

**AGREEMENT**

**Between**

**SEMCO MANAGEMENT, INC.**

**and**

**THE OFFICE AND PROFESSIONAL EMPLOYEES**

**INTERNATIONAL UNION, LOCAL 30**

**AFL-CIO, CLC**

**March 1, 2013 through February 28, 2017**

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## AGREEMENT

THIS AGREEMENT made and entered into as of the 1st day of March 2013, by and between Semco management, Inc., whose principal offices are located at 380 South Melrose Drive, Suite 407, Vista, CA 92081, herein referred to as the "Employer" and the OFFICE AND PROFESSIONAL EMPLOYEES INTERNATIONAL UNION, LOCAL 30, AFL-CIO, CLC, whose principal offices are located at 705 West Arrow Highway, Second floor, Claremont, CA 91711, 6136 Mission Gorge Road, Suite 214, San Diego, CA 92120 and 3117 North 16<sup>th</sup> Street, Suite 120, Phoenix, Arizona 85016, hereinafter referred to as the "Union".

### WITNESSETH:

That the parties hereto have agreed as follows:

#### ARTICLE 1 - PURPOSE OF AGREEMENT

It is the intent and purpose of this Agreement to establish the hours, wages and working conditions for the employees covered by this Agreement; to provide procedures for equitable adjustment for grievances; to prevent interruptions in the performance of this work and, in general, to promote harmonious relations between the Employer and its employees and the Union.

#### ARTICLE 2 - SCOPE OF AGREEMENT

##### Section 1 - Definitions

For the purposes of this Agreement, "Employees" as and whenever used in this Agreement shall mean and include those persons employed by the employer throughout the United States in the classifications set forth.

##### Section 2 - Supervisory Employee

Employer recognizes the fact that bona fide supervisory employees are only those who have the authority to hire, promote, discipline, discharge or otherwise effect changes in the status of employees or effectively recommend such action, and it is not the

Employer's policy to establish jobs or job titles for the purpose of excluding such employees from the units as established in Article 2, Section 1, of our mutual Agreement. Supervisory employees will not perform duties normally performed by employees falling within the scope of this Agreement except for training, emergencies requiring immediate action, or under circumstances that are beyond the control of the Employer to include those instances when it is impossible to find qualified replacements for vacant established positions.

### Section 3 - Courtesy

The Union and Employer agree to encourage all employees, regardless of position or profession, to perform in an efficient, courteous and dignified manner when such individuals interact with fellow employees, patients and the public.

### Section 4 - Subcontracting

Subcontracting shall mean the removal of bargaining unit work to an outside shop or agency and/or the bringing in of temporary agency personnel to perform bargaining unit work. Except in emergency situations, the Employer shall not subcontract work which is normally or customarily performed by employees *covered* by this Agreement without first having made a reasonable effort to complete such work by utilizing existing employees.

## ARTICLE 3 - RECOGNITION AND UNION SECURITY

### Section 1 - Recognition

The Employer agrees to recognize the Union as the sole and exclusive bargaining agent for the purpose of collective bargaining with respect to rates of work and working conditions for all office employees, clerical employees, technical and professional employees, LVN's, nurses' aids, laboratory technologists, X-ray technicians, physical therapists and all other employees as set forth in the wage schedules of this Agreement, excluding physicians, management, confidential employees, and supervisors.

## Section 2 - Union Membership

All present employees who have become members of or have applied for membership in the Union shall maintain membership therein as a condition of continued employment. All future employees hired by the Employer shall, on the thirty-first (31<sup>st</sup>) day following the beginning of their employment, become and remain members of the Union in good standing as a condition of continued employment.

## Section 3 - Maintenance of Membership

Employees who are required hereunder to maintain membership and fail to do so shall, upon notice of such action in writing from the Union and the Employer be replaced.

## Section 4 – Checkoff

The Employer shall deduct from each Union members wages, the amount of Union dues and initiation fee uniformly required by the Union of all employees covered by this Agreement who have voluntarily agreed to a written assignment which shall be irrevocable until the termination date of this Agreement.

The Union shall indemnify the Employer and hold it harmless against any and all suits, claims, demands and liabilities that shall arise out of or by reason of any action that shall be taken by the Employer for the purpose of complying with the foregoing provisions of this Article.

## Section 5 - List of Employees

On a monthly basis the Employer shall supply the Union with the names, addresses and classifications of work of new employees and the names of employees terminated.

## ARTICLE 4 - COMMUNITY DISASTER

Because of the nature of a medical care organization, it is recognized that a major community disaster could require the services of Employer's facilities far beyond those normally provided. In the event of such a disaster, and in recognition of our obligation to the community, Article 9 - "Hours of Employment and Overtime" will be inapplicable



during the period of such unusual demands caused by this disaster, provided that the facilities of the organization are made available to the community at large.

## ARTICLE 5 - MANAGEMENT

The Union recognizes that there are rights and responsibilities belonging solely to the Employer such as, but not limited to, the authority to determine the type and scope of work to be performed and the services and products, if any, to be provided, to establish schedules of operation and work load, and to decide the methods, processes, means and places of providing services and products, except where specifically limited in this Agreement.

The authority to select, direct, adjust, transfer, increase and decrease the working force, to remove employees and to maintain discipline among and efficiency of, employees shall be vested solely and exclusively in the Employer, except as may be specifically limited by this Agreement. The Union recognizes that the Employer has the right to make and to establish rules of conduct for employees in or on Employer's property, and to fix and determine penalties for violation of such rules. The Union reserves the right to object to the Employer's actions in any of the above respects through the Grievance Procedure provided for in this Agreement.

## ARTICLE 6 - GENERAL PROVISIONS

### Section 1 - Seniority Definition

Seniority shall be defined for all regular employees as continuous service in calendar months from date of hire within the Bargaining Unit with the Employer.

