

**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN**  
**THE AMERICAN RAILWAY AND AIRWAY SUPERVISORS**  
**ASSOCIATION**  
**REPRESENTING**  
**SUPERVISORS IN THE MAINTENANCE OF WAY DEPARTMENT**  
**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, 2004, through June 30, 2008. This Memorandum of Understanding is subject to ratification by the membership of the American Railway and Airway Supervisors Association and final approval by the New Jersey Transit Board of Directors.

This agreement amends the agreement between the American Railway and Airway Supervisors Association and New Jersey Transit Rail Operations (NJTRO) as amended. 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.

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**The American Railway and Airway Supervisors Association((MW)**  
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**1. Wages:**

Effective January 1, 2005, all current wage rates shall be increased as follows:

Effective January 1, 2005 all current wage rates will be increased by one and one half (1.5%) percent.

In addition, effective January 1, 2005, all employees represented by the Organization, except those dismissed for cause, will receive a lump sum payment of five hundred dollars (\$500).

Effective July 1, 2005, all current wage rates shall be increased by one and one half (1.5%) percent.

Effective July 1, 2006, all current wage rates shall be increased by one and one half (1.5%) percent.

Effective January 1, 2007, all current wage rates shall be increased by two (2%) percent.

Effective July 1, 2007, all current wage rates shall be increased by two (2%) percent.

Effective January 1, 2008, all current wage rates shall be increased by two (2%) percent.

The wages payable due to the one and a half (1.5%) percent general wage increase effective January 1, 2005 through June 30, 2005, and the wages payable due to the one and a half (1.5%) percent general wage increase effective July 1, 2005 through June 30, 2006, and one and a half (1.5%) percent general wage increase effective July 1, 2006 to January 30, 2007 will be paid on or before March 15, 2007. As regards to the \$500.00 lump sum payment employees must have worked a minimum of 1,000 hours in calendar year 2004 to receive payment which shall be payable on or before February 15, 2007. The new hourly rates effective July 1, 2006 will go into effect on January 31, 2007.

Regarding the one and a half (1.5%) percent general wage increase effective January 1, 2005, and the one and a half (1.5%) percent wages general wage increase effective July 1, 2005 and the one and a half (1.5%) percent effective July 1, 2006 it is agreed that retired employees and employees who otherwise left service (except for those dismissed for cause, who if reinstated will receive the increase due) will receive such payments for all hours compensated during such periods.

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**2. Health and Welfare Modification:**

The provisions of this Section 2 shall apply effective sixty (60) days following ratification with respect to hospital, surgical and medical benefits, and life and accidental death and dismemberment insurance benefits for active employees covered by this agreement as of the date of ratification:

- a. Modify COBRA entitlement of surviving spouse of active employee who is not eligible for retirement to provide six (6) months of free coverage, and thirty (30) months of COBRA coverage.
- b. Surviving spouse of active employee with at least thirty (30) years of service and at least (sixty) 60 years of age prior to death will be eligible for retiree health plan benefits.
- c. Choice of Supplemental Life Insurance of \$25,000 or \$50,000 may be made at any time when proof of insurability is provided.
- d. Effective the first month following ratification, employee contribution towards health care premium will be \$50.00 per month.
- e. Effective July 1, 2007, employee contribution towards health care premium will be \$75.00 per month.

<b>\$50 Per Month</b>		<b>\$75 Per Month</b>	
<b>Weekly Contribution</b>		<b>Weekly Contribution</b>	
Before Tax	\$12.50	Before Tax	\$18.75
After Tax	\$7.50	After Tax	\$11.25

- f. Effective with the date of ratification, the traditional health plan will not be available for enrollment to new hires. Effective July 2007, employees that were employed by NJTRO as of the date of ratification will have one last opportunity to enroll in the traditional health plan. Upon completion of the 2007 enrollment period, the traditional health plan will not be available for any future enrollment(s).
- g. Effective January 1, 2007 employees may elect to establish a Health Care Flexible Spending Account (FSA) or a Dependant Care Flexible Spending Account (FSA) with minimum and maximum annual employee contributions as noted below.

