

A G R E E M E N T
BY AND BETWEEN
PUGLIA ENGINEERING, INC.
AND
INTERNATIONAL ASSOCIATION
OF MACHINISTS AND AEROSPACE
WORKERS, AFL-CIO,
DISTRICT LODGE NO. 160,
LOCAL LODGE NO. 297
&
BOILERMAKERS LOCAL 104, AFL-CIO

Puglia Engineering, Inc.

Table of Contents

PREAMBLE.....	1
ARTICLE 1 SCOPE.....	1
ARTICLE 2 NON DISCRIMINATION	1
ARTICLE 3 RECOGNITION.....	2
ARTICLE 4 UNION SECURITY.....	2
ARTICLE 5 MANAGEMENT FUNCTION	3
ARTICLE 6 SENIORITY	3
ARTICLE 7 SHIFTS.....	5
ARTICLE 8 WAGE SCALE	5
ARTICLE 9 OVERTIME	6
ARTICLE 10 HOLIDAYS.....	6
ARTICLE 11 VACATIONS	7
ARTICLE 12 SHOW UP PAY	8
ARTICLE 13 JURY DUTY	8
ARTICLE 14 SAFETY	9
ARTICLE 15 UNION REPRESENTATIVE.....	9
ARTICLE 16 PAY DAY	10
ARTICLE 17 WELDING	10
ARTICLE 18 NO STRIKE OR LOCK OUT.....	11
ARTICLE 19 GRIEVANCE PROCEDURES	11
ARTICLE 20 JURISDICTIONAL DISPUTES	13
ARTICLE 21 PRODUCTION LIMITS	13
ARTICLE 22 HEALTH, WELFARE, DENTAL AND PENSION PLANS	13
ARTICLE 23 FUNERAL LEAVE.....	16
ARTICLE 24 QUALIFICATION CLAUSE	16
ARTICLE 25 TRAVEL, TRIALS AND OUT OF YARD WORK.....	17
ARTICLE 26 DIRTY WORK.....	18
ARTICLE 27 EFFECTIVE DATE AND DURATION.....	19
ARTICLE 28 TOOLS	19
SCHEDULE "A" CLASSIFICATION AND RATES OF PAY	21
SCHEDULE "B" FLEXIBLE SHIFTS.....	23

PREAMBLE

SECTION 1. This agreement is made by and between PUGLIA ENGINEERING, INC. and BOILERMAKERS LOCAL 104, AFL-CIO, AND INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, DISTRICT LODGE 160, LOCAL LODGE 297.

ARTICLE 1 SCOPE

This agreement shall cover all production, repair and maintenance employees within the bargaining unit in the employ of the Company signatory hereto. It shall apply to all work and activities of the Company in connection with the construction, conversion, repair or scrapping of any vessel including, but not limited to, dredges, floating drydocks, offshore drilling vessels, barges, mobile drilling platforms and all auxiliary equipment used in conjunction therewith. Any Unit employee directed by the Company to work temporarily at any other location, domestic or foreign, shall remain covered by this Agreement.

ARTICLE 2 NON DISCRIMINATION

SECTION 1. The Employer shall have the right to determine the competency and qualifications of its employees and the right to discharge any employee for just and sufficient cause; provided however, no employee shall be discriminated against or jeopardized in seniority standing or suffer any loss of employment on account of Union membership or legal Union activity so long as such activities are not carried on during working hours so as to interfere with production at the plant, or on the job site.

SECTION 2. Hiring.

- (a) The Employer agrees that when additional employees are required the appropriate Local Union will be given as much advance notice as possible, but not less than twenty-four (24) hours so that the Union may have a reasonable opportunity to refer applicants for employment. The period of notice will commence when the appropriate Union receives such notice by telephone, fax or email from the Employer. Such notice, including the number and qualifications of the employees required, shall be given by the Personnel Department or other designated representatives of the Employer. The Unions agree that they will, upon request of the Employer, refer experienced men, when available, to the Employer for the classifications covered by this Agreement.
- (b) The Employer retains the right to reject any job applicant referred by the Unions. The Employer will provide, in writing, within five (5) working days, the reasons for rejection of applicants by the Union. The Employer may discharge any seniority employee for just and sufficient cause and will notify the Union of such a discharge in writing indicating reason for termination and eligibility for rehire and date of discharge.

- (c) The Employer may request any former unemployed employee by name and their Union shall refer such person after compliance with the provisions set forth in this Article. The Employer will provide proof of former employment of such person if requested by the Union.
- (d) 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 in writing by the Employer to the appropriate Local Union within forty eight (48) hours after the termination of such employee.
- (e) 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.
- (f) The Union and Employer agree to hold each of the other parties signatory hereto 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 is proximately or solely caused by either the Union or Employer unless such act is a violation of this Agreement.
- (g) 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.

ARTICLE 3 RECOGNITION

SECTION 1. Puglia Engineering, Inc., hereby recognizes (as far as may be legally admissible) now and during the whole term of this contract, the Boilermakers Local 104, AFL-CIO, and International Association of Machinists and Aerospace Workers, District Lodge 160, Local Lodge 297.

ARTICLE 4 UNION SECURITY

SECTION 1. Pursuant to and in conformance with Section 8 (a) 3 of the Labor Management Relations Act of 1947, it is agreed that all employees coming under the terms of this Agreement shall make application to join the Union within thirty (30) days following the date of employment or within thirty (30) days following the date of signing this Agreement, whichever is the later, and must maintain membership in good standing for the life of this Agreement and any renewal thereof. The Employer shall discharge any employee as to whom the Union through

its business agent delivers to the Employer a written notice that such employee is not in good standing in conformity with this Article.

