BUILDING SERVICE 32BJ PENSION FUND

REHABILITATION PLAN AND UPDATE

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REHABILITATION PLAN

September 28, 2010

I. INTRODUCTION

The Pension Protection Act of 2006 ("PPA") requires an annual actuarial status determination for multiemployer pension plans including the Building Service 32BJ Pension Fund (the "Plan"). On September 28, 2010, the Plan was certified by its actuary, The Segal Company ("Segal"), to be in critical status, also known as the "red zone", for the plan year beginning on July 1, 2010 (the "2010 Plan Year"). The certification of critical status was based upon Segal's determination that the Plan is projected to have an accumulated funding deficiency for the plan year ending June 30, 2013.

The PPA requires that the board of trustees of a multiemployer pension plan that has been certified by its actuary as being in critical status develop a rehabilitation plan that is intended to improve the plan's funding over a period of years. A rehabilitation plan sets forth the actions to be taken by the pension plan's trustees, as well as the collective bargaining parties, to enable the plan to emerge from critical status by the end of the plan's "Rehabilitation Period." [1] The rehabilitation plan must be based on reasonably anticipated experience and reasonable actuarial assumptions regarding investment income and other experience of the plan over a period of future years.[2]

This Rehabilitation Plan sets forth the actions to be taken by the bargaining parties and the Board of Trustees (the "Trustees") of the Plan, based on reasonably anticipated experience and reasonable actuarial assumptions, to enable the Plan to cease to be in critical status at the end of the Plan's 10-year Rehabilitation Period.

II. OVERVIEW OF REHABILITATION PLAN

The Trustees have established two schedules that reflect changes in employer contributions, adjustable benefits, future benefit accruals, and/or other provisions which, based on the actuary's reasonable assumptions, are designed and intended to enable the Plan to emerge from critical status by June 30, 2023, the end of the Rehabilitation Period. The Plan will emerge from critical status when its actuary certifies for a plan year that the Plan is not projected to have an accumulated funding deficiency for that plan year or any of the nine succeeding plan years (without regard to the use of the shortfall funding method and without taking into account any extension of amortization periods under Section 431(d) of the Code).

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1 The Rehabilitation Period for this Plan is a 10-year rehabilitation period that begins July 1, 2013.

2 All of these requirements are set forth in Section 305(e)(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 432(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

After consulting with Segal, the Trustees have determined that, based on reasonably anticipated experience and reasonable actuarial assumptions, decreases in adjustable benefits and future benefit accruals and/or increases in contributions are necessary in order for the Plan to be expected to emerge from critical status by the end of its Rehabilitation Period. The Trustees have formulated two schedules to be provided to the bargaining parties: (1) the "Preferred Schedule"; and (2) the "Default Schedule", which is required by the PPA. Each of the schedules is expected to be sufficient to enable the Plan to emerge from critical status by the end of its Rehabilitation Period.

III. EMPLOYER SURCHARGE

Pursuant to the PPA, a surcharge is imposed on all contributing employers. The amount of the surcharge for the 2010 Plan Year (*i.e.*, the Plan's "initial critical year") is 5% of the contribution otherwise required under the applicable collective bargaining agreement (or other agreement pursuant to which the employer contributes to the Plan). For subsequent Plan Years in which the Plan is in critical status, the surcharge is 10% of the contribution otherwise required. The surcharges go into effect 30 days after the employer has been notified by the Trustees that the Plan is in critical status and the surcharge is in effect. Surcharges are due and payable on the same schedule as the contributions on which the surcharges are based and will be effective as of December 1, 2010.

Those surcharges will remain in effect as follows:

- For employers that adopt the Preferred Schedule (see IV. below) or the Default Schedule (see V. below) through collective bargaining with the union, the surcharges will cease on the effective date of the collective bargaining agreement that is consistent with those schedules.

- For employers that have not adopted either the Preferred Schedule or the Default Schedule through collective bargaining, the surcharges shall remain in effect until such time as they and the union adopt provisions in their collective bargaining agreements that contain terms consistent with the Preferred Schedule or the Default Schedule.

