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Debtors In Possession

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In
Possession.

☒ Affects All Debtors

- ☐ Affects Verity Health System of
California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital
Foundation
☐ Affects St. Francis Medical Center of
Lynwood Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center
Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In
Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER
Case No. 2:18-bk-20163-ER
Case No. 2:18-bk-20164-ER
Case No. 2:18-bk-20165-ER
Case No. 2:18-bk-20167-ER
Case No. 2:18-bk-20168-ER
Case No. 2:18-bk-20169-ER
Case No. 2:18-bk-20171-ER
Case No. 2:18-bk-20172-ER
Case No. 2:18-bk-20173-ER
Case No. 2:18-bk-20175-ER
Case No. 2:18-bk-20176-ER
Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Hon. Judge Ernest M. Robles

**DEBTORS' MOTION UNDER § 1113 OF THE BANKRUPTCY
CODE TO REJECT AND TERMINATE THE TERMS OF
ENGINEERS AND SCIENTISTS OF CALIFORNIA, IFPTE
LOCAL 20'S COLLECTIVE BARGAINING AGREEMENTS
WITH O'CONNOR HOSPITAL AND SAINT LOUISE REGIONAL
HOSPITAL UPON THE CLOSING OF THE SALE OF
HOSPITALS TO THE COUNTY OF SANTA CLARA**

**[DECLARATIONS OF RICHARD G. ADCOCK; SAM J.
ALBERTS; AND JAMES M. MOLONEY FILED
CONCURRENTLY IN SUPPORT]**

Hearing:

Date: January 30, 2019

Time: 10:00 am

Location: Courtroom 1568

255 E. Temple St., Los Angeles, CA



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1 **PLEASE TAKE NOTICE** that, at the above-referenced date, time and location, Verity
2 Health System of California, Inc., a California nonprofit benefit corporation and the Debtor
3 herein (“VHS”), and the above-referenced affiliated debtors, the debtors and debtors in
4 possession in the above-captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), will
5 move (the “Motion”), pursuant to §§ 363, 365, and 1113 of the Bankruptcy Code,¹ and Rules
6 9007 and 9014 for the entry of an order rejecting and terminating all terms of Collective
7 Bargaining Agreement between Saint Louise Regional Hospital (“SLRH”) and the Engineers and
8 Scientists of California, IFPTE Local 20 (“Local 20”), which is effective May 1 2017 through
9 April 30, 2020 (the “Local 20 SLRH CBA”); and the Collective Bargaining Agreement between
10 O’Connor Hospital (“OCH”) and Local 20, which is effective May 1 2017 through April 30, 2020
11 (the “Local 20 OCH CBA”) (together, these two agreements are the “Local 20 CBAs”), to be
12 effective upon the “Closing” (as that term is defined in the Asset Purchase Agreement dated
13 October 1, 2018 (the “APA”) [Docket No. 365-1] between VHS, Verity Holdings, LLC, a
14 California limited liability company, and Santa Clara County (“SCC”) for the sale of the assets of
15 SLRH and OCH (collectively, the “Hospitals”) to SCC) as approved by the Bankruptcy Court.

16 **PLEASE TAKE FURTHER NOTICE** that this relief is required because: (a) the
17 Debtors are liquidating their assets in chapter 11, and will, at the end of the process, no longer
18 operate the Hospitals, (b) after a thorough marketing process, no bidder (other than SCC)
19 emerged seeking to acquire the assets of the Hospitals (c) as of the Closing Date (as defined in the
20 APA), the Debtors will no longer employ the employees currently represented by Local 20 at the
21 Hospitals and, pursuant to the *Order (A) Authorizing The Sale Of Certain Of The Debtors’ Assets*
22 *To Santa Clara County Free And Clear Of Liens, Claims, Encumbrances, And Other Interests;*
23 *(B) Approving The Assumption And Assignment Of An Unexpired Lease Related Thereto; And (C)*
24 *Granted Related Relief* (the “Sale Order”) [Docket No. 1153], the Hospitals are being sold free
25 and clear of the Local 20 CBAs (SCC will provisionally employ qualified employees as of the
26

27 ¹ Unless otherwise indicated, all chapter and section references are to the Bankruptcy Code, 11 U.S.C. §§ 101-1532.
28 All “Rule” references are to the Federal Rules of Bankruptcy Procedure. All “LBR” references are to the Local
Bankruptcy Rules for the United States Bankruptcy Court for the Central District of California.

Closing Date subject to § 5.3 of the APA) and (d) after the sale to SCC closes, the Debtors have no justifiable reason to be bound by the terms of the Local 20 CBAs or to incur further obligations under them, which, unless terminated, will add additional and undue financial burden of the estates and otherwise harm the Debtors' reorganization.

PLEASE TAKE FURTHER NOTICE that this Motion is based on this Notice of Motion and Motion, the *Declaration of Richard G. Adcock in Support of Debtors' § 1113 Motions* filed concurrently herewith, the *Declaration of James Moloney in Support of Debtors' § 1113 Motions* filed concurrently herewith, the *Declaration of Richard G. Adcock in Support of Emergency First-Day Motions* (the "First-Day Declaration") [Docket No. 8], the *Declaration Of James Moloney In Support Of Debtors Notice Of Motion And Motion For The Entry Of (I) An Order (1) Approving Form Of Asset Purchase Agreement For Stalking Horse Bidder And For Prospective Overbidders To Use, (2) Approving Auction Sale Format, Bidding Procedures And Stalking Horse Bid Protections, (3) Approving Form Of Notice To Be Provided To Interested Parties, (4) Scheduling A Court Hearing To Consider Approval Of The Sale To The Highest Bidder And (5) Approving Procedures Related To The Assumption Of Certain Executory Contracts And Unexpired Leases; And (II) An Order (A) Authorizing The Sale Of Property Free And Clear Of All Claims, Liens And Encumbrances* (the "Moloney Bid Procedures Declaration") [Docket No. 394] and the *Declaration of James Moloney* filed in support of and attached to the *Debtors' Memorandum in Support of Entry of Order (1) Approving Sale of Certain Assets to Santa Clara County Free and Clear of All Encumbrances; (2) Approving Debtors' Assumption and Assignment of Certain Unexpired Leases and Executory Contracts and Determining Cure Amounts and Approving Debtors' Rejection of Those Unexpired Leases and Executory Contracts Which Are Not Assumed and Assigned; (3) Waiving the 14-Day Stay Periods Set Forth in Bankruptcy Rules 6004(H) and 6006(D); and (4) Granting Related Relief* (the "Moloney Sale Declaration") [Docket No. 1041], supporting statements, arguments and representations of counsel who will appear at the hearing on the Motion, the record in this case, and any other evidence properly brought before the Court in all other matters of which this Court may properly take judicial notice.

1 **PLEASE TAKE FURTHER NOTICE** that, pursuant to paragraph 33 of the Sale Order,
2 this Motion will be heard on January 30, 2019, at 10:00 a.m., Pacific Time.

3 **PLEASE TAKE FURTHER NOTICE** that, pursuant to the Sale Order, any party
4 opposing or responding to the Motion must file objections due on January 16, 2019. A response
5 must be a complete written statement of all reasons in opposition to the Motion or in support,
6 declarations and copies of all evidence on which the responding party intends to rely, and any
7 responding memorandum of points and authorities. Further, any replies to any objection and in
8 support of the Motion are due on January 23, 2019.

9
10 Dated: January 2, 2019

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11 By /s/ Tania M. Moyron
12 Tania M. Moyron

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14 Attorneys for the Chapter 11 Debtors and
15 Debtors In Possession
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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

The Debtors seek entry of an order allowing them to reject and terminate all terms of the Collective Bargaining Agreement between Saint Louise Regional Hospital (“SLRH”) and the Engineers and Scientists of California, IFPTE Local 20 (“Local 20”), which is effective May 1, 2017 through April 30, 2020 (the “Local 20 SLRH CBA”) (attached as **Exhibit 1**); and the Collective Bargaining Agreement between O’Connor Hospital (“OCH”) and Local 20, which is effective May 1, 2017 through April 30, 2020 (the “Local 20 OCH CBA”) (attached as **Exhibit 2**) (together, these two agreements are the “Local 20 CBAs”), effective upon the “Closing” (as that term is defined in the Asset Purchase Agreement dated October 1, 2018 (the “APA”))² of the sale of the assets of the Hospitals (defined, *infra*) to the County of Santa Clara (“SCC”).

The requested relief is required because (a) the Debtors are liquidating their assets in chapter 11, and will, at the end of the process, no longer operate hospitals, if they operate anything at all, (b) after a thorough marketing process, no bidder (other than SCC) emerged seeking to acquire the assets of SLRH and OCH (the “Hospitals”), (c) as of the Closing Date (as defined in the APA), the Debtors will no longer employ the employees currently represented by Local 20 at the Hospitals and, pursuant to the *Order (A) Authorizing The Sale Of Certain Of The Debtors’ Assets To Santa Clara County Free And Clear Of Liens, Claims, Encumbrances, And Other Interests; (B) Approving The Assumption And Assignment Of An Unexpired Lease Related Thereto; And (C) Granted Related Relief* (the “Sale Order”) [Docket No. 1153], the Hospitals are being sold free and clear of the Local 20 CBAs (SCC will provisionally employ qualified employees as of the Closing Date subject to § 5.3 of the APA), and (d) upon Closing, the Debtors have no justifiable reason to be bound by the terms of the Local 20 CBAs or to incur further obligations under them, which, unless terminated, will add additional and undue financial burden to the estates and otherwise harm the Debtors’ reorganization.

The Debtors’ Motion should be granted, as the requirements of § 1113 have been met (and will be otherwise completed prior to resolution of the Motion), for the following reasons:

² The APA is filed under Docket No. 365-1.

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- The Debtors have met with and submitted a formal Proposal (defined, *infra*) to Local 20 and provided Local 20 with current, necessary information to evaluate the Proposal. A copy of the Proposal is attached as **Exhibit 3**.³
- The relief is necessary, equitable and sought in good faith, because, without the relief, the Debtors would be unable to sell the Hospitals to SCC, and SCC was the only bidder for the Hospitals after a thorough marketing process revealed that (i) no other party emerged willing to place a bid for the Hospitals,⁴ and (ii) no other party was willing to assume the Local 20 CBAs.
- Subject in all respects to the terms and conditions of the APA, SCC will provide the Debtors' employees the opportunity to apply for SCC employment and be represented by the SCC public union.
- Upon the Closing of the sale to SCC, the Debtors will have no use for the Local 20 CBAs, and, absent rejection of termination of them, the Debtors could incur additional and unnecessary financial burdens that would harm their estates and endanger the prospect for a successful reorganization.

For these and other reasons listed below, the Court should permit the Debtors to reject and terminate all provisions of the Local 20 SLRH CBA (**Exhibit 1**) and the Local 20 OCH CBA (**Exhibit 2**) effective upon Closing.

II. JURISDICTION AND VENUE

The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The venue of these cases is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

³ Although the form and rationale for the relief is straight forward, the Debtors have advised Local 20 that they will respond to all reasonable information requests and consider a "counter proposal" should one be timely presented. Local 20 has provided the Debtors with information requests that the Debtors will respond to in a timely manner before the hearing on this motion.

⁴ See *Memorandum Of Decision Overruling Objections Of The California Attorney General To The Debtors' Sale Motion*, Docket No. 1146, at 3.

III. STATEMENT OF FACTS

A. **General Background.**

1. On August 31, 2018 (“Petition Date”), the Debtors each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). Since the commencement of their cases, the Debtors have been operating their businesses as debtors in possession pursuant to §§ 1107 and 1108.

2. Debtor VHS, a California nonprofit public benefit corporation, is the sole corporate member of five Debtor California nonprofit public benefit corporations that operate six acute care hospitals, including OCH and SLRH and other facilities in the state of California.

3. SLRH owns real property commonly known as: (i) 9400 No Name Uno, Gilroy, CA 95020, and the hospital and helipad thereon; and (ii) 705 Las Animas Road, Gilroy, CA 95020. SLRH opened in 1989 in the Morgan Hill area of Santa Clara County. In December 1999, the Daughters of Charity of St. Vincent de Paul relocated the hospital to Gilroy and renamed it Saint Louise Regional Hospital. Today, SLRH Hospital’s 93 licensed-bed facility and 24-hour emergency department provide services to the residents of southern Santa Clara County, including Morgan Hill, San Martin, and Gilroy. The emergency department has eight licensed emergency treatment stations. SLRH Hospital also has five surgical operating rooms for inpatient and outpatient surgical procedures. Ten of SLRH Hospital’s 21 licensed skilled nursing beds are in suspense. SLRH Hospital provides comprehensive healthcare services including cancer, emergency, rehabilitation, and surgical care. SLRH Hospital is accredited by The Joint Commission.

4. SLRH owns and operates the De Paul Urgent Care Center. The De Paul Urgent Care Center is located on the DePaul Campus, an approximately 25 acre campus located in Morgan Hill, and offers patients non-emergency medical services seven days a week. The De Paul Urgent Care Center treats non-life threatening cases, such as minor injuries and lacerations, strep throat, sinus infections, rashes, nausea, vomiting, colds, flu, and fever.

5. OCH owns real property commonly known as: (i) 455 O’Connor Dr. San Jose, CA 95128, and partial interest in the medical office building thereon; (ii) 2105 Forest Ave, San Jose,

CA 95128, and the acute hospital, medical office building, and all of the facilities located thereon.

6. OCH is a nonprofit public benefit corporation that operates a 358 licensed-bed, general acute care hospital that serves residents from the greater San Jose area. The OCH Hospital has an emergency department with 23 emergency treatment stations. It also has 11 surgical operating rooms and two cardiac catheterization labs. The OCH Hospital offers a comprehensive range of healthcare services, including emergency, cardiac, orthopedic, cancer, obstetrics, and sub-acute care services. The OCH Hospital is accredited by The Joint Commission.

7. VHS, the Hospitals, and their affiliated entities (collectively, “Verity Health System”), operate as a nonprofit health care system, with approximately 1,680 inpatient beds, six active emergency rooms, a trauma center, eleven medical office buildings, and a host of medical specialties, including tertiary and quaternary care. *Declaration of Richard G. Adcock in Support of Emergency First-Day Motions* (the “First-Day Declaration”). On the Petition Date, the Debtors had approximately 850 inpatients. *Id.* at 6, ¶ 17. The scope of the services provided by the Verity Health System is exemplified by the fact that in 2017, its Hospitals provided medical services to over 50,000 inpatients and approximately 480,000 outpatients. *Id.*, at 4, ¶ 12.

B. The CBAs Between The Debtors And Local 20.

8. The Debtors entered into two prepetition CBAs with Local 20 regarding the Hospitals which are still effective: (1) the Local 20 SLRH CBA (attached as **Exhibit 1**) and the Local 20 OCH CBA (attached as **Exhibit 2**). Approximately 14 employees are covered under the Local 20 SLRH CBA and approximately 49 employees are covered under the Local 20 OCH CBA (the “Local 20 Represented Employees”). These employees work in the laboratory and are Clinical Laboratory Scientists and Medical Laboratory Technicians.

C. The Debtors’ Pre And PostPetition Efforts To Sell The Hospitals.

9. Previously, the Hospitals were owned by the Daughters of Charity Healthcare System (“DCHS”). Despite continuous efforts to improve operations, operating losses continued to plague the health system due to, among other things, mounting labor costs, low reimbursement rates and the ever-changing healthcare landscape. In 2013, DCHS actively solicited offers for

1 among other hospitals, OCH and SLRH. First-Day Declaration, at 22, ¶ 87.

2 10. In early 2014, DCHS announced that they were beginning a process to evaluate
3 strategic alternatives for the health system. First-Day Declaration, at 22-23, ¶ 87. Throughout
4 2014, DCHS explored offers to sell their hospital system, including the Hospitals, and, in October
5 2014, they entered into an agreement with Prime Healthcare Services and Prime Healthcare
6 Foundation (collectively, “Prime”) to sell the health system. *Id.* However, to keep the hospitals
7 open, DCHS needed to borrow \$125 million to mitigate immediate cash needs during the sales
8 process; in other words, to allow DCHS to continue to operate until the sale could be
9 consummated. In early 2015, the California Attorney General consented to the sale to Prime,
10 subject to conditions on that sale that were so onerous that Prime terminated the transaction. *Id.*
11 at 23, ¶ 87.

12 11. In 2015, DCHS again marketed their health system for sale, and, again, focused on
13 offers that maintained the health system as a whole, and assumed all the obligations. First-Day
14 Declaration, at 23, ¶ 88. In July 2015, the DCHS Board of Directors selected BlueMountain
15 Capital Management LLC (“BlueMountain”), a private investment firm, to recapitalize its
16 operations and transition leadership of the health system in the restructured Verity Health System
17 (the “BlueMountain Transaction”). *Id.*

18 12. In connection with the BlueMountain Transaction, BlueMountain agreed to make a
19 capital infusion of \$100 million to the health system, arrange loans for another \$160 million to the
20 health system, and manage operations of the health system, with an option to buy the health
21 system at a future time. In addition, the parties entered into a System Restructuring and Support
22 Agreement (the “Restructuring Agreement”), and DCHS’s name was changed to Verity Health
23 System of California, Inc. First-Day Declaration, at 23, ¶ 89.

24 13. On December 3, 2015, the California Attorney General approved the
25 BlueMountain Transaction, subject to conditions. Despite BlueMountain’s infusion of cash and
26 retention of various consultants and experts to assist in improving cash flow and operations, the
27 health system did not prosper. First-Day Declaration, at 24, ¶ 93.

28 14. In July 2017, NantWorks, LLC (“NantWorks”) acquired a controlling stake in

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Integrity. NantWorks brought in a new CEO, CFO, and COO. NantWorks loaned another \$148 million to the Debtors. First-Day Declaration, at 24, ¶ 94. Despite the infusion of capital and new management, it became apparent that the problems facing VHS were too large to solve without a formal court-supervised restructuring. Thus, despite VHS' great efforts to revitalize its hospitals and improvements in performance and cash flow, the legacy burden of more than a billion dollars of bond debt and unfunded pension liabilities, an inability to renegotiate CBAs (including the CBAs here) or payor contracts, the continuing need for significant capital expenditures for seismic obligations and aging infrastructure, and the general headwinds facing the hospital industry, made success impossible. Losses continued to amount to approximately \$175 million annually on a cash flow basis. First-Day Declaration, at 24-25, ¶ 95.

15. Prior to the Petition Date, the Debtors engaged in substantial efforts to market and sell their assets. In June 2018, the Debtor engaged Cain Brothers, a division of KeyBanc Capital Markets ("Cain"), to identify potential buyers of the hospitals and related assets and commenced discussions with those potential buyers.⁵ First-Day Declaration, at 34, ¶ 128.

16. Cain prepared a Confidential Investment Memorandum and organized an online data site to share information with potential buyers, contacted over 110 strategic and financial buyers beginning in July 2018 to solicit their interest in exploring a transaction regarding the Debtors and has advanced significantly towards achieving sales. First-Day Declaration, at 34-35 ¶ 129; Moloney Declaration at ¶ 4.

17. By August 2018, as a result of its ongoing and broad marketing process, Cain had received 11 Indications of Interest ("IOI"), and continued to develop potential sales. First Day Declaration, at 35, ¶ 130; Moloney Declaration at ¶ 5.

D. The Sale And The Purchase Condition To Not Assume CBAs.

18. SCC sent the Debtors an IOI, and, after due consideration, the Debtors filed a

⁵ The Debtors fully incorporate the previously filed Moloney Bid Procedures Declaration [Docket No. 394] and the Moloney Sale Declaration [Docket No. 1041] (together, with the concurrently filed *Declaration of James Moloney in Support of Debtors' § 1113 Motions* (the "Moloney Declaration"), together the "Moloney Declarations"), which describe in detail the Debtors' pre- and postpetition marketing activities of their assets, including the Hospitals.

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1 motion [Docket No. 365]⁶ seeking entry of an order: (a) establishing SCC as the stalking horse
2 bidder for its two hospitals in Santa Clara County -- SLRH and OCH and related assets (the
3 “Assets”); (b) approving the form of the APA, dated October 1, 2018, between VHS, Verity
4 Holdings, LLC, OCH and SLRH, and SCC as a stalking horse bidder for this transaction; (c)
5 setting bid procedures to establish guidelines for parties interesting in making an overbid; (d)
6 setting an auction to be held if necessary; and (e) setting a hearing for the Court to approve the
7 winning bidder (the “Sale Hearing”).

8 19. The Debtors had vigorously marketed the Assets and signed the APA because
9 SCC’s bid represented a fair market value for the Assets, and SCC would maintain the healthcare
10 characteristics of the Debtors’ Hospitals, continuing patient care for the communities served by
11 the Hospitals. First-Day Declaration at 25, ¶ 97 (“The goals of the Debtors’ restructuring are to
12 maintain the Debtors’ business operations; preserve the going-concern value of the Debtors’
13 businesses, its stakeholders, and parties in interest; and, most importantly, to protect the health
14 and wellbeing of the patients who are treated at the Hospitals and the jobs of the Debtors’
15 approximately 7,000 employees.”). The Court granted the Debtors’ Motion (the “Bidding
16 Procedures Order”) [Docket No. 724], and set the Sale Hearing for December 19, 2018.

17 20. Under the APA, SCC agreed:

18 Subject to Purchaser’s standard hiring practices (including, but not limited to, those
19 practices contained in Purchaser’s Charter, Ordinance Code, regulations, and policies and
20 procedures), Purchaser agrees to offer provisional employment, effective as of the
21 Effective Time, to substantially all employees of Hospital Sellers who are listed on
22 Schedule 5.3.1 who are actively employed and in good standing with a Hospital Seller as
23 of Closing (the “Seller Employees”), in County positions consistent with those positions
24 provided by the Hospital Sellers as of Closing; provided, however, (a) Seller Employees
must meet the minimum qualifications for the specific position offered, and (b) standard
Purchaser pre-employment screenings will be performed on all Seller Employees as a
condition to employment with Purchaser. Any of the Seller Employees who accept a
provisional offer of employment with Purchaser as of or after the Effective Time shall be

25 ⁶ Motion For The Entry Of (I) An Order (1) Approving Form Of Asset Purchase Agreement For Stalking Horse
26 Bidder And For Prospective Overbidders To Use, (2) Approving Auction Sale Format, Bidding Procedures And
27 Stalking Horse Bid Protections, (3) Approving Form Of Notice To Be Provided To Interested Parties, (4) Scheduling
A Court Hearing To Consider Approval Of The Sale To The Highest Bidder And (5) Approving Procedures Related
28 To The Assumption Of Certain Executory Contracts And Unexpired Leases; And (II) An Order (A) Authorizing The
Sale Of Property Free And Clear Of All Claims, Liens And Encumbrances; Memorandum Of Points And Authorities
In Support Thereof.

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referred to in this Agreement as the “Hired Employees.” Purchaser’s labor contracts with its employee labor organizations may require the Purchaser to make available and/or offer current Purchaser employees the opportunity to transfer to a comparable position at one of the Hospitals. Once this process is complete, if required, Purchaser will afford Hired Employees the opportunity to apply for permanent-track positions with Purchaser. For the avoidance of doubt, the Seller Employees shall not include any employees of Verity Health System of California, Inc. or any other affiliate of any Seller unless such individual is listed on Schedule 5.3.1. Notwithstanding anything to the contrary in this Agreement, Purchaser shall make decisions with respect to hiring Seller Employees who served in a management role prior to or as of Closing on a case-by-case basis, but Purchaser shall not be obligated hereunder to offer to employ any of such individuals. Substantially all “Per Diem” Seller Employees will be offered extra-help employment in accordance with Purchaser’s standard hiring practices as referenced above. For any Hired Employees who are permanently employed by Purchaser, Purchaser will provide benefits and terms and conditions of employment generally consistent with those offered to other Purchaser employees in the same or substantially similar Purchaser classifications. Whether a classification is “substantially similar” to a Purchaser classification shall be determined in Purchaser’s sole and absolute discretion.

APA at § 5.3.1 (with, § 5.3 as the “Provisional Hiring Clause”). The Provisional Hiring Clause is subject in all respects to any other terms and conditions of the APA.

a. The Post-APA Marketing Process and the Lack of Additional Bids

21. Pursuant to the requirement of the Bidding Procedures Order, the Debtors continued their prepetition effort to sell the Assets (the “Marketing Process”). As a part of this process, and as further detailed in the Moloney Declarations, Cain Brothers, the Debtors’ investment banker (“Cain”), continued to actively market the Assets. Cain vigilantly monitored interest and continued to communicate with potential partial or aggregate bidders. For instance, Cain sent a direct email communication to more than 170 interested buyers Cain had identified and over 600 individual email addresses. This communication contained key information about the Assets, the auction, the Bidding Deadline and other deadlines, a hyperlink to access the Bidding Procedures Order and contact information for a Cain individual to discuss questions and further interest. Cain’s Marketing Process was meant to identify and shepherd any potential bidders who could contribute to a competitive auction on top of the Stalking Horse Bid.

22. The Debtors expressed their preference to potential bidders during the Marketing Process for a buyer to assume the Local 20 CBAs in whole or in part. Declaration of Richard G. Adcock in Support of Debtors’ § 1113 Motions at ¶ 7. However, during the Marketing Process,

1 no party or Potential Bidder (as defined in the Bidding Procedures Order) expressed interest in
2 assuming in whole or in part, the Local 20 CBAs. Moloney Declaration at ¶ 13.