SECTION 2. New hires, on or before the first day of employment, will be advised of the provisions of Section 1 of this Article. Names of new hires will be submitted to the Union within three (3) days of hiring.

SECTION 3. When the Employer issues a termination notice to an employee, a copy of such shall be forwarded to the Union in a timely manner.

ARTICLE 5 MANAGEMENT FUNCTION

SECTION 1. Subject only to the specific provisions of this Agreement, the management of the plant and the direction of the work force shall be the exclusive function of the Employer; provided however, this shall not be construed as limiting the Union's right under Article 19, Grievance Procedure.

ARTICLE 6 SENIORITY

SECTION 1. With a view to maintaining the most harmonious relations possible and the utmost teamwork between employees in their various classifications. In all layoffs and re employment, the rule of seniority shall prevail where qualifications, ability, competency and all other factors are equal; provided that an employee shall not be considered as having seniority until completion of at least nine hundred (900) compensable hours in a one year period subsequent to their day of hire. The period of time prior to the attainment of seniority is a probationary period; the layoff or discharge of a probationary employee is not subject to the Grievance procedure.

For example: If any employee starts in January, he has until the end of December to qualify for seniority, then the twelve (12) month period is extended to the month of January and the month of January of previous year is dropped.

SECTION 2. Once in each three (3) month period lists of working employees and employees on layoff who continue to have seniority rights under Section 1 above, in the bargaining unit with their dates of employment and contract classifications will be furnished by the Employer, or on request when practicable.

SECTION 3. An Employee's seniority shall be terminated under the following conditions:

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 Employer or within forty eight (48) hours (Saturday, Sunday and holidays excluded).

4. If the employee refuses more than three required shift changes in a calendar quarter of a year. Optional changes do not apply.
5. If the employee is absent for three (3) consecutive work days or more without notification to Employer and having furnished Employer with justification for such absence.
6. Violation of Article 4, Section 1.
7. If the employee is off the active Employer payroll for a period of more than twelve (12) months for any reason whatsoever.

SECTION 4.

- (a) The Employer shall be entitled to retain legitimate leading men and classifications above the leading men paid on an hourly rate without regard to seniority.
- (b) Leading men in all departments shall be selected, as far as practical from the crafts they supervise and with a view to their mechanical ability and shall be journeymen and/or mechanics and shall be members of their respective Union. 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, from the crafts they are supervising and with a view to their mechanical ability and shall be journeymen and/or mechanics and shall be members of their respective Union.
- (c) The compensation for Leading men shall be one dollar and twenty cents (\$1.20) per hour over the wage of the craft they supervise 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 two dollars and forty cents (\$2.40) per hour over the wage of the craft they supervise as set forth in Schedule "A". The activities and assignments of supervisors mentioned hereinabove shall not be restricted, nor shall they be extended during overtime periods to the end they be used to replace employees in the performance of overtime work.
- (d) Foremen or the immediate supervisor above Leading men, and mechanics from other crews cannot be used to complete a job or work assignment which continues into or requires overtime work. The intention of the Parties signatory to this Agreement is to continue to use foreman or immediate supervisor above Leading men and to use Leading men and mechanics already assigned in the completion of work which extends into overtime period, except in emergency situations.
- (e) Employees promoted to any higher classification or to Leading men or classifications above Leading men 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.

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 the promotion.

(f) Weekend, non continuation work:

1. Weekly sign up of employees who are not available for that weekend.
2. If employee does not sign up, the employee is obligated to work if called.
3. Company will assign from employees not on the list, in accordance with Seniority, section 1.

SECTION 5. Seniority as provided under Article 6 section 1 shall apply to all job calls.

ARTICLE 7 SHIFTS

SECTION 1. Forty (40) hours shall constitute a work week, eight (8) hours a day, five (5) days per week, Monday to Friday, inclusive between the hours of 6:00 a.m. and 5:00 p.m. except that where as to any locality or as to any plant of any Employer, existing conditions render it desirable to start the day shift at an earlier hour. Such starting time may be by agreement between the Employer and Union. No employee shall be required to transfer from his regular assigned shift to another shift more than once a work week, except however, he may be returned to this regular assigned shift. Any additional transfers will be at the option of the employee except in extreme emergency or shortage of manpower.

- (a) FIRST SHIFT 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 premiums.
- (b) SECOND SHIFT: An eight (8) hour period less thirty (30) minutes for meals on Employer time. Pay for a full second shift period shall be a sum equivalent to eight (8) times the straight-time hourly second shift rate as set forth in Schedule A hereof.
- (c) THIRD SHIFT: A seven and one half (7 1/2) hour period less thirty (30) minutes for meals on Employer time. Pay for a full third shift period shall be a sum equivalent to eight (8) times the straight time hourly third shift rate as set forth in Schedule A hereof.

ARTICLE 8 WAGE SCALE

SECTION 1. The classifications and minimum rates of pay for employees covered by this Agreement are set forth in Schedule A, which is attached hereto and made a part hereof.

SECTION 2. When an employee is transferred to another classification paying a higher rate, he shall receive the higher rate for the duration of such employment in such classification.

