

CONNECTICUT CARPENTERS

Fringe Benefit Funds

Delinquency Control Program

Policies and Procedures

(Revised as of January 1, 2017)

As Adopted
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(Restated as of January 1, 2017)

Under the authority of their respective Agreements and Declarations of Trust, the Board of Trustees (the "Trustees") of the following Trust Funds have instituted a program of policies and procedures for the reasonable, diligent and systematic monitoring and collection of delinquent employer contributions.

The Participating Trust Funds (the "Funds") are:

- a. Connecticut Carpenters Pension Fund;
- b. Connecticut Carpenters Health Fund;
- c. Connecticut Carpenters Annuity Fund; and
- d. Any fund(s) sponsored on a national level by the United Brotherhood of Carpenters, to the extent a Collective Bargaining Agreement requires contributions to such fund(s).

I. General Principles

- A. Each employer who is required by the terms of the applicable Trust Agreements and/or Collective Bargaining Agreement (including applicable Participation Agreements) to contribute to one or more of the Funds (an "Employer") is responsible for making all reports and all contributions required by its Collective Bargaining Agreement (or applicable Participation Agreement) to the Fund in a timely, correct and complete manner.

The term "Collective Bargaining Agreement" means any written labor contract or written agreement between (i) the New England Regional Council of Carpenters (for purposes of this policy "NERCC"), or Local 24, Local 43 or Local 210, or any successor thereto, of the United Brotherhood of Carpenters and Joiners of America (a "Local Union"); or (ii) the Eastern Regional Council of Millwrights,

Local 1121 (for purposes of this policy "ERCM"); and (iii) an Employer or the Labor Relations Division, The Associated General Contractors of Connecticut, Inc. (a Connecticut corporation and a division of the Connecticut Construction Industries Association, Inc.), and its successors, or (2) a Board of Trustees and an Employer which is accepted by the Board of Trustees of a Fund, provided such contract or agreement provides for contributions to all or one Fund(s) in an amount and Fund in a manner acceptable to the Trustees. For purposes of these Policies and Procedures, an Employer shall be bound to contribute as long as the Employer is deemed to be bound by the Collective Bargaining Agreement for any purpose, including continuation of such contributions required by applicable state or federal law or by order of an appropriate court or administrative agency. The term "Collective Bargaining Agreement" shall also include: (1) a contribution agreement made pursuant to the United Brotherhood of Carpenters and Joiners of America International Agreement, an applicable Participation Agreement and/or an applicable Project Labor Agreement; and (2) any interim written agreement and, for temporary purposes, a signed contribution form containing the Employer's undertaking to contribute.

A limited liability company organized under Connecticut law ("LLC") may be a contributing employer under the Trust Agreement provided that its authorized agent has signed an applicable Collective Bargaining Agreement.

NERCC, ERCM or each Local Union shall provide each Fund with the name, address and federal employer identification number of each contributing Employer with which it has such an agreement as well as the term of such agreement, any renewals or terminations of such agreement, and the signature page of each such agreement, renewal or termination.

- B. Recognizing the importance of maximizing the collection of contributions owed, so as to maximize the monies available for the payment of employee benefits and minimize the unfunded liabilities of each Fund, the Trustees of each Fund will take reasonable and lawful steps, within their reasonable discretion, to enforce the reporting and contribution obligations of Employers.
- C. As provided in the respective Agreements and Declarations of Trust, the Trustees may, at any time, have a field audit conducted of the pertinent records of any Employer in connection with its reports and/or contributions. Such audits shall be conducted by independent certified public accountants selected by the Board of Trustees of the Pension Fund and shall be paid for by the respective Fund(s) or the Employer at the discretion and direction of the Fund(s)' Trustees.

Recognizing the importance of field audits for confirming the accuracy of reports and contributions made to the Funds by all Employers, it is the policy of the Trustees to conduct a program of random and priority audits for the purpose of determining whether Employers have fully satisfied their reporting and contribution obligations to the Funds in accordance with Article IV hereof.

