

Pipe Trades Services MN, Inc.



**Employer Handbook for
Benefit Contributions**
Effective February 1, 2025

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Pipe Trades Services MN, Inc.
4461 White Bear Parkway, Suite 1
White Bear Lake, MN 55110
Telephone: (651) 645-4540
Fax: (651) 645-8119
Email: fringe@ptsmn.org

PTSMN Web Site: www.ptsmn.org
Select the “Employers” tab for current benefit rate information

Board of Directors

Union Directors

Tom Pahkala
Russ Scherber
Dean Gale
Tony Poole
Jeremy Andrist

Management Directors

Matt Dekkers
Matt Marquis
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Paul Jordan
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Interpretation of the Plans

Only the Board of Directors of Pipe Trades Services MN, Inc. (“PTSMN”) can make determinations and decisions as official actions at a meeting of the Board of Directors. The Board of Directors has the sole responsibility for interpreting, changing or waiving any part of the obligations or rights outlined in this Employer Handbook. No individual Director(s), employer, employer association, union or union official has the authority to make any interpretation, promise or commitment on behalf of PTSMN or to bind PTSMN in any way, except when participating in an official action of the Board of Directors.

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Introduction

The Directors of Pipe Trades Services MN, Inc. (“PTSMN”) are pleased to provide you with this “Employer Handbook.” The purpose of this handbook is to provide a summary of the policies and procedures related to the submission of benefit payments to PTSMN.

PTSMN is a Minnesota corporation established by the Boards of Trustees of the Pipe Trades Services MN Pension Trust and the Pipe Trades Services MN Welfare Fund to provide administrative services to the founding funds and other benefit funds (including the Pipe Trades Services MN Pension Supplement Fund and the Pipe Trades Services Retiree Health Trust) and programs (all of which are collectively referred to as the “Benefit Funds”). This Employer Handbook is a summary only and does not describe all of the applicable provisions for the Benefit Funds. The Board of Directors has attempted to make this Employer Handbook as complete as possible, but there may be provisions contained in the plan documents for the Benefit Funds or in the Policy for Reporting and Payment of Employer Contributions and Collection of Delinquent Contributions (“Collection Policy”) (attached hereto as Appendix A) that are not included in this Employer Handbook. This Employer Handbook describes the main provisions and procedures for fringe benefit reporting and payments. If there is any inconsistency between the provisions of this Employer Handbook and the plan documents themselves, the provisions of the plan documents shall control.

If you have any questions about the reporting or submitting hours and contributions to the Benefit Funds or need any additional information, please contact the PTSMN Fund Office (“Fund Office”) at (651) 645-4540 or send an email to fringe@ptsmn.org.

Participating Local Unions

PTSMN collects fringe benefit payments for the following local unions and their members:

- Rochester Plumbers & Pipefitters Local #6
- Duluth Local #11 Zone 1 (Pension Supplement only) and Detroit Lakes Zone 2
- Minneapolis and Saint Cloud Plumbers Local #15
- Saint Paul and Mankato Plumbers Local #34
- Metro Area Sprinkler Fitters #417
- Saint Paul and Mankato Pipefitters Local #455
- Minneapolis and Saint Cloud Pipefitters #539
- Hibbing Plumbers & Pipefitters Local #589 (Pension Supplement only)

The contribution amounts are generally determined in accordance with the applicable collective bargaining agreements (“CBA”) or by the terms of a participation agreement.

How to Submit Fringe Benefit Contribution Reports and Make Payments

Electronic Remittance Required. Paper reports and physical checks are no longer accepted at PTSMN. Fringe Benefit Reports and benefit payments must be submitted electronically through PTSMN’s ISSI Online Remittance Portal (“I-Remit”). Detailed instructions for electronic submission of reports and payments through I-Remit (ISSi-Remit Online Remittance Instructions, “I-Remit Instructions”) are available on PTSMN’s website (ptsmn.org). The I-Remit Instructions include detailed information, including but not limited to information regarding how to set up your I-Remit account, how to log-in to your account, how to change your password, how to change banking information, how to submit monthly

reports, how to view your reporting history, and how to log out after the reporting process has been completed.

Timing. A Fringe Benefit Report must be submitted electronically through I-Remit by 11:59 p.m. CST on the 15th of the month following the month in which the hours were worked. *(For example, benefits for hours worked in the month of January must be electronically reported through I-Remit by 11:59 p.m. CST on February 15th.)*

Payroll Periods. You are not required to split pay periods to pay an actual calendar month. A work month is generally defined as all work performed during any pay period that ends in a calendar month. *(For example, if the first payroll period of the month for your company ends on Friday April 4th and the last payroll period is for Friday April 25th, benefits are due for these four pay periods by May 15th).*

Rate Changes. When the contribution rates change during your pay period *(this will generally happen around May 1st, which is the first day of the contract year)*, hours should be split and submitted separately on two reports, with separate electronic payments. *(For example, if the first payroll period for the month ends on May 2nd, and thus includes days worked in April under the prior year's rate and days worked in May under a new rate, you will need to submit separate reports for April and May hours so that the rate change can be properly calculated).*

CBA Codes. The Fringe Benefit Reports are now submitted by a Local's specific CBA as each CBA covers different local unions with different fringe benefit rates.

CBA's Covered by PTSMN

Rochester Plumbers and Pipefitters Local 6
Local 11 Detroit Lakes
Local 11 Duluth
Plumbers Local 15 – Minneapolis
Plumbers Local 15 – Saint Cloud
Plumbers Local 15 – Gas Distribution
Plumbers Local 34 – Saint Paul
Plumbers Local 34 – Mankato
Sprinkler Fitters Local 417
Pipefitters Local 455 – Saint Paul
Pipefitters Local 455 – Mankato
Pipefitters Local 539 – Minneapolis
Pipefitters Local 539 – Saint Cloud
Pipefitters Local 539 – Residential
Local 589 Hibbing
Contractor Insurance

CBA Designator

6
11DL
11DU
15MP
15SC
15P
34SP
34MA
417
455SP
455MA
539MP
539SC
539RES
23
OFFC

Multiple CBAs. If you employ members of more than one local union, you should submit a separate Fringe Benefit Report related to each local union through I-Remit. To facilitate better tracking of payments, overages, shortages, rate issues, etc., please submit one electronic payment for each Fringe Benefit Report. *(For example, if you employ members of Pipefitters Local 455 – Saint Paul, Pipefitters Local 455 – Mankato, and Plumbers Local 34, you should submit three Fringe Benefit Reports and three electronic payments through I-Remit).*

