

COLLECTIVE BARGAINING AGREEMENT

BETWEEN

LINCOLN CITY, LLC

AND

**SERVICE EMPLOYEES INTERNATIONAL UNION LOCAL 503,
OPEU (“UNION”)**

EFFECTIVE DATES: OCTOBER 1, 2007 THROUGH SEPTEMBER, 30, 2011

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PREAMBLE

THIS AGREEMENT is made and entered into this 1st day of October, 2007 by and between Lincoln City, LLC, doing business as Lincoln City Rehabilitation Center, (hereinafter called the “Employer”) and the Service Employees International Union, Local 503 (hereinafter called the “Union”) for the Bargaining Unit Employees at the Employer’s facility at 3011 NE 28th Street, Lincoln City, Oregon (“Lincoln City Facility”).

W I T N E S S E T H:

WHEREAS, the parties hereto desire to establish a standard of conditions under which the employees shall work for the Employer and to provide for rates of pay, hours of work, and other conditions of employment for such employees during the term of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained, the parties agree as follows:

**ARTICLE 1.
RECOGNITION**

A. The Employer recognizes the Union as the sole and exclusive collective bargaining representative with respect to hours, wages and all terms and conditions of employment for Bargaining Unit Employees employed by the Employer at its Lincoln City Facility within the unit certified by the National Labor Relations Board on January 20, 2006.

B. Unit Employees covered by this agreement shall be all full-time, regular part-time and per diem employees, certified nursing assistants, nursing assistants, certified med aids, physical therapy aides, all dietary, housekeeping, laundry, and maintenance employees, employed by the Employer at its facility located at 3011 NE 28th Street, Lincoln City, Oregon; excluding all employees jointly employed by the Employer and other Employers and/or staffing

agencies, confidential employees, managers, licensed practical nurses, registered nurses, licensed physical therapy assistants, office manager, resident care managers, charge nurses, rehabilitation department manager, food service director, environmental services director, housekeeping supervisor, medical records director, social services director, activities director, all other professional employees, guards and supervisors as defined in the Act.

C. Any and all disputes between the parties hereto concerning the inclusion in or exclusion from the unit, including any new job classification that perform similar or same work as those currently described in the National Labor Relations Board certification, shall be subject to the grievance procedure of this Agreement, but shall not, under any circumstances, be subject to arbitration under this Agreement. If the parties are unable to resolve such a dispute on a mutually satisfactory basis through the grievance procedure or otherwise, the dispute shall be submitted to the National Labor Relations Board (“NLRB”) for final and binding resolution.

D. If the Employer herein, its parent company, subsidiaries, affiliates or contractual management and/or consultant company, individually, collectively or by virtue of a partnership, joint venture, contractual management or consulting agreement or by any other form of ownership or control, either acquires an existing facility, or, builds a facility, such newly acquired or newly built facility shall not in any way, directly or indirectly, be covered by the provisions of this Agreement or be deemed to be encompassed by or accreted to the unit covered by this Agreement in the absence of mutual agreement or a NLRB determination to this effect. In this regard, the NLRB shall be the sole and exclusive agency to make such determination and the Grievance and Arbitration provisions of this Agreement shall not be applicable or be utilized to resolve any representation questions in connection with any such newly acquired or newly built facility.

ARTICLE 2.
UNION SECURITY

Not later than the thirty-first (31st) day following the beginning of employment, or the effective date of this Agreement, whichever is later, every employee subject to the terms of this Agreement shall, as a condition of employment, become and remain a member of the Union, paying the periodic dues uniformly required, or in the alternative shall, as a condition of employment, pay a fee in the amount equal to the periodic dues uniformly required as a condition of acquiring or retaining membership.

The condition of employment specified above shall not apply during periods of formal separation from the bargaining unit by any such employee but shall reapply to such employee on the thirty-first (31st) day following his or her return to the bargaining unit. For purposes of this Paragraph, the term “formal separation” shall include transfers out of the bargaining unit, removal from the payroll of the Employer and leaves of absence of more than one (1) month duration.

Upon voluntary signed authorization by an employee, the Employer agrees to deduct the Union dues and remit same to the office of the Union not later than the twentieth (20th) day of the month following the month in which the dues were deducted.

The Employer will notify the Union of name, address, job classification, phone number, and date of hire of all employees within thirty (30) days from the date of hire. The Employer will also furnish the Union each month with a list of employees on leave of absence and those employees that have been terminated since the last report. This information shall be furnished electronically, if possible. Along with the dues, the Employer will furnish the Union electronically, if possible, a list of employees for whom dues were deducted and the amount

deducted from each employee, as well as a unique identification number assigned by the Employer and agreed to by the Union. The Employer shall also periodically provide the names, home addresses, home phone numbers, job classification, base pay rate and hire date of all bargaining unit employees upon request from the Union.

The Employer will deduct voluntary political action dues each month from employees who submit voluntary political action dues check-off authorization forms (also called CAPE check-off). Voluntary political action dues will be forwarded to the Union office not later than the twentieth (20th) day of the month following the month in which the dues were deducted, along with an electronic list of employees for whom political action dues were deducted and the amount of dues deducted from each employee.

The Union will indemnify and hold harmless the Employer with respect to any asserted claim or obligation or cost of defending against any such claim or obligation of any person arising out of the Employer's deducting and remitting of Union dues.

ARTICLE 3. NON-DISCRIMINATION

A. In a desire to restate their respective policies, neither the Employer nor the Union shall unlawfully discriminate against any employee because of such employee's race, color, religion, national origin, sex, age, handicap, sexual orientation, marital status, or status as a special disabled veteran or veteran of the Vietnam Era, including creed, disability, and citizenship. Moreover, notwithstanding anything contained in this Agreement to the contrary, the Employer expressly reserves the right to take any and all actions necessary to comply fully with the provisions of the ADA. However, prior to implementing any ADA-related change that may

affect seniority, the Employer will inform the Union and discuss such changes prior to implementation.

B.If an employee files a charge of discrimination with the Equal Employment Opportunity Commission, the Oregon Bureau of Labor and Industries, or any other agency, or if an employee files a lawsuit of discrimination, the Union agrees no grievance arising out of the same facts may be processed through the grievance and arbitration procedure. Likewise, if an employee files a grievance alleging discrimination under this Article and the Union pursues the grievance to arbitration, the employee may not pursue any relief through another legal process.

C.The use of the masculine or feminine gender or any titles which connote gender in this Agreement shall be construed as including both genders and not as sex limitations unless the Agreement clearly requires a different construction.

D.The parties agree that allegations of discrimination for union membership and/or concerted activity shall be taken to the National Labor Relations Board for resolution.

ARTICLE 4. MANAGEMENT RIGHTS

A.The Employer has and shall retain the full right of management and direction of the facility and operations. Such right of management includes, among other things, but is not limited to, the right to plan, direct, control, increase, decrease, or discontinue operations in whole or in part; to shift services, processes, or types of work, to change technology and/or equipment; to introduce new methods, techniques, and/or equipment; to change or discontinue any procedure used in connection with services provided at the facility; to subcontract; to hire, select and determine the number of its employees, including the number assigned to any particular work and the number of employees within classifications to any shift or work week; the determination of the number, size and location of its facility or facilities or any part thereof, and the extent to

which and means and manner by which its facility or facilities or any part thereof, shall be operated, relocated, shut down or abandoned; the right to terminate, merge, consolidate, sell or otherwise transfer its business or any part thereof; the right to transfer employees temporarily from one job to another and/or from one facility to another facility for a period not to exceed (30) calendar days (notification thereof shall be provided to the Union promptly); impose discipline up to and including discharge upon employees for just cause as defined in the discipline and discharge Article of this Agreement; to add to or reduce the number of employees it shall employ at any time and the qualifications necessary to any of the jobs it shall have or may create in the future in the system; to, in its discretion, assign work duties both on regular and overtime work in accordance with its determination of the needs of the respective jobs and operations; to establish, change, combine or eliminate jobs, positions, job classifications, and descriptions; determine reasonable work pace, work performance levels and standards of performance of employees; to make and enforce safety and security rules and rules of conduct; to conduct periodic performance evaluations and to adopt, rescind, or change facility safety and work rules and regulations not inconsistent with the express terms of this Agreement and to enforce said rules.

