll of the month if they pay their rent via their paycheck deductions or by the end of the grace period for their property if they chose to pay manually.

Employees living on site are strongly encouraged to attend all resident functions and join the Neighborhood Watch program. Non-exempt residents who are required to assist in resident functions will be compensated for all hours worked during these functions.

Employees who live on site are considered representatives of the Company even when they are not performing work and are therefore expected to conduct themselves in a professional manner at all times on the property, whether on or off the clock. All employees living on site are expected to abide by the community rules and policies. Employees must also maintain their unit in a safe and healthy condition as required by the terms and conditions of their lease. Failure to abide by these conditions may result in the loss of the privilege to reside on property and/or corrective action up to and including termination of employment.

## **EMPLOYMENT APPLICATIONS**

It is the policy to hire and promote those individuals who are best qualified to fill the positions available. The Company reserves the right to perform a full background check, including but not limited to credit, criminal and Motor Vehicle Record (MVR), on any applicant or employee applying for a position within the Company, as permitted by federal, state and local laws

The Company relies upon the accuracy of information contained in the employment application, as well as the accuracy of other data presented throughout the hiring process and employment. Any misrepresentations, falsifications, or material omissions in any of this information or data may result in the Company's exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment.

## **EMPLOYMENT ELIGIBILITY**

Under the Immigration and Reform Control Act of 1986, the Company must verify that every new employee is either a U.S. citizen or is authorized to be employed in the U.S. Both the new employee and a Company representative must complete portions of the USCIS Form I-9, verifying the prospective employee's identity and indicating that the new hire is authorized for employment. Form I-9 must be completed at the time of hire and eligibility verification must be completed within three (3) business days of that date. Employees who cannot provide proof of identity and employment eligibility within three (3) business days cannot continue to be employed by the Company.

The Company participates in the voluntary E-Verify program to confirm every new employee's United States work eligibility.

## **EMPLOYMENT OF MINORS**

Candidates for regular full-time and regular part-time employment must have reached their eighteenth (18<sup>th</sup>) birthday by date of hire. Exceptions may be considered for purposes of employing minors participating in a school-sponsored vocational education program or short-term seasonal projects.

## **EMPLOYMENT OF RELATIVES/SIGNIFICANT OTHERS**

Existing employees are responsible for notifying their supervisor and executive management within the Company if they are related to or have a significant relationship with any other employee or potential employee. Employment of relatives and/or significant others of an existing employee will be reviewed by executive management on a case-by-case basis in advance of any job offer made by a manager. This will ensure that such employment does not involve conflicts of interest or other adverse consequences to business operations. If hired, relatives and/or significant others will not be allowed to supervise or evaluate each other or, if one is a manager, be within the same chain of command.

A relative is defined as any person related to the employee by blood, marriage, or adoption in the following degrees: spouse (including common law as defined by state guidelines), parent, mother-in-law, father-in-law, stepparent, child, stepchild, grandparent, grandchild, brother, sister, brother-in-law, son-in-law; daughter-in-law, sister-in-law, aunt, uncle, niece, nephew or cousin.

## **EMPLOYMENT VERIFICATIONS**

A MIDWESTHR representative will respond in writing only to employment verifications that are submitted in writing. Responses to such inquiries will confirm only dates of employment and position(s) held. No

employment data will be released without a written authorization and release signed by the individual who is the subject of the inquiry.

Exceptions to this policy include, but are not limited to, responding to any and all information requests from law enforcement, public safety, medical, or government representatives/officials, with properly verified identification, and who demonstrate a legitimate need to know specific information.

Under no circumstances may such information be provided by an employee, manager, or supervisor of First Pacific.

## **PERFORMANCE EVALUATIONS**

All employees will be evaluated based on their performance as it relates to their job description, as well as any special circumstances that occurred during that review period. Following ninety (90) days of service, the employee will receive an informal review check in. A performance review/evaluation will then be conducted annually on, or within thirty (30) days of the employee's work anniversary. The annual performance review will include a self-evaluation form where employees can provide their perspective on performance.

Adjustments to compensation (if any) will take place at the manager's discretion, typically following a performance review/evaluation. The Company may or may not provide pay increases or promotions in conjunction with favorable performance evaluations. Any action taken as a result of a performance evaluation should not be construed to set precedence upon future evaluations of any employee.

## **PERSONAL APPEARANCE**

All Employees are expected to maintain a professional standard of dress, grooming and personal hygiene. Employees are expected to present themselves at the beginning of their shift appropriately dressed with all personal grooming and personal hygiene matters taken care of before arriving at the work site. Employees who appear for work with inappropriate dress, grooming or personal hygiene will be sent home and directed to return to work in a manner meeting the required standards. Employees will not be compensated for the time away from work.

Interpretation of appropriate dress / grooming / hygiene is first at the discretion of the Community Manager with final determination and disciplinary action at the discretion of the Regional Manager. Depending on the property, the Regional Manager may require a specific uniform which all or part of will be provided to the employee by the property and in some cases, at the properties expense. The employee is required to maintain the uniform and return said uniform if the employee is terminated for any reason. If uniforms are not returned as requested, the value of the uniform(s) may be deducted from the employee's final wages as allowed under applicable federal or state laws.

It is not possible to list all of the acceptable/unacceptable dress / grooming / hygiene guidelines. Following are EXAMPLES of the acceptable/unacceptable items to create the professional standard. THIS LIST IS MEANT FOR ILLUSTRATIVE PURPOSES AND IS NOT ALL INCLUSIVE.

### ***Managers and Leasing Professionals***

Business professional attire is required, unless a "theme" event is scheduled, with the approval of the Regional Manager, which would require alternative dress. All administrative staff members must wear the provided name badges which contain the Company logo.

- Office staff are required to be in acceptable business attire which includes seasonal uniform tops issued by First Pacific.
- The uniform tops are to be paired with professional slacks, skirts, and dresses with safe shoes such as flats, loafers, 2" heels/wedges or boots. No sandals.
- All clothes must be clean, in good condition and ironed.
- Skirts and dresses should be no shorter than 4" above the knee.
- No shorts, jeans or jean Capri pants are allowed, unless authorized by the Regional Manager for an event.
- Regional will authorize business casual Fridays to include jeans.
- No shirts or blouses with writing, other than the property name, are allowed.
- No low cut, midriff, or spaghetti strap shirts or blouses.
- No sweatshirts, sweatpants, or thermal type clothing.
- No tennis shoes, sneakers, or flip-flops will be allowed unless part of an event.
- White court shoes can be worn similar to Ked or Adidas with the summer uniform.
- Fingernails should be professional length, clean and manicured at all times.
- Hair must be neat, clean, and styled daily.
- Hats will not be allowed in the office.
- In an effort to support individuality we do not limit how many tattoos you may have but do limit the locations in which they can be visible. We do not allow visible tattoos on the face or neck. Tattoos that "sleeve" the arm, hands or neck cannot contain offensive, or vulgar images including profanity. If they do you will be required to cover those areas while at work.

***Maintenance Employees, Groundskeepers, Housekeepers, and Painters***

Proper uniform-like attire is required at all times in these positions.

- Pants should be khaki, black, or blue pants and/or dark blue jeans. Please confirm with the manager any specific requirements on color of pants.
- Shirts must be a First Pacific Group issued uniform shirt. Uniforms are provided seasonally.
- All clothing must be neat and clean, free of stains, and holes.
- Photo ID badge is required at all times when on property. If the ID badge is lost or damaged, the employee must request a new one from the Property Manager immediately.
- Shoes that completely cover the feet are required. No sandals or open toed shoes will be allowed. Shoes should be in clean, good condition.
- Hair must be clean, and neat. If longer than collar length hair should be held back in a ponytail.
- Company-logo hats or property approved hats may be worn but must be worn forward facing.
- In an effort to support individuality we do not limit how many tattoos you may have but do limit the locations in which they can be visible. We do not allow visible tattoos on the face or neck.

Tattoos that “sleeve” the arm, hands or neck cannot contain offensive, or vulgar images including profanity. If they do you will be required to cover those areas while at work.

### ***All Employees***

- Personal hygiene and basic daily grooming habits are expected.
- Beards and mustaches should be neatly trimmed.
- Wear light fragrances to avoid affecting anyone’s allergies.
- All jewelry worn should be modest and tasteful to represent a professional appearance.
- Ear piercing is allowed as long as the piercing is not a distraction.
- It is recommended that employees refrain from wearing Company logo shirts and uniforms when they are not performing work for the Company.
- Employees on call are required to report to all calls in Frist Pacific Uniform shirt.

The Company will reasonably accommodate an employee’s religious beliefs or medical conditions regarding clothing, jewelry, and tattoos as long as the accommodation is proven necessary, reasonable, and does not cause an undue hardship to the company. To request an accommodation for religious or medical reasons, please contact your Regional Manager.

Employees may be subject to disciplinary action up to and including termination for repeated violations of the Dress Code policy, including those who fail to wear their photo ID badge.

## **PERSONNEL DATA CHANGES**

It is the responsibility of each employee to promptly notify the Company of any changes in personnel data. Personal mailing addresses, telephone numbers, number and names of dependents, individuals to be contacted in the event of an emergency, educational accomplishment, and other such status reports should be accurate and current at all times. Employees are required to update the Employee Self Service Portal (ESS) for any of the aforementioned changes. Contact MIDWESTHR with any questions on how to access the ESS.

## **REPRESENTATION OF EMPLOYER**

Employees who live on site and employees who are on any Company managed property outside of work hours accept responsibility for representing the property and the Company both on and off duty. Actions which negatively affect the reputation or image of the property or the Company are considered actions subject to disciplinary action up to and including termination.

## **TRANSFERS**

The Company reserves the right to request an employee to transfer from one property to another either to fill a temporary or permanent assignment.

## **EMPLOYEE BENEFIT PROGRAMS**

### **BENEFIT PACKAGE SUMMARY**

The Company has made a large investment in its employee benefit package, which is an important component of an employee's compensation package. It is intended to complement the competitive salary and opportunities for professional growth and development. It is anticipated that employees will fully utilize their benefits, but not abuse them.

Regular full-time employees are eligible for most group insurance benefits beginning the first of the month following or coinciding with sixty (60) days of employment, unless otherwise noted. When regular full-time employees are acquired by the Company during a new property acquisition, they will be eligible for most group insurance benefits on the first of the month following or coinciding with the date of acquisition, unless otherwise noted. Regular part-time employees may be eligible for some of these benefits, as indicated, however temporary employees are not eligible for any of these benefits.

Premiums deducted through payroll for most benefits elected by the employee will be withheld pre-tax before deductions for Social Security and Federal Income taxes, as applicable by law.

#### ***Medical, Dental and Vision Insurance***

The Company offers medical, dental and vision insurance to all regular full-time employees. Depending upon the plans and coverage level chosen by the employee, the employee may pay a portion or all of their insurance premiums. Enrollment materials will be provided prior to your eligibility date by your Regional Manager or by contacting the MIDWESTHR Benefits Department at 630-836-3000 or by emailing: [benefits@midwesthr.com](mailto:benefits@midwesthr.com).

#### ***COBRA/Benefits Continuation Coverage***

If you or your covered dependents are no longer eligible for healthcare coverage through the Company, you may be eligible to continue your coverage. Please see the Summary Plan Description for details or contact the Benefits Department at MIDWESTHR at 630-836-3000 or by emailing: [benefits@midwesthr.com](mailto:benefits@midwesthr.com) for further information.

