

MEMORANDUM OF AGREEMENT
BETWEEN
MONTANA RAIL LINK, INC.
AND THE
INTERNATIONAL ASSOCIATION OF
MACHINISTS & AEROSPACE WORKERS

This Agreement, dated December 1, 1992, by and between Montana Rail Link, Inc. ("MRL" or the "Company") and the International Association of Machinists & Aerospace Workers ("IAM" or the "Organization") relates to the establishment of craft specific provisions governing Traveling and Roadway Shop Mechanic positions that perform maintenance and repair work on track machinery. This Agreement is also in furtherance of the parties' Side Letter Agreement dated August 20, 1991 covering the proposed establishment of "Machine Mechanic" positions in the Engineering Department of MRL.

It is understood and agreed that in lieu of establishing Machine Mechanic positions MRL may establish such Traveling Mechanic and/or Roadway Shop Mechanic positions subject to the following:

ARTICLE I

CLASSIFICATION OF WORK

- A. Traveling Mechanic: An employee qualified and assigned to perform maintenance and repair work on track machinery on line of road, as necessary, shall be classified as a Traveling Mechanic; provided that existing practices, or agreements with other labor organizations, whereby others such as Work Equipment Supervisors and/or Machine Operators perform such work shall be preserved. Traveling mechanics must understand electrical, hydraulic and pneumatic diagrams and schematics and possess a working knowledge of these systems. They must also be skilled in electrical and gas welding and gasoline and diesel engine repair. Traveling Mechanics may be required to train and supervise Machine Operators in maintenance and repair functions as required by the Company. Traveling Mechanics may also be required to perform such maintenance, repair, training, and supervision functions in roadway shops without any reduction in rate.
- B. Roadway Shop Mechanic: An employee qualified and assigned to perform

maintenance and repair work on track machinery in roadway shops, as necessary, shall be classified as a Roadway Shop Mechanic; provided that existing practices, or agreements with other labor organizations, whereby others such as Machine Operators who assist Roadway Shop Mechanics, Work Equipment Supervisors, or Traveling Mechanics perform such work shall be preserved. Roadway Shop Mechanics may also be required to perform maintenance and repair work, as necessary, on line of road provided that while doing so they receive the Traveling Mechanic rate of pay.

ARTICLE II

SENIORITY ROSTERS

- A. As of the date a Traveling Mechanic position(s) is established, a system wide seniority roster for such position(s) shall be created, with employees being ranked as of their date of first service as such. If two or more employees begin service as Traveling Mechanics on the same date, they shall be ranked in accordance with their Company seniority on the IAM roster upon which they retain their oldest seniority. If such Company seniority shall be equivalent, they shall be ranked by birthdate with the oldest employee being ranked first, and the second oldest ranked second, etc.
- B. As of the date a Roadway Shop Mechanic position(s) is established, a system wide seniority roster for such position(s) shall be created, with employees being ranked as of their date of first service as such. If two or more employees begin service as Roadway Shop Mechanics on the same date, they shall be ranked in accordance with their Company seniority on the roster upon which they retain their oldest seniority. If such Company seniority shall be equivalent, they shall be ranked by birthdate with the oldest employee being ranked first, and the second oldest ranked second, etc.
- C. Employees establishing seniority as Traveling Mechanics shall be given equivalent seniority dates on the Roadway Shop Mechanic's Roster, should they not previously have established such seniority.
- D. It is understood that employees who established seniority on the Traveling Mechanic's and/or Roadway Shop Mechanic's Rosters shall not thereby establish seniority on other IAM Rosters, nor shall such establishment of seniority necessarily qualify those employees for other positions governed by the IAM/MRL Labor Agreement.