Seniority dates for employees shall be adjusted for all leaves of absence exceeding thirty (30) calendar days except as otherwise provided for in this Agreement.

An employee's seniority shall be broken for any of the following reasons:

1. Whenever the employee quits.
2. Whenever the employee is discharged.

3. Whenever the employee, when on layoff, fails to return to work within five (5) working days after having been notified by the Employer by Registered Mail, Return Receipt Requested, to the employee's last known address, to return to work.
4. Whenever the employee has been laid off for more than twelve (12) consecutive months.

A regular employee who has six (6) months service and has terminated and is rehired within six (6) months will retain all previously accrued seniority for wages and benefits.

### Section 2 - Regular Employees

A Regular Employee is an employee who is hired with the expectation that their service with the company is of an unspecified duration and who have completed the ninety (90) worked day orientation period.

### Section 3- Full-time Employees

A Full-time Employee is an employee who is scheduled to work at least thirty (30) hours per week and is eligible to avail themselves of Company benefits. (Employees who work less than forty (40) hours per week receive pro rated benefits). Any employee who works less than thirty (30) hours per week will not be eligible for insurance benefits.

### Section 4 - Part-time Employees

A Part-time Employee is an employee who is scheduled to work less than twenty (20) hours per week and is not eligible for employee benefits.

### Section 5 - Temporary Employees

A Temporary Employee is one who is hired for an interim period of three (3) months or less.

All persons hired to replace employees who are on a leave of absence are to be considered temporary and shall be so advised and shall be informed of the approximate

date the regular employee is expected to return from leave and whenever possible these employees shall be given two (2) weeks notice of termination.

Vacation, sick leave, health plan coverage, dental plan coverage and holiday benefits are not extended to employees in a temporary status for three (3) months or less. However, such employees who work on a holiday shall be paid at the premium rate for hours worked on the holiday (one and one-half (1 1/2) times regular rate- no holiday allowance).

In the event a temporary employee is needed for an interim period beyond three (3) months, vacation, sick leave, health plan coverage, dental plan coverage and holiday benefits shall then become effective pursuant to the provisions of this Agreement; and the Employer shall notify the Union of the name of the replacement employee, the name of the employee on leave, the duration of their leave, their classification and their department. A temporary who works beyond twelve (12) months shall automatically become a regular employee pursuant to Article 10.

#### ARTICLE 7 - REDUCTION IN FORCE AND REDUCTION OF SCHEDULED HOURS

Reduction in Force occurs when a regular employee is laid off. Reduction in scheduled work hours occurs when an employee's normal work hours are reduced.

Employees shall be directed not to report to work in the following order:

1. Employees on premium hours.
2. On-call and temporary employees.
3. Regular employees by reverse seniority.

In a reduction in force or reduction in hours or recall, the principle of seniority within each department and classification shall govern providing that merit and ability are approximately equal. The Employer agrees to give as much advance notice as possible to employees of a reduction in force.

Employees on layoff status shall have recall rights for a period of twelve (12) months from date of layoff.

In the event of a reduction in force, the employee being laid off may exercise his/her seniority for continued employment by displacing the least senior employee within his/her classification provided the displacing employee has the ability to perform the necessary work.

The Employer and the Union will carefully review the status of any employees displaced by automation and/or technological change to locate suitable employment for which the employee is qualified and physically capable of performing.

In the event of a reduction in force of a regular employee, two (2) weeks notice will be given prior to layoff. If notice is not possible two (2) weeks pay will be provided in lieu of such notice.

The following schedule will apply to severance pay regardless of notice:

|                      |                     |
|----------------------|---------------------|
| Up to four (4)years: | Two (2) weeks pay   |
| 5-9 years:           | Three (3) weeks pay |
| 10 +years:           | Four (4) weeks pay  |

## ARTICLE 8 - NEW HIRES. TRANSFERS. PROMOTIONS AND ADDITIONAL HOURS

### Section 1 - New Employees and Job Posting

The Employer agrees to advise the Union of existing vacancies in the classifications covered by this Agreement upon request so that the Union may refer applicants for such job openings to the Employer for the Employer's consideration, it being understood that the Employer is free to hire from any source.

When vacancies occur in positions subject to this Agreement, the Employer agrees to post such vacancies where the vacancies occur. All job postings shall include the classification, scheduled hours, number of hours per week, days off, pay grade and qualifications of this position.

All job vacancies shall be posted for seven (7) calendar days in a timely manner.

In the event a job is posted and no employee meets the qualifications and/or the position requirements are revised, the Employer will repost the position, and if not filled,

will be posted to the outside. The criteria listed on the job posting must be related to the actual duties of the position. The Employer will not revise current job postings for the purpose of excluding employee transfers.

The Employer will provide the Union with one copy of the job posting upon request. When a position is canceled or changed from full-time to par-time or visa versa, the Union shall be advised by written notice.

Such notice shall include the reason for the cancellation or the change of status.

When a position under this Agreement becomes vacant and the Employer chooses either to not fill the position or to fill the position with a lower rated classification, the Employer will provide the Union with prior notification of such decision. Upon request, the Employer will meet with the Union to discuss such decision.

Each employee submitting an application for a new position or transfer will be considered and will be notified if denied the position and the reasons for such denial.

### Section 2 - Promotions and Transfer Requests

Employees shall be allowed to submit transfer requests on a form provided by the Employer for jobs which become vacant. In filling any vacancy all qualified employees who have submitted transfer requests within the seven (7) day posting period shall be preferred over outside applicants. All qualified employees who have submitted transfer requests after the seven (7) day posting period shall be given equal consideration with the outside applicants. Employees may not apply for a transfer until they have completed the initial new hire orientation period.

### Section 3 – Promotions

An employee promoted from the bargaining unit to a supervisory position or an employee transferred or promoted out of the unit to a non-represented position, shall not accrue seniority, but shall retain his/her seniority accredited to him/her at the time of such transfer. The employee may choose, within ten (10) days, to step down from the new position, and revert back to their former position.

