Chicago & Vicinity Laborers' District Council Benefit Funds

Employer Guide

2025 Edition

LiUNA! | Chicago Benefits

Table of Contents

Introduction

The Chicago & Vicinity Laborers' District Council Benefit Funds have prepared this Employer Guide to assist employers with timely and accurate fringe benefit contribution reporting. Timely and accurate reporting is imperative to ensure your valued Laborer employees receive their benefits when earned.

Disclaimer

The Employer Guide is intended for informational purposes only. Although every effort has been and will be made to keep the guide up to date, the Funds do not guarantee the accuracy and completeness of this information. The Boards of Trustees of the Chicago & Vicinity Laborers' District Council Benefit Funds may modify policies and procedures from time to time, in their sole and unrestricted discretion. Nothing in this Employer Guide shall supersede the terms of the Chicago & Vicinity Laborers' District Council Benefit Funds' governing plan documents, any of their policies or procedures, or the Collective Bargaining Agreement.

General Terminology

Union - An association of workers, Laborers International Union of North America (LiUNA), that advocates collectively for members interests including fair wages, benefits, working conditions, and employment terms.

Collective Bargaining Agreement - Also known as a "CBA," is the contract that an employer signs with the Union. The CBA is a legally binding contract that an employer must follow when employing Laborers.

Employer Association - Groups of employers with a common interest that come together as an association to negotiate a CBA covering their industry.

Signatory Employer (Employer) - A term that is used to indicate that an employer is signatory to a CBA. Also referred to as a "contributing" employer with the Fringe Benefit Funds.

Trust Document - A legal document that outlines how a Fringe Benefit Fund operates, including how assets are managed and distributed under the trust.

Contact Information

Chicago & Vicinity Laborers' District Council Benefit Funds
11465 West Cermak Road
Westchester, IL 60154-5768

Office Hours: Monday thru Friday – 8:30am to 4:00pm CST
Website: www.chicagolaborersfunds.com
Employer Self Service (ESS) Portal: https://chilabprodess.v3locity.com

The Fund Office has dedicated team members to assist employers with proper fringe benefit reporting. All employers are assigned a Field Representative as a main point of contact.

Field Representatives: (708) 562-0200 ext. 526

For questions regarding payment status, reporting submission status, letters of good standing, or assistance with the Employer Self Service portal, please contact the Contribution Accounting team.

Contribution Accounting: (708) 562-0200 ext. 520

For a faster response, please contact us via the Employer Self Service (ESS) Portal Messaging. Once logged in, on the left, click "Messages" and then "New Message."

Affiliated LiUNA Chicago Local Unions

Local 1
Leonel Esparza
Business Manager
8618 W Catalpa Ave., Ste 1101
Chicago, IL 60656-2128
Phone: 773.380.0001
Fax: 773.380.0002
Email: LaborersLocal1@comcast.net

Local 2
Rich Kuczkowski
Business Manager
8842 W Ogden Ave.
Brookfield, IL 60513-2147
Phone: 708.387.1938
Fax: 708.387.2075
Email: LaborersLocal2@sbcglobal.net

Local 4
James Connolly, Jr.
Business Manager
3841 S Halsted St., Ste 100
Chicago, IL 60609-1612
Phone: 773.376.4404
Fax: 773.376.4401

Local 5
Frank Taffora
Business Manager
134 N Halsted St.
Chicago Heights, IL 60412-0769
Phone: 708.754.6100

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Business Manager/President
4670 N. Elston Ave.
Chicago, IL 60630-4233
Phone: 773.202.2696
Fax: 773.202.8431
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Local 68
Joseph Riley
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660 E North Ave.
Lombard, IL 60148-1363
Phone: 630.953.9644
Fax: 630.953.9656

Local 75
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Business Manager
1923 Donmaur Dr.
Crest Hill, IL 60403-1904
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Email: curly@laborers75.com

Local 76
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Business Manager/President
5930 W. Gunnison
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Phone: 773.427.0076
Fax: 773.427.0078
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Local 152
Michael Lazzaretto
Business Manager/President
409 Temple Ave.
Highland Park, IL 60035-1428
Phone: 847.432.7480
Email: laborers@local152.org

Local 225
Adolfo Zamora
Business Manager/Secretary Treasurer
8270 S. Archer Ave.
Willow Springs, IL 60480-1464
Phone: 708.467.0600
Fax: 708.467.0606

Local 681
Jose Zamarripa
Business Manager/Secretary Treasurer
4004 N. Cass Ave.
Westmont, IL 60559-1104
Phone: 630.964.0340
Fax: 630.964.5026

Local 1092
Joseph Healy
Business Manager
3841 S. Halsted St., Ste 200
Chicago, IL 60609-1612
Phone: 773.247.1092
Fax: 773.376.1099
Email: info@local1092.org

Boone, Kane, Kendall and McHenry counties are under the jurisdiction of the Locals listed below. Benefits are administered by the Fox Valley & Vicinity Laborers Benefit Funds. Visit: https://fvlab.com for more information.

Local 582
Michael Bivins
Business Manager
2400 Big Timber Rd Ste. 112A
Elgin, IL 60124-7835
Phone: 847.741.7430
Fax: 847.741.1622

Local 1035
Brian Urso
Business Manager/President
3819 N. Rte. 23 Unit A
Marengo, IL 60152-0211
Phone: 815.568.6190
Fax: 815.568.0942

Current LiUNA Chicago Rates

Chicago Laborers' District Council

LiUNA!

999 McClintock Drive, Suite 300
Burr Ridge, IL 60527
Ph: (630) 655-8289 Fax: (630) 655-8853
www.LiUNAChicago.org

May 12, 2025

To: All Employers covered by Collective Bargaining Agreements reporting to
Westchester Funds Only

RE: **Increase in Fringe Benefits and Wages**
Effective June 1, 2025, through May 31, 2026

Under the terms of your collective bargaining agreement with the Construction and General Laborers' District Council of Chicago and Vicinity, there is an overall increase of **$2.65 effective June 1, 2025.**

The base wage rate will increase by **one dollar and twenty-five cents ($1.25) to $51.40** per hour.
The Welfare contribution will increase by **sixty-one cents ($0.61) to $18.32** per hour worked.
The Pension contribution will increase by **seventy-nine cents ($0.79) to $17.71** per hour worked.

