

22 January 2014

Union POC

Re: Contract Number: N00189-08-C-0036

Dear Mr. Compher.

This letter is to advise you that Hallmark agrees to a 4% increase to wages, H&W and Pension, increased rates take effect 1 May 2014. This letter also serves notice that current agreement remains in effect until 30 April 2015. Wages and H&W rates and increases are listed below:

Job Title	Current Rate	Effective 1 May 2014
Aircraft Servicer:	\$25.39	\$26.41
Aircraft Servicer Lead:	\$27.01	\$28.09
H&W:	\$3.81	\$3.85
Pension:	\$.60	\$.64

All other terms and conditions of employment remain the same as currently stated in the previous contract dated 1 Sep 12 – 30 Sept 13.

Thank you in advance for your cooperation and we look forward to working with you on this contract.

Regards



John Rodgers
Vice President - Operations

22 January 2014

Union POC

Re: Contract Number: N00189-08-P-1142

Dear Mr. Compber.

This letter is to advise you that Hallmark agrees to a 3% increase to wages, H&W and Pension, increased rates take effect 1 May 2014. This letter also serves notice that current agreement remains in effect until 30 April 2015. Wages and H&W rates and increases are listed below:

Job Title	Current Rate	Effective 1 May 2014
Fuel Distribution System Operator:	\$ 24.79	\$ 25.53
Fuel Distribution System Mechanic	\$ 28.43	\$ 29.28
Fuel Distribution System Operator Lead	\$ 28.21	\$ 29.06
H&W:	\$ 4.21	\$ 4.34
Pension:	\$.60	\$.62

All other terms and conditions of employment remain the same as currently stated in the previous contract dated 1 Sep 12 – 30 Sept 13.

Thank you in advance for your cooperation and we look forward to working with you on this contract.

Regards



John Rodgers
Vice President - Operations

COLLECTIVE BARGAINING AGREEMENT

BETWEEN

HALLMARK GROUP

AND

**INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS, AFL-CIO, DISTRICT LODGE NO.4**



AT

Andrews AFB, MD

EFFECTIVE

September 1, 2012 through September 30, 2013

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PURPOSE OF AGREEMENT

This Agreement, entered into by and between Hallmark GROUP (hereinafter called "the Company"), and the International Association of Machinists and Aerospace Workers, AFL-CIO, District Lodge No. 4 (hereinafter called "the Union"), a non-profit organization, evidences the desire of the parties hereto to promote and maintain harmonious relations between the Company and its employees, as they are defined in Article I, Section 2, of this Agreement, and the Union as their Representatives.

The purpose of this Agreement is to provide for wages, benefits, terms and conditions of employment for employees in the bargaining unit, and to ensure industrial peace. To this end, it is recognized that there must be mutual understanding, harmony and cooperation among employees and between employees and the Company, and the Union and the Company; that operations must 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; and that the business of the Company must be operated with economy and efficiency 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.

It is agreed that the parties desire to enter into this Agreement to establish wages, hours, and working conditions and to provide for the peaceful settlement of disputes and grievances that may arise affecting the employees covered hereby.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I - GENERAL CONDITIONS OF CONTRACT

Section 1 – General Provisions

- (A) In reaching this Agreement, the parties hereto have fully exercised and complied with any and all obligations to bargain and have fully considered and explored all subjects and matters in any way material to the relationship between the parties. In negotiating and agreeing to this contract, all matters concerning which parties could contract have been considered and disposed of.
- (B) Any practice of the company in the past not specifically set out herein is expressly eliminated as a subject for bargaining, and, during the life of this Agreement, may not be raised for further bargaining or negotiations.
- (C) It is understood wherever in this Agreement employees or jobs are referred to in the male or female gender it shall be recognized as referring to both males and females
- (D) This Agreement can be changed or modified only by a document in writing signed on behalf of both parties hereto by their duly authorized representatives, provided, however, that such changes or modifications are ratified by the membership of the Union. Written agreements regarding interpretations or understandings may be made between the Company and the Business Representative and the Negotiating Committee that do not change or modify the Agreement and shall not require the ratification of the membership.
- (E) The waiver of any conditions or breach of this Agreement by either party shall not constitute a precedent for any further waiver of such condition or breach.
- (F) Either party hereto shall be entitled to require specific performance of the provisions of the Agreement. It shall be the duty of the Company and its representatives and the Union and its representatives to comply with and abide by all of the provisions of this Agreement.

Section 2 – Recognition and Exclusive Representation

- (A) Definition of Bargaining Unit and Employees Covered by this Agreement.

The Company recognizes the Union as the exclusive representative and bargaining agent with respect to rates of pay, wages, hours and other conditions of employment for the bargaining unit comprised of all regular full-time and part-time Employees to include: all regular full-time and part-time Fuel Distribution Operators The word "employee" or "employees", as used in this Agreement, means employees of the Company employed at Andrews AFB, FL site, Contract # N00189-08-P-1142, in job classifications listed in Article VIII of this Agreement and those provided for in Appendix A of this Agreement:

- (B) Employees Excluded from the Bargaining Unit

Excluded are all office clerical employees, professional employees, managerial employees, guards and supervisors as defined in the Act at its facility at Andrews AFB, MD

- (C) Non-Bargaining Unit Personnel

It is understood and agreed that there are times when non-bargaining unit employees may be required to perform work customarily performed by bargaining unit employees. It is also understood that the manager will be required to work with tools to meet contract requirements. Therefore, the Company shall have the right to utilize non-bargaining unit employees.

Section 3 – Period of Agreement and Ratification

- (A) This agreement shall be effective July 01, 2009, and shall remain in full force and effect up to and including June 30, 2012, and thereafter from year to year unless written notice to modify, amend, or terminate the Agreement is served by either party upon the other at least sixty (60) days prior to the expiration date of this Agreement.

* Where not otherwise specified, any reference to "days" in this Agreement shall mean calendar days.

- (B) Any notice given under this section shall be deemed to be served by either party when mailed postage prepaid, registered mail, return receipt requested, or delivered in hand, to Hallmark Capital Group 12425 Chimney Rock Road, Houston, TX., 77035 for service upon the Company, and such notice shall be deemed to be served by the Company when similarly mailed, or delivered in hand, to the assigned Business Representative, District Lodge No.4, for service upon the Union. The date of mailing shown on the registered mail return receipt or the date of written receipt of personal service shall be the controlling date for purposes of Section 3 (A) of this Agreement.
- (C) After the Company and Union negotiation committees have concluded negotiations of amendments and modifications to the Agreement, all such amendments and modifications must be accepted or rejected as a whole (without acceptance or rejection of parts thereof) by the Company and the Union.

Section 4 – Successors and Assigns

- (A) This Agreement shall be binding upon and inure to the benefit of any successor or assignee of all or substantially all of the Company's business or assets unless prohibited by law or regulation; however, this Agreement is not otherwise assignable without the mutual consent of the parties.

Section 5 – Right to Manage

- (A) The Company has, and will retain, the sole and exclusive right, except as expressly and specifically modified by one or more specific provisions of this Agreement, to manage the business and direct the workforce, including, but not limited to, the right to plan, direct and control all business and work operations, discipline, suspend or discharge for just cause, to hire, promote, demote, classify, reclassify, reassign, transfer and layoff. Any of the rights, powers and authority not specifically abridged by the Agreement are retained by the Company. Any claim that the Company has exercised such right and authority contrary to the provisions of this Agreement may be taken up as a grievance.

Section 6 – Separability

- (A) Should any part hereof or any provisions herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation or a decree of a court of competent jurisdiction, such invalidation of such part or portion of this Agreement shall not invalidate the remaining portions hereof and they shall remain in full force and effect.
- (B) The Company and the Union shall, within thirty (30) days, negotiate the provision of the Agreement affected by such legislation or court decree and the Union shall retain the right to arbitrate over such negotiated issues. Any modification or changes to this agreement brought about by the above negotiations shall be in writing and signed by the parties hereto.

Section 7 – Strikes and Lockouts

- (A) The Union, (its officers, agents and members) agrees that for the duration of this Agreement it shall not cause, engage or condone any strike (including sympathy strike) slowdown or stoppage of work or any acts of any nature which would interfere with the Company's ability to provide uninterrupted service to the United States Government except as provided for in this Agreement. If the Company believes a violation of this Section has occurred the Company shall notify the Union of the alleged violation. In the event the Union has not sanctioned any strike actions it shall notify employees that no strike activity has been sanctioned by the Union. After employees are notified by the Union that a strike has not been sanctioned by the Union the Company may terminate any employee(s) who fail to comply with the provisions of this Article. The Company agrees that it will not cause or engage in any lockout for the duration of this Agreement.
- (B) In the event of a violation of this section, the Union, (its officers, agents, and members) collectively agree that it will use its best efforts to end such prohibited conduct.
- (C) In the event of a breach by the Union of the provisions of this section of the Agreement, the Company may abrogate this entire Agreement.