- D. Employers who become delinquent in making required contributions shall be liable to the various Funds for the costs of collecting the delinquent contributions, including auditing fees, attorneys' fees and court costs, for interest charges, for liquidated damages, and for such other relief as may be available to the Funds under applicable law.
- E. It is the policy of the Trustees to advise the Local Unions and the Association of an Employer's contribution delinquencies. No grievance or arbitration procedure provided under the Collective Bargaining Agreement shall be a condition precedent or a defense to the Funds' authority to enforce an Employer's liability for payment of contributions.
- F. It is the policy of the Trustees to encourage all Employers to advise the Fund Director of any discrepancies in any Employer's reports and contributions of which they are aware, inasmuch as it is in the interest of all Employers contributing to the Funds that delinquencies be minimized.
- G. Pursuant to authority in the respective Trust Agreements, the Funds Board of Trustees may delegate to an Audit Subcommittee the responsibility and authority to oversee the operation of the delinquency control program. The Audit Subcommittee shall be composed of one Union Trustee and one Association Trustee from each of the Pension, Health and Annuity Funds (who may be the same person), provided that there shall be one Union Trustee from each of the three Local Unions. In their capacity as members of the Audit Subcommittee, such Trustees shall be known as the "Audit Subcommittee Trustees." An individual may serve on the Audit Subcommittee as the designee of more than one Fund.

The full Board of Trustees of the Funds shall have the fiduciary responsibility and authority to establish and implement a set of reasonable, diligent and systematic audit and collection policies and procedures, including the authority to take all enforcement actions in the names of the Trustees of the respective Funds. The Pension Fund Board of Trustees shall have the exclusive authority on behalf of all Funds (Pension, Health and Annuity) to hire and retain such collection and other counsel and auditors as it deems appropriate.

Subject to the general review and approval of the Pension Fund Board of Trustees, the Fund Director shall be responsible for maintaining an adequate and properly trained staff to perform the administrative functions necessary for the efficient collection of contributions. Whenever these Policies and Procedures call for action by the Fund Director, such action may be taken by one or more staff persons, under the supervision and at the discretion of the Fund Director.

Each Fund shall bear its share of the salaries, fees and other expenses incurred in the operation of the Audit Subcommittee and its program of collecting contributions.

The Audit Subcommittee Trustees shall meet monthly or at such other times as they deem appropriate to review the nature and amount of existing delinquencies, the efforts being made to collect these delinquencies, and the auditor's and counsel's reports.

- H. The Fund Director will report on the activities of the Audit Subcommittee Trustees, and provide copies of all minutes of all Audit Subcommittee meetings for approval of the actions reflected therein, at the regular meetings of the Board of Trustees of the Funds.
- I. The Trustees who from time to time hold the positions of Labor Co-Chair and Management Co-Chair of each of the Funds are authorized to collectively institute, prosecute, or intervene in any lawsuit or proceeding at law or in equity or in bankruptcy, on behalf of the Funds, or to join with other funds administered by the Carpenters Benefits Funds Office. A lawsuit or proceeding instituted by individuals then serving as the Funds' Co-Chairs may be prosecuted or settled by the individuals (one or both of whom may be different from the individuals who instituted the action) serving as the Co-Chairs at the time of prosecution or settlement. The actions of such Co-Chairman in compromising or settling any lawsuit or proceeding at law or in equity is subject to the ratification by the applicable Fund's Board of Trustees.
- J. This document contains the policy of the Funds regarding the refunding of excess contributions made by Employers. The Employee Retirement Income Security Act of 1974, as amended (ERISA) does not require such refunds, but does permit such refunds under certain conditions. The Funds' policy is based on those ERISA rules and regulations, subsequent court cases, and other interpretive guidance (e.g., a regulatory notice or Field Assistance Bulletin) interpreting their meanings.

- K. Under the authority delegated by the Trustees of the Funds pursuant to their respective Trust Agreements, the Trustees of all of the Funds have adopted the procedures set forth in Sections II through VI below. The Audit Subcommittee Trustees shall have the authority, in accordance with applicable law and this policy, to interpret these policies and procedures when they consider it to be in the best interest of the Funds and their participants and beneficiaries.
- L. Employer contributions to the Funds are deemed to be plan assets on the day those contributions become due and owing in accordance with a Collective Bargaining Agreement pursuant to the terms of the Trust Agreements of the Pension, Health and Annuity Funds (Sections 5.8 of each Trust) and this Policy.

