Plumbers & Steamfitters Local 486
Severance & Annuity / 401k Fund

Board of Trustees Meeting

April 30, 2018

PLUMBERS & STEAMFITTERS LOCAL 486
SEVERANCE & ANNUITY/401k FUND
AGENDA
APRIL 30, 2018

A. ROLL CALL

B. READING OF THE MINUTES - March 22, 2018

C. ADMINISTRATION REPORTS

1. Fund Balance Report - March 31, 2018
2. Fund Schedules - March 31, 2018
3. Fund Bills To Be Approved & Paid – April 30, 2018
4. Administrative Cash Balance - March 31, 2018
5. Summary Balance Report – March 31, 2018

D. UNFINISHED BUSINESS

1. Delinquent Contractors
2. Non Discrimination Testing

E. NEW BUSINESS

1. Deaths: Keith Huber – 2/20/2018, age 38
   Carl Bowen – 3/7/2018, age 78
   Michael Fahey – 3/8/2018, age 63
   Brian Pinson – 3/14/2018, age 65
   Marlene Chaney – 3/17/2018, age 82
   Harold Walker – 3/26/2018, age 91
   Dolores Cross – 3/28/2018, age 94
2. Terminations: See attached list
3. Retirements: See attached list
4. Reciprocal Distributions: See attached list
5. EPS Distributions: See attached list
6. Survivor Benefits: See attached list
7. Loans: None
8. Hardships: None
9. Reliance Trust Company Custodial Agreements
10. Draft Payroll Audit Policy
11. Questions
12. Date of Next Meetings: May 24, 2018 & June 28, 2018 both at 10:00 AM

Plumbers & Steamfitters Local 486
Severance & Annuity/401k Fund

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Toll Free Telephone (888) 494-4443
www.associated-admin.com

Trustees Attending: R. Bennett, A. Gannon, III, G. Glab, R. Horton, S. Shagoury, W. Welsh, J. Wontrop

Others Attending: K. Bradley (via phone), C. Chaikin, D. Jensen, R. Mogstad, D. Welch

The Trustees met on March 22, 2018 at the office of the Administrative Manager.

A. The Minutes of the meeting of February 22, 2018 were approved as presented.

B. The Fund Cash Balance and Schedules, Fund Bills to Be Approved and Paid, Administrative Cash Balance, and the Summary Balance Report were accepted. Trustees receiving compensation recused themselves from the votes relating to their payments.

C. Unfinished Business

1. Ms. Bradley reported on the current delinquencies, including Bay Area Mechanical, M&E Sales and Verticon. Bay Area and Verticon have not responded to demand letters sent from her office.

2. Mr. Rolf Mogstad of MassMutual discussed non-discrimination testing under the Plan for 2017 and the re-test for the years 2002-2016. He reported 2017 passed using both the current and prior year methods. He presented a summary of the results of the re-testing by year and the effect on some participants. He discussed two options for correcting the discrepancy created by MassMutual using the incorrect testing method since 2002. Ms. Bradley noted that either method would require filing a Voluntary Correction Program (VCP) application with the Internal Revenue Service. After discussion, a motion was made to table the decision until the next meeting, and Ms. Bradley will provide additional information about the VCP process for the Trustees' consideration.

D. New Business

1. Deaths: Lois Frisch – 1/04/2018, age 73
   Betty Williams – 1/14/2018, age 94
   Samuel Kennedy – 1/30/2018, age 75
   Theresa Dorrill – 3/8/2018, age 96
   Raymond Kutlik – 3/11/2018, age 60

2. The Trustees approved the attached Terminated Benefits.

3. The Trustees approved the attached Reciprocal Benefits.

4. The Trustees approved the attached Retirement Benefits.

5. The Trustees approved the attached EPS Distribution Benefits.

6. The Trustees approved the following new Loans:
   Earl Jordan – Foreclosure - $12,996.41
   William Otto – Foreclosure - $16,581.89

7. There were no Hardship Withdrawals to approve.

8. Mr. Craig Chaikin of Segal Marco distributed a memo for the American Funds Target Date Funds to the Trustees. The chart conveyed the asset mix of each 5-year Target Date Fund between 2015 and 2060. He distributed and reviewed with the Trustees the Segal Analysis of Investment Performance for the fourth quarter of 2017.

9. Mr. Mogstad distributed the MassMutual Strategic Plan Review and presented the executive summary and the activity for January and February 2018. The total plan assets were $244,109,090 as of February 28, 2018. He reviewed the overall investment diversification of the Plan and highlighted the heavy usage of the Dow Jones Target Date Funds, approximately 45% of Fund assets. He provided an update on the communication and education calendar for 2018. He concluded his presentation by reviewing the Plan's cost and revenue disclosure and indicated that MassMutual is currently receiving 13 basis points in net annual revenue for administering the Plan. He reported State Street bank

was being replaced by Reliance Trust Company as custodian of the Fund assets because State Street will no longer offer custodial services. The transition should occur sometime in May or June, with a small blackout period.

