

COLLECTIVE BARGAINING AGREEMENT
BY AND BETWEEN THE
PORT OF SEATTLE
AND
INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS, AFL-CIO,
DISTRICT LODGE 160, LOCAL LODGE 289 (Parts Procurement)
January 1, 2013 – December 31, 2015

<u>ARTICLE</u>	<u>PAGE</u>
RECOGNITION, SCOPE AND HIRING	1
MANAGEMENT RIGHTS	2
DISCHARGE OF EMPLOYEES	2
SHOP STEWARDS	3
SENIORITY	3
PAYMENT OF WAGES	3
SAFETY AND SANITARY CONDITIONS	4
VISIT TO THE ESTABLISHMENT	4
GRIEVANCE PROCEDURE	4
ARBITRATION	6
SEPARABILITY AND SAVINGS CLAUSE	6
PERSONS PROHIBITED	6
HOURS OF WORK	7
RATES OF PAY	7
ADDITIONAL SHIFTS	9
CALL-IN TIME	10
OVERTIME	10
LEARNING AND DEVELOPMENT	10
HOLIDAYS	10
VACATIONS	10
HEALTH & WELFARE PLAN	10
DENTAL PLAN	12
BEREAVEMENT LEAVE	13
SICK LEAVE	13
PAYROLL DEDUCTIONS	13
UNIFORMS	13
RELIEF PERIOD	13
NON-DISCRIMINATION	13
NO STRIKES	14
ENTIRE AGREEMENT	14
DURATION OF AGREEMENT	14
ADDENDUM A – LEAVES	15
APPENDIX A – WAGE RATES	27
LETTER OF UNDERSTANDING	28

AGREEMENT

This mutual agreement is made and entered into between the Port of Seattle, a municipal corporation of the State of Washington, and the International Association of Machinists and Aerospace Workers, AFL-CIO, District Lodge No. 160, Local Lodge No. 289. Wage rates shall be effective as indicated in Article 14. Other conditions shall be effective on the date the Agreement is signed or as specified in the provisions of the agreement. This Agreement is made for the purpose of reaching an equitable wage and working agreement between the parties hereto.

ARTICLE 1 - RECOGNITION, SCOPE AND HIRING

The Port recognizes the Union as the sole and exclusive bargaining agent with respect to wages, rates of pay, hours of work and other conditions of employment for the employees covered by this Agreement. The work to be performed by the Union shall be the various functions of receipt, storage, delivery of parts, processing and procurement of goods and services in compliance with established levels of authority and with Port policy and procedures, and in accordance with historical jurisdiction, customs and practices. These functions shall be performed in the Aviation Maintenance Department at the Distribution Center (DC) warehouse, or other assigned DC satellite locations.. All present employees covered by this Agreement who are members of the Union as of the date of the execution of this Agreement shall remain members during the life of this Agreement as a condition of continued employment. Present employees who are covered by this Agreement but are not members of the Union at the date of the execution of this Agreement and who elect in the future to become members shall remain members thereafter during the life of this Agreement as a condition of continued employment. All employees hired in classifications covered by this Agreement after the execution of this Agreement shall become members within thirty (30) days following the beginning of their employment and shall remain members during the life of this Agreement as a condition of their continued employment in classifications covered by this Agreement. No employee will be terminated under this subsection if the Port has reasonable grounds for believing:

- (a) that membership in the Union was not available to the employee on the same terms and conditions generally applicable to other members, or
- (b) that membership in the Union was denied or terminated for reasons other than the failure of the employee to tender the periodic dues and initiation fee uniformly required as a condition of acquiring or retaining membership.

As permitted by law, the Port shall give the Union equal opportunity with all other sources to refer suitable applicants for employment. No applicant will be preferred or discriminated against by the Port because of membership or non-membership in the Union.

The following information will be given in writing by the Port to the Union within seven (7) calendar days from the date of hiring new employees: name and home address, date of hire, classification and rate of pay.

This Agreement shall apply to and cover employees as defined herein.

A seniority employee is defined as one who has been continuously on the payroll of the Port for a period of one hundred and twenty (120) calendar days. A probationary employee is one who has not been continuously on the payroll of the Port for a period of one hundred and twenty (120) calendar days.

All terms and conditions of this Agreement are applicable to seniority employees and probationary employees except as specifically hereinafter exempted for probationary employees.

The Union recognizes the prerogatives of the Port to operate and manage its affairs in all respects in accordance with its responsibilities and powers of authority, subject to the terms and conditions of this agreement.

ARTICLE 2 - MANAGEMENT RIGHTS

Management Rights. Except as otherwise specifically provided in this Agreement, the Company reserves the right to make all the decisions relating to the conduct of the business, including by way of example and not by way of limitation, the following:

The right to manage the business, to schedule the hours of work, to establish, modify or change work scheduled, to direct and determine the size of the working forces including the right to select, hire, promote and transfer employees, to periodically review employees performance, to relieve employees from duty due to lack of work, to demote and discipline, to terminate employees for just cause, and to determine training procedures in accordance with policies established or to be established by the Company.

It is hereby agreed that the enumeration of the above-listed management rights shall not be deemed to exclude other management rights not specifically enumerated. Any of the rights, powers, functions or authority which the Company had prior to the signing of this Agreement are retained by the Company, except for those rights, powers, functions or authority which are specifically abridged or expressly modified by this Agreement. This Section is not subject to grievance process.

It is hereby agreed that any waiver or any breach of terms of this Agreement by either party, or by an employee, shall not constitute a precedent in the future enforcement of all the terms and conditions herein.

ARTICLE 3 - DISCHARGE OF EMPLOYEES

The Port reserves the right to discharge any employee for just cause. The Port shall have the right to suspend any employee for just cause not exceeding a maximum of two (2) weeks. The Union shall be notified in writing of any discharge or suspension within twenty four (24) hours thereof.

In the event of dispute as to whether or not "justifiable cause" existed, such dispute may be processed through the grievance procedure contained in this Agreement.

Probationary employees may be terminated at any time during the probationary period at the discretion of the Port, without recourse to the grievance procedure.

ARTICLE 4 - SHOP STEWARDS

The Union shall inform the Port in writing of its selection of authorized Shop Stewards, and the Port agrees to recognize the Steward so designated.

Shop Stewards shall request and be allowed such reasonable time as is necessary to investigate and process grievances in the shop arising under the terms of this Agreement.

ARTICLE 5 - SENIORITY

There shall be one seniority list for the bargaining unit employees. Seniority shall prevail in the reduction and restoration of forces, provided the senior employee is capable of performing work remaining in the DC Warehouse and assigned locations. Seniority shall also prevail in the selection of vacation assignments. Vacation request that have been approved are final and cannot be reversed by more senior vacation request. Seniority shall prevail in the selection of shift assignments when openings occur provided the employee is capable of performing the work.