Section 8 – Security Regulations

- (A) The parties to this Agreement hereby recognize the Company's obligations in its contracts with the Government pertaining to security, security clearances, and access to Government-managed property, and agree that nothing contained in this Agreement is intended to place the Company in violation of its contracts and/or security agreements with the Government.
- (B) In the event that the U.S. Military Service or other Government Agency duly concerned with security regulations or operations on Government-managed property, advises the Company that any employee in the Union bargaining unit is restricted from access to Government-managed property, or restricted from work on or access to classified information and material, the Union agrees that such action as the Company may take pursuant to its contractual and/or security obligations to the Government will not be contested, nor will such action be a subject of the grievance procedure contained in Article III of this Agreement.

- (C) In the event that such Government Agency following the taking of such action advises the Company in writing that such an employee is no longer restricted from access to Government-managed property or restricted from work on or access to classified information and material, the Company shall promptly reinstate the employee with seniority, when the next available position is open to the same job classification held at the time such action was taken, subject to the applicable seniority provisions of the Agreement, if he/she promptly applies for such reinstatement.

Section 9 – Nondiscrimination

- (A) It is the intent of the Company and the Union to provide employees with a working environment that is free from all forms of discrimination which is or which may become unlawful during the period of this Agreement. To this end, the parties agree to comply with all applicable laws, statutes and regulations concerning nondiscrimination in employment.

Section 10 – Union Security (Agency Shop and Check Off)

- (A) 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.
- (B) 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 the 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.
- (C) 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.
- (D) Any employee required to pay an agency fee, membership dues, or initiation or reinstatement fee as a condition of continued employment who fails to tender the agency fee or initiation, reinstatement, or periodic dues uniformly required, shall be notified in writing of his delinquency. A copy of such communication shall be mailed to the Company not later than fifteen (15) days prior to such request that the Company take final action on a delinquency. The Company will within ten (10) workdays, after receipt of notice from the

Union, discharge any employee who is not in good standing in the Union or fails to pay applicable agency fees as required by paragraphs A – D of this Article. Any employee so discharged shall be deemed to be discharged for "just cause". "Good standing" is defined as in compliance with standards permitted by NLRB and court decisions relating to Union shop requirements.

- (E) The Company agrees to deduct from an employee's payroll check, Union dues, initiation fees, assessments, or agency fees for all employees covered by this Agreement, provided that the Union or the employee delivers to the Company a written authorization to make such deductions, signed by the employee, irrevocable for one year or the expiration date of this agreement, whichever shall occur sooner. The Company shall make deductions for each member or agency fee payer from the first pay of such member or agency fee payer each month.
- (F) Such payroll deductions referred to in paragraph (E) of this Article shall be remitted monthly to the Secretary Treasurer of the Union on the twentieth (20th.) day of the month following the last payroll of the previous month. The Company shall furnish to the Secretary Treasurer of the Union monthly, a record of those from whom deductions have been made and the amounts of the deductions. The company shall provide to the Secretary Treasurer of the Union with a listing, on a monthly basis, of all newly hired or laid-off employees.
- (G) Should an employee be promoted or transferred to a managerial/salaried classification not covered by this Agreement, the Company shall cease deducting applicable service fees or dues from such employee. When ceasing to deduct applicable service fees or dues for reasons cited in this section, the Company shall submit the names of such employees, and the reasons for no deduction to the Financial Secretary of Local Lodge 24.
- (H) Nothing contained in this Article shall be construed to require the Company to violate any applicable law. It is understood and agreed that the Union will defend, save, hold harmless and indemnify the Company from any and all claims, demands, suits or any other forms of liability that shall arise out of the execution, placing in effect or carrying out of the terms of this Article by the Company.

ARTICLE II – UNION - COMPANY RELATIONS

Section 1 – Union Stewards

- (A) Upon execution of this Agreement, the Union shall promptly furnish the Hallmark Phoenix Joint Venture 4, in writing, the names of the Union Stewards. Thereafter, the Union shall promptly advise the Hallmark Group office, in writing, of any change in Stewards. No Steward will be recognized as such by the Company prior to receipt of written notice of notification.
- (B) The scope of the Stewards activities on Company time (inactive time to be approved by Project Manager) shall be limited to the following:
 - 1) To consult with an employee regarding the presentation of a request or clarification concerning this Agreement, complaint, or grievance which the employee desires the Steward to be present.
 - 2) To investigate a complaint or grievance of record before presentation to the appropriate supervisor.
 - 3) To present a request concerning this Agreement, complaint, or grievance to an employee's immediate supervisor in an attempt to settle the matter for the employee or group of employees who may be similarly affected.
 - 4) To meet by appointment with the Program Manager or other designated representative of the Company, when necessary to adjust grievances in accordance with the grievance procedure of this Agreement.
 - 5) Each new employee covered by this Agreement shall be introduced to the Union Steward by the Supervisor in the activity to which such employee will be permanently assigned within three (3) workdays.
 - 6) To report safety hazards or make safety recommendations to the management of his (her) area.
- (C) It is agreed that a Steward may receive, but not solicit, grievances from employees. For purpose of this agreement, the term "solicit" means the steward will receive grievances from employees and not petition for grievances. However, this does not limit the Steward from notifying the employee(s) that he/she has been grieved due to a breach or violation of this agreement. The Union recognizes and agrees that a Steward will carry out his/her duties with a minimum of interference with the orderly progress of Company work.
- (D) Stewards will be designated and shall be assigned from the following locations: 1 Steward
- (E) The Steward shall be designated and assigned to the entire contract work area. It is agreed that since the Steward has a regular work assignment to be performed, that contacts involving union business with other employees, or the Business Representative of the Union will be no more frequent and no longer than the matter for discussion

reasonably requires. The time of meeting to be approved by the Project Manager. The Steward can conduct Company-Union business as specified below:

- 1) For discussions with the authorized Business Representative of the Union on employee complaints or grievances or on matters arising out of the application of this Agreement. The parties agree that the Steward shall attend grievance meetings. It is also agreed that the investigation of grievances is the primary role of the Steward. The Steward will be involved in all investigations deemed necessary by the Business Representative.
 - 2) To represent the local Union at Step II and/or Step III of the grievance procedure as provided in Article 3, Section 2(c) of the grievance procedure.
- (F) The number and locations of Stewards may be adjusted by mutual agreement to compensate for facility and population changes.
- (G) The Steward shall secure permission of his/her supervisor or assigned alternate before leaving his/her work station, reporting back to his/her supervisor or assigned alternate upon return to his/her work station. Permission will be granted unless operation activities are affected. The Company will not unreasonably deny or delay access to the Steward. Upon entering the work area of another Supervisor's responsibility, the Steward will contact the Supervisor or assigned alternate before attempting to contact any employee.
- (H) The Company recognizes limitations upon the authority of the Steward and shall not hold the Union liable for any unauthorized acts, subject to the provisions of the No Strike-No Lockout Article of the Agreement. The Company in so recognizing such limitations shall have the authority to impose proper discipline, including discharge, in the event the Steward has taken unauthorized strike action, slowdown, work stoppage, or other actions in violation of this Agreement.
- (I) It is agreed the Company will pay employees for time away from the performance of their normal jobs while acting in their Steward capacity (if confined to the work area) as defined in this Article. It is agreed that time away from normal work activities will be non paid and approved by the Project Manager, reviewed and monitored and may be addressed by mutual agreement during the period of this agreement.
- (J) In order to insure the orderly administration of the terms of the labor Agreement, during periods of reductions in force, such employees designated as Steward shall be considered the most senior employees in their assigned job classification, division, section and specialty for purposes of applying Article IV, Section 2, Lay-offs, of this Agreement.
- (K) It is agreed between the parties that should the Steward lose or resign his/her Stewardship while maintaining employment, he/she will remain in place (classification and labor grade while the Steward) until another Steward replaces and assumes the duties as the Steward.
- (L) On the date the new Steward assumes office replacing the Steward who was maintaining employment, the former Steward's status will be determined by his/her actual seniority. That is, if there is a more senior employee on recall to the job classification and specialty occupied by the former Steward, the more senior employee will be recalled and the former Steward will be subject to the layoff and displacement provisions of Article IV Section 2 of this Agreement.

