



2011 Voluntary Separation Program

Program Description

In response to Truckee Meadows Water Authority's (TMWA's) need to manage its operating costs during current economic conditions, TMWA's Board has authorized, for a limited time period, the General Manager to implement a Voluntary Separation Program ("VSP"). The VSP provides eligible employees who voluntarily elect to separate employment from TMWA the separation benefits described in this program document. The VSP will reduce the size of the organization's work force and simultaneously reduce operating costs.

The opportunity for employees to apply for the VSP is limited. The application period begins on February 1, 2011, and ends on March 4, 2011.

Employees who are approved for voluntary separation under the VSP will be required to sign a Separation Agreement with a release of claims, described later in this document. [VSP Separation Release Agreement.pdf](#) to view a template of the Separation Agreement.

Definitions

Annual Base Salary: For full time employees, annual base salary is 2,080 hours multiplied by an employee's base hourly rate of pay. Overtime is not included in annual base salary.

Approved Paid Leave: Active employees who are currently not reporting to work as normally scheduled. This includes employees on approved Family Medical Leave, Short Term Disability, and Long Term Disability.

Benefited Service Date: The date from which an employee's paid time off or vacation is accrued.

Collective Bargaining Agreement or CBA: The current Agreement between Truckee Meadows Water Authority and the Local #1245 of the International Brotherhood of Electrical Workers.

Executed: The date which an employee and/or General Manager signs the VSP Application, Separation Agreement or Notice of Revocation.

Extended Sick Bank: This is a MPAT benefit from Sierra Pacific Power Company (SPPCO). Some MPAT Employees transferred hours from SPPCO to TMWA at the time of the water divestiture. In accordance with TMWA procedures, any remaining Extended Sick Bank hours, will be paid to an employee upon separation from TMWA.

MPAT Employees: Management, Professional, Administrative and Technical employees who are not covered by the CBA.

TMWA Date of Hire: An employee's start date with Truckee Meadows Water Authority. This date does not include any years of service with Sierra Pacific Power Company.

Un-penalized Participation in TMWA Post-Retirement Medical Plan: As outlined in the Post-Retirement Medical Plan & Trust Section 4.3, for some classifications, the Post-Retirement Medical Plan penalizes participants who meet eligibility criteria but are under age 62. These participants receive a "penalty" of 5 percent per year or partial year that the individual is under age 62. After that time, the participant receives an "un-penalized" Post-Retirement Medical benefit. Un-penalized participation in the TMWA Post-Retirement Medical Plan refers to employee's age, not years of service reductions.



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Eligibility

The VSP is available to part and full time active employees or those on Approved Paid Leave status at TMWA as of February 2, 2011.

To be eligible under the VSP, employees must be at least age 55 years of age with five (5) or more years from his/her TMWA Date of Hire at the time of separation.

The VSP is not an entitlement and any approvals under the VSP must be consistent with the operational business needs of TMWA. A fundamental requirement of the VSP is that any approvals to participate in the VSP must result in a benefit to TMWA, therefore, every eligible employee's application to participate in the VSP may not be approved.

VSP Incentive Payment

Each eligible employee whose VSP Application has been approved by the General Manager and whose Separation Agreement has been finalized and executed by the employee and the General Manager which is not later revoked by the eligible employee will receive a lump-sum payment as outlined below:

Calculation of Cash Incentive:

- A. If separation is on or before July 1, 2011, a payment equal to either (i) the product of \$1,250.00 multiplied by the years of Benefited Service Date or (ii) 50.0% of the employee's Annual Base Salary; **or**
- B. If separation is between July 2, 2011 and July 29, 2011, a payment equal to either (i) 84% of the product of \$1,250.00 multiplied by the years of Benefited Service Date or (ii) 42% of the employee's Annual Base Salary; **or**
- C. If separation is between July 30, 2011 and August 26, 2011, a payment equal to either (i) 60% of the product of \$1,250.00 multiplied by the years of Benefited Service Date or (ii) 30% of the employee's Annual Base Salary.