3 23. No other party emerged willing to place a bid for the Assets, whether partial or
4 aggregate, under the Bidding Procedures Order. *See Notice That No Auction Shall Be Held*
5 [Docket No. 1005]. The Debtors then identified SCC as the winning bidder. Therefore, the
6 Court considered the Debtors' request to approve the APA at the Sale Hearing, and, subsequently
7 entered the Sale Order [Docket No. 1153].

8 **b. SCC's Condition of Not Taking An Assignment of CBAs**

9 24. The Bidding Procedures Order required the Debtors to file and serve a cure notice
10 upon each counterparty to an Assumed Executory Contracts (as defined in the Cure Notice, at 29,
11 of the Bidding Procedures Order) and provided certain related assumption and assignment
12 procedures thereto. Bidding Procedures Order, at 9-12. The Bidding Procedures Order also (i)
13 allowed the successful bidder to exclude or to add certain contracts or leases to the initial list of
14 Assumed Executory Contracts, as set forth therein, and (ii) provided that the successful bidder
15 would be responsible for satisfying any requirements regarding adequate assurance of future
16 performance that may be imposed under § 365(b) in connection with the proposed assignment of
17 any Assumed Executory Contract, and the failure to provide adequate assurance of future
18 performance to any counterparty to any Assumed Executory Contract shall not excuse the
19 successful bidder(s) from performance of any and all of its obligations pursuant to the successful
20 bidder's purchase agreement. Bidding Procedures Order at ¶ 26.

21 25. Under the Court approved APA, Labor Obligations (as defined therein), including
22 the Local 20 CBAs, are an excluded liability from the Sale. See APA ¶ 8.13. SCC, in fact,
23 cannot legally assume the Local 20 CBAs or be parties to CBAs under California law, because
24 SCC employees are already represented by recognized employee organizations with memoranda
25 of understanding/agreement addressing bargaining issues.⁷

26 _____
27 ⁷ Under California law, when county or city employees are represented by a union, the agency must negotiate with
28 that union regarding their pay and benefits, working hours, and working conditions. California Government Code
3500, known as the Meyers-Milias-Brown Act, (MMB) requires negotiation in good faith with the recognized
employee representative on specified subjects. It also permits local agencies to adopt their own rules and regulations
for the governance of labor relations. For California local agencies, the public agency employer determines the

26. Although SCC will not take an assignment of the Local 20 CBAs, SCC employees under the same job classifications as the Local 20 Represented Employees are permitted to join the SCC union representing their respective classifications. Under the Provisional Hiring Clause, SCC intends to consider for employment the Local 20 Represented Employees that currently staff the Hospitals and understands the value of employees with institutional knowledge and the value of the Debtors' employees. All employees previously covered under the Local 20 CBAs that are hired may join the SCC union representing their respective classification.⁸

E. THE § 1113 MEETING AND PROPOSAL

27. On December 5, 2018, the bidding deadline passed with no alternative bidders. On December 6, 2018 the Debtors travelled to the offices of Local 20 and delivered the requisite proposal under § 1113 to reject and terminate the terms of the Local 20 CBAs (the "Proposal"). The meeting was shortly followed with a letter memorializing the Proposal (**Exhibit 3**).

28. At a December 6, 2018 meeting, the attendees were Mr. Nick Steinmeier, the official, authorized Local 20 representative, certain employee representatives, Richard Adcock, CEO of VHS, Steven Sharrer, Chief Human Resources Officer of VHS, and Sam J. Alberts of Dentons US LLP. After discussing the Bankruptcy Case and Sale process generally, the Debtors presented their Proposal and represented that:

- The Debtors would seek approval of the sale of the Hospitals to SCC because no other qualified bidder had emerged (and, among other things, that no other potential bidder had indicated interest in assuming the Local 20 CBAs).
- SCC will not assume the Local 20 CBAs. Notwithstanding non-acceptance of the Local 20 CBAs, the allocation of job descriptions and classifications have already been made (under Local Ordinance A-25 of Santa Clara County), and substantially all current OCH

appropriate bargaining units within the agency. *Covina-Azusa Fire Fighters Union, Local 2415 v. City of Azusa*, 81 Cal. App. 3d 48, 59 (1978). The agency typically has an employer-employee relations ordinance or resolution that describes the procedures to determine bargaining units, to resolve disputes over bargaining unit formation and to establish bargaining unit representation. The public agency typically creates these procedures after consulting in good faith with the representatives of a recognized employee organization. Cal. Gov't Code § 3507.

⁸ The relief that the Debtors seek in this Motion is contingent and conditioned on the Sale closing, which is expected to occur on or about February 28, 2019.

1 and SLRH employees in good standing will be represented by a SCC Union, which are
2 allocated to their applicable job classifications.⁹

- 3 • The Debtors would be filing a motion to obtain authority to reject and terminate the Local
4 20 CBAs because the Debtors would no longer be operating the Hospitals after the
5 Closing.
- 6 • The Debtors intended to honor and maintain the Local 20 CBAs until Closing.
- 7 • SCC would prospectively hire Local 20 Represented Employees subject to the Provisional
8 Hiring Clause, who were interested in working for SCC after the Closing, and these hired
9 employees would be represented by a SCC Union, which has been allocated for the
10 relevant job classifications.
- 11 • The Debtors were available to discuss questions about the Proposal or other relevant
12 issues.

13 29. The Debtors will respond to additional communication from the union and any
14 counterproposal should one be delivered.

15 **IV. ARGUMENT**

16 **A. Section 1113's Applicability and STANDARDS**

17 “Section 1113 of the Bankruptcy Code gives a bankruptcy court the authority to modify or
18 reject a collective bargaining agreement if the debtor follows certain steps prescribed by the
19 statute.” *In re Karykeion, Inc.*, 435 B.R. 663, 673 (Bankr. C.D. Cal. 2010). Courts recognize that
20 § 1113 is a complex statute and that “[p]assage of § 1113 was not accompanied by a committee
21 report, and there is no dependable legislative history.” *In re Hoffman Bros. Packing Co., Inc.*,
22 173 B.R. 177, 182 (B.A.P. 9th Cir. 1994). Therefore, “[b]ankruptcy cases generally approach this
23 complicated statute by breaking the statute into a nine part test [because] th[is] nine step analysis
24 [is] an effective way to approach this multipart statute and [its] requirements.” *In re Karykeion,*
25 *Inc.*, 435 B.R. at 677 (citing *In re Family Snacks, Inc.*, 257 B.R. 884, 892 (B.A.P. 8th Cir. 2001)).
26
27

28 ⁹ Based upon information and belief, SCC and the unions whose employees work at the Hospitals are already in
discussions about this process.

The nine factors are: (1) the debtors make a proposal; (2) the proposal be based on the most complete and reliable information available at the time of the proposal; (3) the proposed modifications or rejection are necessary to permit reorganization of the debtor; (4) the modifications assure that all creditors, the debtors, and all other affected parties are treated fairly and equitably; (5) the debtors provide the union relevant information as is necessary to evaluate the proposal; (6) the debtors meet at reasonable times with the union between the time of the proposal and the time of the hearing; (7) the debtors negotiate with the union in good faith at these meetings; (8) the union refuses to accept the debtors' proposal without good cause; and (9) the balance of equities clearly favors rejection or modification of the agreement. *Id.*

Although the Debtors do not dispute that § 1113 applies in these cases, courts have recognized that the provisions of § 1113 are ill-suited to a case like this case, where the Debtors are liquidating their assets under chapter 11. *In re Chicago Constr. Specialties, Inc.* 510 B.R. 205, 215 (Bankr. N.D. Ill. 2014) (*quoting In re Rufener Contr., Inc.*, 53 F.3d 1064, 1067 (9th Cir. 1995)). And, as noted in the thoughtful analysis in *Chicago Constr, supra*, the Court “must not just consider the tests that have developed in the case law for reorganizing cases. The court must also determine how, if any, those tests should be treated differently in a liquidating case.” *Id.* at 216. There is no doubt that the Debtors are liquidating their assets. Although they have not ceased operations, or filed a liquidating plan, their actions and statements make clear that they are, in fact, liquidating. First-Day Declaration at 25, ¶ 96; *Chicago Constr.*, 510 B.R. at 217 (discussing why rejection of CBAs, even, in liquidation, are important, including to avoid administrative expenses which can dilute creditors' recoveries and even make confirmation of a plan impossible).

B. THE DEBTORS HAVE SATISFIED § 1113's REQUIREMENTS

a. The Debtors have made a proposal to Local 20.

The Debtors have made a proposal to institute the rejection of the Local 20 CBAs, both orally and in writing as evidenced by the letter of December 7, 2018. As such, the Proposal is more than adequate to meet this requirement. *See In re Alpha Nat. Res., Inc.*, 552 B.R. 314, 331

(Bankr. E.D. Va. 2016) (“[T]he bar for satisfying this requirement [of the making of a proposal] is low because in most cases, this factor is a ‘routine formality.’”) (citations omitted); *Chicago Constr.*, 510 B.R. at 217 (“The Notice clearly provides that the Debtor proposed to modify the CBA by rejecting it. Nothing further is needed or appropriate with respect to the first test.”); *In re Allied Delivery Sys. Co.*, 49 B.R. 700, 700–01 (Bankr. N.D. Ohio 1985) (letter sent by debtor to union seeking relief from CBA was “proposal” under § 1113); *Matter of K & B Mounting, Inc.*, 50 B.R. 460, 461 (Bankr. N.D. Ind. 1985) (“The [§ 1113] proposal was made by letter to [the] business representative of Teamsters Local Union No. 299 [from the debtor’s attorney]”).

b. **The Proposal was based on the most complete and reliable information available.**

To satisfy this factor, “the debtor is simply required to gather the most complete information available at the time and to base its proposal on the information it considers reliable. This requirement by definition excludes hopeful wishes, mere possibilities and speculation.” *In re Karykeion*, 435 B.R. at 678. “Nonetheless, in order to meet the procedural requirements of section 1113(b)(1)(A), ‘a debtor can only be required to provide information that is within the debtor’s power to provide.’” *Chicago Constr.*, 510 B.R. at 219 (quoting *In re Pinnacle Airlines Corp.*, 483 B.R. 381, 411 (Bankr. S.D.N.Y. 2012)).

Here, the Debtors have made the Proposal because they are liquidating their assets, have determined they cannot operate the Hospitals, and the Marketing Process demonstrated that SCC is the only willing buyer and it will not assume the Local 20 CBAs. The Proposal was based on current, complete and reliable information because the Proposal was made shortly after the Bidding Deadline when SCC became the Successful Bidder. As this information was promptly shared with Local 20 (and the APA is in the public record and was served upon Local 20), this prong is satisfied. *Chicago Constr.*, 510 B.R. at 219 (“Under the circumstances of this case, it is not difficult to conclude that the Debtor based its choice on the most complete and reliable information available at the time of the proposal.”).

c. **The Proposal is necessary to permit the successful reorganization of the Debtors.**

The Debtors may utilize § 1113 to liquidate their going concern businesses and, as such, the proposed rejection and termination of the Local 20 CBAs are necessary to both the sale and the reorganization process. *Chicago Constr.*, 510 B.R. at 221 (“the court finds that ‘necessary to an effective reorganization’ means, in the context of a liquidation, necessary to the Debtor’s liquidation.”). The Ninth Circuit BAP has found,

[T]he distinction between reorganization of a debtor and the sale of a going concern asset to a third party [is] irrelevant to considerations under § 1113, based on Chapter 11’s goal of continuing the enterprise, regardless of the ownership [and] § 1113 does not preclude rejection of CBAs where the purpose or plan of the debtor is to liquidate by a going concern sale of the business.

In re Hoffman Bros. Packing Co., Inc., 173 B.R. at 186–87 (citing *In re Maxwell Newspapers, Inc.*, 149 B.R. 334 (S.D.N.Y.1992)); see also *In re Family Snacks, Inc.*, 257 B.R. at 897 (“[as] it is appropriate to permit rejection in the context of a § 363 asset sale when the debtor will no longer be in business, as the cases uniformly hold and the union appears to concede, it ought not matter when the decision on rejection is made”).

“[C]ourts have found that this ‘necessary’ factor has been satisfied when a debtor has proven that modification or rejection is ‘necessary’ to achieve a sale under § 363” when a debtor “lacks the liquidity necessary to complete a stand-alone reorganization.” *In re Alpha Nat. Res., Inc.*, 552 B.R. at 333; *In re Nat’l Forge Co.*, 289 B.R. 803, 810–11 (Bankr. W.D. Pa. 2003).

Here, the Debtors have sustained losses that “amount to approximately \$175 million annually on a cash flow basis” (First Day Declaration, at 24-25, ¶ 95), and, thus, lack the means to emerge from these cases under a “stand-alone reorganization” model and must either sell or close the Hospitals. Given these two choices, the Debtors’ desired approach has been to sell these Hospitals, as well as the Debtors’ remaining facilities. On the Petition Date, the Debtors’ CEO testified:

[T]he Debtors have commenced these chapter 11 cases to protect the original legacy of the Daughters of Charity to the maximum extent possible by retiring debt incurred over the past 18 years and freeing the hospital facilities and work force to continue to operate as hospitals under new ownership and leadership without the accumulated crisis of the past. **To do that requires the bankruptcy court**

1 supervised sale of some or all of the hospitals and related facilities, and the
2 comprehensive resolution of the Debtors financial obligations through a court
approved plan of reorganization.

3 First-Day Declaration at 25, ¶ 95 (emphasis added).

4 The Debtors preferred to sell their Hospitals with the Local 20 CBAs in place and
5 explicitly expressed this preference to all potential buyers. However, neither SCC nor any other
6 party expressed a willingness to assume the Local 20 CBAs, in whole or in part. Under the
7 situation here—with no bidder willing to assume the Local 20 CBAs, and the Debtors unable to
8 reorganize the Hospitals themselves—this factor is satisfied because the Debtors must reject the
9 Local 20 CBAs to effectuate a going-concern sale. *In re Walter Energy, Inc.*, 542 B.R. at 893-94
10 (Bankr. N.D. Ala. 2015)¹⁰ (“The evidence establishes that the [businesses could not] be sold
11 without rejection of the [collective bargaining agreement]. Thus, absent the rejection, those
12 operations would be closed and sold on a piecemeal basis. On the other hand, if the sale(s)
13 consummate and the [businesses] are sold as a going-concern, Debtors’ employees have the best
14 chance of future employment.”); *In re Nat’l Forge Co.*, 289 B.R. at 810–11 (“No buyer was
15 willing to assume the CBA. Potential ongoing disputes over the CBA threatened to chill the
16 bidding in the absence of rejection. The proposed modification in the form of rejection of the
17 CBA is necessary to permit reorganization of the Debtor.”).

18 Rejection is necessary *now* and not, for instance, after a plan confirmation, because, after
19 the Sale closes, the Debtors will have no need for the Local 20 CBAs, and these CBAs may
20 expose the Debtors to liability and expenses without the Debtors receiving consideration in
21 return. *See Chicago Constr.* 510 B.R. at 217-18 (“The Debtor seeks to reject that agreement in
22 the course of its liquidation. Why? Because, as with any unrejected contract, post-petition
23 obligations thereunder may result in administrative claims against the estate. Waiting to reject as
24 a part of a confirmed plan, when such plan confirmation process may be protracted and the
25 intermediate period results in accrual of administrative obligations, would not be in the best
26

27 ¹⁰ (aff’d sub nom. *United Mine Workers of Am. Combined Benefit Fund v. Walter Energy, Inc.*, 551 B.R. 631 (N.D.
28 Ala. 2016) and aff’d sub nom. *United Mine Workers of Am. 1974 Pension Plan & Tr. v. Walter Energy, Inc.*, 579
B.R. 603 (N.D. Ala. 2016)).

1 interest of the Debtors' estate as a whole. Given the foregoing, the Debtors' choice to seek
2 rejection in advance of a plan is understandable.") (citations omitted).

3 **d. The Debtors have provided Local 20 with relevant information**
4 **necessary to evaluate the Proposal.**

5 "The test merely requires that the debtor provide the counterparty with 'such relevant
6 information as is necessary to evaluate the proposal.'" *Chicago Constr.*, 510 B.R. at 220. In a
7 similar factual situation the Bankruptcy Court for the Northern District of Alabama found that:

8 [R]equired "relevant information" was simple and apparent for all to see: the Debtors
9 could not survive absent a sale in the near term, the Proposed Buyer had emerged as the
10 only viable bidder that would purchase the [business] as a going-concern, the sale of the
[business] as a going-concern provides the best chance for future employment of the
Debtors' employees, and the Stalking Horse APA requires . . . rejection of the . . . CBA.

11 *In re Walter Energy, Inc.*, 542 B.R. at 886-87. Likewise, also under another similar fact pattern,
12 the Bankruptcy Court for the Western District of Pennsylvania found that this factor was satisfied
13 where: "The Debtor provided the Union with the APA, Debtor's Sale Motion and its liquidating
14 Plan and Disclosure Statement. Debtor's financial advisor met with the Union the day after the
15 APA was signed and provided the Union up-to-date information, a realistic time line, and
16 reasonable prediction regarding the outcome of the case." *In re Nat'l Forge Co.*, 289 B.R. at 810.
17 Such is the case here because the Debtors have provided Local 20 with key information and
18 documents (the APA, the Sale information, the redline, etc.) informing Local 20 of the Debtors'
19 Proposal and the basis thereof.

20 Further, the Court should consider information the Debtors have publicly filed as
21 "provided" to the union, including, information the Debtors presented of their "dire financial
22 condition" in court filings, including but not limited to the Debtors' Schedules, SOFAs, the First-
23 Day Declaration (which detailed the reasons for and current state of the Debtors' financial
24 distress) and the Bidding Procedures Motion. [Docket Nos. 8, 365, 513, 514]; *Chicago Constr.*,
25 510 B.R. at 220 ("Further, the case law in this arena confirms that nothing requires the
26 information provided to be provided in the proposal itself."); *In re Karykeion, Inc.*, 435 B.R. at
27 680-81 ("The debtor presented this evidence [of its financial condition] in support of its
28

1 disclosure statement, motions to modify cash collateral orders, and other proceedings before this
2 court.”).

3 Finally, although certain unions argued in their opposition to the sale of the assets to SCC
4 that the Debtors waited too long to engage in negotiations, they were well aware of the
5 requirements of the APA, that SCC was not going to assume the Local 20 CBAs and, yet, never
6 sought additional information or negotiations with the Debtors or SCC over the terms of the APA.
7 *Chicago Constr.*, 510 B.R. at 220 (“Had the Respondents engaged with the Debtor, they might
8 have been offered or been able otherwise to obtain additional information . . . Had the
9 Respondents wanted additional information, they could have requested it. Instead, the
10 Respondents chose not to engage with the Debtor . . . By failing to engage the Debtor and failing
11 to advance a theory under which the Debtor’s disclosures are inadequate, the Respondents have
12 failed to show that the fifth factor has not been met. The court therefore concludes that it has been
13 satisfied.”).

14 e. **The Proposal treats all creditors, the debtor, and all of the**
15 **affected parties fairly and equitably.**

16 In a sale context, this factor does not require that parties are paid in full or that all
17 employees are re-hired or re-represented. Rather, the Court considers whether “affected parties”
18 are treated fairly under the Code, and that the debtor does not place a “disproportionate burden”
19 on represented employees. *In re Nat’l Forge Co.*, 289 B.R. at 811. “[A]ffected parties [under §
20 1113] . . . include those who have intangible interests, such as [a] city, [a] state, vendors who
21 supply the [debtors’ businesses], and most importantly, the employees who depend on the going
22 concern sale as the best chance for future employment.” *In re Walter Energy, Inc.*, 542 B.R. at
23 892–93.

24 Here, there is no disproportionate burden placed on Local 20 Represented Employees
25 compared to other Hospital employees or other affected parties. The Debtors place special value
26 on their Local 20 Represented Employees, and the Debtors’ CEO, principals, and their counsel
27 met with Local 20 shortly after the Bid Deadline passed. The APA includes the Provisional
28 Hiring Clause for SCC to provisionally employ as of the Closing substantially all Local 20

1 Represented Employees who meet the requirements in Section 5.3.1 of the APA. Under this
2 process, SCC will consider for employment Local 20 Represented Employees who, if hired, may
3 become members of the union respecting their respective classification. Further, the Debtors
4 propose to honor the Local 20 CBAs in full, up and until the Closing.

5 Additionally, because this is a liquidation of the Hospitals, Local 20 Represented
6 Employees and Local 20 CBAs may assert claims for damages on a fair and equal basis as other
7 creditors under the Code. *See In re Chicago Constr. Specialties, Inc.*, 510 B.R. at 222 (“[T]he
8 Debtor’s proposal to reject the CBA simply treats CBA claims on par with claims of other
9 creditors, in the same manner those claims would be treated in a chapter 7. The [union’s]
10 arguments, on the other hand, would impermissibly and inequitably elevate those claims.”).¹¹
11 Further, to the extent that Hospital employees continue to work for the Hospitals through Closing,
12 they will receive their compensation and existing benefits in the ordinary course as administrative
13 expenses.

14 Also, it bears mentioning that the focus in this factor is on the *represented employees*
15 themselves, not the fate of any individual union. Where, as here, the evidence establishes that it
16 is likely that some of the employees “may be employed by the successful buyer,” this supports a
17 finding of fair treatment to employees (especially where these employees will be able to be
18 represented by the SCC union that represents their respective classifications). *In re Nat’l Forge*
19 *Co.*, 289 B.R. 803 at 808–09; *see also In re Walter Energy, Inc.*, 542 B.R. at 867 (“The record . . .
20 indicate[s] the proposed going concern sale is the best chance for selling the [businesses] and to
21 provide potential future employment for the Debtors’ represented employees.”). Here, the Sale is
22 the best possible option for the Local 20 Represented Employees, the Hospitals, and the
23 communities they serve—and the Sale will only occur through the proposed rejection and
24 termination of the Local 20 CBAs.

25
26
27
28 ¹¹ The Debtors take no position on the ultimate recovery or rights of Local 20 or Local 20 Represented Employees to
these claims under the Code.

f. **The Debtors have and will meet at reasonable times with Local 20 up and until the hearing on this Motion.**

As demonstrated, the Debtors have already met with Local 20 in good faith, and offered to meet with them again as reasonably requested. It should also be noted that “§ 1113 [does not] require completion of negotiations before filing the motion.” *In re Walter Energy, Inc.*, 542 B.R. at 884. Additionally, the Proposal invited further discussion between Local 20 and the Debtors. *Id.* at 885.

g. **The Debtors conferred in good faith.**

As demonstrated, the Debtors have conferred with Local 20 in good faith and will continue to do so up to the hearing on this Motion as reasonably necessary. As such, this factor is met and Local 20 has no contrary evidence (and Local 20 carries the burden to show a lack of good faith given the Debtors’ Proposal and willingness to meet). *In re Walter Energy, Inc.*, 542 B.R. at 894 (citing *In re Carey Transp., Inc.*, 50 B.R. 203, 211 (Bankr. S.D.N.Y. 1985) (quoting *In re Am. Provision Co.*, 44 B.R. 907, 910 (Bankr. D. Minn. 1984)), subsequently *aff’d sub nom. Truck Drivers Local 807, Intern. Broth. of Teamsters, Chauffeurs, Warehousemen & Helpers of Am. v. Carey Transp. Inc.*, 816 F.2d 82 (2d Cir. 1987). “A failure to reach agreement may be the result of the difficultness of the task, rather than the lack of ‘good faith’ of either party.” *Id.*

Further, lack of good faith is not established because certain terms in a proposal—like the rejections here—are rendered non-negotiable by external factors (here, the Marketing Process revealing no buyers willing to assume the Local 20 CBAs and the Debtors’ financial inability to do so either). *In re Walter Energy, Inc.*, 542 B.R. at 885 (“The fact that certain terms - like the rejection of [a CBA] - were non-negotiable for reasons beyond the Debtors’ control does not render [a proposal] defective or proffered in bad faith.”). This is because this inquiry focuses on the debtor’s good faith, “not [a p]roposed [b]uyer’s negotiation of [an] APA.” *Id.* at 895.

Also, apart from actual meetings between the debtor and a union, a debtor acts in good faith when it “facilitates negotiations” between a potential buyer and a union and its employees. Here, the Debtors obtained the Provisional Hiring Clause for all Local 20 Represented Employees

1 and also are willing to facilitate discussions between its valued employees and Local 20 partner
2 and SCC. *In re Alpha Nat. Res., Inc.*, 552 B.R. at 335–36 (factor met where “[t]he Debtors have
3 submitted proposals, responded to information requests, and were willing to meet with the union
4 frequently throughout the negotiations.”).

5 **h. Local 20 has no good cause to refuse the Debtors’ Proposal.**

6 In the context of a sale where the only potential bidders would not assume the applicable
7 CBA, “[a] [u]nion’s insistence that [a] [d]ebtor provide something which was not within its
8 control indicates that the Union’s refusal to accept [a] proposal . . . without good cause.” *In re*
9 *Nat’l Forge Co.*, 289 B.R. at 812.¹²

10 Here, the results of the Marketing Process, with no third parties willing to assume the
11 Local 20 CBAs, and the Debtors’ inability to operate the Hospitals outside of this case because of
12 liquidity issues, are not within the Debtors’ control. The only option is to reject and terminate the
13 Local 20 CBAs to allow SCC to operate the Hospitals with employees represented by the SCC
14 union regarding their respective classifications. Opposing this process would indicate a lack of
15 good faith by Local 20.

