

UNION ROOFING
CONTRACTORS ASSOCIATION
ALTERNATIVE DISPUTE RESOLUTION

Shogren
Ombudsperson
Services

Barbara Shogren Lies, M.A., C.R.C., N.C.C.
Ombudsperson

7177 Brockton Ave., Suite 101 • Riverside, CA 92506
(951) 788-9910 • FAX: (951) 768-0320

Toll Free (800) 905-7595
Email: shogren@earthlink.net

AGREEMENT AND DECLARATION OF TRUST
FOR THE UNION ROOFING CONTRACTORS ASSOCIATION
WORKERS' COMPENSATION TRUST FUND

This Agreement and Declaration of Trust is entered into among the Union Roofing Contractors Association ("Association"), in its individual capacity and as collective bargaining representative of its signatory employer members, and Local Unions 36 and 220 of the United Union Roofers, Waterproofers & Allied Workers (collectively hereinafter referred to as the "Union").

ARTICLE 1. REASONS FOR AGREEMENT

Section 1. The Union and Association have entered into the Union Roofing Contractors Workers Compensation Trust Fund Workers' Compensation Alternative Dispute Agreement ("ADR Agreement") which provides, among other things, for the improvement of the quality and delivery of Workers' Compensation benefits to injured employees; the creation of a labor-management safety and health committee; and the establishment of an alternative dispute resolution procedure to resolve quickly and efficiently the claims of injured employees.

Section 2. The Union and Association desire to establish a Workers' Compensation Trust Fund as a trust fund for receiving contributions and implementing the ADR Agreement.

Section 3. The Union and Association desire to set forth the terms and conditions under which this Fund is to be established and administered; and to set forth the powers and duties of the Trustees and their agreement on matters pertinent to the ADR Agreement.

ARTICLE 2. DEFINITIONS

As used in this Trust Agreement, the following words shall have the following meanings:

Section 1. "ADR Agreement" means (a) the Alternative Dispute Resolution Agreement entered into the 17th day of March 2003, by and between the Union Locals 36 and 220 of the United Union Roofers, Waterproofers & Allied Workers and the Union Roofing Contractors Association; (b) any collective bargaining agreement or ADR Agreement between the Union and the Association which provides for the making of contributions to the Trust Fund; and (c) any extensions, amendments, modifications or renewal of any ADR Agreement, any collective bargaining agreement, or any substitute or successor agreement which provides for such contributions.

Section 2. "Board" means the Trustees (and includes their alternate Trustees or Committee members) when acting collectively as the Board of Trustees of the Trust and/or, when the context otherwise indicates, acting as the Joint Labor-Management Safety and Health Committee.

Section 3. "Employee" means and includes (a) an individual who performs one or more hours of work covered by any collective bargaining agreement for an Employer who is a party to the ADR Agreement. "Employee" shall also mean any other individual(s) whom the Trustee may agree to include in the ADR Agreement provided that the inclusion of such individual(s) is not prohibited by State or federal law and does not affect the tax-exempt status of the Trust.

Section 4. "Employer" means a person, firm, corporation or other entity required by the ADR Agreement to make contributions to the Fund, and any other Employer, whether individual, firm, corporation or other entity who becomes party to this Trust Agreement and makes contributions to this Fund. It is understood that each Union party to the Agreement may be considered an Employer hereunder, if permitted by law or government regulations to be so considered, with respect to Employees directly employed by a Local Union in its own affairs; provided, however, that the Union shall be considered as an

Employer for the sole purpose of being able to include its Employees as beneficiaries of this Fund, and shall not be considered as an Employer for purposes of the obligations and rights reserved to Employers otherwise defined in this Agreement.

Section 5. "Association" means the Union Roofing Contractors Association.

Section 6. "Local Union(s)" means Local Union 36 and/or Local Union 220 of the United Union of Roofers, Waterproofers & Allied Workers and/or any other labor union that is chartered by the United Union of Roofers, Waterproofers & Allied Workers that may hereafter agree to be bound to the ADR Agreement (collectively hereafter referred to as the "Union").

Section 7. "Fund" or "Trust" means the Trust Fund created and established by this Agreement. The Trust Fund shall include all contributions from Employers, interest, income and returns thereon and any other money or property of any kind and character received and held by the Trustees, from any source whatsoever for the use and purposes set forth in this Agreement.

Section 8. "Plan" means the written plan, rules and procedures prescribed by the Board to implement the provisions of the ADR Agreement.

Section 9. "Trust Agreement" means this Agreement and Declaration of Trust, as well as any amendments to the Trust Agreement.

Section 10. "Trustees" means the persons who are selected in accordance with the Trust Agreement and who are fiduciaries whose responsibility it shall be to administer the Trust Fund and whose responsibility it will be to act as the Board. An employer Trustee must be an officer, director, employee of an Employer who is signatory to a collective bargaining agreement with the Union or signatory to a collective bargaining agreement with the Union.

ARTICLE 3. CREATION OF TRUST FUND

Section 1. Establishment of Trust Fund. There is hereby established the Union Roofing Contractors Workers' Compensation Trust Fund to be used solely for the purposes set forth in this Agreement and Declaration of Trust. The Trustees shall at all times receive and hold all assets of the Trust as Trustees solely for the uses, purposes and trust set forth in this Declaration of Trust.

Section 2. Purposes. This Trust is established for the sole and exclusive benefit of employees, pursuant to 29 U.S.C. 186, in order to provide benefits contained within the ADR

Agreement which benefit employees, their families and dependents by improving the method for resolving claims and providing compensation for injuries and illnesses resulting from occupational activity and by assuring creation and implementation of safety training programs which will decrease the incidence and severity of occupational injuries which interrupt the earning capacity of employees. It is not contemplated or intended that any portion of this Fund shall be utilized to pay or reduce the liabilities of an insurer from whom an Employer purchases a policy of Workers' Compensation insurance or the liability of any Employer caused by the failure of an Employer to purchase a policy of workers' compensation insurance. It is further not intended or contemplated that any portion of this Trust Fund shall be used to provide retirement pay, pensions, annuities or unemployment benefits.

Section 3. Nature of Fund. The Fund shall consist of all contributions required hereunder to be made for the establishment and maintenance of the Workers' Compensation program set forth in the ADR Agreement to be provided by this Fund, and other contributions received as well as all interest, income and other returns of any kind whatsoever; and shall constitute an irrevocable trust to provide the means for the implementation of the ADR Agreement.

Section 4. Expenditures. The Trustees shall use the contributions to the Fund solely for the payment of the operating costs associated with the implementation of the ADR Agreement, the establishment of the Plan and for the reasonable and necessary costs of administration of the Fund, all of which shall be for the sole and exclusive benefit of the Workers Compensation program.

Section 5. Location. The Fund shall have its principal office in the County of Orange, State of California.

Section 6. Vesting. The Trustees shall have the continuing supervision, control and direction of the Fund for the uses, purposes and duties set forth in the Trust Agreement and shall be vested with all right, title and interest to it. The Trustees may hold title to the property in the name of the Fund or in the name of a Corporate Co-Trustee or its nominee and may delegate to a Corporate Co-Trustee such other powers as the Trustees in their discretion deem appropriate.

Section 7. No Guarantors. Neither the Association, any Employer, Local Union, nor any officer, employee, agent or member of any of them, shall be liable or otherwise responsible for any debts, liabilities or obligations of the Fund or the

Trustees, nor shall the Trustees be personally liable for the debts, liabilities or obligations of the Fund.

ARTICLE 4. TRUSTEES

Section 1. Number. The Fund and Plan shall be administered by a Board of Trustees consisting of one (1) Trustee from Local Union 36, one (1) Trustee from Local Union 220 ("Union Trustees") and an equal number of Trustees appointed by the Association ("Employer Trustees").

Section 2. Appointment. The Employer Trustees shall be appointed by the Association. The manner and method of appointment of Employer Trustees shall be determined exclusively by the Association. Each individual Employer, present or future party to this Agreement, whether or not a member of the Association, hereby irrevocably designates the Association as his or its attorney in fact for the purpose of appointment and removing Trustees and successor Trustees, and for the purpose of executing other powers granted hereunder to the Association, and grants to the Association the sole and exclusive right to make such appointments and removals, and to exercise such other powers, on behalf of all Employers.

The Union Trustees shall be appointed, respectively, by Local Union 36 and by Local Union 220. The manner and method of

appointment of Union Trustees shall be determined exclusively by the respective Local Union. Each Local Union, present or future party to this Agreement, hereby (a) designates irrevocably Local Union 36 and Local Union 220, respectively, as its attorney-in-fact for the purposes of appointment and removal of Trustees and successor Trustees, and for the purpose collectively of executing other powers granted hereunder to the Union, including specifically but not exclusively, powers of amendment and powers of termination; and (b) grants to Local Union 36 and to Local Union 220, respectively, the sole and exclusive right to make such appointments and removals, and to exercise collectively such other powers, on behalf of the Union.

