COLLECTIVE BARGAINING AGREEMENT BETWEEN NEWPORT REHABILITATION, INC. AND SEIU LOCAL 503, OPEU

PREAMBLE

This Agreement is made and entered into this first day of October, 2007, by and between Newport Rehabilitation, Inc. (the "Employer") and Service Employees International Union Local 503, OPEU (the "Union"), acting on behalf of the Bargaining Unit Employees of the Employer as defined in the recognition clause (the "Bargaining Unit Employees"). The Agreement has been executed October 1, 2007, and the Effective Date shall be October 1, 2007

WHEREAS, the purpose of this Agreement is to:

1. promote harmonious relations between the Employer and its Bargaining Unit Employees;
2. to secure efficient operations;
3. to establish standards of wages, hours and other working conditions for Bargaining Unit Employees within the collective bargaining unit;
4. to ensure that the Employer earns a sufficient return to enable it to:
    a. employ the Bargaining Unit Employees and other employees;
    b. provide the seniors it cares for the quality of life and living environment that they deserve; and,
    c. better enable the Employer and the Bargaining Unit Employees to accomplish our Mission Statement: To Enhance the Life of Every Person We Serve;

WHEREAS, the Employer recognizes the union as the sole collective bargaining representative for the Bargaining Unit Employees covered by this Agreement, as hereinafter provided;

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

ARTICLE 1
RECOGNITION

A. The Employer recognizes the Union as the sole and exclusive bargaining agent for all Bargaining Unit Employees, excluding supervisors, managers, department supervisors, and confidential employees, even if that person is currently the only person in the department, the Staffing Coordinator, the Bookkeeper, RN's and LPN's at Newport Rehabilitation, Inc.

B. When the Employer hires a new Bargaining Unit Employee, it shall advise that employee in writing, that there is an Agreement with the Union. This notice shall quote the union security and check-off provisions of this Agreement and shall be in the form of Exhibit A to this Agreement.

ARTICLE 2
UNION SECURITY

A. 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.

B. 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.

C. Along with the dues, the Employer will furnish the Union electronically each month with a list of Bargaining Unit Employees for whom dues was deducted, the amount of dues deducted, facility where the employee works, home address, home phone number, job classification, base pay rate, hire date, and social security number.

D. The Employer will also furnish the Union each month with a list of newly hired Bargaining Unit Employees, Bargaining Unit Employees on leaves of absence, and newly terminated Bargaining Unit Employees. For new hires, the list shall include each employee's name, hire date, home address, home phone number, facility where she or he works, job classification, base pay rate, and social security number. This information shall be furnished electronically, if possible.

E. The Employer will deduct voluntary political action dues each month from Bargaining Unit 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 Bargaining Unit Employees for whom political action dues were deducted and the amount of dues deducted from each employee.

F. 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
NO DISCRIMINATION

A. The Employer will not discriminate against any Bargaining Unit Employee on the basis of race, religion, age, national origin, disability, marital or veteran status, political activity, sex, sexual preference, or union activity.

B. To the extent required by applicable law, the Employer will not limit Bargaining Unit Employees' right to converse in languages other than English.

ARTICLE 4
MANAGEMENT RIGHTS

A. Except as otherwise specifically provided in this contract, the management and operation of the nursing home, the control of the premises and the direction of the work force are vested with the Employer.

B. The right to manage includes, but is not limited to, the right to hire, assign, transfer, suspend, discharge and discipline Bargaining Unit Employees for just cause; select and determine the number of its Bargaining Unit Employees, including the numbers assigned to any particular work; to increase or decrease that number; direct and schedule the workforce; determine the location and type of operation; determine and schedule when overtime shall be worked; install or remove equipment; discontinue the operation of the business by sale or otherwise, in whole or in part, at any time; determine the methods, procedures, materials and operations to be utilized or to discontinue their use; transfer or relocate any or all of the operations by sale, in whole or in part, at ay time; determine the work duties of Bargaining Unit Employees; promulgate, post and enforce reasonable rules and regulations governing the conduct and act of Bargaining Unit Employees during working hours, select supervisory Bargaining Unit Employees; train Bargaining Unit Employees; discontinue or reorganize or combine any department or branch of operation with any consequent reduction or other change in the working force; establish, change, combine or abolish job classifications and transfer Bargaining Unit Employees, either temporarily or permanently, within programs and/or job classifications; determine job qualifications, work shifts, work pace, work performance levels, standards of performance, and methods of evaluation of the Bargaining Unit Employees, and in all respect carry out, in addition, the ordinary and customary functions of management.

C. None of these rights shall be exercised in an arbitrary or capricious manner.

ARTICLE 5
UNION RIGHTS

A. Once a Bargaining Unit Employee has filed a grievance, then the Employer shall deal exclusively with union designated stewards or representatives in the processing of the grievance or any other aspect of contract administration. However, nothing in this Article will prevent a Bargaining Unit Employee and the Employer from discussing employment-related matters relating to that employee if the discussion is initiated by the employee.

B. Union staff representatives shall have access to the facility for the purposes of conferring with the Employer, union stewards, and/or employees, and for the purpose of administering this agreement. For non-representation visits the staff representative shall notify the administrator or his/her designee at least twenty-four (24) hours in advance. Such visits shall not interfere with the operation of the facility or the performance of employees' duties.

C. The Employer will furnish a bulletin board in the employee's break room for posting of union notices. This bulletin board shall be no larger than 2' by 3' and shall be purchased by the Union. Items posted on the bulletin board shall demonstrate the mutual respect due the Union and the Employer.

D. A union steward may receive phone calls from union representatives while on work time, in private if requested, not to exceed ten (10) minutes per shift. Such calls shall not interfere with resident care.

E. During general orientation of Bargaining Unit Employees covered by this Agreement or within one month of a Bargaining Unit Employee's hire date, whichever occurs first, a union steward (on the clock) will be given an opportunity to speak with the Bargaining Unit Employees in private for up to twenty (20) minutes. Part of this discussion will include an explanation and distribution of Union Membership/Dues Authorization cards to the new Bargaining Unit Employees. The purpose of this session shall be to explain to

new Bargaining Unit Employees that they are covered by this Agreement and to answer any questions about this Agreement or about SEIU Local 503.

F. There shall be no reprisal, coercion, intimidation or discrimination against any Union steward or Union member for participation in union activities, as defined by applicable law.

G. Union stewards shall receive their regular rate of pay for time spent processing grievances, participating in Labor/Management meetings, and representing Bargaining Unit Employees in meetings with the Employer during stewards' regularly scheduled hours of employment.