II. Reporting and Contribution Procedures

- A. Each Employer shall maintain complete and accurate records as set forth in Section IV.E. on any employee for whom contributions are required.
- B. Except as otherwise provided in Paragraphs I., II.F., II.G., or II.H., each Employer must file with each Fund for each period on which it is obligated to contribute, the Fund's Standard Form of Report ("Report") and such other reports as may be required by the Trustees of the Fund, and to pay any and all contributions due for work performed by covered employees during the period. For those periods during which an Employer did not employ a Covered Employee or have worked hours to report, the Employer is required to notify the Fund Office of a "No Work Performed" and/or "Job Complete" designation for that applicable period. If an Employer is obligated to contribute to the Fund pursuant to more than one Collective Bargaining Agreement (as that term is defined herein), it is required to file separate Reports for each unit of employees covered by a separate Collective Bargaining Agreement, unless otherwise approved by the Trustees of the Fund in advance.
- C. All items on the Report must be completed, including the jobsite location of each block of time reported on each employee.
- D. All Reports by employers obligated to contribute on a weekly basis must be filed through the Funds' website (www.ctcarpentersfunds.org). Receipts printed through that website must be included in the employee's pay envelope in the same week the weekly contributions are due.
- E. Contributions shall be paid on a weekly basis, but no more than monthly, in accordance with the terms of the applicable Collective Bargaining Agreement, Trust Agreements and/or applicable Participation Agreement governing each

Fund. Reports and contributions shall be filed with the Fund Office administering each Fund as directed by the Fund Director.

- F. The Fund Director will maintain files for each Employer which shall contain all Reports and any other pertinent documents. No Fund shall accept any Reports or contributions unless there is on file a signed Collective Bargaining Agreement, as defined in Paragraph I.A., above, or a signed and approved Participation Agreement.
- G. In the event that an Employer obligated to contribute on a monthly basis is delinquent in the payment of contributions, the full Board of Trustees of the Funds or the Audit Subcommittee shall, when notified by the Local Union, NERCC or ERCM that it has exercised its authority and given appropriate notice under the Collective Bargaining Agreement to which the Employer is bound, require that Employer to make contributions and submit reports to the Funds on a weekly schedule. The full Board of Trustees of the Funds may also require Employers who are based outside of the state of Connecticut, or any of them, to make contributions and reports on a weekly basis, without regard to the payment history of any such out-of-state Employers.

For purposes of this Paragraph I.G. only,

- (1) an Employer is delinquent only if it has failed to make contributions by the Due Date for 3 out of the previous 12 consecutive months (or, for an Employer with a primary office outside of Connecticut, 2 out of the previous 12 consecutive months),
 - (2) an Employer will be reinstated as a monthly payor of contributions only if it has made timely weekly contributions under this Paragraph I.G. for 12 consecutive months (or, at the discretion of the Union, for fewer than 12 months), is not in arrears and has paid in full any amount outstanding under any settlement agreement with or judgment for the Funds.
- H. The full Board of Trustees of the Funds may, in their discretion, when authorized by the Collective Bargaining Agreement to which the Employer is bound, require an Employer from outside Connecticut to deposit a cash bond or equivalent, in such amounts and under such conditions as the Trustees determine, as security for the payment of contributions, interest, audit costs, attorneys' fees, liquidated damages or collection costs owed to the Funds.

- I. At each meeting of the Audit Subcommittee, the Fund Director will present a written report on the operations of the delinquency control program. The report will identify all Employers which are delinquent and the efforts made to collect the delinquent amounts.

