

AGREEMENT

between

HURON AND EASTERN RAILWAY COMPANY

and its employees

represented by the

BROTHERHOOD OF MAINTENANCE

OF WAY EMPLOYEES DIVISION -

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

PREAMBLE

- (a) The Huron and Eastern Railway Company (HESR or carrier) recognizes the Brotherhood of Maintenance of Way Employees Division (BMWED or union), the designated representatives of which are signatory hereto, as the bargaining representative of maintenance of way employees employed by the HESR. Where the term Organization appears herein, it shall be understood to mean the duly elected Officers of the Brotherhood of Maintenance of Way Employees Division (“BMWED”). Where the term Carrier or Company Officer appears, it shall mean the officer of the Carrier or Company who has been designated, by the Carrier, to handle such specific matters. The right to make and interpret contracts and/or agreements covering rules, rates of pay, and working conditions on behalf of employees covered by this Agreement shall be vested in the regularly constituted BMWED duly authorized representative. The use of the term “Employee” shall mean all maintenance of way employees represented by BMWED. This Agreement shall constitute a Labor Agreement between the Carrier and the Organization and shall be uniformly applied to all Employees represented by the BMWED collectively, except where otherwise specifically provided herein.
- (b) The masculine gender wherever used herein shall be construed to include both masculine and feminine, and the singular shall be construed to include both the singular and plural unless the context clearly indicates otherwise.
- (c) As used in this Agreement, emergency means an event that disrupts the normal flow of business on the HESR such as but not limited to: Acts of God, train accidents, or vandalism.
- (d) The parties to this Agreement agree that the fundamental objective of the Carrier, its management and employees is to provide service to its customers in the most efficient manner.

RULE 1. CLASSIFICATIONS, SCOPE, CONTRACTING

AGREEMENT POSITIONS

- POSITION:
- Track Inspector
 - Track Foreman
 - Trackman
 - Equipment Operator
 - Welder
 - Mechanic

Track Inspector: Position is filled by appointment only. Position requires knowledge of track inspection and completion of all required reports.

Foreman: Position requires employee to have experience and knowledge of the classes of trackman and operator. Position supervises other M/W employees in the work of track construction, maintenance or dismantling of tracks, and is responsible for necessary record keeping of work activities and labor reports.

Mechanic/Welder: Employee has experience with the skills of Trackman and Operator, and in addition this position requires the knowledge and skill of performing mechanic and/or track welding duties.

Operator: Employee can operate various types of railroad maintenance equipment including: tamper, regulator, spiker, tie crane, burro crane, and other on-track machines, in addition this employee maintains a Class A Commercial Drivers License.

Trackman: Employee possess the skill to work without direct supervision in the activity of repairing, renewing, dismantling or laying railroad track and its components; skill sets include knowing track gauge, knowing the names of track components, installing materials in the correct manner, knowing the proper use of tools, being qualified on operating rules and Roadway Worker rules, qualified to perform flag protection duties as assigned and holding a Class A Commercial Drivers License. Trackmen shall operate any off-track equipment as part of their assigned duties.

At such time as positions are added to the Maintenance of Way Department not identified or classified within the Seniority Roster listed within Rule 4, the Carrier and the Organization will meet and determine how the new positions should be classified.

SCOPE

(a) This Agreement governs the hours of service, rates of pay and working conditions of all employees of the Huron and Eastern Railway Corporation who perform the work of construction, maintaining, dismantling, welding, brush cutting, or inspecting the tracks used in the operation of the aforementioned Carrier, and to do whatever other work is directly or indirectly related to the service being performed. It is further recognized that maintenance employees will from time to time be required to perform duties outside their primary duties as may be assigned and has been the customary practice on the property. It is understood such duties are part of the normal duties of an maintenance employee but are not exclusive to such employees, and the local chairman may request a meeting to discuss such other duties if they become excessive. In the event any work is necessary for the operation of the railroad (e.g., customer demand for service when other employees are unavailable, manpower shortages, or accidents/derailments) or in the event of emergency, the carrier may assign such employees as it deems necessary to perform such work, without regard to whether such work falls within this Scope clause.

(b) This Agreement does not apply to supervisor forces above the rank of Track Inspector or to employees engaged in work of a character properly belonging to classes of employees covered by any other collective bargaining agreements.

NOTE: Any new positions created after the effective date of this Agreement to perform the work covered hereby shall be covered by the provisions of this Agreement.

(c) When a position covered by this Agreement is abolished, the work assigned to such position which remains to be performed will be reassigned to other positions covered by this Agreement.

(d) Work covered by this Agreement shall not be removed except by mutual agreement between the parties signatory hereto.

(e) Other than cases of emergency, an officer or an employee not covered by this agreement shall not be permitted to perform any work covered by this Agreement.

(f) Employees covered by this Agreement shall be governed by all Company rules, policies, practices and procedures previously or hereafter issued or modified by the HESR, and/or Rail America, and any prior or future modifications to these issuances, which are not in conflict with the terms and conditions of this Agreement, which have been or are made available to the affected employees.

CONTRACTING

(g) It is the intent of the Agreement for the Huron and Eastern to utilize maintenance of way employees under the rules of the Agreement to perform the work included within the scope of the Agreement; however, it is recognized that in certain specific instances the contracting out of such work may be necessary. Therefore, the Carrier may contract work recognized as Maintenance of Way work without notice to the General Chairman provided that all active employees on the date of this agreement are fully employed. So long as the number of active employees, through attrition, does not fall below fourteen (14), this provision will remain in effect. In any event, such contracting shall not occur during any period when HESR maintenance of way employees are furloughed.

(h) Should the minimum number of employees referred to in Section (g) above not be in service, and the Carrier plans to contract out work, it shall notify the General Chairman in writing as far in advance of the date of the contracting transaction as is practicable and in any event, not less than fifteen (15) days prior thereto. Such notification shall clearly set forth a description of the work to be performed and the basis on which the Carrier has determined it is necessary to contract

out such work.

(i) If the General Chairman, or his representative, requests a meeting to discuss matters relating to the said contracting transaction, the designated representative of the Carrier shall promptly meet with him for that purpose and the parties shall make a good faith effort to reach an agreement setting forth the manner in which the work will be performed. It is understood that when work is contracted, the Carrier, to the extent possible under the particular circumstances, shall engage its Maintenance of Way Employees to perform maintenance and construction work in the Track Sub-department. If no agreement is reached, Carrier may nevertheless proceed with said contracting and the Organization may file and progress claims in connection therewith.

(j) Nothing herein contained shall be construed as restricting the right of the Huron and Eastern to have work customarily performed by employees included within the Scope of the Agreement from being performed by contract in emergencies that prevent the movement of traffic when additional force or equipment is required to clear up such emergency condition in the shortest time possible. In such instances, the Huron and Eastern shall promptly notify the General Chairman of the work to be contracted and the reasons therefore, same to be confirmed in writing within fifteen (15) days of the date of such work commences.

RULE 2. SENIORITY

(a) Rights accruing to employees under their seniority entitles them to consideration for positions in accordance with their relative length of service with the Carrier, as hereinafter provided.

(b) An applicant for employment will be required to fill out and execute the Carrier's application forms and pass required physical and visual examinations, and his employment shall be considered temporary until application is approved. Applications for employment will be disapproved in writing within one hundred twenty (120) calendar days after date first service is performed, or applicant shall be considered accepted.

(c) In the event applicant gives false information, the Carrier will have the right to disapprove such application after the hundred twenty (120) calendar day probationary period has expired if the information involved was of such a nature that the employee would not have been hired if the Carrier had timely knowledge of it.

(d) When new employees enter the service, if their work is satisfactory and application for employment is not declined within hundred twenty (120) calendar days, their names shall then be listed on the seniority roster with a seniority date as of the date of first paid service. Two or more employees entering the service in the same rank on the same date will be shown on the roster on the basis of the higher of the last four digits of their Social Security number. In the event those numbers are identical, the higher of the next digit to the left within the Social Security number will

determine the order.

(e) New employees will establish seniority on the roster as described in Rule 2 (d). If a new employee is hired to fill an assignment pending bulletin and no one bids on that assignment, the new employee will acquire the seniority date as of the first day of work on the assignment.

