

Local 1071 copy

STANDING COMMITTEE MINUTES

MARCH 5, 1993

Present were Joe Hertig, Trisha Norvell, Kris Keeler, George Kiepke, John Melink, Larry Reandeau, Bob Sullivan, Al Grantham, Randy McEwen, Gene Dixon, Claude Weaver, Shelley Prouty, and Roger Heiser, UPIU International Representative.

Items Discussed:

1. Mill-supplied coffee
2. Responses to questions raised at last special meeting (February 25, 1993)
3. Questions raised at last Union meeting

1. COFFEE

The Company Standing Committee notified the Union that management intends to discontinue providing free coffee, tea, Tang, hot chocolate, etc. effective April 1, 1993. The cost of these items is \$109,000 per year, and management believes that is a discretionary expense that is not appropriate in the current financial climate.

The coffee making equipment will be left in place for people to use to brew their own coffee.

The Union Standing Committee notified the Company that they would file a grievance on this issue.

The Company Committee pointed out that coffee has been provided as an intentional gratuity and free coffee was never negotiated nor bargained for with the Union in exchange for any other consideration. Therefore, the Company can unilaterally decide to no longer provide this gratuity to its employees.

The Union Committee suggested that the Company just provide the coffee pots and coffee, like it did when the Mill first started. They also commented that they would have liked to have been a part of the discussions to make this decision before it was made and communicated to the employees.

2. RESPONSES TO QUESTIONS FROM LAST MEETING

Q. If all wage and salaried personnel at Wauna took a 10% reduction in compensation, would that mean everyone stays?

A. That cannot be guaranteed.

Q. (Reminder) Local 1097, U.P.I.U., had a document signed by James River and the U.P.I.U. that concessions would not be sought.

A. The Company has not violated the principles in that agreement. The viability of the Corporation and the Wauna Mill is threatened, and we are looking at all the options to try to mitigate the impact on employees. The Union and Management, if both embrace the high road principles, have an obligation to work together to break down barriers in how we do work that may be reducing our effectiveness. So far, the High Road group has not attempted to do any work on breaking down the barriers to our effectiveness.

Q. How long would a wage cut last if one was put in place? If business turned around would the money come back?

A. The Steering Group had some questions about what was specifically being asked by this question. The Union Committee said they had been given a directive that wage cuts were not an option at this point, so an answer to this question is not needed.

Q. If the wage and salaried compensation cut were put in place, would that guarantee employment for everyone currently on the payroll?

A. No guarantee can be given at this time.

Q. Why is the cost reduction only geared to compensation without considering other costs?

A. Compensation is not the only cost reduction. There is an overall cost target already in place outside of compensation. The compensation cost cut is above and beyond that other cost target.

Cost reduction efforts started in early 1992. The cost reduction target for 1992 was approximately \$5 million; the target for 1993 is approximately \$14 million PLUS the 10% compensation cuts.

Q. If the compensation cuts were put in place would the 5% increase for salaried employees stay?

A. We're already into those increases - some salaried employees have received them, and others will be receiving them, so we can't really stop that process now in any equitable way. Also, salaried employees have already gone two years without any increase at all.

Q. If the compensation cuts were put in place, how would the Union know that salaried employees wouldn't continue to get their merit increases?

A. The Steering Group didn't address this. It was stated that there are no secrets at Wauna.

Q. How does Local 1097 explain the Halsey contract?

A. The Return On Assets (ROA) for Halsey is about 17%, and they are very profitable compared to Wauna. Their contract is representative of the reality they were in at the time that contract was negotiated - we don't know if they could negotiate that same contract if they were in negotiations right now. The Union Standing Committee mentioned that they have heard that Halsey is going to take care of their 10% reduction only through attrition. At the time of the meeting, the Company Standing Committee did not know what Halsey's plans were. Since the meeting, Halsey was contacted and they said that their turnover rate is high enough that they do expect to be able to meet the required reduction within the required time frame through normal attrition.

Q. Why should we keep meeting as "High Road" Committee when we are taking the low road?

A. The Company has not violated the principles in that agreement. The viability of the Corporation and the Wauna Mill is threatened, and we are looking at all the options to try to mitigate the impact on employees. The Union and Management, if both embrace the high road principles, have an obligation to work together to break down barriers in how we do work that may be reducing our effectiveness. So far, the High Road group has not attempted to do any work on breaking down the barriers to our effectiveness.

The management at Wauna believes they have a good relationship with Local 1097 and because of that we are able to ask tough questions, discuss various items and options with the Union and be very open in our approach. That is not "low road" - it is proper to be open with the Union.