Seniority for permanent positions shall date from day of hire into the bargaining unit, but no seniority rights shall vest until after a probationary period of one hundred and twenty (120) calendar days. At the end of the probationary period, the employee shall be classified as a seniority employee. Probationary employees shall be paid the probationary wage rate listed in appendix A during their probationary period.

An employee shall lose seniority rights for any of the following reasons:

- a) termination for just cause,
- b) on layoff status for more than six (6) months, or
- c) when an employee does not return to the bargaining unit within six (6) months after accepting a non-bargaining unit position with the Port, he/she shall lose seniority.

ARTICLE 6 - PAYMENT OF WAGES

The Port will maintain a regular payday. If such regular payday falls on a Saturday, Sunday, or holiday, the employee shall be paid not later than the last regular workday preceding the regular payday. All employees covered by this Agreement shall be paid biweekly. The Port may deviate from this provision with prior approval of the Union. As a condition of continued employment, all employees are required to participate in the Port's direct deposit program for payroll purposes.

ARTICLE 7 - SAFETY AND SANITARY CONDITIONS

Employees shall cooperate with management in the maintenance of a generally well-kept distribution center, and shall wear and properly use all protective equipment provided by the Port.

The Port shall furnish all safety equipment as required except for safety shoes. In addition the Port will provide seasonal clothing for weather as necessary

Safety Shoes: The Department of Labor and Industries (WAC 296-800-16060, previously WAC 296-24-088[1]) requires workers to wear appropriate foot protection in areas where there is a possibility of foot injury due to falling or rolling objects, piercing/cutting injuries or electrical hazards. In order to comply with this regulation, appropriate foot protection must meet the specifications of the American National Standard Institute (ANSI) for Protective Footwear, Z41-1999 – American National Standard for Personal Protection.

In order to assist with the purchase of the appropriate footwear, the Port shall provide employees a stipend of \$100.00 for the purchase or repair of the ANSI approved footwear each contract year.

All injuries no matter how slight must be reported by the employee to the Lead Supervisor or Manager on the day injury occurs.

In the event of an industrial accident of such nature that does not require an employee to discontinue work but does necessitate further treatment by a doctor at various intervals, the employee shall be compensated at his/her shift rate of pay for all time required for treatments during employee's regular working hours. The employee must make every effort to schedule doctor visits outside of normal working hours or as close to the beginning or end of the employee's regular shift.

Any employee suffering an industrial accident shall be entitled to a full day's pay for the day on which the accident occurs, provided it shall be medically certified by a physician as a disabling accident.

Holiday and/or vacation pay shall not be provided as a duplication of compensation received by an employee on compensated time loss for an industrial injury.

ARTICLE 8 - VISIT TO THE ESTABLISHMENT

Business Representatives of the Union, party to this Agreement, shall have access over the area in which any job is located by first making their presence known to management during working hours for the purpose of enforcing the terms of this Agreement.

ARTICLE 9 - GRIEVANCE PROCEDURE

For the purpose of this Agreement, the term "grievance" means any contractual dispute between the Port and the Union; or between the Port and any employee concerning the

effect, interpretation, application, claim of breach, or violation of this Agreement. All grievances not filed within fifteen (15) days after they occur, or first knowledge that a grievance exists, shall be considered as outdated, thus preventing an accumulation of grievances.

All grievances shall be reduced to writing and shall contain a statement of the relevant facts, the specific section(s) of the Agreement allegedly violated and remedy sought and then settled in accordance with the following grievance procedure:

- a) The dispute or grievance shall be taken up by the Shop Steward, the aggrieved employee, and the manager of the department involved. The manager must give his/her answer within five (5) calendar days. If no satisfactory settlement is reached between the Shop Steward and the manager, then
- b) The Shop Steward shall within seven (7) calendar days call in a representative of the Union who shall meet with the authorized Labor Relations representative of the Port and Shop Committee, if any.
- c) If the grievance or dispute involves a dispute concerning the effect, interpretation, application, claim of breach, or violation of this Agreement, and if it cannot be satisfactorily resolved within ten (10) calendar days by the business representative of the Union and the Port or the Port's representative, then either party reserves the right and authority to submit such grievance or dispute to arbitration in the manner herein provided.
- d) However, the grievance or dispute must be submitted to arbitration within thirty (30) calendar days after completion of the grievance procedure in paragraph (c) above.
- e) The aggrieved employee or the Shop Steward shall have the right to call in the Union representative at any step of the grievance or arbitration procedure.

Either party to this Agreement shall be permitted to call employee witnesses at each and every step of the grievance procedure beginning with Step (c); the Port, on demand, will produce production, payroll, and other records for the purpose of substantiating the contentions or claims of the parties.

The grievance procedure and arbitration provided herein shall constitute the sole and exclusive method of determination, decision, adjustment, or settlement between the parties of any and all grievances as herein defined; and the grievance procedure and arbitration provided herein shall constitute the sole and exclusive remedy to be utilized by the parties hereto for such determination, decision, adjustment, or settlement of any and all grievances as herein defined.

Any time specified herein shall not include any time on any Saturday, Sunday or holiday. Time limits may be extended by mutual agreement.

ARTICLE 10 - ARBITRATION

In the event a grievance or dispute is submitted to arbitration, the Union Representative and the Employer or the Employer's representative shall select a single arbitrator mutually acceptable. If they are unable to agree upon an arbitrator, they shall request Federal Mediation and Conciliation Service to appoint a panel of seven (7) arbitrators, and they shall alternately strike names from the list. The last name remaining shall be the arbitrator.

The decision of the arbitrator shall be final and binding upon the Union, the Employer and the employee(s) involved.

The arbitrator shall not have the power or authority to add to, subtract from, or modify the terms of this Agreement.

The arbitrator shall render his decision promptly after the hearing date. The arbitrator's fees and expenses shall be shared equally by the parties.

Any period of time specified herein shall not include time on any Saturday, Sunday, or holiday unless specifically provided otherwise herein.

ARTICLE 11 - SEPARABILITY AND SAVINGS CLAUSE

Should any part hereof or any provisions herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation or by any decree of a court of competent jurisdiction, such invalidation of such part or portions of this Agreement will not invalidate the remaining portions hereof; provided however, upon such invalidation the parties will meet and negotiate such parts or provisions affected. The remaining parts or provisions will remain in full force and effect.