Manual Reporting Requirements. There are certain limited circumstances when manual reporting is

required rather than reporting through I-Remit. Examples include a brand new employer submitting its initial report (before it is set up in I-Remit), an employer that is required to submit reports weekly or biweekly, or an employer that is working with the Fund Office to correct errors on a report that was previously submitted through I-Remit. When multiple manual reports are submitted by an employer for a certain month, there is often an issue on each report, such as an overpayment or underpayment. The accounting and explanation of why an overpayment was made on one report and an underpayment was made on another report can be complicated. To simplify these complexities, the Fund Office issues variance notices when there is either a debit or a credit. If you submit more than one manual report because you employ members of multiple unions, you could receive multiple variance notices in a given month. Variance notices will typically be issued only in the limited circumstances where manual reports are submitted. One of the benefits of reporting and paying through I-Remit is that I-Remit calculates the amount of contributions that are owed and does not permit payment in an amount that differs from the amount calculated. This means that overpayments and underpayments (i.e. variances) for reports and payments made through I-Remit are not likely to occur.

Reporting No Hours. You are required to file the Fringe Benefit Report(s) for each month while you are a signatory to a CBA with any of the participating local unions. If you do not have any employees for a particular area for the past/reporting month, you should submit a “No Work” report through I-Remit. Directions for submitting a “No Work” report can be found in the I-Remit Instructions posted on the PTSMN website. Use of a “No Work” report will make the Fund Office aware that your company is currently inactive for that area and will ensure that you will not be listed as a delinquent employer in a month when you are inactive for a particular area.

IMPORTANT NOTE: The pre-listed Fringe Benefit Report in I-Remit will include only those employees reported during the previous month. If the Pre-listed Fringe Benefit Report does not accurately include the employees working for you during the month being reported, you can update the report following the instructions located in the I-Remit Instructions, available on the PTSMN website.

With over 300 contributing employers, it is in the best interest of the plan participants, contributing employers and the industry as a whole that these rules be enforced in a uniform manner, consistent with the legal obligations of the Directors of PTSMN and Trustees of the Benefit Funds and the language in the CBAs, Trust Agreements and PTSMN’s Collection Policy.

Benefit Amounts

Contribution Rates. The benefit amounts for employees are normally determined by the various CBAs. There are a number of different benefit rates due to the different local unions, classifications of employees and CBAs. These rates are listed on PTSMN’s website (www.ptsmn.org) under the “Employers” tab, and are also programmed into I-Remit. If you have questions about the classification of an employee or the benefit amounts due for an employee, please contact the Fund Office or the local union.

Taxes. The benefit amounts include a combination of both taxable and non-taxable benefits. They are listed as such on the benefit sheets posted to the website. Please pay close attention to the taxable and non-taxable totals to ensure accuracy in your benefit payments.

When are Contributions Due?
What Happens if Payments are Late?

- A fringe benefit report documenting hours worked and contributions due must be submitted electronically through I-Remit on or before 11:59 p.m. CST on the 15th day of the month following the month for which contributions are due.
- Payments must be submitted electronically through ACH transfer (set up through I-Remit) and must be received no later than two (2) working day (excluding Saturdays, Sundays and holidays) after the 15th day of the month. If your ACH transfer is not submitted by the 15th of the month and is not received within two (2) working days of the 15th day of the month, the payment will be delinquent, contributions will not be dispersed until the following month, and liquidated damages will be assessed.
- If you fail to report and pay contributions when they are due, you will be required to pay liquidated damages of three percent (3%) of the amount due if the report and payment is submitted after the 15th of the month following the month for which the contributions are attributable. Liquidated damages of ten percent (10%) of the amount due instead of three percent (3%) will be assessed if the report and payment is submitted more than ten (10) days after the 15th of the month following the month for which the contributions are attributable. This means that if you submit your report and payment on the 16th through the 25th days of the month after the month for which contributions are due, a three percent (3%) liquidated damage assessment will be owed. If you submit your report and payment on or after the 26th day of the month after the month for which contributions are due, a ten percent (10%) liquidated damage assessment will be owed.
- Liquidated damage assessments are automatically calculated by I-Remit and must be paid on or before the 15th day of the following month from when they are assessed. Liquidated damage assessments must be paid electronically through I-Remit.
- You may be subject to other consequences that are set forth in the CBAs, Trust Agreements, and the Collection Policy (attached hereto as Appendix A), and to legal action to compel payment of the required contributions. Federal law mandates that an employer must pay attorneys' fees, court costs, liquidated damages and interest if formal legal action is required.
- A bond equal to at least two months contributions may be required by PTSMN from each employer that either misses a monthly payment or that incurs a liquidated damage assessment. Submission of Fringe Benefit Reports and contributions more frequently than monthly (i.e. weekly or biweekly) may also be required in the discretion of PTSMN.
- I-Remit permits reporting only once monthly. If you are required to make weekly or biweekly contributions, reports and payments can be submitted electronically or via paper documents, as follows: (1) Reports can be electronically submitted to PTSMN via email (fringe@ptsmn.org), and payment must be made through ACH transfer in accordance with instructions provided by PTSMN; or (2) Paper copies of reports and a cashier's check can be mailed or hand-delivered to the Fund Office. The report (whether submitted via email, mail, or hand-delivery) and the payment (whether made through ACH transfer or certified check) must be received by the Fund Office not

later than three (3) working days (excluding Saturdays, Sundays, and holidays) after the close of the week for which contributions are due.

- If you receive a Variance Notice from the Fund Office indicating that you have made an underpayment, you should pay the amount noted in the Variance Notice by submitting a paper check to the Fund Office by the deadline identified in the Variance Notice. Include a copy of the Variance Notice with your check so that the Fund Office can properly process your payment.
- In addition to liquidated damages, payments not received in a timely manner will result in contributions not being dispersed until the end of following month. That means that your employees' contributions to the Benefit Funds will not be credited to their accounts (i.e. their Dollar Bank, Pension Supplement account, etc.) until the next month-end process, and taxable credit union funds will not be forwarded to the employees' credit union account until the next month-end process.
- This is only a **SUMMARY** of the **COLLECTION POLICY**. A complete copy of the Collection Policy is attached as Appendix A and posted on the **PTSMN website** (www.ptsmn.org). If there is any inconsistency between the provisions of this Employer Handbook and the Collection Policy, the Collection Policy shall control. Similarly, if there is any inconsistency between the provisions of the Employer Handbook, the Collection Policy, and the plan documents for the Benefit Funds, the provisions in the plan documents shall control.

