

**DATE CERTIFICATION WAS FILED WITH IRS:
AUGUST 28, 2009
BOARD OF TRUSTEES
CONSTRUCTION AND GENERAL LABORERS' DISTRICT COUNCIL OF
CHICAGO AND VICINITY PENSION FUND
11465 WEST CERMAK ROAD
WESTCHESTER, ILLINOIS 60154
(708) 562-0200**

NOTICE OF FUNDED STATUS OF PENSION PLAN

TO: PARTICIPANTS, BENEFICIARIES, CONTRIBUTING EMPLOYERS AND UNIONS OF THE CONSTRUCTION LABORERS' DISTRICT COUNCIL OF CHICAGO AND VICINITY PENSION FUND

FROM: BOARD OF TRUSTEES OF THE CONSTRUCTION LABORERS' DISTRICT COUNCIL OF CHICAGO AND VICINITY PENSION FUND

DATE: SEPTEMBER 27, 2009

BACKGROUND

This notice contains important information about the Construction and General Laborers' District Council of Chicago and Vicinity Pension Fund, E.I.N. 36-1514514, Plan Number 002. Based on funding criteria set forth in the Internal Revenue Code, multiemployer pension plans are required – beginning with the 2008 plan year – to be certified by their actuaries as being in one of three funded status zones:

- *Neither Endangered nor Critical* (unofficially called the "Green Zone")
- *Endangered/Seriously Endangered* (unofficially called the "Yellow Zone")
- *Critical* (unofficially called the "Red Zone")

While trustees of Green Zone plans must continue to exercise diligence to protect the funded position of their plans, the law does not require them to take any specific actions or adopt particular programs to maintain or improve plan funding. On the other hand, trustees of plans that are not in the Green Zone must take specific actions spelled out in the law, including the adoption of a "funding improvement plan" for plans in endangered/seriously endangered status or a "rehabilitation plan" for plans in critical status that are designed to restore the plans to Green Zone status over a period of time. For example, a plan in endangered status may reduce or eliminate future benefits or recommend that the bargaining parties negotiate additional employer contributions.

Recognizing that the value of the assets, and therefore the funding, of almost all pension plans has declined due to the impact of the current economic crisis, Congress passed the *Worker, Retiree and Employer Recovery Act of 2008 (WRERA)*. The law allows multiemployer plan trustees to take more time to devise a plan of action for dealing with these issues by giving them the option to keep their plan in its 2008 plan year's zone status for one more year – regardless of the plan's actual funded status for the 2009 plan year.

2008 PLAN YEAR CERTIFICATION

The Plan's actuary certified the Plan's zone status for the June 1, 2008 through May 31, 2009 plan year to be neither endangered nor critical ("Green Zone").

2009 PLAN YEAR CERTIFICATION

For the June 1, 2009 through May 31, 2010 plan year, the Plan's actuary has certified the Plan to be in endangered status ("Yellow Zone") because the Plan has a funded percentage less than 80%.

ELECTION TO CONTINUE IN THE 2008 PLAN YEAR ZONE STATUS

In accordance with section 204(a) of WRERA, the Trustees have elected to "freeze" the Plan's 2008 Plan Year Green Zone status and have it apply to the June 1, 2009 through May 31, 2010 Plan Year. Therefore, while the Trustees may take certain actions to improve the funding position of the Plan, they are not required to adopt a funding improvement plan at this time.

that our Plan was in the “Green Zone” for the 2008 Plan Year, based on its financial condition as of June 1, 2008. Keep in mind that the financial condition and funded status contained in this notice is a snapshot from over 15 months ago and does not reflect the financial market declines in 2008.

The Worker, Retiree, and Employer Recovery Act of 2008 and the Notice of Funding Status of Pension Plan (“Zone Freeze Notice”)

The declines in the financial markets in 2008 have negatively affected most pension plans, including our own. Our Plan’s total investment return for the 2008 – 2009 Plan Year was a loss of about 23.4% of assets. Many pension funds had similar performance during that period.

As a result of these investment losses, and the resulting financial condition as of June 1, 2009, our Plan has been certified as being in the “Yellow Zone” for the 2009 – 2010 Plan Year. In accordance with the requirements of the PPA, this means that the Trustees would have to adopt a Funding Improvement Plan to improve the financial status of the plan over a ten-year period. This Funding Improvement Plan could involve increases in the rate of employer contributions to the plan, benefit changes, or both.

In recognition of the significant losses experienced by pension funds in the 2008 – 2009 Plan Year, the **Worker, Retiree, and Employer Recovery Act of 2008 (WRERA)** was enacted last December to provide temporary emergency funding relief for pension plans in the “Yellow” and “Red” Zones. Specifically, WRERA provides pension plan trustees with the option to retain their plan’s zone status from the previous plan year for the current plan year.

This year, although our Plan has been certified as a “Yellow Zone” pension plan, we have elected to take advantage of the reprieve offered by WRERA and retain last year’s Green Zone status. While we recently made changes to the Plan to bring its funding back into balance, taking the reprieve offered by WRERA allows the Plan to take an additional year to assess the alternatives and, hopefully, improve its funding status.

To improve plan funding, the contribution rate was increased by \$2.20 per hour to \$8.37 effective June 1, 2009.

The attached **Notice of Funding Status of Pension Plan** describes the Plan’s decision to retain last year’s funding status for the current Plan year.

In Closing

We will continue to work closely with our plan professionals to monitor the financial markets and manage the Plan in a manner that will preserve its future health. Please take some time to review the enclosed notices. If you have any questions, please contact the Fund Office.

Sincerely,

Board of Trustees