16 **i. The balance of the equities favors the Debtors’ Proposal.**

17 A distressed debtor “cannot base its rejection of its only suitor [to purchase a going-
18 concern business] on a speculative white knight with greater riches.” *In re Karykeion, Inc.*, 435
19 B.R. at 678. Here, SCC has made a good, fair offer for the Hospitals that will allow the Hospitals
20 to remain open to continue their mission of providing high-quality patient care, offer payment to
21 creditors, and offer provisional employment subject to the Provisional Hiring Clause to all Local
22 20 Represented Employees who would be represented by the applicable SCC Union. SCC will
23 not and cannot assume the Local 20 CBAs, and no other buyer expressed interest. Further,
24 without the requested relief, the Debtors would remain bound to the Local 20 CBAs, and the
25 “only purpose of leaving [these obligations] in place would be to afford [the union] the
26

27 ¹² This factor does not concern any dispute that may exist between Local 20 and SCC (although the Debtors are not
28 aware of any). *In re Karykeion, Inc.*, 435 B.R. at 683–84 (“This court specifically makes no ruling and has no
jurisdiction over the dispute between the unions and [buyer]. The relevant inquiry for purposes of the § 1113 motion
is the good faith of the debtor and the unions, and allegations related to [buyer’s] practices are irrelevant.”).

1 opportunity for an augmented administrative claim rather than a general unsecured claim,” which
2 is impermissible because “§ 1113 may not be used to elevate a union’s position at the cost of any
3 distribution to any other creditor.” *In re Chicago Constr. Specialties, Inc.*, 510 B.R. at 221.

4 The equities favor Closing the Sale, the Hospitals’ future and the employment of the many
5 workers who can join a SCC Union. *See In re Nat’l Forge Co.*, 289 B.R. at 813 (“The balance of
6 the equities in the instant matter demands rejection of the CBA . . . A sale at the highest possible
7 price is clearly best for all concerned. Achievement of the highest possible price requires that the
8 CBA be rejected.”).

9 **V. CONCLUSION**

10 Based upon the foregoing, the Debtors respectfully request that the Court enter an order
11 granting the relief requested herein, including (i) rejection and termination of all terms contained
12 in the Local 20 SLRH CBA (**Exhibit 1**) and the Local 20 OCH CBA (**Exhibit 2**) effective upon
13 Closing, and (ii) for such other and further relief as the Court may deem proper.

14 Dated: January 2, 2019

DENTONS US LLP
SAMUEL R. MAIZEL
TANIA M. MOYRON
SAM J. ALBERTS

15 By /s/ Tania M. Moyron
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COLLECTIVE BARGAINING AGREEMENT

BETWEEN

ST. LOUISE REGIONAL HOSPITAL

AND

ENGINEERS AND SCIENTISTS OF CALIFORNIA

IFPTE LOCAL 20

May 1, 2017 THROUGH April 30, 2020

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ARTICLE 1

RECOGNITION

Hospital hereby recognizes the Union as the exclusive representative of the Clinical Laboratory Scientists and Medical Laboratory Technicians covered by this Agreement. Hospital further recognizes the Union's right to bargain and act with respect to wages, hours and other terms and conditions of employment, insofar as it is consistent with the relevant provisions of the National Labor Relations Act, as amended.

All references to Daughters of Charity Health System or DCHS shall now be replaced with Verity Health System or Verity, unless such a change does not make sense.

ARTICLE 2

COVERAGE

Hospital recognizes the Union as the exclusive bargaining agent for all full-time, regular part-time, limited part-time, and Per Diem Clinical Laboratory Scientists, Lead Clinical Laboratory Scientists, and Medical Laboratory Technicians.

EXCLUDED: All other employees (professional employees, employees covered by other collective bargaining agreements, clerical employees, confidential employees, guards, managers and supervisors), as defined by the National Labor Relations Act.

ARTICLE 3

MANAGEMENT RIGHTS

Without limiting the generality of the foregoing, the rights and authority retained solely and exclusively by Hospital and not abridged by this Agreement include, but are not limited to, the rights to manage and direct its business and its personnel; to manage and control its department, buildings, facilities and operations including equipment and machinery; the security of the bargaining unit members, premises, facilities and property; the number of bargaining unit members, including the number of bargaining unit members assigned to any particular procedure or shift to meet medical and patient care standards, methods; the determination of whether, when, or where there is a job opening; the right to create, change, combine, and abolish jobs, departments and facilities in whole or in part including the number, Location, or types of facilities; the right to subcontract or to discontinue work for economic, medical, or operational reasons; the right to direct the work force, to determine the number of bargaining unit members needed, to hire, transfer, promote and maintain the discipline and efficiency of its bargaining unit members including reasonable standards of performance and whether any bargaining unit member meets such standards; the need for and the administration of physical examinations or psychological tests, background information, criminal record or drug screening as they pertain to new or probationary bargaining unit members; the direction and supervision of all of the bargaining unit members; the utilization of registry and traveling bargaining unit members; the utilization of Hospital's premises, equipment, and facilities; to establish new training programs

and related performance expectations; to establish work standards and reasonable rules and regulations; and to specify or assign work requirements and overtime, and to schedule working hours and shifts.

PROBATIONARY PERIOD

A. Probationary Period, as discussed in this section, shall apply to any employee hired after the date of ratification of this Agreement. Regular Full-Time and Part-Time Employees shall be on probation for ninety (90) calendar days following their date of hire. All other employees shall be on probation for 135 calendar days or the completion of sixty-five (65) shifts, whichever occurs first, after date of hire.

B. At its sole discretion, the Employer may terminate the employment of any probationary Employee and such termination shall not be subject to the grievance procedure of this Agreement.

C. The probationary period may be extended by an additional thirty (30) days. The Employer may extend the probationary period beyond the additional 30 days.

D. At the completion of the probationary period, seniority dates shall be from the Employee's most recent date of hire into a bargaining unit position by the Employer.

ARTICLE 4

MEMBERSHIP

Section 1 MAINTENANCE OF MEMBERSHIP

A. All bargaining unit members covered by this Agreement who, on the effective date of this Agreement are members of the Union, or who become members of the Union subsequent to the effective date of this Agreement, shall be required as a condition of employment to maintain their membership in the Union in good standing during the life of this Agreement.

B. Bargaining unit members who are requested to maintain membership and fail to do so shall, upon notice in writing from the Union to Hospital, be given thirty (30) days' notice of termination, or shall be allowed to resign with proper notice to Hospital.

Section 2 AGENCY SHOP

Any bargaining unit member covered by this Agreement who, upon ratification of this Agreement, is not a member of the Union must pay a representative fee for the Union equivalent to the monthly dues required for membership (hereinafter, "representational fee") as a condition of employment.

Section 3 NEW CLINICAL LABORATORY SCIENTIST NOTICE

At the time a new bargaining unit member, who will be subject to this Agreement, is hired, Hospital shall deliver to the new bargaining unit member a written notice stating that Hospital recognizes the Union as the exclusive representative of bargaining unit members covered by this Agreement, and shall quote or paraphrase this Section.

Section 4 LIST OF COVERED CLINICAL LABORATORY SCIENTISTS

Upon execution of this Agreement, Hospital shall supply a list of all current bargaining unit members covered by this Agreement by name, social Security number, shift, date of hire, hourly pay rate and classification to the Union's office at 810 Clay Street, Oakland, CA 94607. Thereafter, Hospital shall supply the name, address, social security number, shift, date of hire, hourly pay rate and classification of all bargaining unit members covered by this Agreement hired or terminated during the preceding month, if there are no hires or terminations among bargaining unit members covered by this Agreement during a particular month, no list will be provided.

Section 5 USE OF SOCIAL SECURITY NUMBERS

The Union represents that it intends to use bargaining unit member social security numbers for its valid business purposes relating to its record keeping and dues collection functions only; and agrees that it will use its best efforts to keep bargaining unit member social security numbers confidential.

The Union agrees to indemnify and hold harmless Hospital from any and all claims and liabilities that result from the Union having been given bargaining unit member social security numbers. The Union further agrees that, where required, Hospital will provide social security numbers to the Union on lists (in hard copy and electronic format) separate from bargaining unit member addresses and telephone numbers.

Section 6 INDEMNIFICATION

The Union shall indemnify Hospital and hold Hospital harmless against any and all suits, claims, demands and liability that may arise out of the provisions of this Article.

ARTICLE 5

PAYROLL DEDUCTION OF UNION DUES AND LEAP

Section 1 PAYROLL DEDUCTION

During, the life of this Agreement, Hospital will deduct the Union membership dues from the salary of each bargaining unit member who voluntarily agrees to such' deductions, and who submits a standard written authorization to Hospital setting forth standard amounts to be deducted monthly. Said written authorization may be revoked by the bargaining unit member at any time upon the bargaining unit member delivering to Hospital written revocation of said authorization. Each month's deductions shall be made by Hospital and shall be remitted by Hospital to the Union.

Hospital agrees to implement dues increases pursuant to the dues check-off authorization of the Union, provided the Union has submitted an appropriate authorization for each bargaining unit member so affected and submits to Hospital a copy of the letter notifying the bargaining unit member of the dues increase.

Section 2 DUES DEDUCTION INDEMNIFICATION

The bargaining unit members and the Union hereby indemnify Hospital and hold Hospital harmless against any and all suits, claims demands and liability that may arise out of or by any reason or any action that shall be taken by the bargaining unit member or the Union in connection with said dues deduction.

Section 3 LEAP

Bargaining unit members can make contributions to the Union's Legislative Education and Action Program (L.E.A.P.) which is comprised of exclusively voluntary contributions, completely separate from Union dues monies, which can be used for legislative and political issues that impact Union membership. The Union will administer L.E.A.P. contributions by direction from bargaining unit members. It is understood by all parties that such contribution will be on an individual and. voluntary basis.

ARTICLE 6

NON-DISCRIMINATION

Neither Hospital nor the Union shall unlawfully discriminate against any bargaining unit member covered by this Agreement on account of age, sex, race, creed, color, national origin, sexual orientation, or physical or mental disability. There shall be no unlawful discrimination by Hospital against any bargaining unit member covered by this Agreement on account of membership in, or activity on behalf of, the Union. Likewise, there shall be no discrimination by the Union against any bargaining unit member or applicant.

ARTICLE 7

CLASSIFICATIONS AND WAGES

Placement on the Wage Schedule will be based on years of experience as a Clinical Laboratory Scientist and/or Medical Laboratory Technician (MLT), when applicable.

Clinical Laboratory Scientist I: CLS with less than 4 years of experience as a CLS are classified as CLS I and his/her wage step will be determined on the number of years of experience.

Clinical Laboratory Scientist II: CLS with 4 or more years of experience as a CLS are classified as CLS II and his/her wage step will be determined on the number of years of experience in the classification.

Per Diem bargaining unit members are paid 15% of their classification straight time hourly rate "in lieu of benefits." The current in lieu benefits differentials are 15% higher than the base rate for employees. These differentials are over and above the straight time rates set for Regular Full-time and Regular Part-time employees in the Agreement. Such compensation differential for "in lieu of benefits" employees has been bargained for and is intended to cover all benefits including additional paid time off for sick leave or other reasons. The parties agree that the "in lieu benefits" pay provision does cover the paid sick leave provisions, as legislated under California Labor Code Section 245.5(a)(1). Any and all other rights an employee may be entitled to under California Labor Code Sections 245-249 are hereby waived in exchange for this in lieu of pay differential.

Medical Laboratory Technician: The MLT's wage step will be determined by the number of years of experience in the classification. The Use of MLTs will not reduce the status hours of benefitted CLS or cause a lay-off of benefitted CLS positions. The ratio of MLT to CLS shall be as required by state law. (17 CCR Section 1032.5).

CLS Lead and Specialist Lead:

- 1) **Clinical Laboratory Lead:**
 - Minimum four years of laboratory experience
 - Current California CLS (Clinical Laboratory Scientist) license required
 - Specialty registration preferred
 - Demonstrated ability to lead and be a resource to others
- 2) **Clinical Specialist Lead:** has an ASCP Specialist license or equivalent - or has substantial experience in ensuring a technical department is inspection-ready and in presenting all appropriate documentation to inspectors.

There is no obligation that the Employers create or maintain the foregoing lead positions, and provided further that the employer retains the complete discretion and sole discretion to select individuals to serve in these positions. Decisions regarding the selection of individuals to serve as leads shall not be subject to the grievance and arbitration provision of this Agreement.

Shift Charge Pay

The intent of Shift Charge Pay is that the bargaining unit member receiving the Shift Charge Pay would perform Clinical Laboratory Lead or Clinical Specialist Lead duties on a temporary or rotating basis. The Shift Charge shall be designated by management. A titled Lead or Specialist Lead does not qualify for this premium. The Employers will pay Shift Charge Pay at an amount of \$2.50 per hour over a bargaining unit member's base rate of pay.

Section 2: Wages

Year 1: The Employers propose the following wage grid, which shall be implemented the first full pay period after ratification. It is a market adjustment.

	Step 1	Step 2	Step 3	Step 4	Step 5	10yr Step 6	15 yr Step 7
CLS	46.15	48.00	49.92	51.92			
CLS PD	53.08	55.20	57.41	59.70			
CLS II	49.95	51.95	54.03	56.19	58.44	60.19	62.00
CLS II, PD	57.45	59.75	62.14	64.62	67.21	69.22	71.30
CLS lead	54.95	57.15	59.43	61.81	64.28	66.21	68.20
CLS Specialist 6%)	58.25	60.58	63.00	65.52	68.14	70.18	72.29
					Step 4 is top of scale	Step 4 is top of scale	Step 4 is top of scale
MLT	40.13	41.74	43.41	45.15			

Year 2: Effective the first full pay period following May 23, 2018, an across the board increase of 3% for all bargaining unit members.

Year 3: Effective the first full pay period following May 23, 2019, an across the board increase of 3% for all bargaining unit members.

Section 3: Advancement

Step Advancement for CLS

CLS I-1	
CLS I-2	after 1 year
CLS I-3	after 2 years
CLS I-4	after 3 years
CLS II-3	after 4 years
CLS II-4	after 5 years
CLS II-5	after 6 years
CLS II-6	after 10 years, or after 5 years at CLS II-5

CLS II-7

after 15 years, or after 5 years at CLS II-6

Advancement to CLS II

A CLS I who, after at least one year as a CLS I at Step 4 shall receive a competency evaluation. Upon receipt of a satisfactory competency evaluation, the member will be promoted to CLS II, Step 3. The competency evaluation shall review the members' knowledge, skill and technical ability related to the members' role. If the member receives a less than satisfactory competency evaluation, the member shall be informed of the basis of the denial for advancement to CLS II.

MLT Advancement

The MLT shall advance on his or her anniversary, up to Step 4, which is top of scale, and thereafter shall have across the board advancement as negotiated.

Per Diem Advancement

No Per Diem shall advance to the next step until the Per Diem has worked at least 400 hours at his/her current step. In no event shall the Per Diem member advance steps prior to his/her 12 month anniversary date.

ARTICLE 8

CLASSIFICATIONS

Section 1 FULL-TIME DEFINED

A full-time bargaining unit member is one who is regularly scheduled to work at least eighty (80) hours within a bi-weekly period.

Section 2 PART-TIME DEFINED

A regularly scheduled part-time bargaining unit member is one who is regularly scheduled to work a minimum of forty (40) hours but less than eighty (80) hours within a bi-weekly period.

Section 3 LIMITED PART-TIME DEFINED

A limited part-time bargaining unit member is one who is regularly assigned a work schedule of less than 20 hours per week.

Section 4 TEMPORARY DEFINED

A temporary bargaining unit member is one who is hired to work for a period of time which does not extend beyond six (6) consecutive calendar months. Any Temporary bargaining unit member who works continuously for over six (6) consecutive months shall be reclassified to a regular bargaining unit member status except when replacing another bargaining unit member who is on an approved leave.

Section 5 PER DIEM DEFINED

A Per Diem bargaining unit member is one who is employed on an intermittent basis as required by Hospital.

ARTICLE 9

WEEKENDS

Working a weekend is defined as working on both Saturday and Sunday and, on the night shift, it shall be Friday and Saturday. No bargaining unit member shall be required to work more than three (3) consecutive weekends. If, due to emergency or operational circumstances, it becomes necessary for a bargaining unit member to work more than three (3) consecutive weekends, s/he shall be provided with two consecutive weekends off. Where mutually agreed to in writing, bargaining unit members may elect to work more consecutive weekends. This -article does not apply to bargaining unit members who are hired into or who bid into weekend positions, or positions that are posted as including more than every other weekend.

ARTICLE 10

SHIFT DIFFERENTIALS

Section 1 PM DIFFERENTIAL

Effective May 1, 2017 a differential of Four Dollars and Zero Cents (\$4.00) per hour shall be paid on top of a bargaining unit member's straight time hourly rate when scheduled and performing work on the PM shift defined as any shift on which the majority of hours fall between 3pm and 11pm.

Section 2 NIGHT DIFFERENTIAL

Effective May 1, 2017, a differential of Eight Dollars and Zero Cents (\$8.00) per hour shall be paid on top of a bargaining unit member's straight time hourly rate when scheduled and performing work on the night shift defined as any shift on which the majority of hours fall between 11pm and 7am.

Section 3 WEEKEND SHIFT DIFFERENTIAL

For all hours worked on weekend shifts the bargaining unit member will be paid an additional shift differential in the amount of Two Dollars and Zero Cents (\$2.00) per hour on top of his/her hourly rate and any applicable PM or night shift differential. For purposes of this section, a weekend means Saturday and Sunday, except for the night shift where it means Friday and Saturday.

ARTICLE 11

OVERTIME

Section 1 DAILY COMPENSATION

The following Overtime Premiums are available for all time worked in a work week, as defined - above.

1. Time worked over eight (8) hours in a day shall be paid at time-and-one-half (1.5 x) the bargaining unit member's regular rate of pay.
2. All work in excess of eight (8) hours per day, forty (40) hours per week or eighty (80) hours per pay period shall be paid at the rate of one and one half times (1.5x) the regular rate of pay.
3. Work in excess of twelve (12) hours shall be compensated at the rate of two (2x) times the regular rate of pay.
4. Time worked on the 7th consecutive day in a work week shall be paid at time-and-one-half (1.5x) the bargaining unit member's regular rate of pay for the first eight hours of work and two times (2x) the bargaining unit member's regular rate of pay for all hours after the first eight hours of work.

Section 2 AUTHORIZATION OF OVERTIME

All overtime worked by a bargaining unit member shall be authorized in advance, unless it is not possible to secure authorization in advance due to the emergency of a situation. The bargaining unit member shall record the overtime on the day overtime is worked, the reasons therefore, and the supervisor authorizing the overtime (if any), on a record as specified by the Hospital.

Section 3 REST BETWEEN SHIFTS

If a bargaining unit member does not have twelve (12) hours rest between shifts s/he works, s/he will receive time and one half (1-1/2) for all hours worked until twelve (12) hours have elapsed from the completion of her/his preceding shift worked. A bargaining unit member may waive the twelve (12) hours rest between shift to eight (8) hours rest between shifts provided that the bargaining unit member provides his/her supervisor with a written waiver. Time for which any premium pay is paid shall count as rest time for purposes of this paragraph.

Section 4 REPORTING PAY

A bargaining unit member who reports for a scheduled shift without notice that the shift has been canceled and is not provided with work for at least half of the scheduled hours shall be entitled to be paid for half the scheduled hours which in no case will be less than a minimum of two (2) hours.

ARTICLE 12

STAND-BY AND CALL-BACK

Section 1 STAND-BY

Stand-By Duty. Stand-By Duty is defined as a scheduled assignment for bargaining unit members to stand by and be available for work should the need arise. Any full-time regular or part-time regular bargaining unit member "on stand-by" shall receive one-half (1/2) the straight time hourly rate of pay while said bargaining unit member is on stand-by. There is no guarantee for any hours to be worked by a bargaining unit member on stand-by. Stand-by pay on all holidays listed in this Agreement shall be at three-quarter (3/4) of the straight time hourly rate.

Section 2 CALL-BACK WHILE ON STAND-BY

- A. Call-Back Defined. Call-Back is defined as a call to a bargaining unit member to return to work after the bargaining unit member has left the premises of the Hospital, and prior to the bargaining unit member's next scheduled shift. For purposes of this Article, the Hospital shall give notice by (1) reaching the bargaining unit member by telephone; or (2) attempting to reach the bargaining unit member by telephone and documenting the attempt, the date, time and the call, and the result of the attempt.
- B. Premium Pay While On Stand-By. If a regular full-time or regular part-time bargaining unit member is called back to work while on stand-by, the bargaining unit member shall receive one and one-half (1-1/2) times the straight time hourly rate for all time actually worked (with a minimum of one-half hour), in addition to the compensation for being on stand-by, thereby providing double time for the time actually worked.
- C. Premium Pay While Not on Stand-By. Regular full-time and regular part-time bargaining unit members who are called back to work after having left the Hospital premises will be guaranteed a minimum of-four (4) hours work or four (4) hours pay. Pay in lieu of work shall be at the straight time hourly rate. Pay for time actually worked shall be at the rate of two (2) times the straight time hourly rate.

ARTICLE 13

EMERGENCY TELEPHONE CONSULTATION/CONSENT

When a bargaining unit member has sought all resources on-site, and sought consultation with management and/or supervisors in person or by telephone or e-mail, and after being authorized by his or her immediate supervisor, the bargaining unit member may call a person designated on the resource list with the appropriate technical expertise to respond to a technical-related issue that must be immediately addressed. The associate responding to the call shall be paid in accordance with California State Wage and Hour Laws.

The person placing the call must document the reason for the call on the form provided by Hospital.

ARTICLE 14

NO PYRAMIDING

Notwithstanding any provisions herein set forth, there shall be no pyramiding of overtime on overtime, nor shall overtime be required to be paid in addition to specific premium pay except as to differentials and holidays.

ARTICLE 15

SCHEDULED WORKING HOURS

Section 1 SCHEDULING

Hospital agrees to post a tentative working schedule of all bargaining unit members who are regularly assigned shifts for the next four (4) weeks. The tentative working schedule will be posted in a conspicuous place at least fourteen (14) calendar days in advance of the date the four (4) week schedule is to begin. Any change to posted scheduled working hours (other than temporary staffing reductions) requires the agreement of the bargaining unit member except in unforeseen, emergent or unusual circumstances in which Hospital will give as much notice of the schedule change(s) as is possible under the circumstances. Hospital will make a reasonable effort to seek volunteers from among bargaining unit members present at the facility before imposing a schedule change during unforeseen, emergent or unusual circumstances.

Section 2 SHIFT ASSIGNMENTS

If, due to emergency or operational circumstances, it becomes necessary to change a bargaining unit member's shift assignment temporarily, Hospital may introduce a shift rotation procedure that shall be applied by all qualified bargaining unit members at Hospital, taking turns based on rotational seniority starting with the least qualified bargaining unit member.

If, due to emergency or operational circumstances, it becomes necessary to change a bargaining unit member's shift assignment permanently, and if no regular bargaining unit member is

available for the shift change, the least senior regular bargaining unit member qualified to perform the available work will be assigned to that shift.

Section 3 REST AND MEAL PERIODS

Each bargaining unit member shall be granted a rest period of fifteen (15) minutes during each four (4) hours of work, without deduction in pay. A bargaining unit member who misses one or more breaks during a shift shall be paid a penalty of one hour's pay, at the employee's straight time rate of pay, which includes shift differentials.

Bargaining unit members who work scheduled shifts of five (5) hours or more are entitled to a duty-free unpaid meal period or thirty (30) minutes. A bargaining unit member who misses his/her meal period shall be paid a penalty of one hour's pay, at the bargaining unit member's straight time rate of pay, which includes shift differentials.

"Penalty Pay" hours as described in this Article do not qualify as hours worked in the calculated overtime.

ARTICLE 16

SCHEDULED WORKING HOURS OF PER DIEMS

1. Per Diem bargaining unit members shall submit their availability in writing (including days of the week, shifts and current phone number(s)) at least two (2) weeks prior to the posting of the next four (4) week schedule.
2. Minimum availability. Per Diem bargaining unit members must be available for a minimum of five (5) shifts of at least eight (8) hours for each four (4) week schedule. At least two (2) of the available five (5) shifts must be weekend shifts.
3. All Per Diem bargaining unit members are required to be available to work at least two (2) holidays per year, one (1) of which must be Thanksgiving, Christmas or New Year's Day.
4. Per Diem bargaining unit members have no guarantee of hours and use of such bargaining unit members shall be at the complete discretion of Hospital.
5. Failure to submit availability. A Per Diem bargaining unit member who fails to make himself or herself available for two (2) consecutive four (4) week schedules will be considered to have voluntarily resigned his/her employment.
6. Notice of Unavailability. If a Per Diem bargaining unit member desires to be unavailable for a period time not to exceed sixty (60) calendar days, the Per Diem bargaining unit member will submit the request in writing. If Hospital authorizes the period of unavailability, the provisions of paragraph 5 above will not apply during the period of time authorized by Hospital.

ARTICLE 17

PAID TIME OFF/EXTENDED LEAVE OF ABSENCE

Paid Time Off Program.

1. Eligibility and Coverage.

a. Paid Time Off Program shall apply only to regular full-time and regular part-time bargaining unit member. Limited part-time, temporary and per Diem, bargaining unit member are not eligible to participate in the PTO program. PTO hours accrue immediately upon employment in a regular full time position or regular-part-time position.

b. The PTO program is in addition to jury duty pay, paid educational leave, and bereavement leave.

