

**LABOR AGREEMENT**  
**BETWEEN THE**  
**LAKE SUPERIOR & ISHPEMING RAILROAD COMPANY**  
**("LS&I" or "Carrier")**  
  
**AND ITS**  
**EMPLOYEES REPRESENTED BY THE**  
  
**INTERNATIONAL ASSOCIATION OF MACHINISTS AND**  
**AEROSPACE WORKERS**  
**("IAMAW" or "Organization")**

**The parties to the Collective Bargaining Agreement hereby agree to the following changes to be effective as outlined below:**

**Article I – General Wage Increases**

(a) Effective January 1, 2015, all standard rates of pay in effect on December 31, 2014 for employees represented by IAMAW were increased by three (3) per cent pursuant to Article I, Section 3 of the August 9, 2010 Agreement between IAMAW and the LS&I, which provided that when the then on-going national negotiations were concluded, future rates of pay provided in the IAMAW national agreement would be adopted and applied on the LS&I. This three (3) per cent general wage increase was mutually negotiated to apply as the first-year increase of this five-year Agreement, the term of which runs from January 1, 2015 through December 31, 2019.

(b) The basic daily and hourly rates of pay in effect on the date of this Agreement shall be increased as follows:

July 1, 2016	2.0%
July 1, 2017	2.0%
July 1, 2018	2.5%
July 1, 2019	3.0%

(c) In determining new daily and hourly rates, fractions of .5 cent or higher shall be rounded to the next full cent and fractions of less than .5 cent shall be dropped.

(d) The new rates of pay resulting from the general wage increases provided in paragraph (b) of this Article are set forth in Attachment "A", hereto.

(e) Any retroactive pay between July 1, 2016 and the date that the Carrier implements the general wage increases will be paid as soon as possible and no later than thirty (30) days from the date the Carrier is notified in writing by the Organization of the ratification of this Agreement. Retroactive

payments will only be made to employees who have an employment relationship with the Carrier on the date of this Agreement or who have retired or died subsequent to July 1, 2016.

## Article II-Health & Welfare

Appendix "I – 2" Health & Welfare is amended, as follows:

- (a) The heading is amended to read as follows:

"HEALTH AND WELFARE (from August 9, 2010 Agreement, as amended by the September 26, 2018 IAMAW National Agreement)"

- (b) Section 1, thereunder, is amended to read as follows:

"Section 1. The Carrier shall continue to maintain the benefit levels currently provided through Blue Cross Blue Shield, which replicate those set forth in the national railroad Health & Welfare Plan ("Railroad Employees National Health and Welfare Plan"), the National Dental Plan, and the National Vision Plan currently applicable to IAMAW. All changes in benefit levels, co-pays, or other elements of the national plan contained in the September 26, 2018 IAMAW National Agreement that will become effective in 2019, will be made, effective January 1, 2019, to the self-funded plan administered by Anthem Blue Cross Blue Shield, the same as if the parties were a party to the said national agreement provisions."

- (c) Section 3, thereunder, is amended to read as follows:

"Section 3. Employees covered by the terms of this Agreement will make employee cost-sharing contributions of \$228.89 per month on the exact same terms as set forth in the September 26, 2018 IAMAW National Agreement, the same as if the parties were party to the said national agreement provisions. Employee cost-sharing contributions shall be handled as payroll deductions and made on a pre-tax basis, if allowed by law, and in that connection a Section 125 cafeteria plan will be established pursuant to this Agreement."

- (d) The changes in Health and Welfare Benefits contained in the September 26, 2018 IAMAW National Agreement are set forth in Attachment "B", hereto.

### Article III – Term and Effect of this Agreement

Rule 46 B. – Moratorium, Sections 1, 2 and 3 are amended to read as follows:


“Section 1. This Agreement is intended to fix the level of wages and Health & Welfare benefits during the period of this Agreement, and to settle the disputes growing out of the notice served by IAMAW upon the Carrier on November 1, 2014.

