



A G R E E M E N T

by and between

FOSS MARITIME COMPANY, d/b/a FOSS SHIPYARD

and

METAL TRADES DEPARTMENT

and the

PUGET SOUND METAL TRADES COUNCIL

July 1, 2013 to June 30, 2017

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PREAMBLE

This Agreement, made and entered into this 30th Day of September, 2013, FOSS MARITIME COMPANY, d/b/a FOSS SHIPYARD, hereinafter called the "EMPLOYER" and the PACIFIC COAST METAL TRADES DISTRICT COUNCIL and the PUGET SOUND METAL TRADES COUNCIL representing UNIONS signatory hereto, hereinafter collectively called the "UNIONS".

ARTICLE 1 Scope of Agreement

This Agreement shall cover all production, repair and maintenance employees within the bargaining unit in the employ of the Employer signatory hereto, and shall apply to all work and activities of the Employer in connection with the construction, conversion, repair or scrapping of any vessel on the Pacific Coast including, but not limited to, dredges, floating drydocks, offshore drilling vessels, barges, mobile drilling platforms, and all auxiliary equipment used in conjunction therewith.

ARTICLE 2 Recognition, Union Security, Hiring

(a) RECOGNITION

The Employer recognizes the Unions as set forth in the Preamble and signatory hereto as the sole collective bargaining agents for all of its employees covered by this Agreement, in all of the classifications contained in Schedule "A" of this Agreement and employed on work covered by the "Scope of this Agreement".

(b) UNION SECURITY

Newly hired employees or former employees, within thirty-one (31) days from the date of their employment shall, as a condition of continued employment with the Employer, become members of the respective Local Union and maintain their membership in good standing therein. If an employee fails to become a member of the Union by the thirty-first (31) day from the date of his employment, he shall be terminated by the Employer upon written request of the Union.

(c) HIRING

(1) The Employer agrees that when additional employees are required the appropriate Local Union will be given twenty-four (24) hours' notice in advance so that the Union may have a reasonable opportunity to refer applicants for employment. Such notice, including the number and qualifications of the

employees required shall be given by the Personnel Department or other designated representative of the Employer. The Union agrees that it will, upon the request of the Employer, refer experienced applicants, when available, to the Employer for the classifications covered by this Agreement.

(2) Selection of applicants for referral to jobs shall not be based on or in any way affected by Union membership, bylaws, rules, regulations, constitutional provisions, or any other aspect or obligation of Union membership, policies, or requirements.

(3) The Employer retains the right to reject any job applicant referred by the Union. The Employer may discharge any employee for just and sufficient cause. The Employer agrees to notify the appropriate Union in writing of the name or names of any former employee or employees not eligible for rehire.

(4) The Union agrees that it will not discriminate against non-Union workmen in referring workmen to the Employer, and the Employer agrees that he will not discriminate against Union workmen in selecting job applicants referred to him by the Union.

(5) A copy of this Article of the Agreement shall be posted at the employment office of the Employer and at the place where the appropriate local Unions conduct the operation of referring persons for employment under this Agreement.

(6) The Employer may request any unemployed workman by name and the Union shall refer such workman subject to the provisions set forth in Article 3, Seniority. An employee requested by name shall be classified as a Journeyman.

(7) If the Employer hires persons other than those referred by the Union, he shall advise the appropriate Local Union within two (2) working days after such person is hired as to the name, address, social security number, date of hire, classification, and rate of pay of such employee. The same information shall be furnished by the Employer to the appropriate Local Union within forty-eight (48) hours after the termination of such employee.

(8) All employees referred to the Employer by the Union under this Article shall submit to the making of such records as are, or may be required by the Employer for the purpose of identification.

(9) The Union and the Employer agree to hold each other harmless from any money damages and penalties assessed against them by any government agency or court of law because of any charge of unfair labor practice or act where such practice or act was proximately or solely caused by the Union or the Employer.

ARTICLE 3
Nondiscrimination

- (a) The Employer shall not discriminate against any employee on the basis of his activity on behalf of or membership in a Union.
- (b) The Employer and the Union agree that they will not unlawfully discriminate against any employee or applicant for employment on the basis of race, color, creed, national origin, sex, sexual orientation, age, disability or veteran status. The Employer and the Union further agree that harassment on the basis of any of these legally protected categories is prohibited. This nondiscrimination and non-harassment policy is intended to apply to all aspects of employment, including recruitment, recruitment advertising, rates of pay and other forms of compensation, promotions and demotions, transfer, layoff, termination and other forms of discipline, and selection for training, including apprenticeship.
- (c) Where the masculine or feminine gender is used in any job classification or in any provision in this Agreement, it is used solely for purposes of illustration and shall not in any way be used to designate the gender of the employee eligible for the position or the benefits of any other provision.

ARTICLE 4
Seniority

- (a) For purposes of layoff and recall the principle of seniority is hereby established for employees in the bargaining unit.
- (b) Any employee who acquired seniority prior to July 1, 1989 will continue to be eligible for seniority subject to Section (d) below.
- (c) Employees hired or rehired after July 1, 1989, or present employees who do not qualify for seniority as of July 1, 1989, shall be entitled to seniority when they have completed at least one hundred and five (105) cumulative working days including days on stand-by, in a seven (7) calendar month period subsequent to their day of hire, subject to Section (d) below. An employee who attains seniority shall be referred to as a "seniority employee". Prior to attaining seniority an employee shall be considered probationary.

For example: If any employee starts in January, he has until the end of July to qualify for seniority. If at the end of July he has not qualified for seniority, then the seven (7) calendar month period is extended to the month of August, and the month of January is dropped.

(d) The continuous nature of an employee's seniority shall not be broken by reason of layoff, vacation, approved leave of absence, and absence for proven sickness or injury, except as provided below:

(1) If the employee is discharged for cause.

(2) If the employee quits.

(3) If the employee fails to report to work at the time specified by the Company or within 48 hours (Saturday, Sunday, and holidays excluded) after the Company sends a notice to the last telephone number or address shown on the Company's records. The Company's notice shall be effected by telephone when possible; in the event the employee is not contacted by phone, the Company shall notify the employee by means of verifiable communications (certified letter, courier, telegraph, etc.). The appropriate union shall be notified when such recall notice is sent to the employee.

(4) Any employee absent for three (3) consecutive workdays or more without notification and furnishing a justifiable reason for such absence shall be considered to have voluntarily terminated his employment. Exceptional cases will be handled on their merit.

(5) As of ratification date of this agreement, if the employee is off the active Employer payroll for a period of more than twenty four (24) months due to an industrial injury or nine (9) months for any other reason whatsoever.

(e) (1) Ten (10) days or less calls.

1. The Employer has the responsibility to call the Union Hall for employees with seniority for jobs regardless of duration.