#### Section 4 - Part-time Additional Hours

When additional regular part-time hours become available, the Employer may, subject to efficiency of operations, offer such hours not to exceed eight (8) hours per day and forty (40) hours per week, based on the employee's seniority and ability to perform the work. These hours will be offered by seniority to part-time employees.

### ARTICLE 9- ORIENTATION

#### Section 1 - Orientation Period - New Hires (Full-time/Part-time Employees)

New hires entering the bargaining unit shall be regarded as orientation employees during the first ninety (90) worked days of their initial employment for full-time employees. Upon completion of the original period, if the employee cannot be properly evaluated for purposes of retention, the Employer may extend the new hire orientation period up to an additional sixty (60) calendar days, and the employee and the Union will be notified of the extension and the reason for such extension. Upon completion of the orientation period such new hires shall be entitled to seniority dating back to the most recent date of hire with the Employer.

An employee may elect to return to his/her former job within fourteen (14) working days from the date of transfer without loss of seniority or former wage rates.

#### Section 2 - Transfer Evaluation Period

When a full-time or part-time employee transfers to a higher rated or equal rated position, he/she shall undergo a ninety (90) worked days transfer evaluation period in the new position. If the employee fails to qualify for the new position, the employee maintains the right to return to his/her former job, whenever possible, or to a comparable job without loss of seniority including the employee's former wage rate.

#### Section 3 - Discharge during Orientation

New employees covered by this Agreement may be discharged during their orientation period without cause and without recourse to the grievance procedure.

## ARTICLE 10 - DISCRIMINATION

The Employer and the Union agree that there shall be no discrimination against any employee or applicant because of race, color, religion, creed, national origin, ancestry, sex, sexual preference, age, physical handicap, mental handicap or veteran status as provided by law.

## ARTICLE 11 - HOURS OF WORK AND OVERTIME

### Section 1 - Normal Workweek

This Article is intended to define the normal hours of work and shall not be construed as a guarantee of hours work per day or per week, or of days of work per week. Forty (40) hours, consisting of five (5) consecutive eight (8) hour days shall constitute a normal workweek. A regular days work shall consist of eight (8) hours with nine (9) consecutive hours with not more than one (1) hour unpaid lunch.

1. A workday is defined as the twenty-four (24) hour period beginning when the employee commences work.
2. Pay days are on a semimonthly basis, the 15th and the last day of each month. When the 15th or the last day of the month falls on a Saturday or Sunday, the preceding Friday is considered to be payday.
3. A shift shall be defined as a designated and scheduled period of work.

### Section 2 - Overtime

All hours in excess of eight (8) hours in one ( 1) day or in excess of forty ( 40) hours in one ( 1) scheduled workweek shall be paid for at the overtime rate of one and one-half (1 1/2) times the straight time hourly rate for all hours worked over eight (8) and two (2) times the straight time hourly rate for all hours worked over twelve (12) in one (1) shift.

The Employer shall pay two and one-half (2 1/2) times the straight time hourly rate for all hours worked in excess of sixteen ( 16) hours in any one workday.

### Section 3 - Seventh Day Worked

All work performed on the seventh (7) consecutive day of work and thereafter shall be paid for at the rate of two and one-half (2 1/2) times the straight time hourly rate.

### Section 4 - Scheduling

The Employer will exercise its efforts in good faith, subject to the requirements of efficient operations, to the end that employees will be scheduled on a basis of a normal workweek or forty (40) hours within five (5) consecutive eight (8) hour days, followed by two (2) consecutive days of rest.

The Employer will make every effort to work with employees to develop and implement a work schedule which meets the needs of the department and the employees.

In all cases, except those cases of emergency, should it be necessary in the interest of efficient and economical operations to establish scheduled departing from the normal workweek, the Employer and the Union, at the request of either, shall confer to determine whether, based upon the facts of the situation, mutually satisfactory modified schedules can be arranged, but the final right to arrange working schedules rests with the Employer in order to avoid adversely affecting operations.

### Section 5 - Shift Assignments

In the event the Employer changes the employee's shift assignments, consideration will be given to the desires of the affected employees. If there is no mutual agreement, changes will be made in reverse order of seniority provided that merit and ability are adequate to the Employer's staffing requirements.

### Section 6 - Rest Periods

Each employee is allowed a rest period during each continuous four (4) hours of work as close as possible to the mid-point of the period. If canteens operation is required on the job concerned, a substitute will be provided by the supervisor for the rest period. In no case shall a rest period exceed ten (10) minutes in length. In the unusual circumstances where an employee is unable to take time off for a rest period, the



employee may request and receive the time equivalent to such rest period at the next scheduled lunch period that day or later in the shift. Such rescheduling within the shift shall be at the Employer's option.

#### Section 7- Notice of Intended Absence

Employees who are required to be absent from work for any reason will provide their immediate supervisor or his/her designated representative with reasonable notice of such intended absences and the reasons therefore.

Except for an emergency, such notice must be provided to said supervisor immediately following the employee's knowledge of the need for such absence.

### ARTICLE 12 - COMPENSATION

#### Section 1 - Wage Schedules

Wages vary and are based on the job description, prerequisites (if any), qualifications and office location (State, County and/or city jurisdiction).

#### Section 2 - Wage Rate Upon Promotion

An employee who is promoted from one labor grade will be advanced to the rate which is equal to the wage seniority level of the employee's lower labor grade. In the event an employee is promoted to a labor grade two or more labor grades above his/her existing labor grade, the employee will be advanced to the rate which is equal to or next above a one labor grade promotion explained in the foregoing sentence.

#### Section 3 - Wage Rate for Out of Class Work Assignment

Each employee will have a regular job classification title and job classification. When an employee is required to perform work in a classification other than his/her regular classification, his/her hourly rate shall be determined as follows:

1. When an employee temporarily performs work in a job classification lower than his/her regular classification, he/she will continue to receive the regular hourly

rate of pay which he/she is entitled in his/her regular job classification, at the time the work is performed in the lower classification.