ARTICLE 6
PROBATIONARY BARGAINING UNIT EMPLOYEES

A. New Bargaining Unit Employees shall be on probation for ninety (90) calendar days from their date of hire. The probationary period may be extended for a Bargaining Unit Employee by a maximum of thirty (30) days at the discretion of the Employer upon written notice to both the Bargaining Unit Employee and the Union.

B. During or at the end of the probationary period, the Employer may discharge any probationary Bargaining Unit Employee at will and such discharge shall not be subject to the grievance and arbitration provisions of this Agreement.

ARTICLE 7
TEMPORARY BARGAINING UNIT EMPLOYEES

A. Temporary Bargaining Unit Employees may be hired where the Employer reasonably perceives at the time of the hiring that the work will be of a temporary nature, or to replace Bargaining Unit Employees on vacation or leave of absence.

B. Temporary Bargaining Unit Employees may be hired for up to four (4) months. The union should be notified when temporary Bargaining Unit Employees are hired. If a temporary employee is hired to replace an employee on leave of absence, the four (4) month period may be extended for the length of the approved leave of absence. Non-paid volunteers and non-paid interns earning school credits shall not be considered Bargaining Unit Employees, temporary or otherwise, and shall not be subject to this Agreement.

C. Temporary Bargaining Unit Employees shall not be covered by any of the terms of this Agreement, and shall be treated for all purposes as outside of the Bargaining Unit and as unrepresented Bargaining Unit Employees. If a temporary employee is hired into a permanent position, his or her seniority shall be retroactive to his or her date of hire as a temporary employee.

D. If a permanent Bargaining Unit Employee receives a temporary position, he or she may return to his or her prior position when the temporary position ends, if that prior position is available. If it is not available, that employee shall receive a position equal in wage.

ARTICLE 8
SENIORITY

A. Definition: A Bargaining Unit Employee's seniority shall be defined as the length of time the employee has been employed at the facility.

B. Accrual.

1. Accrual of seniority begins upon a Bargaining Unit Employee's successful completion of the probationary period, and is retroactive to the employee's date of hire.

2. Seniority shall cease to accrue but shall not be lost in the event of a Layoff or leave of absence longer than three (3) months.

3. A Bargaining Unit Employee's seniority shall be lost in the event of his/her:
    a) voluntary resignation or retirement;
    b) discharge for just cause;
    c) failure to return to work upon expiration of an authorized leave of absence;
    d) Layoff in excess of twelve (12) months.

C. Layoff. A Layoff is defined as the termination of thirty-three percent (33%) or more of the Bargaining Unit Employees. No Layoff shall be implemented without:

1. Notifying the Union thirty (30) days in advance. Such notice shall indicate the job classifications, number of hours, and Bargaining Unit Employees who will be affected by the Layoff;

2. The union may request a meeting for the purpose of avoiding or mitigating said Layoff and discussion of the procedures to be followed. Any such meeting shall be held within fifteen (15) days of the notice of Layoff.

3. Probationary and temporary Bargaining Unit Employees within the affected job classification shall be laid off first without regard to their individual periods of employment. Non-probationary Bargaining Unit Employees shall be laid off next in reverse order of their seniority. No more senior employee shall be laid off as long as there is a less senior employee working hours in the same job classification on the same shift.

D. Reduction of Hours. During temporary periods of low census, the Employer shall reduce hours in the following manner:

1. The Employer may eliminate full shifts. The Employer may also shorten the length of the work shift of one or more Bargaining Unit Employees per department, per shift.

2. The Employer shall first ask volunteers who wish to reduce their hours.

3. If there are no volunteers, and the Employer is going to cancel a full shift or reduce hours, it will cancel shifts or reduce hours in rotating seniority order, starting the

rotation with the least senior employee working the shift and progressing to the most senior employee on that shift.

4. A Reduction in Hours shall not be considered a Layoff as defined in Section C of this Article.
5. Bargaining Unit Employees who volunteer to reduce their hours or who have had their hours reduced have the option of using Paid Time Off, if the Bargaining Unit Employee has accrued Paid Time Off. If the Bargaining Unit Employee chooses not to use available Paid Time Off, then the Bargaining Unit Employee will not be paid for time not worked.
6. No Bargaining Unit Employee will lose eligibility for benefits because of hours reductions that take place, voluntarily or involuntarily, unless s/he is scheduled (on the posted monthly schedule) for an average of less than (30) hours per week for more than (2) straight months.

E. <u>Bumping</u>

1. A Bargaining Unit Employee whose hours are being cut or who is being laid off may fill any vacant position or may displace a less senior Bargaining Unit Employee in any job classification provided that he or she has the qualifications to do the job. A Bargaining Unit Employee who is displaced in a Layoff or has hours reduced shall also have bumping rights.
2. A laid off Bargaining Unit Employee may combine the jobs of two (2) less senior Bargaining Unit Employees in the same classification, provided that there is no conflict in schedule.

F. <u>Recall</u>

1. Whenever a vacancy occurs while employees are on layoff, laid off Bargaining Unit Employees who are qualified to fill the vacancy shall be recalled in order of seniority.
2. Recall rights shall last for eighteen (18) months.
3. Those laid off Bargaining Unit Employees with recall rights are called “Recallables.”

4. The Employer shall notify any Recallables in writing of the Recallables' option to return to employment no less than seven (7) calendar days prior to when the Employer desires that the Recallable Employee(s) return to employment. The Recall notice shall be in the form of Exhibit B of this Agreement. These Recallables shall have twenty-four (24) hours from receipt of the Recall Notice by the Recallable to indicate unequivocally that the Recallable will return to employment ("Yes Notice"). If the Recallable fails to provide the Yes Notice, then that Recallable has irredeemably waived his/her Recall rights.

G. Subcontracting. No bargaining unit work shall be subcontracted without the consent of the Union. Use of agency personnel shall not be prohibited by this provision, provided however that the Employer may not use agency personnel except in accordance with Article 10, Hours and Overtime, Section G. Any subcontracting in place as of January 1, 2004 shall be acceptable to the Union.

ARTICLE 9
ASSIGNMENTS and JOB POSTINGS

A. Bargaining Unit Employees shall work in the job classifications and on the shifts for which they were hired or onto which they have been transferred in accordance with the terms of this Agreement.

B. The Employer may utilize an internet or other computer-based job posting and/or screening system without approval by the Union, so long as the screening component is used solely with persons who are not already Bargaining Unit Employees.