As an additional non-cash incentive, employees who are not immediately eligible for Un-penalized Participation in the TMWA Post- Retirement Medical Plan, TMWA will pay the entire cost of the employee's currently elected group health insurance until:

- A. The employee achieves age 62 and is eligible for un-penalized health coverage from the TMWA Post-Retirement Medical Plan and Trust (as it relates to employee's age, not years of service - See *Post-Retirement Plan & Trust plan document Section 4.3*); **or**
- B. Through the end of calendar year 2011; whichever of this two events occurs first.

Payment of the VSP benefit described above, together with any other dollars to which the employee may otherwise be entitled under contract or resolution such as vacation, sick leave, extended sick leave, or earned and unused paid time off (PTO), shall be paid to the employee on the last day of the Incentive Payment Tier they have been approved for (either July 1, July 29 or August 26). Appropriate taxes and applicable deductions will be withheld in accordance with TMWA policies and federal and state laws.

Employees approved for voluntary separation under the VSP will be able to specify in their individualized separation agreement how they would like their lump sum payment provided including an option for a cash payment with applicable taxes withheld or payment to their currently elected deferred compensation account(s).

The VSP lump sum payment does not count as "earnings" and is therefore not subject to PERS compensable earnings or deferred compensation account employer-match contributions.



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The Program is Voluntary

You are encouraged to consider the VSP and determine if the program presents the right opportunity for you; however, no one can require an employee to apply or not apply to the VSP. Submitting an application to participate in the VSP shall be on a voluntary basis for all eligible employees. Submitting an application to participate in the VSP does not bind the employee to separate based on the VSP program nor does it guarantee the application will be approved.

The VSP does not in any way change an employee's current at-will employment relationship with TMWA. Employees should understand that if they are eligible and decline to participate, they will not be treated any differently than any other similarly situated employee with respect to future conditions of employment.

VSP Application Procedure

The application period for the VSP begins on February 1, 2011, and ends on March 4, 2011; all applications **must be mailed and postmarked via US Postal Mail** and must be submitted between these times. Since it is the employee's responsibility to ensure receipt of their VSP application, employees are encouraged to mail documents via certified registered mail. VSP Applications must be mailed via US Postal Mail to:

TMWA Human Resources
Voluntary Separation Program
PO Box 30013
Reno, NV 89520

[VSP Application.pdf](#) to view the Voluntary Separation Program Application.

VSP Applications will be reviewed by the General Manager, Directors and Managers including Human Resources, with final approval given by the General Manager. The decision to approve an employee's separation pursuant to the VSP will be based on an assessment of employee eligibility, effects of voluntary separation on continuity of business operations, the ability to ensure total workforce expense reductions for a minimum of three (3) years as a result of the VSP separations, and is within program expenses approved by the TMWA Board of Directors.

There is no guarantee that all applicants will be approved for participation under this program. TMWA reserves the right to deny VSP participation or modify the separation date. In the event more applications are received within a job classification that in Management's judgment could impair continuity of TMWA's business operations, employees with greater TMWA Benefited Service Date will be offered separation first.

Employees who are approved for separation under the VSP are expected to maintain satisfactory work performance for the duration of their employment.

All applicants will be informed of the final disposition of their Application for participation in the VSP as soon as possible but no later than April 11, 2011.



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Withdrawing A VSP Application

Once submitted, a VSP Application may be withdrawn by an employee by submitting a written request to TMWA Human Resources no later than seven (7) calendar days following application execution date by the employee. An employee wishing to withdraw their VSP Application must submit written notice to:

TMWA Human Resources
 Voluntary Separation Program
 PO Box 30013
 Reno, NV 89520

Since it is the employee's responsibility to ensure their request to withdraw a VSP Application is received, employees are encouraged to mail documents via certified registered mail.

Employees Covered under the IBEW Local #1245 Collective Bargaining Agreement

Employees in positions included in the Bargaining Unit of IBEW Local #1245 at TMWA are eligible to request voluntary separation. The VSP is not subject to the terms and conditions of the Collective Bargaining Agreement.

