

**Memorandum Agreement
Between
Brotherhood Railway Carmen Division
Transportation Communications International, AFL-CIO, CLC**

The Northern Indiana Commuter Transportation District ("District") and the Brotherhood Railway Carmen Division, Transportation Communications International Union, AFL-CIO, CLC ("Organization") in full settlement of outstanding Section 6 Notices between the District and the Organization agree to amend the existing collective bargaining agreement between the parties as follows:

I. COMPENSATION

A. General Wage Increase

The base rates for employees covered under this agreement will be as follows:

1. January 1, 2008 - All hourly rates of pay effective on December 31, 2007 for employees covered by this agreement shall be increased in the amount of 3.5%. In addition the COLA in effect January 1, 2008 per Section I, E shall be rolled into the base wage rate. A \$500 signing bonus shall be paid within the first 30 days after signing to employees covered by this agreement.
2. January 1, 2009 - All hourly rates of pay in effect on December 31, 2008, for employees covered by this agreement shall be increased in the amount of 3%.
3. January 1, 2010 - All hourly rates of pay in effect on December 31, 2009, for employees covered by this agreement shall be increased in the amount of 3%.
4. January 1, 2011 - All hourly rates of pay in effect on December 31, 2010, for employees covered by this agreement shall be increased in the amount of 3.25%.
5. January 1, 2012 - Resume COLA

B. Car Cleaner Wage Adjustment

Car cleaners covered under this agreement on January 1, 2008, shall receive a one-time increase of \$0.74 cents per hour in the first year of the contract in lieu of the 3.5% increase. Regular wage increases provided in the agreement to follow in years two, three and four of the contract.

C. Application of Wages

The increase in wages provided for in this section shall be applied in accordance with the current wage or working agreement. Special allowances not included in fixed hourly rates of pay for all services rendered and arbitraries representing duplicate time payments will not be increased. Overtime hours will be computed in accordance with the rules applicable to the calculation of overtime.

D. Disposition of Fractions

Rates of pay which end in fractions of a cent shall be rounded to the nearest whole cent, fractions less than one-half cent shall be dropped, and fractions of one cent or more shall be increased to the nearest full cent.

E. Cost of Living Allowance

The current Cost of Living ("COLA") Adjustment of \$0.11 per hour shall be rolled into the rates of pay on January 1, 2008. COLA payments shall then cease and shall not accrue. COLA payments shall commence again effective January 1, 2012, with an hourly allowance amount calculated in accordance with the formula, attached hereto as Exhibit 1, and shall continue at six (6)-month increments until such time as the issues associated with Section 6 notices served in 2011 are resolved. The cost of living allowance set forth as Exhibit 1 will be calculated as a separate allowance and is not part of the basic rate of pay.

F. Hostler Pay

An arbitrary of \$2.50 per day will be paid to licensed Carmen when operating equipment as terminal Carmen. The arbitrary is not subject to overtime or other adjustments. The arbitrary is not subject to COLA or other changes to the base wage rate.

G. Lead Carmen Pay

Lead Carmen will receive an increase to \$0.75 cents per hour over the carmen's rate in the first year of the contract and an increase to One Dollar (\$1.00) per hour over the carmen's rate in the second year of the contract.

H. Outside Maintenance by Shop Carmen

Shop Carmen will receive an additional \$0.50 cents per hour differential for work per management direction requiring them to leave the New Shops or Mid-Life Building to repair or provide for a maintenance problem outside in the yard at Michigan City, Indiana.

II. HEALTH AND WELFARE

It is the intent of the Parties to provide benefits identical to the current TCU National Plan, with the exception of the cost-sharing provisions of the January 23, 2003, National Agreement, which are modified herein.

As soon as it is practicable after the effective date of this Agreement, the District shall provide the Employees with the benefits of the Railroad Employees National Health and Welfare Plan ("the Plan") as modified through and including the TCU National Agreement of January 23, 2003, and as further modified by this Article in respect to employees represented by the Organization and their eligible dependents. Such benefits shall be continued subject to the provisions of the Railway Labor Act until superceded by a subsequent agreement.

A. Employee Cost Sharing Contributions

The cost-sharing provisions of the January 23, 2003, TCU National Agreement shall not apply to the Employees. Instead, effective January 1, 2008, each employee covered by this agreement shall contribute \$60.00 per month to the Plan for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage, and such contributions shall be on a pre-tax basis. The contributions herein shall be as follows: January 1, 2009, \$75.00 per month; January 1, 2010, \$85.00 per month; and January 1, 2011, \$100.00 per month until superceded by a subsequent agreement.

B. Opting Out of Health Insurance Coverage

During a prescribed election period preceding January 1, 2008, and preceding each January 1 thereafter, employees who advise the Plan or its designee in writing that they have medical, mental health/substance abuse, and prescription drug coverage through another source may choose once a year to forego coverage for foreign-to-occupation health benefits for themselves and their dependents under the Plan. Such election is hereafter referred to as an "Opt-Out Election" and, where exercised, will eliminate the District's obligation to pay medical insurance premiums for the employee and his dependents, if any. Each employee who makes such an election will be paid by his employer \$100.00 for each month that his employer would have been required to make a contribution to the Plan on his behalf for health insurance. If an event occurs that results in the loss of the other source of coverage that permitted an employee to opt-out of the coverage described above, the employee may, upon providing the Plan or its designee with proof satisfactory to it of the loss of coverage, revoke his election to forego coverage for foreign-to-occupation health benefits and will thereupon, along with his dependents, be once again covered for foreign-to-occupation health benefits either by the Plan and will not receive any further \$100.00 per month opt-out payment from his employer, but only if he would have been covered by the Plan on the date of such revocation had he not earlier made the election to forego coverage for foreign-to-occupation health benefits.

