

MR. ROBERT BOHRER: Well, it's a privilege again to attend one of your Conventions. I was remembering that I think the first Convention I attended for the Roofers was 1988. And I want to thank President Hadel and the Executive Board and the delegates for including me again this year.

The Roofers have been kind of a flagship client of mine over the years. I was a brand new lawyer in 1973 and one of the first cases that was assigned to me was to represent the Northwest Roofers Health and Security Trust in a

collection claim. An employer had not paid contributions and they said go get him and we included the NRIPP in that claim also. Since that time, I've had an uninterrupted continuous service in representing the Roofers trusts. So basically since 1973, '74, I've been your attorney collecting money and doing other things for you. I'm an ERISA benefits lawyer, but I have to say that my proudest time is to collect the money owing to your Roofer members.

I was impressed from the very first with how hard it is to do roofing work. And it's been my privilege to assure that the workers in the roofing industry are fairly compensated, fully compensated for the work that they have performed over the years. I have never done a roof tear-off. I have never tended a kettle. I did help my brother one Saturday morning load his roof with asphalt shingles. And after about an hour, I took the rest of the day off.

(Laughter.)

I've never laid a roof down. I have never tended a mop and I've never fallen off of a roof, but I know that roofing is really hard work

and it breaks down a worker. Woman or man, it breaks you down and I know that. And I have been very impressed with the fact that it's, in part, my responsibility to help compensate those workers for the time and the risks that they take in doing that work.

Some employers don't pay and I'll give you some statistics in a moment to show you the magnitude of that nonpayment. Some can't pay. Oh, I've got slow pay in my accounts receivable. I just can't get my people to pay me my contract price. Some won't pay. They're pissed off at you. They're pissed off at their workers or the general contractor or the government agency and by God they're not going to pay you. Some they say it is the office staff's problem. Had a new clerical person. Didn't understand the computation. Didn't know how to do arithmetic. I've heard that one. Lost the records. Some have misunderstood their duties under a labor agreement. How many times have I heard it said you mean I have to pay on non-union workers too?

So I represent these several trust funds on your behalf and it really is a privilege.

The National Roofers Pension Supplemental, the National Health Plan Research and Education, Northwest Roofers Health, several of these apprenticeship programs in the Northwest. And by extension, I relate to many of the benefit plans that you locally sponsor. I know many of your administrators locally. I know many of your lawyers locally and I affiliate with them when we can coordinate an effective collection on behalf of the individual roofer.

My goal this evening is to lay out in a very short report three things.

First of all, to describe the financial world that the pension plan functions in. Now I know that health plans and research and education they're all entrusted trust funds but I think that the NRIPP is a very good lesson plan in how employee benefit plans are funded over time and why it's important that we collect all of the contributions that are owing under your labor agreements.

Second of all, I want to describe the procedures that we use. You should understand what I do every day, your administrator does every day,

and your part in making this a successful program.

And, finally, I want to report to you some of the statics to show you how important this program is.

The NRIPP was created in January of 1966 with the first labor agreements calling for contributions to be paid per hour, every month. You're familiar with that scenario. That's imbedded in every labor agreement and it's astounding to me that employers don't understand that simple rule.

It started off with \$0. There were two trustees. And over time money started to trickle in as the locals started installing the NRIPP around the country. There are two streams of money that go to keep the boat afloat, so to speak.

First of all, are the contributions that you negotiate that your members earn and those are paid every month. That's a regular ongoing stream of income into the trust. And periodically you negotiate rates -- increases in those rates and that's important.

But there's another aspect of this that adds an additional important stream of income and that's the what I call the miracle of investment

compounding. All of the money that comes in is invested. When you have a savings plan, you want to buy a house, a car, or whatever, you put money in a savings account and you invest it. You want interest back. A larger IRA, you put it to work in some kind of a mutual fund or some kind of a more sophisticated investment program. And over time that money builds and the dollar you earned at the end of this month is then reinvested the next month and the earnings on that is then reinvested the next month and that's compounding and it grows kind of exponentially. I call it kind of a turbo engine of investing. It's a remarkable thing.