C. When a vacancy in a bargaining unit job occurs, the following principles shall apply in the following order:

1. All vacancies and new positions in the bargaining unit shall be posted for a period of five (5) calendar days including at least one weekend day. Postings shall include classification, shift, and rate of pay. "Posted" or "Postings" may include use of an

internet or other computer-based job posting and/or screening system, but must include a physical posting in the facility.

2. The Employer will offer the vacancy to the qualified bargaining unit applicant with the most seniority provided that applicant is qualified for the position. If that Bargaining Unit Employee decides not to accept the position, then the vacancy will be offered to the next most senior applicant, and so forth until the pool of bargaining unit applicants is exhausted, or the vacancy is filled. Moreover, the Employer may offer a receptionist position to a Jobs Plus applicant without having to comply with any of this Article.
3. The Employer may then offer the position to a person outside the bargaining unit if that person is qualified.

D. The Employer has the right to, upon fourteen (14) days notice, move a Bargaining Unit Employee from one shift, or set of workdays, to another. If, prior to the (14) day period, the Bargaining Unit Employee represents in writing to the Employer that the Bargaining Unit Employee will not be able to meet the Employee's child or family care arrangements with the directed change, then the Bargaining Unit Employee will have a total of thirty (30) days from the date the move was given by the Employer to the Bargaining Unit Employee in order to make that move. In situations involving Layoff, reduction of hours or department reorganization, the Employer will ask for volunteers first, and if there are no volunteers, Bargaining Unit Employees will be moved from one set of workdays or shift, to another, based on seniority, with the least senior Bargaining Unit Employee moved first.

ARTICLE 10
HOURS AND OVERTIME

A. The work week shall be Sunday at 12am through Saturday at 11:59 pm.

B. Bargaining Unit Employees working a shift of six (6) hours or more shall receive a thirty (30) minute unpaid meal break within the shift. The meal break shall be scheduled by the department supervisor. If an employee works through all or part of his or her meal break, he or she will be paid for that time. If a Bargaining Unit Employee works through all or

part of his or her meal break, that employee is required to immediately notify his/her supervisor, and is required to note the work on the appropriate Employer documentation.

C. In addition, Bargaining Unit Employees shall be entitled to a fifteen (15) minute paid rest period for every four (4) hours worked or major fraction thereof. Rest periods shall be scheduled by the department supervisor. If a Bargaining Unit Employee works through his/her break s/he will be paid for an additional 15 minutes. Further, that employee is required to immediately notify his/her supervisor, and is required to note the work on the appropriate Employer documentation.

D. Bargaining Unit Employees shall not be called back to work during their breaks except in cases where resident care will be adversely impacted. It shall be the responsibility of the supervisor to ensure that Bargaining Unit Employees are able to take their breaks by scheduling break times (in consultation with the affected employees) and, if necessary, covering the Bargaining Unit Employees' work during the break time.

E. Work schedules shall be posted as early as practical, but no later than the twenty-fifth (25th) day of the month preceding the month on the schedule. Once work schedules are posted, the Employer must give Bargaining Unit Employees fourteen (14) days notice if changes are to be made to the schedule, unless affected Bargaining Unit Employees approve changes. This section does not apply where:

1. Additions to hours are necessary pursuant to Section G of this Article 10, or
2. Reductions in hours are necessary pursuant to Article 8, Senority, Section D.

F. The Employer will fill extra shifts that become known to Employer at least seven (7) days in advance of that shift by posting a list of open shifts with space for Bargaining Unit Employees to sign up for those shifts. If more than one Bargaining Unit Employee signs up for the same shift, then that shift will be assigned to the competing Bargaining Unit Employees in rotating Seniority order (once a Bargaining Unit Employee has received a shift in this manner in a given month, then that Bargaining Unit Employee shall go to the bottom of the list for receiving such assignments in all months). If no Bargaining Unit

Employee signs up for the shifts at least two (2) days prior to the shift, then the Employer may assign those shifts pursuant to Section G of this Article.

G. Extra shifts that are not filled at least seven (7) days before the shift will be filled pursuant to this Section. The Employer will fill extra shifts (extra or additional shift shall be defined as any work time beyond a Bargaining Unit Employees regularly scheduled shift) that become available on an occasional basis as a result of short-term needs or Bargaining Unit Employees' last minute or temporary absences in the following manner:

1. First, the Employer may assign non-Bargaining Unit staff to fill the shifts;
2. Second, such shifts shall first be offered to qualified Bargaining Unit Employees in rotating Seniority order, with the following considerations:
    a. The Employer will make all reasonable efforts to follow Seniority, but may offer the shift to on-duty Bargaining Unit Employees before calling off-duty employees at home. The Employer will maintain a log documenting its efforts to contact off-duty Bargaining Unit Employees;
    b. The Employer may first offer shifts, in rotating Seniority order, to Bargaining Unit Employees who can work them at straight-time as non-bonus shifts. When offering shifts, the Employer shall state to Bargaining Unit Employees that shifts are non-bonus. However if no such employees are available, the Employer shall then offer them, in rotating Seniority order (although, Employer may first offer them to on-duty Bargaining Unit Employees before off-duty Employees), as bonus shifts. Bargaining Unit Employees shall be given a fifty dollar ($50) bonus for completing each bonus shift if the Bargaining Unit Employee does not work over 40 hours that week. If the Bargaining Unit Employee works over 40 hours that week, then the Bargaining Unit Employee shall receive a thirty dollar ($30) bonus for completing that shift.
3. Third, if the Employer is unable to fill shifts in accordance with 1 and 2 above, it may offer shifts to on-call Bargaining Unit Employees, hired in accordance with section (N) below.
4. Fourth, the Employer may borrow an employee from another skilled nursing facility ("SNF"), compensating that other SNF for the services of the employee.

5. Fifth, if the Employer is unable to fill shifts in accordance with 1, 2 or 3 above, it may utilize agency personnel.
6. A Bargaining Unit Employee may be required to work an additional shift after the efforts to fill the shift in (2), above have been made. This will be done in rotating seniority order beginning with the least Senior Bargaining Unit Employee on shift, then moving through Bargaining Unit Employees on shift, then moving to Bargaining Unit Employees off-shift (also in reverse Seniority order) and will also be considered a bonus shift.

H. Weekends off will be scheduled by Employer in an equitable manner.

I. Bargaining Unit Employees will be scheduled for their regular hours, which shall be defined as the hours for which they were hired, or the hours that have been adjusted, altered, changed or modified in accordance with this Agreement.