(f) Pending approval of applications for service, employees will be considered probationary. Employees whose names have been permanently listed on the seniority roster in accordance with Section (d) of this rule will be considered permanently employed, and shall not thereafter be dismissed on account of unsatisfactory references, other than as provided in Rule 27 and Section (b) of this Rule.

(g) Employees will keep the Carrier advised of their current address and where applicable their current telephone number.

(h) Except as otherwise provided in this Agreement, seniority rights of employees covered by these rules may be exercised only in case of vacancies, new positions, reduction of forces.

(i) Employees who transfer to other departments with the Huron & Eastern Railway may continue to accumulate seniority in the Maintenance of Way craft provided they pay a Seniority retention fee in the amount of union dues on or before the first day of the month. Such Employee may bid to a vacant position in the Maintenance of Way craft but may not displace an active M of W employee.

RULE 3. PROMOTION AND SENIORITY OF PROMOTED EMPLOYEES

(a) Employees covered by these rules shall be in line for promotion. Promotion, assignments, and displacements (except for promotion or assignment to exempt or management positions) shall be based on qualifications and seniority; qualifications being sufficient, seniority shall prevail. In the application of this Rule, the term "seniority" means seniority in the rank in which the position exists.

(b) Two (2) or more employees promoted to the same higher rank on the same date will hold the same relative seniority position therein as they held in the rank from which promoted.

(c) A promoted employee will retain his seniority rights in the rank from which promoted.

(d) Disqualified employees may submit a grievance concerning a written disqualification in accordance with Rule 18. CLAIMS AND GRIEVANCES.

RULE 4. SENIORITY ROSTERS, CLASSIFICATIONS AND DEFINITIONS

For the employees covered by this Agreement, the entire railroad shall constitute a single seniority district over which employees may exercise their seniority.

The Company currently recognizes two prior right seniority districts; one being Seniority District A (former Central Michigan or "west side"), the second being Seniority District B (former Huron & Eastern or "east side"). There is also a common dovetailed Seniority Roster C.

Seniority District A roster will be used for the filling of all permanent assignments on duty at any location made up of the former Central Michigan Railroad.

Seniority District B roster will be used for the filling of all permanent assignments on duty at any location made up of the former Huron & Eastern Railroad.

All employees entering the Track Sub-department as of 1-1-04 have and will continue to be placed on common roster C which is used on all HESR vacancies.

SENIORITY ROSTERS

(a) Seniority roster showing name, occupation and seniority dates of all employees will be posted within thirty (30) days following the effective date of this Agreement in places accessible to all employees affected. A copy of the roster will be provided to the Local and General Chairman at the time they are posted.

(b) The following rosters will be established in the rank indicated:

- Track Inspector
- Track Foreman
- Trackman
- Mechanic
- Welder

(c) The rosters will be revised and posted in January of each year and will be open to protest (for errors associated with the new roster only) for a period of thirty (30) days from date of posting and upon presentation of proof of error by an employee, or his representative, such error shall be corrected.

(d) The provision for annual revision and posting of seniority rosters shall not be construed to mean that the duly accredited representatives of the employees will be denied the right to request and receive a revised roster when reductions in forces are contemplated or when, due to turn-over in forces, the annual roster does not furnish the information necessary to properly apply the provisions of this Agreement.

(e) An employee returning from leave will have thirty (30) days to protest an error in his seniority which would have the direct effect on his seniority rights.

RULE 5. FORCE REDUCTIONS

(a) When forces are reduced or positions are abolished, employees affected will be notified thereof not less than five (5) working days in advance of the effective date of force reduction or abolishment of positions. The provisions of this Section (a) with respect to notice of force reduction or abolishment of positions will not apply to employees who are filling temporary vacancies of thirty (30) calendar days' or less duration, or to employees who are filling temporary positions of less than thirty (30) calendar days' duration.

(b) When employees are notified of their position being abolished or that they are being displaced the effected employee will contact the designated Carrier Office to receive listing of assignments and locations of junior employees still working. It is understood that in the application of this Section (b) it is the employee's ultimate responsibility to properly place himself. Under no circumstance will the Carrier be liable for any claim by, or on behalf of, any employee who fails to properly place himself.

(c) Employees affected by force reduction, abolishment of positions or who are displaced by senior employees will have forty-eight (48) hours to exercise their seniority over any junior employees on any roster in which they hold seniority in any sub-department.

(d) Employees on vacation or authorized leave of absence will not have those days counted as part of the forty-eight (48) hours in which to exercise seniority.

(e) If an employee elects not to exercise his seniority over junior employees, or there are no positions on which he can place himself, he will be placed in furlough status until he is either called back in seniority order or is able to acquire a position by bulletin.

RULE 6. BULLETIN PROCEDURE

(a) All new positions of thirty (30) or more calendar days will be bulletined at all section headquarters in the Maintenance of Way Department. Each position to be bulletined will be posted at the headquarters of all employees for a period of seven (7) calendar days. Each bulletin will be numbered consecutively by the issuing officer commencing on January 1st of each year.

(b) Each bulletin will contain the following information:

Date of posting
Date of expiration
Type of position

Location
Rate of pay
Assigned hours
Date position starts work

(c) In the event a bulletin covers vacancies for more than one (1) position, the employee must specify his preference by number on his bid slip. In the event an employee fails to specify his preferences on a multi-position bulletin in numerical order, the Carrier will assign the employee to a position listed on the bulletin.

(d) Employees desiring such position shall, within seven (7) calendar days of posting of the bulletin, file written applications with the officer, whose name is signed to the bulletin, sending copy to the General Chairman. Applications may be submitted by "fax" or email if followed up with a confirming telephone call. A bulletin of assignment, designating the successful applicant, shall be issued within seven (7) calendar days of close of bidding.

(e) When assignment of bulletin is made, notice will be given in similarly numbered bulletin form with the following information:

Name of successful applicant
Seniority date of successful applicant

(f) Each new position or vacancy bulletined as provided in this rule will be assigned to the senior applicant who holds seniority on the seniority roster from which the position in question is filled. In the event applications are received from two or more employees with same seniority date the senior in the service of the Carrier will be assigned.

(g) Employees securing a position by Bulletin will be released from their previous position to take the new position as soon as possible, but not later than the Monday following the date the position is bulletined to start work.

(h) Bids will not be accepted from an employee while on vacation, sick leave or other authorized leave for jobs that are bulletined and closed during such absence. Such an employee will be permitted to displace a junior employee from an assignment secured by bulletin that was posted and assigned during the absence of the senior employee, provided he does so within five (5) calendar days upon reporting back for service.

(i) Copies of bulletins and assignments will be furnished to the Local Chairman and the General Chairman.

RULE 7. QUALIFYING

(a) For both existing and newly hired employees, the Carrier will make available and

pay for both on-the-job and outside education opportunities to permit employees to advance to the next level of pay class. All employees (except those hired prior to January 1, 2004) will be required to obtain and maintain a Class A Commercial Drivers License as a condition of employment. Carrier will provide and pay for employee to secure and maintain the CDL, including providing a company vehicle for the test.

(b) Employees awarded bulletined positions in a class in which not yet qualified will be given up to thirty (30) calendar days in which to qualify. At the discretion of the Carrier, an employee may be given reasonable time in excess of thirty (30) calendar days in which to qualify.

(c) An employee who fails to pass examination(s) or who is otherwise disqualified, shall be advised promptly, in writing, with copy to the General Chairman as to cause or reason of his failure to qualify, and will be allowed two (2) days in which to exercise displacement rights.

(d) Employees who acquire a position will be given full cooperation by supervisors and other employees in their efforts to qualify.

RULE 8. WORK WEEK

(a) The work week for all employees subject to this Agreement will be forty (40) hours, consisting of either five (5) days or four (4) days with two (2) or three (3) consecutive days off in each seven (7). So far as practicable the days off shall be Saturday and Sunday or include either Saturday or Sunday. The work week will not be changed with less than 7 days notice.

(b) Employees required to perform work on their assigned rest days will be paid for all hours worked on an actual minute basis and paid for at the time and one-half rate.

(c) Beginning of Workweek – The term “workweek” for regularly assigned employees shall mean a week beginning on the first day on which the assignment is bulletined to work.

(d) Alternate work weeks may be established by mutual agreement.