ARTICLE 9 OVERTIME

SECTION 1. All hours worked over eight (8) hours, Monday through Friday shall be paid at time and one half (1 1/2) up to two (2) hours then it becomes two times the straight-time rate. All hours worked on Saturday shall be one and one half time (1 1/2) the straight-time rate up to ten (10) hours, then it becomes two (2) times the straight time rate. All hours worked on Sunday shall be two (2) times the straight-time rate.

An employee required to work during his regular lunch period shall receive the established overtime rate for such lunch period and shall thereafter be allowed a reasonable opportunity to eat his lunch on the Employer's time.

Employees required to work overtime past the quitting time of their regular shift, unless relieved from work at least eight (8) hours before starting to work on their next regular shift, shall be paid the overtime rate for such shift.

SECTION 2. When selecting employees (based on skills and abilities) to work overtime, the most senior, qualified employee who is currently working that particular job will be given the first right of refusal. When mandatory overtime is scheduled, and an insufficient number of qualified (based on skills and abilities) employees are available, the Company may invoke inverse seniority and the least senior qualified employee shall be the first employee required to perform the work.

ARTICLE 10 HOLIDAYS

SECTION 1. Each eligible employee shall receive eight (8) times his regular straight time hourly shift rate of pay for the following holidays: New Year's Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after Thanksgiving Day, Christmas Day, the day before/after Christmas Day.

Grandfather provision: Employees eligible for holidays employed as of 9/15/98 shall be grandfathered to receive (1) the Employee's Birthday, and (2) an individual floating holiday to be scheduled by mutual agreement between the Company and the employee as paid holidays provided the employee maintains seniority.

Eligibility for holiday pay:

- (a) The Employee worked his last regular scheduled workday prior to and his first scheduled workday following the holiday. Exception will be made in cases where absence on the workday prior to or the workday following was due to industrial injury, bona fide illness

covered by a doctor's certificate, approved leave of absence, 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 the purpose of this section, temporary layoff shall be considered as one of two weeks or less in duration.

- (b) A non seniority employee has been in the active employ of the Employer (worked a minimum of twenty two (22) days) during the thirty (30) calendar day period immediately preceding the holiday.

SECTION 2. 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 Section 1 above.

SECTION 3. Holiday on Saturday and/or Sunday: If a holiday set forth falls on Saturday, the preceding Friday shall be observed as the holiday. If a holiday set forth falls on a Sunday, the following Monday shall be observed as the holiday.

SECTION 4. 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 workday prior to or his first scheduled workday following his vacation period.

ARTICLE 11 VACATIONS

SECTION 1. All seniority employees covered by this Agreement shall receive vacation with pay each year on his/her anniversary date of employment.

SECTION 2. Computation of vacation pay: Vacation pay shall be computed at the following percentages of the actual hours worked multiplied by the employee's established straight-time hourly wage (exclusive of shift premiums) being received by the employee calculated on a daily basis and accumulated until the vacation is paid. Vacation pay will be treated separate from other types of pay and wages for the purpose of withholding taxes except in the case of termination.

- (a) First year period: Two (2) percent as computed above.
- (b) Third year period: Four (4) percent as computed above.
- (c) Ten year period: Six (6) percent as computed above.
- (d) Twentieth year period: Eight (8) percent as computed above.

All current employees employed as of September 18, 1998 (date of ratification) will be grandfathered at their current vacation percentage, until the new vacation structure gives them a higher vacation percentage.

SECTION 3. When an employee has accumulated one thousand (1,000) hours in his vacation year for fifteen (15) vacation years, the percentage of vacation pay computed as set forth herein shall be seven and one half (7 1/2) percent for those hours starting in the sixteenth year.

SECTION 4. To advance from one (1) year period percentage to the next higher, as above provided, an employee is required to accumulate one thousand (1,000) hours or more in the employ of the Employer in any vacation year. Time lost due to an industrial accident in any vacation year not to exceed six (6) months shall be credited at the rate of forty (40) hours per week towards the minimum one thousand (1,000) hours required to advance to the next year's period percentage. Employees hired after having voluntarily terminated or having been discharged for just cause will not receive percentage credit for previous employment. Other employees rehired will begin earning vacation at the same percentage rate as the rate being paid upon their last termination. For purposes of this Article "hire" or "rehire" does not refer to recall from layoff.

SECTION 5. The vacation year for vacation pay, time and hours-worked shall be the employee's anniversary date-to-anniversary date.

SECTION 6. Vacation periods or vacation pay are not cumulative from year to year and the vacation shall be taken at time mutually agreeable between the Employer and the employee.

SECTION 7. Vacation pay accruing to an employee within his vacation year as described above shall be paid to said employee upon completion of his vacation year. If an employee is terminated for reasons other than lay off due to reduction in force, prior to the completion of his vacation year he shall be paid in full such vacation pay as may have accrued to him under the terms of this Article. An employee laid off for thirty calendar days without being recalled will be paid his accrued vacation the first working day following the 30th day. All employees hired prior to January 8th, 1991, shall be paid a vacation rate of seven and one half (7 1/2) percent.

ARTICLE 12 SHOW UP PAY

SECTION 1. If a workman qualified to do the work for which he is called is given less than four (4) hours work, he shall receive four (4) hours pay at the applicable hourly shift rate.

SECTION 2. In the event of an emergency such as fire, flood, power failure, etc., beyond the control of the Employer (alleged lack of work cannot be construed as emergency) or where the employee voluntarily quits, is laid off or is discharged, the foregoing requirements shall not be applicable and the employee shall be paid for actual time worked.