Employer Obligation to Maintain Records

Federal law requires employers to maintain records that are sufficient to allow the Benefit Funds to verify the accuracy of all contributions. This is typically done through the payroll audit process. Employers are required to maintain time cards for all of employees identifying work by individual and by job. In addition to time cards for all employees, the following records may be requested as a part of a payroll audit: payroll and employer tax information for all employees of the employer (including employees that are not union members), individual earning records for all employees of the employer, Quarterly 941's, Quarterly MUTA reports, W-2's, W-3's, IRS Forms 1099 and 1096, check registers, monthly remittance reports and any other records deemed necessary to complete the audit, including general ledgers, job sheets, and similar records to verify that actual hours of covered work are captured.

Authorized representatives of PTSMN and the Benefit Funds perform routine payroll audits. The purpose of payroll audits is to verify the accuracy of the Fringe Benefit Reports and contributions submitted to PTSMN and to determine whether contributions have been paid for all covered work. Payroll audits are typically conducted for newly signed employers (after the employer's first 12 months as a contributing employer) and at least once every three to five years for all employers, but may be performed at any time in PTSMN's discretion. A complete copy of the Payroll Audit Policy and Procedures is attached as Appendix B ("Payroll Audit Policy and Procedures") and posted on the **PTSMN website** (www.ptsmn.org).

Important Notes

The following information will assist you in the payment of fringe benefits and help you to avoid potentially costly mistakes.

- Do not make any arrangements with employees that differ from the terms of the CBA, Participation Agreement, or any other written agreement that requires payment of fringe benefit contributions. A union official, association official (even if a director or trustee) or Fund Office staff member cannot change or modify the terms of the CBAs or Trust Agreements regarding benefit contribution payments.
- Do not pay any benefits directly to employees. You remain obligated to make contributions to the Benefit Funds and will end up paying the same benefits twice.
- PTSMN is not the “union” or the “contractor’s association.” It is a corporation that provides administrative services to the various Benefit Funds.
- A joint board of directors administers PTSMN and joint boards of trustees administer each of the Benefit Funds. There are an equal number of management and union directors or trustees for PTSMN and the Benefit Funds. The management trustees are active mechanical contractors who are appointed by the signatory party to the Trust Agreements. The union trustees are current active business managers or business agents from the signatory local unions.
- Please contact the Fund Office for assistance with any questions regarding the submission of benefits. The Fund Office’s main telephone number is (651) 645-4540. You can also email questions to fringe@ptsmn.org
- The ISSi-Remit Online Remittance Instructions, available on the PTSMN website (ptsmn.org) are a valuable resource for the reporting and payment of contributions.

Non-Bargaining Unit Employees and Owner Employees

The Trustees of the Benefit Funds have adopted a Policy for the Participation of Non-Bargaining Unit Employees (“NBUE”) with sets forth the qualifications for participation of all NBUEs, the qualifications for participation of owner employees, and the qualifications of NBUEs in the PTSMN Welfare Fund. This policy is set forth, in its entirety, is attached hereto as Appendix C.

APPENDIX A



PIPE TRADES SERVICES MN

HEALTH & PENSION FUNDS

4461 White Bear Parkway, Suite 1 - White Bear Lake, MN 55110 • Phone: 651-645-4540 • Fax: 651-645-8119 • www.PTSMN.org

Policy for Reporting and Payment of Employer Contributions and Collection of Delinquent Contributions

Effective February 1, 2025

Background

Pipe Trades Services MN, Inc. (“Service Association”) is a Minnesota corporation established by the Boards of Trustees of the Pipe Trades Services MN Pension Trust and the Pipe Trades Services MN Welfare Fund to provide administrative services to the founding funds and other benefit funds and programs (all of which are collectively referred to as the “Benefit Funds”) and to collect and disperse contributions required to be made by employers subject to certain collective bargaining agreements (“CBAs”) and other agreements. Multiple CBAs and other agreements require contributions to the Benefit Funds from numerous employers that are to be paid to the Service Association to facilitate the collection and distribution of contribution obligations. In addition, certain other amounts, both taxable and non-taxable, are required to be paid by employers to the Service Association, including a portion of covered employees’ taxable compensation.

The Benefit Funds for which contributions are required from employers are generally subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). ERISA makes clear that the collection of contributions to benefit plans is a fiduciary obligation. In meeting that obligation on behalf of the Benefit Funds, the Service Association has maintained a policy for collection of delinquent contributions, and this version updates and restates that policy. It also incorporates rules and requirements for electronic reporting and payment of employer contributions through the Service Association’s ISSI Online Remittance Portal (“I-Remit”).

Purpose

The purpose of this Policy for Reporting and Payment of Employer Contributions and Collection of Delinquent Contributions (“Policy”) is to provide rules and requirements for electronic reporting and payment of employer contributions as well as workable guidelines for the effective and efficient collection of contributions from employers who fail to pay required contributions to the Service Association in a timely manner. The Service Association recognizes that the security and welfare of the Benefit Funds and the employees on whose behalf required contributions are to be made depends upon a diligent and systematic procedure to collect as much of the payments due to the Service Association as possible. At the same time, pursuing and collecting delinquent contributions involves factors and processes that make the ultimate result less than certain, and often requiring expenditures of resources to pursue potential collections. This Policy is further intended to protect the Service Association and Benefit Funds from issues related to perceived

extensions of credit to delinquent employers and prohibited transactions while allowing the Service Association and the Trustees of the Benefit Funds to meet their fiduciary duties.

Policy

The purpose of this Policy is to outline the rules and requirements that employers must follow when reporting and paying contributions to the Service Association and to provide consistent parameters for collection of contributions due and to allow for reasonable flexibility in dealing with difficult and dynamic situations.