10. Mr. Jensen provided the Board with a contact listing of all Trustees and providers of the Fund.

11. Dates of the next meetings:
    April 30, 2018 at 10:00 a.m.
    May 24, 2018 at 10:00 a.m.

Adjournment: 11:55 a.m.

Respectfully submitted,

David J. Jensen
Secretary for the Meeting

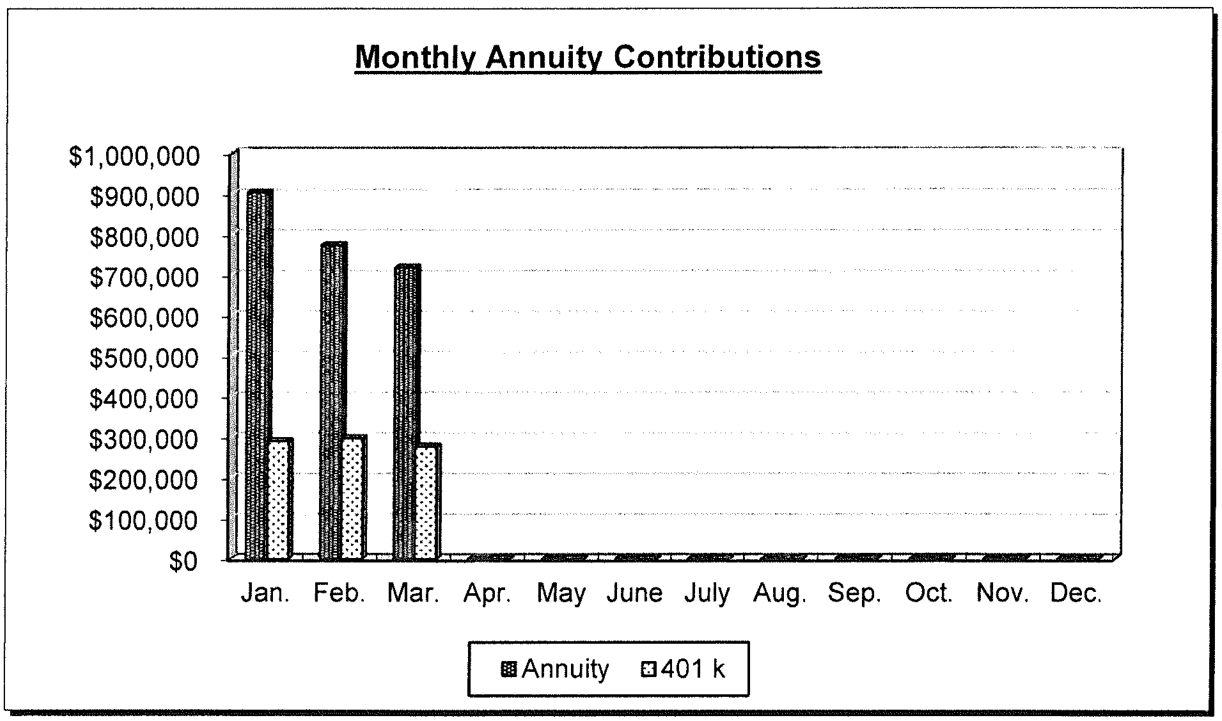
PLUMBERS & STEAMFITTERS LOCAL UNION
486 SEVERANCE & ANNUITY/401k FUND
CASH BALANCE REPORT
FOR THE THREE MONTHS ENDED MARCH 31, 2018

	Curr. Month		Year To Date
Receipts:			
Employer Contributions	$719,277.78		$2,305,195.43
401k Contributions	277,839.14		866,945.69
Less Reciprocals	(8,292.95)		(32,472.18)
Return of Overage	0.00		0.00
Rollovers	0.00		90,970.85
Investment Income - MassMutual	(2,055,405.07)		(509,521.29)
Interest Income - Annuity Loans	353.01		2,345.98
MassMutual Fee Credit	0.00		0.00
	($1,066,228.09)		$2,723,464.48
Disbursements:			
Benefit Payments	$922,357.28		$2,009,622.55
Loan Fees	120.00		260.00
Investment Consulting	3,000.00		9,000.00
Administration	9,316.56		31,311.41
Audit Fee	600.00		600.00
Conference Expenses	7,370.00		7,370.00
Dues	0.00		0.00
Fiduciary Liability Insurance	0.00		24,798.96
Fidelity Bond	0.00		0.00
I R S Filing Fee	0.00		0.00
Legal Fees & Expenses	0.00		4,973.73
Meeting Expenses	0.00		0.00
Office Expenses	180.28		617.39
Postage	0.00		3,769.96
Printing	320.18		5,575.05
Programming	0.00		0.00
SPD Publishing	0.00		1,518.00
U.A. Reciprocal Program	280.65		280.65
Vendor Search Fees	0.00		0.00
Wire Fees	30.00		90.00
Trustee Fees - Robert Bennett	470.48		1,411.44
Total Disbursements	$944,045.43		$2,101,199.14
Increase (Decrease) In Fund Balance	($2,010,273.52)		$622,265.34
Balance - December 31, 2017			$242,800,638.48
Balance - March 31, 2018			$243,422,903.82
FUND BALANCE CONSISTING OF:			
Bank of America Checking		0.02%	$59,519.76
MassMutual Investments		99.89%	243,159,436.47
Annuity Loans Receivable		0.08%	203,947.59
		100.00%	$243,422,903.82

