

MEMORANDUM OF AGREEMENT

BY AND BETWEEN

OFFICE AND PROFESSIONAL EMPLOYEES INTERNATIONAL UNION, LOCAL 30

AND

PREFERRED MECHANICAL, INC.

The parties mutually agree that the terms and conditions of the current Collective Bargaining Agreement between the Office and Professional Employees International Union, Local 30 and Preferred Mechanical, Incorporated remain in effect and shall be extended for three (3) years starting February 1, 2014 through January 31, 2017. The parties also agree either the union or the employer will have the option to open the contract for bargaining as deemed necessary.

APPROVED BY EMPLOYER NEGOTIATING
COMMITTEE:

OFFICE AND PROFESSIONAL EMPLOYEES
INTERNATIONAL UNION, LOCAL NO. 30



Jack Johnson, President

Date 2-4-14



Walter Allen, Executive Director/CFO

Date 2-10-14

COLLECTIVE BARGAINING AGREEMENT

between

Preferred Mechanical Incorporated

and

**Office & Professional Employees International Union,
Local No. 30 AFL-CIO**



February 1, 2013 through January 31, 2014

COLLECTIVE BARGAINING AGREEMENT
between
OFFICE AND PROFESSIONAL EMPLOYEES INTERNATIONAL UNION LOCAL NO. 30
and
PREFERRED MECHANICAL INCORPORATED

This Agreement entered into this 1st day of February, 2013, by and between **OFFICE AND PROFESSIONAL EMPLOYEES INTERNATIONAL UNION, LOCAL NO. 30**, hereinafter known as the Union and, **PREFERRED MECHANICAL INCORPORATED** hereinafter known as the Employer.

ARTICLE I - PREAMBLE

The purpose of this Agreement is to establish harmonious relations between the parties and to facilitate orderly adjustment of grievances complaints and disputes, which may arise from time to time between the Employer and the Union. This Agreement is entered into in consideration of the mutual performance thereof in good faith by the parties.

ARTICLE II - RECOGNITION

- Section 1. The Employer agrees to recognize the Union as the sole collective bargaining agent with respect to hours, wages and working conditions of all employees coming under the jurisdiction of this Agreement: Specifically, any phase of office and clerical work.
- Section 2. The Union agrees to use every reasonable effort to promote the welfare of the Employer.
- Section 3. The Employer recognizes the fact that bonafide supervisory employees are only those who have the authority to hire, promote, discipline, discharge or otherwise change status, and it is not its policy to establish jobs or job titles for the purpose of excluding such employees from the unit as established in this Article.
- Section 4. The Employer or his representative shall make known to the employee the duties he is to perform and from whom he is to receive his instructions.
- Section 5. No employee shall, as a condition of his employment, be required or permitted to participate in any internal political action of their Employer, nor shall he be required or permitted to campaign for any individuals who are candidates for a Union office.

ARTICLE III - BONDING

When the Employer requires a Fidelity Bond of any employee, the premium for said bond shall be paid by the Employer.

ARTICLE IV - WAGE SCALES AND CLASSIFICATIONS

- Section 1. The Employer agrees to PAY NOT LESS THAN THE MINIMUM hourly wage scale shown in Exhibit "A" of this Agreement to any regular full time or part-time employee.

ARTICLE IV - WAGE SCALES AND CLASSIFICATIONS - Continued

- Section 2. It is expressly agreed that the wage scales herein provided for are minimum scales. No clause in this Agreement shall at any time be so construed as to reduce the pay, increase the hours, nor shall privileges now enjoyed by the employees be eliminated as a result of this Agreement. Nor can it be construed that an employee may not obtain a salary above minimum, be granted an increase in pay before period specified, or be advanced or promoted in the service of the Employer.
- Section 3. Any position not covered by Exhibit "A" or any positions which may be established during the life of this Agreement shall be subject to negotiations between the Employer and the Union. In the event that the parties are unable to agree as to the classification and rate of pay for the job in question, such disputes shall be submitted to the grievance and arbitration machinery contained in the Agreement.