B.It is the intention of the Employer and the Union that the rights, powers, authority, and functions referred to herein shall remain exclusively vested in the Employer, except as specifically surrendered or limited by the express provisions of this Agreement.

ARTICLE 5. UNION RIGHTS, REPRESENTATIVES AND STEWARDS

A.The Employer shall recognize and deal with employee(s) designated as Stewards by the Union. The Union shall notify the Employer, in writing, of the selecting and/or change of the designated Shop Steward(s).

B. The Steward shall endeavor to communicate with unit employees regarding the investigation or processing of grievances on non-work time and in non-work areas. If it is impossible for a Steward to confer with unit employees on non-work time and/or in actual work areas of the facility for the aforesaid purposes, the Steward may do so without loss of pay or time, provided prior approval therefore has been granted by the Administrator or his/her designee. Such approval shall not be withheld unreasonably.

C. If a Steward is requested to participate in an investigatory interview, the Steward shall be paid for the portion of the interview that occurs during his/her scheduled working time. Unless otherwise agreed by the Employer, grievance meetings shall be scheduled during non-working hours and shall be unpaid time for the steward. When grievance meetings are scheduled during the stewards' regular working hours, the steward shall be paid for such time up to a maximum of 30 minutes.

D. The Union's Representative may visit and have access to the Employer's facility covered by this Agreement at reasonable times (includes all three shifts) for the purpose of investigating employee grievances, attending grievance meetings with management and/or conferring generally with management officials pertaining to the terms and conditions of this Agreement. The Union's Representative shall telephone the Administrator, or designee, at least three (3) hours prior to arrival at the facility in order to make mutually convenient arrangements for the visit. The Union's Representative shall not enter the facility without the permission of the Administrator, or designee. Such permission shall not be unreasonably denied. Upon arrival at the facility, the Union's Representative shall announce his/her presence to the Administrator, or designee, and communicate the purpose of the visit. During the course of such visit, the

Union's representative shall so conduct himself/herself as not to interfere with the operations of the facility or the work of any employees.

E.If the Union requests that an employee be released from work without pay to attend to Union business, the Employer will consider such request considering its business needs and such request shall not be unreasonably denied.

F.Newly hired personnel shall be duly notified by the Employer that they may meet with the Union Steward on work time and without loss of pay, up to but not in excess of fifteen (15) minutes, in order to receive information about the Union. All such meetings, as aforesaid, shall be held within the first two (2) weeks after hire.

G.The Employer will mount one (1) bulletin board, supplied by the Union, at its facility in a location available to unit employees, for the exclusive use of Union business. The use of such bulletin board will be considered proper when confined to factual notices and announcements of the Union. Material to be posted shall not contain anything derogatory to the Employer or employees, or anything that is designed to, or has the effect of, detrimentally affecting Employer operations. If the Employer objects to any posted material as described herein, the Union shall remove the objectionable material immediately.

ARTICLE 6. PROBATIONARY PERIOD

A.All employees within the unit covered by this Agreement who are hired on or after the effective date hereof shall be subject to a probationary period of one hundred and ten (110) calendar days commencing with the first day of work for the Employer.

B.Seniority shall not accrue during the probationary period. Upon the successful completion of the probationary period, employee's seniority shall relate back to and be calculated from his date of hire.

C. At any time during the probationary period, the Employer may layoff, discharge, or discipline probationary employees with or without cause. The Employer's action with respect thereto shall not be subject to the Grievance and Arbitration provisions of this Agreement.

**ARTICLE 7.
TEMPORARY TRANSFERS**

When the Employer exercises its right to transfer employees temporarily, it shall select among employees qualified for the work by accepting volunteers on a seniority basis first, and if there are insufficient volunteers, assigning employees by inverse seniority. The employee's rate of pay will remain the same. The Employer will provide transportation to work outside the unit or pay mileage at the IRS rate for such transportation. For all transfers in excess of 30 miles from the Facility, the Employer will pay for travel time. Such transfers to outside facilities shall be for no more than 12-hours from Lincoln City back to Lincoln City on any one day. During such transfers, employees shall remain fully covered by the collective bargaining agreement.

**ARTICLE 8.
SENIORITY, LAYOFF & RECALL**

A. Definition

1. Seniority - shall be defined as the continuous length of service computed from the employee's most recent date of hire in the Bargaining Unit at the Facility.

B. Employee Address & Phone Number.

1. It shall be the responsibility of the employee to keep the Employer informed of his/her current address and telephone number and to notify the Employer within two (2) weeks, in writing, of any change of address or telephone number.

C. Accrual of Seniority:

1.Seniority shall continue to accrue during all contractual paid leaves of absence, during all unpaid leaves of absence for the first thirty (30) days of such leave of absence, for up to thirty (30) days each calendar year for union leave purposes, and for up to six (6) months of compensated disability leave over the length of the Agreement.

D.Loss of Seniority—Termination of Employment.

Anything herein to the contrary notwithstanding, an employee will lose his seniority in all respects for any of the following reasons:

1.Voluntary resignation.

2.Discharge for just cause.

3.Failure, refusal, or inability to report to work at the expiration of any leave of absence or vacation pursuant to this Agreement, or taking employment elsewhere during a leave of absence, without Employer permission, if Employee is medically able to work at the facility.

4.Layoff for twelve (12) or more consecutive months or for the length of the employee's continuous service with the Employer, whichever is less.

5.Acceptance of a non-unit or other supervisory or management position with the Employer which removes the employee from the bargaining unit and coverage of this Agreement except those employees who return to their unit position within sixty (60) days of their acceptance of the non-unit position. However, if an employee returns to his/her unit position within six months of acceptance of a non-unit or supervisory position, the employee shall regain his/her seniority upon completion of three (3) months back in the unit.

6.Failure of an employee to notify the Employer within three (3) work days from the date of receipt of notice of recall by personal delivery to the employee, certified mail (return receipt requested), or the last date of attempted delivery by certified mail, sent by the Employer to the employee at his/her last address of record requesting him/her to return to work to a job identical or equivalent to that held previously by the employee. Whenever the employee notifies the Administrator in writing regarding temporary phone numbers and/or addresses while out of town, the Employer shall contact the employee using this information in addition to the permanent address. The employee may then take up to ten (10) calendar days from the date of notification to the Employer to actually return to work.

E.No Bridging of Seniority

Except as specifically provided above, an employee whose seniority is lost for any of the foregoing reasons shall be considered a new employee if he/she is again hired by the Employer and such individual shall be subject to the probationary period provided in this Agreement. However, if an employee who has lost seniority by reason of paragraph (D)(4) above is rehired into the bargaining unit within eighteen (18) months of the date such seniority was lost, that employee shall regain his/her prior accumulated seniority upon the satisfactory completion of six (6) months of service from the date of rehire.

F.Layoffs

Should it become necessary for the Employer to reduce its work force, or reduce the hours worked, layoffs and hours reductions shall be effectuated according to the following procedure:

1. Layoffs and hours reductions shall be implemented by classification. In each classification, temporary employees shall be laid off, or have hours reduced first, followed by probationary and on-call employees. Followed, if necessary, by part-time employees. Once all temporary, probationary, on-call and part-time employees are laid off or hours have been reduced, if additional layoffs or hours reductions are necessary, full time employees in the classification shall be laid off or have hours reduced. In choosing which employees to lay off or reduce hours, the Employer shall lay off by inverse seniority, unless the Employer can demonstrate that the less senior employee has markedly better training or experience needed by the facility or that the more senior employee has demonstrated markedly worse performance. It is within the sole discretion of the Employer to determine whether to reduce the hours of part or all of the classification or to do layoffs

2. Where seniority is equal, priority shall be determined by the last four digits of the employee's Social Security number, with the lowest number being considered the more senior.

