

SUPPLEMENTAL AGREEMENT
Early Payout of Accumulated Vacation Leave
For Deferral to the University of Hawai'i 403(b) Tax Deferred Annuity Plan
Article 35 - Vacation Leave
Bargaining Units 2, 3 and 4

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 Hawai'i Government Employees Association, AFSCME, Local 152, AFL-CIO (hereinafter "Union") on behalf of employees in Bargaining Units 2, 3 and 4.

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 Article 35 - Vacation Leave, section I ("Pay for Vacation Allowance Upon Termination and When Moving Between Jurisdictions of the State") of the July 1, 2007 through June 30, 2009, Units 2, 3 and 4 collective bargaining agreements shall be amended as follows:

I. Pay for Vacation Allowance Upon Termination and When Moving Between Jurisdictions of the State

1. through 5. No Change

6. 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.

The remaining provisions of Article 35 - Vacation Leave shall continue to remain in full force and effect.

This 403(b) Early Vacation Payout Program SUPPLEMENTAL AGREEMENT shall be effective 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:



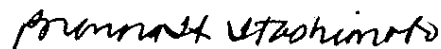
Marie C. Laderta, Director
Department of Human Resources
Development and
Chief Negotiator, Office of Collective Bargaining

FOR THE UNION:



Randy Perreira
Executive Director
Hawai'i Government Employees
Association

University of Hawai'i:



Brenna H. Hashimoto
System Director of Human Resources

APPROVAL AS TO FORM AND CONTENT:



Christine S.Y. Chun
University Associate General Counsel