ARTICLE V - PROBATIONARY, TEMPORARY AND REGULAR PART TIME EMPLOYEES

- Section 1. All employees may be regarded as probationary employees for the first ninety (90) days of employment. There shall be no responsibility for re-employment of probationary employees who are laid off or discharged during their probationary period. They shall not be subject to the grievance procedure except as it relates to the payment of wages.
- Section 2. At the closing of the probationary period, the employee shall be considered a regular employee, except as otherwise provided in this Agreement, and shall be entitled to all contract benefits.
- Section 3. If a temporary employee works past ninety (90) days, they will be considered a regular employee, and the ninety (90) day period worked shall be considered as their probationary period. On the one-hundred-twenty-first (121st) day of employment, the Union will be notified of their status and they shall become subject to all of the terms and conditions of the Agreement.
- (a) Once a temporary employee works past the ninety (90) days probationary period and is considered a regular employee, the employer will contribute retroactively two months' health and welfare benefits. No other benefits are to be paid retroactively.
- Section 4. Regular part-time employees shall be covered by all the conditions as set forth in the Agreement for regular full time employees.

ARTICLE VI - HOURS OF WORK

- Section 1. The regular straight time work shift shall consist of eight (8) hours work. The regular work week will consist of five (5) consecutive work days, Monday through Friday. All time worked in excess of eight (8) hours per day shall be paid at the rate of time and one-half (1 ½) for one (1), except in the case of temporary or part-time employees who shall be paid time and one-half, (1 ½) for one (1) after forty (40) hours per work week.
- Section 2. All work performed on Saturday or Sunday shall be paid at the rate on time and one-half, (1½) for one (1), excepting temporary or part-time employees who shall be paid time and one-half, 1 ½ for one (1) after forty (40) hours.

ARTICLE VI - HOURS OF WORK - Continued

(a) Employees covered by this Agreement who report for work by direction of the Employer but are not placed at work shall be paid a minimum of two (2) hours straight time. Employees who report to work on Saturday, Sunday or holidays but are not placed at work shall receive a minimum of three (3) hours straight time.

This provision shall not apply under conditions over which the Employer has no control, unless the employee has started his regular work shift.

ARTICLE VII - TECHNOLOGICAL CHANGES

- Section 1. In the event of technological changes, the Employer agrees to notify the Union Representative.
- Section 2. Any job created by virtue of such technological changes shall be posted for bidding among employees.
- Section 3. In the event training programs are necessary, the Employer agrees to institute or pay for such training at a facility mutually agreed upon by the Employer and the employee.

ARTICLE VIII - NON-DISCRIMINATION

Neither the Union nor the Employer in carrying out their obligations under this Agreement shall discriminate in matters of hiring, training, promotion, transfer, lay-off, discharge or otherwise because of race, color, creed, national origin, handicap, sex or age.

ARTICLE IX - HOLIDAYS

- Section 1. All employees coming under the jurisdiction of the Agreement shall be allowed holidays with pay to coincide with the holidays observed by the Employer. For purposes of illustration, see Exhibit "B". This list of holidays is subject to change, plus or minus, a holiday concurrent with the holidays negotiated by the Employer in their contract negotiations. Holidays falling on Saturday or Sunday shall be observed either on Friday or Monday at the option of the Employer.
- Section 2. All full time employees required to work on any holiday shall be paid double their scale. Those not required to work on holidays shall receive their regular pay only.
- Section 3. In the event any of the holidays observed in this Article, Section 1, occur during the period of an employee's vacation an additional day's vacation or pay shall be allowed for each holiday so occurring, at the Employers option.
- Section 4. A REGULAR PART-TIME EMPLOYEE shall be paid for a holiday at the regular scale if the holiday falls within the time regularly employed.
- Section 5. No work shall be performed on Labor Day except in extreme emergencies.

