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COLLECTIVE BARGAINING
AGREEMENT

between

L-3 COMMUNICATIONS
VERTEX AEROSPACE LLC

C-9 PROGRAM
NAS Whidbey Island, Washington

and

INTERNATIONAL ASSOCIATION
OF
MACHINISTS AND AEROSPACE
WORKERS

DISTRICT LODGE NO. 160
LOCAL LODGE NO. 282

Bremerton, Washington

EFFECTIVE DATE: September 2, 2008 – September 1, 2011

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PREAMBLE

This agreement has been entered into this 1 day of September, 2005 by and between the L-3 Communications Vertex Aerospace, LLC, hereinafter referred to as the Company and District Lodge No. 160 of the International Association of Machinists and Aerospace Workers, AFL-CIO, hereinafter referred to as the Union.

It is the general purpose of this Agreement to assure the continuous, harmonious, economic, and profitable operation of the Company and to protect and preserve the jobs, wages, and benefits afforded to the employees represented by the Union for the duration of this collective bargaining contract. In furtherance of these mutual interests and in consideration of the promises and agreements hereinafter stated, the parties agree that the following conditions of employment will govern the employment of those individuals employed by the Company under this Agreement, as defined in the definition of unit, where appropriate and lawful.

It is the intent of the parties to provide for the efficiency of the operations and maximum production of the employees under methods, which further the safety of all affected parties, the efficiency and economy of operations and the continued employment under conditions of reasonable hours, compensation and working conditions as contained herein so that operations will be uninterrupted and duties faithfully performed in order for the company and its employees to fulfill their mutual and vital responsibilities to both the public and to the Government with due regard to competitive conditions.

It is recognized by the agreement to be the duty of the Company, the Union and the employees to cooperate fully, both individually and collectively, for the advancement of said conditions; and to provide a grievance procedure for the settlement of the employee's grievances; and to provide that there shall be no interruptions and/or impeding of operations during the term of this agreement.

The Union recognizes that the Company is a contractor to the U.S. Navy and that the Company is required at all times to meet its contractual obligations. Nothing in this Agreement will prevent the Company from meeting its obligations and responsibilities as a Government contractor. The Union and the Company_ agree to comply with the requirements that the U.S. Navy may impose on the Company and its employees to the degree necessary, subject to rebuttal by either or both parties through the grievance and arbitration procedures and/or the courts, if deemed necessary.

ARTICLE 1 RECOGNITION AND COVERAGE

Section 1.01. Recognition.

The Company recognizes the Union, its designated agents and representatives, its successors and/or assigns, as the sole and exclusive collective bargaining agent on behalf of all of the employees of the Company within the bargaining unit as hereinafter defined, with respect to wages, hours and all other terms and conditions of employment.

Section 1.02. Definition of Unit.

The bargaining unit is comprised of all full-time and regular part-time Supply Technicians, and Lead Supply Technicians employed by the Employer on the C-9 contract at its facility at the Naval Air Station, Whidbey Island, Washington as certified in NLRB Case #19-RC-14228; excluding office clerical employees, managerial employees, guards and supervisors as defined in the Act.

Section 1.03. Provisions Enforcement

For the purposes of eliminating substandard labor conditions, protecting the employment opportunities of employees covered by this Agreement, and enforcing the provisions contained herein, the parties agree that the Company shall confine its supply services contract work in Island County to employees covered by the terms and conditions of this Agreement. To accomplish this objective, the Company shall apply this Agreement to all Naval Air Station, Island County, supply services contract work after the effective date of this contract to which any operation currently performed by employees covered by this Agreement is transferred, in whole or in part, on either a permanent or temporary basis. In the event Naval Air Station, Whidbey Island Supply Contract operations performed by the bargaining unit are transferred to a new location within the jurisdiction of District 160, the employees covered by this Agreement who are affected by the relocation shall have the right to follow their work to the new location, in addition to any right they may have to retain employment under their current contract.

Section 1.04. Subcontracting.

The Company further agrees that it shall not subcontract work currently being performed by the employees covered by this Agreement to any other employer, unless that employer is providing wages and benefits which are at least equal to those contained in this Agreement or unless directed by the U.S. Navy.

The Company, upon request, shall furnish information to the Union which is necessary and sufficient to permit the Union to monitor the Company's compliance with this provision.

ARTICLE 2 MANAGEMENT RIGHTS

Section 2.01. Management Rights.

Except as specifically limited by this agreement, the management of the Company and the direction of the work force, including but not limited to the service performed, the location of the work force, the schedules and fair standards of employees performance, the methods, processes, and means of providing services, materials to be purchased, determination of staffing levels, the right to hire, promote, transfer, and assign the discharge or discipline of employees for just cause, the qualifications of employees, and the maintenance of efficiency of employees, are the sole and exclusive rights and responsibilities of the Company.

Section 2.02.

The Union and the employees shall be notified prior to the enforcement of new work rules or changes in existing work rules and changes in conditions of employment will be negotiated. The Union reserves the right to pursue through the Grievance and Arbitration procedures, as spelled out in this Agreement, rules which it believes to be unreasonable.

Section 2.03.

Except as modified by. this Agreement, all rights, powers or authority, which the Company had prior to the signing of this Agreement are retained by it. No relationship between the parties shall be construed to create any implied limitation on the Company's authority, rights and powers.

ARTICLE 3 HOURS OF WORK AND OVERTIME

Section 3.01. Hours and Days of Work.

Eight (8) consecutive hours of work per day. Five (5) days per week (forty (40) hours). No provision of this Agreement shall be considered as a guarantee of any specified number of hours either per day or week.

The starting time for each shift and work area may be adjusted by the Company to meet specific customer and company requirements, and where it reasonably meets the needs of individual employees. The Company will normally provide one (1) week advanced notice of the shift changes. Current normal starting times are:

First Shift: Consecutive hours where the majority of hours worked fall between 7:30 AM and 3:30 PM.

Second Shift: Consecutive hours where the majority of hours worked falls between 3:30 PM and 11:30PM.

Third Shift: If a third shift becomes necessary, the Union will be notified and the Company will negotiate in terms of the shift.

The employee may request an individual work schedule, or a compressed workweek (5 -4/9 or 4 - 10 workdays/week) which meet their customer's work schedule as determined by the Maintenance Officer and/or the Operational Logistic Support Plan (OLSP).

Employees may occasionally request Make-Up Time during any workweek. Such Make-Up Time must be approved in advance by the immediate supervisor and performed during the workweek in which the time-off was taken.

Section 3.02. Shift Differential Pay - (will apply to other than 1st shift).

Swing Shift employees shall receive a bonus of \$.60 per compensable hour. Graveyard shift employees shall receive a bonus of \$.60 per compensable hour.