2. Seniority employees have the right to reject a job offer of ten (10) days or less. There is no guarantee of pay for days not worked.

3. Employees can be called for more than one (1) job in the ten (10) day or less period.

4. If the job is not completed in ten (10) working days, it may be extended from one to three (1-3) working days. The Employer is not required to call seniority employees who originally rejected the ten (10) day or less call back.

The Employer may extend a ten (10) day or less job for an additional 3 days as long as the Employer notifies the appropriate Union within the said ten (10) days. Without prior approval from the appropriate Union, the Company shall not roll over an employee working a ten (10) day or less job over to another ten (10) or less job without a request for manpower being placed with hiring hall. A working

day is defined as Monday through Friday. The duration of the call starts on the first day the employee arrives at the yard.

(2) The Company shall be entitled to retain Leadmen and classifications above Leadmen paid on an hourly rate without regard to seniority.

(f) (1) Seniority shall apply by classification of the craft or union as set forth in this Agreement, and by such sub-classification as may be agreed upon by the Company and the appropriate Union.

(2) On layoffs and recalls in any classification or agreed sub-classification, the rule of seniority shall prevail where ability, competency, qualifications and other factors relating to job performance are equal.

(g) (1) Employees promoted to any higher classification or to Leadmen or classifications above Leadman paid on an hourly basis shall continue to accrue seniority in the classification from which they are promoted during the time they serve in such capacity.

(2) Employees promoted to jobs outside the bargaining unit shall retain such seniority as they had in the classification from which they were promoted as of the day of promotion.

(h) The Employer will furnish a current seniority listing upon a request, no more than quarterly, to each appropriate Union properly identifying employees by craft classification under this Agreement.

(i) Employees are to be given the option of choosing lay-off status rather than stand-by status when facing a reduction in the work force or are already on stand-by.

On job calls of ten days or less, employees choosing stand-by will be called first by seniority and contacted by the shop foreman. Once the stand-by list is exhausted, the respective union will contact the employees on lay-off status by seniority with the first right of refusal.

Stand-by status shall not exceed a period of two (2) continuous weeks in duration and employees will accrue seniority while on stand-by.

ARTICLE 4 Leading Men

(a) Leading men in all departments shall be selected, as far as practicable, from the crafts they are supervising and with a view to their mechanical ability, and shall be

journeyman with seniority and shall be members of their respective Union and have the necessary qualifications. In addition, the immediate supervisory classification above that of leading men when paid on an hourly wage rate basis, in all departments, shall be selected, as far as practicable, from the crafts they are supervising and with a view to their mechanical ability, and shall be journeymen and shall be members of their respective Union.

(b) The compensation for leading men shall be in accordance with established local practice but in no case less than five percent (5%) over the wage of the craft they are supervising as set forth in Schedule "A". The compensation for the immediate supervisory classification above that of leading men, when paid on an hourly wage rate basis shall be in accordance with established local practice. The activities and assignments of leading men and supervisors mentioned herein above shall not be restricted, nor shall they be extended during overtime periods to the end that they are used to replace workmen in the performance of overtime work.

(c) The intention of the parties signatory to this Agreement is to continue to use Leading Men and mechanics already assigned in the completion of work which extends into overtime periods except in emergency situations.

It is the intention of the Employer not to eliminate the classifications of Leading Men or the immediate classification above Leading Men paid on an hourly basis and to substitute salaried personnel for such classifications.

ARTICLE 6

Shifts

Forty (40) hours shall constitute a work week, eight (8) hours per day, five (5) days per week, Monday to Friday

Shift work shall be permitted in all classifications, without restrictions, on the following basis:

(a) Regular starting times of the day shift shall be between 5:00 A.M. and 9:00 A.M., except that where as to any locality of the Employer existing conditions render it desirable to start the day shift at an earlier hour, such starting time may be made earlier by agreement between the Employer and the Union. An employee's regular starting time shall remain in effect for the duration of the workweek; however, once during the workweek the employer may temporarily change the starting time within the 5:00 A.M. to 9:00 A.M. range. Temporary starting times shall apply to all shifts. Shift hour changes other than provided within this provision shall be made only with the approval of the Union. Drydocking crews may start as early as 4:00 a.m.; the Employer will provide as much advance notice of starting time change as feasibly possible.

(b) Employees transferred from one shift to another, unless relieved from work at least a full shift as set forth herein, before starting their new shift, shall be paid the overtime rates for the first such shift worked. No employee shall be transferred from his regular assigned shift to another shift more than once a work week, except however, he may be returned to his regular assigned shift, except in extreme emergency or shortage of manpower.

(c) Employees required to work overtime, unless relieved from work at least a full shift as set forth herein, before starting to work on their next regular shift, shall be paid the overtime rate for the next such shift. However, in event an employee is advised to report to work later than his normal starting time for the purpose of allowing him at least a full shift relief, he shall be guaranteed a minimum of eight (8) hours straight time pay for that shift.

(d) FIRST OR REGULAR DAYLIGHT SHIFT:

An eight and one-half (8-1/2) hour period less thirty (30) minutes for meals on the employee's time. Pay for a full shift period shall be a sum equivalent to eight (8) times the regular hourly rate with no premium.

(e) SECOND SHIFT:

An eight and one-half (8-1/2) hour period less thirty (30) minutes for meals on employee's time. Pay for a full second shift period shall be a sum equivalent to eight (8) times the regular hourly rate as set forth in Schedule "A", plus sixty cents (60¢) per hour.

(f) THIRD SHIFT:

An eight (8) hour period less thirty (30) minutes for meals on employee's time. Pay for a full third shift period shall be a sum equivalent to eight (8) times the regular hourly rate as set forth in Schedule "A", plus sixty-five cents (65¢) per hour.

(g) SECOND SHIFT OVERTIME PREMIUM:

Shift premium will be included in overtime calculation for established or scheduled second shift, except for any day for which double time is paid.

(h) Employees may request shift changes. The Employer will use its best efforts to consider such requests with due consideration to operational requirements.

(i) A five minute personal clean up period will be provided prior to lunch and at the end of each shift.

(j) The provisions of article 6 shall not be interpreted as a guarantee of work to any employee.

ARTICLE 7
Wage Scales

a) Employer agrees to pay to its employees and the Union agrees that its members employed by Employer will accept the wage scales for the various classifications set forth and contained in Schedule "A" of this Agreement.

(b) The wage scales herein established shall be considered as minimum wage scales and shall not prevent the Employer from paying higher wages to premium men.