#### ***401(k) Plan***

The Company offers a 401(k) plan, coordinated by MIDWESTHR, which allows employees to save pre-tax dollars in a retirement plan. Regular full-time and regular part-time employees who are 18 years of age or older are eligible to participate on the first of the month following one (1) year of service. Enrollment materials will be provided prior to your eligibility date by your Regional Manager or by contacting the MIDWESTHR 401(k) department at 630-836-3000.

### **COMPANY EVENTS**

Paid time off to attend Company events will be determined at the time the event is planned by the company. If the event is mandatory, non-exempt employees will be compensated in accordance with applicable federal and state laws.

### **EMPLOYEE REFERRAL PROGRAM**

You are who make First Pacific successful and a company to be proud of. We have a great deal of respect for your opinion and feel strongly that you know what is best for us to grow together as a

company. With that in mind we wish to encourage you to refer new candidates that have your same amazing work ethic and can-do attitude.

### **What is an employee referral bonus?**

We are always on the lookout for promising new candidates to join our Team and appreciate referrals from current employees. First Pacific will pay a **\$1,000** bonus for each candidate you refer in the event they are hired following the interview process and are successful in their new position.

Terms and Conditions:

- Referring party (Existing Team Member) must confirm the referral at the time the New Candidate applies for the position.
- The bonus will be paid in two portions:
  - \$500 Paid upon the Referred New Hire successfully completing 90 days of employment with First Pacific.
  - \$500 (Totaling \$1,000) will be paid upon the Referred New Hire successfully completing 6 months of employment with First Pacific.

Additional rules for bonuses:

- There is no cap on the number of referrals an employee can make. All bonuses will be paid accordingly provided the referrals are hired and successful in their new position.
- If two or more employees refer the same candidate, only the first referrer will receive the referral bonus.
- The referral date cannot be earlier than the date the job opening is posted. The hiring of a referred employee must occur within 180 days (six months) of the initial referral date.
- Applicants must not have applied to our company in the past year.
- Be hired as permanent full- or part-time employees (not as temporary employees or contractors.)
- The referral must represent the candidate's first contact with First Pacific. Temporary, summer, contract and former employees of First Pacific are not eligible candidates for referral awards.
- Only candidates who meet the essential qualifications for the position will be considered.

### **Who can participate in the employee referral program?**

All current employees are eligible to participate in the referral program except for:

Recruiters and hiring managers are not eligible for a referral bonus for positions in which they are hiring for.

We encourage you to check our open positions and consider your social networks and external networks as potential resources for referred candidates.

This referral bonus program became effective April 1, 2021. We reserve the right to modify or cancel the program in the future and the Policy will be updated accordingly. Keep in mind that referral bonuses are subject to taxation. Please contact your manager for any questions you may have.

We are an equal opportunity employer. We guarantee that all candidates will be given the same consideration and will pass through our established interviewing procedures. All candidates will be

evaluated for employment consistent with company policies and procedures. All information regarding the hiring decision will remain strictly confidential.

## **HOLIDAYS** *(Updated: January 2021)*

Management will annually determine the date each holiday of the following holidays will be observed:

New Year's Day	
Martin Luther King Jr. Day	The day after Thanksgiving Day
President's Day	½ of Christmas Eve (4 hours)
Labor Day	Christmas Day
Memorial Day	½ of New Year's Eve (4 hours)
Independence Day	
Thanksgiving Day	*Employee's Employment Anniversary

\*Each calendar year, beginning January 1, eligible employees will be permitted to take their employment anniversary date with the Company as a paid holiday, or another day within the same month. If this day falls on a regularly scheduled day off, they may select either their next scheduled day before or after as their paid holiday. The employee must request the day off in advance by submitting a Time Off request form to their manager for approval.

After thirty (30) days of employment, regular full-time non-exempt employees (those scheduled to work thirty (30) hours or more per week) will be eligible to receive holiday pay equal to the pay for hours they would normally have been scheduled to work on the observed holiday. Regular part-time and temporary employees are not eligible for this benefit.

Eligibility for holiday pay requires that the employee work the scheduled shift before and the scheduled shift after the holiday. If the employee has received prior approval from the Regional Manager to take the day before or the day after the holiday as a day off (i.e., PTO, shift change etc.) the employee will still receive the holiday pay.

If an eligible non-exempt employee is required to work on a holiday, the employee will be paid for the holiday in addition to the time worked. If an official holiday falls on a regular full-time non-exempt employee's day off, the employee will be paid for the holiday. If any paid holiday falls on a weekend or a day that the site is normally closed, the Corporate office will determine whether a substitute day will be observed.

## **LACTATION ACCOMMODATION**

The Company provides new mothers with paid break time, meal time, or additional unpaid break time, if necessary, to express breast milk for her nursing child for up to one (1) year following the child's birth, in compliance with federal law. (Please refer to the state supplement for additional information regarding applicable state laws.) The Company will make reasonable efforts to provide a room or other location in close proximity to the work area, other than a toilet stall, where an employee can express milk in privacy. Nursing mothers who require this accommodation should consult with their immediate supervisor.

## **PAID TIME OFF (PTO)**

From time to time, employees may have personal business such as doctor's appointments, religious holidays, family issues, legal proceedings or planned personal travel which may require time off. Furthermore, employees may be faced with short periods of illness that preclude them from performing

their job duties. For circumstances such as these Paid Time Off (PTO) Leave may be used. Additionally, in the event of inclement weather, when authorized by the company, PTO Leave may be used. Frist Pacific Group encourages the use of PTO in order to promote a good work/life balance in order to give employees time away from work to unplug and recharge.

All regular full-time employees who are scheduled to work thirty (30) hours or more on a normal basis are eligible to receive PTO Leave once they have completed the required wait period. All regular part-time and temporary employees are not eligible for this benefit.

#### PTO EARNING SCHEDULE

Eligible Service	Regular full-time Employee (40 hours)		Regular full-time Employee (30-40 hours)	
	Bi-Weekly Accrual	Annual PTO Max.	Bi-Weekly Accrual	Annual PTO Max.
**During the initial 90 days of service; PTO is accrued but unable to be utilized until 90 days of employment has been completed. Pro-rated during Year 1	3.08 hours	80 hours	2.31 hours	60 hours
Year 2-5 (months 13-72)	4.62 hours	120 hours	3.47 hours	90 hours
Year 6+ (months 73+)	6.16 hours	160 hours	4.62 hours	120 hours

Employees begin accruing PTO at time of hire, but cannot utilize that time during their first 90 days of service. After the completion of this wait period, employees will be able to utilize time accrued according to the PTO earning schedule. During the first year of employment, eligible employees may request a maximum of five (5) consecutive days or forty (40) hours at one time. Following the employees first anniversary, employees may be approved to take more than five (5) consecutive days or forty (40) hours at a time,

PTO Leave will accrue, each bi-weekly pay period based on the chart above. The accrual amounts vary for employees who are scheduled for forty (40) hours per week and those who are scheduled between thirty (30) and forty (40) hours per week, as well as for the length of service.

Non-exempt employees may request PTO in minimum increments of one (1) hour and may only claim up to eight (8) hours of PTO Leave per scheduled day missed. PTO Leave should not be claimed if the employee has already completed forty (40) hours within one workweek and the PTO Leave will increase the total hours for the week over forty (40) or if the PTO Leave exceeds more than eight (8) total hours claimed in one day.

Exempt employees may request PTO in minimum increments of one (1) hour. A full day absence is equal to eight (8) hours of PTO. If an exempt employee requests a partial day of PTO, they must use PTO for the number of hours missed on that day based on an eight (8) hour work day. For example, if the employee

works five (5) hours, then they must use three (3) hours of PTO. Additional hours that may have been worked during the current work week may not be substituted for time missed on the day of the absence, without prior management approval.

PTO must be earned before it can be used. Negative PTO balances are not allowed. However, if a circumstance arises where unearned PTO is paid in error resulting in a negative balance, the employee will be required to pay the amount back. If an employee does not have PTO available, time off without pay may be approved at management's discretion.

All scheduled PTO Leave, whether paid or unpaid, is to be requested via the Employee Self Service (ESS) portal, scheduled in advance and is subject to Regional or Community Manager approval. PTO of three (3) days or more must be scheduled and approved at least one (1) month in advance and PTO of two (2) days or less must be scheduled and approved at least two (2) weeks in advance. PTO should not be taken during peak business seasons (June to August) to ensure personnel coverage at each community or peak business times from the 1st -10th of the month. **Employees are required to use all available earned PTO before unpaid time will be approved, unless otherwise required under a specific state law.**

Unscheduled absences in excess of one (1) day without prior approval, whether paid or unpaid, may require a doctor's written excuse, unless as otherwise permitted under a specific state law. Per the attendance policy, the supervisor must be contacted one (1) hour prior to employees scheduled shift. An employee's inability to provide such evidence of illness, when required, may be grounds for disciplinary action, up to and including termination.

The maximum earned PTO Leave an employee may accrue at any given time is two hundred (200) hours. Unused PTO will carry over into the next anniversary year up to but not exceeding the capped amount of two hundred (200) hours. Employees are responsible for monitoring their total PTO balance.

Employees who have been employed by the Company for five (5) or more consecutive years or have a minimum of 100 PTO hours, may elect to "buy down" up to sixty (60) hours of accrued PTO one time per calendar year. Employees who elect to "buy down" their PTO balance must leave a minimum of forty (40) hours in their PTO account at the time of the "buy down". Employees must request in writing the "buy down" of their PTO hours using the appropriate form and obtain approval from the Regional Manager. Employees must request a "buy down" and allow for a minimum of 2 weeks for processing. Payout of the PTO hours will be made on the next scheduled payroll following the request and processing and all applicable taxes will be withheld per federal and state wage laws.

With the exception of the "buy down" policy outlined above, pay will not be granted in lieu of earned PTO not taken for active employees. If an employee resigns or is discharged prior to ninety (90) days of service, they are not eligible to receive PTO pay since no time was earned. **It is Company policy that employees who separate from First Pacific without giving two-week notice will not be paid for any unused accrued PTO at time of termination, unless required by state law.** Employees who resign or are discharged will be paid for all unused accrued PTO at time of termination per applicable federal and state wage laws if they have completed ninety (90) days of service. Please refer to state supplement for state specific PTO payout requirements.

Holidays observed by the Company which fall within an employee's PTO Leave will be charged to holiday leave instead of PTO.

## TRAINING PROGRAMS

The Company has invested in offering all employees continued training in a variety of areas that are specifically related to our industry through our First Pacific University/Yardi E-Learning platform, which can be found at <https://fpacific.yardielearning.com/>. These online training sessions are pre-scheduled and are mandatory for each employee to complete. Non-exempt employees will be paid for the time spent completing these training courses.

Staff may be shopped by an outside neutral source for job evaluation purposes. Employees must obtain a score of eighty percent (80%) or higher in an evaluation “shop” in order to meet performance expectations. Leasing Consultants and Assistant Managers are required to maintain a thirty-three percent (33%) closing ratio and a fifty percent (50%) recapture ratio for renewals.

Office staff may be required to attend outside trainings. This outside training may be conducted by an on-site Community Manager, seminars sponsored by the local Apartment Association, group training by industry organizations, listening to phone call records, participating in online training programs, and/or other outside training sources. Subjects and dates will be determined by the Community and Regional Managers and all employees will be required to adhere to the training programs that are assigned to them.

