

**SUPPLEMENTAL AGREEMENT**  
**Early Payout of Accumulated Vacation Leave**  
**For Deferral to the State of Hawai'i 457 Deferred Compensation**  
**and University of Hawai'i 403(b) Tax Deferred Annuity Plans**  
**Article 31- Vacation Leave**  
**Bargaining Unit 8**

This SUPPLEMENTAL AGREEMENT is entered into on this 20<sup>th</sup> day of October, 2009, by and between the State of Hawai'i, the Board of Regents of the University of Hawai'i (hereinafter "Employer"), and the Hawai'i Government Employees Association, AFSCME, Local 152, AFL-CIO (hereinafter "Union") on behalf of employees in Bargaining Unit 8.

WHEREAS, the programs for Early Vacation Payout of Accumulated Vacation Leave for Deferral to the State of Hawai'i 457 Deferred Compensation Plan and the University of Hawai'i 403(b) Tax Deferred Annuity Plan ("Early Vacation Payout Programs") were established to address Internal Revenue Service ("IRS") regulations which prohibited the deferral of vacation pay to the State's Deferred Compensation Plan under section 457 of the Internal Revenue Code and to the University's Tax Deferred Annuity Plan under section 403(b) of the Internal Revenue Code if that vacation pay was paid and received after an employee had retired or separated from State service; and

WHEREAS, the IRS has since amended its rules to allow post-separation deferrals of accumulated vacation leave into a section 457 deferred compensation plan and/or section 403(b) tax deferred annuity plan if an employee receives the accumulated vacation leave within two and one-half months after the employee has retired or separated from State service; however, the Employer desires to permit employees to have the option of pre-retirement deferrals to the State's 457 Deferred Compensation and/or University's 403(b) Tax Deferred Annuity Plans.

NOW, THEREFORE, the Union and the Employer mutually agree that only the provisions of Article 31 - Vacation Leave, section H ("Pay for Vacation Allowance Upon Termination") of the July 1, 2009, through June 30, 2011, unit 8 collective bargaining agreement shall be amended as follows:

H. Pay for Vacation Allowance Upon Termination

1. through 4. No change

5. When an employee who is retiring from service elects to participate in one or both of the Employer's early vacation payout programs, the Employee may receive a partial payment of the Employee's accumulated vacation leave credits prior to the Employee's retirement date for the sole purpose of deferring such amount into the Employee's account in the Employer's deferred compensation and/or tax deferred annuity plans. Such payout shall be in accordance with the Employer's directives.

The remaining provisions of section H ("Pay for Vacation Allowance Upon Termination") in Article 31 - Vacation Leave shall continue to remain in full force and effect.

This 457 and 403(b) Early Vacation Payout Programs SUPPLEMENTAL AGREEMENT shall be effective from July 1, 2009, through and including June 30, 2011, unless either of the parties terminates this Agreement by giving thirty (30) days written notice, provided that by mutual agreement such thirty (30) days notice may be waived.


IN WITNESS WHEREOF, the parties hereto, by their authorized representatives, have executed this SUPPLEMENTAL AGREEMENT on the day and year first written above.

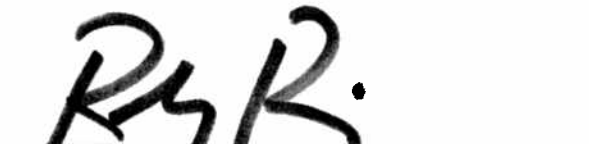
FOR THE EMPLOYER:

FOR THE UNION:

STATE OF HAWAII

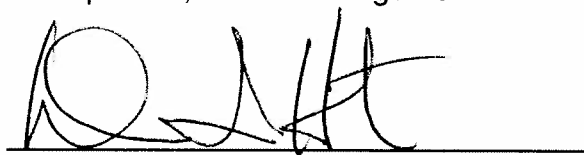
HAWAII GOVERNMENT EMPLOYEES  
ASSOCIATION:

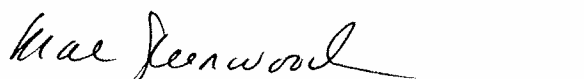
  
Marie C. Laderta, Chief Negotiator  
State of Hawai'i

  
Randy Perreira  
Executive Director

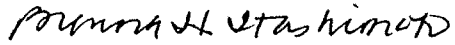
UNIVERSITY OF HAWAII:

  
Howard H. Karr  
Chairperson, Board of Regents

  
Dennis I. Hirota  
Vice Chairperson, Board of Regents

  
M.R.C. Greenwood  
President

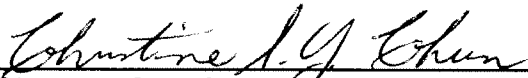
UNIVERSITY OF HAWAII:



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Brenna H. Hashimoto  
System Director of Human Resources

APPROVED AS TO FORM:



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Christine S.Y. Chun  
University Associate General Counsel