ARTICLE 12 - PERSONS PROHIBITED

Only bargaining unit employees shall do work presently being performed, previously performed, or capable of being performed by Union members and within the jurisdiction of the Union provided that such work does not fall within the jurisdiction of Port employees who are not members of Local #289. All other persons are prohibited from performing such work except as provided below:

- (a) Work that is performed outside of Port-operated facilities, Aviation Maintenance Department at the Distribution Center (DC) warehouse, or other assigned DC satellite locations, referenced in the Recognition Clause.
- (b) Work performed within Port-operated facilities that is of a temporary or an emergency nature, or where demonstrations or instructions are provided. The Port has the right to contract such work within the Port's facility.
- (c) Veteran's fellows performing bargaining unit work through the Port of Seattle Veteran's Fellowship Program for a period of six months or less.

ARTICLE 13 - HOURS OF WORK

Normal Workweek – The normal workweek (forty (40) hours) shall be defined as five (5) consecutive eight (8) hour days (5x8) or four (4) consecutive ten (10) hour days (4x10) within a standard week of Sunday through Saturday, exclusive of the unpaid thirty (30) minute meal period. Employees are guaranteed one weekend day, either a Saturday or a Sunday during two (2) or three (3) day rest period. If the Employer wishes to discontinue the four/ten (4x10) schedule, the Employer agrees to provide the affected employees the maximum notice possible, but not less than a minimum of fourteen (14) calendar days notice shall be provided prior to resuming five eight (5x8) schedule.

Paid leave shall be paid according to the hours of the employees regularly scheduled workweek.

When work requirements exceed the normal level on a temporary or emergency basis, said work may be performed by a Port contractor on Port operated facilities.

Selection Day: One time per year, in January, the employees will be allowed to select their choice of work schedule and shift by seniority.

ARTICLE 14 - RATES OF PAY

a) Wage Rate Schedule

Wage scale is attached as Appendix A. The employee's base wage rate will be minus the premium, and then premium added for work performed at that higher rate.

b) Classifications and Premiums

Lead Inventory Clerk - all duties and responsibilities of Lead Inventory Clerk are contained in the job analysis.

Working Leads shall receive five percent (5%) premium.

Working Leads assignments shall be made at the discretion of the Port.

DC Inventory Specialist

All duties and responsibilities of DC Inventory Specialist are contained in the job analysis.

Forklift Training - During hours of Forklift training the instructor shall be paid a premium of five percent (5%). Forklift training shall be pre-scheduled and pre-approved by DC Management.

c) Temporary Assignments:

An employee whom management has temporarily assigned to be a lead shall receive the appropriate pay for all compensated holiday, sick and vacation leave hours if:

The employee worked the last scheduled workday prior to and the first scheduled workday following the employee's vacation, sick or holiday as an acting or temporary lead and;

The employee worked at least thirty (30) days prior to the holiday, sick or vacation leave as an acting or temporary lead and upon return from holiday, sick or vacation leave will resume the acting or temporary lead.

When an employee is assigned to fill in for a non-bargaining unit employee (supervisor), they shall receive a ten percent (10%) premium. This shall apply when the supervisor is sick or on vacation and the employee is filling in for the supervisor.

d) Other Pay Conditions

Pay for any fraction of a week shall be computed according to the rates set forth above.

Weekly Guarantee: Full-time employees shall be guaranteed forty (40) hours work or pay, with the following exceptions:

- (1) An employee who quits, is terminated, is recalled from layoff, or is hired on other than the first day of his regularly scheduled workweek, shall be paid only for the days worked during that week.
- (2) Employee absence during part of the workweek due to illness, injury, vacation, or personal reasons shall disqualify an employee for the guarantee that week.
- (3) Paid holidays occurring within an employee's regularly scheduled workweek shall be counted as part of the guarantee, and paid at the regular rate.
- (4) In cases where the Port's operations are adversely affected by a work stoppage, Act of God, civil commotion or insurrection the guarantee shall not apply.

e) Overtime on Other than Regular Shift:

- (1) A regularly assigned day shift worker who is assigned to work a swing or graveyard shift shall be paid overtime at the day shift overtime rate of pay.
- (2) A regularly assigned swing shift worker who is assigned to work a day or graveyard shift shall be paid overtime at the swing shift overtime rate of pay.

- (3) A regularly assigned graveyard shift worker who is assigned to work a day or swing shift shall be paid overtime at the graveyard shift overtime rate of pay.

ARTICLE 15 - ADDITIONAL SHIFTS

Starting times for shifts scheduled by the Port shall conform to the following:

First Shift	5:00 a.m. to 9:00 a.m.
Second Shift	11:00 a.m. to 5:00 p.m.
Third Shift	10:00 p.m. to 12:00 midnight
4/10 First Shift	6:00 a.m. to 9:00 a.m.
4/10 Second Shift	11:00 a.m. to 3:00 p.m.

Effective upon ratification, the second shift premium shall be ten percent (10%) more than the first (day) shift rate, and the third shift premium shall be fifteen percent (15%) more than the first (day) shift rate.

Starting time for an individual employee shall be fixed at the same starting time for the entire workweek.

ARTICLE 16 - CALL-IN TIME

The Port shall guarantee two (2) hours call-in time at double the employee's shift rate of pay for emergency unscheduled call-ins.

ARTICLE 17 - OVERTIME

All overtime shall be pre-approved in writing by the logistics manager or designee. Time and a half (1½x) shall be paid for all work performed on employee's normal two (2) day or three (3) day rest period between workweeks. All hours compensated over forty (40) hours in one week will be paid for at the rate of time and one-half (1½x). All hours worked in excess of the regular eight (8) hours in one (1) day up to eleven (11) shall be paid for at the rate of time and one half (1½x).

For the 4/10 shift all hours in excess of the regular ten (10) hours shall be paid at time and one half (1½x). For 4/10 shifts, work in excess of thirteen (13) hours shall be paid at double time.

The most senior employee has the right of first refusal for overtime, except for shift extensions related to an ongoing project or assignment. The Port reserves the right when no volunteers are available to assign overtime by reverse seniority and skill.. The most junior employee able to complete the work will be required to work the overtime. Employees required to work overtime past their regular shift, unless relieved from work eight (8) hours before starting work on their next regular shift, shall be paid overtime for such shift.

ARTICLE 18 – LEARNING AND DEVELOPMENT

The Port is committed to providing employees learning and development opportunities where possible. Employees interested in pursuing development outside of training specified and directed by management shall work with management to draft an agreed upon development plan.

ARTICLE 19 - HOLIDAYS

See Addendum A

ARTICLE 20 - VACATIONS

See Addendum A

ARTICLE 21 - HEALTH AND WELFARE PLAN

Eligible employees shall be covered by the Medical, Life Insurance and Long-term Disability Insurance benefits described in paragraphs a, b, and c below.