Unsatisfactory evaluations (“shops”) from outside neutral consultants, failure to take required training lessons, and/or unfavorable training results may be used as cause to take disciplinary action up to and including termination.

In addition to the above training programs, First Pacific also has an Employee Resources page that is updated regularly with important employee information and contains links to all resources available to our staff. The employee resources page can be found at: <https://www.fpacific.com/resources/index.php>

## LEAVES OF ABSENCE

Please refer to the State Supplement for additional leave policies which may be applicable in your state.

### BEREAVEMENT LEAVE

All regular full-time employees are eligible for up to three (3) days off for the death of an immediate family member. Paid bereavement leave will not be granted until after ninety (90) days of employment, however you may be approved to take unpaid leave with the manager's approval. Members of the immediate family include spouse, children, parents, brothers, sisters, grandparents and parents-in-law. Any exceptions to the list of immediate family members allowed will be left to the discretion of the Regional Manager. If additional time off is needed, earned PTO may be used.

Bereavement Leave is paid at the employee's base pay rate at the time of the absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

Regular part-time and temporary employees are not eligible for this paid benefit but may be approved to take unpaid leave with the manager's approval.

### GENERAL MEDICAL LEAVE

Regular full-time employees may be granted a medical leave of absence in limited circumstances. Such a leave would include time off for an employee's illness, pregnancy or injury, whether incurred on or off the job. In addition, in some circumstances eligible employees may be provided with a leave to care for an ill or injured family member. Regular part-time and temporary employees are not eligible for a leave of absence under these guidelines.

Employees who have a cumulative twelve (12) months of prior service and who have worked at least 1,250 hours during the twelve (12) months immediately preceding the date on which General Medical Leave would commence are eligible to request such leave.

There are three basic types of General Medical Leave available. They are as follows:

1. **Parental Leave** - Leave for care of or bonding with the employee's child within twelve (12) months of the birth or placement for adoption or foster care of a child (under eighteen (18) years of age).
2. **Serious Family Illness Leave** - Leave needed by the employee in order to care for a spouse, son or daughter, or parent who has a serious health condition.
3. **Serious Personal Illness Leave** - Leave needed by the employee because of a serious health condition which renders the employee unable to perform the functions of their job.

A serious health condition is defined as a condition that requires inpatient care at a hospital, hospice or residential medical care facility, including any period of incapacity or any subsequent treatment in connection with such inpatient care or a condition that requires continuing care by a licensed health care provider and restricts or limits work duties.

### ***Amount of Leave***

In general, eligible employees are entitled to a total of twelve (12) weeks of General Medical Leave during any rolling twelve (12) month period. In cases where both husband and wife work for the Company, they will be eligible for a combined total of twelve (12) weeks of leave for Parental Leave.

When medically necessary, Serious Family Illness Leave or Serious Personal Illness Leave may be taken intermittently in separate blocks of time (no less than one hour), or on the basis of a "reduced leave schedule" under which an employee's usual working hours each day or each week are reduced. Requests to take Parental Leave on an intermittent reduced leave schedule will be granted at the discretion of the Company.

Employees must provide the Company with at least thirty (30) days' notice of the need for General Medical Leave whenever the need for the leave is foreseeable, such as when the leave is for an expected birth or placement for adoption or for planned medical treatment. When planning medical treatment, employees should consult with their immediate supervisor and attempt to schedule the treatment so as to minimize the impact of the employee's absence on the Company's operations. In cases where the need for leave cannot be anticipated thirty (30) days in advance, the employee must give verbal notice of the need for leave as soon as practical, which in most cases, should be within one (1) or two (2) working days of learning of the need of leave of absence, except in extraordinary circumstances when such notice is not feasible. Failure to give proper notice of the need for General Medical Leave when the need for such leave is foreseeable may result in denial of the leave until thirty (30) days after such notice is provided.

Leave requests should be submitted in writing to their immediate supervisor and the MIDWESTHR Human Resources Department. The Company, with the assistance of the MIDWESTHR Human Resources Department will provide a response to the employee within five (5) business days or as soon as practical. For employees on intermittent or recurring leave for the same incident, an updated notice will be provided at least once every six (6) months.

The employee must complete and return a Medical Certification form, available from the Company, before the leave begins whenever the need is foreseeable and at least thirty (30) days' notice has been provided. In cases where the need is not foreseeable, a Medical Certification form must be provided within fifteen (15) calendar days of the request or as soon as reasonably possible under the circumstances. Failure to provide proper medical certification may result in denial of leave, or denial of continuation of leave, until the certification is provided.

If the Company has reason to question the validity of a Medical Certification provided by the employee's health care provider, the Company may require the employee to obtain a second opinion, at the Company's expense, from a health care provider designated by the Company. In the event the second opinion differs from the first, the Company may require the employee to obtain a third and final opinion, again at the Company's expense from a health care provider jointly approved by the Company and the employee.

### ***Benefits Participation While on Leave***

Benefits will remain active during approved leaves of absence, unless otherwise required by applicable law or benefit plan documents. Employees will be notified of any impact to benefits during their leave. Employees are responsible for re-paying the Company for any missed deductions for benefit premiums during periods of unpaid leave.

An employee who fails to return from General Medical Leave may be required to reimburse the Company for the Company's cost of maintaining group health insurance coverage for the employee and/or the

employee's dependent(s) while on General Medical Leave unless the employee's failure to return to work is due to the continuation, recurrence, or onset of a serious health condition of the employee or the employee's spouse, parent, or son or daughter.

### ***Use of Paid Time Off (PTO)***

An employee is required to take all accrued Paid Time Off (PTO) at the onset of General Medical Leave. At the point that all accrued Paid Time Off (PTO) is exhausted, the employee may be eligible for short-term disability (if applicable), state disability insurance (if applicable), or if not, unpaid leave will begin.

Employees who are using General Medical Leave for medical reasons, who have elected and are eligible for voluntary short-term disability will only be required to use PTO until short-term disability begins. In the case of Parental leave, where the employee is no longer eligible for short-term disability benefits but is still eligible for General Medical Leave, any remaining PTO that is available must be used before unpaid leave begins.

PTO will not accrue when General Medical Leave is unpaid, or the employee is receiving short-term disability benefits. Holidays, bereavement leave, or employer's jury duty pay will not be granted during General Medical Leave.

### ***Request for Reinstatement***

An employee returning from General Medical Leave should notify their immediate supervisor of availability to return to work immediately upon being released to return to work by their health care provider. The employee should also provide the Company with a certification from the health care provider confirming the employee's fitness to return to their normal duties if the duration of the leave exceeded five (5) working days. Failure to provide a requested fitness-for-duty certification may result in denial of reinstatement until this certification is provided.

### ***Reinstatement***

The Company cannot hold a position open for an employee who is on General Medical Leave, unless required under applicable state law. An employee seeking reinstatement from such leave, when state law does not require the position be held, may be offered their former position if it is available. If the employee's prior position is unavailable, the employee may be offered any available position for which the Company concludes he/she may be qualified, at the rate of pay for the new position. If there is no such position available, the employee will be terminated, but may be placed on a priority hiring status for ninety (90) days, during which time the employee will be considered for the first vacancy for which the Company deems the employee to be qualified.

In the event an employee declines an offer of reinstatement to any full-time or part-time position, whether to their prior position or another position, the employee will be terminated.

### ***Benefits at Reinstatement***

An employee returning from General Medical Leave will have their benefits reinstated to the same levels as he/she enjoyed at the time the leave commenced (except for any paid leave benefits used during the leave), so long as the reinstatement is consistent with the employment status to which the employee returns. If an employee's pay rate upon return from leave is different from their pay rate prior to the leave, any Paid Time Off (PTO) will be paid at the pay rate in effect at the time the benefits are used.

### ***Additional Leave***

If an employee is unable to return to work on or before their original expected return date, they must request additional leave time by submitting a new leave request form and medical certification to their manager and the MIDWESTHR Human Resources Department at least seven (7) days prior to the expiration of their leave. The request for additional time will be reviewed to determine if additional General Medical leave time can be approved or if the employee is eligible for any additional leave time under any other company policy. Additional leave time that is granted under another policy may not provide benefit coverage or a job guarantee.

### ***Failure to Return from Leave***

If an employee does not qualify for additional leave time and does not return to work at the end of their originally approved leave period, they will be considered to have voluntarily separated from the Company.

If an employee fails to request additional leave time and does not return to work at the end of their originally approved leave period, they will be considered to have voluntarily separated from the Company.

If an employee is granted additional leave time, however the employee is still not able to return to work at the end of the additional leave, they will be considered to have voluntarily separated from the Company.

## **GENERAL MEDICAL LEAVE - EXTENDED**

Extended medical leave may be available to regular full-time employees whose need for leave extends beyond twelve (12) weeks under the Company's General Medical Leave policy. Regular part-time and temporary employees are not eligible for this extended medical leave. Such a leave would include time off for an employee's illness, pregnancy or an employee's injury, whether on or off the job. Employees in such a situation must request extended leave thirty (30) days prior to expiration of General Medical leave and provide medical certification prior to expiration of General Medical leave. Extended medical leave may be available for an additional twelve (12) weeks after General Medical leave expires. During extended medical leave the following provisions apply:

- Group health insurance benefits will be continued only if the employee elects COBRA continuation.
- Employees must provide periodic status reports every two (2) weeks. An employee ready to return to work must provide medical certification of ability to return to work immediately upon being released to return to work.
- Job restoration to the same or equivalent position cannot be guaranteed. In the event an employee's job is filled, the employee will be considered along with other candidates for any vacant position for which they are qualified.
- Extended Medical Leave will be unpaid.
- PTO leave will not accrue during an extended medical leave of absence. Holidays, bereavement leave or employer's jury duty pay will not be granted during the medical leave.

## **JURY AND WITNESS DUTY LEAVE**

Employees who receive a summons for jury duty must show it to their immediate supervisor as soon as possible so that they may make arrangements to accommodate their absence.

Employees who receive notices of jury duty may be paid for their service as defined by applicable state law. Please refer to the applicable state supplement for further details. You should report back to your job if you are dismissed from jury duty when work time remains on your regularly scheduled work day. Employees are required to submit proof of jury duty by presenting an authorized receipt from the court.

The Company will continue to provide health insurance benefits, if applicable, for the full term of the jury duty absence. The employee may be required to pay the Company for any benefit contributions made on the employee's behalf.

Employees subpoenaed to appear in court as a witness on behalf of the Company, will receive time off with pay for the entire period of witness duty.

Employees will be granted unpaid time off to appear in court as a witness when requested by a party other than the Company. Employees are free to use any PTO leave available to receive compensation for the period of this absence.

If the leave is extended, benefit accruals such as PTO or holiday benefits may be suspended during the leave and will resume upon return to active employment.

The subpoena should be shown to the employee's immediate supervisor immediately after it is received so that operating requirements can be adjusted, where necessary, to accommodate the employee's absence.

## **MILITARY LEAVE**

The Company is committed to protecting the job rights of employees enlisted in the U.S. Armed Services. Under the federal Uniformed Services and Re-Employment Rights Act (USERRA) of 1994, employers are obligated to grant military leave to employees to train or serve in various branches of the Armed Forces. If an employee is called to either temporary or extended military duty with the U.S. Armed Services, they must provide their supervisor notice within thirty (30) days of active military service. When feasible, a copy of the orders directing the military duty must be presented, unless prevented by military orders.

