

1 **LETTER OF UNDERSTANDING NO. 2**

2 **SUBJECT: FACILITIES MAINTENANCE SUBCONTRACTING**
3 **AND PRODUCTION EQUIPMENT MAINTENANCE**

4 The Company and the Union have undertaken a joint review of
5 subcontracting practices in the Facilities Maintenance ~~and General~~
6 ~~Construction~~ organizations at the Primary Locations covered by this
7 Agreement. It has been determined that managing the unique subcontracting
8 aspects of ~~those~~ this organizations, including the cost effectiveness of
9 subcontracting practices, can be improved by regularly reviewing
10 subcontracting decisions, including work packages being subcontracted and
11 let out to bid. Accordingly, the parties agree to ~~develop a continue the~~ process
12 to review subcontracting decisions at each Primary Location in order to
13 determine whether work packages can be completed by ~~hourly Facilities~~
14 ~~Maintenance bargaining unit and General Construction~~ employees within
15 budgeted costs and schedules. To assist in the oversight process, the
16 Company will notify the Site Committee ten (10) work days prior to signing
17 the subcontract to allow for the discussion to take place. Should there not be
18 capacity or capability for the Facilities Maintenance team to complete the
19 work, or an emergent condition requiring immediate action to take place, the
20 Company will notify the Union as soon as practical of the decision to
21 subcontract and the reasons for the decision. As part of this joint effort, the
22 parties commit to furthering a work environment that creates operational
23 effectiveness, continuous improvement, and competitiveness.

24 The Company agrees to maintain the bargaining unit headcount within
25 general classifications for those employees currently performing Facilities
26 Maintenance work through the life of the Agreement, unless events beyond
27 the control of the Company (acts of God, natural disasters, major accidents,
28 etc) should occur. In furthering this objective, The Company will conduct a
29 quarterly review with the Union to share status on the previous quarter's
30 activities and to discuss opportunities to improve the joint review process.

31 The Company agrees that with respect to statements of work covering
32 production equipment maintenance, and work not of a type and character
33 within Facilities Maintenance – Crane Maintenance, Factory Services,
34 Reclamation, and Industrial Waste – the Company will not subcontract or
35 outsource the work. In regards to the Company's initial purchase and setup
36 of new equipment, the Company may continue to have suppliers set up new
37 equipment to maintain its warranty, providing bargaining unit equipment
38 services employees shall work alongside and receive training from the
39 supplier in order to take over the maintenance statement of work.

1 In addition, the Company agrees that bargaining unit employees in the
2 Facilities Maintenance ~~and General Construction~~ organization as of ~~January~~
3 ~~3, 2014~~September 13, 2024, will not be laid off as a direct result of Facilities
4 Maintenance ~~or General Construction~~ subcontracting. This restriction does
5 not apply in the event of a merger, sale, transfer, or other disposition of a
6 plant or facility or operating unit thereof, or to temporary subcontracting
7 necessary because of required equipment overhaul or repair, labor
8 disruptions, or events beyond the control of the Company (acts of God,
9 natural disasters, equipment failure, major accidents, etc.). In lieu of layoff,
10 employees will be retrained and reassigned for available work outside the
11 Facilities Maintenance ~~and General Construction~~ organization.

12 The Company may continue to subcontract Facilities Maintenance and
13 General Construction work to be performed on Company property by
14 outside workers provided that such work is of a type and character as has
15 been so subcontracted in the past. Should emergent work of this nature need
16 to be performed, it shall not be a basis for the Company to establish a work
17 statement as a type and character that can be subcontracted.

18 Disputes involving alleged violations of this Letter of Understanding shall
19 be subject to the grievance and arbitration procedure provided for in Article
20 19 of this Agreement.

21 Dated: ~~November 2, 2008 and January 3, 2014~~September 13, 2024