So you have two streams of income. In 1986, I was appointed as the collection attorney, formally appointed by the Board of Trustees of the NRIPP. Up until that time, I had been functioning on behalf of the local funds but was privileged to be invited to design and implement a nationwide collection program for the NRIPP.

At that time the value of the pension plan was \$147 million. A lot of money. That was, what, 20 years after it first started. \$147 million. Today, the NRIPP is worth about \$2 billion, plus or

minus, because of the fluctuations of the market, but recently this year it's been hovering and floating around \$2 billion.

This illustrates the importance of regularly contributing into a pension account and having those monies put to work in investments. We have a lot of investment managers on the pension plan. It's large enough so that we have different styles that are being implemented but they are all designed to have returns made on the money that you send in, your workers send in, that your employers pay every month because of the ongoing work of the members. And that's all part of the benefit calculation when your member ultimately retires. The hours and the money make a big difference on what the ultimate take home is and especially so when they apply for a benefit under the supplemental plan.

Now as I said, some employers can't or won't pay and we have quite a sophisticated delinquency control system. We have a team of advisors, professionals that I work with. It's not just up to me to collect the money. We have a very capable administrative agent in Wilson-McShane

operating out of Bloomington, Minnesota and I rely on them very heavily to make the initial contact with an employer account, Hey, where's the money, we missed your report, what's going on and sometimes -- and frequently the report is simply late and they pay the money in.

We also have an additional program that many of you are familiar with and that's the payroll audits. Some employers just don't report anybody. They are not delinquent per month. They just forget to add however many employees because they don't think that they should be reported on. Not doing the work, didn't know I had to pay on non-union people, whatever the reason. There's a million reasons that I've heard over the years.

So we have a very sophisticated payroll audit program. Every employer account, every signatory account, including the Local Unions, including the JATC trust funds, all of them that have obligations to pay to the trust are audited every three years and this has been a remarkable implementation of what we call the sentinel effect. The delinquency control of the administrator, the regularly auditing of employers has been a sentinel



effect. They know that a policeman is on duty watching.

And as a consequence, I am very pleased to say that the incidence of delinquency has gone way down and the incidence of discrepancies on a payroll audit have gone way down. We sometimes have large audits but most frequently I'm sending out no discrepancy letters and that's terrific. I really like signing those letters because that tells me that the engine is working.

When you have a good, well-maintained engine in your car, you don't think about. It's working as it should. It's pulling the car and that's what an effective collection system should do.

Everybody should be paying the freight every month on time as per the labor agreement. That's the goal. That's the hope. That's the -- that's the important thing that we do.

Now as I said, the first time I really got involved at the board level was in 1986, we designed a payroll audit policy. We designed a delinquency control policy. It was my job to implement it with the administrator and the auditor

and I affiliate with many of your local area funds and lawyers and administrators. I think it's been a very effective control program.

In 1986, the value of the pension plan was about \$147 million. That first year of the collection control program, we connected \$231,000. Well, that's a lot of money, and I was quite pleased with how effective that was the first year. But that was really the low point because every year thereafter, every year thereafter for 37 years until today, we have collected upwards of a million dollars every year. And that's money that's being put to work that the employer should have been paying on time and didn't, being put to work on behalf of your members.

They are required to pay liquidated damages. They are required to pay interest. And if I get involved or there's an audit, they are required to pay the costs in attorneys' fees.

Sometimes we get into litigation and they think, well, I'll just beat you. I'll just, you know -- I'll skate on this one but I'm here to tell you that ERISA, which was a federal law installed in 1974, basically tells the employer you

pay everything, including attorneys' fees. Even if the fund collects \$1, the fund wins, you pay all costs. And that's a sobering truth when I tell the employer's attorney that they need to look up a law and study it for -- over the weekend.

So what about today? Where do we stand today? As I said, the trust fund is about a little under \$2 billion. We have collected \$40 million over those 30 years. The statistics we have kept that have I given to the Board of Trustees every quarter -- I'm required to be accountable every quarter. I appear before the board. I give them a written report, per account, here is what we've collected, here are the problem children, here are the issues but over the years we have collected \$40 million.