Section 3.03. Rest Periods and Clean Up Time

The employees shall receive two (2) paid rest periods of fifteen (15) minutes each; one in the first half and one in the second half of the shift.

Section 3.04. Overtime

- A. All hours worked in excess of forty (40) hours per week will be compensated at time and one-half. For purposes of computing overtime Paid Time-Off including Holiday pay, Leave, Jury Duty and Bereavement Leave shall count towards hours worked.

- B. The Company will make a reasonable attempt to provide advance notice of needed overtime, and when the requirement is known in advance will make a reasonable attempt to provide notice of weekend overtime by the end of the shift on Thursday. The Company will give consideration to any reasonable request of an employee to be excused from overtime work, but reserves the right to require overtime work.
- C. All work performed before or after the regular starting or quitting time of the scheduled shift. This does not apply to adjusting shift schedule for early arrival or late departure.

Section 3.05. Holiday Pay.

Employees required to work on Federal Observed Holidays will receive eight (8) hours of Holiday Pay, plus one and one half (1 %) times their regular hourly rate of pay for hours actually worked including any applicable shift differential. All such hours will count towards hours worked for purposes of computing overtime.

Section 3.06.

Employees who are required to work in excess of their scheduled on any day and/or week shall not be required to take compulsory time off during their regularly scheduled working hours.

Section 3.07. Report Pay.

- A. In the event an employee reports to work on his regular shift or scheduled overtime without having been previously notified not to report, he shall be given two (2) hours regular rate of pay. If no work is available, the employee shall receive two (2) hours pay including all applicable premiums.
- B. An employee shall be considered to have been requested to report at his regular shift unless notified by an authorized employer representative (supervisor or lead) to the contrary at the close of the previous days' work.

Section 3.08. Call-in Pay.

- A. Any employee who has completed work, left the Company's premises and who is called back to work; either after the termination of his regular shift or prior to his regular shift, shall receive a minimum of two (2) hours of work or two (2) hours pay at his regular rate.
- B. Any employee called to work on his regular day off or on a paid holiday shall receive a minimum of two (2) hours work or two (2) hours pay at the regular rate specified for work on his regular day off or on a paid holiday.
- C. An employee shall not be required to stand by for a call back to work after the termination of his regular shift.

D. Overtime will be paid in accordance with Section 3.04, A.

ARTICLE 4 WAGE RATES

Section 4.01. Job Evaluation Plan.

The job descriptions, glossary of terms, rate ranges, job evaluations and job evaluation plan agreed upon between the parties and made a part of this Agreement shall remain in effect for the duration of this Agreement except as new job classifications may be added under provisions of 4.02 below.

Section 4.02. New Job Classifications.

- A. It is recognized that changing conditions and circumstances may require the establishment of new job classifications within the collective bargaining unit heretofore defined because of changes in job content growing out of the introduction of new products, changes in equipment or tooling or in method of processing or in materials processed, etc. When the Company determines a new job has been in use a sufficient time to determine the work operations, the Company shall contact the Union within five (5) days with the descriptions, job evaluations and appropriate ranges for such job classification as will have been determined to be within the collective bargaining unit. If agreement regarding the descriptions and evaluations has not been reached after ten (10) working days, the Company may place the job classifications into effect. The Union shall have the right within thirty (30) days thereafter to file a "grievance general in character" over any alleged improper job evaluation of such job classifications. If the Union does not file a grievance within the time limit specified above, the job classification and rate range established by the Company shall be considered to be fair and equitable and shall remain in effect.
- B. The Company, in describing, evaluating and assigning rate ranges for these new job classifications herein affected, shall apply established wage determination techniques.

Section 4.03. Job Classification.

- A. The job descriptions for each job specify typical work operations which illustrate levels of difficulty and thereby provide a means of distinguishing between jobs. Such typical work operations which illustrate levels of difficulty are not intended to include all work operations which comprise the job. An employee shall not be required to perform all work operations described in a job description in order to be eligible for classification thereunder. An employee shall not be eligible for classification under a job description by reason of performing isolated or singular duties which are not representative of the level of difficulty indicated by the classification as a whole. However, an employee who regularly and consistently performs work operations which are representative of the level of difficulty of a job classification shall be considered eligible for that job classification.

- B. When work operations are not adequately nor specifically described such work operations shall be appraised and accordingly classified as belonging under the most appropriate job description considering the level of difficulty or complexity of said work operations, primarily in comparison with comparable work operations described in the work performed section of the job descriptions.
- C. A job description shall not be construed so as to restrict in any manner the rights of the Company to assign work to employees nor to grant or concede to an employee or group of employees any right to refuse to perform assigned work for the reason that such work is not described specifically in the job description of the employee's job classification or is described in another job description.
- D. Assignment of job classification shall be based primarily upon a consideration of the level of difficulty or complexity of work operations performed by an employee as a regular job assignment in relation to the job requirements and typical work operations set forth in the work performed section of the job description. An employee is required to perform the work operations, duties and other distinguishing characteristics described in a job description under the degree or amount of supervision or instruction which is considered usual and normal in order to qualify for classification thereunder.

Section 4.04. Lump Sum Payments, General Wage Increases and Labor Grade Structure.

Currently, the only negotiated Job Title is Supply Technician and the following rates apply:

<u>Year</u>	<u>Position Title</u>	<u>COLA/Wage</u>
10/4/2008	Supply Technician	\$23.13
10/3/2009	Supply Technician	\$23.82
10/2/2010	Supply Technician	\$24.54

Working Lead position shall be paid \$.75 additional per compensable hour.

Section 4.05. Rate Retention.

Employees promoted or temporarily assigned to another job classification shall receive the rate of that job classification or continue at the present rate, which ever is greater. If temporarily assigned, they shall, upon return to their prior classification, assume the rate held prior to the temporary assignment

Section 4.06. Full-Time Employees.

A full-time employee means any position in which the employee regularly works forty (40) hours per week. The Company will make every reasonable attempt to provide full time employees a minimum 40 hours per week.

Section 4.07. Part-Time Employees.

A part-time employee means a position in which the employee regularly works an average of twenty (20) to forty (40) hours per week. Part time regular employees shall accrue vacation, sick leave, seniority, and holiday benefits in direct ratio to hours worked. Holiday benefits will accrue at the rate of 4 hours per holiday. No full time employee shall be displaced by the use of part time regular employees, except by mutual consent by the Employer and the Union.

ARTICLE 5 BUSINESS TRAVEL

Section 5.01. Temporary Assignments.

Management will select candidates for temporary assignments based on the qualifications required to perform the tasks. The most senior qualified employees will be asked to volunteer for the temporary assignments. If no volunteers are available, management may require the least senior qualified employee to take the temporary assignment.

Section 5.02. Transportation.