Therefore, the following base wage, fringe benefit rates, and work dues deduction are effective June 1, 2025:

BASE WAGE	$51.40	per hour worked
WELFARE FUND	$18.32	per hour worked
PENSION FUND	$17.71	per hour worked
TRAINING FUND	$ 0.91	per hour worked
LECET*	$ 0.07	per hour worked
LDCLMCC**	$ 0.19	per hour worked

WORK DUES DEDUCTION 3.75% of gross payroll earnings

All other Industry Fund contributions remain unchanged. Contact your Contractor Association for additional details and/or questions.

Very truly yours,

James P. Connolly
Business Manager

Joseph V. Healy
Secretary-Treasurer

*Laborers-Employers Cooperation and Education Trust. LECET contribution for CCA contractors is $0.08.
**Laborers' District Council Labor-Management Cooperation Committee

Employer Contribution Reporting

How to report

Employers are required to remit fringe benefit contributions on a monthly basis for all Laborers for each hour worked. Employers are encouraged to report and pay monthly fringe benefit contributions using our Employer Self Service (ESS) Portal. ESS streamlines the preparation of monthly reports for contributing employers, leading to reduced administrative time and the risk of clerical errors.

See **Appendix A** for instructions on ESS.

How to pay

Employers are encouraged to remit payment via electronic funds transfer (EFT) using the ESS Portal.

For payments made via check, payments should be mailed to:

U.S. mail send to:
Laborers' Pension & Welfare Funds
33367 Treasury Center
Chicago, IL 60694-3300

Courier and messenger deliveries send to:
Xerox c/o BMO Harris
LBX 33367
141 W. Jackson Blvd/Suite1000
Chicago, IL 60604

Contribution Increments

Contributions to all fringe benefit funds must be made in increments of no less than one-half hour for each half-hour or portion thereof worked. Increments less than one-half hour shall be automatically rounded up to the nearest half hour on a daily basis. Example: If a Laborer works 8.25 hours in one day, the required contribution for that day is 8.5 hours

Due Dates

Contractors are required to submit monthly contributions to the Funds by the 10th of the first month following the month in which work was performed. Contributions become delinquent if not paid by the 10th of the second month following the month in which covered work was performed, as shown by table below:

Contribution Month	Report Due Date	Delinquent After
March	April 10th	May 10th
April	May 10th	June 10th
May	June 10th	July 10th
June	July 10th	August 10th
July	August 10th	September 10th
August	September 10th	October 10th
September	October 10th	November 10th
October	November 10th	December 10th
November	December 10th	January 10th
December	January 10th	February 10th
January	February 10th	March 10th
February	March 10th	April 10th

Salaried Supervisor Reporting

Your company can make contributions for salaried Laborer supervisors on either of two options: 1) actual hours worked; or 2) forty (40) hours per week, fifty-two (52) weeks for a fiscal year.

Option 1 – You must make and retain records of all actual hours worked by such salaried supervisors even though they are paid on a salaried basis and must contribute for each hour worked. No contributions are required during periods of vacation or layoff.

Option 2 – You have the option of contributing to the Funds for such salaried supervisors on a forty (40) hours per week basis, but you must contribute to the Funds for fifty-two (52) weeks for at least one entire fiscal year (June 1 through May 31) unless the employee permanently quits or is terminated as noted below. Thus, contributions are due for each week of the fiscal year, regardless of whether the supervisor is actually working for all such weeks. The company need not maintain hourly records for designated salaried supervisors. Once an employee is designated a salaried supervisor, the company will be obligated to pay contributions through the end of any fiscal year which the individual has been reported as a salaried supervisor unless the employee permanently quits or is terminated by the company. The company must report a termination or quit on the monthly report when the event occurs.

You are required to notify the Fund Office when adding or removing any salaried supervisors from your monthly employer contribution report.

This option applies only to salaried supervisors employed by the company. Contributions for all other Laborer employees must be made on the basis of all hours worked and records of all hours worked must be maintained.

Contributions on Owners

To report on behalf of an owner, an Employer must apply for acceptance of the owner as a Non-Bargained Participant. Upon acceptance by the Board of Trustees as a Non-Bargained Participant, contributions must be made for a minimum of forty (40) hours per week (two thousand eighty (2,080) hours per year).

Reporting on out-of-town work

Signatory employers who work outside the jurisdiction of the Chicago Laborers' District Council and are also under contract with a local laborers' union in that out of area jurisdiction, must report and remit contributions to that local's benefit funds for all Laborers' work performed in that area. Benefit funds outside the Chicago Laborers' District Council's jurisdiction are referred to as "Away Funds."

Reciprocity with Away Funds

The Chicago Funds have reciprocity agreements in place with many "Away Funds" to facilitate the transfer of pension and/or welfare contributions for Chicago Laborers back to the Chicago Funds for work outside the Chicago Laborers' District Council's jurisdiction. Your employees who are not members of a Chicago Laborers' Local Union cannot have contributions transferred back to the Chicago Funds.

If there are reciprocal agreements in place with an Away Fund and your Chicago Laborer wishes to have pension and/or welfare contributions transferred from the Away Fund to the Chicago Funds, they will only be transferred when a fully executed transfer form for that member is on file with the Away Funds. Contribution transfers are only authorized and accepted by Away Funds directly from your Laborer employees. An employer cannot request a contribution transfer on their employee's behalf. Chicago Laborers can contact the Fund Office for assistance in completing and submitting transfer forms to an Away Fund.

Employers who are not familiar with the proper reporting of contributions for work performed outside the jurisdiction of the Chicago Laborers' District Council should contact the Fund Office prior to commencing work. Improper reporting of contributions can result in delinquent contributions, interest and liquidated damages assessments by the Away Funds having jurisdiction of the work performed.

Making Up the Difference – Supplemental Contributions

The contribution rates and the benefit levels for the Chicago Funds may be higher than Away Funds. Employers may agree to provide their Chicago Laborers with Chicago level benefits on a project in the jurisdiction of an Away Fund. The difference in contributions can be made up with supplemental contributions for Chicago Laborers on that project paid directly to the Chicago Pension and/or Welfare Funds.

When agreeing to make up the difference in contribution rates and benefit levels for Chicago Laborers, employers should be aware of the following rules:

- Supplemental contributions are project specific. An employer may agree to make up the difference on one out of area project but is not required to do so on all projects.
- Supplemental contributions must be made for all Chicago Laborers on that project, for the duration of that project.
- An employer may agree to make up the difference for Pension contributions only, Welfare contributions only, or both Pension and Welfare contributions.