Q. Is the Company willing to discuss new Seniority Groundrules?

A. Yes.

Q. The recent Converting reorganization didn't result in any reductions - just reassignments.

A. The recent changes in Converting did result in a net loss of three salaried positions.

3. FURTHER QUESTIONS FROM UNION STANDING COMMITTEE

(1). If a person takes a floating holiday, will that reinstate them for another month of benefits (health insurance)?

Company Standing Committee: No. Floating holidays are not considered hours worked for the purposes of benefits. The only thing that "resets the clock" for benefits is actual hours worked.

(2). If a person is called in or scheduled for just a day, are they paid the compressed or uncompressed rate?

The Joint Standing Committee agreed that if a person works less than 12 hours, they are paid the uncompressed rate. If they work a 12 hour shift, they receive the compressed rate. If they are working 12 hours, but are working less than a full compressed week, they are paid the compressed rate.

(3). Grandfather rights:

In the past when jobs have been eliminated, persons have been grandfathered to a future permanent job opening in a specific progression ladder. The individuals were then notified of such an opening and had a certain length of time in which to exercise their grandfather rights. If they chose not to exercise those rights at that time, the grandfather rights were revoked. The Union Standing Committee requested that if a person is grandfathered to future permanent openings in a ladder, and in the mean time they blue slip to another department that it will NOT impact their ability to exercise their grandfather rights.

The Company Standing Committee will respond to this at the next meeting.

The Union Standing Committee requested that grandfather rights be given to all employees whose jobs are eliminated and who are reassigned to the Labor Pool. They also suggested that the Company notify the Standing Committee in writing about any and all progression ladder changes, cuts, etc., daily if need be, so that the Union Standing Committee can better respond to employees' questions.

The Company Standing Committee stated that no definite number or list of affected people will be done until at least the week of March 15.

(4). What if some cuts are made and they don't work, i.e. they negatively impact our ability to operate?

The Company would revisit those decisions.

(5). What are the plans regarding vacation leveling? The Union Committee understood that some departments are already changing their vacation allotments.

The Company's intent is to activate vacation leveling at the beginning of the next vacation year - June 1993. However, there may be some areas where vacations have not yet been fully scheduled and we are coming to the end of the current vacation year, so departments may be scheduling vacations for employees, as is the Company's right. The Steering Group is looking at some guidelines for the mill to use to level vacations, and those will be shared with the Standing Committee. They will be different from the current department vacation guidelines in that the current guidelines allow for peaks during the high vacation times, and vacation leveling will not allow that.

The Company Standing Committee stated that the current seniority provisions relating to vacations won't change, just the number of people allowed off at one time. Employees are reminded that the Company does not have to grant more than two consecutive weeks off.

The Union Standing Committee recommends that the Steering Group take into consideration relief coverage needs in the vacation leveling planning. Hourly employees cannot be denied a vacation because someone is moved out of the bargaining unit to relieve for a salaried employee.

(6). Seniority Groundrules.

The Union Committee would like a last-in-first-out process used for those that are going to be permanently laid off. They understand that this would have an impact on the Company, but believe that if we work on the planning for it right away and do some training now, we may be able to avoid some problems and minimize the impact to the operation.

The Company Standing Committee expressed concerns about the increase to compensation costs if we have to do a lot of retraining. Department heads whose departments might be impacted must be involved in these types of discussions.

Standing Committee Minutes
March 5, 1993
6

The Union Committee stated that the mechanics, who are covered by the A-2 package, have specific language to cover reductions in the maintenance workforce, so any seniority groundrules that the Joint Committee agrees upon will not impact the mechanics. They also stated that any seniority groundrules that are agreed on by the Joint Committee will be taken to the Union membership for approval.

(7). Can the bid lists be re-opened for those people who are being blue slipped to the Labor Pool?

The Company Standing Committee will process and respond. At this time, they see no problems with doing so.

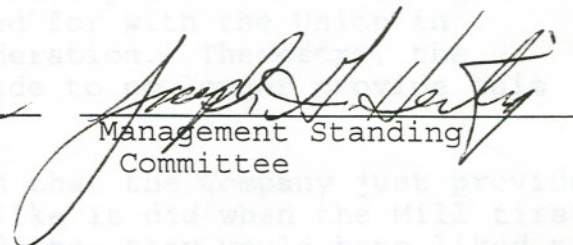
OTHER:

The Union Committee recommends that employees who are terminated be given some preferential hire rights back to Wauna when any hiring is done.

The Company has already agreed to work with its unions nation-wide to develop a preferential hire process/agreement.

Union Standing Committee members wanted to clarify some confusion that exists in the mill. Standing Committee members do not receive call times for their standing committee business, nor are they paid for time they spend on their days off or on vacation. They are compensated ONLY for time lost.


Union Standing Committee


Management Standing
Committee