Section 1: Core Requirements for Reporting and Payment of Contributions

- 1.1 All contributions and payments required from employers shall be in the amount and manner specified in the CBA or other agreement applicable to the employer and in accordance with the rules and interpretations of the Benefit Funds and the Service Association.
- 1.2 A fringe benefit report documenting hours worked and contributions due must be submitted electronically through I-Remit on or before 11:59 p.m. CST on the 15th day of the month following the month from which contributions are due. If the an employer's fringe benefit report is not submitted by 11:59 p.m. CST on the 15th day of the month, it will be delinquent, contributions will not be dispersed until the following month, and liquidated damages will be assessed in accordance with Section 2 of this Policy.
- 1.3 Payments must be submitted electronically through ACH transfer (set up through I-Remit) and must be received no later than two (2) working day (excluding Saturdays, Sundays and holidays) after the 15th day of the month. If the an employer's ACH transfer is not submitted by the 15th of the month and is not received within two (2) working days of the 15th day of the month, the payment will be delinquent, contributions will not be dispersed until the following month, and liquidated damages will be assessed in accordance with Section 2 of this Policy.
- 1.4 I-Remit permits reporting only once monthly. If an employer is required to make weekly contributions, reports must be electronically submitted to the Service Association via email (fringe@ptsmn.org), and payment must be made through ACH transfer in accordance with instructions provided by the Service Association or by delivering a cashier's check to the Service Association. The electronic report and the payment (whether made through ACH transfer or certified check) must be received by the Service Association not later than three (3) working days (excluding Saturdays, Sundays, and holidays) after the close of the week for which contributions are due.

Section 2: Delinquent Contributions

- 2.1 The failure of an employer to pay the contributions required under Section 1.1 by the applicable due date is potentially a violation of the CBA, and is a violation of the employer's obligations under the trust agreements for the Benefit Funds. The Service Association shall be free to utilize any remedy otherwise available for the collection of delinquent contributions and any unpaid interest or liquidated damages assessments, including initiation of legal proceedings pursuant to Sections 302 and 515 of ERISA.

- 2.2 An employer's failure to make timely contributions shall not relieve any other employer from its obligation to make payments.
- 2.3 An employer that fails to report and pay contributions when due is obligated to immediately pay all delinquent contributions together with interest on those amounts at the prime rate.
- 2.4 In addition to the interest required in Section 2.3, an employer that fails to report and pay contributions when due is obligated to pay liquidated damages of three percent (3%) of the amount due if the report and payment is submitted after the 15th of the month following the month for which the contributions are attributable, and liquidated damages of ten percent (10%) of the amount due instead of three percent (3%) if the report and payment is submitted more than ten (10) days after the 15th of the month following the month for which the contributions are attributable. Liquidated damages are not a penalty. Liquidated damages are a reasonable approximation of the actual damages suffered by the Benefit Funds when contributions are delinquent and the computation of actual damages to the Benefit Funds in each case of delinquency would be extremely difficult.
- 2.5 Liquidated damages assessed pursuant to this Section shall be deemed to be additional employer contributions due and shall be paid not later than the 15th of the month which next follows the date on which such late payment resulted in the assessment of the liquidated damage. Liquidated damages must be paid through I-Remit.
- 2.6 If an employer is required to make weekly reports and contributions (rather than submitting monthly reports and payments), the employer will be obligated to pay liquidated damages of three percent (3%) if the report and payment is not received three (3) working days (excluding Saturdays, Sundays, and holidays) after the close of the week for which contributions are due. If the report and payment is received more than ten (10) working days after the third working day, the employer will be obligated to pay liquidated damages or ten percent (10%). The employer will also be obligated to pay the interest required in Section 2.3.
- 2.7 In addition to any other remedies to which the Benefit Funds may be entitled, the Service Association shall be entitled to all expenses of collection, including but not limited to reasonable attorneys' fees and costs.
- 2.8 The Service Association shall have the discretion to reduce or waive interest, liquidated damages and costs (including attorneys' fees) in those situations where the employer is voluntarily working out its noncompliance. The Service Association, in consultation with legal counsel as appropriate, shall be guided by the principals of business judgment in determining whether and to what extent to compromise on assessments due from an employer. Factors that may be considered by the Service Association in determining whether to reduce or waive interest, liquidated damages, and costs include, but are not limited to: the value of the delinquent contributions, the likelihood of successful recovery, the expenses to be incurred, the employer's past contribution history, and the employer's solvency.

Section 3: Collection Actions

- 3.1 The Service Association shall monitor the status and timing of employer contributions on an on-going basis. The Service Association shall periodically report to the Benefit Funds the status of employers who are late making payments or have failed to pay contributions. The Executive Administrator of the Service Association shall act as representative of the Benefit Funds unless the Trustees have appointed another as representative of the respective Trust. The Executive Administrator or other designated representative shall also act as representative of employees of a delinquent employer in any arbitration or legal proceeding, including the filing of mechanics liens on any property where employees of a delinquent employer have furnished labor or for recovery on a payment bond, and for the additional purpose of acting as such representative in any court foreclosure proceeding to enforce payment of a lien.
- 3.2 The Service Association shall have the discretion to determine to refrain from collections, or to terminate collection efforts, if in its discretion, after consultation with legal counsel, it concludes that an obligation is uncollectable or any potential recovery would exceed the expenditure of resources required to pursue such claim.
- 3.3 The Service Association will regularly attempt to contact delinquent employers by phone, email, and/or by mail after determining that contributions have not been paid when due in order to facilitate voluntary payment of amounts due. The Service Association may arrange meetings with employers or consult with trustees on aspects of resolving a claim for unpaid contributions. If an employer requires a payment plan to become current, the Service Association will ordinarily require that such a plan be in writing and ordinarily includes consequences for noncompliance with the plan. As a general rule, payment arrangements need to be for a sufficiently short duration so as to not be construed as extending credit. Payment periods for outstanding contributions should not ordinarily extend longer than six (6) months, taking into consideration the likelihood of recovering the unpaid contributions and assessments. In addition, payments made as part of a payment plan shall be made through ACH transfer using instructions provided by the Service Association or by cashier's check.
- 3.4 In addition to matters where a work out plan is required, the Service Association will refer to legal counsel for formal action any delinquent contractor who has failed to pay for two consecutive months, or other required reporting period.
- 3.5 The Service Association will also refer to legal counsel those delinquent contractors who have issued payment that has been dishonored by the employer's bank, or who have filed for bankruptcy protection.
- 3.6 Legal counsel shall coordinate any resolution of a contribution or security issue with the Service Association, and shall act consistent with the objectives and parameters established by the Service Association, as set forth in this Policy.
- 3.7 The Service Association shall retain, at all times, the discretion to reduce, waive or hold in abeyance any portion of a claim against a delinquent employer to the extent it determines is reasonably necessary to maximize the recovery of contributions due. Factors that may be considered by the Service Association in determining whether to reduce, waive, or hold in abeyance any portion of a claim include, but are not

limited to: the value of the delinquent contributions, the likelihood of successful recovery, the expenses to be incurred, the employer's past contribution history, and the employer's solvency.

