



March 9, 2018

Mr. Michael Randick
Business Manager, IW25
25150 Trans X Drive
Novi, MI 48376

Dear Mr. Randick,

I was provided a copy of your letter dated March 7, 2018, in which you respond to the Vision Memo. Although your letter explains certain features of the Vision Memo, it fails to provide many of the facts that deserve to be explained in terms of the industry-wide effort that Local 25 and GLFEA worked cooperatively to convene, at great mutual effort and expense, to address the issues confronting the ironworking industry in Michigan.

It is unfortunate that your letter paints a picture that representatives of IW 25 were surprised at the September 13, 2017 meeting to have been presented with a list of items you describe as “nothing but a wish list.” In order for anyone to understand the origin of the Vision Memo, it is important to start at the beginning and present the facts of what happened at the industry meetings, facts you failed to mention in your letter. Let’s start at the beginning.

On March 20, 2017, during the San Diego IMPACT Conference, a meeting was held at the request of Iron Workers General President Eric Dean. Mr. Dean invited representatives of the Iron Workers International Union and the GLFEA to attend this meeting. I was in attendance, among many others. Unfortunately, you were not in attendance as you had not yet assumed office as the Business Manager of IW Local 25. The purpose of the meeting was to discuss the many issues facing the industry in Michigan, and what, if anything, could be done to address the list of issues. The idea of holding an industry-wide meeting in an attempt to address the issues was a result of this March 20th meeting. While you are personally aware of the facts that I will present in this letter, they must be explained since they were surprisingly omitted from your letter.

A meeting of the IW 25 Benefit Fund Trustees, which you attended, was held on May 22, 2017, with independent professionals providing objective evaluations and advice to improve the conditions of the Funds. The independent professionals that provided the advice and guidance were paid equally by IW Local 25 and the GLFEA, so the union was certainly involved in that process. The union discussed and agreed on the selection of various outside service providers who were providing the input.

The next day, May 23, 2017, an industry-wide meeting, which you attended, was held to begin the Vision Process. This Vision Process was an agreed upon approach between the Iron Workers and the GLFEA to begin the critical process of finding solutions to the important issues facing

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our industry. A few of the important issues to be addressed were the Defined Benefit Pension Plan, the need to provide the active employees with a meaningful retirement plan, the need to address the trend of declining work hours and the loss of manpower from the ironworking industry workforce. *We all agreed that time was of the essence.*

The May 23 meeting was a true industry meeting. Those in attendance represented the Iron Workers International Union, IW Local 25, the GLFEA, the AGC and the IW25 Benefit Funds. It was during this meeting, which you attended, that different concepts were explored to address the list of identified issues.

Following this meeting there were ongoing discussions, exchange of ideas, Board of Trustee meetings and additional concepts explored, all in the interest of finding solutions. Everyone was included in this industry-wide process. From these continued interactions, the Vision Memo was born. The Vision Memo was never intended to be a negotiation proposal. In fact, what was discussed in the meetings, which you attended, was the idea that the Vision Memo would be presented by those serving on the industry-wide committee, to a meeting of the entire industry; all the union members/employees and all the signatory contractors...all together in the same room at the same time. If there was a positive response, the details of the Vision Memo would be turned over to the bargaining parties for their consideration.

The Vision Memo was the result of this industry-wide effort. A few of the key features in the Vision Memo were:

- Freezing the Defined Benefit Plan
- Implementing a new Variable Pension plan for the active employees, to provide a meaningful retirement
- Identified wage increases
- Identified funding improvement for the other Benefit Funds
- Provide funding for the extension of the training program and its facilities
- An extension of the current collective bargaining agreement, which would provide the necessary funding for the solutions identified in the Vision Memo. Without funding the variable retirement plan could not be implemented

In addition, the union provided content for the Vision Memo. The union wanted consideration of a potential 401(k) feature on the DC plan, potential annuity plan mergers with the DC plan, and welfare plan mergers, to name a few.