Employees who travel more than fifty (50) miles from the work site to perform work for the Company will be furnished transportation designated by the Company. Air travel will be on the carrier designated by the Company. All air travel will be coach/economy/tourist class. Employees may be authorized to use their personal cars (POV) and will be reimbursed for travel as stated in the Joint Travel regulations (JTR).

Section 5.03. Non-work days/hours.

Employees traveling on days other than their regularly scheduled work days or on the same day after working their regularly scheduled workday will be paid up to a maximum of eight (8) hours of pay for travel.

Section 5.04. Expenses.

Travel expenses will be reimbursed in accordance with the Company operational procedure for Expense Reporting.

ARTICLE 6
PAID TIME OFF, HOLIDAYS, BEREAVEMENT AND MILITARY

Section 6.01. Holidays.

- A. All employees covered by this Agreement shall receive eight (8) hours' pay at their regular hourly earnings, including all applicable premium pay, for the following holidays (or the day(s) customarily observed or observed by Federal Law), regardless of the day of the week on which they fall

New Year's Day	Labor Day
Martin Luther King Day	Columbus Day
President's Day	Veterans' Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

- B. If a holiday falls within an employee's vacation period, such holiday shall not be considered as part of the vacation period.

Section 6.02. Jury Duty and Witness Pay.

- A. When an employee is absent from work in order to serve as a juror or to report to the court in person in response to a jury duty summons or report for jury duty examination, whether in a Federal, State, County or Municipal Court, he shall be granted pay equal to the difference received for jury duty and his regular earnings for those hours for which he is for such reason absent from work during his regular eight (8) hours day or regular five (5) day workweek and not to exceed any prevailing Washington State laws (not to exceed ten (10) days).
- B. Any employee subpoenaed or otherwise required to serve as a witness in either a Federal, State, County or Municipal Court, shall be granted pay for those hours which he is for such reason absent from work during his regular eight (8) hour day or regular five (5) day workweek except when the employee is the Plaintiff or Defendant.
- C. Pay for such work time lost shall be at the employee's regular rate of pay, including all applicable premium pay, at the time of such absence.
- D. If a second or third-shift employee serves on jury duty, he shall not be required to work his shift on such calendar days, but shall be entitled to the pay as provided for above.
- E. To receive jury duty, jury examination, or witness pay, the employee must promptly notify the Company so as to provide time in which to process a request for his release and provide documentation of service upon return to work.

Time paid in accordance with this Article shall be considered as hours worked for the purpose of overtime computation.

Section 6.03. Military Reserve Duty.

- A. The Company agrees to pay employees who are members of an active, organized military reserve component, and who take leaves of absence for military reserve field duty service or encampment the difference between their military pay and their regular pay for a maximum period of two (2) calendar weeks ten (10) working days per government fiscal year.
- B. The Company agrees to pay employees who are called to and perform short-term active duty, not including annual active duty and training, as members of the United States Armed Forces Reserve or the National Guard on amount equal to the difference in the pay they receive for performing such duty and the amount they would have received in pay from the Company for hours they would have been scheduled to work had they not been required to perform such duty for ten (10) working days per governmental fiscal year.
- C. Pay for such work time lost shall be at the employee's regular rate of pay at the time of such absence. Documentation of service shall be provided upon return to work.

Section 6.04. Bereavement Leave.

- A. In the event of a death in the immediate family, any employee shall be reimbursed for a period of three (3) successive days on which the employee would have otherwise worked. He shall be paid for his regularly scheduled hours of work up to a maximum eight (8) hours per day at his regular earnings.
- B. If an additional day shall be required for travel beyond two hundred (200) miles from the Company location, such day shall be allowed off with pay, in addition to the three (3) day period set forth in Section 6.04 (a).
- C. Immediate family is defined as employee's legal spouse, mother, father, guardian, mother-in-law, father-in-law, children, brother, sister, son-in-law, daughter-in-law, grandparents, and grandchildren..
- D. Time paid in accordance with this Article shall be considered as hours worked for the purpose of overtime computation.
- E. Part-time employees will receive 50% of Bereavement leave entitlement.

Section 6.05. Vacations Allowances.

The vacation year for eligibility and service credit shall be from employee's company benefit date to Company benefit date. Paid vacation will be awarded as follows;

- A. An employee with one (1) year of continuous service shall be entitled to two (2) weeks vacation annually.
- B. An employee with five (5) years of continuous service shall be entitled to three (3) weeks of vacation annually.
- C. An employee with fifteen (15) years of continuous and above service shall be entitled to four (4) weeks vacation annually.
- D. Employees with a positive vacation balance remaining on their anniversary date from the prior year may carry either that balance or 120 hours, whichever is less, the next vacation year. The "carry over amount" will be added to the "just earned" increment and the employee has access to the entire amount during the coming year.

in no event will the vacation balance exceed two (2) times the vacation allowance the employee is awarded under 6.05 (a), (b) or (c) above.
- E. Annual leave pay shall be at the employee's basic hourly rate including any applicable premiums.
- F. Employees who are laid off, discharged, or who discontinue service with the Company for any reason, shall be paid prorated annual pay plus any unused annual leave credit previously earned.
- G. If an employee dies while on the payroll of the Company, annual leave pay, as provided above, shall be paid to his legal heir or estate.
- H. If a holiday occurs during the period an employee is taking annual leave, the employee shall charge eight (8) hours of holiday time for that day in lieu of vacation hours.
- I. Vacation may be taken in one (1) hour increments if approved in advance by the supervisor. The employee shall be responsible for annotating vacation taken on his/her time card. If vacation is not annotated on the time card, the employee will not receive payment.

Section 6.06. Pay in Lieu of Time-off.

There will be no pay in lieu of time-off for vacation. The intent of this provision is to cause each employee to use the vacation for time-off. Terminating employees will be paid for all unused vacation.

Section 6.07. Scheduling.

Vacation requests must be made in writing to their supervisor. The Company reserves the right to approve or deny vacation based on business operations. Vacation requests will be approved based on seniority.

ARTICLE 7 LEAVE OF ABSENCE

Section 7.01. Leave of Absence.

The Company may approve a leave of absence without pay up to ninety (90) days for personal reasons. The ninety (90) day limit may be extended by mutual agreement of the parties. Such leave must be requested in writing and approved by the program Manager through the site manager. Said request must also state the reason for the unpaid leave. Employees must request such leave at least ten (10) work days prior to the date the leave would commence, except in cases of emergency.

- A. Leave of Absence for legitimate personal health reasons supported by medical verification will be granted to an employee for a period not to exceed ninety (90) days and will be extended when supported by medical verification supplied by the employee for a licensed physician.
- B. Leaves of absence for personal health reasons will not exceed six (6) months. If not released to return to work within six (6) months after the date of layoff, the employee will be terminated.
- C. Failure to return to work from a Leave of Absence on the first scheduled workday following the expiration date of said leave will result in termination of the employee, except in extenuating circumstances involving reasons acceptable to the Company.