RULE 9. STARTING TIME

(a) When one shift of service is employed, the starting time will not be earlier than 5:00 a.m. and not later than 10:00 a.m., and will not be permanently changed without first giving employees affected thirty-six (36) hours' notice or unless otherwise agreed between the supervisor and the members of the gang. Starting time may be temporarily changed (within the starting times outlined above) on a single day basis to accommodate operating conditions precipitated by an accident/derailment, in which event the employees will be notified at the earliest possible time.

(b) When two or more shifts are employed, the starting time may be regulated in accordance with requirements of the work.

RULE 10. MEAL PERIOD

(a) Unless otherwise agreed to by the proper officer and General Chairman, the meal period shall not be less than thirty (30) minutes.

(b) For operations determined to require continuous hours, eight (8) consecutive hours without meal period shall be assigned as constituting a day's work, in which case not less than twenty (20) minutes shall be allowed in which to eat, without deduction in pay, between the ending of the fourth hour and the beginning of the seventh hour after starting work.

(c) When a meal period is taken, it shall begin between the ending of the fourth hour and the beginning of the seventh hour after starting work, unless otherwise agreed to between the management and the duly accredited representative. If the meal period is not afforded within the assigned period and is worked, the meal period shall be paid for at the overtime rate and twenty (20) minutes with pay in which to eat shall be afforded at the first opportunity.

(d) Subject to Section (e) below, except when otherwise agreed to by employees directly affected, an employee shall not be required to work more than six (6) consecutive hours from the previous meal period without being permitted twenty (20) minutes to eat without deduction in pay. Time taken for meals shall not break the continuity of service.

(e) If an employee is worked more than two (2) hours beyond his advertised off duty time, the second meal and subsequent meals (if any) shall be furnished by the Company.

(f) The Carrier shall arrange to feed employees assigned to work at wrecks, washouts or other emergencies as nearly as practicable once each six (6) hours without expense to employees or deduction in pay.

RULE 11. OVERTIME

(a) Time worked preceding or following and continuing with a regular scheduled assigned work period shall be computed on the actual minute basis and paid for at the time and one-half rate.

(b) Overtime on a territory shall go to the regular assigned employee(s) of such territory on a seniority basis. When the regular assigned employees are not available, then the closest available employee will be called on a seniority basis.

RULE 12. CALL OUT

(a) Except as otherwise provided in Rule 11, employees notified or called to perform work outside of and not continuous with the regular work period, will be allowed a minimum of two (2) hours and forty (40) minutes compensation for two (2) hours and forty (40) minutes of work or less, and if held on duty in excess of two (2) hours and forty (40) minutes, will be allowed compensation on a minute basis.

(b) The time of an employee who is notified prior to release from duty to report for work will begin at the time he reports and end when released. The time of an employee who is called after release from duty to report for work will begin at the time he is called and will end when released (either at the work site, or at the headquarter site if required to return to that location).

RULE 13. HOLIDAYS

(a) Employees will observe the following paid holidays each year:

New Year's Day	Thanksgiving Day
Memorial Day	Friday following Thanksgiving Day
July 4 th	Christmas Eve Day
Labor Day	Christmas Day

(b) It is the policy of the Company to provide all active employees with paid days off from work to observe specified national or state holidays. To be eligible for holiday pay, employees must either work or be available for work on the last work day before and the first work day after the holiday. If scheduled to work the holiday, employees must protect their assignments in order to be eligible for holiday pay. Employees who are displaced during a holiday eligibility period and who fulfill the requirements in Rule 5 of this Agreement will not lose eligibility for holiday pay. Employees who are on vacation or bereavement leave on those days are considered to have met this requirement and are eligible for holiday pay at the normal eight (8) hour straight time rate and the holiday will not be used to extend the vacation period.

(c) An employee required to work on a holiday will receive pay at the rate of time and one half for hours actually worked, and in addition, he will receive eight (8) hours at the straight time rate, provided all conditions have been met to receive "Holiday Pay" as in the above.

(d) An employee on short-term or long-term leave without pay is not entitled to holiday pay.

(e) New employees who start work on a day following a holiday are not entitled to pay for that holiday.

(f) Paid time off for holidays are not counted as hours worked for the purposes of determining overtime.

(g) Holidays will be observed on the actual date the holiday is observed nationally.

RULE 14. VACATIONS

(a) Active employees are eligible for vacation pay after they have completed 30 days of service. Vacation time is accrued on a monthly basis for each calendar year and must be taken during the calendar year in which it is earned. The maximum number of days you can earn in a given calendar year is based upon your years of continuous service with the Company. Years of service are based on the number of completed years from your hire date as a regular full-time employee.

(b) Vacation pay for hourly employees is calculated at each employee's straight time pay rate times the number of hours the employee would normally have worked on the vacation day, up to eight hours per day. Paid vacation will not be counted as hours worked for the purpose of determining overtime.

(c) Employees will schedule their vacation in advance with their supervisor and the overall vacation schedule for all maintenance of way employees will be developed based on an employee's right of preference based on their seniority. Vacation schedules will be developed in consideration of a variety of factors including anticipated operating requirements and staffing considerations. Vacation scheduling shall be worked out on a local basis between the Local Chairman and the General Manager or his designated representative. Vacation schedules should be completed and submitted by December 1st of the previous year.

(d) In a given calendar year an employee may take vacation days before he/she has earned them. However, should an employee leave the Company for any reason without having rendered enough compensated service to have earned all the days used, the unearned days will be deducted from an employee's final paycheck.

(e) **RATE OF ACCRUAL**

Length of Maximum Service	Rate of Accrual/ Hrs/Month	Accrual/Year
1-5 yrs (1-60 mos.)	6.67 hours	80 hours
6-10 yrs (61-120 mos.)	10 hours	120 hours
11-15 yrs (121-180 mos.)	11.34 hours	136 hours
16+ yrs (181 + mos.)	13.34 hours	160 hours

(f) Employees not permitted to take their entire vacation because of company needs will be permitted to carry over any unused accrued vacation into the next year or paid a lump sum for the unused days, at the Company's option.

(g) At least one week of vacation (5 paid days) may be taken one day at a time provided the requesting employee is entitled to ten (10) or more vacation days in that calendar year. When one day of vacation is taken it must be approved by the designated carrier officer, and will be paid for the employee's current rate of pay.

(h) If vacation time is unused because of death, furlough, or military service you (or your survivors) will be paid for any accrued unused vacation.

RULE 15. FLEX DAYS

(a) Flex Days will be accumulated at a rate of .5 days per month. Accrued Flex Days may be used by an employee to take personal days off for various reasons, provided the employee gives the Company a minimum forty-eight (48) hours advance notice to the designated Company officer. Employees shall receive a basic day's pay at the pro rata rate of their assignment for each Flex Day taken. Employees will be required to take an accumulated Flex Day, if any available, for each day an employee lays off personal or sick.

(b) Flex Days may be accumulated from one calendar year to the next to a maximum of twelve (12) days at any given time. Further accumulation shall be suspended until the number of days accumulated is reduced to less than twelve through utilization or buy back.

(c) Flex Days may be granted or denied consistent with the needs of service, at the discretion of the Company. Employees are encouraged to schedule Flex Days with the Company sufficiently in advance with the understanding not all employees can be granted the same day off, unless the Company shuts down its operation on what would otherwise be a work day or a holiday. Flex days for personal reasons will be assigned on a first-come, first-served basis.

RULE 16. BEREAVEMENT LEAVE

(a) Employees will be allowed a maximum of five consecutive working days (based on 8 hours pay per day) with pay, in the event of the death of an immediate family member. An employee may be granted one day off with pay due to the death of an extended family member. Paid time off for bereavement will not be counted as hours worked for the purposes of determining overtime. Family member categories are defined as:

Immediate Family	Extended Family
• Parents (including Step)	• Aunts and Uncles
• Siblings (including Step)	• Cousins
• Children (including Step)	• Nieces and Nephews

• Spouse	
• In-Laws	
• Grandparents	
• Grandchildren	
• Domestic Partner	

If requested, documentation may be required.

