

## **PACIFIC FAMILY DENTAL AGREEMENT**

**May 1, 2005 - August 31, 2008**

**UNITED FOOD & COMMERCIAL WORKERS UNION, LOCAL 428, AFL-CIO, CLC**

THIS AGREEMENT, entered into this \_\_\_\_ day of \_\_\_\_\_, 2005 by and between **PACIFIC FAMILY DENTAL** First Party, referred to hereinafter as the "Employer", and **UNITED FOOD & COMMERCIAL WORKERS UNION, LOCAL 428**, chartered by the United Food & Commercial Workers International Union, AFL-CIO, CLC, referred to hereinafter as the "Union".

### **WITNESSETH:**

In consideration of the premises and of the respective promises, agreements and covenants of the above-mentioned parties hereto, they do hereby mutually agree as follows:

#### **SECTION 1. RECOGNITION AND CONTRACT COVERAGE**

- (a) **BARGAINING UNIT:** The Employer hereby recognizes the Union as the sole collective bargaining agency for an appropriate unit consisting of all full-time and regular part-time employees working in the Employer's facilities within the geographical jurisdiction of the Union in Santa Clara County, Menlo Park, East and North Palo Alto, California.
- (b) **UNION EMBLEM:** The Union agrees to issue Union Shop Cards or window decals to the Employer under the rules governing Union Shop Cards set forth by the United Food & Commercial Workers International Union. Such Union Shop Cards and decals are, and shall remain, the property of said United Food & Commercial Workers International Union; and the Employer agrees to surrender said Union Shop Cards or decals to an authorized representative of the Union on demand in the event of failure by the Employer to observe the terms of this Agreement or the conditions under which said Union cards or decals are issued.

#### **SECTION 2. EMPLOYMENT AND UNION MEMBERSHIP**

- (a) **UNION SHOP:** On and after thirty (30) days of employment, or the date of execution of this Agreement, whichever is later, each employee shall become and remain a member of the Union as a condition of employment; provided, however that the Employer shall not be obligated to discharge any employee in violation of the National Labor Relations Act, as amended. Upon written notification from the Union that an employee has failed to make timely tender to the Union of initiation fees and/or periodic dues the Employer agrees to terminate said employee on the eighth (8th) day from such notice unless the Union notifies the Employer in writing that the employee has complied with the provisions hereof.

(b) **NEW EMPLOYEES:** The Employer shall pay the said person so employed during the period said person is not a member of the Union at the regular wage provided for in this Agreement, and shall in all other respects require said person to work under and live up to all terms and conditions set forth in this Agreement, covering his/her employment.

(c) **REPORTING:** The Employer shall notify the Union within fifteen (15) days, in writing, on forms supplied by the Union, as to the name, classification, rate of pay, and date of hire of all employees hired.

(d) **NON-DISCRIMINATION:** The Employer shall not discriminate against any person in regard to hire, tenure of employment, or job status because of race, creed, religion, color, or national origin, nor shall age or sex, under any circumstances, be a basis for rejection or termination of an otherwise qualified employee or applicant for employment. The parties further agree to comply with all Family Leave Law and ADA state and federal regulations.

(e) **DUES CHECK-OFF:** The Employer agrees to deduct from the first salary check of each month the employee's monthly union dues and initiation fees for employees who have voluntarily and individually certified in writing that such deductions be made. The Employer will submit all such funds deducted to Local 428 on a monthly basis and will provide a list of members whose dues and initiation fees have been so deducted.

### **SECTION 3. DISCHARGES**

(a) The Employer shall and hereby agrees not to discharge or discriminate against any employee for upholding Union principles which do not require a violation of this contract, serving on a committee of the Union, or any organization affiliated therewith, and failing or refusing to purchase stocks, bonds, securities, and/or interest in/or of any partnership, corporation and/or company.

(b) **PROBATION:** Employees who have completed the required probationary period of ninety (90) days shall receive two (2) weeks notice of termination or two (2) weeks pay at the employee's regular rate in lieu thereof, except in cases of discharge for just cause.

(c) **WORK PERFORMANCE:** The Employer shall have the right to discharge any employee for just cause. Any grievance relating to discharges shall be filed and processed in accordance with Section 18 of this contract.

1. Employees who are discharged for incompetency or failure to perform work as required (including excessive absenteeism or excessive tardiness) shall first have had two (2) prior warnings in writing within twelve (12) months preceding the discharge for such incompetency or of related or similar failure to perform work as required, with a copy sent to the Union, and be given an opportunity to improve his/her work. Employees and Union representatives will not be denied an opportunity to discuss warning notices with the Employer.