Employees making contributions which maintain continuity of coverage for one or both types of benefits will be treated as though they have continued to work for purposes of eligibility for Hospital-Surgical-Medical benefits, or for the type of benefit for which continuity of coverage is maintained if it is maintained for only one of the two types of benefits.

a) Medical Insurance:

.The Employer shall pay up to a maximum of one thousand three hundred dollars (\$1,300.00) for each employee who is compensated for eighty (80) hours or more for work covered by this Agreement, regardless of Union membership. Such employees shall be enrolled in the following benefit plan currently provided by the Machinists Health & Welfare Trust Fund. This maximum shall include health and welfare benefits, vision services, and preventative care.

If at any time during 2011 these rates are less than the monies necessary to fund the Machinists Health and Welfare Benefits listed below the employees shall be responsible for the increased cost. The Trust shall notify the Employer immediately of any monthly increase to the Trust Plan. The parties agree that any increase exceeding the employer maximum monthly contribution will be offset by a monthly payroll deduction equal to the amount exceeding the cap.

BENEFIT	June 2013 COST
Machinist H &W Plan 10	\$1,430.03

Vision Services Plan 1	\$ 11.81
Preventative Care	\$ 50.69
TOTAL	\$1,492.53

All payments to the Machinists Health and Welfare Trust Fund shall be paid on or before the 10th day of the month following the month of employment.

The Employer acknowledges receipt of and agrees to be bound by the Agreement and Declaration of Trust, and any amendments thereto, covering the Machinists Health and Welfare Trust Fund, and the Employer ratifies any action taken by the Board of Trustees. The Health and Welfare Trust Fund shall always be maintained as a tax-exempt joint labor-management Trust Fund and administered in accordance with its Agreement and Declaration of Trust and all applicable laws. The Employer accepts, as its representatives, the Employer Trustees serving on the Board of Trustees of the Health and Welfare Trust Fund and their duly appointed successors. Each Employer agrees to abide by all rules and regulations as may be established by the Board of Trustees pertaining to participation in the Health and Welfare Trust Fund.

The Employer will continue to pay contributions for a regular employee who is off work due to an industrial-injury for a maximum of six (6) months beyond the point in time which the employee no longer qualifies under the above criteria for Employer provided Health & Welfare benefits.

Notwithstanding the forgoing provisions, if any employee should be disentitled to any benefits under the Health and Welfare Plan by reason of the Employer's delinquency in the payment of contributions, the Employer shall be liable to such employee in a civil action for the full amount of the benefits which the employee lost, together with reasonable attorney's fees and costs. Acceptance or collection of delinquent contributions by the Board of Trustees shall not absolve the Employer of this liability.

b) Life Insurance:

On the first of the month following the date of hire, eligible employees and their eligible dependents shall receive life insurance benefits in the amount of two (2) times their annual base rate and their eligible dependents shall receive life insurance benefits in such amounts and in such manner as are provided in contracts with insurance companies or agencies selected by the Port to provide such benefits. Employees shall also be covered by the Accidental Death and Dismemberment policy provided by the Port.

c) Long-term Disability:

On the first of the month following the date of hire, eligible employees shall receive long-term disability coverage. The eligibility and other conditions of

coverage are established with the insurance company or agency selected by the Port to provide such benefits.

The Port shall continue to pay the PERS contribution per Port policy.

Deferred Compensation: Effective upon ratification, full-time, eligible employees shall be eligible for participation in the Port of Seattle's Deferred Compensation Plan as revised December 8, 1981. Eligibility and participation of employees shall be subject to the terms and conditions of such plan including any plan amendments, revisions, or possible cancellation. It is further agreed that content of the plan itself, plan administration, and any determinations made under the plan shall not be subject to grievance or arbitration procedures or to any other provisions of this Agreement or to negotiation by the Union.

ARTICLE 22 - DENTAL PLAN

The Port shall pay each month into the Northwest I.A.M. Benefit Trust Fund the amount necessary to fund Plan "125" for each employee who is compensated for eighty (80) hours or more in the preceding month, for the purpose of providing a dental care program for the employees covered by this Agreement. The Port agrees to increase its contribution per employee at the time and in the amount determined necessary by the Trustees of the Plan to maintain the present level of benefits. The details of the program will be determined by the Board of Trustees of the Northwest I.A.M. Benefit Trust Fund in accordance with the Trust Agreement creating the Trust Fund. The Port and the Union agree to be bound by said Trust Agreement and all lawful amendments thereto, and do further agree to accept as their representative the Employer Trustees and the Union Trustees who constitute the Board of Trustees of said Trust Fund and their lawful successors.

- a) The contribution shall be paid to the Trust Fund by the 10th day of the month following the month in which the contributions were earned. The Trust Fund will furnish transmittal forms.
- b) The failure of the Port to make the required contributions may result in a collection action by the Board of Trustees and, in such action; the Port shall be obligated to pay liquidated damages, costs and attorney's fees, as provided in the Trust Agreement

ARTICLE 23 - BEREAVEMENT LEAVE

See Addendum A

ARTICLE 24 - SICK LEAVE

See Addendum A

ARTICLE 25 – PAYROLL DEDUCTIONS

Payroll deductions shall be made as specifically required by Federal, State, or Municipal laws. In addition, the Port and the Union agree that deductions for the Machinists' Credit Union, MNPL, Guide Dogs of America, and Union dues may be implemented if appropriately authorized by the employee in accordance with Port payroll procedures.

ARTICLE 26 - UNIFORMS

All uniforms or specified wearing apparel necessary in the performance of their work shall be furnished, laundered, or cleaned by the Port at no cost to the employee.

ARTICLE 27 - RELIEF PERIOD

Employees shall be entitled to a fifteen (15) minute relief period around the midpoint of each half shift, having due regard for the continuity and nature of the work being performed.

ARTICLE 28 - NON-DISCRIMINATION

It is mutually agreed, between the Port and the Union, that there shall be no discrimination against any employee or applicant for employment or against any Union member or applicant for membership because of race, color, religion, sex, age, national origin, disability, or Vietnam era veteran status.

Any use of the masculine gender in the language of this Agreement is intended to apply to both sexes.

The Port and the Union agree to take the necessary steps to remain in compliance with the Americans with Disabilities Act (ADA), and the Family and Medical Leave Act (FMLA). It is further agreed that leave available under FMLA will not necessarily run concurrently with other paid leave available under this Agreement.

