

Company X



U.S. Domestic Relocation Policy - Renter

INTRODUCTION

Congratulations on your decision to relocate! We hope that your relocation will help advance your personal and professional growth. While it is an exciting time, it can also be a very stressful time. Company X (“the Company”) realizes that your decision affects your entire family. That is why we are going to assist you throughout the process.

While we are committed to helping you, we are asking that you share the responsibility by making every effort to effectively manage expenses encountered during the process. This simply means that you strictly adhere to the relocation policy and communicate and cooperate with those who are helping you throughout this process.

We have contracted with ARC Relocation, LLC (ARC) to assist you throughout your relocation. ARC is a global relocation management and consulting company that has helped thousands of relocating families. You will be assigned an experienced Relocation Counselor to provide guidance and to act as your advocate throughout your relocation.

ARC Relocation, LLC can be contacted at: www.arc relocation.com or Toll Free 866-697-3561

ELIGIBILITY

To be eligible for this relocation policy you must meet the following criteria:

- You must be a full-time, employee of Company X
- You have received a request from the Company to relocate. You requested a to relocate and it was approved by the MPCA HR Committee.
- Per IRS requirements, the distance between your former residence and your new job site must be at least 50 miles greater than the distance between your former residence and your former job site.
- You must be a full-time Employee in the new location for a 24-month period immediately following the date of relocation.
- You must meet with the HR & GA Manager at Company X to review the relocation policy and program before accepting the move. At that time you will need to sign your acceptance of the relocation.

Relocation assistance is provided to you and your family members who permanently reside with you and are relocating with you and who will reside with you in the new location. If your spouse is also a Company X Associate being transferred, only one set of relocation benefits will be provided.

REPAYMENT AGREEMENT

The costs that Company X will incur as a result of this move are extensive. For this reason and to be sure we have your commitment to the new position, we require that you sign a Repayment Agreement, which stipulates that you will repay all or a pro-rated portion of the costs should you voluntarily terminate employment with the Company within a 2-year period. The Repayment Agreement (located on page 9) must be signed and returned to the ARC Relocation prior to implementing any relocation services.

POLICY ADMINISTRATION

Company X has contracted with ARC Relocation, LLC (ARC) to administer its relocation benefits. A qualified Relocation Counselor will contact you to review all aspects of the benefits and help to get the relocation started in a positive direction. Your ARC Counselor will serve as your advocate and “go to” person throughout the process. If you have not heard from your relocation counselor at ARC and have questions contact ARC at 866-697-3561.

It’s important to note that you are required to speak to your ARC Counselor PRIOR TO making any plans or talking to real estate agents, either in the old or new location. This will ensure that your best interests, as well as those of Company X are met. ARC will issue all reimbursements and payments, and coordinate the services that the Company has authorized.

YOUR RESPONSIBILITIES

Cooperation throughout the process will help ensure that your move is handled with the least inconvenience as possible. Specifically, we ask that you:

- Refrain from contacting a real estate broker in the new location. ARC will recommend pre-qualified brokers who are trained and experienced in corporate relocation transactions. They will recommend a broker that is familiar with the rental market in the new area.
- Sign and return the Relocation Payback Agreement (located on page 8).
- You should retain receipts and other documentation to verify relocation expenses and to support payments made to you by the Company.
- Please comply with all timelines spelled out in this policy and in the instructions you receive from your ARC Counselor.
- Please prepare and submit expense reports within 10 days of incurred expense.

EXPENSE REIMBURSEMENT

Most ordinary expenses involved in relocation are covered under this policy either by a direct payment to a supplier or through the reimbursement of relocation expense reports that you submit. Because of potential tax implications, you must submit your out-of-pocket costs on a Relocation Expense Report form. It is very important that the expenses on this report are strictly related to the relocation vs. other business expenses. Your ARC Counselor will provide you with instructions for completing these forms on-line at: www.ARCrelocation.com and will also provide you with hard copy Relocation Expense Reports for your convenience. It is also important that you retain records and submit original (not copies) receipts. Whether you choose to submit your expenses on-line through ARC’s password-protected website or via a paper expense report, you must submit original receipts to:

ARC Relocation, LLC (ARC)
 11350 Random Hills Rd, Suite 130
 Fairfax, VA 22030
 Fax: 703-352-9705
 General email: myconnection@arc relocation.com
 Via the ARCportal: <https://arc relocation.reloviewscomplete.com/mc>

Relocation Benefits At-a-Glance

Eligibility	Regular, full-time Company X Employee
Lease Termination	Early termination of lease up to a maximum of 60 days Lease termination up to \$2000.00 (single renter) or \$3000.00 (family renter)
Rental Search Assistance	One full day area tour, housing review and lease assistance.
Home Finding Trips	Employee may take 1 trip of not more than 3 business days. Such days to constitute paid work days without reducing Employee’s available paid time off for employee only.
Movement of Household Goods	Covered costs include packing and moving household goods up to 6000 lbs. (single) or 18,000 lbs. (family), also the transport of one (1) vehicle for single renter or (2) vehicles for family renters.
Final Move Costs	Transportation for a single renter or family of 4 and lodging.
Special Allowance	Receive a one-time payment of \$2,000.00 single renter or \$5,000.00 family renter to cover moving related costs not covered in the policy.
Tax Gross-up Assistance	Tax gross-up will be provided on approved expenses to assist with the tax burden associated with taxable relocation payments.

DESTINATION SERVICES

Lease Termination: If you are currently renting and your lease has not expired, please contact your ARC Counselor for advice and assistance with canceling the lease. He/she can provide you with guidance in negotiating a reasonable settlement of the outstanding lease obligations with the landlord.

Company X will pay up to 60 days rent for cancellation expenses. The Company will not pay for any property damages, pet deposits, cleaning fees or refundable security deposits. Lease cancellation reimbursement does not become effective until after you have vacated the rental. You will need to complete a relocation expense report and send it with a copy of the lease and a letter from the landlord itemizing the penalty for breaking the lease. Lease breakage costs are taxable and will be grossed up for taxes.

Rental Assistance: Your Relocation Counselor will assist you with information, and with the selection of a qualified real estate agent or rental specialist in the new location. Your Counselor will discuss your needs and

expectations, discuss options in the new area, schedule area tours and viewing of rental properties during the house hunting trip. When you locate a property to rent, the rental specialist will assist in lease negotiation. It is also recommended that you request a Rental Contingency Clause be inserted into the new lease to protect yourself, should you be relocated prior to lease expiration. The Relocation Counselor can provide a copy of the clause. Company X will pay for one full day of rental assistance.

Reminder: You are required to contact your ARC Counselor prior to beginning the new home search and must use an ARC approved real estate agent.

Home Finding Trip: Finding a home in the new location that will meet the needs of you and your family members is an important step to making the relocation a successful experience. Your ARC Counselor will first conduct a needs assessment and develop a preference profile including type of housing, commuting requirements, schools, amenities, lifestyle, etc. Once the profile is developed, the Counselor will have a Company-approved broker contact you to begin the home search. This representative will accompany you to preview specific rental properties and/or homes to lease. The agent will assist you in negotiating a lease/contract once you have found a home.

Company X Company agrees that Employee may take one (1) trip of not more than three (3) business days in order to locate housing proximate to the new facility, such days to constitute paid work days without reducing Employee's available paid time off. If Employee provides prior notice of 15 days to Company before scheduling such trips and travels at a time convenient to the Company, Company will reimburse Employee for (i) coach airline ticket for Employee (ii) coach airline ticket for Employee's spouse or domestic partner for one (1) trip; (iii) reasonable hotel accommodations for Employee and his/her spouse or domestic partner if applicable for one trip (as outlined in the MPCA Business Travel Policy); and (iv) meals and incidental costs up to \$58.00 per day. In order to obtain reimbursement of such costs, Employee must submit original receipts itemizing his/her expenses via the ARCportal (www.arcrelocation.com).

Company may, in its discretion and upon Employee request, advance certain travel costs, such as airfare or hotel accommodations, if Employee can establish that circumstances warrant such assistance.