J. For the purpose of benefits, an average of thirty (30) hours or more per week over three (3) months shall be considered full time.

K. If a Bargaining Unit Employee who reports to work when on the posted schedule is not needed by the facility, he or she will receive work and/or pay for four hours of his or her shift.

L. Except as set forth in Article 13, Paid Time Off, Part-time Bargaining Unit Employees will not receive any benefits.

M. Bargaining Unit Employees who do not provide four (4) hours notice to their supervisor prior to being absent for a scheduled shift shall be considered to have no-called, no showed and may be subject to discipline, up to and including termination. Notice shall be considered made if: (1) the employee can credibly provide the name of the person notified; (2) the employee can credibly provide the time of the notification; and (3) the person notified is either the Bargaining Unit Employee's immediate supervisor or a person who would naturally be expected (by the nature of his/her position) to inform the

immediate supervisor in a timely manner. The Bargaining Unit Employee shall not be disciplined if, through no fault of his/her own, the employee was unable to give this notice.

N. The Employer may hire a limited number of on-call Bargaining Unit Employees. On-call Bargaining Unit Employees are Employees who do not have regularly scheduled hours and are called in to provide coverage for absent Bargaining Unit Employees. On-call Bargaining Unit Employees are Bargaining Unit Employees who are called in to provide coverage for absent Bargaining Unit Employees.

O. Provided that no overtime costs are incurred, and patient care is not adversely affected, Bargaining Unit Employees may switch days as long as they give the Employer written notice signed by both employees.

P. CMAs shall not be assigned residents for purposes of meeting minimum staffing ratios on day shift and when there are less than two (2) CMAs on evening and NOC shifts.

ARTICLE 11
WAGES, HEALTH AND DENTAL INSURANCE

A. All Bargaining Unit Employees shall receive the following across-the-board increases 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. Employer and the Union hereby adopt the attached Exhibits 11A and 11B, and 11C. Exhibit 11A is the Experience Credit Grid. Exhibit 11B is the Wage Scale effective

October 1, 2007. Exhibit 11C is the Wage Scale prior to the October 1, 2007 raise. Exhibit 11A is used to determine an individual employee's placement on Exhibit 11B and Exhibit 11C. Effective Sept 30, 2007, Below Grid Employees will be moved up to the current Wage Scale Exhibit 11C.

C. All Bargaining Unit Employees hired after the Effective Date will be hired at the Exhibit 11B rates in effect when they are hired. The wage increases that occur on October 1, 2008, October 1, 2009 and October 1, 2010 shall be added to the Exhibit 11B rates.

D. Bargaining Unit Employees' earned paid time off will be printed on paychecks.

E. 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.

F. Bargaining Unit Employees will receive the Health, Dental and Life Insurance Benefits in Existence at September 1, 2005. By "Benefits in Existence" the Employer and the Union mean that the Employer pays 100% of the premium for the Employee, but that Employer pays none of the premium for any persons in addition to the Employee. "Benefits in Existence" does not mean that the plan itself, or any co-pays, charges from the plan, provider(s) deductibles ,or any other plan design elements will remain the same during the life of this contract. The Employer shall negotiate with plan providers during the life of this Contract, and shall, in good faith, agree to such plan designs. Employer shall use its best efforts to try to maintain a plan providing similar benefits for similar costs, including normal inflationary increases for health insurance in the same geographic area. The Union shall designate one Bargaining Unit Employee who shall join with representatives of the Employer at negotiations towards any new or revised health, dental and life insurance plan. This employee shall be empowered to comment upon the plan negotiations, but all decision-making authority shall rest with Employer. Employee shall be paid for this time. Employer shall reimburse Bargaining Unit Employees for the first two co-pays in each of the 3 calendar

years of this Agreement, to a maximum of $50.00 in total for each year. In order to receive reimbursement, the employee must submit to the Employer proof of payment.

G. Health Care Flex Fund. Starting October 1, 2009, Employer shall make Health Care Flex Funds available to all employees with an Employer contribution of ($0.10) an hour. Employees who do not wish to participate in the Health Care Flex Fund may opt out and add ($0.10) to their base wage.

H. Effective October 1, 2009, a Bargaining Unit Employee who is regularly scheduled to work on the evening (2nd) shift shall receive a $ 0.25 per hour differential for the hours worked during that shift. Any Bargaining Unit Employee who is regularly scheduled to work during the NOC (3rd) shift shall receive a $0.35 per hour differential during that shift.

I. Effective October 1, 2007, Bargaining Unit Employees shall receive the following 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 date of the contract shall receive the ten (10) year bonus within sixty (60) days of contract ratification).

After the 2nd Anniversary	**$250**
After the 5th Anniversary	**$500**
After the 8th Anniversary	**$750**
After ten (10) years of employment	**$1,000**

J. The Employer may, without acting in a manner resulting in individual favoritism within a job class, implement, modify or eliminate incentives to hire new employees, retain current employees, motivate employees to work as needed, encourage safe working practices, or for any other business reason, as long as the incentive program(s) was not specifically bargained for in this CBA.

ARTICLE 12
HOLIDAYS and PERSONAL DAYS

A. The following days shall be paid holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas. Upon written request with reasonable notice, a Bargaining Unit Employee may substitute one other day for either Memorial Day, Independence Day, or Labor Day, in which case, that otherwise-holiday shall not be considered a holiday for that Bargaining Unit Employee.

B. Holidays off shall be scheduled in an equitable manner, taking into consideration: the needs of the residents, the Employer's needs and judgment, and the interests of the Bargaining Unit Employees.

C. If a Bargaining Unit Employee works on Thanksgiving, Christmas Day or New Year's Day s/he will receive double his or her regular rate of pay for all hours worked. If a Bargaining Unit Employees works on any other holiday, s/he will receive 1 ½ times his or her regular rate of pay for all hours worked. However, in order to receive either 1 ½ or two times his/her regular rate, s/he must work their scheduled holiday shift and the scheduled shift immediately prior to that shift, and their scheduled shift immediately after that holiday shift. For the purposes of defining Holiday will be defined in twenty-four (24) hour increments. For example: for a shift beginning at 10:00 pm on December 24 and ending at 6:00 am on December 25th, a Bargaining Unit Employee will receive his or her regular rate of pay for the first two (2) hours of the shift and holiday pay for the last six (6) hours of the shift.

D. Except where stated in Section A of this Article, if an employee does not work on a holiday, she or he shall not receive pay.