ARTICLE 8
Overtime

(a) All time worked over forty (40) hours per week or eight (8) hours per day, Monday through Saturday, shall be paid at the rate of time and one half (1-1/2) the straight time regular day shift rate. All time worked on Saturday shall be paid at the rate of time and one-half (1-1/2), provided Saturday is the sixth consecutive day worked. Regardless of the foregoing, all hours worked in excess of twelve (12) hours, Monday through Saturday shall be paid at double time (2T) the regular rate of pay. All time worked on Sunday shall be paid for at double time (2T) the regular day shift rate. Employees on active payroll or who have been laid off for less than ten (10) days who are absent from work during the workweek at the direction of the Company, shall be considered to have worked such absences directed by the Company for purposes of determining the rate of pay for Saturday work.

(b) Employees required to work around the clock (three shifts) and required to continue work through their regular assigned shift, shall continue to receive pay at the overtime rate.

(c) SALVAGE AND DYNAMITE:

All salvage work at site, unless the site is in Employer's yard or dock, shall be paid for at established overtime rates, regardless of the hour or day; also powder and dynamite boats when anchored at powder anchorage. Any area designated by recognized authority as a powder, dynamite, or explosive site is understood to be a powder anchorage referred to above.

(d) LUNCH PERIODS:

(1) Mid-shift meal period, non-overtime situation:

An employee required to work during his regular mid-shift meal period shall be given an earlier or later meal period no more than one (1) hour earlier or later on the employee's time. In the event the altered meal period exceeds one hour earlier or later, a meal period of 30 minutes shall be given no more than two (2) hours beyond the normal time and be paid at the straight time rate. This provision shall not apply to employees engaged in vessel handling or shifting, or activities in the drydock that directly affect docking and undocking schedules.

(2) The above procedure shall apply to the mid-shift meal period on Saturday, Sunday and Holidays.

(3) Meal periods for daily overtime situations:

In the event an employee works more than two (2) hours of continuous daily overtime, he shall be given an additional meal period of 30 minutes on the employee's time. If the meal period is not given by the end of the third (3rd) hour of continuous overtime, the employee shall be provided a 30 minute meal period at the straight time rate. Employees who continue to work overtime shall be allowed a meal period of 30 minutes on the employee's time for each additional four (4) hours continuously worked following the aforementioned meal period.

(e) When selecting employees to work overtime, the most senior, qualified employee that is currently working that particular job will be given the first right of refusal. The Company shall not arbitrarily move employees from one job to another solely to eliminate an employee's right of first refusal for overtime.

When mandatory overtime is scheduled and an insufficient number of qualified employees volunteer or the manpower needs exceed the number of people on the job, the most senior, qualified employee currently employed shall have the first right of refusal for the overtime. The Company may invoke inverse seniority if there are not a sufficient number of qualified volunteers. If invoked, the least senior qualified employee shall be the first employee required to perform the work.

(f) "Ore Barge" work will be offered to employees first with the most senior qualified employee on a voluntary basis. When mandatory "Ore Barge" work is necessary and an insufficient number of employees volunteer, the employer may invoke inverse seniority. The first qualified employee working, with the least seniority, shall be the first employee required to perform the work.

(g) The Company shall maintain a sign-up sheet for employees who desire to work scheduled weekend or Holiday overtime. The sign-up sheet shall be available each Monday and closed by 10:00 AM on Thursday. The completed sign-up sheet will be posted by 12:00 PM on Friday. The provisions of Article 8 (g) shall not be interpreted as a guarantee of overtime for those who sign the list.

ARTICLE 9 Holidays

(a) Each employee shall receive, for each of the designated paid holidays in paragraph (b) below, holiday pay in a total amount that is equivalent to eight (8) times the employee's regular straight- time hourly shift rate of pay, provided that:

(1) The employee worked his last regularly scheduled work day prior to and his first scheduled work day following the holiday.

Exception will be made in cases where absence on the work day prior to or the work day following was due to industrial injury, bona fide illness covered by a doctor's certificate, approved leave of absence, stand-by, or temporary layoff, provided the employee's absence from work for the purpose of this exception by reason of any of the above causes is not for a total period in excess of two weeks. For purposes of this Section, temporary layoff shall be considered as one of two weeks or less in duration.

It is understood that any employee off work due to industrial injury or bona fide illness who is receiving time loss payments shall receive compensation under this Article in the appropriate amount to insure that the employee's compensation for the holiday does not exceed the amount he would have received if he had been working.

(2) A seniority employee has been in the active employ of the Employer for fourteen (14) calendar days immediately preceding the holiday. A non-senior employee has been in the active employ of the Employer for thirty (30) calendar days immediately preceding the holiday.

- (b) The following shall be recognized as paid holidays: NEW YEAR'S DAY, PRESIDENTS' DAY, MEMORIAL DAY, INDEPENDENCE DAY, LABOR DAY, THANKSGIVING DAY, FRIDAY AFTER THANKSGIVING, CHRISTMAS HOLIDAY:
- DECEMBER 24, 2013 (TUESDAY), DECEMBER 25, 2013 (WEDNESDAY).
 - DECEMBER 24, 2014 (WEDNESDAY), DECEMBER 25, 2014 (THURSDAY).
 - DECEMBER 24, 2015 (THURSDAY), DECEMBER. 25, 2015 (FRIDAY).
 - DECEMBER 23, 2016 (FRIDAY), DECEMBER. 25, 2016 (MONDAY).

In cases where the above listed holidays fall on Saturday, the Employer shall have the option of specifying by the Wednesday preceding the holiday whether Friday shall be a regular work day or regarded as the paid holiday.

In cases where the above listed holidays fall on a Sunday, the day observed by the federal government shall be considered the paid holiday.

(c) All time worked on the aforesaid holidays shall be compensated for at two (2) times the regular straight-time hourly rate, plus additional compensation pursuant to paragraph (a) above shall be paid for such time. It shall be optional with the employees of any company as to whether or not they work on any of the specified holidays at the request of the Employer with the exception of work required for the preservation of life and property.

- (1) All time worked on a holiday weekend shall be compensated at double time (2T). A holiday weekend is defined as a weekend when either the preceding Friday or following Monday is observed as a holiday under section 9 (b)

(d) Should any of the above holidays fall within the vacation period of an employee, he shall be paid as set forth above for such holiday, provided he works his last scheduled work day prior to and his first scheduled work day following his vacation period. It is understood that employees may be allowed to add an additional day contiguous to his/her vacation period if arranged in advance with the employer.

ARTICLE 10 Vacations

All seniority employees covered by this Agreement shall receive vacations with pay as follows:

(a) Computation of vacation pay. Vacation pay shall be computed at the following percentages of the actual hours worked except as to third shifts - see footnote (a) multiplied by the employee's established straight time hourly wage (exclusive of shift premiums) being received by the employee at the time the vacation is taken:

First year period	Two percent
Third year period	Four percent
Seventh year period	Five percent
Tenth year period	Six percent
Fifteenth year period	Seven percent
Twentieth year	Eight percent
Twenty fifth year period	Eight and one half percent

(Footnote: For the third full shift worked, an employee shall be credited with eight (8) hours in computing his vacation allowance.)