Employees shall be required to sign or initial such written warnings solely as an acknowledgement of the receipt thereof and such signature or initial shall not be construed as an admission of guilt or the validity of the contents thereof.

2. Upon severance of employment of an employee, the Employer shall within seven (7) calendar days thereafter notify the Union of such resignation, lay-off or discharge. If discharge is for cause, the Employer agrees to submit the reasons therefor to the Union in writing upon request.

#### **SECTION 4. SENIORITY**

(a) **DEFINITION AND APPLICATION:** Seniority as hereinafter defined shall apply to all employees after ninety (90) days from date of their employment. Seniority as used herein shall mean length of service. It is agreed that ability being reasonably equal, length of service shall determine the order in which employees' hours may be reduced or increased, or in which employees are laid off and rehired. The employee with the least length of service and ability shall be the first to be rehired in reverse order to that in which his/her hours were reduced or was laid off. No new help shall be hired until all laid off employees have been given an opportunity to return to work. Seniority shall also apply in respect to the employee's preference concerning the scheduling of vacations.

(b) **LOSS OF SENIORITY:** No employee shall break seniority unless he/she:

1. Is discharged.
2. Quits
3. Is laid off for a minimum of six (6) consecutive months.
4. Fails to return to work upon completion of a leave of absence.
5. Fails to report for work when recalled within three (3) days after having been notified by the Employer by telegram or registered mail to so report.

#### **SECTION 5. GENERAL PROVISIONS**

(a) **PAY PERIOD AND WAGE STATEMENT:** All employees shall be paid on a weekly or bi-weekly basis. The Employer shall designate a payday not to exceed five (5) days following the completion of the week's work and employees must be paid on that day. The Employer agrees to furnish each employee with a weekly or bi-weekly wage statement showing the name of the employee, period covered, total amount of wages paid and all deductions made. An employee scheduled off on a payday shall be paid on his/her last scheduled working day before the payday, if checks are available.

(b) No salary rate herein provided for shall be considered or interpreted as meaning other than a minimum wage. No salary rate being paid to any employee on or prior to the date of the

signing of this Agreement which is higher than the minimum herein established for the classification in which the employee works shall be reduced by reason of the signing and execution of this Agreement.

(c) **TRAVEL ALLOWANCE:** Any employee using his/her automobile on the Employer's business shall be reimbursed as determined by Company policy.

(d) **JURY DUTY OR COURT APPEARANCES:** Employees required to perform jury duty or to appear in court or the Police Department on behalf of their Employer shall receive their regular straight-time pay during such jury duty or such appearances, less jury pay or witness fees received.

(e) **REST PERIODS:** All employees shall receive a rest period of ten (10) minutes during every four (4) hours of work or major fraction thereof.

(g) **JOB INJURY:** When an employee is injured on the job and reports for medical care and it is certified that he/she is unable to continue work, he/she shall be paid the basic straight-time rate of pay for the hours not worked on the day of injury.

(h) **SAFETY RULES:** The Employer shall promote safe working conditions within each facility and shall provide and maintain first aid supplies and appropriate safety gear and equipment to be used in conjunction with proper training.

(i) **POLYGRAPHS:** No Employer shall request or require any applicant for employment or prospective employment or any employee to submit to or take a polygraph, lie detector or similar test or examination as a condition of employment or continued employment.

## **SECTION 6. HOURS AND WORK SCHEDULES**

(a) **BASIC WORK WEEK:** Forty (40) hours, consisting of five (5) days of eight (8) hours each in a week on Monday through Friday, shall constitute a basic week's work. Part-time employees may be hired based on the needs of the company but part-time work shall not be utilized to undermine full-time positions.

(b) **STRAIGHT-TIME WORK DAY:** Eight (8) hours worked within nine (9) consecutive hours, with one (1) uninterrupted hour off for a meal period, shall constitute a straight-time day's work. The meal period, shall be given not earlier than three (3) hours nor later than five (5) hours from the starting time of the employee's shift.

Each employee shall be paid at the overtime rate for all the difference between the time he/she was sent to lunch and the commencement of his/her third hour of employment, and each employee shall be paid at the overtime rate for all the work performed in excess of five (5) consecutive hours from the commencement of his/her employment for the day without a meal period unless agreed to by the employee.

