

Personnel Committee Meeting
January 20, 2026

Briefing Material



Personnel Committee Meeting Agenda

Tuesday, January 20, 2026; 9:00 A.M. Central Time

Video/Audio Conference Call Only

Audio Toll Free Dial In Number: 1.346.248.7799

Meeting ID: 222 212 7774 Password: 537081973

1. Consideration and possible action on consent agenda items:
 - A. Summary of the official minutes of the July 21, 2025, meeting*
2. Consideration and possible action on the benefits, compensation, and training components in the 2026 Operating Budget:
 - A. Employee compensation (employee-specific details in Executive Session)
 - B. Health and dental insurance plans
 - C. Health reimbursement arrangement
 - D. Long-Term Disability insurance
 - E. Term Life and AD&D insurance
 - F. 401(k) retirement plan
 - G. 457(b) retirement plan
 - H. Leave time, including sick, vacation, and personal PTO
 - I. Paid holidays
 - J. Parking
3. Consideration and possible action on revisions to the Employee Handbook*
4. Consideration and possible action on annual performance evaluation of the Executive Director
5. Consideration and possible action on various elements of the Executive Employment and Deferred Compensation Contract for the Executive Director:
 - A. Other employment and activities engaged in by the Executive Director
 - B. Cost of Living Adjustment (COLA) for 2026
 - C. Discretionary 457(b) contribution in 2026*
 - D. Longevity Incentive Payment in December 2026

* denotes items the Executive Director recommends actions be taken at this meeting

All Texas Life and Health Insurance Guaranty Association Board of Directors and Committee meetings will be conducted in accordance with its Antitrust Compliance Policy and applicable laws.
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6. Consideration and possible action on update on Executive Director succession planning
7. Executive Session:
 - A. Discussion of recommended adjustments in employee compensation and benefits
 - B. Discussion of the confidential aspects of the Executive Director's performance evaluation
 - C. Discussion of the confidential elements of the Executive Employment and Deferred Compensation Contract for the Executive Director
 - D. Advice from Counsel
8. Consideration and possible action on items discussed in Executive Session*
9. Consideration and possible action regarding the Committee's 2026 Calendar of Activities and next meeting date

* denotes items the Executive Director recommends actions be taken at this meeting

All Texas Life and Health Insurance Guaranty Association Board of Directors and Committee meetings will be conducted in accordance with its Antitrust Compliance Policy and applicable laws.
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Open Meeting Information

Status	Accepted
TRD	2026000152
Submitted Date/Time	01/09/2026 08:58 AM CST
Agency	Texas Life and Health Insurance Guaranty Association
Committee	Personnel
Meeting Date	01/20/2026
Meeting Time	09:00 AM
Address	1717 West 6th Street
City	Austin
State	TX
Additional Information	Call TLHIGA at (800) 982- 6362 or go to www.txlifega.org

Agenda

The Personnel Committee meeting will be held as a videoconference/teleconference. Attendees also have the option to attend the meeting in-person at 1717 West 6th Street, Suite 230, Austin, TX 78703.

Teleconference meeting access information:

Dial in Number (Toll Free): 1.346.248.7799

Meeting ID: 222 212 7774

Password: 537081973

Additionally, to obtain a complete PDF copy of the meeting material please go to www.txlifega.org.

Consideration and possible action on:

- 1) Consent agenda;
- 2) Benefits, compensation, and training components in the 2026 Operating Budget;
- 3) Revisions to Employee Handbook;
- 4) Annual performance evaluation of the Executive Director;
- 5) Elements of the Executive Employment and Deferred Compensation Contract for the Executive Director;
- 6) Executive Director succession planning;
- 7) Executive Session;
- 8) Items discussed in Executive Session;
- 9) Committee's 2026 Calendar of Activities and next meeting date.

Item 1

Consideration and possible action on consent agenda items:

- A. Summary of the official minutes of the July 21, 2025, meeting



January 20, 2026 Personnel Committee Meeting

CONSENT AGENDA

The following routine, recurring item has been placed on the consent agenda and the associated materials distributed in advance to the Personnel Committee for its review:

1. The summary of the official minutes of the July 21, 2025 Personnel Committee meeting shown on pages 1-2 through 1-5.

The following is a draft resolution to approve the consent item.

RESOLVED, that the Personnel Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association approves the written summary of the official minutes of the July 21, 2025 Personnel Committee meeting.



**SUMMARY OF THE OFFICIAL MINUTES OF THE
JULY 21, 2025 MEETING OF THE
PERSONNEL COMMITTEE OF THE BOARD OF DIRECTORS**

A meeting of the Personnel Committee (the “Committee”) of the Board of Directors (the “Board of Directors” or the “Board”) of the Texas Life and Health Insurance Guaranty Association (the “Association” or “Guaranty Association” or “TLHIGA”) was called to order by its Chair, David Sommer, at 9:03 AM Central Time on July 21, 2025. The meeting was held as a videoconference and teleconference meeting in accordance with Section 463.059 of the Texas Insurance Code and was conducted in accordance with the Texas Open Meetings Act.

The Personnel Committee members whose names are set forth below were present for all or part of the meeting and a quorum was present for all votes:

David Sommer

James Lewis

James Harrison

Also, in attendance for all, or part, of the meeting were the following employees of the TLHIGA or contractors of the TLHIGA:

Employees: Bart Boles Jarett Terry Topping Haggerty
General Counsel: Dan Price

Also, in attendance for all, or part, of the meeting was:

Shawn Martin, Texas Department of Insurance (“TDI”)

Chair Sommer noted that proper notice of the meeting was filed on July 10, 2025, and published in the Texas Register in accordance with the Texas Open Meetings Act. He directed a copy of such notice be attached hereto and be made a part of this written summary of the official minutes of the meeting. Chair Sommer declared a quorum of the Committee was present in accordance with the Texas Open Meetings Act.

This is a written summary of the proceedings of the meeting of the Personnel Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association on July 21, 2025. The official minutes are recorded digitally. The compact disc(s) or digital recordings relating to the open portion of the meeting and all related non-confidential written materials provided to the Committee for such meeting are kept in secure storage at the Association’s office. The compact disc(s) or digital recordings relating to the Executive Session portion of the meeting and all related confidential written material related to the Executive Session portion of the meeting are custodied with the Association’s bank. Details regarding matters described in this summary can be obtained by reviewing the official minutes. The non-confidential written material related to the meeting provided to the Committee should be deemed an attachment to this summary.

Item 1 Consideration and possible action on consent agenda items

Upon a motion made by Director Lewis and seconded by Director Harrison, the Committee unanimously adopted the following resolution:

RESOLVED, that the Personnel Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association approves the written summary of the official minutes of its January 14, 2025 meeting.

Item 2 Consideration and possible action on the non-salary benefits provided to the TLHIGA's employees, including insurance plan renewals

Mr. Boles reviewed the renewal quotes recently received for the employees' insurance plans for staff. Mr. Boles noted an increase in renewal premium for the current health insurance plan. He also noted an increase for each employee to their co-payments, deductibles, and out of pocket maximum. Mr. Boles reported there were no changes to the dental insurance plan, and slight change in premium cost to the Long-Term Disability insurance and the Term Life and Accidental Death & Dismemberment insurance due to last year's TLHIGA employee compensation changes. Mr. Boles did not recommend changes to the health insurance plan or to the other insurance benefit plans provided to TLHIGA employees.

Mr. Boles reported there were no changes to the 401(k) plan and the 457(b) Retirement Plan. He stated vacation leave, sick leave, personal leave, paid holidays, and the health reimbursement benefits remain the same.

Mr. Boles reported on the TLHIGA's Health Reimbursement Arrangement ("HRA") which can be used by the employees for reimbursement for their eligible expenses including out of pocket expenses, copayments and deductibles under the medical insurance and dental insurance plans, including copayments for prescription drugs to the annual amount of \$1,500. He stated the HRA allows 50% of the unused portion of an annual \$1,500 reimbursement amount to be rolled over at year-end into the next year up to a maximum accrual balance of \$4,500.

Mr. Boles recommended a revision to the TLHIGA's HRA to increase the annual reimbursement amount to \$1,750 to match the increase to the individual's in-network deductible and increase the maximum accrual balance to \$6,750 which will be the individual's out-of-pocket maximum.

Upon a motion made by Director Harrison and seconded by Director Lewis, the Committee recommended the following resolution be presented for adoption by the Board of Directors:

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee to amend the TLHIGA's Health Reimbursement Arrangement to increase the annual reimbursement amount to \$1,750 per employee and to permit each employee to rollover to the following plan year up to \$875 of unused reimbursement to a maximum reimbursable accrual amount of \$6,750.

Item 3 Consideration and possible action on various elements of the Executive Employment and Deferred Compensation Contract for the Executive Director

Mr. Boles stated the Executive Employment and Deferred Compensation Contract for the Executive Director ("EEDCC") was signed and executed on January 1, 2018, and is in place until January 1, 2027.

Mr. Boles reviewed with the Committee the EEDCC and noted specific items that will require actions before, or on, the Committee's next meeting in January 2026. Mr. Boles presented the mid-year review of the EEDCC to keep the Committee apprised of all aspects of the contract.

Item 4 Consideration and possible action on Executive Director succession plan

Mr. Boles reported the Executive Director position solicitation package was distributed on May 16, 2025 and a notice was published in the NOLHGA Wire. He stated the notice provided information about the process, where the solicitation package could be obtained, that all questions should be directed to General Counsel Dan Price, and that the deadline for applicants was July 15, 2025.

Mr. Boles stated the NOLHGA Wire is distributed to all guaranty association administrators and Board of Directors members, and to several regulators. He stated he also sent the notice to the American Council of Life Insurers ("ACLI") for distribution to its members, posted it on his LinkedIn feed, and posted it on the International Association of Insurance Receivers ("IAIR") website.

Mr. Boles reported that have been some applications submitted and the Executive Director Search Committee will meet on Monday, July 28, 2025 and will report to the Board of Directors on July 29, 2025.

Chair Sommer stated the time to be 9:21 A.M. on July 21, 2025, and that he was recessing the regular session of the meeting in order for the Committee to meet in Executive Session, pursuant to the Texas Open Meetings Act.

Item 5 Executive Session

CONFIDENTIAL DISCUSSION

Item 6 Consideration and possible action on items discussed in Executive Session

Chair Sommer stated the time to be 9:30 A.M. on July 21, 2025, and the Executive Session of the Committee meeting had concluded and that he was reconvening the regular session of the Committee pursuant to the Texas Open Meetings Act.

No actions were necessary from the Executive Session discussion.

Item 7 Consideration and possible action on Committee's Charter

Chair Sommer stated the Committee reviews its Charter every year to assess whether it adequately reflects all the Committee's activities and responsibilities.

Mr. Boles reported on page 2, paragraph 2, of the Personnel Committee's Charter (page 7-3 in the meeting material) there remains a reference to Association's Counsel and Board Counsel and does not reference the current position of General Counsel.

Mr. Boles requested the reference to Association's Counsel and Board Counsel in the Charter be replaced with General Counsel to now read "Unless other arrangements are made, the Personnel Committee requires Association management and the Association's General Counsel to attend all meetings of the Committee."

Upon a motion made by Director Lewis and seconded by Director Harrison, the Committee recommended the following resolution be presented for adoption by the Board of Directors:

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee to amend the Committee's charter to replace references to Board and Association Counsel with General Counsel.

Item 8 Consideration and possible action regarding the Committee's 2025 Calendar of Activities and next meeting date

The Committee confirmed that its next meeting will be held on Monday, January 20, 2026.

There being no further business, Chair Sommer stated the time to be 9:33 A.M. Central Time and that the regular meeting of the Personnel Committee was adjourned.

Certification

The undersigned hereby certifies the foregoing is a true and accurate written summary of the proceedings of the July 21, 2025 meeting of the Personnel Committee, approved by the Committee at its meeting held on January 20, 2026.

David Sommer, Chair, Personnel Committee

Item 2

Consideration and possible action on the benefits, compensation, and training components in the 2026 Operating Budget:

- A. Employee compensation (employee-specific details in Executive Session)
- B. Health and dental insurance plans
- C. Health reimbursement arrangement
- D. Long-Term Disability insurance
- E. Term Life and AD&D insurance
- F. 401(k) retirement plan
- G. 457(b) retirement plan
- H. Leave time, including sick, vacation, and personal PTO
- I. Paid holidays
- J. Parking



January 20, 2026 Personnel Committee Meeting

BENEFITS, COMPENSATION, AND TRAINING COMPONENTS IN THE 2026 OPERATING BUDGET

The Personnel Committee has two regularly scheduled meetings each year in conjunction with the Board of Directors' first and third quarter meetings. The first quarter meeting that is held each January or February includes an item related to the benefits, compensation, and training to be provided to employees and the incorporation of these items into the proposed Operating Budget for the calendar year.

This report will provide the benefits, compensation, and training elements in the proposed 2026 Operating Budget that will be considered by the Board of Directors during its January 27, 2026 meeting.

Non-Salary Benefits to Employees

The following is a summary of the non-salary benefits the TLHIGA provides to its employees.

1. Health Insurance Plan –The following tables summarize the benefits and premiums under the Blue Cross Blue Shield of Texas (BCBS of TX) employee group health insurance plan.

Plan #	Plan Type	Individual Deductible In/Out	Telehealth/ Office Visit Copay	Coin % In/Out	Individual Out of Pocket Max In/Out	Pharmacy Copays
G653CHC	Gold	\$1,750/\$3,500	\$45	80%/40%	\$6,750/Unlimited	See below

Specialty Office Visits Copay	Urgent Care Center Copay	Monthly Premium	Annual Premium
\$90	\$75	\$ 5,761.61	\$ 69,139.32

	Tier 1 Preferred Generic	Tier 2 Non-Preferred Generic	Tier 3 Preferred Brand	Tier 4 Non-Preferred Brand	Tier 5 Preferred Specialty	Tier 6 Non-Preferred Specialty
Pharmacy (in-network)	\$10	\$20	\$70	\$120	\$150	\$250

2. Dental Insurance Plan – The dental insurance plan was changed on October 1, 2020 to a group policy with Lincoln Financial under which the TLHIGA pays 100% of the employee premium. The current rate, which is guaranteed through September 30, 2026, is \$47.37 monthly per employee for a total annual cost to the TLHIGA of \$2,273.76. This PPO plan provides:
 - ❖ Calendar Year deductibles of \$50 per individual/\$150 per family
 - ❖ X-rays covered at 100%
 - ❖ Fillings, periodontics, and endodontics are covered at 80% after the deductible
 - ❖ General anesthetics, crowns, bridges, and dentures are covered at 50% after the deductible
 - ❖ Annual maximum benefit is \$1,500

3. Long Term Disability Insurance - The TLHIGA pays for a long-term disability policy for each employee provided through Lincoln Financial. The policy pays 66.67% of salary after a 90-day elimination period with a maximum monthly benefit of \$10,000. The current monthly premium for all employees, which is guaranteed through September 30, 2026, totals \$207.70 for a total annual premium cost to the TLHIGA of \$2,492.45. Cost is based on current salaries and will increase if salaries increase.