ARTICLE 13 JURY DUTY

Seniority employees who are called for jury duty and serve as jurors on regularly scheduled work days shall be paid the difference between the amount received for such service and their straight

time hourly earnings, not to exceed eight (8) hours per day for forty (40) hours per week, with a two (2) week maximum. Any second and third shift employee called for jury duty shall be transferred to the day shift for the period of jury duty.

ARTICLE 14 SAFETY

SECTION 1. The Employer shall comply with all safety, health and sanitation measures as required by the Federal Occupational Safety and Health Act. The employees shall comply with safety, health and sanitation standards, actions and conduct.

SECTION 2. 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 the 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 and had completed working during 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 not to continue work because of said injury, he shall be paid to the end of said shift.

SECTION 3. To qualify for such payment, the employee shall present to Employer a written certification from the attending physician describing the injury, the date of the injury and the treatment prescribed.

SECTION 4. The Company and the Unions agree to convene a separate negotiations to create a separate drug and alcohol policy.

SECTION 5. It is understood that matters dealing with safety shall, when possible, be presented first to the Employer and/or safety committee with adequate time to respond prior to the matter being referred to governmental agencies.

ARTICLE 15 UNION REPRESENTATIVE

Business representatives of the Union, upon application to the main offices of the Company or in the case of night shifts to the supervisor in charge, will be allowed access to the shops for the purpose of investigating grievances arising under this contract, provided they do not interfere with production on job site.

The Union shall have the right to select, from among the active employees, representatives on each working shift to be designated shop stewards as needed.

The Union shall advise the Employer in writing of the selection and designation of those stewards.

The Employer shall recognize the designated shop steward as the official representative of the Union on the shift as to matters properly within his jurisdiction. With respect to the performance of the duties of shop steward, the Employer shall, through its foreman, department head and personnel department, receive any proper complaint or grievance as to any matter brought within the scope of this agreement and shall seek to adjust the matter with the steward in the manner otherwise provided within this agreement for the adjustment of complaints and grievances.

The Union and the Employer each recognize that it is desirable and important to the proper performance of the duties of shop steward that the employee so designated be familiar with the work and the labor agreements.

The Employer and the Union recognize that it is desirable, insofar as is practicable, that the steward receive his fair share of the work for which he is qualified by reason of skills, classifications and certification. In the event of lay off, the Union may select from among the designated shop stewards, one steward to be exempt from lay off in seniority order, which employee shall be retained so long as work remains for which he is qualified by skills, classification and certification.

ARTICLE 16 PAY DAY

SECTION 1. The Company reserves the right to institute a mandatory direct deposit payroll for security reasons. Employees shall be given their paystubs prior to the end of their regular work shift on payday. All regular paystubs shall have a detachable stub or equivalent which will set forth the amount of the check stub, hours worked, and an itemized list of deductions. Two months' notice to the Union and employees will be given prior to instituting the mandatory direct deposit. Any employee who wishes a waiver to this section shall submit a request, in writing, to the President of the Company, stating the reasons why direct deposit cannot be used for his/her payroll. Any employee who gets laid off shall receive all wages due him on the next scheduled pay period after the termination of his employment; unless other agreements are made. Any employee who quits of his own volition shall receive all wages due him on the next regular pay period following his date of termination. Friday shall be the scheduled pay period and Thursday for second shift and third shift if a holiday immediately proceeds the weekend (i.e. Friday, Thursday & Friday; Wednesday, Thursday & Friday) then pay day will be the last working day of that week.

ARTICLE 17 WELDING

SECTION 1. It is recognized that processes of welding, burning and brazing are skills of the trade signatory to their Agreement.

Where U. S. Certificate is required by the U. S. Coast Guard or other recognized agency for welding on pressure vessels, boilers and Class 1 piping, as defined in the U. S. Marine

Engineering Regulations and Material Specifications, the rate of pay shall be an additional twenty five (\$0.25) cents per hour, over and above the standard mechanic's rates, for all time assigned to such certified welding jobs. When an applicant is required to take a test, he shall be paid for the time required to take the test, provided he passes the test successfully.

SECTION 2. Welding Apprenticeship: 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 shall not conflict with Federal or State apprenticeship laws.

ARTICLE 18 NO STRIKE OR LOCK OUT

SECTION 1. There shall be no lockouts on the part of the Employer, nor suspensions of work or strikes 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 19, Grievance Procedures, and Article 20, Jurisdictional 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 BOILERMAKERS LOCAL 104 AFL CIO, and INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, DISTRICT LODGE 160, LOCAL LODGE 297, shall not constitute a violation of this clause of the Agreement or be cause for discharge.

ARTICLE 19 GRIEVANCE PROCEDURES

A grievance is defined as a dispute between the parties as to the meaning or application of a specific provision(s) of this Agreement. Grievances will be settled as promptly as possible in the following manner:

Step 1: The employee or shop steward shall bring the grievance to the attention of the immediate supervisor (or controller if the supervisor is not available) within five (5) working days from the date it arises, or within five (5) working days from the date it should have reasonable been known to exist.

Step 2: If the grievance is not satisfactorily adjusted within two (2) working days after it has been presented to the Company official, the shop steward or the Business Representative of the affected Union shall reduce the grievance to writing, describing the incident, citing the article alleged to have been violated, and stating the remedy requested, and submit the grievance to the Controller within twelve (12) working days from the date of the incident or from the date it should have reasonably been known to exist.