UNAUDITED FINANCIAL REPORT

PLUMBERS & STEAMFITTERS LOCAL UNION
486 SEVERANCE & ANNUITY/401k FUND
SCHEDULES
FOR THE THREE MONTHS ENDED MARCH 31, 2018

Contributions:	Month	Year To Date
Nov. 2017 & Prior Hours	$7,454.57	$130,055.53
Dec. 2017 Hours	9,110.46	1,127,850.79
Jan. 2018 Hours	11,608.69	1,036,262.45
Feb. 2018 Hours	968,943.20	968,943.20
	$997,116.92	$3,263,111.97



PLUMBERS & STEAMFITTERS LOCAL UNION 486
SEVERANCE & ANNUITY/401k FUND
BILLS AND DISBURSEMENTS TO BE APPROVED AND PAID
April 30, 2018

1.	Plumbers & Steamfitters Joint Funds	
	Administration @ 20% Plus Direct Costs - March 2018	11,240.45
2.	Trustees Checks	
	R. Bennett @ $470.48 - Trustees Meeting - April 30, 2018	470.48
3.	Associated Administrators, LLC	
	Lunch - April 30, 2018	Blank
	Refreshments - April 30, 2018	Blank
4.	Segal Marco Advisors	
	Investment Consulting - March 2018	3,000.00
5.	Reciprocal Transfers	
	Plumbers Local 5 Annuity Fund - March 2018	Blank
	Steamfitters & Pipefitters Local 489 Annuity Fund - March 2018	Blank
	Steamfitters & Pipefitters Local 602 Annuity Fund - March 2018	Blank
6.	International Foundation Of Employee Benefit Plans	
	Gary Glab - Conference Registration October 2018	2,010.00
	John Wontrop - Hotel October 2018	2,106.86
7.	Abato, Rubenstein, Abato And Abato, P.A.	
	Retainer Fee For Months Of April, May and June, 2018	3,000.00
	Expenses & Fees For Jan., Feb. & March, 2018	39.97
	Joint Funds Litigation Fees	5,018.75
	Other Non-Retainer Fees - Mass Mutual	3,093.75

Accounting for March 2018 Checks

Associated Administrators, LLC	
Lunch - March 22, 2018	171.13
Reciprocal Transfers	
Plumbers Local 5 Annuity Fund - February 2018	3,706.46
Steamfitters & Pipefitters Local 489 Annuity Fund - February 2018	2,197.26
Steamfitters & Pipefitters Local 602 Annuity Fund - February 2018	2,389.23

PLUMBERS & STEAMFITTERS LOCAL 486
M.C.A. of MD JOINT ADMINISTRATION
ADMINISTRATION CASH REPORT
FOR THE THREE MONTHS ENDED MARCH 31, 2018

		YTD Budget	Current Month	Year To Date	
Balance - January 1, 2018					$14,470.88
Receipts:					
Medical Fund	54%	$74,757	24,064.26	$75,475.25	
Pension Fund	19%	30,713	9,684.06	32,401.26	
Annuity Fund	20%	29,628	9,316.56	31,311.41	
Credit Union	1%	1,415	465.83	1,410.18	
Training Fund	4%	5,659	1,863.31	5,640.73	
Dues Fund	1%	1,415	465.83	1,410.18	
Industry Fund	1%	1,415	932.53	1,410.18	
		$145,002	$46,792.38		149,059.19
					$163,530.07
Expenses:					
Administration		$136,863	45,620.92	$136,862.72	
Audit		925	0.00	0.00	
Meeting Expenses		0	0.00	0.00	
Office		0	0.00	0.00	
Printing		500	200.16	200.16	
Postage		500	40.78	488.05	
Postage - Medical		1,875	623.34	1,148.20	
Rent		0	0.00	0.00	
Bank Service Charges		337	0.00	0.00	
Programming		0	0.00	0.00	
Record Destruction		0	0.00	0.00	
Employer Audits		4,000	5,735.00	15,058.25	
Total Expenses		$145,000	$52,220.20	$153,757.38	
Interest Income		0	0.00	0.00	
Net Expenses		$145,000	$52,220.20		153,757.38
Balance -March 31, 2018					$9,772.69