Section 2 – Business Representatives and Union Officials

- (A) Full time representatives of the Union shall have access to the Company's operations for the purpose of contacting the Chief Steward regarding employee complaints or grievances or matters arising out of the application of this Agreement. Such visits shall be subject to such regulations as may be made from time to time by the Company, the U.S. Military Services, and other government agencies. It is agreed that the Company will not impose regulations which will render ineffective the intent of this provision. Prior to entering the Company's operations, the Business Representative shall notify the Site Manager to agree on the date and time he/she will be on the facility and the department(s) he/she wishes to contact. The Project Manager may cancel the meeting due to unscheduled contract requirements.
- (B) A full-time Union Official or Business Representative may discuss any problems with employees (other than the Chief Steward) on the employee's own free time. If further discussion of a complaint or grievance is necessary, the Union Representative may meet with any single individual providing that he first notifies the Program Manager. The contacts on Company time, which are provided for in this Section, will be no more frequent and no longer than the matter for discussion reasonably requires and the time must be approved by the Project manager. No discussions will be held with supervision of any section unless the Program Manager has been notified and given an opportunity to be present.

Section 3 – Bulletin Boards and Posting Notices

- (A) It is agreed that the Union will be permitted to post on company and Government approved bulletin boards.
 - 1) Notices of Union recreational affairs.
 - 2) Notices of Union elections and election results.
 - 3) Notices of Union appointments.
 - 4) Notices of Union meetings.
 - 5) Such other notices as may be mutually agreed upon by the Union and Company.
- (B) The Company will afford the Union a segregated area on the bulletin boards clearly identified as "Union Business" where only Union notices will be displayed. The Union shall not distribute or post, nor authorize its members to distribute or post, any material anywhere on the Company's property other than herein provided or permitted by applicable State or Federal law.

Section 4 – Information Provided to the Union

- (A) One copy of the seniority list will be retained in the Human Resources office, one copy to the Chief Steward, and one copy will be sent to the Union's business office. In addition to the information specified above, it will contain the address of each employee.

- (B) On the twenty (20) day of the end of each month, the Company will furnish the Union's Financial Secretary, a list of employees hired during that month in a mutually agreed to format.

Section 5 – Official Union Business

- (A) It is agreed that the Company shall not be required to pay an employee for any time that he/she is taken away from his/her work to serve the Union in any official capacity or to serve on any Union Committee, except as provided in the Agreement. Union officers, committeemen and stewards will be allowed authorized absence, without pay, to attend one (1) scheduled Union meeting each month, on a date and during the hours certified by the Business Representative of the Union if another qualified employee is available to replace him.

ARTICLE III - GRIEVANCE PROCEDURE AND ARBITRATION

Section 1 – Definition of Grievance

- (A) The term grievance (other than "Union grievance") as used in this Agreement is a written claim involving the interpretation, application or claim of breach or violation of applicable provision(s) of this Agreement which the employee has not been able to adjust with his supervisor. The grievance must identify the applicable provision(s) of the Agreement that the Company is claimed to have breached or violated.

Section 2 – Grievance Procedure

- (A) The parties agree that all complaints and grievances should be resolved, whenever possible, with the immediate supervisor and the employee involved. It is the intent and purpose of the parties to provide a fair and equitable procedure for the orderly settlement of all grievances. Any employee with a complaint or issue should meet with the appropriate supervisor in order to discuss and resolve the issue. Both parties will make every effort to resolve the issue. The employee may have their Chief Steward present if desired, however no grievance shall be settled without the presence of the Chief Steward.
- (B) The following procedures apply in attempting to settle grievances that are not resolved by the employee and supervisor.

- 1) STEP ONE - Any employee believing they have been aggrieved as defined in section (1) of this Article, must meet with the appropriate supervisor to present a written grievance, with or without their Chief Steward. The grievance must be reduced to writing by the employee or Chief Steward on a form mutually agreed to by the parties. Such written grievance shall set forth the complaint and remedy sought, the facts on which it is based, the date(s) of occurrence, the applicable Article(s), Section(s) and paragraph(s) of the Agreement which is claimed to be the basis for the filing of the grievance, and this, together with any accompanying statement, shall be dated and signed by the grievant and the Chief Steward. Any grievance must be presented to the appropriate supervisor within five (5) working days from the date the employee became aware of the incident that gave rise to the grievance. If the employee or Chief Steward fails to present the written grievance within this time limit, the grievance shall be considered settled and no further action can be taken thereon. Both parties will make every effort to resolve the issue. The supervisor shall render his/her written decision to the Chief Steward and the employee within five (5) working days after being presented the grievance. The employee, Chief Steward or representatives of the Union may amend the grievance at any time prior to receiving the Company's written Step 3 answer, and the grievance may be amended after receipt of the Company's Step 3 answer by mutual agreement of the parties. If a settlement is reached it will be reduced to written form on the grievance form and the matter shall then be considered closed. If the supervisor fails to provide his/her written response within this time limit, the grievance shall be advanced to the next step. Any grievance settlement at Step One of the grievance process, whether by concession, withdrawal, settlement agreement or actions occurring due to the failure of either party to abide by the time limits of this section, shall not constitute a precedent binding upon the Company or the Union for future grievances.

- 2) STEP TWO - If not satisfactorily settled as outlined in (1) above, the written grievance may then be presented to the Business Manager or his designated representative, no later than five (5) working days after receipt by the Steward of the decision rendered in (1) hereof.

The Site Manager or his designated representative shall meet with the Chief Steward in an attempt to resolve the matter and render a written decision thereon within five (5) working days after receipt of such appeal. If a settlement is reached it will be reduced to written form on the grievance form and the matter shall then be considered closed. If the Site Manager or his designated representative fails to provide a written decision within this time limit, the grievance remedy shall be granted. Any grievance settlements at Step Two of the grievance process, whether by concession, withdrawal, settlement agreement or resolution actions occurring due to a failure of either party to abide by the time limits of this section, shall not constitute a precedent binding upon the Company or the Union for future grievances.

- 3) STEP THREE - If not satisfactorily settled as outlined in (2) above, the written grievance may then be presented to the Corporate Representative or his designated representative no later than ten (10) working days after receipt by the Chief Steward of the decision rendered in (2) hereof. Otherwise, such decision shall be final and the employee shall have no further recourse. The Corporate Representative shall meet with the Business Representative or his/her designee and the Chief Steward or his/her designee, in an attempt to resolve the matter and render a written decision thereon within ten (10) working days after receipt of such appeal. If a settlement is reached it will be reduced to written form on the grievance form and the matter shall then be considered closed. If the Corporate Representative fails to provide a written decision within this time limit, the grievance remedy is granted. Any grievance settlements at Step Three of the grievance process, whether by concession, withdrawal, settlement agreement or resolution actions occurring due to a failure of either party to abide by the time limits of this section, shall not constitute a precedent binding upon the Company or the Union, unless the parties agree, in writing that such settlement shall set a precedent binding on future grievances.

- (C) It is understood that the time limits specified herein may be extended by mutual written agreement of the parties.
- (D) The Company and the Union may mutually agree to combine the grievance of an employee and other similarly affected employees in order to eliminate the need for multiple filings of grievances.
- (E) The Company and the Union may mutually agree in writing to waive any prior step of the grievance procedure and proceed directly to Step Three of the grievance procedure as it is described in (B) (3) of this section.
- (F) Grievances arising out of a discharge or suspension without pay shall be submitted directly to Step Three described in (B) (3) herein. Should the Union elect to pursue such a grievance, the written grievance signed by the employee must be submitted to the Site Manager within ten (10) working days of the effective date of the action. If a written

grievance is not submitted to the Site Manager within ten (10) working days of the effective date of the action, the right of the employee or Union to grieve the action is waived and no further action can be taken thereon. Such failure to act timely shall not set a precedent binding upon the Union or the Company for future grievances.

- (G) The Union shall have authority, with respect to any employee covered by this Agreement, to decline to process a grievance, complaint, or dispute if in the judgment of the Union such grievance or dispute lacks merit or justification under the terms and conditions of this Agreement, or has been adjusted or justified under the terms of the Agreement to the satisfaction of the Union.
- (H) It is mutually agreed that should an employee be unavailable to sign a grievance form and deliver it to the Company within the time limits specified in an appropriate step of the grievance procedure, the Union may forward the grievance unsigned. Requests for additional time due to circumstances of the unavailability of the employee to sign will not be unreasonably denied. The Union must secure the employee signature prior to the grievance form proceeding through the next step of the grievance procedure. The Company will incur no liability, if any, as a result of the delay incurred for the Union to secure the employee's signature.