A temporary unpaid military leave of absence will be granted to employees who must be absent from their job each year in order to participate in temporary military duty with the U.S. Armed Services as specified by applicable federal and state laws (see applicable state supplement). Employees may use any available PTO for the absence. All benefits will continue during an employee's temporary military leave.

Employees directed to participate in extended military duty in the U.S. Armed Services will be placed on an extended unpaid military leave of absence status for a period as long as five (5) years and will be entitled to the rights and benefits described below. An employee on an extended military leave may elect to continue their benefits coverage under the same terms and conditions for a period not to exceed thirty-one (31) days from the date the military leave of absence begins. The employee is responsible for their normal payment of their benefits premium during this period. The Company will pay the Company share of the premium during this time; therefore, pay arrangements should be made with the Company prior to the employee's departure for leave. After the initial thirty-one (31) day period, coverage may be continued for up to twenty-four (24) months through COBRA.

The Company will make every reasonable effort to return eligible employees to their previous position or a comparable one. They will be treated as though they were continuously employed for purposes of determining benefits based on length of service, such as the rate of PTO accrual and job seniority rights.

## **PERSONAL LEAVE**

Regular full-time and regular part-time employees may request a personal leave of absence if they have been employed by the Company for at least one (1) year. A Leave of Absence Request form must be submitted by the employee to the employee's manager prior to the commencement of the leave. The request will be reviewed, and a decision rendered by the employee's manager and the President of the Company the employee works for. Approval may be granted based on the circumstances surrounding the request. Any personal leave of absence that is granted will be for a duration not to exceed two (2) months. An employee seeking to return to work from a Personal leave prior to the date the leave was scheduled to expire should give written notice to the manager of their desire to return to work at least fourteen (14) days prior to the desired return date or as soon as possible prior to the return date.

Employees on an approved unpaid leave may continue group insurance coverage during the leave as eligible under the Consolidated Omnibus Budget Reconciliation Act of 1986. Please contact the Benefits Department of MIDWESTHR (630-836-3000) for details on COBRA. Employees returning from a leave will have their benefits reinstated to the same levels as they enjoyed at the time the leave commenced so long as the reinstatement is consistent with the employment status to which the employee returns.

Employees on an approved leave must exhaust all accrued PTO leave at the beginning of the leave of absence. Once PTO leave is exhausted, Personal leaves are without pay. PTO leave will not accrue during an unpaid Personal leave. Paid holidays, bereavement leave pay, or employer's jury duty pay will not be granted during the leave. If an employee's pay rate upon return from leave is different from their pay rate prior to the leave, any PTO leave benefits will be paid at the pay rate in effect at the time the benefits are used.

The Company cannot hold a position open for an employee who is on a Personal leave of absence. An employee seeking reinstatement from such leave may be offered their former position if it is available. If the employee's prior position is unavailable, the employee may be offered any available position for which the Company concludes he/she may be qualified, at the rate of pay for the new position. If there are no such positions available, the employee will be terminated. The former employee may be placed on a priority hiring status for ninety (90) days, during which they will be considered for the first vacancy for which the Company deems them to be qualified.

In the event an employee declines an offer of reinstatement to any full-time or part-time position, whether to their prior position or another position, the employee will be terminated.

## **VOTING LEAVE**

The Company encourages employees to participate in federal, state, county, and municipal elections. Generally, employees are able to find time to vote either before or after their regular work schedule. However, should the employee's work schedule not make it possible, employees will be allowed time off as required by federal or state law (see applicable state supplement) to fulfill their voting responsibilities.

Advance notice is required so that the necessary time off can be scheduled at the beginning or end of the work shift; whichever provides the least disruption to the normal work schedule. Employees must submit a voter's receipt on the first working day following the election to qualify for PTO.

## **TIMEKEEPING AND PAYROLL**

### **ADMINISTRATIVE PAY CORRECTIONS**

The Company takes all reasonable steps to ensure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled payday. In the unlikely event that there is an error in the amount of pay, the employee should promptly bring the discrepancy to the attention of their immediate supervisor so that corrections can be made. Corrections are typically made with the next payroll processed.

### **BONUS/COMMISSIONS**

The Regional Manager may determine a bonus and/or commission schedule which is unique to each property and/or business area. Once determined, the Regional Manager will set the leasing goals on the first (1<sup>st</sup>) of every month. For new leases which are properly submitted to the manager within twenty-four (24) hours of move in and renewal leases properly submitted, the commissions will be paid out the month after move in or renewal, on the second paycheck of the month. For renewal leases, the employee must be active on the day the first renewal letter goes out and, on the day the new lease takes effect.

If an employee is eligible for a bonus or commission, they will be provided with an applicable schedule under a separate agreement which they must sign. Additional terms and conditions found in the Commission Agreement will apply before any bonus or commission will be paid.

It will be at the manager's discretion to void or adjust any commissions for failure to comply with all paperwork and leasing policies and procedures. All bonuses and/or commissions paid to eligible employees shall be discretionary based on the manager's and owner's approval.

### **COMPANY CREDIT CARD**

Applicable employees will receive a company credit card to be used for company business ONLY. Personal purchases charged to the company credit card are unacceptable and will result in disciplinary action up to and including termination. The employee will be responsible for any personal purchases on the company credit card and reimbursement must be paid in full immediately upon request by the Company. The credit card will act as the petty cash account and should be used accordingly for office supplies from places such as an office supply store (i.e. Office Depot, Office Max, etc.).

These guidelines must be followed when using the company credit card.

1. Meals – No more than one (1) meal per week, for the property, may be charged. The meal purchased must be thoroughly documented as to who attended and the purpose for the meal (i.e. staff meeting, bank inspection, etc.).
2. Gas – Gas will not be charged on the credit card for any reason, with the exception of gas purchased for property equipment as approved by the property manager. If employees are asked to drive for the property, they are required to complete a mileage reimbursement log and submit this with their payables.
3. Office Supplies – The credit card may be used to purchase necessary office or maintenance supplies.
4. Budget – The Property must at all times stay in line with the budget, and the expenses that are incurred on the credit cards each month contribute to this.

5. Expense log – It is the employee’s responsibility to keep track of all receipts from the credit card and turn them in monthly with the attached recap. Failure to provide a receipt for a charge could result in disciplinary action and/or loss of privileges.

Employees who are provided with a company credit card must understand that they are responsible for all charges that they made on the card. Receipts for all purchases made on the company credit card must be provided on a monthly basis. Employees may be responsible for reimbursement to the Company for any purchase for which they fail to provide the receipt. Upon termination of employment, employees must provide the card and all applicable receipts on or before their final day of employment. If they fail to provide the necessary receipts, the amount owed on the card may be withheld from their final paycheck in accordance with all federal and state laws.

## **MAINTENANCE ON-CALL POLICY**

Maintenance personnel are required to be on-call twenty-four (24) hours a day, seven (7) days a week during the assigned rotation for emergencies that might arise with our residents.

When on-call, maintenance personnel are required to respond to all calls after business hours, on weekends, holidays, and when an emergency is in progress at the end of the normal shift. The maintenance personnel will determine if the call is an emergency or not. An emergency is described as fire, flood, no heat, no A/C, no working toilet, no water, or no hot water (i.e. any emergency that, if not tended to, could cause damage to the property itself). This determination may be made by physical inspection by the on-call maintenance personnel. Maintenance personnel who respond to a call which is not an emergency will be paid for the time worked, however they may be required to take the time off the next day instead of receiving overtime pay, in accordance with federal and state wage laws.

All maintenance personnel are required to wear the Company logo-shirt and/or their name badge when responding to an emergency call.

Maintenance personnel who are on-call must follow the following guidelines. Failure to do so could result in disciplinary action, up to and including termination.

1. When it is your turn to take the on-call duties, you will check the pager and/or cell phone to ensure that it is in good working order and a fresh battery installed, if necessary.
2. When a page or message is received, you MUST return the call within fifteen (15) minutes to determine the type of emergency and to give the Resident a status of when you will arrive. If it is determined that the call does not meet our emergency on-call criteria, you will explain to the resident it is not an emergency and you will take care of the Resident during regular business hours.
3. If the call is indeed an emergency, you will arrive at the Resident’s apartment within thirty (30) minutes unless you are on another call and you explain to the Resident your estimated time of arrival. When you are on-call you must remain within a thirty (30) minute response time to the property.
4. Drinking of alcoholic beverages or being under the influence of illegal drugs or behavior altering drug of any kind (including marijuana) is strictly prohibited while on-call. (Please refer to the Drug and Alcohol Use Policy.)
5. You must clock in/out for all calls that you respond to at the property.
6. ALL calls will be logged on the on-call/OT log with the status of what occurred.
7. The next business day following emergency calls, you will report all calls to your Community Manager; show them a copy of your on-call log and the Community Manager will initial each call.

This will ensure that each item is addressed and any further action that needs to take place will be followed up on.

8. You will conduct yourself in a professional manner at all times, whether in person or on the telephone with the Resident. Raising your voice, arguing, etc. is unacceptable behavior and will not be tolerated. If you are having a problem with a Resident, you will report the issue to the Community Manager immediately for further action.

## **OUTSTANDING MONIES**

The Company may provide a benefit to our employees which provides advance pay and/or a potential debt to the Company. In addition, the employees may be provided with Company property, such as uniforms, tools, keys, the use of the company golf carts and/or other vehicles, or other similar items which may also carry a monetary value to replace.

While it may be necessary to allow these situations, the employee will be responsible for repaying these monies; or the value of any property provided if not returned; or the value of any negligent damage to the property provided; or the value of any negligent damage to other company property caused by the employee during their employment relationship, or at the time of termination, whether voluntary or involuntary.

Any such items that have been provided should be documented on the Acknowledgement of Receipt of Company Property form and/or on a separate acknowledgement form provided.

During the employment relationship, or on a final payment to a terminated employee, no monies may be withheld from earned pay except for reasons set forth in this policy or as otherwise provided for by state or federal law.

Money may be withheld from a salary payment for the following:

- Repayment of negative pay advances
- Negative PTO balance
- Repayment for training/certification/licensure
- Evidence of theft or fraud resulting in financial loss to the Company
- Company credit card purchases for which a receipt is not provided, and which was not authorized
- Financial value of unreturned or damaged Company property, including but not limited to company equipment, uniforms, tools, keys, golf carts and other company vehicles, or other items owned by the company
- Damages to the employee's apartment that are determined at time of move out that may not be covered by a security deposit

Money shall not be withheld for failure by an active or terminated employee to perform one or more job responsibilities or other work-related acts.

An employee shall be notified in advance in writing of any deductions to be made from the payment of salary pursuant to this policy. The notice shall specify what amounts are being deducted and the reasons.

## **OVERTIME**

Overtime compensation is paid to all non-exempt employees in accordance with federal and state wage and hour restrictions (see applicable state supplement). Overtime pay is based on actual hours worked. Time off for PTO leave, holidays, or any leave of absence will not be considered hours worked for purposes of performing overtime calculations.

The work week for the entire company starts at 12:00 a.m. on Saturday and ends on the following Friday at 11:59 p.m.