At each meeting, the Audit Subcommittee shall also receive a summary of the results of the field audit program, and the status of actions taken by Collection Counsel. At least once each year, the Collection Counsel will report to the Audit Subcommittee on any amounts he or she has determined to be uncollectible pursuant to the provisions of Paragraph III.D. hereof. At these meetings, NERCC, ERCM and/or any Local Union may report on any actions taken by it with respect to any delinquent Employer. However, whatever steps such party might take to secure compliance with the Collective Bargaining Agreement shall neither bind the Audit Subcommittee or full Board of Trustees nor otherwise affect their right to collect the delinquent contributions as well as any other monies due to the Funds.

III. Delinquency Procedures

- A. An Employer who is required to make contributions and submit reports on a monthly basis is "delinquent" if its completed Report and full payment of contributions due are not received by the Fund Office, or transferred into or deposited with the Funds' designated custodial bank, within twenty (20) calendar days (the "Due Date") following the end of the month on which the Report and contributions are based. An Employer who is required to make contributions and submit reports on a weekly basis is "delinquent" if its completed Weekly Report and full payment of contributions are not received by the Fund Office by 3:00 p.m. on the Thursday following the end of the weekly pay period for which contributions were earned and on which the Weekly Report is based. If the Monthly Due Date or the Weekly Due Date falls on a holiday or a weekend, then the Due Date shall be the weekday immediately preceding such holiday or weekend.

Contributions will not generally be considered delinquent if caused by conditions beyond the control of the Employer, such as out of the ordinary mail delays, power outages, fire, acts of God, or if the Due Date for the contribution falls during the same week as a bank holiday. The Audit Sub-Committee shall have the authority to determine whether such a condition is "beyond the control of the Employer" subject to the approval of the full Board of Trustees.

- B. The Fund Office will prepare each week a listing of all delinquent Employers, and the following actions will be taken with respect to each delinquent Employer.

1. Notice. When an Employer becomes delinquent, the Fund Director shall, within two business days following the Due Date, send a letter to that Employer advising it of its delinquent status and requesting prompt payment of the delinquent contributions and submission of the monthly or weekly Report.

The Funds will not send more than one Notice to delinquent Employers whether they are obligated to contribute and report on a weekly or monthly basis. Until an Employer cures all of its delinquencies to the Funds, no subsequent letters need be sent, even if the Employer fails to pay subsequent contributions when due. At its monthly meetings, the Audit Subcommittee will review a listing of all delinquent Employers who have received Notices and remain delinquent.

2. Referral. The delinquent Employers that have not corrected their delinquencies as of the date of the Audit Subcommittee meeting following their receipt of Notices will be immediately referred to Collection Counsel for collection. The Fund Director will provide a listing of such delinquent Employers, in the form of a Collection Attorney Referral list, at each monthly meeting of the Audit Subcommittee. Upon such immediate referral, Collection Counsel will take appropriate steps, which may include commencing legal action, against each delinquent Employer to collect the delinquencies and other monies due, as described in Paragraph 9.
3. The failure of the Fund Director to send any Notice shall not relieve the Employer of its responsibility to pay the contributions and other amounts prescribed by these Policies and Procedures, nor shall that omission prevent Collection Counsel from commencing an action to enforce payment.
4. Periodically, the Fund Director shall communicate to the Local Unions and the Association the names of the delinquent Employers, and shall ascertain whether the Employer is still active and, if so, whether it employed any covered employees during the period of the stated delinquency.
5. Once an Employer is delinquent and is referred to Collection Counsel, all subsequent delinquencies which occur before the initial delinquency is repaid will be automatically and immediately referred to said Collection

Counsel, without sending any Notice to the Employer regarding the new delinquency.