(c) **HOLIDAY WORK WEEK:** Thirty-two (32) hours, consisting of four (4) eight (8) hour days, exclusive of the holiday, shall constitute a week's work in any week in which the holiday falls.

**SECTION 7. OVERTIME AND PREMIUM PAY**

(a) The overtime rate of pay of one-and-one-half (1-1/2) times the employee's regular basic hourly rate of pay shall be paid for the following work:

1. Work in excess of eight (8) hours per day. (Effective January 1, 2000)
2. Work in excess of forty (40) hours per week.
3. Work on the sixth (6th) day in any week.
4. Work over four (4) days, excluding the holiday, in a week in which there is a paid holiday named in Section 10.

**SECTION 8. SCHEDULE OF WAGES**

Appendix "A", which sets forth the job classifications, minimum rates of pay and effective dates, is incorporated herein as set forth in full.

**SECTION 9. CLASSIFICATION OF EMPLOYEES**

Classification for employees shall be as follows:

Office Clerical  
Licensed Dental Assistant  
Dental Assistant

**SECTION 10. HOLIDAYS**

(a) For all non-probationary employees the following days shall be observed as paid holidays:

New Year's Day	Thanksgiving Day
Memorial Day	Christmas Day
4th of July	Employee's Birthday
Labor Day	Floating Holiday (after 12 months)
Martin Luther King Jr's Birthday	

If any of these holidays fall on a Sunday, such holidays shall be observed on the following Monday.

Christmas Day and New Year's Day shall be celebrated on December 25 and January 1, respectively.

The floating holiday shall be scheduled by mutual agreement.

(b) In the event that a holiday falls on an employee's regularly scheduled day off, the employee shall be granted an additional day off with full pay, provided he/she has otherwise qualified for holiday pay.

(c) **HOLIDAY PREMIUM RATE:** Employees scheduled to work on a holiday shall be compensated at the rate of double their regular rate of pay.

(d) **PART-TIME EMPLOYEES:** Holiday pay for employees who work less than forty (40) hours shall be based on twenty percent (20%) of the employee's average hours worked per week in the six (6) weeks immediately preceding the holiday or the number of weeks worked if less than six (6), except that in computing pay for the New Year's holiday, the same period of time used in computing pay for the Christmas holiday shall be used.

(e) **GOOD FRIDAY:** No employee will be refused time off between the hours of 12:00 noon and 3:00 p.m. on Good Friday for the purpose of attending religious services.

## **SECTION 11. VACATIONS**

(a) All employees who have been in the service of the Employer for one (1) year shall receive one (1) week's vacation with pay.

Such employees who have been in the service of the Employer for two (2) years or more shall receive two (2) weeks' vacation annually with pay.

Such employees who have been in the service of the Employer for seven (7) years or more shall receive three (3) weeks' vacation annually with pay.

Such employees who have been in the service of the Employer for twelve (12) years or more shall receive four (4) weeks' vacation annually with pay.

**CONTINUITY:** All loss from employment because of reasonable absence from work through sickness or other emergencies, or temporary lay-off, not exceeding thirty (30) calendar days, shall be considered as time worked for the purpose of determining the length of employment.

Absence from work due to illness, accident, leave of absence or sick leave shall not be considered part of a vacation.

(b) Vacation pay shall be based on the employee's straight-time and regular overtime weekly earnings.

(c) **COMPUTING VACATION PAY:** Employees shall receive vacation pay based on the following formula:

Two percent (2%) of the employee's earnings for the previous year equals one (1) week's vacation pay;

four percent (4%) of the employee's earnings for the previous year equals two (2) weeks' vacation pay;

six percent (6%) of the employee's earnings for the previous year equals three (3) weeks' vacation pay;

eight percent (8%) of the employee's earnings for the previous year equals four (4) weeks' vacation pay; and

In computing vacation termination pay after one (1) year of service, it is understood that it will be prorated at four percent (4%) or more.

**TERMINATION VACATION PAY:** Any employee who resigns or who is released, regardless of reason, shall be paid any vacation pay earned but not taken at the time of his/her removal from the payroll. After the first six (6) months of employment, such employee is entitled to a prorated vacation allowance for the period since his/her last anniversary date or his/her date of hire, whichever is more recent, computed in accordance with this Section.

(d) It is agreed that if a holiday or holidays named under Section 10 of this Agreement falls within the vacation week of an employee, one (1) additional day shall be added to the vacation period with full pay for each holiday therein.