Section 7.02. Family Medical leave Act.

The Company agrees to comply with the provisions of the Family Medical Leave Act (FMLA), regardless of the total number of employees employed by the Company, and to afford the benefits provided by the Act to all employees who have worked at least 1250 hours in the twelve (12) months immediately preceding the month in which leave is requested.

- A. The Company recognizes that each employee is entitled to up to twelve (12) weeks of unpaid leave during a twelve (12) month period for any of the following reasons: for the birth of a child and to care for a newborn; for the placement with the employee of a child for adoption or foster care; to care for an employee's spouse, child or parent with a serious health condition; or because of the employee's own serious health condition. (For the purpose of this Section, the twelve (12) month period shall be twelve (12) months from the last day on which the employee had previously been on FMLA leave).
- B. The Company shall not require any employee to substitute paid leave earned under this Agreement or an applicable workers compensation statute for the leave provided under this Article except for personal illness. Employees shall have the right to elect to substitute earned paid leave for the leave provided in this Article, in whole or in part. The employee shall notify the Company of his/her

intention regarding substitution of paid leave for the unpaid medical leave at the time medical leave is requested.

- C. During any period in which an employee is taking leave provided under this Article, the Company shall make available all benefits provided under this Agreement to which the employee would otherwise be entitled at employee expense. The employee shall continue to accrue seniority for all purposes during the period of FMLA leave.

ARTICLE 8 SENIORITY

Section 8.01. General Seniority.

The length of service of the employee in the Bargaining Unit shall determine the seniority of the employee. The seniority of Bargaining Unit employees shall be with respect to other Bargaining Unit employees..

Definitions:

- A. Seniority is defined as including the whole span of continuous service within the bargaining unit as defined in the certification of unit, Article 1, Recognition.
- B. Seniority will not be broken for: (1) periods of approved absence with leave, (2) periods of layoff due to lack of work, (3) periods of absence due to injury or illness. Periods of absence set forth in (2) and (3) shall not exceed twelve (12) months. In case of occupational injury, the employee will be laid off after twelve (12) months. If able to return to work within twelve (12) months of date of lay off, seniority will not be broken.
- C. Part time employees are not eligible for any contractual seniority rights as specified except within a group consisting of other part time employees.

When two or more employees are hired on the same date , the employee with the lowest Social Security number shall then have the greatest seniority for the purpose of lay off, recall and promotion. Among active employees, on the date of contract acceptance, the employee with the most Company service will be considered as having the greatest seniority.

Section 8.02. Principle of Seniority.

The principle of seniority shall be a factor in all cases of promotion within the bargaining unit, transfer, decrease or increase of the working force as well as preference in assignment to shift work and choice of vacation period. Seniority will be a consideration in promotions, but will not outweigh qualifications as determined by management.

Section 8.03. Probationary Period.

Any employee who has been in the employment of the Company for ninety (90) consecutive calendar days shall be considered a Seniority Employee of the Company. During the probationary period the employee shall be subject to layoff, discipline, or discharge at the sole discretion of the Company, and such action shall not be subject to the grievance procedure. Except as specifically mentioned in this section, the employer is required to maintain all provisions of this agreement for probationary employees.

Section 8.04. Probationary Employees.

All new employees shall for the first ninety (90) days of employment are to be considered probationary employees, and may be terminated at the employer's discretion. If retained after the ninety (90) day period, these employees shall be placed

upon the seniority list with seniority as of the date of hiring. The Union may advise the Company of the reason it believes the termination may not have been justified or appropriate.

Section 8.05. Employees Transfer.

In cases where the employee transfers or is transferred within the Bargaining Unit, they shall retain full seniority based on their original employment date or transfer date into the Bargaining Unit. Employees transferring back into the Bargaining Unit will retain their previous seniority and will resume accruing seniority as of the date of the transfer back into the Bargaining Unit.

Section 8.06. Loss of Seniority.

All seniority of any employee shall terminate if the employee:

- A. Voluntarily resigns.
- B. Is discharged for cause.
- C. Is on layoff status in excess of twelve (12) months.
- D. Refuses recall.
- E. Is out of the bargaining unit for six (6) months.
- F. Retirement.
- G. Fails to return from a Leave of Absence.
- H. Is absent from work for three (3) consecutive days with no contact with the Company (unless there are extenuating circumstances).
- 1. Is absent from work due to a workers compensation claim in excess of twelve (12) months.

Section 8.07. Emergency and Temporary Work.

Jobs of an emergency or temporary nature not expected to exceed thirty (30) days may be filled by a floater employee. At the end of the thirty (30) days, if the job is going to continue it shall be deemed a regular job and will be posted.

Section 8.08. Seniority List.

The company shall prepare and maintain, subject to examination and correction by Union representatives, a seniority list by length of service in the Bargaining Unit and their respective work item to record the status of each employee in the unit. The Union shall be provided with a copy of the seniority list and shall be notified of all changes.

Section 8.09 Union Representatives.

The Shop Steward shall not be given seniority over all employees whom they represent during reductions in force.

Section 8.10. Full-time and temporary Employees.

Temporary employees will not be used in such a way as to cause a lay-off of full time employees.

ARTICLE 9

EQUAL EMPLOYMENT OPPORTUNITY AND HOSTILE WORK ENVIRONMENT

Section 9.01. Company and Union.

The Company and the Union will not interfere with, restrain or coerce the employees covered by this agreement because of membership or lack of membership in, or activity on behalf, of the Union. The Company and the Union will not discriminate in respect to hire tenure of employment or any term or condition of employment against any employee covered by this agreement because of membership in or lack of membership in, or activity on behalf of the Union. The Company agrees that it will not discourage or attempt to discourage membership in the Union or attempt to encourage membership in another Union.

Section 9.02. Equal Employment Opportunity.

The Company agrees, in accordance with the law, that it will not discriminate against any applicant for employment or any present employee in the payment of wages, assignment to jobs, seniority, promotion, demotions, training, transfer, layoff, recall, discipline, discharge, pension benefits, working hours, physical facilities, retirement age, insurance coverage, job classification, classified advertising, recruitment, testing, or any other term, condition or privilege of employment because of race, color, religion, sex, national origin, occupation irrelevant physical handicaps, or other protected status.

Section 9.03. Hostile Work Environment.

The Company agrees to continue to maintain a work environment that is free of hostility in accordance with the existing Company and Government policies.

Section 9.04. Agreement Application.

This Agreement shall be applied fairly and shall not in any way be used to discriminate against employees on account of race, color, religious affiliation, sex, age, national origin, veteran or disability status. It is understood that where ever in this Agreement employees or jobs are referred to in the male or female gender, it shall be recognized as referring to both male and female employees.

