LOCAL 807 LABOR-MANAGEMENT
HEALTH & PENSION FUNDS

TEL (718) 274-5353 32-43 49TH STREET LONG ISLAND CITY, NEW YORK 11103 FAX (718) 728-4413

Notice of Critical and Declining Status
Local 807 Labor Management Pension Fund

This is to inform you that on November 29, 2017 the Plan Actuary certified to the U.S. Department of the Treasury, and to the Trustees, that the Local 807 Labor Management Pension Fund (the "Plan") is in critical and declining status for the plan year beginning September 1, 2017. Federal law requires that you receive this notice.

Critical and Declining Status

The Plan is considered to be in critical status because it has funding and liquidity problems. More specifically, the Plan's Actuary has determined that the Plan has an accumulated funding deficiency for the 2017 plan year. The projected accumulated funding deficiency for the 2017 Plan year means that during the 2017 plan year, contributions are not expected to be high enough to meet government standards for funding promised benefits plus those that participants are currently earning. Also, as required by Multiemployer Pension Reform Act of 2014, the Plan was certified as being in critical and declining status because the Actuary determined that the Plan is projected to become insolvent in 13 years. Such insolvency may result in benefit reductions.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the plan, if possible. The Act requires that a fund in critical status adopt a Rehabilitation Plan designed to enable the fund to improve its funded position so that, over time, it will be able to meet the statutory funding requirements. Pursuant to this requirement, on June 14, 2011, the Trustees adopted a Rehabilitation Plan that included the reduction and elimination of some adjustable benefits. The Rehabilitation Plan is based on the Trustees' conclusion that the Fund could not reasonably emerge from critical status and that, upon exhaustion of all reasonable measures, the schedules forestall possible insolvency.

Rehabilitation Plan and Adjustable Benefits

The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan. On December 27, 2010, you were notified that the plan is not permitted to pay 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. If the Trustees determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions.

The Plan offers the following adjustable benefits that may be reduced or eliminated as part of the Rehabilitation Plan that the Plan adopted:

- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Other similar benefits, rights, or features under the plan

Any changes to Adjustable Benefits, which are adopted as part of the Rehabilitation Plan, will not reduce the level of any participant's accrued benefit payable at Normal Retirement Age.

Employer Surcharge

The law requires that all contributing employers pay to the Fund a surcharge to help correct the Fund's financial situation beginning 30 days after the employer is notified that the plan is in critical status. The surcharge is a percentage of the employer's negotiated contribution rate. A 5% surcharge is applicable during the first year in critical status. The surcharge goes up to 10% for each succeeding plan year in which the Fund is in critical status, until the employer agrees to a collective bargaining agreement that implements one of the schedules in the Rehabilitation Plan.

Benefit Suspension and Partition

Under the Multiemployer Pension Reform Act of 2014 ("MPRA"), a plan that has been determined to be in critical and declining status and is projected to become insolvent may be able to adopt certain reductions to accrued benefits, subject to various requirements and limitations, if doing so is projected to prevent insolvency. Generally, in order for the plan sponsor to adopt a benefit suspension, the suspension must be approved by the Department of the Treasury (Treasury) in consultation with the Department of Labor and the Pension Benefit Guaranty Corporation (PBGC), and ratified by a vote of the plan's participants and beneficiaries. MPRA also provides that a plan in critical and declining status that cannot be projected to avoid insolvency by benefit suspension alone, may be eligible to apply to the PBGC for a partition, subject to various requirements and limitations, if a partition (in addition to suspension) is projected to prevent insolvency. If the Trustees of the Plan determine that it is in the best interest of the Plan and the Plan's participants and beneficiaries to utilize one of the statutory tools available pursuant to MPRA, you will receive a separate notice in the future identifying and explaining the effect of these provisions.

What's Next

We understand that legally required notices like this one can create concern about the Fund's future. Be assured that the Board of Trustees takes its obligation to preserve the financial viability of the Fund very seriously. With the assistance of the Fund's actuaries, counsel and other professionals, and working with the contributing employers and the Union, the Trustees have developed a Rehabilitation Plan that addresses these issues. You should know that we expect that both contribution increases and benefit reductions will be necessary in order to improve the Fund's serious financial condition.

As a final note, since the Pension Plan is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the number of contributing employers), unexpected developments can affect the Fund's status and any future corrective actions needed. The Trustees, along with its professional advisors, will review the Fund's progress periodically and assess whether future changes to the recommended contribution and benefit schedules are needed.

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

Where to Get More Information

You have the right to receive a copy of the complete Rehabilitation Plan from the Pension Fund upon request. For more information about this Notice, you may contact the Board of Trustees, Local 807 Labor Management Pension Fund, 32-43 49th Street, Long Island City, New York 11103; telephone at (718) 274-5353.

This Notice is dated December 12, 2017.

As required by law, this notice is being provided to all required parties including the Pension Benefit Guaranty Corporation (PBGC), the U.S. Department of Labor, each Plan Participant and Beneficiary, the Union and each the Contributing Employer.