4. Term Life and AD&D Insurance – The TLHIGA carries a group term life policy for all employees, also through Lincoln Financial, which pays two times the employee’s salary up to a maximum of \$250,000 benefit, subject to benefit limitations based on attained age. The current monthly premium for all employees, which is guaranteed through September 30, 2026, totals \$266.76 for a total annual premium cost to the TLHIGA of \$3,201.19.

5. 401(k) Plan Matching and Vesting Schedule – The TLHIGA has a 401(k) safe harbor retirement plan. An employee becomes eligible to participate in the plan on the next enrollment date after six months of employment. Enrollment dates are January 1, April 1, July 1, and October 1. Effective January 1, 2016, the TLHIGA began making a non-discretionary contribution of 4% of an employee’s annual salary, irrespective of whether the employee makes any contribution, and then matching 50% of the first 6% an employee’s contribution. If an employee contributes 6% of salary, the TLHIGA contributes a total of 7%, 3% of which is matching. An employee is always 100% vested in his/her contributions and employer contributions are vested in the following manner:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 1 year	0%
1 but less than 2 years	20%
2 but less than 3 years	40%
3 but less than 4 years	60%
4 but less than 5 years	80%

5 years or more

100%

6. 457(b) Retirement Plan – In 2018, the Board of Directors accepted the Personnel Committee’s recommendation to implement a 457(b) retirement plan for the Executive Director. The discretionary annual contributions to the plan are detailed in the Executive Employment and Deferred Compensation Contract for the Executive Director (“EEDCC”) and are dependent on the combined ratings in each category of the Executive Director’s annual job performance evaluation by the Board of Directors. If such performance measures are met, the Board may contribute an additional amount to the \$18,500 payment to the 457(b) retirement plan for the Executive Director. The discretionary, annual payment is limited to the maximum annual amount permitted by the Internal Revenue Service and that amount for 2026 is \$24,500.
7. Annual Accrual and Carryover of Sick, Vacation and Personal Leave - Each employee accumulates 8 hours per month of sick leave and there is no limit on the amount of sick leave that may be carried over at the end of the calendar year. Until the end of the second year of service, the employee accumulates 8 hours of vacation leave each month. After the second year and until the fifth employment anniversary, an employee accumulates 9 hours of vacation leave each month. After five years of service, an employee accumulates 10 hours of vacation leave each month. An employee may carry over up to 40 hours of vacation leave at the end of the calendar year. In addition, each employee is offered two paid personal leave days each calendar year. Unused personal leave cannot be carried over to the next calendar year.
8. Paid Holidays Annually – The TLHIGA’s offices are closed, and the employees are paid for twelve days of holiday leave each year.
9. Parking – Provided garage parking is \$155 monthly for each TLHIGA employee.
10. Health Reimbursement Arrangement - The TLHIGA provides a Health Reimbursement Arrangement that defines the expenses eligible for reimbursement to include out of pocket expenses, copayments and deductibles under the medical insurance and dental insurance plans, including copayments for prescription drugs, and to allow 50% of the unused portion of an annual \$1,750 reimbursement amount to be rolled over at year-end into the next year up to a maximum balance of \$6,750.
11. Education Expense Reimbursement - The TLHIGA has an Education Reimbursement Policy that promotes employees to take additional courses in pursuit of a bachelor’s or master’s degree or a review/training course for a professional designation. The courses must be preapproved by the Executive Director and be applicable to the employee’s current or future job, and the TLHIGA’s field of work. The Policy reimburses an employee 75% of eligible expenses, up to \$5,000 per year, upon successfully passing a course. The Policy also contains a reimbursement repayment agreement if the employee terminates TLHIGA employment within 24 months after the reimbursement.

Benefits, Compensation and Training Amounts in the Proposed 2026 Operating Budget

The following tables compare the benefit, compensation, and training elements in the 2025 Operating Budget and in the proposed 2026 Operating Budget.

GENERAL LEDGER ACCOUNT 5060 – EMPLOYEE BENEFIT (various components)	2025 BUDGET AMOUNT	2026 BUDGET ASSUMPTIONS	2026 BUDGET AMOUNT
Health Insurance Plan	\$ 59,504	Renewal	\$ 91,470
Health Reimbursement Arrangement	6,000	5 employees	8,750
Dental Insurance	2,274	Renewal	2,700
Long Term Disability	2,518	Based on Salary	3,273
Term Life Insurance and AD&D	3,236	Based on Salary	4,438
Retirement Plan Contributions	64,850	Based on Salary	78,288
	\$ 138,382		\$188,919

GENERAL LEDGER ACCOUNT	2025 BUDGET AMOUNT	2026 BUDGET ASSUMPTIONS	2026 BUDGET AMOUNT
Salaries – 5150	\$ 618,796	Salary Increase for Staff Plus Range Adjustments and Bonuses and New Employee	\$950,260
Payroll Taxes – 5115	\$ 40,015	Based on Salaries	\$56,788
Education & Training – 5055	\$ 9,250	Additional training	\$12,500

Item 3

Consideration and possible action on revisions to the Employee Handbook



January 20, 2026 Personnel Committee Meeting

REVISIONS TO EMPLOYEE HANDBOOK

A periodic review of the TLHIGA's Employee Handbook was conducted. A number of minor revisions were identified and are listed below and shown in the blackline version of the Employee Handbook provided on pages 3-2 through 3-47:

- Updating references to Controller,
- Updating references to General Counsel,
- Changing number of holidays to twelve,
- Updating reference to Texas Labor code, and
- Updating reference to Texas Workers' Compensation Act.

A sample resolution has been provided on page 3-48 for the Committee to consider recommending the revised Employee Handbook be adopted by the Board of Directors.



EMPLOYEE HANDBOOK

Revised: January 27, 2026

Deleted: 25

Deleted: 2



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Employee Handbook

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DISCLAIMER

Employees of the Texas Life and Health Insurance Guaranty Association (the TLHIGA) are employed at will, which means that the TLHIGA's employees are not employed pursuant to a contract, either express or implied, and are free to leave their employment, just as the TLHIGA may terminate their employment, at any time without obligation. No management or supervisory personnel may alter the TLHIGA's at-will employment policy, except in writing, and approved in writing, by the Executive Director of the TLHIGA.

This employee handbook of the TLHIGA is intended to provide information and guidelines on policies and other personnel matters. While this employee handbook covers many topics, it is impossible to cover every situation that may arise in the workplace. Management and supervisory personnel have the authority to address situations not covered in this employee handbook using their judgment and discretion. It does not, and is not intended to, imply any contract or contractual rights, and may be revised or modified by the TLHIGA at any time. Management and supervisory personnel may allow exceptions to guidelines in this policy manual when deemed appropriate and shall consider exceptions on individual circumstances.

TERMINOLOGY

In this handbook, "employees" may be referred to as "you," "your," "his," "her," "they," or "their," or similar terms, in addition to "employee" or "employees." The TLHIGA may be referred to as "it," "we," "us," "our" or similar terms. "Policy" is used to refer to a particular policy or practice, as the context requires, such as "Equal Employment Opportunity," not to this handbook as a whole.

NOTICE

Each employee of the TLHIGA has a responsibility to read and follow the policies and procedures addressed in this handbook, as well as all policies and procedures of the TLHIGA's Policy and Procedure Manual(s) or otherwise. Failure of any employee to follow such policies and procedures may result in disciplinary action, up to and including termination.

EQUAL EMPLOYMENT OPPORTUNITY

The Texas Life and Health Insurance Guaranty Association is an equal opportunity employer. All decisions regarding hiring, termination, salary administration, disciplinary actions, and other conditions of employment are based on experience, merit, qualifications for the job and business needs without regard to race, color, age, sex, national origin, religion, disability, sexual orientation or gender identity of the employee or any other unlawful basis.

As detailed further in this Manual, the TLHIGA also prohibits any harassment based on these protected characteristics.

The TLHIGA supports this policy in its entirety and expects that all employees will give their continuing support to its implementation. If you believe that you have been discriminated against, you should observe the steps set forth in the Anti-Harassment Policy section of this Handbook.



Any employee of the TLHIGA, whether supervisory or non-supervisory, who violates this policy will be subject to disciplinary action, up to and including termination.

Employees are responsible for reporting discriminatory incidents immediately in accordance with the Anti-Harassment Policy. The TLHIGA will not permit retaliation by management, employees or co-workers against anyone who reports a violation of this policy or participates in an investigation of a complaint under this policy.

ACCOMMODATION OF DISABILITIES

It is the TLHIGA's policy to hire and employ individuals with disabilities so long as they are able to meet the normal standards of performance for their jobs with or without reasonable accommodation. Decisions regarding whether accommodations are feasible or will cause undue hardship or direct threat to safety will be made on a case-by-case basis by the Executive Director in coordination with relevant management. If a reasonable accommodation is needed to accommodate a disability, please discuss this with the Executive Director. If you have a qualified disability for which you seek an accommodation, you should make a request for such to your supervisor or the Executive Director, and be prepared to discuss the limitations from the disability and any potential accommodations and, if requested, provide reasonable documentation.

RELIGIOUS AND CULTURAL CONFLICTS

It is against TLHIGA policy to discriminate against any person based on religious or cultural beliefs or practices. We will not ask you about your religious convictions or practices. When an offer of employment is extended, applicants will be informed of the regular schedule and potential for overtime work in the job, and potential conflicts will be explored.

If possible, the TLHIGA will allow time off without pay to observe religious holidays that are not otherwise designated as TLHIGA holidays. Requests for time off for bona fide religious observances will be considered on a case-by-case basis. So that we can reasonably accommodate your request, you should notify the Executive Director of your request to take time off to observe a religious holiday at least three weeks before the date of your planned absence. If accrued leave is available, you may use it for the observance of such holidays, otherwise, such time off is without pay.

ANTI-HARASSMENT POLICY

The TLHIGA will neither accept, condone, nor tolerate any conduct that may constitute prohibited harassment, whether committed by a fellow employee, a member of management, a vendor, or a person doing business with the TLHIGA, regardless of the alleged harasser or the person being harassed. The leadership of the TLHIGA strongly believes that effective working relationships between employees must be based upon mutual respect. Therefore, we prohibit harassment of any applicant, employee, vendor, independent contractor or visitor on the basis of race, color, age, sex, national origin, religion, disability, sexual orientation, gender identity or any other unlawful basis.



Employee Handbook

No employee of the TLHIGA is expected to tolerate any conduct prohibited by the policy from anyone at work or engaged in TLHIGA business. To eradicate harassment whenever possible, we will take the following steps:

- Issue this policy prohibiting harassment in the workplace and informing employees of the availability of complaint procedures and assistance with incidents of harassment.
- Give this policy and this statement wide distribution to all employees and include it in new employee orientation and employee publications.
- Provide training and instruction to both supervisory and non-supervisory personnel through in-services or other appropriate means.
- Conduct immediate and thorough investigations and enforce appropriate disciplinary actions where indicated. Particular efforts will be made to conduct investigations with due regard for confidentiality to ensure protection of the complainant and the accused while still permitting us to fully investigate any complaints. We will follow-up to determine if the complaint of harassment has been effectively stopped.

Prohibited Harassment

The following conduct constitutes prohibited “unwelcome harassment” within the meaning or coverage of this policy. Please note that, while this policy sets forth the TLHIGA's goal of promoting a workplace that is free of discriminatory harassment, the policy is not designed or intended to limit the TLHIGA's authority to discipline or take remedial action for conduct the TLHIGA deems unacceptable, regardless of whether that conduct satisfies the legal definition of harassment. The goal is to address the problem before it ever advances to severe, pervasive, or unlawful harassment.

Sexual Harassment Defined

Sexual harassment prohibited by this policy includes any unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature also constitute harassment when:

- Submission to such conduct is made either explicitly or implicitly a term or condition of and individual's employment;
- Submission to or rejection of such conduct is used as the basis for employment decisions affecting the individual;
- Such conduct has the purpose or effect of substantially interfering with an individual's work performance, creating an intimidating, hostile, or offensive working environment; or
- Such conduct otherwise adversely affects an individual's employment opportunities.

Examples of sexual harassment could include, but are not limited to: unwelcome sexual flirtation, touching, advances or propositioning; verbal abuse of a sexual nature; graphic, suggestive comments about an individual's dress or body; threats or demands to submit to sexual requests



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in order to keep a job or avoid some other adverse employment action; displaying sexually suggestive objects or pictures, cartoons, calendars, email or posters; or sexually degrading words describing an individual.

Sexual harassment can occur between employees of the same sex. It is unlawful for males to sexually harass females or other males, and females to sexually harass males or other females.

Other Prohibited Harassment

The TLHIGA also prohibits harassment on the basis of race, color, age, sex, national origin, religion, disability, sexual orientation, gender identity or any other unlawful basis when such conduct:

- has the purpose or effect of creating an intimidating, hostile or offensive working environment;
- has the purpose or effect of unreasonably interfering with an individual's work performance; or
- otherwise adversely affects an individual's employment opportunities.

Such harassment includes, but is not limited to, slurs, threats, insults, unwelcome jokes, teasing, or other similar verbal, visual, or physical conduct as well as:

- Visual conduct such as derogatory posters, photographs, cartoons, drawings or gestures.
- Written communications containing statements that may be offensive to individuals in a particular group, such as racial or ethnic stereotypes or caricatures.
- Physical conduct such as assault, unwanted touching or blocking normal movement.
- Retaliation for making or threatening to make harassment reports to the TLHIGA or for participating in an investigation into harassment allegations.

Complaint Procedure

If you feel you are a victim of any of the behaviors described above, or witness anyone engaging in any such behaviors, you must report the incident immediately. In order to prevent and remedy harassment in the workplace as quickly as possible, employees are responsible for taking full advantage of the TLHIGA's preventive and corrective opportunities and report any incidents that may violate this policy immediately so that complaints can be quickly and fairly resolved; failure to report harassment thwarts the TLHIGA's ability to combat and respond to such unlawful behavior.

To report violations of this policy, contact one of the following persons:

- A. The Executive Director of the TLHIGA
- B. The ~~Controller~~ of the TLHIGA (or the person holding the position next senior to the Executive Director)
- C. TLHIGA ~~General~~ Counsel

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Employee Handbook

If an employee believes the Executive Director is the harasser, then they can report the matter to the TLHIGA ~~General~~ Counsel or the Chair of the Board of Directors for the TLHIGA.