To make up the difference in contribution rates and benefit levels for Chicago Laborers, employers must adhere to the following procedures:

- Prior to commencing work in an out of area jurisdiction, contact the Fund Office, Finance Department, to confirm a reciprocity agreement is in place with that jurisdiction.
- Report and remit contributions to the "Away Funds" as required by the area labor agreement to which you are signatory.
- Request a Supplemental Contribution Reporting Form from the Finance Department to calculate and remit your monthly supplemental contribution for the duration of the project.
- Submit to the Finance Department copies of the monthly contribution reporting forms filed with the Away Funds for the duration of the project.

Dues and Association Reporting

Monthly employer contribution reporting to the Chicago & Vicinity Laborers' District Council Benefit Funds include contributions owed for the Pension Fund, Welfare Funds, Training Fund and MARBA Association Funds (for employers assigned to the MARBA CBA).

Monthly dues and other Fringe Funds (LECET, LDCLMCC, CAICA, CARCO, CASA, CCAGC, IECA, ISPA, WGC) are reported to the Chicago Laborers' District Council Dues Department at www.contractors.cvldc.org. For more information please contact:

Construction & General Laborers District Council of Chicago & Vicinity
999 McClintock Drive, Suite #300 Burr Ridge, Illinois 60527
Phone: (630) 655-8765

Surety Bonds

Contributing employers are required to maintain a Surety Bond to ensure the future payment of wages and fringe benefits. The minimum bond level is determined by the employer's Collective Bargaining Agreement. Surety Bonds can be maintained via a Wage and Fringe Benefit Insurance Bond or a Cash Bond held by the Fund Office.

The Funds' Surety Bond Policy is attached as **Appendix B**.

Collection Policies

The Funds have adopted Collection Policies and Procedures which outline how employer contributions can be paid, due dates for employer contributions, and the actions taken by the Funds if a contributing employer becomes delinquent in their contribution obligations.

The Funds' Collection Policies and Procedures are attached as **Appendix C**.

Payroll Compliance Audit Program

What is a Payroll Compliance Audit?

A payroll compliance audit is a review of a contributing employer's records by an independent auditing firm to determine if any contribution delinquencies exist during a specified period of time. Payroll compliance audits ensure that laborers are receiving accurate contributions for their hours worked in covered employment under the Union's Collective Bargaining Agreement.

When are Payroll Compliance Audits conducted?

Contributing employers undergo routine payroll compliance audits every three (3) to five (5) years based on their compliance history. Non-routine audits are also conducted as necessary in instances where contributing employers are new, going out of business, inactive, or "for cause" based on non-compliance. When your company is requested to be audited it is important to comply with the request and have the appropriate records available in a timely manner.

The Funds' Payroll Compliance Audit Policies and Procedures are attached as **Appendix D**.

Appendix A

Employer Self-Service (ESS) User Guide

Employer Self-Service (ESS) Portal User Guide

Online reporting via the ESS portal, streamlines the monthly reporting process for contributing employers by replacing traditional paper contribution reports which requires manual preparation and calculation. Calculations of amounts due are automatically calculated via ESS which reduces the risk of clerical error, payment shortages and processing delays.

This ESS User Guide provides step-by-step instructions for creating monthly work reports and submitting payments via check or electronic funds transfer (EFT). Instructional videos on ESS navigation, work report creation (including report import options), and making payments are located on our website at:

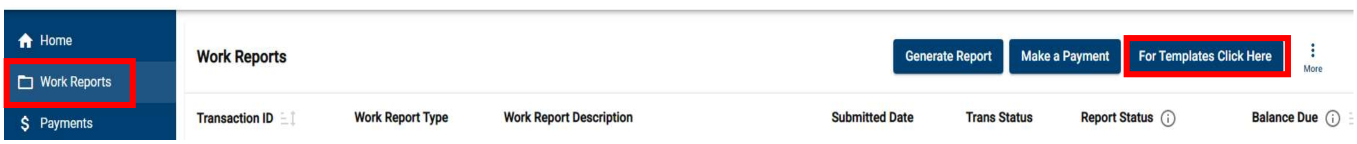
https://www.chicagolaborersfunds.com/?employers.html

How to Create a Monthly Work Report

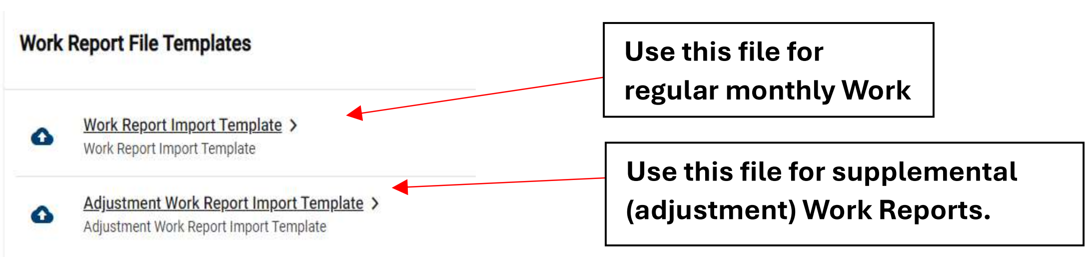
There are two options for creating a work report: **Import a file** or **Manual Entry**

Import a file:

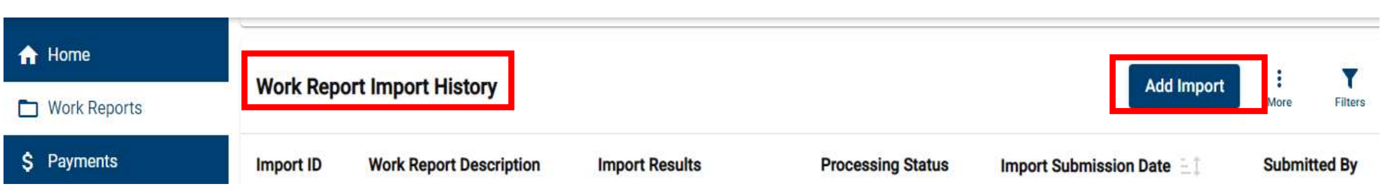
1. In the Work Reports Tab, select **For Templates Click Here** to download the Excel template.



2. A Work Report File Template will appear. Choose the appropriate template and download to your PC.



3. In the downloaded Excel file, enter the required information. Please note, middle name is not required. Once completed, the file can now be saved and imported into the ESS system. In the Work Reports Tab, scroll down to the Work Report Import History section and select **Add Import**.



4. Complete the information required in the Upload a File screen. Once the file has been uploaded, a message will appear indicating the file has been processed.

