

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) by and between KRAMER MECHANICAL LLC (“KRAMER MECHANICAL”), TIMOTHY KRAMER, and The Pipe Fitters’ Welfare Fund, Local 597, The Pipe Fitters’ Retirement Fund, Local 597, The Pipe Fitters’ Training Fund, Local 597, The Industry Improvement Fund, Local 597, The Pipe Fitters’ Individual Account and 401(k) Plan, Local 597, and the Pipe Fitting Council of Greater Chicago (“TRUST FUNDS”), and Pipe Fitters Association, Local 597 U.A (“UNION”) is hereby entered into:

WHEREAS, KRAMER MECHANICAL is signatory to a Collective Bargaining Agreement with the UNION;

WHEREAS, TIMOTHY KRAMER is the Managing Member of KRAMER MECHANICAL;

WHEREAS, on or about August 3, 2012, KRAMER MECHANICAL, TIMOTHY KRAMER, the TRUST FUNDS and UNION entered into a Settlement Agreement (the “August 2012 Settlement Agreement”), for audit deficiencies, liquidated damages, interest and attorney’s fees owed by KRAMER MECHANICAL to the TRUST FUNDS and UNION in the amount of \$101,031.93;

WHEREAS, subsequent to entering into the August 2012 Settlement Agreement, the TRUST FUNDS conducted a payroll compliance audit on KRAMER MECHANICAL for the period of March 1, 2012 through September 30, 2012, which revealed contribution deficiencies in the amount of \$29,610.60 in violation of the August 2012 Settlement Agreement;

WHEREAS, the audit also revealed unpaid wages allegedly owed to Maurice McCullum during the period of March 21, 2012 through September 26, 2012;

WHEREAS, as a result of KRAMER MECHANICAL’s refusal to pay the audit deficiencies, the TRUST FUNDS and UNION filed suit in the U.S. District Court for the Northern District of Illinois against KRAMER MECHANICAL and TIMOTHY KRAMER on January 11, 2013, captioned *Board of Trustees of the Pipe Fitters Retirement Fund, Local 597 et al. v. Kramer Mechanical, LLC et al.*, Case No. 13-CV-195, (“the Lawsuit”), alleging a breach of the August 2012 Settlement Agreement;

WHEREAS, the TRUST FUNDS and the UNION allege that KRAMER MECHANICAL and TIMOTHY KRAMER owe the aggregate amount of \$133,087.14 as follows:

Type:	Amount:
Audit Contribution Deficiencies (3/1/12 - 9/30/12)	\$29,610.60
Amounts Remaining on August 2012 Settlement Agreement	\$56,485.97
Unpaid Wages (3/21/12 - 9/26/12)	\$13,851.56
401(k) Deficiencies	\$882.17
Liquidated Damages	\$21,636.83
Interest	\$1,659.42
Attorney’s Fees	\$8,960.59
TOTAL	\$133,087.14

EXHIBIT

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WHEREAS, KRAMER MECHANICAL and TIMOTHY KRAMER dispute the amounts claimed due but desire to compromise and resolve all of their liabilities to the TRUST FUNDS and UNION without incurring the expense and inconvenience of further litigation;

WHEREAS, upon receipt of an executed copy of this Agreement, the TRUST FUNDS and UNION have agreed to dismiss the Lawsuit, without prejudice and with a retention of jurisdiction by the Court to enforce the terms of this Agreement (A copy of the Stipulated Order of Dismissal is attached as Exhibit 1);

WHEREAS, the Parties have agreed to enter into a payment schedule pursuant to which KRAMER MECHANICAL and TIMOTHY KRAMER will submit monthly payments to the TRUST FUNDS and UNION to settle its liabilities to the TRUST FUNDS; and

NOW THEREFORE, for and in consideration of the mutual promises contained in this Agreement, and for good and valuable consideration, the sufficiency of which is hereby acknowledged,

IT IS HEREBY AGREED AS FOLLOWS:

1. KRAMER MECHANICAL and TIMOTHY KRAMER shall make a single payment to the TRUST FUNDS in the amount of \$882.17 payable to the *Pipe Fitters Trust Funds, Local 597* upon execution of this Agreement.
2. KRAMER MECHANICAL and TIMOTHY KRAMER shall make a single payment to Maurice McCullum in the amount of \$5,000.00 payable to *Maurice McCullum* upon execution of this Agreement.
3. KRAMER MECHANICAL and TIMOTHY KRAMER have agreed to pay, and the TRUST FUNDS and the UNION have agreed to accept the sum of \$85,603.80 to settle all current liabilities owed by KRAMER MECHANICAL and TIMOTHY KRAMER to the TRUST FUNDS and UNION.
4. KRAMER MECHANICAL and TIMOTHY KRAMER shall pay off the balance of \$85,603.80 over twenty-one (21) months at 6.0% interest pursuant to the amortization schedule attached hereto as Exhibit 2. KRAMER MECHANICAL and TIMOTHY KRAMER shall make the twenty-one (21) monthly installments in the amounts and on the dates shown in Exhibit 2.
5. All of the installment payments called for in this Agreement shall be made payable to the **Pipe Fitters Trust Funds, Local 597** and shall be mailed to the TRUST FUNDS and UNION's attorneys at the following address:

Jessica Adelman
Johnson & Krol, LLC
300 S Wacker Drive, Suite 1313
Chicago, IL 60606

6. Any monthly payment not received by the due date shown on Exhibit 2 shall constitute a default of this Agreement and shall be subject to a liquidated damages charge in the

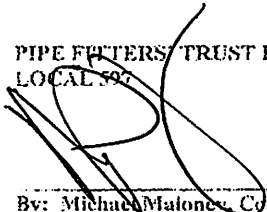
amount of ten percent (10%) of the unpaid amount.

7. KRAMER MECHANICAL and TIMOTHY KRAMER agree to submit monthly Contribution Reports and payments to the Fund Office in a timely manner, by the 15th day of each month following the month in which the work was performed, beginning with the contribution period of May 2013 through the duration of this Agreement as required by Article III of the Collective Bargaining Agreement. TIMOTHY KRAMER agrees to be personally liable for all of the obligations of KRAMER MECHANICAL called for in this Agreement, including but not limited to all ongoing contributions, liquidated damages, interest, attorney's fees and audit fees that shall become due and owing during the duration of this Agreement
8. In the event KRAMER MECHANICAL and TIMOTHY KRAMER default on any of their obligations under the terms of this Settlement Agreement: 1) all remaining payments referenced herein will be accelerated and become immediately due and payable; 2) KRAMER MECHANICAL and TIMOTHY KRAMER hereby confess judgment for any and all unpaid amounts and the TRUST FUNDS and UNION shall be entitled to file for immediate judgment of all such amounts; 3) an additional liquidated damages charge of 10% of all unpaid amounts shall become due and payable by KRAMER MECHANICAL and TIMOTHY KRAMER; and 4) in the event the TRUST FUNDS and/or UNION are required to engage an attorney to collect any amounts due under this Agreement, KRAMER MECHANICAL and TIMOTHY KRAMER shall be liable for all reasonable attorney's fees and costs incurred by the TRUST FUNDS and UNION.
9. Should the TRUST FUNDS and/or UNION choose to waive the lateness of any payment(s) called for in this Agreement, such waiver shall only be effective to the specified lateness actually waived and shall not act as a waiver to any subsequent payments.
10. Any additional liquidated damages, interest, audit fees or attorney's fees incurred throughout the duration of this Agreement shall be due by KRAMER MECHANICAL and TIMOTHY KRAMER within ten (10) days of from the date of occurrence. Failure by KRAMER MECHANICAL and TIMOTHY KRAMER to submit payment within ten (10) days may be deemed a breach of this Agreement at the TRUST FUNDS and UNION'S sole discretion.
11. The Contribution Reports relied on for this Agreement have not been verified by a payroll compliance audit. If a new payroll compliance audit should be conducted and a reporting deficiency or discrepancy is discovered for any contribution period, the parties agree that said discrepancy and/or deficiency shall be a separate and distinct claim from the claims settled in this Agreement.
12. That the TRUST FUNDS and UNION's attorneys have the right to, at any time during the duration of this Agreement, request documentation relating to KRAMER MECHANICAL's current project(s) including, but not limited to, certified payroll and Accounts Receivable reports. KRAMER MECHANICAL and TIMOTHY KRAMER agree to produce to the TRUST FUNDS and UNION's attorneys all

