IRONWORKERS LOCAL UNION NO. 16 PENSION FUND

2017 REHABILITATION PLAN

Revised effective July 1, 2017

Introduction

The Pension Protection Act of 2006 ("PPA") requires the Trustees of a multiemployer pension plan that has been certified by the plan's actuary as being in critical status to develop a Rehabilitation Plan.

On March 16, 2012, the Ironworkers Local Union No. 16 Pension Fund ("Fund" or "Plan") was certified by its Actuary to be in Critical Status for the Plan Year beginning January 1, 2012, pursuant to Internal Revenue Code ("IRC") Section 432(b)(3)(A) and ERISA Section 305(b)(3)(A). On March 29, 2013 and March 28, 2014, the Plan was certified to be in Critical Status for the Plan Years beginning January 1, 2013 and January 1, 2014, respectively. On March 30, 2015, March 18, 2016 and March 30, 2017, the Plan was certified to be in Critical and Declining Status. Notice of the Fund's status for January 1, 2016 was provided to the bargaining parties, employers, participants and beneficiaries, Pension Benefit Guaranty Corporation and the Secretary of Labor pursuant to IRC Section 432(b)(3)(D) and ERISA Section 305(b)(3)(D).

Rehabilitation Plan

A Rehabilitation Plan must prescribe actions, including recommended actions to be taken by the bargaining parties that are expected to enable a plan to meet stated annual standards and emerge from critical status by the end of the Rehabilitation Period, based on reasonably anticipated experience and on reasonable actuarial assumptions.

If it is determined, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, that the Plan cannot reasonably be expected to emerge from critical status by the end of the Rehabilitation Period, the Rehabilitation Plan must contain reasonable measures to emerge from critical status at a later time or to forestall possible insolvency.

In 2012, the Fund, through its plan sponsor – the Board of Trustees - adopted a Rehabilitation Plan ("2012 Rehabilitation Plan") that contained three schedules providing reductions in benefits, increases in contributions or both, that were reasonably expected to enable the Plan to emerge from critical status at the end of the Rehabilitation Period (10-year period beginning on January 1, 2013). The bargaining parties agreed to adopt Schedule 3, the recommended alternative schedule. The Rehabilitation Plan was updated effective September 1, 2013, June 1, 2014, October 1, 2015 and January 1, 2016 to reflect additional reductions in benefits and changes in future contribution rates.

On March 26, 2016, the Plan filed an application for benefit suspensions with the U.S. Treasury Department. This application was rejected by the U.S. Treasury Department in November 2016. The Board of Trustees continues to review its options. It has discussed with representatives of the U.S. Treasury Department the re-submission of its application to suspend benefits and anticipates that it will refile this year.

This document ("2017 Rehabilitation Plan") represents the fifth revision to this Plan.

Rehabilitation Period

The Rehabilitation Period is the 10-year period beginning January 1, 2013 and ending December 31, 2022.

If the Fund Actuary certifies before the end of this period that the Fund is no longer in critical status before the end of the 10-year Rehabilitation Period, the period shall end with the plan year preceding the plan year for which the certification is made. The Fund Actuary must certify that the Fund is not projected to have an accumulated funding deficiency for the plan year or any of the 9 succeeding plan years, without regard to the use of the shortfall method but taking into account any extension of amortization periods under IRC Section 431(d).

Annual Updating of Rehabilitation Plan

Each year the Fund Actuary will review and certify the status of the Fund under the PPA funding rules and whether the Fund is making the scheduled progress toward the requirement of emerging from critical status by the end of the Rehabilitation Period. If the Board of Trustees determines that it is necessary in light of updated information, they will revise the Rehabilitation Plan and the schedules. Notwithstanding subsequent changes in contribution schedules, a schedule of contribution rates provided by the Board of Trustees and relied upon by the bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

On March 28, 2014, the Fund Actuary certified that the Plan was in Critical Status for the Plan Year beginning January 1, 2014. At their March 20, 2014 meeting, the Board of Trustees determined that, based on current and anticipated economic conditions and industry outlook, the scheduled contribution rates in the 2013 Rehabilitation Plan would no longer be sustainable. Accordingly, the Board of Trustees took action to update the 2013 Rehabilitation Plan. The 2014 Rehabilitation Plan was finalized at the June 12, 2014 Board of Trustees meeting.