5. Scroll up to the Work Reports section and locate the Work Report just created. The Report Status will indicate **Draft**. Select the **Transaction ID**.

Transaction ID	Work Report Type	Work Report Description	Submitted Date	Trans Status	Report Status	Balance Due
4254837 >	Work Report	2022-12 Work Report		Open	Draft	$0.00

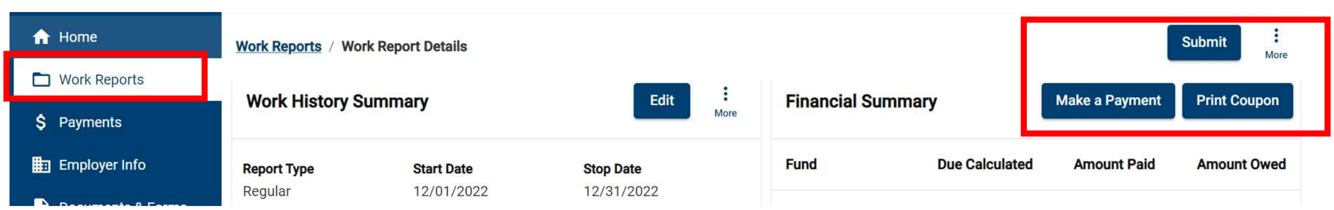
6. Review the information displayed in the Work Report Details screen to confirm accuracy. To finalize the Work Report select **Submit**. The Work Report has now been successfully submitted to the Fund Office and set to Pending status until payment has been received.

Transaction ID	Work Report Type	Work Report Description	Submitted Date	Trans Status	Report Status	Balance Due
4221173 >	Work Report	2022-09 Work Report	10/04/2022	Open	PENDING	$14,656.72

7. After submitting the Work Report, proceed to Make a Payment or Print Coupon.

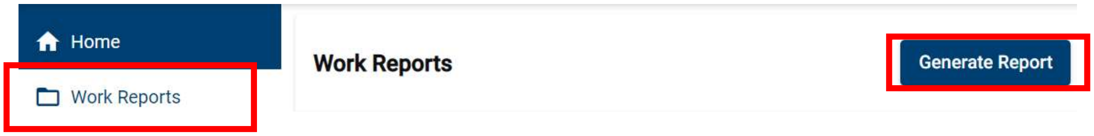
   - **To make an online payment (EFT) –** Select **Make a Payment** and enter the required information on the screen.

   - **To mail a check –** Select **Print Coupon** and a document will generate.

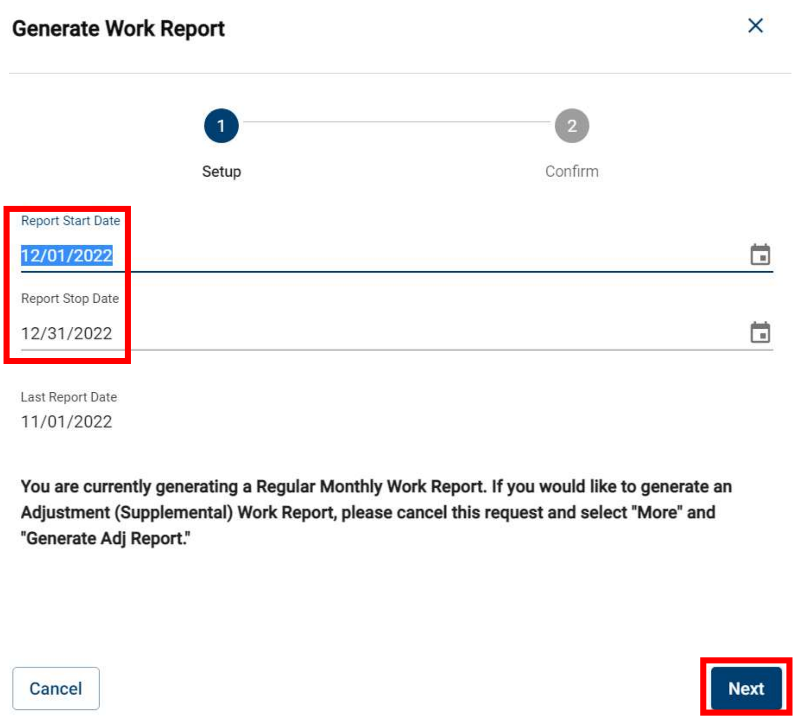


Manual Entry:

1. In the Work Reports tab select **Generate Report**.



2. Enter the work month, select **Next** then **Confirm**.

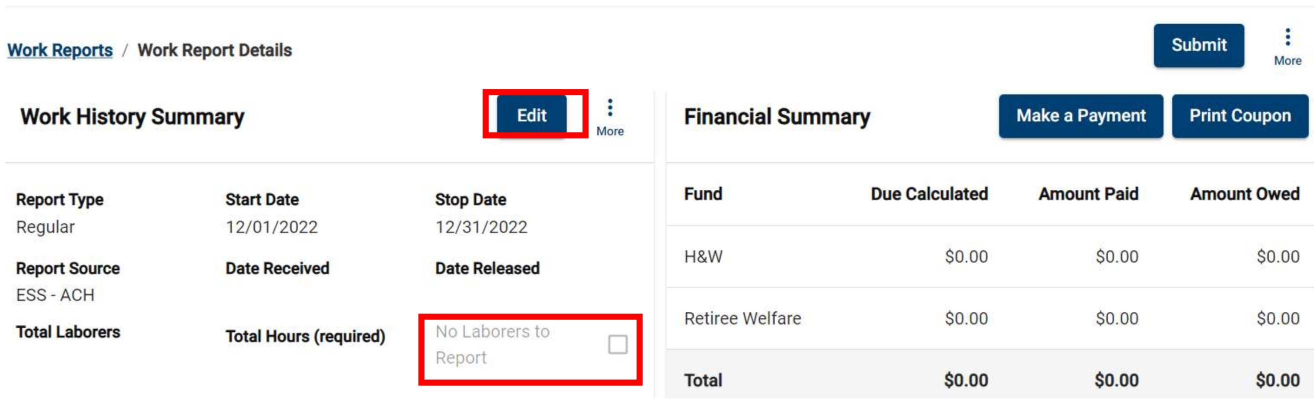


3. In the Work Reports section, locate the Work Report just created. The Report Status will indicate **Draft**. Select the **Transaction ID**.

