

Notice of Plan Funding Status

April 30, 2019

Participants, Beneficiaries, Contributing Employers and I.B.E.W. Local Union No. 90:

As you now know, the Pension Protection Act of 2006 (PPA) added requirements for measuring the financial health of multiemployer pension funds such as ours. It now requires that the Pension Fund's actuary determine annually the Fund's financial status under the new rules and certify that status to the IRS and the Trustees. It is important to note that if the Fund's status for a plan year is either "endangered" (known as the *yellow zone*) or "critical" (known as the *red zone*), the Trustees must notify all participants, employers, unions and other parties in writing of this certification as well as take corrective action to restore the financial health of the Pension Fund.

Fund's Status – Red Zone

On March 30, 2019, our actuary certified the Pension Fund as being in critical status (the *red zone*) for the plan year beginning January 1, 2019, as was true for the prior eleven years. This is based on the actuary's determination that the Pension Fund has an estimated funding deficiency as of December 31, 2018. This means that contributions to date have not been high enough to meet government standards for funding promised benefits plus those that participants are currently earning.

The Multiemployer Pension Reform Act of 2014 also requires the actuary to certify whether or not the Pension Fund is projected to be insolvent within twenty years, a situation called "declining" status. Our actuary has certified that the Pension Fund is not in declining status.

The certification also indicated that the Plan met its annual standard in the rehabilitation plan, and could still emerge as of the end of the rehabilitation period, based on information received from the plan sponsor (including projected industry activity), the investment rate or return experienced for the year ending December 31, 2017 and based on the annual standards of the rehabilitation plan.

Rehabilitation Plan

The Pension Protection Act requires a pension fund in the *red zone* to adopt a "rehabilitation plan" that is designed to restore the financial health of the fund. The Board of Trustees adopted a rehabilitation plan on April 24, 2008. As required by the law, a notice describing the Pension Fund's rehabilitation plan was provided to the bargaining parties and participants within 30 days of its adoption. In acknowledgement of the economic downturn, Congress passed the Worker, Retiree and Employer Recovery Act of 2008 (WRERA), which permitted plans that were in critical status in 2009 to extend the remedial period for rehabilitation by three additional years. The Trustees elected to utilize this option. In November, 2011, December, 2013, November, 2014, December 2015 and November 2017 the Trustees updated the rehabilitation plan to reflect revised asset and liability projections. The Trustees will continue to review the rehabilitation plan annually and update it as appropriate. An updated rehabilitation plan may revise the Pension Fund's benefits as the law permits and/or future contributions.

Pension Fund Plan Changes

The rehabilitation plan adopted April 24, 2008, made various changes to plan provisions in order to improve the financial health of the Fund. The Board of Trustees agreed to plan changes. In addition, the I.B.E.W. Local Union No. 90 Pension Fund and contributing employers agreed to future contribution rate increases as set forth under

the rehabilitation plan. The Pension Fund sent you a notice describing those changes on April 25, 2008. Further increases to future contribution rates were agreed upon as part of the updated rehabilitation plan of November 2011 and the revised rehabilitation plan of November 2017.

The changes apply to active, terminated vested participants who retire on and after June 1, 2008, and pensioners whose benefits started after January 1, 2008. The changes include the elimination of some of the Early Retirement subsidies.

Employer Surcharge

The law requires that all contributing employers pay to the Fund a surcharge to help correct the Pension Plan's financial situation. The contribution surcharge ceases when bargaining parties agree to a collective bargaining agreement that implements the rehabilitation plan. The I.B.E.W. Local Union No. 90 Pension Fund bargaining parties have reached an agreement to implement the Alternative Schedule of the rehabilitation plan. Because this agreement was reached prior to May 25, 2008, surcharges were not imposed.

Under the Alternative Schedule, the previous collective bargaining agreement that ran through May 2014 allocated \$1 to the contribution rate to the Pension Fund effective June 1, 2010, and an additional \$1 effective June 1, 2011, resulting in an ultimate contribution rate of \$8.35. An additional \$0.20 was allocated effective June 1, 2012, an additional \$0.25 increase was adopted effective June 1, 2013, an additional \$0.30 increase was adopted effective June 1, 2014, an additional \$0.25 increase was adopted effective June 1, 2015, an additional \$0.35 increase has been adopted effective June 1, 2016, resulting in an ultimate contribution rate of \$9.70, and an additional \$0.30 increase has been adopted effective June 1, 2017, resulting in an ultimate contribution rate of \$10.00. Under the updated November 2017 rehabilitation plan, additional increases will be implemented as part of the current collective bargaining agreement. In addition, the Board of Trustees was granted a five-year automatic amortization extension period under Section 431(d) of the Internal Revenue Code effective January 1, 2015 by the Internal Revenue Service.

We will be re-testing the Pension Fund's financial position every year. Depending on what happens with the Fund's investments, the pattern of retirements, the level of employment and other financial factors, the Board of Trustees may need to revisit the rehabilitation plan and the requirements for the next bargaining agreement.

What's Next

We understand that legally required notices like this one can create anxiety and concern about the Pension Fund's future. The Board of Trustees will continue to take the appropriate actions necessary to improve the financial health of the Fund so that retirement benefits for participants and their families are secure into the future.

For more information about this notice or a copy of the rehabilitation plan, contact the Fund Office at the address or phone number listed at the top of this letter.

Sincerely,

Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.