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Under no circumstances are you or any complaining employee required to report a complaint to the accused harasser. Do not assume that the TLHIGA is aware of your concern. Also, do not assume that others are aware of your feeling that any particular conduct or comment is unwelcome. It is your responsibility to bring your complaints and concerns to the TLHIGA's attention by following the reporting procedure outlined above so that we can help you resolve them. In addition, if the person engaging in the harassing behavior is one of the persons listed above as a report person, you must report the conduct to one of the other persons listed above. Simply telling the person to stop his/her harassing behavior is not a report.

Investigation of Unwelcome Harassment

Reports of unwelcome harassment will be treated seriously and an investigation will be initiated promptly. We will exercise reasonable care to prevent or correct any harassment by launching prompt and thorough investigations, and enforcing appropriate disciplinary actions.

Whether verbal or written, a report of harassment should include, where possible, details about the incident, the names of the individuals involved as well as any witnesses. All employees are expected to cooperate fully with investigations.

Pursuant to any internal investigation, information concerning a complaint of harassment will be released only to people involved in the investigation and as a part of that investigation. The purposes of this provision are to protect the confidentiality of the employee who files a complaint, to encourage the reporting of any incident of harassment, and to protect the reputation of any employee wrongfully charged with harassment.

Disciplinary Measures

If the TLHIGA determines that allegations of unwelcome harassment are true, it will take appropriate remedial action with the objective of ensuring that the conduct will not reoccur. A determination will be made and communicated to the person claiming harassment as soon as is practical. The remedies may vary depending on the entire facts found by the investigation, and appropriate discipline will depend upon the severity of the conduct as well as the particular circumstances. Anyone violating the policy, however, is subject to discipline up to and including immediate discharge.

Harassment By Consumers and Vendors

The TLHIGA recognizes that unwelcome harassment can also be perpetrated by a consumer, vendor, or other person with whom an employee may interact as part of his or her job. Should this occur, the reporting and investigation procedures discussed above should be followed. Where the investigation reveals that allegations of unwelcome harassment are true, the TLHIGA will undertake appropriate remedial measures to ensure that the harassment ceases.



Continued Harassment

If, following remedial action, the unwelcome harassment continues, the victim should report the recurrence of the conduct in accordance with the procedures in this policy, and the TLHIGA will take additional remedial measures necessary to end the conduct.

Discrimination and Retaliation Prohibited

The TLHIGA strictly prohibits discrimination or retaliation against any person who, in good faith, uses this complaint procedure, reports unwelcome harassment, or files, testifies, assists, or participates in any manner in any investigation, proceeding, or hearing conducted by the TLHIGA or a governmental enforcement agency. An employee who believes that he or she has experienced retaliation for making a report or assisting in an investigation shall report this as soon as possible to individuals identified above for the reporting of unwelcome harassment. At no time will an employee be subject to disciplinary action for making a good faith report of discrimination, harassment or retaliation. Of course, employees who deliberately make false statements in connection with any complaint or investigation, including the Anti-Harassment policies, are subject to corrective action, including discharge.

Training

The TLHIGA will provide all its employees, supervisors and directors information about this anti-harassment policy upon orientation, and will provide employees and supervisors training on this policy from time to time, including explaining prohibited conduct, outlining the TLHIGA's complaint procedures, and detailing disciplinary and corrective actions.

WHISTLEBLOWER POLICY

The TLHIGA requires directors, officers, employees and contractors to observe high standards of business and personal ethics in the conduct of their duties and responsibilities on behalf of the TLHIGA. As employees and representatives of the TLHIGA, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility

This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns internally so that the TLHIGA can address and correct inappropriate conduct and actions. It is the responsibility of all board members, officers, employees and contractors to report concerns about violations of the TLHIGA's Conflicts of Interest and Business Ethics Policy or suspected violations of law or regulations that govern the TLHIGA's operations.

Reporting Procedure

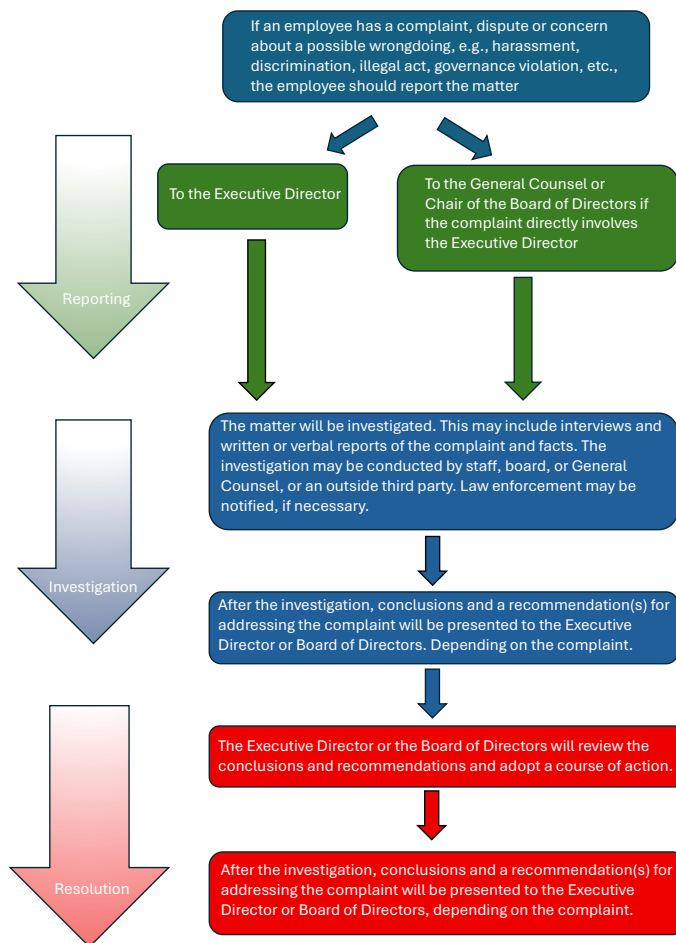
The TLHIGA has an open-door policy for directors, officers, employees and contractors to share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, employees and contractors should report to the



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Executive Director. However, if an employee or contractor is not comfortable speaking with the Executive Director, or is not satisfied with the response, that employee or contractor is encouraged to report to the Chair of the Board of Directors or the ~~General~~ Counsel.

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No Retaliation

It is contrary to the values of the TLHIGA for anyone to retaliate against any board member, officer, employee or contractor who in good faith reports a violation of the TLHIGA's Conflicts of Interest and Business Ethics Policy, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any law or regulation governing the operations of the TLHIGA. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

Acting in Good Faith

Any good faith report, concern or complaint is fully protected by this policy, even if the report, question or concern is, after investigation, not substantiated. Anyone filing a complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the TLHIGA's Conflicts of Interest and Business Ethics Policy or applicable law. Any allegations that prove not to be substantiated and have been made maliciously or with knowledge that they were false will be treated as a serious disciplinary offense.

Confidentiality

Upon the request of the complainant, the TLHIGA will use its best efforts to protect the confidentiality of the complainant for any good faith report. Violations or suspected violations may be submitted on a confidential basis by the complainant. They may also be submitted anonymously by mail or email to the Executive Director, the Chair of the Board of Directors or Board Counsel. Reports of violations or suspected violations will be kept confidential to the extent possible, with the understanding that confidentiality may not be maintained where identification is required by law or in order to enable the TLHIGA or law enforcement to conduct an adequate investigation.

Handling of Reported Violations

All reports will be promptly investigated, and appropriate corrective action will be taken if warranted by the investigation. The complainant will be informed on the status of follow-up activities within two weeks after the Executive Director, Board Chair or General Counsel has received the complaint or report. The Board of Directors shall be informed of all such complaints or reports.

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GENERAL EMPLOYMENT POLICY

Introductory Period

Each newly hired employee of the TLHIGA will be required to complete a 90-day introductory period before being accepted for employment on a regular basis.

During the introductory period, the TLHIGA will more closely assess the employee's performance. He/she will receive frequent feedback, and, if the employee completes 90 days, will receive a performance appraisal. Once the initial 90 days and the performance appraisal are completed, the TLHIGA will decide whether to change the employee's status to that of a "regular employee." The TLHIGA reserves the right to extend the introductory period if more time is needed to decide whether to make the employee a "regular employee."

Terms of the introductory period will depend on the responsibility of the employee's job; however, these terms will include, but are not limited to the following:

1. All assignments will be completed in a prompt and accurate manner.
2. Willingness to perform job responsibilities that may vary frequently.
3. All established policies and procedures, including standards of conduct, will be followed.

Employees successfully completing the 90-day introductory period will be reclassified to "regular employee" status. All employees, regardless of classification, status or length of service, are expected to meet and maintain the TLHIGA's standards for job performance and behavior.

Personnel Records and Privacy

The TLHIGA's employee files are to be retained in one central location in the business office. Access to personnel files is restricted to the Office Manager, the employee's supervisor, and the Executive Director. An employee may inspect his/her personnel file, and if so desired may request copies of specific documents, but will not be allowed to remove the file from the Office Manager's office.

Each employee is responsible for notifying the Office Manager in writing within three (3) days of the effective date of any change of address or telephone number. Additionally, any change in family status, which may affect health insurance, life insurance or any other benefits provided by the TLHIGA, should also be reported in writing.



References

It is the policy of the TLHIGA to provide only the following reference information on existing or previous employees:

Date of Hire
Date of Termination (if applicable)
Position

Salary information will be given in writing only upon written request from the entity seeking the information, which includes a written authorization from the current or former employee for whom the inquiry is directed.

Assignment of Duty

Each employee will be given a copy of his/her job description upon employment. The immediate supervisor will be responsible for assigning duties within the scope of the employee's job description. An employee's immediate supervisor, with the help of the Executive Director, will revise or update job descriptions as necessary. Job descriptions will normally be reviewed periodically to determine any needed changes.

Regular Attendance

The TLHIGA's office hours are 7:30 a.m. to 4:30 p.m., Monday through Friday. The TLHIGA depends on each employee to be at work during office hours or as otherwise arranged with his/her supervisor. Occasionally, an absence may be unavoidable. ALL UNAVOIDABLE ABSENCES MUST BE REPORTED TO THE RESPECTIVE SUPERVISOR, EXECUTIVE DIRECTOR, OR OFFICE MANAGER OF THE TLHIGA WITHIN THIRTY (30) MINUTES OF THE START OF THE WORKDAY, or as soon as physically possible. Failure to report absences may result in disciplinary action ranging from denying pay for the hours absent, up to and including discharge for excessive unscheduled absences. An employee who fails to appear for work for two consecutive days without reporting to his/her supervisor will be considered to have abandoned his/her job, and will be considered to have resigned.

Attendance Sheets

Employees will be paid based on their monthly salary. All employees must enter their hours worked, any accrued time taken, and any overtime worked into the time tracking system each week. Each weekly reporting period must be reviewed by the Office Manager. (See Wage and Salary Administration policy.) The TLHIGA's work week begins on Mondays.



Overtime

Occasional overtime may be necessary to maintain a timely work schedule. Unusual situations or rush projects requiring overtime must be pre-arranged and approved by a supervisor for non-exempt personnel. Failure of non-exempt employees to secure prior approval of overtime worked may result in disciplinary action up to and including termination. Overtime is defined as time worked in excess of 40 hours per week and will be paid only to non-exempt employees at one and one-half times the regular hourly rate of pay (computed as annual salary divided by 2080). For purposes of overtime computation, only time actually worked is counted, and unworked holidays, days off, etc., even if paid, do not count toward overtime computation.

Compensation Philosophy

The TLHIGA strives to recruit and retain qualified, high performing, and motivated employees to fulfill TLHIGA's mission and support its strategies and values. Providing fair, market competitive compensation of employees, a positive work environment, and a successful work-life balance are vital to achieving these goals.

We have developed our compensation program based on the philosophy to provide compensation that is fair, reasonable, and consistent with compensation paid by organizations of a similar size, structure, scope and complexity. Compensation will be commensurate with experience, skills, responsibilities and performance. It is also important to align the philosophy with the following objectives:

- To recognize the value each position and employee brings to TLHIGA
- To pay salaries that are equitable for work being performed
- To be equitable in pay across departmental lines
- To attract and retain fully qualified employees
- To motivate, recognize and reward employees for excellent performance
- To increase employees' understanding of pay administration
- To increase leader accountability for administering compensation

The basis upon which compensation is provided to each employee shall be documented and reviewed by the Board of Directors and the Executive Director. The compensation of Executive Director is determined by the Board of Directors.

Compensation Structure and Procedure - The TLHIGA's compensation program is composed of four key components: (1) Base Compensation; (2) Incentive Compensation; (3) Benefits and (4) Work Life Integration. The compensation may include one or more of the following benefits:

- Employer matching contributions to a 401(k) for all eligible employees;
- Health, dental, long-term disability and life insurance for full-time employees,



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- A Health Reimbursement Arrangement,
- Paid parking at TLHIGA's office location
- Twelve paid days of holiday leave annually and
- Paid leave time for full-time employees.

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TLHIGA has articulated an overall compensation philosophy specifying that pay will be benchmarked to comparable positions in the industries/sectors where TLHIGA expects to recruit talent. Our compensation philosophy drives strategic execution and competitiveness. Salaries and total cash compensation are targeted at the 50th percentile.

TLHIGA's compensation program includes periodic adjustments to salary ranges based on market changes. Any adjustments will be developed through the use of an experienced compensation and benefit consultant to develop salary ranges that are consistent and comparable with practice in the nonprofit sector.

Every five to eight years, TLHIGA will conduct a Request for Proposals process to identify and engage a compensation and benefit consultant to review the salary ranges and benefits provided to TLHIGA staff. The timing of when such study is conducted will be determined after annual evaluation of the perceived appropriateness of the current salary ranges by the Personnel Committee and the Executive Director. Such studies will utilize the four organizational factors that have been shown to have a direct link to total compensation: asset size, industry code, geographical location and years of experience (when applicable). The intent will be to benchmark at least 50%-65% of TLHIGA's positions to salary survey data.

In the interim period between the studies conducted by a compensation and benefit consultant, the Executive Director will implement annual adjustments to salary ranges based on the Cost of Living Adjustments published by the Social Security Administration. Salary ranges will reflect a 50% spread with the minimum of the salary range being 75% of the midpoint and the maximum at 125% of the midpoint.