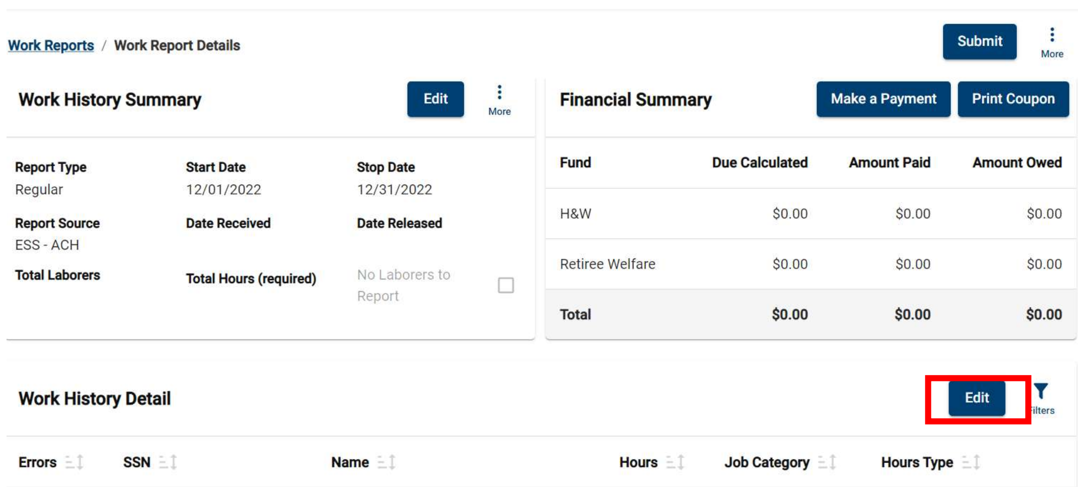
Transaction ID	Work Report Type	Work Report Description	Submitted Date	Trans Status	Report Status	Balance Due
4254837 >	Work Report	2022-12 Work Report		Open	Draft	$0.00

4. The Work Report details are now ready to be entered.

- **If there are no hours to report**, select **Edit** in the Work History Summary section and check the No Laborers to Report box and select **Save**. The Work Report should now be in Pending status.

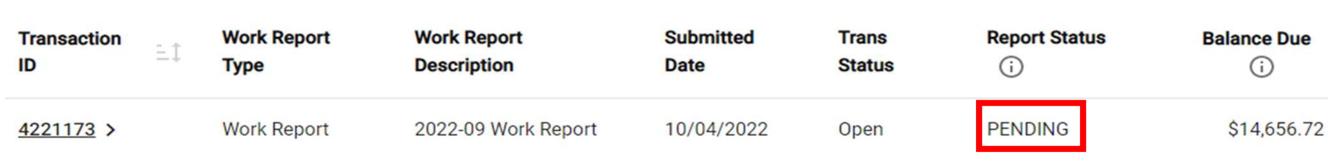


- **If there are hours to report**, in the Work History Detail section, select **Edit**.



5. Complete the Work Report by entering the information required on the screen. Please note, when adding Laborers to the Work Report, First Name is not required for existing Laborers. Once all hours have been entered, select **Save**.

6. Review the information displayed in the Work Report Details screen to confirm accuracy. To finalize the Work Report select **Submit**. The Work Report has now been successfully submitted to the Fund Office and set to Pending status until payment has been received.

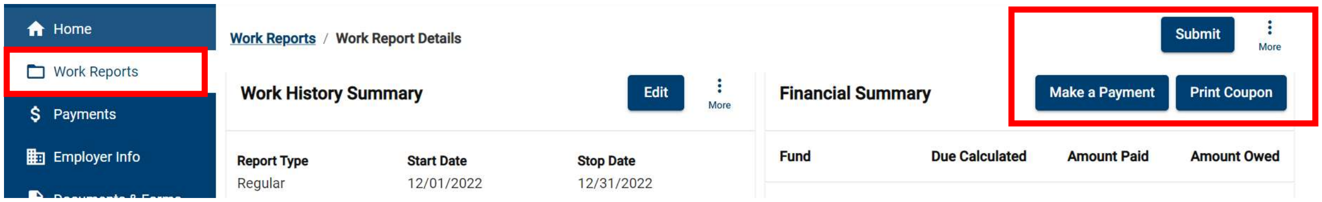


Transaction ID	Work Report Type	Work Report Description	Submitted Date	Trans Status	Report Status	Balance Due
4221173 >	Work Report	2022-09 Work Report	10/04/2022	Open	PENDING	$14,656.72

7. After submitting the Work Report, proceed to Make a Payment or Print Coupon.

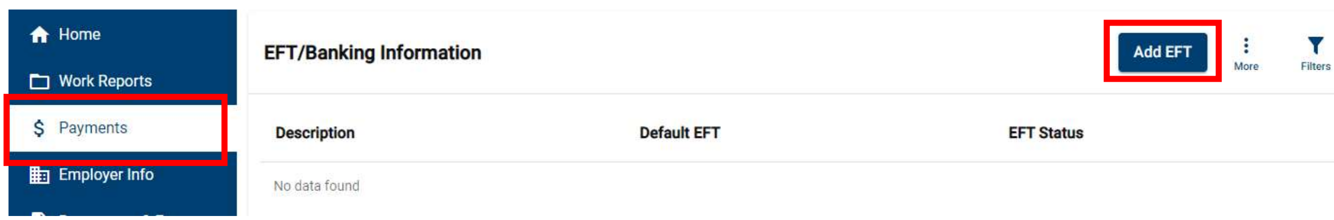
- **To make an online payment (EFT)** – Select **Make a Payment** and enter the required information on the screen.

- **To mail a check** – Select **Print Coupon** and a document will generate.