Section 4: Non-Sufficient Funds ("NSF") Payments

If any payment from an employer is returned to the Service Association for the reason of insufficient funds in the employer's bank account, the Service Association shall contact legal counsel in accordance with Section 3.5. In addition, the Service Association may require the employer to submit future payments to the Service Association in the form of a certified check for a period of time not less than six (6) months. Additionally, a returned payment is subject to the provisions relating to liquidated damages stated in this Policy. The employer will also be required to reimburse the Service Association for any fees or penalties assessed against the Service Association as a result of the employer's NSF payment.

Section 5: Security Requirements

- 5.1 The Service Association, in order to compel and enforce the payment of ongoing contributions, may require a delinquent employer to post a bond through a surety in a form acceptable to the Service Association. The Service Association may also require such delinquent employer to make all contribution payments and submit reports on a weekly basis, not later than three (3) working days (excluding Saturdays, Sundays, and holidays) after the close of the period for which contributions are due. If weekly payments are required, reporting and payment shall be made in accordance with Section 2.5 of this Policy.
- 5.2 The bond and weekly payment requirements under this Section shall continue for a period of not less than twenty-four (24) months of consistent timely and complete payments by the delinquent employer. If the Service Association is required to seek an injunction from the United States District Court to impose the bond and weekly payment obligations, then such bonding and weekly payment requirements shall be permanent, and the bond shall be in an amount sufficient to fund three (3) months of future contributions.
- 5.3 If an employer is required to commence weekly payments and/or post a bond to secure future contributions, compliance with those requirements shall be completed within seven (7) calendar days of notice from the Service Association.
- 5.4 The Service Association is authorized, in its sole and exclusive discretion, to require an employer who is late in making any required contribution payments to post a bond in an amount that is less than the amount required to secure three (3) months future contributions, the amount of such alternative bond to be determined in the sole discretion of the Service Association, and may be imposed without requiring weekly contributions. The employer shall post the required bond within seven (7) days of a demand by the Service Association or its designee (or such longer period as the Service Association may authorize in its sole discretion). If the employer fails to post such bond or to maintain it, including if the Service Association is required to draw against it for the employer's contribution obligations, then the Service Association is authorized to obtain an injunction requiring a bond for three (3) months future contributions and weekly contribution payments.

- 5.5 The Service Association is authorized, in its sole and exclusive discretion, to require an employer who has not been delinquent in making contributions but who has incurred an event of financial insecurity to post a bond in an amount of up to two (2) months future contributions, such amount to be determined in the sole discretion of the Service Association. An event of financial insecurity means an event that includes, but is not limited to, missing employee payrolls, having checks issued by the employer dishonored at a financial institution, being subject to a tax lien, or losing credit at a supplier. If a bond is required under this Section, the employer shall post the required bond within seven (7) days of demand by the Service Association (or such longer period as the Service Association may authorize in its sole discretion) by delivering the bond to the Service Association. If the employer fails to post such bond, or maintain it, including if it must be replenished because the Service Association is required to draw against it for the employer's contribution obligations, then the Service Association is authorized to obtain an injunction requiring a bond for three (3) months contributions and weekly contribution payments.
- 5.6 If the Service Association is required to seek or obtain an injunction requiring a bond to secure future contributions and/or weekly contribution payments, the Service Association shall be entitled to all expenses incurred in seeking or obtaining the injunction, including but not limited to reasonable attorneys' fees and costs.

Section 6: Employer Payroll Audits

- 6.1 As set forth in the Service Association's Payroll Audit Procedures, the Service Association or its authorized representative(s) shall have the right to examine, in accordance with the rules of the Service Association, pertinent business records to determine whether the employer has fully performed its obligations to the Benefit Funds. Pertinent business records include, but are not limited to: payroll and employer tax information for all employees of the employer, individual earnings records for all employees of an employer, timecards for all employees of an employer, W-2's, W-3's, check registers, monthly remittance reports, Quarterly 941's, IRS Forms 1099 and 1096, and other relevant financial records. Pertinent records shall be made available during business hours after at least one-days' advance notice at the office of the employer. Such examinations shall not exceed one in each calendar year, unless the Service Association has a reasonable basis based upon facts indicating that the employer is not paying the required contributions properly, or the employer is delinquent in its contributions, in which case the examinations and the nature and extent thereof, shall be made as frequently as the Service Association determines appropriate under the circumstances in its exclusive discretion. A payroll audit will be conducted for all newly signed employers within twelve (12) months after the newly signed employer first becomes obligated to pay fringe benefit funds to the Benefit Funds.
- 6.2 If it is determined that any employer has made an excess contribution in any Plan Year, such excess shall be held by the Service Association in a suspense account, to be applied to the employer's contribution in the following Plan Year.
- 6.3 The Benefit Funds may refund contributions to an employer, but only if the Trustees of the impacted Benefit Funds determine that the contributions were made due to mistake of fact or law and the employer requests the refund in writing within six (6) months of the date that the Trustees of the impacted Benefit Funds determine that the contributions were made by a mistake of fact or law.

However, to the extent a benefit has already been paid based upon the claimed mistaken contribution, no refund will be allowed.

- 6.4 If an employer fails to cooperate in any examination authorized by this Section, such employer shall be responsible for all incurred in compelling the employer's compliance, including but not limited to attorneys' fees and costs.

Section 7: Miscellaneous

This Policy supersedes all prior policies and procedures pertaining to the subjects of this Policy. This Policy is effective as of February 1, 2025, and will remain in effect until superseded or rescinded by the Service Association. The Service Association will periodically review this Policy to ensure its continued appropriateness and applicability. The Service Association has sole and absolute authority to interpret this Policy, to apply this Policy, and to determine facts relevant to the application of this Policy. The Service Association may deviate from the specific terms of this Policy if the Service Association determines in its sole discretion that such deviation is prudent under the relevant circumstances. Nothing in this Policy is intended to limit the Service Association to a greater extent than applicable law.

