AEROSPACE PROFESSIONAL STAFF ASSOCIATION
Representing the non-supervisory MTS since 1974
P. O. Box 248, Hawthorne, CA 90250

CONTRACT RATIFICATION

Dear APSA Member,

The APSA/Aerospace contract negotiations have been completed for the period from August 1, 2017, to August 1, 2019. **APSA successfully negotiated the following changes in the terms and conditions of employment for non-supervisory MTS:**

- The contract term will increase from one year to two years.
- During fiscal year 2018, merit distribution (about 1.8% merit raise distribution and 1.2% merit cash distribution) aggregating 3.0% of the bargaining unit payroll as of December 9, 2017, less organizational reserves, will be administered on a common review date no later than May 12, 2018, subject to approval of the Board of Trustees. The merit salary increase will provide for a penetrable floor of $15.00 per week for documented poor performance. The raises will be retroactive to February 10th, provided the contract is ratified before April 17th.
- During fiscal year 2019, merit distribution (about 1.8% merit raise distribution and 1.2% merit cash distribution) aggregating 3.0% of the bargaining unit payroll as of December 8, 2018, less organizational reserves, will be administered on a common review date no later than February 23, 2019, subject to approval of the Board of Trustees. The merit salary increase will provide for a penetrable floor of $15.00 per week for documented poor performance.
- There will also be a separate discretionary reserve for promotional and special salary increases and other contingencies of up to 1.0% computed on the same basis as above.
- During fiscal year 2018 and 2019, the company will budget up to a maximum of 1% of the gross payroll for the Performance Recognition Payment (PRP) Program.
- The company agreed to keep the medical and dental premium cost sharing the same.
- The company agreed in FY2018 to add 4 weeks of parental leave.
- The company agreed to vacation donation.
- The company will add high deductible plan with a subsidy in CY2019.

There are some reductions in the employees' benefits that are being imposed by the Corporation:

- The company has made an increase of about 4.5% to the medical insurance premiums for Anthem for active employees.
- The company has made increases of about 10% to 14.1% to HMO medical insurance premiums for active employees.
- The company will implement a 4-tier medical plan structure (Employee, Employee+Spouse, Employee+children, Employee+Spouse+children) during CY19. This reduces the cost to employee and employee + children by $1 to $16 per week. This increases the cost to employee+spouse by about $3 per week. This increases the cost to employee+spouse+childeren by about $2 to 4$ per week for HMOs and $11 per week for the Anthem PPO.

- The company decreased the supplemental STD income from 100% to 90% for the first 3 months, and from 100% to 80% for the second 3 months. *Note: this is a significant improvement over the company's initial proposal to reduce it to 75% for the first 3 months, and to reduce it to 60% for the second 3 months.*

- The ASAP shall be amended into a 401(k) plan effective October 1, 2018.

- The AERP shall be frozen effective September 30, 2018 except for AERP1 participants through September 30, 2023. The AERP 1 participants shall be bridged at 1.3% all variable accrual. AERP1 participants over 70 ½ years of age shall be subject to an offset of their accrual against their distributed benefits to applicable law and/or regulations. *Note: this is required by law and regulations.* Company agreed to consider adding an APSA representative to the Aerospace Employees' Retirement Plan Committee. *Note: this is a significant improvement over the company's initial proposal and replaces 65% of the benefit for 5 years. This is an improvement over the company's original 8% (replaces about 25% of the benefit) proposal and over the 12% 401(k) for those 5 years (replaces about 38% of the benefit).*

- Effective December 31, 2018, the VA/AP program will be closed to any additional contributions. *Note: the company can not have a 403(b) and a 401(k) plan at the same time.*

- The Aerospace 401(k) retirement program shall consist of the following employer non-elective and matching contributions in the table below. *Note: this is significantly better than the original company proposal of a 5% employer contribution with a 3% match for a 5% employee contribution.*

Years of Service	Employer Non-Elective Contribution	Employer Matching Contribution (dollar for dollar)	Total Employer Contribution
Less than 5 years	5%	3%	8%
5 years to 25 years	7%	3%	10%
More than 25 years	9%	3%	12%

There shall be an initial short plan year consisting of the period-of-time beginning October 1, 2018 and ending December 31, 2018. During the short-plan year eligible employees shall receive the total employer contribution based only on their eligible compensation from October 1, 2018 through December 31, 2018. During the period of October 1, 2018 through September 30, 2023, AERP1 participants who are active employees are ineligible to receive the employer non-elective and matching contributions.

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This agreement has been approved by the APSA Board of Directors and is recommended for ratification by the APSA membership. It is hereby submitted for your consideration and approval.

Please respond with your vote to ratify or not ratify the agreement electronically or by using the enclosed ballot by April 10th. If returning the ballot by mail, use company mail, and address it to Donna Avila, M1-402. The company has agreed to allow their e-mail system to be used to vote electronically and has put in place the security requirements requested by APSA to ensure the integrity of the vote.

Failure to ratify the contract will cause APSA and the company to go back to negotiations. This will delay implementation of the retirement changes and will cause the raises to be used to fill the budget shortfall caused by the increase costs of maintaining AERP. If the contract is not ratified, it is unlikely based on the effort expended to date that the company and APSA would be able to negotiate a better agreement.

If you have any questions or wish to review a copy of the negotiated agreement, please feel free to contact Oliver Blackshire (Agreement Ratification Chairperson), x67983. Copies of the agreement may also be accessed at APSA's web site, www.apsatalk.org.

26 March 2018 Mark Simpson, APSA President