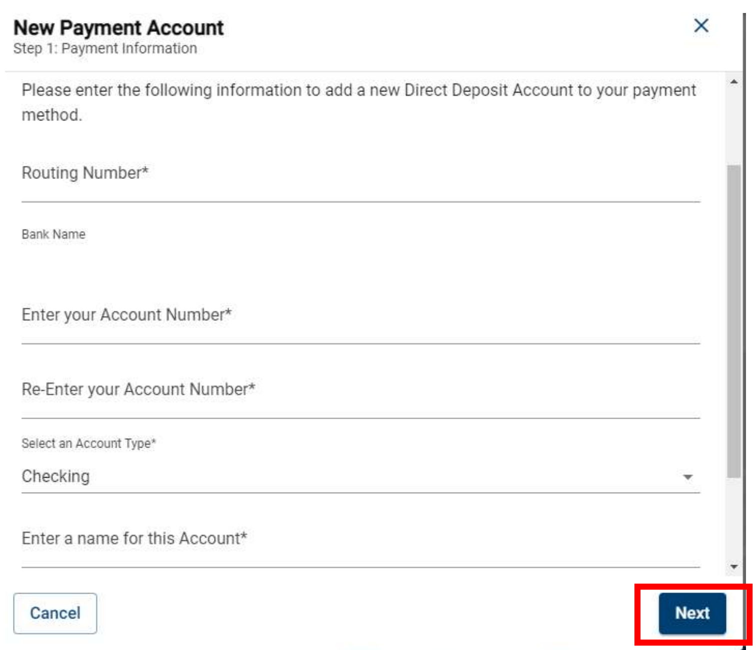


How to Add an EFT

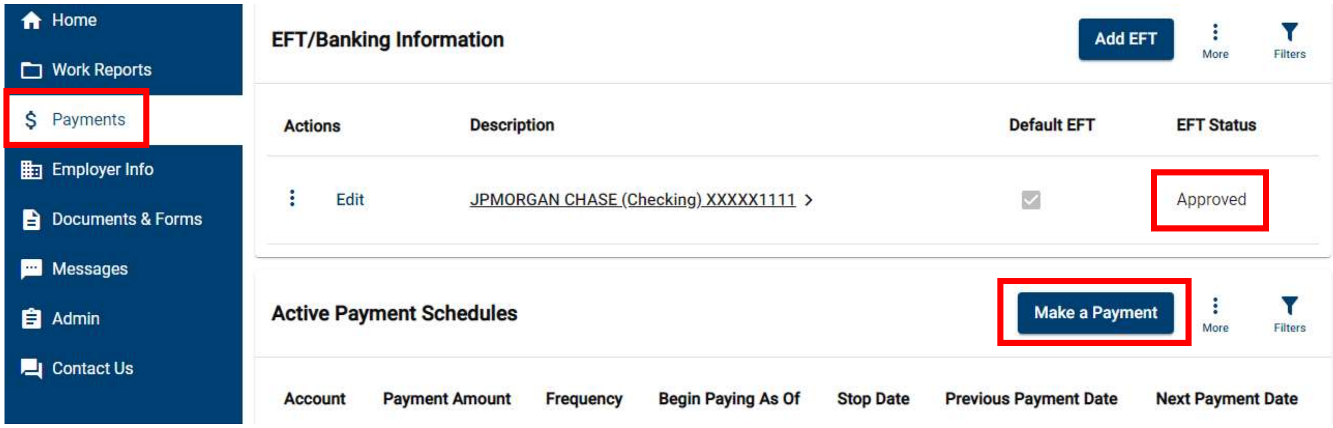
1. In the Payments Tab, select **Add EFT**.



2. In the New Payment Account window, enter the required information and select **Next**. Then verify the information entered and select **Confirm**.



3. Under EFT/Banking Information, the EFT added will now appear with a status of Approved. Payments can now be made via EFT by selecting **Make a Payment** below.



Appendix B

Surety Bond Policy

REVISED SURETY BOND POLICY
Effective May 1, 2025

Pursuant to the authority of the Boards of Trustees to adopt rules and regulations and in compliance with the terms of collective bargaining agreements providing the Trustees with the authority to adopt bonding requirements based on Employers' payment histories, the following Revised Surety Bond Policy is adopted and made effective May 1, 2025.

1) An Honor Roll Employer will have a zero bond requirement.

2) A non-Honor Employer is required to maintain the minimum level bond required by the collective bargaining agreement to which they are signatory, based on the number of covered employees ("Level 1 Bond").

3) Attaining and losing Honor Roll Employer status:

   A) New Employers are required to obtain a Level 1 Bond. A new Employer can attain Honor Roll Employer status when it obtains clean audit findings in its first audit cycle, involving two audits, the initial six-month audit of New Employers and the following audit, usually conducted within three years of the initial audit.

   B) Honor Roll Employers lose that status and must obtain Level 1 Bonds if:

      i. they have more than two (2) late payments in any Plan Year, or

      ii. the audit findings show a delinquency of the greater of $1,000 or 2% of required contributions.

4) An Employer must provide evidence of a current bond within 60 days of any of the following: (a) notice of this Revised Surety Policy; (b) the effective date of its first collective bargaining agreement (unless the Employer's agreement requires an earlier date); (c) loss of Honor Roll Employer status; or (d) imposition of a Level 3 Bond for delinquencies, as provided below.

5) The amount of the bond will double ("Level 2 Bond") if the non-Honor Roll Employer fails to provide the Level 1 Bond by surety or cash bond within 120 days of notice of this Revised Surety Bond Policy or if an Employer that loses Honor Roll Employer status fails to obtain a Level 1 Bond within 120 days. In addition, if the Funds are required to file suit against an Employer for any reason to enforce compliance with the Agreement or the Funds' respective Agreements and Declarations of Trust including, but not limited to, to compel an Employer to submit to an audit, the Employer will lose Honor Roll Status and be required to obtain a Level 2 Bond.

6) If the Funds are required to file suit against a contractor for a second time within a five-year period from the date the last suit was dismissed, then the contractor will be required to post a bond equal to two times the average monthly contributions owed for the proceeding twelve-month period ("Level 3 Bond") and provide the Funds and the Union with job notice forms for a period of twelve months. The contractor will no longer be obligated to have a Level 3 Bond after the issuance of the next audit covering the period after the second lawsuit reveals no delinquency of the greater of $1,000.00 or 2% or required contributions, unless the contractor has failed to comply with the job notice requirement in which case the contractor will have to continue to maintain the Level 3 Bond.

7) The Trustees have the discretion to impose a modified bond amount on any Employer at a level that they deem sufficient; to waive the requirement of a cash deposit or a surety bond in lieu of a personal guaranty; to require a bond amount and a personal guaranty; or to require any other protections they deem necessary to safeguard current and future Funds' assets.

8) The Collection Committee, on behalf of the Funds, is authorized to enforce the bond requirements. The bond requirements are enforceable under the delinquent employer rules with the noncompliant Employer liable for all costs of enforcement, including attorneys' fees and costs and auditor's fees.