2. Accumulation of Paid Time Off and ESL

a. PTO Accumulation Schedule

Regular full-time bargaining unit member and regular part-time bargaining unit member shall accrue PTO in accordance with the schedule given below, based upon their continuous length of regular employment.

Each bargaining unit member shall have their PTO account credited with any PTO hours that were accumulated, but not taken, as of the date of ratification of this collective bargaining agreement. No Regular bargaining unit member shall lose any PTO hours accrued, but not taken.

For each two-week pay period, regular part-time associates shall accrue benefits available to a full-time associate on a pro-rated basis on actual hours worked.

From the 1st day of the described pay period through the pay period in which one year of continuous regular employment is completed.

Continuous years of regular employment	PTO Hours Accrued per Pay Period	Days Per Year
0-1 year	8.62 hrs.	28
2-4 years	10.16	33
5-9 years	11.39	37
10 and above years	12.62	41

b. Extended Sick Leave Accumulation Schedule (ESL).

Regular full-time bargaining unit member and regular part-time bargaining unit member shall accrue ESL in accordance with the schedule below:

ESL Hours Accrued per Pay Period for Full-Time CLS	Maximum ESL Per 12 months of continuous employment
1.85 hrs.	6 days

ESL Hours Accrued per Pay Period for Part-Time CLS	Maximum ESL Per 12 months of continuous employment
0.925 hrs.	3 days

There shall be a maximum cap of seven hundred twenty (720) hours on the amount of ESL that may be accumulated. Bargaining unit members who have in excess of seven hundred twenty (720) hours as of April 30 2014 shall be frozen at the amount of hours accrued as of that date. A bargaining unit member with an ESL balance above the seven hundred twenty (720) hour balance will not accrue additional ESL until such time that the bargaining unit member's balance falls below the seven hundred twenty (720) hour balance.

c. Unpaid Absences.

If a Clinical Laboratory bargaining unit member is on unpaid status with the Employer (e.g., unpaid leave of absence, layoff, unpaid disciplinary status) for an entire pay period, there will be no accumulation of PTO/ESL for that pay period. "Unpaid status" means that there were no "paid straight-time hours" in that pay period.

3. Scheduling and Use of PTO.

- a. PTO can be used for vacations, paid holiday time off, religious observances, dental or doctor visits, personal or family needs or business, education, personal illness of three (3) scheduled workdays or less, and/or as secondary pay to supplement State Disability Insurance or Workers' Compensation, or any other reasons deemed appropriate by the Clinical Laboratory bargaining unit member.

If the bargaining unit member has insufficient PTO to cover his/her absence of 3 days or less, those days will be without pay.

Requests for PTO regardless of seniority, will be granted before any conflicting requests for unpaid time off are considered. Furthermore, requests for unpaid time off by individual bargaining unit members will not be granted if the bargaining unit member still has PTO hours or ESL whichever applies exceptions are;

- (1) A bargaining unit member can elect not to use PTO for a holiday scheduled off.
- (2) A bargaining unit member can elect not to use PTO for his/her own medical disability days preceding eligibility for ESL.
- (3) A bargaining unit member can elect not to use PTO for a physical disability leave upon the exhaustion of ESL, and, to request instead an unpaid leave.
- (4) Bargaining unit members who are on the Bargaining Team may elect not to use PTO to attend bargaining.
- (5) PTO requests shall not be unreasonably denied because of the season of the year.
- (6) Advance Requests for One Work Week or More of PTO bargaining unit members shall submit their PTO preference dates to their manager. Department managers may use yearly cut-off dates for bargaining unit members to submit their PTO requests. Requests for PTO should normally be submitted no later than 30 days prior to requested dates.
- (7) If staffing, scheduling, or patient care or work requirements do not permit the approval of all PTO requests submitted by bargaining unit members, then the bargaining unit member's seniority shall be the determining factor within each work area and classification.
- (8) Other PTO Requests shall be submitted in writing at least one week in advance of the posting of the schedule covering such day or days. If all such requests cannot be granted, then seniority shall govern, subject to the following:
 - (a) Seniority will not govern if a less senior bargaining unit member's PTO request has already been approved.
- (9) On approval of Human Resources, Clinical Laboratory bargaining unit members may donate unused PTO hours to another bargaining unit member who has experienced an

unforeseeable medical emergency as defined by the IRS. Laboratory Scientists must maintain a minimum PTO balance of eighty (80) hours after the donation.

- (10) On approval of Human Resources, bargaining unit member may donate unused PTO hours to another employee who has experienced an unforeseeable emergency as defined by the IRS. Bargaining unit members must maintain a minimum PTO balance of forty (40) hours after the donation.

4. Use of ESL

a. ESL is to be used for absences from work that exceed three (3) consecutive workdays or five (5) calendar days, whichever is earlier, and that are necessary because of the bargaining unit member's own physical disability. If the bargaining unit member is hospitalized or has same day surgery at an outpatient surgery center or hospital, ESL may be used commencing with the first day of hospitalization or same day surgery. Bargaining unit member may use a maximum of three (3) days of ESL each calendar year to attend to the illness of a bargaining unit member's child, parent, spouse or legally domiciled adult. A bargaining unit member must have completed one full year of employment as a regular bargaining unit member to be eligible to use ESL for the care of a family member as defined above. Guidelines covering ESL for a bargaining unit member's own illness apply to the use of ESL for family illness. A bargaining unit member can elect to use PTO for the three (3) or five (5) day waiting period. Appropriate documentation of the family member illness is required for a bargaining unit member to access ESL for the care of a family member.

b. Reasonable medical or other verification or information may be requested by the Employer regarding unplanned absences for the use of ESL. Such information or verification also may be required upon a bargaining unit member's return from an illness or injury, or if the Employer believes a question exists as to the bargaining unit member's ability to work.

c. PTO/ESL is to be used in increments of eight (8) hours unless one of the following exists:

- (1) Advance approval is obtained for less than eight (8) hours;
- (2) The bargaining unit member's regular shift is greater or less than eight hours, in which case PTO/ESL hours equal to the shift shall be used; or,

(3) The bargaining unit member is eligible for State Disability or Worker's Compensation payments, in which case ESL shall be integrated to supplement such payments; or,

(4) An emergency requires the bargaining unit member's absence for less than a full shift, in which case the Employer may excuse the bargaining unit member from the full shift, with equivalent PTO/ESL hours being used, or it may require that the bargaining unit member report back to work.

d. PTO/ESL hours shall be paid at the straight-time rate in effect as of the date PTO/ESL is used (or cashed in, in the case of PTO) plus any shift differential/premium to which the Clinical Laboratory bargaining unit member may be entitled.

e. Upon termination from employment, bargaining unit member shall be paid for all accumulated PTO hours at the straight-time rate in effect plus any shift differential/premium to which the bargaining unit member may be entitled. There shall be no cash payoff of ESL hours.

f. Bargaining unit member has the option of using PTO hours for hours-of-Reduction-at-Staff (ROS).

g. If a bargaining unit member changes his/her status from regular full-time or regular part-time to per diem, all accrued unpaid PTO will be paid out by the pay period following the effective date of the status change.

h. In cases where a bargaining unit member is eligible to receive disability benefit payments (State Disability Insurance or Workers' Compensation), the bargaining unit member shall apply for such benefits. To the extent that the disability payments do not equal the bargaining unit member's normal wages, the bargaining unit member's ESL (or PTO if elected by the bargaining unit member, if applicable) shall be used in an amount sufficient to equal but not exceed the bargaining unit member's straight-time rate of pay and any shift differential for which the bargaining unit member may be entitled. Where ESL/PTO is subject to integration with State Disability Insurance or Workers Compensation, it shall be paid promptly even if information as to the precise amount of State Disability Insurance or Workers' Compensation payments are not immediately available.

i. If PTO is to be used for a leave, however, the bargaining unit member must use it immediately upon exhaustion of ESL and it must be used for consecutive workday(s) thereafter. Prior to the exhaustion of ESL the bargaining unit member must advise the Employer in writing of

his/her desire to use PTO. For purposes of this paragraph only, a leave is to be construed as a physical disability absence exceeding three (3) workdays or five (5) calendar days, unless the Clinical Laboratory bargaining unit member is hospitalized.

j. PTO/ESL can only be used on scheduled Workdays.

k. Upon one week's written notice from the bargaining unit member, the PTO pay for which the bargaining unit member is eligible for time off of two (2) weeks or longer shall be available to him/her immediately prior to the commencement of the bargaining unit member's time off period. Further, if the bargaining unit member PTO covers more than one pay period, there shall be separate checks for each pay period.

5. PTO Cash Out

PTO hours may be accrued to a maximum of 400 hours for the term of the collective bargaining agreement.

PTO may be "cashed out" as follows: bargaining unit member may irrevocably elect to cash out PTO two times during the calendar year under the following guidelines:

(1) The bargaining unit member's PTO account may not be reduced below eighty (80) hours after cash out.

(2) The Employer will cash out during the first pay period of July and December, any PTO elected by the bargaining unit member for cash out that has not been used. A bargaining unit member must elect the number of PTO hours to cash out by the preceding December for a July cash out, and by June for a December cash out. An election to cash out PTO will apply only to PTO that accrues in the six month period after the election is made.

6. Pay for Holidays Worked.

a. Recognized holidays for the purpose of this Section are as follows:

New Year's Day
Martin Luther King, Jr. Birthday (3rd Monday in January)
President's Day (3rd Monday in February)
Memorial Day (last Monday in May)
Independence Day (4th of July)
Labor Day (1st Monday in September)
Thanksgiving Day
Christmas Day

A Day, PM or Night shift bargaining unit member works a holiday shift when the major portion of the shift falls on one of the above days.

b. If a bargaining unit member works one of the above holidays, the bargaining unit member shall receive payment at time and one-half times (1.5X) the bargaining unit member's straight-time rate for all hours worked on such holiday. Exceptions are:

If a bargaining unit member requests Christmas Day and/or the following New Year's Day off, and is required to work on both holidays, the bargaining unit member shall receive two times (2X) his or her straight time rate for New Year's Day; or,

A bargaining unit member assigned to the p.m. shift may submit a request to observe the Christmas Day holiday on December 24 and/or observe the New Year's Day holiday on December 31. Such a request is to be submitted by the bargaining unit member at least 30 days in advance of the holiday. If the bargaining unit member's request is granted by the Employer and the bargaining unit member is then scheduled off on December 24 and/or December 31, such day off shall constitute the bargaining unit member's Christmas and/or New Year's Day holiday off, and payment for work performed on December 25 and/or January 1 shall be a non-holiday.

The Employer will use its best efforts to grant each bargaining unit member who requests it, at least one (1) of the following two (2) holidays off: Christmas Day and the following New Year Day. Where there are numerous holidays requests for the same shift, seniority will govern, but each bargaining unit member (if possible, due to Staffing and scheduling) shall be granted one of these two major holidays off before any bargaining unit member is granted both major holidays.

ARTICLE 18

HEALTH INSURANCE

Section 1. GENERAL PROVISIONS

A. Coverage. Health Insurance coverage shall be limited to Regular Full-time and Regular Part-Time bargaining unit members. Coverage for new Regular bargaining unit members shall commence as of the first of the month following completion of the bargaining unit member's waiting period. In the case of resignation or termination, coverage shall terminate as of the last calendar day in the month of termination.

1. LDA Coverage (other than Registered Domestic Partner who will remain eligible for the medical, dental and vision plans). Current identified as Legally Domiciled Adults ("Grandfathered LDAs")

shall continue to be eligible for dependent medical, dental and vision coverage provided they are qualified tax dependents and reside at the same resident address on the bargaining unit member's Federal Income Tax, and can provide periodic proof of their tax dependent qualification. However, effective December 31, 2009, LDA dependents age 65 or older shall be terminated from all insurance coverage. Grandfathered LDAs: who reach age 65 after December 31, 2009 will be terminated from coverage as of the last day of the month in which he/she turns age 65. The LDA coverage option will cease (except for Registered Domestic Partners) for future LDA enrollments.

2. Payroll Deduction or Payments. Bargaining unit member contributions for medical, dental and vision shall be made through the IRS Section 125 Plan (on a pre-tax basis) as permitted by law. Bargaining unit members on unpaid leave of absence who are eligible to continue medical coverage shall submit payments directly to Hospital (or the designated service provider). Coverage shall terminate if the required deductions or payments are not made during the month.

3. Duplicate coverage, duplicate coverage for dependents covered by two (2) or more bargaining unit members will be eliminated (based on date of birth) upon ratification of the contract.

Section 2. MEDICAL BENEFITS

Effective August 21, 2017 [90 days of the ratification of the Agreement], the Employers shall make available two comprehensive medical plans as proposed by the Employers, i.e., the Verity hospital-based EPO ("EPO") plan and Verity hospital-based PPO/Buy-Up ("PPO") plan options for all benefit eligible regular full-time and regular part-time bargaining unit members. These plans shall be as proposed by the Employers on March 13, 2017 and March 23, 2017.

Effective August 21, 2017 [90 days of the ratification of the Agreement], with respect to EPO coverage only, the Employers shall pay one hundred percent (100%) of the premium cost of the Employee, Spouse and Family coverage for all benefit eligible full-time bargaining unit members and part-time bargaining unit members, subject to the plan's eligibility requirements.

With respect to benefit eligible bargaining unit members who elect the PPO/Buy-Up plan only, the Employers will contribute the same dollar amount (equal to the Employer's contributions for EPO coverage) towards the cost of the PPO/Buy-Up plan and the bargaining unit member will contribute the difference through payroll deductions.

For calendar year 2017, benefit eligible bargaining unit members electing the

PPO/Buy-Up will pay the following:

1. Employee only - \$31.85/pay period
2. Employee & Children - \$57.31/pay period
3. Employee & Adult - \$66.86/pay period
4. Employee & Family - \$98.69/pay period

These contributions shall be adjusted on a calendar year basis each year of this Agreement. Advance notification of the increases shall be provided with the annual open enrollment. Annual increases for Local 20 shall not exceed the increases for any other bargaining unit.

Section 3. DENTAL PLANS

The Employers will provide a basic dental plan fully paid by the Employers for the bargaining unit member and his/her dependents (including spouse, registered domestic partner and children). The Employers will maintain the PPO Dental plan, if any, on the same terms as currently provided to bargaining unit members.

Section 4. VISION PLAN

The Employers will continue to offer a vision benefit plan fully paid by the Employers for the bargaining unit member and his/her dependents (including spouse, registered domestic partner and children).

The Employers will continue to offer a voluntary vision Buy-Up option. Any bargaining unit member electing this Buy-Up option will pay the difference between the Buy-Up and the standard vision option.

Section 5. VOLUNTARY SHORT TERM DISABILITY PLAN.

The Employers will continue to offer a voluntary Short Term Disability Plan Option on a bargaining unit member paid basis.

Section 6. VOLUNTARY LONG TERM CARE PLAN

The Employers will continue to offer a voluntary Long Term Care Plan option on a bargaining unit member paid basis.

ARTICLE 19

GROUP LIFE INSURANCE

The Employers will provide each Regular bargaining unit member working a predetermined work schedule of not less than twenty (20) hours per week with a group life insurance policy that

will provide a benefit equal to at least \$10,000 or one times (1x) the bargaining unit member's base pay, whichever is greater. Base pay is defined as the bargaining unit member's hourly base rate times his/her regularly scheduled hours per pay period times the number of pay periods per year. The coverage will be effective on the first day of the month following completion of thirty (30) calendar days of continuous employment as a Regular Full-Time or Regular Part-Time bargaining unit member. However, when a Temporary bargaining unit member is reclassified to Regular Full-Time or Regular Part-Time status, coverage will be effective the first day of the month following such reclassification.

The Employers will pay the full cost of premiums for group life insurance for each eligible bargaining unit member who qualifies for non-smoker rates, bargaining unit members who do not qualify for non-smoker rates will be required to pay the additional cost, if any, of premiums above the non-smoker rates.

Bargaining unit members may also continue to purchase additional life-insurance as well as dependent life for spouse and child(ren) at group rates.

LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

bargaining unit member life insurance is \$10,000 with premium paid by Hospital. Accidental Death and Dismemberment insurance benefit is \$10,000 with the premium paid by Hospital.

LONG TERM DISABILITY (LTD)

60% of base pay with premium paid by Hospital.

ARTICLE 20

RETIREMENT

Pension

St. Louis will continue to offer the DCHS Retirement Plan Account (the "RPA Plan") to all eligible regular Part-Time and Full-Time bargaining unit members as well as eligible per diem bargaining unit members, each in accordance with RPA Plan terms.

As of March 1, 2011, the RPA Effective Date for bargaining unit members, all benefits accrued up to such date Under the Verity Health System Retirement Plan and the RPHE Plan were frozen.

Bargaining unit members who were employed as of March 1, 2011, the RPA Effective Date, shall receive the following contributions pursuant to the following schedule:

Years of Service	Contribution Rate
0-9	3%
10- 14	5%

15-19	7%
20-24	9%
25-29	11%
30+	12%

Bargaining Unit Members hired after March 1, 2011 shall receive the following RPA contributions pursuant to the following schedule:

Years of Service	Contribution Rate
0-9	3%
10-14	5%
15+	7%

403(b) Plan

Hospital will match contributions made to Hospital-Sponsored 403(b) Plan. The match benefit will be provided through Hospital-Sponsored 401(a) Plan and subject to the terms and conditions of the Plan. Pursuant to this provision, Hospital will contribute \$0.35 to a bargaining unit member's 401(a) Plan account for every \$1.00 that a bargaining unit member contributes, for all of the bargaining unit member's contributions up to a maximum of 5% of the bargaining unit member's total annual compensation (i.e., maximum 1.75% of total annual compensation).

Retiree Health.

1. Health coverage made available from early retirement (age 55 or later) until attainment of age 65 ("bridge" to Medicare eligibility). Applicable to bargaining unit members only.
2. Retiree coverage provided via active employee health plans.
3. Coverage is provided to bargaining unit member who terminates employment after attaining age 55 and completes at least 10 years of service.
4. The portion of retiree health cost (COBRA rates) paid by the Employers is based on bargaining unit member's years of service at time of termination is as follows:

More than 10, but less than 15:	0%
More than 15, but Less than 20:	25%
More than 20, but less than 25:	50%
More than 25 years of service:	75%

5. Scientists will be given past service credit to date of hire.

The maximum monthly COBRA premium is \$500, then applicable years of service percentage is applied.

Based on the \$500 monthly COBRA premium, the maximum employer monthly contribution per retiree with differing service levels would be:

More than 10, but less than 15: \$0
More than 15, but less than 20: \$125 per month
More than 20, but less than 25: \$250 per month
More than 25 years of service: \$375 per month

ARTICLE 21

LEAVES OF ABSENCE

EDUCATION LEAVE

Each regular full-time and part-time bargaining unit member shall be entitled to forty (40) hours leave with pay each year, prorated based on status for part-time bargaining unit members based on hours worked to attend or complete courses, institutes, workshops or classes of an educational nature. The bargaining unit member will submit and get approval for said educational leave in advance and the activity will meet a requirement for CEUs needed for re-licensure by the State of California or for other accreditation related to laboratory work. Educational leave will not be unreasonably denied.

Twenty (20) hours of educational leave may be used for home study or on-line courses (part-time associates shall receive a pro-rated number of hours based on their status).

BEREAVEMENT LEAVE

Definition of Family

Except as set forth herein, "immediate family," for purposes of this section means spouse, legally domiciled adult, children, sister, brother, parents, legal guardians, current parents-in-law including daughter and son-in-law, grandparents, grandchildren, registered domestic partner, their parents and children, step relative (parent, child, sibling), and foster children.

When a death occurs in the immediate family of a benefited bargaining unit member, he/she shall be entitled to a leave of absence of up to forty (40) hours with pay within seven (7) days of the death. Limited Part-time and Per Diem bargaining unit members may be excused from work for up to three (3) days without pay.

In the case of death of an immediate family member as defined above, the bargaining unit member shall be entitled to an additional leave of absence of two (2) days without pay at the bargaining unit member's request. The bargaining unit member and the Employer may agree to extend the period of bereavement leave. For any such agreed extension the bargaining unit member may use PTO or take an unpaid leave at the employer's discretion. The Employer will not unreasonably deny such requests.

LEAVES OF ABSENCE

A bargaining unit member who is on an approved Physical Disability Leave of Absence will have his/her group health plan coverage continued during the leave, while the bargaining unit member is on paid status at the level and under the conditions coverage would have been provided if the bargaining unit member had not taken such leave. Beginning on the first (1st) day of the first full month during which a bargaining unit member is no longer on paid status the bargaining unit member may elect to continue such group health plan coverage under COBRA by paying the cost of such coverage as provided under COBRA, subject to the terms, conditions and limitations of the federal COBRA statute.

A. Medical Leave.

1. Bargaining unit members who have completed ninety (90) days of employment shall be eligible for leave of absence for medical reasons. Such leave(s) shall not exceed six (6) months in a rolling twelve (12) month period, unless extended only by mutual agreement between the bargaining unit member and the Employer.

2. In order to be eligible for medical leave, the bargaining unit member must provide the Employer's Human Resources department with medical certification, in advance where practicable and foreseeable, such certification to include the probable duration and confirmation that the bargaining unit member is unable to perform his/her job duties due to the medical condition.

3. Benefits under this Agreement shall be maintained during paid portions of leave and/or during any portion of the leave that qualifies as FMLA or CFRA leave, as provided below. Beginning on the first day of the month following the exhaustion of paid time and/or the maximum FMLA/CFRA leave, the bargaining unit member may elect to continue benefit coverage under COBRA by paying the cost of such coverage as provided under COBRA.

B. FMLA/CFRA.

1. Bargaining unit members continuously employed by the Employer for twelve (12) consecutive months and who have worked at least 1250 hours within the twelve (12) months preceding the commencement of the leave shall be eligible for Family Medical Leave in accordance with the provisions of the federal Family Medical Leave Act (FMLA) and the California Family Rights Act (CFRA). Such leaves shall be made available for;

- a. The birth of the bargaining unit member's child, or receipt of a child in foster care or adoption;
- b. The care of a bargaining unit member's immediate family member. For the purposes of this provision, members of the immediate family are defined as the bargaining unit member's spouse, parents, child, registered domestic partner or the child of a registered domestic partner.

c. A serious medical condition of the bargaining unit member.

d. Care for an injured service member: An eligible bargaining unit member who is the spouse; son, daughter, parent, next of kin or registered domestic partner of a covered U.S. Armed Forces service member who incurs an illness or injury in the line of duty. Such eligible bargaining unit members shall be entitled to a total of twenty-six (26) workweeks of leave during a twelve (12) month period to care for the service member. The leave described in this paragraph shall only be available during a single twelve (12) month period.

2. Upon return to work following a qualifying FMLA/CFRA leave, the bargaining unit member shall be reinstated to the same position, classification, unit, and shift held by the bargaining unit member at the time of the commencement of the leave.

C. Pregnancy Disability Leave

Bargaining unit members disabled due to pregnancy or pregnancy-related conditions shall be eligible for a maximum of four (4) months unpaid leave of absence, in addition to CFRA leave, in accordance with the provisions of California Law.

Upon return to work following a pregnancy leave, the bargaining unit member shall be reinstated to the same position, classification, unit, and shift held by the bargaining unit member at the time of the commencement of the leave.

D. Work-related Disability Leave

1. The Employer shall grant a leave of absence to a bargaining unit member who is unable to work due to a work-related injury. During the leave, all health and welfare benefits shall continue for up to one (1) year or to the date that the bargaining unit member is deemed to be Permanent and Stationary, whichever occurs earlier. When the bargaining unit member does not return to work, he/she may elect to continue his/her benefit under COBRA by paying the cost of such coverage.

2. The Employers shall make every reasonable effort to assist the bargaining unit member and return him/her to work after a work-related injury, including an offer of modified (light) duty for at least ninety (90) days, return to the bargaining unit member's former position upon release for work, or retraining to an available position with the Employers, if the bargaining unit member is no longer able to perform the work of his/her former position.

3. Bargaining unit members returning from work-related disability leave shall be entitled to reinstatement to the same position, classification,

unit, and shift as held by the bargaining unit member at the commencement of the leave.

4. A bargaining unit member who, because of a work-related injury, is medically-determined to be permanently disabled and unable to return to his/her former position shall be entitled to any vacant position for which he/she is then qualified. If all other options have been exhausted and a bargaining unit member is medically-determined to be permanently disabled and is unable to return to his/her former position even with reasonable accommodations under the Americans With Disabilities Act (ADA) or to any vacant position for which he/she may be qualified, such bargaining unit member may be replaced.

E. Voluntary Leaves for Disaster Services

1. Policy Statement

When a significant disaster occurs, the Employer is committed to providing voluntary assistance to governmental agencies and non-profit agencies that may request our services. Response to all such requests must be approved in advance by the Employer's Chief Executive officer or designee. Voluntary leave for disaster service by bargaining unit members will only be approved if such leave does not unduly impact the Employer's operations, including health care delivery to patients. Denial of such leave shall not be subject to the grievance and arbitration provisions of the Agreement.

2. Definition of "Disaster" and "Designated Agency"

A "disaster" is defined as an event officially declared as such by federal, state or local government or an agency designated by the IRS as a Section 501(0)(3) not for-profit, charitable organization (e.g. American Red Cross) a designated agency.