3. All employees who are scheduled to be laid off shall receive at least fourteen (14) calendar days advance written notification thereof from the Employer, by personal delivery or by certified or registered mail (return receipt requested). In the event no notice or less notice is provided, the Employer shall pay the difference, at straight-time rates of pay not to exceed eight (8) hours per day, between the day of actual notice provided and the fourteen (14) day notice required. The Employer shall notify the Union when layoff notices are being given, and shall bargain about the effects of the layoff decision. Any and all disagreements by and between the parties regarding such effects

bargaining, however, shall not be subject to the Grievance and Arbitration articles and neither party may engage in conduct in violation of the No Strike/No Lockout article of this Agreement.

4.No Bargaining Unit Employee will lose health insurance benefits because of temporary hours reductions that take place, voluntarily or involuntarily, due to low census.

5.An employee whose hours are being cut or who is being laid off may fill any vacant position. The employee's selection of shift in the vacant position will be determined by the employee's seniority.

G.Recall

1.Employees most recently laid off within the immediate past twelve (12) months shall be the first to be recalled by the Employer, if they are available and are still qualified to perform the work involved. Employees shall be notified of recall from layoff by certified or registered mail (return receipt requested) addressed to the employee's last reported address on file with the Employer. A copy of such notice shall be forwarded to the Union. The laid off employees must advise the Employer within three (3) work days after receipt of such notice whether or not he/she accepts reemployment. (Recall notices which are not delivered by the post office due to incorrect address resulting from the employee's failure to advise the Employer of the correct address shall be deemed received as of the date initial delivery was attempted, as certified by the post office). Whenever the employee notifies the Administrator in writing regarding temporary phone numbers and/or addresses while out of town, the Employer shall contact the employee using this information in addition to the permanent address. In the event no reply is

received by the Employer within the aforesaid period, the next employee on the seniority list is to be recalled instead.

2. Should the Employer be in urgent need of an employee to fill a position, any laid off employee available may be recalled by telephone at once, on a temporary basis, pending notification of recall to other laid off employees, as provided in this Article. To expedite notice to laid off employees, the Employer may notify more than one (1) such employee at the same time.

3. Any employee recalled shall report to work within ten (10) calendar days after notifying the Employer of his/her intent to return, or forfeit his seniority rights and recall privileges.

ARTICLE 9. ASSIGNMENT AND VACANCIES

A. Job Description.

The Employer at its discretion may create job descriptions for the positions within the unit. The job descriptions are not intended to limit employees in the performance of work or to limit the Employer in its assignment of work; they are intended to describe general expected activities. Employees may be asked to perform any tasks for which the Employer deems them qualified.

B. Performance of Unit Work by Supervisors or Management.

This Agreement shall not limit supervisory and management personnel from the performance of any work.

**C. Employees of other Facilities/Temporary Employees/ Agency
Employees/Subcontractors**

The Employer may choose, in its sole discretion, to have unit work performed by employees of other facilities operated by the Employer or entities with which the Employer is affiliated; temporary employees and/or agency employees and/or subcontractors, provided that it shall not result in the layoff of unit personnel or the reduction in regular work hours of unit employees.

D. Vacancies

A vacancy is defined to mean any permanent full-time or part-time job opening within the job classifications in this Agreement, which the Employer determines to fill. The Employer reserves the exclusive right to determine if a vacancy exists. All vacancies and new positions in the bargaining unit shall be posted for a period of seven (7) calendar days. Postings shall include job classification, shift, and rate of pay. If, in the sole judgment of the Employer, all qualifications of workers who apply for a vacant position are equal, the worker with the most seniority shall be offered the position. However, if an Employee currently working in the job classification for which the vacancy exists wants to transfer to the shift, schedule and days off of the vacant position, he or she may do so based upon seniority, prior to filling the vacancy.

ARTICLE 10. HOURS OF WORK, BREAK PERIODS & OVERTIME

A. The Employer in its discretion shall determine the number of regular work week and regular workday shifts needed, their starting and ending times, the number of employees within the classification required to staff each regular work week and regular workday shift which have been so scheduled, and the assignment of employees to said shifts. The regular work week and regular workday shifts set by Employer shall not be construed as a guarantee to an employee of any specified number of hours of work either per day or per week or as limiting the right of the

Employer to fix the number of hours (including overtime) either per day or per week for an employee.

B.Nothing contained in this Article shall be construed as a limit on the Employer's right to determine appropriate staffing levels or to layoff employees.

C.An employee's regular workday and/or work week schedule may be changed by the Employer on not less than fourteen (14) calendar days advance notification of such change unless unforeseen operational requirements necessitate the change in schedule or the Employer and the employee mutually agree to a change in schedule on less notice. The assignment of overtime hours before the regular starting time or after the regularly scheduled finishing time of the shift shall not constitute a change in shift.

D.All employees shall be paid on the pay schedule currently in practice. If the Employer modifies its pay schedule, employees shall not be without pay for a period of longer than seventeen (17) days and the Union shall receive at least thirty (30) days notice of such change. Employees shall be allowed to draw up to 75% of earnings based on hours scheduled during the first pay period. This draw is a transitional check between the employee's date of hire and his/her first scheduled pay day. Thereafter, employees may request up to two (2) draws per year based upon unusual or emergency circumstances, and such requests shall not be unreasonably denied.

E.The current work week is defined as Sunday from 12 am through Saturday at 11:59 pm. If the Employer changes the work week it shall provide the Union and employees with at least two (2) weeks advanced notice of the change. An employee who works in excess of forty (40) hours in any one (1) work week shall be paid at a rate of time and on-half (1 ½) the employee's regular rate of pay for all time worked in excess of forty (40) hours. All overtime

work must be with the authority of the Employer. Unauthorized work may be cause for discipline.

F. Employees working a shift of six (6) hours or more shall receive a thirty (30) minute unpaid meal break within the shift. In addition, employees shall be entitled to a fifteen (15) minute paid rest period for every four (4) hours worked or major fraction thereof. The rest and meal periods need to be scheduled and approved by the supervisor. Employer will use its best efforts to ensure that the meal and rest periods are uninterrupted. If an employee works through all or part of his or her meal period, he or she will be paid for that time.

G. The Employer may institute measures to or modify the manner in which it tracks and records employee's work time.

H. Employer may transfer a Bargaining Unit Employee to another shift or schedule with the following considerations:

1. Employer will offer positions on a voluntary basis in seniority order beginning with the most senior employee first, until the list has been exhausted.

2. In the event that the Employer cannot find a volunteer, Employer may require employees to transfer shifts in reverse rotating seniority order beginning with the least senior employee first.

I. When shifts are known in advance, the Employer shall post a list of open shifts as soon as they become available with space for Bargaining Unit employees to sign up for those shifts. More than one employee may sign up for the same shift. Available shifts will then be distributed among Bargaining Unit Employees who have signed up in rotating seniority order.

J. The Employer shall fill extra shifts that become available on an occasional basis as a result of short-term needs in the following manner:

1. The Employer will offer all extra shifts to Bargaining Unit Employees who can work them at straight-time in rotating seniority order beginning with the most senior employee first. However, if no such employees are available, the Employer may offer them, in rotating seniority order, on an overtime basis.