Section 3 – Arbitration

- (A) A grievance which either party desires to contest further, and which involves the interpretation or application of the terms of this Agreement, shall be submitted to arbitration as provided in this Article, but only if the Union gives written notice to the company of its desire to arbitrate the grievance within ten (10) working days of the receipt of the decision provided in Step Three described in Article III, Section 2 (B) (3) or the grievance shall be deemed waived. Such waiver shall not constitute a precedent binding upon the Company or the Union for future grievances.
- (B) A full-time representative of the Union and the Company's representative shall have authority to discuss between themselves the possible settlement and/or compromise of the grievance, but in any event must move to request an FMCS arbitrator as provided herein within thirty (30) days after the Union's appeal to arbitration if no settlement has been reached by that time. This time limit may be extended by mutual consent of both the Union and the Company.
- (C) If the two parties' representatives are unable to reach a settlement; they shall immediately jointly request a list of qualified arbitrators from the United States Federal Mediation and Conciliation Service. The request shall be for a list of seven (7) qualified arbitrators who are members of the National Academy of Arbitrators. The Union and the Company shall alternately strike one name from such list (the right to strike the first name having been determined by lot) until only one name remains and that person shall be the arbitrator.
- (D) The parties' representatives shall make the necessary arrangements to arbitrate the grievance, including the preparation and signing of a submission agreement which states the issue. In the event the parties' representatives are unable to agree upon the issue, the arbitrator shall determine the issue.
- (E) The arbitrator shall have the authority to determine, the rules of evidence and procedure and to adjourn or continue the hearing from time to time. All expenses incurred by the

arbitrator including the fee and expenses which he authorized in connection with the arbitration, shall be shared equally by the parties. Costs incurred by the respective parties for their witness(es) shall be borne by the respective party.

- (F) This Agreement constitutes a contract between the parties which shall be interpreted and applied by the parties and by the arbitrator in the same manner as any other contract under the laws of the land. The function and purpose of the arbitrator is to determine disputed interpretation of terms actually found in the Agreement, or to determine disputed facts upon which the application of the Agreement depends. The arbitrator shall have the authority to interpret and apply the provisions of this agreement. The arbitrator shall not have the authority to amend or modify this Agreement or to establish new terms and conditions of this Agreement. The decision of the arbitrator shall be in writing and shall not be made until both parties have had reasonable opportunity to present their case, together with arguments and briefs as desired. Said decision shall be given not later than thirty (30) days after the submission of the final briefs. It is understood and agreed that a decision of the arbitrator made in accordance with the requirements hereof shall be final and binding on both parties.
- (G) The parties will conduct arbitration cases twenty-five miles of the NFFM site, Andrews AFB MD.

ARTICLE IV – SENIORITY

Section 1 – Basis of Seniority and Establishment of Seniority Rights (A)

Probationary Period

All employees shall be considered probationary employees for the first ninety (90) calendar days of active employment, unless they were an employee of a predecessor contractor prior to the Company being awarded a service contract as a successor contractor, in which case they shall be considered as a regular employee and shall not be subject to a probation period. Throughout this period, supervision will evaluate the probationary employee as to such factors as, but not limited to, work habits, willingness to accept varied work assignments and training, safety, productivity, quality of work, attendance, and ability to work with others. Upon completion of his/her probationary period, the employee will become a regular employee whose seniority will be retroactive to his/her first day of employment. Supervisory determinations as to retention, reassignment, or termination of probationary employees anytime during the ninety (90) day probationary period are not subject to the Grievance and Arbitration Articles of this Agreement.

(B) Seniority

For purposes of this Agreement, seniority is defined as follows:

An employee's seniority begins on the date the employee was hired by the Company or predecessor contractor in any job classification provided for in this Agreement and represents all accumulated time for which the employee has served as an employee of the Company and all predecessor contractors in the performance of similar work at Andrews AFB, MD. The relative ranking of each employee for seniority purposes is determined by length of service with the Company and all predecessor contractors. Seniority ranking among employees in the bargaining unit is relative to each employee's length of service i.e., the employee with the greatest length of service shall be deemed to be the most senior employee and the employee with the smallest length of service shall be deemed to be the least senior employee. An employee with a greater length of service is deemed to be more senior than an employee with a lesser length of service. All employees shall be ranked accordingly by comparing to their length of service to that of other employees in the bargaining unit and they shall be placed on a seniority roster showing their relative seniority ranking in the bargaining unit.

When two (2) or more employees have the same seniority date the employee with the lowest last four digits of the social security number will be deemed to be the most senior.

(C) Rehire Seniority

Employees who may be rehired onto the contract will have their site seniority date based upon their date of rehire.

(D) Transfer Seniority

Employees who may be transferred onto the contract from another company location will have their site seniority date established as the date of transfer onto the contract. Such employees will have their seniority maintained for vacation eligibility and benefit determination purposes.

(E) Re-entering the Bargaining Unit

- 1) An employee who re-enters the bargaining unit from a position outside the bargaining unit may return to the last classification held, provided he/she meets the definition of fully qualified as defined in Article IV, Section 2 and has sufficient seniority to return. For purposes of this paragraph, seniority does not accumulate while outside the bargaining unit. In the event such employee does not have sufficient seniority to return to the last classification held, he/she may exercise displacement rights in accordance with Article IV, Section 2.
- 2) In the event an employee transfers from a union to non-union position after the effective date of this Agreement, such employee's seniority for purposes of paragraph (E) (1) shall begin to decrease on a prorated (month-by-month) basis after the first continuous year in the non-union position.

(F) Seniority for vacation eligibility and benefit determination purposes will not be affected by (E) above.

Section 2 – Layoffs

- (A) When there is a temporary reduced workload the Company will make every effort to provide job security for employees in the affected classification(s) by the cross-utilization of qualified personnel within the bargaining unit. When it is determined by the Company that a reduction in force is required, the Company shall designate the number of positions to be reduced by job classification. Probationary employees shall be laid off first, and if the need to lay off other employees still exists, then the least senior employee(s) within the designated job classification will be designated for layoff.
- (B) In the event of a layoff, the employee who is designated to be laid off in accordance with (A) above shall have the right of displacement in the following order:
- 1) Displace the least senior employee in any job classification to which the employee is determined to be fully qualified. Fully qualified for purposes of this paragraph shall be defined as meeting the minimum requirements of the job description and has the ability to perform the work.
 - 2) Employees who are displaced may in turn displace the least senior employee in accordance with (1) above.

- 3) Employees in Lead positions designated for a reduction in force shall have no displacement rights into other Lead positions.
- (C) When an employee designated for layoff is entitled to displace employees in more than one classification in accordance with paragraph (B) above, the affected employee shall have the option to displace an employee in the classification he elects to occupy, seniority permitting.
 - (D) Displacement rights must be exercised within two (2) working days after an employee is notified that a layoff will take place. The Company shall notify the employee of his/her displacement rights at the time of notification of layoff. Failure to indicate his/her election to exercise this displacement right within this time frame will be considered as acceptance of layoff.
 - (E) Exceptions to the seniority provisions specified in Section 2, (B) of this Article can be made for up to thirty (30) days in order to retain employees who possess certifications required by the U.S. Navy to perform a specific task or job to which they are assigned, provided the Company provides documentation supporting the specific reasons for which it deems the exception applies. The Company will make every reasonable effort to avoid invoking this provision so that seniority and job security are protected.
 - (F) The Company will give employees affected by paragraph (A) or (B) above, at least two (2) weeks notice of a reduction in force, except where circumstances beyond the Company's control prevent such timely notification.

Section 3 – Recall Rights

(A) General

An employee who is laid off or who displaces an employee in a lower paid job classification in accordance with Section (2) of this Article shall retain recall rights in accordance with their site seniority as follows:

- 1) To the same job classification held at the time of their layoff/displacement or
- 2) To job classification to which the employee had displacement rights in accordance with Section (2) of this Article but could not exercise solely because of insufficient seniority.
- 3) To a job classification for which the employee is able to perform work or for which the employee was previously qualified to perform the work or to a job classification to which the employee previously held at any time prior to the time the employee was laid off and has satisfied the requirements of Section 6 (D) of this article.

Employees who have been laid off shall retain the recall rights mentioned herein for a period not to exceed twenty-four (24) consecutive months from the date of layoff. Employees demoted to a lower paid position due to a reduction in force shall retain the recall rights mentioned herein as long as they remain on the active payroll in a lower paid position.

- (B) Employees who are laid off from the service of the Company due to a general layoff for a period not to exceed twenty-four (24) consecutive months shall retain and continue to accrue seniority.

- (C) Recall Notification

In the event there is a recall from layoff, the Company shall mail a registered or certified (return receipt requested) notice of recall to the appropriate employee. Recalled employees must respond within seventy-two (72) hours after receipt of notification, and must report for work within ten (10) work days unless extended by the Company.

- (D) Address on File

All notices required under the provisions of this Article shall be sent to the employee at the last address filed by the employee with Human Resources.