Appointment of such Trustees shall be made in writing. The written appointment of Employer Trustees shall be signed by the Association. The written appointment of Union Trustees shall be signed by the Local Union appointing the Trustee.

The names of the Trustees initially appointed are _____, _____, _____, and _____, and the signatures of such Trustees to this Agreement shall constitute their acceptance of office and agreement to act under and be subject to all of the terms and conditions of this Agreement.

Section 3. Terms of Trustees. Each original Trustee, and each successor Trustee, shall serve until his death, incapacity, resignation or removal, as herein provided. Any retiring Trustee shall forthwith turn over to the remaining Trustees any and all records, books, documents, monies and other property in his possession owned by the Trust or incident to the Administration of the Trust.

Section 4. Removal of Trustees. Any Employer Trustee may be removed at will, with or without cause, by the Board of Directors of the Association. Any Union Trustee may be removed at will, with or without cause, by the Local Union vested with the authority of appointment.

If a Trustee shall be absent from two consecutive trustee meetings, the Board of Trustees shall have the right, but shall not be required, to request the removal of such Trustee. In such event, such Trustee shall be removed by the party vested with power of removal, and a successor Trustee appointed.

Removal of a Trustee shall be made in writing in the same manner as an appointment of a Trustee.

Section 5. Resignation. A Trustee may resign and become and remain fully discharged from further duty or responsibility hereunder upon giving thirty days written notice

to the remaining Trustees and to the party which shall have appointed or selected such Trustee.

Section 6. Successor Trustees. Whenever a vacancy shall occur in the Board of Trustees, whether by death, removal, resignation or otherwise, the party by whom such vacancy was originally filled shall forthwith designate a successor Trustee. Vacancies created by the removal or resignation, death, etc. of a Union Trustee shall be filled by the Union and vacancies created by the removal, resignation, death, etc. of an Employer Trustee shall be filled by the Association. Appointment of a successor Trustee shall be evidenced in the same manner as appointment of original Trustees; and the successor Trustee shall execute a written acceptance of office of Trustee in the same manner as the original Trustees. Any successor Trustee appointed by and in accordance with the foregoing provisions shall, upon his acceptance of such trusteeship in writing and filed with the Trustees, become vested with all rights, powers and duties of a Trustee hereunder with like effect as if originally named as a Trustee in this instrument.

Section 7. Trustee Officers. The officers of the Board of Trustees shall be a Union Co-Chair, selected by the Union Trustees from among themselves and an Employer Co-Chair selected by the Employer Trustees from among themselves. The term of

office shall be for a period of (1) one year, with the term of office expiring on June 30 of each year. One Co-Chair will serve as Chairperson and the other as Vice Chairperson during each term of office. Chair and Vice Chair duties shall alternate between the Employer Co-Chair and Union Co-Chair; that is, if the first Chairperson shall be an Employer Trustee, the next Chairperson shall be a Union Trustee.

Section 8. Duties of Officers. The Chairperson, or in the absence of the Chairperson, the Vice Chairperson shall be responsible for the conduct of the meeting. The Chairperson shall designate an administrative agent to keep minutes or records of all meetings, proceedings and acts of the Trustees, and shall make same available to all Trustees. The Co-Chairs shall jointly execute written instruments authorized by the Trustees, and shall jointly sign checks drawn on the Fund. However, the Board of Trustees may designate an alternate for each of the Co-Chairs, which alternate shall be chosen from the same Trustee Group as the Co-Chairs for whom the Trustee serves as alternate by the Trustees authorized to select that Co-Chair. In the event of the absence or disability of such officer, instruments and checks may be signed by the Co-Chair's alternate.

Section 9. Quorum. A majority of Trustees, to wit, two, present in person at any meeting shall constitute a quorum for the transaction of business, provided that not less than one Employer Trustee and not less than one Union Trustee shall be present.

Section 10. Meetings.

(a) An annual meeting shall be held each year for the purpose of electing officers for the ensuing year. The date of the annual meeting shall be fixed by resolution of the Board of Trustees.

(b) Regular or periodic meetings may be held at such time or times as may be established by resolution of the Trustees.

(c) Special meetings may be called by the Chairperson or Vice Chairperson or by any two other Trustees, by giving to each Trustee at least five days written notice of the time and place of such meeting; or may be held without notice if all Trustees consent in writing.

(d) Unless otherwise decided by the Trustees, all meetings shall be held in Orange County, California, at such time and place as may be earlier determined by the Trustees.

(e) A Trust Attorney shall be hired to advise and participate at all meetings on behalf of the Trustees.

Section 11. Voting. Unless otherwise provided in this Agreement, all decisions of the Trustees shall be made by the majority vote of the Trustees present at the meeting at which such vote is taken. However, Employer Trustees and Union Trustees shall have the right to cast an equal number of votes whether or not an equal number of Employer Trustees are present. In the event the number of Employer Trustees and Union Trustees present at the meeting are not equal, each Trustee of the smaller group shall be vested with additional voting power in an amount sufficient to equalize the voting power of the two groups. For example, by way of illustration, if there is present at a meeting one Union Trustee and two Employer Trustees, there will be a total voting power of four votes, two of which shall be vested in the Employer Trustees, one vote each; and two of which shall be vested in the Union Trustee.

Section 12. Action without Meeting. Action by the Trustees may also be taken by them without a meeting provided that such action is evidenced by an instrument in writing to which all of the Trustees shall consent by unanimous written concurrence.

Section 13. Action in Event of Deadlock.

(a) Application of this Section. In the event the Trustees cannot act with respect to any question or resolution presented to the Trustees for their decision because of a tie vote, then an impartial umpire to cast the deciding vote shall, if possible be chosen forthwith by the Trustees. If the Trustees cannot at such time choose an impartial umpire, the Co-Chairs shall attempt to select such impartial umpire, and if they cannot agree on an impartial umpire within seventy-two (72) hours after the adjournment of the meeting at which the tie vote occurred, then either the Union or Employer Trustees may petition the District Court of the United States, for the Central District of California, to appoint an impartial umpire.

(b) Casting a Vote. Upon the appointment of the impartial umpire, a meeting of the Trustees shall be held as soon as practicable, which shall be attended by such umpire, and the umpire shall at such time hear any evidence or arguments presented by either group of Trustees upon the question or resolution upon which such tie vote has occurred, and such umpire may, if the umpire desires, make any inquiries from the Trustees which respect to any information the umpire deems to be competent, relevant, or material to the question, and if such information is not then available, it shall be furnished to such

umpire, by the Co-Chairs jointly, as soon as practicable. The umpire shall then as soon as practicable, and in any case, within fourteen (14) days after the meeting at which such umpire shall have been present and heard the evidence and arguments, by written instrument cast his or her vote for or against the question or resolution upon which the tie has occurred. The umpire shall specify in writing the umpire's reasons for casting such vote. A copy of such written vote shall be delivered to the Co-Chairs. The decision of umpire shall be final and binding upon the Trustees, the parties and the beneficiaries of this Agreement.

(c) Expenses of the Umpire. The cost and expense incidental to any appointment of an umpire, and the holding of proceedings before the umpire including the fee, if any, for such umpire, shall be a proper charge against the Fund. The Trustees are authorized and directed to pay such charges, except that each party shall pay any expenses incurred by it for attorneys' fees, consultants, witnesses, traveling to and from the hearing and all similar personal expenses.

(d) Limitation on this Section. No matter in connection with the interpretation or enforcement of any collective bargaining agreement shall be subject to arbitration under this section.

Section 14. Compensation of Trustees. The Trustees shall serve without compensation or reimbursement of any kind or nature from the Fund, direct or indirect, subject to the following exception:

The Board of Trustees may reimburse a Trustee with respect to expenses incurred by him in connection with the activities or business of the Fund if the incurrence of such expenses was approved in advance by the Board of Trustees.

Section 15. Liability of Trustees.

(a) Advice of Counsel or Consultant. The Trustees may, but are not required to, secure the advice of a counsel or consultant on any matter under consideration. Acting upon such advice shall be full protection and justification to the Trustees for anything suffered, done or admitted to have been done in good faith and in accordance with and in reliance on such opinion, and the Trustees shall be not liable therefor.

(b) Errors of Judgment, Negligence, Misconduct, Acts of Others. The Trustees and each individual Trustee shall not be liable for any error of judgment or for any loss arising out of any act or omission in the execution of their duties so long as they act in good faith and without gross negligence; nor shall any Trustee, in the absence of his own

willful misconduct, bad faith or gross negligence, be personally liable for the acts or omissions (whether performed at the request of the Trustees or not) of any other Trustee, or of any agent or attorney elected or appointed by or acting for the Trustees.

(c) Acting on Instrument or Paper. The Trustees shall incur no liability and shall be fully protected in acting upon any instrument, certificate, or paper believed by them to be genuine and to be signed or presented by the proper person or persons, and shall be under no duty to make any investigation or inquiry as to any statement contained in any such writing, but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained.

