



FOX VALLEY & VICINITY LABORERS

HEALTH AND WELFARE AND PENSION FUNDS

January 3, 2014

RE: SURETY BOND

BOARD OF TRUSTEES WELFARE FUND

Management:

Michael Shales, Chairman

John P. Bryan

Al Orosz

Union:

Dan Brejc, Secretary

Vernon Bauman

Jeffrey P. Frost

PENSION FUND

Management:

Michael Shales, Chairman

John P. Bryan

Al Orosz

Union:

Vernon Bauman, Secretary

Dan Brejc

Jeffrey P. Frost

Dear Employer:

You are signatory to a Collective Bargaining Agreement (CBA), with the Laborers' District Council of Chicago and Vicinity that requires each employer to maintain a surety bond (or cash bond) to guarantee the payment of wages and fringe benefit contributions.

We request immediate compliance with this required condition under the Bonding Article of the CBA. The specific requirements and potential penalties for non-compliance are set forth below:

"All employers shall procure, carry and maintain a surety bond [cash bond] in form and amount satisfactory to the Union, but not less than the principal sum of \$5,000 up to \$45,000 (\$10,000 under the MWCC and \$50,000 under the Asbestos Agreement) to guarantee payment of wages, pension and welfare trust contributions during the term of the Agreement."

"If the Employer employs between seven (7) and ten (10) Laborers, the surety bond shall be increased to \$15,000.00. If the Employer employs between eleven (11) and twenty (20) Laborers, the surety bond shall be increased to \$25,000.00. If the Employer employs twenty-one (21) to (40) Laborers, the surety bond shall be increased to \$35,000.00. If the Employer employs forty-one (41) or more Laborers, the surety bond shall be increased to \$45,000.00."

"Should the Employer fail to comply with the provisions of this Article, the Union may withdraw its employees or strike until such compliance occurs, and the Employer shall further be liable for all costs, including attorney's fees, incurred in enforcing these provisions."

"If the Employees are withdrawn from any job in order to ensure compliance with the provisions of this Article, the Employees who are affected by such stoppage of work shall be paid for lost time up to sixteen (16) hours, provided that two (2) days' written notice of intention to remove employees from the job is given to the Employer by the Union. These lost

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time amounts may be collected only from the contractor with whom the Union has a dispute and the Union shall not pursue collection efforts from any other entity. This lost time liability shall not apply if the Employer produces the required bond before expiration of the two-day notice period.”

To assist you in complying with this bonding requirement, attached are the form of Surety Bond and Cash Bond acceptable to the Union and Fringe Benefit Funds. If you have any questions, please contact the Fund Office directly.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patricia M. Shales', written in a cursive style.

Patricia M. Shales
Administrative Manager

/ksw

EMPLOYER'S BOND

KNOW ALL PEOPLE BY THESE PRESENTS, that we _____
(Name of employer)

_____, a _____, of
(Name of employer cont'd) (Indicate corporation, partnership, or sole proprietor)

_____, _____, herein called the "Principal", and
(City) (State)

_____ herein called the "Surety",
(Name of bonding company)

are hereby held and firmly bound unto the various fringe benefit and industry funds identified in the collective bargaining agreement between the Construction and General Laborers District Council of Chicago and Vicinity, affiliated with the Laborers' International Union of North America (the "Union") and the Principal and any successor collective bargaining agreements, all of which funds are collectively referred to as the "Funds"; unto the Union; and unto all individuals employed by the Principal and represented for collective bargaining purposes by the Union, referred to as the "Union Employees" (the Funds, the Union, and the Union Employees are collectively referred to as the "Obligees") in the penal sum of _____ Dollars
(Amount - written out)
(\$ _____), for the obligations and undertakings hereinafter set forth, the
(Amount in \$\$)
payment of which, well and truly to be made, we hereby jointly and severally bind ourselves, our successors, assigns, heirs, executors, and administrators.

Signed and sealed and dated on this _____ day of _____, _____

Whereas, the above named Principal is employing or proposes to employ employees in a bargaining unit represented by the Union for the purpose of performing certain work as defined in a collective bargaining agreement between the Principal and the Union;

NOW, THEREFORE, the conditions of this bond are such that if the Principal shall well and faithfully pay the wages due the Union Employees with respect to the work performed by the Union Employees, the contributions due to the Funds, the dues due to the Union, any interest, liquidated damages, attorneys' fees

and/or costs that may become due, and such other amounts as the Principal may be required to pay to the Obligees, or to any of them, pursuant to the collective bargaining agreement between the Principal and the Union or pursuant to the rules and regulations of any or all Funds, then this obligation shall be void; otherwise it shall remain in full force and effect. This obligation of the Principal and Surety shall be joint and several.

If Surety is required to make payments to the Obligees pursuant to the bond, Surety shall have no claim or right of any sort against Obligees.

In the event that the aggregate amount due the Obligees shall exceed the amount of this bond, then the claims of the various Obligees shall be satisfied on a pro rata basis, proportionate to the amount of each Obligee's claim. Any disputes as to the proper distribution in such circumstances, and any disputes regarding the Principal's obligations to the Obligees, shall be resolved in accord with the dispute resolution mechanisms of the collective bargaining agreement between the Principal and the Union.

The Surety shall pay any claim made by the Obligees under this bond within 30 days from receipt of the claim. Should the Surety fail to issue payment within 30 days from receipt of a claim, the Surety shall be liable for the claimed amount and any reasonable attorneys' fees and costs incurred by Obligees in enforcing this bond.