All employees shall receive annual performance reviews conducted by their supervisors and the Executive Director or Board of Directors. The Executive Director then develops annual salary recommendations for all staff positions based on the employee's performance, including demonstration of core competencies and their compensation level in their position's salary range. It is targeted that employees fully performing the responsibilities of their position will be compensated at the midpoint or higher for their position. The targeted compensation for employees that are new to their role or not fully performing is below the midpoint. The salary recommendations will be reviewed annually with the Personnel Committee of the Board of Directors during the development and approval of the annual Operating Budget. This review shall include the compensation history paid by TLHIGA, and the salary range for each staff position.



Role of the Board of Directors - The Board of Directors is responsible for the establishment of policies and procedures to ensure that:

- decisions regarding each employee's compensation and the bases for such compensation are documented and
- compensation for each employee is fair and reasonable, based on clearly established principles, and reviewed at least annually with each employee.

The Board of Directors negotiates the contract for compensation of the Executive Director. The Board of Directors performs an annual evaluation of the Executive Director, including any recommendations from the Personnel Committee on the Executive Directors compliance with the provisions of the employment contract.

Role of the Personnel Committee - The Personnel Committee oversees all compensation matters on behalf of the Board of Directors.

The Personnel Committee oversees all elements of the periodic engagement of a compensation and benefits consultant, including the Request for Proposals process, evaluation of submitted proposals, and providing an engagement recommendation to the Board of Directors. The Committee directs the work of the consultant and reviews the report with the completed study before presentation to the Board of Directors.

The Personnel Committee reviews the annual evaluation of the Executive Director and monitors the Executive Director's compliance with the terms of the employment contract and reports to the Board of Directors.

The Personnel Committee annually reviews all benefits provided to TLHIGA employees, including salaries, with the Executive Director and reports to the Board of Directors.

Avoidance of Conflict of Interest - Decisions regarding TLHIGA employees' compensation are the sole responsibility of the Board of Directors. No member of the staff, including the Executive Director, is a member of the Board of Directors, and the Board of Directors may not delegate the authority to set compensation. The foregoing policy is adopted to ensure that no member of the staff has a vote on any matter concerning compensation paid to himself or herself.

Performance Evaluations and Salary Adjustments

Performance evaluation reviews are conducted annually in February, for the immediately preceding calendar year, irrespective of employee hire date anniversaries, but may be held more or less frequently, depending on the TLHIGA's business needs. All evaluations will be reviewed by the Executive Director before being given to the employee. When appropriate, salary increases will be made upon completion of the performance evaluation. This should not be construed to mean all employees will receive annual salary increases. Salary adjustments are based on merit and may be postponed or not



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considered at all. Likewise, performance evaluation reviews may be conducted throughout the year if the employee's specific performance or change in job responsibilities so justifies.

Salary adjustments are based on work performance. All salary adjustments will be approved by the Executive Director.

Any increase in pay resulting from a promotion will have the same effective date as the promotion. Promotional increases vary, depending on the employee's current position and the level of the new position.

The effective date of any promotion or salary adjustment, other than on the employee hire date anniversary, will not change the employee's performance evaluation date; however, the employee's hire date anniversary will continue to be used for accrued leave purposes (see ACCRUED TIME Policy).

Wage and Salary Administration

All employees will be paid on the 15th and last day of each month. Pay will be calculated for all time worked through payday. All time reporting must be completed and submitted through the online system on Tuesday for the prior week's work. Overtime will be paid at the next pay period following the one in which it was accrued. When a regularly scheduled payday falls on a weekend or TLHIGA recognized holiday, paychecks will be distributed on the last working day prior to the pay date.

Travel Expenses Reimbursement

Employees traveling for business will be reimbursed for lodging, meals, mileage and other reasonable and applicable expenses as approved by the employee's supervisor or the Executive Director.

Travel Advances

For those employees who are required to travel for business purposes and do not wish to use their personal funds and/or credit cards pending reimbursement by the TLHIGA, travel advances will be permitted.

Ethical Standards and Conflicts of Interest

The TLHIGA expects its employees to observe the highest moral and ethical standards in all dealings in which they represent the TLHIGA. The TLHIGA's employees must also avoid activities that create a conflict of interest to the TLHIGA's operations. While the TLHIGA recognizes and respects each employee's right to privacy and to engage in lawful activities outside the scope of their employment with the TLHIGA, each employee also has an obligation to refrain from activities that conflict or interfere with the TLHIGA's



responsibilities. An employee who has any question whatsoever about whether a situation might create an ethical violation or conflict of interest, should ask the Executive Director for guidance.

The TLHIGA reserves the right to determine when an activity conflicts with its interests and to take whatever action is necessary to resolve the conflict. If necessary, this action can include the employee's termination.

Conflicts of interest are not always easy to describe beforehand. Listed below are some activities that can trigger discipline by the TLHIGA. In general, the situations described below are only examples in which an employee's activities could conflict with their responsibilities to the TLHIGA. It should also be remembered that, in many cases, it is just as important to avoid the appearance of a conflict as to avoid the conflict itself.

Examples Of Conflicts Of Interest

1. Outside employment: No employee shall accept simultaneous employment when that employment would present a conflict of interest. While the specific business or area in which the outside employment occurs could create a conflict, a conflict might also arise if the hours or conditions of the other job interfere with the employee's performance for the TLHIGA.
2. Outside business interests: No employee should establish or maintain an outside business interest that would cause any type of conflict. In addition, no employee may have any personal financial dealings with any individual or business organization, other than a regulated financial institution, that furnishes merchandise, supplies, property, or services to the TLHIGA.
3. Gifts and entertainment: This policy does not cover a gift whose value is so small that it is not likely to influence a business decision. No employee shall accept gifts of more than nominal value from any individual or organization that does business, or seeks to do business, with the TLHIGA, including government employees. Also, no employee shall accept any travel, living, or entertainment expenses from such persons or organizations. Similarly, no employee shall give gifts of more than nominal value to any individual or organization that does business, or seeks to do business, with the TLHIGA, including government employees. Also, no employee shall give any travel, living, or entertainment expenses to such persons or organizations.
4. Fair dealings: All employees will conduct themselves in a fair and ethical manner in all transactions on behalf of the TLHIGA.
5. Legal requirements: No employee will do anything in the conduct of business that would violate any local, state, or federal law.



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6. Political activities: Employees are encouraged to support political candidates of their choice, by active support as well as by voting. All such activity must be conducted on the employee's own time, there must be no use of the TLHIGA's facilities or resources for this purpose, and the employee must not hold him or herself out as acting on behalf of the TLHIGA in these activities.

Every TLHIGA employee shall immediately and fully disclose to the Executive Director any matter in which the employee is involved that might reasonably represent a conflict of interest or an appearance of a conflict of interest. Any employee of the TLHIGA who becomes aware of any violation or possible violation of this policy by another employee or vendor shall report the facts and circumstances in confidence by contacting one of the following persons:

- A. The Executive Director of the TLHIGA
- B. The Controller of the TLHIGA (or the person holding the position next senior to the Executive Director)
- C. TLHIGA General Counsel

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If an employee believes the Executive Director is involved in a conflict of interest, then the employee shall report the matter to the Chair of the Board of Directors for the TLHIGA.

Personal Appearance Standards

The nature of the services provided by the TLHIGA requires all employees to convey a professional image through proper dress, personal appearance, cleanliness and neatness.

The TLHIGA has a "**Business Appropriate**" dress policy Monday through Friday.

Business Appropriate means that each employee will use his or her good judgment in deciding whether business professional or business casual attire is appropriate for a given day's business activities. You should consider each day's activities when determining what to wear. If we are hosting a meeting, including boards and committees, or you are attending a meeting with a client or referral source, you should refrain from wearing casual attire. If, on the other hand, you are working in the office or at a client that has a business casual dress policy, you may wear business casual attire. If you have any uncertainty, it is better to be more dressed up and err on the side of business professional.

Business Appropriate:

Slacks/pants
Capri pants
Jeans
Sandals (women only)
Skirts

NOT Business Appropriate:

Shorts
T-shirts
Sweats or exercise suits
Tennis shoes
Flip-flop sandals



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Dresses	Tights/leggings/yoga pants when not in combination with a skirt or dress
Sundresses	Revealing clothing
Business suits	Blouses with "spaghetti" straps
Sport coats/jackets	Sleeveless shirts (men only)
Collared shirts	Halter tops/tube tops
Collarless shirts, other than t-shirts	Clothing with logos, other than manufacturer's logo
Sweaters	Clothing that is torn, dirty or excessively wrinkled

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Your clothing should be neat, crisp (pressed) and in good condition (not faded) to ensure a professional appearance. Please use good judgment when selecting your attire for business purposes.

The option of wearing business casual allows each of you to feel comfortable at work, yet maintain an appropriate business environment. You should be dressed appropriately should a member of the Board of Directors, or other business professionals, be in our offices. You can be neat in appearance in casual attire and still look like you are coming to work in a business office environment.

Substance Abuse

The abuse of drugs and alcohol is a serious threat to the TLHIGA and its employees. The possession, use or sale of any illegal drug at any time or the consumption of alcohol or any other legal intoxicant that would render the employee under the influence while on the TLHIGA's premises or during the TLHIGA's sponsored functions, business travel or meetings will not be tolerated. Each employee is responsible for knowing his/her limits and controlling his/her consumption of alcohol while representing the TLHIGA in a business or business social setting; while traveling; and while out of the office. The TLHIGA's Substance Abuse policy is intended to provide a safe and healthy workplace for all employees, prevent accidents, and apply Section 406.032 of the Texas Labor Code.

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Illegal drugs include those controlled substances under federal or state law which are not authorized for sale, possession or use; legal drugs such as inhalants which are obtained, used or distributed illegally; and the use of prescription or over-the-counter drugs not in accordance with the prescribed instructions. In addition, alcoholic beverages are considered prohibited substances under the policy, and include beer, wine or hard spirits.

Violation of this policy will result in disciplinary action up to and including immediate discharge. In arriving at a decision for proper action, the seriousness of the infraction, the past record of the employee, and the circumstances surrounding the matter will all be taken into consideration.

Commented [DP1]: I'm not sure to what Section 7.10 was intended to relate as there is no such section in the Texas Workers' Compensation Act. Section 406.032 added here is the intoxication defense which provides that no benefits are due if an employee is injured while in a state of intoxication. Below, I added language that would permit the TLHIGA to require a drug test in the event of an injury in the course and scope of employment. The substance abuse policy is a best practice, but is not required to apply the intoxication defense. Therefore, I changed "comply" to "apply."



While we do not sponsor or endorse any specific drug treatment program, such programs are available through public and private health care facilities in our area. Affected employees are encouraged to seek assistance for themselves and their dependents. An employee who voluntarily seeks to enroll in a certified drug or alcohol treatment program before the employee has been determined to be in violation of this policy will not be terminated for seeking treatment. The group health insurance offered to employees and their dependents provides limited coverage for expenses related to drug and alcohol treatment programs. Refer to your insurance coverage certificate for details.

The TLHIGA does not currently require drug testing as a condition for employment. However, we may require drug testing as a condition for continued employment in certain circumstances or for employees in certain positions. If facts or circumstances would lead to a reasonable suspicion that an employee is under the influence of alcohol or drugs, the employee may be required to undergo a drug or alcohol screen, and an employee's refusal to take such a test may result in the immediate discharge of the employee. The TLHIGA may require drug testing in the event an employee is injured in the course and scope of employment for TLHIGA.

The TLHIGA reserves the right to search the desks, cabinets or other personal areas of employees to the extent necessary to enforce this policy.

The TLHIGA reserves the right to change this policy at any time.

Personal Business

The TLHIGA understands that employees occasionally may need to conduct personal business during business hours. Employees are asked to act responsibly when taking TLHIGA time to conduct personal business, and to refrain from using TLHIGA resources for personal business. All employees should attempt to use lunch periods and after-work hours to conduct personal business. Employees should refer to the Policies and Procedures relating to Computer Systems, Electronic Mail, Internet Services, and Social Media for additional information on the use of TLHIGA property and resources.

Rules of Conduct and Employee Discipline

The TLHIGA seeks to establish and maintain standards of employee conduct and supervisory practices that will support effective operations in the interest of the TLHIGA and its employees. Such procedures include the administration of fair and consistent employee discipline.

When necessary, TLHIGA management will discipline an employee in a manner that is appropriate to the situation. Some employee behavior or work-performance may result in immediate termination; other problems are more appropriately handled by warnings, counseling, additional training, written reprimands or probation. The disciplinary action



may include all, begin at, or skip any of these stages as appropriate. The TLHIGA reserves the right to take disciplinary actions that are not specifically outlined in this policy. These disciplinary guidelines are intended to give employees and supervisors guidance as to the type of discipline available to the TLHIGA. Nothing within this policy should be understood to alter the "at will" status of the employee.

Termination of Service

Employment with the TLHIGA is based on the mutual consent and understanding that the employee or the TLHIGA has the privilege to terminate employment. In an effort to avoid a personnel shortage and to allow time to select a replacement, the TLHIGA requests a resigning employee give his/her supervisor adequate advance knowledge of the employee's desire to terminate. The TLHIGA requests an employee give two weeks notice when at all possible. An employee who voluntarily terminates his/her service, is laid-off, or is terminated for performance difficulties not related to misconduct will receive compensation for accrued but unused vacation leave, (provided the employee has been continuously employed for six (6) months).

An employee whose employment is terminated by the TLHIGA for specific acts of misconduct will not receive compensation for accrued but unused vacation.

Upon termination, compensation will not be paid under any circumstances for accrued sick leave, personal days or paid holidays.

An employee who voluntarily resigns his/her employment will be mailed a final paycheck on the payday immediately following the date of termination. In the event an employee is involuntarily discharged from employment he/she will be paid in full not later than the sixth day after the date of discharge.

Loss of Key and Access Card

Employees who lose their key to the TLHIGA's office or parking garage/building access card will be charged the cost of re-keying the office locks and replacing the access card. Duplication of any office key, or sharing of an access card, by any employee is strictly prohibited.

Extended Leave of Absence

A leave of absence (without pay) will be granted to regular, full-time employees who are unable to work for either one or any combination of the following reasons:

1. Medical -- Up to 12 weeks of unpaid leave for an employee who has been employed for a minimum of 1 year *and* who has worked a minimum of 1,250 hours in the most recent 12-month period before the leave is taken. Medical leave may be used if the employee has a serious health condition, or to care for an immediate



family member (spouse, child, or parent) with a serious health condition. Serious health conditions for a leave of absence may be taken for the following seven categories:

- inpatient care
- incapacity for more than three days with continuing treatment by a health care provider
- the birth of a child or care for a newborn child
- the placement of a child for adoption or foster care and to care for the newly placed child
- chronic serious health conditions
- permanent or long-term incapacity, and
- certain conditions requiring multiple treatments.