The Service Association adopted this Policy effective as of the date provided herein.

APPENDIX B



PIPE TRADES SERVICES MN

HEALTH & PENSION FUNDS

4461 White Bear Parkway, Suite 1 - White Bear Lake, MN 55110 • Phone: 651-645-4540 • Fax: 651-645-8119 • www.PTSMN.org

Payroll Audit Policy and Procedures

Effective November 1, 2023, this Payroll Audit Policy and Procedures is restated and adopted by the Board of Directors (“Directors”) of the Pipe Trades Services Minnesota, Inc. (the “Service Association”).

Background

The Service Association is a Minnesota corporation established by the Trustees of the Pipe Trades Services MN Pension Trust and the Pipe Trades Services MN Welfare Trust to provide administrative services to the founding funds and related benefit funds and programs (collectively, the “Benefit Funds”) and to collect and disperse contributions required to be made by employers subject to certain collective bargaining agreements (“CBAs”), participation agreements, and other agreements. The CBAs and other agreements require contributions to the Benefit Funds from employers (“Contributing Employers”) to be paid to the Service Association to facilitate the collection and distribution of contribution obligations. In addition, certain other amounts, both taxable and non-taxable, are required to be paid by Contributing Employers to the Service Association, including a portion of covered employees’ taxable compensation.

The Benefit Funds for which contributions are required from Contributing Employers are generally subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). ERISA makes clear that the collection of contributions to benefit plans is a fiduciary obligation and the Trustees of the Benefit Funds have delegated such responsibility to the Service Association. In meeting that obligation on behalf of the Benefit Funds, the Service Association maintains the payroll audit procedures provided herein, which may be updated at any time at the discretion of the Directors of the Service Association.

Purpose and Policy

The purpose of the Restated Payroll Audit Policy and Procedures (“Procedures”) is to provide workable and consistent guidelines for the examination of pertinent business records of Contributing Employers to determine whether the Contributing Employers have fully performed their obligations to the Benefit Funds.

All Contributing Employers shall be audited periodically for the purpose of verifying compliance with the applicable CBAs, participation agreements, other agreements, and rules,

procedures, and policies adopted by the Service Association’s Directors, as well as with the Trust Agreements for the Benefit Funds and any rules, procedures, and policies adopted by the Boards of Trustees for the Benefit Funds.

The Service Association shall perform audits on approximately 20-33% of the Contributing Employers each year and shall maintain records and correspondence regarding the selection, scheduling, and performance of audits. The Service Association may engage an external auditing firm with experience in performing payroll audits to complete audits pursuant to these Procedures (“Auditor”).

A random process shall be used to select Contributing Employers for audit, with each Contributing Employer being audited approximately once every three (3) to five (5) years.¹ Any Contributing Employer whose contributions account at least 20% of the total contributions collected by the Service Association may be audited on a more frequent basis. Special audits may also be performed when requested by the Service Association’s Directors or the Trustees of the Benefit Funds, or on the recommendation of the Service Association’s management, Fund Counsel, or the Auditor. Special audits are typically requested when a Contributing Employer has a pattern of delinquent contributions or has regularly submitted incorrect payment amounts, when a Contributing Employer has a significant decrease in reported hours, when complaints have been received from participants about a Contributing Employer’s failure to make contributions on his/her behalf, or when a Contributing Employer is withdrawing from participation in a CBA or is closing its business, but may be requested for other reasons. A Contributing Employer should not be audited more than one time in each calendar year, unless the Service Association has a reasonable basis based upon facts indicating that the Contributing Employer is not paying the required contributions properly, or the employer is delinquent in its contributions, in which case the payroll audits and the nature and extent thereof, shall be made as frequently as the Service Association determines appropriate under the circumstances in its exclusive discretion.

A payroll audit will be conducted for all newly signed Contributing Employers, including newly signed Contributing Employers who are making contributions pursuant to a Participation Agreement related to the participation of non-bargaining unit employees, after twelve (12) months of contributions have been submitted in order to ensure the newly signed Contributing Employer understands and is in compliance with the applicable agreements and policies.

A Contributing Employer with no issues found in its most recent prior audit may, in the discretion of the Service Association, be deferred for an audit cycle.

¹ The Directors have discretion to adjust the audit cycle or the audit procedures in the event of a public state of emergency or other event that impacts the performance of payroll audits.

Procedures

The following Procedures shall be applied for each audit unless, in the judgment of the Service Association, its Auditor, or Fund Counsel, a variation from the standard procedure is necessary to determine whether the Contributing Employer has fully complied with its contribution obligations.

1. The Auditor shall send a letter to the Contributing Employer requesting that the Contributing Employer schedule a time for an audit to be performed. In general, the audit should take place within thirty (30) days of the audit request.
2. If the Contributing Employer fails to respond to the audit request or refuses to allow an audit, the Auditor shall notify the Service Association in writing. The Service Association will instruct Fund Counsel to send a demand letter to the Contributing Employer advising that failure to cooperate with the requested audit will result in a Federal District Court lawsuit. If the Contributing Employer does not comply with the audit demand, Fund Counsel may commence a lawsuit in Federal District Court to obtain a Court Order compelling the production of payroll records and to recover any delinquency identified during the audit, as well as liquidated damages, interest, attorneys' fees and costs.
3. If the audit is allowed, the Auditor shall request that the Contributing Employer provide all pertinent business records to determine whether the Contributing Employer has fully performed its obligations to the Benefit Funds by submitting complete and accurate contributions. The audit period typically runs from the date a prior audit was completed through the date of present audit but may be a different period in the Service Association's sole discretion. For newly signed Contributing Employers, the audit period shall encompass the Contributing Employer's full contribution history. Pertinent business records may include, but are not limited to: payroll and employer tax information for all employees of the Contributing Employer, individual earning records for all employees of the Contributing Employer, timecards for all employees of the Contributing Employer, I-9 (Employee Eligibility Verification) records for all employees of the Contributing Employer, personnel records showing the date of hire and termination dates for all employees of the Contributing Employer, Quarterly 941's, Quarterly MUTA or unemployment insurance reports, W-2's, W-3's, IRS Forms 1099 and 1096, check registers, monthly remittance reports, invoices for a Contributing Employer's subcontractors and consultants, monthly remittance reports related to other benefit plans to which the Contributing Employer makes contributions, and any other records deemed necessary to complete the audit, including general ledgers, job sheets, and similar records to verify that actual hours worked are captured. Pertinent business records shall be made available during business hours after at least one-days' advance notice at the office of the Contributing Employer.