2. Employees working in a higher classification on a temporary basis shall receive the hourly rate for the higher classification and be paid at the same step rate held in the employee's regular classification for all time spent in the higher classification.

#### Section 4 -Wage Rate Upon Transfer

An employee who has permanently transferred to a position in a higher grade shall be paid the next highest rate of pay in the new grade level to which he/she transferred.

An employee who is transferred to a position in his/her same grade level shall receive the same rate as is applicable to that grade level. Credit for service in this equal grade level shall be allowed for the purpose of determining the date of his/her next adjustment.

#### Section 5 - Red Circle Rates

Red circle rate shall apply only to the individual involved and only for the duration of his/her occupancy of his/her present job, or of succeeding jobs to which he/she may be upgraded for which the standard hourly wage rate is less than the red circle rate. It shall be the intent of the parties to eliminate red circle rates gradually through normal promotion and turnover and through the principles previously agreed to. Maintenance of a red circle rate shall not apply in cases where the employee moves or is transferred to a lower rated job classification. In this event, the wage rate of the lower class shall apply.

In the event a significant reduction in the job content level within an existing position occurs, a red circle rate shall apply to the affected incumbent(s).

Red Circle Definition - A position that is red circled means that the wage rate is frozen until the wage structure catches up with the wage being paid rather than reducing or demoting the incumbent.

#### Section 6 - Call Back Pay

All employees called to work prior to or subsequent to their regular shift shall receive a minimum of two (2) hours pay at their regular rate subject to the applicable overtime and

premium provisions. In addition, a regular full-time employee called to work on an unscheduled workday shall receive a minimum of two (2) hours pay at his/her regular rate subject to the applicable overtime and premium provisions.

Call Back shall be defined as a call for an employee to perform work after leaving the premises but before he/she is next scheduled to work.

#### Section 7 - Reporting Pay

Employees who are requested to report to work or who are scheduled to work, and who are permitted to come to work without receiving prior notice that no work is available, shall perform any work to which they may be assigned. When the Employer is unable to utilize such employee and the reason for lack of work is within the control of the Employer, the employee shall be paid an amount of money equivalent to four (4) hours at the straight time hourly rate. The provisions of this Section shall not apply if the lack of work is not within the control of the Employer or if the Employer makes a reasonable effort to notify the employees by telegram or telephone not to report for work at least two (2) hours before their scheduled time to work. It shall be the responsibility of the employees to notify the Employer of their current address and telephone number. Failure to do so shall preclude the Employer from the notification requirements and the payment of the above guarantee.

#### Section 8 - Payroll Errors

A paycheck error shall be corrected within seventy-two (72) hours from the time the employee notifies the supervisor of a verified error.

#### Section 9 - Make-up Time

An employee who is absent for authorized PTO in any work week may request to work on his/her regularly scheduled day off within said work week. Such request may be granted based upon availability of work and such employee will be paid his/her straight time hourly rate.

## ARTICLE 13- HOLIDAYS

### Section 1 - Paid Holidays

The following days shall be observed as paid holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, a Floating Holiday.

When one of the above holidays falls on a Sunday, the holiday will normally be observed on Monday. If the holiday falls on a Saturday, the holiday will normally be observed on the preceding Friday. All full-time employees will be eligible for holiday pay with the following requirements:

Employees must work both the scheduled workday prior to and following the holiday in order to qualify for holiday pay. Employees on authorized, excused absences on the day before and/or after the holiday (excluding leave of absence) may also receive holiday pay. Holidays are paid at straight time rates, and are not calculated for purpose of determining overtime.

### Section 2 - Pro Rated Holiday Pay

Employees who regularly work on a schedule of twenty (20) or more hours per week (but less than 40) will be eligible for holiday pay on a pro rated basis, in proportion to the average weekly hours worked per the following schedule.

| <u>Scheduled<br/>Hours/Week</u> | <u>Holiday Hrs.</u> | <u>Scheduled<br/>Hours/Week</u> | <u>Holiday Hrs</u> |
|---------------------------------|---------------------|---------------------------------|--------------------|
| 40.0                            | 8.0                 | 29.5                            | 5.9                |
| 39.5                            | 7.9                 | 29.0                            | 5.8                |
| 39.0                            | 7.8                 | 28.5                            | 5.7                |
| 38.5                            | 7.7                 | 28.0                            | 5.6                |
| 38.0                            | 7.6                 | 27.5                            | 5.5                |
| 37.5                            | 7.5                 | 27.0                            | 5.4                |
| 37.0                            | 7.4                 | 26.5                            | 5.3                |
| 36.5                            | 7.3                 | 26.0                            | 5.2                |

|      |     |      |     |
|------|-----|------|-----|
| 36.0 | 7.2 | 25.5 | 5.1 |
| 35.5 | 7.1 | 25.0 | 5.0 |
| 35.0 | 7.0 | 24.5 | 4.9 |
| 34.5 | 6.9 | 24.0 | 4.8 |
| 34.0 | 6.8 | 23.5 | 4.7 |
| 33.5 | 6.7 | 23.0 | 4.6 |
| 33.0 | 6.6 | 22.5 | 4.5 |
| 32.5 | 6.5 | 22.0 | 4.4 |
| 32.0 | 6.4 | 21.5 | 4.3 |
| 31.5 | 6.3 | 21.0 | 4.2 |
| 31.0 | 6.2 | 20.5 | 4.1 |
| 30.5 | 6.1 | 20.0 | 4.0 |
| 30.0 | 6.0 |      |     |

Section 3 - Holiday Premiums

Regular employees working on paid holiday shall be paid at straight time for hours worked in addition to eligible holiday pay.