ARTICLE 29 - NO STRIKES

The Port is a Municipal Corporation of the State of Washington. Under State law, employees and labor unions do not have the right to strike or picket or engage in other similar activities against a governmental unit such as the Port. Accordingly, the Union recognizes the State law and agrees that neither the Union, the employees it represents, its members, nor others acting for and on its or their behalf, will at any time engage in any strike, picketing, stoppage of work, slow-down, or similar activity against the Port, whether or not this Agreement is in effect.

ARTICLE 30 - ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Port and the Union and no oral statement shall add to or supersede any of its provisions.

The Port and the Union acknowledge that during negotiations, each had the unlimited right and opportunity to make proposals and bring forth past practices related to subjects of collective bargaining. The results of those negotiations are set forth in this Agreement. For the term of this Agreement, the Port and the Union give up their right to oblige the other party to bargaining with respect to any subject discussed in negotiations whether or not specifically referred to or covered in this Agreement.

ARTICLE 31 - DURATION OF AGREEMENT

The provisions of this Agreement shall become effective, January 1, 2013 except as otherwise provided herein, and the term of this Agreement shall continue until December 31, 2015.

The parties agree to begin bargaining a successor collective bargaining agreement no later than November 2015. Upon notice being given, the parties shall enter into negotiations and the period from and after the giving of the notice shall be used for negotiating a new agreement.

DATED this _____ day of _____, 2013.

PORT OF SEATTLE

INTERNATIONAL ASSOCIATION
OF MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO,
DISTRICT LODGE NO 160,
LOCAL LODGE NO. 289

BY: _____
Tay Yoshitani, Chief Executive Officer
Port of Seattle

BY: _____
Dan Morgan , Business Representative
IAM District 160, Local 289

ADDENDUM A

LEAVES

Details:

A. Purpose:

To provide a leave program with an equitable system of handling requests for leave with pay and reasonable amounts of leave without pay to employees in eligible non-represented and represented positions. In all cases, compensated leave will be charged or paid according to the employee's work schedule.

B. Scope:

1. Holidays: Port Designated Holidays for 2011, 2012

a. Ineligible Employees: Unless hired and actively working at least 30 calendar days prior to a holiday.

b. Eligible Employees: Holidays for Eligible Employees shall be handled as follows:

(1) Employees on a Monday Through Friday Work

Schedule: When a holiday falls on a Sunday, the following Monday will be considered the holiday. When a holiday falls on Saturday, the preceding Friday will be considered the holiday.

(2) Employees Working in a Seven Day Operation: When the actual holiday falls on a Saturday or Sunday, the actual holiday will be considered "the official holiday" for those employees scheduled to work that day, not the designated holiday date on the preceding Friday or following Monday.

2. Compensated Leave During Periods of Illness:

a. Extended Illness Leave:

Eligible, full-time employees normally accrue Extended Illness leave at the rate of a half-day a month (.02308 hours accrued per straight-time hour paid). Part-time employees accrue a proportional share of up to a half-day per month, depending on the number of straight-time hours actually worked. Extended Illness leave may accumulate with no maximum limit.

In the event of illness, Extended Illness leave up to the accrued balance may be used after employment of at least 30 days. Exempt employees

who work less than their regularly scheduled hours in a pay period shall use EI for situations that are consistent with the provisions of this section.

Extended Illness leave can be used for instances of employee or immediate family member illness, injury or disability. Extended Illness leave can also be used for an employee's preventive health care appointments. "Preventive health care appointments" are limited to an employee's annual physical, dental, vision and cancer screening examinations.

Immediate family shall be defined as spouse or domestic partner and the parents or children of the employee, spouse or domestic partner. For the purpose of the benefits provided by the leave procedure, an employee and a spouse or domestic partner must complete an Affidavit of Marriage/Domestic Partnership which requires them to declare that they:

- (1) Share the same regular and permanent residence.
- (2) Have a close personal relationship.
- (3) Are jointly responsible for basic living expenses.
- (4) Are not married to anyone.
- (5) Are each 18 years of age or older.
- (6) Are not related by blood closer than would bar marriage in the State of Washington.
- (7) Were mentally competent to consent to contract when the domestic partnership began.
- (8) Are each other's sole domestic partner and are responsible for each other's common welfare.

In special circumstances, Human Resources and Development Management may include others in this definition.

In the instance of employee illness, injury or disability, Extended Illness leave may be used only after the equivalent of two working days of absence over the course of three consecutive workdays. The first two working days will be charged to Paid Time Off (PTO) accounts. However, Extended Illness leave may be used immediately for in-patient hospitalization; workers compensation injuries or illnesses; approved Family and Medical Leave Act leave related to a medical condition of an employee or an eligible family member; illness, injury or disability of an immediate family member under the Washington Family Care Act; illness, injury or disability of a probationary employee; preventive health care

appointments; or if PTO is exhausted. Intermittent leave (with no more than 15 days between absences) caused by the same medical condition may be charged to Extended Illness without using the equivalent of two working days of PTO at the start of each subsequent absence.

Management may at any time require a physician's statement to justify use of Extended Illness leave. A physician's release shall be required prior to the return to work by an employee who has experienced inpatient hospitalization of any kind that requires an absence from work or who has suffered an absence of longer than two weeks due to illness, surgery, or an accident.

b. Long-Term Sick Leave (LTSL):

This account applies only to employees with sick leave accounts greater than 60 days prior to adoption of Resolution No. 2921 on June 23, 1984. LTSL will not result in compensation unless approved for use in the following ways: (1) LTSL may be used by employees when absence due to their own illness has exhausted their Extended Illness account. (2) In the event an immediate family member as defined in Section 2.a. above suffers a serious illness which requires the employee to be absent for four or more days, use of LTSL may be approved under procedures outlined below.

Approving LTSL for a family member's illness requires a request from the employee's manager to Human Resources and Development Management confirming that the employee's situation qualifies for use of LTSL. Upon approval, Human Resources and Development activates a Request for Personnel Action form to Accounting. If the employee's absence due to family illness is less than four days, it is charged to regular Paid Time Off or Extended Illness leave. When time logs are due and it is too soon to know how long the absence will be, it should be charged to regular Paid Time off or Extended Illness leave. If the absence is four or more days, the charges are to be corrected following approval of the request as described above. LTSL cannot be authorized on time logs alone.

c. Disability Case Management:

As provided by the Disability Case Management Procedure HR-6, the Port of Seattle will provide all employees with reasonable accommodation and return-to-work assistance as determined on a case-by-case basis. Appropriate Port of Seattle personnel will work with the employee to comply with any and all legal requirements and insurance policies. Such legal requirements and insurance policies may include the Americans with Disabilities Act (ADA), the Family and Medical Leave Act (FMLA), workers compensation, and long term disability insurance.