(d) Liability of Parties for Acts of Trustees. Neither the Association, Employers, nor the Unions, nor any of them, shall be liable in any respect for any of the obligations or acts of the Trustees, even though such Trustees may be associated with, employed by, or otherwise connected with an Association, Employer or Union.

(e) Lien Protecting Trustees. Neither the Trustees nor any individual or successor Trustee shall be personally answerable or personally liable for any liabilities

or debts of the Fund contracted by them as such Trustees, or for the non-fulfillment of contracts, but the same shall be paid out of the Fund, and the Fund is hereby charged with a first lien in favor of such Trustees for his or their security and indemnification against any liability of any kind which the Trustees or any of them may incur hereunder; provided, however, that nothing herein shall exempt any Trustee from liability arising out of his own willful misconduct, bad faith or gross negligence, or entitle such Trustee to indemnification for any amounts paid or incurred as a result thereof.

(f) The Fund shall exonerate, reimburse and save harmless the Trustees, or any former Trustee, individually and collectively, against any and all liabilities, judgments or fines, and reasonable expenses, including attorneys' fees, incurred in relationship thereto, with respect to matters, acts or omissions relating to or arising out of their Trusteeship except (as to the individual Trustee or Trustees directly involved) for expenses and liabilities, judgments and fines arising out of willful misconduct or bad faith. No expense shall be deemed reasonable under this Section unless and until approved by the Board of Trustees. This indemnity shall extend to and include the estate, executors, administrators, heirs, legatees and devisees of such Trustee or former Trustee. The

Fund is authorized to secure and pay for errors and omissions insurance (by whatever name it may be called) to insure the Fund and the Trustees against any such risks.

Section 16. Functions, Powers and Duties of Trustees.

(a) Power of Attorney. The Employers and the Unions irrevocably grant Power of Attorney to the Trustees now in office or subsequently appointed in accordance with the provisions of the this Agreement to administer the Fund as the representatives of such parties and with full authority to act for the Employers and the Unions as their representatives in the administration of the Fund.

(b) Administration of Fund. The Board of Trustees shall have the power and duty to administer the Fund for the sole and exclusive benefit of Employees.

(c) Deposit of Monies. The Trustees shall deposit all monies received by them in such bank or banks as they may select for that purpose, providing such banks are members of the Federal Reserve System. All checks, drafts, vouchers or other withdrawals of funds from the account or accounts of the Trust Fund shall be countersigned by the Co-Chairs or alternates designated for such purpose.

(d) Fidelity Bonds. The Trustees shall by resolution duly adopted, provide for fidelity bonds for Trustees and other persons who shall be authorized to receive or withdraw funds from the trust estate. Such bond shall be placed with a reputable licensed surety company in such amounts as the Trustees shall determine. The cost of the premiums on such bonds shall be paid out of the Fund.

(e) Investments. The Trustees shall have the power to invest and reinvest any funds which, in their sole and absolute discretion, they consider not required for current expenditures, such investment to be only in: (a) bonds or other direct obligations of the United States Government; (b) bonds or other direct obligations of an agency or instrumentality of the United States Government; (c) bonds, notes or other evidences of indebtedness or obligations which are guaranteed or insured by an agency or instrumentality of the United States Government, including specifically but not exclusively federally insured savings and loan accounts, to the extent of such insurance; and FHA insured notes secured by deed of trust on real property; (d) corporate bonds rated 'A' or better by Moody's or Standard and Poor; (e) notes, insured or uninsured, secured by first trust deeds on real property, subject to such restrictions as to nature of security, seasoning of notes, percentage of total

portfolio to be invested in such notes, and other restrictions as the Trustees may from time to time establish by resolution. Such funds to be invested only in such investments as are legal for investment of trust funds under the laws of the State of California. However, no investments shall knowingly be made in the securities, obligations or properties of the Association, Individual Employer, any Local Union, or any Joint Apprenticeship Training Council ("JATC"). The Trustees may sell or otherwise dispose of such investments at any time and from time to time as they, in their discretion, determine. The Trustees shall also have the right and power in their discretion to use Trust Funds to make prepayment of premiums or advance premium deposits to the insurance company or companies carrying the insurance for the Fund.

(f) Expenditures. Any and all funds received by the Trustees in the form of contributions, income, interest on bonds or bank deposits, or otherwise, shall be received by them as part of the Fund to be administered and disposed of for the following purposes:

A. To pay or provide for the payment of all reasonable and necessary expenses in connection with collecting the Employer contributions and administering the affairs of the Trust Fund, including but without limitation, all

expenses which may be incurred in connection with the establishment of the Trust Fund, the providing of fidelity bonds, the employment of administrative, legal, expert and clerical assistance, the leasing of such materials, supplies and equipment as the Trustees in their discretion find necessary and appropriate in the performance of their duties.

B. To pay or provide for the payment of all premiums on the policy or policies of insurance procured to carry out the purposes of the Fund when such premiums shall become due. Such insurance policies shall be contracted for in the name of and issued to the Trust Fund.

C. To establish and accumulate as part of the Fund such reasonable reserves as the Trustees shall determine advisable to carry out the purposes of the Trust.

(g) General Powers. The Board of Trustees shall have the following general powers in addition to such other powers as are set forth herein or conferred by law:

A. To enter into contracts to carry out the purposes of this Fund; to terminate, modify, or renew any such contracts; and to exercise and claim all rights and benefits granted to the Board or the Fund by any such contracts.

Any such contract shall be executed in the name of the Fund, and any such policy shall be procured in the name of the Fund.

B. To employ actuaries, brokers and such other executive, consultant, administrative, clerical, secretarial, accountant and legal personnel and other Employees and assistants, as may be necessary in connection with the administration of the Fund and the ADR Agreement and to pay or cause to be paid out of the Fund the compensation for the foregoing and necessary expenses of administration.

C. To incur and pay out of the Fund any expense reasonably incidental to the administration of the Fund or the ADR Agreement.

D. To pay out of the Fund, reasonable expenses incurred in the establishment and operation of this Trust Agreement, the Fund and the ADR Agreement.

E. To compromise, settle or release claims or demands in favor of or against the Fund on such terms and conditions as the Board may deem desirable; provided, however, that except to the extent that the Board may, in a proper case, compromise the money indebtedness to the Fund of any contributor to the Fund, no such compromise, settlement or release by the Board shall affect the rights or obligations of

the parties with respect to any breach of any collective bargaining agreement.

F. To adopt, from time to time, rules and regulations for the administration of the ADR Agreement and the Fund, including the establishment of requirements for eligibility to participate in the benefits of the ADR Agreement and the Fund.

G. To enter into any and all contracts and agreements for carrying out the terms of this Agreement and Declaration of Trust and for the administration of the Trust Fund and to do all acts as the Trustees, in their discretion, may deem necessary or advisable.

H. To construe the provisions of this Agreement and Declaration of Trust and the terms used herein, to accomplish the general end and purpose of the Trust in providing a practical plan for Workers' Compensation benefits for the Employees; and, in so construing the Agreement, to disregard form where necessary or practical in order to accomplish the general purpose of the Plan.

I. To delegate any of their ministerial powers or duties to any one or more of the remaining Trustees, or to any agent or employee engaged by the Trustees.

J. To enter into contracts, at their discretion, with third persons, firms or corporations, to perform the administrative and clerical work of the Fund; provided that the Trustees shall reserve the right to review any decision reached by such other persons, firms or corporations.

K. To coordinate activities in the administration of the Fund with the administrative activities of the Board of Trustees of other trust funds established or to be established for construction employees in California that have implemented or plan to implement an alternative dispute resolution system pursuant to the provisions of Labor Code Section 3201.5.

ARTICLE 5. CONTRIBUTIONS

Section 1. Rate of Contributions. In order to effectuate the purposes hereof, each Employer shall contribute to the Fund the amount specified from time to time in the ADR Agreement. Such contribution(s) shall be made by each Employer at the time and in the manner as specified by the Trustees.

Section 2. Rate of Contributions. It is the intention of the parties that every Employer participating in the Workers' Compensation program shall contribute to the Fund at the same rate, and that the rate of contributions shall be that

percentage of premium or rate per hour of employment or other standard of rate as is provided in the ADR Agreement, as said Agreement may exist and be amended and rewritten from time to time.

Section 3. Period of Contributions. Contributions to the Fund shall be due commencing on the date the Employer becomes bound to the ADR Agreement. The Trustees may specify that contributions shall be accompanied by a report in a form prescribed by the Board of Trustees. Payments into the Fund shall be due and payable at such location as the Trustees may specify.

Section 4. Default in Payment. The failure of an Employer to pay the contributions required hereunder at the times and in the manner required by the Trustees shall constitute a violation of such Employer's obligations hereunder. Non-payment by an Employer of any contributions as herein provided shall not relieve any other Employer of his obligation to make payment of his required contribution. The Trustees may take any action necessary to enforce payment of the contributions due hereunder, including the right to sue such Employer in a court of competent jurisdiction; and the delinquent Employer shall be liable to the Trust for all

expenses of collection thereof, including actual attorneys' fees, incurred by the Trustees.