(e) **VACATION SENIORITY:** Insofar as possible and practicable, preference of vacation time shall be given in accordance with seniority.

## **SECTION 12. LEAVES OF ABSENCE**

(a) **UNION BUSINESS:** Employees shall be allowed time off without pay for the purpose of attending Agreement negotiations, Adjustment or Arbitration Board hearings, or for other bona fide Union business. In all such instances, the Employer shall be notified not less than one (1) week in advance of such absence, and the number of employees requesting such absences shall be so limited by the Union that it will not interfere unreasonably with the operation of the Employer's business.

(b) **OTHER LEAVES:** An employee shall be granted a leave of absence for any reasonable cause without loss of seniority. Approval of such leave shall not be arbitrarily withheld by the Employer.

Leaves so granted need not exceed:

1. After six (6) months of employment thirty (30) days for compelling personal reasons, with permission from the Employer.
2. After six (6) months of employment, six (6) months for illness or injury.
3. After sixty (60) days of employment, fifteen (15) months for industrial injury.
4. Extensions of the above leaves shall not be withheld arbitrarily by the Employer.

(c) **PREGNANCY:** The Employer agrees to grant leaves of absence for pregnancy in accordance with Federal and State statutes.

(e) **FUNERAL AND BEREAVEMENT LEAVE:** If a death occurs in the immediate family of an employee, the employee shall be entitled to three (3) days funeral leave if the funeral is outside of California and two (2) days if the funeral is in California. If scheduled during this period, the employee shall be entitled to all hours scheduled and lost during this seventy-two (72) hour period up to a maximum of twenty-four (24) hours pay, with pay at his/her straight-time rate of pay. Immediate family is defined as employee's spouse, child, mother, father, sister, brother, mother-in-law, father-in-law, grandparents, grandchildren, brother-in-law, sister-in-law and domestic partner. When requested, the employee will provide documentation to claim benefits under this Section.

(g) **MILITARY SERVICE:** The Employer agrees to comply with current federal laws relating to the discharged servicemen and women, including, but not limited to, their re-employment rights.

**FAMILY LEAVE ACT:** The Employer agrees to comply with all provisions of the Family Medical Leave Act.

**EDUCATIONAL LEAVE:** After one year of continuous service an employee may request leave with pay for the purpose of attending career-oriented educational programs. The granting of such paid leave shall be at the Employer's discretion. Whenever an employee is requested by the Employer to attend an educational program, the employee's salary and reasonable expenses shall be paid by the Employer.

### **SECTION 13. GROUP INSURANCE - HEALTH & WELFARE, DENTAL AND SICK LEAVE**

The provisions concerning medical, dental, vision coverage and sick leave are incorporated herein as set forth in Appendix B.

### **SECTION 14. RETIREMENT**

The Employer agrees to match employee contributions to a 401 (k) retirement plan up to a maximum of \$500 per year for full-time employees and \$250 a year for part-time employees.

## **SECTION 15. VISITS TO FACILITIES**

(a) It is agreed by both parties hereto that the business representatives or any other person designated by the Union for such purpose shall have the right and shall be allowed by the Employer to visit the employer's facilities for the purpose of observing working conditions, making inquiries from employees concerning working conditions, complaints of members of the Union, and/or any violations of this Agreement. The Union agrees there will be no unnecessary visits or interference with the proper performance of the work of employees covered by this Agreement or with the privacy of patients. Prior to such visit, the Union will arrange a schedule with the Employer. Such visits shall normally not take place more than once per month.

(b) The Employer shall provide a bulletin board conveniently located for the posting of notices of official business of the Union.

## **SECTION 16. UNION PRINCIPLES**

Wherever possible, the Employer agrees to utilize union services for printing, janitorial, repair, and other needs of the business. The Union agrees to assist the Employer in its efforts to make other labor organizations aware of the company's commitment to union principles and to encourage members of those labor organizations to utilize Everdent as a union-represented provider of dental care.

## **SECTION 17. STRIKE OR LOCKOUT**

(a) The Union agrees not to engage in any strikes or stoppage of work during the term of this Agreement, and the Employer agrees not to engage in any lockout during the term of this Agreement.