The Business Representative and the Controller or their designee shall meet within five (5) working days of receipt of the written grievance and try to resolve the grievance. The Company shall give a written response to the Business Representative within five (5) working days of the Step 2 meeting. The parties may mutually agree in writing to extend the time limits of Step 2.

Step 3: If no agreement is reached in Step 2 within ten (10) working days of receipt of the Company's Step 2 response, the parties may by mutual agreement, submit the grievance in writing to a grievance panel composed of one member from Labor, to be selected by the Union, and one member from Management to be selected by the Employer.

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 of receipt of the Company's Step 2 response, shall be regarded as waived unless the parties otherwise agree in writing. The Grievance Committee shall meet within then (10) working days of receipt of such request. Any Grievance Committee 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. A decision by a majority of the Grievance Committee shall be final and binding on both parties. In the event that the Grievance Committee fails to render a decision within ten (10) working days from their meeting date, either party may within ten (10) working days give notice to the other party of arbitration.

The parties may mutually agree in writing to extend the time limits of Step 3.

Step 4: If no satisfactory solution eventuates within ten (10) working days of the conclusion of any Step 3, then either party may within an additional ten (10) working days thereafter give written notice of arbitration to the other party.

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 impartial arbitrator. The parties shall attempt to mutually agree upon the arbitrator. Failing that, 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 seven (7) Washington-Oregon arbitrators. The final arbitrator shall be determined by the Union and the Company alternately striking names from the list. The party to strike first shall be determined by lot. The party whose position is not upheld shall pay the arbitrator's fee. In the case of a split decision, the arbitrator shall determine the allocation of fees. All other expenses shall be paid by the party incurring them.

The decision of the arbitrator 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 his decision the arbitrator shall specify whether or not the decision is retroactive and the effective date thereof.

No employee shall refuse to work or otherwise curtail production or engage in any slow down or interfere with Employer's Operations because of any complaint, dispute or grievance which he may have.

If the Employer has any complaint, dispute or grievance with the Union or any employee covered by this Agreement, the Employer shall likewise avail itself of any or all of the foregoing grievance procedural steps. Failure of the responding party to respond within the specified time limits will result in the grievance being advanced to the next step.

ARTICLE 20 JURISDICTIONAL DISPUTES

The Union agrees that in the event any jurisdictional dispute shall arise between any Union not signatory to this Agreement, with respect to the jurisdiction of work on any classification of employment, whether or not included in the schedule attached hereto, such dispute shall be settled by the Unions in accordance with the Jurisdictional Policy of the Metal Trades Department, AFL-CIO amended May 10, 1968, which provides that pending the adjustment of a jurisdictional dispute there will be no stoppage of work.

It is agreed that the Unions involved in such jurisdictional disputes shall be primarily responsible for the prevention of a stoppage of work because of jurisdictional disputes.

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, machinist, etc.). Incidental work, such as removal of parts or burning of parts on a steel job or machinist 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. Shop tasks will be accomplished by the respective crafts in so far as possible in order to maintain seniority employment of all crafts.

The provisions of this section of the General Agreement shall be equally binding upon the Employer and the Unions.

ARTICLE 21 PRODUCTION LIMITS

Under no consideration shall piece, task, or bonus system be allowed.

ARTICLE 22 HEALTH, WELFARE, DENTAL AND PENSION PLANS

- (a) Each Union will individually designate in writing to the Company the allocation of the total increases denoted in Schedule "A" (2) to either/or both Article 22 and/or Journey wage, provided that no Union may designate any increase in pension contributions for the purpose of increased benefits to the pension plan if the plan is subject to a Rehabilitation Plan under the Federal Pension Protection Act.

- (b) Upon failure of the Employer to make any of the payments required by Article 22, the Union shall refer the matter immediately to the Company's Labor Relations Representative and the Company's Controller and a meeting of all parties shall be held within five (5) days of notification. Upon failure of the parties to resolve the matter in such meeting, 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.
- (c) The Employer must be notified in writing by the Unions within 31 calendar days following February 15, 2014 or February 1 of any subsequent 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 Journey classification wage rate.
- (d) In the event of any increase or decrease of total contributions/remittances (including pension surcharges) to the Union's respective trust funds under this article, the wage rates of such employees and Union(s) will be reduced or increased accordingly under Schedule "A" an equal amount. Such reduction or increase must be in writing, prospective in nature, and provide a minimum of 30 days notice prior to the effective date.
- (e) For the Machinist Union employees, Health and Welfare Benefits and Dental benefits shall be provided under the Northwest I.A.M. Plan 16 and Dental Trust Plan #127 for each employee who was compensated for eighty (80) hours or more during the preceding month. The Employer and the Union each acknowledge receipt of a copy of the Trust Agreement creating the I.A.M. Benefit Trust (dated July 20, 1967) and they agree to be bound by said Trust Agreement and all lawful amendments thereto. They do further agree to accept, as their representatives, the Employer Trustees and the Union Trustees who constitute the Board of Trustees of said Trust Fund and their lawful successors. The contributions shall be paid to the Trust Fund by the tenth (10th) day of the month following the month in which the contributions were earned, or by such other due date as may be established by the Board of Trustees. The Board of Trustees will furnish transmittal forms.