2. Military Caregiver – Up to 26 weeks of unpaid leave for an employee who has been employed for a minimum of 1 year *and* who has worked a minimum of 1,250 hours in the most recent 12-month period before the leave is taken. To take military caregiver leave, an employee must be a member of the Armed Forces, or the spouse, son, daughter, parent, or next of kin to care for a member of the Armed Forces who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness.
3. Military Service – Unpaid leave as required by current state and federal laws for an employee who serves in the Armed Forces, the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard Duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President in time of war or emergency (all referred to as “Armed Services” for this policy). Subject to certain exceptions under the applicable laws, these benefits are generally limited to five years of leave of absence, and reemployment may or may not be available in the position in which the employee had been employed prior to military service.

An employee who has engaged in military service must, in order to be entitled to the reemployment rights set forth above, submit an application for reemployment to the Executive Director according to the following schedule:

- a. **If service is less than 31 days (or for the purpose of taking an examination to determine fitness for service)** – the employee must report for reemployment at the beginning of the first full regularly scheduled working period on the first calendar day following completion of service and the expiration of eight hours after a time for safe transportation back to the employee’s residence.
- b. **If service is for 31 days or more but less than 181 days** – the employee must submit an application for reemployment with the Executive Director no later than 14 days following the completion of service.



- c. **If service is over 180 days** – the employee must submit an application for reemployment with the Executive Director no later than 90 days following the completion of service.
 - d. **If the employee is hospitalized or convalescing from a service-connected injury** – the employee must submit an application for reemployment with the Executive Director no later than two years following completion of service.
- 4. Request for leave -- When possible, requests for a leave of absence should be made in writing to the Executive Director with as much advance notice as possible, stating the starting date and the estimated return to work date. All earned accrued leave (sick and vacation leave) must be used prior to going on an extended leave of absence that has been approved by the Executive Director.
- 5. Reporting while on leave -- For Medical and Military Caregiver leaves of absence, employees are required to report at least every fifteen (15) days to the Executive Director regarding the status of reason for their leave their intent to return to work. Employees may be required to provide satisfactory evidence substantiating their need for continued leave. Employees on Military Service leave are encouraged to keep the Executive Director apprised of their status and intent to return to work as they are able.
- 6. Benefits while on leave
 - a. Health insurance - Employees will be entitled to continuation of the same group health insurance coverage on the same terms as if she or he had continued to work. For the first twelve weeks of leave the TLHIGA will pay the employer portion of premiums, and after that the employee is responsible for paying all premiums for the coverage (employer and employee portions).
 - b. Vacation and sick leave -- Employees will not accrue sick or vacation leave while on extended leave of absence.
 - c. Retirement -- Employer contributions to any retirement plans, vesting of benefits, and accrual of benefits relating to length of service will cease during extended leave of absence.
- 7. End of leave -- If at the end of the leave of absence, an employee is not able to return to his or her job because he or she is unable to perform essential functions of his or her job, either with or without reasonable accommodation, due to illness or injury, then the employee will be separated from employment.
- 8. Armed Services Employees -- An employee in the Armed Services will not be denied initial employment, re-employment, retention in employment, promotion, or any benefit of the TLHIGA on the basis of membership in, application for membership in, performance of service in, application for service in, or obligation



to serve in the uniformed services. The TLHIGA will make every effort to re-employ an employee in the Armed Services who has been on leave for service so long as the re-employment is possible, reasonable, and does not cause an undue hardship on the TLHIGA.

Compensable Injury Leave of Absence

If an employee suffers a compensable injury or legal occupational disease involving on-the-job injuries or diseases, medical leave will be granted regardless of the employee's length of service or status. An employee may remain employed for continuous service purposes while out on workers compensation leave for up to one year. All on-the-job injuries must be reported immediately to the supervisor or Executive Director in writing. (See WORKER'S COMPENSATION INSURANCE Policy)

Jury Duty

If summoned, employees are encouraged by the TLHIGA and required by law to serve as jurors. Upon proof of jury duty service, as evidenced by the juror's pay warrant, the TLHIGA will pay the employee's regular benefits for a period of up to ten working days. If the jury duty extends beyond ten days, the employee may be placed on an informal leave of absence at the discretion of the Executive Director. For the purpose of this policy, informal leave of absence is defined as a leave of absence for which the duration is undetermined, for which the employee's position will be held for the duration, and for which the employee will be paid only for accrued time and insurance benefits will continue.

Bereavement Leave

In the event of a death in an employee's immediate family, a full-time employee will be eligible for up to three days of leave with pay (five days if family member and funeral services are outside the Austin metropolitan area) or as approved by the Executive Director, within seven days of the death of the relative. Immediate family member is defined as a spouse, child, parent, brother, sister, grandparent or similar in-law relationship.

Employment of Relatives

No member of an employee's immediate family may be employed by the TLHIGA. Exceptions to this policy must have prior approval from the Executive Director.

Automatic Termination Policy

Under no circumstances may a leave of absence last more than six months. If an employee is unable, fails, or is not returned to full-duty work from an authorized leave of absence, for whatever reason, at the end of six months from the first day the leave began, his/her employment will automatically terminate. An employee will be considered unable



to return to work if he/she cannot perform the essential functions of the job, with or without reasonable accommodation.

Promotions and Transfers

The TLHIGA encourages career advancement by providing for internal promotion and/or transfers whenever practical. Accordingly, the TLHIGA's employees are given prior consideration in applying for vacant positions. When an opportunity for promotion or transfer within the TLHIGA occurs, any employee with three months of service in his/her current position may apply. No employee on disciplinary probation will be considered for a promotion or transfer. Employees' attendance records and performance evaluations are among criteria to be used in determining the most qualified applicant.

Payroll Deductions

Deductions required by law will automatically be deducted from each paycheck. They are Federal Income Tax and Social Security (FICA) Tax.

Additional payroll deductions may be arranged at the employee's request and upon completion of a payroll deduction form. Only deductions required by law or authorized in writing by the employee will be withheld from a paycheck.

Wage Overpayment / Underpayment

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 the Office Manager or Executive Director, so that corrections can be made as soon as possible. If the employee has been underpaid, the Company will pay the employee the difference as soon as possible. If the employee has been overpaid, the employee will need to return the amount of the overpayment, and no employee is entitled to keep any overpaid amounts. Any overpayment will be considered an advance against future wages payable, and will be deducted in whole or in part from the next available paycheck(s) until the overpaid amount has been fully repaid. Each employee who is overpaid is expected to sign a wage deduction authorization agreement authorizing repayment of the overpaid amount. However, the Executive Director has the discretion to require the overpayment amount be repaid immediately, rather than be withheld from future paychecks.

Smoking

Smoking, including vaping, is prohibited in the TLHIGA's offices.

Confidentiality

Information concerning the operations of the TLHIGA is strictly confidential and must not be discussed with unauthorized persons either inside or outside the TLHIGA's premises.



Employee Handbook

At no time should information concerning the TLHIGA's operations be discussed during the course of casual conversation (e.g., lunch, break or after office hours) nor should it be discussed in a fashion which does not support efforts to render the professional image of the TLHIGA.

The TLHIGA provides the necessary computer hardware, software, email account and Internet connectivity an employee needs to perform his/her duties as an employee. Business information which includes, but is not limited to, computer hardware and software and related to research, accounting and financial, policy and procedures, and all other information that is of a confidential nature must remain confidential and employees will not disclose or reproduce this information to outside sources. An employee will use his/her best efforts to protect and safeguard the confidential information of the TLHIGA.

As with all TLHIGA assets, e-mail is intended for authorized business uses only. The e-mail program on the TLHIGA's computer network is available to employees for business purposes. Employees should be aware that all information sent by e-mail is subject to review by the TLHIGA's management.

Employees should refer to the Policies and Procedures relating to Computer Systems, Electronic Mail, Internet Services and Social Media for additional information on the use of TLHIGA property and resources.

Absenteeism

Every employee has the responsibility to maintain a good attendance record. An employee with nine or more sick leave absences in a 12-month period is considered to have excessive absenteeism. An employee who has been absent for more than three consecutive days due to illness may be required to present to his/her supervisor a written certification of inability to work from his/her physician. If the absence is due to other causes, the appropriate verification documentation may be required. An employee who is absent for two consecutive days and fails to notify the supervisor will be presumed to have resigned.

Employee Policy

At the time of hiring, every new employee will receive a copy of the TLHIGA's Employee Handbook. The employee will review the Handbook, sign and return the following acknowledgement pages to the Office Manager:

- Handbook Acknowledgment Statement
- Receipt of Office Key and Access Cards
- Policy and Procedures on Computer Systems, Electronic Mail, Internet Services and Social Media



The Employee Handbook may be revised at any time by management of the TLHIGA.

Handgun Policy

Handguns are prohibited on the TLHIGA's property, irrespective of whether an employee is licensed by law to carry a concealed handgun. Violation of this prohibition is a criminal offense and will result in immediate termination.

EMPLOYEE BENEFITS

Accrued Time

Accrued time is defined as combined time earned by regular full-time employees for purposes of paid time off for vacation, illness, or personal reasons. Accrued time for vacation, illness or personal reasons begins with the first day of employment and continues to accrue pursuant to terms set forth herein. Any days off must be approved by the employee's immediate supervisor. Any requests for scheduled time off for vacation or personal reasons must be approved by the supervisor prior to the time requested leave is to begin. Reports of illness must be received by the immediate supervisor within at least 30 minutes before or after the start of the employee's scheduled work day. If the employee's immediate supervisor is not available for notification the employee must notify the Executive Director or Office Manager.

Failure to comply with the above notice requirements for any paid time off may result in non-approval for the time off with pay. Non-approved days will not be paid regardless of the amount of available accrued time due the employee.

Approved accrued leave will be paid at the employee's regular rate of pay. Any leave taken, paid or unpaid, is not considered hours worked for overtime calculations. Accrued, but unused vacation will be paid to an employee, upon termination, in accordance with this handbook. (See "Termination of Service" section.)

Accrued time for vacation and sick leave is earned on the following basis:

Vacation Leave Accrual (Accumulation)

<u>Years of Service</u>	<u>Accrual Amount</u>
0 through 2 years	8 hours per month
Greater than 2 years through 5 years	9 hours per month
Greater than 5 years	10 hours per month

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Employee Handbook

Monthly accrual is effective the 1st day of the month. (Entry to payroll and other recordkeeping is the last pay date of the preceeding month.)

Example: 4/1 accrual entered 3/31 payroll date

Monthly accrual changes on last payroll date of the month following attainment of completed year.

Example: 2 years completed 4/15, 4/30 payroll for 5/1 accrual will reflect 9 hours monthly accrual

Vacation Leave Carry-Over

An employee may accrue and carryover up to 40 hours of vacation leave per year. No employee may take more than three weeks of vacation consecutively unless authorized by executive management. Accrued time is not earned during a leave of absence without pay.

Regular full-time employees who transfer to a scheduled part-time category of employment may retain and use all time that they accrued prior to the transfer.

Accumulation and Carry-Over of Sick Leave

Regardless of length of service, sick leave shall accrue at 8 hours per month (96 hours annually). An employee may carry-over up any unused sick leave at the end of a year. There is no limit on the amount of sick leave that may be accumulated. This leave may be used for illness absences including but not limited to, long term illnesses, hospitalization, care for immediate family members, etc. which require a longer than normal amount of time off, but it may not be used for vacation.

Holidays

The TLHIGA's offices are closed on the following twelve paid holidays:

- New Year's Day
- Martin Luther King, Jr. Day
- Good Friday
- Memorial Day
- Juneteenth National Independence Day
- Independence Day
- Labor Day
- Veteran's Day
- Thanksgiving (2 days to include the Friday after)
- Christmas (2 days as determined each year)



Employee Handbook

If a holiday falls on a Saturday, the TLHIGA will observe the holiday on the Friday prior to the holiday. If the holiday falls on a Sunday, the TLHIGA will observe the holiday on the Monday after the holiday.

In addition, the TLHIGA also offers two paid personal days off per calendar year. Each regular full-time employee (who has completed three months of employment) is entitled to take these personal days at any time during the calendar year with approval prior to the time requested time off is to begin. There is no carryover of personal days.

Group Insurance and Related Benefits

All full-time employees are eligible to enroll in the TLHIGA's group insurance plan and related benefits. These benefits may include health, dental, disability, and life insurance, and a health saving account. All benefits are subject to change from time to time. Employees who enroll in the group insurance plan will become eligible to use the TLHIGA's group insurance benefits beginning on their first day of employment. Employees should refer to the insurance documents for details concerning these benefits.

Worker's Compensation Insurance

All employees are protected by Workers Compensation Insurance for any injury or illness occurring from and in the course of employment with the TLHIGA.

Employees who suffer an injury on the job, no matter how minor, must report the incident to their immediate supervisor immediately. The supervisor will direct that the employee be taken to the appropriate medical facility or will take the injured employee to the appropriate emergency or treatment facility if necessary. Employees who lose time from their job as a result of an injury in the course and scope of employment, will be paid workers' compensation benefits in accordance with the Texas Workers' Compensation Act.

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Parking

Parking costs for employees are paid for by the TLHIGA. Employees are to provide their vehicle's make, model and license plate information so it can be kept on file with the parking garage management company and security services that monitor onsite parking facilities.

Education Expense Reimbursement

The TLHIGA has established this policy under which an employee may receive reimbursement for taking additional courses to pursue a bachelor's or master's degree at an accredited college or university or a review/training course to pursue a professional designation or license. Employees are encouraged to work to their full potential by increasing their skills and knowledge. Participation in pre-approved external educational



programs that are mutually beneficial to the employee and the TLHIGA will be given consideration for financial assistance as defined in this policy.

Participation by employees in this program in accordance with this policy does not affect the employee's status as an "At Will" employee.

Employee Eligibility Criteria - In order to participate in the program and be eligible for reimbursement, the employee must meet the following requirements:

- Be a full time, regular employee,
- Have been actively employed by the TLHIGA for at least one full year prior to beginning of the course(s),
- Satisfactorily meeting the requirements of her/his position, and
- Not be on probationary status during any portion of the course.

Eligible Course Criteria - The course(s) that would be eligible for expense reimbursement must be one of the following:

- Course(s) offered by a state, community or online college or university accredited by one of the nationally recognized accrediting associations or
- Course(s) offered by an accredited review/training course vendor for a professional designation or license, including related testing for the designation or license.

In addition, the course must be applicable to the employee's current job, or future position, and the TLHIGA's field of work and offered at a time that feasibly does not interfere with normally scheduled working hours, unless approved by the Executive Director in advance.