ARTICLE 10 UNION REPRESENTATION

Section 10.01. Union Recognition.

The Company recognizes and will deal with all Stewards, and all other Union representatives in all matters relating to grievances, interpretations of the agreement or in any other matters which affect, or may affect, the relationship between the Company and the Union.

Section 10.02. Union Steward Designation.

A written list of the Shop Union Steward shall be furnished to the Company immediately after the designation and the Union shall notify the Company promptly of any change.

Section 10.03. Union Steward.

The steward shall be at large.

Section 10.04.

The Company will pay for 20 hours of mutually beneficial training in the initial contract year.

Section 10.05. Number and Location of Union Stewards.

The number and location of Stewards may be adjusted by mutual agreement of the Company and Union. If level of employees increases by Group of 5, one steward will be added.

Section 10.06. Union Steward performance of Duties.

The Company will agree to such arrangements as may be necessary for the stewards at large to properly and expeditiously carry on their Union duties. Such arrangements shall include permission for Stewards to leave their department to go to any other department, etc., within the bargaining unit to investigate and/or bring about a proper and expeditious disposition of a grievance or complaint.

Section 10.07.

The Company shall pay a single Steward and the aggrieved employees at their regular hourly earnings for time spent in processing grievances. The company shall pay the steward for attendance at any other joint Union-Company meetings called by Management.

Section 10.08.

For the purpose of layoff, downgrading, or demotion, all Union officers and Shop Stewards will not have top seniority during their tenure of office.

Section 10.09.

Officers and/or accredited representatives of the Union will be admitted to the Company's work areas during working hours for the purpose of investigating or resolving a grievance. All such officers and representatives shall comply with applicable security regulations normally required of other visitors in effect at that time, e.g., sign-in, escort in work areas, etc.

ARTICLE 11 DISCHARGE AND DISCIPLINE

Section 11.01. Discharge and Discipline.

No employee shall be discharged, suspended, or otherwise disciplined without just and sufficient cause. Any employee who has been discharged shall be granted an interview with his Union representative before he is required to leave unless compelling circumstances exist.

Section 11.02. Union Notification.

In all cases of discharge, demotion, or other written discipline, the employee involved and the proper Union official shall be notified, in writing, of the action and the reason for such action. Whenever possible, such notification shall be in advance of the discharge, demotion or other disciplinary action.

Section 11.03. Employee Discharge.

Prior to deciding on the discharge of an employee, the Company will first suspend the employee for a period not to exceed five (5) workdays. By mutual agreement with the Union the Company will extend the suspension time. Within that period and before the Company makes its decision final, a hearing shall be held at which time the Union may present any facts or other information which it wishes the Company to consider.

Section 11.04. Grievances and Arbitration.

Should there be any dispute between the Company and the Union concerning the existence of just and sufficient cause for discharge, demotion, or discipline, such dispute shall be adjusted in accordance with Grievances and Arbitration provisions in this Agreement.

Section 11.05. Polygraph and lie Detector.

The Company agrees that it shall ' not require that an employee or applicant for employment take a polygraph or any other form of a lie detector test. The sole exception to this shall be in the case of a government requirement for such a test as a prerequisite for obtaining or retaining specific level of security clearance. In the event of such a requirement, the Union Business Representative shall be notified in advance.

ARTICLE 12 GRIEVANCE PROCEDURE

Section 12.01. Grievance Definition.

"Grievances" shall mean, any and all disputes or differences between the Company and the Union, or employees so represented, with respect to the interpretation or application of any specific provision of this Agreement or matters of personal concern. Both parties agree to use their best efforts, including management, supervision, shop steward, and the grievant, to resolve matters without resorting to the grievance procedure except that such meeting shall not extend the time limits set forth in this Article. In the event such informal methods do not resolve the grievance, all grievances shall be reduced to writing and processed in accordance with the following steps:

Section 12.02. Grievance Procedure.

All grievances beyond Step 1 involving employee claims shall be in writing on grievance forms and shall be signed by all employees or the Union Representative. In an effort to adjust employee grievances by mutual agreement, they shall be presented in the following order and within the following time limits;

Step 1: The employee(s), with or without their steward, shall promptly bring a grievance to their supervisor within ten working days following the event giving rise to the grievance. In the event an employee is unavoidably absent due to illness or injury, or unavailable due to vacation or other approved reasons, the employee's shop steward may bring the grievance to the supervisor. If such grievance is not settled within five (5) working days then:

Step 2: Within ten (10) working days following the event or discovery of the event giving rise to the grievance a written grievance containing the Article or section which is claimed to be violated and the remedy requested, must be signed by the employee and submitted by the shop steward and taken up with the Program Manager/ Site Manager, or his designee. A meeting will be scheduled within five (5) subsequent working days. If no agreement has been reached within ten (10) working days, the Company will reply in writing. If the written reply is not satisfactory, it may be moved to Step 3.

Step 3: Within ten (10) working days of the Step 2 reply, the grievance may be moved to Step 3 by written appeal to the Company Labor Relations Representative or designee. The Company Labor Relations Representative or designee, and the Business Representative of the Union, shall meet within ten (10) working days after the receipt of the grievance into the third step. A written reply from the Company Labor Relations representative will be given to the Union within ten (10) working days after the meeting. If no agreement has been reached within ten (10) working days from the Step 3 meeting, either party may submit the grievance or dispute to arbitration as covered in the "Arbitration Procedure" Article. Upon receipt of Management's answer in Step 3, the Union has thirty (30) days to provide notification to arbitrate.

Section 12.03. Decision.

A final decision made with respect to any grievance in the first or second step shall apply to that grievance only and shall not become a binding precedent in the case of other grievances nor a precedent which shall bind the parties as an interpretation of the Agreement. All settlements must be consistent with the terms and conditions of the Agreement.

Section 12.04. Union/Employer.

At the Union or Employer's option, it may elect to use the grievance procedure to resolve a dispute over the interpretation, or application of this agreement. Union or Employer grievances may be initiated directly at Step 2 of the grievance procedure.

Section 12.05. Grievance Processing.

While a grievance is being processed and until a final decision has been determined, the grievant(s) shall be presumed innocent until proven guilty. This does not limit the right of Management to suspend or terminate an employee.

Section 12.06. Witnesses.

Either party to this Agreement shall be permitted to call employee witnesses at each and every step of the grievance procedure. The Company shall cooperate with reasonable requests from the Union to release employees from work to attend grievance proceedings. The Company shall, at the Union's request, make available records in its possession which are necessary for the Union to evaluate the merits of the grievance, verify the existence of past practices, or which substantiate the contentions or claims of the parties that are normally required by State or Federal Laws. The Union shall request such documents at least twenty (20) workdays prior to any scheduled formal (arbitration) proceeding and the Company shall furnish the requested material at least five (5) workdays prior to the formal proceeding. These time limits are advisory only and may be waived or modified by mutual consent of the parties.