2. All overtime and extra shifts shall be optional for the employee. It is within the complete discretion of the Employer whether or not to use the quick checks program. When the Employer decides to use the quick checks program, employees who agree to work time beyond their regularly scheduled shift may elect to be paid using the quick checks program (employees get their extra shift pay paid in the next work week if the employee has worked all of his/her regularly scheduled shifts that week.)

3. When a nursing department employee accepts more than two (2) extra shifts per month, the employee will receive a fifteen dollar (\$15.00) bonus for each additional shift worked. The assignment of hours in excess of 2.5 hours before the regular starting time or after the regularly scheduled finishing time of the shift shall also be considered an extra shift. For example, if an employee works three (3) extra shifts per month, he/she will receive a \$15.00 bonus. If an employee works five (5) extra shifts per month, he/she will receive a \$45.00 bonus. Extra shift bonuses will be included in the employee's regularly scheduled paycheck.

K. Bargaining Unit Employees who have signed an education loan agreement with Employer, and are in an accredited nursing program, will not be required to work more than 16-hours per week.

L. If a Bargaining Unit Employee reports to work when on the posted schedule and is not needed by the facility, he or she shall receive a minimum of three (3) hours pay and may be

required to work all or part of the three (3) hours. If a Bargaining Unit Employee reports to work for a mandatory meeting, he or she shall receive pay for only the period of time spent at the meeting.

M.Nursing department employees who reside outside a 20 mile radius of the building will receive a travel stipend to assist in the cost of commuting to work. Mileage will be determined using Mapquest or a mutually acceptable alternate method. The employee will receive fifteen dollars (\$15.00) for each day the employee reports to, and is paid for work, at the facility. Travel stipends will be paid as expense checks and not included in regular payroll. Stipends will be paid on a weekly basis.

N.Provided that no overtime costs are incurred, employees may switch shifts as long as they give the Employer written notice, signed by both employees, and approved by the Supervisor. Such approval shall not be withheld unreasonably.

O.On-call employees shall not be scheduled, except in the absence of a regularly scheduled, full-time or part-time employee, or if current workload demands cannot be met.

**ARTICLE 11.
WAGES**

- A. Subject to the provisions of the letter of agreement (Rate Protection for Conditional Total Economic Package), Exhibit C, all Bargaining Unit employees shall receive the following across-the-board increase added to their current pay rates:

Effective as of October 1, 2007	\$0.70
Effective as of October 1, 2008	\$0.50
Effective as of October 1, 2009	\$0.60
Effective as of October 1, 2010	\$0.50

- B. All wage increases are added to the hiring matrixes, as indicated in Exhibit A.

C. All Bargaining Unit Employees hired after the effective date of this Agreement shall be paid the rate set forth in Exhibit A, based on years of experience where appropriate.

D. The position differential between the CNA position and RA and/or CMA and/or aid to physical therapy department positions is \$0.50/hour. The position differential between the Dietary Aide and Cook is \$1.50/hour.

E. Bargaining Unit Employees' total accrued and total available PTO shall be provided to all Bargaining Unit Employees with their paycheck once per month.

F. Paychecks will be available to Bargaining Unit Employees by 9:00 am on payday without preconditions. A Bargaining Unit Employee will not be required to attend meetings or perform any function for the Employer as a condition of receiving his or her paycheck. If a payday falls on a Saturday, checks will be available by 9:00 am the preceding Friday. If a payday falls on a Sunday, checks will be available by 9:00 am the succeeding Monday.

G. When an employee regularly works in two or more classifications, he/she will be paid at the rate of each position based upon the amount of time worked in each position.

H. Longevity Bonus

Bargaining Unit Employees shall receive the following one-time longevity bonuses, to be paid on the first payday after the employee's anniversary date: (any Bargaining Unit Employee who has ten (10) or more years of employment at the effective date of the contract shall receive the ten (10) year bonus within sixty (60) days of contract ratification.)

Years of Employment	Bonus
After three (3) years of employment	\$125
After five (5) years of employment	\$250
After ten (10) years of employment	\$500

I. Shift Differentials

All bargaining unit employees shall receive the following shift differentials, or current practice, whichever is greater, for all hours worked on that shift:

The evening (2 nd) shift:	\$0.25/hour
The NOC (3 rd) shift:	\$0.35/hour

ARTICLE 12.
MEDICAL AND DENTAL INSURANCE/LIFE AND DISABILITY INSURANCE

A. Bargaining Unit employees shall be eligible for the same medical, dental and life and disability benefits, under the same terms, criteria, and eligibility, as exists at the effective date of this Agreement. The Employer shall have the right to add to, delete, or modify such benefits and policies unilaterally and in its sole discretion, without any obligation to bargain, provided that such changes are proportionately applied to all Pinnacle employees (management and non-management.)

B. The Employer shall pay the monthly premiums at the following levels:

Employee Only	85%
Employee plus Spouse	75%
Employee plus Child	75%
Family	70%

C. The parties shall meet during the term of the agreement to discuss the additional allocation of twenty cents (\$0.20) per hour for all bargaining unit employees, effective October 1, 2009. The parties agree that for the first three months (October through December, 2009) this money shall be paid as a bonus to employees no later than December 15, 2009. Thereafter, at the Union's option, this money can be allocated towards wage increases, which would be applied to all employees as well as starting rates, or towards a health insurance flex account, or towards any other mutually agreed upon area.

D. Any benefits and policies not described in this Agreement that are now in effect, or may in the future be put into effect, shall only be continued at the option of the Employer, and any discontinuance thereof shall not constitute a violation of the Agreement. The Employer shall have the right to add to, delete, or modify such benefits and policies unilaterally and in its sole discretion, without any obligation to bargain.

**ARTICLE 13.
HOLIDAYS**

A. The following are recognized holidays: New Year's Day, Easter, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas. If an employee who celebrates a holiday not mentioned above requests that day off, the Employer shall make all reasonable effort to grant that request.

B. Holidays off shall be scheduled in an equitable manner.

C. Bargaining unit employees will be paid time and one-half at their base hourly wage for all actual hours worked on the recognized holiday. Bargaining unit employees will be paid double time at their base hourly wage for all actual hours worked on Thanksgiving and Christmas. Employees must work their scheduled shift both before and after the holiday in order to receive the premium pay for holidays worked. If the employee does not work their scheduled shift both before and after the holiday worked, the employee will be paid regular time for hours worked on the holiday.

**ARTICLE 14.
PAID TIME OFF**

Paid Time Off will be provided, as set forth in this Article, for the purpose of rest, relaxation, planned and unplanned interruptions from the workplace or to attend to personal matters. Any PTO shall be at the employee's base rate of pay.

A. Eligibility

A new employee is not eligible for Paid Time Off during their first six (6) months of service. However, they are accruing PTO during this period of time, and such time shall be considered to be earned and available to be utilized after the six (6) months of service is completed. Employees shall continue to accrue PTO on an on-going basis and the second batch

of PTO shall be considered earned and available to use on the employee's anniversary date of hire. Thereafter, accrued time will become earned time on a monthly basis.

B. Availability

Employees may not take PTO before it is actually earned. Thereafter, PTO hours are available for use in the pay period following the date in which the PTO time becomes earned. An employee's PTO balance will not exceed the Maximum Earned PTO listed in the schedule below.

C. Accrual

Employees accrue Paid Time Off hours based upon years of service with Employer in accordance with the following schedule:

Years of Service	Accrual Rate	Annual Accrued PTO	Maximum Earned PTO
0-6 months	0.0385	40 hours	
7-12 months	0.0385	40 hours	
2-5 years	0.0654	136 hours	176 hours
6-15 years	0.0885	184 hours	224 hours
Over 15 years	0.1077	224 hours	264 hours

To receive the maximum amount of PTO, an employee will have worked up to 40 hours in a week with a maximum amount of productive hours at 2080. Multiply the 2080 times the accrual rate for an employee with two years of service (.0654) and the person will have earned 136 hours of PTO in that year.

