

MEMORANDUM OF UNDERSTANDING

between

ALLEGIANT AIR, LLC.

and

THE PILOTS

in the service of

ALLEGIANT AIR, LLC.

as represented by the

THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS,

AIRLINE DIVISION

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is made and entered into by and between ALLEGIANT AIR, LLC. (hereinafter referred to as “the Company”) and the AIRLINE PILOTS in the service of ALLEGIANT AIR, LLC., as represented by THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, AIRLINE DIVISION (hereinafter referred to as “the Union”).

WHEREAS, the Company and the Union are parties to a collective bargaining agreement (hereinafter “the Agreement” or “CBA”) covering the period of August 1, 2016, to July 29, 2021, pursuant to the Railway Labor Act; and

WHEREAS, the Company had reached agreement with the U.S. Department of the Treasury and received emergency relief under the Coronavirus Aid, Relief and Economic Security (CARES) Act, and in accordance with the Payroll Support Program (PSP) had targeted a percentage of those funds to support Pilot salaries and benefits to avoid Furloughs or reduction in force through September 30, 2020; and

WHEREAS, following the expiration of the PSP CARES Act funding restrictions, the Company has actioned 100 Pilot furloughs effective October 1, 2020, and would otherwise action another 100 Pilot furloughs effective October 31, 2020; and

WHEREAS, the parties agree that the COVID-19 pandemic’s impact on the airline industry will continue to have the significant negative impact on travel demand resulting in the reduction of block hours to be operated and the need for fewer Pilots in the near term; and

WHEREAS, the Company needs the additional flexibility to offer extended leaves and other cost-saving initiatives to better align the work force where overstaffing due to the block hour reductions will occur post October 31, 2020: and

WHEREAS, the Company and the Union want to work together to mitigate the planned Pilot Furloughs effective October 31, 2020, and to preserve work opportunities for existing Pilots beyond October 31, 2020;

NOW, THEREFORE, the Company and the Union agree as follows:

A. PROHIBITION ON INVOLUNTARY FURLOUGHS

The Company shall be restricted from having more than one-hundred and thirty (130) Pilots on the involuntarily Furlough list during the duration of this MOU.

B. VOLUNTARY TIME OFF PROGRAM FOR PILOTS

The Company may make available to Pilots a Voluntary Time Off (VTO) program based on projected Pilot staffing need across our network. If it is determined that there are Base(s) and/or Seat(s) which are staffed in excess of projected need to adequately staff the operation, VTO opportunities may be offered in that particular Base(s) and Seat(s).

1. VTO PROGRAM ELIGIBILITY

At the time the VTO opportunities become available, all current and qualified Pilots are eligible to participate in the bid, provided there are VTO opportunities in their respective Base and Seat, except:

- i. Pilots currently on a Leave of Absence or approved for a Leave of Absence that would cover the VTO period. A Leave requested/approved prior to the VTO opportunities being awarded would remove the Pilot from 'VTO' eligibility for that Bid Period.
- ii. The Company will not unreasonably deny requests from Offline Instructors with the Training Department for VTO opportunities.
- iii. Pilots that have the following scheduled or awarded Training during the VTO period will be treated as identified below:
 1. Pilots with Long-Term Training scheduled during the VTO period will be considered ineligible to be awarded an VTO.

2. Pilots with all other training types will be considered eligible and may have that training rescheduled for an alternate month, however, Pilots on VTO must maintain all currency requirements. If a Pilot will lapse a currency requirement while on VTO, the Company and Pilot will attempt to mutually agree upon a date(s) to conduct said training. If mutual agreement is not achieved, the Company may schedule the required training at its discretion. If a Pilot is required to conduct training during the VTO, compensation for said training shall be provided for in accordance with Section 3.P. of the CBA.
- iv. Pilots that have not fully consolidated (i.e. new hire or transition) by the time the VTO bid closes.
- v. Pilots with one week or less of Vacation scheduled during the VTO Bid Period will be considered eligible, however, the awarded Vacation will be removed, and the Pilot will be required to reschedule the Vacation period to a future open week. If no open Vacation weeks are available, the Pilot would be paid out the value of the Vacation prior to December 31 of the applicable year.