Appendix C

Collection Policies and Procedures

AMENDED AND RESTATED
COLLECTION POLICIES AND PROCEDURES
of the
CHICAGO & VICINITY LABORERS' DISTRICT COUNCIL PENSION AND WELFARE FUNDS
EFFECTIVE: SEPTEMBER 13, 2021

The Collection Committee has been established by the Boards of Trustees of the Chicago & Vicinity Laborers' District Council Pension Fund, the Chicago & Vicinity Laborers' District Council Health & Welfare Fund, and the Chicago & Vicinity Laborers' District Council Retiree Health & 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. <u>Authorization to Collect Dues Contributions</u>
    1. Pursuant to agreement, the Funds are authorized by the District Council to collect from Contributing Employers delinquent or unpaid union dues.

B. <u>Methods of Submission</u>
    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 Increments

1. Contributions to all fringe benefit funds shall be made in increments of no less than one-half hour for each half-hour or portion thereof worked. Increments less than one-half hour shall be automatically rounded up to the nearest half

hour on a daily basis. Example: If a Laborer works 8.25 hours in one day, the required contribution for that day is 8.5 hours.

K. 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.

L. 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.

Appendix D

Payroll Compliance Audit Policies and Procedures

AMENDED AND RESTATED
PAYROLL COMPLIANCE AUDIT POLICIES AND PROCEDURES
of the
CHICAGO & VICINITY LABORERS' DISTRICT COUNCIL PENSION AND WELFARE FUNDS
EFFECTIVE: MAY 13, 2024

The Collection Committee has been established by the Boards of Trustees of the Chicago & Vicinity Laborers' District Council Pension Fund, the Chicago & Vicinity Laborers' District Council Health & Welfare Fund, and the Chicago & Vicinity Laborers' District Council Retiree Health & 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 Payroll Compliance Audit Policies and Procedures ("Audit 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 Audit 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 Audit 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 Audit Policy and their interpretation and application thereof shall be conclusive and binding on all parties.

I. Policy for Scheduling of Payroll Audits

A. Contributing Employers to the Funds shall be audited periodically by independent, third-party accounting firms selected by the Funds. The Fund Office shall prepare a schedule for auditing Contributing Employers in accordance with the following procedures.
   1. Two types of payroll audits shall be conducted: "Full Audits" and "Sampling Audits."
      a. Full Audits – payroll and other records on all employees are examined.
      b. Sampling Audits –
         1. a selection of payroll and other records are tested to enable the compliance auditor to make a reasonable determination that there are no delinquencies. The documents reviewed should include a review of all types of records listed in Section III (A) of this Audit Policy, "Records Required to be Retained by Contributing Employers and Produced for Audits".
         2. Where a Sampling Audit discloses delinquencies or related record discrepancies, a Full Audit shall be conducted.

2. Contributing Employers shall be scheduled for either Full Audits or Sampling Audits in groups based upon the contribution histories of the Contributing Employers.
    a. Either a Full Audit or a Sampling Audit shall be conducted at least once every five years.
    b. Any Contributing Employer that fails to schedule a payroll audit and submit records for review within 45 days from the date of the payroll audit request will be liable for all costs of compelling and enforcing the payroll audit request, including payroll audit costs and the Funds' reasonable attorneys' fees and costs.

B. New Contributing Employers
    1. An important purpose of audits for New Contributing Employers is to inform Contributing Employers of the procedures for contributing to the Funds and the requisite records to be maintained.
    2. New Employers shall be scheduled for payroll audits within the first year in which contributions to the Funds are required.
    3. If there are a sufficient number of employees of a New Employer, the payroll auditor may perform a Sampling Audit to determine if the Contributing Employer is maintaining accurate records and making required contributions; otherwise the payroll auditor will perform a Full Audit.

C. Honor Roll Employers
    1. An Honor Roll Employer is a Contributing Employer with no more than two late payments in any Plan Year (the period from June 1 to May 31) and whose most recent payroll audit reveals a delinquency of no more than the greater of $1,000 or 2% of its required contributions during the audit period. They are required to submit to audits every three to five years. An inadvertent shortage of no more than the greater of $1,000 or 2% of the Contributing Employer's required contributions determined on a Full Audit covering three or more years of contributions to the Funds shall not disqualify a Contributing Employer from inclusion in this group.
    2. A Contributing Employer shall be designated an Honor Roll Employer following a payroll audit showing adequate recordkeeping and correct payments. The Honor Roll Employer shall then be selected randomly for an audit between the third and fifth year thereafter.
    3. Honor Roll Employers may opt for a scheduled payroll audit every three years.
    4. Sampling Audits shall be used for Honor Roll Employers if they have sufficient employees to warrant use of sampling methods. If a Sampling Audit discloses inaccurate or incomplete recordkeeping or evidence of delinquencies, a Full Audit shall be performed.

D. Notwithstanding the foregoing, the Fund Office may, in its discretion, determine that a Full Audit shall be done of any Contributing Employer or that, where a Sampling Audit is to be conducted, specific records shall be produced.

E. Other Contributing Employers: Contributing Employers that are not classified as New or Honor Roll Employers, or that have accumulated significant delinquencies to the Funds or any of the affiliated ancillary funds to which contributions are owed pursuant to the collective bargaining agreements of the District Council, shall be scheduled for Full Audits at least once every three years.

F. Employers Subject to Special Audits (For Cause): At the discretion of the Fund Office, Full Audits of Contributing Employers may be conducted at any time based upon information concerning possible delinquencies, e.g., failure to file monthly Contribution Reports, failure to pay contractually-required wage rates, information concerning a possible closing or sale of business, information that the Contributing Employer is operating an alter-ego, or other such similar bases suggesting possible delinquencies.

G. A Contributing Employer shall bear the costs of any payroll audit:
   1. if the findings show a delinquency of the greater of $1,000 or 2% of the Contributing Employer's required contributions during the audit period;
   2. which was compelled by a lawsuit; or
   3. if the Contributing Employer does not have the appropriate wage and fringe benefit bond on file with the Funds.

H. Contributing Employers who cease contributing to the Funds shall be audited within a reasonable period of time following the cessation of contributions to determine any obligations to the Funds. Nothing herein shall restrict the rights of the Funds to audit the books and records of a Contributing Employer who ceased contributing but remains bound by the CBA, should the Funds reasonably believe the Contributing Employer to have continued operations.

<u>II. Policy for Retention and Production of Employer Records</u>

A. Except as otherwise provided herein, all Contributing Employers to the Funds shall maintain and make available for inspection and copying by the payroll auditor the records listed in Section III of this Policy.