4. The Auditor shall note which pertinent business records were provided by the Contributing Employer and what time period those records cover.
5. The Auditor shall determine the classification of work performed by each employee by examining the pertinent business records provided and, if necessary, interviewing the Contributing Employer and/or the employees.
6. Employees not performing covered work for which contributions are owed to the Benefit Funds shall be excluded from further consideration in the audit. The Auditor shall note the reasons for excluding an employee from audit consideration and the source of that information.
7. The Auditor shall then determine the actual number of hours worked for which contributions are due. That determination shall be made directly from payroll records if possible. If such records do not provide a sufficient basis to determine the actual number of covered hours performed by an employee, the Auditor shall make a reasonable estimate of covered hours based upon existing data, records, and information obtained during interviews of the Contributing Employer and the employee(s). The basis for the estimate and the manner in which it was computed shall be noted in the Auditor's work papers. In the absence of reasonable alternatives, the Auditor shall divide gross pay by the appropriate wage scale in the applicable CBA or agreement in order to determine the number of covered hours for which contributions are owed. If the results of this procedure appear unreasonable, the Auditor shall attempt to determine whether mitigating factors exist to explain the findings.
8. The Auditor shall then compare the total covered hours to the total hours actually reported to the Service Association by the Contributing Employer. Any discrepancies identified through the audit shall be invoiced by the Auditor on an invoice to the Contributing Employer. The Auditor shall provide the Contributing Employer with notice that if the invoice amount is not paid within thirty (30) days from the date of the invoice, legal action may be commenced to collect the invoiced amount, as well as interest, attorneys' fees and costs. The Contributing Employer may appeal the audit findings to the Service Association's Directors within thirty (30) days of the payroll audit invoice.
9. If payment is not received within the thirty (30) day period, the Service Association shall refer the case to Fund Counsel for appropriate legal action in accordance with the Service Association's Restated Policy for Collection of Delinquent Employer Contributions.
10. If it is determined that any Contributing Employer has made an excess contribution in any period, such excess shall be held by the Service Association in a suspense account, to be credited toward the Contributing Employer's contribution obligation in a subsequent period. The Benefit Funds may refund contributions to a Contributing Employer, but only

if the Trustees of the impacted Benefit Funds determine that the contributions were made due to mistake of fact or law and the Contributing Employer requests the refund in writing within six (6) months of the date that the Trustees of the impacted Benefit Funds determine that the contributions were made by a mistake of fact or law. However, to the extent a benefit has already been paid based upon the claimed mistaken contribution, no refund will be allowed.

11. A schedule of Contributing Employers to be audited, as well as the results of each audit performed, shall be provided to the Service Association's Directors on a regular basis.

Miscellaneous

These Procedures supersede all prior policies and procedures pertaining to the subjects of these Procedures. These Procedures are effective as of October 1, 2023, and will remain in effect until superseded or rescinded by the Service Association. The Directors of the Service Association will review these Procedures at least once every two years to ensure their continued appropriateness and applicability. The Service Association has sole and absolute authority to interpret these Procedures, to apply these Procedures, and to determine facts relevant to the application of these Procedures. The Service Association may deviate from the specific terms of these Procedures if the Service Association determines in its sole discretion that such deviation is prudent under the relevant circumstances. Nothing in these Procedures is intended to limit the Service Association to a greater extent than applicable law.

The Directors of the Service Association adopted the Procedures effective as of November 1, 2023.

APPENDIX C



PIPE TRADES SERVICES MN

HEALTH & PENSION FUNDS

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Policy for the Participation of Non-Bargaining Unit Employees

Effective March 26, 2026, this updated Policy for the Participation of Non-Bargaining Unit Employees (“Policy”) has been adopted by the Boards of Trustees (“Trustees”) for the Pipe Trades Services MN Pension Supplement Fund, the Pipe Trades Services MN Pension Fund (the “Pension Fund”), the Pipe Trades Services MN Welfare Fund and the Pipe Trades Services MN Retiree Health Fund (collectively, the “PTSMN Benefit Funds”), for the participation of employees who are not in the bargaining unit of a collective bargaining agreement requiring contributions to the PTSMN Benefit Funds (“NBUEs”). This Policy was initially adopted on October 28, 2020, and subsequently amended. The Trustees have delegated responsibility to administer this Policy to Pipe Trades Services Minnesota, Inc. (the “Fund Office”).

Purpose

The PTSMN Benefit Funds are multiemployer plans and are required under federal law to be established and administered for the sole and exclusive benefit of employees. The rules and requirements described in this Policy apply to the participation of those employees who are NBUEs, including NBUEs who have an ownership interest in employers participating in the PTSMN Benefit Funds (“Owner Employees”). There are certain restrictions and limitations that apply to the participation of NBUEs and Owner Employees and as a result this Policy may be modified at the Trustees’ sole discretion from time to time.

Part I – Qualifications for Participation of All NBUEs

The following eligibility criteria apply to the participation of all NBUEs in the PTSMN Benefit Funds.

- 1. Signatory to Collective Bargaining Agreement.** The employer of the NBUE(s) must be signatory to a collective bargaining agreement with a Local Union that requires contributions to the PTSMN Benefit Funds.
- 2. Participation Agreements.** The employer of an NBUE(s) must apply for the NBUE(s) participation in the applicable PTSMN Benefit Fund(s) by executing a written participation agreement. All applications for participation in the PTSMN Benefits Fund(s) as an NBUE are subject to the review and approval by the Trustees for each PTSMN Benefit Fund. The Trustees retain the right to allow initial participation or to terminate the participation of any NBUE, at any time in their sole and absolute discretion.
- 3. Delinquent Contributions.** The delinquent remittance of the contributions required by a participation agreement is cause for the expulsion from the PTSMN Benefit Funds of the participating NBUE(s) and the immediate termination of the employer’s participation agreement with the PTSMN Benefit Fund(s).

Last updated March 2026

Part II – Qualifications for Participation of Owner Employees

Owner Employees may participate in each of the PTSMN Benefit Funds upon meeting the eligibility criteria stated in this section of the Policy.