(Employees actively employed or holding seniority on December 19, 1983 shall receive the vacation percentage benefit of the 1983-1986 Agreement or the benefit listed above, whichever is greater; thereafter, the above schedule shall apply to such "red circled" employees.)

(Employees receiving the six percent (6%) benefit as of December 6, 1986 shall remain at six percent (6%) until they advance to the next percentage level.)

(b) To advance from the one percentage vacation benefit to the next higher percentage, an employee is required to work 1200 hours or more in the employ of the Employer

in each anniversary year. (For example, an employee must work 1200 hours in three (3) anniversary years to receive the four percent benefit; upon attaining the 1200 hours in the third year, the vacation benefit for that year will be four percent).

An employee working less than 1200 hours in an anniversary year will remain at the vacation benefit percentage at which he began that year.

(c) The vacation year for vacation pay, time and hours worked, shall be defined as the employee's anniversary date of employment. For anyone hired after July 1, 1998 for the purposes of this article an employee's anniversary date will be defined as being which ever is earlier of six (6) months prior to, or one hundred and five (105) days worked (including days on standby) prior to the date the employee attained seniority.

(d) Vacation periods or vacation pay are not cumulative from year to year and the vacation shall be taken at a time mutually agreeable between the Employer and the employee.

(e) There shall be no vacation pay in lieu of a vacation without the approval of the Local Union. Vacation pay accruing to an employee within his vacation year as described above shall be credited to said employee upon completion of his vacation year. Credited vacation pay shall be paid at the time vacation is taken, unless said employee is leaving the area or upon termination, in which event he shall be paid in full such vacation pay as may have accrued to him under the terms of this Article.

(f) Vacation pay will not be combined with pay for time worked on a single paycheck, thereby resulting in increased withholding tax being deducted; that is, where separate vacation paychecks are not provided, the withholding tax will be adjusted to account for the vacation payment.

ARTICLE 10 - A Safety Performance Personal Day

Seniority employees who work a minimum of 1000 hours in a calendar year (January 1 through December 31) and have no lost work days, because of occupational injury or illness, will be eligible for one Safety Performance Personal Day to be used in the following calendar year. If after qualifying during the qualifying year the employee is unable to use the Safety Performance Personal Day or is no longer employed the employee will receive a day's pay (8 hours).

Each seniority employee who qualifies shall receive eight (8) times his regular straight-time hourly shift rate of pay for the Safety Performance Personal Day. Using a Safety Performance Personal Day requires the approval of the employees Foreman and the Production Manager.

Lost time work days does not include the day the injury occurred. Time lost from incurring Flash Burns will be considered exception to this Article. A list of employees qualified will be posted and copies provided to each crafts Shop Steward on or before February 1st of the following year.

ARTICLE 11 No Limits on Production

There shall be no contract, bonus, piece or task work, nor shall there be a limit on, or curtailment of production or any self-imposed restrictions placed or imposed by any Union.

ARTICLE 12 Dirty Work

(a) The parties recognize the nature of work within the shipyard industry requires working in conditions more dirty, disagreeable, and unpleasant than in other industries in the trades. Therefore, it is the intent of the parties to limit the applicability of dirty pay to situations that are exceptionally dirty, disagreeable, or unpleasant relative to shipyard work. The company shall determine in advance what areas warrant dirty pay or black water pay, but shall not exercise this prerogative arbitrarily. Employees shall have the right to escalate matters to management they believe warrant payment of dirty pay and/or the standard of cleanliness in the work area. The Company shall provide necessary appropriate protection (clothing, gloves, breather) when working on black water systems. It is not the intent of this provision to discontinue the use of tank cleaning and other cleaning services. The Company will continue its policy of flushing and sanitizing all black water systems prior to beginning repair work.

The dirty pay penalty will be paid at the rate of time and one-half (1-1/2) times the employee's hourly rate at the time the work is being performed. This penalty shall apply during times when working on black water systems until such time that it has been determined by a Marine Chemist as safe for workers.

However, when cleaning or working in septic tanks or systems containing human waste and not certified clean by a Marine Chemist, double time (2T) the employee's hourly rate at the time the work is being performed shall be paid for all classifications.

(b) When an employee's clothing or body becomes soaked or contaminated with black water, water or oil due to circumstances beyond his (her) control, and when the incident is properly reported, the employee shall be given a reasonable opportunity, on the Company's time, to clean up and/or change clothing. When circumstances require the employee to leave the yard or job site (outside job), he (she) shall be compensated (not to exceed two (2) hours) before the end of the shift, he (she) shall

be paid at the straight-time rate until the end of the shift. Additional time may be granted for extenuating circumstances.

Example

Rate of Pay (at time work performed)	Dirty Pay Time and one-half rate	Dirty Pay Double time rate
\$23.30 (straight time)	\$34.95	\$46.60
\$34.95 (overtime rate)	\$52.43	\$69.90

**ARTICLE 13
Maintenance Work**

(a) Maintenance work shall be performed at the wage rates and conditions herein established. Maintenance work shall consist of maintenance of all yard and plant facilities.

(b) Incidental construction work may be performed by the bargaining unit at the shipyard rate. This understanding is intended as a means to help in retaining bargaining unit employees on the active payroll, such as during periods of low production work levels.

**ARTICLE 14
Reporting Pay and Minimum Pay**

(a) Employees starting a shift or called and starting to work after the starting time of a shift shall receive not less than four (4) hours pay. Shift hours shall not be reduced arbitrarily.

(b) Employees required to report for work not continuous with their regular assigned shift hours, or on Saturday, Sundays and holidays shall receive not less than four (4) hours pay at the straight time rate.

(c) Employees required to report for work and not used, shall receive four (4) hours straight time pay.

(d) The foregoing rules (a), (b), and (c) shall not apply where an employee is not put to work because of bad weather or breakdown of machinery, except that this shall not be construed to cover failure to have work or vessel available.

(e) Employees who voluntarily quit, or are discharged for cause shall be paid only for actual hours worked.

(f) Employees not at work on the day a shutdown or layoff occurs, shall be considered to have received notification of such shutdown or layoff that they would have received if they had been working.

(g) In the event the Foreman requests the employee who has reported for work at his regular starting time and in unworkable weather to remain on the premises with the expectancy of starting work later if the weather clears, such employee shall be paid for such waiting time, which in no case shall be less than four (4) hours pay at his regular rate of pay.