E. Effective October 1, 2007, regular full time and regular part time employees shall be entitled to one paid personal day per year. This benefit shall be pro-rated for part time employees. Employees must have completed their probationary period to be eligible for a personal day. Personal days shall be scheduled by mutual agreement between the employer and employee.

ARTICLE 13
PAID TIME OFF

A. Bargaining Unit Employees shall be entitled to paid time off each year (in addition to holidays and specific leaves described in Article 14, Additional Paid Leave), pro-rated for part time employees. The "year" refers to each Bargaining Unit Employee's individual employment year dating from their hiring. The end of each Bargaining Unit Employee's year is their "Anniversary".
Paid Time Off will accrue on a monthly basis as follows:

Length of service	Full-time employee
1–4 years	8.3 hours per month
5-9 years	11.66 hours per month
10+ years	15 hours per month

B. Bargaining Unit Employees PTO shall be capped as follows:

Length of service	Full-time employee
1-4 years	100 hours
5-9 years	140 hours
10+ years	180 hours

C. Bargaining Unit Employees shall accrue PTO on an ongoing basis from their date of hire but once a Bargaining Unit Employee reaches his/her cap, he/she shall not be permitted to accrue any additional PTO until he/she has used PTO such that his/her PTO drops below the cap..

D. If Paid Time Off is requested in advance, the Employer will approve or deny the request in writing within fourteen (14) days of having received the written request. Paid time off requests made more than two (2) months in advance shall not be unreasonably denied. Written requests for PTO may be made up to (6) months in advance of the requested time off. Written requests will be considered on a first come, first served basis. If two or more written requests for the same time off are received within a (24) hour period, and if

the Employer is inclined to honor the request, then the request shall be honored on a Seniority basis, as Seniority is defined elsewhere in this Agreement.

E. PTO shall be paid upon a Bargaining Unit Employee's separation, as follows:

Form of Separation	Less than 5 years seniority	5 years seniority	8 years seniority
Resignation with 2 weeks notice	Full PTO, regardless of seniority		
Resignation with less than 2 weeks notice; or, termination	50% PTO	75% PTO	100% PTO

F. Bargaining Unit Employees may use paid time off for an illness or to care for family members who are ill.

G. Any Paid Time Off shall be at the employee's regular pay rate.

H. Bargaining Unit Employees shall not be required to find their own replacements if they use paid leave or if they use unpaid leave when they call out sick.

I. A Bargaining Unit Employee who leaves work early due to illness or a personal emergency may use PTO for the hours of her or his scheduled shift that were not worked.

ARTICLE 14
ADDITIONAL PAID LEAVE

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

A. Bereavement Leave. A Bargaining Unit Employee shall be paid 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 purpose of this Article, "immediate family" shall include the employee's parent, spouse, sibling, grandparent, child, grandchild, corresponding "step" relations, in-law relations, domestic partner or another member of the immediate household. "Domestic partner" shall mean a person of either gender who is neither married nor related by blood or marriage to the employee; is the employee's sole spousal equivalent; lives together with the employee in the same residence and intends to do so indefinitely; and is responsible with the employee for each other's welfare. A domestic partner relationship may be demonstrated by any two of the following types of documentation: a) a joint mortgage or lease; b) designation of the domestic partner as beneficiary for life insurance; c) designation of the domestic partner as primary beneficiary in the employee's will; d) domestic partnership agreement; e) powers of attorney for property and/or health care; and f) joint ownership of either a motor vehicle, checking account or credit account.

B. Jury/Witness Duty Leave. A Bargaining Unit Employee who is called to serve as a juror shall receive up to three (3) days paid leave for each work day missed, minus her/his pay as a juror for those days. A Bargaining Unit Employee who is subpoenaed as a witness in any court shall receive unpaid leave; if, however, the Bargaining Unit Employee is called as a witness in a matter in which the Employer is a party, the Employee will be paid for that time.

ARTICLE 15
UNPAID LEAVE

Bargaining Unit Employees who have completed their probationary period shall be eligible for unpaid leave.

A. Family Leave. Employer shall comply with the terms of the Oregon and Federal Family and Medical Leave Acts. Such compliance shall not diminish any additional rights offered by the language of this Agreement.

B. Non-Work-Related Disability Leave. Bargaining Unit Employees who are disabled due to injuries, illness, or pregnancy, will be eligible for disability leave of up to six (6) months. The Employer may fill the position. Leaves for more than six (6) months may be granted at the discretion of the Employer. At the end of any such leave (regardless of duration), 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.

C. Military Leave. Leaves of absence for the performance of duty with the US Armed Forces or with a reserve component shall be granted in accordance with applicable law.

D. Return from Leave of Absence. Upon return from leave of absence, a Bargaining Unit Employee shall be reinstated to his or her former position with seniority.

E. Union 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 contract 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.

F. Other Leaves. Leaves of absence may be granted by the Employer at its discretion.

ARTICLE 16
RETIREMENT

The 401(k) plan will continue with the following provisions:

A. Eligibility after one (1) year of employment, twenty-one (21) years old or older.

B. Open enrollment is January 1-10, April 1-10, July 1-10 and October 1-10 following one (1) year of employment.

C. Employee can defer up to 20% of Gross Income (maximum $11,000, unless the Employee is 51 or older, in which case the maximum is $12,000 per year).

D. The Employer may, in its sole discretion, match up to 15% of the Employee's contribution, which is not discretionary. The Employer's contribution will be capped at $500.00.
E. Contributions must be made in whole percent increments or as a specified dollar amount.
F. Hardship withdrawals are available for the Employee under federal law. Employee loans against 401(K) accounts are not available.

ARTICLE 17
TUITION ASSISTANCE

A. The Employer will pay tuition and books/supplies for qualified full-time Bargaining Unit Employees up to $1,500.00 per term. Bargaining Unit Employees participating in the program will be reimbursed for tuition, books/supplies no later than thirty (30) days after submitting the receipts to the Employer.

B. To apply for the continuing education benefits, the Bargaining Unit Employee must:
    1. Submit a written proposal, to include class sought, requirements to be completed, time frame, estimated costs, projected classes, and the Employee's goals once the education requirement is completed. The facility administrator must sign off on it.
    2. Have an excellent evaluation from the facility immediately prior to the formal education request;
    3. Sign an agreement that states that the cost of education will be repaid to the Employer from the employee's paycheck under the following conditions:
        a. Failure to complete the course with a passing grade of C or better;
        b. Bargaining Unit Employee resigns or is terminated within one (1) year of the date of completion of the course.