B. Any Contributing Employer who fails to maintain and make available for inspection and copying to the payroll auditor the requisite records listed in Section III of this Audit Policy shall bear the burden of proof with respect to the exclusion of any employee from coverage of the collective bargaining agreement with the District Council.
   1. In those cases where a Contributing Employer asserts that its employee is excluded because he or she is a member of another bargaining unit, the Contributing Employer must submit tangible evidence of that fact, including, but not limited to:
      a. A union membership card;
      b. Contribution records maintained for the benefit funds of the other bargaining unit and corresponding proof of payment;
      c. A commercial driver's license if it is asserted that an employee is a truck driver rather than a laborer; and/or
      d. Workers' compensation policies, forms, and applications listing an employee's job classification, or other business records.
   2. An affidavit from a Contributing Employer's representative unsupported by documentary evidence shall not be sufficient to meet the Contributing Employer's burden of proof.

3. Affidavits which are solicited or obtained ex parte by a Contributing Employer's representative, for employees for whom there is no corroborative evidence in the form of records maintained in the ordinary course of business, shall not be sufficient to meet the Contributing Employer's burden of proof.
4. Nothing herein shall restrict the Funds from seeking contributions from a Contributing Employer for bargaining unit work performed by its employees.

C. Rebuttable Presumptions
   1. When a Contributing Employer has failed to maintain or make available the requisite records, there shall be a rebuttable presumption that the employee or subcontractor performed work covered under the respective Agreements and contributions are owed to the Funds.
   2. If no record of wage rates or actual hours worked is made available by the Contributing Employer, there is a rebuttable presumption that the employee or subcontractor was paid $20.00 per hour.
      a. When evidence exists that a different hourly rate was paid to employees or subcontractors of a Contributing Employer that failed to maintain the required records, at the discretion of the Fund Office, a different hourly rate may be presumed for purposes of determining the amount of contributions owed by the Contributing Employer to the Funds.
      b. If evidence shows that a Contributing Employer paid a rate lower than $20.00 per hour to any employees or subcontractors doing bargaining unit work, then the lower rate shall be presumed to be the actual rate paid to all employees or subcontractors for whom adequate records were not kept.
      c. If no record of the number of hours worked was maintained by the Contributing Employer, the Fund Office will not assume an individual employee worked more than 72 hours per week. However, if evidence exists of a different number of hours worked as opposed to the maximum of 72 hours per week, the Fund Office may apply a different number of hours for determining the contributions owed, and this number of hours worked shall be presumed correct.
   3. All wages computed as provided in this Section II(C) shall be presumed to be paid as straight-time wages regardless of the number of hours worked unless the Contributing Employer has provided documentation, in the form required by the terms of this Audit Policy, showing that it followed the requirements of the Fair Labor Standards Act and/or the applicable collective bargaining agreement as to the payment of overtime.

<u>III. Records Required to be Retained by Contributing Employers and Produced for Audits</u>

A. Certain records shall be maintained and retained by all Contributing Employers from the contribution date for at least the length of the statute of limitations provided for enforcement of a contractual right under Illinois law.
    1. The Funds reserve their right to inspect and copy a Contributing Employer's records for a time period in excess of the applicable Illinois statute of limitations referred to in Section III(A) should the Funds suspect a Contributing Employer has engaged in fraud in the reporting and payment of fringe benefit contributions and/or union dues.

B. Except in cases of suspected fraud, nothing herein shall purport to modify the length of time from when the Funds may seek delinquent contributions from a Contributing Employer which is covered by a collective bargaining agreement that limits the length of time under which the Funds may collect delinquent contributions.

C. The following records shall be maintained and retained in accordance with Sections III(A) & (B), and shall be produced for inspection and copying by the payroll auditor upon written request:
    1. Quarterly and annual payroll tax returns, including, but not limited to, federal quarterly forms 941, federal annual forms W-2, W-3, 940, 1099, and state quarterly unemployment returns (forms UC-3);
    2. Payroll journals and/or registers which include or identify employees' social security numbers, hourly rates of pay, hours worked, and the time period in which work was performed;
    3. Individual earnings records for all employees of the employer not shown on payroll journals or registers, including social security numbers and work classifications (or code or clock or ID numbers), hourly rates of pay, hours worked, and the time period in which the work was performed;
    4. Cash disbursement journals and general ledgers;
    5. Copies of all contribution reports and proof of payment (canceled checks or records of canceled checks) of all contributions to the Laborers' Funds and to all other trade union fringe benefit funds to which the Contributing Employer also contributed;
    6. Copies of all union dues records and proof of payment (canceled checks or records of canceled checks) of all union dues submitted to the District Council and to all other trade unions to which the Contributing Employer also submitted union dues;
    7. Records showing all amounts paid to all persons or entities that performed work for the Contributing Employer as independent contractors or subcontractors, if any, including copies of any federal forms 1099 issued by the Contributing Employer;
    8. Daily time records filed by employees or supervisors;
    9. Source documents and lists of job codes and equipment codes;
    10. Certified payrolls for jobs where such payrolls are required;

11. Employee personnel files including, but not limited to, last known addresses and telephone numbers, and any documents which demonstrate employees' job classifications and/or status as an apprentice, journeyman, foreman, superintendent, or supervisor;
    a. Confidential medical records or other similarly private records not relevant to the establishment of an employee's job classification shall not be disclosed.
12. Bank account statements and canceled checks from any account used in conjunction with the Contributing Employer's business;
13. Workers' compensation insurance information including, but not limited to, the insurance policy with the employee classifications it contains, mail audits, preliminary audits, and field audits conducted by the insurance company; and
14. Any other documents requested by the Funds to ensure the Contributing Employer is paying contributions on behalf of its employees as required by the collective bargaining agreement and/or the Funds' respective Agreements and Declarations of Trust.

D. If records of all hours worked, rates of pay, and classifications are not provided in the records listed in items one through fourteen, the Contributing Employer shall maintain monthly lists of all employees not shown on payroll records, showing social security numbers, work classifications (or code/clock/ID numbers), rates of pay, and hours worked.

E. Honor Roll Employers shall be required only to produce basic records needed by the payroll auditors to perform an audit, specifically items one through seven in Section (III)C.
    1. If an initial examination of such limited records discloses inaccurate or incomplete recordkeeping or evidence of delinquencies, the payroll auditor may request additional records listed in Section III(C).
    2. In the absence of evidence of a deliberate failure by an Honor Roll Employer to contribute on behalf of a bargaining unit employee, the rebuttable presumptions provided for in Section II(C) of this Audit Policy shall not apply to such Honor Roll Employer.

CHICAGO & VICINITY LABORERS' DISTRICT COUNCIL FUNDS
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