- requested documentation within three (3) business days of any documentation request. Failure by KRAMER MECHANICAL and TIMOTHY KRAMER to produce the requested documentation within three (3) business days of any documentation request shall constitute a default of this Agreement.
13. That the recitals shall be considered a part of this Agreement.
 14. That this Agreement shall be executed in counterparts and each one shall be deemed an original. A facsimile copy or scanned copy of the Agreement or counterpart shall be deemed, and shall have the same legal force and effect as, an original document.
 15. This Agreement shall be binding upon the heirs, successors, and assigns of the Parties hereto.
 16. The persons signing below represent that they are authorized to execute this Agreement and bind their respective entities and themselves to the terms herein.
 17. This Agreement and the exhibits hereto constitute and represent the complete and entire agreement between the Parties. The terms of this Agreement may not be altered, modified, or supplemented except by a writing signed by each of the Parties.
 18. This Agreement shall terminate upon the receipt of the last payment called for in this Agreement and confirmation that the KRAMER MECHANICAL current with all of their ongoing contribution obligations to the TRUST FUNDS and UNION, including but not limited to any obligations owed under this Agreement.
 19. The parties agree that if any provision of this Agreement is rendered invalid or unenforceable by a court or governmental agency of competent jurisdiction, the remaining provisions shall remain in full force and effect.
 20. This Agreement shall be construed in accordance with Illinois law without regard to choice of laws except as preempted by applicable federal law.
 21. Upon default in payment or performance of any of the obligations under this Agreement, KRAMER MECHANICAL and TIMOTHY KRAMER agree that the TRUST FUNDS and the UNION shall have all of the rights and remedies of a secured party under the Uniform Commercial Code for any and all amounts owed under this Agreement, pursuant to the previously executed Security Agreement and U.C.C. Financing Statement on file with the Illinois Secretary of State.
 22. The Parties acknowledge that each has been advised by his/her/its own competent legal counsel in connection with the execution of this Agreement, or has had the opportunity to consult competent legal counsel, that the signor below has carefully read and understands this Agreement, and signs the same of his/her/its own free will.

The parties have executed this Agreement on the dates set forth below:

PIPE FITTERS TRUST FUNDS,
LOCAL 597


By: Michael Maloney, Collection Coordinator


DATE: 9/9/2013

PIPE FITTERS ASSOCIATION,
LOCAL 597 U.A.


By: Michael Maloney, President

DATE: 9/9/2013

KRAMER MECHANICAL LLC


By: Timothy Kramer, Member

DATE: 6-24-2013

TIMOTHY KRAMER


By: Timothy Kramer, Personally

DATE: 6-24-2013

Kramer Mechanical LLC

Compound Period : Monthly

Nominal Annual Rate : 6.000 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	05/29/2013	85,603.80	1		
2 Payment	07/01/2013	4,306.42	21	Monthly	03/01/2015

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	05/29/2013				85,603.80
1	07/01/2013	4,306.42	470.45	3,835.97	81,767.83
2	08/01/2013	4,306.42	408.84	3,897.58	77,870.25
3	09/01/2013	4,306.42	389.35	3,917.07	73,953.18
4	10/01/2013	4,306.42	369.77	3,936.65	70,016.53
5	11/01/2013	4,306.42	350.08	3,956.34	66,060.19
6	12/01/2013	4,306.42	330.30	3,976.12	62,084.07
2013 Totals		25,838.52	2,318.79	23,519.73	
7	01/01/2014	4,306.42	310.42	3,996.00	58,088.07
8	02/01/2014	4,306.42	290.44	4,015.98	54,072.09
9	03/01/2014	4,306.42	270.36	4,036.06	50,036.03
10	04/01/2014	4,306.42	250.18	4,056.24	45,979.79
11	05/01/2014	4,306.42	229.90	4,076.52	41,903.27
12	06/01/2014	4,306.42	209.52	4,096.90	37,806.37
13	07/01/2014	4,306.42	189.03	4,117.39	33,688.98
14	08/01/2014	4,306.42	168.44	4,137.98	29,551.00
15	09/01/2014	4,306.42	147.76	4,158.66	25,392.34
16	10/01/2014	4,306.42	126.96	4,179.46	21,212.88
17	11/01/2014	4,306.42	106.06	4,200.36	17,012.52
18	12/01/2014	4,306.42	85.06	4,221.36	12,791.16
2014 Totals		51,677.04	2,384.13	49,292.91	
19	01/01/2015	4,306.42	63.96	4,242.46	8,548.70
20	02/01/2015	4,306.42	42.74	4,263.68	4,285.02
21	03/01/2015	4,306.42	21.40	4,285.02	0.00
2015 Totals		12,919.26	128.10	12,791.16	
Grand Totals		90,434.82	4,831.02	85,603.80	

Kramer Mechanical LLC

Last interest amount decreased by 0.03 due to rounding.