

Memorandum of Agreement

The Northern Indiana Commuter Transportation District ("District") and the Transportation Communications Union / IAM ("Organization"), in full settlement of all outstanding Section 6 Notices between the District and the Organization, agree to amend their existing collective bargaining agreement as follows:

I. COMPENSATION

A. Signing Bonus

Employees represented by the Organization who are in active service on date of ratification will be paid a signing bonus of Three Thousand Dollars (\$3,000.00) in lieu of current COLA defined within Attachment A of the parties' Memo Agreement dated January 9, 2009. The signing bonus will be paid to eligible employees within thirty (30) days of the date of ratification, less required taxes and withholdings.

B. Cost Of Living Allowance

The Cost Of Living Allowance ("COLA") is rescheduled to commence on July 1, 2014, with an hourly allowance amount calculated in accordance with the formula, attached hereto as Exhibit 1, and shall continue at 6-month increments until such time as the issues associated with Section 6 notices served in 2013 or later are resolved. The COLA set forth at Exhibit 1 will be calculated as a separate allowance and is not part of the basic rate of pay.

II. HEALTH & WELFARE

A. Plan Adjustments

It is the intent of the Parties to provide the health and welfare benefits of the Railroad Employees National Health and Welfare Plan ("Plan") as defined in the agreement between the National Carriers' Conference Committee and the Transportation Communications Union / IAM dated January 4, 2012, and such side letters and amendments existing or as may be appended thereto ("National Agreement"), with the exception of the National Agreement's monthly employee cost-sharing provision. Such health and welfare benefits will be continued subject to the provisions of the Railway Labor Act until superseded by a subsequent agreement.

B. Employee Monthly Cost Sharing Status Quo

The monthly employee cost-sharing provision of the National Agreement and Plan shall not apply to the Employees. Instead, the employees will continue to make their cost sharing payments of Eighty Dollars (\$80.00) per month per employee covered by this Agreement for

each month that the Carrier is required to make a contribution to the Plan on his/her behalf for foreign-to-occupation health benefits coverage, and such contributions shall be on a pre-tax basis. The contributions provided herein shall continue on the same schedule and in the same amount unless superseded by a subsequent agreement between the parties.

C. Plan Information Update

As soon as practicable after the Effective Date of this Agreement, the District shall provide the Employees with the benefits of the Plan as modified through and including the most recent National Agreement, and as further modified by this Article with respect to employees represented by the Organization and their eligible dependents.

III. PERFORMANCE INCENTIVE BONUS

In recognition of consistent and reliable attendance, employees can earn a Two Hundred Fifty Dollar (\$250.00) bonus per evaluation period. The following conditions apply:

- A. The evaluation periods run from January 1 to June 30; July 1 to December 31.
- B. To earn a performance incentive bonus, employees must meet the following requirements in the applicable evaluation period:
 - (1) Attend all scheduled work hours unless on leave authorized by the Family Medical Leave Act, the Americans With Disabilities Act, or paid day off rules within the collective agreement; and
 - (2) Unless covered as an FMLA or ADA qualified absence, the employee takes no more than three (3) paid sick days per year, and not more than two (2) paid sick days within an evaluation period.
- C. Earned performance incentive bonus will be paid by separate check within thirty (30) days after the end of the evaluation period.
- D. Performance incentive bonuses are eligible to be earned through December 31, 2013. For purposes of the January 1, 2012 through June 30, 2012 period, the evaluation period will start on February 15, 2012. The concept may continue beyond December 31, 2013 unless cancelled by either party with thirty (30) days advance written notice to the other party. If the program is cancelled, employees will be paid for any bonuses earned prior to cancellation of the program.

IV. OPERATIONAL ADJUSTMENTS

- A. In the event that a Rule 1 covered employee is not available at Dune Park to assist in the handling of check issuances incidental to a confidential, financial, or legal matter, a manager or

staff person may perform this administrative task incidental to his or her duties. This exception is intended for occasional tasks.

B. Applications for newly hired employees shall be approved or disapproved within 105 calendar days from the date they establish seniority.

V. GENERAL PROVISIONS

A. The purpose of this Agreement is to settle the disputes growing out of the notices served by the parties through January 31, 2012. This Agreement shall remain in effect through January 31, 2014, and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

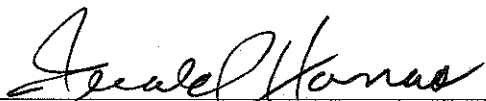
B. No party to this Agreement shall serve or progress, prior to December 1, 2013 (not to become effective before February 1, 2014), any notice or proposal.

C. This Article does not bar the District and the Organization from agreeing upon any subject of mutual interest.

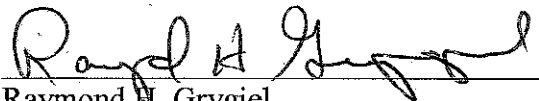
D. The Effective Date of this Agreement is April 10, 2012.

FOR THE DISTRICT:

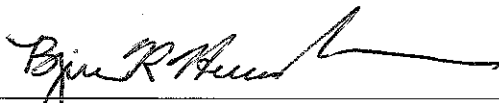
FOR THE ORGANIZATION:



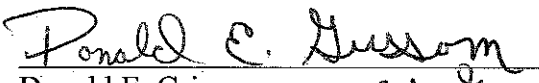
Gerald R. Hanas
General Manager



Raymond H. Grygiel
National Representative

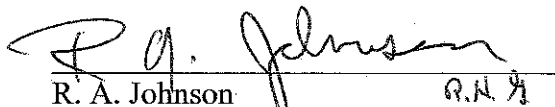


Bjarne R. Henderson
Director, Human Resources and Labor Relations



Donald E. Grissom
General Vice President

Approved by:



R. A. Johnson
General President

Cost-of-Living Allowance and Adjustments After July 1, 2014

Section 1 - Cost-of-Living Allowance and Effective Dates of Adjustments

(a) Tab A of the parties' agreement dated January 9, 2009, is superseded by this Exhibit 1 effective April 10, 2012.

(b) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Exhibit 1, on the basis of the Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W) (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 2014 based, subject to paragraph (e), on the BLS CPI for March 2014 as compared with the BLS CPI for September 2013. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (e)(iii), according to the formula set forth in paragraph (f).

Measurement Periods

<u>Base Month</u>	<u>Measurement Month</u>	<u>Effective Date of Adjustment</u>
September 2013	March 2014	July 1, 2014
March 2014	September 2014	January 1, 2015

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable to periods subsequent to those specified during which this Exhibit 1 is in effect.

(c) While a cost-of-living allowance is in effect, such cost-of-living allowance will apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.

(d) The amount of the cost-of-living allowance, if any, that will be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.

- (e) (i)Cap. In calculations under paragraph (f), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2014	3% of September 2013 CPI
January 1, 2015	6% of September 2013 CPI, less the increase from September 2013 to March 2014

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (f), only fifty percent (50%) of the increase in the BLS CPI in any measurement period shall be considered.

(iii) If the increase in the BLS CPI from the base month of September 2013 to the measurement month of March 2014 exceeds three percent (3%) of the September 2013 base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into account will be limited to that portion of the increase that is in excess of three percent (3%) of such September base index; and the maximum increase in that portion of the index that may be taken into account will be six percent (6%) of such September base index less the three percent (3%) mentioned in the preceding clause, to which will be added any residual fractional points which had been dropped under paragraph (f) below in calculation of the cost-of-living adjustment which will have become effective July 1, 2014 during such measurement period.

(iv) Any increase in the BLS CPI from the base month of September 2013 to the measurement month of September 2014 in excess of six percent (6%) of the September 2013 base index will not be taken into account in the determination of subsequent cost-of-living adjustments.

(v) The procedure specified in subparagraphs (iii) and (iv) will be applicable to all subsequent years in which this Article is in effect.

- (f) Formula. The number of points change in the BLS CPI during a measurement period, as limited by paragraph (e), will be converted into cents on the basis of one cent (\$.01) equals 0.3 full points. (By "0.3 full points" it is intended that any remainder of 0.1 point or 0.2 points of change after the conversion will not be counted.)

The cost-of-living allowance effective January 1, 2015 shall be the whole number of cents produced by dividing by 0.3 the number of points change, as limited by paragraph (e), in the BLS

CPI during the applicable measurement period. Any residual fractional points resulting from such division will be dropped. The result of such division will be added to the amount of the cost-of-living allowance in effect on December 31, 2014 if the BLS CPI will have been higher at the end than at the beginning of the measurement period, and subtracted therefrom if the index will have been lower at the end than at the beginning of the measurement period and then, only, to the extent that the allowance remains above zero. The same procedure will be followed in applying subsequent adjustments.

(g) Continuance of the cost-of-living allowance and the adjustments thereto provided herein is dependent upon the availability of the official monthly BLS Consumer Price Index (CPI-W) calculated on the same basis as such Index, except that, if the Bureau of Labor Statistics, U.S. Department of Labor should, during the effective period of this Article, revise or change the methods or basic data used in calculating such Index in such a way as to affect the direct comparability of such revised or changed index with the CPI-W Index during a measurement period, then that Bureau shall be requested to furnish a conversion factor designed to adjust the newly revised index to the basis of the CPI-W Index during such measurement period.

Section 2 – Payment of Cost of Living Allowances

(a) The cost of living allowance payable to each employee effective July 1, 2014, pursuant to Section 1 above is a separate allowance and shall not be rolled into basic rates of pay unless and until same is mutually agreed by the parties.

(b) The cost of living allowance payable to each employee effective January 1, 2015, pursuant to Section 1 above is a separate allowance and shall not be rolled into basic rates of pay unless and until same is mutually agreed by the parties.

(c) The procedure specified in paragraphs (a) and (b) shall be followed with respect to computation of the cost-of-living allowances payable in subsequent years during which this Article is in effect.

33 East US Highway 12
Chesterton, Indiana 46304

Side Letter No. 1

February 28, 2012

Mr. Raymond H. Grygiel
National Representative
Transportation Communications Union/IAM
8501 West Edelweiss Drive
Palos Park, IL 60464

Re: Letter of Understanding - Clarification of Force Reduction Process


Dear Mr. Grygiel:

This letter confirms our understanding that we will apply the rules within our current working agreement rules to reflect the following concepts in the handling of reduction in forces:

- (1) Persons must exercise their seniority to hold positions that their seniority will allow them to hold.
- (2) Persons who do not exercise their seniority and who are eligible to hold a position will be contacted by the carrier to ensure that no error has occurred. If the person has decided not to exercise their seniority, they will be regarded as having voluntarily left the service of the carrier.
- (3) Persons who cannot hold a position in the exercise of their seniority will be furloughed.
- (4) Furloughed employees will be assigned to open positions when recalled to service. While in furlough status, they do not have authority to bid on positions. If the person does not accept the assignment, the person will be regarded as having voluntarily left the service of the carrier. Where more than one open assignment exists and there is more than one employee on furlough status, the employees will be offered the open assignments in seniority order.
- (5) Furloughed employees called to casual service will be eligible under the 7 Day rules and exceptions for continuation or restoration of health care coverages.

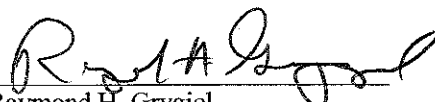
Please indicate the Organization's concurrence with this understanding by signature and date below.

Sincerely,


Bjarne R Henderson
Director - Human Resources and Labor Relations

Agreed:

4-12-2012
Date


Raymond H. Grygiel
National Representative

33 East US Highway 12
Chesterton, Indiana 46304

Side Letter No. 2

April 10, 2012

Mr. Raymond H. Grygiel
National Representative
Transportation Communications Union/IAM
8501 West Edelweiss Drive
Palos Park, IL 60464

Re: Clarification of Signing Bonus

Dear Mr. Grygiel:

This letter addresses our agreed understanding about the payment of the lump sum referenced in Article I A. of the attached agreement to persons not in active service on the date of ratification (April 4, 2012) who otherwise would be ineligible to receive same.

We have agreed that the intent of this exception is to make these funds available to persons who return to service with the intent of working as full time employees in the subsequent months thereafter. It is not the intent of either party to allow a sharp practice whereby someone returns to service simply to obtain a lump sum windfall. The District, as an exception to the criteria outlined in Article 1 A. of the attached agreement, will make payment of the lump sum to the following persons who fulfill all of the following criteria:

- (1) The employee is on the seniority roster as of the date of ratification;
- (2) The employee returns to service and exercises seniority to obtain a full time position; and
- (3) The employee renders thirty (30) days of compensated service on said assignment, or such other assignment as s/he may bid to, be displaced to, or assigned to, on or before December 31, 2013.
- (4) Persons who return to service on or before January 1, 2013, are eligible for the entire signing bonus upon completion of items (2) and (3) above.
- (5) Persons who return after January 1, 2013, will have the amount of the lump sum paid on a pro-rata basis for the full months the person expects to be present for work through and including December 31, 2013. *Example: Person returns to service on June 15, 2013. They therefore expect to be present for service the months of July - December 2013 (6 months of the 24 month contract period). The person will receive $6/24^{ths}$ of \$3,000 = \$750.00.*

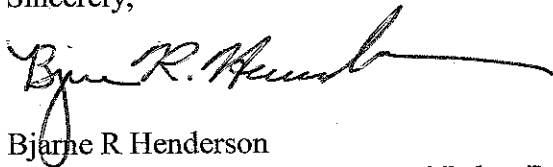
months of July - December 2013 (6 months of the 24 month contract period). The person will receive 6/24^{ths} of \$3,000 = \$750.00.

Where these terms are fulfilled, payment will be issued to the employee in the first pay period subsequent to the date that the employee completes the thirty (30) days of compensated service.

We have also reviewed our records and agree that there are no persons currently suspended or dismissed from service pending decisions from public law boards or other forums. Therefore, a letter of understanding on this issue is not required.

Please indicate the Organization's concurrence with these understandings by signature and date below.


Sincerely,



Bjarne R Henderson
Director – Human Resources and Labor Relations

Agreed:

4-12-2012
Date


Raymond H. Grygiel
National Representative