## **SECTION 18. GRIEVANCES, ADJUSTMENT AND ARBITRATION**

(a) Employees shall attempt to resolve disputes with the Office Manager and may, at their option, have a Union Representative present. In the event a dispute is not able to be resolved internally, or if a dispute arises concerning the application or interpretation of the provisions of this Agreement between the Employer and the Union, the nature of the dispute shall be submitted to the Union or the Company respectively, in writing, within ten (10) days of knowledge of the occurrence. Grievances relating to discharges shall be filed, in writing, within ten (10) days after receipt by the Union of notice from the Company, in writing, of said discharge. Thereafter the Union and the Employer shall each designate two (2) representatives to meet as a Board of Adjustment to settle the controversy within ten (10) days. After the Board of Adjustment meeting, either party has twenty (20) days in which to give written notice to the other party of their desire to arbitrate said issue. The time limits may be extended, in writing, by mutual agreement of the parties.

(b) **ARBITRATION:** Upon receipt of said demand for arbitration, the parties shall, within seven (7) days after receipt of said demand, confer and select an arbitrator agreed upon by the parties as being acceptable to resolve disputes under this Agreement. As for the selection of the arbitrator for a specific dispute, the parties shall select said individual by alternately striking names from a list until the last name remains.

The decision of the Board of Adjustment or of the arbitrator shall be final and binding upon the employee, the Union and the Employer involved, and they expressly agree to be bound by the decision. The arbitrator shall not have the power to alter, change or modify this Agreement in any respect.

(c) The expenses of the arbitration shall be borne equally by both the Employer and the Union.

#### **SECTION 19. SEPARABILITY CLAUSE**

The provisions of this Agreement are deemed to be separable to the extent that if and when a court of last resort adjudges any provisions of this Agreement in its application between the Union and the undersigned Employer to be in conflict with any law, such decision shall not affect the validity of the remaining provisions of this Agreement, but such remaining provisions shall continue in full force and effect; provided, further, that in the event any provision or provisions are so declared to be in conflict with a law, both parties shall meet immediately for the purpose of renegotiation and agreement on provision or provisions so invalidated.

#### **SECTION 20. ENTIRE AGREEMENT**

Unless otherwise provided for in writing between the parties, this Agreement constitutes the sole and entire existing agreement between the parties and supersedes all prior agreements, commitments and practices, whether oral or written, between the Employer and the Union, or the Employer and any of the covered employees, except as incorporated herein in writing, and expresses all contractual obligations of any restrictions imposed on the Employer and the Union. Section headings are descriptive only and shall not be used to add to, detract from, or interpret in any manner the meaning of any provision of this Agreement.

#### **SECTION 21. TERM OF AGREEMENT**

(a) The term of this Agreement shall be from September 1, 2004, to and including the 31st day of August 2008, and shall be considered as renewed from year to year thereafter unless either party hereto gives written notice to the other of its desire to have the same modified or terminated. Such notice shall be given at least sixty (60) days prior to the expiration date of this Agreement, during which period negotiations for a new Agreement shall be conducted.

**IN WITNESS WHEREOF**, the parties have hereunto set their hands the day and year first hereinabove written.

UNITED FOOD & COMMERCIAL WORKERS

UNION, LOCAL 428, AFL-CIO  
240 So. Market Street  
San Jose, CA 95113

PACIFIC FAMILY  
DENTAL

AMY D. BUI, DDS

\_\_\_\_\_  
LILY H. LEE, DDS

\_\_\_\_\_  
LAI-FONG LEE,  
DDS

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

BY: \_\_\_\_\_

DATE \_\_\_\_\_

**APPENDIX A      WAGES**

see separate word file entitled **PACIFIC FAMILY DENTAL** wages

**B.1 EMPLOYER ACCEPTANCE:**

**B.1.1 Acceptance of Trust Agreement:**

Employer agrees to accept and be fully bound by the terms of the Northern California Area Retail Clerks Unions - Employers Welfare Trust Agreement (“Trust Agreement”) as revised effective January 1, 1976, providing for the Northern California Area Retail Clerks Unions - Employers Welfare Plan, (“Plan”), and any amendments to those documents. The Employer specifically acknowledges that it is aware of the requirements of Article III of the Trust Agreement which sets forth the consequences of delinquencies and the Employer specifically agrees to be bound by any expedited dispute resolution procedure adopted by the Trustees pursuant to the provisions of the Trust Agreement.

**B.1.2 Acceptance of Plan:**

The Employer also agrees to accept and be fully bound by the Plan and its rules and regulations established from time to time by the Trustees under said Trust Agreement.