C. The Bargaining Unit Employee must work at least one (1) year before being eligible for educational benefits. The Regional Director of Operations of Avamere Skilled Advisors, LLC, who has the option of interviewing the Bargaining Unit Employee to review the education benefit, will review the proposal.

D. Certification Fees: The Employer shall reimburse Bargaining Unit Employees for fees paid to maintain certifications required as a condition of employment in their job classifications.

ARTICLE 18
DISCHARGE AND PENALTIES

A. The Employer shall have the right to discharge, suspend or discipline any Bargaining Unit Employee for just cause. Examples of grounds for discipline or discharge including immediate discharge, are set forth in the Employer's Employee Handbook. Those ground listed are examples only, and are not an exclusive list. The Union and Employer acknowledge that Employer's right to have disciplinary policies in its Employee Handbook so long as the Employer follows the principles of just cause. Offenses warranting immediate termination shall include but not be limited to a single Serious action or inaction that is misconduct towards a resident, or repeated action or inaction that is abuse or neglect. To decide if an action or inaction is Serious, the Employer shall consider the following factors (no one factor is determinative, but all factors should be considered when deciding if the action or inaction was Serious):

1. Was there physical or psychological injury to the resident?
2. Were immediate remedial steps taken by the Bargaining Unit Employee?
3. Was there recognition and contrition on behalf of the Bargaining Unit Employee?
4. Do the Bargaining Unit Employee's actions show disregard for the resident?
5. Did failure to follow the care plan cause injury to the resident?
6. Was it reasonable to expect the Bargaining Unit Employee in his/her position to know what s/he should have done?

A government finding of abuse or neglect is not required for a conclusion that the Bargaining Unit Employee's action or inaction is defined as such. Notwithstanding any other language in this Agreement, any Bargaining Unit Employee terminated and who is later found responsible for abusing, neglecting or mistreating a resident in a final administrative action that is not under appeal or in a court of law shall be deemed to have been terminated with just cause. Further, any Bargaining Unit Employee terminated because the Employer is legally required to do so shall be deemed to have been terminated for just cause.

B. Where a Bargaining Unit Employee Grievance involves direct resident information, the Employer's failure to produce the affected resident as a witness shall in and of itself not be grounds to overturn a discharge, suspension or other discipline issued for misconduct towards a resident provided the Employer has other means of establishing evidence against the Employee.

C. If a supervisor has reason to discipline a Bargaining Unit Employee, she/he shall make a reasonable effort to impose such discipline in a timely manner that will not unduly embarrass the employee before other bargaining unit and non-bargaining unit Bargaining Unit Employees, the residents, family members or the public. If any conversation may lead to disciplinary action, the employee shall be informed of such and shall be given the opportunity to have union representation during such conversation. The supervisor may also elect to have a witness present during the conversation.

D. Except for offenses so serious as to warrant immediate termination, as defined in Section A of this Article, the Employer will apply the principles of progressive discipline.

E. The Employer will 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.

F. Grievances about suspensions and discharges will start at Step 2 of the grievance process.

G. A record of disciplinary action shall be removed from an employee's personnel file eighteen (18) months after it was issued, except that if an Bargaining Unit Employee receives a related discipline during the eighteen (18) month period, the original discipline will remain in his or her file until eighteen (18) months have elapsed during which the Bargaining Unit Employee received no related discipline. This provision shall not apply to disciplines issued for resident abuse, resident neglect, sexual or racial harassment, medication errors, or other behavior that violates state or federal law.

ARTICLE 19

PERSONNEL RECORDS

A. Personnel files are the Employer's property. A Bargaining Unit Employee shall be permitted to examine all materials in her/his personnel file within three (3) working days of making such a request. The records may be reviewed in the presence of an Employer representative. Copies will be made within a reasonable period of time, upon request.

B. No disciplinary material and/or evaluations shall be placed in a Bargaining Unit Employee's personnel file unless the employee has had an opportunity to sign it and has received a copy. An Employee has the right to attach her/his own views to any disciplinary record in her/his own file.

ARTICLE 20
GRIEVANCE PROCEDURE

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:

A. 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.

B. 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 and she/he shall render a decision in writing within five (5) working days after the presentation of the grievance in this step. 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 Avamere 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 2 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.

ARTICLE 21
ARBITRATION

A. A grievance, as defined in Article 20, Grievance Procedure, which has not been resolved thereunder may, within thirty (30) working days after completion of Step 3 of the grievance procedure, be referred for arbitration by the Employer or the Union to an arbitrator selected in accordance with the procedures of the Federal Mediation and Conciliation Service. The arbitration shall be conducted under FMCS rules.

B. The fees and expenses of the Federal Mediation and Conciliation Service (FMCS) shall be borne equally by the parties.

C. The arbitrator shall have no authority to alter, amend, add to, subtract from or otherwise modify or change the terms and conditions of this Agreement. The award of an arbitrator hereunder shall be final, conclusive and binding upon the Employer, the Union and the Bargaining Unit Employees.

ARTICLE 22
SEPARABILITY

If any part of this Agreement is against any current laws or laws passed in the future, that part of the contract shall be superseded, but all other parts of the Agreement shall remain in effect.

ARTICLE 23
LABOR-MANAGEMENT COMMITTEE

The parties agree to meet and discuss issues of concern and importance to each. Such meetings will occur every month and either party may submit items for discussion. The Employer and the Union shall each designate their own committee members. Bargaining Unit LMC membership shall be one (1) LMC member for every ten (10) people in the bargaining unit, but will not exceed three (3) bargaining unit members, to a maximum of three (3) non-Bargaining Unit

Employees, which committee membership may vary from month to month based on the agenda items or for other reasons. Topics for discussion may include, but are not limited to:

- Resident care
- Training needs
- Staffing levels
- Staff recognition
- Staff morale
- Facility policies
- Scheduling
- Political issues relating to nursing homes

Bargaining Unit Employees will be paid for such time. This LMC will not have any authority to bargain, or reach agreement over, any terms or conditions of employment. This LMC will not have any authority to change any terms of this Agreement.

ARTICLE 24
SAFETY AND TRAINING

A. The Employer shall carry out its obligations as set forth in applicable federal, state and local laws and regulations to provide a safe and healthy work environment for its Bargaining Unit Employees. The Employer shall be responsible for enforcement of such rules and regulations and of its own safety rules and regulations.

B. The Employer shall provide the necessary equipment, materials and training to Bargaining Unit Employees in order to provide a safe workplace.