Section 12.07. Company Grievance Adjustment.

In the event that the Company adjusts a grievance in accordance with the procedure set forth in Section 12.02 hereof, the Company shall submit to the Union, in writing, a statement setting forth the nature of the grievance so adjusted and the substance of the adjustment.

Section 12.08. Exclusive Remedy.

The grievance procedure and arbitration provided herein shall constitute the sole and exclusive remedy to be utilized by the parties hereto for such determination, decision, adjustment, or settlement of any and all grievances or disputes as herein defined, whether or not either party to the contract considers the same as a material breach of the contract or otherwise.

Section 12.09. Grievance and Arbitration.

Grievances filed under the terms of this Agreement shall be processed, up to and including arbitration, under the language in the agreement at the time the grievance was

filed even though a new agreement has been negotiated subsequent to the grievance being filed, unless the parties have resolved the outstanding grievance(s) during the negotiation of the new agreement.

Section 12.10. Timeliness of Grievances.

Time limits can only be extended by mutual agreement of the Company and the Union.

Section 12.11. Union Filing of Employee Grievances.

Nothing in this Article precludes the Union from filing a grievance on behalf of the employee or employees in the event of unusual or unforeseen circumstances.

ARTICLE 13 ARBITRATION

Section 13.01. Arbitration.

The party choosing to arbitrate shall be given written notice to the other party setting forth the matter to be arbitrated. If said notice is not served within the thirty (30) working day period specified in Step 3 of the "Adjustment s of Grievance" section, it shall be deemed that the grievance has been satisfactorily adjusted and the right to arbitrate waived.

Section 13.02. Arbitration Procedure.

In the event the Union or the Company submits a grievance to arbitration, a panel of seven (7) arbitrators will be requested from the Federal Mediation and Conciliation Service. The petitioner has the first right to strike a name; the other party shall then strike a name. This procedure shall continue alternately until one (1) name remains.

Section 13.03. Arbitrator.

The decision of the arbitrator shall be final and binding on all parties. However, the arbitrator shall not have jurisdiction or authority to add to, subtract from, modify or in any way change the provisions of this agreement except to comply with the Federal or State laws.

Section 13.04. Cumulative Awards.

In no event shall the Company be penalized or in any way liable for monetary award or grievance settlement prior to thirty (30) days preceding the date of the filing of the grievance. Any monetary award shall be limited to the actual loss incurred by the grievant, less such other compensation, including wages, commissions, workers compensation and unemployment compensation, as the grievant may have received or which may be due to the grievant for the designated award period.

Section 13.05. Arbitration Fees and Expenses.

The expenses and fees of the Arbitrator will be borne equally by both parties. In cases of cancellation that do not involve a compromised settlement by the parties, the party requesting cancellation shall pay all fees or costs of the arbitrator for such cancellation. In cases where the cancellation is a result of a compromise fees or costs of the arbitrator shall be shared equally.

Section 13.06. Arbitrator award.

The arguments before the Arbitrator will be oral, written or both. The parties may file post-hearing briefs. The Arbitrator shall render his decision within thirty (30) days of the close of the hearing or receipt of briefs. The award shall be in writing and mailed to each party.

ARTICLE 14 UNION SECURITY

Section 14.01.

All employees in the bargaining unit must as a condition of continued employment be either a member of the Union and pay union dues or pay an agency fee to the Union, but not both.

Section 14.02.

All employees within the bargaining unit on the effective date of this agreement who are not Union members must, as a condition of continued employment, pay to the Union while on the active payroll, an agency fee equal in amount to monthly membership dues, beginning with the month following the month in which they accumulate thirty(30) days continuous service in the bargaining unit since their last date of hire or rehire. Employees entering the bargaining unit or employees who are rehired with seniority or transferred with seniority into the bargaining unit after the effective date of this Agreement who do not become Union members, or having become do not remain Union members, must, as a condition of employment, while on the active payroll, pay such fee to the Union commencing a month following the month in which they accumulate thirty (30) days continuous service in the bargaining unit if such entry is prior to the fifteenth (15th) day of that month or commencing with the month following the month of such entry into the bargaining unit if such entry is on or after the fifteenth (15th) day of that month.

Section 14.03.

Employees who are Union members on the effective date of the Agreement shall continue to pay membership dues to the Union as a condition of continued employment while in the bargaining unit and on the active payroll as long as they remain members of the Union. Employees within the bargaining unit who after the effective date of this Agreement become members of the Union shall pay, while on the active payroll, an original initiation fee and membership dues to the Union, as a condition of continued employment while in the bargaining unit and while remaining a Union member; provided that in no event shall the initiation fee and membership dues exceed the amount specified in the Constitution and/or By-Laws of the Union, but not both.

Section 14.04.

Upon receipt of a signed authorization from the employee involved, the Company shall deduct from the employee's pay an amount necessary to satisfy the financial obligation to the Union for dues or agency fees during the period provided for in said authorization. Deductions shall be made from the first pay of the employee after receipt of the authorization and monthly thereafter from the first pay of the employee in each month.

Section 14.05.

Deductions provided in Section 14.04 shall be remitted to the Local Lodge 282 no later than the tenth (10th) day of the month following the month in which the deduction was made and shall include all deductions made in the previous month. The Company shall

furnish Local Lodge 282 monthly, with a record of those for whom deductions have been made and the amounts of the deduction, and the names of those employees from whom deductions were not made and the reasons they were not made.

Section 14.06.

The parties agree that check-off authorization shall be in the following form:

DUES DEDUCTION AUTHORIZATION

I hereby authorize and direct the Company to deduct from wages due me each month, commencing with the month of , year , the appropriate amount to maintain my membership in, and/or financial support of, said Local Lodge 282 in accordance with the Constitution of the International Association of Machinists and Aerospace Workers and communicated to said Company, and all amounts as provided for during any month by the collective bargaining agreement or amendments between the Company and the Union then in effect. This assignment and authorization for dues payment will be as specified by the Secretary Treasurer of the Union, which is to be deducted from wages due me in the month of year. These deductions shall be made payable to, and be remitted to the Secretary Treasurer of said Local Lodge 282.

This assignment and authorization shall be irrevocable for a period of one year from the date hereof or until the termination date of any applicable collective bargaining agreement, whichever occurs sooner, and shall automatically be renewed as an irrevocable assignment and authorization for successive yearly or applicable collective bargaining agreement periods thereafter, whichever is the lesser unless I give written notice, by certified mail, of revocation to the Company and the Union not more than twenty (20) and not less than five (5) days prior to the expiration of each yearly period or of each applicable collective bargaining agreement, whichever comes sooner.