3. Paid Time Off:

a. Accrual Rates Depend on Length of Employment:

Paid Time Off (PTO) is earned at varying rates based upon tenure and straight-time hours worked. The number of earned PTO days shown below are based on full-time, straight-time hours paid (75 or 80 hours per pay period). Part-time employees earn a proportional share of hours.

(1) 19.6 days (Up to 147.0 or 156.8 hours) may be earned annually between the start of employment and the end of the third year (.07538 hours accrued per straight-time hour paid).

(2) 24.6 days (Up to 184.5 or 196.8 hours) may be earned annually between the beginning of the fourth year and the end of the seventh year (.09462 hours accrued per straight-time hour paid).

(3) 27.1 days (Up to 203.3 or 216.8 hours) may be earned annually between the beginning of the eighth year and the end of the 11th year (.10423 hours accrued per straight-time hour paid).

(4) 29.6 days (Up to 222.0 or 236.8 hours) may be earned annually between the beginning of the 12th year and the end of employment (.11385 hours accrued per straight-time hour paid).

b. Accumulating and Taking Paid Time Off:

It is the Port's policy that all employees shall be allowed and encouraged to take at least two work weeks of Paid Time Off each year.

Paid Time Off may be taken up to the accrued balance, after the completion of the probationary period and following management approval of a request made at least one week in advance. Some work units or sections may require more or less notice. Employees' requests receive consideration based in part on the date of the request.

c. Maximum PTO Accumulation and Automatic Cash-out for Employees Hired Before 12/20/98:

Maximum accumulation for employees hired before 12/20/98 is 1,100 hours in 2008. This limit will decrease by 100 hours each successive January until January 2014, when it will decrease from 600 to 480 hours.

Balances over the limit will be cashed out at the employee's current hourly rate of pay during the first pay period of the payroll year. Subsequent accruals over the limit will be cashed out quarterly at the employee's

current hourly rate of pay. Employees may request that the cash-out be postponed by up to two pay periods to accommodate a pre-scheduled vacation.

d. Maximum Paid Time Off Hours Accumulation for Employees Hired On or After 12/20/98:

For employees hired on or after 12/20/98, the maximum accumulation is 480 hours. Accruals will cease when the limit is reached and will resume only when the balance is below 480 hours. Accruals over the limit are not cashed out.

e. Voluntary Cash-out of PTO Hours While an Active Employee:

Employees may cash-out any amount of their accrued Paid Time Off hours, provided the employee has a minimum balance of two work weeks of Paid Time Off hours remaining immediately following the cash out. Cash-outs shall be processed at the employee's current hourly rate of pay as recorded in the payroll system. A "Paid Time Off Cash-Out Request and Waiver" form must be submitted to Payroll by the payroll deadline.

4. Payment for Accrued Leave at Termination:

a. Extended Illness Leave:

Upon termination or retirement immediately following five consecutive years of active employment with the Port of Seattle, an eligible employee shall be compensated for 50% of his or her Extended Illness accrued balance at the employee's hourly rate of pay in effect at termination.

b. Paid Time Off:

Upon termination, an eligible employee who is not a probationary employee or who has not been terminated for cause shall be compensated for 100% of his or her Paid Time Off accrued balance at the employee's hourly rate of pay at termination. Paid Time Off hours for such an employee may be cashed out, used as service time after the last day worked, or taken in a combination of cash and service time.

A probationary employee who terminates active employment before satisfactorily completing the probationary period shall receive no Paid Time Off pay.

An employee who is terminated for cause shall receive a lump sum payment for 100% of his or her Paid Time Off accrued balance at the hourly rate of pay in effect at termination. The employee is not eligible to use Paid Time Off as service time after the last day worked unless

authorization is received from Human Resources and Development Management.

5. Other Paid Leave:

a. Bereavement Leave:

At the discretion of the employee's manager employees who have been employed for at least 30 days of uninterrupted service may receive from one to five working days of leave per bereavement. Such leave shall not result in compensation for more than the number of straight-time hours in any normal work week. Bereavement leave may be granted for the death of immediate family members as defined in Section 2.a. above, as well as the death of an employee's sibling, grandparent or grandchild; the sibling, grandparent or grandchild of an employee's spouse or domestic partner; or a sibling's spouse or domestic partner. In special circumstances, Human Resources and Development Management may include others in this definition. Individual circumstances such as the distance to the funeral and the extent of employee involvement with the arrangements for the deceased shall be considered in determining the number of days to be granted an employee and whether the leave is taken consecutively.

b. Shared Leave:

The Port of Seattle Shared Leave Program is designed to allow employees to come to the aid of fellow Port employees who are suffering from an extraordinary or severe illness, injury, impairment, or physical or mental condition which is not related to a Workers' Compensation claim and has caused, or is likely to cause, the employee to take leave without pay or terminate his or her employment. This includes the first six to eight weeks of maternity leave (up until the physician releases the mother to return to work). It may also include time off needed by the employee to care for a child, spouse or domestic partner, or parent who is suffering from an extraordinary or severe illness, injury, impairment, or physical or mental condition. "Severe" or "extraordinary" condition is defined as serious, extreme, chronic and/or life threatening.

Requests for Shared Leave will be generated by the employee or his or her work unit and management in consultation with Human Resources and Development. Shared Leave hours are given to address a specific medical condition for a specific employee. Shared Leave hours which have not been used for six months will be returned to the donors' accrued leave balances on a pro-rata basis unless Human Resources and Development management authorizes an extension to the six-month period. Shared Leave hours may not be "banked" or used for reasons other than the original cause for the donations. Shared Leave hours are not payable to an employee's estate and cannot be cashed out.

An employee may donate any amount of Paid Time Off or Extended Illness hours, provided the employee retains a minimum balance of two work weeks of PTO and/or EI accruals for his or her own use. However, it is not the intention of the Shared Leave program to allow employees who are terminating their employment with the Port to donate their unused EI upon their termination. Donations of PTO and/or EI are not tax-deductible for the donor.

Shared Leave will be paid at the recipient's own rate of base pay. For example, a recipient who earns \$20 per hour and receives 4 hours of PTO from a donor who earns \$15 per hour will be eligible to use the 4 hours of donated PTO at \$20 per hour.

All Shared Leave must be given voluntarily. No employee shall be coerced, threatened, intimidated or financially induced into donating leave. It is not the intent of the Shared Leave program to allow employees who are terminating their employment with the Port to donate their unused Extended Illness upon their termination.

Employees will accrue Paid Time Off and Extended Illness hours on Shared Leave hours paid. Paid Shared Leave hours will be reported as taxable income on the recipient's Form W-2. Shared Leave must be recorded on time logs using the appropriate time reporting code. It is the responsibility of the recipient employee or the employee's designee to coordinate with the Benefits staff in Human Resources and Development to track the employee's available Shared Leave balance. Shared Leave is not subject to PERS or LEOFF contributions, and service credit for pension calculations will not accrue on Shared Leave hours.