RULE 17. HEARINGS AND INVESTIGATIONS

(a) Subject to the following, an employee in service more than one hundred twenty (120) days will not be disciplined without a fair and impartial hearing. The employee and the General Chairman of the BMWED will be notified of the charge against him within fifteen (15) days of the occurrence on which is to be based, or within fifteen (15) days of when the Company’s knowledge of the incident. Within fifteen (15) days of notification, the Company will conduct the hearing with the employee and a duly accredited representative, if desired, in attendance. The charged employee will be permitted to attend the investigation, hear all the evidence submitted, interrogate witnesses, and be represented by his choice of a duly-authorized representative of the BMWED, or a BMWED represented employee. An employee required by the Company to attend a hearing as a witness during regularly-assigned hours, or at such time as will interfere with the ability to work his assigned hours, will be made whole for time lost. An employee required by the Company to attend a hearing as a witness commencing outside his assigned hours will be paid at his regular straight time rate. If the matter is not resolved after an investigation, at the Union’s request, the Company will provide a written transcript.

(b) In cases Management determines to be serious (such as, but not limited to, theft, altercation, insubordination, dishonesty, negligence, threats to Company personnel or customers, damaging or defacing Company property or property entrusted to the custody of the HESR or use or possession of alcoholic beverages, intoxicants, drugs, narcotics or major accidents) or when required by application of federal regulation governing the conduct of railroad operations, an employee may be withheld from service. It is understood that an employee held out of service under this article who, as a result of the investigation, is found to have not committed the offense(s) charged will be reinstated immediately and paid for time lost. Where an employee has not lost time, he will be compensated for time during which the Company required him to be at the hearing.

(c) A decision shall be rendered within thirty (30) calendar days following the investigation, and written notice thereof will be given the employee, with copy to the General Chairman. If decision results in suspension or dismissal, it shall become effective promptly. If employee is called back to service prior to completion of suspension period, any unserved portion of the suspension period shall be cancelled.

(d) The employee and the General Chairman shall be furnished a copy of the transcript

of investigation, including all statements, reports, and information made a matter of record.

(e) The investigation provided for herein may be waived by the employee provided that any discipline assessed is confirmed in writing, with copy to his General Chairman.

(f) If it is found that an employee has been unjustly disciplined or dismissed, such discipline shall be set aside and removed from the record. He shall be reinstated with his seniority rights unimpaired, and be compensated for wage loss, if any, resulting from such discipline or suspension.

(g) The provisions of Rule 18 shall be applicable to the filing of claims and to appeals in discipline cases.

(h) The date for holding an investigation may be postponed if mutually agreed to by the Carrier and the employee or his duly authorized representative. If there is a change in the location of the investigation, the employee and his duly authorized representative will be notified.

(i) If investigation is not held or decision rendered within the time limits herein specified, or as extended by agreed-to postponements, the charges against the employee shall be considered as having been dismissed.

RULE 18. CLAIM AND GRIEVANCE PROCEDURE

(a) All claims or grievances must be presented in writing by or on behalf of the employee involved to the officer of the Carrier authorized to receive same within sixty (60) calendar days from the date of the occurrence on which the claim or grievance is based. Should any claim or grievance be disallowed, the Carrier shall, within sixty (60) calendar days from the date same is filed, notify whoever filed the claim or grievance (the employee or his duly accredited representative) in writing of the reasons for such disallowance. If not so notified, the claim or grievance shall be allowed as presented, but this shall not be considered as a precedent or waiver of the contentions of the Carrier as to other similar claims or grievances.

(b) If a disallowed claim or grievance is to be appealed, such appeal must be in writing and must be taken within sixth (60) days from receipt of notice of disallowance to the highest designated Company officer for handling appeals. Failing to comply with this provision, the matter shall be considered closed, but this shall not be considered as a precedent or waiver of the contentions of the employee as to other similar claims or grievances. Should any such claim or grievance be disallowed on appeal, the highest designated Company officer for handling appeals shall, within sixty (60) days from the date same is filed, notify whoever filed the claim or grievance (the employee or his duly accredited representative) in writing of the reasons for such disallowance. If not so notified, the claim or grievance shall be allowed as presented, but this shall not be considered as a precedent or waiver of the contentions of the Company as to other similar claims or grievances. It is understood, however, that the parties may, by agreement, at any stage of the

handling of a claim or grievance on the property, extend the period for either a decision or appeal.

(c) The requirements outlined in Sections A and B of this Rule pertaining to appeal by the employee and decision by the Carrier, shall govern in appeals taken to each succeeding officer, except in cases of appeal from the decision of the highest officer designated by the Carrier to handle such disputes. All claims or grievances involved in a decision by the highest designated officer shall be barred unless, within nine (9) calendar months from the date of said officer's decision proceedings are instituted by the employee or his duly authorized representative before the appropriate division of the National Railroad Adjustment Board or a system board of adjustment that has been agreed to by the parties hereto as provided in Section 3, Second, of the Railway Labor Act. It is understood, however, that the parties may by agreement in any particular case extend the nine (9) calendar months' period herein referred to.

(d) A claim may be filed at any time for an alleged continuing violation of any agreement and all rights of the claimant or claimants involved thereby shall, under this rule, be fully protected by the filing of one claim or grievance based thereon as long as such alleged violation, is found to be such, continues. However, no monetary claim shall be allowed retroactively for more than sixty (60) calendar days prior to the filing thereof. With respect to claims and grievances involving an employee held out of service in discipline cases, the original notice of request for reinstatement with pay for time lost shall be sufficient.

(e) This rule recognizes the right of representatives of the Organization, party hereto, to file and prosecute claims and grievances for and on behalf of the employee it represents.

RULE 19. EXPENSES

An employee required to stay overnight away from his headquarters location must be more than twenty-five (25) miles from his headquarters point to be eligible for reimbursement for meals and lodging. When an employee is required to take lodging, the Carrier will pay for the lodging. The Carrier will make arrangements for direct billing of the lodging to the Carrier, or in such cases as an emergency or other matter where direct billing is not available, the Carrier will reimburse the employee for his incurred lodging expense (room and tax only). Reimbursement for reasonable meal expenses will be made to employees.

RULE 20. STARTING POINT

(a) The Company shall designate a headquarters point such as a depot, tool house, shop, etc., for each regular position. Employees will begin and end their day at their designated headquarters. If taken away from their headquarters overnight, the starting point the next day will be the lodging location.

RULE 21. ATTENDING COURT

Employees taken away from their regular assigned duties at the request of the Carrier to attend court or to appear as witnesses for the Carrier will be allowed eight (8) hours at pro rata rate for each work day, and eight (8) hours at time and one-half for holidays. Transportation will be provided by the Carrier upon request of employee or the employee may furnish his own transportation and be reimbursed at the applicable mileage rate. Actual expenses will be allowed while away from headquarters. Any fees or allowances paid by the court will be assigned to the Carrier.

RULE 22. EXAMINATIONS

An employee directed by the Carrier to attend rules examinations or attend safety meetings will be paid for time lost in taking such examinations and if required to leave his home station such employee will be allowed expenses unless provided by the Carrier.

RULE 23. LEAVE OF ABSENCE

(a) An employee may be granted a leave of absence without pay for up to thirty (30) calendar days at the carrier's discretion upon written application by the employee.

(b) The granting of a leave of absence by the Carrier shall be based on the nature of the request and operational requirements of the Carrier. Extensions of the leave of absence may be granted at the option of the Carrier.

(c) An employee shall immediately return to work upon termination of his leave of absence. Failure to do so shall constitute termination of employment.

(d) An employee who has been granted a leave of absence shall be considered as having terminated his employment without notice if, while on such leave, the employee engages in, or applies for, other employment.

(e) An employee who has obtained a leave through fraud or misrepresentation shall be subject to discharge at the sole discretion of the Carrier.

(f) An employee returning after leave of absence shall return to his former position provided it has not been abolished or a senior employee has not exercised displacement rights thereon. Upon return or within two (2) days thereafter, such employee may exercise seniority rights on any position bulletined during such absence. In the event the employee's former position has been abolished or a senior employee has exercised displacement rights thereon, the returning employee will be governed by the provision of Rule 5 FORCE REDUCTIONS and may displace a junior employee if such rights are asserted within two (2) days after his return. Employees displaced by his return shall have the privilege of exercising seniority rights over junior employees in the same manner.