Section 2. During the term of this Agreement the parties shall not serve any notice or proposal for the purpose of changing the subject matter of the provisions of this Agreement or which proposes matters covered by the proposals of the parties cited in Section 1 of this Rule 46 B. Any proposals in pending notices are hereby withdrawn. This Agreement shall remain in effect through December 31, 2019, and thereafter until changed or modified under the terms of the Railway Labor Act, as amended. Neither party to this Agreement shall serve or progress, prior to April 1, 2020 (not to become effective before July 1, 2020), any notice or proposal.


Section 3. Any dispute or controversy that arises with respect to the interpretation, application or enforcement of the provisions of this Agreement which has not been resolved by the parties within thirty (30) days following written decision by Carrier’s highest designated officer may be submitted by either party to a Special Board of Adjustment for final and binding adjudication as provided in Section 3, Second of the Railway Labor Act. The parties may mutually agree to extend the time limits under this Section.”

This Agreement is entered effective the 27<sup>th</sup> day of September, 2018.

#### FOR THE ORGANIZATION:

  
\_\_\_\_\_  
Kyle K. Loos  
General Chairman  
International Association of Machinists  
& Aerospace Workers, District 19

#### FOR THE CARRIER:

  
\_\_\_\_\_  
Robert Fischer,  
Director, Labor and Employee Relations

# ATTACHMENT "A"

## RATES OF PAY

### SHOP CRAFTS Machinist Rates of Pay Effective July 1, 2016 IAM Increase is 2% over 1/1/15

		85%	92%
Gang Foreman-Machinists (Insp & .10 & .50)	\$32.70		
Machinist	\$31.85	\$27.08	\$29.31
Machinist Apprentice 84%	\$26.76		
Machinist Apprentice 88%	\$28.03		
Machinist Apprentice 92%	\$29.31		
Machinist Apprentice 96%	\$30.58		
Machinist Helper	\$28.46	\$24.19	\$26.18

### Differential Rates

Machinist Inspector (Machinist & \$0.25)	\$32.10	\$27.29	\$29.53
Machinist Welder (Machinist & \$0.25)	\$32.10	\$27.29	\$29.53
Machinist Air Room (Machinist & \$0.50)	\$32.35	\$27.50	\$29.76
Machinist Engine Rebuild (Machinist & \$0.50)	\$32.35	\$27.50	\$29.76
Precision Machine Operator (Machinist & \$0.50)	\$32.35	\$27.50	\$29.76

# ATTACHMENT "A"

## RATES OF PAY

### SHOP CRAFTS Machinist Rates of Pay Effective July 1, 2017 IAM Increase is 2% over 7/1/16

		85%	92%
Gang Foreman-Machinists (Insp & .10 & .50)	\$33.34		
Machinist	\$32.49	\$27.62	\$29.89
Machinist Apprentice 84%	\$27.29		
Machinist Apprentice 88%	\$28.59		
Machinist Apprentice 92%	\$29.89		
Machinist Apprentice 96%	\$31.19		
Machinist Helper	\$29.03	\$24.67	\$26.70

### Differential Rates

Machinist Inspector (Machinist & \$0.25)	\$32.74	\$27.83	\$30.12
Machinist Welder (Machinist & \$0.25)	\$32.74	\$27.83	\$30.12
Machinist Air Room (Machinist & \$0.50)	\$32.99	\$28.04	\$30.35
Machinist Engine Rebuild (Machinist & \$0.50)	\$32.99	\$28.04	\$30.35
Precision Machine Operator (Machinist & \$0.50)	\$32.99	\$28.04	\$30.35

# ATTACHMENT "A"

## RATES OF PAY

### SHOP CRAFTS Machinist Rates of Pay Effective July 1, 2018 IAM Increase is 2.5% over 7/1/17

		85%	92%
Gang Foreman-Machinists (Insp & .10 & .50)	\$34.15		
Machinist	\$33.30	\$28.31	\$30.64
Machinist Apprentice 84%	\$27.98		
Machinist Apprentice 88%	\$29.31		
Machinist Apprentice 92%	\$30.64		
Machinist Apprentice 96%	\$31.97		
Machinist Helper	\$29.75	\$25.29	\$27.37