	<u>Minimum</u>	<u>Maximum</u>
Health Care FSA	\$240	\$1000
Dependant Care FSA	\$240	\$5000

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Funds remaining in a Flexible Spending Account at the end of a calendar year may not be carried into the following year and are not refundable.

h. Dental Benefit:

Effective January 1, 2007, the annual maximum benefit of the Triple Option PPO Plan will be increased to \$2,000 for the following:

Class I – Preventative and Diagnostic  
Class II – Basic Restoration  
Class III – Major Restoration

i. Eye Care: Rule 12

Effective January 1, 2007, the eye care provision will be changed as follows:

The maximum allowances set forth in Rule 12 will be increased as follows:

\$75.00 for Prescription Eye Glasses or contact lenses  
\$100.00 for Bi-focals or more complex prescriptions.

The maximum allowances for an eye examination will be increased to \$75.00. This payment will be made for an annual eye examination.

Rule 12 is changed to the extent that the payment referred to in paragraph (1) will be made for an annual eye examination.

k. Effective January 1, 2007 oral contraceptives will be covered under the plan for female employees and the eligible female dependents of male employees.

3. **Rule 3-Trial Period:**

Add the following as paragraph (k) of Rule 3:

An employee initially entering service under the ARASA-MW Agreement including those promoted from another Craft, will be subject to a probationary period of up to ninety (90) calendar days. An employee disqualified pursuant to this rule will be released from his appointed position and will not be considered as having established seniority under this Agreement

4. **Rule 12 – Sick Allowance – Supplemental Sickness (Applicable to employees enrolled in the Supplemental Plan):**

Effective as soon as practicable following ratification, but no earlier than January 1, 2007, the NJ Transit Supplemental Sickness Benefits will be amended. The “Basic Benefit Amount” provided under the Plan shall be revised to reflect wage rates in effect as of July 1, 2006. Thereafter, on the first day after the final date of each contract term, the “Basic Benefit Amount” will be revised again to reflect the wage rates in effect as of the final date of the contract term.

5. **Rule 12 – Sick Allowance (Applicable to employees enrolled in the NJTRO sponsored Supplemental Plan):**

Effective January 1, 2007 , the following Rule 12 (g) (4) is changed to read:

An employee who leaves NJ Transit Rail service for any reason other than termination for cause, with a minimum of ten (10) years of continuous service at the time of separation, will be entitled to a cash severance payment of ninety (90%) percent of the daily rate of pay of the last position held for all accumulated but unused sick days to a maximum of fifteen thousand dollars (\$15,000).

6. **Rule 12 – Sick Allowance (Applicable to employees enrolled in the NJTRO sponsored Supplemental Plan):**

Add to section (g) the following:

Effective date of ratification, employees covered by this provision will have the option, in December, of each year, of receiving 100% payment for the unused sick days (up to 5 days) from the current year allotment, or placing the unused sick days in his/her sick leave reserve.

7. **Rule 13 – Vacation:**

Effective the first full calendar year following the date of ratification, vacation leave shall be paid based on either (a) a weekly rate equal to one-fifty second (1/52<sup>nd</sup>) of the employee's gross annual compensation earned during the prior calendar year, or (b) a weekly rate determined as per the provisions of Rule 13(f) above, whichever is greater. For this purpose, "gross annual compensation" shall mean all W-2 earnings.

8. **Rule 20 - Bereavement :**

Effective sixty (60) days following ratification, Rule 20 is changed to the extent that the employee's grandparents and grandchildren are included as relatives for which bereavement leave will be allowed.

9. **Rule 21- Non-Discrimination:**

Effective with the date of ratification, Rule 21 is changed to read:

The parties to this Agreement recognize their respective obligations under Title VII of the Civil Rights Act of 1964; New Jersey Law Against Discrimination, N.J.S.A. 10:5-1 et seq. and pledge to comply with all Federal and State laws dealing with non-discrimination. More specifically, all personnel actions and conditions of employment including but not limited to, recruitment, hiring, training, education, promotion, compensation, transfers, layoffs, return from layoff, discipline, termination, social and recreational programs and all other terms, benefits, privileges of employment and representation will be administered without regard to race, color, religion, sex, pregnancy, affectional or sexual orientation, atypical heredity cellular or blood trait, national origin, age, ancestry, marital status, veteran (including liability for service in the armed forces), disability, or genetic status, refusal to submit to a genetic test or to make available the results of a genetic test.