UNAUDITED FINANCIAL REPORT

Plumbers & Steamfitters # 486 **Account: 51580**

Statement Period: 3/1/2018 - 3/31/2018

Date Prepared: 4/26/2018

51580-1-1 Plumbers and Steamfitters Local 486 Severance & Annuity/401(k) Plan Plumbers & Steamfitters # 486

Source	Beginning Balance	Contribs.	Loan Activity	Forf. Alloc.	Trnsfrs	Wdrwls	Forf. Wdrwls	Expenses	Other Activity	Invest Income	Ending Balance
Employer	$41,990,127.83	$0.00	($14,658.14)	$0.00	$0.00	($108,513.17)	$0.00	($50.00)	$7,648.98	($348,075.87)	$41,526,479.63
Rollover	$1,581,166.37	$0.00	$0.00	$0.00	$0.00	($379,641.96)	$0.00	$0.00	$0.00	($10,376.88)	$1,191,147.53
Deferred Salary	$70,415,427.44	$298,087.16	$0.00	$0.00	$0.00	($69,297.62)	$0.00	($70.00)	$4,646.67	($630,885.31)	$70,017,908.34
Restored Withdrawal	$3,159.76	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	($33.04)	$3,126.72
EPS	$129,353,008.42	$762,358.77	($12,996.41)	$0.00	$0.00	($404,328.72)	$0.00	$0.00	$27,128.54	($1,063,350.84)	$128,661,819.76
Money Purchase Pension	$769,887.08	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	($2,683.13)	$767,203.95
Grand Total	$244,112,776.90	$1,060,445.93	($27,654.55)	$0.00	$0.00	($961,781.47)	$0.00	($120.00)	$39,424.19	($2,055,405.07)	$242,167,685.93

Statement Period: 3/1/2018 - 3/31/2018

Date Prepared: 4/26/2018

PLUMBERS & STEAMFITTERS LOCAL UNION
486 SEVERANCE & ANNUITY/401k FUND
DELINQUENT CONTRACTORS
AS OF MARCH 31, 2018

Delinquent Contractors:	Work Month	Amount	Date Received
1. Advance Systems LLC	Feb-18	$342.02	4/26/2018
2. Bay Area Mechanical Services	Jan-18	$1,731.04	4/27/2018
Bay Area Mechanical Services	Feb-18		
3. BBR Mechanical Services	Feb-18	$408.33	4/18/2018
4. JLN Mechanical	Feb-18	No Men	
5. Kinetic Systems, Inc.	Feb-18	$19,210.08	4/9/2018
6. M&E Sales Inc	Jan-18		
M&E Sales Inc	Feb-18		
7. South Mountain Mechanical	Jan-18	$2,957.91	4/12/2018
South Mountain Mechanical	Feb-18		
8. Stone Services, Inc.	Aug-16	$2,996.95	Agreement
Stone Services, Inc.	Feb-18	$1,638.56	4/27/2018
9. Verticon Inc.	Dec-17	$1,668.24	4/3/2018
Verticon Inc.	Jan-18		
Verticon Inc.	Feb-18		

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ANNUITY BENEFITS TO BE APPROVED APRIL 30, 2018

TERMINATED BENEFITS

xxx-xx-5455	JEFFREY JANTZ	LUMP SUM	$ 3,128.04
xxx-xx-9685	PAUL MEREDITH	LUMP SUM	$ 19,919.25
xxx-xx-5478	STEVEN TAYMAN	LUMP SUM	$ 115.92

RETIRED DISTRIBUTION

xxx-xx-7422	STERLING SMITH, JR	EQUAL MONTHLY PAYMENTS	$ 665,822.38

RECIPROCAL DISTRIBUTIONS

xxx-xx-8183	EDMUND LYNN	LUMP SUM	$ 1,153.21
xxx-xx-0915	RICHARD ZIMMER	LUMP SUM	$ 2,496.79

EPS DISTRIBUTIONS

xxx-xx-8802	IVAN BALL	LUMP SUM	$ 76,200.00
xxx-xx-5124	WILLIAM CORNISH	LUMP SUM	$ 8,174.40

SURVIVOR BENEFITS

xxx-xx-4020	TERRY KUBIN **(Deceased)**		
xxx-xx-0347	JERRY KUBIN **(Beneficiary)**	LUMP SUM	$2,536.59