The actuary for the pension plan did a calculation to show what the value of that \$40 million has become as it has been reinvested every year. That \$240,000 that we collected in 1986 was invested and reinvested and reinvested just like 1987, '88, '89, every year that we collected the money, that money has been put to work in the investment engine, the turbo engine of compounding.

So that \$40 million is now actually \$125 million. That's the value of this collection program. It has returned a total value to the trust fund of almost 7 percent of the value of the trust.

Unlike many of your other companion industry construction funds, the NRIPP is in the green zone. So if you don't know what that means, but that's the gold standard required by the government to show that you can fund all of your benefits. I would say most all of the other construction industries do not attain that standard.

In fact, almost at every meeting we hear of correspondence or a phone call from some other union who says, you know, we have a little problem with our funding. We would like to merge with you since you are so healthy. Why would the board want to do that? And those inquiries are always rejected. But that's a remarkable illustration of the magic of the value of compounded investment.

Now our procedures were started in 1986. They have been refined over the years. We have a great team of people now. I'm required by the policy to hire and to supervise the other

attorneys in other states. Obviously, as an attorney in Washington state, I can't bring a lawsuit in Chicago or Louisiana or any of the states. That's just not what we do. So I have to hire a lawyer to represent us and it's usually one that you know, usually a local area attorney that knows the Roofers.

Sometimes that's not possible, so I have to find someone who is able to represent our interests and I come alongside. And oftentimes, I'm asked to be the client when we go to federal court. The federal judge says I want to have a settlement conference. Who's going to be the client. I am the client. And I always operate in conjunction and pursuant to the policy that has been approved by the Board of Trustees.

As I said, we have quarterly reports and those are on file. We've had a couple of different Department of Labor audits and the delinquency control and payroll audit program sail through. We've never had a complaint. We've never had an issue. We've never had any kind of direction that this is not according to Hoyle.

The Department of Labor issued

regulations in 1976, which basically told all trust funds, all trust funds in the labor management area, that you must have a reasonable, diligent, and systematic plan of delinquency control and that's what we have. We are very reasonable. I'm very proud of the Board of Trustees for the way that they seriously oversee and supervise these cases.

We have a very diligent program. I work every day. And I'm on the phone early with the administration office, with the auditors, with other employers' attorneys, oftentimes with you guys. I mean, I bet you over the years that I have been in contact with every local in this room. Some not so happy. Some we have real problems that we have to solve together but we work the problems. We are diligent in doing that.

We have a systematic program as required by the Department of Labor. We systematically go through demand letters, followup phone calls, referrals for audit, referrals to other lawyers and it's like tending a garden or tending a vineyard. You have to work at it every day.

I must assure you that in my work -- and I instruct everyone that we work with the

demeanor that we have is to be completely business like. We don't shout. We don't pound the table. We don't accuse. We don't whine. We don't hang up on people. This is a very business-like operation. They have a problem, we have a problem. How can we work this out.

And I like those phone calls because when we can work with a delinquent account to help the employer out of a problem. And once they see the jeopardy that they're in if they don't cooperate, then oftentimes we can arrive at a repayment agreement or some kind of a resolution. Perhaps we misunderstood what the labor agreement called for. I call the local and I get an observation of the interpretation that the local has, but very businesslike.

I don't get so many like I used to but sometimes we get angry comments from an employer or an employer's accountant or a payroll clerk and you just have to let that go because I want everyone to know that the Roofers Union and the Roofers trust funds are entirely and absolutely businesslike.

As I said, we do audits of all employer accounts every three years. We have local

area attorneys that file lawsuits as instructed by me. We file liens. We file bond claims. We affiliate on coordination of lawsuits together. I'm always open to that. And if you have a local problem with one of your funds or an employer, you should call me because we certainly want to come alongside and be helpful.

I must comment on the theme of the Convention. I was very delighted to see that the theme and topic and the goal is leadership. I think leadership is one of the great things that we can learn. There are very few born leaders but the skills of a leader can be learned.