With the exception of on-call/emergency issues for maintenance personnel, all overtime work must receive prior authorization from the Manager. All time worked, whether approved or not, must be recorded on the employee's time record. Failure to work scheduled overtime or overtime worked without prior authorization from the Manager may result in disciplinary action, up to and including termination of employment.

For normal on-call/emergency issues the on-call maintenance person may take time off on Friday equivalent to the hours worked for emergencies during the same pay week to cut back on costs. However, the Regional or Property Manager will have to authorize this change in schedule. If the property cannot afford to not have maintenance present for part of the day or a full day, it is understood that on-call emergencies are unavoidable and do not need prior approval from the Owners for overtime.

For special projects/issues, if time spent on the project totals more than twenty (20) hours per pay period, or ten (10) hours per week, the Regional Manager must give their advanced permission to proceed with overtime costs. An overtime log must be submitted at each payroll submission which must include accurate information regarding the nature of the overtime.

## **PAYDAYS**

All employees are paid bi-weekly, every other Friday. Each paycheck will include earnings for all work performed through the end of the previous payroll period. The pay period consists of the previous two (2) work weeks. The work week for the entire company starts at 12:00 a.m. on Saturday and ends on the following Friday at 11:59 p.m.

An employee's pay will be available on payday when they elect direct deposit into an eligible checking or savings account or if they use the pay card option. If direct deposit is not elected, live checks will be mailed via U.S. Mail from MIDWESTHR's Chicagoland office to the employees site location approximately one (1) day prior to the pay date. If a check is not received within seven (7) days, the employee can request a stop payment and reissuance of the check. Applicable fees may be charged to the employee in some circumstances. In the event that a regularly scheduled payday falls on a holiday, the employees pay date will be the last working date before the holiday.

## **PAYROLL DEDUCTIONS**

The law requires that the Company make certain deductions from every employee's compensation. Among these are applicable federal, state, and local income taxes. The Company also must deduct Social Security taxes on each employee's earnings up to a specified limit that is called the Social Security "wage base." The Company matches the amount of Social Security taxes paid by each employee.

Eligible employees may also voluntarily authorize deductions from their paychecks to cover the costs of participation in benefit programs.

The Company offers employees tax efficiencies through the ability to deduct certain benefit costs on a pre-tax basis. Employee benefit elections are generally made prior to the beginning of each plan year (currently January 1<sup>st</sup>); the conditions of IRS Code Section 125 specifically prohibit employees from changing their benefit coverage until the annual enrollment period except in the case of a major life event. Some examples of major life events are marriage or divorce, death of a spouse or dependent, birth or adoption, termination of employment (or commencement of employment) of a spouse, or an employee's change in employment status (from regular full-time to regular part-time, or vice versa). Per IRS guidelines, the Benefits Department at MIDWESTHR must be notified of the major life event within thirty (30) days of the event date in order to make benefit changes.

If you have questions concerning why deductions were made from your paycheck or how they were calculated, your immediate supervisor can assist in answering your questions.

## **PAYROLL DIRECT DEPOSIT AND PAY CARD**

The Company encourages all employees to participate in the Direct Deposit or Pay Card programs.

An employee's net pay can be direct deposited to a designated checking and/or savings account(s) at almost any bank in the United States. Direct deposit is conveniently provided at no cost to the employee and reduces the risk of lost or stolen paychecks. Funds are available in your account on the same day as payday. Direct Deposit will typically be active following a test period with the bank, which is usually one pay period after receiving the authorization forms. During the test period, employees will receive a live check.

An employee can also elect to deposit their net pay onto a Pay Card. This option is free to the employee to use and provides the employee multiple ways to access their money free of charge, including access to the largest ATM network in the United States. Some fees may apply if employees use the card outside the network or in excess of the card limits. Funds are available in your account on the same day as payday, which eliminates the risk of lost or stolen paychecks. Access can be set up with the employee's very first paycheck, when you elect the Pay Card. Employees who use Direct Deposit or Pay Cards will receive an email on payday informing them that their check stub is now available on the MIDWESTHR portal and that their monies have been deposited to their bank.

All final wages due at time of termination will be provided to the employee in the form of a live check or via direct deposit/pay card, if available, provided all keys, uniforms and company property is returned within twenty-four (24) hours of their last day, in compliance with all applicable state and federal wage laws.

## **REST AND MEAL PERIODS**

Each workday, non-exempt employees are provided with rest periods in compliance with applicable federal and state laws (see applicable state supplement). To the extent possible, rest periods will be provided in

the middle of work periods. Rest periods should not be combined with meal periods or at the start or end of a work shift. Each rest period should be taken in its entirety and cannot be broken up into several smaller rest breaks. Since this time may be counted and paid as time worked, employees must not be absent from their workstations beyond the allotted rest period time.

Meal periods are typically an employee's own free time and are not compensated. Meal times are provided in compliance with applicable federal and state laws (see applicable state supplement) and must be recorded in the time keeping system for non-exempt employees. Your Immediate Supervisor will schedule meal periods to accommodate operating requirements. Employees will be relieved of all active responsibilities and restrictions during meal periods. It is expected that all employees will take their meal period as provided and are expected to clock out/in for their meal break when they are relieved of their duties.

## **SALARY ADMINISTRATION**

It is the practice and policy of the Company to accurately compensate employees and to do so in compliance with all applicable federal, state, and local wage laws.

### ***Non-Exempt Employees***

Non-exempt employees must maintain a record of the total hours worked each day by accurately recording the hours in accordance with the Company's timekeeping procedures. The time record must accurately reflect all regular and overtime hours worked, any absences, late arrivals, early departures, and meal breaks. Employees are prohibited from performing any "off-the-clock" work. "Off-the-clock" work means work you may perform but fail to report. Any employee who fails to report or inaccurately reports any hours worked will be subject to disciplinary action, up to and including termination of employment.

It is a violation of company policy for any employee to falsify or alter their own or another employee's time. It is also a serious violation of company policy for any employee or manager to instruct another employee to incorrectly or falsely report hours. If any manager or employee instructs you to: 1) incorrectly or falsely under or over-report your hours worked; or 2) alter another employee's time records to inaccurately or falsely report that employee's hours worked, you should report it immediately to your manager.

### ***Exempt Employees***

Exempt, salaried employees will receive a set salary, which is intended to compensate for any hours worked. This salary will be established at the time of hire or when the employee becomes classified as an exempt employee. The salary will be a predetermined amount that will not be subject to deductions for variations in the quantity or quality of the work performed.

Under the Fair Labor Standards Act (FLSA), the salary is subject to certain deductions. For example, your salary may be reduced for the following reasons:

- Full day absences for personal reasons when you have exhausted or have not yet accrued enough PTO;
- Full day absences for sickness or disability when you have exhausted or have not yet accrued enough PTO;
- Full day disciplinary suspensions for infractions of our written policies and procedures;
- Medical Leave absences (either full or partial day absences);
- To offset amounts received as payment for jury and witness fees or military pay;

- Or the first or last week of employment in the event you work less than a full week.

An exempt employee's salary may also be reduced for certain types of deductions such as health insurance premiums, state, federal and local taxes, social security, or voluntary benefit contributions.

An exempt employee's salary may not be reduced for any of the following reasons:

- Partial day absences for personal reasons, sickness, or disability;
- Absences for jury duty, attendance as a witness, or military leave in any week in which you have performed any work;
- Or any other deductions prohibited by federal and state law.

Should you have any questions with respect to this policy, please consult with your Regional Manager.

## **SMOKING POLICY**

It is the policy of the Company to comply with all applicable federal, state and local regulations regarding smoking in the workplace and to provide a work environment that promotes productivity and well-being of its employees.

Accordingly, smoking by employees is permitted only during employee's rest and meal breaks and in designated area(s) only, which include the inside of an employee's personal vehicle and off property during an unpaid break period. A list of the designated area(s) will be posted in the leasing office. These areas are chosen so that it does not affect others and is not visible to Company customers, vendors or residents.

With the exception of the designated area(s) specified, smoking is prohibited everywhere on the property, including (but not limited to) inside the leasing office, maintenance shop, tenant occupied space, vacant apartment, property amenity, in Company vehicles including golf carts, or in outside common areas on property. This includes the use of cigarettes, e-cigarettes, cigars, chewing tobacco, and other tobacco products. All cigarette butts must be safely extinguished and disposed of properly off property. Employee may use scheduled rest and meal breaks to smoke. Breaks must be staggered amongst the staff to ensure proper staff coverage on the property at all times.

Smoking by guests, vendors, and other visitors is prohibited within the leasing office and within twenty (20) feet of any leasing office, tenant occupied space, property amenity, or building entrance. If necessary, under applicable state or local regulations, the Company will post the appropriate signage to enforce this policy. Please refer to the applicable state supplement for additional applicable information.

Employees who are found in violation of this policy may be subject to disciplinary action up to and including termination of employment.

## **SNOW REMOVAL POLICY**

Each employee must use their own judgment as to whether or not it is safe to drive to work or necessary to leave work early due to weather conditions. The employee's immediate supervisor must be notified of any anticipated delay or absence. Exempt and Non-exempt employees who are unable to come into work due to weather conditions, must use PTO time, if available, or take the time off as unpaid. Exempt and Non-Exempt employees must NOT work or complete work-related duties in any capacity, including checking

email, unless you have received approval from your Supervisor to work from home. Community or Regional Managers will have final approval for all leave requests.

All maintenance personnel are responsible for necessary snow removal and the properties established procedures for snow removal must be followed. If the weather conditions require, additional personnel may be requested to assist in the snow removal.

If an employee assigned to snow removal does not report for required snow removal duty, it will result in disciplinary action, up to and including immediate termination.

1. Snow removal of the sidewalks, stairs, walkways, etc. will begin at 7:00 a.m. regardless of the day of the week including weekends and holidays.
2. Snow removal of these areas will begin upon two (2) inches of snow accumulation. If you do not live on-site, it is your responsibility to contact your immediate supervisor to find out if there is enough accumulation to warrant snow removal. This phone call must take place by 6:00 a.m.
3. All maintenance, grounds, painting, and housekeeping personnel are required to remove snow. All personnel removing snow are required to wear proper shoes, clothing and gloves to maintain a safe work environment.
4. After the snow is cleared from the sidewalks, walkways, and stairs; ice melt and/or sand will be put down for the safety of all.
5. The Maintenance Supervisor along with the Community Manager is responsible to keep the snow removal log current and up to date. This log needs to record the amount of the snowfall and the actions taken each day including the number of times that ice melt and/or sand was applied and any problem areas noted.
6. At the end of the day, all snow removal personnel will check all areas again to ensure that these areas are clear and properly sanded BEFORE leaving for the day. This should also be noted in the snow removal log.
7. Plowing of the parking areas will be done by a licensed contractor or the Maintenance Supervisor on duty (if applicable). Plowing should begin at 6:00 a.m. with two (2) inches of accumulation of snow. This will ensure that the Residents have a clear path to get to work in the morning. A final clean up and sanding should be completed after the snow has stopped for the day. Again, note this activity in the snow removal log.

Failure to comply with this policy will result in disciplinary action, up to and including immediate termination.

## **TIMEKEEPING**

Accurately recording time worked is the responsibility of every non-exempt employee. Federal and state laws require the Company to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is all the time actually spent on the job performing assigned duties. Altering, falsifying, tampering with time records, or recording time on another employee's time record may result in disciplinary action, up to and including termination of employment.