A person who works less than 40 hours of time per week receives less earned PTO because the number of productive hours is reduced. As an example: A person who works 20

hours per week for 52 weeks has 1040 productive hours. The 1040 hours is then subject to the accrual rate of .0654 and the employee earns a maximum of 68 hours of PTO.

D. Incentive Provision

To prevent a loss and to reward those who utilize their PTO hours effectively, a Bargaining Unit Employee may cash out up to 40 hours of earned PTO per year. Such cash outs can occur at any time during the year at minimum increments of 8 hours. If the supervisor and employee are not able to schedule the employee's PTO, which could result in an employee losing PTO time, then the maximum earned PTO shall be waived until it can be scheduled.

E. Paid Time Off Request

Employees requesting a planned interruption of work must have this time approved 2 weeks in advance of the time off. Unplanned interruptions of work require the employee to notify their supervisor at least 2 hours in advance of the start of their shift. Employees with unplanned interruptions of work may request to utilize their available PTO hours to cover this time off. PTO requests shall not be unreasonably denied.

F. Pay out on Termination of Employment

After completion of at least six (6) months of continuous employment, employees who are resigning and give at least two weeks notice or are otherwise being terminated will be given earned PTO hours in their final check.

**ARTICLE 15.
PAID LEAVE**

Employees, after their probationary period, shall be entitled to paid leave as follows:

A. Bereavement Leave

An employee shall be allowed a reasonable amount of time off work with pay at her/his regular rate of pay for up to three (3) scheduled working days absence in the event of the death of an

immediate family member. For the purposes of this Article, “immediate family” is defined as the employee’s parent, spouse, sibling, grandparent, grandchild, corresponding “step” relations, parent-in-law, or domestic partner.

Employees are responsible for initiating the request and obtaining supervisory approval for the use of this time off. Employees may be required to submit verification for the need to take this time off.

B. Jury Duty Leave

A Bargaining Unit Employee who is called to serve as a juror shall be reimbursed fifty (\$50.00) dollars per day for meeting this obligation. The employee may keep the payment made to them by the courts. Jury duty pay will be granted only for such service on Monday through Friday. If an employee is dismissed for Jury duty and there are 4 hours or more left in the work day, they are expected to return to work. Employees are required to have the clerk of the court sign the Jury Duty notification form, which indicated the time the employee was dismissed from Jury duty. This will be the employee’s proof of payment for reimbursement. Employees receiving a jury duty summons must promptly advise the Administrator.

C. Witness Leave

Whenever a Bargaining Unit Employee is asked to be a witness by the Employer, he/she shall continue to receive his/her full pay.

ARTICLE 16. UNPAID LEAVE

The Employer may implement, modify or eliminate unpaid leaves of absences as outlined in its policies and handbook and consistent with all state and federal leave requirements. The Employer reserves the right to modify its leave of absence policies. The Employer will inform the Union of any material and substantial changes in its leave of absence policies prior to any

implementation. The Employer shall comply with all federal and state laws regarding Family and Medical leave, disability leave and military leave.

A leave of absence for a period not to exceed six (6) months shall be granted to one Bargaining Unit Employee during the term of this Agreement in order to accept a full-time position with the Union, provided that such a leave will not interfere with the operation of the Employer. At the end of any such leave, the Bargaining Unit Employee shall be returned to a position that is comparable in terms of pay and job classification, but which may be on a different shift.

ARTICLE 17. RETIREMENT

Employees shall be eligible for the same 401(k) plan, or any other retirement plan, as the non-unit employees of the Employer, under the same terms, criteria, and eligibility. The Employer shall have the right to add to, delete, or modify such benefits and policies unilaterally and in its sole discretion, without any obligation to bargain, provided that such changes are uniformly applied to unit and non-unit employees.

ARTICLE 18. CONTINUING EDUCATION BENEFITS AND LOAN PROGRAM

Employees shall be eligible for the same continuing education benefits and loan program as the non-unit employees of the Employer, under the same terms, criteria, and eligibility. The Employer shall have the right to add to, delete, or modify such benefits and policies unilaterally and in its sole discretion, without any obligation to bargain, provided that such changes are uniformly applied to unit and non-unit employees.

ARTICLE 19.
DISCIPLINE

A.The Employer shall have the right to discharge, suspend, or discipline any non-probationary employee for just cause. The Union and Employer acknowledge that Employer's right to have disciplinary policies in their employee handbook so long as the Employer follows the principles of just cause. The Employer will apply the principles of progressive discipline, except the parties recognize that depending on the circumstances and seriousness of the offense, more serious disciplinary action and/or termination may be imposed. The discipline, suspension or discharge of a probationary employee is not subject to the grievance and arbitration provision of this Agreement.

B.Discipline shall be imposed only in the presence of a Union Steward, except in those cases where the Steward may not be readily available and the infraction for which a suspension or termination is imposed constitutes a very "serious offense" warranting summary action (i.e., assault, attack or threat of physical violence on fellow employees or management representatives, etc.). When a Union Steward is not present in such instances, the Employer will administer discipline and not question the employee, and will notify the Steward as soon as possible of the action taken.

Copies of all discipline shall be given to the employee involved and the Union Steward. An employee has the right to attach her/his own views to any disciplinary record in her/his own file. The Employer shall notify the Union in writing of any discharge or suspension within forty-eight (48) hours (exclusive of Saturdays, Sundays, and holidays) from the time of discharge or suspension.

C.Investigatory Interviews of Employees.

In the event an employee is required to attend an investigatory interview with a supervisor or other management official which he/she reasonably believes will result in disciplinary action, the official Steward may be present and participate at such investigatory interviews, if requested by the employee, under the following conditions:

1. Where requested, the Employer shall inform the Steward of the subject matter of the interview, i.e., the type of alleged misconduct for which discipline is being considered (theft, lateness, etc.).

2. The Steward may consult with the employee, assist him/her in presenting or clarifying facts and/or otherwise submit evidence or suggest further witnesses to interview.

3. The Steward, however, may not interfere with the Employer's interview of the employee. The Employer has no obligation to bargain with the Steward during such interview and the employee shall answer personally all relevant and material questions posed to him/her by the Employer. The Steward may make reasonable requests that the supervisor clarify a question so that the employee can understand what is being asked.

4. The absence of the official Steward shall not unreasonably delay the Employer from conducting the investigatory interview. In such circumstances, the affected employee may, at his/her option, proceed with the interview in the absence of the Steward or may proceed with an assistant Steward or any other employee identified by the Union as a Steward, or a Local Union representative. A delay shall be unreasonable if it exceeds the close of the next business day.

D. Retention of Record of Discipline

A record of disciplinary action shall be removed from an employee's personnel file two (2) years after it was issued, except that if an employee receives a related discipline during the two (2) year period, the original discipline will remain in his or her file until two (2) years have elapsed during which the employee received no related discipline. This provision shall not apply to disciplines issued for resident abuse, resident neglect, sexual or racial or discriminatory harassment, medication errors, or other behavior that violates state or federal law.

**ARTICLE 20.
PERSONNEL RECORDS**

A. At the request of an employee, the Employer shall provide reasonable opportunity for the employee to inspect, at the Facility, those personnel records of the employee which are used or have been used to determine the employee's qualification for employment, promotion, additional compensation or employment termination or other disciplinary action. At the request of the employee, the Employer shall furnish a copy of such records within five (5) calendar days.

**ARTICLE 21.
GRIEVANCE PROCEDURE**

SEE EXHIBIT B, LETTER OF AGREEMENT

Grievance and Steps

A. A grievance shall be defined as a complaint, dispute, controversy, difference between the Union and the Employer, which may arise on or after the effective date but before the expiration of this Agreement, involving the interpretation, application or performance of the express terms of this Agreement. All grievances shall be settled, determined, adjusted and processed solely and exclusively in accordance with the procedures set forth in this Article and the Arbitration Article. Nothing in this Article shall waive employees' rights under the NLRA.