ARTICLE III

SENIORITY RETENTION

- A. Effective with the date of this Agreement, all employees promoted to official, supervisory, or excepted positions from crafts or classes represented by the International Association of Machinists and Aerospace Workers shall be required to pay an appropriate monthly fee, not to exceed monthly union dues, in order to establish, retain and continue to accumulate seniority. A person so promoted, whose payments are delinquent, shall be given a written notice by the General Chairman, of the amount owed, and ninety (90) days from the date of such notice to cure the delinquency. Failure to pay the appropriate fee will result in forfeiture of all seniority.
- B. Notwithstanding any provision to the contrary, persons who acquire seniority on the Traveling or Roadway Shop Mechanic rosters may also retain seniority in another craft or class represented by another rail labor organization. Persons who acquire Traveling or Roadway Shop Mechanic seniority may retain their seniority if furloughed from the position of Traveling or Roadway Shop Mechanic and working in another craft or class represented by another rail labor organization.

ARTICLE IV

BULLETIN AND ASSIGNMENTS

- A. Positions, which are expected to be thirty (30) calendar days or more duration, shall be bulletined.
- B. Positions of thirty (30) calendar days or more but of eleven months or less duration shall be bulletined as seasonal. However, due to the seasonal nature of these positions, when such positions are abolished, the incumbents thereon shall be limited to exercising their displacement/seniority rights as follows:
 - 1) by returning to his permanent position; or
 - 2) by displacing any junior employee assigned to a temporary or seasonal position in any group in which he holds seniority; or
 - 3) if an employee's permanent assignment is abolished or a senior employee exercises seniority rights to his permanent assignment while he is assigned to a seasonal or temporary position, such employee may exercise his displacement rights at the time of displacement from his regular permanent position or upon completion of or displacement from his seasonal or temporary position.

- C. Positions in excess of eleven (11) months duration shall be bulletined as permanent.
- D. Each bulletin shall show consecutive number, date of issue and date of expiration. For each position thereon, each bulletin will specify anticipated duration of position, headquarters, assigned territory, current rate of pay, assigned hours, meal period and work and rest days. New positions or vacancies which are known of in advance may be placed on bulletin up to a maximum of thirty (30) days in advance of the effective date.
- E. Bulletins issued pursuant to Paragraph D will be in effect for a period of ten (10) calendar days. Bid applications must be postmarked by closing time and date of bulletin. Bid applications may be submitted to the designated Company Officer via fax machine. Employees using fax will be responsible for verifying that the bid application was received in legible form. All bids sent via fax must include the date the fax was sent and must be received by closing date and time specified by bulletin. Employees desiring such vacancies or positions will file their written applications with the designated Company Officer during the bulletin period, with copy to the General Chairman.
- F. 1) Each Traveling Mechanic position bulletined will be assigned based on seniority on the Traveling Mechanic Roster. If a vacancy cannot be filled from this roster, then bids from employees on other rosters governed by the IAM/MRL Agreements shall be given preference in filling such vacancy, provided they are qualified, and Company seniority among qualified applicants shall prevail when awarding such positions. In the absence of qualified applicants pursuant to the above, MRL may fill the vacancy from such source of supply it deems proper.
- 2) Each permanent Roadway Shop Mechanic position bulletined will be assigned based on seniority on the Roadway Shop Mechanic Roster. If a vacancy cannot be filled from this roster, then bids from employees on other rosters governed by the IAM/MRL Agreements shall be given preference in filling such vacancy, provided they are qualified, and Company seniority among qualified applicants shall prevail when awarding such positions. In the absence of qualified applicants pursuant to the above, MRL may bill the vacancy from such source of supply it deems proper.
- 3) Each seasonal Roadway Shop Mechanic position bulletined will be assigned based on seniority on the Roadway Shop Mechanic's Roster. If a vacancy cannot be filled from this roster, MRL may fill the vacancy from such source of supply it deems proper.

