



AMFA – ASA Virgin America Transition Agreement Discussions

Participants for AMFA:

Bret Oestreich – National Director
Earl Clark – Chairman and Region I Director
Jarod Mills – Airline Representative, Local 14
Mark Dahl – Airline Representative, Local 32
Lucas Middlebrook – AMFA Counsel

Participants for Alaska Airlines:

Kurt Kinder – VP Maintenance & Engineering
Greg Mays – VP Labor Relations
Bob Hartnett – Director, Labor Relations Ground
Sonia Alvarado – Manager, Labor Services M&E
Maranda Rosenthal – Alaska Counsel

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AMFA and Alaska Airlines met in Seattle, WA on January 24 and 25 to discuss a Virgin America – Alaska Airlines Transition Agreement. We started off by notifying the Company that we will need additional time to discuss our issues with Letter of Agreement (LOA) #12, Vacation Buyback, as the tax attorney we intended to have present this week is no longer with Milliman, the retirement consulting firm we are using.

The Company then gave us their Transition Agreement proposal, which led to a discussion regarding the document. We first questioned the fact that they planned to give the Virgin Technicians five (5) years of sick leave accrual minus sick leave usage in the previous five (5) years. We told the Company that we wanted them to do a complete look back on the Technician's total years with Virgin America for accrual per our accrual rates in Article 14 of our CBA, minus their sick leave usage. The Company agreed to our request.

We then discussed the differences in our 401(k) plans: Virgin receives 7.5% in their plan where Alaska is 7%. We discussed and compared the differences between the wage steps in our CBA to steps and years of service at Virgin America. We also discussed the timeline of paying the Virgin Technicians the "all-in" pay rate as soon as possible, with a possible delay of up to 180 days to compensate them for their shift differential due to the differences of the time keeping programs. We told the Company that they would be required to give them a retro check to make them whole.

After a lengthy caucus, we came back with a counterproposal for the Company and explained our position. Some of the issues identified are:

- Article 14, Sick Leave – all years with Virgin referencing back to sick leave for an accrual of eight (8) hours per month. This was mutually agreed upon;
- \$2500 ratification bonus;
- Added an additional 1% to our 401(k) plans;
- Seniority Integration List language clarification;
- Article 22, Insurance – Long Term Disability Insurance to kick in after 181 days of disability, which would be Company funded;

- Article 23, Wage Rules – The Company would implement all our wage rules within 180 days of certification, including full back pay dating back to the date of certification;
- LOA #9, Job Protection – Include the cities of New York (JFK) and Dallas (DAL), to cover all employees on the property as of the date of certification and remove the sunset clause in the LOA;
- LOA #12, Vacation Buyback – We reverted back to the old vacation buyback language from our previous contract, which would pay vacation as a lump sum with no 401(k) –match due to IRS regulations.

After a Company caucus they came back with a counter to our proposal and explained their position. They replied “no” to a ratification bonus, any increases to our 401(k) plan, and adding Long Term Disability Insurance to our Agreement. They told us that our current CBA is a recently ratified contract with prevailing wages; they believe it is a fair contract and are not open for giving us any enhancements to the Agreement. We agreed that current Virgin America employee vacation accruals shall be transferred and credited for each employee for bidding purposes under the terms of our CBA. They proposed to shorten the timeline from 180 to 90 days for implementation of wage rules, OT, Holidays, Field Trips, etc. The Company agreed to amend LOA #9 language to add JFK and DAL as protected stations and agreed to extend the job protection language to all current employees as of the date of certification; however, they said “no” to removing the expiration date (sunset clause) of LOA #9. We then broke for the day.

The next morning we met with Chrystie Dickens, Director of Retirement Services, to discuss transferring the Virgin America 401(k) plan with Fidelity into the Alaska 401(k) plan with Vanguard. She explained that it takes approximately 90 days to merge the plans and that there will be an information packet sent to all Technicians in the Fidelity Plan after certification of the two groups.

After a further vigorous debate on why the Company refuses to add any enhancements to our contract, the Company told us that they had not done due diligence on all our asks. They had made some calls and are waiting for a response; they will get back to us.

We then discussed wage steps and years of service of both work groups. After finding discrepancies on where some of the Virgin America Technicians would fall on our CBA pay steps compared to years of service, it was decided to allow our financial analyst to go over the information with the Company. This will provide more clarity on how to best move forward.

Our next session is scheduled for March 20-22, 2018, in Seattle, WA.

Fraternally,

Your Negotiating Committee