STEP 1.

1. Any employee or group of employees having a grievance or complaint shall present same in writing to the Administrator, either alone or together with the Shop Steward or other authorized Union representative, within fourteen (14) calendar days after the occurrence of the incident or event giving rise to the grievance or complaint, or within fourteen (14) calendar days after the employee(s) should reasonably have become aware of the facts or circumstances constituting the grievance or complaint, whichever is later. Suspension or dismissal grievances, however, shall be initiated directly at Step 2 within seven (7) calendar days after notification of the suspension or dismissal.

2. The written grievance shall specifically set forth the nature of the grievance, the facts upon which it is based, the provisions of the Agreement allegedly violated and the remedy sought.

3. The Administrator shall answer the grievance or complaint in writing within ten (10) calendar days after its presentation in Step 1. A copy of the written response shall be mailed to the Union, to the address designated by the Union for such purpose.

STEP 2

1. If the grievance or complaint is not satisfactorily adjusted in Step 1, it may be appealed in writing to the Director of Business Development for adjustment or resolution, within ten (10) calendar days after receipt by the Local Union of the written denial in Step 1.

2. Within ten (10) calendar days after timely submission of the written grievance or complaint in Step 2, the Union's Representative or his/her designee, along with the initiating Steward, shall meet with the Director of Business Development or designee, as may be applicable, in an effort to settle and adjust the grievance or complaint. The

Director shall submit a written answer to the grievance or complaint and forward it to the Union within ten (10) calendar days after the meeting.

3.If the grievance or complaint is not satisfactorily adjusted in Step 2, the Union may submit the grievance or complaint to the Federal Mediation and Conciliation Service (hereinafter called the “FMCS”) for binding and final resolution in accordance with the provisions of this Agreement.

4.In order to be timely filed, the Union’s demand for arbitration must be submitted within thirty (30) calendar days after receipt of the Employer’s denial notification in Step 2.

B.The time periods and limits provided herein shall be calculated as of the date of actual receipt. All notifications under this Article shall be sent via fax, e-mail or certified mail or be delivered by in-hand service. Such time periods may be extended only by mutual agreement of the Employer and the Union. In the absence of such agreement, the time limits shall be mandatory.

C.The failure of the aggrieved employees or Union to file a grievance initially, to process a grievance in any of the steps in the grievance procedure thereafter and/or to submit the grievance to arbitration in accordance with the express time limits provided herein, shall automatically constitute a waiver of the grievance and bar all further action thereon.

D.The failure of the Employer to submit a response in any of the steps of the grievance procedure or to meet with the Union Representative within such time periods, shall not constitute acquiescence thereto or result in the sustaining of the grievance. The failure to so respond or meet shall be deemed a denial of the grievance as of the expiration date of the applicable adjustment period. Should the Union desire to pursue the grievance further, it may, within ten

(10) calendar days of such expiration date, submit the grievance to the next step of the Grievance and Arbitration Procedure.

ARTICLE 22. ARBITRATION

A. Upon the timely submission of a demand for arbitration in accordance with the requirements herein, the FMCS shall provide the parties with a list of seven (7) arbitrators who practice in Oregon and Washington. If within seven (7) calendar days after receipt of the list, the parties are unable to mutually agree to an arbitrator, either party may request a second panel of seven (7) arbitrators from the FMCS. Within seven (7) calendar days after receipt of the second panel, the parties shall select the arbitrator by alternately striking names from the list. The last remaining name shall be the arbitrator. The party proceeding first in the striking of names procedure shall be determined by coin toss.

B. Arbitration Expenses.

The charges of the Federal Mediation and Conciliation Service and the Arbitrator shall be borne equally by the parties. Each party shall pay any fees, wages or expenses of its own representatives and witnesses for time lost.

C. Authority of the Arbitrator.

The arbitrator shall be empowered, except as his powers are limited below or by the submission agreement, to make a decision in cases of alleged violation of rights expressly written in this Agreement, or supplemental agreement, if any. The limitations on the powers and discretion of the arbitrator shall be as follows:

1. The arbitrator shall have no power to add to, subtract from, or modify any of the provisions of this Agreement, or supplemental agreement, if any.

2. The arbitrator shall have no power to establish wage scales or change any minimum wage established herein for all classifications included in the bargaining unit as provided in Article 1, Recognition. If a new classification is added to the bargaining unit, the parties will attempt to reach agreement regarding the wage rate for such new classification. If no agreement can be reached, the parties will submit the matter to arbitration.

(a) Should the arbitrator sustain a grievance involving the discharge or suspension of an employee, any and all awards of back pay shall be offset and reduced by any interim earnings and unemployment compensation insurance collected by the grievant. An employee's failure to mitigate shall also be considered by the arbitrator. The burden of proof shall be on the Employer to establish that an employee failed to make a good faith effort to mitigate back pay. In this regard, the arbitrator shall reduce the amount of back pay, if any, and/or deny a back pay remedy altogether in direct proportion to the lack of mitigation efforts on the part of the employee proved by Employer.

3. The arbitrator shall construe the Agreement so that there will be no interference with the exercise of the rights of the Employer, except as those rights may be expressly limited by this Agreement.

4. The parties agree that the power and jurisdiction of the arbitrator shall be limited to deciding whether or not there has been a violation of a provision of this Agreement. The same question or issue shall not be the subject of arbitration more than once, except upon a showing of new evidence or change in conditions or circumstances. If either party raises an objection based upon their position that an issue has already been decided in arbitration, they must provide notice to the other party within four weeks of

the notice to refer the matter to arbitration, and this matter shall be decided at the same hearing but prior to the review of the grievance merits. The arbitrator shall not be empowered and shall have no jurisdiction to base his award on any alleged practice or oral understandings that occurred prior to the effective date of the original Agreement, (excluding bargaining table discussions) but not incorporated in this Agreement. The decision of the arbitrator shall be based solely upon the evidence and arguments presented to him by the respective parties in the presence of each other. The arbitrator shall not hold any unilateral hearings.

5. The parties agree that the decision of the arbitrator shall be final and binding, subject only to the applicable standards for judicial review of arbitrator's decisions.

ARTICLE 23.
NEW JOB TITLES AND JOB CLASSIFICATIONS

A. Whenever the Employer determines it appropriate to create a new job title or job classification in the bargaining unit, it shall provide advance notice of that action to the Union. Such notice shall include the job title, or classification, a job description of the duties for such job title or classification, and the wage rate for such job title or classification.

B. Within thirty (30) days from receipt of such notice, the Union may initiate negotiations concerning the wage rate which the Employer has established for the new job title or classification. Until there is an agreement, the wage rate adopted by the Employer shall prevail. The No-Strike provisions of this Agreement shall be in effect for any negotiations under this Article.

**ARTICLE 24.
SEPARABILITY**

In the event that any part of this Agreement shall be declared invalid by final adjudication of a State or Federal court or by legislative enactment, neither such decision nor legislative enactment shall invalidate the entire Agreement. All other provisions not declared invalid shall remain in full force and effect. In the event that any Federal or State statute, enacted subsequent to the effective date of this Agreement, shall have the effect of invalidating or voiding any provision of this Agreement, the parties hereto shall meet solely for the purpose of negotiating with respect to the matters covered by this provision which may have been so declared invalid or void.

**ARTICLE 25.
SUBSTANCE ABUSE**

Bargaining Unit personnel shall be subject to medical testing, involving urine and/or blood analysis or other similar related tests, to ascertain substance (i.e., drugs or alcohol) abuse pursuant to and in accordance with the Employer's Substance Abuse Policy and Procedure, as it exists as of the effective date of this Agreement or as thereafter modified by the Employer for non-unit employees of the system. The Employer shall not be allowed to do random drug testing.