An employee who opts out will be opting out of FO health coverage only, and (if he otherwise satisfied eligibility and any existing requirements) will continue to have on-duty injury coverage and any existing life and AD&D insurance coverage.

The \$100/month bonus will not be payable to an employee who opts out if:

1. the husband and wife are each covered by the Plan (or the NRC/UTU Plan); or
2. the employee is the spouse of a railroad retiree who participates in the Railroad Employees National Early Retirement Major Medical Benefit Plan; or
3. if the District, in any given month, would not have been required to make a contribution to the Plan on behalf of the employee's health insurance.

An employee who is ineligible to receive the \$100.00/month bonus for the reasons stated in (1), (2) or (3) above may still elect to opt-out of coverage and will not have to make the cost-sharing payments described above in Section II A.

An employee described in (1), (2) or (3) above who opts out will continue to receive coordination of benefits as if he were still fully covered by the Plan.

III. MISCELLANEOUS

A. Non-operating Terminal Board

The District shall create a Non-Operating Terminal Board to be filled in seniority order when a Carmen has a temporary license revocation.

B. Right Not to Fill Positions

The Organization agrees to allow the Carrier the right not to fill a terminal Carmen position if work is not needed at the discretion of the supervisor.

C. Incremental Vacation Days

Members under contract with the BRC/TCIU (AFL-CIO, CLC) will be allowed to split two weeks of their vacation in one or more increments.

IV. EFFECTIVE DATE

- A. The purpose of this Agreement is to fix the general level of compensation during the period of the Agreement, and to settle the disputes growing out of the notices served by the Parties dated November 1, 2007, and thereafter. This Agreement shall remain in effect through December 31, 2011, 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, prior to November 1, 2011, (not to become effective before January 1, 2012) any notice or proposal for the purpose of changing the subject matter of the provisions of the Agreement or which proposes matters covered by the proposals of the parties cited in Paragraph A of this Section, and any proposals in pending notices to such subject matters are hereby withdrawn.

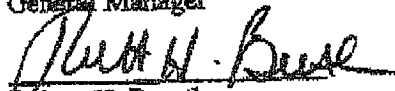
- C. No party to this Agreement shall serve or progress, prior to November 1, 2011, (not to become effective before January 1, 2012) any notice or proposal which might properly have been served when the last moratorium ended on November 1, 2007.
- D. This Article will not bar the parties from agreement upon any subject of mutual interest. This agreement is made with the effective date of January 1, 2008, and is effective as set forth herein.
- E. New wage rates reflected in this Agreement will be implemented for the first full pay period following the signing of the Agreement. Wage adjustments to reflect January 1, 2008, contract commencement and signing bonus will be paid within 30 days from the signing date of the agreement.

Signed and agreed to this 15th day of April, 2008

FOR THE DISTRICT:



Gerald R. Hanas
General Manager



Robert H. Bernth
Director of Human Resources &
Labor Relations

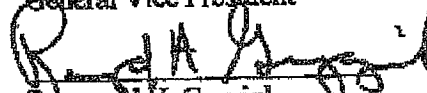
FOR THE ORGANIZATION:



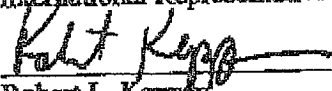
Richard A. Johnson
General President



Alexander M. Novakovic
General Vice President



Raymond H. Grygiel
International Representative



Robert L. Keppen
Local Chairman

Cost-of-Living Allowance and Adjustments Thereto After January 1, 2012

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

(a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Part, 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 January 1, 2012 based, subject to paragraph (d), on the BLS CPI for September 2010 as compared with the BLS CPI for March 2011. 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 (d)(iii), according to the formula set forth in paragraph (e).

<u>Measurement Periods</u>		<u>Measurement Month</u>	<u>of Adjustment</u>
<u>Effective Date</u>	<u>Base Month</u>		
September 2010	March 2011	January 1, 2012	
March 2011	September 2011	July 1, 2012	

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

(b) 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 arbitrations representing duplicate time payments.

(c) 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.

(d) (i) Cap. In calculations under paragraph (e), 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>
January 1, 2012	3% of September 2011 CPI
July 1, 2012	6% of September 2011 CPI, less the increase from September 2010 to March 2011

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 (e), 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 2010 to the measurement month of March 2011 exceeds three percent (3%) of the September 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 tenth of points which had been dropped under paragraph (e) below in calculation of the cost-of-living adjustment which will have become effective January 1, 2012 during such measurement period.

(iv) Any increase in the BLS CPI from the base month of September 2010 to the measurement month of September 2011 in excess of six percent (6%) of the September 2010 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.

(e) Formula. The number of points change in the BLS CPI during a measurement period, as limited by paragraph (d), 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 in effect on June 30, 2012 will be adjusted (increased or decreased) effective July 1, 2012 by the whole number of cents produced by dividing by 0.3 the number of points (including tenths of points) change, as limited by paragraph (d), in the BLS CPI during the applicable measurement period. Any residual tenths of a point 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 June 30, 2012 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.

(f) 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.