SUPPLEMENTAL AGREEMENT
Early Payout of Accumulated Vacation Leave
For Deferral to the University of Hawai‘i 403(b) Tax Deferred Annuity Plan
Article 41 - Vacation Leave
Bargaining Unit 9

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 Unit 9.

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 41 - Vacation Leave, section V ("Pay for Vacation Allowance Upon
Termination and When Moving Between Jurisdictions of the State") of the July 1, 2007,
through June 30, 2009, Unit 9 collective bargaining agreement shall be amended as
follows:

V. Pay for Vacation Allowance Upon Separation and When Moving Between
Jurisdictions of the State. [Whenever a separation from service takes place,
the Employee is paid, in accordance with section 78-23, Hawai‘i Revised
Statutes, for the Employee’s vacation allowance either in a lump sum or in
the normal manner as provided in subsection W.]

1. Whenever a separation from service takes place, the Employee is paid
in accordance with section 78-23, Hawai‘i Revised Statutes, for the
Employee’s vacation allowance either in a lump sum or in the normal
manner as provided in subsection W.

2. 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
acquodance with the Employer’s directives.

The remaining provisions of Article 41 - Vacation Leave shall continue to remain in full force and effect.

This 403(b) Early Vacation Payout Program 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:

[Signature]

Marie C. Laderla, Director
Department of Human Resources
Development and
Office of Collective Bargaining

FOR THE UNION:

[Signature]

Randy Perreira, Executive Director
Hawai‘i Government Employees Association

University of Hawai‘i:

[Signature]

Brenna H. Hashimoto
System Director of Human Resources

APPROVAL AS TO FORM AND CONTENT:

[Signature]

Christine S.Y. Chun
University Associate General Counsel