Amendment to Administrative Services Agreement

WHEREAS: the Plan Sponsor has entered into an Administrative Services Agreement with Massachusetts Mutual Life Insurance Company ("MassMutual") with respect to the Plan (the "Agreement");

WHEREAS: the Plan Sponsor has engaged State Street Bank and Trust Company, a Massachusetts Trust Company, to serve as a directed, non-discretionary trustee and/or custodian to the Plan pursuant to a trust and/or custodial agreement between the Plan Sponsor and the State Street Bank and Trust Company; and

WHEREAS: on or about June 1, 2018 (the "Replacement Effective Date") State Street Bank and Trust Company is resigning as the Plan's directed, non-discretionary trustee and/or custodian and Reliance Trust Company, a Georgia Trust Company (the "Replacement Trustee"), is being appointed to replace State Street Bank and Trust Company;

WHEREAS: the Agreement permits a unilateral amendment by MassMutual;

NOW THEREFORE:

1. In the context of the provision of directed trustee or custodial services, as of the Replacement Effective Date any references in the Agreement to (i) "State Street Bank and Trust, a Massachusetts Trust Company" will be replaced with references to "Reliance Trust Company, a Georgia Trust Company"; (ii) "State Street Bank and Trust" will be replaced with references to "Reliance Trust Company"; (iii) "State Street Bank and Trust ("State Street")" will be replaced with references to "Reliance Trust Company ("RTC")"; and (iv) "State Street" will be replaced with references to "RTC".

2. Notwithstanding the provisions of paragraph 1, (I) if State Street Bank and Trust Company is providing unitization services for a plan investment option, State Street Bank and Trust will currently continue to provide those services and this amendment will not replace the reference to State Street Bank and Trust Company in this context, including the reference to State Street Bank and Trust Company in Exhibit C; (II) any reference to State Street in the context of providing self-directed brokerage account services will not be replaced by this amendment, and (III) any references to State Street in the context of investment in a collective investment fund will not be replaced by this amendment.

3. Upon completion of the advance notice period contained in the Amendment provisions of the Agreement, the provisions of the Agreement that describe the Trustee/Custodian Services (which may be Sections 5.1 and 5.2 of the Agreement) will be deleted in their entirety and replaced with the following:

Trustee/Custodian of Plan Assets: Except for Plan assets deposited under a group annuity contract issued by MassMutual, all assets of the Plan will be held in trust and/or custody by a trustee and/or custodian appointed by the Plan Sponsor. The Plan Sponsor may select a trustee and/or custodian of the Plan, provided that MassMutual determines that the trustee and/or custodian is capable of providing information and instructions to MassMutual in accordance with MassMutual's standard administrative procedures, as reasonably determined by MassMutual. The responsibilities of the trustee and/or custodian and its legal obligations are governed by a separate trust and/or custody agreement entered into between the Plan Sponsor and the trustee and/or custodian. In carrying out its responsibilities under this Agreement, MassMutual may rely on information, confirmations and other communications received from the trustee and/or custodian.

Custodial Services: As part of the Services provided pursuant to the Agreement, MassMutual designates a custodian responsible for the trading of any assets of the Plan that are held in a trust and/or custodial account. Currently the custodian for your plan is State Street Bank and Trust Company ("State Street"). In the event State Street (or any successor custodian) resigns or is removed as custodian, MassMutual will select a replacement custodian and will send the Plan Sponsor written notice of the change at least ninety days in advance of the effective date of the custodian's resignation or removal explaining that the custodian has resigned or been removed, that MassMutual has identified a replacement custodian, and that the Plan Sponsor can either enter into a custodial agreement with the replacement custodian or the Plan Sponsor can terminate the investments that are held in custody or this Agreement before the effective date of the resignation or removal. The Plan Sponsor agrees that in the event the Plan Sponsor does not either enter into a custodial agreement with the replacement custodian or terminate the investments that are held in custody or this Agreement before the effective date of the resignation or removal of the then current custodian, the Plan Sponsor will be deemed to have consented to MassMutual entering into a custodial agreement with the identified successor custodian on the Plan Sponsor's behalf. If the Plan Sponsor takes no action within forty-five days of the delivery of the first notice, then MassMutual will send a second notice to the Plan Sponsor notifying the Plan Sponsor of the deadline for taking affirmative action and the consequence of failing to take action. If MassMutual or the successor custodian do not receive a signed agreement within fifteen days of the effective date of the then current custodian's resignation or removal, then MassMutual will enter into a custodial agreement with the successor custodian on behalf of the Plan Sponsor in the form previously provided to the Plan Sponsor to be effective coincident with then current custodian's resignation or removal. In the event State Street (or any successor custodian) is performing those custodial services pursuant to a directed trust agreement with the Plan Sponsor, then MassMutual will enter into a directed trust agreement with the successor trustee/custodian on behalf of the Plan Sponsor in the form previously provided to the Plan Sponsor to be effective coincident with then current custodian's resignation or removal.