On March 30, 2015, the Fund Actuary certified that the Plan was in Critical and Declining Status for the Plan Year beginning January 1, 2015. At their May 5, 2015 meeting, the Trustees determined that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, it would be unreasonable to conclude that the Fund would emerge from Critical Status. The Trustees reached this conclusion after consulting with the Fund's Actuary, and taking into account the economic condition of the building and construction industry covered by the Fund. In reaching this conclusion, the Fund's Trustees considered the near-impossibility of emerging from Critical Status at the end of the 10-year rehabilitation period in view of the significant investment losses suffered by the Fund over the 2008 plan year and compounded by the immense decrease in hours of covered employment. The collapse of the building and construction industry in the Baltimore metropolitan and surrounding areas started with the collapse of the financial markets in 2008 and the industry continued to worsen after that date. The Fund experienced over 60% decline in hours reported to it by its contributing employers from 2008 to 2014. In addition, the magnitude of the employer contribution increases needed to satisfy the requirements for a 10-year rehabilitation plan would almost certainly result in lower negotiated wages for participants and/or decreased employer contributions to other benefit plans covering these participants (such as the plan providing their health benefit coverage). If participants perceive a significant decrease in value in their total overall compensation—including wages, pension benefits and health benefits—the Fund's Trustees concluded that they would be likely to look for other work with non-contributing employers or encourage their employers to withdraw from the Fund. Thus, the Fund's Trustees concluded that a further reduction in benefits would be inconsistent with the goal of presenting a viable plan with ongoing value to active participants. Such action could also lead to increased employer withdrawals or reductions in contributions, as the collective bargaining parties would see less benefit to ongoing participation. Accordingly, the Board of Trustees took action to update the 2014 Rehabilitation Plan to reflect the objective of delaying any plan insolvency so that potential improvements in investment return or other material events, including further applicable legislative reforms, can provide an opportunity for the Fund to survive and continue to provide its promised benefits to its participants. The 2015 Rehabilitation Plan was finalized and approved by the Trustees on September 22, 2015.

On March 28, 2016, the Fund Actuary certified that the Plan was in Critical and Declining Status for the Plan Year beginning January 1, 2016, despite additional reductions in adjustable benefits agreed to by the Board of Trustees at their November 20, 2015 meeting. The 2016 Rehabilitation Plan was finalized and approved at the March 15, 2016 Board of Trustees meeting.

On March 30, 2017, the Fund Actuary again certified that the Plan was in Critical and Declining Status for the Plan Year beginning January 1, 2017. The 2017 Rehabilitation Plan was finalized and approved (with no changes to benefits or contribution rates) at the June 21, 2017 Board of Trustees meeting.

Schedules

The Rehabilitation Plan must contain schedules of plan changes and/or contribution changes that if adopted by the bargaining parties, are projected to enable the Plan to meet certain annual standards and enable the Plan to emerge from critical status in accordance with the Rehabilitation Plan, by the end of the Rehabilitation Period. Pursuant to the IRC Section 432(e), the Rehabilitation Plan must include one or more schedules with revised benefit structures, revised contributions or both which, if adopted, may reasonably be expected to enable the Plan to emerge from critical status in the period of time permitted by law.

In the first year of the Rehabilitation Plan, one schedule must be a "default schedule" that identifies reductions in benefits necessary to achieve the applicable benchmarks reduced to the maximum extent permitted by law, and only includes those contribution increases necessary, after these reductions, to permit the Plan to emerge from critical status on a timely basis. This schedule was eliminated in the 2013 Rehabilitation Plan, and has not been included in any of the subsequent versions of the Rehabilitation Plan, since the bargaining parties adopted Schedule 3 in 2012.

The 2012 Rehabilitation Plan also contained an alternative schedule providing increases in contributions necessary to achieve the applicable benchmarks, assuming no amendments reducing future benefit accruals under the Plan. This schedule was also eliminated in the 2013

Rehabilitation Plan, and again has not been included in either the 2014 or 2015 Rehabilitation Plan, since the bargaining parties adopted Schedule 3 in 2012.