ARTICLE X - VACATIONS

- Section 1. Each employee who shall have been employed for one (1) year shall receive one (1) week vacation with pay upon completion of each anniversary year. Vacation shall not be accumulative and is considered to be "use or lose". There shall be no compensation for time not used.
- Section 2. A vacation schedule shall be prepared by the employees and presented to the employer for approval by April 15th of each year.
- Section 3. Senior employees shall be given preference in the selection of vacation periods if possible.

ARTICLE XI - SICK LEAVE AND LEAVE OF ABSENCE

- Section 1. All permanent employees shall be granted with pay a maximum six (6) days sick leave per year after completion of a ninety (90) day probationary period.
- Section 2. Sick leave shall be granted only in case of sickness or injury.
- Section 3. At the employee's option, unused sick leave may also be sold **back** to the Employer during the month of December each calendar year. **A maximum of six (6) days may be sold back. Any other unused time will be carried over to the next year.**
- Section 4. At the Employer's option, after twelve (12) months of continuous service, an employee may obtain a leave of absence due to a sickness or other causes, without pay, which shall not exceed six (6) months and such leave of absence shall be verified in writing, in triplicate; one copy to the Employer, one copy to the employee and one copy to the Union. At the expiration of such leave, the employee shall be reinstated to his/her position held prior to taking the leave, with no loss of any of his/her rights or privileges of seniority.
- Section 5. If an employee is selected to perform work for the OFFICE AND PROFESSIONAL EMPLOYEES INTERNATIONAL UNION, LOCAL NO. 30, including conventions and conferences, at the Employer's option, the employee may be granted a reasonable time off.
- Section 7. **BEREAVEMENT LEAVE:** In the case of death in the immediate family, an employee shall be granted a leave of absence of three (3) working days with pay, in State and five (5) working days with pay, out of State. This leave of absence shall not be charged against sick leave. Immediate family shall consist of the following: Parents, Spouse's Parents, Spouse, Children, Step-Children, Brothers and Sisters.

ARTICLE XII - WELFARE

- Section 1. The Employer will make welfare plan contributions on all hours for which pay is due on all employees covered by this Agreement. These contributions will be sent to the bank designated by the Trustees of the Arizona Sheet Metal Trade Trust Funds on a transmittal form approved by the Welfare Plan Trustees. Contributions will be sent to the bank on a monthly basis.

Payments to the Welfare Fund shall be due by the tenth (10th) day of each month for the number of hours worked by employees for the previous month, and if not paid by the

ARTICLE XII - WELFARE - Continued

twenty-fifth (25th) day of the month, the Employer shall pay a ten percent (10%) liquidated damage on all funds for that month.

- Section 2. Said contributions to be paid to the Arizona Sheet Metal Trade Trust Funds Administration office, as stipulated by the Trustees of said Fund. Said Funds shall be administered by the Board of Trustees in accordance with State and Federal laws.
- Section 3. Contribution rates shall be the same as contributions paid for all non job site employees as defined by the Arizona Sheet Metal Trade Trust Fund Administration office.
- Section 4. The Trust Agreement negotiated by and between Air Conditioning Contractors of Arizona and Sheet Metal Workers Local Union 359 and all amendments thereto during the term hereof will become binding on all parties bound by this Collective Bargaining Agreement. In this connection, said Trust Agreement will be deemed incorporated herein by reference to the same as if it were expressly set forth.

ARTICLE XIII - SENIORITY

Seniority is defined as an employee's continuous service with the Employer based upon the time actually spent on the payroll plus approved absence. An employee will lose seniority if he is discharged for just cause; when he quits; or when he has been laid -off for a period in excess of four (4) months. Any employee who has been discharged and then reinstated by the Grievance Procedure shall retain his seniority.

ARTICLE XIV - LAY OFF AND REHIRE PROCEDURE

When it becomes necessary to lay off employees, they will be laid off according to their seniority, without regard to classification, provided the employee with greater seniority is capable and willing to perform work available in the office. Recalls will be made in the reverse order of lay-off for up to a four (4) month period.

ARTICLE XV - UNEMPLOYMENT INSURANCE

The Employer shall provide unemployment insurance coverage for all employees through the Employment Security Commission.