3. Employer-Initiated Requests for Voluntary Disaster Service

The cases where the Employer's request voluntary disaster service of their bargaining unit members in response to requests in times of crisis from federal, state or local governmental entities or designated agencies as defined above, the following will apply:

a. Eligibility

Any bargaining unit member will be considered eligible unless such bargaining unit member has a documented record of current unsatisfactory job performance.

b. Procedures

Written agreement for leave for voluntary disaster service for up to 30 calendar-days in a calendar year may be obtained from the bargaining unit member's manager provided that the number of bargaining unit members absent for voluntary disaster service does not unduly impact the Employers' operations. Extension of voluntary service greater than 30 calendar days in a calendar year must be approved by the appropriate vice president or his or her designee. In the case where the number of represented bargaining unit members responding to an Employers initiated call for volunteers exceeds demand, selection shall be made in accordance with contract seniority, provided all other provisions of this policy are met.

c. Compensation and Benefits

A bargaining unit member who volunteers for disaster service in response to a request from the Employer on behalf of a governmental entity or designated agency will be reimbursed for actual hours of volunteer duty up to a maximum of eight (8) hours in a day and forty (40) hours in a week at the bargaining unit member's regular rate of pay while performing Volunteer disaster service.

Bargaining unit members continue to accrue seniority and service credit and be eligible for benefits, subject to existing group insurance provisions during the time of the approved leave, at the expense of the Employer.

In order to receive compensation under this policy, the bargaining unit member shall submit documentation of the hours of volunteer service for each day of volunteer duty.

d. Travel Expenses

Bargaining unit members who volunteer for duty in response to an Employer's initiated request shall be covered by the provisions of the Employers' National Travel Policy.

4. Bargaining unit member-initiated Requests for Volunteer Disaster Service

When bargaining unit members, on their own wish to volunteer to assist during a disaster, the following will apply.

a. Eligibility

Any bargaining unit member will be considered eligible unless such bargaining unit member has a documented record of current unsatisfactory job performance.

b. Procedures

Written application for leave for voluntary disaster service for up to 30 calendar days in a calendar year may be approved by the bargaining unit member's manager. Requests for voluntary service greater than 30 calendar days in a calendar year must be approved by the appropriate vice president or his or her designee.

The Employers will grant time off for short-term leaves of up to 30 calendar days in a calendar year to eligible bargaining unit members for official volunteer duty as long as the Employers

receive reasonable notice, provided that the number of bargaining unit members absent for voluntary disaster service does not unduly impact the Employers operations. In the case where represented bargaining unit members request for voluntary leave for disaster service are numerous, the Employer will select the bargaining unit members in accordance with contract seniority, provided all other provisions of this policy are met.

c. Compensation and Benefits

A bargaining unit member who requests mid receives approval for leaves for voluntary disaster service on his or her own initiative, apart from any Employer's request from a governmental entity or designated agency, will be on unpaid leave during the period of volunteer service, unless the bargaining unit member elects to use accrued paid time off.

While on bargaining unit member-initiated unpaid voluntary disaster service, bargaining unit members continue to accrue seniority and service credit and be eligible for benefits, subject to existing group insurance provisions, during the time of the approved leave, at the Employer's expense, provided such leave is for a period of 30 calendar days or less. After voluntary disaster leaves of 30 calendar days or less, the bargaining unit member will be reinstated into their regular position.

F. Union Leave

One (1) bargaining unit member at a time who becomes a paid staff member of the Union shall be granted an unpaid leave of absence of up to one (1) year for Union business, patient care permitting. Upon completion of the leave of absence the bargaining unit member will be returned to his/her former job, if available, or to a comparable position in the same classification, shift, and work hours.

Upon a two (2) week written notice from the Union to the Employer's Director of Human Resources or Vice President of Human Resources, prior to the posting of the monthly work schedule which includes the desired time off, one (1) bargaining unit member at any given time will be granted an unpaid leave of up to two (2) weeks from work for the purposes of engaging in Union business, including but not limited to Union Conventions, meetings, conferences, and other activities, patient care permitting. The bargaining unit member shall not suffer any loss of seniority or other benefits as a result of such leave.

G. Military Leave

Military leave of absence shall be granted to eligible bargaining unit members who are absent from employment in order to perform duty, on either a voluntary or involuntary basis, in the uniformed services of the United States. Eligibility for military leave, and all other rights and obligations in connection with such leave, shall be in accordance with, and fully governed by, the Uniformed Service Employment and Reemployment Rights Act of 1994 (USERRA).

A bargaining unit member who is the spouse or registered domestic partner of a service member of the U.S. Armed Forces deployed in a combat zone during a period of military conflict may take up to ten (10) days of unpaid leave. To be eligible for such a leave, no bargaining unit member must be regularly scheduled to work twenty (20) or more hours a week, and must submit documentation to the Employer of his/her intention to take such a leave within two (2) business days of receiving notice that the service member will be on leave from deployment.

H. Kin Care Leave.

A regular full time or regular part time bargaining unit member may use as much as one-half of his/her annual PTO accrual amount for time off to care for a sick child, parent, spouse, registered domestic partner or child of a registered domestic partner.

Child includes a biological, adopted or foster child, a stepchild, a legal ward, or a child when the bargaining unit member stands in loco parentis.

Parent includes the biological, foster or adoptive parent, a step-parent or legal guardian.

Bargaining unit members who desires to take a Kin Care Leave must complete a Kin Care Authorization Form for each related absence.

I. Victims of Domestic Abuse Leave.

A bargaining unit member who is victim of domestic abuse will be provided with time off without pay not to exceed twelve (12) weeks in a twelve (12) month period for:

To obtain a regular or temporary restraining order or to obtain other domestic abuse related court assistance.

To seek medical attention for injuries related to domestic abuse.

To obtain services from a domestic violence shelter program or rape crisis center. To obtain psychological counseling related to an experience of domestic violence.

To participate in safety planning and take other actions to increase safety from future domestic violence, including temporary or permanent relocation.

Required Notice:

The bargaining unit member, when possible, must give a reasonable notice of his/her intention to take time off. If the bargaining unit member takes an unscheduled absence, he/she will not be subject to disciplinary action or that absence will not count as unauthorized absence when he/she provides either;

A police report indicating that the bargaining unit member was a victim of domestic violence.

A court order protecting or separating the bargaining unit member from the perpetrator of an act of domestic violence, or other court document or prosecuting attorney indicating that the bargaining unit member's court appearance.

Documentation from a medical professional, domestic violence advocate or counselor that the bargaining unit member was undergoing physical or psychological treatment for abuse resulting from victimization from an act of domestic violence.

Use of PTO

A bargaining unit member who takes a Victim of Domestic Violence leave may use any accrued PTO.

J. Other Leaves of Absence.

Leaves of absence for reasons other than those specified herein above shall be granted only by agreement between the bargaining unit member and the Employer and if a real and compelling reason for time off exists. A leave of absence shall not be unreasonably denied, although it is understood that recurring requests may be denied since such requests cause a burden on the process of scheduling, staffing and quality patient care.

K. Return to Duty.

Unless otherwise specified above, when a bargaining unit member returns from leave of absence not exceeding thirty (30) days in compliance with the approved terms of the leave, such a bargaining unit member shall be assigned to the same classification, position, unit and shift he/she held before the leave. Unless otherwise specified above, if the leave is in excess of thirty (30) days and the bargaining unit member returns in compliance with the approved terms of the leave, the Employers will use their best efforts, and will not unreasonably deny return of the bargaining unit member to the same classification, position, unit, and shift as occupied at the start of the leave. If conditions have changed so that this is not possible, the bargaining unit member shall be reinstated in a position, unit and shift as nearly comparable as is possible under the circumstances.

L. Notice to Replacements.

A person hired or assigned as a replacement for a bargaining unit member on a leave of absence shall be so advised by the Employer.

M. Non-forfeiture of Accrued Rights.

By reason of such leave of absence, the bargaining unit member shall not lose any accrued rights under this Agreement but likewise he/she shall not accrue rights under this Agreement, unless otherwise provided for above.

Personal Leave

A personal/emergency leave of absence may be granted to full-time and regular part-time bargaining unit members. Length of a personal leave of absence may range up to 90 calendar days. Approval of personal/emergency leave of absence shall be made by the bargaining unit member's immediate supervisor with the concurrence of the Human Resources Department.

The Employer will not unreasonably withhold approval of requests for personal/emergency leaves of absence.

Concurrent Leaves

Except as otherwise required by law, if a condition or reason for leave entitles an bargaining unit member to more than one type of leave under this Article, such leaves shall run concurrently.

JURY DUTY, WITNESS PAY AND VOTING TIME

N. Jury Duty.

A regular full-time or regular part-time bargaining unit member called for jury duty will receive the difference between jury pay and normal straight time earning for jury service on any day on which the bargaining unit member was regularly scheduled to work. In order to be eligible for jury duty pay from the Employers, the bargaining unit member must notify the bargaining unit member's department manager as soon as is practicable after receipt to report for jury service, and must provide a receipt from the jury commissioner that he or she has been called and has served. Jury duty while on a leave of absence, while utilizing paid time off or on a day on which the bargaining unit member is not scheduled to work will not be compensated.

Bargaining unit members who work on night shift will be excused from work the night after or the night before reporting for jury duty.

O. Witness Pay.

A bargaining unit member subpoenaed by the Employers to appear in a judicial proceeding on a regularly scheduled work day will receive the difference between the applicable statutory witness fee and straight time earnings for each such day. The bargaining unit member must present a proof of Duty Statement issued by the Court to his/her manager.

P. Time off to Vote

Bargaining unit members who are unable to vote in a statewide election before or after working will be permitted up to two (2) hours with pay at the beginning or end of their workday on Election Day for voting purposes. Arrangements must be approved in advance by the bargaining unit member's supervisor. Where possible the bargaining unit member will give his or her supervisor at least two (2) working days' notice that time off to vote is needed.

ARTICLE 22

BOOKS AND TUITION

Bargaining unit members shall be reimbursed, up to \$2,000 per year for tuition and books after completion of courses while in the employ of Hospital, provided that the taking of the courses shall have first been approved in writing by the appropriate manager, and evidence of achieving a passing grade shall have been provided by the bargaining unit member. Requests for reimbursement will not be unreasonably denied.

ARTICLE 23

SENIORITY

1. Definition of Seniority

- a. Seniority for full-time, part-time, and limited part-time bargaining unit members is the date of hire or re-hire into the bargaining unit members Classification at Hospital.
- b. "Probationary" bargaining unit members shall, upon completion of the probationary period, accrue seniority retroactively from the latter of the date of the bargaining unit member's hire or re-hire.
- c. Per Diem bargaining unit members do not have seniority dates, but date of hire will determine "seniority" among other Per Diem bargaining unit members. The seniority date for Per Diem bargaining unit members transferring for the first time to a Regular Full Time, Regular Part-Time, or Limited Part-Time position will be the date of transfer to the Regular or Limited position.

2. Termination of Seniority: [Tentative Agreement]

- a. A bargaining unit member's seniority and employment relationship with Hospital shall terminate upon the occurrence of any of the following:
 - i. The bargaining unit member voluntarily quits.
 - ii. The bargaining unit member is discharged for cause.
 - iii. The bargaining unit member is on layoff for more than twelve (12) months.
 - iv. Failure to report to work from layoff by the start date or seventy-two (72) hours from notice of recall, whichever is later.

- b. Notice shall be given in person or by return receipt or certified letter to the bargaining unit member's last address on record.

ARTICLE 24

REDUCTION IN STAFF

A. Layoff Procedure

In the event of a reduction in force of regular hours, Hospital shall notify the Union at least thirty (30) days in advance of the effective date of the layoff, during which time volunteers for layoff or reduction in hours will first be sought. Hospital may give affected bargaining unit members two (2) weeks' pay in lieu of notice. Volunteers for layoff in such positions will be selected on the basis of seniority. If an insufficient number of bargaining unit members volunteer for layoff to meet reduction goals, then all bargaining unit members will participate in the department rebidding process based on seniority. The bargaining unit member must be qualified and have the ability, with no more than fifteen (15) workday's orientation, to competently perform all of the work in the position into which the bargaining unit member chooses to bid. In all cases, Hospital shall have the right and discretion to determine such capabilities and qualifications. It is understood that Hospital will notify the Union of its conclusion that a bargaining unit member has not demonstrated his/her ability within said fifteen (15) work days prior to terminating the bargaining unit member and the Orientation period may be extended by agreement of the parties.

Order: Indefinite or permanent layoffs shall occur in the following order:

- Temporary bargaining unit members;
- Per Diem or Limited Part-Time bargaining unit members;
- Regular full-time and regular part-time clinical bargaining unit members;

B. Per Diem Scheduling Preference

Displaced bargaining unit members may elect to work as per diem bargaining unit members during the period they are on layoff status regular full-time and regular part-time bargaining unit members who so elect to work as per diem will be given preference over other per diem bargaining unit members in selecting shifts to be worked for a period not to exceed one year after layoff.

C. Recall

For a period of up to one year from the date of Layoff, bargaining unit members (who have not secured a comparable position at Hospital) will be recalled in order of bargaining unit seniority for any vacancies that occur at Hospital from which they were laid off, provided they are qualified, and have the ability to competently

perform with no more than fifteen (15) days orientation, the available work. A bargaining unit member who is laid off shall retain seniority until s/he declines the offer of a comparable position at Hospital from which they were laid off. It is the responsibility of the bargaining unit member to update the Human Resources Department in writing with current address and phone numbers for recall purposes. A recalled bargaining unit member must accept recall within one week of confirmed contact and offer of a relatively equal position. Additionally, the bargaining unit member must return to work at Hospital within one week of notice of recall. If a bargaining unit member does not accept recall and return to work within one week, the bargaining unit member will be considered to have voluntarily resigned. Upon recall from lay off status, the bargaining unit member will be entitled to restoration of seniority and placement at the salary classification wage rate in effect at the time of the layoff, including fringe benefits. However, there shall be no accumulation of earnings or benefits during the period of separation, nor shall Hospital be required to provide any insurance coverage that may have lapsed until such coverage has been reapplied for by the bargaining unit member. Such coverage applied for shall be effective as of the earliest possible date consistent with the particular insurance company's policy. Bargaining unit members who experience a twelve-month (12) or more absence due to workforce reduction will lose seniority for all purposes:

D. Severance Pay

2 weeks' notice plus:

•	0 – 3 years of service =	2 weeks of pay
•	4 – 5 years of service =	3 weeks of pay
•	6 – 7 years of service =	4 weeks of pay
•	8 – 9 years of service	5 years of pay
•	10 – 14 years of service =	6 weeks of pay
•	15 + years of service	8 weeks of pay

In the event of a sale of the Hospital, a bargaining unit member who is offered a position by the new owner is not entitled to receive severance pay as provided in this paragraph.

E. Temporary Reduction in Staffing

In the event that a Hospital determines that it is necessary to reduce staffing at a hospital on a given shift due to a reduced workload, the following procedures will apply:

- a. First, volunteers will be solicited. If there are no volunteers, then any per diem bargaining unit member working on that shift will be canceled or sent home early.
- b. In the event that there are no volunteers or per diem bargaining unit members on the shift in question, the bargaining unit member to have his/her hours reduced will be selected on a rotational basis, with the least senior bargaining unit member on duty at the affected hospital being canceled first and rotating the involuntary cancellation of hours throughout the year until all bargaining unit members have taken a turn. Cancellation of shifts and hours will be recorded to facilitate proper rotation of reductions. A bargaining unit member who has been placed "in charge" may be exempted from call-off whenever Hospital management concludes that the bargaining unit member is needed to remain in charge for the shift.

ARTICLE 25

POSTING AND FILLING OF VACANCIES

Section 1 POSTING VACANCIES

Hospital shall post all vacancies in positions covered by this Agreement for a minimum period of seven (7) calendar days prior to filling the position. Minimum qualifications shall be noted on the posting. This does not prevent Hospital from filling a vacancy on a temporary basis.

Section 2 FILLING VACANCIES

Preference shall be given in the following order among bidding bargaining unit members from the same preference level. Among bidding bargaining unit members from the same preference level, seniority shall, govern, as set forth in Article 23. In order to be selected, the bidding bargaining unit member must meet all stated qualifications of the job established by Hospital.

Only non-probationary bargaining unit members will be considered to fill vacancies. Hospital may not consider those applicants who have been disciplined, pursuant to Article 28, during the preceding twelve (12) months,

If two (2) or more qualified bargaining unit members bid to fill a vacancy, and their qualifications and job performance are relatively equal, as determined by management, selection shall be in the following order of preference. In the event that two (2) bidding bargaining unit members have the same hire date, the tie-breakers shall be as follows: Date of application for the vacancy of the position to which they are applying. In the event that the tie is not broken, then the bargaining unit member with the lowest last four digits of his/her Social Security number will be awarded the position.

Preference Level 1: Full-time and port-time bargaining unit members employed by Hospital with the vacancy.

Preference Level 2: Limited part-time bargaining unit members employed by Hospital with the vacancy.

Preference Level 4: Temporary bargaining unit members employed by Hospital with the vacancy and all applicants not employed by Hospital with the vacancy. If all qualifications between an outside candidate and bargaining unit members covered by this Agreement not employed by Hospital with the vacancy are equal, preference will be given to the bargaining unit member. In all cases, Hospital shall have the right and discretion to determine qualifications.

ARTICLE 26

UNION VISITATION RIGHTS

Hospital shall allow representatives of the Union to visit Hospital at reasonable times to ascertain whether the contract is being observed and to assist in adjusting grievances. At least two (2) hours prior to any such visit, the Union representative shall make his/her presence known to a designated representative of Hospital (Union will advise the Hospital in writing of the designated representative) prior to entering into Hospital and shall only meet with bargaining unit members in non-work areas during each bargaining unit member's non-duty hours. Any representative from the Union shall not remove any property or records from Hospital without the express written authorization of the Vice-President of Human Resources.

ARTICLE 27

GRIEVANCE AND ARBITRATION

The parties shall use the following procedures to resolve any grievances that may arise during the term of this Agreement. The parties recognize that the goal of this Article is to discuss and resolve grievances informally prior to resorting to Step 2.

Section 1 DEFINITIONS

Grievance: a dispute raised by a bargaining unit member, the Union or Hospital concerning the interpretation application or compliance with any specific provision of this Agreement, or a dispute concerning whether or not discipline, including discharge, is for just cause. Performance appraisals are not grievable or arbitrable under this Article.

Days: calendar days, excluding Saturdays, Sundays, and contract holidays.

Section 2 TIME LIMITS

Except for the filing of the grievance, time periods specified in this Article may be extended, so long as the agreement to extend is in writing and expressly agreed to by Hospital and the Union.

No grievance will be arbitrable unless: (a) the initial filing of the grievance was timely, as set forth in this Article; and (b) the written referral to arbitration was timely, as set forth in this Article.

Section 3 GRIEVANCE STEPS

Step 1: Within fourteen (14) days of the date on which a bargaining unit member first has knowledge, or reasonably should have knowledge, of the event or condition giving rise to the grievance, the bargaining unit member must discuss the matter with the Laboratory Director or designee. If the grievance is not resolved at this step, the bargaining unit member may appeal to Step 2. If the Laboratory Director or designee does not respond within seven (7) days of being informed of the grievance, the bargaining unit member or Union may appeal to Step 2.

Step 2: Grievances that are referred to step 2 shall be in writing and must contain the following information:

- The issue, situation or nature of the grievance;
- The date on which the issue or situation occurred, or the date on which the bargaining unit member or the Union became aware of the issue or situation;
- The provisions of this Agreement alleged to have been violated, and
- The resolution or remedy sought.

Grievances relating to a bargaining unit member termination or suspension shall be presented within thirty (30) days of the termination or suspension date directly to the Vice President of Human Resources or his/her designee. No grievance shall be processed under this Article unless it has first been presented at this Step within thirty (30) days of the date when either the bargaining unit member, or the Union first had knowledge, or reasonably should have had knowledge, of the event(s) giving rise to the grievance.

A Step 2 meeting shall take place within fourteen (14) days after the filing of the grievance. The Vice President of Human Resources or designee shall respond in writing within fourteen (14) days of the meeting. If Hospital does not timely respond as provided in this section, the bargaining unit member or Union may advance to grievance to the next Step.

Step 3: If the grievance is not resolved at Step 2, the bargaining unit member or Union may proceed by submitting a written notification to the Vice President of Human Resources or designee within fourteen (14) days following issuance of the Step 2 response. The parties will select an arbitrator within fourteen (14) days of the notification. The parties will select an arbitrator by alternately striking a name from the FMCS list of arbitrators. The order of striking will be determined by a coin toss.

The arbitrator shall hear the grievances as expeditiously as possible, and shall render a decision in writing within sixty (60) days after the conclusion of the hearing or submission of briefs, whichever is later.

ARTICLE 28

DISCIPLINE

- Section 1. If any bargaining unit member is called to meet on a matter which involves the investigation of facts and the bargaining unit member reasonably believes the matter could lead to discipline, upon that bargaining unit member's request, the Hospital will allow the bargaining unit member to be represented with a Union Steward or Representative at the meeting. There must be just cause for all discharge or discipline issued by the Hospital.
- Section 2. The Hospital follows the general principles of progressive discipline. However, major violations of work rules and policies are cause for severe disciplinary action including discharge, as determined by the Hospital, regardless of whether previous disciplinary action has been taken.
- Section 3. Except where prohibited by law, if after an eighteen (18) month period of time following the issuance of discipline there was been no discipline of a similar nature, the disciplinary notice will be removed from the Employee's personnel file upon the written request of the Employee.
- Section 4. Inspecting a bargaining unit member's Personnel File: A Union Representative or Steward may inspect material from a bargaining unit member's personnel file when such inspection is related to the investigation of a grievance, provided the Hospital has been given specific written consent for such inspection by the affected bargaining unit member(s).

ARTICLE 29

CLINICAL LABORATORY SCIENTIST'S RIGHT TO RECEIVE AND REVIEW EVALUATIONS AND WARNINGS

The bargaining unit member may, during normal business hours of the personnel office, review his or her personnel file to the extent permitted by law. The bargaining unit member shall be allowed by the Supervisor or Department Head to read, sign and receive copies of personal evaluations or letters of warning prior to their placement in the bargaining unit member's personnel file. The bargaining unit member will receive a copy of the evaluation and/or letter of warning.

ARTICLE 30

NO STRIKE - NO LOCKOUT

There shall be no strikes, lockout, or other stoppages or interruption of work, including sympathy strikes, during the term of this Agreement.

ARTICLE 31

BULLETIN BOARDS

Hospital shall provide space on a bulletin board in the immediate vicinity of the Laboratory. A designated Union representative shall be responsible for posting material submitted by the Union.

ARTICLE 32

SEVERABILITY

If any provision of this Agreement or any application thereof is held by an agency or court of competent jurisdiction to be contrary to law, then such provision or application of this Agreement shall be deemed invalid to the extent required by such agency or court decision. All other provisions shall continue in full force and effect.

ARTICLE 33

CHANGE OF OWNERSHIP

NOTIFICATION In the event of a change of ownership of Saint Louise Regional Hospital of if Saint Louise Regional Hospital enters into a partnership, affiliation, merger, sale or other transfer of ownership of the Hospital's operation, the Hospital will notify the union with at least sixty (60) days written notice prior to the effective date of the sale, merge, affiliation, partnership or other transfer of ownership and upon request, bargain the effects with the Union.

This agreement shall be binding upon the Union and the Hospital or any successor thereof whether the succession be by any of the means described above as it applies to the business of the Hospital, in whole or in part, or to any change in management companies.

ARTICLE 34

PHYSICAL EXAMINATIONS

PHYSICAL EXAMINATIONS

All pre-employment physical examinations required of bargaining unit member in connection with his/her employment, according to the Employer's practice, shall be given without charge to the bargaining unit member, and all costs incident to those examinations shall be borne by the Employer. Notwithstanding the foregoing, nothing in this Article shall be construed to obligate the Employer to pay for any treatment which may be required as a result of any disease or condition disclosed during such physical examinations. Such examinations shall be without loss of pay, and shall include all laboratory, diagnostic and other clinical tests required by Title XXII or the Department of Health Services and/or the county in which the hospital operates and examinations and review of the bargaining unit member's medical history by a physician or nurse practitioner. Any disclosures to the Employer by the physician or nurse practitioner concerning

the results of such physical examination shall be limited to certification that the bargaining unit member is physically able to perform the essential functions of his or her job.

ARTICLE 35

TERM OF AGREEMENT

This Agreement shall be effective as of 12:01 a.m. the day following ratification of this Agreement, and shall remain in effect until April 30, 2020.

ST. LOUISE REGIONAL HOSPITAL

ENGINEERS & SCIENTISTS OF NORTHERN
CALIFORNIA, IFPTE, LOCAL 20
(AFL-CIO CLC):

John Mader, President

Date: _____

Date: _____

ENGINEERS & SCIENTISTS OF NORTHERN
CALIFORNIA, IFPTE, LOCAL 20
(AFL-CIO CLC):

Nick Steinmeier, Union Representative

Date: _____

ARTICLE 35

TERM OF AGREEMENT

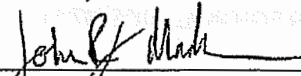
This Agreement shall be effective as of 12:01 a.m. the day following ratification of this Agreement, and shall remain in effect until April 30, 2020.