C. The Employer shall provide Bargaining Unit Employees with information about residents' infectious diseases provided that such information does not compromise residents' rights to confidentiality.

D. The Employer shall make hepatitis B vaccines, flu vaccines, initial TB tests, and initial chest x-rays (if an employee's TB test is positive) available to Bargaining Unit Employees at no cost to the employee. The Employer will pay for lice and scabies tests and treatment in the event of a documented case at the facility.

E. No Bargaining Unit Employee shall be shall be required to work on, with or about an unsafe piece of equipment or under an unsafe condition. This language may only be invoked after a Bargaining Unit Employee discusses the matter with his or her supervisor and, if disagreement still exists, with the Administrator, or in his/her absence, his/her designee. Whether the situation constitutes an unsafe condition will be based upon safety guidelines to be determined by the Labor-Management Committee and the Safety Committee.

ARTICLE 25
NO STRIKE/NO LOCKOUT

A. During the term of this Agreement or any written extension thereof, the Union shall not call nor authorize any strike against the Employer at the establishment covered by this Agreement, and the Employer will not lock out any Employee. For the purpose of this Article, a walk-out, sit-in, sick-out, slow-down, sympathy strike, or other work stoppage will be considered a strike.

B. If an Employee or Bargaining Unit Employees engage in any strike, and the Employer notifies the Union of such action, a representative of the Union shall, as promptly as possible, instruct the Bargaining Unit Employees to cease such action and promptly return to their jobs.

C. Bargaining Unit Employees who participate in a strike in violation of this Article will be subject to discipline up to and potentially including termination.

D. In the event of a violation of the no-strike provision, the Union will:

1. Publicly disavow such action by the Bargaining Unit Employees;

2. Notify the Bargaining Unit Employees of its disapproval of such action and instruct such Bargaining Unit Employees to cease such action and return to work immediately;

3. Post notices on Union bulletin boards advising that it disapproves of such action and instructing Bargaining Unit Employees to return to work immediately.

E. In recognition of the unique partnership between the Union and the Employers that has led up to this agreement, the Union will not conduct informational picketing for the duration of this agreement. This provision will sunset on the last date of the Agreement and will not continue in effect unless it is explicitly renegotiated.

ARTICLE 26
SUCCESSORSHIP

If the Employer decides to sell or transfer any of its operations, it will advise the Union at least thirty-one (31) days prior to the effective date of such sale or transfer. Such notice shall include the name and address of the purchaser.

ARTICLE 27
DURATION

A. This Agreement shall be effective as of October 1, 2007 and shall remain in full force and effect unless amended by mutual written agreement of the parties through the end of the term September 30, 2011 and year to year thereafter, provided, however, that either party may serve written notice on the other at least ninety (90) days prior to the expiration date, or subsequent expiration anniversary date, of its desire to amend any provision hereof. Notwithstanding the above, the parties agree that either party may make a written request to reopen the Agreement for negotiation of wage and benefit increases conditioned upon receipt of a Medicaid rate of at least $187.06 for 7/1/07-6/30/08, $193.21 for 7/1/08-6/30/09, $216.65 for 7/1/09-6/30/10 and $223.78 for 7/1/10-6/30/11 up to sixty (60) days following Employer's receipt of written notification by an official and authoritative representative of Oregon's Government reporting the next scheduled Medicaid skilled nursing facility rate. If either party does not agree with the other's request to reopen the Agreement per the foregoing statement, the determination of whether "written notification by an official and authoritative representative of Oregon's Government reporting the next scheduled Medicaid skilled

nursing facility rate" exists shall be arbitrable under this Agreement. Upon such reopener, Employer and Union agree to apply the methodology from the July 27, 2007 Memorandum of Understanding and change scheduled wage and/or benefit increases consistent accordingly. Since numerous historical examples exist of Oregon's Government Representatives announcing Medicaid rate changes scheduled for future years and then failing to implement such changes as specifically announced, the parties agree that any wage and/or benefit change negotiated through the foregoing re-opener provision shall not be effective until Employer actually receives the Medicaid rate increase as specifically promised by the official and authoritative representative of Oregon's Government.

B. The parties agree to jointly enter into discussions relative to a renewal of this Agreement no later than one hundred and twenty (120) days prior to the termination of this Agreement.

C. IN WITNESS WHEREOF, the parties have executed this Agreement on this ____ day of September, 2007.

For the Union:
SEIU Local 503, OPEU

By_____
Leslie Frane
Executive Director

By _____
Cynthia Brown

By _____
Delana Bond

By _____
Diane King

By _____
Kim Carrera

By _____
Sue Heagy

For the Employer:
Newport Rehabilitation, Inc.

By_____
Lawrence Lopardo
General Counsel

Memorandum of Understanding
Between
SEIU Local 503 (herein "Union")
And
Avamere Health Services LLC

Rate Protection For Conditional Total Economic Package:

Employers and Union agree to work together through the duration of their collective bargaining agreements on mutual concerns affecting nursing facility care and services, including any and all legislative matters pertaining to maintaining the current Medicaid nursing facility statutory reimbursement system and to assuring the necessary funding levels needed to deliver Medicaid rates paid according to the statutory requirements (63rd percentile of allowable costs). The total economic package negotiated in this agreement is conditioned upon Employer receiving the following projected Medicaid rates on July 1st over the next four (4) years: $187.06 for 7/1/07-6/30/08; $193.21 for 7/1/08-6/30/09; $216.65 for 7/1/09-6/30/10; and $223.78 for 7/1/10-6/30/11. If the actual Medicaid rates are different from the foregoing projections, the total economic package shall be altered as follows:

- As soon as actual rates have been posted by a State Official, Union and Employer shall meet and confer to calculate the actual cumulative net increase from the 07/1/06-6/30/07 Medicaid rate of $173.14.
- Union and Employer shall compare the actual cumulative Medicaid rate increase total to date from the applicable projected cumulative rate increase as follows: 7/1/07-6/30/08 $13.92; 7/1/08-6/30/09 $20.07; 7/1/09-6/30/10 $43.51; and 7/1/10-6/30/11 $50.64.
- If the actual cumulative Medicaid rate increase differs from the projected cumulative rate increase by up to five percent (5%), parties shall implement the "total economic package" increase(s) per this agreement.
- If, instead, the actual cumulative Medicaid rate increase is more than five percent (5%) different from the projected cumulative rate increase, parties shall adjust the remaining "total economic package" as follows:
    - Union and Employer shall subtract the five percent (5%) from the difference between the actual cumulative increase and the projected cumulative increase.
    - Union and Employer shall then multiply the remainder by $0.00052 and round the product to the nearest $0.01.
    - If the foregoing product is positive, the next scheduled bargaining unit employee "across the board" wage increase or "discretionary amount allocation" under the CBA shall be adjusted upward by that dollar amount, unless mutually agreed otherwise.
    - If, however, the foregoing product is negative, the next scheduled bargaining unit employee "across the board" wage increase or "discretionary amount allocation" under the CBA shall be adjusted downward by that dollar amount, unless mutually agreed otherwise.

