Notice of Critical and Declining Status
For the
B.A.C. Local No. 16 Pension Plan
EIN: 94-6287225
Plan Number: 001

This is to inform you that on September 15, 2016, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical and declining status for the plan year beginning July 1, 2016. Federal law requires that you receive this notice.

Critical and Declining Status

The plan is considered to be in critical and declining status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined the plan is in critical status this year and is projected to become insolvent (that is, to lack sufficient assets to pay benefits) within the next 19 years, and the inactive to active participant ratio is in excess of 2 to 1. Currently, the Plan is projected to be insolvent in the Plan Year ending 2035.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the 7th year the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On February 28, 2011 you were notified that the plan reduced or eliminated adjustable benefits. If the trustees of the plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 1, 2011. In an effort to improve the Plan's funding situation, the trustees adopted the following rehabilitation plan on January 27, 2011. The terms of the rehabilitation plan will continue as long as required to improve the Plan's funding situation.

For Plan participants not in pay status, effective April 1, 2011:

- The monthly benefit accrual rate for benefits earned from April 1, 2011 forward decreased from 2% of contributions that are counted for benefit accrual to 1% of contributions that are counted for benefit accrual
- The unreduced retirement age increased from age 60 to age 62
- Early retirement benefits paid before age 62 are reduced to the actuarial equivalent of the age 62 benefit
- The 60-month guaranteed payment period was eliminated
- The disability retirement benefit was eliminated
- The lump sum pre-retirement death benefit was eliminated

Employer Surcharge
The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status. The surcharge is eliminated once the rehabilitation plan is adopted by the bargaining parties. The bargaining parties have adopted the rehabilitation plan, so the surcharge is eliminated.

Where to Get More Information
For more information about this notice, you may contact the Board of Trustees, c/o BeneSys Administrators at (925) 208-9995, P.O. Box 1607, San Ramon, CA 94583. You have a right to receive a copy of the rehabilitation plan from the plan.