Section 5. Liquidated Damages to the Fund. The parties recognize and acknowledge that the regular and prompt filing of Employer reports and the regular and prompt payment of Employer contributions and other amounts owed to the Fund is essential to the operation and maintenance of the Workers' Compensation Program, and that it would be extremely difficult, if not impracticable to fix the actual expense and damage to the Fund and to the Workers' Compensation Program which would result from the failure of an individual Employer to make such reports and to pay such contributions and other amounts in full within the time provided. Therefore, the amount of damage to the Fund resulting from the failure to make reports or pay contributions within the time specified, shall be deemed to include:

(i) interest, plus

(ii) an additional sum equal to the greater of said interest or of the liquidated damages provided for herein.

Interest as used herein shall accrue on each amount owed by an Individual Employer from the date such payment became due until the date on which such payment and all

attendant interest and liquidated damages are actually received by the Fund. The rate of said interest shall equal the per annum rate of interest established by the Federal Reserve Board of San Francisco on advances to member banks under Section 13 and 13(a) of the Federal Reserve Act prevailing on the 25th day of the month preceding the date on which such contribution or payments became delinquent plus 5% per annum. Liquidated damages as used herein shall equal the greater of \$25.00 and 20% of the amount with respect to which such damages are assessed. These amounts shall become due and payable to the Fund as interest and as liquidated damages and not as a penalty, upon the date immediately following the date on which the contribution or contributions become due. Liquidated damages shall be paid for each delinquent report even though a delinquent report shall show no contributions due; and shall be paid in addition to the liquidated damages and interest due on any contributions pertaining to the report. The Trustees, in their discretion, for good cause (and the Trustees shall have the sole right to determine what shall constitute good cause) shall have the right and power to waive all or any part of any sums due to the Fund as interest and liquidated damages.

Section 6. Economic Action. Nothing contained herein shall be deemed to authorize or prevent economic action by the

Union or any Local Union against any Employer who is delinquent in his contributions to the Fund. All rights of any Local Union to refuse to furnish men to any delinquent Employer, or to withdraw Employees from the job of any delinquent Employer, or to strike or take other economic action against a delinquent Employer, shall be determined by the provisions of the collective bargaining agreement and by applicable rules of law, and shall not be deemed affected in any way by this Agreement.

Section 7. Reports. The Association, Employers and Unions participating in or making contributions to the Fund shall make such reports and statements to the Trustees with respect to any other matter pertinent to the establishment, maintenance and administration of the Plan and Fund, as the Trustees may deem necessary or desirable. The Trustees may, at reasonable times and during normal business hours, audit or cause the audit or an inspection of the records of any such parties which may be pertinent in connection with said contributions and/or reports and insofar as same may be necessary to accomplish the purposes of this Trust Agreement. In the event such audit shall disclose that the Employer, is in default in the payment of his contributions to the Fund, or if such audit shall be made by reason of the failure of the Employer to submit reports as required by the Trustees, the

Employer shall, upon demand, pay to the Fund the actual costs of such audit.

Section 8. Rights in the Fund. Neither the Association, any of its members, any Employer, Local Union, any Trustee, any Employee, any beneficiary of the Fund, nor any other, person shall have any right, title or interest in the Fund other than as specifically provided in this Agreement, and no part of the Fund shall revert to the Association, any of its members, any Employers, any Local Union, any Trustee, or any Employee. Neither the Fund nor any contribution to the Fund shall be in any manner liable for or subject to the debts, contracts, or liabilities of the Association, any of its members, any Employer, Local Union, or any Employee. Contributions to the Fund shall not constitute or be deemed to be wages due to the Employees with respect to whose work such payments are made, and no Employees shall be entitled to receive any part of the contributions made or required to be made to the Fund. Upon termination of the Fund, after payment of all outstanding debts and liabilities of the Fund and to the extent not inconsistent with the requirements for the Trust's maintenance of tax-exempt status, any surplus contributions and remaining assets will be distributed, pursuant to the Trustees' approval.

ARTICLE 6. ADMISSION OF ADDITIONAL EMPLOYERS OR EMPLOYEES

Section 1. Additional Employers. The Trustees may admit as an Employer under this Agreement and Declaration of Trust, any person, group, company or corporation, if, in the judgment and discretion of the Trustees, such admission will be of benefit to the beneficiaries of the Plan by making possible increased economy or efficiency of operation or administration, or if it appears that admission will result in benefit to the Plan or Trust in any other manner. New Employers eligible for the Plan must be authorized to participate in the Plan pursuant to California and Federal law. All applicants shall agree in writing to be bound by this Trust Declaration and Agreement and shall by such signing agree to be bound by the terms and conditions of this Trust and to make such payments as shall be required by the Trustees consistent with the provisions hereof. The agreement in writing of any additional Employer to be bound by this Trust Declaration or a copy thereof shall be considered and shall constitute a re-execution of this Trust Agreement by all Trustors then participating in this Trust for all purposes. Members of the Association, who agree to participate in the Trust must be signatory to the Union, and they shall be eligible for membership in the Plan as an Employer.

Section 2. Additional Employees. The Trustees may, at the request of an Employer, include all or some severable portion of the Employer's employees in the benefits of this Trust Agreement. Such Employer and/or Employer's employees may be admitted to the Plan subject to the following terms and conditions: (1) The Employer must file a written application with the Trustees requesting that all or some severable portion of his/her employees be admitted to the Plan. (2) The Employer must clearly identify those employees, and no employee shall be admitted to the Plan if they are performing roofing and/or waterproofing work not covered by a Collective Bargaining Agreement with the Union. (3) Those employees, approved by the Board, shall be able to effectively participate in the Plan the first of the calendar month following the month in which the written application was filed.

Section 3. Trustees Not Affected. The Association and Local Unions shall at all times have the right and power, respectively, to select and remove the Trustees and their successors under this Agreement and any Employer and Union entering this Plan after the initial effective date must as a condition precedent to his admission acknowledge and agree to be bound by this provision.

Section 4. Certificate of Acceptance. If additional Local Unions and or Employers agree to be included within the terms and conditions of this Trust, they shall execute a certificate in such form as the Board of Trustees may require signifying their acceptance of this Trust and the Trustees, and specifying the date on which contributions and benefits hereunder shall commence.

Section 5. Effect of Contribution to Fund. Any individual Employer who executes and deposits any such written acceptance, assumes and shall be bound by all of the obligations imposed by this Trust Agreement upon the individual Employer, is entitled to all rights under this Agreement and is otherwise subject to it in all respects.

ARTICLE 7. AMENDMENT OF TRUST

Section 1. Amendments. This Agreement and Declaration of Trust may be amended, from time to time, in any respect not specifically prohibited herein. The right and power to amend this Agreement and Declaration of Trust is hereby granted to and vested exclusively in the Trustees.

Any such amendments shall be binding upon all parties to this Agreement. Such amendments shall be evidenced by written

instruments duly executed by all Trustees. Such written instruments shall be attached to this Agreement.

Section 2. Limitation on Right to Amendment.

(a) No amendment may be adopted which will alter the basic principles of this Agreement and Declaration of Trust or be in conflict with the then existing bargaining agreements with the Unions or be contrary to any then applicable law or governmental rule or regulation.

(b) No amendment shall be adopted which shall impose different or additional duties or liabilities upon the Trustees or diminish any immunity of the Trustees without the written consent of each Trustee then in office.

(c) No amendment shall be permitted which permits the Fund to be used other than to provide for the operation of the Workers' Compensation Program for the Employees and for the administration of the Fund. Nor shall any amendment be permitted which gives to the Association, Unions, Employees, individually or collectively, any individual right, title or interest in or to the money or other property of the Fund.

Section 3. Notification of Amendment. Whenever an amendment is adopted in accordance with this article, a copy

thereof shall be distributed to each Trustee, to the Union and to the Association.

ARTICLE 8. DURATION AND TERMINATION

Section 1. Original Term, Renewal and Termination. The duration of this Agreement shall continue in effect during the term of the ADR Agreement, and any amendments, modifications, renewals, or extensions thereof. Notice of termination, referred to herein, must be given by the Association and served upon each of the Local Unions; or by any Local Union served upon the Association. Service upon a Local Union or the Association may be made by registered mail addressed to such party or parties at the offices of the Trust Fund.

Section 2. Power of Termination. The Trust Agreement and the Trust Fund may be terminated only by the Association and the Union in a writing executed by each.

Section 3. Disposition of Funds. In the event of termination of this Agreement the balance in the Trust Fund, if any, shall be used to pay all expenses of operating and/or winding up the Fund. In the event monies remain after the payment of all expenses and obligations of the Trust Funds, the monies shall be exhausted for the following purposes:

(a) To pay or provide for the payment of all reasonable and necessary expenses in connection with collecting the Employer contributions and administering the affairs of the Trust Fund, including but without limitation, all expenses which may be incurred in connection with the establishment of the Trust Fund, the providing of fidelity bonds, the employment of administrative, legal, expert and clerical assistance, the purchasing or leasing of such materials, supplies and equipment as the Trustees in their discretion find necessary and appropriate in the performance of their duties.

