

AMENDED AND RESTATED
COLLECTION POLICIES AND PROCEDURES
of the
CHICAGO LABORERS' PENSION AND WELFARE FUNDS
EFFECTIVE: NOVEMBER 11, 2019

The Collection Committee has been established by the Boards of Trustees of the Laborers' Pension Fund, the Laborers' Welfare Fund of the Health and Welfare Department of the Construction and General Laborers' District Council of Chicago and Vicinity, and the Chicago Laborers' District Council Retiree Health and Welfare Fund ("Funds") and has been delegated plenary authority to oversee the collection activities of the Funds and to establish, maintain, implement and interpret uniform collection policies and procedures. The following Collection Policies and Procedures ("Collection Policy") are being adopted by the Collection Committee for the Funds and also, as applicable, for the affiliated ancillary funds and the Construction and General Laborers' District Council of Chicago and Vicinity ("District Council") for which the Funds act as collection agent by agreement.

This Collection Policy shall apply to Contributing Employers, and may be modified from time to time by the Boards of Trustees, in their sole and unrestricted discretion. In this Collection Policy, the term "Contributing Employer" means any entity obligated to remit contributions to the Funds and affiliated ancillary funds and union dues to the District Council on behalf of its employees engaged in Covered Employment, as required pursuant to the Funds' respective Agreements and Declarations of Trust. The Collection Committee has full discretion in interpreting and applying this Collection Policy and their interpretation and application thereof shall be conclusive and binding on all parties.

A. Authorization to Collect Dues Contributions

1. Pursuant to agreement, the Funds are authorized by the District Council to collect from Contributing Employers delinquent or unpaid union dues.

B. Methods of Submission

1. Unless directed otherwise in writing by Fund Counsel, Employer Contributions shall be payable to the Funds using one of the following methods:
 - a. By mail to the Funds' lockbox (**33367 Treasury Center, Chicago, Illinois 60694-3300**), with the accompanying contribution report ("Contribution Report") enclosed with payment; or
 - b. Online via the Funds' secure Contractor Web Reporting system (**www.chicagolaborersfunds.com**).
2. Unless directed otherwise in writing by Fund Counsel, Employer Contributions and their accompanying Contribution Reports shall be submitted only as described in Section B(1), above. Contribution Reports and Contributions not

received by the Funds in one of these two manners shall be deemed unsubmitted and subject to liquidated damages as described below in Section D.

3. Fund Counsel may direct a Contributing Employer to submit Employer Contributions and Contribution Reports in a manner other than those listed in Section B(1). Should Fund Counsel so direct a Contributing Employer, Section B (2) shall be inapplicable, but only in regards to the specific Reports and Employer Contributions Fund Counsel has authorized to be submitted in a different manner.
4. Contribution Reports must be in a form approved by the Funds: submitted online via the Contractor Web Reporting system or on the Contribution Reports provided by the Funds and signed by an authorized officer, partner, or agent of the Contributing Employer. No other type of contribution report (example, employer-created Excel workbook) will be accepted, and the accompanying Employer Contributions will be deemed delinquent if not submitted with a compliant Contribution Report.

C. Due Dates

1. Employer Contributions and Contribution Reports shall be received by the Funds on or before the tenth day of the first month following the month in which covered work was performed, and are delinquent on the tenth day of the second month following the month in which covered work was performed. Any Contributions received on or after the eleventh day of the second month will be assessed liquidated damages.
2. The submission and delinquency dates for Contribution Reports and Contributions to the affiliated ancillary funds and union dues to the District Council may differ from those in Section C(1). Please refer to the applicable collective bargaining agreement or contact each organization for the specific dates on which union dues and contributions to the affiliated ancillary funds are due and are delinquent.

D. Assessment of Liquidated Damages

1. Liquidated damages will be assessed at 10% of the Contributions owed on delinquent reports.
2. Liquidated damages will be waived for one delinquent Contribution Report if a Contributing Employer has submitted Contributions on time for the twelve month period immediately preceding the delinquent Contribution and is not currently on an Installment Note.
3. Should Fund Counsel file a lawsuit against a Contributing Employer, any liquidated damages incurred by that Contributing Employer after the lawsuit is filed will be assessed liquidated damages at 20% of the Contributions owed.
4. Contributions found owing pursuant to a payroll audit will be assessed liquidated damages at 20% of the Contributions owed. A reduction of liquidated damages to 10% of the Contributions owed may be applied if the payroll audit findings are

paid within thirty days of the date of the cover letter accompanying the payroll audit report.