ARTICLE XVI - TERMINATION OF EMPLOYEES

- Section 1. It is hereby agreed that the Employer has the right to discharge for sufficient and reasonable cause. The Employer agrees to advise the Union of any such discharge and the reasons thereof prior to such action if possible.
- Section 2. Regular full time employees with a minimum of six (6) months service shall be required to give one (1) week notice prior to termination of service. The Employer shall be required to give one (1) week's notice prior to termination or one (1) week's pay in lieu of notice to regular employees.
- Section 3. An employee resigning without giving the aforementioned notice shall not be entitled to any severance pay.

ARTICLE XVI - TERMINATION OF EMPLOYEES – Continued

- Section 4. Vacation or vacation pay shall in no way be construed as payment for notice or termination pay.
- Section 5. Any controversy arising out of this discharge procedure concerning monies due will be arbitrated as set forth in Article XXII and shall be binding notwithstanding any other clauses in this Agreement.

ARTICLE XVII - JOB VACANCIES

- Section 1. The Employer agrees that when vacancies occur or when new employees are needed to perform work covered by the collective bargaining agreement, it shall notify the Union as to the number and type of employees desired and the Union shall endeavor to supply such help.
- Section 2. The Employer shall requisition all employees in the bargaining unit from the Hiring Hall of Local No. 30. There shall be two (2) lists – an "A" and "B" list.
1. The "A" list shall consist of the employees who have worked 1600 hours in the last four (4) years for employers signatory to Local No. 30 Agreements.
 2. When Group "A" has been exhausted all other employees who are properly qualified and registered on Group "B" list and who are available for employment will be dispatched from the Hiring Hall.
 3. The "B" list shall consist of any other applicants.
 4. The Employer has the right to request any employee off the "A" list. The "B" list shall consist of any others who do not qualify for the "A" list.
- Section 3. If the Union fails to furnish requisitioned employee(s) who are suitable to the employer's needs within forty-eight (48) hours after requisition is brought to the Union's notice, then the Employer may secure such employee(s) from any source available. However, in such an event, the Employer will notify the Union within forty-eight (48) hours of such employee(s) being hired.
- Section 4. The selection of applicants for referral to jobs shall be on a nondiscriminatory basis and shall not be based on, or in any way affected by Union membership, by-laws, constitutional provisions, or any other aspects or obligations of Union membership, policies or Union requirements.
- Section 5. The Employer has the right to make personal interviews of all applicants referred to him by Local No. 30.
- Section 6. The Employer retains the right to reject any applicant referred to him by Local No. 30, for any lawful purpose.

ARTICLE XVIII - VOTING

All existing State and Federal Statutes or Decisions with regards to State and National Elections, etc., shall be complied with.

ARTICLE XIX - VISITATION

With the Employer's permission, it is mutually agreed that an employee has the right to discuss any grievance with the Union Representative during working hours.

ARTICLE XX - REIMBURSEMENT TO EMPLOYEES

Office employees are not to furnish normal office equipment or supplies unless properly reimbursed; and if any office employee incurs any expense during the performance of his duties, he shall be reimbursed.

ARTICLE XXI - WAGE ASSIGNMENTS

The Employer shall honor wage assignments executed voluntarily by employees when presented by the Union with such wage assignments and shall accordingly deduct from employee's wages such regular dues, initiation fees, reinstatement fees, regular and any other assessments, and shall promptly remit all money so withheld to the Union. (All such wage assignments shall be revocable with applicable State and Federal Laws).