### Differential Rates

Machinist Inspector (Machinist & \$0.25)	\$33.55	\$28.52	\$30.87
Machinist Welder (Machinist & \$0.25)	\$33.55	\$28.52	\$30.87
Machinist Air Room (Machinist & \$0.50)	\$33.80	\$28.73	\$31.10
Machinist Engine Rebuild (Machinist & \$0.50)	\$33.80	\$28.73	\$31.10
Precision Machine Operator (Machinist & \$0.50)	\$33.80	\$28.73	\$31.10

## ATTACHMENT "A"

### RATES OF PAY

**SHOP CRAFTS**  
**Machinist Rates of Pay Effective July 1, 2019**  
**IAM Increase is 3% over 7/1/18**

		85%	92%
Gang Foreman-Machinists (Insp & .10 & .50)	\$35.15		
Machinist	\$34.30	\$29.15	\$31.55
Machinist Apprentice 84%	\$28.81		
Machinist Apprentice 88%	\$30.18		
Machinist Apprentice 92%	\$31.56		
Machinist Apprentice 96%	\$32.93		
Machinist Helper	\$30.65	\$26.05	\$28.19

**Differential Rates**

Machinist Inspector (Machinist & \$0.25)	\$34.55	\$29.37	\$31.79
Machinist Welder (Machinist & \$0.25)	\$34.55	\$29.37	\$31.79
Machinist Air Room (Machinist & \$0.50)	\$34.80	\$29.58	\$32.02
Machinist Engine Rebuild (Machinist & \$0.50)	\$34.80	\$29.58	\$32.02
Precision Machine Operator (Machinist & \$0.50)	\$34.80	\$29.58	\$32.02

## ATTACHMENT "B"

### **HEALTH & WELFARE PLAN DESIGN CHANGES**

(applicable portions extracted from Article II,  
Part B of the September 26, 2018, 2018 IAMAW National Agreement)

<b>Plan Elements</b>	<b>Effective January 1, 2019</b>
Annual Deductible for In-Network Services for which a fixed-dollar co-payment does not apply	\$350 per individual and \$700 per family
Individual and Family In-Network Out-of-Pocket Maximums	\$2,000 per individual and \$4,000 per family
Emergency Room fixed-dollar co-payment for In-Network and Out-of-Network Services	\$100 for each visit, but shall not apply if the visit results in admission to the hospital
Fixed-dollar co-payment for each visit to an In-Network Provider that is an Urgent Care Center, or who is in general practice, specializes in pediatrics, obstetrics/gynecology, family practice or internal medicine, or who is a Nurse Practitioner, Physician Assistant, Physical Therapist or Chiropractor	\$25 co-payment
Fixed-dollar co-payment for each visit to any other In-Network Provider that is not a Convenient Care Clinic	\$40 co-payment
Fixed-dollar co-payment to any Convenient Care Clinic	\$10 co-payment
Eligible Expenses for In-Network Services, other than ACA Preventive Health Services	Paid at 90% after any applicable deductible is satisfied and at 100% following payment of an applicable fixed-dollar co-payment or after the In-Network Out-of-Pocket Maximum is met
Annual Deductible for Out-of-Network services	\$700 per individual and \$1,400 per family
Out-of-Network Out-of-Pocket Maximums	\$4,000 per individual and \$8,000 per family
Eligible Expenses for Out-of-Network Services	Paid at 70% after any applicable deductible is satisfied and at 100% after the Out-of-Pocket Maximum is met, in each case subject to a 20% reduction in benefits for failure to give any notice required by the Plan or if the company administering the member's benefits determines that the service or supply is not Medically Appropriate.