There is no guarantee that all applicants will be approved for participation under this program. TMWA reserves the right to deny VSP participation or modify the separation date. Declination of a voluntary separation application or revision to a separation date is not a subject that is applicable for grievance and/or arbitration provisions of the Collective Bargaining Agreement.

Recovery of Payments Made By Mistake

An eligible employee shall return to TMWA the VSP payment or other consideration, or portion thereof, made by a mistake of fact or law or paid contrary to terms of the VSP.

Information Regarding Other Benefits

Earned and unused paid time off (PTO), earned comp time, vacation or extended sick bank hours accumulated up to the date of separation will be paid to the employee on the last day of the Incentive Payment Tier they have been approved for (either July 1, July 29 or August 26). Appropriate taxes and applicable deductions will be withheld in accordance with TMWA policies and federal and state laws

Members of the IBEW Local #1245 Collective Bargaining Unit with greater than 700 hours of sick leave at the time of separation will have payments for hours over 700 paid into their established Retirement Health Savings (RHS) plan on the last day of the Incentive Payment Tier they have been approved for (either July 1, July 29 or August 26).

Employees who separate service with TMWA may be eligible for a TMWA Post-Retirement Medical benefit as outlined in the [Post-Retirement Medical Plan and Trust Plan document](#). Requests to participate in the Post-Retirement Medical benefit as a retiree, should be made prior to separation from TMWA and as soon as practicable to ensure timely award of benefit. Should you have questions regarding this benefit, you are encouraged to speak with Human Resources.

TMWA Human Resources will be working with the Post-Retirement Medical Plan & Trust Board of Trustees for the coordination of group health benefits, if applicable, for those separating service under this program.

Employees who separate service with TMWA as part of the VSP will relinquish any company seniority with TMWA.

Information To Be Furnished

Upon request by TMWA, employees who apply shall furnish to TMWA such documents, data or other information as TMWA considers necessary for the purpose of administering the VSP.



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Separation Agreement with Waiver and Release

Once a VSP Application is approved, the employee will receive via certified, registered mail an individualized Separation Agreement for review and signature. The completed and signed Separation Agreement **must be mailed, via US Postal Mail, to TMWA's Human Resources Office on or within fifty (50) calendar days of the receipt of certified mail of the Separation Agreement.** This is to ensure the employee has at least forty-five (45) days to consider the Separation Agreement before signing it.

Separation Agreements must be mailed via US Postal Mail to:

TMWA Human Resources
Voluntary Separation Program
PO Box 30013
Reno, NV 89520

Since it is the employee's responsibility to ensure receipt of their Separation Agreement, employees are encouraged to mail documents via certified registered mail.

If the Separation Agreement is not received within the time described herein, the Separation Agreement will be considered void and approval of the VSP Application will be automatically withdrawn.

Revocation of Separation Agreement

An employee may revoke his/her Separation Agreement by submitting written Notice of Revocation to TMWA which notice must be postmarked at least seven (7) calendar days from the date the Separation Agreement was executed by the employee. The Notice of Revocation must be mailed via US Postal Service to:

TMWA Human Resources
Voluntary Separation Program
PO Box 30013
Reno, NV 89520

Revocations sent by any other delivery method will not be accepted. Since it is the employee's responsibility to ensure receipt of their Notice of Revocation, employees are encouraged to mail documents via certified registered mail.

If submitted Separation Agreements are not revoked at least seven (7) calendar days from the date the employee executed the Separation Agreement, the employee's employment will end on the approved voluntary separation date and payment will be made in accordance with the Separation Agreement.

Recommendation of Legal Counsel, Financial Advisor, or Other Expert Review

This is an important decision for eligible employees. Eligible employees are advised and encouraged to consult with their attorney, financial advisor or other experts at their own expense to discuss and review TMWA's VSP and the Separation Agreement.