I expressly agree this assignment and authorization is independent of, and not a quid pro quo for, union membership, but recognizes the value of the services provided by the Union. It shall continue in full force and effect even if I resign my membership in the Union, except if properly revoked in the manner prescribed above.

Employee Signature

If, due to being in an unpaid status, an employee's dues are not checked off, such deduction will be made no later than the tenth (10th) day of the month following his return to work.

Section 14.07. Hold Harmless.

The Union shall indemnify and hold the Company harmless against any and all claims, demands, suits, or other forms of liability that shall arise out of or by reason of action taken or not taken by the Company for the purpose of complying with any provisions of this article.

ARTICLE 15
NO STRIKES AND LOCKOUTS

Section 15.01. Strikes and Lockouts.

The Union agrees that neither it nor any of the employees in the bargaining unit, covered by this Agreement, will collectively or individually engage in or participate in any strike, slowdown or stoppage of work during the term of the Agreement and the Company agrees that during the term of this Agreement it will not lock out any of the employees covered by the Agreement.

Section 15.02. Union Responsibility.

in the event of any violation of Section 1 of this Article, it shall be the duty and obligation of the Union, its officers, agents, or representatives (employee or non-employee) to immediately take all reasonable steps required to bring an end to such misconduct.

Section 15.03. Employee Responsibility.

If the reasonable steps attempted in Section 15.02 above do not return the striking employee(s) to work then the employee(s) may be subject to immediate discharge by the Company.

ARTICLE 16
401 (K) SAVINGS PLAN

Section 16.01. Contribution.

The employee may contribute up to twenty percent (20%) of their earnings into the 401 (K) and take advantage of the associated income tax deferred. Such contributions will be through payroll deductions.

Section 16.02. Company match.

The Company will match one hundred percent (100%) of the amount the employee contributes to the 401 (K) account up to the first four percent (4%) of the contribution. All contributions are immediately vested.

Section 16.03. Core Company Contribution Plan.

Full time employees will be eligible for the Core Company Contribution Plan in which the Company contributes one-half (34) of one percent (1%) of the employees' annual earnings into the L-3 Communications Master Savings Plan. To be eligible, the employee must be eligible for the L-3 Communications Master Savings Plan on July 1 and December 31 of each calendar year.

ARTICLE 17 GENERAL PROVISIONS

Section 17.01. Discrimination.

There shall be no discrimination, interference, restraint, or coercion by the Company against any employee because of Union Membership.

Section 17.02. Bargaining Unit Work.

Raytheon Aerospace LLC non-bargaining unit personnel may perform the work of or with unit employees, provided such work does not result in layoff, reduction of hours or benefits of unit employees.

Section 17.03. Binding Agreement.

This Agreement shall be binding upon and shall insure to the benefit of the parties hereto, their successors and assigns; but in the event the Company ceases to perform on the contract as identified in Article 1, the Company shall be released from all obligations so affected under this Agreement.

Section 17.04. Drug Policy.

The Company and the Union are committed to providing employees with a drug free and alcohol free workplace. It is our goal to protect the Health and Safety of employees and to promote a productive workplace, and protect the reputation of the Company, Union and employees. Consistent with these goals, the Company will continue the policies in effect at certification of this unit.

Section 17.05. Security.

The Company and all representatives of the Union having access to the premises and all employees are required to comply with applicable Government security regulations when performing work for the Government. The Company and the Union agree that security information will be revealed only to persons properly cleared and required by the Government to have the information.

Section 17.06. Government Denied Access.

The Union recognizes that the Company has certain obligations in its contract with the Government pertaining to security and that security is vital to the Company and the Union in carrying on their part in this effort. Therefore, in the event that the U.S. Navy, through its duly authorized representatives concerned with security, advises or has advised the Company that any employee covered by this Agreement is denied access to our U.S. Navy Site where such access is required in performance of that employee's duties, such employee shall be terminated. It is understood and agreed that determinations by the Government as to an individual's suitability for access due to security reasons are not reviewable via the Grievance/Arbitration procedures provided in this Agreement.

Section 17.07. Government Services.

The Union and the Company recognize that employees covered hereby are performing services for the U.S. Government in U.S. Government facilities and by use of Government equipment. The Company is not authorized to maintain, modify or repair such Government facilities and equipment, except as contractually directed.

Section 17.08. Government Property.

Each employee shall be responsible for reasonable care of the customer and/or Company furnished property or material and will notify the Company of any sabotage, or willful damage to Company, customer or employee property or material.

Section 17.09. Saving Clause.

In the event that any federal or state legislation, governmental regulations or court decisions cause invalidation of any Article or Section of this Agreement, all other Articles and Sections not so invalidated shall remain in full force and effect. Within thirty

(30) days, the Company and Union shall meet to negotiate new contract language to replace the particular clause which was invalidated by federal or state legislation.

Section 17.10. Bulletin Boards.

The Company will work with the Union to identify bulletin board space in major work areas which will be set aside for the uses of the Union.

Section 17.11. Agreement Availability.

The contract shall be printed at the Company's expense, within the Company or in a Union shop. The Company shall furnish a sufficient number of printed Agreements to the Union for distribution to each employee on the payroll as of the signing of the Agreement, as well as to employees hired during the term of the Agreement.

Section 17.12. Collective Bargaining.

The Company and the Union may, by mutual agreement, negotiate during the term of this agreement concerning any matter involving the wages, hours and working conditions of the employee which is not specifically provided for in this agreement and which is not the subject of any grievance. Any grievance or dispute concerning an employee's rights under the provisions of this Article shall be adjusted under the terms of the Grievance and Arbitration procedures outlined in this Agreement.

Section 17.13. Wage Opener.

Either party may serve a written notice upon the other sixty (60) days prior to expiration date of this Collective Bargaining Agreement to amend the wage rates and/or fringe benefits provided for in this Agreement. Upon receipt of such notice, the other party will immediately meet and negotiate in good faith concerning the modifications proposed. In the event that the parties fail to agree on the modifications proposed within sixty (60) days after receipt of the aforesaid notice, any limitation upon the right of the Union to strike established by the terms expressed or implied of this Agreement, shall terminate on and after the sixtieth (60th) day following the receipt of the aforesaid notice.

Section 17.14. Obligation of Agreement.

The parties acknowledge that during the negotiations, which resulted in this Agreement, each had the right and opportunity to make demands with respect to any subject or matter and the agreements arrived at by the parties are set forth in this Agreement, even though such subject or matter may not have been known or contemplated by any of the parties at the time this Agreement was negotiated and signed.

ARTICLE 18 SAFETY AND HEALTH

Section 18.01. Safety and Health.