E. Assessment of Interest

1. The charges for interest and for liquidated damages are separate computations.
2. Delinquent Contributions and any payments owed by a Contributing Employer pursuant to an installment agreement and/or delinquencies identified in a payroll audit shall bear interest in the amount of twelve percent per annum, compounded, or such other lawful amount as determined by the Collection Committee, from the due date until the obligation is fully satisfied.

F. Additional Costs

1. A Contributing Employer shall bear the costs of any payroll audit:
 - a. if the payroll audit findings show a delinquency of the greater of, \$1,000 or 2% of the Contributing Employer's required contributions during the payroll audit period;
 - b. which was compelled by a lawsuit; or
 - c. if a lawsuit is filed to collect the delinquencies.
2. A Contributing Employer shall be liable for the Funds' reasonable attorneys' fees and costs should Fund Counsel file a lawsuit against that Employer.
3. Payroll audit costs and attorneys' fees and costs shall be added to any delinquent amounts due.

G. Referrals to Fund Counsel

1. The following shall result in a matter being turned over to Fund Counsel:
 - a. Employer Contributions and Contribution Reports are not received by the Funds within sixty days of the last day of the month in which the work was performed;
 - b. A Contributing Employer fails to pay amounts found due and owing pursuant to a payroll audit;
 - c. A Contributing Employer fails to comply with a request for a payroll audit or fails to produce all requested records during the payroll audit;
 - d. A Contributing Employer incurs a balance of liquidated damages greater than \$10,000; or
 - e. A Contributing Employer fails to obtain and maintain the appropriate wage and fringe benefit bond.
2. Notwithstanding the foregoing, the Funds reserve the right to refer matters to Fund Counsel prior to the timeframe described in Section G(1)(a) above in instances including, but not limited to, the following:
 - a. A Contributing Employer's anticipated delinquency is estimated to exceed \$100,000.00;
 - b. The Funds reasonably believe a Contributing Employer is or will shortly be insolvent;

- c. The Funds reasonably believe a Contributing Employer is or will shortly be dissolved; or
- d. The Funds reasonably believe a Contributing Employer is engaged in a scheme to fraudulently deprive the Funds of required Contributions.

H. Audits

- 1. The Funds' payroll auditing procedures are more fully described in the Payroll Compliance Audit Policy ("Audit Policy").
- 2. The Funds reserve the right to demand a payroll audit for cause or a payroll audit under different timelines than are set forth in the Audit Policy.

I. Payment of Delinquencies

- 1. The Collection Committee or an individual authorized to act on their behalf may enter into an agreement for payment of a delinquency in installments ("Installment Note").
- 2. Approval by the Collection Committee of an Installment Note is required should the requesting Contributing Employer have either (a) entered into or (b) made payments on an Installment Note within sixty months prior to the date it wishes to enter into the new Installment Note.
- 3. An Installment Note whose term exceeds twenty-four months must be approved by the Collection Committee.
- 4. The down payment on an Installment Note shall include, at a minimum, 20% of the principal amounts owed to the Funds, plus all amounts owed to the affiliated ancillary funds and all delinquent union dues contributions.
- 5. All owners, officers, managers and/or members of a Contributing Employer requesting an Installment Note must execute a personal guaranty in the entire amount of the Contributing Employer's delinquency.
- 6. If the amount to be financed pursuant to the Installment Note exceeds \$50,000, all owners, officers, and/or managing members of the Contributing Employer must execute a commercial security agreement in favor of the Funds for the entire amount of the delinquency, on behalf of him/herself and on behalf of the Contributing Employer.
- 7. On a monthly basis, for the longer of twelve months or the pendency of the Installment Note, the Contributing Employer must complete and submit the "Pending and Future Awarded Job Report Form" attesting to all of its pending and future projects.
- 8. A Contributing Employer sued for any reason by Fund Counsel is required to complete and submit the "Pending and Future Awarded Job Report Form" for a minimum of twelve months after the litigation is resolved.

J. Contribution Credits, Refunds

- 1. The Collection Committee or an individual authorized to act on their behalf may allow the issuance of a credit up to the total amount of a Contribution should they determine that the Contributing Employer remitted the Contribution due to

a mistake of law or fact and that a credit would be appropriate. The determination on the appropriateness of a credit is fully within the discretion of the Collection Committee or the individual authorized to act on their behalf.

2. Employer Contributions shall only be refunded:
 - a. if the Contributing Employer's obligation to contribute to the Funds ceases; and
 - b. all of the Contributing Employer's liabilities to the Funds are fully paid.
- K. The Collection Committee or an individual authorized to act on their behalf are authorized to compromise, arbitrate, settle, adjust, or release any claim, debt, damage action, or undertaking due or owing from or to the Funds on such terms and conditions as they may deem advisable.