6. Paid Leave Administration During Disability Periods:

a. Non-Work Related Disabilities:

Employees are required to exhaust accumulated balances of Extended Illness, Paid Time Off, and long-term sick leave before LWOP may be approved. If an employee is eligible to file a claim for Long Term Disability (LTD) insurance benefits, Extended Illness accruals must be exhausted before LTD benefits are approved. Once LTD benefits are approved, an employee must use any remaining Paid Time Off on either a full-time basis or at a reduced rate.

b. Supplemental Pay During Workers Compensation Time Loss Periods:

An employee may use Extended Illness leave during approved workers' compensation time-loss periods to supplement time loss payments. Extended Illness supplements will be paid in amounts sufficient to bring the total pay up to the normal bi-weekly rate when possible. When Extended Illness leave is exhausted, Paid Time Off leave may be used in

the same manner as described for Extended Illness leave to bring total pay up to the normal bi-weekly rate when possible. Employees may not use Extended Illness or Paid Time Off leave that exceeds supplementing the difference between their Temporary Total Disability (TTD) benefits, Loss of earning power (LOEP) benefits and their regular straight-time hour wages.

If an employee is eligible to file a claim for Long Term Disability (LTD) insurance benefits, the employee is not required to exhaust Extended Illness accruals before LTD benefits are approved.

7. Leave Without Pay (LWOP):

When an employee requests leave without pay in conjunction with any other leave, the requests should be combined so the employee's manager may assess the consequences of the entire period of time off being requested. Unless LWOP is requested in conjunction with Paid Time Off, requests for LWOP may not be approved until all appropriate paid leave accruals are exhausted. If the leave is for personal reasons, all Paid Time Off must be exhausted. If the leave is due to a medical condition, all Extended Illness, long-term sick leave, and Paid Time Off leave must be exhausted.

If LWOP is requested in conjunction with Paid Time Off, compensation may be arranged to be paid over the entire leave period at a reduced amount or schedule. This arrangement requires advance notice and a Request for Personnel Action form to advise Accounting of the change in schedule.

Suspensions or unpaid time for disciplinary reasons will result in LWOP while an employee still has payable leave balances.

If no Paid Time Off or an insufficient amount of Paid Time Off to satisfy benefit eligibility requirements is used in conjunction with the LWOP, all insurance coverage will end the last day of the month in which the LWOP begins, unless the LWOP is related to a medical disability. (See Section 7.a.(2) for information about LWOP due to a medical disability.) The employee may elect to self-pay for insurance coverage(s) in accordance with the provisions of the applicable insurance contract and the Consolidated Omnibus and Reconciliation Act of 1985 (COBRA).

a. General Leaves Without Pay:

Approval of a leave under the conditions and limits stated in this section assumes the employee's right to reinstatement without loss of seniority in the same position and pay held before the leave. However, if a reduction in force should occur during a period of leave, the returning employee would be subject to the action which would have taken place if the employee had remained at work. A department director within the conditions and limits indicated may authorize the following types of leave:

(1) Personal Leave Without Pay:

A request for time off the job without pay for non-military or non-medical reasons will be considered a request for personal leave without pay. Approval of personal leave is not automatic. Port management considers leaves extending beyond an employee's accrued Paid Time Off as a special consideration to be granted only after careful evaluation. A request for personal leave without pay should be made only when an employee intends to return to work for the Port following such leave. Each request for personal leave will be considered on its own merits, and the factors to be considered by the department director shall include:

- (a) The purpose and length of the requested leave.
- (b) The employee's length of service.
- (c) The effects of the requested leave on the operational efficiency of the department.
- (d) The employee's contribution to the organization.

A personal leave without pay where there is mutual benefit for the Port and the employee would receive greater priority, for example, than a request for time off to travel. After such an evaluation, a manager who is willing to accommodate the employee's request may authorize up to a six week LWOP if the employee's performance and attendance are satisfactory.

(2) Medical Leave Without Pay Covering Periods of Disability:

A disability period is the time an employee is unable to perform the duties of his or her position due to illness, injury or disability, as determined and certified by a licensed physician in writing to the Port. For the purposes of this procedure, the normal definition of illness includes, but is not limited to disabilities related to pregnancy or childbirth, conditions related to alcoholism, drug addiction, and psychological disorders. Such absences may be covered by the Family and Medical Leave Act (FMLA). Under this section, medical leaves which are required to cover certified periods of disability may be granted to regular, post-probationary employees suffering from either job-related or non-job-related disabilities for up to six months. Any non-represented employee may be granted up to six months leave for job-related disabilities. When disability conditions continue into the fifth month since the first day of unpaid leave, the department director, Disability Case Management Team, and

Human Resources and Development Management shall make a determination concerning appropriate action. Medical leaves in excess of six months are covered under Special Leave Without Pay Considerations.

Following FMLA leave, insurance coverage will end as follows: (a) For an employee who has less than five years of service immediately preceding his or her disability, coverage for all insurance benefits is provided through the end of the month in which the 30th day of leave without pay status occurs, and (b) For an employee who has five or more years of service immediately preceding his or her disability; medical, dental and life insurance benefits will be provided through the end of the month in which the sixth month of leave without pay status occurs. The employee may elect to self-pay for insurance coverage(s) in accordance with the provisions of the applicable insurance contract and the Consolidated Omnibus and Reconciliation Act of 1985 (COBRA).

When time off the job without pay is requested in excess of the certified period of disability, it is handled in the same manner as any other request for personal Leave Without Pay.

b. Special Leave Without Pay Considerations:

(1) Retirement system service credits do not increase while an employee is on leave without pay since the Retirement Board counts service only for months in which direct payroll compensation is received.

(2) Unpaid Leave of Absence Exceeding Maximum Time Period:

Personal unpaid leave in excess of six weeks and unpaid medical leave in excess of six months shall be granted only upon the recommendation of the employee's manager and with the approval of Human Resources and Development Management. The decision of Human Resources and Development Management shall be based upon the special circumstances of the case, such as doctor's recommendations when considering medical leave. Particularly in the case of job-related illness or injury, the length of approved leave shall be carefully considered in the light of the doctor's recommendations. Refer to the Disability Case Management Procedure HR-6 for more details. Employment longevity, the employee's performance record, and the mutual benefit to the Port and the employee shall receive appropriate consideration when reviewing personal leave without pay requests.