Reimbursable Expenses and Limitations - The expenses that are eligible for reimbursement under this policy are listed as follows:

- Tuition and fees for required course materials, e.g. lab fees, required books and the fee to take a test for a professional designation or licensing exam. Fees and expenses not reimbursable include computer hardware/software, calculators, instructional tapes, parking fees or other optional expenses and supplies not specifically required but may aid the employee with the course.
- The eligible expenses for courses offered through a private college or university will be limited to a comparable course offered at a state, community or online college or university.
- Tuition expense is limited to the in-state tuition rate. Employees not meeting the in-state residency requirements will only be eligible for reimbursement of tuition equal to that of the in-state rate.



Employee Handbook

- Upon successful completion of the pre-approved course with a passing grade (or a passing grade on the test for a professional designation or license), the TLHIGA will reimburse the employee 75% of the eligible expenses, up to a maximum reimbursement of \$5,000 per calendar year.
- If an employee does not receive a passing grade, she/he is ineligible for reimbursement. If the course, training or test is retaken and a passing grade is obtained, only the eligible expenses for one course or test will be reimbursed.

Pre-Approval - The employee must request approval from the Executive Director prior to commencing the course. The request must include:

- Material from the college, university or training vendor that provides a description of the course, including timing, duration, cost and required materials.
- A written statement from the employee regarding the purpose and applicability of the course to her/his job responsibilities and the TLHIGA.
- An executed Reimbursement Repayment Agreement.

Reimbursement Repayment Agreement - An employee receiving approval for reimbursement of eligible expenses must execute a repayment agreement that provides for repayment of the reimbursement in the event she/he voluntarily terminates employment with the TLHIGA. The percentage of the reimbursement that must be repaid is tied to the amount of time that has elapsed between the date(s) of reimbursement and the employee's termination date as shown in the following table:

TIME ELAPSED Amount of time between the date(s) of the reimbursement and the employee's termination date	PERCENTAGE OF REPAYMENT Applicable to the amount of the reimbursement received during the 24 months prior to the employee's termination date
6 months or less	100%
More than 6 months, but less than 12 months	75%
More than 12 months, but less than 18 months	50%
More than 18 months, but less than 24 months	25%

Retirement Plan

A 401(k) safe harbor retirement plan is provided to all full-time employees of the TLHIGA.

All full-time employees are eligible to participate in the plan on the next enrollment date following the attainment of age twenty-one (21) and the completion of six (6) months of employment. Plan description documents are furnished upon enrollment and when

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changes to the Plan are made, and employees should refer to these documents for details, such as employee contributions, employer contributions, and vesting.

REMOTE WORKING POLICY

The TLHIGA has established this policy and guidelines for remote working.

Remote Working Definition - Remote working is a work arrangement that allows or requires employees to work at home or at some other off-site location for all or some of their regularly scheduled work hours. Although not all tasks can be performed satisfactorily from a location other than the TLHIGA's offices, the TLHIGA recognizes that, in some cases, remote working arrangements provide a mutually beneficial option for both the TLHIGA and its employees.

TLHIGA employees working remotely must be able to carry out the same duties, assignments and other work obligations from their approved remote working locations as they would do working in the TLHIGA's offices. Each employee must comply with and adhere to all other TLHIGA policies while working remotely.

Remote working arrangements are implemented at the sole discretion of the Executive Director to ensure productivity will remain stable or increase while ensuring the protection of all TLHIGA information and equipment.

The TLHIGA has the right to refuse to make remote working available to an employee and to terminate a remote working arrangement at any time.

Remote Working Agreement - Each remote working TLHIGA employee must complete and submit a Remote Working Agreement form (Attachment A) to the Executive Director at least 5 business days prior to the proposed effective date, if practical.

Compensation and Work Hours - The employee's compensation, benefits, work status and work responsibilities will not change due to participation in a remote working arrangement. Employees must observe established office hours and be available by phone and email such hours. The amount of time the employee is expected to work per day or pay period will not change as a result of participation in the arrangement.

Availability and Responsiveness - TLHIGA employees working remotely must be available to attend scheduled meetings, including meetings and other activities at the TLHIGA's office, as deemed necessary by management. Except for extraordinary circumstances, the TLHIGA will provide at least 24 hours' notice for events held in the TLHIGA's offices.



Employee Handbook

Equipment/Tools/Supplies - Employees are responsible for equipping and maintaining their remote working location so they can accomplish their work in an efficient and expeditious manner.

The TLHIGA may provide specific tools/equipment/supplies for the employee to perform his/her current duties as approved by the Executive Director. This may include computer hardware, computer software, email, VoIP phone system, connectivity to host applications, office supplies, furniture and other applicable equipment as deemed necessary. The tools/equipment/supplies must be returned to the TLHIGA upon request.

The tools/equipment/supplies provided by the TLHIGA for use at the remote working location is limited to use by the employee authorized by TLHIGA and for purposes relating to TLHIGA business. The employee should exercise all reasonable precautions to prevent damage to or theft of TLHIGA equipment. The TLHIGA will provide for repairs to TLHIGA equipment. When the employee uses her/his own equipment, the employee is responsible for maintenance and repair of that equipment. The TLHIGA accepts no responsibility for damage or repairs to employee-owned equipment.

Office supplies normally stocked in the TLHIGA's office may be picked up at the office or arrangements may be made through the Office Manager for direct shipment to an employee's remote working location. Visits to the TLHIGA's office to obtain supplies should be coordinated through the employee's supervisor or the Executive Director to ensure the safety of all employees.

Out-of-pocket expenses incurred by an employee working remotely for telephone and internet services that are used for personal or non-TLHIGA business purposes, will not be reimbursed by TLHIGA even though these services may also be used to conduct TLHIGA business. Expenses of an employee working remotely for a good or service that exclusively benefits TLHIGA may be eligible for reimbursement, and will be considered on a case-by-case basis. The Executive Director's approval should be obtained before any such expenses are incurred.

Remote Working Location and Occupational Safety - The Executive Director must approve the employee's chosen remote working location, and the remote workspace within the remote working location designation for placement and installation of equipment. The employee shall maintain this workspace in a condition so the TLHIGA equipment is reasonably protected from being damaged or stolen and that complies with the same safety standards as the TLHIGA's office, free from hazards and other dangers to the employee and equipment. Noncompliance with Occupational Safety and Hazard Administration regulations may require the discontinuation of the remote working agreement with that employee.

The employee is expected to ensure the protection of sensitive TLHIGA and policyholder information accessible from the remote working location. Any TLHIGA materials should

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be maintained securely in the designated remote working area and not be made accessible to others. It is preferred that TLHIGA information only be viewed in the remote working location and all work product saved on the TLHIGA's network or cloud application and not downloaded to or saved on the employee's workstation or laptop in the remote working location. Any information that requires printing as part of the specific task being performed should be securely stored or shredded after use.

The employee may be subject to periodic monitoring of the remote working location, workspace, equipment and system usage. The TLHIGA has the right to make on-site visits (with 48 hours advance notice, or with no notice if the Executive Director believes there is an immediate need to visit the remote work location) to the remote work location for purposes of determining that the site is safe and free from hazards, and to maintain, repair, inspect, or retrieve company-owned equipment, software, data or supplies.

Using the remote working location as a meeting venue to conduct TLHIGA business is not authorized by TLHIGA in any circumstances. Any TLHIGA business meeting should either be conducted at TLHIGA's offices when possible and safe or else virtually.

TLHIGA expressly disclaims any responsibility or liability for any damages or injuries caused by any unauthorized use of the remote working location for TLHIGA business meetings or unauthorized deliveries of office supplies and special-order items needed to conduct TLHIGA business to an employee's remote working location.

Liability and Worker's Compensation - The employee's remote working location will be considered an extension of the TLHIGA's workspace. During work hours and while performing official TLHIGA business in the course and scope of the employee's TLHIGA work functions in the designated remote work location, TLHIGA employees are covered by the TLHIGA's worker's compensation policy.

The TLHIGA is not liable for loss, destruction, or injury that may occur in or to the employee's remote work location. This includes family members, visitors, or others that may become injured within or around the employee's remote work location.

Firearms - The TLHIGA prohibits **firearms** in the workplace but it will not be a violation of this Remote Working Policy if the employee maintains a **firearm** in his or her remote working location. However, the use or discharge of any such **firearm** while working remotely is not authorized by TLHIGA in any circumstances. Any use or discharge of any **firearm** shall be outside the course and scope of employment by TLHIGA, and the employee shall be exclusively and fully responsible for any intentional or accidental use or discharge. TLHIGA expressly disclaims any responsibility or liability for the damage or injury caused by any unauthorized use or discharge of any **firearm** owned or possessed by the employee.

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Dependent Care - Remote working is not a substitute for dependent care – caring for children or ill relatives, or similar care. TLHIGA employees working remotely will not be available during the TLHIGA's business hours to provide dependent care.

Taxes - It will be the employee's responsibility to determine any income tax implications of maintaining a remote working location. The TLHIGA will not provide tax guidance nor will the TLHIGA assume any additional tax liabilities. Employees are encouraged to consult with a qualified tax professional to discuss income tax implications.

Evaluation - The employee shall agree to participate in all studies, inquiries, reports and analyses relating to this program. The employee remains obligated to comply with all TLHIGA rules, practices and instructions.

Termination - The TLHIGA has the right to cancel or suspend an employee's remote working privileges at any time, for any reason or for no reason.



Employee Handbook

ATTACHMENT A - TLHIGA Remote Working Agreement

Print Name _____

Position Title _____

FLSA Status ☐ Exempt ☐ Non-Exempt

This remote working agreement will begin and end on the following dates:

Start Date _____ End Date _____

Address of Remote Working Location _____

Equipment the TLHIGA will provide.

Equipment the employee will provide.

I have read and understand the terms and conditions associated with working remotely under the Remote Working Policy (RWP). I agree to abide by these terms and conditions set forth in the RWP. I understand that all terms and conditions of employment with TLHIGA remain unchanged while I work remotely, except for those specifically changed in the RWP. I understand that management retains the right to modify or withdraw my authorization for working remotely for any reason at any time. I agree to return TLHIGA equipment and documents associated with my remote working upon request by TLHIGA, and if no earlier specific request is made by TLHIGA, within five days of my last day of employment.

Requested by: _____
Employee's Signature Date

Approved by: _____
Supervisor's Signature Date

Approved by: _____
Executive Director's Signature Date

Request is not approved for the following reason:

Supervisor's Signature Date

Executive Director's Signature Date



Employee Handbook

EMPLOYEE HANDBOOK ANNUAL CERTIFICATION

I am familiar with the TLHIGA's Employee Handbook and the provisions included in it. I agree to abide by these policies and to immediately report any violations in the manner outlined in the Employee Handbook. I am unaware of any violations of the Employee Handbook, including the TLHIGA's Equal Employment Opportunity, Accommodations of Disabilities, Religious and Cultural Conflicts and Anti-Harassment Policies.

Employee Signature

Date _____

Employee Name (please print)

Executive Director

Date _____



Employee Handbook

ACKNOWLEDGEMENT FOR RECEIPT OF OFFICE KEY AND ACCESS CARDS

Employees may be issued a key to the office and cards for accessing the building and parking garage. All keys and access cards issued to employees remain the property of the TLHIGA and shall be returned to the TLHIGA when employment ceases. Duplication or sharing of any office key, or an access card, by any employee is strictly prohibited. If a key or access card is lost or damaged, the employee is responsible for immediately reporting the loss or damage to management and will be charged the cost of re-keying the office locks (approximately \$250) and replacing the access cards (approximately \$25 each), unless these costs are waived by the Executive Director based on a review of circumstances.

I have been issued the following keys and access cards in connection with my employment with the TLHIGA:

_____ Office door key
_____ Building access card
_____ Parking garage access card

I acknowledge and understand the key and access cards are the property of the TLHIGA and shall be returned to the TLHIGA when my employment ceases.

Employee signature

Date

Employee's Name (please print)



POLICY AND PROCEDURES ON COMPUTER SYSTEMS, ELECTRONIC MAIL, INTERNET SERVICES AND SOCIAL MEDIA

The use of computers, electronic mail, and Internet services are essential tools to support the business of the Texas Life and Health Insurance Guaranty Association ("the TLHIGA"). It is the responsibility of each employee to ensure that this technology is used for proper business purposes and in a manner that does not compromise the confidentiality of privileged, proprietary, or other sensitive information.

The purpose of this policy is to define the proper use of computer systems (hardware and software), electronic mail (e-mail), and Internet services at the TLHIGA. These tools are for the TLHIGA's business communications and employees have the responsibility to use this resource in an efficient, effective, ethical, and lawful manner.

This policy applies to any TLHIGA hardware, software, e-mail, and Internet services that are owned or provided by the TLHIGA, accessed on or from the TLHIGA's premises; accessed using the TLHIGA's computer equipment or via access methods paid by the TLHIGA, or used in a manner that identifies the employee with the TLHIGA. This policy covers all employees' use of the TLHIGA's computer systems and should be read in conjunction with the TLHIGA's other policies described in the Employee Handbook.

Computer Systems

1. Installing software or hardware. The TLHIGA provides the necessary computer hardware and software employees need to perform their duties. Any additional software or hardware may not be installed (business or personal) into any TLHIGA computer or system without prior approval from the Executive Director and verification of compliance with applicable license agreement(s).
2. Software removal. Software may not be copied from any TLHIGA computer or system or removed from the TLHIGA's offices without permission of the Executive Director.
3. Business use. The computer hardware and software are provided for the purpose of conducting and furthering the TLHIGA's business. Use of the TLHIGA's computer hardware and software for any other purpose is strictly prohibited, unless written approval is received in advance from the Executive Director.
4. Confidential information. Business information which includes, but is not limited to, computer hardware and software and related to research, accounting and financial, policy and procedures, and all other information that is of a confidential



nature shall remain confidential and shall not be disclosed or reproduced to outside sources.

