

**CALIFORNIA SMALL MANUFACTURING
HEALTH & WELFARE TRUST FUND**

ADOPTION AGREEMENT

This Adoption Agreement is made and entered into by and between _____
_____ (Participating Employer) and the
California Small Manufacturing Health and Welfare Trust Fund (Trust Fund)
effective as of _____, 20__.

By executing this Adoption Agreement, the Participating Employer
(i) adopts the Plan sponsored by the Trust Fund with the benefits selected by the
Participating Employer for its eligible employees and their beneficiaries and
(ii) will contribute to the Trust Fund for such benefits, all as set forth below or in
such other documents as the Participating Employer may execute in order to
evidence and effect its participation in the Plan and the Trust Fund.

The Participating Employer makes the following elections regarding the
coverage(s) that it is adopting for its eligible employees:

- Major medical coverage from the carrier(s) available under the Plan
as selected by the Participating Employer from time to time
- Dental coverage from the carrier(s) available under the Plan as
selected by the Participating Employer from time to time
- Vision coverage from the carrier(s) available under the Plan as
selected by the Participating Employer from time to time

At least 75% of the Participating Employer's eligible employees must
participate in the coverage provided by the Trust Fund (or, if greater, at least 20
eligible employees with respect to dental coverage and at least 20 eligible
employees with respect to vision coverage).

The Participating Employer makes the following elections regarding who
are its eligible employees:

Hourly Employees

- All hourly employees who work an average of 30 hours or more per
week (full-time employees)
- All hourly employees who work an average of 20 hours or more
hours per week (full-time and part-time employees)

Office, Salaried & Other Non-Collectively Bargained Employees

- All office, salaried and non-collectively bargained employees who work an average of 30 hours or more per week (full-time employees)
- All office, salaried and non-collectively bargained employees who work an average of 20 hours or more hours per week (full-time and part-time employees)

Employer Contributions

The Participating Employer must contribute at least 50% of the monthly premium for each of the coverages elected by the Participating Employer above. The Participating Employer makes the following election regarding employer contributions:

- The Participating Employer will contribute the entire monthly premium for single employee coverage for:
 - Major medical
 - Dental
 - Vision
- The Participating Employer will contribute ____% of the monthly premium for single employee coverage for:
 - Major medical
 - Dental
 - Vision
- The Participating Employer will contribute a flat rate of \$_____ toward the monthly premium for employee coverage for:
 - Major medical
 - Dental
 - Vision
- The Participating Employer will contribute as follows: _____

Employee Coverage Waiver

The Participating Employer makes the following election regarding employee coverage waivers (this section applies only to a Participating Employer that elects to contribute the entire monthly premium for single employee coverage):

- The Participating Employer will permit employees to waive coverage according to the terms of a written Addendum to this Adoption Agreement
- The Participating Employer will not permit employees to waive coverage

Waiting Period

The Participating Employer's waiting period for employees' coverage is _____ days (must be equal to or less than 90 days). The waiting period does not include any substantive eligibility requirements that the Employer may have.

Contributions

Contributions to the Trust Fund will be made on a monthly flat-rate basis. Contribution rates will be set from time to time by the Trustees and set forth in the monthly invoices.

The Participating Employer will identify all reported employees on monthly invoices provided by the Trust Fund Administrator. The Participating Employer agrees to pay contributions at the rates established from time to time by the Trustees. Contributions will be paid to the Trust Fund for each of the benefit options selected on the Attachment to this Adoption Agreement. Contributions to the Trust Fund will be made on a corporate or business check payable to "California Small Manufacturing Health and Welfare Trust." Personal checks will not be accepted.

Monthly contributions and invoices are due on or before the 15th day of the month preceding the month of coverage. Contributions are delinquent if not received by the 15th of the month preceding coverage. The Participating Employer may be liable for liquidated damages equal to 10% of the amount of delinquent contributions should the delinquency continue. If contributions are not received by the 10th day of the calendar month in the month of coverage, then the Participating Employer's participation in the Trust shall be terminated retroactively to the last day of the month of coverage in which contribution payments were received from the employer.

The payment of contributions will begin during the month of _____, 20__, and will continue each month during the term of this Adoption Agreement.

The Participating Employer will not contribute to the Trust Fund for employees who are covered by a collective bargaining agreement. The Participating Employer agrees that in the event the Participating Employer begins collective bargaining negotiations with any union or labor organization that the Participating Employer shall immediately notify the Trust Fund's Board of Trustees.

Termination of Participation

The Participating Employer may not terminate this Adoption Agreement during the 12 month period following the effective date set forth above. At the end of any month thereafter, the Participating Employer may terminate this Adoption Agreement by giving written notice of termination to the Trust Fund sixty (60) days in advance of the annual anniversary date.

