April 30, 2014

To all Participants, Beneficiaries, Participating Unions, and Contributing Employers:

The Pension Protection Act (PPA or Act), signed into law in 2006, is intended to improve the financial condition of pension plans. Many of the Act’s provisions relate to funding, which, in simplest terms, refers to how much money a pension plan has coming in, going out, and in reserve (or "in the bank") for the future. The Act’s provisions are intended to create more discipline to prevent and correct avoidable funding problems.

Starting with the 2008 plan year, the Act requires that pension plans be tested annually to determine how well they are funded. Benchmarks for measuring a plan’s funding, with formal labels, were established. Plans that are in the yellow ("seriously endangered" or "endangered") or red ("critical") zones must notify all plan participants, beneficiaries, unions, and contributing employers of the plan’s status, and must take corrective action to improve the plan’s funding.

In recent years, steps have been taken to bring this Pension Plan’s benefit liabilities into balance with its assets. This has been done through a combination of benefit changes and increases in contributions from contributing employers. While these actions are expected to improve the financial situation over time, there is currently a shortfall that must be resolved for the Plan to comply with the Act’s requirements.

Plan’s Status — Red Zone

On March 31, 2014, the Pension Fund’s actuary certified that the Pension Plan is in the red “critical” zone for the Plan Year beginning January 1, 2014. This red zone certification is based on the actuary’s determination that, over the next three plan years, the plan is projected to have an accumulated funding deficiency for the 2017 plan year. This does not mean that the Fund will have a problem paying benefits to current pensioners and beneficiaries in the near future. It means that, if corrective action is not taken, the Fund may have a problem paying benefits years in the future. The Trustees have taken corrective action, as explained below.

Rehabilitation Plan

The Act requires that a plan in the red “critical” zone adopt a Rehabilitation Plan that will enable the plan to improve its funded position to meet statutory funding requirements over time. The Trustees have adopted a Rehabilitation Plan, which went into effect as of January 1, 2011. Employers and unions have been notified of the contribution requirements of the Rehabilitation Plan. Those contribution requirements will apply as of the employer’s next renewal of a collective bargaining agreement on or after January 1, 2011. Plan participants have also been advised of the benefit changes that have been implemented as a result of the Rehabilitation Plan. The plan is making scheduled progress as described in the Rehabilitation Plan.
Employer Surcharge

The Act requires that all contributing employers pay a contribution surcharge to the Plan to help correct the Plan's financial situation. The amount of the surcharge for the 2012 plan year is 10% of the amount the employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. Once an employer has begun contributing under a collective bargaining agreement that implements the Rehabilitation Plan, the contribution surcharge ends.

What's Next

The Trustees hope that the benefit and contribution changes made by the Rehabilitation Plan will be enough to eventually restore the Pension Plan to a sound financial footing. However, the Trustees and their advisors will continue to monitor the Plan's progress toward its goals and, if further action is required, it will be taken and all interested parties will be advised.

If the Rehabilitation Plan is updated, any benefit, contribution, or other Plan changes will be communicated to all affected individuals and parties before the changes are implemented. For more information about this notice or the Pension Plan in general, contact the Pension Plan Office at the address or phone number listed at the top of this letter.

Sincerely,

Board of Trustees

*Federal law requires that you receive this notice. Also as required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.*

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