ARTICLE 15

Health and Safety

(a) The Employer shall comply with all safety, health and sanitation measures as required by the Washington Industrial Safety and Health Act and the Federal Occupational Safety and Health Act. The employees shall comply with safety, health and sanitation standards, rules and regulations which are applicable to his or her own actions in conduct.

(b) Prompt ambulance service and first aid to injured workers shall be provided on all shifts and a safety personnel shall be employed and made responsible for the proper enforcement of safety rules. All first aid personnel shall be identified and signs indicating location of first aid stations shall be posted.

(c) An employee suffering an industrial injury who is advised not to resume work by a nurse, first aid attendant or by a physician to whom he has been referred, shall be paid on his usual basis, pursuant to the terms of this Agreement, to the end of the shift on which the injury occurred; if such employee had reported such injury immediately following its occurrence to the nurse, first aid attendant, or physician designated by the Employer and had completed working the shift during which he was so injured, and on the following day, after reporting for work is advised by the nurse, first aid attendant or physician to whom he has been referred by the Employer not to continue work because of said injury, he shall be paid to the end of said shift.

(d) The Employer shall notify the respective Union not later than the end of the next regular working day of lost time accidents to any of its members that necessitated confinement in any hospital or clinic, providing the Employer has knowledge of such confinement.

(e) It is understood that matters dealing with safety should be presented first to the Employer and/or the safety committee prior to the matter being referred to governmental agencies.

(f) The Employer shall utilize and treat physical examinations consistent with applicable state and federal law. When an employee is directed by the Company to undergo a

physical exam, the exam shall be paid in full by the Company and the employee shall be paid for his/her time. Pre-employment physicals shall be paid in full by the Company but the applicant shall not be paid for the time.

(g) The parties agree on the objective of maintaining a safe working environment, including maintaining a work place that is alcohol and drug free. It is agreed that the use, sale, distribution or possession of illegal drugs or alcohol on Company premises shall be grounds for disciplinary action up to and including termination. Employees agree to abide by the Foss Maritime Drug and Alcohol Policy. The Company shall have the right to make modifications to the Policy; however, they agree to discuss with the Union such modifications at least thirty (30) days prior to implementation. This provision shall not be construed as limiting the Union's rights under Article 22, Grievances and Complaints.

ARTICLE 16

Union Representatives

The Business Representatives of the various crafts shall have access to the Employer's shipyard and shipyard shops by applying for permission through the designated office, provided they do not interfere or cause workmen to neglect their work.

(a) SHOP STEWARDS

It is recognized by the Employer that shop stewards are desirable for the proper administration of the terms of this Agreement. Employers also recognize that it is desirable that the person designated as steward shall receive his fair share of the work that he is qualified to perform. In no event shall an Employer discriminate against a steward in the matter of layoffs or rehires or discharge him on account of the proper performance of his duties. When the Employer has advance knowledge of an impending layoff, twelve (12) hours advance notice will be given the shop steward if he is to be laid off.

(b) There may be designated by each Union one Chief Shop Steward on each shift who will be granted Super Seniority during his respective term of office. Such Chief Shop Steward shall have at least one (1) year of seniority, and be qualified to perform the work available.

(c) The Employer will not in any way discriminate against any shop steward or committeeman for presenting any complaint, dispute or grievance to their foreman or department head or to the Personnel Department in the manner provided for in this Agreement.

(d) The Union shall advise the Employer of the name or names of shop steward, currently elected or appointed. The full grievance procedure as set forth herein shall be

available to any Union which feels that its shop stewards have been discriminated against.

ARTICLE 17

Pay Day

(a) Pay days shall be weekly and in no case shall more than seven (7) calendar days pay be held back. Employees shall be paid prior to the end of their assigned shift, exclusive of the lunch period.

(b) In case an employee is laid off, quits, or discharged by the Employer, he shall receive his pay in compliance with State Law.

(c) Second shift employees are to be paid on Thursday each week and third shift employees no later than Friday morning.

(d) Any error in an employee's pay check which is greater than fifty dollars (\$50.00) shall be corrected by the Company within two (2) working days from the time the error was brought to the Company's attention; otherwise the error shall be corrected on the next regular pay day.

ARTICLE 18

Travel Time and Out of Yard Work

(a) When employees are sent to work away from the yard or regular place of employment, such travel shall be considered as time worked and paid at the appropriate rate.

(b) The Employer shall provide covered transportation or pay mileage allowance in accordance with the maximum cents per mile allowed by the Internal Revenue Service plus bridge tolls if the employee is required to furnish his own transportation from the Employer's place of business to the job site.

(c) On out of yard jobs within forty (40) miles from the employee's regular place of employment lasting longer than one (1) working day, the location of the job shall be considered the place of employment and the employees may be required to report direct to such job at the regular starting time of their established shift without travel time. The Employer shall pay all tolls not ordinarily paid by the employee.

(d) If employees are sent to work out of town, they shall receive suitable board, lodging, and transportation. Per Diem for meals shall be calculated and paid at the allowed IRS rate designated for the town nearest the work to be performed.

(e) If employees are required to travel on overtime days, they shall be paid travel pay at the established overtime rate.

(f) For travel inside North America and the Hawaiian Islands, for actual time traveled, not more than twelve (12) straight time hours pay shall be paid inclusive of up to the two hours prior to flight time. For all other travel, not more than twelve (12) straight time hours pay shall be paid for travel time in any one day of twenty-four (24) hours computed from the starting time of the employee's regularly assigned shift. Except as may be required per Article 18 (e). (Monday through Friday will be paid at straight time, Saturday, Sunday and Holidays will be paid at the applicable overtime rate.)

(g) When employees are required to work at sea or are assigned to vessels on trial trips, they shall receive regular shift pay, meals, and room accommodations when necessary. If employees are required to work outside of their regular assigned shift hours, or on Saturdays, Sundays or holidays, they shall receive the established overtime pay for such time worked.

(h) Exclusive of other provisions of Article 18, employees assigned to work in the Bremerton area shall receive an \$18.00 per day travel allowance.

ARTICLE 19

Welding

(a) It is recognized that the autogenous process of welding and burning are tools of the trades signatory to this Agreement, and the rates of pay shall be the same as the trades affected. Active employees, when required by the Company to take a test, shall be paid for reasonable time taken to perform the test. Whenever an employee is required to take a welding test the company shall notify the employee's Local Union the results of such test in writing. Said letter will specify the agency and type of test, date of test, and the name of the inspector or the individual supervising the test. This letter will be signed by an authorized Company representative. An up-to-date record of such tests shall be maintained by the Employer and furnished to the employee on termination.

ARTICLE 20

Apprentice Program

In order that an adequate supply of competent, skilled craftsmen shall be available at all times, it is agreed between the parties hereto that an apprentice program shall be established by mutual consent of a craft union and the Employer, the terms of such apprentice program to be mutually agreed upon. Such an apprentice program shall not conflict with Federal or State apprenticeship laws.