- (E) Address Requirement

Each laid off employee shall keep Human Resources informed in writing of the employee's current mailing address. Notice by the Company to the employee's mailing address listed with Human Resources shall be considered as fulfilling the recall notice requirements. An employee failing to comply with the provisions of this section shall be considered as having voluntarily resigned from the service of the Company if a recall notice is mailed to the employee's last known address on file with Human Resources and the employee failed to notify the Company of a change of address within fifteen (15) calendar after the change of address.

- (F) Layoff - Recall Listings

Layoff listings and recall notifications will be copied to the Business Representative/or his designee of the Union.

Section 4 – Employees Entering Armed Forces

- (A) Employees who enter the Armed Forces of the United States shall be granted a leave of absence for the period of such service, and upon honorable discharge shall have reinstatement rights under ARTICLE VI, EMPLOYEE PRIVILEGES, Section 5 – Leaves Without Pay, paragraph (E) of this Agreement.

Section 5 – Loss of Seniority

- (A) Seniority shall be lost and employees shall have their names stricken from the seniority list under any of the following circumstances:
 - 1) Discharge for just cause
 - 2) Resignation
 - 3) Failure to respond to recall notification within the time frame established in this agreement.

- 4) Failure to be recalled from general layoff within twenty-four (24) months after such layoff.
- 5) Failure to report to work upon expiration of an approved leave of absence. Exceptions shall be limited to extreme circumstances beyond the employee's control.
- 6) Accepting other employment while on an approved leave of absence.
- 7) When an employee is absent from work for a period of three (3) consecutive days without providing notification to the Company of sufficient reasons to warrant the absence.
- (8) Refusal to take a Drug Test directed by management, as required by company policy.
- (9) Failure to return to active payroll for a continuous period of twenty- four (24) months due to an occupational or non-occupational physical or mental impairment.

Section 6 – Promotions

(A) Promotions

A promotion means the advancement of an employee from one job classification to another job classification with a higher rate of pay.

(B) Job Vacancies

- 1) The Company and the Union clearly recognize the Company's right to determine manning levels within the Company. The Company therefore maintains the right to assign personnel within the Company and to determine when there is a permanent job vacancy. When the Company determines that a permanent job vacancy exists within the bargaining unit, the Company will post the vacancy prior to hiring from outside the bargaining unit. The Company will post all job vacancies within the unit provided no employee has recall rights to the open position as defined in Article IV Section (3)(A). The job vacancy will be posted for five (5) working days. The posting notice shall state the job classification, the pay rate, the location of the opening, special training, experience or certification required (if any) and the closing hour and date of the posting period. The posting notice will be posted at all bulletin boards and a copy e-mailed to the Union Business Representative. Employees who desire to bid for the posted vacancy may do so by completing a mutually agreed to form and submitting it to the Project Manager prior to the close of the posting period.
- 2) The Company and the Union clearly recognize the Company's right to periodically reallocate personnel in order to achieve the manning levels determined appropriate by the Company when excess personnel exists in an area and a need exists in another. Employees affected by such reallocations and considered qualified by the Company will be considered for reassignment in seniority order with the most senior being considered first. The periodic

reallocation of personnel in this manner will be accomplished without the application of the job posting procedure outlined in Paragraph (B) (1) of this Section; however the Union Business Representative or his designee will be notified.

(C) Selection

(1) Within five (5) working days after the close of the posting period, the Company shall determine which of the bidders are qualified to perform in the posted position. The Company shall consider factors such as ability, skill, dependability, efficiency, and qualifications to perform the work involved. If such factors are relatively equal, the most senior qualified bidder will be selected in the following preferential order:

- the most senior qualified bidder in a lower paid position
- the most senior qualified bidder in a position with the same pay range as the job vacancy.

(2) The successful bidder shall be assigned to his/her new job within ten (10) working days after the job has been awarded. A successful bidder cannot bid for another posted vacancy for twelve (12) months after the date the new position is awarded to him/her unless the posted vacancy is a higher paying position than he/she currently occupies

(3) If there are no qualified bidders, the Company has the right to fill job vacancies by new hires or rehires. If the job vacancy is not filled within sixty (60) days after the posting is closed, the vacancy will be re-posted in accordance with (B) herein.

(D) New Job Performance

When an employee is awarded a posted job, and fails to satisfactorily perform the duties of the position within sixty (60) days after assuming the position, the employee will be returned to the position last held prior to award of such promotion. If the position has been eliminated or filled, the employee may exercise displacement rights as outlined in Article 4 Section (2) (B). The employee will not be permitted to bid on a job vacancy for a period of twelve (12) months from the date of return to the last position held.

Section 6- N/A

Section 7 – Shift Transfers

(A) Shift Transfers

1) Individual shift transfers may also be requested among the senior qualified employees within the classification. Individual shift transfers shall be approved by the Project Manager. Requests for such approval will not be unreasonably denied. Should disputes arise between the parties regarding the reasonability of denying such approval, the Shop Steward and the Project Manager (or their designees) shall meet within three workdays to attempt to resolve the dispute. Should the parties fail to resolve the dispute within those three (3) working days,

the matter may be addressed through the Grievance Procedure as defined within Article III of this Agreement.

ARTICLE V – EMPLOYMENT CONDITIONS

Section 1 – Sanitary, Safety and Health Conditions

(A) General

The Company agrees to maintain sanitary, safe and healthful conditions in all its operations and working establishments in accordance with Federal law and the laws of the State, County and City of its place of operation.

(B) Safety Rules and Regulations

Employees shall be required to comply with all safety rules and regulations established by the Company and government agencies, and to wear such protective clothing or use such safety equipment as may be required and furnished by the Company.

(C) Clothing and Safety Equipment

As directed by the Company, protective clothing and safety equipment will be utilized by the employee during his/her performance of jobs requiring such equipment usage.

(D) Acts of Sabotage

Employees will use their best efforts to prevent any acts of sabotage or willful damage to Company property or employee property or materials. To that end, all employees will immediately report to their supervisor any acts of sabotage or willful damage to property or materials, or any threat to sabotage or willfully damaging such property.

(E) Medical Examinations

Should the Company have reason to believe an employee covered hereby is physically or mentally unable to satisfactorily perform the duties of his/her job classification, such employee shall be required to take such medical examination as may be directed by the Company. The Company shall pay for such examination.

(F) Training

Training and certification for hazardous material handling will be accomplished in accordance with applicable Federal and State guidelines.

Section 2 – Drug and Alcohol Free Workplace

The Company and the Union recognize the importance of maintaining a drug and alcohol free workplace and agree that the Company can, from time to time, implement changes to its current rules and regulations designed to identify drug and alcohol use and to fix and impose penalties for the violation thereof.

(A) Drug Testing

Selected employees in safety sensitive positions working on DOD projects will be required to submit to drug testing at any time or on a random basis.

Safety Sensitive Positions

- 1) Selection of employees for random testing will be conducted through the use of a blind random number generator or other neutral selection process and will not include more than ten percent (10%) of employees in safety sensitive positions in any given year.
- 2) When an employee is selected for random testing, the employee shall be given no notice. The test shall occur before the completion of that shift.
- 3) An employee whose random drug test is deferred will be subject to an unannounced test within 60 days.
- 4) Other testing, as required by government contracts, and/or rules and regulations of federal government agencies, will be conducted under applicable terms and conditions.
- 5) Employees are expected to cooperate fully during a drug test. The employee will be advised that the drug test is mandatory, not voluntary. The employees will read and sign the Company's Drug Testing consent form prior to testing. The form will include the authorization to release to the Company only those results permitted by Federal and State laws.
- 6) During an alcohol/drug test, the employee will be required to provide biological specimens. All testing will be conducted by a DOT approved medical testing laboratory, with split sample integrity and chain-of-custody procedures in place to ensure proper specimen collection and handling security. Any test sample result that comes back positive will be retested to verify the accuracy of the results.
 - (A) If such employee elects to participate in a Company approved rehabilitation program, the employee will be granted a thirty (30) day leave of absence without pay to attend such a program. The length of the leave may be extended up to an additional thirty (30) days upon recommendation of the rehabilitation counselor or physician. A request by a rehabilitation counselor and/or physician for an additional extension of leave without pay shall be evaluated by the Company based on its merit and will not be unreasonably denied.
 - (B) Upon completion of the rehabilitation program the employee will present the appropriate documentation signed by the program's counselor or physician indicating the employee has successfully completed the

program and releasing the employee to return to work. The employee will be required to take a split sample drug test prior to return to work. Should this test be positive the employee will be terminated.

- (C) An employee who has tested positive on a split sample random drug test and successfully completed a rehabilitation program and returned to work must agree to be subject to unannounced testing once during each six months of an eighteen (18) month period from his date of return to work as a condition of continued employment. If the employee tests positive in a subsequent drug test their employment will be terminated.