And we are all leaders in some way. We are leaders in our families. We are leaders in our communities. And you, especially in this room, are leaders in your Local Unions and the International Union. You are leaders among your colleagues that you work with side by side. You are leaders of the staff that you are responsible to and who look to you for leadership. You are also leaders for those who work above you in the chain of command. Being a good leader means also knowing how to be a good follower and these are all skills that



I think we can learn.

And I'm very pleased to report to you that the team we have for the control of your benefit plans is top rate. I spent some time with my long-time friend and your Emeritus President Kinsey Robinson, last evening and he was sharing with me his pride in the development of this program and the top rate professional team that we have in place at all levels of the Trust Fund.

I want to encourage you also to be mindful that we look to you for the leadership in controlling these delinquency and payroll audit problems. The administrator and the auditor and the International Union and I need up-to-date labor agreements. If you have a new signed labor agreement, send it to the administrator. It should be on file. How many times have we had problems where we have a missing agreement or an agreement that was unsigned. So those need to be brought to light for our purposes in managing the overall payment obligation.

Sometimes there is a memorandum of understanding. It happens. I want to see those when it comes up in the delinquency or payroll audit

program. Certainly the auditor needs to see it and it absolutely needs to be on file with the administration office.

If you observe that an employer account has got a large crew and you are not seeing those names on the monthly remittance reports, give me a call. We can investigate that. Normally it doesn't mean that I'm going to send a demand letter. It means that I'll probably call that office and say, What's the story, what's going on here? They will be eventually caught in the three-year cycle of audit but it certainly would be the best business practice for us all to solve the problem upfront for the employer and for those non-reported workers.

You may become aware of financial problems of one of your accounts. It could be a small shop. It could be a big shop. Big shops get into big financial trouble, overextended, bad bid, working with a disreputable general contractor. That would be helpful to know upfront. And even if you suspect it, a call to me on a low key basis, we can perhaps ferret out what the underlying problem might be.

Maybe you see that one of your signatory accounts is affiliated with a non-union company, oh, by the way, they own the non-union company. That we can get to the bottom of real quickly. And I would want to know about that if you would give me a call.

We have issues of traveling members. I know it's a fact of life but a traveling member has certain rights and obligations that the pension plan has to track them for pension contributions in some situations, not all.

There is one issue that I want to bring to your attention that is kind of a -- oh, I wouldn't call it a complaint exactly, but I just want to give you a heads up that sometimes we find that some of your labor agreement provisions are not enforced by you. I have been running into a lot of payroll audits recently where subcontractors, nonunion subcontractors, are being used by some of your signatory employers. Some labor agreements are silent and that's okay. If it's silent, then we don't care. But many of your labor agreements say that that's not a proper and legitimate way to employ workers for that signatory employer.

Remember, that every subcontractor that is nonsignatory is taking the place of work that could be performed by your Union members. So that is a compliance issue, and it ends up as a demand in the payroll audit. And I just wanted to give you a heads up about that. It's going to come to light sooner or later. As I said, I have several cases right now where that's happening. And oftentimes I hear, Well, the local knew about it. They were on site. Or, you know, I had the union guys there and they wanted to work for the non-union guy, so my hands are somewhat tied in those situations.

But I simply want to lay that out. It's a problem and it's up to you to enforce the provisions of your labor agreement that you negotiated for the benefit of your members.

Leadership also means collaboration and that's what I want to have a collaborative relationship with all of you. Just like I do with the administrator and the auditors and all of the lawyers and the affiliated plans around the country. We are all on the same team. Some of us are leaders in different ways but I encourage us all, please, to

understand that we need to collaborate together to collect the hours and the contributions, get them into the payment stream of the pension plan and the health plan and the local area vacation plan and your local health plan, all of the money that is negotiated should be paid on time.

My friends, it has been a privilege to be of service these 50 years. And I often tell the Board of Trustees that I'm mindful that I serve at their pleasure and I offer to resign and I am told no and that is blessing to me because I enjoy my work so much for you. But I look forward to continuing that relationship over the years. And as I said, I do most sincerely encourage you to contact me, e-mail, phone call. I'm going to be around the rest of the afternoon and this evening. I hope to meet many of you.

And thank you again for the privilege of being here.

(Standing ovation.)