- 4) MRL may fill the positions or vacancies mentioned in paragraphs 1, 2, and 3 in this part based solely on its determination of the skill and ability of other MRL employees applying for such vacancy. If skill and ability are equal, then Company seniority among applicants shall prevail. In the absence of qualified MRL employee applicants, MRL may fill the vacancy from such source of supply it deems proper.
- G. Positions or vacancies so bulletined pursuant to Paragraph D will be awarded within ten (10) calendar days after the bulletin period expires. A standard sequentially numbered award bulletin will be issued announcing the name of the successful applicant.
- H. Successful applicant will be placed on the new assignment within ten (10) calendar days from the date of the award, if possible to do so.
- I. Bids will not be accepted from an employee while using flex time or other authorized leave of absence for jobs that are bulletined and closed during their absence. Such an employee will be permitted to displace a junior employee in accord with return from leave of absence provisions of Article 8 of the Labor Agreement provided he does so within five (5) days upon reporting back for service.
- J. When more than one (1) vacancy or new position exists at the same time, employees shall have the right to bid on any or all, stating preference.
- K. Withdrawal of bids for positions advertised shall not be considered if fax or postmark of withdrawal is after the closing date and expiration hour stated on the bulletin. Withdrawals must be made in writing.
- L. It is understood that employees in furlough status from the Company who possess seniority on the Traveling or Roadway Shop Mechanic Roster must exercise such seniority to advertised Traveling or Roadway Shop Mechanic positions, or forfeit such seniority.

ARTICLE V

FIVE DAY WORK WEEK

- A. Traveling or Roadway Shop Mechanics shall have regular work weeks of five (5) eight (8) hour days with two consecutive days off, unless otherwise agreed.
- B. The Company may elect to establish such positions as monthly rated assignments predicated on 176 hours service per month times the applicable hourly rate. If such monthly rated positions are established, overtime shall be paid for any work in excess of 40 straight time hours during a calendar work week, provided that overtime shall also be paid for any service in excess of ten (10) hours per day, but there shall not be overtime on overtime.
- C. Changing starting times stated in bulletins as a result of the deviation from the five (5) day work week shall be permitted without rebulletining provided the starting time is otherwise consistent with Article L of the Agreement.
- D. Employees working on crews with hours deviating from the regular work week of five (5) eight (8) hour days shall nevertheless qualify for flex time and fringe benefits (except expense payments) as if they had worked five (5) eight (8) hour days for each forty-hour period worked.

ARTICLE VI

DISTRIBUTION OF OVERTIME

Traveling on Roadway Shop Mechanics shall be given preference to overtime in seniority order at the location they are working.

ARTICLE VII

DISPLACEMENT

- A. Company will establish a single central displacement office which will maintain current information as to names, locations and classification of all employees in service and on furlough. Employees with rights to displace junior employees remaining in service shall obtain accurate information as to names and locations of such junior employees in the Company by means of a telephone number. A toll-free number will be provided. Displacement notice may be made verbally by telephone but must be confirmed in writing by letter or wire. Displacement notices shall be accepted no later than 3:00 p.m. on the business day prior to the effective date of the displacement. An employee exercising displacement rights will notify the central Company office of the position to which he wished to displace and the effective date of displacement. The central office will then advise the junior employee of this displacement and of names, locations and classifications of junior employees retained in service so that he may properly exercise seniority. Employee displaced will be notified of his displacement as promptly as possible. If not notified prior to close of the central office on any regularly assigned work day, the employee will be permitted to work the next regularly assigned shift of the position on which he was displaced.

- B. Employees on temporary or seasonal positions may not displace employees holding permanent positions except to return to their former positions.

ARTICLE VIII

RATES OF PAY

- A. Traveling Mechanic positions shall be established as Pay Classification "Special B" pursuant to Exhibit B to the October 20, 1987 Labor Agreement, as amended.

- B. Roadway Shop Mechanic positions shall be established as Pay Classification "B" pursuant to Exhibit B to the October 20, 1987 Labor Agreement, as amended.

ARTICLE IX

EXPENSES - MOBILE CREWS

- A. Employees assigned to a crew with mobile headquarters will receive a daily per diem, which is currently **\$66.55** per day, and shall be subject to further increase as provided below:
- effective **11/1/2012**, the expense allowance shall be increased to **\$71.00**;
 - effective **January 1, 2013**, the expense allowance shall be increased to **\$74.10**;
 - effective **January 1, 2014**, the expense allowance shall be increased to **\$76.32**;
 - effective **January 1, 2015**, the expense allowance shall be increased to **\$79.22**;
 - effective **January 1, 2016**, the expense allowance shall be increased to **\$81.60**.
- Such fixed adjustments in the expense allowance are provided during the term of this Agreement in lieu of the annual adjustment mechanism established in the NOTE to Article E, paragraph (1) of the Quality of Work Life Agreement.
- B. All employees assigned to mobile crews, for whom the siding closest to their residence is eighty (80) miles or more from the assembling point at the beginning of the work week, will be allowed one (1) additional day's per diem.