Section 3 – New Technology

The Company and the Union agree that it is to their mutual benefit and sound economic and social goals to utilize the most efficient machines, processes, systems, methods and/or materials. In this way, the Company will be able to compete effectively in the marketplace, and, thereby, provide economically secure jobs for its employees. It is the Company's policy when possible to assure that training is available for its employees so that they may have the opportunity to acquire the knowledge and skills required by the introduction of new technology.

In order that employees can better prepare themselves for the skill requirements of the future and in its fulfillment of its obligation to provide information to the Union, the Company will provide notification to the Union full-time Business Representative or his designee of the Company's plans for the introduction of new technology which may affect the employees. This notification will inform the Union of anticipated schedules of introduction of new technology, and will identify areas of skill impacts and any training programs associated with those impacts. The Union, and its representatives, will protect the confidentiality of Company sensitive and proprietary information disclosed in the notification. The Company will provide employees in the affected classification(s) in the bargaining unit the opportunity to volunteer for the training. The Company will select employees based on factors such as ability, skill, dependability, efficiency and qualifications to attend training and perform the work involved. If such factors are relatively equal, the most senior employee will be selected.

ARTICLE VI – EMPLOYEE PRIVILEGES

Section 1 – Vacations

(A) Definitions

- 1) The term "seniority" as used in this Section, shall be the site seniority to which an employee is entitled under the provisions of Article IV Section 1 of this Agreement.
- 2) Pay for each week of vacation for a full-time employee means pay for forty (40) hours at the employee's base rate of pay as defined in Article VII, Section 1. Pay for each week of vacation for an employee who is a part-time employee as of his vacation eligibility date shall be proportionately reduced, for example: An employee who is regularly scheduled to work five (5) days a week, four (4) hours a day will be entitled to twenty (20) hours pay at the employee's base rate of pay for all paid hours on his vacation eligibility date for each week of vacation. A "fulltime" employee means an employee who is regularly scheduled to work five (5) or more standard daily shifts per week and all other employees shall be deemed to be part-time employees.
- 3) Earned vacation credits as used in this Article shall vest at the end of the employees anniversary date.

(B) Vacation Benefits for bargaining unit employees on the Active Payroll of the company are as follows:

- 1) An employee with less than five (5) years but more than one year seniority on his vacation eligibility date and who is on the active payroll on his vacation eligibility date shall be entitled to two (2) weeks vacation with pay.
- 2) An employee with five (5) years or more seniority but less than eleven (11) years seniority on his vacation eligibility date, and who is on the active payroll on his vacation eligibility date, shall be entitled to three (3) weeks vacation with pay.
- 3) An employee with eleven (11) years or more seniority on his vacation eligibility date, and who is on the active payroll on his vacation eligibility date, shall be entitled to four (4) weeks vacation with pay.
- 4) An employee with twenty (20) years or more seniority on his vacation eligibility date, and who is on the active payroll on his vacation eligibility date, shall be entitled to four (5) weeks vacation with pay.
- 5) An employee may not rollover vacation each year.

(C) Vacation Benefits for an Employee who Terminates or is Terminated, Laid Off, or who Entered the Armed Forces Pursuant to Article IV, Section 4 of this Agreement.

- 1) An employee who has earned a vacation with pay which has not been used at the time he terminates, is terminated, enters the Armed Forces pursuant to Article IV, Section 4 of this Agreement, is laid off, or who dies shall receive such pay for such unused vacation as he has earned under the provisions of Subsection (A) and (B) of this Section.

(D) Scheduling of Vacation

- 1) Earned vacation may be taken in consecutive weeks or in one- (1) week increments. In addition, with prior approval, vacations may be taken in one-day increments provided the vacation requested is approved at least twenty-four (24) hours in advance.
- 2) It is the policy of the Company to approve scheduled vacations when they least interfere with production. Consideration will be given to the employee's personal plans and preference for a suitable time which is acceptable and in keeping with his seniority, except that no more than one preferred vacation period or date per employee may be scheduled on the basis of seniority in any one calendar year. The Company shall endeavor to honor vacation requests as scheduled. If a conflict exists, the appropriate Supervisor shall use his best efforts to solve them.
- 3) Employees who have exhausted their Sick and Personal Leave entitlement may use earned vacation in one-day increments for the same purposes as would have been approved for Sick and Personal Leave. Notification and approval of such vacation usage will be in accordance with ARTICLE VI, Section 2 – Sick and Personal Leave, Paragraph (C), Verification and Notification.

Section 2 – Sick / Personal Leave

(A) Definitions

- 1) The term "seniority", "service time," full-time employee," and "part-time employee", as used in this Section shall have the meaning defined in Subsection (A) of Section 1 of this Article.
- 2) Pay for one (1) day's sick / personal leave for a full-time employee means pay for eight (8) hours at the employee's base rate of pay as defined in Article VII, Section 1, for all hours paid at the time sick / personal leave is used. Pay for each day of sick / personal leave of a part-time employee shall be proportionately reduced.
- 3) Employee's hourly rate of pay for purposes of sick or personal leave payments shall be the employee's base rate of pay.

(B) Sick / Personal Leave Benefits for an Employee on the Active Payroll of the Company:

- 1) Full time employees will accumulate sick / personal leave at the rate of 1 day per two months worked. Part-time employees shall accrue at a proportionately reduced amount.
- 2) Each employee shall have the option for payment of sick / personal leave to which he becomes entitled under subparagraph (B) (1) above which remain unused at the end of his sick and personal leave eligibility year. Balances shall be paid off at the end of the leave eligibility year. Pay for such days of unused sick / personal leave shall be at the employee's base rate of pay for all paid hours

at the end of his current year of service. Sick / personal leave pay will be paid in one day increments.

- 3) Time spent by an employee during a period when he is severed from the active payroll due to termination, entry in the Armed Forces, layoff or leave of absence or while he/she is on a leave of absence in excess of thirty (30) calendar days shall not constitute service time for the purpose of acquiring sick and personal leave benefits.

(C) Verification and Notification:

- 1) Employees requesting sick leave should notify their Supervisor or Manager within two (2) hour of the start of their scheduled shift. If the employee cannot contact the Supervisor or Manager, he/she should notify their work center within one (2) hour of the start of their scheduled shift or as soon as possible, thereafter. Each employee will be notified of the call-in telephone number for the employee's Supervisor, Manager, and work center. Personal leaves must be requested and approved by supervision in advance of the employee's absence.
- 2) Paid sick and personal leave will not be permitted except in lieu of normal work shift hours.
- 3) An employee who voluntarily terminates and requests sick leave pay for any of the five (5) working days immediately preceding the last day worked or date of termination must submit, upon the Company's request, a written statement from his personal physician verifying treatment for such illness or injury. A request for a personal leave during this period will be approved only when special circumstances warrant such absence.

Section 3 – Military Reserve Training Leave

- (A) An employee on the active payroll of the company who is required to engage annually in up to fifteen (15) days of military reserve training shall be granted a leave of absence for the period of training.

Section 4 – Bereavement Leave

All employees shall be allowed time off, with pay, in the event of a death as follows:

- (A) Three workdays in the event of the death of the employee's father, mother, spouse, sister, brother, children.
- (B) Employee will be granted the day off for the funeral of Grandchildren, mother-in-law, father-in-law, brother-in-law, sister-in-law, grandparents, and step relationships to include child, mother, father, brother or sister. "Children" includes a foster child who dies while placed in the employee's home by a State Agency

Section 5 – Leaves Without Pay

- (A) Leaves of absence without pay shall be granted to employees for a period not to exceed sixty (60) calendar days during the year, subject to operational requirements of the

Company. A leave of absence may be extended by the Company. A request for leave must be submitted on a Request for Leave of Absence form, and approved in writing by the applicable Supervisor prior to the effective date of the leave. A copy of the approved or denied request must be given to the employee. In the event an employee protests the Supervisor's refusal to grant such a leave of absence, the matter will be referred to the Program Manager or his designee for final determination.

- (B) In the case of emergency such as death, serious illness, or injury of a member of the employee's family, a Leave Request may be processed without the employee's signature and subsequent to the employee's departure; however, such emergency leave must be promptly reported, approved by the applicable Supervisor or Manager and forwarded to the Human Resources Office.
- (C) For good and sufficient reason the Company may extend the period of the leave. The leave of absence, properly approved, shall not in any way jeopardize the employee's standing with the Company.
- (D) Leaves of absence without pay will be granted by the Company on two weeks written request of the Union to persons designated by the Union for Official Union business or to attend conventions, educational or other functions of the Union if the required number of employees are available to work in their place. Seniority and benefits will accumulate during such leave.
- (E) The Company will comply with all Federal posting requirements and responsibilities under the Family and Medical Leave Act. The Act allows up to 12 weeks of unpaid personal leave for certain circumstances such as birth or adoption of a child, and care of a temporarily disabled family member.
- (F) Extended military leaves of absence will be administered in accordance with the Uniformed Member Employment Rights Act. Upon return from extended military leaves of absence, the employee will be reinstated.