No Assignment of VSP Payments

Under no circumstances may a VSP payment be subject to assignment, garnishment, lien or other encumbrances, and any attempt to cause any such payments to be so subjected shall not be recognized, except to such extent as may be required by law.

Representations Contrary to the VSP

No verbal or written representations contrary to the terms of the VSP and its written amendments shall be binding upon TMWA.



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No Employment Rights or Contract

The VSP shall not confer employment rights or modify TMWA's employment policies, including TMWA's at-will employment policy. Nothing contained in the VSP will be construed as a contract of any kind between TMWA and the employee or any related entity and any person. No employee shall be entitled by virtue of the VSP to remain employed by TMWA and nothing in the VSP shall restrict the right of TMWA to terminate the employment of any eligible employee. An employee who has been approved for voluntary separation under the VSP is not guaranteed continued employment to the date of separation and is still subject to TMWA's at-will employment policy pursuant to TMWA's Administrative Instructions as well as other TMWA policies. Moreover, employees approved for voluntary separation under the VSP who are subsequently terminated by reason of unacceptable performance, misconduct, or because of a violation of TMWA Administrative Instructions or policies will not be entitled to any payment or other consideration under the VSP.

Employees who are approved for voluntary separation under the VSP are expected to maintain satisfactory work performance for the duration of their employment.

No employee who elects voluntary separation under the VSP will be eligible for re-employment with TMWA and allowed to participate in TMWA's benefit programs in any capacity (full-time, part-time, or temporary) for a minimum of eighteen (18) months from the date of voluntary separation of employment.

Non-Discrimination Statement

TMWA will not engage in discrimination or harassment against any person because of race, color, religion, sex, national origin, ancestry, age, marital status, disability, sexual orientation including gender identity, unfavorable discharge from the military or status as a protected veteran and will comply with all federal and state nondiscrimination, equal opportunity and affirmative action laws, orders and regulations.

The Voluntary Separation Program is in compliance with notice requirements under the Age Discrimination in Employment Act of 1967 (ADEA).

Amendment of the VSP

TMWA reserves the right to terminate or amend this plan at any time and such modification or amendment shall apply to all employees, including employees who have been approved for Voluntary Separation.

Death of Employee

In the event that a TMWA employee, who is approved for Voluntary Separation and has executed the individualized Separation Agreement and dies prior to their approved separation date, the cash incentive and all other provisions indicated in this document will be made payable to the estate of the deceased employee.



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VSP Program Timeline

<i>February 1-March 4</i>	<i>VSP Application Period</i> <i>Period in which employees can submit an application to request to participate in the Voluntary Separation Program.</i>
<i>February 10</i>	<i>General Employee Information Session</i> <i>2 p.m. Capital Blvd. Front Lobby Conference Rooms</i> <i>General employee Q&A session where Human Resources will be available to answer employee questions regarding the VSP.</i>
<i>February 16</i>	<i>General Employee Information Session</i> <i>3 p.m. Capital Blvd. Ready Room</i> <i>General employee Q&A session where Human Resources will be available to answer employee questions regarding the VSP.</i>
<i>February 16</i>	<i>ICMA-RC Certified Financial Planner Onsite</i> <i>Tom Axline from ICMA-RC will be onsite to provide two retirement seminars regarding retirement distribution options and guidelines. Tom will also be available for one-on-one retirement planning question and answer sessions.</i>
<i>February 17</i>	<i>NV PERS Onsite</i> <i>9 a.m. Capital Blvd. Ready Room</i> <i>NV PERS will be onsite to share information on PERS retirement processes including applying for retirement, distribution of PERS monthly checks to retirees and more. PERS and Human Resources will also briefly discuss the process of purchasing PERS service time and the associated timelines with purchasing service credit.</i>
<i>February 23 & 24</i>	<i>ICMA-RC Representative Onsite</i> <i>Jennifer Perry from ICMA-RC will be onsite for one-on-one employee meetings</i>
<i>February 24</i>	<i>General Employee Information Session</i> <i>7 a.m. Capital Blvd. Front Lobby Conference Rooms</i> <i>General employee Q&A session where Human Resources will be available to answer employee questions regarding the VSP.</i>
<i>March 4</i>	<i>All VSP Applications Due</i>
<i>April 11</i>	<i>Employees notified of the disposition of their VSP application</i> <i>After all VSP applications have been submitted and reviewed by TMWA, employees will be notified by April 11 whether they have been approved for voluntary separation. Those approved will receive individualized Separation Agreements to view the cash incentive payments and separation guidelines.</i>
<i>July 1</i>	<i>Last Day for Tier 1 Employee Departures and Tier 1 Payouts</i>
<i>July 2-July 29</i>	<i>Last Day for Tier 2 Employee Departures and Tier 2 Payouts</i>
<i>July 30-August 26</i>	<i>Last Day for Tier 3 Employee Departures and Tier 3 Payouts</i>



