



July 23, 2020

RE: KCSR-BMWE Letter of Understanding (LOU) – SPG Alternate Workweek

Dear Sirs,

This letter confirms our recent discussion and understanding regarding System Production Gangs (SPG) alternative workweek. All provisions and considerations under this LOU are exclusive to gangs covered under the February 7, 2012 SPG Agreement.

In accordance with Section 1(f) of the February 7, 2012 SPG Agreement, which provides for an alternative work period to be mutually agreed upon between the parties, it is understood:

1. The SPG workweek will consist of either;
  - a. a four ten-hour day workweek;
  - b. an accumulated workweek of eight (8) consecutive working days followed by six (6) consecutive rest days;
  - c. or an alternative workweek of an accumulated nine (9) workdays, consisting of eight nine-hour days and one eight-hour day, followed by five (5) consecutive rest days.
  - d. Additionally, for the duration of this LOU, SPGs will not work the five eight-hour workweek provided for under Section 1(f) of the February 7, 2012 SPG Agreement.
2. Also, for the duration of this LOU, the per diem rate will be \$137.08 subject to annual CPI adjustments, with the next adjustment scheduled for July 1, 2021. It is further understood that this per diem rate is only payable for actual days worked; as such, Addendum No. 21, effective January 2, 1991, Section 2 which provides for per diem on rest days and holidays will not apply.
3. This LOU may be cancelled by either party with a 30-day written notice. An email to the Director of LR or General Chairmen to serve notice will be sufficient to trigger the notice period, with the original to be sent via U.S. mail. Following service of notice, the parties shall meet within ten (10) calendar days, unless the parties agree to extend in an effort to resolve the condition or circumstances given rise to the notice. If the parties cannot resolve the dispute, or the parties fail to meet within the 30-day notice period, then this LOU will be considered cancelled.
  - a. Note: As BMW Federation and USD Division represent one party, both the Allied Federation and the USD Division must be in agreement to serve notice to the Carrier.
4. In the event the parties are unable to reach a resolution, this LOU is ultimately cancelled:
  - a. All provisions of Section 1(f) of the February 7, 2012 SPG Agreement will again be in effect.
  - b. The per diem rate will revert back to the daily rate of \$78.33, subject to annual CPI adjustments beginning July 1, 2021, until such year this LOU is cancelled. Additionally, all provisions of Addendum No. 21, effective January 2, 1991, Section 2 will again be in effect.

This LOU is made on a non-precedent, non-referable basis and without prejudice to the positions of either party in current and/or future negotiations. Neither party shall refer to this LOU in any bargaining, nor judicial forum, except as it relates to the enforcement of this LOU.

If the foregoing confirms our understanding and agreement on this matter, please so indicate in the space provided below.

This LOU is effective August 11, 2020.

FOR THE EMPLOYEES

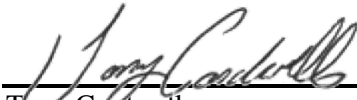
FOR THE CARRIER



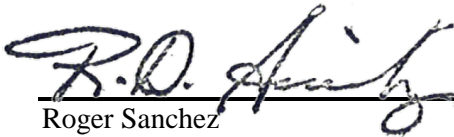
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Dennis Albers  
General Chairman  
BMW E Allied Federation



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Louis Fernandez  
Director Labor Relations  
The Kansas City Southern Railway



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Tony Cardwell  
General Chairman  
BMW E USD Division



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Roger Sanchez  
Vice President  
BMW E IBT