**ARTICLE 26.
SAFETY AND TRAINING**

A. The Employer and employee shall carry out their obligations as set forth in applicable federal, state and local laws and regulations to provide a safe and healthy work environment for its employees. The Employer shall be responsible for enforcement of such rules and regulations and of its own safety rules and regulations. The employee shall abide by all of the Employer's safety policies and procedures.

B.The Employer shall provide hepatitis B vaccines, flu vaccines, screening and subsequent treatment of lice and scabies during a diagnosed resident episode, TB tests, and chest x-rays (if an employee's TB test is positive) to employees at no cost to the employee.

ARTICLE 27.
NO STRIKE/NO LOCKOUT

A.During the life of this Agreement or any extension thereof, the Union, on behalf of its officers, agents, stewards and members, and the employees covered by this Agreement agree that there shall be no strikes of whatsoever kind or nature (economic, sympathetic, unfair labor practice or otherwise), slowdowns, walkouts, sit-downs, picketing, boycotts or any activities which interfere, directly or indirectly, with the Employer's operations. Nor shall there be any lockouts by the Employer.

B.In the event any picket line is established by any labor organization at the Employer's premises, places of business, employees shall be required to pass through such picket line and perform their regular and customary duties for the Employer.

C.Neither the Union, its officers, employees, nor stewards shall directly or indirectly authorize, aid, encourage, direct, abet or participate in any activity prohibited by this Agreement. It is further agreed that in cases of an unauthorized strike, walkout or other cessation of work, the Union, its officers, employees and stewards shall make every reasonable effort to instruct the employees participating in any such unauthorized action to return to work.

D.The parties recognize the right of the Employer to take disciplinary action, including discharge, against any employee who participates in a work stoppage or otherwise interferes with the Employer's operations in violation of this Agreement, whether such action is taken against all of the participants or against only a selected participant or participants.

E. Any claim, action, or suit for damages or injunctive relief, which is commenced by the Employer as a result of the Union's violation of this Article, or commenced by the Union as a result of the Employer's violation of this Article, shall not be subject to the Grievance and Arbitration provisions of this Agreement. Any action taken by the Employer in accord with or pursuant to this Agreement (e.g., layoff) shall not be deemed to be a lock-out, nor argued or litigated as such, for purposes of engaging in self-help in any manner contrary to the provisions of this Article. In the event the Employer obtains any temporary or permanent injunctive relief or monetary compensation in a civil action against the Union or its members for violation of this Article, the Employer shall recover its reasonable attorneys' fees from the Union.

ARTICLE 28.
TRANSFER AND/OR SALE OF BUSINESS

A. If the Employer sells, assigns, leases or otherwise transfers the control, operation or assets of its business, or any part thereof covered by this Agreement, to another person, company, corporation, firm or other entity, the Employer will provide the Union with reasonable advance written notice thereof not less than thirty (30) calendar days prior to the effective date of such sale, assignment, lease or transfer and will notify such transferee of the existence of this Labor Agreement and will deliver a copy of this Agreement to the transferee.

B. The Employer shall not be held accountable, responsible or in any way liable (monetarily or otherwise), should the successor decline to adopt or otherwise assume the obligations and the benefits of this Agreement and such failure to adopt and/or assume shall not in any way preclude the sale and/or transfer of the business.

ARTICLE 29.
DURATION

A.This Agreement shall take effect October 1, 2007 and shall remain in effect until and including September 30, 2011. It shall remain in effect from year to year thereafter unless notice to change or terminate is provided as described herein.

B.Either party desiring to change or terminate this Agreement must notify the other in writing at least ninety (90) days prior to the expiration of this Agreement.

C.Nothing herein contained, however, shall in any way limit, curtail or restrict the parties' right to negotiate on any and all lawful subjects of bargaining during the negotiations resulting from the timely submission of either a written notice of termination or of modification by at least one (1) party. Accordingly, if one (1) of the parties has submitted a timely notice as aforesaid, the other party need not do so and may engage in negotiations without restriction.

D.Any changes agreed upon by the parties shall be reduced to writing and executed by duly authorized officers or agents of the parties to this Agreement.

IN WITNESS WHEREOF, each party has caused this Agreement to be executed by their duly authorized officers and/or representatives on the date set forth immediately below their signature.

Lincoln City, LLC

Service Employees International Union
Local 503

Merlin Hart, CEO

Leslie Frane, Executive Director

Date: _____

Date: _____

Mark Garber, CFO

Bill Uehlein, Dir. Of Care Provider Div.

Date: _____

Date: _____

Julie Carlson, Dir. Bus. Support & Develop.

Dora Hillegas

Date: _____

Date: _____

Frances Aronhalt

Date: _____

Judy Aronhalt

Date: _____

Janet Randall

Date: _____

Exhibit A Hiring Matrix

**Bargaining Unit
Lincoln City Rehabilitation Center**

Effective Date: 1-Oct-07
Union Contract Date: 1-Oct-07

Position/Experience	Start	1 year	2 year	3 year	4 year	5 year	6 year	7 year	8 year	9 year	10 year	11 year
CMA	\$ 11.20	\$ 11.45	\$ 11.70	\$ 11.95	\$ 12.20	\$ 12.45	\$ 12.70	\$ 12.95	\$ 13.20	\$ 13.45	\$ 13.70	\$ 13.95
RA	\$ 11.20	\$ 11.45	\$ 11.70	\$ 11.95	\$ 12.20	\$ 12.45	\$ 12.70	\$ 12.95	\$ 13.20	\$ 13.45	\$ 13.70	\$ 13.95
CNA	\$ 10.70	\$ 10.95	\$ 11.20	\$ 11.45	\$ 11.70	\$ 11.95	\$ 12.20	\$ 12.45	\$ 12.70	\$ 12.95	\$ 13.20	\$ 13.45
GNA	\$ 10.70											
PT Aide	\$ 11.20	\$ 11.45	\$ 11.70	\$ 11.95	\$ 12.20	\$ 12.45	\$ 12.70	\$ 12.95	\$ 13.20	\$ 13.45	\$ 13.70	\$ 13.95
Cook	\$ 10.70											
Dietary Aide	\$ 9.20											
Housekeeper	\$ 9.20											
Laundry Aide	\$ 9.20											
Maintenance Worker	\$ 9.20											

Instructions:

Nursing Staff: Select wage based upon the applicant's position and documented years of experience.

Exhibit A Hiring Matrix

**Bargaining Unit
Lincoln City Rehabilitation Center**

Effective Date: 1-Oct-08
Union Contract Date: 1-Oct-07

Position/Experience	Start	1 year	2 year	3 year	4 year	5 year	6 year	7 year	8 year	9 year	10 year	11 year
CMA	\$ 11.70	\$ 11.95	\$ 12.20	\$ 12.45	\$ 12.70	\$ 12.95	\$ 13.20	\$ 13.45	\$ 13.70	\$ 13.95	\$ 14.20	\$ 14.45
RA	\$ 11.70	\$ 11.95	\$ 12.20	\$ 12.45	\$ 12.70	\$ 12.95	\$ 13.20	\$ 13.45	\$ 13.70	\$ 13.95	\$ 14.20	\$ 14.45
CNA	\$ 11.20	\$ 11.45	\$ 11.70	\$ 11.95	\$ 12.20	\$ 12.45	\$ 12.70	\$ 12.95	\$ 13.20	\$ 13.45	\$ 13.70	\$ 13.95
GNA	\$ 11.20											
PT Aide	\$ 11.70	\$ 11.95	\$ 12.20	\$ 12.45	\$ 12.70	\$ 12.95	\$ 13.20	\$ 13.45	\$ 13.70	\$ 13.95	\$ 14.20	\$ 14.45
Cook	\$ 11.20											
Dietary Aide	\$ 9.70											
Housekeeper	\$ 9.70											
Laundry Aide	\$ 9.70											
Maintenance Worker	\$ 9.70											

Instructions:

Nursing Staff: Select wage based upon the applicant's position and documented years of experience.