(3) Leave Without Pay for Probationary Employees:

It is not the intent of this procedure to permit medical leave without pay up to six months or personal leave without pay up to six weeks for probationary employees. The determination shall be made at the discretion of the employee's manager as to whether or not medical leave of up to six weeks in duration, which is hereby established as maximum allowed for probationary employees, is appropriate or practical. To qualify for a medical leave of up to six weeks, the employee must be under a doctor's care, and the attending physician must have certified that a disability exists. An estimated return date shall also be required from the physician.

Personal leave without pay shall not be encouraged for probationary employees; however, such leave up to two weeks in length may be granted at the discretion of the employee's manager for absence required under extenuating circumstances. If the authorized personal leave is in excess of two weeks, the probationary period shall be extended by the time period in excess of two weeks.

(4) During a Leave Without Pay Extending Beyond 30 Calendar Days:

A personnel action form shall be submitted by the employee's department for any leave without pay that will extend beyond 30 days. Employees on unpaid leaves in excess of 30 calendar days shall be on inactive payroll status; employees on paid leave shall be on active status.

Any employee seeking or requiring an unpaid leave of more than 30 days should check prospectively with the Benefits section regarding continuance of insurance coverage. It may be necessary for the employee to pay for part or all of the premiums for insurance benefits he or she wishes to continue without interruption. The Port's premiums for any insurance benefits the employee waives during a period of leave without pay will be paid by the Port beginning the first day of the month following return from such approved leave. The employee is responsible for paying his or her share of the premium, if any. If the employee returns on the first working day of a month, Port-paid insurances will resume the first of that month. When an employee elects not to pay the premiums for one or all insurance benefits, a signed affidavit from the employee is required stating which coverage's are not desired during the leave. The employee makes this decision at the time the leave is being arranged.

(5) When a Leave Without Pay is Completed:

When the employee returns to work within the agreed upon time allowance, a personnel action form is submitted by the employee's department placing that employee back on active employment status if the employee's leave was greater than 30 days.

If any general, across the board salary adjustments occurred during the leave, the employee's pay record will be adjusted accordingly for such employee by the employee's department.

If an employee does not return within the agreed time and does not notify the Port of the reason nor request an extension, a termination personnel action form shall be prepared by the employee's department following final communication with the employee and concurrence between the employee's manager and Human Resources and Development Management.

APPENDIX A: WAGE RATES

Number of Employees	January 2010 Hourly Rate	January 2011 Hourly Rate	January 2012 Hourly Rate	One time cash pay out
1	28.67	28.67	TBD	\$500.00
1	24.88	24.88	TBD	\$500.00
1	24.13	24.13	TBD	\$500.00
2	22.97	23.10	TBD	\$500.00
1	22.34	23.10	TBD	\$0
1	22.32	23.00	TBD	\$0
1	21.46	22.90	TBD	\$0
2	21.36	22.90	TBD	\$0
Total: 10 employees				
Probationary Rate		22.20	TBD	\$0

Effective January 1, 2013, the DC Inventory Specialist hourly rate of \$23.75 will be increased by three percent (3.0%) to \$24.46 per hour. Effective upon ratification of the contract, provide a nine hundred and fifty dollar (\$950) one-time cash payout to Jonnie Smith and Deborah Gutierrez and a seven hundred dollar (\$700) one-time cash payout to Victor Palanca for the first year of this agreement.

Effective January 1, 2014, the base wage rate of the DC Inventory Specialist (\$24.46 per hour only) shall be increased by the sum of the one-hundred percent (100%) of the percentage increase in the Consumer Price Index for Seattle, Tacoma, Bremerton with a minimum increase of not less than 0% nor more than 6.0%. The index used shall be the CPI-U, covering the period October 2012-October 2013. In lieu of a percentage increase on their base wage, provide the value of a COLA tied to the lowest pay grade classification in the bargaining group (the eight DC Inventory Specialists) in a one-time cash payout to Jonnie Smith, Deborah Gutierrez and Victor Palanca. As a condition for receiving the one-time cash payout, employees must have been employed with the Port of Seattle through June 2014 and will receive the one-time cash payout the first pay period in July 2014.

If the COLA increase for the DC Inventory Specialist (\$24.46) exceeds the pay rate of any of the employees receiving a one-time cash payout, that pay grade of the employee receiving the one-time cash payout will be increased to that pay rate resulting from the COLA increase. In addition, rather than receiving the full annual COLA value increase in a one-time cash payout, the employee within that pay grade shall receive a one-time cash payout equivalent to the difference between the total annual COLA minus the annual sum of their hourly rate increase.

Effective January 1, 2015, the base wage rate of the DC Inventory Specialist (the lowest pay grade) shall be increased by the sum of the one-hundred percent (100%) of the percentage increase in the Consumer Price Index for Seattle, Tacoma, Bremerton with a minimum increase of not less than 0% nor more than 6.0%. The index used shall be the CPI-U, covering the period October 2013-October 2014. In lieu of a percentage increase on their base wage, provide the value of a COLA tied to the lowest paid grade classification in the bargaining unit (the eight DC Inventory Specialist) in a one-time cash payout to Jonnie Smith, Deborah Gutierrez and Victor Palanca. As a condition for receiving this one-time cash payout, employees must have been employed with the Port of Seattle through June 2015 and will receive the one-time cash payout the first pay period in July 2015.

If the COLA increase for the DC Inventory Specialist (the lowest pay grade) exceeds the pay rate of any of the employees (pay grade) receiving the one-time cash payout, that pay grade will be increased to that pay rate resulting from the COLA increase in lieu of the employee receiving a one-time cash payout.

**LETTER OF UNDERSTANDING
TO THE
AGREEMENT
BY AND BETWEEN
PORT OF SEATTLE
AND
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS
AFL-CIO, DISTRICT LODGE NO. 160, LOCAL LODGE 289**

THIS LETTER OF UNDERSTANDING is supplemental to the Agreement by and between the Port of Seattle, hereinafter referred to as the "Employer" and the International Association of Machinists and Aerospace Workers, AFL-CIO, District Lodge 160, Local Lodge 289 representing the Parts Procurement Department, hereinafter referred to as "Union".

This Letter of Understanding will confirm the Employer and the Union agreed to the following during negotiations:

ARTICLE 14 - RATES OF PAY

- A. In order to maintain his significantly higher hourly rate, Victor Palanca shall cover or assist with supervisory duties as needed without an additional premium.
- B. This Memorandum of Understanding shall sunset at the end of the current contract.

DATED this _____ day of _____, 2013.

Port of Seattle

International Association of Machinists &
Aerospace Workers, AFL-CIO,
District Lodge 160, Local Lodge 289

By: _____
Signature

By: _____
Signature

Title

Title