Effective upon ratification, employer shall provide the following Health & Welfare, Ancillaries and Dental coverage and employees shall pay 100% through weekly payroll deductions:

Machinist Plan 16	\$1,143.30
Life 20K	\$5.80
Dependent Life	\$0.42
Time Loss \$600 Wk	\$30.00
Dental 127	\$89.55
Total HW	\$1,269.07

- (f) The Employer agrees to make a monthly contribution to the Northwest Metal Crafts Trust Fund (Trust), POB 1225, Seattle, Washington, for the purchase of Boilermaker Marine Plan III (health, welfare, and dental benefits. To provide for the establishment and administration of the Health and Welfare Plan, there shall be executed an Agreement and Declaration of Trust which shall provide for equal representation of employers and union through trustee membership. Said trustees shall be empowered to procure health and welfare benefits and administer the Trust Agreement within the limitation and provisions of the Trust Agreement.

Notwithstanding the hourly rate contribution for health, welfare and dental established herein, it is specifically agreed that the Trustees of the Fund, if necessary, in the interest of maintaining financial stability in the Trust Fund, may amend such established rates either upward or downward. Such amended rates shall become effective on the first day of the month after sixty (60) days written notice shall have been given to the parties by the Trustees.

- (g) Effective February 1, 2014 hours, the Employer shall pay five dollars and forty-six cents (\$5.46) per hour worked applied first to jointly administered Health and Welfare Plans and then to Dental and Pension.
- (h) The amount used for calculation of Overtime (Time and on half) and Double Time pursuant to this Agreement shall not include Employer contributions to fringe benefits identified in section (g) of this Article.
- (i) If the during the term of this Agreement, the cost of Health Insurance for employees becomes unaffordable causing the Employer to incur a tax or penalty under the

Affordable Care Act, the Employer and the Union are committed to work together to obtain alternate affordable coverage. If agreement on a new coverage is not reached within 30 calendar days, the Employer may propose an alternative plan, and the Union must, within 30 calendar days of receipt of the Employer's proposal of an alternative plan: 1) accept the Employer's proposed alternative, 2) propose another plan to keep the increase within the affordability requirements of the ACA or 3) agree to a reduction in other economic benefits in the contract in an amount equal to affordable coverage and retain the current plan.

- (j) Effective February 1, 2014, the Employer shall pay into the Western Metal Industry Pension Fund \$3.44 per hours worked for each bargaining unit employee for the purpose of providing retirement benefits for eligible employees pursuant to provisions of the Western Metal Industry Pension Plan.

With respect to continued participation in the Western Metal Industry Pension Fund, in which the employer participates to provide the Pension Plan for the employees represented by the IAM&AW District 160, the parties agree to adopt the Rehabilitation Plan Preferred Schedule approved by the plan Trustees on May 28, 2010. The adoption will be completed within 180 days of October 1, 2010. (See attached.) Effective upon adoption of the Rehabilitation Plan, Employees shall pay 100% of surcharges via a pre-tax wage diversion from Appendix A. If the Trustees require adjusted contributions/remittances or a surcharge in a specific amount not expressly provided for by the written agreement of the parties, the wage rates of such employees will be diverted from Appendix A in an equal amount.

ARTICLE 23 FUNERAL LEAVE

In the event a death occurs in the immediate family of a seniority employee, the employee shall receive up to two (2) days (eight hours each day) off with pay at the employee's day shift classification rate so the employee may be with the family. Also, the employee will not be penalized for missed time. The immediate family shall be defined as wife, husband, son, daughter, mother, father, parent-in-law, stepparent, stepchildren, brother, sister, grandparents and grandchildren.

ARTICLE 24 QUALIFICATION CLAUSE

SECTION 1. It is not the intent of either party hereto to violate any laws or rulings or regulations of any government authority or agency having jurisdiction of the subject matter of this agreement. Also the parties hereto agree that in the event any provision of this Agreement is held to be unlawful or void by any tribunal, having the right to do so, the remainder of the Agreement shall remain in full force and effect, unless the parts so found to be void are wholly inseparable from the remaining portions of this Agreement.

SECTION 2. This Agreement contains all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall exist between any of the parties hereto. The waiver of any breach or condition of this Agreement by either party shall not constitute a precedent for any further waiver of any such breach or condition.

ARTICLE 25
TRAVEL, TRIALS 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, i.e., emergency repair jobs, jobs within a thirty five (35) mile radius of the Company's shop lasting only (1) day, work assignments with immediate local customers such as SeaLand, TEMCO, APL, etc.
- (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)
 - 1. On out of yard jobs within a thirty five (35) mile radius from the Company's shop location in Tacoma, lasting longer than one (1) working day, the location of the job shall be considered the place of employment and the employees shall report directly 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.
 - 2. On out of yard jobs outside a thirty five (35) mile radius from the Company's shop location in Tacoma, the location of the job shall be considered the place of employment and the employees shall report directly to such job at the regular starting time of their established shift without travel time. In recognition of the distance to the job site, employees working at such job location shall be paid a daily IRS per diem established by U.S. General Services Administration. The Employer shall pay all tolls not ordinarily paid by the employee. An example of such job location is US Navy homeport in Everett. It is understood that excluded from daily per diem allowance are out of yard jobs located within the city of Seattle, including Lake Union and Elliot Bay; examples of such job locations are: NOAA facility, USCG piers, University of Washington pier, Crowley piers, etc.”
 - 3. The Company will continue to provide transportation under this provision, unless mutually agreed with the affected employee(s). Employee(s) driving such transportation at the direction of the Company shall be compensated for driving time.