Section 6 – Holidays

- (A) Employees shall be granted the following holidays yearly during the life of the agreement:

New Year's Day
Martin Luther King Jr. Birthday
Washington's Birthday
Memorial Day
Independence Day
Labor Day
Columbus Day
Veteran's Day
Thanksgiving Day
Christmas Day

- (B) Full pay for eight (8) hours at the base rate for all hours worked shall be paid to full time employees for each of these holidays regardless of the day of the week upon which the holiday falls or for any day for which holiday pay is due under this Article. Part time employees will receive a proportionately reduced amount.

- (C) In order to be eligible for holiday pay, an employee must have worked or have been on a vacation, authorized paid leave on the last workday before or the first workday after the holiday; except that when the holiday falls on the day before employment or the day after termination, the employee shall not receive holiday pay.
- (D) Whenever one of the above holidays falls on Sunday, the Monday immediately following shall be observed, if in writing by the Government and officially declared a legal holiday and generally observed by the Military at the respective Navy site(s). Whenever one of the above holidays falls on Saturday, the Friday immediately proceeding shall be observed, if in writing by the Government and officially declared a legal holiday and generally observed by the Military at the respective Navy site(s).

Said holiday falling on Saturday or Sunday, and observed on the preceding Friday or following Monday, shall be considered the regular holiday.

- (E) If one or more of the above holidays occurs while an employee is on an authorized vacation, holiday pay will be substituted for a vacation day.

Section 7 – Jury Duty

- (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 to serve as a witness in a case in a court of law to which he is not a party, either directly or as a member of a class, and where such absence is in response to a legally valid subpoena, he shall be paid for those hours for which he is absent from work up to a three day maximum for such reason during his normal schedule or normal work week, less the fee or other compensation paid him with respect to such jury duty or such service as a witness. In order to receive pay under this section the employee must deliver to the Company the summons calling him for such duty within three (3) working days after it is received by him.
- (B) Pay for such work time lost for jury duty or as a witness shall in no event exceed, for any one employee, a total of three days. Pay for such work time lost shall be computed at the employee's rate of pay at the time of such absence.
- (C) If an employee assigned to day shift serves as a juror or witness less than a full day in court, the employee will be expected to report to work if he can perform four (4) consecutive or more hours of work. If an employee assigned to the second shift or third shift is absent from his work on such shift on the calendar day he serves as a juror or as a witness, such absence shall be deemed to be an absence from work in order to serve as a juror or as a witness. In order to receive compensation as a witness, a fee should be demanded by the employee at the time he is served with a subpoena.
- (D) An employee must promptly notify his supervisor of any notice the employee receives to report for jury duty or as a witness and must provide the Company with a statement filed by an official of the court certifying the employee's service as a juror or appearance in court for that purpose, or as a witness and the compensation paid, excluding transportation allowance. Certification from the court clerk must be obtained and turned into the payroll section for all dates the employee is required to appear.

- (E) In no event shall payment under this article be paid during any leave of absence, layoff, or absence due to a sickness or any injury covered under the Company Worker's Compensation provisions.

Section 8 – Employee Benefits

- (A) The benefits provided and/or offered to employees covered by this Agreement are detailed in Appendix B, Benefits, of this Agreement.

Section 9 – Temporary Duty Assignments (TDY)

- (A) Employees who are temporarily assigned away from the site, to which they are permanently assigned to perform work for the Company, will have their transportation provided for by the Company. Such employees will be reimbursed for travel expenses in accordance with the Joint Travel Regulations provided the employee complies with said regulations. The Joint Travel Regulations will be made available to the Union upon request. Any additional cost for reasonable lodging above the rates listed in the JTR, if approved by a supervisor will be paid by the Company upon presentation of the receipts by the employee.
- (B) While an employee assigned to such Temporary Duty Assignment (TDY) is traveling to that Temporary Duty Assignment (TDY) assignment and returning to his regular workstation from such assignment, he/she shall be paid, at the regular rate for all travel in accordance with the following. If traveling by commercial airlines, the employee shall be allowed actual travel time from home to the destination worksite or quarters. Upon return, the employee will be allowed actual travel time from the worksite or quarters to home. The Company reserves the right to determine the reasonableness of travel time. If the employee travels by personally owned vehicle (POV) or company provided vehicle, and the use of such conveyance is Company-directed, the actual time of travel from departure to arrival at the worksite or quarters will be used for the travel time. For travel by POV or Company provided vehicle, travel shall not exceed twelve (12) hours in a twenty-four (24) hour period. Travel time is considered time worked for the purpose of computing overtime.

ARTICLE VII – PAY PROVISIONS

Section 1 – Wages

(A) Definitions

- 1) An employee's "base rate", for purpose of this Agreement, shall be the straight time hourly rate of pay applicable to that employee's classification provided for in Appendix A.
- (B) All bargaining unit employees currently classified in the classifications as identified in Appendix A shall receive the wages as listed in Appendix A.

Section 2 – Overtime

- (A) The Company reserves the right to require employees covered in this Agreement to perform overtime work in order to meet the requirements of the government contract with the Navy. When such overtime is required employees selected shall be given as much advance notice as possible.
- (B) No overtime will be worked by an employee unless; it has been authorized by the proper supervisory personnel of the Company.
- (C) When overtime is assigned, employees will be compensated at a rate of one and one half (1½) times their regular rate for all hours worked or traveled:
 - 1) In excess of forty (40) hours in their normal workweek.
- (D) The company will not alter the employees assigned work schedule to avoid the payment of overtime.
- (E) The Company will make every effort to equally distribute overtime between employees working within the same job classification and shift. Employees low on overtime will be given first preference in overtime assignment so as to maintain equal distribution of overtime. Overtime records shall be maintained in each department on a weekly basis and posted appropriately for review by affected employees and stewards.
- (F) Work in process resulting in overtime does not need to be reassigned for purpose of overtime distribution equalization.
- (G) The employee working such holiday will receive an alternate paid day off in lieu of holiday pay at the employee's option. Preference for the alternate day off will be scheduled at the choice of the employee as approved by the supervisor. If there are multiple employees involved, preference will be given based on seniority.
- (H) No employee shall receive more than one overtime rate for the same hours worked.
- (I) For the purpose of this Section, hours worked includes paid vacation, paid holidays, paid sick and personal time and paid travel time.

Section 3 – Hours and Days of Work

- (A) The purpose of this article is to define the normal hours of work, but nothing in this agreement shall be construed as a guarantee of work for any period.
- (B) The standard workday will consist of twenty-four (24) consecutive hours beginning at 0001 hours and ending at 2400 hours (the calendar day).
- (C) The normal work day for each shift shall consist of 10 consecutive hours for full time employees
- (D) The standard workweek shall begin at 0001 hours on Sunday and end at 2400 hours Saturday. In the event the standard workweek is changed by the Company, the Company will provide its employees and the Union with thirty (30) days notice.
- (E) Five (5) days, Monday through Friday shall constitute the normal week. However, the Company reserves the right to engage, alter, or rotate personnel to work five (5) consecutive days when possible other than those constituting the normal work week for the purpose of seven (7) day coverage.
- (F) Determination of starting time and hours of work shall be made by the Company and such schedules may be changed from time to time to suit varying conditions of the business and to assure efficient and timely operations within the various shifts set forth in Section G below.
- (G) Employees tardy solely because of the gates being closed by the military will not be counted as tardy and will be allowed to complete their scheduled work schedule.

Section 4 – Pay Period

- (A) Pay period is semi-monthly. Paychecks or direct deposit will be issued on the fifteenth (15th.) and the last day of the month. Pay for hours worked from the first (1st.) through the fifteenth (15th.) of the month will be paid on the last day of the month. Pay for hours worked from the sixteenth (16th.) through the last day of the month will be paid on the fifteenth (15th.) of the following month. If the fifteenth (15th.) falls on a Saturday, employees will be paid on Friday. If the fifteenth (15th.) falls on a Sunday, employees will be paid the following workday.
- (C) In the event the Company accounting department changes pay periods, the Company will provide the Union and its employees a thirty (30) day notice of such a change.

Section 5 – Promotional Increases

- (A) For the duration of this Agreement, employees who are promoted to a higher paid job classification will have his/her base rate adjusted to the rate of pay in effect for the higher paid job classification.