4. All capitalized terms used in the Amendment and not defined herein will have the meaning ascribed to them in the Agreement.

5. Except as specifically set forth herein, all other provisions of the Agreement will remain in full force and effect.

IN WITNESS WHEREOF, Massachusetts Mutual Life Insurance Company has executed this Amendment as of January 22, 2018.

For Massachusetts Mutual Life Insurance Company

Tina Wilson, Senior Vice President

Legal Name of Plan Sponsor: Trustees of the Plumbers & Steamfitters Local 486 Severance & Annuity/401(k) Plan

Contract Number: 51580-1

For the Plan Sponsor:

Signature Date

Printed Name and Title

For the Plan Sponsor:

Signature Date

Printed Name and Title

PLUMBERS AND STEAMFITTERS LOCAL 486 SEVERANCE & ANNUITY/401(K) FUND
CONTRIBUTING EMPLOYER PAYROLL AUDIT POLICY

Revised May 1, 2018

WHEREAS, the Trustees of the Plumbers and Steamfitters Local 486 Severance & Annuity/401(k) Fund desire to reduce to writing their policy of auditing employers who contribute to the Fund in order to continue to meet the fiduciary responsibilities imposed on them by section 404 of the Employee Retirement Income Security Act of 1974, as amended (hereinafter "ERISA") to discharge their duties solely in the interests of the participants and beneficiaries of the Fund; and

WHEREAS, the Trustees believe it to be in the interests of said participants and beneficiaries and a requirement of their fiduciary duties to audit the records of contributing employers to ensure that contributions are being made in the required amounts on all employees for whom contributions are due in accordance with the applicable collective bargaining agreement and the controlling Trust Agreement; and

WHEREAS, the Trustees have previously established a Contributing Employer Payroll Audit Policy which provides for amendment by the Board of Trustees; and

WHEREAS, the Trustees wish to amend and restate the Contributing Employer Payroll Audit Policy at this time;

NOW, THEREFORE, Be It Resolved That:

It is the policy of the Fund to collect all employer contributions as they are due, and to make such diligent and systematic audit efforts as are appropriate under the circumstances to do so.

Section 1
General Payroll Audit Policy

The Trustees have the legal right to exercise all remedies allowable under the Fund's Agreement and Declaration of Trust, Participation Agreements, and under the Employee Retirement Income Security Act ("ERISA"), including, but not limited to:

1. The right to establish a date on which contributions are due;

2. The right to audit the financial records of the employers, including but not limited to payroll ledgers, federal and state tax returns, IRS Form 941 and such other books and records of the employers as are necessary for the auditor to reasonably determine that the proper contributions have been made;

3. The right to require that the delinquent employer pay the cost of an audit, interest, attorney's fees, and any other expenses incurred by the Fund in determining the amount of a delinquency and in collecting the delinquency;

4. The right to recover liquidated damages;

5. The right to take all other steps and to perform all other acts that are necessary to collect contributions due to the Fund in a timely and expeditious manner.

The procedures set forth herein shall be followed unless the Board of Trustees determines that they should be waived or modified in a particular instance.

Section 2
Payroll Audit Procedure

1. All contributions shall be payable on or before the last day of the calendar month for which they are made, which is the month following the month in which the hours are worked. For example, contributions due for hours worked in February are due by March 31. The failure of the employer to make the contributions during the time stated above shall be deemed a violation of the Agreement and Declaration of Trust, the Participation Agreement, and the related Collective Bargaining Agreement or other written agreement entered into between the employer and participating Union, and the employer shall be considered to be in default.

2. The Board of Trustees shall have discretion in determining which employers will be audited and the frequency of the audits. It is the aim and intent of the Trustees that each contributing employer will be audited on a rotating cycle no less than once every three (3) to five (5) years. In addition, special audits will be conducted of specific employers when directed.

3. Each employer that terminates its participation in the Fund or files a petition in bankruptcy shall, at the discretion of the Funds, be audited as soon as practicable.

4. Prior to conducting each audit, a letter will be sent to the employer advising the employer of the impending audit, citing the Trustees' authority to conduct the audit and describing the records required.

5. At the discretion of the Trustees, upon completion of the audit of an employer, the auditor will conduct an exit interview with the employer to discuss the auditor's findings. The auditor will issue a report to the employer with the payroll audit findings as soon as it is practical after the audit. The employer will be advised that it has ten (10) days within which to contact the auditor and discuss any objections it has to the auditor's findings. Once this time has elapsed, or the auditor has had an opportunity to resolve any objections to the auditor's satisfaction, the audit findings will be forwarded to the Trustees.