6. The Fund Director may refer any delinquent Employer to the Audit Subcommittee's field auditors for an audit as described in Section IV, below.
7. At any time after an Employer is referred to Collection Counsel the Audit Subcommittee may, in its discretion, direct the Fund Director to send a letter to those employees who are working or were working for that delinquent Employer during the period of the delinquency, based on names provided to the Fund Office by the Local Union. That letter will advise the employees of the nature of the Employer's delinquency and the impact of that delinquency on the employee's benefits.
8. The Fund Director may, if it appears that a delinquency presents an immediate threat to the interests of a Fund, or the Audit Subcommittee may, if it believes it will be in the best interest of a Fund's participants and beneficiaries, immediately refer the delinquency to Collection Counsel for appropriate legal action without regard to the procedural steps outlined above.
9. On receipt of the referral concerning an Employer's delinquency or Audit disclosure, the following steps are taken by the Collection Counsel:
 - (a) A demand letter is sent to the Employer requesting payment in full within one (1) week.
 - (b) If no response is received within ten (10) days from the date of the letter, suit is instituted against the Employer. In all cases, investigation is made of any property owned by the corporation or the individuals upon which an attachment may be made, and, where appropriate, attachments will be made.
 - (c) The suits are pursued as rapidly as possible, judgment is sought, and when obtained, judgment liens are placed on any property whether or not previously attached and executions are sought against any other assets which may be available.
 - (d) In all cases, the attorneys' fees, costs, interest, and liquidated damages are also sought in accordance with the law, the Trust Agreements and Collective Bargaining Agreement.

- (e) A written report listing the status of each delinquent Employer assigned to the Collection Counsel is provided bi-monthly to the Audit Subcommittee by the Collection Counsel. At monthly Audit Subcommittee meetings, the Collection Counsel will give an oral report on any material change in the status of any delinquency.

C. Delinquent Employers shall be assessed the following charges:

1. Each Employer that is delinquent and referred to Collection Counsel will automatically be assessed interest on the delinquent amount at the rate of one percent (1%) per month for each week, month or part thereof from the Due Date until the date on which the delinquency is corrected. All interest assessments will be immediately due and payable. Collection Counsel will notify the Employer of the interest charges.
2. In addition to interest, each Employer whose delinquent status is referred to Collection Counsel for legal action shall be charged liquidated damages in an amount equal to the greater of (i) twenty percent (20%) of the unpaid delinquent contributions, or (ii) the amount of interest. All liquidated damages shall be immediately due and payable. The Fund Director or Collection Counsel will notify the Employer of the assessment of liquidated damages.
3. In addition to interest and liquidated damages, each Employer against which legal action is taken to collect delinquent contributions or other monies due shall be charged and liable for attorneys' fees and for costs incurred by the Funds and/or a Fund in taking such legal action, and such other relief as may be available to the Fund under the Employee Retirement Income Security Act and other applicable law.

D. Delegation of Limited Authority to negotiate Settlement Agreements with Delinquent Contractors. The Fund Director is authorized to negotiate offers to settle with contributing employers who have not yet been referred to the Fund's Collection Counsel for repayment of outstanding delinquencies, provided

1. the Fund's Collection Counsel approves the concept and the standard form settlement agreement which is to be used to document each agreement; and
2. contributions due for current work are to be paid weekly and on time; and

3. contributions due for past work are to be repaid in full but can be spread over time in accordance with this section parameters set forth in this section; and
 4. installments cannot extend beyond 12 months, except as approved by the audit sub-committee upon recommendation of Collection Counsel; and
 5. if an employer fails to comply with the agreement, the Funds' Collection Counsel will institute litigation if not previously instituted, or proceed with litigation, to obtain principal, interest, costs, attorneys' fees, and liquidated damages; and
 6. an offer negotiated by any one of the individuals listed may not be accepted and will not bind the Funds until it has been approved by the full Board of Trustees of the affected Funds, acting (A) at a meeting or (B) by unanimous consent in writing or by telephone poll conducted by the Fund Director.
- E. The Audit Subcommittee, or the Fund Director or Collection Counsel acting on its behalf when authorized to do so by the Audit Subcommittee Trustees, may extend the time in which an Employer is required to make a contribution, accept from an Employer less than the full amount due, or determine an amount due from an Employer to be uncollectible, but only:
1. After making such reasonable, diligent and systematic efforts as are appropriate under the circumstances to collect such contributions; and
 2. If the terms of the extension, the agreement to accept less than the full amount due, or the determination of uncollectibility are in writing; and
 3. If the matter otherwise complies with all applicable rules and regulations, including the United States Department of Labor's (DOL) Prohibited Transaction Class Exemption 76-1.
- F. The full Board of Trustees of the Funds may, in their discretion, when authorized by the Collective Bargaining Agreement to which the Employer is bound, require a delinquent Employer to deposit a cash bond or equivalent to be held by the Funds, in such amount, for such period and under such conditions as they shall determine, for the purpose of insuring payment of all contributions, interest thereon, audit expenses, attorneys' fees, liquidated damages, and any other expenses of collection of such Employer.