ST. LOUISE REGIONAL HOSPITAL



Date: January 26, 2018

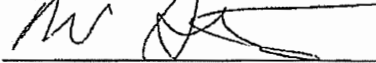
ENGINEERS & SCIENTISTS OF NORTHERN
CALIFORNIA, IFPTE, LOCAL 20
(AFL-CIO CLC):



John Mader, President

Date: 1/22/2018

ENGINEERS & SCIENTISTS OF NORTHERN
CALIFORNIA, IFPTE, LOCAL 20
(AFL-CIO CLC):



Nick Steinmeier, Union Representative

Date: 1-22-2018

COLLECTIVE BARGAINING AGREEMENT

BETWEEN

O'CONNOR HOSPITAL

AND

ENGINEERS AND SCIENTISTS OF CALIFORNIA

IFPTE LOCAL 20

May 1, 2017 THROUGH April 30, 2020

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ARTICLE 1

RECOGNITION

Hospital hereby recognizes the Union as the exclusive representative of the Clinical Laboratory Scientists and Medical Laboratory Technicians covered by this Agreement. Hospital further recognizes the Union's right to bargain and act with respect to wages, hours and other terms and conditions of employment, insofar as it is consistent with the relevant provisions of the National Labor Relations Act, as amended.

All references to Daughters of Charity Health System or DCHS shall now be replaced with Verity Health System or Verity, unless such a change does not make sense.

ARTICLE 2

COVERAGE

Hospital recognizes the Union as the exclusive bargaining agent for all full-time, regular part-time, limited part-time, and Per Diem Clinical Laboratory Scientists, Lead Clinical Laboratory Scientists, and Medical Laboratory Technicians.

EXCLUDED: All other employees (professional employees, employees covered by other collective bargaining agreements, clerical employees, confidential employees, guards, managers and supervisors), as defined by the National Labor Relations Act.

ARTICLE 3

MANAGEMENT RIGHTS

Without limiting the generality of the foregoing, the rights and authority retained solely and exclusively by Hospital and not abridged by this Agreement include, but are not limited to, the rights to manage and direct its business and its personnel; to manage and control its department, buildings, facilities and operations including equipment and machinery; the security of the bargaining unit members, premises, facilities and property; the number of bargaining unit members, including the number of bargaining unit members assigned to any particular procedure or shift to meet medical and patient care standards, methods; the determination of whether, when, or where there is a job opening; the right to create, change, combine, and abolish jobs, departments and facilities in whole or in part including the number, Location, or types of facilities; the right to subcontract or to discontinue work for economic, medical, or operational reasons; the right to direct the work force, to determine the number of bargaining unit members needed, to hire, transfer, promote and maintain the discipline and efficiency of its bargaining unit members including reasonable standards of performance and whether any bargaining unit member meets such standards; the need for and the administration of physical examinations or psychological tests, background information, criminal record or drug screening as they pertain to new or probationary bargaining unit members; the direction and supervision of all of the bargaining unit members; the utilization of registry and traveling bargaining unit members; the utilization of Hospital's premises, equipment, and facilities; to establish new training programs

and related performance expectations; to establish work standards and reasonable rules and regulations; and to specify or assign work requirements and overtime, and to schedule working hours and shifts.

PROBATIONARY PERIOD

A. Probationary Period, as discussed in this section, shall apply to any employee hired after the date of ratification of this Agreement. Regular Full-Time and Part-Time Employees shall be on probation for ninety (90) calendar days following their date of hire. All other employees shall be on probation for 135 calendar days or the completion of sixty-five (65) shifts, whichever occurs first, after date of hire.

B. At its sole discretion, the Employer may terminate the employment of any probationary Employee and such termination shall not be subject to the grievance procedure of this Agreement.

C. The probationary period may be extended by an additional thirty (30) days. The Employer may extend the probationary period beyond the additional 30 days.

D. At the completion of the probationary period, seniority dates shall be from the Employee's most recent date of hire into a bargaining unit position by the Employer.

ARTICLE 4

MEMBERSHIP

Section 1. MAINTENANCE OF MEMBERSHIP

A. All bargaining unit members covered by this Agreement who, on the effective date of this Agreement are members of the Union, or who become members of the Union subsequent to the effective date of this Agreement, shall be required as a condition of employment to maintain their membership in the Union in good standing during the life of this Agreement.

B. Bargaining unit members who are requested to maintain membership and fail to do so shall, upon notice in writing from the Union to Hospital, be given thirty (30) days' notice of termination, or shall be allowed to resign with proper notice to Hospital.

Section 2. AGENCY SHOP

Any bargaining unit member covered by this Agreement who, upon ratification of this Agreement, is not a member of the Union must pay a representative fee for the Union equivalent to the monthly dues required for membership (hereinafter, "representational fee") as a condition of employment.

Section 3. NEW BARGAINING UNIT MEMBER NOTICE

At the time a new bargaining unit member, who will be subject to this Agreement, is hired, Hospital shall deliver to the new bargaining unit member a written notice stating that Hospital recognizes the Union as the exclusive representative of bargaining unit members covered by this Agreement, and shall quote or paraphrase this Section.

Section 4. LIST OF COVERED BARGAINING UNIT MEMBERS

Upon execution of this Agreement, Hospital shall supply a list of all current bargaining unit members covered by this Agreement by name, social Security number, shift, date of hire, hourly pay rate and classification to the Union's office at 810 Clay Street, Oakland, CA 94607. Thereafter, Hospital shall supply the name, address, social security number, shift, date of hire, hourly pay rate and classification of all bargaining unit members covered by this Agreement hired or terminated during the preceding month, if there are no hires or terminations among bargaining unit members covered by this Agreement during a particular month, no list will be provided.

Section 5. USE OF SOCIAL SECURITY NUMBERS

The Union represents that it intends to use bargaining unit member social security numbers for its valid business purposes relating to its record-keeping and dues collection functions only; and agrees that it will use its best efforts to keep bargaining unit member social security numbers confidential.

The Union agrees to indemnify and hold harmless Hospital from any and all claims and liabilities that result from the Union having been given Bargaining Unit Members social security numbers. The Union further agrees that, where required, Hospital will provide social security numbers to the Union on lists (in hard copy and electronic format) separate from bargaining unit member addresses and telephone numbers.

Section 6. INDEMNIFICATION

The Union shall indemnify Hospital and hold Hospital harmless against any and all suits, claims, demands and liability that may arise out of the provisions of this Article.

ARTICLE 5

PAYROLL DEDUCTION OF UNION DUES AND LEAP

Section 1. PAYROLL DEDUCTION

During the life of this Agreement, Hospital will deduct the Union membership dues from the salary of each bargaining unit member who voluntarily agrees to such deductions, and who submits a standard written authorization to Hospital setting forth standard amounts to be deducted monthly. Said written authorization may be revoked by the bargaining unit member at any time upon the bargaining unit member delivering to Hospital written revocation of said authorization. Each month's deductions shall be made by Hospital and shall be remitted by Hospital to the Union.

Hospital agrees to implement dues increases pursuant to the dues check-off authorization of the Union, provided the Union has submitted an appropriate authorization for each bargaining unit member so affected and submits to Hospital a copy of the letter notifying the bargaining unit member of the dues increase.

Section 2. DUES DEDUCTION INDEMNIFICATION

The Bargaining Unit Members and the Union hereby indemnify Hospital and hold Hospital harmless against any and all suits, claims demands and liability that may arise out of or by any reason or any action that shall be taken by the bargaining unit member or the Union in connection with said dues deduction.

Section 3. LEAP

Bargaining Unit Members can make contributions to the Union's Legislative Education and Action Program (L.E.A.P.) which is comprised of exclusively voluntary contributions, completely separate from Union dues monies, which can be used for legislative and political issues that impact Union membership. The Union will administer L.E.A.P. contributions by direction from bargaining unit members. It is understood by all parties that such contribution will be on an individual and voluntary basis.

ARTICLE 6

NON-DISCRIMINATION

Neither Hospital nor the Union shall unlawfully discriminate against any bargaining unit member covered by this Agreement on account of age, sex, race, creed, color, national origin, sexual orientation, or physical or mental disability. There shall be no unlawful discrimination by Hospital against any bargaining unit member covered by this Agreement on account of membership in, or activity on behalf of, the Union. Likewise, there shall be no discrimination by the Union against any bargaining unit member or applicant.

ARTICLE 7

CLASSIFICATIONS AND WAGES

Placement on the Wage Schedule will be based on years of experience as a Clinical Laboratory Scientist and/or Medical Laboratory Technician (MLT), when applicable.

Clinical Laboratory Scientist I: CLS with less than 4 years of experience as a CLS are classified as CLS I and his/her wage step will be determined on the number of years of experience.

Clinical Laboratory Scientist II: CLS with 4 or more years of experience as a CLS are classified as CLS II and his/her wage step will be determined on the number of years of experience in the classification.

Per Diem bargaining unit members are paid 15% of their classification straight time hourly rate "in lieu of benefits." The current in lieu benefits differentials are 15% higher than the base rate for employees. These differentials are over and above the straight time rates set for Regular Full-time and Regular Part-time employees in the Agreement. Such compensation differential for "in lieu of benefits" employees has been bargained for and is intended to cover all benefits including additional paid time off for sick leave or other reasons. The parties agree that the "in lieu benefits" pay provision does cover the paid sick leave provisions, as legislated under California Labor Code Section 245.5(a)(1). Any and all other rights an employee may be entitled to under California Labor Code Sections 245-249 are hereby waived in exchange for this in lieu of pay differential.

Medical Laboratory Technician: The MLT's wage step will be determined by the number of years of experience in the classification. The Use of MLTs will not reduce the status hours of benefitted CLS or cause a lay-off of benefitted CLS positions. The ratio of MLT to CLS shall be as required by state law. (17 CCR Section 1032.5).

CLS Lead and Specialist Lead:

1) Clinical Laboratory Lead:

- Minimum four years of laboratory experience
- Current California CLS (Clinical Laboratory Scientist) license required
- Specialty registration preferred
- *Demonstrated ability to lead and be a resource to others*

2) Clinical Specialist Lead: *has an ASCP Specialist license or equivalent - or has substantial experience in ensuring a technical department is inspection-ready and in presenting all appropriate documentation to inspectors.*

There is no obligation that the Employers create or maintain the foregoing lead positions, and provided further that the employer retains the complete discretion and sole discretion to select individuals to serve in these positions. Decisions regarding the selection of individuals to serve as leads shall not be subject to the grievance and arbitration provision of this Agreement.

Shift Charge Pay

The intent of Shift Charge Pay is that the bargaining unit member receiving the Shift Charge Pay would perform Clinical Laboratory Lead or Clinical Specialist Lead duties on a temporary or rotating basis. The Shift Charge shall be designated by management. A titled Lead or Specialist Lead does not qualify for this premium. The Employers will pay Shift Charge Pay at an amount of \$2.50 per hour over a bargaining unit member's base rate of pay.

Section 2: Wages

Year 1: The Employers propose the following wage grid, which shall be implemented the first full pay period after ratification. It is a market adjustment.

	Step 1	Step 2	Step 3	Step 4	Step 5	10yr Step 6	15 yr Step 7
CLS	46.15	48.00	49.92	51.92			
CLS PD	53.08	55.20	57.41	59.70			
CLS II	49.95	51.95	54.03	56.19	58.44	60.19	62.00
CLS II, PD	57.45	59.75	62.14	64.62	67.21	69.22	71.30
CLS lead	54.95	57.15	59.43	61.81	64.28	66.21	68.20
CLS Specialist 6%)	58.25	60.58	63.00	65.52	68.14	70.18	72.29
					Step 4 is top of scale	Step 4 is top of scale	Step 4 is top of scale
MLT	40.13	41.74	43.41	45.15			

Year 2: Effective the first full pay period following May 23, 2018, an across the board increase of 3% for all bargaining unit members.

Year 3: Effective the first full pay period following May 23, 2019, an across the board increase of 3% for all bargaining unit members.

Section 3: Advancement

Step Advancement for CLS

CLS I-1	
CLS I-2	after 1 year
CLS I-3	after 2 years
CLS I-4	after 3 years
CLS II-3	after 4 years
CLS II-4	after 5 years
CLS II-5	after 6 years
CLS II-6	after 10 years, or after 5 years at CLS II-5

CLS II-7 after 15 years, or after 5 years at CLS II-6
Advancement to CLS II

A CLS I who, after at least one year as a CLS I at Step 4 shall receive a competency evaluation. Upon receipt of a satisfactory competency evaluation, the member will be promoted to CLS II, Step 3. The competency evaluation shall review the members' knowledge, skill and technical ability related to the members' role. If the member receives a less than satisfactory competency evaluation, the member shall be informed of the basis of the denial for advancement to CLS II.

MLT Advancement

The MLT shall advance on his or her anniversary, up to Step 4, which is top of scale, and thereafter shall have across the board advancement as negotiated.

Per Diem Advancement

No Per Diem shall advance to the next step until the Per Diem has worked at least 400 hours at his/her current step. In no event shall the Per Diem member advance steps prior to his/her 12 month anniversary date.

ARTICLE 8

CLASSIFICATIONS

Section 1. FULL-TIME DEFINED

A full-time bargaining unit member is one who is regularly scheduled to work at least eighty (80) hours within a bi-weekly period.

Section 2. PART-TIME DEFINED

A regularly scheduled part-time bargaining unit member is one who is regularly scheduled to work a minimum of forty (40) hours but less than eighty (80) hours within a bi-weekly period.

Section 3. LIMITED PART-TIME DEFINED

A limited part-time bargaining unit member is one who is regularly assigned a work schedule of less than 20 hours per week.

Section 4. TEMPORARY DEFINED

A temporary bargaining unit member is one who is hired to work for a period of time which does not extend beyond six (6) consecutive calendar months. Any Temporary bargaining unit member who works continuously for over six (6) consecutive months shall be reclassified to a regular bargaining unit member

status except when replacing another bargaining unit member who is on an approved leave.

Section 5. PER DIEM DEFINED

A Per Diem bargaining unit member is one who is employed on an intermittent basis as required by Hospital.

ARTICLE 9

WEEKENDS

Working a weekend is defined as working on both Saturday and Sunday and, on the night shift, it shall be Friday and Saturday. No bargaining unit member shall be required to work more than three (3) consecutive weekends. If, due to emergency or operational circumstances, it becomes necessary for a bargaining unit member to work more than three (3) consecutive weekends, s/he shall be provided with two consecutive weekends off. Where mutually agreed to in writing, bargaining unit members may elect to work more consecutive weekends. This article does not apply to bargaining unit members who are hired into or who bid into weekend positions, or positions that are posted as including more than every other weekend.

ARTICLE 10

SHIFT DIFFERENTIALS

Section 1. PM DIFFERENTIAL

Effective May 1, 2017 a differential of Four Dollars and Zero Cents (\$4.00) per hour shall be paid on top of a bargaining unit member's straight time hourly rate when scheduled and performing work on the PM shift defined as any shift on which the majority of hours fall between 3pm and 11pm.

Section 2. NIGHT DIFFERENTIAL

Effective May 1, 2017, a differential of Eight Dollars and Zero Cents (\$8.00) per hour shall be paid on top of a bargaining unit member's straight time hourly rate when scheduled and performing work on the night shift defined as any shift on which the majority of hours fall between 11pm and 7am.

Section 3. WEEKEND SHIFT DIFFERENTIAL

For all hours worked on weekend shifts the bargaining unit member will be paid an additional shift differential in the amount of Two Dollars and Zero Cents (\$2.00) per hour on top of his/her hourly rate and any applicable PM or night shift differential. For purposes of this section, a weekend means Saturday and Sunday, except for the night shift where it means Friday and Saturday.

ARTICLE 11

OVERTIME

Section 1. DAILY COMPENSATION

The following Overtime Premiums are available for all time worked in a work week, as defined above.

- A. Time worked over eight (8) hours in a day shall be paid at time and one half (1.5 x) the bargaining unit member's regular rate of pay.
- B. All work in excess of eight (8) hours per day, forty (40) hours per week or eighty (80) hours per pay period shall be paid at the rate of one and one half times (1.5x) the regular rate of pay.
- C. Work in excess of twelve (12) hours shall be compensated at the rate of two (2x) times the regular rate of pay.
- D. Time worked on the 7th consecutive day in a work week shall be paid at time and one half (1.5x) the bargaining unit member's regular rate of pay for the first eight hours of work and two times (2x) the bargaining unit member's regular rate of pay for all hours after the first eight hours of work.

Section 2. AUTHORIZATION OF OVERTIME

All overtime worked by a bargaining unit member shall be authorized in advance, unless it is not possible to secure authorization in advance due to the emergency of a situation. The bargaining unit member shall record the overtime on the day overtime is worked, the reasons therefore, and the supervisor authorizing the overtime (if any), on a record as specified by the Hospital.

Section 3. REST BETWEEN SHIFTS

If a bargaining unit member does not have twelve (12) hours rest between shifts s/he works, s/he will receive time and one half (1 1/2) for all hours worked until twelve (12) hours have elapsed from the completion of her/his preceding shift worked. A bargaining unit member may waive the twelve (12) hours rest between shift to eight (8) hours rest between shifts provided that the bargaining unit member provides his/her supervisor with a written waiver. Time for which any premium pay is paid shall count as rest time for purposes of this paragraph.

Section 4. REPORTING PAY

A bargaining unit member who reports for a scheduled shift without notice that the shift has been canceled and is not provided with work for at least half of the scheduled hours shall be entitled to be paid for half the scheduled hours which in no case will be less than a minimum of two (2) hours.

ARTICLE 12

STAND-BY AND CALL-BACK

Section 1. STAND-BY

Stand-By Duty. Stand-by duty is defined as a scheduled assignment for bargaining unit members to stand by and be available for work should the need arise. Any full-time regular or part-time regular bargaining unit member "on stand-by" shall receive one-half (1/2) the straight time hourly rate of pay while said bargaining unit member is on stand-by. There is no guarantee for any hours to be worked by a bargaining unit member on stand-by. Stand-by pay on all holidays listed in this Agreement shall be at three-quarter (3/4) of the straight time hourly rate.

Section 2. CALL-BACK WHILE ON STAND-BY

A. Call-Back Defined. Call-Back is defined as a call to a bargaining unit member to return to work after the Bargaining Unit Member has left the premises of the Hospital, and prior to the bargaining unit member's next scheduled shift. For purposes of this Article, the Hospital shall give notice by (1) reaching the bargaining unit member by telephone; or (2) attempting to reach the bargaining unit member by telephone and documenting the attempt, the date, time and the call, and the result of the attempt.

B. Premium Pay While On Stand-By. If a regular full-time or regular part-time bargaining unit member is called back to work while on stand-by, the bargaining unit member shall receive one and one half (1 1/2) times the straight time hourly rate for all time actually worked (with a minimum of one-half hour), in addition to the compensation for being on stand-by, thereby providing double time for the time actually worked.

C. Premium Pay While Not on Stand-By. Regular full-time and regular part-time bargaining unit members who are called back to work after having left the Hospital premises will be guaranteed a minimum of four (4) hours work or four (4) hours pay. Pay in lieu of work shall be at the straight time hourly rate. Pay for time actually worked shall be at the rate of two (2) times the straight time hourly rate.

ARTICLE 13

EMERGENCY TELEPHONE CONSULTATION/CONSENT

When a bargaining unit member has sought all resources on-site, and sought consultation with management and/or supervisors in person or by telephone or e-mail, and after being authorized by his or her immediate supervisor, the bargaining unit member may call a person designated on the resource list with the appropriate technical expertise to respond to a technical related issue that must be immediately addressed. The associate responding to the call shall be paid in accordance with California State Wage and Hour Laws.

The person placing the call must document the reason for the call on the form provided by Hospital.

ARTICLE 14

NO PYRAMIDING

Notwithstanding any provisions herein set forth, there shall be no pyramiding of overtime on overtime, nor shall overtime be required to be paid in addition to specific premium pay except as to differentials and holidays.

ARTICLE 15

SCHEDULED WORKING HOURS

Section 1 SCHEDULING

Hospital agrees to post a tentative working schedule of all bargaining unit members who are regularly assigned shifts for the next four (4) weeks. The tentative working schedule will be posted in a conspicuous place at least fourteen (14) calendar days in advance of the date the four (4) week schedule is to begin. Any change to posted scheduled working hours (other than temporary staffing reductions) requires the agreement of the bargaining unit member except in unforeseen, emergent or unusual circumstances in which Hospital will give as much notice of the schedule change(s) as is possible under the circumstances. Hospital will make a reasonable effort to seek volunteers from among bargaining unit members present at the facility before imposing a schedule change during unforeseen, emergent or unusual circumstances.

Section 2 SHIFT ASSIGNMENTS

If, due to emergency or operational circumstances, it becomes necessary to change a bargaining unit member's shift assignment temporarily, Hospital may introduce a shift rotation procedure that shall be applied by all qualified bargaining unit members at the Hospital, taking turns based on rotational seniority starting with the least qualified bargaining unit member.

If, due to emergency or operational circumstances, it becomes necessary to change a bargaining unit member's shift assignment permanently, and if no regular bargaining unit member is available for the shift change, the least senior regular bargaining unit member qualified to perform the available work will be assigned to that shift.

Section 3 REST AND MEAL PERIODS

Each bargaining unit member shall be granted a rest period of fifteen (15) minutes during each four (4) hours of work, without deduction in pay. A bargaining unit member who misses one or more breaks during a Shift shall be paid a penalty of one hour's pay, at the employee's straight time rate of pay, which includes shift differentials.

Bargaining unit members who work scheduled shifts of five (5) hours or more are entitled to a duty-free unpaid meal period of thirty (30) minutes. A bargaining unit member who misses his/her meal period shall be paid a penalty of one hour's pay, at the employee's straight time rate of pay, which includes shift differentials.

"Penalty Pay" hours as described in this Article do not qualify as hours worked in the calculated overtime.

ARTICLE 16

SCHEDULED WORKING HOURS OF PER DIEMS

1. Per Diem bargaining unit members shall submit their availability in writing (including days of the week, shifts and current phone number(s)) at least two (2) weeks prior to the posting of the next four (4) week schedule.
2. Minimum availability. Per Diem bargaining unit members must be available for a minimum of five (5) shifts of at least eight (8) hours for each four (4) week schedule. At least two (2) of the available five (5) shifts must be weekend shifts.
3. All Per Diem bargaining unit members are required to be available to work at least two (2) holidays per year, one (1) of which must be Thanksgiving, Christmas or New Year's Day.
4. Per Diem bargaining unit members have no guarantee of hours and use of such bargaining unit members shall be at the complete discretion of Hospital.
5. Failure to submit availability. A Per Diem bargaining unit member who fails to make himself or herself available for two (2) consecutive four (4) week schedules will be considered to have voluntarily resigned his/her employment.
6. Notice of Unavailability. If a Per Diem bargaining unit member desires to be unavailable for a period time not to exceed sixty (60) calendar days, the Per Diem bargaining unit member will submit the request in writing. If Hospital authorizes the period of

unavailability, the provisions of paragraph 5 above will not apply during the period of time authorized by Hospital.

ARTICLE 17

PAID TIME OFF/EXTENDED LEAVE OF ABSENCE

Paid Time Off Program

A. Eligibility And Coverage

1. Paid Time Off Program shall apply only to Regular Full-time and Regular Part-time. Bargaining unit member, Limited Part-time, Temporary and Per Diem, bargaining unit member are not eligible to participate in the PTO program. PTO hours accrue immediately upon employment in a regular full time position or regular Part-time position.
2. The PTO program is in addition to jury duty pay, paid educational leave, and bereavement leave.

B. Accumulation Of Paid Time Off

1. PTO Accumulation Schedule

Regular Full-time bargaining unit member and Regular Part-time bargaining unit member regularly scheduled to work 20 hours or more a week shall accrue PTO in accordance with the schedule given below, based upon their continuous length of regular employment.

Each bargaining unit member shall have their PTO account credited with any PTO hours that were accumulated, but not taken, as or the date of ratification of this collective bargaining agreement. No Regular bargaining unit member shall lose any PTO hours accrued, but not taken.

For each two-week pay period, regular part-time associates shall accrue benefits available to a full-time associate on a pro-rated basis on actual hours worked.

From the 1st day of the described pay period through the pay period in which one year of continuous regular employment is completed.

Continuous years of regular employment	PTO Hours Accrued per Pay Period	Days Per Year
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Continuous years of regular employment	PTO Hours Accrued per Pay Period	Days Per Year
0-2 years	8.31 hrs.	27
3-4 years	10.46	34
5 years	11.38	37
6 years	11.69	38
7 years	12.00	39
8 years	12.31	40
9 years	12.62	41
10 years	12.92	42

C. Unpaid Absences

If a bargaining unit member is on unpaid status with the Employer (e.g., unpaid leave of absence, layoff, unpaid disciplinary status) for an entire pay period, there will be no accumulation of PTO for that pay period. "Unpaid status" means that there were no "paid straight-time hours" in that pay period.

D. Scheduling And Use of PTO

PTO can be used for vacations, paid holiday time off, religious observances, dental or doctor visits, personal or family needs or business, education, personal illness or any other reasons deemed appropriate by the bargaining unit member.

Requests for PTO regardless of seniority will be granted before any conflicting requests for unpaid time off are considered. Furthermore, requests for unpaid time off by individual bargaining unit members will not be granted if a bargaining unit member still has PTO hours whichever applies. Exceptions are:

1. A bargaining unit member can elect not to use PTO for a holiday scheduled off.
2. Bargaining unit members who are on the Bargaining Team may elect to use PTO to attend bargaining.
3. PTO requests shall not be unreasonably denied because of the season of the year.
4. Advance Requests for One Work Week or More of PTO bargaining unit member shall submit their PTO preference dates in writing at any time during the year to his department manager. Department manager may establish yearly cut-off dates for

bargaining unit members to submit their PTO request. PTO request should be submitted no later than 30 days prior to the cut-off dates.

5. If staffing, scheduling, or patient care or work requirements do not permit the approval of all PTO requests submitted by bargaining unit members, then the bargaining unit member's seniority shall be the determining factor.