6. Upon receipt of the employer's reconciliation and consultation with the Fund's Payroll Auditor, or after the expiration of 30 business days without the requested payment, if there remains a dispute as to the results of the audit, the Fund's Third Party Administrator may refer the matter to the Fund's Counsel. Thereafter, the procedures set out in Section 3 of these Rules will be followed.

7. In the event an employer refuses to permit an audit upon request by the Fund, or if the employer refuses the Fund auditor access to pertinent records, then the Fund Third Party Administrator may refer the matter to Counsel.

8. In the event that a payroll audit reveals that an employer owes delinquent contributions to the Fund in excess of twenty-five percent (25%) of the contributions due for that period being audited, or in the event that the employer refuses, resists or impedes any payroll audit by the Fund, the employer shall also be required to pay and shall be liable for the Fund's costs of the payroll audit, and any costs of attempts to require the employer to comply with the Fund's procedures, including subsequent audits made necessary thereby.

9. Counsel shall thereafter demand that the employer make available such books and records as are necessary for the Fund's Payroll Auditor to conduct an audit. If the records are not made available as a result of Counsel's letter, the employer shall be liable for any attorney's fees incurred by the Fund in enforcing the Fund's right to review the employer's records. If necessary, upon approval of the Board of Trustees, Counsel shall institute legal action to enforce the Trustees' right to conduct a payroll audit and the employer shall be assessed all costs and attorney's fees incurred as a result of the employer's refusal to permit an audit or refusal to make available all pertinent records.

10. The Fund's Payroll Auditor shall prepare and submit a report of payroll audits to the Trustees at least semi-annually to the Board of Trustees, summarizing audits conducted, audits scheduled, and delinquent amounts due, if any. Notwithstanding the provisions of Section 2, paragraph 8 regarding an employer's liability for the cost of a payroll audit, the costs of the payroll audits conducted in accordance with this Policy shall be borne by all funds and related entities who are party to the Plumbers and Steamfitters Local 486 Joint Funds

Administration ("Joint Funds"), in the amounts set for in the Joint Funds' shared services allocation.

Section 3
Legal Action and Settlement

1. When an audit delinquency is turned over to the Fund's Counsel for collection, Counsel shall send a letter to the employer demanding payment of the delinquent contributions, interest and liquidated damages, and the costs of audit and collection, as computed by the Fund's Payroll Auditor.

2. The employer may, within 10 days after receipt of Counsel's letter, appeal in writing to the Board of Trustees of the Fund if the Employer claims that any amount assessed against it is not correct. If such written appeal is filed, it shall be duly considered by the Trustees at their next regular meeting. The decision of the Board of Trustees shall be final and binding.

3. In the event an employer fails to pay the delinquent contributions, interest and liquidated damages within 20 days after Counsel's demand for payment, Counsel is authorized to initiate legal action, unless Counsel recommends a different course of action based upon pertinent factors, which may include, but are not limited to, the following:

    a) the financial condition of the employer;

    b) the probability of collecting a judgment once it is obtained;

    c) the employer's past performance as a contributing employer;

    d) the amount of the delinquency;

    e) the length of time the delinquent amount has been owed;

    f) the likelihood that the costs of the suit will exceed the recovery; and

    g) any other factor that in the discretion of the legal counsel, may have a material bearing on the collection of the delinquent contributions.

4. Any recommendation by Counsel shall be made to the Board of Trustees. A legal action may be deferred pending action of the Trustees, and the Trustees reserve the right to accept, reject or modify any such recommendation.

5. A suit, arbitration, action, charge or other proceeding to enforce the obligation to make such contributions may be commenced by the Fund in its own name, by one or more of the Trustees on behalf of the Funds, and/or by the Union in its own name. However, no

proceeding by the Union for such contributions shall be compromised or settled or binding upon the Fund without the Fund's written consent.

6. Counsel is authorized to enter settlement negotiations (including the sending of a demand letter or other correspondence) with delinquent employers. Without further approval of the Board of Trustees, legal counsel may agree to the immediate payment of the full amount owed, but any settlement which waives or compromises the amount owed, including interest, liquidated damages, attorney's fees or costs, must be approved by the Board of Trustees.

7. Counsel has the authority to reject any proposal for settlement that contemplates payment of amounts due over a period of time, if its acceptance would result in collection of less than the total amount owed and if, in the attorney's opinion, it is unreasonable. Such rejection shall be subject to the Board of Trustee's subsequent review. The Trustees may approve a proposal to extend the time of payment or reduce the payment, in accordance with their fiduciary obligations.

8. The Board of Trustees reserves the right to accept or reject an employer's proposal to pay delinquent contributions, interest, liquidated damages, and attorney's fees over a period of time and to compromise any claim or delinquent account as recommended by legal counsel; provided, however, that any such decision to extend the time for payment, or to compromise the amount owed, complies with all applicable laws and regulations, including but not limited to Department of Labor Prohibited Transaction Exemption 76-1.