Section 4 - Floating Holiday

A floating holiday of the employee's choice will be provided. Employees must inform the Employer in writing of the day of their choice at least four (4) full weeks prior to the date of the day requested. The following holiday will insofar as possible be granted on the day most desired by the employee.

Section 5 - Exceptions

The provisions of this Article shall not accrue to the benefit of an employee on leave of absence or layoff, except that an employee absent from work due to illness or injury shall be entitled to holiday benefits for a holiday occurring during a period of illness which he/she is entitled to paid sick leave. To be eligible for holiday benefits, an employee must also have worked both his/her last scheduled shift prior to and the next

scheduled shift following such holiday, except that this requirement will not apply if the employee's absence is authorized by the Employer from said shifts due to bona fide illness. The Employer may require that such illness be certified.

If an employee is absent on paid sick leave and a holiday occurs during such absence, if he/she is eligible for holiday pay, such pay shall be charged to the holiday and not against sick leave credits.

## ARTICLE 14- VACATIONS

### Section 1 - Vacations

Regular, full-time employees begin to accrue vacation time from their date of hire following successful completion of six (6) months of service. Vacation hours may not be taken until completion of six (6) months of service.

#### Length of Service

#### Accrued Vacation

One through five years

2 weeks per year at scheduled hours

Six through ten years

3 weeks per year at scheduled hours

Eleven years or more

4 weeks per year at scheduled hours

Vacation for regular, full-time employees working less than forty (40) hours per week will be accrued on a pro rata basis. Vacation schedules are established by giving consideration to employee requests and must be approved by the Field Supervisor. Vacations will be scheduled at the discretion of management.

### Section 2- Temporary Office Shut-down

In the event an office is closed during the year, employees shall be notified in advance of the dates of such shut-downs, at a minimum of sixty (60) days. In these cases, employees may take vacation if eligible.

Vacation pay shall be paid at the employee's salary base rate in effect at the time of their vacation. Earned vacation must be taken within the calendar year following the first

year of Employment. Vacations not taken within that twelve-month period must have their postponements specifically requested by the Company.

Employees who are terminated shall receive accrued and unused vacation pay on the basis of their current salary rate. Vacation pay is paid on the regular pay cycle.

### Section 3 - Holiday during Vacation

If a paid holiday, as set forth in Article 13, Section 1, occurs during an employee's vacation period, that day shall not be chargeable against accrued vacation. If an additional day's vacation is taken because of said holiday, it shall be taken so as to run concurrently with vacation.

## ARTICLE 15- SICK LEAVE

### Section 1 – Pay Rate

All such sick pay will be computed at the employee's base straight time rate in effect at the time of payment.

### Section 2 – Sick Leave

Regular, full-time, non-exempt employees shall be covered by a sick leave program which can be used in cases of personal illness. Sick leave is accrued six (6) months from their date of hire on the basis of four (4) hours for every month worked (e.g. 48 hours per year- 6 days for employees working a 40 hour per week schedule). Eligible employees who are scheduled to work fewer than forty (40) hours per week accrue pro rated sick leave pay in proportion to the average weekly hours scheduled. Sick leave pay will be provided only for days the employee is normally scheduled to work. To be eligible for sick pay; an employee must notify the Office Manager or the personnel office as soon as possible that he/she is sick and unable to work. In some cases, a medical release may be required for bona fide illness or disability. Unauthorized or excessive absenteeism can be cause for dismissal.

### Section 3 – Year End

If earned sick leave is not used, employees will be paid in 50% for all unused accruals. Employees will be paid for unused hours at the pay rate in effect at December 30. It is mandatory to retain twenty-four (24) hours of sick leave accruals for the following calendar year.

Employees who terminate shall receive accrued and unused sick pay on the basis of their current salary rate.

### Section 4 - Sick and Vacation Accruals

Each regular, full-time employee is hired with zero sick and vacation hours. Employees earn or accrue an equal portion (1/24) of annual sick and vacation hours each pay period worked. For example, if an employee is scheduled to work 40 hours per week, he/she will accrue 3.334 hours of vacation and 2.000 hours of sick pay each pay period. This accrual method results in 80 hours of vacation (2 weeks) and 48 hours of sick pay (6 days) after one year. (This example is based on the averages for a non-orientation, full-time, regular employee.) Accruing sick and vacation hours each period worked means that employees accrue these benefits in direct proportion to their length of service. Hiring dates after the 8th or 23rd of the month will not result in accrual for the initial pay period. Termination dates before the 8th or between the 16th and the 23rd of the month will not result in an accrual for that pay period.

### Section 5 - Integration of Compensation Benefits and Paid Sick Leave

If an employee is eligible for basic State Disability Insurance (SDI), Employer paid sick leave shall be reduced by the amount of the SDI benefit the employee is eligible to receive. The reduced amount of sick leave payment shall then be charged against the employee's earned sick leave. If an employee is eligible for Worker's Compensation Insurance payments, the same method of integration with Employer paid sick leave shall apply.

It is the employee's responsibility to promptly file claims for any compensation benefits for which he/she may be eligible and to report the amount of such benefits to the Employer.



In the payment to employees on sick leave, disability or Worker's Compensation, the Employer will deduct taxes in accordance with Federal and State law.

#### Section 6 - Returning from Sick Leave

An employee returning from sick leave shall be returned to their former position, or an equivalent position, provided the employee is capable of performing the work.

### ARTICLE 16 - LEAVE OF ABSENCE

#### Section 1 - Leave of Absence

A leave of absence, without pay, may be granted employees at the convenience of the Employer for the reasons shown below. Employees with less than ninety (90) days of continuous service are not eligible for leaves of absence. In the interest of work schedules, the employer may fill the job of an employee on an extended leave of absence. Accrual of or eligibility for insurance, vacation, sick leave, holiday or other service-related benefits will not occur during any leave of absence, except as stated below. Employees may request prior to the commencement of the leave to be paid all sick and vacation time accrued to date. Employees intending to return to work following medical or maternity leave, must notify the Field supervisor of their intent to return to work prior to the expiration of the medical or maternity leave of absence. If such notification is not received, the employee will be considered to have resigned at the end of the leave period.