The Company shall provide and maintain a safe and health workplace and, in cooperation with the Union, will provide programs, training, and systems which seek to prevent and eliminate industrial injuries and illnesses.

Section 18.02. Safety Program Manual.

The Company Safety Program Manual establishes a program to guide and assist personnel in implementing and enforcing policies and safety work rules of providing a safe, accident free and healthful work environment. Copies of the Safety Program Manual will be accessible to all employees and employees will be notified of the location.

Section 18.03. Company Safety Responsibility.

Nothing contained in this article shall be construed to create or give rise to a claim by an employee that the Union was responsible for any failure of the Company to comply with its obligations to provide a safe and healthy work environment.

Section 18.04. Employee Safety Complaint.

No employee shall be subject to any discipline, of any kind, as a result of reporting a safety hazard or injury.

Section 18.05. Facilities.

The Company will provide for employee use the following; a microwave, refrigerator, coffee mess area.

Employees will have access to a working radio.

Personalization of the break room and workplace will be allowed. However, employee use will not violate any Government laws, rules, and regulations through the personalization.

ARTICLE 19
JOB SECURITY PROVISIONS AND NEW TECHNOLOGY

Section 19.01. Outsourcing.

The parties recognize that outsourcing of work historically or potentially performed by the bargaining unit undermines job security and weakens our Partnership. Towards the end of maximizing work performed by the bargaining unit, the Parties agree that the Company will not outsource any work historically performed by the bargaining unit in the Supply department in the Island County area without the approval of the Union. Unless directed by the customer.

ARTICLE 20 TRAINING

Section 20.01. Tuition Reimbursement Program.

Tuition reimbursement to provide financial assistance to employees who take educational courses outside regular working hours on a voluntary basis for self improvement will be provided in accordance to the Company program manual in effect at the time of certification of this unit.

Section 20.02. Company Provided Training.

To provide better service, enhance our capabilities, and more efficiently meet the customers mission, the Company will provide adequate cross training (tasksharing) as follows:

- A. Preparation of Quality Deficiency Reports
- B. Warranty items
- C. Inventory Quality Assurance
- D. Maintenance of Aircraft files in relation to flight hours

ARTICLE 21 SICK LEAVE

Section 21.01. Use of Sick Leave.

The Use of sick leave is provided to cover incidence of personal or immediate family illnesses.

Section 21.02. Allowances.

The sick leave year for eligibility and service credit shall be from employee's Company benefit date to Company Benefit date. Paid sick leave will be awarded as follows:

- A. an employee with one (1) year of continuous service shall be entitled to twenty-four (24) hours of sick leave.
- B. An employee with two (2) years of continuous service shall be entitled to thirty-two (32) hours of sick leave annually.
- C. An employee with three (3) years of continuous and above service shall be entitled to forty (40) hours of sick leave annually.
- D. Employees may carry over a maximum of 240 hours of sick leave from one benefit year to the next.

Section 21.03. Unused Sick Leave.

Employees who terminate employment or are laid off are eligible to receive pay in lieu of sick leave for all unused balances.

Section 21.04. Credit for Sick Leave.

Employees who are laid off and recalled within twelve (12) months, will upon return to work, be credited with sick leave equal to the amount accrued at the time of lay off.

Section 21.05. Sick Leave Policy.

The Company will continue its present policy on Sick Leave: Sick Leave is not authorized in increments of less than one (1) hour. After one (1) hour an employee can record Sick Leave as taken. (i.e., such as 1.6 hours or 3.4 hours, etc.)

ARTICLE 22 GROUP INSURANCE

Section 22.01. Fringe Benefits

Effective October 4, 2008, the Company will provide each employee the amount of \$3.25 per hour paid, to a maximum of 40 hours per week, for the purchase of Health and Welfare benefits. This rate will increase on October 3, 2009 to \$3.40 per hour, and on October 2, 2010 to \$3.50 per hour. All benefits will be offered in accordance with the Company's negotiated plans for the Whidbey Island, WA location. Any unused monies will remain with the employee.

Section 22.02. Group Insurance

Employees may also purchase the following Voluntary Group Insurance benefits offered by the Company. The current package of Voluntary Group Insurance benefits in which the premium cost is borne by the employee, shall be provided for the term of this Agreement, including;

- A) Flexible Spending Accounts;
- B) Group Universal Life Insurance (GUL);
- C) Accidental Death & Dismemberment Insurance;
- D) Short Term Disability (STD) Insurance and
- E) Long Term Disability (LTD) Insurance.

The benefit levels available are described in the respective plan documents.

Section 22.03. Travel and Accident Insurance

The Company shall provide Travel and Accident Insurance to employees traveling on authorized company business at no cost to the employee.

All Group Insurance coverage will begin after enrollment as specified in each plan document.

Section 22.05.

The Company agrees that during the life of this agreement there shall be no reduction in the level of benefits provided in this article. Part time employees are not eligible for any Group Insurance offered by the Company within this Article.

Section 22.06 Fringe Benefit Rate

The fringe benefit rate will be paid to the employees who opt out of H&W as follows;

\$3.25 effective October 4, 2008

\$3.40 effective October 3, 2009

\$3.50 effective October 2, 2010

Section 22.07 Savings Plan

An employee hired on or after 1/1/09 who becomes eligible to participate in the 401K plan shall be automatically enrolled at the default contribution level as defined by the plan, unless he elects some other level of participation in accordance with the terms of the plan. The contributions will be invested in the default investment fund provided under the terms of the plan unless the participant elects a different investment.

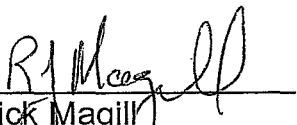
**ARTICLE 23
EFFECT AND DURATION**

Section 23.01. Duration.

This agreement shall become effective as of 12:01 AM on the 2nd of September 2008. It shall remain in effect until 12:00 AM on the 1st day in September 2011.

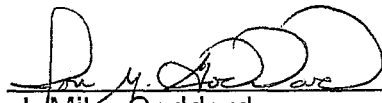
In witness whereof, the parties have caused this agreement to be executed by their respective officers and representatives thereunto authorized this 20th day of August

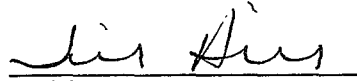
For the Company:


Rick Magill
Labor Relations Manager


Earl Oviatt
Site Manager

For the Union


J. Mike Goddard
Business Representative


Jill Hill
Committee Member

MEMORANDUM OF UNDERSTANDING #1

Dated

Re: Hazardous Pay Differential

The parties agree to negotiate any Hazardous Pay Differential for work designated by the Agency as per the Service Contract Act.

For the Company:

For the Union:

George Mabey
Labor Relations Consultant

J. Mike Goddard
Business Representative