Transportation of Your Household Goods: Your ARC Counselor will help you with the arrangements for moving your household goods to the new location. The Counselor will explain the process and put you in touch with a professional mover. It is important that you or an adult family member arrange to be present to supervise the move and that you provide a telephone number where the moving company can reach you prior to your move date.

Authorized Charges: Company X will pay the following charges in connection with your professional move by an approved van line up to 6000 lbs. (single) or 18,000 lbs. (family):

- Charges for normal containers and standard packing of your household items. (Note: The van line agent will not accept responsibility for breakage of articles that the Employee has packed). Therefore, it is recommended that the van line personnel be allowed to pack all goods, and the Employee must indicate any items which should receive special attention or care.
- Charges for transporting the household goods to the new location.
- Normal appliance services, including wiring and plumbing modifications required within the house for disconnection and reconnection of appliances.
- Storage (if necessary) for up to 30 days at the new location site.
- Warehouse handling.

- Delivery to the new home. Weekend or holiday delivery will not be covered.
- Normal unpacking and removal of packing materials.

Items of value such as deeds, coin collections, jewelry and precious stones should not be shipped with the carrier. The Employee should make special arrangements for these items to be shipped by private means during the move.

The driver will prepare a complete inventory list of the household goods describing the condition of each item (nicks, scratches, dents, etc.) Review the inventory list carefully to make sure the Employee agrees with the driver's description before signing the inventory. The inventory list is an important document in the settlement of claims for loss and damage.

The Company will not pay for the following:

- Exclusive use of the van, expedited service or extra drop off/pick up stops.
- Housecleaning, maid, or debris removal service at either the old or new home.
- Removal or installation of wall-to-wall carpeting, draperies and/or rods, electrical fixtures, water softeners, or similar items.
- Packing or transportation of trailers, airplanes, household pets, plants, building materials, wood, or any perishable item.
- Disassembly or reassembly of children's playhouses or swing sets, portable swimming pools, waterbeds, utility sheds, fencing, or items of similar nature.
- Gratuities for the movers.

Insuring Your Household Goods: Company X protects the full value of your shipment based on its weight for up to \$100,000. High value items must be listed on a separate inventory form and are not covered by the Company. The Company cannot replace (nor will shippers agree to handle) high value items like securities, cash, art, heirlooms or precious jewelry. We recommend you pack and transport these items yourself.

Moving Day: Company X will reimburse you for actual travel and lodging expenses incurred for you, your spouse, and family members for your final move to the new location. Expenses include:

- Mileage based on the current reimbursement rate and using the most direct route will be paid for (1) vehicle for single renter or two (2) vehicles for family renter.
- If you are shipping your automobiles, you will be reimbursed for airfare for all family members at the coach class rate for one-way tickets purchased 15 days in advance.
- One (1) night's lodging in the new location.

Temporary Living: If necessary, temporary living for only the Employee will be covered for up to thirty (30) days. Expenses covered during temporary living include:

- Thirty (30) days' lodging in corporate housing with kitchen facilities (arranged through ARC).
- Mid-size or economy car rental for up to 15 days while waiting for your own car to be delivered.
- Two (1) return trip home per month to visit family who are still in the old location. If the distance between the old and new locations is more than 200 miles, economy airfare based on a 15-day advance purchase will be covered.
- If the distance between the old and new locations is less than 200 miles, personal auto mileage will be reimbursed at the current IRS mileage rate.

Special Allowance: Company X will provide you with Special Allowance which will range \$2,000.00 (single renter) to \$5,000.00 (family renter). This is provided to help offset those expenses that are not specifically reimbursed under this policy. These expenses may include costs like driver's license and car registration fees, pet kennel costs, installation of new appliances, or moving antiques or valuables that are not covered under this policy. This shall be treated as earnings, subject to deductions, and shall be paid in employee's first full payroll cycle following the date on which Employee first begins working at the new facility

Taxes: The current tax law and Internal Revenue Service (IRS) regulations require that we report as income all relocation expense reimbursements made to you, or paid on your behalf. Therefore, the tax effects of relocation transactions can only be determined on an individual basis. It is important that you talk to a tax professional to find out how certain kinds of assistance may affect your own tax situation. Keep in mind that Company X will not reimburse tax preparation or tax counseling expenses.