#### Section 2 - Group Insurance

Employees who have been granted medical or maternity Leaves of Absence shall be provided continued group insurance coverage for a period of not more than twelve (12) weeks following the commencement of the LOA (if the leave falls under the FMLA and/or CFRA guidelines). Other LOA's are not eligible for continued insurance coverage. Coverage beyond that time will at the employee's option, consisting either of a choice to obtain coverage under the Company's conversion plan of an insurance plan of the employee's own choosing. NOTE: Employees must have been covered under the group health plan a minimum of ninety (90) days to be eligible for conversion.

### Section 3- Leave of Absence- Medical

A medical leave of absence may be granted if an employee has a bona fide work or non-work related illness or disability which prevents him/her from working for a period longer than ten (10) working days. Medical leaves are limited to the FMLA and/or CFRA time limits each and will be extended only with the understanding that reinstatement at the end of the leave period will be subject to availability of position openings. Total medical leave, including extensions, may normally not exceed one hundred twenty (120) days.

The Company will require a doctor's release (statement of evidence of good health) at the time of return from a medical or maternity leave of absence.

### Section 4- Family Medical Leave Act (FMLA) / California Family Rights Act (CFRA) (California employees)

The Employer will comply with the provisions of the California Family Rights Act of 1993 (CFRA), as amended, and with the provisions of the Federal Family and Medical Leave Act of 1993 (for both California and non-California employees), as amended. Any alleged violations of this Paragraph must be pursued under the procedures of those acts.

### Section 5 - Leave of Absence - Maternity

Employees may obtain a maternity leave of absence without pay. An employee who is pregnant will be permitted to work during the pregnancy as long as the employee meets the following criteria: The employee must be capable of performing the required functions of the job in an effective manner and she must provide the Employer with medical evidence from the physician indicating (a) the estimated time of delivery, (b) the date the physician recommends the employee stops working, and (c) any restrictions regarding work. The supervisor may place temporary job limitations on the employee.

The employee may return to work after the birth of the child as soon as the physician verifies that the employee is able to work, but normally no later than one hundred twenty (120) days following commencement of the leave of absence.

The physician's verifying statement must be presented to the manager.

### Section 6 - Bereavement

Employees having a death in their immediate family shall be granted up to three (3) days bereavement paid leave to handle necessary details and to attend the funeral. If travel time over 100 miles is required, employees shall be granted up to five (5) days paid leave. A person's immediate family includes his or her father, mother, father-in-law, mother-in-law, sister, brother, spouse, child, grandparents, legal guardian and domestic partner.

### Section 7 - Leave of Absence - Military

Any employee who is inducted into military service will be placed on LOA in accordance with the Military Reemployment Rights Program. Contact the Personnel Department for details.

### Section 8 - Leave of Absence - Emergency or Personal Reasons

Personal leaves of absence of an emergency or serious personal nature are available only to employees who have completed twelve (12) or more months of continuous service. Such leaves must be kept to an absolute minimum period and may not exceed a total of sixty (60) calendar days in any three-year period. Such leaves are granted only upon approval of the immediate supervisor and Field Supervisor. The employee must provide, in writing, a complete explanation of the reason of the leave request, and the request may be approved only if justified on the basis of Company policies and work schedules. Personal leaves of absence may not be initiated until unused vacation time has been exhausted. Premiums for the group medical/dental benefits may be carried by the employee. Contact the manager to arrange for payments of premiums.

### Section 9 - Leave of Absence - Jury Duty

Following ninety (90) days of continuous service, if an employee should be required to serve on a jury, the employee will be eligible for an unpaid leave of absence for this purpose. Upon receipt of a jury summons, employees shall notify the supervisor immediately for qualification.

## ARTICLE 17- EDUCATIONAL REIMBURSEMENT PLAN

### Section 1 - Objective

SEMCO's Educational Reimbursement Plan is designed to encourage employees to continue education in subjects and fields of endeavor which directly relate to their present job and to the Company's operation, activities and objective. All full-time employees who have completed one (1) year of employment are eligible to register for courses under educational assistance. The Company will reimburse the total cost, up to a maximum of \$500.00 per calendar year for job-related courses. High school or college level courses must be given at a generally recognized institution of learning.

### Section 2 - Eligibility

Applications for these benefits should be given directly to a Company representative and must be approved before registration for the course. To be eligible for reimbursement, employees must complete such courses with a passing grade ("C" or better) and submit evidence of such grades together with tuition, registration and book receipts. (Correspondence courses are excluded from this plan.) Employees who terminate before completion of any approved course will not be eligible for reimbursement. Dependents of employees are not eligible for the benefit.

### Section 3 – Licensure or Certification

The Company will reimburse employees who have worked for the Company for at least twelve (12) months after successfully obtaining State and national certification, licensure or registration in their current classification, up to \$500.00 per calendar year. The reimbursement only applies to first time licensure or certification while employed with the Company; it applies to renewals only if the employee obtained his/her license during the course of employment with the Company. It does NOT apply to licenses or certification obtained before the completion of twelve (12) months full-time employment.

## ARTICLE 18- CONFIDENTIALITY OF PATIENT INFORMATION

Under regulations established by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and other Department of Health and Human Services, there are

serious restrictions regarding the release of any information about patient - name, address, age, sex, nature of illness or injury, general condition, etc.

For this reason, employees are prohibited from releasing any such patient information to members of the public or press, other professionals, pharmacies, in-patient facilities, families, friends, etc., without specific authorization. Employees must refer all such inquiries to the Subscriber at their assigned location who may authorize the release of patient information. Disclosing confidential patient information without written authorization is grounds for immediate dismissal.