- (d) If employees are sent to work out of town and overnight, they shall receive suitable lodging, transportation, and the applicable location IRS meals per diem allowance.
- (e) If employees are required to travel on overtime days out-of-state, they shall be paid travel pay at the established overtime rate for time spent traveling up to a maximum of eight hours in any one day.
- (f) Not more than eight (8) 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.
- (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) The Company will initially man travel assignments via volunteers. Employees who are volunteering will sign a weekly sign up list to that affect. The Company will initially assign such work by seniority off the sign up list among qualified employees. In the event of insufficient volunteers, the Company will assign such work via inverse length of service among qualified employees.

ARTICLE 26 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 employees in situations that are exceptionally dirty, disagreeable, or unpleasant relative to shipyard work. The onsite foreman, in consultation with the shop steward as necessary and/or as available shall determine in advance what areas warrant dirty pay or black water pay, but shall not exercise this prerogative arbitrarily. 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 implement a policy to flush and sanitize 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). However, when cleaning or working on black water systems / or their components containing human waste, double time (2T) shall be paid for all classifications.

- (b) When an employee's clothing or body becomes soaked or contaminated with human waste, 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) at the normal straight time rate. If the incident occurs less than two (2) hours before the end of the shift, he (she) shall be paid at the appropriate rate until the end of the shift.

ARTICLE 27
EFFECTIVE DATE AND DURATION

SECTION 1. This Agreement will become effective on February 1, 2014, unless otherwise provided herein and shall remain in effect through February 1, 2017, and from year-to-year thereafter, unless either party shall at least sixty (60) days but not more than one hundred and twenty (120) days prior to February 1, 2017 or any subsequent anniversary date, notify the other part in writing of a desire to change, modify, or terminate the Agreement.

ARTICLE 28
TOOLS

SECTION 1. Employees will be furnished tools. They shall use all reasonable care in the use of tools and return them to the custody of the Employer when no longer used. Employees shall have sufficient time prior to the end of each shift to put away tools on the Employer's time.

Determination of sufficient time shall be at the Employer's discretion.

If the Employer fails to furnish tools, then the Employer shall pay each employee twenty (.20) cents per hour for tools furnished by employees.

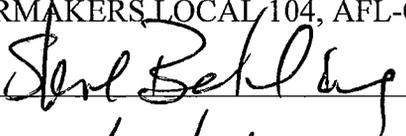
SECTION 2. The Employer shall reimburse the employee for the loss of hand tools and/or toolboxes. Due to fire, theft, or catastrophe on the Employer's premises, or while in the service of the Employer, less \$25.00 on such loss, provided that such loss is not caused by the employee's negligence. Claims will be honored only for tools and/or toolboxes which have been listed on an appropriate inventory form furnished by and filed with the Employer.

PUGLIA ENGINEERING, INC

By 
President

Date 2/12/14

BOILERMAKERS LOCAL 104, AFL-CIO

By 

Date 8/4/14

COMPANY REPRESENTATIVE

By Kellie Borek
Washington Employers, Inc.

Date 6-17-14

INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS, DISTRICT LODGE 160
LOCAL LODGE 297

By [Signature]

Date 7-2-14

SCHEDULE "A"
CLASSIFICATION AND RATES OF PAY

1. 2014-2017 Combined Journey & Article 22 Increases: Each Union will individually designate to the Company in writing prior to February 1 of each year (within seven (7) calendar days after ratification in 2014 the allocation of the below specified increases to either/or both Article 22 (fringe) and/ or to Journey wage.

	Effective <u>02/01/14 hrs</u>	Effective <u>02/01/15 hrs</u>	Effective <u>02/01/16</u>
2013 - 2014 Combined	+\$0.71	+\$0.72	+\$1.49
Journey and Article 22 Increases:			
Previous combined Journey and Article 22 total:	\$35.44		
 Resultant combined Journey and Article 22 new total:	 \$36.15	 \$36.87	 \$38.36

Retroactive pay conditioned on ratification on or before April 25, 2014. If contract not ratified on or before April 25th employer will not pay wage increases retroactive to 2/1/14.

2. Classifications: Journey – 100%
Mechanic – 90%
Helper – 70%

Apprentice wages, ratios and other matters concerning apprentices shall be as provided in the Seattle Machinists Joint Apprenticeship Standards, as approved by the Washington State Apprenticeship Council, Aerospace Joint Apprentices Council, equivalent certified apprenticeship program or designated trainees.

3. Second Shift Premium: \$0.75
Third Shift Premium: \$1.00

4. All employees employed on date of ratification shall be paid their rate in effect on that day or the classification rate whichever is greater. Employees hired after February 2, 2010, shall be hired at the appropriate classification rate. "Mechanic" employees shall be automatically advanced to Journeyman after completion of 2000 hours worked in the small boat industry (excluding Todd's). Employees who have already worked 2000 hours shall be exempt from the Mechanic classification.

5. Employees hired as Helpers shall perform duties such as:
 1. Assist higher classified employees.
 2. May use simple hand tools (hammers, pliers, etc.).
 3. May perform work of a routine, repetitive nature where tolerance and precision are not a factor.
 4. May use power tools such as grinders, sanders, and washers.
 5. May use forklifts and other material handling equipment.
 6. Parts and tools chaser.
 7. Parts cleaner.
 8. Fire watch.
 9. Clean up.