All non-deductible relocation expenses that the Company pays on your behalf or directly to you are reported to the IRS as compensation, which will be included in your gross annual income.

NOTE: This includes expenses for the day you arrive. You can include any lodging expenses you had in the area of your former home within one day after you could not live in your former home because your furniture had been moved.

Based on IRS and state requirements, Company X will include reimbursed relocation expenses on your W-2 form in the year in which they are paid.

When you receive your W-2 form, you will also receive a statement detailing the relocation expenses related to your move, including money paid to you to help offset tax liability from this additional income. This money paid to help offset the tax liability is called a tax gross-up. Appropriate withholding for Federal, State, and local, Social Security and/or Medicare taxes will be made and deposited with your regular withholdings.

The tax gross-up calculation will be based on the following factors:

- How many dependents you claim and your tax filing status
- Company compensation is only defined to include the annualized base salary and relocation expenses. Any commission, allowance and stock options, etc. are excluded. We will not include any spousal income, even if you are filing jointly.
- The higher of the standard deduction or estimated itemized deduction of the respective taxing authorities.
- Your destination state.

You will be responsible for all local taxes applicable in either the departure or destination location. Nothing in this policy should be construed as providing, directly or indirectly, Income Tax Advice. For more information about moving expenses, we suggest that you obtain IRS Publication 521 "Moving Expenses" and that you retain the services of a professional tax advisor/preparer.

The Company's tax provision for the various "relocation expense" items is outlined below. The actual gross up decision is based on the deductibility of the item according to current IRS tax laws.

Relocation Expense	Gross-Up	Tax Calculation
Lease Cancellation	Yes	At individual's tax rate
House Hunting & Temporary Living	Yes	At individual's tax rate
Meals- House Hunting Trip	Yes	At individual's tax rate
Return travel during temp living	Yes	At individual's tax rate
Mileage Reimbursement	Yes	At individual's tax rate
Final Move Lodging/ Transportation	Yes	At individual's tax rate
Transportation of Household goods	Yes	At individual's tax rate
Temporary Living	Yes	At individual's tax rate
Storage of Household goods up to 30 days	Yes	At individual's tax rate

RELOCATION PAYBACK AGREEMENT

I attest that I have read and fully understand the Company X Relocation Policy as set forth in this guide. The Company's relocation compensation and benefits programs have been fully explained to me by both Company X Human Resources Department and my ARC Counselor. I understand that should I elect to voluntarily resign or terminate my employment with the Company within twenty-four (24) months of my job start date, I will be expected to reimburse Company X on a pro-rated basis as set forth in the pay schedule listed below, for any relocation reimbursements made to me. The reimbursement must be repaid within thirty (30) days of termination.

Because of the great amount of time and money Company X has spent or will spend in connection with my relocation, I hereby expressly authorize the Company to withhold to the maximum extent allowed by law any money that might be owed by me to the Company if I should voluntarily resign or otherwise voluntarily terminate my employment with Company X within twenty-four (24) months of my job start date. Should the amount withheld not cover the entire amount to fully recompense the amount owed, I also agree to authorize Company X to calculate a repayment schedule that I will adhere to in order to fulfill my monetary obligation toward Company X.

Therefore, I agree to abide by all the terms and conditions of the relocation package.

0 months to 12 months	100% of relocation expenses reimbursed to Employee or paid by Company
12 months to 18 months	75% of relocation expenses reimbursed to Employee or paid by Company
18 months to 21 months	50% of relocation expenses reimbursed to Employee or paid by Company
21 months to 24 months	25% of relocation expenses reimbursed to Employee or paid by Company

Employee Signature _____ Date _____

Employee Print Name _____ Date _____

HR & GA Manager _____ Date _____

VP & CFO Signature _____ Date _____