## ARTICLE 19 - DISCIPLINE AND DISCHARGE

### Section 1 - Discharge for Cause

The employer shall have the right to discharge any employee for good cause. Employees who are discharged for failure to perform work as required shall first have had adequate prior warning in writing of related or similar failure to perform work as required, with a copy sent to the Union. The employee so notified shall be required to sign such notice as acknowledgment of notice, but such signing shall in no way constitute an agreement with the contents of such notice.

Any employee who is discharged shall be informed at the time of discharge of the immediate cause of discharge. The cause shall be confirmed in writing promptly upon request of the discharged employee.

### Section 2- Termination Pay

Any employee whose employment is terminated by the Employer after completion of the orientation period, except employees discharged for gross misconduct or gross neglect of duty, shall be given two (2) weeks notice, or two (2) weeks pay in lieu of such notice.

Employees having completed the orientation period who are separated from the service of the Employer shall be paid in cash for unused vacation time accrued on a pro rata basis at the time of separation.

Employees after six (6) months of service credit who are separated from the service of the Employer shall be paid in cash for sick time accrued on a pro rata basis at the time of separation.

## ARTICLE 20- GRIEVANCE PROCEDURE

### Section 1 - General Principles

The following procedure shall be applied and relied upon by both parties as the sole and exclusive means of seeking adjustment of and settling grievances.

### Section 2 - Procedure

Both parties agree that the grievance and the arbitration procedure should proceed as expeditiously as possible; however, by mutual agreement between the Union and the Employer; the time limits of any step of the grievance procedure may be extended. In the event either party fails to appeal the grievance within the time limits specified, the Union shall have the right to appeal the grievance immediately to the next step of the grievance procedure.

### Section 3 - Grievance

The union and the employer agree that prior to the filing of a grievance except for grievances protesting discipline it is desirable to hold an informal discussion with the immediate manager or designee in an attempt to resolve the issue. In the event a resolution cannot be reached the employee may request to proceed to Step One of the grievance procedure. Grievances concerning termination from employment shall be processed at Step Two within ten (10) working days permitted for the initial filing of the grievance.

### Section 4 – Grievances shall be processed in the following manner:

Step One – Grievances must be submitted in writing to Dan Ellis, or his respective designee, no later than ten (10) working days after the date of the event giving rise to the grievance or when the grievant or the Union should have reasonably know about the incident. The grievance shall be in such detail as to identify the nature of the grievance,

the date of the alleged grievance, and the provision or provisions of the Agreement violated by the Company. Dan Ellis or his designee shall schedule a meeting, if requested by the union, within five (5) working days after receipt of the written grievance with the employee and the appropriate Union representative designated by the Union to handle the grievance. Dan Ellis, or his designee, shall respond to the union representative in writing as to his or her decision regarding the Grievance within ten (10) working days after receipt of the grievance by Dan Ellis, or their respective designee, or in the case of a meeting, within ten (10) working days following the date of the meeting. Grievances concerning termination from employment shall be processed at Step Two, within ten (10) working days permitted for the initial filing of the grievance.

Step Two – In the event the grievance is not resolved to the satisfaction of the employee in Step One above, the Union may submit the grievance to the Vice President, or designee, within ten (10) working days following the date of receipt of the Company's answer in Step One. The Vice President, or designee, and the Union representative shall hold a meeting, if requested by the Union, within ten (10) working days of the date the Grievance was appealed to Step Two, to discuss the grievance. The Vice President, or designee, or in the case of a meeting, shall respond to the Union representative in writing within ten (10) working days following the date of the meeting.

Step Three – In the event the grievance is not resolved in Step Two, the Union may refer the Grievance to the President within ten (10) working days following the date of receipt of the Vice President's response in Step Two.

#### Section 5 - Arbitration

In the event the grievance remains unresolved, the grieving party may appeal the grievance to arbitration. Written notice of such appeal must be received by the President within twenty (20) work days after receipt of the Step Three response. No grievance shall be appealed to arbitration without first being processed through the appropriate steps of the Grievance and Arbitration procedure.

An impartial arbitrator shall be selected by mutual agreement of the parties. In the event mutual agreement is not reached, the party appealing the grievance to arbitration shall request a panel of arbitrators from the Federal Mediation and conciliation Service. Upon receipt of said panel, the parties will select an arbitrator by alternately striking names.

The Arbitrator shall be prohibited from adding to, modifying or subtracting from the terms of this Agreement or any supplemental written agreement of the parties. Further, it shall not be within the jurisdiction of the Arbitrator to change any existing wage rate or establish a new wage rate. However, grievances involving reclassification are within the scope of the Arbitrator; the decision of the Arbitrator, however, is limited to change in the classification of a position with accompanying wage schedule.

#### ARTICLE 21- HEALTH AND DENTAL PLAN

The Employer shall contract with one or more appropriately licensed Insurers to provided Medical, Dental and Prescription benefits for each bargaining unit employee who regularly works 30 hours or more per week, and; A) executes appropriate application forms for such coverage, and B) authorizes the Employer to deduct a predetermined co-payment amount from the employee's wages. The Employer reserves the right to change insurers from time to time as it deems necessary due to rate increases or governmental fiat.

The Employer further agrees that upon receipt of an authorization from an employee the Employer will deduct such amount from the employee's wages so as to provide coverage for the dependents of such employee.

#### ARTICLE 22 - PENSION

All regular employees who are scheduled to work at least twenty (20) hours per week shall be immediately vested in the SEMCO Management, Inc., 401(k) retirement plan. As concerns ARTICLE 22- PENSION, the employer, has determined that it is in the best interest of the employees and the Employer to provide a 401 (k) Profit Sharing Plan. All interested parties were appropriately notified, including representatives of the Union.

The Employer will match employee contributions to the plan up to two percent (2%) of compensations from the day the employee enrolls into the plan up to the total contribution plan year (January 1 – December 31). The match would be made by payroll to payroll basis. Under the terms of the plan, participants shall also have the right to defer up to their entire gross compensation minus standard tax deductions (100%



maximum, but not to exceed the statutory annual limitations as determined by the Secretary of the Treasury).