ARTICLE 21
Strikes and Lockouts Barred

There shall be no lockouts on the part of the Employer, nor suspensions of work on the part of the employees. This Agreement is a guaranty that for its duration there will be neither strikes nor lockouts, and that all complaints, grievances or disputes arising under its provisions will be settled pursuant to its grievance machinery, Article 22, "Grievances and Complaints" and Article 23, "Arbitration of Disputes". Any action of the employees in refusing to go through a picket line for their own protection in case of an officially declared strike by some Union directly working on the job, if said strike is sanctioned and approved by the Metal Trades Council, shall not constitute a violation of this clause of the Agreement.

ARTICLE 22
Grievances and Complaints

(a) Any complaint arising among the employees over the interpretation or application of any specific provision of this Agreement shall be processed as follows:

STEP 1

The shop steward, committeeman or business representative shall call any complaint, dispute, or grievance to the attention of the foreman or department head within five (5) working days from the time it arises. If the complaint, dispute, or grievance is not adjusted within two (2) working days after it is presented to the foreman or department head, the shop steward or committeeman shall report such complaint, dispute, or grievance in writing over the signature of the complainant to his respective business representative. Such written complaint, dispute, or grievance shall describe the incident involved, the provision of the Agreement alleged to be violated, and the remedy requested, and shall be submitted to the general manager or other official designated by the Employer over the signature of the business representative within twelve (12) working days from the date the complaint, dispute, or grievance arose.

Within five (5) working days after the general manager or other official designated by the Employer receives a communication in writing from the respective Union alleging violations of this collective bargaining agreement, the Employer shall reply to the communication in writing. If the Employer does not respond within five (5) days, the Union has the right to proceed to Step 3.

STEP 2

Within five (5) working days after the Employer replies to the communication from the respective Union of a violation or violations of the collective bargaining

agreement, a business representative of the Union and the general manager of the Company, or other official designated by the Company, shall meet for the purpose of adjusting such complaint, dispute, or grievance. Any final decision reached by the Employer representative and the Union business representative shall be reduced to writing.

STEP 3

If no satisfactory solution eventuates from Step 2 within two (2) working days, then either party may within five (5) days thereafter request in writing a meeting to be held with representatives of the Employer and representatives of the International Union involved in the dispute. Any settlement reached shall be final and binding.

(a) If no agreement is reached in Step 3 within ten (10) working days, the parties may by mutual agreement submit the grievance in writing to a grievance panel composed of two members from Labor to be selected by the Union, and two members from Management to be selected by the Employer. The committee members shall not be from the Union or Company involved. Any complaint, dispute, or grievance not submitted in writing requesting a Grievance Committee hearing, or not referred to the next step of this grievance procedure within ten (10) working days, shall be regarded as waived unless the parties otherwise agree in writing.

The Grievance Committee shall meet within ten (10) working days of receipt of such request. A decision by a majority of the Grievance Committee shall be final and binding on both parties. This decision shall be reached by secret ballot. In the event that the Grievance Committee fails to render a decision within ten (10) working days from their first meeting date, either party may within ten (10) working days give written notice to the other party or arbitration.

The parties may mutually agree to extend the time limits.

STEP 4

If no satisfactory solution eventuates from Step 3 within ten (10) working days, then either party may within ten (10) days thereafter give written notice of arbitration to the other party.

(a) Any complaint, dispute, or grievance not brought up or carried forward to adjustment or arbitration as provided for in this Article shall, unless the parties otherwise agree in writing, be regarded as waived.

(b) No employee shall refuse to work or otherwise curtail production or engage in any slowdown or interfere with company operations because of any complaint, dispute, or grievance which he may have.

(c) The Employer will not in any way discriminate against any shop steward or committeeman for presenting any complaint, dispute, or grievance to their foreman or department head or to company management in the manner provided in this Agreement.

(d) The Union shall advise the Employer of the names of shop stewards currently elected or appointed. The full grievance procedure as set forth herein shall be available to any union which feels its shop stewards have been discriminated against.

(e) After one year, at the employees request, the employer will review write-ups and disciplinary action on a case by case basis with the employee.

ARTICLE 23 Arbitration of Disputes

In the event the parties shall be unable to adjust any complaint, grievance, or dispute involving the express terms of this Agreement, such complaint, grievance, or dispute shall be referred to an Arbitration Committee. This Committee shall consist of one representative chosen by the Employer, one representative chosen by the Union involved, and a third member to be chosen by these two. In the event the two arbiters designated by the parties shall be unable to agree upon the third arbiter within five (5) days, the party desiring to arbitrate shall send a request by mail to the Director of the Federal Mediation and Conciliation Service requesting the Director to furnish a list of five (5) arbiters. Each party shall have the right to strike a total of two (2) names from the list, and the right to strike first shall be determined by lot, or as otherwise agreed by the parties, and each party shall alternately strike one name. The name remaining on the list after each party has stricken two (2) names shall be the third member of the Arbitration Committee. The cost of the third arbitrator shall be borne by the party whose position is not upheld by the arbitration panel. In event of a split decision, the third arbitrator shall determine the allocation of his fees. All other expenses shall be paid by the party incurring them. The decision of a majority of the Arbitration Committee shall be final and binding upon the parties. Such decision shall be limited to interpretation and application of the express terms of this Agreement, and shall not change or add to any of its terms or conditions. In their decision, the arbiters shall specify whether or not the decision is retroactive and the effective date thereof.

ARTICLE 24
Jurisdiction

The Employer retains the right to assign work among the various crafts. It is recognized and understood that inefficiencies and standby time are detrimental to and are not desired by either party and are to be eliminated whenever possible. To this end, it is the intent of the Employer to use the following factors to determine work assignments:

- (a) Safety
- (b) Skill level requirements
- (c) Efficiency/productivity
- (d) Maximum utilization of available manpower

It is not the intent of the Employer to eliminate any craft presently being utilized; however, it is recognized that work assignments may overlap among crafts. In the event a Union should desire to discuss a jurisdiction issue, the Employer agrees to meet with the crafts involved. Abuses of this provision shall be subject to the grievance procedure.

ARTICLE 25
Health, Welfare, Dental and Pension Plans

(a) Effective on the respective dates the Employer shall pay the respective amounts per hours worked into jointly administered Health and Welfare, Dental, and Pension Trust Funds as may be allocated by Local Unions signatory to this Agreement.

Effective July 1, 2013	Effective July 1, 2014	Effective July 1, 2015	Effective July 1, 2016
\$6.91	\$7.11	\$7.31	\$7.51

(b) The money allocated to Health and Welfare and Pension on July 1st of each year becomes part of the fringe package and is not eligible for the Plan 125.