This Bond may be canceled by the Surety 120 days after receipt by the Obligees of the Surety's written notice of cancellation by registered or certified mail.

PRINCIPAL

By: _____
Signature

By: _____
Agent

Date

SURETY

By: _____
Signature

By: _____
Attorney-In-Fact

Date

Power of Attorney and Notarial Acknowledgement must be submitted with this bond.

CONTRACT FOR CASH BOND

This agreement is entered into by the Fox Valley & Vicinity Laborers Pension Fund and the Fox Valley Laborers Health and Welfare Fund (the “Funds”) and the following contributing Employer to the Funds:

Employer Name

Street Address

City, State, Zip Code

WHEREAS Article VII, Section 2 and Article VI, Section 2 of the Agreements and Declarations of Trust establishing the aforementioned Pension Fund and Health and Welfare Fund to authorize the Funds to accept cash bonds as guarantees for the payment of monthly contributions to the Funds; and

WHEREAS contributing Employers under the terms of the applicable collective bargaining agreement are required to post surety bonds or cash bonds in a form acceptable to the Union; and

WHEREAS the Union has agreed to the establishment by the Funds of a bank account, money market account or other account for the holding of cash bonds pursuant to contract approved by the Boards of Trustees of the Funds; and

WHEREAS the Boards of Trustees of the Funds have approved the establishment by the Funds of a bank account, money market account or other account for the holding of cash bonds by contributing Employers.

NOW, therefore, the parties hereby agree that:

A. Procedures for Filing a Cash Bond and Use of the Bond

The Employer named above shall pay the amount listed below to the Funds as a cash bond to guarantee payment of employee wages, pension and welfare contributions owed by the Employer to employees of the Employer and/or to the Funds for work performed by the employees under the terms of a collective bargaining agreement between the Employer and the Union; and

The cash bond shall be used to satisfy on a pro rata basis amounts due for unpaid wages and/or unpaid contributions to the Funds, including liquidated damages and interest owed to the Funds; and

The Administrator of the Funds is authorized to deposit the cash payment listed below in an interest-bearing bank account, money market account or other account for deposit of such funds to be selected at the discretion of the Administrator, to retain the interest earned on a said cash deposit to defray the expenses of the Funds for the administration of cash bonds and for the collection of delinquencies; and

To deduct from said account and pay to employees and/or to the Funds any amounts determined by the Administrator, based upon reasonably reliable information provided by representatives of the Union, the Field Representatives of the Funds or compliance auditors of the Funds or Union, the full amount of any unpaid wages or unpaid contributions, liquidated damages or interest.

The Administrator shall provide written notice at least ten (10) days in advance to the Employer of a determination by the Administrator to deduct sums from the cash bond to satisfy the claims for wages and/or unpaid contributions, liquidated damages or interest.

The Employer, within ten (10) days of the date of the notice sent by the Administrator, may make other arrangements to pay the wages and/or contributions determined to be owed by the Administrator and shall provide written evidence to the Administrator of such arrangements.

An objection by the Employer that the claimed wages and/or contributions are not due and owing shall not prevent the Administrator from directing the payment of claimed wages and/or contributions. If a determination is made at a later date that the wages paid to employees or the

contributions, liquidated damages or interest paid to the Funds was not due and owing, the sole liability of the Funds shall be to restore the cash bond of any Employer to the extent of the contributions, liquidated damages and interest paid as contributions on behalf of the Employer that should not have been paid. Any claim of the Employer for wages improperly paid to employees shall be made against the employees who received the payments and not against the Funds or Administrator as long as the Administrator based the payments on information received from a source that the Administrator considered to be reasonably reliable. An auditor's report or employee's affidavits shall be conclusive proof of such a reasonable reliable source.

B. Procedures for Requesting a Refund of a Cash Bond

The Employer may request and obtain a refund of any balance of the cash bond being held by the Funds if the Employer ceases to do business for which contributions would be owed to the Funds under the terms of a collective bargaining agreement with the Union or during any period in which the Employer would be required to maintain existing terms and conditions of employment while negotiating over the terms to be included in a new collective bargaining agreement. Any such refund of the balance of the cash bond shall be paid without interest.

An Employer may obtain a refund of the cash bond if the Employer provides a surety bond written by an insurance carrier with reserves in excess of \$1,000,000 authorized, licensed or permitted to do business in the state of Illinois, provided that the amount of said surety bond is in compliance with the terms of the Employer's collective bargaining agreement with the Union or any amount previously prescribed by the Trustees for a delinquent employer equal to three times the monthly contributions of such Employer, as estimated by the Trustees, in accordance with the terms of the agreements and declarations of trust of the Funds.

No cash refund shall be paid to the Employer until the Employer has provided the necessary surety bond or evidence satisfactory to the Administrator that the employer has ceased doing business that would require contributions to the Funds. If the Employer fails to provide a refund request along with the necessary supporting information within three (3) years of the date on which the Employer last contributed to the Funds, the Employer shall forfeit its right to a refund

and the Administrator shall transfer any balance credited to the Employer to the general accounts of the Funds to defray the costs of employer delinquencies.

C. Amount of Cash Bond

This Agreement for the payment and deposit of a cash bond in the amount of \$_____ in monthly installments of \$_____ per month commencing on _____ and ending on _____ is entered into this _____ day of _____ by the undersigned representatives of the Employer and the Funds:

FOR THE EMPLOYER:

Signature

Title

Date

FOR THE FUNDS:

Signature

Administrative Manager