All participants shall have the exclusive right to direct their own account balances in a variety of mutual fund families which will be available. Authorized participant deferrals shall be payroll deducted, and the plan participants shall have the further right to maintain or alter the percentage of individual deferrals on a quarterly basis.

All vested money shall be available to employees at termination of employment, death, disability or retirement in the form of a lump sum, installments or an annuity depending on the account value at the time. Complete information concerning the aforesaid plan is contained in a separate booklet which shall be provided by the Employer.

#### ARTICLE 23 - SAFETY

The Employer shall, at all times, provide safe materials, equipment and working conditions for all employees. The Employer agrees to provide all employees with a safe work place and further agrees to comply with the Federal and California Occupational and Safety Health Acts. Any unsafe condition at the employee's work place and known to be unsafe by an employee, shall be reported to the employee's supervisor. Employees shall not be discriminated against or disciplined as a result of reporting unsafe working conditions; provided the employee did not intentionally or negligently contribute to the unsafe condition.

#### ARTICLE 24- SAVINGS CLAUSE

In the event that any provision of this Agreement shall at any time be declared invalid by a court of competent jurisdiction or through government regulations or decree, such decision shall not invalidate the entire Agreement. The parties hereto agree to renegotiate such provision(s) of this Agreement for the purpose of making them conform to such governmental statutes. It is the express intention of the parties hereto that all other provisions not declared invalid shall remain in full and effect.

Article 25- DURATION OF AGREEMENT

Section 1

This Agreement shall become effective on the first (1<sup>st</sup>) day of March 2013, except as otherwise specifically indicated, and shall continue in effect until the twenty eighth (28<sup>th</sup>) day of February 2017, and shall continue in effect from year to year until written notice of the desire to amend or terminate this Agreement is given, not less than ninety (90) working days prior to such yearly expiration, by either of the parties to this Agreement to the other and except in the event of termination notice, the Agreement then in effect shall remain in full force and effect until a new agreement is consummated.

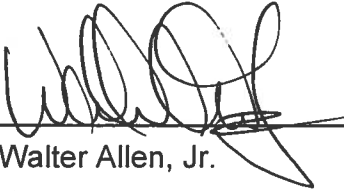
Section 2

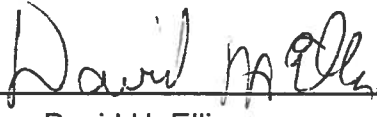
If any provision of this Agreement is found to be in conflict with the laws of the State of California or of the United States of America, the remaining provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the respective parties hereto have executed this Agreement March, 2013.

Office and Professional  
Employees International  
Union Local 30, AFL-CIO, CLC

SEMCO Management, Inc.

By:   
Walter Allen, Jr.  
Executive Director/CFO

By:   
David H. Ellis  
President



**SEMCO MANAGEMENT, INC.**  
*California's First Employee Leasing Company*

To All Semco Management Inc. Subscribers:

Towards the end of 2012 Semco and OPEIU Local30 ran an internal audit to gauge employee evaluations and wage increases for a period going back the last few years. What we found was there are a number of employees without any form of documented evaluations or wage increases. What we are asking is that employees are given a formal evaluation at a minimum of one time per year and compensated in accordance with the outcome of that evaluation and the financial parameters of the operation. Once the evaluation is complete please forward the documented evaluation sheets to Semco Management Inc. to be placed into the employees file. We greatly appreciate your understanding and cooperation with this extra step in retaining hard working employees on your staff.

Sincerely,

Daniel J. Ellis

A handwritten signature in black ink, appearing to read "D. J. Ellis", written in a cursive style.

Executive Manager

## SEMCO

### LABOR RELATIONS POLICY

It is the policy of the Employer to recognize, honor and respect the rights of employees to self organize, to form, join or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage *in* other concerted activities for the purpose of collective bargaining for other mutual aid or protection, or to refrain from any or all such activities except to the extent that such right may be affected by an agreement requiring membership in a labor organization as a condition of employment.

The Employer is committed to ethical and fair treatment of all employees and their designated representatives. It is the Program's policy to treat all employees and their representatives with dignity, respect, honesty and trust. Further, the Employer is committed to developing and maintaining harmonious relationships with Union representatives in an effort to promote mutual respect and cooperation in the furtherance of the Employer's objective of providing high quality medical and/or dental care. The "Office and Professional Employees International Union", is chartered by the AFL-CIO to represent clerical, technical and professional workers employed in every major industry in both the public and private sectors.

OPEIU is one of the fastest growing international unions in the AFL-CIO with a membership of over 125,000. Our membership is growing because more and more people have discovered the need for, and the advantages of, representation by an AFL-CIO union.

"Local 30" is chartered by our international union, the OPEIU, to represent California workers in the counties of Inyo, Kern, Los Angeles, Mono, Orange, Riverside, San Bernardino, San Diego, and Ventura, and workers in the state of Arizona.

The purpose and objectives of Local 30 are stated in its' constitution and bylaws as follows:

"The object of this Union shall be to organize and unite all classifications of professional, technical, office and clerical workers coming under the jurisdiction of this Union; to the

end that all workers may share in the benefits resulting from employment under the terms of signed collective bargaining agreements."

OPEIU LOCAL 30 IS AFFILIATED WITH

The California Labor Federation, AFL-CIO  
The Los Angeles County Federation of Labor, AFL-CIO  
The Kern, Inyo and Mono Counties Central Labor Council, AFL-CIO  
The Central Labor Council of San Bernardino and  
Riverside Counties, AFL-CIO  
The San Diego/Imperial Counties Labor Council, AFL-CIO  
The Los Angeles Central Labor Council, ALF-CIO  
The Orange County Labor Council, AFL-CIO