(c) Upon failure of the Employer to make any of the payments required by Article 25, the Union may refer the matter immediately to Step 3 of the grievance procedure, and such meeting shall be held within five (5) days of notification. Upon failure of the parties to resolve the matter in Step 3, the Union may undertake economic action against such defaulting Employer to enforce prompt payment, and such action shall not be deemed a violation of this Agreement, or any of the provisions thereof.

(d) The Employer must be notified in writing by the Unions within 31 calendar days following July 1 of any year in which there is an increase in contributions how the new money is to be distributed. If this notification is not received in writing by the Employer the negotiated increase will automatically be added to the retirement contribution. The

contributions diversion will be effective for hours worked starting on the first day of the month following the month in which notification was received.

(e) (1) In the event a craft(s)' health trust requires an increase of contributions to maintain benefits, the wage rates of such employees and craft(s) will be diverted from Schedule "A" an equal amount.

Any authorized diversion must be:

1. In writing.
2. Effective on the first day of a month with a minimum of five (5) days notice.
3. Prospective in nature (not retroactively applied).

(e) (2) In the event the employer or a craft receives a notice from the pension plan trustees of a possible adjustment to contributions/ remittances or a surcharge to the craft's respective pension trust fund under this Article the Company and the representative of the respective individual crafts shall meet to discuss and attempt to reach a mutual agreement upon whether and how the wage rates of such affected employees and craft(s) will be diverted accordingly under Schedule "A". The agreement reached will be proposed to the Trust. Notwithstanding the agreement of the company and the craft, if the trustees require adjusted contributions/remittances or a surcharge, the wage rates of such employees of the craft(s) will be diverted from Schedule "A" an equal amount.

The Employer agrees to be bound by the terms and conditions of the Pension Plan Document and any amendments made to the Plan Document by its Board of Trustees.

(f) Effective July 1, 2004 the Employer will establish a 125 Plan. Money diverted from the base wage rate during the year to maintain health care coverage is eligible for the 125 Plan on a pre-tax basis.

ARTICLE 26

Tools

Employees will be furnished tools. The employees shall be responsible for and take all reasonable care and precaution to protect these tools from damage, loss, or theft. The Unions agree to cooperate with the Employer in exercising the intent of this Article toward employees who are negligent with property supplied to them by the Employer.

Employees shall have sufficient time prior to the end of such shift to put away tools on the Employer's time. Determination of sufficient time shall be at the Employer's discretion.

ARTICLE 27

Jury Service

(a) An employee having been regularly employed for a period of ninety (90) days or more and required by law to serve as a juror shall, upon satisfactory proof to the Employer of such service rendered, be reimbursed by the Employer for his work time lost on the basis of the difference between his straight time day shift hourly job classification rate and his jury pay (excluding travel allowance), provided, however, such Employer reimbursement shall not be applicable to any period of time during which said employee-juror did not perform work for the Employer other than when prevented from doing so solely because of said jury service; and further provided that such Employer reimbursement is, in no event, to be applicable for a period of more than eight hours in a standard workday, nor more than five days in a standard workweek.

(b) In applying the foregoing, it is understood that if an employee is called for jury service, responds to the call, and loses time, but is not accepted for service or serves and is relieved therefrom by the middle of his work shift, the employee will be reimbursed by the Employer for his work time lost on the basis of the difference between his straight time day shift hourly job classification rate and his jury pay (excluding travel allowance), provided he returns to his job immediately and promptly reports these facts to the Employer; provided further that if an employee works his regular shift in addition to performing jury duty, he shall not be paid by the Employer under the provision of this Article.

(c) There shall be a maximum jury service benefit of eighty (80) hours for any one jury term.

ARTICLE 28

Bereavement Leave

In the event a death occurs in the immediate family of any seniority employee, the employee shall receive three (3) days off with pay. The immediate family shall be defined as spouse, child(ren), parent(s), sibling(s), parent(s)-in-law, grandparent(s) grandchild(ren) and registered domestic partners. The intent of this benefit is for employees to attend or to make arrangements for the service of the deceased.

ARTICLE 29

Warranty of Authority

The officials executing this Agreement in behalf of the Employer and the Unions signatory hereto hereby warrant and guarantee that they have the authority to act for, bind, and collectively bargain in behalf of the organizations which they represent.

ARTICLE 30
Management Functions

The Employer retains full and exclusive authority for the management of its operations. Except as expressly limited by the specific provisions of this Agreement, the Employer retains the right to direct the working force; including the hiring, promotion, transfer, discipline or discharge of its employees for just cause; the adoption of reasonable regulations for the conduct and work procedures of its employees; the utilization of work methods, procedures or techniques; and the assignment and scheduling of work. This provision, however, shall not be construed as limiting the Union's rights under Article 22, Grievances and Complaints.

The foregoing enumeration of management's rights should not be deemed to exclude other rights of management not specifically set forth. The management therefore retains all rights not otherwise specifically limited by this agreement.

ARTICLE 31
Saving Clause

(a) Should any part hereof or any provision 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 portion of this Agreement shall not invalidate the remaining portions hereof; provided, however, upon such invalidation the parties agree immediately to meet and negotiate such parts or provisions affected. The remaining parts or provisions shall remain in full force and effect.

(b) Any traffic demand management constraints or penalties imposed upon the Company shall be considered to fall within the scope of this Article; therefore, waiving any requirements under Article 5, "Standard Day Shift Hours," or Article 6, "Shifts," regarding hours within which work must be performed. The Company shall meet and discuss with the affected Union(s) any work schedule changes.

ARTICLE 32
Effective Date and Duration of Agreement

This Agreement will become effective on July 1, 2013, unless otherwise provided herein, and shall remain in full force and effect through midnight June 30, 2017, and from year to year thereafter, unless either party shall at least sixty (60) days, but not more than ninety (90) days prior to June 30, 2017, or any subsequent anniversary date, notify the other party in writing a desire to change, modify, or terminate the Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement this 6th day of January, 2014 at Seattle, Washington.

FOSS SHIPYARD

By  _____

METAL TRADES DEPARTMENT and
the PUGET SOUND METAL TRADES
COUNCIL

By  _____

By  _____

SCHEDULE "A"

1. Wage and fringe amounts as agreed and implemented on July 1, 2013.

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Wage	\$ 1.30	\$ 1.30	\$ 1.30	\$1.30
HWP Increase	\$0.20	\$ 0.20	\$0.20	\$0.20
Allocation to HWP to be determined				
Total	\$1.50	\$1.50	\$1.50	\$1.50

2. Undiverted Base Wage Rate: This rate is established for the payment of holiday, vacation and overtime hours.

All Crafts	Effective 07/01/13	Effective 07/01/14	Effective 07/01/15	Effective 07/01/16
Journeyman	\$30.65	\$31.95	\$33.25	\$34.55
Mechanic	90%	90%	90%	90%
Scaler I	85%	85%	85%	85%
Scaler II	75%	75%	75%	75%
Helper/Clean-up	70%	70%	70%	70%

3. Overtime rates will be computed by the product of (a) the undiverted base wage rate, multiplied by (b) the overtime factor (1.5 or 2.0). The Plan 125 deduction will be subtracted from this product.