1. **Work Performed by Owner Employee.** An Owner Employee must spend at least half of his or her time performing work covered by a collective bargaining agreement with a Local Union.
2. **Business Entity.** The Owner Employee, or the employee’s spouse, cannot be a sole proprietor or partner in a partnership. Sole proprietors and partners are treated as employers, and not as employees, even if a majority of the Owner Employee’s time is spent performing work covered by a collective bargaining agreement with a Local Union. For purposes of this paragraph, a limited liability company (“LLC”) will be treated as a corporation.
3. **Alumni Owner Employees.** If the Owner Employee wishes to participate in the PTSMN Benefit Funds as a “bargaining unit alumni” employee within the meaning of Treas. Reg. § 1.410(b)-6(d), the Owner Employee must:
 - a. Have a minimum of two years of vesting service as a collectively bargained employee working with the tools of the Pipe Trades Industry; and
 - b. Have contiguous service with work performed under a collective bargaining agreement with a signatory contractor.
4. **Other Employees of the Employer.** The employer of the Owner Employee must timely and continuously submit fringe benefit contributions on behalf of at least one other bargaining unit journeyman who is a member of a Local Union participating in the PTSMN Benefit Funds. If the Owner Employee:
 - a. Is participating in the PTSMN Benefit Funds as a bargaining unit alumni, the employer must employ at least one journeyman employee within 12 months of the Owner Employee’s participation in the PTSMN Benefit Funds.
 - b. Is not participating in the PTSMN Benefit Funds as a bargaining unit alumni, the employer must employ at least one journeyman employee at the time the Owner Employee begins participating in the PTSMN Benefit Funds.
5. **Opportunity to Participate as an Owner Employee.** Participation in the PTSMN Benefit Funds as an Owner Employee may only be granted once in a lifetime.
6. **Contribution Obligation.** The employer of the Owner Employee must submit the entire fringe benefit contribution amount on behalf of the Owner Employee under the applicable collective bargaining agreement for which the employer is a signatory, for a minimum of 152 hours per month and 1,824 hours per fiscal year, unless the applicable participation agreement requires additional hours.
7. **Recordkeeping Requirements.** The employer of the Owner Employee is subject to the same rules concerning the keeping of time cards, payment of fringes on an overtime basis, and all other provisions and recordkeeping requirements of the applicable collective bargaining agreement and trust agreement that relate to the calculation of benefits.

8. **Worker's Compensation Coverage.** The employer of an Owner Employee must carry workers' compensation coverage on all employees, including the Owner Employee, and provide proof of such coverage to the Fund Office.
9. **Audit Requirement.** The Fund Office will perform mandatory audits on employers within 12 months of the employer's initial contributions to the PTSMN Benefit Funds on behalf of the Owner Employee.

**Part III – Qualifications for Participation of Non-Bargaining Unit Employees in the
Pipe Trades Services MN Welfare Fund**

NBUEs may participate in the Welfare Fund upon meeting the eligibility criteria stated in this section of the Policy.

1. **NBUE Eligibility.** NBUEs that will participate in the Welfare Fund must be involved in the Pipe Trades Industry and be either a:
 - a. Full-time employee that works a minimum of 30 hours per week; or
 - b. Part-time office employee with no ownership interest in the employer (as determined under Section 318 of the Internal Revenue Code, as amended, and any regulations) provided that the employer agrees to remit 100% of the monthly premium due for the employee's coverage. *For purposes of clarity, a NBUE will not be treated as owning an interest in an employer solely by reason of attributed ownership, and such attributed ownership interest does not disqualify an otherwise eligible NBUE from participating in the Welfare Fund*

In either case, the applicable federal, state and local taxes must be withheld from the NBUE's wages.

1. **NBUE Participation.** The employer must apply for the coverage of 100% of the employer's NBUEs who are eligible to participate in the Welfare Fund unless the NBUE participates in other group health coverage, such as the group health coverage provided by a spouse's or parent's employer. If a NBUE of the employer participates in other group health coverage, documentation of such other coverage must be provided to the Fund Office
2. **Contribution Obligations.** The employer of the NBUEs authorized to participate in the Welfare Fund pursuant to a properly executed participation agreement:
 - a. Must submit and report the contributions required on behalf of the NBUEs on the same monthly fringe benefit report at the same time and in the same manner as the monthly contribution amounts are due for the employer's bargaining unit employees;
 - b. Must timely and continuously submit the required contribution amount on behalf of the NBUEs that will be participating in the Welfare Fund in the same manner; and
 - c. Are subject to the same recordkeeping and audit obligations, as is required for the employer's bargaining unit employees.
3. **Coverage Provided.** Contributions submitted on behalf of the employer's NBUEs will be used to provide coverage for the month following the month in which the contributions are due. For example,

contributions paid for hours worked in January are due to the Fund Office by February 15 and used to provide coverage for the month of March.

4. **Bargaining Unit Employee Participation.** Contributions and the accompanying contribution reports must have been submitted to the Fund Office for at least one bargaining unit employee for at least 10 of the preceding 12 months.
5. **Timeliness of Contributions.** Employers who are delinquent (payments received after the 20th) in the payment of their contributions to the Fund Office twice in a calendar year will not be permitted have their NBUEs participate in the Welfare Fund.
6. **Premium Options.** The Welfare Fund may offer different deductible levels and premium amounts for the employer's NBUEs to choose from. Each premium is a "composite" monthly premium amount, which means that the premium is the same amount for single, married or family coverage. If these options are made available, there will be an open enrollment period beginning each October for changes that will become effective January 1. A default deductible will apply if one of the available options is not elected. Monthly premiums for Welfare Fund coverage are subject to periodic change at the sole discretion of the Trustees.
7. **Periodic Audits.** Employers of the NBUEs authorized to participate in the Welfare Fund pursuant to a properly executed participation agreement will be subject to periodic on-site audits of records as designated by the Fund Office to verify compliance with this Policy, the participation agreement and other applicable rules.

If you have questions about this Policy, please contact the Fund Office at (651) 645-4540.

The requirements described in this Policy are subject to change at any time at the sole and absolute discretion of the Trustees and are intended to comply with any requirements under the Internal Revenue Code, the Employee Retirement Income Security Act, the Labor Management Relations Act and any other applicable laws and regulations.