Electronic Mail

1. Property of the TLHIGA. All e-mail correspondence contained on the TLHIGA's computer equipment, transmitted via Internet methods paid by the TLHIGA, or using a user account provided by the TLHIGA is the property of the TLHIGA. Employees should not consider e-mail communications private as to the TLHIGA despite any such designation by either the sender or the recipient.
2. Consent to monitoring. At its discretion, the TLHIGA reserves the right to monitor its e-mail system, including an employee's mailbox, as part of its normal business practices. This monitoring may, without limitation, be for confirming compliance with this policy or other TLHIGA policies. In certain situations, the TLHIGA may be compelled or otherwise deem it to be beneficial to access and disclose messages sent over its e-mail system. The existence of passwords and "message delete" functions do not restrict or eliminate the TLHIGA's ability or right to access or disclose electronic communications.
3. Business use. As a general matter, the TLHIGA's e-mail system should be used only for the purposes of conducting and furthering TLHIGA business. It is, however, permissible to use the TLHIGA's e-mail system for incidental, limited personal communications. This does not include uses requiring substantial expenditures of time, uses for profit, or uses that would otherwise violate this policy or any other TLHIGA policy.
4. Document retention. E-mail shall be treated in the same manner as paper documents for the purpose of any TLHIGA policy or procedures on document retention and safeguarding confidential information. As a general matter, e-mail communications should only be retained if necessary for a business purpose or relevant to an anticipated or pending litigation matter. (Messages will otherwise be retained by the e-mail system for not more than 30 days).
5. Passwords. All passwords used to access the TLHIGA's computer systems are the TLHIGA's property and must be protected as such. Use of passwords to gain access to the TLHIGA's systems does not imply that employees have an expectation of privacy as to the TLHIGA in the material they create or receive on the system. Employees shall not share an e-mail password, provide e-mail access to an unauthorized user, or access another employee's e-mail box without authorization from that employee or the Executive Director. Employees shall not post, display or make easily available any access information, including, but not limited to, passwords. Employees shall notify the Executive Director immediately if they believe that another person may have unauthorized access to their password.



6. Prohibited use. The following uses of the e-mail system are strictly prohibited. Employees becoming aware of such uses must immediately report the incident to their supervisor.
 - Offensive, fraudulent, harassing, sexually explicit, obscene, defamatory or unlawful messages.
 - The unauthorized access, exchange, disclosure or use of proprietary information or any other privileged, confidential or sensitive information.
 - The creation and exchange of advertisements, solicitations, chain letters and mass mailings that are unsolicited and unrelated to the TLHIGA's business.
 - Registration to news groups or subscription lists (list servers), unless specifically authorized by the Executive Director for a work-related purpose. Subscription to such services can result in an overload of received messages directly affecting the performance of the e-mail system. Any other subscriptions are prohibited.
 - Uses that would violate applicable law or any TLHIGA policy.
7. E-mail etiquette. E-mail communications should follow the same standards expected in written business communications and public meetings. Evaluate whether a particular message needs to be sent by e-mail. Do not write anything you would not want repeated. Address messages only to recipients who need to know.

Internet Services and Social Media

1. The TLHIGA's computer network, including any TLHIGA web page and the TLHIGA's connection to the Internet, is to be used primarily for the TLHIGA's business-related purposes. Unauthorized use of the Internet is strictly prohibited. Unauthorized uses include, but are not limited to: the prohibited uses cited in paragraph 6 above, connecting, posting, or downloading offensive material; engaging in computer "hacking" and other related activities; attempting to disable or compromise the security of information contained on the TLHIGA's computers; and any use not related to the TLHIGA's business.
2. Incidental or very limited use of Internet services for personal non-business purposes is acceptable. Personal use, however, must not involve any unauthorized use, interfere with the productivity of the employee or co-workers, consume system resources or storage capacity on an ongoing basis, or involve large file transfers or otherwise deplete system resources available for business purposes.



3. The TLHIGA may monitor sites visited by employees using the TLHIGA's connection to the Internet, as well as chat group and newsgroup exchanges, and material downloaded to the TLHIGA's computer system or uploaded by employees to the Internet.
4. Information posted or viewed on the Internet may constitute copyrighted material. Therefore, reproduction of such information posted or otherwise available over the Internet should be done only by express permission from the author or copyright holder.
5. Unless prior written approval from the Executive Director has been obtained, users may not establish Internet or other external network connections that could allow unauthorized persons to gain access to the TLHIGA's computer systems and information. These connections include the establishment of hosts with public modem dial-ins, World Wide Web home pages and File Transfer Protocol (FTP).
6. All files downloaded from the Internet must be checked for possible computer viruses. Virus detecting software is installed and updated on all computers. However, if there is any doubt whether the virus detecting software is up-to-date or functioning properly, the Executive Director should be consulted before downloading any information from the Internet.
7. "Social media" means online, electronic, or Internet media, tools, communities, and spaces for social interaction, sharing user-generated content, or public or semi-public communication. This includes communicating or posting information or content of any sort on the Internet, including to your own or someone else's web log (blog), journal, or diary, personal website, social networking or affinity website, web bulletin board, or chat room, whether associated with the TLHIGA or not. Examples of social media include, but are not limited to: LinkedIn, Facebook, Instagram, Wikipedia, YouTube, Twitter, Pinterest, and Snapchat.
8. Unless an employee's job includes posting TLHIGA materials on social media, use of social media using TLHIGA computers, hardware, software, and Internet Systems is prohibited. Personal posting about personal matters on social media may only be done during lunch and after hours, and on employees' personal devices, and not using employees' TLHIGA email addresses or other TLHIGA identifiers, and may not violate other provisions of this handbook, such as those pertaining to confidential, personal, or proprietary information. Employees may not hold themselves out as speaking for or representing the TLHIGA on social media.



Employee Handbook

**POLICY AND PROCEDURES ON
COMPUTER SYSTEMS, ELECTRONIC MAIL,
INTERNET SERVICES AND SOCIAL MEDIA
ACKNOWLEDGEMENT STATEMENT**

As an employee of the TLHIGA, I understand that the confidentiality and protection of the TLHIGA's information is of the utmost importance, and I will use my best efforts to protect and safeguard all confidential information. I have read, understand and agree to abide by the TLHIGA's Policy and Procedures on Computer Systems, Electronic Mail, Internet Services, and Social Media. I am aware that any violation of these Policy and Procedures may subject me to disciplinary action, up to and including termination, and/or legal action.

Employee signature

Date

Employee's Name (please print)



January 20, 2026 Personnel Committee Meeting

RESOLUTION ON AMENDMENTS TO THE EMPLOYEE HANDBOOK

The Personnel Committee recommends that the following resolutions be presented to the Board of Directors for consideration and possible adoption.

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee to amend the Employee Handbook as distributed in advance of the meeting.

Item 4

Consideration and possible action on annual performance evaluation of the Executive Director



ANNUAL PERFORMANCE EVALUATION OF THE EXECUTIVE DIRECTOR

In January 2018, the methodology for the Executive Director's annual performance evaluation was altered so it would be conducted at the first Personnel Committee and Board of Directors meetings of each calendar year, and the evaluation period would coincide with the calendar year period used to evaluate the other TLHIGA staff. This was intended to make budgeting simpler and to increase the timeliness of the payment of any amounts under the Executive Employment and Deferred Compensation Contract for the Executive Director ("EEDCC").

Section 2 of the EEDCC contains the following language related to the annual performance evaluation of the Executive Directors,

The Personnel Committee shall at its first meeting following receipt of such report [of the Board Counsel's compilation of the comments and numerical average rating on each of the performance factors in the Executive Director's annual job performance questionnaires by all Board members] review all findings in the report to assure compliance with this Contract.

On October 29, 2025, General Counsel Dan Price distributed the form to evaluate the 2025 performance of the Executive Director to all Board members. Committee Chair Sommer assembled a compilation of the individual director's evaluations. This compilation and the Executive Director's self-evaluation was confidentially distributed to the Committee in advance of its January 20, 2026 meeting.

The Committee will discuss the compilation, and the Executive Director's self-evaluation, during the confidential Executive Session of its January 20, 2026 meeting and prepare any recommendations to the full Board of Directors it feels are warranted. The Committee will then discuss the evaluation materials, and any recommendations, with the full Board of Directors during the confidential Executive Session of the January 27, 2026 meeting.

The Board of Directors will take appropriate action based on the Personnel Committee's recommendations, their consideration of the performance evaluations, and the Executive Director's compliance with the provisions of the Executive Employment and Deferred Compensation Contract.

Item 5

Consideration and possible action on various elements of the Executive Employment and Deferred Compensation Contract for the Executive Director:

- A. Other employment and activities engaged in by the Executive Director
- B. Cost of Living Adjustment (COLA) for 2026
- C. Discretionary 457(b) contribution in 2026
- D. Longevity Incentive Payment in December 2026



VARIOUS ELEMENTS OF THE EXECUTIVE DIRECTOR'S EXECUTIVE EMPLOYMENT AND DEFERRED COMPENSATION CONTRACT

The Board of Directors negotiated and implemented the Executive Employment and Deferred Compensation Contract for the Executive Director ("EEDCC") in 2018. In addition to the annual performance review of the Executive Director that is included as agenda item 4 for the Committee's January 20, 2026 meeting, the EEDCC contains an annual review of additional elements that is conducted by the Personnel Committee prior to reporting on these items to the full Board of Directors. Specifically, these activities include the Committee's review of (1) other employment and activities engaged in by the Executive Director and (2) three compensation elements of the EEDCC.

OTHER EMPLOYMENT AND ACTIVITIES ENGAGED IN BY THE EXECUTIVE DIRECTOR

Section 2 of the EEDCC, in addition to the Committee's responsibilities related to the Executive Director's annual performance review, requires the Committee to "review any other employment or activities engaged in by the Executive Director for which approval is required pursuant to Section 7 of this Contract to confirm that such other employment or activities are not interfering with the Employee's ability to perform his job functions and duties."

These activities, if any, will be discussed with the Committee during its January 20, 2026 meeting.

COMPENSATION ELEMENTS OF THE EEDCC

The EEDCC contains various automatic and discretionary compensation elements. The following will report on one automatic element that has been implemented pursuant to the EEDCC and two discretionary items for the Committee to consider.

1. Cost of Living Adjustment - Section 3(A) of the EEDCC reads, "From January 1, 2026 until January 1, 2027 ("Year 9"), the Employee's annual base salary shall be the sum of Year 8 Salary, plus the product of the percentage equal to the cost-of-living adjustment applicable to Social Security general benefits (the "COLA") for Year 9 multiplied by the Year 8 Salary."

Attached on pages 5-4 and 5-5 is the Social Security Administration's October 24, 2025 News Release which states the COLA for 2026 will be 2.8%. Mr. Boles emailed this information to the Personnel Committee on November 19, 2025. Consistent with prior instructions from the Committee, Mr. Boles implemented the 2.8% COLA increase to his annual base salary on January 1, 2026 and is including this as a reporting item for the Committee.

2. 457(b) Payments – Section 3(B) of the EEDCC contains two items related to the annual 457(b) payment: (1) whether the Executive Director met the terms and conditions required to receive the payment and (2) whether an additional contribution should be made in excess of \$18,500. The following two paragraphs from the EEDCC relate to these items.

During the period from January 1, 2018 until January 1, 2027, the Employer shall make pursuant to Section 457(b) of the United States Revenue Code ("Section 457(b)") payments to the Employee provided that the Employee remains serving as the Executive Director of the TLHIGA on the applicable payment date, has complied with all terms and conditions of this Contract for the calendar year preceding the calendar year of such payment date, has received at least an average rating of 4 for all job performance factors combined for his annual performance review for the evaluation period immediately prior to such payment date, and the annual audit of the TLHIGA's financial statements for the calendar year preceding the calendar year of such payment did not reveal material misstatements or significant deficiencies.

[Schedule of Annual Payments intentionally not displayed]

If the maximum annual contribution amount permitted under Section 457(b) increases above \$18,500 for any year after 2018, the Board has the discretion, but not the obligation, to fund up to the new maximum amount for such year with the result that one or more of the annual payments described above, and the aggregate amount of all nine annual 457(b) payments, could be increased.

Attached as pages 5-6 and 5-7 is an IRS notice entitled "401(k) limit increases to \$24,500 for 2026, IRA limit increases to \$7,500." Within this document, there is a disclosure that the 457(b) contribution limit for 2026 increased to \$24,500.

The Committee will need to determine if (1) the contractual requirements to make the 2026 457(b) payment have been met by the Executive Director and (2) should the payment be increased above \$18,500, not to exceed the 2026 maximum annual amount of \$24,500 permitted by the IRS.

A draft resolution is provided on page 5-8 for the Committee to consider recommending an Board of Directors action be taken regarding this discretionary element of the EEDCC.

3. Longevity Incentive Payment - Section 3(B) of the EEDCC Provides for three (3) longevity incentive payments to the Executive Director if he complies with all terms and conditions of the EEDCC. During the Executive Session, the Committee will discuss whether the Executive Director has complied with the requirements to receive the December 2026 payment.

Section 2 of the EEDCC contains the following language related to longevity incentive payments,

During the period from January 1, 2018 until January 1, 2027, to encourage the Employee to remain the Executive Director of TLHIGA until January 1, 2027, the Employer shall pay the Employee three (3) longevity incentive payments provided that the Employee remains serving as the Executive Director of TLHIGA on the applicable payment date, has complied with all terms and conditions of this Contract for the calendar year before the calendar year of such payment date, has received at least an average rating of 4 on all job performance factors combined for his annual performance review for the evaluation period immediately prior to such payment date, and the annual audit of TLHIGA's financial statements for the calendar year preceding the calendar year of such payment date did not reveal material misstatements or significant deficiencies. The longevity incentive payments shall be paid on the dates and in the amounts shown below:

Any day during the month of December in 2020 – [redacted]

Any day during the month of December in 2023 – [redacted]

Any day during the month of December in 2026 - [redacted]

Total = [redacted]

The Committee will need to determine if the contractual requirements to make the 2026 longevity incentive payment have been met by the Executive Director. A draft resolution is provided on page 5-8 for the Committee to consider a recommendation to the Board of Directors regarding this discretionary element of the EEDCC.



News Release

SOCIAL SECURITY

Social Security Announces 2.8 Percent Benefit Increase for 2026

Baltimore, MD – The Social Security Administration (SSA) announced today that Social Security benefits, including Old-Age, Survivors, and Disability Insurance (OASDI), and Supplemental Security Income (SSI) payments for 75 million Americans will increase 2.8 percent in 2026. On average, Social Security retirement benefits will increase by about \$56 per month starting in January.

Over the last decade the cost-of-living adjustment (COLA) increase has averaged about 3.1 percent. The COLA was 2.5 percent in 2025.

Nearly 71 million Social Security beneficiaries will see a 2.8 percent COLA beginning in January 2026. Increased payments to nearly 7.5 million people receiving SSI will begin on December 31, 2025. (**Note:** Some people receive both Social Security benefits and SSI).

"Social Security is a promise kept, and the annual cost-of-living adjustment is one way we are working to make sure benefits reflect today's economic realities and continue to provide a foundation of security," said **Social Security Administration Commissioner Frank J. Bisignano**. "The cost-of-living adjustment is a vital part of how Social Security delivers on its mission."

Other adjustments that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) is slated to increase to \$184,500 from \$176,100.

Social Security begins notifying people about their new benefit amount by mail starting in early December 2025.

Similar to last year, Social Security beneficiaries will receive a simplified, one-page COLA notice, which uses plain and personalized language, and provides exact dates and dollar amounts of an individual's new benefit amount and any deductions.