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Questions and Answers

Why is this program being offered?

This program is being offered in response to TMWA's need to manage its operating costs during the current economic conditions. The VSP will reduce the size of the organization's work force and simultaneously reduce operating costs.

How do I let TMWA know I want to participate in the Voluntary Separation Program?

You must submit an application in order to be considered for the program. Applications must be submitted between February 1, 2011, and March 4, 2011; all applications **must be mailed and postmarked via US Postal Mail to:**

TMWA Human Resources
Voluntary Separation Program
PO Box 30013
Reno, NV 89520

What happens after I submit a VSP Application?

There is no guarantee that all applicants will be approved for participation under this program. TMWA reserves the right to deny VSP participation or modify the separation date. All applicants will be informed of the final disposition of their Application for Voluntary Separation as soon as possible but no later than April 11, 2011.

Can I use my vacation or PTO bank to extend my separation date?

No. TMWA will pay you out the balance of your vacation and/or earned and unused PTO on your official separation date. For instance, employees cannot "retire" on June 28, 2011 but use vacation until September 12, 2011. Use of PTO or vacation to extend an employee's date of separation is prohibited.

How and when will the Incentive be paid to me?

Employees approved for Voluntary Separation will be able to specify in their individualized Separation Agreement how they would like their lump sum payment provided including an option for a cash payment with applicable taxes withheld and/or payment to their currently elected deferred compensation account(s). Incentives will be paid to the employee on the last day of the Incentive Payment Tier they have been approved for (either July 1, July 29 or August 26).

What happens if I apply for the VSP and then decide I do not want to separate from TMWA?

Simply provide written notice to TMWA Human Resources, per VSP guidelines and timeframes.

Based on TMWA's Post-Retirement Medical Plan, I am eligible to participate, how do I continue my insurance with TMWA as a retiree?

Human Resources will be working closely with employees who voluntarily separate to ensure that Post-Retirement Medical benefits are awarded by the Post-Retirement Medical Plan & Trust Board of Trustees, if applicable.

Can I delay receipt of my Incentive Payment until next tax year?

No.

Can I use my Incentive Payment to purchase NV PERS service credit, prior to separation?

No, but employees are eligible to purchase NV PERS service credit with funds from their 401(a) or 457 deferred compensation accounts. Please consult with TMWA Human Resources or PERS regarding the purchase of service credit. Employees who are interested in purchasing service credit with PERS should act quickly because there are parameters around the timeframes and deadlines associated with purchasing service. PERS can be reached directly at (775) 687-4200.



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What if I have already notified Human Resources of my retirement, am I still eligible to participate in the Voluntary Separation Program?

Yes. In order to participate in the VSP, you must submit an application. Please reference the VSP Application Procedure. All applications must be submitted no later than March 4, 2011.

Should I contact my department head if I am interested in applying for the program?

It is up to you but you are not required to notify your department head. All applications for the VSP should be sent via U.S. Postal Mail to TMWA Human Resources.

What happens after the VSP program?

The possible impact on future staffing levels will depend on a number of factors including how many employees participate in this program, operational business needs, department programs and service levels and changes in economic conditions.