ARTICLE X

STARTING POINT - MOBILE CREW

- A. Time of an employee assigned to a mobile crew will start and end at the designated assembly point.
- B. The assembly point for the employees of a mobile crew will be at a point, common to all members of the crew, designated by the supervisor. This assembly point will be accessible by maintained roadways and shall have adequate off-highway parking provided by the Company. The assembly point will not be more than thirty (30) miles from a location where meals and lodging, sufficient for the number of employees requiring same, are offered to the public.
- C. If the assembly point is moved to another assembly point during the day, employees will be returned to that day's starting point to retrieve their automobiles on Company time. If assembly point has been moved on any given day, employees will be paid travel time on a straight-time basis at the rate of forty (40) miles per hour. Mileage will also be paid in this situation. The above also applies if

the assembly point is moved during the evening or weekend. No mileage or time will be paid for trips home on weekends. Time may be allowed for travel on Company time and therefore no additional time will be allowed to relocate. This part does not apply if Company vehicle is furnished to employee.

- D. Mileage between the two (2) points will be paid each employee pursuant to Article E of the Quality of Work Life Agreement. When transportation specified in the labor Agreement, the Quality of Work Life Agreement, or herein is not provided, any employee not provided transportation or otherwise using his own automobile for Company business will be compensated on a mileage basis as provided in Quality of Work Life Agreement.

ARTICLE XI

MISCELLANEOUS PROVISIONS

- A. This Agreement is part of a complete Agreement comprised of the Agreement, signed October 20, 1987, as amended, (Labor Agreement) and the Quality of Work Life Agreement, negotiated jointly with the other non-operating crafts and this Agreement, negotiated separately with the International Association of Machinists and Aerospace Workers. Except as otherwise provided herein, should there be a conflict between this Agreement, Craft Specific Rules, the Labor Agreement or Quality of Work Life Agreement, the provisions of this Agreement will govern.
- B. This Agreement shall be effective December 1, 1992, as amended **November 1, 2012**, and shall remain in force and effect until changed or modified as provided herein, or under the provisions of the Railway Labor Act, as amended.
- C. The complete Agreement, as described in Paragraph A above, shall be printed in one booklet. Copies of the Agreement shall be furnished to each employee covered by the Agreement at the Company's expense within sixty (60) days of employment. The Company shall provide a copy of this Agreement, as furnished to each employee, to their duly elected representatives upon request.
- D. Except for the provisions described herein, nothing in this Agreement in any way modifies, amends, or restricts provisions of the Labor Agreement and its Exhibits or the Quality of Work Life Agreement or the understandings reached in the August 20, 1991 Letter Agreement between the parties hereto; however, the provisions of this Agreement which specifically conflict with provisions of the August 20, 1991 Letter Agreement shall govern and, further, that references to "Machine Mechanic" positions in such Letter Agreement shall be deemed to mean "Traveling Mechanic" as provided for herein.

ARTICLE XII

This Memorandum of Agreement shall be effective **November 1, 2012** and shall remain in effect until or unless changed under the provisions of the Railway Labor Act, as amended. Except as modified herein, all previous Agreements remain in full force and effect.

The parties signatory hereto shall not serve nor progress prior to **April 1, 2016** (not to become effective before **January 1, 2017**) any notice or proposal for the purpose of changing any provision contained herein, or which deals with matters presented by the parties during negotiations, and any proposals in pending notices relating to such subject matters are hereby withdrawn.

This Section will not bar the Company and the Union from agreeing upon any subject of mutual interest.

SIGNED AT MISSOULA, MONTANA, THIS **1st** DAY OF **November 2012**.

FOR THE UNION:

FOR THE COMPANY:

/s/ Lee Carter
Lee Carter
General Chairman

/s/ Michael R. Lemm
Michael R. Lemm
Vice-President Operations