2. COMPENSATION FOR AWARDED VTO

Pilots who are awarded VTO will be compensated at 45 PCH at their applicable rate for each full Bid Period the awarded VTO encompasses.

3. PROGRAM RULES

- i. Pilots who are awarded VTO shall retain and continue to accrue seniority and other benefits as an active employee during the VTO period including:
 1. Sick and Vacation accrual.
 2. Medical, Dental, Vision (Crew Member still pays the employee portion)
 3. 401K match (401K 'True Up' if full match percentage is not reached by EOY)
 4. Flight benefits
- ii. Pilots who are awarded VTO shall be ineligible to pick up or be awarded any trips or RAPs, including VFN, Training or Checking events (Instructors and Check Pilots), or Junior Assignment, during the awarded VTO period.

4. VTO DURATION

- i. VTO bids may be structured and offered to encompass one (1), two (2), three (3), or six (6) entire monthly Bid Periods.
- ii. Posted VTO opportunities will identify if one, two, three, or six-month Bid Period VTOs are being offered in a particular Base and Seat.
- iii. Multi-month VTOs must be taken consecutively.
- iv. If offered in their Base and Seat, Pilots will have the ability to place a request and preference for;
 - 1. VTO covering one-Bid Period; or
 - 2. VTO covering two-Bid Periods; or
 - 3. VTO covering three-Bid Periods; or
 - 4. VTO covering six-Bid Periods; or
 - 5. any available VTO Bid Period length.

5. VTO BIDDING AND AWARDING

- i. If VTO opportunities are to be offered in a given Bid Period, said opportunities will be posted no later than five (5) calendar days prior to that monthly Bid Period opening.
- ii. Pilots will have no less than seventy-two (72) hours to place a bid requesting to be considered for a posted VTO opportunity. The actual window for Pilots to place a bid requesting to be considered for a posted VTO opportunity shall be indicated at the time of the initial posting of opportunities.
- iii. VTO opportunities will be identified for the specific Base(s) and Seat(s), and will include the minimum number of VTO opportunities in those Base(s) and Seat(s).
- iv. The Company shall award no less than the number of posted VTO opportunities as referenced in B.5.iii. above, provided that the number of eligible Pilots in that particular Base and Seat who bid for such posted VTO opportunities are equal to or greater than the number of posted opportunities.
- v. The Company may award additional VTO in excess of the posted minimums based on projected Pilot staffing needs, provided that the number of eligible Pilots in that particular Base and Seat bid who bid for such posted VTO opportunities are greater than the posted number of VTO opportunities.
- vi. Requested VTO opportunities will be awarded to eligible Pilots in a particular Base and Seat in Seniority order.

- vii. The number of VTO actually awarded will be determined prior to the opening of the monthly Bid Period. Pilots who are awarded VTO will be notified no later than forty-eight (48) hours after the opening of the monthly Bid Period in which the VTO encompasses.

C. SECTION 15.B. – BID PERIOD TIMELINE

1. The Company shall be allowed to delay the Bid Period Timelines provided for in Section 15.B.3. by one (1) week for the Bid Months covered by this MOU (i.e., Bids open the 2nd Tuesday @ 1700 vs. 1st Tuesday).

D. SECTION 16.B. – RESERVE CALL OUT ORDER

1. Section 16.B.1.a. shall be modified during the duration of this MOU as follows:
 - a. Part 121 flights will be assigned first to a Pilot on a RAP subject to increased weather minimums per the FARs or under one hundred (100) hours for consolidation of knowledge and skills, then second to a Pilot on a RAP that is projected to lapse landing currency within the next fifteen (15) days; otherwise,

E. DISPLACEMENT BID

1. The Company has determined that system-wide the Captain Position is currently overstaffed by thirty (30) Positions.
2. Primary Displacements: A Displacement Bid will occur to reduce the total number of system-wide Captain Positions by thirty (30) in accordance with Section 12.L.
3. This Displacement Bid will occur in either November 2020, to be effective for the January 2021 Bid Month, or December 2020, to be effective for the February 2021 Bid Month. The ultimate timing of this Displacement Bid shall be at the Company's sole discretion.
4. All Captains impacted by the above-mentioned Primary Captain Displacements and any Pilot who is subsequently displaced as the result of such Primary Displacements (Secondary Displacements) shall be allowed to exercise their Seniority and Displace a more junior Pilot following the procedures as outlined in Section 12.L.
5. While the Company does not intend to further reduce the total number of system-wide Captain Positions by more than thirty (30) at this time, in the event additional Displacements occur, a Pilot who is impacted by such Displacements shall be allowed to exercise their Seniority and Displace a more junior Pilot following the procedures as outlined in Section 12.L.