IV. Employer Audit Procedures

- A. Audits generally shall be conducted by a firm of independent certified public accountants chosen by the Pension Fund Board of Trustees.
- B. A program of random audits will be conducted according to a schedule designed so as to have each contributing Employer audited at least once every five (5) years. The Fund Director and the auditing firm will keep the Audit Subcommittee Trustees informed of the Employers scheduled for audits and the results of those audits.
- C. In addition to the random audits, the Audit Subcommittee, or the Fund Director, may direct the auditors to conduct audits of specific Employers who are referred to the Collection Counsel, or whose work on a project has been completed or is nearing completion, or in other circumstances when the Audit Subcommittee Trustees or the Fund Director determine that an audit will be in the best interests of the Funds' participants and beneficiaries, or at the request of Collection Counsel where litigation is pending against the Employer.
- D. An Employer selected for an audit will be advised in writing by the auditor or the Fund Director that the audit will be conducted and that the auditor will contact the Employer to arrange a time for conducting the audit. A copy of that letter may be sent to the Local Unions and the Association.
- E. Employers shall permit the Audit Subcommittee's auditors to enter upon its premises at reasonable times and during business hours to examine all pertinent records, including, but not limited to, quarterly and annual payroll tax returns, payroll listings, check registers, general ledger, listings of subcontractors or independent contractors, time cards, social security reports, unemployment compensation reports, workers' compensation reports, W-2's, 1099's, etc.) relative to all employees working at jobs covered by a Collective Bargaining Agreement requiring contributions to one or more of the Funds. The auditors may also examine any other relevant information, including bonds available to satisfy claims for the payment of contributions, and project names and locations where Funds members are employed. The Employer shall also identify all employees including their addresses and craft or job classifications. In addition, the Employer must produce, upon request, records showing the names of all persons having an ownership interest, in the case of a sole proprietorship or other non-corporate business organization, and of all officers and directors if it is a corporation, and of all members, managers and officers, if it is a limited liability company.

- F. The auditors shall make reasonable efforts to discuss their audit findings of underpayment of contributions with the Employer, and correct or identify any areas of misunderstanding, before issuing a written report on the audit results.
- G. The auditors shall report the results of each audit, and the audit costs, to the Fund Director as soon as possible after completion of the audit, and to the Audit Subcommittee at its next meeting. Copies of the audit report shall be sent to the audited Employer and may be sent to the Local Unions at the discretion of the Audit Subcommittee. If the audit reveals that contributions are due the Funds, the Employer will be considered delinquent and a billing for the delinquent amount, including applicable interest charges and auditing fees shall be sent by the Fund Director to the Employer.
- H. The cost of the audit under this Section IV shall be borne by the Funds, except that the audited Employer shall be liable for the cost of the audit under any one of the following circumstances:
1. If audit costs incurred were above the reasonable and customary costs of an audit for a company of comparable size because the Employer failed to cooperate in providing records necessary to perform the audit.
 2. If the Employer is audited pursuant to Paragraph I of Section IV hereof.
 3. If the audit reveals a "substantial underpayment." For purposes of these procedures, a "substantial underpayment" means that the audit determined that the hours for which no contributions were received for the period under audit exceeded 300 and three percent of the total hours reported and paid. If the Trustees reasonably believe, based on evidence available to them, that the Employer is experiencing cash flow difficulties due to economic conditions and is making its best efforts to remain current on its contributions and honor any repayment agreement in effect with the Funds, then the "hours for which no contributions were received" shall not include delinquent contributions which:
 - (a) are covered by a repayment agreement between the audited Employer and the Funds or their Collection Counsel, OR
 - (b) represent hours reported on monthly contribution report timely filed by the audited Employer with the Fund Office and the Local Unions.