**B.1.3 Trustees Right to Amend:**

The Employer and the Union, on behalf of all employees and retirees, hereby specifically recognize and acknowledge the right of the Plan’s Trustees to amend the Plan, Trust Agreement, and current rules and regulations, and acknowledge the Trustees’ right to institute such cost containment measures as they deem appropriate.

**B.2 EMPLOYER CONTRIBUTIONS:**

**B.2.1 Determination of Contribution Rates:**

Except as limited in B.2.2 and B.2.3 below, the Employer shall contribute to the Trust, provided for in B.1 above, the monies required to maintain the availability of the general level of benefits currently in effect for participants, subject to the Trustees’ rights to

implement such cost containment measures as they deem appropriate for individuals covered by the Plan. Except as hereinafter specifically provided in B.2.2, B.2.4, and B.2.5 below, the Trustees, and such Trustee action shall be binding on the Employer.

**B.2.2 Current Rate:**

The contribution rate for the benefit plan specified in B.3 below shall be that which is needed to provide for full maintenance of benefits (with the exception dental) under the Plan (currently \$1.75 hr.)

The Employer agrees to provide dental care to employees and their dependents at not cost.

**B.2.3 Minimum Rates:**

The Employer and Union acknowledge that the Trustees have the authority to establish such minimum rates for participation in the Non-Food Health & Welfare Plan as they may deem appropriate from time to time.

**B.3 BENEFIT PLANS:**

The benefits plans in effect under said Trust for which the Employer hereby agrees to make contributions to the Trust shall include:

B.3.1 The Non-Food Health & Welfare Plan minus dental.

**B.4 PROMPT PAYMENT:**

**B.4.1 Due Date:**

and shall be payable on or before the twentieth (20) day of each month for hours worked or paid as worked during the preceding calendar month.B.4.2

**Liquidated Damages:**

Because of the difficulty of determining the actual expense and damage to the Trust resulting when a monthly payment is delinquent, liquidated damages shall be assessed in an amount specified in the Trust Agreement. Both the delinquent contribution and the liquidated damages shall bear interest at the rate specified in the Trust Agreement. Both the liquidated damages and interest provisions of the Trust Agreement may be amended by the Trustees from time to time. In addition, the Employer shall pay to the Trust all other reasonable expenses incurred in connection with the delinquency which the Trust may lawfully collect, including, without limitations, attorneys' fees and any collection agency fees.

**B.4.3 Cumulative Remedies:**

The rights and remedies against a delinquent Employer are not exclusive, but are cumulative, and nothing in this Appendix shall in any way limit anyone's right to enforce the collection of contribution by any legal means.

**B.5 AUDITS:**

**B.5.1 Right to Audit:**

The Employer recognizes that the Trust has the right to audit its records to ascertain if it is making or did make the proper contributions to the Trust. Costs of such audit will be paid as provided in the Trust Agreement.

**B.6 RESOLUTION OF DIFFERENCES:**

**B.6.1 Trust Rules:**

Differences between the Employer and the Union as to the interpretation or application of the provisions of the Plan or Trust Agreement relating to employee benefits or eligibility shall not be subject to the grievance and arbitration procedure established in the Collective Bargaining Agreement. All such differences shall be resolved in the manner specified in the Trust Agreement,

therein from time to time.

**B.7 BASIS OF CONTRIBUTIONS:**

**B.7.1 Paid Hours:**

Contributions shall be paid on all hours worked or paid as worked by all employees covered by the Collective Bargaining Agreement, whether full or part-time with the exception of janitorial employees, provided that:

**B.7.2 Maximum:**

The maximum number of hours per week per employee for which contributions are required is forty (40).

**B.8 ADEQUACY OF FUNDS:**

**B.8.1 Trustees' Right to Modify Benefits:**

The Employer and Union recognize that the benefits established by the Plan have been adopted by the Trustees based on the best information available to them as to the cost of benefits and the contributions which they anticipate receiving under applicable Collective Bargaining Agreements. The Trustees have the right to modify benefits at any time if such action becomes necessary to maintain the financial soundness of the Plan.

**B.8.2 Retiree Health and Welfare:**

The Trustees may continue to provide such group coverage for retirees as they in their sole discretion may decide, and may charge the covered retirees such amounts as the Trustees in their sole discretion may decide. However, no form of retiree benefits are pre-funded or vested, and the Employer and Union specifically recognize the Trustees' right to cease providing any retiree benefits whatsoever under the Trust.