The Managed Medical Care Program ("MMCP") is modified as follows:

- (1) It shall include arrangements for covered employees and their covered dependents to receive, on a wholly voluntary basis and, except as noted in the immediately succeeding sentences, without any co-payment or co-insurance, the Telemedicine, Expert Second Opinion, Health Advocacy

and End-of-Life Counseling benefits described in Exhibit A hereto. There shall be a co-payment of \$10 for each Telemedicine visit under the In-Network segment of the MMCP.

- (2) Benefits for Eligible Expenses for Covered Health Services that consist of Mental Health Care or Substance Abuse Care shall be provided under the MMCP and shall continue to be administered by the current provider of Mental Health Care and Substance Abuse Care benefits. Such Expenses shall be subject to all of the terms and conditions of the MMCP as are applicable to the programs' coverage of medical and surgical services in accordance with mental health parity laws.
- (3) The MMCP will not cover the cost of those Specialty Drugs that are covered under the Medical Channel Management Program described in Exhibit B hereto.
- (4) The Centers of Excellence (COE) Resource Services shall be expanded as described in Exhibit A hereto.

The Plan's Prescription Drug Card and Mail Order Prescription Drug Programs shall both be modified as follows:

- (1) They shall include the Medical Channel Management Program described in Exhibit B hereto, or its equivalent.
- (2) They shall include the Screen Rx Program described in Exhibit B hereto, or its equivalent.
- (3) They shall include the Fraud, Waste and Abuse Program described in Exhibit B hereto, or its equivalent.

The Plan's Prescription Drug Card program shall be modified as follows:

Co-payment per fill for a Generic Drug at an In-Network Pharmacy	\$10
Co-payment per fill for a Brand Name Drug that is a Formulary Drug dispensed at an In-Network Pharmacy	\$30 if the drug is ordered by a Physician to be "Dispensed As Written" or if there is no equivalent Generic Drug. Otherwise, the co-payment shall be \$30 plus the difference in cost between the equivalent Generic Drug and the prescribed Brand Name Drug.
Co-payment per fill for a Brand Name Drug that is a Non-Formulary Drug dispensed at an In-Network Pharmacy	\$60 if the drug is ordered by a Physician to be "Dispensed As Written" or if there is no equivalent Generic Drug. Otherwise, the co-payment shall be \$60 plus the difference in cost between the equivalent Generic Drug and the prescribed Brand Name Drug.

The Plan's Mail Order Prescription Drug Program shall be modified as follows:

Co-payment per fill for a Generic Drug	\$10
Co-payment per fill for a Brand Name Drug that is a Formulary Drug	\$60
Co-payment per fill for a Brand Name Drug that is a Non-Formulary Drug	\$120

The Plan's Mental Health and Substance Abuse program ("MHSA") shall be fully integrated into the MMCP and shall not be a separate Plan program.

The Vision Plan shall be modified as follows:

- (1) One eye exam per calendar year.
- (2) One Prescription pair of eyeglass Lenses (or two Prescription separate eyeglass Lenses) every two calendar years.
- (3) One pair of eyeglass frames for Prescription Lenses every two calendar years.

## **Exhibit A--Added Value Programs**

### **Telemedicine**

Telemedicine is a service providing access to virtual physician visits via online video or phone consultations with 24 hours per day and 365 days per year availability. During a virtual visit, members can obtain a diagnosis and possibly a prescription. It is not intended as a replacement for the standard PCP relationship, but as an enhancement to broaden member access.

Telemedicine will be offered uniformly, as an in-network MMCP and CHCB benefit, across each of the Plan's benefit administrators making use of a single telemedicine organization, namely, Teladoc, a leading national telemedicine provider that has real-time eligibility (RTE) bridges built with all three of the Plan's benefit administrators.

### **Expert Second Opinion**

This program will offer voluntary, member-initiated expert second opinions that will generally include clinical evaluation of the member's medical situation, a thorough review of the member's medical records, and answers to complex member medical questions. The services provided by this program will be performed by experts affiliated with Best Doctors, a leading provider of these services in the country.