Individuals who have *my* Social Security accounts can view their COLA notices online, which is secure, easy, and faster than receiving a letter in the mail. Account holders can set up text or email alerts when they receive a new message, such as their COLA notice.

To receive a COLA notice online, individuals will need to create or sign in to their personal *my* Social Security account and opt out of paper notices by November 19, 2025. Go Digital! Create an account today at www.ssa.gov/myaccount. An online *my* Social Security account also gives individuals access to request a replacement Social Security card, view their claim status and benefits, and view their SSA-1099.

Information about Medicare changes for 2026 will be available at www.medicare.gov. For Medicare enrollees, the 2026 premium amount will be available via *my* Social Security Message Center starting in late November. Individuals who have not opted to receive messages online will receive their COLA notice by mail in December.

The Social Security Act provides for how the COLA is calculated. The Social Security Act ties the annual COLA to the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as determined by the Department of Labor's Bureau of Labor Statistics.

For additional information, visit www.ssa.gov/cola.

NOTE TO CORRESPONDENTS: Here is the [COLA 2026 Fact Sheet](#) showing an easy-to-understand overview of all the various automatic adjustments for 2026.

For more information about Social Security's services, visit www.ssa.gov.

For more Social Security news, follow the agency on X [@SocialSecurity](#).

[Here's how you know](#)

401(k) limit increases to \$24,500 for 2026, IRA limit increases to \$7,500

IR-2025-111, Nov. 13, 2025

[File](#) [Pay](#) [Refunds](#) [Credits & Deductions](#) [Forms](#) [Report Fraud](#)

WASHINGTON — The Internal Revenue Service announced today that the amount individuals can contribute to their 401(k) plans in 2026 has increased to \$24,500, up from \$23,500 for 2025.

The IRS today also issued technical guidance regarding all cost-of-living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2026 in [Notice 2025-67](#) [PDF](#), posted today on IRS.gov.

Highlights of changes for 2026

The annual contribution limit for employees who participate in 401(k), 403(b), governmental 457 plans, and the federal government's Thrift Savings Plan is increased to \$24,500, up from \$23,500 for 2025.

The limit on annual contributions to an IRA is increased to \$7,500 from \$7,000. The IRA catch-up contribution limit for individuals aged 50 and over was amended under the SECURE 2.0 Act of 2022 (SECURE 2.0) to include an annual cost-of-living adjustment is increased to \$1,100, up from \$1,000 for 2025.

The catch-up contribution limit that generally applies for employees aged 50 and over who participate in most 401(k), 403(b), governmental 457 plans, and the federal government's Thrift Savings Plan is increased to \$8,000, up from \$7,500 for 2025. Therefore, participants in most 401(k), 403(b), governmental 457 plans and the federal government's Thrift Savings Plan who are 50 and older generally can contribute up to \$32,500 each year, starting in 2026. Under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62 and 63 who participate in these plans. For 2026, this higher catch-up contribution limit remains \$11,250 instead of the \$8,000 noted above.

The income ranges for determining eligibility to make deductible contributions to traditional Individual Retirement Arrangements (IRAs), to contribute to Roth IRAs and to claim the Saver's Credit all increased for 2026.

Taxpayers can deduct contributions to a traditional IRA if they meet certain conditions. If during the year either the taxpayer or the taxpayer's spouse was covered by a retirement plan at work, the deduction may be reduced, or phased out, until it is eliminated, depending on filing status and income. (If neither the taxpayer nor the spouse is covered by a retirement plan at work, the phase-outs of the deduction do not apply.) Here are the phase-out ranges for 2026:

- For single taxpayers covered by a workplace retirement plan, the phase-out range is increased to between \$81,000 and \$91,000, up from between \$79,000 and \$89,000 for 2025.
- For married couples filing jointly, if the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is increased to between \$129,000 and \$149,000, up from between \$126,000 and \$146,000 for 2025.
- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the phase-out range is increased to between \$242,000 and \$252,000, up from between \$236,000 and \$246,000 for 2025.
- For a married individual filing a separate return who is covered by a workplace retirement plan, the phase-out range is not subject to an annual cost-of-living adjustment and remains between \$0 and \$10,000.


Other phase-out ranges and limitations

The notice also provides limitations for 2026 for Roth IRAs, the Saver's Credit and SIMPLE retirement accounts.

- The income phase-out range for taxpayers making contributions to a Roth IRA is increased to between \$153,000 and \$168,000 for singles and heads of household, up from between \$150,000 and \$165,000 for 2025. For married couples filing jointly, the income phase-out range is increased to between \$242,000 and \$252,000, up from between \$236,000 and \$246,000 for 2025. The phase-out range for a married individual filing a separate return who makes contributions to a Roth IRA is not subject to an annual cost-of-living adjustment and remains between \$0 and \$10,000.
- The income limit for the Saver's Credit (also known as the Retirement Savings Contributions Credit) for low- and moderate-income workers is \$80,500 for married couples filing jointly, up from \$79,000 for 2025; \$60,375 for heads of household, up from \$59,250 for 2025; and \$40,250 for singles and married individuals filing separately, up from \$39,500 for 2025.
- The amount individuals can generally contribute to their SIMPLE retirement accounts is increased to \$17,000, up from \$16,500 for 2025. Pursuant to a change made in SECURE 2.0, individuals can contribute a higher amount to certain applicable SIMPLE retirement accounts. For 2026, this higher amount is increased to \$18,100, up from \$17,600 for 2025.

- The catch-up contribution limit that generally applies for employees aged 50 and over who participate in most SIMPLE plans is increased to \$4,000, up from \$3,500 for 2025. Under a change made in SECURE 2.0, a different catch-up limit applies for employees aged 50 and over who participate in certain applicable SIMPLE plans, which remains \$3,850. Under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62 and 63 who participate in SIMPLE plans, which remains \$5,250.

Details on these and other retirement-related cost-of-living adjustments for 2026 are in Notice 2025-67, available on [IRS.gov](https://www.irs.gov).

 *News items may not be updated after their release. Please verify the date before relying on the language.*



January 20, 2026 Personnel Committee Meeting

The Personnel Committee recommends that the following resolution be presented to the Board of Directors for consideration and possible adoption.

**RESOLUTION ON 457(b) PLAN PAYMENT
TO EXECUTIVE DIRECTOR**

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association acknowledges the Personnel Committee's report that the Executive Director has fully complied with the terms and conditions of the Executive Employment and Deferred Compensation Contract during 2024 and

FURTHER RESOLVED, that the Board of Directors, consistent with the recommendation from the Personnel Committee, and pursuant to the terms of the Executive Employment and Deferred Compensation Contract, authorizes a payment in January 2026 to the 457(b) plan established for the Executive Director in the amount of _____.

**RESOLUTION ON LONGEVITY INCENTIVE PAYMENT
TO EXECUTIVE DIRECTOR**

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association acknowledges the Personnel Committee's report that the Executive Director has fully complied with the terms and conditions of the Executive Employment and Deferred Compensation Contract during 2025 and

FURTHER RESOLVED, that the Board of Directors, consistent with the recommendation from the Personnel Committee, and pursuant to the terms of the Executive Employment and Deferred Compensation Contract, authorizes the final longevity incentive payment to the Executive Director in December 2026.

Item 6

Consideration and possible action on update on Executive Director succession planning



January 20, 2026 Personnel Committee Meeting

EXECUTIVE DIRECTOR SUCCESSION PLANNING

The Executive Director is set to retire at year-end of 2026. The Board of Directors appointed an ad hoc Executive Search Committee during its January 28, 2025 meeting to conduct the search for a new Executive Director. This report will provide the status of the Search Committee's activities.

Executive Director Revised Solicitation Package

During its August 20, 2025 meeting, the Executive Director Search Committee reviewed a draft, revised Executive Director Solicitation Package. Specific revisions were requested during the meeting. The revisions were made and shared with the Committee after the meeting.

On August 29, 2025, a notice was published in the *NOLHGA Wire* regarding the expanded Executive Director search process, the availability of the search solicitation package on the TLHIGA's website, the contact information for General Counsel Price, and the October 15, 2025 deadline for submissions from interested persons. A similar notice was also posted on LinkedIn jobs page and the International Association of Insurance Receivers ("IAIR") website.

Candidate Submissions and Interviews

The solicitation package required applications to be submitted to General Counsel Dan Price on or before October 15, 2025. The timely submissions were securely distributed to the Executive Director Search Committee prior to its October 27, 2025 meeting. The Committee identified candidates to be interviewed on January 5 and 6, 2026. The interviews were completed and the Committee will provide a report, and its recommendation of a candidate, during the Executive Session of the January 27, 2026 Board of Directors meeting.

Remaining Timeline

The following summarizes the timeline of activities to interview, select, and onboard a new Executive Director.

January 27th - The Executive Director Search Committee will report to the TLHIGA Board of Directors at its January 27, 2026 meeting with a possible recommendation of a candidate.

February through March - Negotiations to engage a new Executive Director.

April 21st - Board of Directors meeting to determine the final terms and engagement of a new Executive Director.

May – December - Transition with the current Executive Director (the time period may be adjusted based on the qualifications, experience, and availability of the selected individual).

This timeline may be adjusted by the Board of Directors.

Item 7

Executive Session:

- A. Discussion of recommended adjustments in employee compensation and benefits
- B. Discussion of the confidential aspects of the Executive Director's performance evaluation
- C. Discussion of the confidential elements of the Executive Employment and Deferred Compensation Contract for the Executive Director
- D. Advice from Counsel

Item 8

Consideration and possible action on items discussed in Executive Session

Item 9

Consideration and possible action regarding the Committee's 2026
Calendar of Activities and next meeting date



January 20, 2026 Personnel Committee Meeting

COMMITTEE'S 2026 CALENDAR OF ACTIVITIES AND NEXT MEETING DATE

Included on pages 9-2 and 9-3 are the portions of the 2026 Calendar of Activities relating to the Personnel Committee's meeting dates, agenda items, related activities, and completion dates. The items shown in red are specific responsibilities for the Personnel Committee Chair. These are subject to change at the Committee's discretion.

Based on the Committee's current activities, we have tentatively scheduled the next Committee meeting for 9 AM Central on **Tuesday, July 21, 2026.**



2026

2026 Calendar of Activities (PERSONNEL COMMITTEE) updated as of 12/23/25

Activity Reference No.	Board, Committee or Executive Director (BOD, A-I, PER, AUD, LEG, CORP GOV or ED)	Chair - CH (If applicable)	Activity Target Date	Activity Description	Date Completed
2	ED		1/13/26	EXECUTIVE DIRECTOR (or staff) will file the final agendas for the January 20, 2026 Personnel and A-I Committees' meetings with the Texas Secretary of State's office.	
4	PER	CH	1/20/26 9:00 AM virtual	Personnel Committee Meeting <ul style="list-style-type: none"> - Review of prior meeting's minutes - Review of benefits, compensation and training components in 2026 Operating Budget, including staff compensation - Review of report from compensation consultant - Review succession plan for Executive Director position - Review Board Counsel's compilation of all directors' performance evaluations of the Executive Director - Evaluation and possible action on elements of Executive Employment and Deferred Compensation Contract with the Executive Director - Annual review of Committee's Charter 	
9	BOD A-I PER	CH CH CH	1/27/26 8:30 AM	Board of Directors Meeting Consideration and possible action on the following: <ul style="list-style-type: none"> - Election of Officers - Appointment of Committee Chairs and Members - Review of Board of Directors corporate governance comments - Review the compilation of evaluations of General Counsel - Review and possible actions on various active member company receiverships - Executive Director's report on operations - Adoption of 2026 Operating and Capital Expenditure Budgets - Regular operational and financial approvals (minutes, NOLHGA invoice, future meetings, financial statements, etc.) A-I COMM CHAIR will report on the Committee's discussions regarding the necessity for Class A or Class B assessments in 2026 PERS COMM CHAIR will report on the Committee's discussion regarding: <ul style="list-style-type: none"> - Review of benefits, compensation and training components in 2026 Operating Budget, including staff compensation - Report from compensation consultant - Review Board Counsel's compilation of all directors' performance evaluations of the Executive Director - Evaluation and possible action on elements of Executive Employment and Deferred Compensation Contract with the Executive Director 	
29	PER	CH	7/2/26	PERS COMM CHAIR and counsel will be provided the draft agenda for the July 21, 2026 Committee meeting for review with the Executive Director to determine the order of the items and whether additional items should be added or deleted.	
31	ED		7/14/26	EXECUTIVE DIRECTOR (or staff) will file the final agendas for the July 21, 2026 Personnel and A-I Committees' meetings with the Texas Secretary of State's office.	
33	PER	CH	7/21/26 9:00 AM virtual	Personnel Committee Meeting <ul style="list-style-type: none"> - Review the non-salary benefits provided to TLHIGA employees, including renewal of employee insurance benefit plans - Review elements of the Executive Director's Executive Employment and Deferred Compensation Contract - Revisions to succession plans - Meet in Executive Session for the Committee to discuss confidential personnel matters and receive advice from counsel - Review of the Committee's Charter 	



2026

2026 Calendar of Activities (PERSONNEL COMMITTEE) updated as of 12/23/25

Activity Reference No.	Board, Committee or Executive Director (BOD, A-I, PER, AUD, LEG, CORP GOV or ED)	Chair - CH (If applicable)	Activity Target Date	Activity Description	Date Completed
35	BOD A-I PER	CH CH CH	7/28/26 8:30 AM	<p>Board of Directors Meeting A-I COMM CHAIR will provide a report to the Board of Directors that includes the following:</p> <ul style="list-style-type: none"> - Necessity for a Class B assessment or refund in 2026 - Any recommended revisions to the Investment Policy - Any recommended changes to investments - Any recommended changes to the A/I Committee Charter <p>PERS COMM CHAIR will provide a report to the Board of Directors that includes the following:</p> <ul style="list-style-type: none"> - Any actions on the benefits provided to TLHIGA employees - Review elements of the Executive Director's Executive Employment and Deferred Compensation Contract - Revisions to succession plans <p>Executive Session confidential discussion of financially troubled member insurance companies</p> <p>Review and possible actions on various active member company receiverships</p> <p>Executive Director's report on operations</p> <p>Review of IRS Form 990</p> <p>Corporate governance enhancements</p> <p>Regular operational and financial approvals (i.e. minutes, NOLHGA invoice, future meetings, financial statements, etc.)</p>	
50	PER	CH	1/5/27	<p>PERS COMM CHAIR will review the draft agenda for the January 19, 2027 Committee meeting with the Executive Director to determine the order of the items and whether additional items should be added or deleted.</p>	