NOTE: This rule also applies to an employee reporting for duty after vacation, sickness,

disability, suspension or after an absence for any other legitimate cause.

(g) Duly accredited representatives employed exclusively by the Organization shall be granted leave of absence and may return to their former positions or exercise seniority rights within thirty (30) days after release from such employment.

(h) Other duly accredited representatives of employees shall be granted necessary time off without pay from the Carrier for hearings, consideration and adjustment of grievances, negotiations, to attend meetings of employees or other matters connected with the interests of the employees. Representatives must provide 48 hours notice to a Carrier official. For the purpose of attending meetings such as union Conventions or Joint Protective Board meetings not less than thirty (30) days notice will be given to a Carrier Official.

RULE 24. JURY DUTY

Employees will be compensated for time lost at the straight time wage when serving in jury duty. Employees must show the jury duty summons to the supervisor as soon as possible to make arrangements to accommodate the employee's absence. The amount of the lost time wage paid will be offset by any jury duty pay provided to the employee by the court. Employees are expected to work their assignments whenever the court schedule permits.

RULE 25. UNION SHOP

The provisions of the Union Shop Agreement shall be applicable to employees covered by this Agreement. (Appendix A hereto).

The Brotherhood of Maintenance of Way Employees Division agrees that it will indemnify and hold harmless the Huron and Eastern Railway Company from any claim and/or lawsuit initiated by or on behalf of, any Maintenance of Way Department employee or former employee, arising out of the interpretation and/or application of the Union Shop Agreement referred to herein.

RULE 26. DUES DEDUCTION

The provisions of the Dues Deduction Agreement shall be applicable to employees covered by this Agreement. (Appendix B hereto).

RULE 27. GROUP INSURANCE PLANS

(a) Carrier shall provide insurance benefits contained in the plans that carrier participates in and on the same terms as they apply to other employees of the HESR and other subsidiaries and as they may be amended from time to time. Employees will receive advance notice of changes to the plan.

(b) A booklet outlining the coverage available can be obtained from the Office Manager. Employees must meet the qualifying criteria described in the plans before they become eligible to receive benefits. Employees should refer to the plan documents for exact details of their insurance benefits. This insurance is only effective as long as the employee is eligible for insurance and becomes and remains insured as provided in the applicable policy, and benefits and employee contributions may be changed from time to time.

(c) Carrier will make available on the same terms as it does to other employees a 401(k) plan with a company match. Employees covered by this Agreement must meet the Plan eligibility requirements to participate.

RULE 28. CLASSIFICATIONS AND RATES OF PAY

Pay Class	Current	1-1-11	1-1-12	1-1-13	1-1-14	1-1-15
Track Inspector	\$18.25	\$18.62	\$18.99	\$19.37	\$19.76	\$20.16
Track Foreman	\$17.72	\$18.07	\$18.43	\$18.80	\$19.18	19.56
Trackman	\$16.50	\$16.83	\$17.17	\$17.51	\$17.86	\$18.22
Machine Operator	\$17.23	\$17.57	\$17.92	\$18.28	\$18.65	\$19.02
Welder	\$17.41	\$17.76	\$18.12	\$18.48	\$18.85	\$19.23
Mechanic	\$17.41	\$17.76	\$18.12	\$18.48	\$18.85	\$19.23

In addition to the annual wage increase as set forth above, all employees covered by this Agreement shall continue to be entitled to the benefits set forth in the RailAmerica Incentive Compensation Plan dated January 1, 2008.

Employees will be paid at their highest pay classification (qualified) regardless of the work they are performing and work may vary throughout the work day. Employees will perform whatever duties they are qualified to perform regardless of seniority at any particular job site or work location.

RULE 29. PRINTED AGREEMENT

The Carrier shall provide employees with a copy of this Agreement and amendments thereto without cost, and employees will acknowledge receipt in writing.

RULE 30. REPORTING ABSENTEEISM

In the event an employee, regular or extra, finds it necessary to be absent from work for any reason he must notify his foreman as promptly as possible, but in no event later than the starting time of his assignment of his contemplated absence and the reason therefor. Repeated absenteeism, or a

pattern of absenteeism, will be dealt with as a disciplinary matter.

RULE 31. RETURN TO DUTY AFTER ILLNESS

In the event an employee is absent from work for a period in excess of three (3) successive work days due to his own illness or off-duty injury, the employee may be required to provide to his supervisor a release from his attending physician certifying to his fitness to resume active duty before he will be permitted to do so. Carrier may direct the employee to see a Company doctor before being allowed to return to work, and Carrier will pay for any examinations or tests that are required.

RULE 32. FORFEITURE OF SENIORITY

(a) Carrier seniority is defined as the length of time an employee has had a continuous employment relationship with the Carrier.

(b) Carrier seniority shall be broken, and all employment rights shall be forfeited, when an employee:

- (1) resigns or quits;
- (2) is discharged;
- (3) has less than 3 years of seniority and is laid off for more than twelve (12) consecutive months;
- (4) fails to report to work following recall from layoff within ten (10) calendar days after receipt of notice by telegram or U.S. mail, at the last address furnished to the Carrier by the employee;
- (5) fails to return following the end of a leave of absence or paid time off;

RULE 33. OFFICIAL, SUPERVISORY OR ORGANIZATION POSITIONS

(a) An employee assigned to an official or supervisory position with the Brotherhood of Maintenance of Way Employees Division will retain and accumulate seniority while so assigned.

(b) Effective as of the date of this Agreement, all employees promoted subsequent thereto to official, supervisory, or exempted positions from crafts or classes represented by the BMWED shall be required to pay an appropriate monthly fee, not to exceed monthly union dues, in order to retain and continue to accumulate seniority. A supervisor whose payments are delinquent shall be given written notice by the General Chairman of the amount owed and ninety (90) days from the date of such notice to cure the delinquency to avoid seniority forfeiture.

(c) Employees promoted prior to the effective date of this Agreement to official, supervisory, or other exempted positions from crafts or classes represented by BMWED shall be grandfathered from the provisions of Section (b) above, and shall continue to retain and accumulate

seniority in the same manner as before this Agreement was entered into.

(d) An employee relieved from an official or supervisory position with the Carrier, or an employee relieved from an official position with the Brotherhood of Maintenance of Way Employees Division, or an employee who voluntarily relinquishes such an official or supervisory position may, within thirty (30) calendar days thereafter, exercise seniority over a junior employee in accordance with Rule 5 in the seniority rank in which employed at the time of assignment to an official or supervisory position. Should such an employee's seniority and qualifications not entitle him to hold a position in the seniority rank in which employed at the time of assignment to an official or supervisory position or in the highest seniority rank in which seniority has been acquired in the seniority district in which employed at the time of assignment to an official or supervisory position, then such an employee may exercise seniority in accordance with Rule 5 in any other seniority roster in which seniority has been acquired.

(e) An employee displaced as a result of the return of an employee from an official or supervisory position will have the same rights as provided for herein for the employee returning from an official or supervisory position.

(f) It is understood official, supervisory or exempted positions (i.e., positions not covered by this agreement) refers to such positions within the companies owned by the parent corporation.

RULE 34. TEMPORARY VACANCIES

(a) A new position or vacancy of thirty (30) calendar days or less duration, shall be considered temporary and may be filled without bulletining. Such employee will assume all the working conditions of the assignment just as if regularly assigned thereto.

(b) Employees who are off work due to medical or personal leave of absence for more than thirty (30) calendar days will have their position bulletined and assigned temporarily to another employee. Upon returning from such leave of absence, the employee will return to the position assigned at the time granted the leave of absence.

RULE 35. SAFETY EQUIPMENT

(a) Each January 1st, regardless of length of service, each employee will qualify for a reimbursement of up to a maximum of \$150 following the purchase of safety boots.

(b) In order to receive the reimbursement, employees will be required to present the company with a receipt documenting the shoe purchase.

(c) Other safety equipment required by the company will be provided by the Carrier.

RULE 36. DRINKING WATER

The Railroad will see to it that a reasonable adequate supply of ice and drinking water is made available to employees.

RULE 37. PAY SHORTAGES

In any payroll period where a Carrier error results in an under payment of one day's pay or more, the Carrier will issue a check for the underpayment. For errors under one day's pay or where the employee is at fault, the error will be corrected in the subsequent payroll period. Employees must participate in a direct deposit of paychecks and expense checks if offered.