Members will initiate the service by calling a dedicated 800-number or online, and then proceed to provide detailed data on their medical situation to a physician with a specialty matched to their condition. Best Doctors collects all the records-the member just needs to sign a release form. The member's case is then reviewed by one or more world renowned Experts who provide their opinions and recommendations via a detailed written report that is thoroughly reviewed with the member. There will be no member cost associated with this program.

### **Health Advocate**

Health Advocate, a leading provider of the kind of services provided by this program, will make available by phone or online 24/7 individuals who are typically seasoned registered nurses or experienced benefits specialists, on a voluntary and member initiated basis, to help resolve a number of issues, including, but not limited to:

- Finding the right in-network doctors and hospitals
- Scheduling appointments
- Coordinating expert second opinions
- Resolving insurance claims and medical billing issues

- Obtaining approvals for needed services from insurance companies
- Finding treatment for complex and serious diagnoses
- Explaining insurance plan options and enrollment
- Transferring medical records, x-rays and lab results
- Researching the latest approaches to care
- Coordinating services during and after a hospital stay

### **End-of-Life Counseling**

Vital Decisions' end-of-life counseling programs will be made available to Plan members on a voluntary and member-initiated basis. These programs utilize both telephonic and technology-enabled solutions that provide a compassionate, patient centered experience that readies a patient for relevant end-of-life decision-making.

The programs are designed to improve the quality of the communication and shared decision-making processes for Plan members with advanced illness (life expectancy of one year or less), their family and their physicians. The improvement of these processes is achieved by assisting the individuals to overcome the inherent barriers and obstacles that normally prevent them from effectively communicating their quality of life priorities to their family and physicians and participating in making significant end-of-life decisions.

Core principles of Vital Decisions' program strategy and methods are:

- Care decisions should reflect the personal quality of life priorities and values of the individual especially during the time of complex or serious illness.
- Behavioral Economics and Behavior Change Science should be selectively and effectively utilized to achieve high quality values, communications and a shared decision-making process that integrate a patient's values.
- The member should understand that he/she is the key to success and focus of improving the processes.

### **Centers of Excellence (COE) Resource Services - Cleveland Clinic**

The Plan's current Centers of Excellence (COE) Resource Services will be expanded through the Plan entering into a contract with the Cleveland Clinic to provide enhanced specialty services to members. During the first year of the contract, only the Cleveland Clinic's Heart Benefit will be available to members. During the second year, the Cleveland

Clinic's Orthopedic and Spine Benefit, in addition to the Heart Benefit, will be available to members.

Specific services covered under the Cleveland Clinic COE Resource Services program will be set forth in the contract entered into between the Plan and the Cleveland Clinic.

Member participation in the Cleveland Clinic COE Resource Services program shall be entirely voluntary. Benefits currently available to members under the existing COE Resource Services program, such as the travel benefit and cost-sharing waiver, shall also apply to the Cleveland Clinic COE Resource Services program.

An additional hospital(s) may be added to this enhanced COE network after successful completion of the first year for services specific to cardiac care as defined in the first year of implementation or specific to orthopedic services as defined in the second year.

## **Exhibit B - New Pharmacy Programs**

### **Screen Rx**

The program will work as follows:

- Members predicted to become non-adherent, i.e. not taking medicine as prescribed by their doctor, will receive up to three automated outbound calls showing Express Scripts' name on the caller ID. The calls will specifically refer to the member's medications.
- Members will be asked to answer questions determined by branching logic about adherence barriers. Calls are expected to last 5 minutes on average and will afford the member multiple opportunities to speak with a live pharmacist.
- Members not reached by phone will receive a letter with adherence tips and an 800 number for 24/7 support.

### **Medical Channel Management**

Under this program, members will obtain specified Specialty Drugs through the Plan's Pharmacy Programs rather than through its Medical Programs.

### **Fraud, Waste and Abuse**

This program involves proactive utilization of advanced analytics to identify potential abuse of prescription medications, in particular controlled substances. Where abuse is confirmed through investigation and objective evidence, appropriate restrictions are implemented by Express Scripts (pharmacy lock limiting member to one pharmacy or one prescriber) in collaboration with medical vendor.