You indicate in your letter the need to “...**find a solid solution to this Pension.**” *That is exactly what the industry participants and their resulting Vision Memo has attempted to accomplish.*

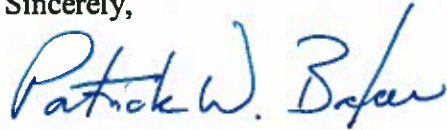
A reading of the Vision Memo is in many respects self-explanatory. However, I do consider your letter to be disingenuous when you distance yourself and the Union from having been involved in the process. The Vision Memo is the result of the entire industry working together, not an

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effort to drive a wedge between anyone or any group. Quite the contrary. The Vision process brought everyone together.

In the event Local 25 would care to meet and discuss the solutions identified by the industry committee in the Vision Memo, the GLFEA is ready and willing to meet.

Sincerely,



Patrick W. Baker
Executive Director, GLFEA

PWB/ac

cc: GLFEA Board of Directors

James Buzzie, Douglas Steel
John Wozniak, IICC
Ken Hollowell, Future Fence
Joe Leslie, MBM Fabricators
Chris Vlk, Dobson Industrial

Dan Kovich, Barton Malow
Joe Gluck, Aristeo
Ted Woodbeck, Overhead Conveyor
Tom Broad, Midwest Steel
Doug Jardine, IICC

Frank Nehr Jr., Davis Iron Works
John S. Papalas, John A. Papalas & Co.
William Treharne, Midwest Steel
Woody Woodbeck, Overhead Conveyor
Mike Dimet, Ret., Vertex Steel

Vision Memo

The Michigan unionized steel industry (“Industry”) has suffered a decline reflected in loss of market share, reduced contribution hours to benefit trust funds and active employees leaving the Industry. This trend is a result of many factors, including a significantly underfunded defined benefit retirement plan, lack of a meaningful retirement benefit for current active employees, competitive pressures from outside employment, and restrictive operating conditions for signatory employers.

In an effort to reverse this negative industry trend, the steel industry has conducted meetings to identify possible solutions to these negative trends and provide a vision for the future. The meetings were attended by representatives of the Iron Workers International Union, Iron Workers Local Union 25, the Great Lakes Fabricators and Erectors Association (GLFEA), the AGC Employers Association, and the IW25 Benefit Funds.

This committee has engaged outside professionals to offer advice and guidance as to ideas and concepts for stabilizing the industry. The meetings were facilitated by an individual who serves as a professional trustee on the IW 25 Benefit Funds. These meetings have been called Vision Meetings.

The industry committee has discussed several possible recommendations that will be submitted to the industry bargaining parties for their consideration if and when the bargaining parties should meet for the purpose of collective bargaining. The recommendations are:

- A five-year extension of the current collective bargaining agreement, through May 31, 2024, is recommended to allow time to consider and implement as appropriate the ideas and concepts discussed in this Vision Memo.
- Adopt an Unprotected Rate for Structural IW
- Expanded application of NMA Work Rules
- Elimination of the Target Fund
- To ensure consistency, add to the current collective bargaining agreement bonding requirements developed and approved by the Benefit Funds Board of Trustees.
- Add to the current collective bargaining agreement the following provision:
It is understood that forty (40) hours shall constitute a regular work week (5 x 8’s or 4 x 10s), Sunday midnight through Friday midnight, with an inclement weather make-up day on Saturday to be paid at straight-time rate, understanding anything over ten (10) hours per day and over forty (40) hours per week will be paid at time and one-half (1½). Hours worked on Sundays and Holidays will be paid at double time (2x).