RULE 38. PHYSICAL EXAMS

(a) Examinations – Employees may from time to time be required to take a physical examination at the expense of the Carrier to determine their fitness to reasonably perform the service required, and to protect the health and safety of other employees.

(b) If an employee is found to be medically disqualified by the Company's physician and the employee is of the opinion that his condition does not justify removal from the service or restriction of his rights to service, appeal will be made to the designated officer of the Company for a joint medical board to be established.

(c) The employee involved will select a physician to represent him and the Company will select a physician to represent it (who may be the original examining physician) in conducting a further medical examination. If the two physicians thus selected agree, the conclusion reached by them as to the individual's medical condition will be final.

(d) If the two physicians selected do not agree as to the medical condition of such individual, they will select a third physician to be agreed upon by them, who shall be a practitioner of recognized standing in the medical profession and a specialist in the disease or ailment from which the individual is alleged to be suffering. The third physician thus selected will examine the employee and render a report with reasonable promptness setting forth his physical condition and an opinion as to his fitness to continue service in his regular employment, which shall be accepted as final. Should the decision be adverse to the individual, and it later appears through medical findings that his condition has improved, a re-examination by the Company's physician will be arranged after a reasonable interval upon the request of the employee or the Union.

(e) The Company and the employee will each pay for the costs of their chosen

physician and share equally in paying the costs of the third physician.

(f) If an employee has been out of active service for more than ninety (90) days, before resuming service he will be required to pass a physical examination (including drug and alcohol testing) before being permitted to return to duty.

RULE 39. BULLETIN BOARDS

The Carrier shall provide space on bulletin boards at all BMWED headquarters for posting of union business, provided that such notice(s) shall not include any defamatory or anti-Carrier material.

RULE 40. EFFECT OF THIS AGREEMENT

(a) This Agreement shall become effective on ratification and shall remain in effect until and unless changed under the provisions of the Railway Labor Act, as amended, or by mutual consent of parties signatory hereto.

(b) No party to this agreement will serve any notice or proposal under the terms of the Railway Labor Act for the purpose of changing the provisions of the collective bargaining agreement prior to October 1, 2015, to be effective no earlier than January 1, 2016. All pending Section 6 Notices between the parties are hereby withdrawn.

(c) The provisions under Paragraph (b) above shall not bar the Carrier and Organization from agreeing upon any subject of mutual interest.

FOR BMWED



General Chairman

Date 10/4/2010



Vice President

Date 9.25.10

FOR HESR



General Manager

Date 10/7/10

Side Letter No. 1

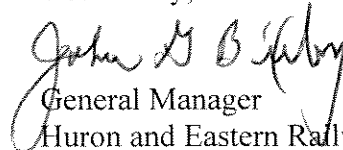
Mr. Dennis Albers
General Chairman, BMWED

In reference to the collective bargaining agreement signed today, we discussed the concerns expressed by the Organization regarding the possible future modification of the Rail America Incentive Compensation Plan (hereinafter referred to as "the Plan"). In that respect, the Company is agreeable to the following:

1. It is understood the compensation package agreed to (2% each January 1 and participation in the Plan) is in lieu of general wage increases of 3% per year with no participation in the Plan.
2. In the event, during the moratorium period of this contract, the Plan is revised by Rail America to provide for a reduction in the potential compensation there under below six percent (6%) of the employees' gross wages, the Organization may, at its option, serve a 30-day written notice upon the Company of its intent to discontinue participation in the Plan effective at the beginning of the next quarter. In that event, the rates of pay will be increased by 1% concurrent with discontinuance of Plan participation for the balance of that calendar year. Thereafter, for the balance of the moratorium period, the remaining general wage increases provided shall be applied at 3% instead of 2%.

If this accurately sets forth our understanding in this matter, please indicate your concurrence by signing below.

Yours truly,


General Manager
Huron and Eastern Railway Co.

AGREED:


General Chairman, BMWED

APPENDIX "A"

UNION SHOP AGREEMENT

IT IS AGREED:

Section 1.

In accordance with and subject to the terms and conditions hereinafter set forth, all employees of this Carrier now or hereafter subject to the rules and working conditions agreements between the parties hereto, except as hereinafter provided, shall, as a condition of their continued employment subject to such agreements, become members of the organization party to this Agreement representing their craft or class within sixty (60) calendar days of the date they first perform compensated service as such employees after the effective date of this Agreement, and thereafter shall maintain membership in such organization; except that such membership shall not be required of any individual until he has performed compensated service on thirty (30) days within a period of twelve (12) consecutive calendar months. Nothing in this Agreement shall alter, enlarge, or otherwise change the coverage of the present or future rules and working conditions agreements.

Section 2.

This Agreement shall not apply to employees while occupying positions which are excepted from the bulletining and displacement rules of the individual agreements, but this provision shall not include employees who are subordinate to and report to other employees who are covered by this Agreement. However, such excepted employees are free to be members of the organization at their option.

Section 3.

A. Employees who retain seniority under the Rules and Working Conditions Agreements governing their class or craft and who are regularly assigned or transferred to full time employment not covered by such agreements, or who, for a period of thirty (30) days or more, are (1) furloughed on account of force reduction, or (2) on leave of absence, or (3) absent on account of sickness or disability, will not be required to maintain membership as provided in Section 1 of this Agreement so long as they remain in such other employment, or furloughed or absent as herein provided, but they may do so at their option. Should such employees return to any service covered by the said Rules and Working Conditions Agreements and continue therein thirty (30) calendar days or more, irrespective of the number of days actually worked during that period, they shall, as a condition of their continued employment subject to such agreements, be required to become and remain members of the organization representing their class or craft within thirty-five (35) calendar days from date of their return to such service.

B. The seniority status and rights of employees furloughed to serve in the Armed Forces or granted

leaves of absence to engage in studies under an educational aid program sponsored by the federal government or a state government for the benefit of ex-servicemen shall not be terminated by reason of any of the provisions of this Agreement but such employees shall, upon resumption of employment, be considered as new employees for the purposes of applying this Agreement.

C. Employees who retain seniority under the Rules and Working Conditions Agreements governing their class or craft and who, for reasons other than those specified in subsections A and B of this section, are not in service covered by such Agreements, or leave such service, will not be required to maintain membership as provided in Section 1 of the Agreement so long as they are not in service covered by such agreements, but they may do so at their option. Should such employees return to any service covered by the said Rules and Working Conditions Agreements they shall, as a condition of their continued employment, be required, from the date of return to such service, to become and remain members in the organization representing their class or craft.

D. Employees who retain seniority under the Rules and Working Conditions Agreements of their class or craft, who are members of an organization signatory hereto representing that class or craft and who in accordance with the Rules and Working Conditions Agreement of that class or craft temporarily perform work in another class of service shall not be required to be members of another organization party hereto whose Agreement covers the other class of service until the date the employees hold regularly assigned positions within the scope of the Agreement covering such other class of service.

Section 4.

Nothing in this Agreement shall require an employee to become or to remain a member of the organization if such membership is not available to such employee upon the same terms and conditions as are generally applicable to any other member, or if the membership of such employee is denied or terminated for any reason other than the failure of the employee to tender the periodic dues, initiation fees, and assessments (not including fines and penalties) uniformly required as a condition of acquiring or retaining membership. For purposes of this Agreement, dues, fees, and assessments, shall be deemed to be "uniformly required" if they are required of all employees in the same status at the same time in the same organizational unit.

Section 5.

