



September, 2016

Update from President Michael Cordiello on Local 1181's efforts to recover backpay due under the NLRB case to former employees of Amboy, Atlantic Queens, and Atlantic Escorts.

I would like to outline for the membership in a clear and precise manner Local 1181's actions to recover the monies owed to our members from the Atlantic Bankruptcy as a result of the case that Local 1181 filed at the NLRB after the NYC school bus companies declared an impasse during negotiations in 2013.

As you know, on March 19, 2013, the NYC school bus companies, while in negotiations with Local 1181, declared that the parties were at an impasse and then unilaterally imposed their "best and final offer." Among other wage and benefits cuts, the companies unilaterally reduced wages for our drivers by 7 ½%, reduced wages for our escorts by 3.75%, eliminated wage accruals and Easter and Christmas week adjustments, and cut overtime, causing a multitude of economic hardships to our members. This declaration of impasse and the unilateral wage and benefits cuts, which the NLRB agreed with us were unlawful, are the reason Local 1181 members who worked for Atlantic Express are owed money and contributions to the benefits funds on their behalf. Keep in mind, Atlantic Express never intended to repay our members this money. Local 1181 has fought every day since the companies imposed these cuts to recover this money for our members. Allow me to take you through the series of events leading up to the present.

Local 1181 immediately filed charges at the NLRB. As the result of the charges, a trial began on July 22, 2013. During the first 3 days of that trial, I testified on behalf of Local 1181 members. Some of you attended the trial and, together, we prevailed over the companies, including Atlantic Express. On August 28, 2013, a United States District Judge issued an injunction requiring the companies to restore the terms and conditions of employment covered by our collective bargaining agreement ("CBA") that were in effect prior to the companies' unilateral imposition of their "best and final offer." In September, 2013, an NLRB Administrative Law Judge also ruled in our favor and recommended that the NLRB direct the companies to reinstate the previous terms and conditions covered by our CBA and to pay our members for any wages and benefits they lost as a result of the unilateral implementation of the "best and final offer."

Through tough negotiations, almost all of the companies agreed to pay all back wages owed and to withdraw their appeals of the decision of the NLRB Judge.

In the meantime, Atlantic Express filed for bankruptcy. While in bankruptcy, Atlantic Express insisted that it would pursue its appeal of the NLRB Judge's decision and threatened that if we did not agree to its last and final offer, by which all back pay to Atlantic Express employees would be waived, it would cease operating and liquidate. Again, I remind you that Atlantic Express never intended to pay this money. Local 1181 brought Atlantic Express' offer to the members employed by Atlantic for a vote and the members voted down the contract. Atlantic Express then ceased operating and a Liquidating Trustee was appointed. On April 21, 2015, the NLRB rejected Atlantic's appeal and affirmed the Judge's decision. The Liquidating Trustee then negotiated a settlement with us and the NLRB pursuant to which he agreed not to pursue any further appeal (which would have further delayed any payments) and, based on the limited

assets available in the bankruptcy, paid some of the money that Atlantic Express owed its former employees because of the NLRB case. Local 1181 has since continued to use its resources to collect the money owed to the Atlantic Express employees from the NLRB case of 2013. I repeat, Atlantic Express never intended to pay its employees a single penny but it is due to the relentless pursuit by Local 1181 that we were able to recover monies owed to our members. We continue that pursuit today.

After analyzing our options, I and the executive board identified the most beneficial actions we could pursue to recover monies owed to our members by Atlantic. Below is an outline of what we have done.

1. Our largest recovery related to the companies entitled to be indemnified by the DOE pursuant to the emergency contracts they obtained (All American, Gotham, Mountainside, Pioneer, SNT, Grandpa's, Logan and Lorissa).

On November 2, 2015, Local 1181 reached an historic settlement with the New York City Department of Education. Pursuant to this settlement, the DOE paid \$4.7 million to the NLRB. From this money, the NLRB prepared and mailed payments of back wages to approximately 950 former employees of Amboy, Atlantic Queens, and Atlantic Escorts who, at the February 2014 Master Picks, picked to positions with one of the following companies: All American, Gotham, Mountainside, Pioneer, and SNT, and some employees of Grandpa's, Logan and Lorissa.