(b) To transfer all remaining assets to a successor fund or other organization which the Trustees shall determine as having purposes substantially identical to those of the Trust Fund.

(c) To convert all remaining assets to monies and to refund those monies to the Employees and other parties on whose behalf contributions or donations were made. The order of any such refund shall be in reverse chronological order. Before approving such a disposition, the Trustees shall assess the potential tax consequences and take such steps as may be necessary to minimize the consequences and to provide

adequate notice of the consequences to the Employees and other parties as may be affected.

In the event of the termination of this Agreement and Declaration of Trust, no part of the corpus or income of said Fund shall be used for or diverted to purposes other than for the exclusive benefit of the Employees, or the administrative expenses of the Fund or for payments in accordance with the provisions of the Fund.

Under no circumstances shall any portion of the corpus or income of the fund, directly or indirectly, revert or accrue to the benefit of any contributing Employer, or to the benefit of any Local Union.

Section 4. Maximum Term. In no event shall the Trust established by this Agreement continue for a longer period than is permitted by law.

ARTICLE 9. MISCELLANEOUS PROVISIONS

Section 1. Interpretation by taxing authorities. The parties are entering into this Trust Agreement and the payments into the Fund are being made by individual Employers, upon the condition and understanding that all payments made by such individual Employers into the Fund are and will continue to be legally deductible and allowable as business expenses for tax

and all other purposes, and that the same are not taxable to the Employees concerned as compensation. The Board of Trustees will promptly cause this Agreement to be submitted to the Internal Revenue Service, and to any other Federal or State agencies they may deem appropriate, for a ruling or rulings with regard to such questions. In the event that it is determined by any appropriate agency or court, or in the event that any applicable law, regulation, ruling or policy provides, that such payments are not so deductible or allowable, or are taxable to the Employee, then either party may reopen this Agreement and the ADR Agreement, upon ten (10) days' written notice to the other party, for the negotiation of any amendment or modification to said agreements as may be necessary to accomplish the objective herein stated.

Section 2. Liability of Parties to this Agreement.

Neither the Association, any of its members or other Employers, nor the Union, nor any officer, agent, Employee, Trustee nor any committee members of the Associations or the Unions shall be liable to make contributions to the Fund or be under any other liability to the Fund, except that he may be an Employer required to make contribution to the Fund with respect to his own operations or to the extent he may incur liability as a Trustee as herein provided. The liability of any Employer to

the Fund, shall be limited to the payments required by this Agreement and in no event shall he or it be liable or responsible for any portion of the contributions due from other individual Employers. The individual Employers shall not be required to make any further payments or contributions to the cost of operation of the Fund or the Workers' Compensation Program.

Neither the Association, its members, the Unions, other Employers, nor any Employee shall be liable or responsible for any debts, liabilities or obligations of the Fund or the Trustees, or for the validity or sufficiency of this Agreement or the Plan.

Section 3. Audit of Fund. An annual audit of the Fund shall be made at the end of each fiscal year by independent certified public accountants selected by the Trustees. A statement of the results of said audit shall be made available for inspection by interested persons at the office of the Fund and at such other place as may be designated by the Trustees. More frequent audits may be made at the direction of the Trustees.

Section 4. Trustee as Beneficiary. A Trustee of this Trust may also be a beneficiary thereof if he otherwise

qualifies as an eligible Employee; and nothing contained herein shall be construed or interpreted to prevent any Trustee, who is also an eligible Employee, from participating in the benefits of the Plan.

Section 5. Separability of Agreement. Should any provision in this Trust Agreement or the plan or rules and regulations adopted thereunder be deemed or held to be unlawful or invalid for any reason, such fact shall not adversely affect the provisions herein and therein contained unless such illegality shall make impossible or impractical the functioning of the Trust and the Workers' Compensation Program. In the event the functioning of the Trust and the Workers' Compensation Program becomes impossible or impractical for such reason, all the then parties, including the Trustees, shall endeavor to devise and adopt an amendment which will permit, if possible, the functioning of the Trust and the Workers' Compensation Program as nearly as possible, in accordance with the true spirit and intent thereof. In the event any portion of this Agreement is invalidated by existing or future State or Federal legislation or by the ruling of any court or other public authority of competent jurisdiction, such invalidation shall apply only to those portions of this Agreement directly invalidated, and all remaining portions hereof shall remain in

full force and effect. The parties hereto further agree in the event of any such invalidation to begin immediately negotiations for the purpose of correcting the unlawful provisions hereof and carrying out as fully as lawfully possible the spirit and purpose of this Agreement.

Section 6. Authority of The Association. The Association, in executing this Agreement and Declaration of Trust, does so for itself and for and on behalf of its respective members whose names are set forth in a schedule; represents that all of said members have authorized the Association to act on behalf of such members in such execution; and agrees that such execution shall be binding upon such members with like effect as if such members had each personally executed this Agreement. New Association members shall be admitted to participation in the Plan as elsewhere provided in this Agreement.

Section 7. Notices. Any notice required to be given under the terms of this Agreement shall be deemed to have been duly served if delivered personally to the person to be notified in writing, or if mailed in a sealed envelope, postage prepaid, to such person at the last known address as shown in the records of the Fund, or if sent by wire to such person at said last known address.

Section 8. Successors and Assigns. The provisions, conditions and covenants of this Agreement and Declaration of Trust shall apply, extend to, be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto.

Section 9. Construction of Terms. Wherever any words are used in this Agreement and Declaration of Trust in the masculine gender, they shall be construed as though they were also used in the feminine or neuter gender in all situations where they would so apply, and vice versa; and wherever any words are used in this Agreement and Declaration of Trust in the singular form, they shall be construed as though they were also

used in the plural form in all situations where they would so apply, and vice versa.

Executed this 21ST day of NOVEMBER, 2003.

Employer:

Union Roofing Contractors Association

By: *Ronald P. Lester*
Title: *Executive Director*

Union:

United Union Roofers, Waterproofers &
Allied Workers, Local 36

By: *Gabriel* 11-20-03
Title: Business Manager Local 36

United Union Roofer, Waterproofers &
Allied Workers, Local 220

By: *BSR Bly* 11/20/03
Title: Business Manager Local 220

Subj: Fwd: FINAL REVISIONS TO TRUST AGREEMENT
 Date: 10/29/2003 1:10:27 PM Pacific Standard Time
 From: Rjohnston urca
 To: jmiller@coxcastle.com

ROCKY, PLEASE MAKE THE CHANGES AS NOTED BELOW. I WOULD LIKE TO FINALIZE AND SUBMIT TO THE APPROPRIATE AGENCIES ASAP. IF YOU HAVE ANY QUESTIONS, PLEASE DO NOT HESITATE TO CALL. -RON

RESPONDENTS

DRAD - YES, M. Troyer - yes Dave S. yes

Forwarded Message:

Subj: FINAL REVISIONS TO TRUST AGREEMENT
 Date: 10/28/2003 3:30:58 PM Pacific Standard Time
 From: Rjohnston urca
 To: mhodge@chadryn.com, bfielder@bligh.com, dstefko@eberhardco.com, eglasgow@letner.com, rooferslocal220@yahoo.com, gabie1@sbcglobal.net
 CC: mktroyer@msn.com

E Glasgow
 GMB
 B. BENT
 yes

PLEASE REVIEW THE FOLLOWING REVISIONS, WHICH I BELIEVE WERE AGREED UPON AT THE LAST ADR COMMITTEE MEETING ON OCTOBER 27TH. I WILL NOT SEND THIS OUT TO OUR ATTORNEY UNTIL I RECEIVE CONFIRMATION FROM ALL ADR COMMITTEE MEMBERS. PLEASE RESPOND PROMPTLY; I WANT TO HAVE THIS FINALIZED AND SENT TO THE PROPER AGENCIES ASAP. ALSO, I EXPECT TO HEAR FROM MIKE HODGE TOMORROW REGARDING ULICO'S RATE QUOTE. I WILL PASS THIS INFORMATION ALONG TO ALL COMMITTEE MEMBERS.

ok (1) **Article 2, Section 6 on page 4:** Replace the current language with the following: "Local Union(s)" means Local Union 36 and/or Local Union 220 of the United Union of Roofers, Waterproofers & Allied Workers and/or any other labor union that is chartered by the United Union of Roofers, Waterproofers and Allied Workers that may hereafter agree to bound to the ADR Agreement (collectively hereafter referred to as the "Union")

(2) **Article 4, Section 15 (b), on page 17:** Delete in its entirety. (section: 14 b)

ok (3) **Article 5, Section 8 on page 31:** Delete the last sentence beginning on page 31 and replace with, Upon termination of the Fund, after payment of all outstanding debts and liabilities of the Fund and to the extent not inconsistent with the requirements for the Trust's maintenance of tax exempt status, any surplus contributions and remaining assets will be distributed, pursuant to the Trustees approval. PLEASE NOTE THAT UNDERLINING IS FOR EMPHASIS REGARDING THE MODIFICATION AND SHOULD NOT BE INCLUDED IN THE DOCUMENT.

ok (4) **Article 6, Section 1, on page 32:** Delete the last sentence beginning on page 32 and replace with, Members of the Association, who agree to participate in the Trust must be signatory to the Union, and they shall be admitted to membership in the Plan as an Employer, upon written notice given by the Association to the Trustees. PLEASE NOTE THAT THE UNDERLINING IS FOR EMPHASIS REGARDING THE MODIFICATION AND SHOULD NOT BE INCLUDED IN THE DOCUMENT.