A. Each employee covered by the provisions of this Agreement shall be considered by a carrier to have met the requirements of the Agreement unless and until such carrier is advised to the contrary in writing by the organization. The organization will notify the carrier in writing by Registered or Certified Mail, Return Receipt Requested, or by personal delivery evidenced by receipt, of any employee who it is alleged has failed to comply with the terms of this Agreement and who the organization therefore claims is not entitled to continue in employment subject to the Rules and Working Conditions Agreement. The form of notice to be used shall be agreed upon by the individual railroad and the organizations involved and the form shall make provision for specifying

the reasons for the allegation of noncompliance. Upon receipt of such notice, the carrier will, within ten (10) calendar days of such receipt, so notify the employee concerned in writing by Registered or Certified Mail, Return Receipt Requested, or by personal delivery evidenced by receipt. Copy of such notice to the employee shall be given the organization. An employee so notified who disputes the fact that he has failed to comply with the terms of this Agreement, shall within a period of ten (10) calendar days from the date of receipt of such notice, request the carrier in writing by Registered or Certified Mail, Return Receipt Requested, or by personal delivery evidenced by receipt, to accord him a hearing. Upon receipt of such request the carrier shall set a date for hearing which shall be held within ten calendar days of the date of receipt of request therefore. Notice of the date set for hearing shall be promptly given the employee in writing with copy to the organization, by Registered or Certified Mail, Return Receipt Requested, or by personal delivery evidenced by receipt. A representative of the organization shall attend and participate in the hearing. The receipt by the carrier of a request for a hearing shall operate to stay action on the termination of employment until the hearing is held and the decision of the carrier is rendered.

In the event the employee concerned does not request a hearing as provided herein, the carrier shall proceed to terminate his seniority and employment under the Rules and Working conditions Agreement not later than thirty (30) calendar days from receipt of the above described notice from the organization, unless the carrier and the organization agree otherwise in writing.

B. The carrier shall determine on the basis of the evidence produced at the hearing whether or not the employee has complied with the terms of this Agreement and shall render a decision within twenty (20) calendar days from the date that the hearing is closed, and the employee and the organization shall be promptly advised thereof in writing by Registered or Certified Mail, Return Receipt Requested.

If the decision is that the employee has not complied with the terms of this Agreement, his seniority and employment under the Rules and Working Conditions Agreement shall be terminated within twenty (20) calendar days of the date of said decision except as hereinafter provided or unless the carrier and the organization agree otherwise in writing.

If the decision is not satisfactory to the employee or to the organization, it may be appealed in writing, by Registered or Certified Mail, Return Receipt Requested, directly to the highest officer of the carrier designated to handle appeals under this Agreement. Such appeals must be received by such officer within ten (10) calendar days of the date of the decision appealed from and shall operate to stay action on the termination of seniority and employment, until the decision on appeal is rendered. The carrier shall promptly notify the other party in writing of any such appeal, by Registered or Certified Mail, Return Receipt Requested. The decision on such appeal shall be rendered within twenty (20) calendar days of the date the notice of appeal is received, and the employee and the organization shall be properly advised thereof in writing by Registered or Certified Mail, Return Receipt Requested.

If the decision of such appeal is that the employee has not complied with the terms of this

Agreement, his seniority and employment under the Rules and Working Conditions Agreement shall be terminated within twenty (20) calendar days of the date of said decision unless selection of a neutral is requested as provided below, or unless the carrier and the organization agree otherwise in writing. The decision on appeal shall be final and binding unless within ten (10) calendar days from the date of the decision the organization or the employee involved requests the selection of a neutral person to decide the dispute as provided in Section 5 C below. Any request for selection of a neutral person as provided in Section 5 C below shall operate to stay action on the termination of seniority and employment until not more than ten (10) calendar days from the date decision is rendered by the neutral person.

C. If within ten (10) calendar days after the date of a decision on appeal by the highest officer of the carrier designated to handle appeals under this Agreement the organization of the employee involved requests such highest officer in writing by Registered or Certified Mail, Return Receipt Requested, that a neutral be appointed to decide the dispute, a neutral person to act as sole arbitrator to decide the dispute shall be selected by the highest officer of the carrier designated to handle appeals under this Agreement or his designated representative, the Chief Executive of the organization or his designated representative, and the employee involved or his representative. If they are unable to agree upon the selection of a neutral person any one of them may request the Chairman of the National Mediation Board in writing to appoint such neutral. The carrier, the organization and the employee involved shall have the right to appear and present evidence at a hearing before such neutral arbitrator. Any decision by such neutral arbitrator shall be made within thirty (30) calendar days from the date of receipt of the request for his appointment and shall be final and binding upon the parties. The carrier, the employee, and the organization shall be promptly advised thereof in writing by Registered or Certified Mail, Return Receipt Requested. If the position of the employee is sustained, the fees, salary and expenses of the neutral arbitrator shall be borne in equal shares by the carrier and the organization; if the employee's position is not sustained, such fees, salary and expense shall be borne in equal shares by the carrier, the organization and the employee.

D. The time periods specified in this section may be extended in individual cases by written agreement between the carrier and the organization.

E. Provisions of investigation and discipline rules contained in the Rules and Working Conditions Agreement between a carrier and the organization will not apply to cases arising under this Agreement.

F. The General Chairman of the organization shall notify the carrier in writing of the title(s) and address(es) of its representatives who are authorized to serve and receive the notices described in this Agreement. The Carrier shall notify the General Chairman of the organization in writing of the title(s) and address(es) of its representatives who are authorized to receive and serve the notices described in this Agreement.

G. In computing the time periods specified in this Agreement, the date on which a notice is

received or decision rendered shall not be counted.

Section 6.

Other provisions of this Agreement to the contrary notwithstanding, the Carrier shall not be required to terminate the employment of an employee until such time as a qualified replacement is available. The carrier may not, however, retain such employee in service under the provisions of this section for a period in excess of sixty (60) calendar days from the date of the last decision rendered under the provisions of Section 5, or ninety (90) calendar days from date of receipt of notice from the organization in cases where the employee does not request a hearing. The employee whose employment is extended under the provisions of this section shall not, during such extension, retain or acquire any seniority rights. The position will be advertised as vacant under the bulletining rules of the respective agreements but the employee may remain on the position he held at the time of the last decision, or at the date of receipt of notice where no hearing is requested pending the assignment of the successful applicant, unless displaced or unless the position is abolished. The above periods may be extended by agreement between the carrier and the organization involved.

Section 7.

An employee whose seniority and employment under the Rules and Working Conditions Agreement is terminated pursuant to the provisions of this Agreement or whose employment is extended under Section 6 shall have no time or money claims by reason thereof.

If the final determination under Section 5 of this Agreement is that an employee's seniority and employment in a craft or class shall be terminated, no liability against the carrier in favor of the organization or other employees based upon an alleged violation, misapplication or non-compliance with any part of this Agreement shall arise or accrue during the period up to the expiration of the sixty (60) or ninety (90) day periods specified in Section 6, or while such determination may be stayed by a court, or while a discharged employee may be restored to service pursuant to judicial determination. During such periods, no provision of any other agreement between the parties hereto shall be used as the basis for a grievance or time or money claim by or on behalf of any employee against the carriers predicated upon any action taken by the carrier in applying or complying with this Agreement or upon an alleged violation, misapplication or non-compliance with any provision of this Agreement. If the final determination under Section 5 of this Agreement is that an employee's employment and seniority shall not be terminated, his continuance in service shall give rise to no liability against the carrier in favor of the organization or other employees based upon an alleged violation, misapplication or non-compliance with any part of this Agreement.

Section 8.

In the event that seniority and employment under the Rules and Working Conditions Agreement is terminated by the carrier under the provisions of this Agreement, and such termination of seniority

and employment is subsequently determined to be improper, unlawful, or unenforceable, the organization shall indemnify and save harmless the carrier against any and all liability arising as the result of such improper, unlawful, or unenforceable termination of seniority and employment; provided, however, that this section shall not apply to any case in which the carrier involved is the plaintiff or the moving party in the action in which the aforesaid determination is made or in which case such carrier acts in collusion with any employee; provided further, that the aforementioned liability shall not extend to the expense to the carrier in defending suits by employees whose seniority and employment are terminated by the carrier under the provisions of this Agreement.

Section 9.

An employee whose employment is terminated as a result of non-compliance with the provisions of this Agreement shall be regarded as having terminated his employee relationship for vacation purposes.

Section 10.

A. The Carrier party to this Agreement shall periodically deduct from the wages of employees subject to this Agreement periodic dues, initiation fees, and assessments (not including fines and penalties) uniformly required as a condition of acquiring or retaining membership in such organization, and shall pay the amount so deducted to such officer of the organization as the organization shall designate; provided, however, that the requirements of this subsection A shall not be effective with respect to any individual employee until he shall have furnished the carrier with a written assignment to the organization of such membership dues, initiation fees and assessments, which assignment shall be revocable in writing after the expiration of one year or upon the termination of this Agreement, whichever occurs first.

