

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

The purpose of this policy is to provide the position by the Niagara Frontier Transportation Authority and the Niagara Frontier Transit Metro System, Inc. (collectively referred to as "NFTA" or "Authority") on severance payments.

II. POLICY

INTRODUCTION

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

ELIGIBILITY

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

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

BENEFITS

A) CONDITIONS OF PAYMENT

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

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

B) EXCEPTIONS

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

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

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

C) AMOUNTS OF BENEFITS

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

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

D) RELEASE

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

E) TERMINATION OF SEVERANCE BENEFITS

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

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

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

F) EXTENDED BENEFITS COVERAGE

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

PAYMENTS TO AND FROM THE PLAN

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

the Plan shall be deemed to create a trust of any kind of the Eligible Employees, nor create any fiduciary relationship between the Authority and Eligible Employees with respect to funding the benefits provided herein prior to payment, although it may do so if it chooses. Any assets which the Authority chooses to use for advance funding shall nevertheless constitute assets of the Authority and shall not cause this to be a funded plan.

ADMINISTRATION

The Authority is the Plan Administrator.

LEGAL CONSTRUCTION

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

NON-ALIENATION OF BENEFITS

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

AMENDMENT AND TERMINATION

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