Employees are expected to be clocked in and on duty by their scheduled start time. For timekeeping purposes, all clock in/out times for non-exempt employees will be rounded forward or backward to the nearest quarter hour. Employees should not clock in more than seven (7) minutes before their scheduled start time. For example, if the scheduled start time is 8:00 a.m., the employee should not clock in before 7:53 a.m. Employees should also not clock out more than seven (7) minutes after their scheduled end time.

For example, if the scheduled end time is 5:00 p.m., the employee should clock out no later than 5:07 p.m. Non-exempt employees should only clock in/out more than seven (7) minutes before or seven (7) minutes after their scheduled start and end times, with the advance approval of their manager.

Non-exempt employees who clock in within seven (7) minutes after their scheduled start time will have their start time rounded backward to the quarter hour. Likewise, employees who clock out seven (7) minutes or less before their end time will have their end time rounded forward to the quarter hour. **In either case, the employee may be in violation of the Company's Attendance policy (outlined in this handbook in the Attendance section) for late arrivals or early departures and may be subject to disciplinary action, up to and including termination of employment.**

In addition to clocking in/out at scheduled start and end times, non-exempt employees are required to clock out/in at the beginning and ending time of each meal period. They should also record the beginning and ending time of any split shift or departure from work for personal reasons.

Non-exempt employees called back to work for emergencies should clock in/out as well as record their time in the overtime log. The overtime log must be completed daily and turned into the manager when requested, prior to payroll.

Non-exempt employees may not work "off-the-clock" for any reason. If an employee is ever asked not to record time that they worked, feels pressure to work time that they do not record, or for any other reason fails to record all time that they work, they must immediately contact their manager or Regional Manager.

Non-exempt employees who ask another employee to clock them in or out or clock another employee in or out will be subject to disciplinary action up to and including termination of employment.

It is the employees' responsibility to sign their time records to certify the accuracy of all time recorded. The appropriate manager will review and approve the time record before submitting it for payroll processing. In addition, if corrections or modifications are made to the time record, both the employee and the manager must verify the accuracy of the changes by approving the updated time record. If after the time record has been submitted for payroll processing the employee determines that a clock in/out was missed or paid time off (PTO, holiday, etc.) was not properly recorded, the correction will be made on the next scheduled pay date.

At each property that uses a key or time recording system, all non-exempt employees are required to use this system for recording their time and will be required to sign an acknowledgement that they have read and understand the outlined procedure.

## **TRAVEL TIME FOR NON-EXEMPT EMPLOYEES**

Non-exempt employees may be required to travel as part of their job duties and will be compensated according to federal and state wage and hour laws.

### ***One-Day Assignments:***

Compensation for time spent in travel for one-day assignments depends upon the kind of travel and whether the travel time takes place within normal work hours or outside of normal work hours. "Normal work hours," for the purposes of this policy, are defined by your immediate supervisor. This definition applies to normal workdays (Monday through Friday) and to weekends (Saturday and Sunday).

**Travel Time Within Normal Work Hours.** Any portion of authorized travel time that takes place within normal work hours (on any day of the week, including Saturday and Sunday), is treated as hours worked. This time includes travel that involves performing work or travel from one job site to another but does not include time off for the usual meal time. Travel time within normal work hours will be paid at the employee's regular hourly rate and will be factored into overtime calculations.

**Travel Time Outside of Normal Work Hours.** Time spent on local travel outside of normal work hours and to destinations other than the employees "home" office will be paid only when the time exceeds the employees normal commute time to their "home" office. Travel time from the employee's home to their "home" office (or vice versa) is considered commuting time and is not paid.

Time spent on travel between the employee's home and the airport is not paid.

Employees are responsible for accurately tracking, calculating and reporting travel time in accordance with this policy. Meal periods should be deducted from all travel time.

***Overnight Travel:***

Time spent in travel during the employee's regular workday is counted as hours worked. For most non-exempt employees, the regular workday hours are defined by each property.

Time spent in travel away from home outside of the regular workday hours, either on a weekday or on Saturday or Sunday, is not counted as hours worked unless the employee is actually performing work during this time.

An employee who is required to drive to their destination is considered to be performing work while traveling and all travel time, with the exception of bona fide meal or sleeping periods, must be counted as hours worked.

When a non-exempt employee is offered public transportation, but voluntarily requests permission to drive their car, only the time that would have been spent on public transportation during regular workday hours is counted as hours worked.

***Travel Expenses:***

Non-Exempt employees working outside their home area, may be provided with a per-diem for meals if the travel includes an overnight stay, but is not a long term stay that includes living accommodations.

Employees who use their personal vehicles for business travel, will receive mileage reimbursement at the current IRS published rate.

All travel arrangements should be made with the lowest cost alternative, consistent with good business practices. Reimbursement will be made only for actual, reasonable business expenses in connection with authorized travel. Any expense which does not comply with the guidelines of this policy will not be reimbursed unless accompanied by a valid exception from management. Expense reports must be submitted in a timely manner, but no later than thirty (30) days after the travel has incurred.

Employees who are expected to travel for business should receive a copy and be familiar with current Travel Procedures available from the Corporate office.

## **SAFETY AND USE OF EQUIPMENT**

### **ANTI-VIOLENCE**

The Company is committed to the safety and well-being of its employees, contractors, vendors, customers, visitors and all others. The Company takes a zero-tolerance position regarding intimidation, direct or indirect threats, or violence in the work place. Threats, profanity, and violent behavior are strictly prohibited while on or using the Company property and while conducting company business.

In addition, no employee is permitted to possess, use, display, or carry a weapon or weapons of any type on their person, in their desk or anywhere on or off company premises while on company time, performing company business, or representing the Company.

Any employee found in violation of this policy or refusing to comply with its provisions may be subject to disciplinary action up to and including termination of employment.

The Company requests the support and cooperation of all employees in helping keep our organization a safe and healthy place to work. Employees should immediately report to their supervisor, manager, or the Human Resources Department of MIDWESTHR any information or behavior perceived as violent or potentially violent, or otherwise in violation of this policy.

### **BUSINESS USE OF PERSONAL VEHICLE**

Employees must provide a copy of their valid driver's license and certificate of required insurance prior to operating their personal vehicle for business purposes (traveling to another site, picking up supplies, etc.). Any non-licensed or uninsured employee is prohibited from operating a motor vehicle for any business-related matter. The employee is responsible for providing updated insurance and license information as it is updated. It is the employee's responsibility to notify the Company within two (2) business days if their ability to drive is revoked for any reason.

Employees must secure approval from their Manager prior to using their vehicle for business purposes and will be compensated for their mileage per the IRS guidelines for reimbursement. A mileage log with date, mileage and purpose should be submitted in order to be reimbursed.

While using your personal vehicle while on property, you are to exhibit extreme care, abide by all posted speed limits, and only drive on designated driveways. Failure to observe these safety precautions and drive safely on company premises may result in loss or limitation of personal vehicle use while on the clock and on company property.

For the safety of our employees and others, while operating your personal vehicle for company business, it is strongly encouraged that you pull over and stop at a safe location or use a hands-free device to dial, receive, or converse on your cell phone in any way, including texting. In some jurisdictions it may be unlawful to use a cell phone, so it is your responsibility to be aware of the appropriate laws and abide by them. (See applicable state supplement.)

### **KEYS AND ON-CALL CELL PHONE**

The Company requires certain employees to carry keys and an on-call cell phone. It is the sole responsibility of the employee to ensure that the on-call cell phone is in good working order at all times. It is also the

responsibility of the employee to ensure the safety of the keys and on-call cell phone in their possession at all times. If an employee loses any company equipment, including but not limited to: keys, company cell phones, tools, etc., they will be required to pay the replacement cost of the equipment and pay for the re-keying of the property (if applicable). The employee may also be subject to disciplinary action up to and including termination of employment.

## **MOBILE PHONE/DEVICE USE**

### ***Personal Mobile Phone/Device Used for Business Reasons***

The Company authorizes the Managers and other designated personnel the use of a mobile phone/device for the express reason of faster response time. The Company also realizes the mobile phone/device is used for both personal and business reasons. Each Manager and other designated personnel may, at their own expense, purchase a mobile phone/device and use the provider of their own choosing.

The phone/device must be charged and operational at all times. The phone/device needs to be checked periodically for missed calls and/or messages throughout the day.

### ***Mobile Telephone/Device Reimbursement***

Employees who are approved to use mobile communication for work-related purposes will be reimbursed for these expenses up to an amount determined by the Company. The maximum reimbursement will be determined for each individual employee based on position and estimated work-related cellular phone use. The phone/device bill would be in the employee's name and would be the property of the employee.

Employees are expected to provide a photocopy of their mobile telephone/device bill attached to a signed expense reimbursement report to our accounting department within 30 days of the end of the billing cycle for their account. Failure to submit expense reimbursement requests in the manner described and in a timely basis will result in nonpayment or delay of this reimbursement (at company's discretion). The employee will be responsible for the remainder of the bill not reimbursed by the property.

Employees are expected to obtain a rate plan that provides enough minutes and features to account for their personal and work-related usage at the agreed upon reimbursement amount from Company. In *extreme* circumstances, where work-related usage causes plan overages or long-distance charges, Company may choose (at company's discretion) to pay additional reimbursement for work related charges. In this case, employees **MUST** indicate and detail all work-related usage and the reasons for overages.

Company will NOT pay for late fees, plan extras, internet connectivity, reconnect charges, or for personal use on any account.

Company reserves the right to change the maximum reimbursement amount or cancel this agreement at any time with 30 days' notice to employee.

### ***Personal Mobile Phone/Device Use***

Use of personal mobile phones/device for personal reasons should be limited to personal time such as breaks and lunches. Use of mobile phones/devices for personal reasons during business hours will not be tolerated and may lead to disciplinary action up to and including termination. Use includes phone calls, personal emails, messaging, games, internet access, responding to social media, etc.

## MODEL RELEASE

From time to time, the Company may take photographs or videos of the properties that may include one or more employees. Each employee will be asked to sign a release allowing the Company to publish any photographs or videos that include them.

## SAFETY

The safety, health and well-being of all employees is a major concern of the Company and therefore the prevention of personal injury, property damage and fire is of primary importance. In the interest of safety, each employee is expected to cooperate in creating a hazard-free place to work by obeying safety rules and exercising caution in all work activities. Employees must immediately report any unsafe condition to their immediate supervisor or another member of management. If the unsafe condition is not handled in a timely manner, the employee is encouraged to notify the next level of management to escalate the issue. Employees who violate safety standards, cause hazardous or dangerous situations, or fail to report or, where appropriate, remedy such situations, may be subject to disciplinary action, up to and including termination of employment.

All employees are expected to:

- Report any unsafe working condition to immediate supervisors;
- Keep individual work areas clean and safe;
- Use proper lifting practices and request assistance for lifting items which are over 50 lbs. When unsure of the weight, ask for help;
- Report ALL accidents immediately to immediate supervisor;
- When in doubt, ask your supervisor;
- Maintain a positive attitude toward safety and cooperate fully to ensure a safe workplace for all employees;
- Make any suggestions to help improve safety and health at work;
- Comply with all applicable safety rules and regulations.