The reason why only certain former Atlantic employees were paid pursuant to this settlement with the DOE has to do with the emergency contracts made between the companies listed above and the DOE when those companies obtained Atlantic school-year work. The DOE committed in those emergency contracts to pay those companies' successor liability. The DOE did not commit to pay the successor liability of any other companies.

2. As mentioned, Local 1181 also recovered money for other former Atlantic employees through the bankruptcy and the settlement with the Liquidating Trustee.

On October 30, 2015, the bankruptcy court signed an Order approving the settlement and authorizing the Liquidating Trustee to release approximately \$1.175 million to the NLRB for payment to employees and to the Funds.

The payments to employees pursuant to the bankruptcy court's Order were mailed by the NLRB to former employees of Amboy, Atlantic Queens, and Atlantic Escorts who picked to Boro, Hoyt, Reliant, and other companies not listed in the settlement for indemnified companies. (These companies did not take emergency school-year work contracts with the DOE). Hoyt purchased its Atlantic work and set aside money which I will explain in a minute. Also employees who retired or have not picked were paid from this fund.

As we previously advised, if you are in this group, the payment you received or will receive is only a fraction of the money you are owed. Many of you have questions about why this is so. The answer is that when Atlantic went bankrupt, it did not have nearly enough money to pay all that it owed, including wages and benefits owed to its workers. That is why Atlantic was in bankruptcy – it owed much more than it could pay. We hope that more money will become

available but, more than two years after Atlantic stopped operating, these payments are all that is available at this time. You should know that most people and companies that are owed money by the Atlantic companies will be receiving nothing.

Be advised that the government also reduced your NLRB payment by withholding payroll taxes and dues. Monies owed by Atlantic to the pension and medical funds also came out of the bankruptcy monies.

3. As part of the \$1.175 million released pursuant to the bankruptcy court's order, Hoyt monies in the amount of \$575,006.25 which had been set aside were disbursed to Hoyt employees who previously worked at an Atlantic company. Out of that amount, \$287,503.13 was allocated to the Welfare Fund. So Atlantic Express members who went to Hoyt at the February 2014 pick received more than other employees, but still only a fraction of the amount they are owed. However, by agreeing to the Hoyt set-aside, we also protected Local 1181 jobs at Hoyt. If we had not agreed to the Hoyt set-aside, the DOE could have assigned the work to non-1181 or non-union companies and we probably would not have 272 jobs at Hoyt today.

4. We are now pursuing recovery from certain companies pursuant to the CBA's successor language. It provides:

...Each new or successor Employer who acquires employees by any means, including as a result of a sale, contractors going out of business or as a result of becoming a successful bidder or by performing work for the N.Y.C. Department of Education on a temporary basis shall be totally responsible for whatever benefits such employees are entitled to under this Agreement including wages, wage accruals, Winter recess (December) and Spring recess Adjustment as provided in Section 15, vacations for shop employees, holidays, cleaning allowance and safety bonus, pension and welfare contributions for employees on disability and worker's compensation at the time such employees are acquired and any other contractual obligations which may be due to such employees.

Any pro-ration of benefits on the part of the previous Employer and the new Employer shall be a matter of discussion between those parties only and shall not interfere with payment to the employees at the time such payments are due....

The Logan companies have told us that they will voluntarily comply with their obligations under this successor provision of the CBA and pay the remaining amounts owed to former Atlantic employees who picked to those companies. We are going to arbitration with companies that are refusing to pay which include Kings Matrons, Boro, Reliant, SNT Pioneer, All American and Gotham. These are companies that took members from the Master list at the February 2014 pick or thereafter but did not take Atlantic school-year work.

5. In addition, we also sued Wayzata but unfortunately that action failed.

The Union has paid its attorneys close to \$500,000.00 to pursue and collect whatever we could for our members from the bankruptcy court and the NLRB.