6. Other PTO Requests shall be submitted in writing at least one week in advance of the posting of the schedule covering such day or days. If all such requests cannot be granted, then seniority shall govern, subject to the following:

(a) Seniority will not govern if a less senior bargaining unit member's PTO request has already been approved.

7. Bargaining unit member has the option of using PTO hours for hours of Reduction of Staff (ROS).

8. If a bargaining unit member changes his/her status from regular full-time or regular part-time to per diem, all accrued unpaid PTO will be paid out by the pay period following the effective date of the status change.

9. On approval of Human Resources, bargaining unit members may donate unused PTO hours to another bargaining unit member who has experienced an unforeseeable medical emergency as defined by the IRS. Bargaining unit members must maintain a minimum PTO balance of eighty (80) hours after the donation.

E. PTO is to be used in increments of eight (8) hours unless one of the following exists:

1. Advance approval is obtained for less than eight (8) hours;

2. The bargaining unit member's regular shift is greater or less than eight hours, in which case PTO hours equal to the shift shall be used; or,

3. The bargaining unit member is eligible for State Disability or Workers Compensation payments, in which case PTO shall be integrated to supplement such payments; or,

4. An emergency requires the bargaining unit member's absence for less than a full shift, in which case the Employer may excuse the bargaining unit member from the full shift, with equivalent PTO

hours being used, or it may require that the bargaining unit member report back to work.

F. PTO hours shall be paid at the straight-time rate in effect as of the date PTO is used (or cashed in).

G. Upon termination from employment, bargaining unit member shall be paid for all PTO hours accumulated but not taken at the straight-time rate in effect.

H. In cases where a bargaining unit member is eligible to receive disability benefit payments (State Disability Insurance or Workers' Compensation), the bargaining unit member shall apply for such benefits. To the extent that the disability payments do not equal the bargaining unit member's normal wages, the bargaining unit member's PTO if elected by the bargaining unit member, shall be used in an amount sufficient to equal but not exceed the bargaining unit member's straight-time rate of pay and any shift differential for scheduled hours. Where PTO is subject to integration with State Disability Insurance or Workers' Compensation, it shall be paid promptly even if information as to the precise amount of State Disability Insurance or Workers' Compensation payments is not immediately available.

I. PTO can only be used on scheduled workdays.

J. Upon one week's written notice from the bargaining unit member the PTO pay for which the bargaining unit member is eligible for time off of two (2) weeks or longer shall be available to him/her immediately prior to the commencement of the bargaining unit member's time off period. Further, if the bargaining unit member PTO covers more than one pay period, there shall be separate checks for each pay period.

Section 2. PTO CASH OUT

PTO Hours may be accrued to a maximum of 400 hours for the term of the collective bargaining agreement.

PTO may be "cashed out" as follows: bargaining unit member may irrevocably elect to cash out PTO two times during the calendar year under the following guidelines:

A. The bargaining unit member's PTO account may not be reduced below eighty (80) hours after cash out.

B. The Employer will cash out during the first pay period of July and December, any PTO elected by the bargaining unit member for cash out that has not been used. A bargaining unit member must elect the number of PTO hours to cash out by the preceding December 15 for a July cash

out, and by May 15 for a December cash out. An election to cash out PTO will apply only to PTO that accrues in the six month period after the election is made.

Section 3. PAY FOR HOLIDAYS WORKED

A. Recognized holidays for the purpose of this Section are as follows:

New Year's Day
Martin Luther King, Jr. Birthday (3rd Monday in January)
President's Day (3rd Monday in February)
Memorial Day (last Monday in May)
Independence Day (4th of July)
Labor Day (1st Monday in September)
Thanksgiving Day
Christmas Day

A Day, P.M or Night shift bargaining unit member works a holiday shift when the major portion of the shift falls on one of the above days.

B. If a bargaining unit member works one of the above holidays, the bargaining unit member shall receive payment at time and one-half (1.5X) the bargaining unit member's straight-time rate for all hours worked on such holiday. Exceptions are:

If bargaining unit member requests Christmas Day and/or the following New Year's Day off, and is required to work on both holidays, the bargaining unit member shall receive two times (2X) his or her straight time rate for New Year's Day, or,

A bargaining unit member assigned to the p.m. shift may submit a request to observe the Christmas Day holiday on December 24 and/or observe the New Year's Day holiday on December 31. Such a request is to be submitted by the bargaining unit member at least 30 days in advance of the holiday. If the bargaining unit member's request is granted by the Employer and the bargaining unit member is then scheduled off on December 24 and/or December 31, such day off shall constitute the bargaining unit member's Christmas and/or New Year's Day holiday off, and payment for work performed on December 25 and/or January 1 shall be a non-holiday.

The Employer will use its best efforts to grant each bargaining unit member who requests it, at least one (1) of the following two (2) holidays off: Christmas Day and the following New Year Day. Where there are numerous holidays requests for the same shift, seniority will govern, but each bargaining unit member (if possible, due to Staffing and scheduling)

shall be granted one of these two major holidays off before any bargaining unit member is granted both major holidays.

ARTICLE 18

HEALTH INSURANCE

Section 1. GENERAL PROVISIONS

A. Coverage. Health Insurance coverage shall be limited to Regular Full-time and Regular Part-Time bargaining unit members. Coverage for new Regular bargaining unit members shall commence as of the first of the month following completion of the bargaining unit member's waiting period. In the case of resignation or termination, coverage shall terminate as of the last calendar day in the month of termination.

1. LDA Coverage (other than Registered Domestic Partner who will remain eligible for the medical, dental and vision plans). Current identified as Legally Domiciled Adults ("Grandfathered LDAs") shall continue to be eligible for dependent medical, dental and vision coverage provided they are qualified tax dependents and reside at the same resident address on the bargaining unit member's Federal Income Tax, and can provide periodic proof of their tax dependent qualification. However, effective December 31, 2009, LDA dependents age 65 or older shall be terminated from all insurance Coverage. Grandfathered LDAs who reach age 65 after December 31, 2009 will be terminated from coverage as of the last day of the month in which he/she turns age 65. The LDA coverage option will cease (except for Registered Domestic Partners) for future LDA enrollments.

2. Payroll Deduction or Payments. Bargaining unit member contributions for medical, dental and vision shall be made through the IRS Section 125 Plan (on a pre-tax basis) as permitted by law. Bargaining unit members on unpaid leave of absence who are eligible to continue medical coverage shall submit payments directly to Hospital (or the designated service provider). Coverage shall terminate if the required deductions or payments are not made during the month.

3. Duplicate coverage, duplicate coverage for dependents covered by two (2) or more bargaining unit members will be eliminated (based on date of birth) upon ratification of the contract.

Section 2. MEDICAL BENEFITS

Effective August 21, 2017 [90 days of the ratification of the Agreement], the Employers shall make available two comprehensive medical plans as proposed by the Employers, i.e., the Verity hospital-based EPO ("EPO") plan and Verity hospital-based PPO/Buy-Up ("PPO") plan options for all benefit eligible regular full-time and regular part-time bargaining unit members. These plans shall be as proposed by the Employers on March 13, 2017 and March 23, 2017.

Effective August 21, 2017 [90 days of the ratification of the Agreement], with respect

to EPO coverage only, the Employers shall pay one hundred percent (100%) of the premium cost of the Employee, Spouse and Family coverage for all benefit eligible full-time bargaining unit members and part-time bargaining unit members, subject to the plan's eligibility requirements.

With respect to benefit eligible bargaining unit members who elect the PPO/Buy-Up plan only, the Employers will contribute the same dollar amount (equal to the Employer's contributions for EPO coverage) towards the cost of the PPO/Buy-Up plan and the bargaining unit member will contribute the difference through payroll deductions.

For calendar year 2017, benefit eligible bargaining unit members electing the PPO/Buy-Up will pay the following:

1. Employee only - \$31.85/pay period
2. Employee & Children - \$57.31/pay period
3. Employee & Adult - \$66.86/pay period
4. Employee & Family - \$98.69/pay period

These contributions shall be adjusted on a calendar year basis each year of this Agreement. Advance notification of the increases shall be provided with the annual open enrollment. Annual increases for Local 20 shall not exceed the increases for any other bargaining unit.

Section 3. DENTAL PLANS

The Employers will provide a basic dental plan fully paid by the Employers for the bargaining unit member and his/her dependents (including spouse, registered domestic partner and children). The Employers will maintain the PPO Dental plan, if any, on the same terms as currently provided to bargaining unit members.

Section 4. VISION PLAN

The Employers will continue to offer a vision benefit plan fully paid by the Employers for the bargaining unit member and his/her dependents (including spouse, registered domestic partner and children).

The Employers will continue to offer a voluntary vision Buy-Up option. Any bargaining unit member electing this Buy-Up option will pay the difference between the Buy-Up and the standard vision option.

Section 5. VOLUNTARY SHORT TERM DISABILITY PLAN

The Employers will continue to offer a voluntary Short Term Disability Plan Option on a bargaining unit member paid basis.

Section 6. VOLUNTARY LONG TERM CARE PLAN

The Employers will continue to offer a voluntary Long Term Care Plan option on a bargaining unit member paid basis.

ARTICLE 19

GROUP LIFE INSURANCE

The Employers will provide each Regular bargaining unit member working a predetermined work schedule of not less than twenty (20) hours per week with a group life insurance policy that will provide a benefit equal to at least \$10,000 or one times (1x) the bargaining unit member's base pay, whichever is greater. Base pay is defined as the bargaining unit member's hourly base rate times his/her regularly scheduled hours per pay period times the number of pay periods per year. The coverage will be effective on the first day of the month following completion of thirty (30) calendar days of continuous employment as a Regular Full-Time or Regular Part-Time bargaining unit member. However, when a Temporary bargaining unit member is reclassified to Regular Full-Time or Regular Part-Time status, coverage will be effective the first day of the month following such reclassification.

The Employers will pay the full cost of premiums for group life insurance for each eligible bargaining unit member who qualifies for non-smoker rates, bargaining unit members who do not qualify for non-smoker rates will be required to pay the additional cost, if any, of premiums above the non-smoker rates.

Bargaining unit members may also continue to purchase additional life-insurance as well as dependent life for spouse and child(ren) at group rates.

LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

bargaining unit member life insurance is \$10,000 with premium paid by Hospital. Accidental Death and Dismemberment insurance benefit is \$10,000 with the premium paid by Hospital.

LONG TERM DISABILITY (LTD)

60% of base pay with premium paid by Hospital.

ARTICLE 20

RETIREMENT

Section 1. PENSION

O'Connor will continue to offer the DCHS Retirement Plan Account (the "RPA Plan") to all eligible regular Part-Time and Full-Time bargaining unit members as well as eligible per diem bargaining unit members, each in accordance with RPA Plan terms.

As of March 1, 2011, the RPA Effective Date for bargaining unit members, all benefits accrued up to such date Under the Verity Health Systems Retirement Plan and the RPHE Plan were frozen.

Bargaining unit members who were employed as of March 1, 2011, the RPA Effective Date, shall receive the following contributions pursuant to the following schedule:

Years of Service	Contribution Rate
0-9	3%
10-14	5%
15-19	7%
20-24	9%
25-29	11%
30+	12%

Bargaining Unit Members hired after March 1, 2011 shall receive the following RPA contributions pursuant to the following schedule:

Years of Service	Contribution Rate
0-9	3%
10-14	5%
15+	7%

Section 2. 403(B) PLAN

Hospital will match contributions made to Hospital-Sponsored 403(b) Plan. The match benefit will be provided through Hospital-Sponsored 401(a) Plan and subject to the terms and conditions of the Plan. Pursuant to this provision, Hospital will contribute \$0.35 to a bargaining unit member's 401(a) Plan account for every \$1.00 that a bargaining unit member contributes, for all of the bargaining unit member's contributions up to a maximum of 5% of the bargaining unit member's total annual compensation (i.e., maximum 1.75% of total annual compensation).

Section 3. RETIREE HEALTH

- A. Health coverage made available from early retirement (age 55 or later) until attainment of age 65 ("bridge" to Medicare eligibility), applicable to bargaining unit members only.
- B. Retiree coverage provided via active employee health plans.
- C. Coverage is provided to bargaining unit member who terminates employment after attaining age 55 and completes at least 10 years of service.
- D. The portion of retiree health cost (COBRA rates) paid by the Employers is based on bargaining unit member's years of service at time of termination is as follows:

More than 10, but less than 15:	0%
More than 15, but Less than 20:	25%
More than 20, but less than 25:	50%
More than 25 years of service:	75%

- E. Scientists will be given past service credit to date of hire.

The maximum monthly COBRA premium is \$500; then applicable years of service percentage is applied.

Based on the \$500 monthly COBRA premium, the maximum employer's monthly contribution per retiree with differing service levels would be:

More than 10, but less than 15: \$0
More than 15, but less than 20: \$125 per month
More than 20, but less than 25: \$250 per month
More than 25 years of service: \$375 per month

ARTICLE 21

LEAVES OF ABSENCE

Section 1. EDUCATION LEAVE

Each regular full-time and part-time bargaining unit member shall be entitled to forty (40) hours leave with pay each year, prorated based on status for part-time bargaining unit members based on hours worked to attend or complete courses, institutes, workshops or classes of an educational nature. The bargaining unit member will submit and get approval for said educational leave in advance and the activity will meet a requirement for CEUs needed for re-licensure by the State of California or for other accreditation related to laboratory work. Educational leave will not be unreasonably denied.

Twenty (20) hours of educational leave may be used for home study or on-line courses (part-time associates shall receive a pro-rated number of hours based on their status).

Section 2. BEREAVEMENT LEAVE

A. Definition of Family

Except as set forth herein, "immediate family," for purposes of this section means spouse, legally domiciled adult, children, sister, brother, parents, legal guardians, current parents-in-law including daughter and son-in-law, grandparents, grandchildren, registered domestic partner, their parents and children, step relative (parent, child, sibling), and foster children.

When a death occurs in the immediate family of a benefited bargaining unit member, he/she shall be entitled to a leave of absence of up to forty (40) hours with pay within seven (7) days of the death. Limited Part-time and Per Diem bargaining unit members may be excused from work for up to three (3) days without pay.

In the case of death of an immediate family member as defined above, the bargaining unit member shall be entitled to an additional leave of absence of two (2) days without pay at the bargaining unit member's request. The bargaining unit member and the Employer may agree to extend the period of bereavement leave. For any such agreed extension the bargaining unit member may use PTO or take an unpaid leave at the employer's discretion. The Employer will not unreasonably deny such requests.

Section 3. LEAVES OF ABSENCE

A bargaining unit member who is on an approved Physical Disability Leave of Absence will have his/her group health plan coverage continued during the leave, while the bargaining unit member is on paid status at the level and under the conditions coverage would have been provided if the bargaining unit member had not taken such leave. Beginning on the first (1st) day of the first full month during which a bargaining unit member is no longer on paid status the bargaining unit member may elect to continue such group health plan coverage under COBRA by paying the cost of such coverage as provided under COBRA, subject to the terms, conditions and limitations of the federal COBRA statute.

A. Medical Leave.

1. Bargaining unit members who have completed ninety (90) days of employment shall be eligible for leave of absence for medical reasons. Such leave(s) shall not exceed six (6) months in a rolling twelve (12) month period, unless extended only by mutual agreement between the bargaining unit member and the Employer.

2. In order to be eligible for medical leave, the bargaining unit member must provide the Employer's Human Resources department with medical certification, in advance where practicable and foreseeable, such certification to include the probable duration and confirmation that the bargaining unit member is unable to perform his/her job duties due to the medical condition.

3. Benefits under this Agreement shall be maintained during paid portions of leave and/or during any portion of the leave that qualifies as FMLA or CFRA leave, as provided below. Beginning on the first day of the month following the exhaustion of paid time and/or the maximum FMLA/CFRA leave, the bargaining unit member may elect to continue benefit coverage under COBRA by paying the cost of such coverage as provided under COBRA.

B. FMLA/CFRA.

1. Bargaining unit members continuously employed by the Employer for twelve (12) consecutive months and who have worked at least 1250 hours within the twelve (12) months preceding the commencement of the leave shall be eligible for Family Medical Leave in accordance with the provisions of the federal Family Medical Leave Act (FMLA) and the California Family Rights Act (CFRA). Such leaves shall be made available for;

- (a) The birth of the bargaining unit member's child, or receipt of a child in foster care or adoption;
- (b) The care of a bargaining unit member's immediate family member. For the purposes of this provision, members of the immediate family are defined as the bargaining unit member's spouse, parents, child, registered domestic partner or the child of a registered domestic partner.
- (c) A serious medical condition of the bargaining unit member.
- (d) Care for an injured service member: An eligible bargaining unit member who is the spouse; son, daughter, parent, next of kin or registered domestic partner of a covered U.S. Armed Forces service member who incurs an illness or injury in the line of duty. Such eligible bargaining unit members shall be entitled to a total of twenty-six (26) workweeks of leave during a twelve (12) month period to care for the service member. The leave described in this paragraph shall only be available during a single twelve (12)-month period.

2. Upon return to work following a qualifying FMLA/CFRA leave, the bargaining unit member shall be reinstated to the same position, classification, unit, and shift held by the bargaining unit member at the time of the commencement of the leave.

C. Pregnancy Disability Leave.

Bargaining unit members disabled due to pregnancy or pregnancy-related conditions shall be eligible for a maximum of four (4) months unpaid leave of absence, in addition to CERA leave, in accordance with the provisions of California Law.

Upon return to work following a pregnancy leave, the bargaining unit member shall be reinstated to the same position, classification, unit, and shift held by the bargaining unit member at the time of the commencement of the leave.

D. Work-related Disability Leave.

1. The Employer shall grant a leave of absence to a bargaining unit member who is unable to work due to a work-related injury. During the leave, all health and welfare benefits shall continue for up to one (1) year or to the date that the bargaining unit member is deemed to be Permanent and Stationary, whichever occurs earlier. When the bargaining unit member does not return to work, he/she may elect to continue his/her benefit under COBRA by paying the cost of such coverage.

2. The Employers shall make every reasonable effort to assist the bargaining unit member and return him/her to work after a work-related injury, including an offer of modified (light) duty for at least ninety (90) days, return to the bargaining unit member's former position upon release for work, or retraining to an available position with the Employers, if the bargaining unit member is no longer able to perform the work of his/her former position.

3. Bargaining unit members returning from work-related disability leave shall be entitled to reinstatement to the same position, classification, unit, and shift as held by the bargaining unit member at the commencement of the leave.

4. A bargaining unit member who, because of a work-related injury, is medically-determined to be permanently disabled and unable to return to his/her former position shall be entitled to any vacant position for which he/she is then qualified. If all other options have been exhausted and a bargaining unit member is medically-determined to be permanently disabled and is unable to return to his/her former position even with reasonable accommodations

under the Americans With Disabilities Act (ADA) or to any vacant position for which he/she may be qualified, such bargaining unit member may be replaced.

E. Voluntary Leaves for Disaster Services

1. Policy Statement

When a significant disaster occurs, the Employer is committed to providing voluntary assistance to governmental agencies and non-profit agencies that may request our services. Response to all such requests must be approved in advance by the Employer's Chief Executive officer or designee. Voluntary leave for disaster service by bargaining unit members will only be approved if such leave does not unduly impact the Employer's operations, including health care delivery to patients. Denial of such leave shall not be subject to the grievance and arbitration provisions of the Agreement.

2. Definition of "Disaster" and "Designated Agency"

A "disaster" is defined as an event officially declared as such by federal, state or local government or an agency designated by the IRS as a Section 501(0)(3) not for-profit, charitable organization (e.g. American Red Cross) a designated agency.

3. Employer-Initiated Requests for Voluntary Disaster Service

The cases where the Employer's request voluntary disaster service of their bargaining unit members in response to requests in times of crisis from federal, state or local governmental entities or designated agencies as defined above, the following will apply:

(a) Eligibility

Any bargaining unit member will be considered eligible unless such bargaining unit member has a documented record of current unsatisfactory job performance.

(b) Procedures

Written agreement for leave for voluntary disaster service for up to 30 calendar days in a calendar year may be obtained from the bargaining unit member's manager provided that the number of bargaining unit members absent for voluntary disaster service does not unduly impact the Employers' operations. Extension of voluntary service greater than 30 calendar days in a calendar year must be approved by the appropriate vice president or his

or her designee. In the case where the number of represented bargaining unit members responding to an Employers-initiated call for volunteers exceeds demand, selection shall be made in accordance with contract seniority, provided all other provisions of this policy are met.

(c) Compensation and Benefits

A bargaining unit member who volunteers for disaster service in response to a request from the Employer on behalf of a governmental entity or designated agency will be reimbursed for actual hours of volunteer duty up to a maximum of eight (8) hours in a day and forty (40) hours in a week at the bargaining unit member's regular rate of pay while performing Volunteer disaster service.

Bargaining unit members continue to accrue seniority and service credit and be eligible for benefits, subject to existing group insurance provisions during the time of the approved leave, at the expense of the Employer.

In order to receive compensation under this policy, the bargaining unit member shall submit documentation of the hours or volunteer service for each day of volunteer duty.

(d) Travel Expenses

Bargaining unit members who volunteer for duty in response to an Employer's-initiated request shall be covered by the provisions of the Employers' National Travel Policy.

4. Bargaining Unit Member-initiated Requests for Volunteer Disaster Service.

When bargaining unit members, on their own wish to volunteer to assist during a disaster, the following will apply:

(a) Eligibility.

Any bargaining unit member will be considered eligible unless such bargaining unit member has a documented record of current unsatisfactory job performance.

(b) Procedures

Written application for leave for voluntary disaster service for up to 30 calendar days in a calendar year may be approved by the bargaining unit member's manager. Requests for voluntary service greater than 30 calendar days in a calendar year must be approved by the appropriate vice president or his or her designee.

The Employers will grant time off for short-term leaves of up to 30 calendar days in a calendar year to eligible bargaining unit members for official volunteer duty as long as the Employers receive reasonable notice, provided that the number of bargaining unit members absent for voluntary disaster service does not unduly impact the Employers operations. In the case where represented bargaining unit members request for voluntary leave for disaster service are numerous, the Employer will select the bargaining unit members in accordance with contract seniority, provided all other provisions of this policy are met.

(c) Compensation and Benefits

A bargaining unit member who requests and receives approval for leaves for voluntary disaster service on his or her own initiative, apart from any Employer's request from a governmental entity or designated agency, will be on unpaid leave during the period of volunteer service, unless the bargaining unit member elects to use accrued paid time off.

While on bargaining unit member-initiated unpaid voluntary disaster service, bargaining unit members continue to accrue seniority and service credit and be eligible for benefits, subject to existing group insurance provisions, during the time of the approved leave, at the Employer's expense, provided such leave is for a period of 30 calendar days or less. After voluntary disaster leaves of 30 calendar days or less, the bargaining unit member will be reinstated into their regular position.

F. Union Leave

One (1) bargaining unit member at a time who becomes a paid staff member of the Union shall be granted an unpaid leave of absence of up to one (1) year for Union business, patient care permitting. Upon completion of the leave of absence the bargaining unit member will be returned to

his/her former job, if available, or to a comparable position in the same classification, shift, and work hours.

Upon a two (2) week written notice from the Union to the Employer's Director of Human Resources or Vice President of Human Resources, prior to the posting of the monthly work schedule which includes the desired time off, one (1) bargaining unit member at any given time will be granted an unpaid leave of up to two (2) weeks from work for the purposes of engaging in Union business, including but not limited to Union Conventions, meetings, conferences, and other activities, patient care permitting. The bargaining unit member shall not suffer any loss of seniority or other benefits as a result of such leave.

G. Military Leave

Military leave of absence shall be granted to eligible bargaining unit members who are absent from employment in order to perform duty, on either a voluntary or involuntary basis, in the uniformed services of the United States. Eligibility for military leave, and all other rights and obligations in connection with such leave, shall be in accordance with, and fully governed by, the Uniformed Service Employment and Reemployment Rights Act of 1994 (USERRA).

A bargaining unit member who is the spouse or registered domestic partner of a service member of the U.S. Armed Forces deployed in a combat zone during a period of military conflict may take up to ten (10) days of unpaid leave. To be eligible for such a leave, no bargaining unit member must be regularly scheduled to work twenty (20) or more hours a week, and must submit documentation to the Employer of his/her intention to take such a leave within two (2) business days of receiving notice that the service Member will be on leave from deployment.

H. Kin Care Leave

A regular full time or regular part time bargaining unit member may use as much as one-half of his/her annual PTO accrual amount for time off to care for a sick child, parent, spouse, registered domestic partner or child of a registered domestic partner.

Child includes a biological, adopted or foster child, a stepchild, a legal ward, or a child when the bargaining unit member stands in loco parentis.

Parent includes the biological, foster or adoptive parent, a step-parent or legal guardian.

Bargaining unit members who desire to take a Kin Care Leave must complete a Kin Care Authorization Form for each related absence.

I. Victims of Domestic Abuse Leave

A bargaining unit member who is victim of domestic abuse will be provided with time off without pay not to exceed twelve (12) weeks in a twelve (12) month period for:

To obtain a regular or temporary restraining order or to obtain other domestic abuse-related court assistance.

To seek medical attention for injuries related to domestic abuse.

To obtain services from a domestic violence shelter program or rape crisis center. To obtain psychological counseling related to an experience of domestic violence.

To participate in safety planning and take other actions to increase safety from future domestic violence, including temporary or permanent relocation.

