MEMORANDUM OF UNDERSTANDING

BETWEEN

TRANSPORT WORKERS UNION OF AMERICA

Representing

Carmen and Car Appearance Maintainers

AND

NEW JERSEY TRANSIT RAIL OPERATIONS

The parties hereby agree to the following terms and conditions of employment for a new labor agreement ("Agreement") for the period July 1, 2011, through December 31, 2019.

This Memorandum of Understanding is subject to ratification by the membership of the Transport Workers Union of America (TWU) and final approval by the New Jersey Transit Board of Directors.

This agreement amends the agreement between the Transport Workers Union of America (TWU) and New Jersey Transit Rail Operations (NJTRO) amended through June 30, 2011. The rules in the agreement are changed only to the extent indicated herein and remain otherwise unchanged and in full force until changed in accordance with the provisions of the Railway Labor Act, as amended. The rule changes set forth in this Memorandum of Understanding shall be effective upon date of ratification unless otherwise specified.

1. Wages

Effective March 1, 2012, wages shall be increased one and one-quarter percent (1.25%) over the rates in effect on February 29, 2012.

Effective November 1, 2012 wages shall be increased one percent (1.0%) over the wages in effect on October 31, 2012.

Effective July 1, 2013, wages shall be increased one percent (1.0%) over the wages in effect on June 30, 2013.

Effective March 1, 2014, wages shall be increased one and one-half percent (1.5%) over the wages in effect on February 28, 2014.

Effective November 1, 2014 wages shall be increased one and one-half percent (1.5%) over the wages in effect on October 31, 2014.

Effective July 1, 2015, wages shall be increased two percent (2.0%) over the wages in effect on June 30, 2015.

Effective March 1, 2016, wages shall be increased one and one-half percent (1.5%) over the wages in effect on February 29, 2016.

Effective November 1, 2016, wages shall be increased one and one-half percent (1.5%) over the wages in effect on October 31, 2016.

Effective July 1, 2017, wages shall be increased by two and one-quarter percent (2.25%) over the wages in effect on June 30, 2017.

Effective March 1, 2018, wages shall be increased by two percent (2.0%) over the wages in effect on February 28, 2018.

Effective November 1, 2018, wages shall be increased one and one-half percent (1.5%) over the wages in effect on October 31, 2018.

Effective July 1, 2019, wages shall be increased two percent (2.0%) over the wages in effect on June 30, 2019.

Effective December 31, 2019, wages shall be increased two percent (2.0%) over the wages in effect on December 30, 2019.

2. Retroactive Wages

Every active employee and any employee who retired with a payable Railroad Retirement annuity between July 1, 2011 and full and final ratification shall receive payment for service under the above schedule in two equal installments. The first installment shall be paid no later than August 4, 2016. The second installment shall be paid within 365 days of the first.

3. Supplemental Sick Pay

Effective as soon as practicable following full and final ratification, the NJ Transit Supplemental Sickness Benefits Plan will be amended so that the "Basic Benefit Amount" provided under the Plan will be revised to reflect wage rates in effect as of March 1, 2016. Thereafter, on the first date of each subsequent wage increase during the term of this Agreement, the "Basic Benefit Amount" will be revised again to reflect the wage rates in effect as of that wage increase.

4. Health and Welfare Benefits

a. Health Plan Design Changes

(i) Effective July 1, 2016, the existing PPO plan will be eliminated and all employees currently enrolled in that plan on that day will be transferred to the new "DA 10" Plan (see attached Exhibit A), provided, however, that any incumbent employee in the PPO Plan on that day may elect coverage under the existing HMO Plan at the contribution rates established in paragraph c. below.

(ii) The plan year for the DA 10 shall be July 1 through June 30.

(iii) Incumbent employees (or their covered dependents) enrolled in the PPO Plan and under the care of a provider considered 'in network' and who become enrolled in the DA 10 Plan and who continue in the care of such provider, but who is not considered as 'in network' under the DA 10 Plan may submit claims for reimbursement to the Carrier which will reimburse such employees for such care as if the provider was 'in network' under the DA 10 Plan. This transitional provision shall be effective as of July 1, 2016 and shall terminate effective December 31, 2019.

(iv) Effective July 1, 2021, all active employees enrolled in the closed "Traditional Plan" shall be transferred into the DA 10 Plan at the contribution rates then in effect for incumbent employees, provided, however, that any incumbent employee in the Traditional Plan on that day may elect coverage under the existing HMO Plan at the contribution rates established in paragraph c. below.

b. Co-Pays

(i) Effective July 1, 2016, medical co-pays on the DA 10 Plan will be as follows:

Primary Doctor: $10
Specialist: $20
Emergency Room: $100

(ii) Rx co-pays and the pharmacy benefit management program are described in the attached Exhibit B.

c. Health Insurance Contributions for Current Employees

(i) Effective July 1, 2016, employees enrolled in the 'DA 10' Plan shall contribute $161 per month on a pre-tax or tax preferred basis.

(ii) Effective July 1, 2016, employees enrolled in the existing HMO Plan shall contribute $131 per month on a pre-tax or tax preferred basis.

(iii) Effective July 1, 2016, employees enrolled in the existing Traditional Plan (until June 30, 2021) shall contribute $202 per month on a pre-tax or tax preferred basis.

(iv) Each of the contribution rates then in effect shall be increased effective July 1 of each succeeding year by 5%.

(v) After the amendable date of this agreement, any contribution increases under the foregoing provision shall be held in abeyance until a new agreement is effective at which point the Carrier will 'true up' the contributions.

d. Health Benefits and Contributions for Employees hired after ratification

(i) All new employees who become eligible for health coverage and elect coverage shall be enrolled in the HMO Plan for the first five (5) years of service. Employees may elect coverage under the DA 10 Plan after the completion of five years of service at an employee contribution rate of 150% of the then applicable rate set for employees employed on or before June 30, 2016.

5. Pension Benefits for Employees hired after Ratification

a. Employer pension contributions to the 401 (a) Plan for each year of service will be modified as follows:

First year of service: 1% of base wages
Second year of service: 2% of base wages
Third year of service: 3% of base wages
Fourth year of service: 4% of base wages
Fifth year of service: 5% of base wages

Years thereafter shall be as currently provided to active incumbents.

6. Wage Progression

The wage progression scale shall be amended to provide for two additional annual steps between the entry rate and top pay for all employees hired after full and final ratification of this Agreement. One step shall add 12 additional months to the entry rate. The parties will meet to negotiate the placement of the second annual step on the scale as soon as practicable after ratification. In the event that no agreement is reached on the placement of the second annual step, the Carrier will insert the step in the middle of the wage progression scale.

7. Term

This Agreement shall continue in full force and effect from July 1, 2011 through December 31, 2019.

8. Status Quo

The current status quo period shall be extended until the later of full and final ratification or 60 days after such ratification process is completed without approval.

9. Moratorium

There shall be a moratorium on the serving of Section 6 Notices until October 1, 2019, not to become effective before January 1, 2020.

This Memorandum of Understanding constitutes the complete agreement of the parties with respect to changes in the Collective Bargaining Agreement reached between the undersigned on March 11, 2016.

For the Organization:

Transportation Workers Union
of America

John Feltz
President
TWU Local 2001

For the Company:

New Jersey Transit Rail Operations

S. M. Drayzen
Deputy General Manager
New Jersey Transit Rail Operations

J. S. Baker
Director – Labor Relations

J. A. Devine III
Manager – Labor Relations

APPROVED:

Dennis J. Martin
Interim Executive Director
New Jersey Transit