

MICHIGAN BAC FRINGE BENEFIT FUNDS

Michigan BAC Health Care Fund
Michigan BAC Pension Fund
Michigan BAC Apprenticeship Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

August 23, 2012

SENT VIA EMAIL
criticalstatusnotice@dol.gov

United States Department of Labor
Employee Benefits Security Administrators
Public Disclosure Room; N-1513
2000 Constitution Avenue, N.W.
Washington, DC 20210

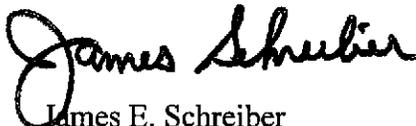
RE: MICHIGAN BAC PENSION FUND –
EIN #38-2895943, PLAN #001

Dear Representative:

Attached is the Notice of Critical Status for the Plan Year Beginning May 1, 2012, on behalf of the Michigan BAC Pension Fund.

If you have any questions with regard to this Notice, please feel free to contact me, or in my absence, Robert Merrick at (517) 327-2139.

Sincerely,



James E. Schreiber
Administrative Manager

JES/tf

attachments

xc: Kyle Weaver
Paul Bullock
Ted Disabato
Christopher Legghio
Robert Merrick
Bryan Stulz
John Bobrowski

MICHIGAN BAC FRINGE BENEFIT FUNDS

Michigan BAC Health Care Fund
Michigan BAC Pension Fund
Michigan BAC Apprenticeship & Training Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

Notice of Critical Status For Michigan BAC Pension Plan

This is to inform you that on July 27, 2012 the Plan Actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan is in critical status for the plan year beginning May 1, 2012. Federal law requires that you receive this notice. In the future you will receive an annual update of this status and the progress the Plan is making towards the goals described below.

Critical Status

The Plan is considered to be in critical status because it is projected to satisfy the following:

- Contributions are less than current year normal costs plus interest on past unfunded liabilities, and
- The value of vested benefits for non-actives is greater than for actives, and
- A projected accumulated funding deficiency within the current or next 4 plan years

Normal costs represent the cost of benefits earned in the upcoming year plus the Plan's operational expenses. A projected funding deficiency means contributions are insufficient to satisfy Federal requirements and is a sign that the anticipated liabilities of the Fund are outpacing its assets. A projected funding deficiency does not mean that the Fund would become bankrupt or run out of money.

As required by law, the Plan Actuary's certification includes only contribution rate increases that have been codified in collective bargaining or participation agreements.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. A rehabilitation plan may involve reductions to future benefit accruals, increases to contribution rates, or both. The law also permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Plan offers the following adjustable benefits which may be reduced or eliminated (for participants not yet in pay status) as part of any rehabilitation plan the Pension Plan may adopt:

- Disability benefits;
- Early retirement benefits or subsidies;
- Benefits in effect less than 60 months;

If the Trustees of the Plan determine that the above benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. But you should know that whether or not the Plan reduces adjustable benefits, effective as of July 27, 2012, the Plan is not permitted to pay any lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Future Experience and Possible Adjustments

The rehabilitation plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the Fund were to suffer asset returns below the expected 7.50% (in the 2012-2013 plan year or later), a drop in the hours worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge beginning on September 23, 2012 to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the Plan is in critical status.

The surcharges continue until the bargaining parties formally approve a rehabilitation plan. *It is the intention of the Board of Trustees to have rehabilitation plan options submitted to the bargaining parties very soon, so that formal approval of a rehabilitation plan can be made before September 23, 2012. If the bargaining parties are able to adopt a rehabilitation plan prior to that date, surcharges would not be required.*

Where to Get More Information

You have a right to receive a copy of the rehabilitation plan once it has been formally approved by the bargaining parties. To receive a copy, you may contact the Fund Office at 6525 Centurion Drive, Lansing, MI, 48917 or by telephone at (517) 321-7502.