6. Employees classified as Helper who are promoted to Mechanic will only be advanced to Journey if deemed qualified by the Company to be Journey.

SCHEDULE "B" FLEXIBLE SHIFTS

The undersigned parties have agreed that the following optional work week and shifts language may be established for designated projects or time periods. This language modifies the Contract terms that apply to this agreement, only as set forth in the following provisions.

Optional Work Week Schedule:

1. The optional work week will be comprised of either ten (10) hour shifts Tuesdays through Fridays, in conjunction with twelve (12) hour shifts Saturdays through Mondays or any four (4) continuous ten (10) hour shifts, Monday through Friday.
2. Employees working the Saturday through Monday shift will receive forty (40) hours pay after working thirty six (36) straight-time hours. Pro rate payments for non worked bonus hours will be made for short weeks due to hire in, layoff and shift transfer, and when absences are due to industrial injury, bona fide illness covered by a doctor's certificate, approved leave of absence or other reason approved by the Foreman and Management.
3. To protect the employees ability to work continuous forty (40) hour weeks while changing between shifts, employees may work on their new shift at straight-time on a volunteer basis if the new shift week begins prior to the end of the old shift's weekend period.
4. Employees may decline working the optional work weeks without penalty.

Flex Time versus "Regular" Work Days Guarantee:

A five day, eight hours per day shift will always be available for those workmen who are already employed by Puglia Engineering, Inc., at the start of flex time shifts, if so desired by the existing shift employees.

Ten (10) Hour - Four (4) Day Work Week:

1. The regular starting time of the day shift shall be between 4:30 a.m. and 7:00 a.m. unless modified, by mutual agreement between the Union and the Employer, when major changes are made to the work force.
2. The regular starting time of the swing shift shall be between 3:00 p.m. and 5:30 p.m. unless modified, by mutual agreement, between the Union and the Employer when major changes are made to the work force.
3. First or Day, Ten (10) Hour Shift: A ten and one half (10 1/2) hour period, less thirty (30) minutes for meals on employee's time.

4. Second or Swing Shift: A ten and one half (10 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 ten (10) times the regularly hourly rate plus seventy five cents (\$.75) per hour.

Twelve (12) Hour Three (3) Day Work Week:

1. The regular starting time of the day shift shall be between 4:00 a.m. and 7:00 a.m. unless modified, by mutual agreement, between the Union and the Employer.
2. The regular starting time of the swing shift shall be between 4:00 p.m. and 6:00 p.m. unless modified, by mutual agreement, between the Union and the Employer.
3. First or Regular Shift: A thirteen (13) hour period less sixty (60) minutes for meals on employee's time. Pay for a full second shift period shall be a sum equivalent to twelve (12) times the regular hourly premium rate plus one dollar (\$1.00) per hour. Two (2) thirty (30) minutes lunch periods, every four (4) hours on employee's time shall be allowed. A lunch period shall be allowed, on the Employer's time, at the end of the shift if required to work overtime.

Twenty Four (24) Hour Work Day:

1. The starting of the day shift shall be recognized as the beginning of the twenty four workday period.
2. No employee shall be transferred from his regular assigned shift to another shift more than once a week, however, he may be returned to his regular shift. This shall not apply in an extreme emergency or when there is a shortage of manpower. Any violation of this section shall entitle the employee to the overtime rate for the first such shift worked.

Wage Scales:

1. The Employer agrees to pay to its employees and the Unions agree that their members employed by the Employer, will accept the wage scales as set forth in Schedule "A" of the Master Agreement.

Overtime:

1. All work performed outside or in excess of an employee's shift hours or work week hours and on Holidays, shall constitute overtime work and shall be paid at the applicable overtime rate.
2. Employees required to work additional days after their regularly assigned days, i.e. 4/10's or 3/12's, shall be compensated at time and one half (1 1/2) for the first such additional day worked, double time (2T) for the second additional day and time and one half (1 1/2)

for additional days thereafter, until the employee has been returned to his regularly assigned work days.

3. Established Four Day Work Week: An employee is expected to work forty (40) straight-time hours; four (4) ten (10) straight-time hour shifts. Hours worked in excess of ten (10) hours per day shall be paid at the applicable overtime rate.
 - 3.1 Eleventh hour worked on established ten (10) hour shifts will be paid at one and one half (1 1/2) times the straight-time day shift rate.
 - 3.2 All work in excess of eleven (11) hours shall be paid for at two (2) times the straight-time day shift rate.
4. Established Three Day Work Week: An employee is expected to work thirty six (36) straight-time hours, three (3) twelve (12) straight-time hour shifts. Hours worked in excess of twelve (12) hours per day shall be paid at the applicable overtime rate.
 - 4.1 All work in excess of twelve (12) hours shall be paid for at two (2) times the straight-time day shift rate.

Holidays:

1. Employees assigned to the ten (10) hour four (4) day work week will receive ten (10) times his regular straight-time hourly shift rate of pay for holidays that fall within their scheduled work week.
2. Employees assigned to the twelve (12) hour three (3) day work week will receive twelve (12) times his regular straight-time hourly shift rate of pay for holidays that fall within their scheduled work week.
3. When a recognized holiday falls outside a normal workday, that shift will be given a day off, with appropriate pay, from their normal work week. The actual day is to be agreed upon between Company and union.
4. All other Holiday provisions will remain as set forth in the Master Agreement.