- Employers on whom the Default Schedule is *imposed* (see V.(ii) below) shall remain subject to the surcharges imposed under the PPA until such time as they and the union adopt provisions in their collective bargaining agreements that contain terms consistent with the Preferred Schedule or the Default Schedule. Thus, under the law, such employers would be subject to both the Rehabilitation Plan contribution schedule and the surcharge.

IV. PREFERRED SCHEDULE

The changes described in this Preferred Schedule will become effective upon the effective date of a collective bargaining agreement that adopts a contribution schedule containing terms consistent with this Preferred Schedule. This date is referred to below as the "Preferred Schedule Effective Date."

Employers whose contribution rates do not conform to the rates in the Preferred Schedule shall remain subject to the surcharges imposed under the PPA until such time as they adopt a contribution schedule in a collective bargaining agreement that contains terms consistent with this Preferred Schedule or the Default Schedule.

<u>No Change in Rate of Future Benefit Accruals</u>: The Preferred Schedule does not require a change in the rate of future benefit accruals that is in effect under the terms of the Plan as of September 27, 2010 (the day before the date of certification for the Plan's initial critical year).

<u>No Reduction and/or Elimination of Adjustable Benefits</u>: The Preferred Schedule does not require a reduction or elimination of adjustable benefits that are in effect under the terms of the Plan as of September 27, 2010 (the day before the date of certification for the Plan's initial critical year).

<u>Contribution Requirement/Increase</u>: The Preferred Schedule requires increases in the applicable contribution rate as follows:

A. PROGRAM A EMPLOYERS. For employers contributing to Program A of the Plan, effective January 1, 2011, the weekly contribution rate shall be in accordance with the below chart.

Beginning January 1	**Program A Employers' Weekly Contribution Rate**
2011	$82.75
2012	86.75
2013	90.75
2014	94.75
2015	98.75
2016	102.75
2017	106.75
2018	110.75
2019	114.75
2020	118.75
2021	122.75
2022	126.75
2023	130.75

B. PROGRAM B EMPLOYERS. For employers contributing to Program B of the Plan the monthly contribution rate shall be in accordance with the below chart based on the employer's contribution rate as of December 31, 2010:

Beginning January 1	**Program B Employers' Contribution rates based on contribution rate in effect on December 31, 2010, of:**		
	$55.99	**$145.60**	**$204.16**
2011	$55.99	$145.60	$204.16
2012	$58.75	$152.75	$214.25
2013	$61.50	$159.75	$224.00
2014	$64.25	$166.75	$234.00
2015	$67.00	$173.75	$243.75
2016	$69.75	$181.00	$253.50
2017	$72.25	$188.00	$263.50
2018	$75.00	$195.00	$273.25
2019	$77.75	$202.00	$283.25
2020	$80.50	$209.00	$293.00
2021	$83.25	$216.00	$303.00
2022	$86.00	$223.25	$312.75
2023	$88.50	$230.25	$322.75

C. PROGRAM C EMPLOYERS. For employers contributing to Program C of the Plan, the applicable contribution rate that is in effect as of September 27, 2010 (the day before the date of certification for the Plan's initial critical year) is consistent with this Preferred Schedule.

V. DEFAULT SCHEDULE

As the PPA requires, the Default Schedule assumes that there are no increases in contributions under the Plan other than the increases necessary to emerge from critical status after future benefit accruals and other benefits (other than benefits the reduction or elimination of which are not permitted under Section 411(d)(6) of the Code) have been reduced to the maximum extent permitted by law.

Unless otherwise specifically provided herein, the changes described in the Default Schedule will become effective upon the first day of the month that begins after the *earlier of*:

(i) the effective date of a collective bargaining agreement that adopts a contribution schedule that contains terms consistent with this Default Schedule, or

(ii) 180 days after the expiration date of a collective bargaining agreement providing for contributions under the Plan that was in effect on July 1, 2010, *if* by such date the bargaining parties have failed to adopt a contribution schedule that contains terms consistent with this Default Schedule or the Preferred Schedule.

If a collective bargaining agreement providing for contributions under the Plan was not in effect on July 1, 2010, the changes described in the Default Schedule will become effective 180 days after the date of this notice, *if* by such date the bargaining parties have failed to adopt a contribution schedule that contains terms consistent with this Default Schedule or the Preferred Schedule.