(5) **Article 6, Section 2, on page 33:** Delete this section as it currently reads and replace with, The Trustees may, at the request of an Employer, include all or some severable portion of the Employer's employee's the benefits of this Trust Agreement. Such Employer and/or Employer's employees may be admitted to the Plan subject to the following terms and conditions: (1) The Employer must file a written application with the Trustees requesting that all or some severable portion of his/her's employees be admitted to the Plan. (2) The Employer must clearly identify those employees, and no employee shall be admitted to the plan if they are performing roofing and or waterproofing work not covered by a Collection Bargaining Agreement with the Union. (3) Those employees, approved by the Board, shall be able to effectively participate in the Plan the first of the calendar month following the month in which the written application was filed.

Wednesday, October 29, 2003 America Online: Rjohnston urca

Subj: **FINAL REVISIONS TO TRUST AGREEMENT**
Date: 10/28/2003 3:30:58 PM Pacific Standard Time
From: Rjohnston urca
To: mhodge@chadryn.com, bfielder@bligh.com, dstefko@eberhardco.com, eglasgow@letner.com, rooferslocal220@yahoo.com, gabie1@sbcglobal.net
CC: mktroyer@msn.com

PLEASE REVIEW THE FOLLOWING REVISIONS, WHICH I BELIEVE WERE AGREED UPON AT THE LAST ADR COMMITTEE MEETING ON OCTOBER 27TH. I WILL NOT SEND THIS OUT TO OUR ATTORNEY UNTIL I RECEIVE CONFIRMATION FROM ALL ADR COMMITTEE MEMBERS. PLEASE RESPOND PROMPTLY; I WANT TO HAVE THIS FINALIZED AND SENT TO THE PROPER AGENCIES ASAP. ALSO, I EXPECT TO HEAR FROM MIKE HODGE TOMORROW REGARDING ULICO'S RATE QUOTE. I WILL PASS THIS INFORMATION ALONG TO ALL COMMITTEE MEMBERS.

(1) Article 2, Section 6 on page 4: Replace the current language with the following: "Local Union(s)" means Local Union 36 and/or Local Union 220 of the United Union of Roofers, Waterproofers & Allied Workers and/or any other labor union that is chartered by the United Union of Roofers, Waterproofers and Allied Workers that may hereafter agree to bound to the ADR Agreement (collectively hereafter referred to as the "Union")

(2) Article 4, Section 15 (b), on page 17: Delete in its entirety.

(3) Article 5, Section 8 on page 31: Delete the last sentence beginning on page 31 and replace with, Upon termination of the Fund, after payment of all outstanding debts and liabilities of the Fund and to the extent not inconsistent with the requirements for the Trust's maintenance of tax exempt status, any surplus contributions and remaining assets will be distributed, pursuant to the Trustees approval. PLEASE NOTE THAT UNDERLINING IS FOR EMPHASIS REGARDING THE MODIFICATION AND SHOULD NOT BE INCLUDED IN THE DOCUMENT.

(4) Article 6, Section 1, on page 32: Delete the last sentence beginning on page 32 and replace with, Members of the Association, who agree to participate in the Trust must be signatory to the Union, and they shall be admitted to membership in the Plan as an Employer, upon written notice given by the Association to the Trustees. PLEASE NOTE THAT THE UNDERLINING IS FOR EMPHASIS REGARDING THE MODIFICATION AND SHOULD NOT BE INCLUDED IN THE DOCUMENT.

(5) Article 6, Section 2, on page 33: Delete this section as it currently reads and replace with, The Trustees may, at the request of an Employer, include all or some severable portion of the Employer's employee's the benefits of this Trust Agreement. Such Employer and/or Employer's employees may be admitted to the Plan subject to the following terms and conditions: (1) The Employer must file a written application with the Trustees requesting that all or some severable portion of his/her's employees be admitted to the Plan. (2) The Employer must clearly identify those employees, and no employee shall be admitted to the plan if they are performing roofing and or waterproofing work not covered by a Collection Bargaining Agreement with the Union. (3) Those employees, approved by the Board, shall be able to effectively participate in the Plan the first of the calendar month following the month in which the written application was filed.

**Alternative Dispute Resolution Agreement (" ADR ")
Between Local 36 and Local 220 of the
United Union of Roofers, Waterproofers & Allied Workers
And the Union Roofing Contractors Association**

This Agreement is made and entered into the 17th day of March, 2003, by and between the signatory Union Locals 36 and 220 of the United Union of Roofers, Waterproofers & Allied Workers (hereinafter referred to as the "UNION") and the signatory members of the Union Roofing Contractors Association (hereinafter referred to as "ASSOCIATION"). The term "parties" as used herein shall refer to ASSOCIATION and the UNION. It shall apply only to contracting firms who sign a Memorandum of Understanding to be bound by the terms of the Agreement. The Board of Trustees of the Trust established under this Agreement may change, alter or amend this list at any time.

ARTICLE I

INTENT & PURPOSE

It is the intent and purpose of this Agreement to:

- 1.1 Provide union roofing contractor employees who claim compensation for bodily injuries and occupational diseases (hereinafter referred to as "injuries") under the California Workers' Compensation Law (hereinafter referred to as the "Law") with improved access to high-quality medical care, and
- 1.2 Reduce the number and severity of disputes between employees and the workers' compensation benefits provider resulting from such injuries, and
- 1.3 Provide an efficient and effective method of dealing with such disputes by utilizing the provisions of Labor Code Section 3201.5 to establish a system of medical care delivery and dispute prevention and resolution which may be used by any ASSOCIATION contractor working in the State of California who is signatory to a collective bargaining agreement with the parties to this Agreement.

ARTICLE II

PARTIES TO AGREEMENT

- 2.1 This agreement which was negotiated by the ASSOCIATION and the UNION shall apply to all firms who either sign this Agreement or a memorandum of understanding to be bound by this Agreement. The term "employer" as used herein, shall refer to any such a firm.

SCOPE OF AGREEMENT

- 2.2 This Agreement shall apply only to injuries as defined by the Law sustained by employees covered by UNION collective bargaining agreements during their employment by an employer in California during the term of this Agreement.

TERM OF AGREEMENT

2.3 This Agreement shall remain in effect for a period of one year from the date of its execution by the parties. It shall continue in effect from year to year thereafter unless terminated by either party to the Agreement in the manner provided herein.

TERMINATION OF AGREEMENT

2.4 Either party desiring to terminate this Agreement must notify the other, and the Trust established under this Agreement, (hereinafter referred to as the "Trust") in writing, not more than 90 days prior to the anniversary date of this Agreement. Any employer wishing to withdraw from this Agreement may do so upon the anniversary date, provided it notifies the parties and the Trust, in writing, at not more than 90 days prior to the anniversary date. Upon termination, or withdrawal, any case involving an injury that occurred during the term of the Agreement, or during the term this Agreement was applicable to the withdrawing employer, shall continue and be resolved subject to the terms of this agreement.

COMPLETE AGREEMENT

2.5 This Agreement represents the complete understanding of the parties with respect to the subject matter dealt with herein.

CONFLICT IN LAW

2.6 In any instance of conflict, the provisions of this Agreement shall take precedence over provisions of the Law, so far as permitted by the provisions of Labor Code 3201.5 of the State of California.

LABOR-MANAGEMENT SAFETY & HEALTH COMMITTEE

2.7 There shall be a labor-management safety and health committee established. The UNION shall appoint one member for each participating local and the ASSOCIATION Boards of Directors shall appoint a corresponding number of members to this Committee. The terms of the appointees shall run concurrent with the term of this Agreement. The Committee shall promulgate rules for its operation.

EXCLUSIVE VOCATIONAL REHABILITATION PROVIDERS

2.8 The parties to this Agreement have developed an exclusive list of vocational rehabilitation providers attached hereto and marked Attachment "A". The Board of Trustees of the Trust established under this Agreement may change, alter or amend this list at any time.

FEE SCHEDULES

2.9 The parties to this Agreement agree that it is in their mutual best interest to establish a fee schedule limiting the fees which may be charged for medical treatments, vocational rehabilitation, mediation, arbitration, attorneys fees, providing documents and narratives, and any other associated costs to workers' compensation claims. This "Fees Schedule" list is attached hereto and marked Attachment "B". The Board of Trustees of the Trust may change, alter or amend this list at any time.