- Eliminate the actual percentages listed on the Wage and Benefit Schedule
- Add to the current collective bargaining agreement the following provision:
The Employer may pay employees by direct deposit, or with Paycards.
- Add to the current collective bargaining agreement the following provision:
The bargaining parties agree to establish a Joint Industry Council (JIC). There is hereby established a Joint Industry Council composed of no more than four (4) representatives selected by the Union and four (4) representatives selected by the GLFEA Association. Meetings must be held on an annual basis to discuss Industry issues as they relate to this Agreement and to recommend programs for the betterment of this Industry. Either the Union or the Association may call additional meetings if Industry issues have arisen which necessitate such a meeting.
- The Vision Committee has identified additional topics that need to be discussed during the term of the extended collective bargaining agreement. The JIC (GLFEA and IW 25) would agree to meet and discuss the following ongoing works in progress.”
 - Fringe Benefit Contributions based on hours worked
 - Regional Wage and Benefit Schedules
 - Possible Health and Welfare Fund Mergers
 - Possible CBA Consolidations
 - Possible Annuity Mergers
 - 401(k) Option for the current DC Plan
- Add to the current collective bargaining agreement the following “Rainy Day Funding” provision:
Effective June 1, 2019, the Union and the Association shall set aside \$.10 per hour for the expressed purpose of improving the reserve levels of the benefit fund programs provided for in the collective bargaining agreement; specifically, a new IW25 Retirement program, the Health and Welfare program and the Training Program. Each March, the Union and the Association shall meet for the purpose of deciding where such contribution is to be allocated the following June 1. This allocation is for the express purpose of improving the funding reserve and not for the purpose of improving benefits.

Each June 1 allocation shall be for a period of one year. In the event the parties are unable to agree on which benefit fund should receive the hourly contribution, such contribution shall be contributed to the Training Fund. Notwithstanding the procedures outlined in this Section, should the local Pension, Health and Welfare or Training Fund suffer an unforeseen economic setback, the parties may mutually agree to reallocate the hourly

contribution for the remainder of that one-year allocation period to such fund for the purpose of maintaining existing benefits.

- A. Effective June 1, 2020, the \$.10 per hour contribution referenced above shall be increased an additional \$.10 per hour.
 - B. Effective June 1, 2021, the \$.20 per hour contribution referenced above shall be increased an additional \$.10 per hour.
 - C. Effective June 1, 2022, the \$.30 per hour contribution referenced above shall be increased an additional \$.10 per hour.
 - D. Effective June 1, 2023, the \$.40 per hour contribution referenced above shall be increased an additional \$.10 per hour.
- The Defined Benefit Pension Plan shall be frozen by the Trustees. Following an actuarial valuation of the contribution rate, any potential savings to the contribution rate made to the Defined Benefit Pension Plan may be transferred to the new Variable Retirement Plan.
 - A new variable Retirement Plan shall be implemented with the following contribution schedule:
 - A. Effective June 1, 2018, an initial \$1.00 per hour contribution (+ any additional savings from changes to existing Defined Benefit Pension Plan discussed above)
 - B. Effective June 1, 2019, an additional \$1.00 per hour contribution
 - C. Effective June 1, 2020, an additional \$1.00 per hour contribution
 - D. Effective June 1, 2021, an additional \$.50 per hour contribution
 - E. Effective June 1, 2022, an additional \$.50 per hour contribution
 - The taxable wage for a structural journeyman shall be increased with the following schedule, and all other classifications shall receive the appropriate percentage increase according to historical allocations:
 - A. Effective June 1, 2019, an increase of \$.50 per hour
 - B. Effective June 1, 2020, an increase of \$.50 per hour
 - C. Effective June 1, 2021, an increase of \$.50 per hour
 - D. Effective June 1, 2022, an increase of \$.50 per hour
 - E. Effective June 1, 2023, an increase of \$.50 per hour
 - The Health and Welfare contribution shall be increased according to the following schedule:
 - A. Effective June 1, 2019, an increase of \$.20 per hour
 - B. Effective June 1, 2020, an increase of \$.20 per hour
 - C. Effective June 1, 2021, an increase of \$.20 per hour

- D. Effective June 1, 2022, an increase of \$.20 per hour
- E. Effective June 1, 2023, an increase of \$.20 per hour

- The Training contribution shall be increased according to the following schedule:

- A. Effective June 1, 2018, an increase of \$.05 per hour
- B. Effective June 1, 2019, an increase of \$.05 per hour
- C. Effective June 1, 2020, an increase of \$.05 per hour

- The Industry Advancement contribution shall be increased according to the following schedule:

- A. Effective June 1, 2019, an increase of \$.02 per hour
- B. Effective June 1, 2021, an increase of \$.02 per hour