4. (a) Employees other than Helpers or Cleanup will be hired at the Mechanic I level. Scalers & Cargo Handlers will be hired at the Scaler/Cargo Handler II level.
- (b) After no more than 45 working days the employee will be evaluated by the Company to determine whether or not the employee is a Journeyman. The Employee shall be presented evaluation results in writing and a supervisor shall review them with the Employee. (Scaler/Cargo Handler I).
- (c) Employees who remain classified as Mechanic I will be evaluated by the Company no less than every six (6) months to determine whether the employee is a Journeyman. The Employee shall be presented evaluation results in writing and a supervisor shall review them with the Employee. (Scaler/Cargo Handler I).
- (d) In the event a Mechanic I employee is not advanced by the Company to Journeyman at the time of evaluation, such employee may elect layoff in lieu of remaining at Mechanic I (Scaler/Cargo Handler II).
- (e) In the event an employee believes he is improperly classified, he may utilize the following appeal procedure:

- | | |
|------------------|----------------------------|
| 1st Appeal | - Foreman |
| 2nd Stage Appeal | - Production Manager |
| 3rd Stage Appeal | - Director, Foss Shipyards |

5. Employees hired as Helpers shall perform duties such as:

- (1) Assist higher classified employees.
 - (2) May use simple hand tools (hammer, pliers, etc.).
 - (3) May perform work of a routine, repetitive nature where tolerances and precision are not a factor.
 - (4) May use power tools such as grinders, sanders, washers.
 - (5) May use forklifts and other material handling/moving equipment.
 - (6) Parts and tool chaser.
 - (7) Parts cleaner.
 - (8) Fire Watch.
6. The Helper/Cleanup rate shall be applicable to non-skilled work which requires no formal training, nor special tools or expertise, other than familiarization with basic safety procedures. Included within this category of work are sweeping, shoveling, wiping down, washing, manually loading or unloading refuse, material, or equipment, fire watch, and other work of a similar non-skilled nature.
7. Employees who are graduate apprentices from a formal Washington State approved JATC apprenticeship program shall be classified as Journeymen.

This will confirm the following understandings reached in the respective negotiations:

I. 1983 Negotiations

A. Management Trainees

For the purpose of management training, and specifically to gain practical experience and a better understanding of the work performed by bargaining unit employees, the company may assign non-bargaining unit employees to work with the trades. The trainee shall use tools as required in order to obtain the necessary experience and to gain complete understanding of ship construction and repair. Such training is designed and intended to improve the working relationship between the management and the bargaining unit. Trainees shall not be utilized to erode the stature of the bargaining unit.

The number of trainees shall be limited to two (2) trainees per company at any one time without the permission of the Union; provided, however, that companies

with employment levels of 200 bargaining unit employees or more may utilize no more than four (4) trainees at any one time without the permission of the Union.

It is expected the trainees will be rotated among the crafts in order to gain a total understanding of the work being performed. The training time shall not exceed a calendar period of four (4) months without the approval of the Union. It is understood the trainees will not be members of the bargaining unit and shall have no voice regarding internal union matters.

B. Layoffs out of Seniority

The following procedure is designed with the intent and desire to promote harmonious relations and teamwork among the employees, the unions, and the companies. The procedure is intended to minimize or eliminate layoffs and/or recalls out of seniority for arbitrary or capricious reasons.

Prior to the implementation of a layoff or recall out of seniority, the company will meet with the shop steward and advise the steward of the impending layoff/recall. In the event the steward does not concur with the company's assessment of the employees, he/she may offer his/her assessment of the employee's qualifications.

This procedure is in no way intended to restrict or limit the Union's nor the employee's rights under Article 22, Grievances and Complaints. Neither is this procedure intended to restrict or limit the normal management functions of assessing the qualifications of the employees.

C. Off Site Crews

The lead trade of an off site crew for a specific job will be determined by the nature of the job to be performed (i.e., steel job, carpentry, etc.). Incidental work, such as removal of insulation on a steel job, shall be performed by the crew. It is expected that over the long run the overall distribution of work will be equal among the crafts as far as practical in accordance with their traditional jurisdictions.

D. Standby Time

It is the intent of the parties to continue the practice of traditional jurisdictions that have been in effect in their respective yards. Further, it is the intent of the parties to achieve and sustain maximum productivity per employee during the term of this Agreement. In return to the company for the wage rates and conditions provided herein, and consistent with the principle of a fair day's work for a fair day's pay, the Union(s) pledges its agreement with the objective of achieving a high level of employee performance and efficiency consistent with safety, good health, and sustained effort. In accordance with this understanding, the Employer and the Union agree upon the principle of minimizing standby time.

MEMORANDUM OF UNDERSTANDING (MOU)

by and between

FOSS MARITIME COMPANY, d/b/a FOSS SHIPYARD

and

METAL TRADES DEPARTMENT

and the

PUGET SOUND METAL TRADES COUNCIL

This MOU to the original Collective Bargaining Agreement (hereinafter referred to as "CBA") entered into on July 1, 2013; is entered into on the 30th day of September, 2013, between the above parties.

WHEREAS, the Seattle's Paid Sick Time and Safe Time Ordinance provides paid sick time and safe time to employees who work in Seattle, Washington;

WHEREAS, the union has agreed to in collective bargain to waive their rights under the ordinance;

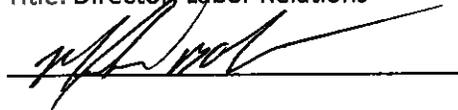
THEREFORE, the parties agree in this Memorandum of Understanding to waive their rights and obligations under the Paid Sick Time and Safe Time Ordinance in accordance with SMC 14.16.120.

IN WITNESS BY, the authorized representatives of the parties to this Agreement have signed on this 23 day of January, 2014.

For the Employer:

FOSS MARITIME COMPANY

Title: Director, Labor Relations

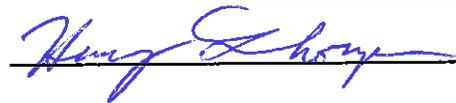


Michael B. O'Connor

For the Union:

METAL TRADES DEPARTMENT and the PUGET SOUND
METAL TRADES COUNCIL

Title: EXECUTIVE SECRETARY



Harry Thompson