ARTICLE XXII - GRIEVANCE AND ARBITRATION PROCEDURES

- Section 1. A grievance within the meaning of this Agreement shall be any difference of opinion, controversy or dispute arising between the parties hereto relating to any matter of wages, hours and working conditions, or any dispute between the parties involving interpretation or application of any provisions of this Agreement and shall be processed in the following manner:
- (a) An aggrieved employee must first present the grievance to the Employer and/or the Union Steward within **five (5)** working days after the **event giving rise to the grievance, or when the employee first became aware of it.**
 - (b) If the grievance is not settled in the first step within **five (5)** working days it shall be presented in writing through the Union, to the Employer, within **ten (10)** working days thereafter.
 - (c) If no agreement can be reached on the grievance within ten (10) working days from the date it was first presented to the Employer, either the Union or the Employer may request in writing that the matter be submitted to the Board of Adjustment within three (3) working days thereafter. The Board of Adjustment shall be comprised of two (2) representatives of the Union to be selected by the Union and two (2) representatives of the Employer to be selected by the Employer involved in the grievance. The Board of Adjustment shall render its decision within five (5) working days after submission.
 - (d) If the Board of Adjustment is unable to reach a decision in five (5) working days, they shall endeavor to mutually select an impartial arbitrator to render a decision which shall be final and binding on all parties to the grievance. If the Employer and the Union cannot agree upon an Arbitrator within the seventy-two (72) hours, a joint request will be made to the Federal Mediation and Conciliation Service to forward a list of five (5) impartial arbitrators with each side having the privilege of scratching two (2). Decision of the arbitrator to be final and binding with the expense of the arbitrator to be divided equally between the parties. Time limits set forth shall exclude Saturday, Sundays and Holidays. Time limits may be extended by mutual onset of the parties.
 - (e) Nothing contained herein may be interpreted to permit or grant power to the arbitrator to alter, amend, modify or otherwise change any terms or conditions of the collective bargaining agreement.

ARTICLE XXIII - PENSION

- Section 1. Effective May 1, 2000 the Employer agrees to contribute to the Western States Office and Professional Employees Pension Trust Fund a contribution on behalf of each employee in the amount of ONE DOLLAR AND EIGHTY CENTS (\$1.80) per hour worked. The Employer contribution, as provided herein, shall be made on eligible employees, on the effective date, except for employees serving their ninety (90) day probationary period. The contribution for probationary employees shall start on the first of the month following their ninety (90) day probationary period.
- Section 2. This shall apply to all employees not presently covered by another pension plan which is completely Employer paid.
- Section 3. Regular part-time employees who work over seventy (70) hours per month shall be covered by the provisions of this Article.
- Section 4. The employer and the employees agree to be bound by the terms and provisions of the Trust Agreement and amendments thereto of the Western States Office and Professional Employees Pension Trust Fund.
- Section 5. Effective January 1996, all employees may make voluntary contributions to the Sheet Metal Workers Local 359 Section 401(k) Plan known as (INVESCO FUNDS). These contributions may not be less than twenty-five cents (.25) per hour worked. Voluntary employee contributions may not begin until each employee has completed their ninety (90) day probationary period. The employer hereby agrees to contribute twenty-five (.25) per hour worked to the above mentioned 401(k) plan, on behalf of each employee.

ARTICLE XXIV - UNION SHOP CARD

The Employer agrees to permit the display of a Union Shop Card signifying that the Office is staffed by members of the Office and Professional Employees International Union, Local No. 30, AFL-CIO, and under agreement with the Union. This card is to be the property of the Union.

ARTICLE XXV - SEVERABILITY

In the event that any provision of this Agreement shall be found contrary to any State or Federal Statute or Decision, then such provision shall be deemed null and void and its exclusion shall in no manner affect the balance of this Agreement.

ARTICLE XXVI - MANAGEMENT RIGHTS CLAUSE

- Section 1. The Union hereby recognizes that the Management of the Office and the direction of the working forces are vested but shall not be limited to the right to determine the existence of facts which are the basis of management decision; to determine volume, production and methods of office operation, free of the liabilities of this Agreement; to introduce new or different methods, processes, procedures, technological changes, equipment or facilities to establish or continue policies, practices or procedures; to establish modify and/or change office rules and to administer and enforce such rules; to select and determine the number and types of employees required; to determine, and from time to time re-determine, the number and kinds of classifications required; to assign work covered by this Agreement in accordance with the job-related requirements determined by Management; to establish and change work schedules and assignments; to transfer