Sexual harassment is considered a form of sex discrimination. No individual shall be subjected to unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature or that is gender-based when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual, or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating,

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hostile or offensive work environment. Such conduct includes, but not limited to, one or more instances of sexually oriented remarks, jokes, innuendo, touching, holding, grabbing, hugging, kissing, staring at a person's body, leering, cartoons, posters, gestures and persistent requests for dates after being refused. Racial, religious or ethnic slurs and other verbal or physical conduct relating to an individual's religion, national origin, ancestry, color sex, pregnancy, affectional or sexual orientation, atypical heredity cellular or blood trait, age, ancestry, marital status, veteran (including liability for service in the armed forces), disability, or genetic status, constitute forms of prohibited discrimination.

Reasonable accommodation for an individual's disability and religious beliefs and practices will be made to the extent the accommodation does not create an undue hardship. The parties agree to ensure the prompt investigation and fair resolution of any and all complaints of discrimination; and to protect against adverse treatment of any individual who has made a complaint of discrimination. Individuals who believe they have been discriminated against in a manner pursuant to the aforementioned should contact the parties of this agreement.

**10. Moratorium:**

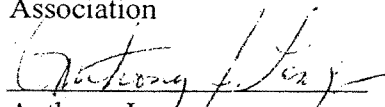
There shall be a moratorium on the serving of Section 6 Notices until April 1, 2008, any changes not to become effective before July 1, 2008.

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**The American Railway and Airway Supervisors Association(MW)**  
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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 12/6/06.

For the Organization:

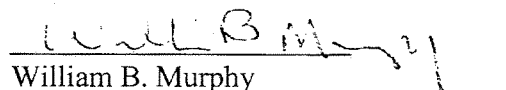
American Railway and Airway Supervisors  
Association

  
Anthony Longo

General Chairman

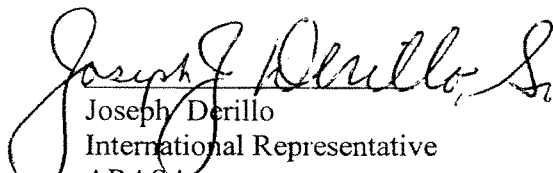
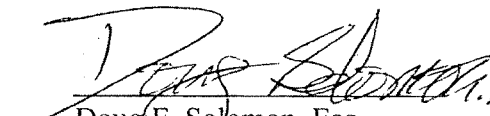
For the Company:

New Jersey Transit Rail Operations



William B. Murphy  
Deputy General Manager

Labor Relations & Administration

  
Joseph Derillo  
International Representative  
ARASA  
Doug E. Solomon, Esq.  
Labor Counsel



SIDE LETTER No.1

to

MEMORANDUM OF UNDERSTANDING

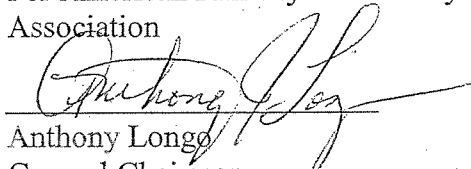
between

The American Railway and Airway Supervisors Association and New Jersey Transit Rail Operations


Dated: December 6, 2006

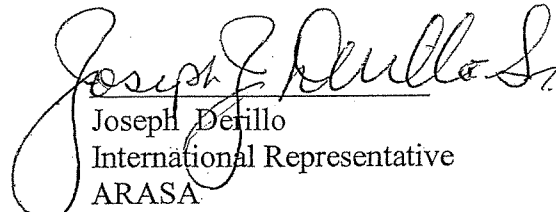
With regard to Item 9 Non-Discrimination, of the above mentioned memorandum, it is understood and expressly acknowledged that the provisions therein do not constitute a waiver or forfeiture of any right an employee has, or may have, to file a charge with the federal Equal Employment Opportunity Commission or its state equivalent and to progress such charge to conclusion which may include filing and progression of the appropriate court action in accordance with relevant and applicable law.

For American Railway and Airway Supervisors Association

  
Anthony Longo  
General Chairman

For New Jersey Transit Rail Operations

  
William B. Murphy  
Deputy General Manager  
Labor Relations & Administration

  
Joseph Deillo  
International Representative  
ARASA

  
Doug E. Solomon  
Labor Counsel