March 12, 2019

On March 11, 2019, FCA International (FCA) and the International Union of Painters and Allied Trades (IUPAT) entered into a Memorandum of Agreement concerning recent industry issues. This agreement resolves the deadlocked motions currently in arbitration, rescinds the termination of the Labor Management Cooperation Initiative (LMCI) and dismisses the International Painters & Allied Trades Pension Fund (IPAT) civil action pending in the United States District Court. This agreement also includes amendments to the Finishing Trade Institute (FTI) Trust Agreement, FCA funding and restrictions of FCA’s activities with monies distributed through the LMCI.

The basis for the FCA Board of Directors’ agreement of the settlement was to:

- Eliminate the burden the current issues are causing at the local levels.
- Eliminate the implementation of the LMCI’s over $750,000 withdrawal liability.
- Ensure the LMCI’s almost $12 million in reserves is utilized as intended through the LMCI’s mission.
- Allow FCA to immediately work towards a new and productive relationship with the IUPAT.
- Ensure LMCI funding from local collective bargaining agreements is used to support FCA and the LMCI as intended until the current agreements expire.

**LMCI** – To resolve the disputes concerning the LMCI, the parties agree to the following:

- The IUPAT will rescind its termination of the LMCI, activating the same rights and obligations as if the termination had not occurred.
- The 2008 resolution of the LMCI Trustees concerning funds provided to FCA will be amended to continue FCA funding under the resolution’s formula until the existing local agreements expire.
- The LMCI Trust Agreement will be changed to allow for up to eleven (11) employer trustees.
- FCA shall have the right to appoint and remove one (1) employer trustee and one (1) alternate trustee.

**IPAT Pension Fund** – To resolve the disputes concerning the IPAT Pension Fund, the parties agree to the following:

- FCA will dismiss the International Painters & Allied Trades Pension Fund (IPAT) civil action pending in the United States District Court.
- The trust document will be amended to allow for eight (8) employer trustees.
- FCA will have the right to appoint and remove six (6) employer trustees.
- Any amendment to the IPAT trust resulting in the appointment of fewer than 75 percent of the employer trustees being appointed by FCA would require an affirmative vote of the majority of the FCA trustees.
- Two (2) other employer associations will have the right to appoint and remove one (1) employer trustee each.
- Employer trustees will select one (1) employer Co-Chair, and labor trustees will select one (1) labor Co-Chair.
- All employer trustees must be officers or employees of a signatory employer.
- All labor trustees must be employees of the IUPAT or its District Councils.
- FCA will be allowed to have legal counsel attend IPAT Pension Fund meetings.
FTI – To resolve the disputes concerning the LMCI and the IPAT Pension Fund, the parties agree to the following:

• The trust document will be amended to allow for eight (8) employer trustees.
• FCA will have the right to appoint and remove six (6) employer trustees.
• Any amendment of the trust resulting in the appointment of fewer than 75 percent of the employer trustees being appointed by FCA would require an affirmative vote of the majority of the FCA trustees.
• Two (2) other employer associations will have the right to appoint and remove one (1) employer trustee each.
• Employer trustees will select one (1) employer Co-Chair, and labor trustees will select one (1) labor Co-Chair.
• All employer trustees must be officers or employees of a signatory employer.
• All labor trustees must be employees of the IUPAT or its District Councils.

FCA – To resolve the disputes concerning the LMCI and the IPAT Pension Fund, FCA agrees to the following:

• FCA will continue to receive distributions through the LMCI until the funding falls below $100,000 annually.
• FCA will not seek or accept funding mandated directly to FCA in collective bargaining agreements.
• FCA employees will not attend local bargaining negotiations. However, FCA is free to support local bargaining negotiations providing it uses funds from sources other than funding through LMCI to provide support.
• FCA will not use LMCI distributions to educate on labor relations, including educating employers or employer associations on their rights and responsibilities under the National Labor Relations Act. However, it is free to use funds from other sources to provide education on these topics.

FCA and the IUPAT – To resolve the disputes concerning the LMCI and the IPAT Pension Fund, FCA and the IUPAT agree to the following:

• The parties will each name a representative to serve on a dispute resolution panel.
• The representatives will name a third-party to serve as a neutral member of the panel.

Every action FCA took regarding the LMCI and the IPAT Pension Fund disputes, since the onset was taken because we believed it was in the best interests of the industry as a whole.

We believe this settlement will help get our industry back on track and lead to a more productive labor-management relationship. FCA looks forward to continuing our work to enhance our contractors’ opportunities for profitability and improve our industry for all parties.

We encourage you to reach out if you have any questions regarding the Memorandum of Agreement. FCA is here to help and can be reached at (866) 322-3477. The Memorandum of Agreement will be posted in its entirety at www.finishingcontractors.org/contractorcontributions soon.

Respectfully,

Anthony D. Darkangelo
Chief Executive Officer
FCA International