

SUPPLEMENTAL AGREEMENT
Early Payout of Accumulated Vacation Leave
For Deferral to the University of Hawai'i 403(b) Tax Deferred Annuity Plan
Section 36 - Vacation Leave
Bargaining Units 1 and 10

This SUPPLEMENTAL AGREEMENT is entered into on this 1st day of July, 2007, by and between the State of Hawai'i, University of Hawai'i (hereinafter "Employer"), and the United Public Workers, AFSCME, Local 646, AFL-CIO (hereinafter "Union") on behalf of employees in Bargaining Units 1 and 10.

WHEREAS, the program for Early Vacation Payout of Accumulated Vacation Leave for Deferral to the University of Hawai'i 403(b) Tax Deferred Annuity Plan ("Early Vacation Payout Program") was established to address Internal Revenue Service ("IRS") regulations which prohibited the deferral of vacation pay 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 University's 403(b) Tax Deferred Annuity Plan as well as the State's 457 Deferred Compensation Plan.

NOW, THEREFORE, the Union and the Employer mutually agree that only the provisions of Section 36 - Vacation Leave, 36.20 ("Pay for Vacation Leave Upon Separation and When Moving Between Jurisdictions of the State") of the July 1, 2007 through June 30, 2009, Units 1 and 10 collective bargaining agreements shall be amended as follows:

36.01 through 36.19 No Change

36.20 PAY FOR VACATION LEAVE UPON SEPARATION AND WHEN MOVING BETWEEN JURISDICTIONS OF THE STATE

- 36.20 a. An Employee shall be paid for accumulated vacation leave in a lump sum when employment ends as provided in Section 36.21 a. or Section 36.21 b.
- 36.20 b. When an Employee moves from one Employer jurisdiction to another to accept employment in a position in which vacation allowance is earned, the Employee shall be given credit for the vacation earned or accumulated in the jurisdiction from which the Employee transferred and the director of finance of the State or the equivalent officers of the counties, Judiciary, and the Hawai'i Health Systems Corporation, as the case may be, shall make the appropriate transfer of funds to implement the transfer. However, the Employee may request and

receive payment of a portion of or all of the Employee's vacation credits accumulated up to the effective date of the movement.

36.20 c. When an employee who is retiring from service elects to participate in the Employer's early vacation payout program, 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 403(b) tax deferred annuity plan. Such payout shall be in accordance with the Employer's directives.


36.21 through 36.23 No change

The remaining provisions of Section 36 - Vacation Leave shall continue to remain in full force and effect.

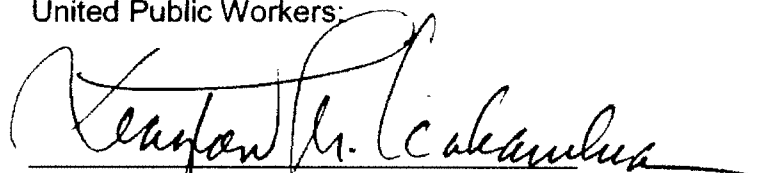
This 403(b) Early Vacation Payout Programs SUPPLEMENTAL AGREEMENT shall be effective from July 1, 2007 through and including June 30, 2009, unless either of the parties terminates this Agreement by giving thirty (30) days written notice, provided that by mutual agreement such thirty (30) days notice 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:
State of Hawai'i:

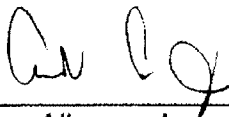

Marie C. Laderta
State of Hawai'i and
Office of Collective Bargaining

FOR THE UNION:
United Public Workers:


Dayton Nakanelua
State Director

University of Hawai'i:

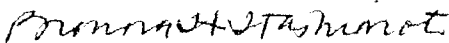

Allan R. Landon
Chairperson, Board of Regents



Andres Albano, Jr.
Vice Chairperson, Board of Regents

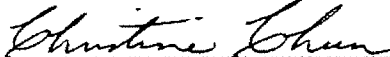


David McClain
President



Brenna H. Hashimoto
System Director of Human Resources

APPROVAL AS TO FORM AND CONTENT:



Christine Chun
University Associate General Counsel