The 2012 Rehabilitation Plan also included an additional alternative schedule providing for a combination of contribution rates and benefit reductions that could have been adopted by the bargaining parties to achieve the applicable benchmarks. In September 2013, this Schedule 3 was modified by the Board of Trustees as part of the 2013 Rehabilitation Plan and was renamed the "Rehabilitation Schedule." The Rehabilitation Schedule included changes in adjustable benefits and contribution rates. The bargaining parties adopted a contribution schedule and terms for the successor to their collective bargaining agreement, which expired on March 31, 2013, consistent with the Rehabilitation Schedule. The Board of Trustees modified the 2013 Rehabilitation Plan and its Rehabilitation Schedule on March 20, 2014 and June 12, 2014, adopting additional changes to adjustable benefits and future contribution rates. This Schedule was further modified on September 22, 2015 to eliminate any future increases in contribution rates. This revised Rehabilitation Schedule was provided to the bargaining parties who adopted the contribution rates set forth in the schedule in their collective bargaining agreement, which was a three-year agreement expiring on March 31, 2017.

Additional changes to adjustable benefits were added to the Schedule effective January 1, 2016. These changes included elimination of a post-retirement lump sum death benefit and increased reductions for early retirement. No additional changes have been made to the alternative schedule since the changes effective January 1, 2016. This schedule continues to remain in effect. The bargaining parties have negotiated a new collective bargaining agreement through May 31, 2019. No new contributions have been allocated to the Pension Fund. The Trustees intend to resubmit an application in calendar year 2017 to effectuate benefit suspension under the Multiemployer Pension Reform Act of 2014.

Rules for Operation of the Plan During the Rehabilitation Period

During the Rehabilitation Period, the Plan may not be amended in any way that: (a) is inconsistent with the Rehabilitation Plan; or (2) increases benefits, including future benefit accruals, unless the Fund Actuary certifies that such increase is paid for out of additional contributions not contemplated by the Rehabilitation Plan, and, after taking into account the benefit increase, the plan still is reasonably expected to emerge from critical status by the end of the rehabilitation period on the schedule contemplated in the Rehabilitation Plan.

Restrictions on Lump Sum and Similar Benefits

Once the notice of the Fund Actuary's certification of critical status is sent, the Plan shall not pay any amount in excess of the monthly amount paid under a single life annuity whose annuity starting date if after the date such notice is sent, except that small amount lump sum payments distributable without the permission of the participant and retroactive annuity starting date payments are permitted.

By motion duly adopted, the Board of Trustees of the Ironworkers Local Union No. 16 Pension Fund on the 21st day of June, 2017, hereby adopts this 2017 Rehabilitation Plan, including the Rehabilitation Schedule attached hereto.

Ironworkers Local Union No. 16 Pension Fund

Rehabilitation Plan

For Plan Year January 1, 2017

REHABILITATION SCHEDULE
(Formerly Alternative Schedule 3,
Revised effective September 1, 2013
Revised effective April 1, 2014
Revised effective October 1, 2015
Revised effective January 1, 2016
Revised effective July 1, 2017)

This Schedule provides for a combination of benefit reductions and contribution increases as follows. These adjustments are effective on and for the dates identified below:

- Change the Service Pension for certain Participants Retiring between January 1, 2014 and June 30, 2014 as follows:

    - A Participant who, on or before May 31, 2012 and with regard to his Hours Bank as of that date, has not earned at least twenty-five (25) years of Service Credit, will be eligible for a Service Pension when he or she earns at least thirty (30) years of Service Credits and reaches the age of fifty-seven (57) years or older. If the Participant is age fifty-five (55) or fifty-six (56) and earned at least thirty (30) years of Service Credit on his benefit Effective Date, he shall be entitled to a Reduced Service Pension. The Reduced Service Pension will be reduced by one-half of 1% for each month (6% per year) that retirement precedes age fifty-seven (57), as follows:

Service Pension as Percent of Normal Retirement Pension		
Retirement Age	Retire on or before December 31, 2013	Retire after December 31, 2013 but before July 1, 2014
55	100%	88%
56	100%	94%
57	100%	100%
58-65	100%	100%

- Change the Service Pension for certain Participants Retiring on or after July 1, 2014 as follows:

    - A Participant who, on or before May 31, 2012 and with regard to his Hours Bank as of that date, has not earned at least twenty-five (25) years of Service Credit, will be eligible for a Service Pension when he or she earns at least thirty (30) years of Service Credits and reaches the age of sixty (60) or older. If the