4. If the Employer's headquarters is outside Connecticut, the Employer did not make all necessary records available to the auditors within Connecticut, and the Employer required that the audit be done at the Employer's headquarters. However, reasonable traveling distance to bordering states will be exempted, upon application by the Employer and acceptance by the Fund Director.
- I. In the event that an Employer fails or refuses to permit an audit or in any way fails or refuses to cooperate with the auditor, the Audit Subcommittee, or the Fund Director acting on its behalf, will refer the matter to Collection Counsel who will take all reasonable steps, including the commencement of legal proceedings, to insure that the audit is conducted. Such an Employer shall be liable to the Funds for all attorney's fees and costs incurred in enforcing the Employer's obligations with respect to Fund audits, as well as for the cost of the audit.
 - J. In the event that, for any reason, an Employer is unable to produce requested records which are deemed necessary for the audit by the Audit Subcommittee or the auditor, the Audit Subcommittee may direct the auditor to take such steps as the auditor deems necessary and appropriate to determine the scope of any delinquency, which may include, but is not limited to, an examination of documents filed with governmental agencies and owners of projects for the purpose of determining the amount of contributions owed by the Employer. All costs and expenses incurred by the Audit Subcommittee in connection with such investigation shall be charged to the Employer under investigation, unless the records are unavailable due to circumstances beyond the control of an Employer as determined by the Audit Subcommittee in consultation with the auditor.
 - K. In all lawsuits brought on behalf of the Funds to collect delinquent contributions, Collection Counsel may demand, as part of the relief sought, that the court order an audit of the defendant Employer, by auditors selected by the Audit Subcommittee or by the court, and that the costs of such audit be assessed against the Employer.

V. Acceptance and Allocation of Employer Contributions

- A. This Policy applies whenever contributions are paid to any of the Funds. Specifically, this Policy supersedes (and replaces) any conflicting instructions or approach noted on any check in payment of such contributions or any other written communication, including a contribution report accompanying such check.

- B. When contributions are made to the Funds from a Contributing Employer, all payments will be either applied to the appropriate Funds or held in the Funds' suspense account at the discretion of the Fund Director consistent with and in accordance with the past practice of the Funds. No contributions will be returned to a Contributing Employer except in accordance with a Fund's Contribution Refund Policy.
- C. When an employer makes a contribution to the Connecticut Carpenters Fringe Benefit Funds, each Fund's proportionate share of that contribution will be applied to the month of the oldest delinquent contribution within the term of that Employer's continuous obligation under an applicable Collective Bargaining Agreement or Participation Agreement, including renewals thereof. If a payer other than the employer designates a payment as being for a specific project or job, then this rule shall require only that the payment be allocated to the month of the oldest delinquent contribution in the period covered by that project or job.
- D. When an Employer makes a contribution to the Connecticut Carpenters Fringe Benefit Funds, each Fund's share will be allocated proportionately based on the hours worked among all participants working in the month to which the contributions are credited. An employer will not be permitted to direct contributions to fewer than all of the participants employed in any given month.
- E. When an Employer designates a contribution as being exclusively directed to the Pension Fund, it will be applied exclusively within the Pension Fund, if so required by ERISA, in accordance with the rules of this Policy. When an employer makes or designates a contribution directly to any other Carpenters Fund to which the employer is obligated to contribute, it will be allocated proportionately, based on contribution rates in effect when the work was performed, among all such Funds other than, if so required by ERISA, the Pension Fund. Except in the case of contributions designated as payable exclusively and directly to the Pension Fund and required to be retained in the Pension Fund, an employer will not be permitted to direct contributions to fewer than all Carpenters Funds to which it is obligated.
- F. The provisions of Paragraph C of this Section V will not be applied, and a delinquent employer's current contributions will be allocated to a current month, only if the Funds' Collection Counsel reports to the Fund Office that (a) all outstanding delinquencies and related costs and fees are covered by an agreement, in writing or in process, acceptable to the Funds obligating the delinquent employer to repay all amounts over a fixed period of time, and (b) the delinquent employer is in compliance with that written agreement.