ARTICLE III

AUTHORIZED MEDICAL PROVIDERS

3.1 All medical and hospital services required by employees subject to this Agreement as the result of a compensable workers' compensation injury, shall be furnished by health care professionals and facilities selected by the employee from a list of health care professionals and facilities. The Board of Trustees for the Trust shall select the "Authorized Providers" subject to this Agreement. This Authorized Providers list is attached hereto and marked Attachment "C". The Authorized Providers shall include, but not be limited to, the local health and welfare trust preferred provider network. The Board of Trustees for the Trust may change, alter or amend this list at any time. Any health care professionals not listed on the approved list of authorized providers may be submitted to the Board of Trustees for review and inclusion. All "Authorized Providers" shall be board certified in their respective specialties, assuming that such is available in the geographic area.

3.2 In case of an emergency when no authorized provider is readily available, the employee may obtain treatment from a health care professional or facility not otherwise authorized by this agreement. The employer or its insurance carrier shall transfer responsibility for further or continuing treatment to an authorized provider as soon as possible, consistent with sound medical practices.

3.3 After selecting an authorized provider to furnish treatment for a particular injury, an employee may change once to another authorized provider.

3.4 When referred by the authorized provider to another provider in a particular specialty, the employee may also change once to another authorized provider in such specialty. Additional changes will be made only with written agreement of the employer.

3.5 Neither the employer nor its insurance carrier shall be responsible for the cost of medical services furnished by a health care professional or facility not authorized pursuant to this Agreement. Nothing in this Article shall be construed to create a right for an employee to receive care at employer obligation or expense that is not reasonably required to cure or relieve a work related injury.

3.6 The list of authorized providers shall include, but not be limited to, providers within the following specialties:

- Cardiology
- Chiropractic
- Dermatology
- General Practice
- Internal Medicine
- Neurosurgery
- Neurology Occupational Medicine
- Oncology
- Ophthalmology
- Orthopedics
- Psychiatry
- Pulmonary /Respiratory Radiology

3.7 The Board of Trustees for the Trust may include providers from additional specialties or providers who are not specialists on the list of authorized providers. In the event that an authorized provider furnishing treatment to an employee determines that consultation or treatment is necessary from a specialty for which no authorized provider has been selected through this agreement, or in the event that distance makes it impractical for treatment from the authorized provider, the authorized provider and injured employee shall mutually select the additional specialist or the additional provider who offers treatment at a distance not greater than 40 miles in one direction for the employee.

PRESCRIPTION MEDICINE PROVIDERS

3.8 All prescription medicines required by virtue of injury subject to this Agreement shall be furnished by the employer through a prescription medicine provider or providers agreed to by the Board of Trustees for the Trust. This "Prescription Medicine Providers" list is attached hereto and marked Attachment "D". The Board of Trustees for the Trust may change, alter or amend this list at any time by mutual agreement, except in those instances in which an authorized medical provider determines that due to time constraints or other valid medical reasons, use of another prescription source is required.

Generic forms of prescription medicines shall be provided unless the Authorized Medical Provider specifically specifies otherwise in writing.

SECOND OPINIONS

3.9 Both the employer and the employee may request a second opinion from an authorized provider regarding diagnosis, treatment and evaluation of an injury. Only one such second opinion shall be permitted by either party for any injury.

DISAGREEMENT WITH AUTHORIZED PROVIDER FINDINGS

3.10 The opinion and recommendations of the authorized provider selected in accordance with this agreement shall bind both the employer and the employee. In the event of disagreement with an authorized provider's findings or opinion, the sole recourse shall be to obtain a second opinion through dispute prevention and resolution procedures established in this agreement.

ARTICLE IV

DISPUTE PREVENTION AND RESOLUTION

The parties to this agreement acknowledge that the provisions of California law governing the adjudication of disputed Workers' Compensation claims have resulted in delay, increased expense and other inefficiencies which result in undue detriment to employees and employers. In recognition of the foregoing, the parties hereby establish the following exclusive Alternative Dispute Resolution System.

4.1 The dispute prevention and resolution program will consist of three components:

- I. Ombudsman
- II. Mediation
- III. Arbitration

4.2 This program shall replace all of those dispute resolution processes, to the maximum extent permitted by law including those authorized pursuant to California Labor Code Section 3201.5, subject to the following exception:

Disputes between a party to this agreement and a person or entity who is not subject to the provisions of this agreement by subscription or law, unless such third party or entity agrees in writing to submit to the jurisdiction of this dispute prevention and resolution program.

Any claim subject to this Agreement filed with the WCAB for resolution will immediately be removed and placed within the program established by this Agreement. This is the sole means of dispute resolution and no dispute shall proceed to the California Workers' Compensation Appeals Board until it has completed the Ombudsman, mediation and arbitration processes defined by this agreement.

OMBUDSMAN

4.3 The Board of Trustees for the Trust will select the Ombudsman. The Ombudsman shall receive complaints from employees who have filed claims for Workers' Compensation benefits subject to this Article and upon request of the employee shall assist the employee in attempting to resolve those disputes with the workers' compensation insurer of an employer. The Ombudsman shall, upon request of an employee, assist the employee in filing requests for mediation and arbitration related to alleged work-related injuries subject to this Article.

It is further understood and agreed that the Ombudsman shall be available at all times to employers and employees as a source of information regarding any questions relative to the workers' compensation process and benefits available. A claim need not exist or be in dispute for an employee or employer to obtain Ombudsman services.

MEDIATION

4.4 An employee covered by this Agreement, who believes that he/she is entitled to treatment and/or benefits beyond those of an authorized provider's findings or opinion, shall notify the Ombudsman. If the issue cannot be resolved to the satisfaction of the employee within ten working days, the employee shall apply for mediation on the "Request For Mediation" form attached hereto and marked Attachment "E". The Ombudsman shall assist the employee in filing the application with the mediator. The employee and employer may mutually agree to extend the ten working day period. No issue will proceed to mediation without first being presented to the Ombudsman. The response of the Ombudsman to the employee shall be explained in terms that are readily understandable by the employee. The Ombudsman shall maintain a log recording all Ombudsman activity, including the date of each notification and the date of each response. The employer shall also be allowed to file disputes with the Ombudsman. A third party, not a party to this Agreement, may file a written request with the Ombudsman to assist in resolving dispute involving either or both of the parties hereto, provided the dispute is related to a claim of industrial injury covered by this Agreement.

4.5 Application for mediation shall be made not more than 60 days after the Ombudsman has responded to the employee or employer's notification. Failure to mediate will bar any further right to adjudicate the issue. Any application for mediation shall be assigned to a mediator selected under this Agreement within three 3 working days of a receipt of a request. The mediator will contact the parties to the dispute, including the insurance carrier and take whatever steps the mediator deems reasonable to bring the dispute to an agreed conclusion.

4.6 The mediator subject to this Agreement shall be from the list determined by the Board of Trustees for the Trust and who has experience with the California workers' compensation system. This "Authorized Mediators" list is attached hereto and marked Attachment "F". The Board of Trustees for the Trust may change, alter or amend this list at any time.

4.7 Mediation shall be completed in not more than ten working days from the date of referral. In no event shall an issue be permitted to proceed beyond mediation until and unless the moving party cooperates with the mediator and the mediation process, or if both the employee and the employer mutually agree to an extension.

4.8 Neither party will be permitted to be represented by legal counsel at mediation. The fact that an employee or an employer representative or its workers; compensation insurer's representative has had legal training or is a licensed attorney shall not bar such person from participation in mediation, unless he or she seeks to participate on the basis of a attorney-client relationship. All communications between the mediator and the parties shall be directly with the parties and not through legal counsel. This Agreement is not intended to limit any party's right to obtain legal advice. Any party has a right to legal advice and representation at such party's own expense. The participation of legal counsel during any proceedings under this program is limited to the Arbitration, provided a written request for Arbitration has been timely filed with the Trust.

ARBITRATION

4.9 In not more than 30 calendar days after completion of the mediation process, any party not satisfied with the outcome shall file with the Trust a request that the matter be referred for arbitration. Upon receipt of such a request, the Trust shall immediately refer the matter for arbitration as provided for herein. The arbitration date will be set with sufficient advance notice to permit the parties to retain and/or consult with legal counsel.

4.10 The arbitrator shall have experience and be knowledgeable in the California workers' compensation dispute process and shall have been at one time a certified specialist in workers' compensation law or a California Workers' Compensation Administrative Law Judge. The arbitrator shall be assigned by the Trust, or its designee for such purpose, from the list of Arbitrators determined by The Board of Trustees for the Trust. This "Authorized Arbitrators" list is attached hereto and marked Attachment "F". The Board of Trustees for the Trust may change, alter or amend this list at any time.