F. VIRTUAL DOMICILE (VBD) VACANCIES

1. VBD vacancies will be reduced to zero effective no later than the February 2021 Bid Month.
2. On a no-cite, non-precedent basis, VBD based Pilots and any other Pilot who is impacted by the above-mentioned reduction in VBD vacancies shall be allowed to exercise their Seniority and Displace a more junior Pilot following the Displacement procedures as outlined in Section 12.L. The manner in which the VBD vacancies will be actioned shall be on a no-cite, non-precedent basis excluding only a proceeding to enforce the express terms of this specific MOU.
3. This Bid impacting VBD Pilots will occur in either November 2020, to be effective for the January 2021 Bid Month, or December of 2020, to be effective for the February 2021 Bid Month. The ultimate timing of this Bid shall be at the Company's sole discretion.
4. Nothing herein is intended to limit the Company's contractual ability to add to or subtract from VBD Vacancies in the future.
5. In addition to F.2. above, any Pilot who is impacted by a reduction in future VBD or Permanent Base vacancies that may occur during the Duration of this MOU shall be allowed to exercise their Seniority and Displace a more junior Pilot following the Displacement procedures as outlined in Section 12.L. The manner in which these future reductions in vacancies will be actioned shall not be cited, offered or relied upon in any manner whatsoever after the expiration date of this MOU, excluding only a proceeding to enforce the express terms of this specific MOU.

G. MOU DURATION

1. This MOU shall become effective on the date signed and shall remain in full force and effect unless otherwise modified with mutual agreement between the Company and the Union until September 30, 2021.

H. PAYROLL PROTECTION LEGISLATION

1. In the event that pandemic relief; such as, "The Heroes Act", or "The HEALS Act", or "The Air Carrier Worker Support Extension Act", or anything similar that provides aviation worker payroll protections and/or extends the protections of "The CARES Act", is offered by the government to the Company on the same or substantially similar terms and conditions as the previously accepted Payroll Support Program which had targeted a percentage of funds to support Pilot salaries and benefits to avoid Furloughs or reduction in force, the Company agrees to accept such offered aviation worker payroll protection and agrees to comply with any mandated

provisions as provided for in the language of the ultimate Legislation (e.g., the recalling of Furloughed Pilots, retroactive pay provisions, restoration of involuntary Position Downgrades, etc.).

I. GENERAL

1. A VTO will not be considered a Leave of Absence under the CBA.
2. A Pilot on VTO will not be prohibited from performing outside employment, so long as such employment does not count towards his/her 117 flight time limitations.
3. This MOU is based on facts unique to this case and is offered on a non-precedential basis. It shall not be cited, offered or relied upon in any manner whatsoever, now or in the future, in connection with any matter involving any other bargaining unit employees or the Union, excluding only a proceeding to enforce the express terms of this specific MOU.
4. The failure to insist upon compliance with any term, covenant or condition contained in this MOU shall not be deemed a waiver of that term, covenant or condition, nor shall any waiver or relinquishment of any right or power contained in this MOU at any one time or more times be deemed a waiver or relinquishment of any right or power at any other time or times.
5. This MOU may be executed in multiple counterparts, each of which shall be deemed an original, all of which together shall constitute one and the same instrument. Photographic and facsimile copies of such signed counterparts will be sufficient to bind the parties to this MOU and may be used in lieu of the originals for any purpose.

IN WITNESS WHEREOF, the Parties have executed this MOU on the respective dates set forth below.

Dated this 27th day of October, 2020.

For the Union:

The International Brotherhood of Teamsters,
Teamsters Airline Division and Allegiant
Air Pilots' Teamsters Local Union 2118

By: _____

Its: Executive Council Chairman

Dated this 27th day of October, 2020.

For the Company:

Allegiant Air, LLC

By: _____

Its: Managing Director of Labor Relations