MEMORANDUM OF UNDERSTANDING

BETWEEN

THE INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS

REPRESENTING

MACHINISTS

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 January 1, 2020, through June 30, 2024.

This Memorandum of Understanding is subject to ratification by the membership of the IAMAW and final approval by the New Jersey Transit Board of Directors.

This Agreement amends the agreement between IAMAW and New Jersey Transit Rail Operations (NJTRO) amended through December 31, 2019. 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 provisions of the Railway Labor Act, as amended. The rule changes set for in this Memorandum of Understanding shall be effective upon date of ratification unless otherwise specified.

1. **Wages**

Effective July 1, 2020, wages shall be increased two percent (2%) over the rates in effect on June 30, 2020.

Effective July 1, 2021, wages shall be increased two and one quarter percent (2.25%) over the rates in effect on June 30, 2021.

Effective January 1, 2022, wages shall be increased two- and one-quarter-percent (2.25%) over the rates in effect on December 31, 2021.

Effective July 1, 2022, wages shall be increased two- and one-half percent (2.5%) over the rates in effect on June 30, 2022.

Effective July 1, 2023, wages shall be increased three (3%) over the rates in effect on June 30, 2023.

2. **Retroactive Wages**

Every active employee, any employee who died during the term of agreement from January 1, 2020 up to ratification, any employee who retired with a Railroad Retirement annuity between January 1, 2020 and full and final ratification, as well as any employee who resigned and who was not in and out of service status for a dismissal at the time or subject to a pending dismissal from a serious disciplinary charge shall receive payment for service under the above schedule, said retroactive payment to be made by November 25, 2021 or as soon as practical but in no event later than 90 days after full ratification.

3. **Holiday**

Add Juneteenth as a holiday.

4. **Bereavement Leave**

Add Step-parent. Employees may attend the funerals for any of the persons covered by this rule on any of the three (3) bereavement days.

5. **Paying Off**

All payroll, including shortage adjustments and expense payments, will be made electronically, via direct deposit only. Paper paychecks and pay advices are discontinued.

6. **Electronic Communication**

The parties recognize that this provision is not subject to negotiations, however, for sale of clarity, the parties have agreed to insert this provision in the Instant Memorandum of Understanding. Namely, NJTRO and NJT corporation will use electronic communication to the email address furnished each employee for various notices from the Human Resources, Pension, EEO, Employee Benefits and other Departments. Correspondence from the NJTRO Transportation and Labor Relations Departments shall continue by current methods.

7. **Health and Welfare Benefits**

a. Change the out-of-network reimbursement methodology from 80% of Fair Health to 180% of Centers of Medicare and Medicaid Services (CMS) standard.

b. Add Dispense as Written (DAW) cost containment provision for prescription drug plan.

c. All prescription drugs to be filled using National Preferred Formulary (NPF) standard.

d. Specialty drugs to be filled via mail order only. In a situation following the initial prescribing of a medication by a physician in which the employee or dependent must commence use of the medication immediately, the drug may be filled once at a retail pharmacy.

e. Effective July 1, 2022, the requirement for NJT to provide "triple option" dental plans shall terminate. NJT will seek quotes from various insurance companies to provide employees with dental plans of equal or better provisions than at present.

f. There will be no "true up" of health contribution increases, as provided in the Memorandum of Understanding dated June 24, 2016. Additionally, there will be no health premium increases during the term of this Memorandum of Understanding.

g. Effective July 1, 2022, the HMO plan will be discontinued and all employees in that plan will be placed in a new EPO Plan, which has coverage within as well as outside the State of New Jersey. This plan provides benefits equal to or greater than the HMO plan. The employee monthly premium for that plan will be $155 per month. Effective July 1, 2022, employees in the HMO Plan who have attained five (5) years of service may remain in the EPO Plan or transfer to the DA10 Plan, as stipulated in provision 5 (d) of the Memorandum of Understanding signed June 24, 2016. All employees hired on/after July 1, 2022, will be required to be in the EPO for their initial five (5) years of service, following which they may remain in the EPO Plan or transfer to the DA10 Plan, as stipulated in provision 5(d) of the Memorandum of Understanding signed June 24, 2016.

h. The Traditional Plan and the Enhanced Traditional Plan for retirees will be terminated and replaced with the DA10 Plan for all retirees and their spouses for those retirees who are at least 60 years of age and who have a minimum of 30 years of service with NJTRO. There will be no monthly contribution toward the premium of the DA10 Plan for retires and their spouses, and eligibility will be the same as with the Traditional Plan for retirees and their spouses.

8. **Claims**

All provisions which require automatic payment of claims if the Carrier fails to respond within time limits will be eliminated. Carrier's failure to respond within time limits will (a) require the Carrier to pay the claimant a two (2) hour penalty at straight time rates, and (b) automatically give the Organization the right to move the claim to the next step in the grievance procedure should they choose to do so.

9. **Term**

This Agreement shall continue in full force and effect from January 1, 2020 through June 30, 2024.

10. **Moratorium**

There shall be moratorium on the serving the Section 6 Notices until April 1, 2024, not become effective until July 1, 2024.

This Memorandum of Understanding constitutes the complete agreement of the parties with the respect to changes in the Collective Bargaining Agreement reached with the undersigned on September 25, 2021.

For the Organization:

James B. Orwan
General Chairman

Mark Perez
Local Chairman

Mike Perry
President Directing General Chairman

For the Company:

S.M. Drayzen
DGM- Labor Relations & Administration

J.A Devine, III
Director- Labor Relations (Administration)

APPROVED:

Kevin Corbett
President and CEO
New Jersey Transit Corporation