All supervisors are expected to:

- Be responsible for ensuring safety of all employees under their management;
- Be responsible for training employees in safe working practices and safety regulations;
- Remove all unsafe working conditions immediately upon discovery and ensure situation is resolved appropriately. Report all such activities to the Safety Coordinator;
- Investigate any reported accident immediately and complete the approved company accident report within one (1) working day and provide reports to the Safety Coordinator;
- Consider an employee's accident record and attitude toward safety during performance evaluation;
- Enforce all safety rules with a positive attitude and stress the importance of a safe working environment to all;
- Be prepared to enforce disciplinary action for any safety rule violations;
- Comply with all applicable safety rules and regulations.

**In the case of accidents that result in injury, regardless of how insignificant the injury may appear, employees should immediately notify their immediate supervisor. Failure to notify the appropriate individual immediately may result in loss of benefits. Such reports are necessary to comply with laws and initiate insurance and workers' compensation benefits procedures.**

The Company supplies information to employees about workplace safety and health issues through regular internal communication channels such as a safety manual, management-employee meetings, bulletin board postings, memos, or other written communications. Employees are expected to read and understand the information provided in the safety manual.

Employees of the Company may receive periodic workplace safety training through MIDWESTHR. The training covers potential safety and health hazards, and safe work practices and procedures to eliminate or minimize hazards. All safety meetings will be considered mandatory.

## **SECURITY INSPECTIONS**

The Company wishes to maintain a work environment that is free of illegal drugs, alcohol, firearms, explosives, or other improper materials. To this end, the Company prohibits the possession, transfer, sale, or use of such materials on its premises. The Company requires the cooperation of all employees in administering this policy.

Company provided offices, desks, lockers, files, computer, electronic files, voice mail, and other storage devices may be provided for the convenience of employees but remains the sole property of the Company. Accordingly, they, as well as any articles found within them, can be inspected by any agent or representative of the Company at any time, either with or without prior notice. Employees should not consider that any of the above is their personal space or property.

The Company likewise discourages theft or unauthorized possession of the property of another employee, the Company or its visitors and customers. To facilitate enforcement of this policy for purposes of investigating violations of any Company policy, including the drug and alcohol policy, or for the purpose of investigating thefts of Company, customer, or employee property, the Company or its representative may inspect not only offices, desks and lockers but also persons entering and/or leaving the premises and any packages or other belongings that they possess, including food containers, purses, backpacks, briefcases, parcels, and personal vehicles. Any employee who wishes to avoid inspection of any articles or materials should not bring such items onto the Company's premises.

## **SOCIAL NETWORKING**

The Company understands the prevalence, efficiency, connectedness, and importance of social networking sites. The Company also understands there are downfalls of these outlets. Therefore, the Company expects that you refrain from creating conflicts of interest even when using a personal account on social networking sites. It is important that employee participation in such activities, blogging, tweeting, social networking, etc. be conducted in a manner that is consistent with company policies and objectives. Use of Social Media on Company equipment during working hours is permitted, if your use is for legitimate, pre-approved, Company business. Please discuss the nature of your anticipated business use and the content of your message with your manager. Nothing in this policy is intended to be construed to infringe upon your rights under the National Labor Relations Act (NLRA).

Employees need to adhere to the following guidelines when engaging in social networking sites:

- Employees are strictly prohibited from suggesting that they represent the Company's views in any Social Networking activity not specifically required as part of their job description.
- Employees are prohibited from using any Social Networking activities to harass or attack any other employee or customer or vendor of the company based on race, creed, color, national origin,

ancestry, religion, sex, age, veteran status, sexual orientation, disability (physical, mental or sensory), pregnancy, genetic information, marital status, or any other characteristic protected by applicable state and federal law.

- Employees are required to keep all personal accounts separate from business accounts (i.e. – do not link a work e-mail address to a personal account)
- Employees are advised that laws against defamation and libel may apply to Social Networking activities and that they may be subject to legal action for spreading disparaging and untrue information about the company or defaming another person.
- Employees are advised that posting private information about a person’s medical, financial, or sexual affairs, etc. may be in violation of laws against the invasion of privacy and may expose them to legal action.

The Company reserves the right but is not required to monitor all social networking sites. Any employee found to be in violation of the Social Networking Policy may face disciplinary action, up to and including termination of employment.

## **USE OF ELECTRONIC COMMUNICATION SYSTEMS**

Employees should practice discretion in using all company electronic communications systems, including but not limited to all Company owned or leased phones, cell phones, e-mail, laptops, desktop computers, computer hard drives, servers, internet connections, printers, and copiers.

Personal use of telephones for long-distance and toll-free calls is not permitted. Personal use of company telephones should be limited to emergency use only and abuse of this privilege will be subject to disciplinary action. The Company may monitor all phone messages received or stored on the Company’s voicemail system and voicemails, text messages, or email on Company issued cell-phones or other portable electronic devices regardless of whether the message, text, or email is business related. Accordingly, employees have no privacy rights when using Company phone equipment for personal use.

Use of all Company owned or leased computers, computer equipment, internet connections, printers, and copiers are strictly limited to work related purposes. Work related purposes are defined as those tasks performed by employees that are directly related to employment duties associated with each employee’s position and responsibilities. Employees should not share confidential passwords to access computer networks, services, and or information resources without the consent of their supervisor.

No personal use of any kind is permitted. Personal use includes but is not limited to accessing non-work-related websites, viewing personal e-mail, sharing on messenger services, accessing chat rooms, playing computer games, streaming music or video, and accessing social media websites for non-work-related purposes.

The Company may monitor internet usage, internet use history, email traffic, and retains the right to inspect Company issued electronic devices. The Company may access, review, retain, or delete electronic files and email employees have sent, received, or retained via the Company’s computer systems, the hard drives of Company computers, or other portable electronic devices. Accordingly, employees have no privacy rights when using Company computer equipment for personal use.

The Company strives to maintain a workplace free of harassment and sensitive to the diversity of its employees. Therefore, the Company prohibits the use of computers and the e-mail system in ways that are disruptive, offensive to others, or harmful to morale. Employees are prohibited from purposefully accessing websites inappropriate to the business environment.

For example, the display or transmission of sexually explicit images, messages, and cartoons is not allowed. Other such misuse includes, but is not limited to ethnic slurs, racial comments, off-color jokes, or anything that may be construed as harassment or showing disrespect for others.

E-mail may not be used to solicit others for commercial ventures, religious or political causes, outside organizations, or other non-business matters.

The Company purchases and licenses the use of various computer software programs for business purposes and does not own the copyright to this software or its related documentation. Unless authorized by the software developer, the Company does not have the right to reproduce such software for use on more than one computer. Employees are expected to comply with all copyright laws and intellectual property rights.

Employees may use software on local area networks or on multiple machines according to the software license agreement. The Company prohibits the illegal duplication of software and its related documentation.

The Company reserves the right to require reimbursement for any charges resulting from an employee's personal or improper use of the various communications systems.

Employees should notify their immediate supervisor, another member of management, the corporate office or the MIDWESTHR Human Resources Representative upon learning of violations of this policy.

Employees who violate this policy will be subject to disciplinary action, up to and including termination of employment.

The use of company paid postage for personal correspondence is not permitted.

## **USE OF EQUIPMENT AND MACHINERY**

Equipment and machinery essential in accomplishing job duties is often expensive and may be difficult to replace. When using property, employees are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines.

Employees should notify their immediate supervisor if any equipment, machines, or tools appear to be damaged, defective, or in need of repair. Prompt reporting of damages, defects, and the need for repairs could prevent deterioration of equipment and possible injury to employees or others. The immediate supervisor can answer any questions about an employee's responsibility for maintenance and care of equipment used on the job.

The improper, careless, negligent, destructive, unsafe use or operation, or removal of equipment without authorization can result in disciplinary action, up to and including termination of employment.

The Company will not be liable for any personal equipment or machinery that the employee brings to work to use during their course of employment.

The Company's vehicles, including all golf carts, may not be used to pull, push, start, tow, haul, etc. any vehicles owned by residents or other individuals. Such action could cause vehicle damage or a legal liability for the Company. Any employee violating this policy will be held responsible for all losses and expenses incurred. The improper, careless, negligent, destructive, or unsafe use or operation of equipment or

vehicles, as well as excessive or avoidable traffic and parking violations, may be subject to disciplinary action, up to and including termination of employment.

Operators of company vehicles are required to have and maintain a proper and valid operating license, if required by law. It is the employee's responsibility to notify the Company immediately if their license is revoked for any reason.

Whenever a company vehicle is involved in an accident or moving violation citation, the operator will be required to submit to a drug and alcohol screening, if there is a good-faith belief that alcohol and/or drugs were contributing factors, and he/she must immediately notify their immediate supervisor. Failure to immediately notify their immediate supervisor of a moving violation and/or accident may result in disciplinary action, up to and including termination of employment.

## **USE OF FACILITIES**

It is the Company's policy that the Company facilities are to be used for business purposes only. Company facilities include meeting and conference rooms, clubhouse, or other common areas. These facilities may not be used for an outside business or any religious, political or other outside activity, except for Company authorized support to nonprofit organizations.

Employees wishing to use a meeting or conference room, or clubhouse for outside activities must have the approval of the Regional Manager and must pay any required usage or cleaning fee. Employees are responsible for leaving the facility in a clean and orderly condition after all events.

## **USE OF GOLF CARTS/UTILITY VEHICLES**

The Company may provide golf carts/utility vehicles for specific members of the staff to use around the property as a way to more efficiently perform their job duties. Golf carts/utility vehicles are to be used to transport equipment, deliveries, and staff as needed by licensed and approved drivers. Golf carts/utility vehicles should only be used for official Company business by designated staff and are not to be used for personal business at any time.

All employees' who operate the golf carts/utility vehicles must follow the rules established by the Company which are provided to protect everyone's safety.

- All drivers must be over the age of sixteen (16) and possess a valid driver's license.
- Any driver, who have their license suspended or revoked for any reason, must notify management immediately.
- Golf carts/utility vehicles should not exceed posted speed limits on property or 10 M.P.H., whichever is less. Drivers should consider the weather, terrain, visibility, pedestrians, and other vehicular traffic which may affect safety when determining the proper speed.
- Pedestrians should be given the right of way at all times. Courtesy, care, and consideration for the safety of all pedestrians is of utmost importance.
- Golf carts/utility vehicles should only be used on Company property and may not at any time be taken off the premises.
- Golf carts/utility vehicles should not be parked in fire lanes, parking reserved for the handicapped, or in a walkway that blocks pedestrian travel, unless the operator is performing work in that area and cannot park in another location.

- Extreme care for the vehicle and focus on activity being performed are required at all times.
- Operators are not permitted to wear devices that may impair hearing, such as earplugs, headphones, etc.
- Operators should not talk on the phone, use a walkie talkie, or any other mobile device while in motion. The proper procedure would be to stop the vehicle in a safe place to complete the conversation.
- Operators may not smoke while operating the vehicle.
- When exiting the vehicle, the motor should be shut off and the keys must be removed and remain with the operator at all times.
- All passengers must ride in a seat designed for such use, except if the golf cart/utility vehicle is being used for a medical emergency.
- Golf carts/utility vehicles must not be modified in any manner without the prior consent of the management staff.
- The operator is responsible for notifying management of any safety and/or maintenance concern immediately. If repairs cannot be made immediately and they impair the safety of the vehicle, the vehicle should be taken out of service.
- Accidents involving the golf cart/utility vehicle should be reported to management immediately, whether or not there is damage to the vehicle or personal injury.
- If personal injury occurs, a workers' compensation claim must be filed with the manager immediately. If medical attention is needed, appropriate procedures should be followed.
- If it is determined upon investigation that an accident is due to carelessness or improper use by the operator, the employee may be responsible for the cost of the repair or replacement of the vehicle.
- Operators who are determined to be in violation of any of these rules that have been established may be subject to disciplinary action, up to and including termination.