ARTICLE XXVI - MANAGEMENT RIGHTS CLAUSE- Continued

or otherwise relieve employees from duty for lack of work or other legitimate reasons and to determine the fact of lack of work; to establish wage rates for new or changed classifications or positions; to design, establish, apply, change and terminate incentive and/or bonus compensation plans (in this connection the Employer has the right to establish Reasonable production standards); to suspend, discharge or otherwise discipline employees for just cause; to fix standards of quality and quantity for work to be done, eliminate interruption of work, determine number of employees on a job, determine related job content, and rearrange, combine and/or eliminate jobs, positions, job classifications or descriptions (consistent with State and Federal Safety Laws); and to take whatever action necessary to carry out any function of the Employer in situations of emergency or in order to promote efficiency.

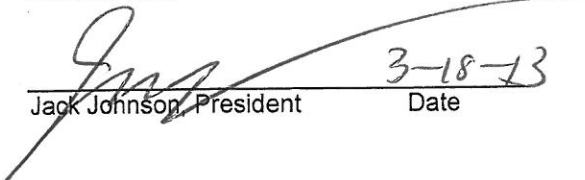
The listing of specific rights in the Agreement is not intended to be nor shall be restrictive nor a waiver of any rights of Management not listed and the non-exercise and/or non-frequent exercise of any Management Right, whether expressed or implied, shall not preclude the Employer from exercising such right, notwithstanding the period of such non-exercise or regardless of the frequency of such exercise. The exercise of Management Rights, whether express or implied, shall not be inconsistent with any specific express provision of this Agreement.

ARTICLE XXVII - DURATION

This Agreement shall be in full force and effect on and after the 1st day of February, 2013 to and including the 31st day of January, 2014, and shall be automatically renewed from year to year, unless the Union or the signatory Employer serves upon the other a ninety (90) day written notice of desire to modify, amend or terminate this Agreement, prior to February 1, 2013. If agreement upon such amendments or modifications is not reached prior to the 31st day of January, 2014, this agreement automatically terminates unless prior to that date, the parties in writing, have agreed to extend this Agreement for a specified period of time.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized signatures to be subscribed hereto on the day and year first above written.

APPROVED BY EMPLOYER NEGOTIATING COMMITTEE:



Jack Johnson, President 3-18-13
Date

OFFICE AND PROFESSIONAL EMPLOYEES INTERNATIONAL UNION, LOCAL NO. 30'



Walter Allen, Executive Director/CFO 3/6/13
Date

EXHIBIT "A"

Section 1. It is hereby agreed to grant, effective May 1, 2004 to all individuals and classifications the hourly wage rates listed below:

TRAINEE WAGE RATES:	1st 90 Days	\$7.00/ hr
	2nd 90 Days	\$7.50/ hr

<u>GROUP 1:</u>	8.00
Receptionist/Typist	
File Clerk	
General Office Worker	

<u>GROUP 2:</u>	10.00
General Secretary	
Basic Computer Knowledge	
Statistical Typist	
Cashier	

<u>GROUP 3:</u>	12.00
Executive Secretary	
General Computer Knowledge	
Cashier	
Transcription	

<u>GROUP 4:</u>	14.00
Office Manager (Clerical Staff)	
Computer Knowledge	
Bookkeeper	
(Advanced experience & workload level)	

<u>GROUP 5:</u>	15.00
Project Manager	

NO PRESENT EMPLOYEE SHALL SUFFER A REDUCTION IN WAGES AS A RESULT OF THE SIGNING OF THIS AGREEMENT.

EXHIBIT "B" HOLIDAYS

The following is a list of holidays submitted for observance. The first consideration will be given to those holidays observed by the employing office. The following list of holidays is submitted for purposes of illustration:

New Year's Day
Presidents' Day
Memorial Day
Independence Day
Labor Day

Veterans' Day
Thanksgiving Day
Day after Thanksgiving Day
Christmas Eve Day
Christmas Day