Participant is between the ages of fifty-five (55) and sixty (60) and earned at least thirty (30) years of Service Credit on his benefit Effective Date, he shall be entitled to a Reduced Service Pension. The Reduced Service Pension will be reduced by one-half of 1% for each month (6% per year) that retirement precedes age sixty (60), as follows:

Service Pension as Percent of Normal Retirement Pension		
Retirement Age	Retire after December 31, 2013 but before July 1, 2014	Retire on or After July 1, 2014
55	88%	70%
56	94%	76%
57	100%	82%
58	100%	88%
59	100%	94%
60-65	100%	100%

- Change the Service Pension for certain Participants Retiring on or after January 1, 2016 as follows:
    - A Participant who, on or before May 31, 2012 and with regard to his Hours Bank as of that date, has earned at least twenty-five (25) years of Service Credit, will be eligible for a Service Pension at any age, provided that his benefit will be reduced 2% per year that retirement precedes age 60, but no more than 10% in total. Participants retiring prior to January 1, 2016 received an unreduced benefit.

- Increase the early retirement reduction for active and terminated Participants not eligible for a Service Pension and retiring on or after January 1, 2016 from 6% per year to 6 2/3% per year that retirement precedes the normal retirement age;

- Reduce the benefit credit awarded for Service Credits earned prior to January 1, 2006 from $90.00 to $87.00 for Service Credits up to 25 years, and from $120 to $116 for Service Credits in excess of 25 years for all Participants (including pensioners and beneficiaries who became such between January 1, 2008 and June 1, 2012);

- Reduce the benefit credit awarded for Service Credit earned between June 1, 2012 and December 31, 2014 from $94 to $88.50 for each such year of Service Credit;

- Reduce the benefit credit awarded for all Service Credit earned on or after January 1, 2015 from $88.50 to $50.00 of each such year of Service Credit;

- For Plan Years beginning January 1, 2015, a Participant must work 1600 hours in Covered Employment to earn one year of Service Credit. A Participant working less than 1600 hours in a calendar year shall earn Service Credit on the following basis providing the Participant works at least 400 hours:

    1200 - 1599 hours .... three quarters

800 - 1199 hours .... two quarters
400 - 799 hours .... one quarter
Less than 400 hours .... no quarters

- Reduce the amount of the thirteenth benefit payment payable in January 2013 to the lesser of (1) the amount of his or her current monthly benefit payment, or (2) $1,000 for any pensioner or beneficiary who first became a pensioner or beneficiary in 2008 or 2009. Eliminate the thirteenth benefit payment for payment dates after January 2013 for any pensioner or beneficiary who first became a pensioner or beneficiary in 2008 or 2009;

- Change the normal form of payment for unmarried participants from a Single Life Pension with a Sixty (60) Month Guarantee to a Single Life Pension (without any guaranteed payments). In addition, change the benefits payable under the plan's optional forms of payment to be actuarially equivalent to the Single Life Pension (without any guaranteed payments);

- Eliminate the lump sum options with respect to all pension benefits effective for those individuals retiring on or after March 23, 2012;

- Eliminate the Disability Pension (Regular and Alternative) for Participants that become totally and permanently disabled on or after January 1, 2014. To be entitled to a Disability Pension, a Participant must have become totally and permanently disabled prior to January 1, 2014, and have met all other eligibility requirements for a Disability Pension prior to that date;

- Eliminate the lump sum death benefit of $1,500 for deaths occurring after December 31, 2015; and

- Increase the hourly contribution rate to the Fund as follows:

    - From $8.70 per hour to $9.20 per hour effective June 1, 2014, and

    - From $9.20 per hour to $9.70 per hour effective April 1, 2015.

    - No further increases beyond April 1, 2015 are anticipated.

Pursuant to the Multiemployer Pension Reform Act of 2014 (MPRA), enacted on December 16, 2014, the Trustees submitted an application to the U.S. Treasury on March 26, 2016 with proposed suspension of benefits for certain participants, as allowed for under MPRA, to provide the Fund with the best opportunity, given the current projections, to avoid future insolvency. On November 3, 2016 the U.S Treasury Department denied the application. The Board of Trustees has determined that it is in the best interest of all the participants and beneficiaries in the Plan to resubmit the application in calendar year 2017.

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