J. Required Notice

The bargaining unit member, when possible, must give a reasonable notice of his/her intention to take time off. If the bargaining unit member takes an unscheduled absence, he/she will not be subject to disciplinary action or that absence will not count as unauthorized absence when he/she provides either;

A police report indicating that the bargaining unit member was a victim of domestic violence.

A court order protecting or separating the bargaining unit member from the perpetrator of an act of domestic violence, or other court document or prosecuting attorney indicating that the bargaining unit member's court appearance.

Documentation from a medical professional, domestic violence advocate or counselor that the bargaining unit member was undergoing physical or psychological treatment for abuse resulting from victimization from an act of domestic violence.

K. Use of PTO

A bargaining unit member who takes a Victim of Domestic Violence leave may use any accrued PTO.

L. Other Leaves of Absence

Leaves of absence for reasons other than those specified herein above shall be granted only by agreement between the bargaining unit member and the Employer and if a real and compelling reason for time off exists. A leave of absence shall not be unreasonably denied, although it is understood that recurring requests may be denied since such requests cause a burden on the process of scheduling, staffing and quality patient care.

M. Return to Duty

Unless otherwise specified above, when a bargaining unit member returns from leave of absence not exceeding thirty (30) days in compliance with the approved terms of the leave, such a bargaining unit member shall be assigned to the same classification, position, unit and shift he/she held before the leave. Unless otherwise specified above, if the leave is in excess of thirty (30) days and the bargaining unit member returns in compliance with the approved terms of the leave, the Employer will use their best efforts and will not unreasonably deny return of the bargaining unit member to the same classification, position, unit, and shift as occupied at the start of the leave. If conditions have changed so that this is not possible, the bargaining unit member shall be reinstated in a position, unit and shift as nearly comparable as is possible under the circumstances.

N. Notice to Replacements

A person hired or assigned as a replacement for a bargaining unit member on a leave of absence shall be so advised by the Employer.

O. Non-forfeiture of Accrued Rights

By reason of such leave of absence, the bargaining unit member shall not lose any accrued rights under this Agreement but likewise he/she shall not accrue rights under this Agreement, unless otherwise provided for above.

P. Personal Leave

A personal/emergency leave of absence may be granted to full-time and regular part-time bargaining unit members. Length of a personal leave of absence may range up to 90 calendar days. Approval of personal/emergency leave of absence shall be made by the bargaining unit member's immediate supervisor with the concurrence of the Human Resources Department.

The Employer will not unreasonably withhold approval of requests for personal/emergency leaves of absence.

Q. Concurrent Leaves

Except as otherwise required by law, if a condition or reason for leave entitles a bargaining unit member to more than one type of leave under this Article, such leaves shall run concurrently.

Section 4. JURY DUTY, WITNESS PAY AND VOTING TIME

A. Jury Duty

A regular full-time or regular part-time bargaining unit member called for jury duty will receive the difference between jury pay and normal straight time earning for jury service on any day on which the bargaining unit member was regularly scheduled to work. In order to be eligible for jury duty pay from the Employer, the bargaining unit member must notify the bargaining unit member's department manager as soon as is practicable after receipt to report for jury service, and must provide a receipt from the jury commissioner that he or she has been called and has served. Jury duty served while on a leave of absence while, utilizing paid time off or on a day on which the bargaining unit member is not scheduled to work, will not be compensated.

Bargaining unit members who work on night shift will be excused from work the night after or the night before reporting for jury duty.

B. Witness Pay

A bargaining unit member subpoenaed by the Employer to appear in a judicial proceeding on a regularly scheduled work day will receive the difference between the applicable statutory witness fee and straight time earnings for each such day. The bargaining unit member must present a proof of Duty Statement issued by the Court to his/her manager.

C. Time off to Vote

Bargaining unit members who are unable to vote in a statewide election before or after working will be permitted up to two (2) hours with pay at the beginning or end of their workday on Election Day for voting purposes. Arrangements must be approved in advance by the bargaining unit member's supervisor. Where possible the bargaining unit member will give his or her supervisor at least two (2) working days' notice that time off to vote is needed.

ARTICLE 22

BOOKS AND TUITION

Bargaining unit members shall be reimbursed, up to \$2,000 per year for tuition and books after completion of courses while in the employ of Hospital, provided that the taking of the courses shall have first been approved in writing by the appropriate manager, and evidence of achieving a passing grade shall have been provided by the bargaining unit member. Requests for reimbursement will not be unreasonably denied.

ARTICLE 23

SENIORITY

A. Definition of Seniority

1. Seniority for full-time, part-time, and limited part-time bargaining unit members is the date of hire or re-hire into the bargaining unit members Classification at Hospital.

2. "Probationary" bargaining unit members shall, upon completion of the probationary period, accrue seniority retroactively from the latter of the date of the bargaining unit member's hire or re-hire.

(a) Per Diem bargaining unit members do not have seniority dates, but date of hire will determine "seniority" among other Per Diem bargaining unit members. The seniority date for Per Diem bargaining unit members transferring for the first time to a Regular Full Time, Regular Part-Time, or Limited Part-Time position will be the date of transfer to the Regular or Limited position.

3. Termination of Seniority: [Tentative Agreement]

(a) A bargaining unit member's seniority and employment relationship with Hospital shall terminate upon the occurrence of any of the following:

(i) The bargaining unit member voluntarily quits.

(ii) The bargaining unit member is discharged for cause.

(iii) The bargaining unit member is on layoff for more than twelve (12) months.

(iv) Failure to report to work from layoff by the start date or seventy-two (72) hours from notice of recall, whichever is later.

(b) Notice shall be given in person or by return receipt or certified letter to the bargaining unit member's last address on record.

ARTICLE 24

REDUCTION IN STAFF

Section 1. LAYOFF PROCEDURE

In the event of a reduction in force of regular hours, Hospital shall notify the Union at least thirty (30) days in advance of the effective date of the layoff, during which time volunteers for layoff or reduction in hours will first be sought. Hospital may give affected bargaining unit members two (2) weeks' pay in lieu of notice. Volunteers for layoff in such positions will be selected on the basis of seniority. If an insufficient number of bargaining unit members volunteer for layoff to meet reduction goals, then all bargaining unit members will participate in the department rebidding process based on seniority. The bargaining unit member must be qualified and have the ability, with no more than fifteen (15) work days' orientation, to competently perform all of the work in the position into which the bargaining unit member chooses to bid. In all cases, Hospital shall have the right and discretion to determine such capabilities and qualifications. It is understood that Hospital will notify the Union of its conclusion that bargaining unit member has not demonstrated his/her ability within said fifteen (15) work days prior to terminating the bargaining unit member and the orientation period may be extended by agreement of the parties.

Order: Indefinite or permanent layoffs shall occur in the following order:

- Temporary bargaining unit members;
- Per Diem or Limited Part-Time bargaining unit members;
- Regular full-time and regular part-time bargaining unit members.

Section 2. PER DIEM SCHEDULING PREFERENCE

Displaced bargaining unit members may elect to work as per diem bargaining unit members during the period they are on layoff status. Regular full-time and regular part-time bargaining unit members who so elect to work as per diem will be given preference over other per diem bargaining unit members in selecting shifts to be worked for a period not to exceed one year after layoff.

Section 3. RECALL

For a period of up to one year from the date of layoff, bargaining unit members (who have not secured a comparable position at Hospital) will be recalled in order of bargaining unit seniority for any vacancies that occur at Hospital from which they were laid off, provided they are qualified, and have the ability to competently perform, with no more than fifteen (15) days orientation, the available work. A bargaining unit member who is laid off shall retain seniority until she/he declines the offer of a comparable position at Hospital from which they were laid off. It is the responsibility of the bargaining unit member to update the Human Resources Department in writing with current address and phone numbers for recall purposes. A recalled bargaining unit member must accept recall within one week of confirmed contact and offer of a relatively equal position. Additionally, the bargaining unit member must return to work at Hospital within one week of notice or recall. If a bargaining unit member does not accept recall and return to work within one week, the bargaining unit member will be considered to have voluntarily resigned. Upon recall from lay off status, the bargaining unit member will be entitled to restoration of seniority and placement at the salary classification wage rate in effect at the time of the layoff, including fringe benefits. However, there shall be no accumulation of earnings or benefits during the period of separation, nor shall Hospital be required to provide any insurance coverage that may have lapsed until such coverage has been reapplied for by the bargaining unit member. Such coverage applied for shall be effective as of the earliest possible date consistent with the particular insurance company's policy. Bargaining unit members who experience a twelve-month (12) or more absence due to workforce reduction will lose seniority for all purposes.

Section 4. SEVERANCE PAY

2 weeks' notice plus:

- 0 - 3 years of service = 2 weeks of pay
- 4 - 5 years of service = 3 weeks of pay
- 6 - 7 years of service = 4 weeks of pay
- 8 - 9 years of service = 5 weeks of pay
- 10 - 14 years of service = 6 weeks of pay
- 15 + years if service = 8 weeks of pay

In the event of a sale of the Hospital, a bargaining unit member who is offered a position by the new owner is not entitled to receive severance pay as provided in this paragraph.

Section 5. TEMPORARY REDUCTION IN STAFFING

- A. In the event that a Hospital determines that it is necessary to reduce staffing at a hospital on a given shift due to a reduced workload, the following procedures will apply:
- B. First, volunteers will be solicited. If there are no volunteers, then any per diem bargaining unit member working on that shift will be canceled or sent home early.
- C. In the event that there are no volunteers or per diem bargaining unit members on the shift in question, the bargaining unit member to have his/her hours reduced will be selected on a rotational basis, with the least senior bargaining unit member on duty at the affected hospital being canceled first and rotating the involuntary cancellation of hours throughout the year until all bargaining unit members have taken a turn. Cancellation of shifts and hours will be recorded to facilitate proper rotation of reductions. A bargaining unit member who has been placed "in charge" may be exempted from call-off whenever Hospital management concludes that the bargaining unit member is needed to remain in charge for the shift.

ARTICLE 25

POSTING AND FILLING OF VACANCIES

Section 1. POSTING VACANCIES

Hospital shall post all vacancies in positions covered by this Agreement for a minimum period of seven (7) calendar days prior to filling the position. Minimum qualifications shall be noted on the posting. This does not prevent Hospital from filling a vacancy on a temporary basis.

Section 2. FILLING VACANCIES

Preference shall be given in the following order among bidding bargaining unit members from the same preference level. Among bidding bargaining unit members from the same preference level, seniority shall govern, as set forth in Article 23. In order to be selected, the bidding bargaining unit member must meet all stated qualifications of the job established by Hospital.

Only non-probationary bargaining unit members will be considered to fill vacancies. Hospital may not consider those applicants who have been disciplined, pursuant to Article 28, during the preceding twelve (12) months.

If two (2) or more qualified bargaining unit members bid to fill a vacancy, and their qualifications and job performance are relatively equal, as determined by management, selection shall be in the following order of preference. In the event that two (2) bidding bargaining unit members have the same hire date, the tie-breakers shall be as follows: date of application for the vacancy of the position to

which they are applying. In the event that the tie is not broken, then the bargaining unit member with the lowest last four digits of his/her Social Security number will be awarded the position.

Preference Level 1: Full-time and part-time bargaining unit members employed by Hospital with the vacancy.

Preference Level 2: Limited part-time bargaining unit members employed by Hospital with the vacancy.

Preference Level 3: Per Diem bargaining unit members employed by Hospital with the vacancy.

Preference Level 4: Temporary Bargaining Unit Members employed by Hospital with the vacancy and all applicants not employed by Hospital with the vacancy. If all qualifications between an outside candidate and bargaining unit members covered by this Agreement not employed by Hospital with the vacancy are equal, preference will be given to the bargaining unit member. In all cases, Hospital shall have the right and discretion to determine qualifications.

ARTICLE 26

UNION VISITATION RIGHTS

Hospital shall allow representatives of the Union to visit Hospital at reasonable times to ascertain whether the contract is being observed and to assist in adjusting grievances. At least two (2) hours prior to any such visit, the Union representative shall make his/her presence known to a designated representative of Hospital (Union will advise the Hospital in writing of the designated representative) prior to entering into Hospital and shall only meet with bargaining unit members in non-work areas during each bargaining unit member's non-duty hours. Any representative from the Union shall not remove any property or records from Hospital without the express written authorization of the Vice-President of Human Resources.

ARTICLE 27

GRIEVANCE AND ARBITRATION

The parties shall use the following procedures to resolve any grievances that may arise during the term of this Agreement. The parties recognize that the goal of this Article is to discuss and resolve grievances informally prior to resorting to Step 2.

Section 1. DEFINITIONS

- A. Grievance: a dispute raised by a bargaining unit member, the Union or Hospital concerning the interpretation application or compliance with any specific provision of this Agreement, or a dispute concerning whether or not discipline, including discharge, is for just cause. Performance appraisals are not grievable or arbitrable under this Article.

- B. Days: calendar days, excluding Saturdays, Sundays, and contract holidays.

Section 2. TIME LIMITS

Except for the filing of the grievance, time periods specified in this Article may be extended, so long as the agreement to extend is in writing and expressly agreed to by Hospital and the Union.

No grievance will be arbitrable unless: (a) the initial filing of the grievance was timely, as set forth in this Article; and (b) the written referral to arbitration was timely, as set forth in this Article.

Section 3. GRIEVANCE STEPS

- A. Step 1: Within fourteen (14) days of the date on which a bargaining unit member first has knowledge, or reasonably should have knowledge, of the event or condition giving rise to the grievance, the bargaining unit member must discuss the matter with the Laboratory Director or designee. If the grievance is not resolved at this step, the bargaining unit member may appeal to Step 2. If the Laboratory Director or designee does not respond within seven (7) days of being informed of the grievance, the bargaining unit member or Union may appeal to Step 2.

- B. Step 2: Grievances that are referred to step 2 shall be in writing and must contain the following information:

- The issue, situation or nature of the grievance;
- The date on which the issue or situation occurred, or the date on which the bargaining unit member or the Union became aware of the issue or situation;
- The provisions of this Agreement alleged to have been violated; and
- The resolution or remedy sought.

Grievances relating to a bargaining unit member termination or suspension shall be presented within thirty (30) days of the termination or suspension date directly to the Vice President of Human Resources or his/her designee. No grievance shall be processed under this Article unless it has first been presented at this Step within thirty (30) days of the date when either the bargaining unit member, or the Union first had knowledge, or reasonably should have had knowledge of the event(s) giving rise to the grievance.

A Step 2 meeting shall take place within fourteen (14) days after the filing of the grievance. The Vice President of Human

Resources or designee shall respond in writing within fourteen (14) days of the meeting. If Hospital does not timely respond as provided in this section, the bargaining unit member or Union may advance to grievance to the next Step.

- C. Step 3: If the grievance is not resolved at Step 2, the bargaining unit member or Union may proceed by submitting a written notification to the Vice President of Human Resources or designee within fourteen (14) days following issuance of the Step 2 response. The parties will select an arbitrator within fourteen (14) days of the notification. The parties will select an arbitrator by alternately striking a name from the FMCS list of arbitrators. The order of striking will be determined by a coin toss.

The arbitrator shall hear the grievances as expeditiously as possible, and shall render a decision in writing within sixty (60) days after the conclusion of the hearing or submission of briefs, whichever is later.

The arbitrator's authority is limited to interpreting the provisions of this Agreement and determining if just cause was used for cases of termination and suspension. The Arbitrator shall have no authority to add to, subtract from, or modify this Agreement.

The arbitrator's decision shall be final and binding upon the parties. Arbitration expenses will be shared equally by Hospital and the Union. Each party shall bear its own expenses for representation and witnesses.

ARTICLE 28

DISCIPLINE

- Section 1. If any bargaining unit member is called to meet on a matter which involves the investigation of facts and the bargaining unit member reasonably believes the matter could lead to discipline, upon that bargaining unit member's request, the Hospital will allow the bargaining unit member to be represented with a Union Steward or Representative at the meeting. There must be just cause for all discharge or discipline issued by the Hospital.
- Section 2. The Hospital follows the general principles of progressive discipline. However, major violations of work rules and policies are cause for severe disciplinary action including discharge, as determined by the Hospital, regardless of whether previous disciplinary action has been taken.
- Section 3. Except where prohibited by law, if after an eighteen (18) month period of time following the issuance of discipline there was been no discipline of a similar nature,

the disciplinary notice will be removed from the Employee's personnel file upon the written request of the Employee.

Section 4. Inspecting a bargaining unit member's Personnel File: A Union Representative or Steward may inspect material from a bargaining unit member's personnel file when such inspection is related to the investigation of a grievance, provided the Hospital has been given specific written consent for such inspection by the affected bargaining unit member(s).

ARTICLE 29

CLINICAL LABORATORY SCIENTIST'S RIGHT TO RECEIVE AND REVIEW EVALUATIONS AND WARNINGS

The bargaining unit member may, during normal business hours of the personnel office, review his or her personnel file to the extent permitted by law. The bargaining unit member shall be allowed by the Supervisor or Department Head to read, sign and receive copies of personal evaluations or letters of warning prior to their placement in the bargaining unit member's personnel file. The bargaining unit member will receive a copy of the evaluation and/or letter of warning.

ARTICLE 30

NO STRIKE 7 NO LOCKOUT

There shall be no strikes, lockout, or other stoppages or interruption of work, including sympathy strikes, during the term of this Agreement.

ARTICLE 31

BULLETIN BOARDS

Hospital shall provide space on a bulletin board in the immediate vicinity of the Laboratory. A designated Union representative shall be responsible for posting material submitted by the Union.

ARTICLE 32

SEVERABILITY

If any provision of this Agreement or any application thereof is held by an agency or court of competent jurisdiction to be contrary to law, then such provision or application of this Agreement shall be deemed invalid to the extent required by such agency or court decision. All other provisions shall continue in full force and effect.

ARTICLE 33

CHANGE OF OWNERSHIP

NOTIFICATION In the event of a change of ownership of O'Connor Hospital or if O'Connor Hospital enters into a partnership, affiliation, merger, sale or other transfer of ownership of the Hospital's operation, the Hospital will notify the union with at least sixty (60) days written notice prior to the effective date of the sale, merge, affiliation, partnership or other transfer of ownership and upon request, bargain the effects with the Union.

This agreement shall be binding upon the Union and the Hospital or any successor thereof whether the succession be by any of the means described above as it applies to the business of the Hospital, in whole or in part, or to any change in management companies.

ARTICLE 34

PHYSICAL EXAMINATIONS

PHYSICAL EXAMINATIONS

All pre-employment physical examinations required of bargaining unit member in connection with his/her employment, according to the Employer's practice, shall be given without charge to the bargaining unit member, and all costs incident to those examinations shall be borne by the Employer. Notwithstanding the foregoing, nothing in this Article shall be construed to obligate the Employer to pay for any treatment which may be required as a result of any disease or condition disclosed during such physical examinations. Such examinations shall be without loss of pay, and shall include all laboratory, diagnostic and other clinical tests required by Title XXII or the Department of Health Services and/or the county in which the hospital operates and examinations and review of the bargaining unit member's medical history by a physician or nurse practitioner. Any disclosures to the Employer by the physician or nurse practitioner concerning the results of such physical examination shall be limited to certification that the bargaining unit member is physically able to perform the essential functions of his or her job.

ARTICLE 35

TERM OF AGREEMENT

This Agreement shall be effective as of 12:01 a.m. the day following ratification of this Agreement, and shall remain in effect until April 30, 2020.

O'CONNOR HOSPITAL

ENGINEERS & SCIENTISTS OF NORTHERN
CALIFORNIA, IFPTE, LOCAL 20
(AFL-CIO CLC):

John Mader, President

Date: _____

Date: _____

ENGINEERS & SCIENTISTS OF NORTHERN
CALIFORNIA, IFPTE, LOCAL 20
(AFL-CIO CLC):

Nick Steinmeier, Union Representative

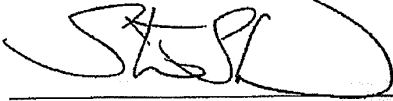
Date: _____

ARTICLE 35

TERM OF AGREEMENT

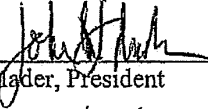
This Agreement shall be effective as of 12:01 a.m. the day following ratification of this Agreement, and shall remain in effect until April 30, 2020.

O'CONNOR HOSPITAL



Date: January 26, 2018

ENGINEERS & SCIENTISTS OF NORTHERN
CALIFORNIA, IFPTE, LOCAL 20
(AFL-CIO CLC):



John Mader, President

Date: 1/22/2018

ENGINEERS & SCIENTISTS OF NORTHERN
CALIFORNIA, IFPTE, LOCAL 20
(AFL-CIO CLC):



Nick Steinmeier, Union Representative

Date: 1-22-2018

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December 7, 2018

Via Email (nsteinmeier@ifpte20.org) and U.S. Mail

Nick Steinmeier
Senior Union Representative
Engineers & Scientists of California
Local 20, IFPTE AFL-CIO/CLC
810 Clay Street
Oakland, CA 94607

Re: Proposal Regarding Disposition of CBAs

Dear Mr. Steinmeier:

Thank you for your time yesterday. Richard Adcock, Steven Sharrer and I appreciated meeting with you and your colleagues from Engineers and Scientists of California, IFPTE Local 20 ("Local 20"). As discussed, Dentons is counsel to Verity Health System of California, Inc. ("Verity") and several affiliates, including O'Connor Hospital ("OCH") and Saint Louise Regional Hospital ("SLRH") and, collectively referred to with OCH as the "Debtors", in their bankruptcy cases currently pending under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Central District of California (the "Court"), which commenced on August 31, 2018 (the "Petition Date").

This letter memorializes the proposal presented to you yesterday regarding the Collective Bargaining Agreement between SLRH and Local 20, which is effective May 1, 2017 through April 30, 2020 (the "SLRH CBA") and the Collective Bargaining Agreement between OCH and Local 20, which is effective May 1, 2017 through April 30, 2020 (the "OCH CBA") and collectively with the SLRH CBA the "Prepetition CBAs") effective upon the closing of the sale of SLRH and OCH. We urge you to discuss this proposal with your legal counsel.

Hamilton Harrison & Mathews ► Mardemootoo Balgobin ► HPRP ► Zain & Co. ► Delany Law ► Dinner Martin ► Maclay Murray & Spens ► Gallo Barrios Pickmann ► Muñoz ► Cardenas & Cardenas ► Lopez Velarde ► Rodyk ► Boekel ► OPF Partners ► 大成

As we discussed, the proposal is that the Debtors will need to terminate the CBAs because they will no longer own or operate the Hospitals and will shortly commence steps to do so by filing a motion in the Court to “reject” the CBAs pursuant to section 1113 of the Bankruptcy Code, 11 U.S.C. §101-1531, as amended (the “Proposal”). The necessity of the Proposal is supported by the following:

On October 1, 2018, the Debtors filed a *Motion for the Entry of (I) an Order (1) Approving Form of Asset Purchase Agreement for Stalking Horse Bidder and for Prospective Overbidders to Use, (2) Approving Auction Sale Format, Bidding Procedures and Stalking Horse Bid Protections, (3) Approving Form of Notice to be Provided to Interested Parties, (4) Scheduling a Court Hearing to Consider Approval of the Sale to the Highest Bidder and (5) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; and (II) an Order (A) Authorizing the Sale of Property Free and Clear of All Claims, Liens and Encumbrances* (the “Sale Procedures Motion”) [Dkt. No. 365]. Attached as Exhibit A to the Sale Procedures Motion was the proposed Asset Purchase Agreement (“APA”) to sell the Hospitals to Santa Clara County (the “County”). A copy of the Sale Procedures Motion and APA was served on Local 20 at that time.

On October 31, 2018, the Court, after a notice and hearing, entered an Order approving the Sale Procedures Motion (the “Sale Procedures Order”) [Dkt. No. 725], which approved the County as the “stalking horse” purchaser for certain assets and liabilities of OCH and SLRH as set forth in more detail in the APA.

The Sale Procedures Order established a deadline of December 5, 2018 (the “Bid Deadline”) whereby interested parties who met certain criteria (each an “Alternative Qualified Bidder”) could submit bids to purchase the assets and liabilities of OCH, SLRH or both Debtors (each an “Alternative Qualified Bid”). After the Debtors undertook a thorough marketing process to sell in whole or in part the Hospitals, no Alternative Qualified Bidder (or any other bidder) has presented an Alternative Qualified Bid (or any other bid) by the Bid Deadline, nor has any party requested additional time within which to submit such a bid. So, at this time, besides the County, no party has expressed material interest in acquiring and operating the Hospitals.

Due to the absence of an Alternative Qualified Bidder, the Debtors will seek final approval of the APA at a hearing before the Court on December 19, 2018. Under the APA, the County does not seek to be bound by the terms of, or obligations under, the CBAs.

Because the APA is for the sale of all operations of OCH and SLRH, after the Sale closes (which we expect to occur at late February or March 2019), the Debtors will no

longer operate those Hospitals and, therefore, will have no further need for the Prepetition CBAs, and, as the County will only acquire the Hospitals free from the CBAs, aver that rejection of them is necessary to permit reorganization of the Debtors because the only bidder in a thorough marketing and auction process will not assume the CBAs. Our hope is that we may proceed consensually with Local 20 with respect to the rejection process and in determining and settling Local 20's right to rejection relief. The Debtors, of course, remain open to receive and consider all comments, concerns and proposals from you.

Please note that the Debtors reserve the right to amend, add, delete or modify this proposal.

Should you or legal counsel desire further information to communicate about this proposal, please feel free to contact me directly.

Thank you.

Sincerely,



Sam J. Alberts