9. Settlements calling for payments over time or compromising the amount, including interest, liquidated damages, attorney's fees, or costs, must be in writing and signed on behalf of the Fund and the employer.

10. Notwithstanding, the procedures set out in this policy, the Board of Trustees may refer any delinquent account to Counsel at an earlier or later date than provided for herein where circumstances warrant that collection action be expedited or delayed.

11. The Trustees may, from time to time, appoint a subcommittee of Trustees to act on behalf of the Board of Trustees in connection with this policy.

Section 4
Remedies

The remedies available to the Fund are set forth in its Agreement and Declaration of Trust, Participation Agreements and under applicable law and include, but are not limited to, the following:

1. Interest owed by a delinquent employer shall be calculated at the rate of 10% compounded per annum, or the rate prescribed by Internal Revenue Code section 6621, whichever is greater.

2. Liquidated damages shall be calculated at the rate of 20% of the amount due.

3. Attorney's fees shall be assessed against a delinquent employer at the attorney's standard hourly rate, for all time spent by Counsel in collection efforts pursuant to Section 3 hereof.

4. The cost of the audit shall be assessed against the employer if the amount due, as determined by the audit, is in excess of twenty-five percent (25%) of the contributions due for the period being audited, or if the employer refuses, resists or impedes any payroll audit.

5. All costs actually incurred in court actions for collection of amounts shown due by an audit or to enforce the Trustees' right to audit the employer's payroll records shall be assessed against the delinquent employer, including but not limited to, filing fees, fees for service of process, copying charges, postage, and such other costs as would otherwise be charged to the Fund.

6. Nothing in this Section or Policy shall be construed as limiting the authority of the Trustees to compromise, settle or otherwise waive any right, payment or interest they possess consistent with the obligation to act in the best interests of the participants.

7. Failure to make payments in a timely manner may also result in the termination of the employer's participation in the Fund and/or the termination or suspension of benefits to the employer's employees. In such case, the employer shall be liable and responsible to pay benefits to the employees and participants directly and to indemnify and hold the Fund harmless for any claims arising out of such benefits. If the employer is in default, the Fund shall not be under any obligation to continue providing benefits for such employees, participants or beneficiaries for whom such contributions were to be made.

Section 5
<u>Miscellaneous</u>

1. The Trustees may amend, modify or revise this Policy or any of its procedures at any time, in their discretion.

2. All questions or disputes relating to the interpretation, meaning and/or application of this policy shall be finally and exclusively resolved by the Board of Trustees in the exercise of its discretion and in the performance of its fiduciary obligations to the Fund's participants and beneficiaries, in the protection of the financial integrity and soundness of the Fund and the efficient and effective administration of the Funds.

3. If an employer's contributions decline significantly (by 10% or more) from its preceding contributions, the Third Party Administrator shall contact the employer for an explanation of the decline. If the decline is not explained, the Third Party Administrator shall report the situation to the Board of Trustees at their next regularly scheduled meeting or earlier if more immediate action appears necessary.

4. Subject to the terms and conditions of this policy, an employer that makes a contribution to the Fund in excess of the amount required and under a mistake of fact or law may request a refund of the amount of such excess contributions. No refund of excess contributions shall be granted by the Fund without a written request for such refund having been received within 3 years after the date that such excess contributions were received by the Fund. If the Fund incurred a direct or indirect cost, expense or liability as a result of an excess contribution, any refund of such contribution shall be reduced by the full value of such cost, expenses or liability. The obligation to discover and delineate the amount of excess contributions within the time limits provided within the policy is the sole and exclusive responsibility of the employer. The request of the employer for refund of excess contributions must be in writing and shall not be effective until it is received by the Fund. The failure and/or refusal of the employer promptly and fully to comply with any or all of the provisions of this policy shall result in the denial of the request for the refund of excess contributions. As used in this policy, the term "refund" shall include the offset of previously-submitted excess contributions against currently due contributions ("credits"). As such, upon approval of the Trustees, an employer may be permitted to credit excess contributions, less the Fund's set-offs described in this policy, against current contributions only to the same extent and under the same terms and conditions as such employer may be entitled to a refund under this policy. Any employer attempt to recoup any excess contribution through a procedure other than the one described in this paragraph (for instance by the employer unilaterally taking a credit) shall result in the automatic forfeiture of the refund and the treatment of any credit taken by the employer as a delinquent contribution.

ADOPTED this ____ day of ______________________________, 2018, by the Board of Trustees of the Plumbers and Steamfitters Local 486 Severance & Annuity/401(k) Fund, as set forth below by the Recording Secretary for the Board of Trustees.

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David J. Jensen, Account Executive and
Recording Secretary