- G. If the collected delinquent contributions in a particular delinquency are less than the full amount due, the net amount actually collected shall be allocated among the Funds pro rata, based on each Fund's percentage share of the full amount of the contributions due, recognizing such adjustments to that full amount as may be appropriate under the full-time employee rule or other provisions of the applicable collective bargaining agreement.
- H. In special circumstances, an employer may request that the Audit Subcommittee reasonably deviate from the terms of this Policy in order to allow the Fund to collect delinquent contributions or to otherwise act in the best interests of the Fund and its Participants and Beneficiaries, by contacting the Fund Director and submitting appropriate letters and supporting evidence to substantiate the Employer's request. All such requests shall be treated in a nondiscriminatory manner and shall be granted only to protect the best interests of the Fund and its Participants and Beneficiaries.
- I. The present provisions of the Pension and Health Plans permit full or partial hours credit to a participant for certain hours worked in Covered Employment, regardless of whether contributions are actually received from the participant's Employer. The present provisions of the Annuity Plan do not permit allocation of contributions to a participant's account except as and when those contributions are actually made by that participant's Employer.

VI. Contribution Refund Policy

- A. An Employer seeking a refund must notify the Fund Office in writing of its claim for a refund and the reasons therefor.
- B. The Trustees of the other than the Health Fund will consider requests for the refund of contributions made within six (6) years prior to the date of such notification. The Health Fund will consider requests for refund of contributions made within eighteen (18) months prior to the date of such notification. Requests for refund of contributions attributable to an Employer's failure to use, misuse or misinterpretation of the Full-Time Employee Rule or any other provision of the Employer's Collective Bargaining Agreement will be considered only with respect to the Plan Year (April 1 - March 31 for periods prior to April 1, 2017, the period April 1, 2017 through December 31, 2017, and the calendar year for periods on and after January 1, 2018) in which the date of notification occurs. Any contributions made prior to those six (6) year or eighteen (18) month or current Plan Year periods will not be considered for a refund.

- C. In order to be entitled to a refund, the Employer must prove, to the satisfaction of the Trustees, that the contributions were made by mistake of fact or law and must provide all documentation to support the amount of refund requested. Excess contributions made in any purposeful attempt to circumvent Plan rules or in negligent disregard of those rules will not be refunded.
- D. If a determination is made by the Trustees that contributions have been made by mistake of fact or law, the Trustees may then determine whether the return of these mistaken contributions will have a significant adverse financial effect on the Fund. If the Trustees determine that a refund will not have such a significant adverse effect and the other above-stated criteria are met, a refund may be given, on the condition that the Employer receiving that refund provides the Fund with a save harmless and indemnification agreement absolving the Fund from any future liability to the Employer and/or its employees.
- E. As a general rule, such refunds shall be made, less applicable reasonable costs, within six (6) months after the determination by the Trustees that a refund is due and then only in the form of a credit against past due or, if the Employer has no outstanding delinquency, future contributions. After that, cash payments refunding excess contributions will be made only (1) pursuant to an order by the bankruptcy court, or (2) in the event of the permanent dissolution of a Contributing Employer, or (3) in the event an Employer permanently ceases to qualify as a Contributing Employer. No interest will be paid on any refund. Any amount refunded and not credited against past or future contributions or paid in cash within six (6) years will revert to the Fund.
- F. No refund will be given for excess contributions made on behalf of individuals who have received benefits from the Fund. If an Employer claims a refund because it contributed on an individual by mistake, whether or not that Employer is entitled to a refund under the terms of this Section VI, any benefits based on mistaken contributions, or eligibility for benefits in the Health Fund based on mistaken contributions, will be unequivocally revoked. COBRA rights, if applicable, under the Health Fund will be extended either retroactively or prospectively as the Trustees determine will be appropriate depending upon the circumstances. Health Fund contributions made on behalf of an employee who, by virtue of those contributions, establishes eligibility for benefits will be reduced by benefits actually paid to or for that employee and his family, unless the employee repays the Health Fund for benefits actually paid.