IN WITNESS WHEREOF, the parties have caused this Memorandum of Understanding to be executed on their behalf by their duly authorized representatives, as of the 27th day of July in the year 2007.

For the Union:
SEIU Local 503, OPEU

By_____
Leslie Frane
Executive Director

For the Employer:
Newport Rehabilitation, Inc.

By_____
Lawrence Lopardo
General Counsel

AGREEMENT

1. CMA's with prior CNA experience shall be given 50% credit on the CMA wage scale for CNA experience. CMA's with CNA credit at another location will be given a percentage of such CNA experience credit in accordance with Exhibit 11 A.

   Examples:

   (1) Anne was a CNA with the Employer for 6 years, and becomes a CMA with the Employer;
   -Anne becomes a 3 year CMA at the Facility

   (2) Lisa was a CNA at a non-Avamere skilled nursing facility for 6 years, and becomes a CMA with the Employer;
   -Lisa becomes a 2 year CMA with the Employer (6 times .8 = 4.8; 4.8 times .5 = 2.4; the experience grid uses integers only, so her credit is 2)

2. RA's with prior CNA experience shall be given CNA experience credit and move to the next highest step on RA wage scale. RA's with CNA credit at another location will be given a percentage of such CNA experience credit in accordance with Exhibit 11 A.

   Examples:

   a. Larry was a CNA with the Employer for 6 years making $10.29/hour, and becomes a RA with the Employer;
   -The RA wage that is at or above $10.29 is for a 5 year RA. Larry becomes a 5 year CNA;

   b. Matt was a CNA at a non-Avamere skilled nursing facility for 6 years, and becomes a RA with the Employer;
   -Matt gets 80% credit for his CNA experience, thus bringing 4.8 CNA tears to the Employer. A 4 year CNA makes $9.70/hour. The RA wage that is at or above $9.70 is for a 3 year RA. Matt becomes a 3 year RA;

3. Cooks with prior Dietary Aide experience shall be given 50% credit on the Cook wage scale for Dietary Aide experience. Cooks with Dietary Aide credit at another location will be given a percentage of such Dietary Aide experience credit in accordance with Exhibit 11 A.
   Examples: same as in Section 1, above.

For the Union:
SEIU Local 503, OPEU

By_____
Leslie Frane
Executive Director

For the Employer:
Newport Rehabilitation, Inc.

By_____
Lawrence Lopardo
General Counsel

LETTER OF AGREEMENT

The parties hereby agree to interpret the Collective Bargaining Agreement in the following manner:

Article 9 Assignments and Job Postings, Section C.
The phrase, "family care" shall mean care of a child, parent, grandparent, or sibling, or the step relations of any of these persons, or care of a Domestic Partner as defined in Article 14 Section A of this Agreement.

Article 12 Holidays and Personal Days, Section A.
The phrase "reasonable notice" shall mean no less than 30 days notice.

Article 13 Paid Time Off, Section F.
"Family members" include Domestic Partners as defined in Article 14 Section A of this Agreement.

Article 13 Paid Time Off, Section G.
The word "employee" shall mean Bargaining Unit Employee.

Article 17 Tuition Assistance
Tuition Assistance will be considered a loan that is made for the exclusive benefit of the Bargaining Unit Employee. The only purpose of defining this as for the "exclusive benefit of the Bargaining Unit Employee" is that the loan be repaid to the Employer, including but not limited to his/her last paycheck. The loan is repayable only under the following conditions:

a. Failure to complete the course with a passing grade of C or better;
b. Bargaining Unit Employees resigns or is terminated within one (1) year of the date of completion of the course;

Article 18 Discharge and Penalties, Section C.
Offenses warranting immediate terminations shall include but not be limited to repeated action or inaction that is abuse or neglect. A government finding of abuse or neglect is not required for a conclusion that the Bargaining Unit Employee's action or inaction is defined as such.

Article 19 Personnel Records, Section A.
The phrase "working days" shall mean non-weekend/holiday days.

Article 20 Grievance Procedure, Section A, Step 1.
The word "employee" shall mean Bargaining Unit Employee.

The phrase "give its answer to the employee" shall mean the Employer mails its answer to the Bargaining Unit Employee's last known address via certified mail, return receipt requested with a phone call to the Bargaining Unit Employee (if phone number still works) and mails, faxes or e-mails its answer to a SEIU Local 503 representative.
SIGNATURES ON NEXT PAGE

For the Union:
SEIU Local 503, OPEU

By_____
Leslie Frane
Executive Director

For the Employer:
Newport Rehabilitation, Inc.

By_____
Lawrence Lopardo
General Counsel

UNION SECURITY NOTICE: EXHIBIT A

Dear Union Represented Employee,

Under the terms of the collective bargaining agreement in effect between your union SEIU Local 503, OPEU, and the employer, you must either become a member and pay dues or pay a fair share fee. Payment of dues or fair share fee is a condition of continued employment. Dues or fair share fee will be deducted through payroll deduction from your check. Dues are based on regular hours worked, not on overtime.

You will receive a union membership application in the mail soon, along with a copy of your union contract and information about additional union benefits.

If you have any questions regarding the union, you can contact your union steward or officers or call the SEIU Local 503, OPEU office at 1-800-527-9374.

RECALL NOTICE: EXHIBIT B

Dear Union Represented Employee,

Under the terms of the collective bargaining agreement between your union, SEIU Local 503, OPEU and the employer, whenever a vacancy occurs while Bargaining Unit Employees are laid off, Bargaining Unit Employees who are qualified to fill the vacancy are recalled in order of seniority as long as it is within eighteen months of the layoff.

You are being recalled to work and have the option to return to employment. You have 24 hours from when you've received this letter to indicate whether or not you want to return to employment. If you do not notify your employer within 24 hours than you will have waived your right to be recalled. Please contact your union steward or call the SEIU local 503 office at 1-800-527-9374 if you have any questions.