In any case that has been regularly assigned to an Arbitrator for hearing hereunder, the Arbitrator shall have full power, jurisdiction and authority to hear and determine all issues of fact and law presented and to issue interim, interlocutory and final orders, findings, decisions and awards as may be necessary to the full adjudication of the case. The decision of the Arbitrator is subject to review by the Workers' Compensation Appeals Board (WCAB) in the manner required by Labor Code Section 3201.5, and shall have the same force and effect as an award, order, or decision of a Workers' Compensation Administrative Law Judge.

4.11 Arbitration will be conducted pursuant to the rules of the American Arbitration Association, or such other rules agreed to by the Trust, using the arbitrator assigned by the Trust. Unless the parties to the matter otherwise mutually agree, arbitration proceeding shall be completed in not more than 30 days after referral, and an arbitration decision rendered within 10 working days of the completion of the proceedings. The arbitrator's decision shall be written in written form consistent with the WCAB practices.

4.12 No written or oral offer, finding or recommendation made during the mediation process by any party or mediator shall be admissible in the arbitration proceedings except by mutual agreement of the parties.

4.13 Whenever the employee prevails at arbitration, either through the entry of a favorable arbitration decision or by agreement with the employer at any time subsequent to mediation, the employer shall pay a fee to the employee's attorney in an amount comparable to the prevailing wage of attorneys practicing in workers' compensation for the geographical area which the dispute has arisen.

The arbitrator may increase or decrease such fee based on the complexity of the dispute or the effort expended by the attorney. This amount shall not exceed 12% of the Permanent Disability (P. D.) award. The Arbitrator shall make a finding as to which party is the prevailing party for purposes of this section.

4.14 The mediator or arbitrator may in his/her sole discretion appoint an authorized health care professional to assist in the resolution of any medical issue, the cost to be paid by the insurance carrier, unless voluntarily paid by the employer.

4.15 The parties may submit a proposed settlement to the Trust at any time for assignment to an Arbitrator for expeditious issuance of award and/or order. Any such settlement shall be in the form of a Compromise and Release Agreement or in the form of Stipulations with Request for Award. The settlement shall be filed on a pre-printed form approved by the Trust. The Trust may create a separate list of Arbitrators to handle settlements under separate contract (s), and change such list at the Trust's discretion.

4.16 In order to better serve injured workers, it is agreed that the Trust may assign Ombudsmen, Mediators and Arbitrators to specific geographical areas.

ARTICLE V

TRUST FUND

5.1 There shall be a statewide Board of Trustees for the Union Roofing Contractors Workers' Compensation Trust Fund (identified above as the "Trust" and referred to in the alternative herein as the "Board"). The Board of Directors of the Trust shall have one member from each Local representing the UNION and a corresponding number of members representing ASSOCIATION. The Board shall select from its membership, one representative each from the ASSOCIATION and the UNION, to serve as Chairman and Secretary, who shall retain voting privileges. The Board shall meet at least twice per year and also when called by the Chairman.

5.2 The Board shall supervise all matters involving implementation and conformity with the provisions of this Agreement and the Law and labor codes. The Board shall have full power and authority to develop and implement any procedures the Board deems necessary to carry out or effect the purpose and scope of this Agreement. In case of deadlock, the matter in dispute shall be referred to the American Arbitration Association for expedited adjudication. The arbitrator's decision shall be final and binding upon both parties hereto.

5.3 The Board is hereby instructed and authorized to employ an administrator and an Ombudsman at such time as is possible and practical. The Board shall delegate to the administrator the responsibility and authority deemed necessary by the Board.

EMPLOYER CONTRIBUTIONS

5.4 The parties recognize that adequate funding is essential in assuring the success of this Agreement. There is a need to pay the administrative expenses that flow from the duties of the administrator of the Trust. The Ombudsman appointed pursuant to this Agreement shall serve as an independent contractor and will incur expenses facilitating resolution to disputes governed by this Agreement. There is a need to pay the expenses that flow from the duties of the Ombudsman under this Agreement. In order to provide adequate funding for the administration of the alternative dispute resolution system of this Agreement, the employers signatory hereto agree to pay to the Trust a yearly contribution equal to one percent (1%) of their respective annual workers compensation premium paid. The employer agrees to supply such documentation of its premium paid as to satisfy the parties. Failure to supply satisfactory documentation or to pay the specified contribution shall be grounds for the Board to terminate this Agreement with the employer.

The costs of mediation and arbitration shall be borne by the workers' compensation insurance company covering the claim subject to the mediation and/or arbitration provided, however, in those cases involving uninsurable risks under California Labor Code section 132a (discrimination) and California Labor Code section 4553 (serious and willful misconduct) the employer subject to the claim shall be responsible for the costs of mediation and arbitration. Mediation and arbitration costs include, but are not limited to, the fees of the mediator and arbitrator.

5.5 The Trust shall segregate such contributions on the books and records of the Trust Fund and shall segregate the expenses of this alternative dispute resolution system on the books and records of the Trust.

5.6 The administrator of the Trust shall advise the Board quarterly of contributions received and expenditures made related to this alternative dispute resolution system. Should the administrator advise the Board that the existing contributions are not sufficient to pay the costs of this alternative dispute resolution system, the Board agrees to meet and determine the further contribution necessary to pay the expense of this alternative dispute resolution system. All employers subject to this Agreement are bound to pay the additional contribution levied by the Board.

SUSPENSION OF ALTERNATIVE DISPUTE RESOLUTION SYSTEM

5.7 Failure of the Board to determine, levy and collect additional contributions necessary to pay the costs of this alternative dispute resolution system, this alternative dispute resolution system shall be suspended. During the periods of any such suspension, employees covered by this Article and the insurers of employers covered by this Article shall utilize the dispute resolution system set forth in the California Labor Code and the Rules and Regulations adopted related thereto.

5.8 In no event shall the Trust Fund be liable for the expenses of employer, employee, or insurance carrier.

TRUST FUND RESERVES

5.9 The Board shall determine minimum and maximum levels of capital reserves for the Trust Fund. The initial funding of the Trust will be capped at \$500,000, unless during the course of the year the Board determines that there is a need for additional funding. Should the Trust Fund contributions collected exceed the maximum level of capital reserves determined by the Board, the Board shall develop a formula of suspending contributions and returning contributions to individual employers, whereby each employer's contribution bears a proportionate relationship between their individual payroll and the collective payroll of all participating employers.

ARTICLE VI

MISCELLANEOUS ISSUES

6.1 The Trust may elect to consider a workers' compensation insurance plan that would provide for a risk sharing mechanism for some or all of the participating employers. Other than deductible amounts included in such a plan, all payments required to be made by the employer pursuant to this Agreement shall, in accordance with California law, be made by its workers' compensation insurance carrier. Similarly, all actions required by law to be undertaken by the insurance carrier rather than the employer shall be performed by the employer's workers' compensation insurance carrier.

6.2 The Board shall have the authority to place collections and maintain cash deposits in bank interest bearing trust accounts. All interest earned will become part of the operating reserves of the Trust.

6.3 Upon termination of this Agreement the parties and the employers shall take whatever steps are necessary to insure that all obligations under this Agreement are fulfilled until all claims subject to this Agreement are resolved.

6.4 On projects where the owner, developer or general contractor supplies a "project specific", "owner controlled" "wrap-up" type of insurance program that includes worker compensation insurance, the employer at its option may suspend this Agreement for that specific project.

6.5 In the event of legal action contesting the legality of this Agreement, or any portion of it, the Trust shall pay the cost of defending the Agreement, and shall actively assist in such defense.

If any provision of this Agreement or its application to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this Agreement that can be given effect without the invalid provision or application, and to this end the provisions of this Agreement are declared to be severable.

Union Roofing Contractors Association: _____

Title: _____

Date _____

UURWAW Local 36: _____

Title: _____

Date _____

UURWAW Local 220: _____

Title: _____

Date _____

ATTACHMENT "A"

WORKERS' COMPENSATION INSURANCE CARRIERS

1. Ulico Insurance Group, P O Box 5131, Chino, CA 91708-5131
2. CNA, P O Box 6500, Brea, CA 92822-6500

ATTACHMENT "B"

EXCLUSIVE LIST OF VOCATIONAL REHABILITATION
AND EARLY RETURN TO WORK PROVIDERS

The California Association of Rehabilitation and Reemployment Professionals' list of Professional Members shall be the authorized providers for vocational rehabilitation and early return to work services. The website address is: www.carrp.org.

ATTACHMENT "C"

FEE SCHEDULES

The fees paid for services shall not exceed those authorized by the California Labor Code.

ATTACHMENT "D"

AUTHORIZED PROVIDERS
HEALTHCARE PROFESSIONALS AND FACILITIES
PRESCRIPTION MEDICINE PROVIDERS

Authorized Healthcare Professionals and Prescription Medicine providers for the UURWAW / Union Roofing Contractors Workers' Compensation Insurance Trust shall include those healthcare providers and prescription medicine providers authorized by the Union Roofing Contractors Health and Welfare Trust.