Exhibit A Hiring Matrix

**Bargaining Unit
Lincoln City Rehabilitation Center**

Effective Date: 1-Oct-09
Union Contract Date: 1-Oct-07

Position/Experience	Start	1 year	2 year	3 year	4 year	5 year	6 year	7 year	8 year	9 year	10 year	11 year
CMA	\$ 12.30	\$ 12.55	\$ 12.80	\$ 13.05	\$ 13.30	\$ 13.55	\$ 13.80	\$ 14.05	\$ 14.30	\$ 14.55	\$ 14.80	\$ 15.05
RA	\$ 12.30	\$ 12.55	\$ 12.80	\$ 13.05	\$ 13.30	\$ 13.55	\$ 13.80	\$ 14.05	\$ 14.30	\$ 14.55	\$ 14.80	\$ 15.05
CNA	\$ 11.80	\$ 12.05	\$ 12.30	\$ 12.55	\$ 12.80	\$ 13.05	\$ 13.30	\$ 13.55	\$ 13.80	\$ 14.05	\$ 14.30	\$ 14.55
GNA	\$ 11.80											
PT Aide	\$ 12.30	\$ 12.55	\$ 12.80	\$ 13.05	\$ 13.30	\$ 13.55	\$ 13.80	\$ 14.05	\$ 14.30	\$ 14.55	\$ 14.80	\$ 15.05
Cook	\$ 11.80											
Dietary Aide	\$ 10.30											
Housekeeper	\$ 10.30											
Laundry Aide	\$ 10.30											
Maintenance Worker	\$ 10.30											

Instructions:

Nursing Staff: Select wage based upon the applicant's position and documented years of experience.

Exhibit A Hiring Matrix

**Bargaining Unit
Lincoln City Rehabilitation Center**

Effective Date: 1-Oct-10
Union Contract Date: 1-Oct-07

Position/Experience	Start	1 year	2 year	3 year	4 year	5 year	6 year	7 year	8 year	9 year	10 year	11 year
CMA	\$ 12.80	\$ 13.05	\$ 13.30	\$ 13.55	\$ 13.80	\$ 14.05	\$ 14.30	\$ 14.55	\$ 14.80	\$ 15.05	\$ 15.30	\$ 15.55
RA	\$ 12.80	\$ 13.05	\$ 13.30	\$ 13.55	\$ 13.80	\$ 14.05	\$ 14.30	\$ 14.55	\$ 14.80	\$ 15.05	\$ 15.30	\$ 15.55
CNA	\$ 12.30	\$ 12.55	\$ 12.80	\$ 13.05	\$ 13.30	\$ 13.55	\$ 13.80	\$ 14.05	\$ 14.30	\$ 14.55	\$ 14.80	\$ 15.05
GNA	\$ 12.30											
PT Aide	\$ 12.80	\$ 13.05	\$ 13.30	\$ 13.55	\$ 13.80	\$ 14.05	\$ 14.30	\$ 14.55	\$ 14.80	\$ 15.05	\$ 15.30	\$ 15.55
Cook	\$ 12.30											
Dietary Aide	\$ 10.80											
Housekeeper	\$ 10.80											
Laundry Aide	\$ 10.80											
Maintenance Worker	\$ 10.80											

Instructions:

Nursing Staff: Select wage based upon the applicant's position and documented years of experience.

LETTER OF AGREEMENT
BETWEEN
SEIU LOCAL 503
AND

LINCOLN CITY, LLC

The purpose of this Letter of Agreement is to amend Article 20, Grievance Procedure in the Collective Bargaining Agreement. The Parties agree as follows:

A. A grievance shall be defined as a dispute or complaint arising between the parties about the interpretation, application, performance, termination, or any alleged breach of this Agreement and shall be processed in the following manner:

1. Step 1. Within five (5) working days of a termination, suspension, or Layoff, or within twenty-five (25) working days after the employee knew or reasonably should have known of the cause of any other grievance, an employee having a grievance and her/his Union delegate(s) and/or other Union representative shall present it in writing to the administrator or her/his designee. A grievance hearing shall be promptly scheduled by the Union and the Employer. The Employer shall give its answer to the employee and her/his Union delegate or other representative within five (5) working days after the grievance hearing. The written grievance shall specifically set forth the nature of the grievance, the facts upon which it is based, the provisions of the Agreement allegedly violated and the remedy sought.

2. Step 2. If the grievance is not settled in Step 1, the grievance may, within five (5) working days after the answer in Step 1, be presented in writing in Step 2 to a representative of the Employer's corporate office whom the Employer has designated to receive such grievances. Step two grievances will be handled as follows:

a. The Employer and the Union shall designate one day per month (e.g. the second Tuesday of each month) for Step 2 grievance discussions at all of the nursing homes operated by the same operator.

b. Prior to that day, the corporate representative and a representative designated by the Union will arrange a schedule for that day so that all grievances pending at Step 2 at all of the Employer's facilities are discussed.

c. The grievant(s), steward(s), immediate supervisor(s) and administrator(s) will meet at the facility. The corporate representative may choose to participate in person or by telephone. If the Union chooses to be represented by a Union organizer at this step, the organizer may choose between participating in person or by telephone.

d. Second step grievances may be heard on dates other than the designated day by mutual agreement of the parties. Agreement will not be unreasonably withheld provided that good cause is shown for requesting a different hearing date.

e. The designated day will be rescheduled if it falls on a holiday or if there is mutual agreement.

f. If a grievance is appealed to step two less than a week before the designated day, either party shall have the option of postponing the hearing until the next month to ensure that there is sufficient time for preparation. If the Union has requested information relevant to the grievance from the Employer and the Employer has not provided this information at least seventy-two hours prior to the designated day, the Union shall have the option of postponing the hearing until the next month.

g. If scheduling conflicts make it impossible for the necessary parties to attend a hearing on the designated day, the parties shall jointly decide between scheduling a hearing on a different day or waiting until the designated day in the following month.

3. If the grievance or complaint is not satisfactorily adjusted in Step 2, the Union may submit the grievance or complaint to the Federal Mediation and Conciliation Service (hereinafter called the "FMCS") for binding and final resolution in accordance with the provisions of this Agreement.

4. In order to be timely filed, the Union's demand for arbitration must be submitted within thirty (30) calendar days after receipt of the Employer's denial notification in Step

B. The time periods and limits provided herein shall be calculated as of the date of actual receipt. All notifications under this Article shall be sent via fax, e-mail or certified mail or be delivered by in-hand service. Such time periods may be extended only by mutual agreement of the Employer and the Union. In the absence of such agreement, the time limits shall be mandatory.

C. The failure of the aggrieved employees or Union to file a grievance initially, to process a grievance in any of the steps in the grievance procedure thereafter and/or to submit the grievance to arbitration in accordance with the express time limits provided herein, shall automatically constitute a waiver of the grievance and bar all further action thereon.

D. The failure of the Employer to submit a response in any of the steps of the grievance procedure or to meet with the Union Representative within such time periods, shall not constitute acquiescence thereto or result in the sustaining of the grievance. The failure to so respond or meet shall be deemed a denial of the grievance as of the expiration date of the applicable adjustment period. Should the Union desire to pursue the grievance further, it may, within ten (10) calendar days of such expiration date, submit the grievance to the next step of the Grievance and Arbitration Procedure.

For the Union:

For Management:

Leslie Frane Date
Executive Director

Merlin Hart Date
CEO