## **VISITORS IN THE WORKPLACE**

Unauthorized visitors are not allowed in the workplace. Restricting unauthorized visitors helps maintain safety standards, protects against theft, ensures security of equipment, protects confidential information, safeguards employee welfare, and avoids potential distractions and disturbances.

Because of safety and security reasons, family and friends of employees are discouraged from extended visits to the work area.

## **WORKERS' COMPENSATION INSURANCE**

A Workers' Compensation Insurance program is provided for all employees. This program covers any accident, injury or illness sustained in the course of employment during working hours. Medical care and other benefits are paid under the provisions of workers' compensation laws.

**The employee must report all work-related accidents, injuries or illnesses to management staff immediately no matter how minor. Failure of the employee to report the injury within seventy-two (72) hours may result in loss of benefits.**

To receive full workers' compensation benefits, employees must abide by all safety policies and procedures. Employees must use the facilities in the Designated Provider Program identified on the Safety Poster. Failure to use the Company's designated provider may result in loss or reduction of workers' compensation benefits. If an employee goes to their own physician or any other physician or facility neither the Company

nor workers' compensation insurance may pay for the medical treatment or pay for any resulting days missed from work. An employee with a life or limb threatening injury may go to the nearest available emergency room. Drug testing may take place when a workers' compensation injury occurs, if there is a good faith belief that alcohol and/or drugs were contributing factors.

Employees who are restricted from returning to work may be eligible for paid workers' compensation benefits, however the wait period for such benefits is dependent on the applicable state laws. (Please refer to the state supplement for further details.) Employees are not required but may use any accrued PTO during the applicable wait period for workers' compensation benefits.

## **WORKPLACE MONITORING**

In an effort to provide a safe and productive environment, the Company may monitor and record activities in areas of the property, including but not limited to offices and common areas, using video and audio surveillance equipment. Company may use images obtained through video monitoring as cause to take disciplinary action up to and including termination.

Employees should use caution when operating camera-equipped devices (i.e. digital cameras, mobile phones/devices with a built-in camera) in the workplace. Use of cameras and camera-equipped mobile phones/devices on Company premises are strictly limited to emergency situations and legitimate work-related tasks. No camera-equipped devices are to be taken into any company restroom, exercise area, or shower facility at any time.

To measure and evaluate customer service, as well as identify potential training needs, the Company may monitor and record employees' telephone conversations made in the normal course of business. Monitoring will be limited to business-related objectives. The monitoring of telephone conversations may be random and periodic. Advance notice will not be given prior to monitoring telephone conversations. All employees may be asked to sign a consent form authorizing the monitoring in accordance with federal and state laws.

Failure to comply with these guidelines may result in disciplinary action up to and including termination.

## **EMPLOYEE RELATIONS**

### **EMPLOYEE RELATIONS**

The Company believes that the work conditions, wages, and benefits it offers to its employees are competitive with those offered by other employers in this area. If employees have concerns about work conditions or compensation, they are strongly encouraged to voice these concerns openly and directly to their immediate supervisor.

Experience has shown that when employees deal openly and directly with their immediate supervisor, the work environment can be productive, communications can be clear, and attitudes can be positive. We believe that the Company demonstrates its commitment to employees by responding effectively to employee concerns.

### **EMPLOYEE SURVEYS**

From time to time the Company may conduct Employee Surveys to capture employee's opinions on job related issues. When the employee survey is mandatory, all non-exempt employees will be compensated for their time spent completing the survey.

### **PROBLEM RESOLUTION**

If an employee disagrees with established rules of conduct, policies, or practices, they can express their concern to their immediate supervisor, another member of management, an owner, or to the MIDWESTHR Human Resources Department. No employee will be penalized for voicing a complaint with the Company in a reasonable, business-like manner.

### **RE-EMPLOYMENT**

Employment applications received from former employees will be processed using the same procedures and standards that govern all other employment applications. Former employees who were terminated involuntarily, except in position elimination situations (i.e., layoff or reduction in force) will not be eligible for re-employment.

A break in service occurs when an employee terminates. If re-employment occurs within thirty (30) days from the date of termination:

- No background check or drug test will be required prior to re-employment.
- Limited new hire paperwork will be required to be completed based on re-hire date.
- Prior length of service is used to determine accrual rate for PTO.
- PTO begins to accrue immediately, and the employee is eligible to use PTO time after it is earned.
- Employees will be eligible for Holiday pay immediately.
- There will be no break in group insurance benefit coverage provided the employee re-elects coverage, if eligible.

If employees are re-employed within thirty-one (31) to ninety (90) days from the date of termination:

- A background check and drug test will be required prior to re-employment.
- Limited new hire paperwork will be required to be completed based on re-hire date.
- Prior length of service is used to determine accrual rate for PTO.
- PTO begins to accrue immediately, and the employee is eligible to use PTO time after it is earned.
- Employees will be eligible for Holiday pay immediately.
- Group insurance benefits will be reinstated effective on the first of the month following the re-hire date provided the employee re-elects coverage, if eligible.

If the re-employment date is after ninety (90) days from the original termination date, the employee will be treated as a new hire without recognition of prior service, and with regard to all parameters outlined above.

## **RETURN OF PROPERTY**

Employees are responsible for all property, materials, or written information issued to them or in their possession or control. Employees must return all the Company property immediately upon request or upon termination of employment. Where permitted by applicable laws, the Company may withhold from the employee's check or final paycheck the cost of any items that are not returned when required. The Company may also take all action deemed appropriate to recover or protect its property.

## **TERMINATION OF EMPLOYMENT**

Employment with the Company is based on mutual consent, and both the employee and the Company have the right to terminate employment at will, with or without cause, at any time. Although advanced notice is not required, the Company requests at least two (2) weeks written resignation notice from all employees.

An employee who fails to report to work or fails to contact management for a period of **two (2) consecutive business** days will be considered to have abandoned their job and will be classified as a "quit" (see below).

### ***Benefits and Compensation:***

Employees will receive their final pay in accordance with applicable state law. All accrued, vested benefits, including paid time off (PTO) that is due and payable at termination will be paid. Insurance programs will terminate on the last day of the month in which the termination occurs. Some benefits may be continued at the employee's expense through COBRA, if the employee so chooses. The employee will be notified in writing of the benefits that may be continued and of the terms, conditions, and limitations of such continuance.

### ***Return of Company Items***

All Company property which an employee has in their possession or to which they have access, is to be returned to the Company immediately upon termination of employment. This property includes, but is not limited to equipment, tools, uniforms, keys, files, documents, computers, laptops, and cell-phones. All employees who receive physical company property will be required to acknowledge the receipt of these items when they are provided. Failure to return these items to the Company when requested will result in the value of these items being deducted from the employee's final pay check, in accordance with applicable state and federal laws.

Employees, who have been provided with a company credit card, must return the card and ALL credit card receipts at or before time of termination. Failure to provide the receipt(s) to justify all business expenses may result in the employee being charged for the credit card expense on their final pay check, in accordance with applicable state and federal laws.

### ***Termination Classifications***

To establish classifications of termination, re-employment considerations, and benefits at the time of termination, all terminations will be classified as follows:

**Resignation:** Written notice is received from the employee giving advanced notice of their last day of employment. The Company requests, but does not require, at least two (2) weeks advanced notice of last day (such period is referred to as the "Notice Period"). This notice should include the reason for leaving and the last day of employment. The Company may request that the employee not work the full Notice Period; it is at the discretion of the Company that the employee gets paid for the full Notice Period if the employee does not work the full period. An employee who resigns from the Company may be considered favorably for future employment with the Company.

**Quit:** An employee leaves the Company with no prior notice or less than the requested notice, as outlined above. Since a "quit" is documented as such in the employee's file, it may negatively affect the employee's chances for future employment with the Company.

**Position Elimination:** An employee is terminated because of a lack of work or company reorganization. An employee terminated due to position elimination may be considered favorably for future employment with the Company.

**Discharge:** A termination initiated by the Company for reasons other than position elimination. An employee who is discharged is not eligible for re-employment with the Company.

First Pacific will generally schedule **exit interviews** at the time of employment termination. The exit interview will afford an opportunity to discuss such issues as employee benefits, conversion privileges, repayment of outstanding debts to First Pacific, or return of First Pacific-owned property. Suggestions, complaints, and questions can also be voiced.

### **UNEMPLOYMENT INSURANCE**

If you become unemployed through no fault of your own, you may be eligible for unemployment insurance. If you file a claim in the state where you reside, and the state approves your claim, you will receive weekly unemployment benefits when you are out of work.

## ACKNOWLEDGEMENT AND RECEIPT OF EMPLOYEE HANDBOOK

This Employee Handbook is provided to employees of First Pacific Group, Inc., First Financial Group, Inc. and its affiliated and subsidiary companies (hereinafter referred to collectively as “First Pacific” or the “Company”). The Company reserves the right, at its sole discretion, to change at any time its policies and procedures.

**THIS EMPLOYEE HANDBOOK IS NOT A CONTRACT. NOTHING IN THIS HANDBOOK OR STATE SUPPLEMENT SHALL CREATE NOR IS INTENDED TO CREATE, NOR SHALL BE CONSTRUED TO CONSTITUTE A CONTRACT OF EMPLOYMENT, EXPRESS OR IMPLIED.**

All employment with the Company is “at will” which means that your employment may be terminated, with or without cause, or with or without notice, at any time, at your option or at the option of the Company. This “at will” policy cannot be changed or modified in writing unless signed by the Company President.

A copy of the Handbook is available in the management office at the property or can be emailed to you by submitting a request to [humanresources@fpacific.com](mailto:humanresources@fpacific.com). This Handbook and the applicable State Supplement are the property of the Company and must be returned (if electronically saved, printed or copied in any manner) upon the request of the employee’s manager at the time of termination.

I understand that:

- I am responsible for becoming familiar with the contents of all Company policies and procedures.
- I am responsible for asking questions of my supervisor and Company if I do not understand any part of this policy and procedure.
- The Company retains the sole right to change, modify, suspend, interpret, or cancel in whole, or in part, any of the published or unpublished guidelines or practices in this handbook. Such action may be taken without advance notice and without having to give cause or justification.
- **My employment is terminable at-will, so both the Company and I remain free to end our work relationship at any time with or without reason and with or without notice unless applicable state or federal law determines otherwise.**
- If I have any questions regarding the company policies, I should discuss them with my supervisor, regional manager, or submit them to [humanresources@fpacific.com](mailto:humanresources@fpacific.com).

I have read and understood the above statements and acknowledge that I have received the Employee Handbook and State Handbook Supplement. I understand that it is my responsibility to read and comply with the policies in this handbook and the (INDICATE STATE) \_\_\_\_\_ State Supplement, including any revisions made to it.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

**PLEASE SIGN AND RETURN THIS PAGE TO YOUR IMMEDIATE SUPERVISOR  
KEEP A COPY OF THE POLICY FOR YOUR REFERENCE**