B. The provisions of subsection A of this section are made effective by the Dues Deduction Agreement between the Parties, copy of which appears as Appendix B of the Working Agreement between the Parties.

Section 11.

The carriers will provide each General Chairman with a list of employees who are hired or terminated, their home addresses, and Social Security numbers, if available, otherwise the employees' identification numbers. This information will be limited to the employees covered by the collective bargaining agreement of the respective General Chairmen. The data will be supplied within 30 days after the month in which the employee is hired or terminated. Where railroads cannot meet the 30-day requirement, the matter will be worked out with the General Chairman.

APPENDIX "B"

UNION DUES DEDUCTION AGREEMENT

Section 1.

(a) The company shall, subject to the terms and conditions of this Agreement, periodically withhold and deduct sums for monthly membership dues and assessments (not including fines and penalties) uniformly required as a condition of retaining union membership, due the Brotherhood from the wages due and payable to employees working under agreements between the Company and the Brotherhood, who are members of the Brotherhood, and who have so authorized the Company by signed authorizations.

(b) The Brotherhood shall assume the full responsibility for the procurement and proper execution of said authorization forms, and for delivery of said forms to the Company no later than the first day of the second payroll period of the month from which the deductions are to be made. Likewise, revocation of authorization forms shall be delivered by the Brotherhood to the Company not later than the first day of the second payroll period of the month in which termination of deductions is to take place.

Section 2.

(a) Deductions, as provided herein, shall be made by the Company in accordance with a master deduction list prepared by the Secretary-Treasurer of the Brotherhood, listing each affected employee in employee number order. Such list, together with authorization forms, shall be furnished to the Company on or before the first day of the month proceeding the month in which deductions are to take effect under the provisions of this Agreement.

(b) Thereafter, any deletions or additions to the master deduction list, or any changes in the amounts to be deducted from the wages of employees shall be furnished to the Company not later than the first day of the second payroll period of the month in which such changes are to be made, such information to be accompanied by the proper authorization or revocation forms. Any changes shall be given to the Company not later than the first day of the second payroll period of the month on a copy of the list the Company will furnish the Secretary-Treasurer, which is referred to in Section 4 of this Agreement.

Section 3.

(a) Deductions will be made from the wages earned in the second payroll period of the month in which the aforementioned certified statements are furnished to the Company.

(b) The following payroll deductions will have priority over deductions in favor of the Brotherhood as covered by this Agreement: Federal, state and municipal taxes. Deductions

required by law and court orders, including garnishments, liens and other wage assignments which the Company must respect.

Amounts due the Company

Group insurance premiums

(c) If the earnings of any employee, after all deductions having priority have been made, are insufficient to remit the full amount of deductions authorized by the employee, no deduction for union dues or assessments shall be made by the Company from the wages of the employee and the Company shall not be responsible for such collection. In cases where no deduction is made from the wages of an employee due to insufficient earnings, or for other reasons, the amounts not deducted shall not be added to the deduction lists nor will that deduction be made for the employee in any subsequent payroll period.

(d) Responsibility of the Company under this Agreement shall be limited to remitting to the Brotherhood amounts actually deducted from the wages of employees pursuant to this Agreement. The Company shall not be responsible financially or otherwise for failure to make deductions or for making improper or inaccurate deductions. Any questions arising as to the correctness of the amounts deducted shall be handled between the employee involved and the General Chairman, and any complaints against the Company in connection therewith shall be handled with the Company by the General Chairman. Nothing herein shall be construed as obligating the Company to collect any dues or assessments from employees who leave its service, or who give up membership in the Brotherhood for any reason, or whose wages shall be involved in any claim or litigation of any nature whatsoever.

Section 4.

The Company will remit to the union official designated by the General Chairman the amounts due the Brotherhood deducted from the wages of members, making such remittance not later than the last day of the month following the month from which the deductions are made. The Company will, at the time of such remission, furnish the designated union officer a list of the employees, in employee number order, from whom deductions were made, showing the amount of such deductions.

Section 5.

Except for remitting to the Brotherhood monies deducted from the wages of employees, as described in Section 4 hereof, the Brotherhood shall indemnify, defend and save harmless the Company from and against any and all claims, demands, liability, loss or damage resulting from the entering into this Agreement or arising or growing out of any dispute or litigation from any deductions made by the Company from the wages of its employees for or on behalf of the Brotherhood.

Section 6.

This Agreement is subject to the provisions of the applicable federal and state laws now in existence or enacted in the future.

(a) This Agreement is subject to immediate cancellation by written notice to the General Chairman of the Brotherhood if the Company is required by federal law or the law of any state in which it operates, to change its pay date or payroll procedures in such a manner as to make dues deduction an unreasonable burden.

(b) This Agreement shall be automatically terminated as of the date official notification is received from the National Mediation Board of a change in the representation of employees not represented by the Brotherhood signatory to this Agreement, or upon termination of the rules and working conditions agreement between the parties.

Section 7.

No part of this Agreement shall be used in any manner whatsoever, directly or indirectly, as a basis for a grievance (except as provided in Section 3(d)) or time claim by or on behalf of an employee.

ATTACHMENT "A"

**WAGE ASSIGNMENT AUTHORIZATION
BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES DIVISION**

TO: HURON AND EASTERN RAILWAY COMPANY

I hereby assign to the Brotherhood of Maintenance of Way Employees Division that part of my wages necessary to pay my monthly union dues (not including fines and penalties) as reported to the Huron and Eastern Railway Company by the General Chairman of the Brotherhood of Maintenance of Way Employees Division, in monthly statements certified by him as provided for in the Dues Deduction Agreement entered into between the Huron and Eastern Railway Company and its employees represented by the Brotherhood of Maintenance of Way Employees Division effective _____, 2010, and I hereby authorize the Huron and Eastern Railway Company to deduct from my wages all such sums and remit them to the National Division Secretary-Treasurer of the Brotherhood of Maintenance of Way Employees Division in accordance with the said Dues Deduction Agreement. This authorization may be revoked in writing by the undersigned at any time after the expiration of one year from the date of its execution, or upon the termination of said Dues Deduction Agreement, or upon the termination of the Rules and Working Conditions Agreement between the Huron and Eastern Railway Company and the Brotherhood of Maintenance of Way Employees Division, whichever occurs sooner.

Employee No. _____

Social Security No. _____

Occupation _____

(Please print) NAME

(Last) (First) (Middle Initial)

Street City State Zip Code

Lodge No. Location Starting Date

Date Signature

ATTACHMENT "B"

WAGE ASSIGNMENT REVOCATION

BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES DIVISION

Effective _____, 20__, I hereby revoke the wage assignment authorization now in effect assigning to the Brotherhood of Maintenance of Way Employees Division that part of my wages necessary to pay my monthly dues now being withheld pursuant to the Dues Deduction Agreement effective _____ between Huron and Eastern Railway Company and its employees represented by the Brotherhood of Maintenance of Way Employees Division and I hereby cancel the authorization now in effect authorizing the Huron and Eastern Railway Company to deduct such monthly union dues from my wages.

Employee No. _____

Social Security No. _____

Occupation _____

(Please Print) NAME

(Last) (First) (Middle Initial)

Street City State Zip Code

Lodge No. Location

Date

Signature

Memorandum of Agreement
Between
Huron & Eastern Railway Company
And
The Brotherhood of Maintenance of Way Employees Division
Of the IBT

It is agreed that final adjustment of the Collective Bargaining Agreement reached September 1, 2010 will include pay rate adjustment for the Welder and the Mechanic positions. Such positions will carry the same rate of pay per hour as the foreman rate which is currently \$17.72 per hour, as well as any future increases. Also the boom truck will pay the Machine Operator rate of pay for all hours operated during a work shift.

For the Organization

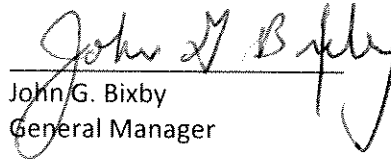


Dennis Albers
General Chairman



J.R. Cook
Vice President

For the Carrier



John G. Bixby
General Manager