The Trustees may terminate this Adoption Agreement at any time for the reasons set forth in the Trust Agreement, or if continued participation by the Participating Employer would cause the Trust Fund or the employee welfare benefit plan(s) to lose tax exempt status.

Confidential and Proprietary Information

The Participating Employer agrees not to disclose Confidential and Proprietary Information, as defined below, to any third party at any time while it is a Participating Employer. The Participating Employer further agrees not to disclose Confidential Proprietary Information to any third party for a period of three years after it has ceased to be a Participating Employer.

Confidential and Proprietary Information includes any information related to the management or operation of the Trust Fund. Examples of Confidential and Proprietary Information shall include, but not be limited to:

- Information or documents of any type related to the governance or operation of the Trust Fund.
- Information or documents of any type related to third parties who have at any time had a business relationship with the Trust Fund, including, but not limited to, insurance companies, accounting firms, law firms, consulting firms or record keeping firms (as well as agents or employees of any of these types of firms).

- Any financial or accounting records or data of any type related to the operations or administration of the Trust Fund, including, but not limited to, reports, statements, summaries, correspondence and memoranda.
- Any Protected Health Information subject to the privacy standards set forth under the Health Insurance Portability and Accountability Act (HIPAA).

The Participating Employer agrees that in the event it ceases to be a Participating Employer for any reason the Participating Employer shall maintain the confidentiality of any and all information and/or documents in its possession which contain Confidential and Proprietary Information described above. The Participating Employer agrees that the information and documents listed above are Confidential and Proprietary and that the contents may not be disseminated in any manner by the Participating Employer or any agent of the Participating Employer. The Participating Employer further agrees not to discuss the contents of such Confidential and Proprietary documents with any third party, including business associates or family members, in accordance with the terms set forth herein.

Confidential and Proprietary Information does not include (whether before or after the date of this Agreement) information that is or becomes available to the public unless as a result of a breach of confidentiality by Participating Employer.

Indemnification

The Participating Employer will fully defend, indemnify and hold harmless the Trust Fund and its Trustees, employees, consultants, administrators, legal counsel and agents against any and all loss, damage, liability, claim, demand or suit resulting from injury or harm to any person or property arising out of or in any way connected with the participation of the Participating Employer under this Adoption Agreement. This is intended to include, but is not limited to, employment-related claims, statutory violations, breach of contract claims and claims for damages resulting from personal injury or injury to property, except to the extent such claims arise from the breach of the Trust Fund or its Trustees, employees, consultants, administrators, legal counsel or agents of their obligations to act in conformity with their legal obligations to Participating Employer and its employees.

Execution

The Participating Employer acknowledges receipt of **a copy of the Trust Agreement** and hereby agrees to assume and be bound by (i) all the terms and conditions and obligations imposed by and under the Trust Agreement, and any

modifications, alterations, or amendments made thereto, and (ii) all the terms and conditions of the employee welfare benefit plan(s) adopted by the Trustees in which the Participating Employer's employees participate.

By signing below on behalf of the Participating Employer, the undersigned represents and warrants that the undersigned has been duly and fully authorized by the Participating Employer to sign this Adoption Agreement on behalf of the Participating Employer and to bind the Participating Employer to the terms of this

Adoption Agreement, the Trust Agreement and the employee welfare benefit plan(s) as currently written or as subsequently amended.

Disputes

The Participating Employer also agrees that any dispute arising under this Adoption Agreement will be submitted to arbitration in accordance with rules of the American Arbitration Association. The arbitration shall take place in San Diego County, California before a single arbitrator. In the event the parties involved in the dispute are unable to agree upon the identity of the arbitrator, the arbitrator shall be appointed by the American Arbitration Association. The decision of the arbitrator shall be in writing and shall contain the findings of fact and conclusions of law on which his or her decision is based. Such decision shall be final and binding on the parties and may be enforced in any court of competent jurisdiction. The parties agree that the prevailing party in any such arbitration shall be entitled to recover its reasonable attorneys' fees and costs and other non-reimbursable arbitration expenses, including witness fees, travel expenses and investigation expenses. Notwithstanding the forgoing, either party may go to a court of competent jurisdiction in San Diego County, California to obtain interim injunctive relief to prevent a violation of this Agreement or to enforce the arbitration dispute mechanism herein.

TRUST FUND

PARTICIPATING EMPLOYER

By: _____

By: _____

Printed Name

Printed Name

Title: _____

Title: _____

Date: _____

Date: _____

PARTICIPATING EMPLOYER INFORMATION

TYPE OF BUSINESS ENTITY:

- C Corporation S Corporation Partnership
 Sole Proprietorship Joint Venture Limited Liability Company

Legal Business Name

DBA (if any)

Employer Identification Number

Address

Telephone Number

Facsimile Number

Contact Person (Print)

E-mail Address