Section 6 – Temporary Promotions

- (A) For the duration of this Agreement employees who are temporarily promoted to a higher paid job classification will have his/her base rate adjusted to the rate of pay in effect for the higher paid job.

Section 7 – Report Time and Call-Back Time

- (A) An employee reporting for work in the absence of notice not to report, or an employee called in to work on one of his scheduled days off, or an employee who is recalled after completing a day's assignment and has clocked out and left the facility, shall receive not less than (2) hours pay at the regular rate; provided, however, that any amount paid for hours actually worked shall be credited against such minimum guarantee.

Section 8 – Uniforms

- (A) The Company will provide each eligible employee with five (5) uniforms (shirts, pants, or shorts) and one (1) jacket. Reimbursement for black/brown shoes or black/brown boots of up to a maximum of fifty dollars (\$75.00) will be provided annually to those employees required to wear such shoes or boots as a condition of employment. The employee will provide proof of purchase to the Business Manager to obtain the allowed reimbursement. The shoes or boots will meet applicable safety standards. The company will allow a one time sign-up for the above prior to each option year for current employees. New employees may sign-up during orientation. Also employees will be furnished rain suits at no cost to the employee.
- (B) These uniform items may be exchanged if the item is unserviceable. These items will be returned to the Company upon employment termination out-processing. They may be reissued if they are in good condition, and after professional cleaning by the Company.
- (C) Employees who desire to wear an IAM&AW patch on shirts and/or jackets shall be authorized to wear a Union approved IAM&AW patch (at the employee's expense) on the right sleeve of uniform shirts and/or jackets.

Section 9 – Placement in Lower Rated Classifications

- (A) When an employee is placed in a classification with a lower rate of pay as the result of a demotion or displacement due to a reduction in force, he/she will receive the base rate of his new job classification.

Section 10 – Costs of Examinations Related to Employment

- (A) All examinations related to employment, whether required by virtue of employment with the Company or requested/directed by the Company, (Medical Exams, Respiratory Exams, Chest X-rays, Physical Exams, Hearing Tests, CDL License Testing, License Exams, etc.) shall be at the Company's expense and the employee shall be paid by the Company for all time spent while submitting to any examination. The Company shall make an effort for all exams to be taken during the employee's normal hours of work.

ARTICLE VIII – JOB DESCRIPTIONS

Section 1 – Application of Job Descriptions

- (A) The job descriptions included in Appendix C are per the DOL and are characteristic of the job and illustrate a level of difficulty of work and are not intended to list or describe all work operations or tasks done within the classification. These requirements do not fit all specific individual work assignments, and the description when written was stated so as to be broad enough to include all variations of work in the classifications.
- (B) If, during the term of this Agreement, it becomes necessary for the Company to establish new job classifications within the bargaining unit, the Company and the Union shall mutually agree upon the proper rate range for the new position. Operations shall not be delayed through failure to immediately agree upon a wage rate applicable to such job classification. In the event the parties fail to come to an agreement on the wage rate of a new job, the matter shall be submitted to binding arbitration under the applicable article of this Agreement and the Arbitrator shall have the authority to establish the rate of pay for any new job classification challenged under this Article. The new rate will not be effective until approved and funded by the contracting authority.

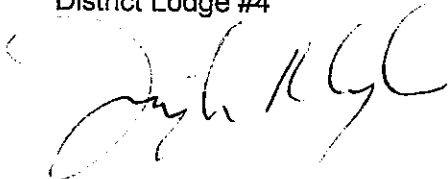
ARTICLE VIV PENSION

The Company will contribute to the Company Pension plan at the designated rate of contribution as defined below. The contribution will be for all hours paid, including vacation, holiday and sick hours paid for each employee.

Effective 07/01/11 .60 per hour


In witness thereof the parties hereto have caused this Collective Bargaining Agreement to be executed by their authorized agents on July 16, 2012.

International Association of
Machinists and Aerospace Workers
District Lodge #4



Joseph R. Compher
Business Representative, D.L. #4

Hallmark Group



John P. Rodgers
VP of Operations

APPENDIX A

CLASSIFICATION	% Inc		10/01/2012
	Current		
F.D.S.O.	\$23.84	4%	\$24.79
F.D.S.M.	\$27.34	4%	\$28.43
Lead F.D.S.O	\$26.87	5%	\$28.21

APPENDIX B

HALLMARK PHOENIX JOINT VENTURE 4 EMPLOYEE BENEFITS PLANS

Employees will be given the Health and Welfare Benefits monies in hourly rates listed below in addition to their hourly wages.

Effective	Current	% increase	Actual Rate
	\$4.05	10/1/2012	10/01/2012
		4%	\$4.21

APPENDIX C

JOB DESCRIPTIONS

General:

Section 1 - Application of Job Descriptions

- (A) The job descriptions included in Appendix C describe typical and normal requirements. These requirements are characteristic of the job and illustrate a level of difficulty of work and are not intended to list or describe all work operations or tasks done within the classification. These requirements do not fit all specific individual work assignments, and the description when written was stated so as to be broad enough to include all variations of work in the classifications.
- (B) If, during the term of this Agreement, it becomes necessary for the Company to establish new job classifications within the bargaining unit, the Company and the Union shall mutually agree upon the proper rate range for the new position. Operations shall not be delayed through failure to immediately agree upon a wage rate applicable to such job classification. In the event the parties fail to come to an agreement on the wage rate of a new job, the matter shall be submitted to binding arbitration under the applicable article of this Agreement and the Arbitrator shall have the authority to establish the rate of pay for any new job classification challenged under this Article.

FUEL DISTRIBUTION SYSTEMS OPERATOR

The Fuel Distribution System Operator receives, stores, transfers, and issues fuel through pipelines at main line or terminal stations, receives fuel by tanker, ships fuel by pipeline, tank car, tank truck, and barge, prepares and checks receiving or ship's documents, connects lines, grounding wires, and loading and off loading arms or hoses to pipelines; and visually inspects samples of fuel, and checks gravity and flashpoint. This operator gauges tanks for water, temperature, and fuel levels, checks pumping systems for correct operating pressure or unusual noises, performs preventive maintenance and repairs on terminal systems, assists in maintenance of government-owned railroad loading and switch area, performs general housekeeping and grounds maintenance for terminal, pipeline and dock areas.

FUEL DISTRIBUTION SYSTEMS MECHANIC

The Fuel Distribution System Mechanic maintains and repairs fuel storage and distribution systems, using hand and power tools and testing instruments, inspects fuel receiving, storage, and distribution facilities to detect and correct leakage, corrosion, faulty fittings, and malfunction of mechanical units, meters, and gauges, (such as distribution lines, float gauges, piping valves, pumps, and roof sumps); inspects electrical wiring, switches, and controls for safe-operating condition, grounding, and adjustment, lubricates and repacks valves; lubricates pumps, replaces

gaskets, seals and corrects pumping equipment misalignment, and cleans strainers and filters. This mechanic services water separators, checks meters for correct delivery and calibration, overhauls system components such as pressure regulating valves and excess valves, disassembles, adjusts, aligns, and calibrates gauges and meters or replaces them, removes and installs equipment such as filters and piping to modify system or repair and replace system component. Duties include: cleaning fuel tanks and distribution lines, removing corrosion and repainting surfaces, overhauling vacuum and pressure vents, floating roof seals, hangers, and roof sumps, and maintaining record of inspections and repairs.

LETTER OF UNDERSTANDING # 1

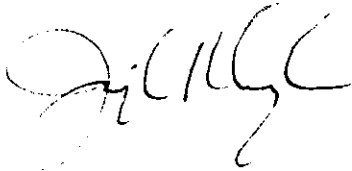
General Provisions

The parties agree that the following general provisions be included in the Collective Bargaining Agreement as this letter of understanding:

- (A) The company will provide copies of this agreement to all employees within 90 days of Union Acceptance of the CBA by the Bargaining Unit.
- (B) An employee injured on the job, who is taken off the job for treatment will receive pay for the remainder of his scheduled work day if the employee's injury is serious enough to preclude his return to work. Where necessary, the Company will furnish transportation as soon as possible for an injured employee to receive medical treatment. Subsequent treatment for Workers Compensation cases in a doctor's office, clinic or hospital will be charged to an employee's available sick and personal time.
- (C) Employees entitled to free physical examinations as a condition of employment will receive the examination during their normal duty hours where possible, without loss of pay. The Company will provide a copy of the results to the employee upon written receipt.

The above provisions are agreed upon between the parties. The parties agree that the provisions of this Letter of Understanding are effective during the term of the current Collective Bargaining Agreement between the parties unless rescinded or amended by mutual agreement of the parties.

For the Union:



For the Company:

