

SIDE LETTER – 403

FLEXIBLE TIME OFF (FTO) BENEFIT

MEMORANDUM OF AGREEMENT

between

ELECTRIC BOAT CORPORATION (COMPANY)

and

MARINE DRAFTSMEN'S ASSOCIATION MDA-UAW LOCAL 571 (UNION)

SIDE LETTER – 403- FLEXIBLE TIME OFF (FTO) BENEFIT

WHEREAS, under the November 5, 2016 through October 9, 2020 collective bargaining agreement (2016-2020 CBA), Union employees have vacation time under Article XIV and personal time under Article XVI;

WHEREAS, the Company and Union engaged in interest based bargaining (IBB) for the successor to the 2016-2020 CBA;

WHEREAS, during IBB, the Company and Union identified a common desire to consolidate employee vacation time and personal time with a new FTO benefit that is easier to understand, track and provide greater flexibility;

WHEREAS, the Company and Union agree that FTO must be balanced with greater predictability and accountability to support operational needs;

WHEREAS, after developing and evaluating joint interests, this side letter sets out the agreement detailing a transition process to the FTO benefit, along with the FTO guidelines to ensure employees and management understand this new benefit;

WHEREAS, there are numerous programming and manual changes required to implement the FTO benefit which will take significant time and effort by the Company;

WHEREAS, because of these challenges, the Company cannot immediately implement this benefit upon ratification of the successor to the 2016-2020 CBA;

NOW THEREFORE, the Company and Union agree to the following:

1. Upon ratification of the successor to the 2016-2020 CBA, the Company will evaluate and then implement all necessary changes to consolidate vacation and personal time benefits and replace it with a new FTO benefit, the particulars of which are detailed below (Paragraph 8).

2. The vacation benefit under Article XIV and the personal time benefit under Article XVI will cease to be available to employees after December 31, 2021 because it will be replaced with the new FTO benefit on January 1, 2022.
3. Consistent with the existing practice between the parties, all personal time dollars not used by December 31, 2021 will be paid out as soon as administratively possible in 2022 and all personal time hours not used by December 31, 2021 will not roll over.
4. Consistent with the existing practice between the parties, in the last week of June 2021, employees will receive their unused vacation dollars for July 2020 through June 2021.
5. For July 2021 through December 2021, employees will get six (6) months of vacation dollars. Employees will receive two (2) months of vacation dollars up front in July 2021. The remaining four (4) months of vacation dollars will be earned on a monthly accrual through December 2021. (E.g. an employee with 5 years of service has 48 hours of vacation dollars in a six month period. In July 2021, employee gets 2 months of vacation dollars which is 16 hours. The remaining balance of vacation dollars between July and December, which is 32 hours, will be divided by 6, the number of months for the rest of the year. This monthly accrual, which is 5 and 1/3 hours of vacation dollars, is earned for each month worked.)
6. There will be an additional pay out to employees who have unused vacation dollars on December 31, 2021. This payout will occur as soon as administratively possible in 2022.
7. All vacation time hours not used by December 31, 2021 will be carried over into 2022 and will become FTO hours. Consistent with the existing practice between the parties, no more than one year's worth of allotted vacation hours will be carried from 2021 into 2022. (E.g. an employee with 5 years of service has 70 out of 96 vacation hours not used on December 31, 2021. The employee can carry those 70 unpaid hours into 2022 where they will become FTO hours. If an employee had 100 vacation hours on December 31, 2021, the employee would lose 4 vacation hours and would have the full carryover amount of 96 hours carry into 2022 where they will become FTO hours.)
8. Effective January 1, 2022, Article XIV (Vacation Time) and Article XVI (Personal Time) will be replaced with a new FTO benefit the particulars of which are as follows:

Section 1- Use of FTO

- a. Consistent with the existing practice between the parties, employees will earn FTO dollars and hours and retain the ability to use the two separately. It will be the employee's responsibility to initiate a payout of FTO dollars and it is the responsibility of supervision to administer and approve FTO hours in the time and attendance system (currently ATA).

Section 2- FTO Schedule effective January 1, 2022

- a. All employees shall be entitled to a FTO benefit corresponding to the employee's appropriate years of service as detailed below in Table 1. Under no circumstances, other than what is identified herein, will any employee accrue, in any calendar year, a total of FTO time and dollars in excess of that provided for in Table 1.

Table 1: FTO Schedule Effective January 1, 2022

Years of Service	Total FTO Benefit	Monthly Accrual											
		Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
< 1 Year*	60												
1 - 5 Years	120	46.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
5 - 10 Years	156	60.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7
10 - 20 Years	180	70.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
20+ Years	220	85.6	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2
Pre-6/9/83 Hires in Admin Level II, III	230	89.4	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8
Pre-6/9/83 Hires in All Other Titles	260	101.1	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4

*New hire hours and pay will be pro-rated upon hire date. See Section 3.

Section 3- FTO Schedule for New Hires

- a. New hires will receive FTO hours, pro-rated based upon the hire date. FTO hours will be front loaded at the time of hire. (E.g. an employee hired in July would get a 6/12th allocation which would be 30 FTO hours.)
- b. New hires receive an additional allocation of twenty (20) unpaid FTO hours at their 90th day of employment. These twenty (20) unpaid FTO hours will be lost if not used by the end of the calendar year earned.
- c. New hires will receive FTO dollars, pro-rated based upon the hire date. One third (1/3rd) of the FTO dollars will be front loaded at the time of hire. (E.g. an employee hired in July would get a 6/12th allocation which would be 30 FTO dollars. 1/3rd of the FTO dollars, which is 10 hours, would be front loaded at the time of hire.)
- d. New hires hired on or before the 15th day of the month shall be entitled to FTO dollars for that month.
- e. New hires hired after the 15th day of the month shall not be entitled to FTO dollars for that month.

Section 4- Crediting of FTO dollars

- a. FTO dollars earned will be credited in the time and attendance system (currently ATA) the next full pay period after the 15th of each month.

Section 5- FTO Dollar Pay

- a. FTO dollars are paid out at the employee's current base rate, including shift premium.

Section 6- FTO Percentages

- b. Employees hired prior to June 9, 1980:
 1. Employees who have received more than 2,080 straight time pay hours during the twelve-month period ending June 1 shall receive the greater of (1) annual FTO pay calculated as set forth under Table 1, or (2) annual FTO pay on a percentage basis calculated according to the following schedule:

<u>Length of Service</u>	<u>Percentage Payment</u>
Up to 10 yrs (including shift premium)	4.61% (New Percentage 7.5%) of straight hours paid
10 yrs to 20 yrs (including shift premium)	5.77% (New Percentage 8.65%) of straight time hours paid
20 yrs or more paid (including shift premium)	7.69% (New Percentage 10.58%) of straight time hours
20 yrs or more (Pre 6/9/83 – Admin) hours paid (including shift premium)	(New Percentage 11.06%) of straight time
20 yrs or more (Pre 6/9/83 – Other) hours paid (including shift premium)	(New Percentage 12.5%) of straight time

The percentage calculation shall be made for the twelve (12) month period ending December 31st.

- c. Employees hired on or after June 9, 1980 through December 31, 2006:
 1. Employees who have received more than 2,080 straight time pay hours during the twelve-month period ending June 1 shall receive the greater of (1) annual FTO pay calculated as set forth under (a) above, or (2) annual FTO pay on a percentage basis calculated according to the following schedule:

<u>Length of Service</u>	<u>Percentage Payment</u>
Up to 1 yr (including shift premium)	1.92% (New Percentage 2.88%) of straight time hours paid

1 yr to 5 yrs (including shift premium)	3.85% (New Percentage 5.77%) of straight time hours paid
5 yrs to 10 yrs (including shift premium)	4.61% (New Percentage 7.5%) of straight time hours paid
10 yrs to 20 yrs (including shift premium)	5.77% (New Percentage 8.65%) of straight time hours paid
20 yrs or more paid (including shift premium)	7.69% (New Percentage 10.58%) of straight time hours

The percentage of calculation shall be made for the twelve-month period ending December 31st.

- d. Employees hired on or after January 1, 2007 are not eligible for FTO percentages.

Section 7- FTO Dollars Must be Used by December 31st

- a. FTO dollars must be used no later than December 31st of each year or it will be paid out as soon as administratively possible in the following year.

Section 8- FTO Hours Maximum Balance

- a. The maximum FTO hour balance an employee is permitted to carry over from one year to the next is one times (1x) the employee's annual amount. Any unused hours over this maximum will be lost at the conclusion of the calendar year. (E.g. a 5th year employee gets 156 FTO hours. The employee uses no FTO hours in year one and they roll over 156 FTO hours. In year two the employee gets an additional 156 FTO hours. At that time they have 312 FTO hours to use in year 2. If the employee only uses 100 FTO hours in year 2 then the employee will have 212 FTO hours at the end of the year (312-100), which is over the maximum balance, which is 156 FTO hours, by 56 FTO hours (212-156=56). The employee will lose 56 FTO hours and carry over 156 FTO hours on the first day of year 3.)

Section 9- Terminations

- a. Upon separation from employment, an employee shall, at the time she/he receives final pay, receive unpaid FTO dollars. This final payout is subject to any funds owed to the Company.
- b. Employees separating from employment, for any reason, on or after the 15th of the month will receive their additional FTO dollar accrual for that month. Employees separating from employment, for any reason, prior to the 15th of the month will not receive their additional FTO dollar accrual for that month.
- c. FTO may not be used to extend the last day worked for all separating employees.

Section 10- Anniversary Milestones

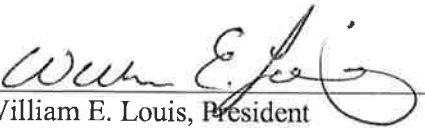
- a. Employees reaching an anniversary date resulting in a higher accrual rate and a higher carryover limit will receive the higher accrual rate and the new maximum at the beginning of the year, January 1st.

Section 11- FTO Guidelines

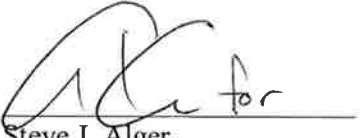
- a. FTO can be taken in six (6) minute or larger increments.
- b. If an employee retires or is terminated for lack of work, unused FTO dollars to the employee's credit will be paid at the employee's base rate at the time of termination as soon as administratively possible.
 1. All employees hired before June 9, 1983, and in a job classification within Design Levels I, II, III and IV, and Administrative Level I who retired under the 2016-2020 CBA received 100 hours of paid personnel hours if they retired on January 1st of each year. Under the new FTO policy this group of employees would only receive 86.7 hours of paid FTO if they retire from January 1st through January 14th. In recognition of the significant service provided by this group of employees (all employees hired before June 9, 1983, and in a job classification within Design Levels I, II, III and IV, and Administrative Level I), the Company and Union agree that if one of these employees retires between January 1st and January 14th of each year they will receive no less than 100 hours of FTO dollars, which is what they would have received under the 2016-2020 CBA.
- c. If an employee dies with unused, earned FTO dollars, payment of such FTO dollars shall be made to the authorized legal representative of the estate of the deceased employee or the person(s) legally authorized to make distribution of the deceased employee's estate.
- d. An employee who regresses into the bargaining unit from a supervisory position will earn FTO based on the method in which they received FTO (or vacation pay under a previous collective bargaining agreement) prior to their promotion to supervisor.
- e. FTO will cease to accrue on a monthly basis immediately for all unpaid leaves of absences in a suspense department, with the exception of unpaid military leave of absence (this does not apply to the 1/3 drop each January). FTO hours accrued during military leave will be awarded upon the employee's return to work.
- f. When a scheduled holiday falls within an employee's FTO period, that holiday shall not be counted as a day of FTO.
- g. An employee may defer scheduled FTO, or interrupt FTO, for bereavement at any time, including total plant shutdown. In all cases, the employee must notify his or her supervisor and charge his or her time, in whole days, to bereavement.

- h. When using FTO for planned absences (e.g. vacation, events, and leaving early), employees must obtain management approval before scheduling FTO.
 - i. When using FTO for unplanned absences that are not an emergency employees should notify management, as soon as possible, about the need and the reason for using FTO and get supervisor approval, since management approval for the use of FTO is required.
 - j. When using FTO for unplanned absences where there is an emergency (e.g. leaving early because of an employee illness/day care issue), employees should notify management as soon as possible.
 - k. The Company and Union agree to the following concerning the call in procedure:
 - 1. An employee must personally call in to management before the shift or up to 1 hour into the shift.
 - 2. An employee who fails to follow part k(1) above due to an emergency will be handled on a case by case basis.
 - l. If an employee demonstrates a pattern/practice of FTO abuse, the Company can deny FTO requests and/or subject the employee to discipline.
 - m. The Union agrees to cooperate with the Company to discourage the use of FTO for excessive absences and lateness without legitimate cause.
9. Effective January 1, 2022, the Company and Union agree that all references to “vacation time”, “personal time” and “sick time” in the Articles, Memoranda of Agreement and Side Letters will be considered a reference to “flexible time off”. Other than the interchange of these terms there is no intent on the part of the Company and Union to create any new rights and/or obligations.

AGREED to and APPROVED by the undersigned this ____ day of October 2020.



William E. Louis, President
MDA-UAW Local 571



Steve J. Alger
Sr. Manager of Labor Relations