This date is referred to below as the "Default Schedule Effective Date."

<u>Reduction in Rates of Accrued Benefits and Future Benefit Accruals</u>: As of the Default Schedule Effective Date, the accrued benefits that are attributable to all years of credited service under the Plan earned up to the Default Schedule Effective Date will be reduced to the accrual rate that was in effect as of July 1, 2005, as shown in the following chart. In addition, for credited service that is earned in the future, on or after the first day of the month following the Default Schedule Effective Date, the monthly accrual rate is reduced as shown in the following chart:

	Benefit Level for pension credits earned	
	Before Effective date	After Effective date
Program A:		
25 years of service or more:	$50/yr of service	$40.95/yr of service
20-24 years of service:	$41.28/yr of service	$40.95/yr of service
Less than 20:	$37.56/yr of service	$37.56/yr of service
Program B:		
Long Island Residential	$40/yr of service	$24.50/yr of service
Long Island Contractors	$17/yr of service	$6.72/yr of service
Pine Hollow	$40/yr of service	$17.47/yr of service
Franklin General	$17/yr of service	$17.47/yr of service

<u>Reduction and/or Elimination of Adjustable Benefits</u>: The Default Schedule requires the reduction and/or elimination of "adjustable benefits" (as such term is defined in Section 432(e)(8) of the Code) under the Plan. The normal retirement benefit (*i.e.*, the "Regular Pension," as defined in the Plan) payable at Normal Retirement Age *is not* an adjustable benefit and *will not* be reduced or eliminated except as described in the preceding table on accrual rates.

As of the first day of the month following the Default Schedule Effective Date, adjustable benefits will be reduced to the maximum extent provided under Section 432(e)(8) of the Code. These reductions will include the following:

PROGRAM A and B—ADJUSTABLE BENEFITS

- (i) Elimination of the 300-month Service Credit Pension (or 25 years of Pension Credit in the case of Program B) payable at age 62. (Participants will no longer be eligible for unreduced benefits upon attaining age 62 with at least 300 months of Service Credits (or 25 years of Pension Credit in the case of Program B.))
- (ii) Elimination of the Disability Pension, except for participants who are already receiving a Disability Pension.
- (iii) Elimination of the 36-month benefit guarantee for Program A and 12 month guarantee for Program B.
- (iv) Elimination of the 12-month pre-retirement benefit guarantee for Program B.

Contribution Requirement/Increase: The Default Schedule requires an increase in employer contributions as follows:

PROGRAM A EMPLOYERS. For employers contributing to Program A of the Plan, the weekly contribution rate shall be $89.75.

PROGRAM B EMPLOYERS. For employers contributing to Program B of the Plan, the Default Schedule does not require an increase in the applicable contribution rate that is in effect as of September 27, 2010 (the day before the date of certification for the Plan's initial critical year).

PROGRAM C EMPLOYERS. For employers contributing to Program C of the Plan, please refer to Section IV.C.

The effective date for the contribution increase for Program A of the Plan shall be the Default Schedule Implementation Date. This means that beginning on the Default Schedule Implementation Date, the employer will be required to increase its contributions from the contribution rate then in effect under the existing or expired contract as stated above. If the effective date of the increase is later than January 1, 2012, then the contribution rate will be actuarially adjusted.

TERMINATED, VESTED

Notwithstanding anything herein to the contrary, the benefits of participants whose termination of covered employment was before October 28, 2010 shall not be reduced under this Rehabilitation Plan, except as follows:

For those participants whose last contributing employer becomes subject to the Default Schedule, all benefits will be reduced, if applicable, as of the Default Schedule Effective Date, to the accrual rate that was in effect as of July 1, 2005.

RETIREES—BENEFIT COMMENCEMENT DATE BEFORE OCTOBER 28, 2010.

Notwithstanding anything herein to the contrary, the benefits of retirees whose benefit commencement date was before October 28, 2010 shall not be reduced under this Rehabilitation Plan, except as follows:

For those retirees whose last contributing employer becomes subject to the Default Schedule, all benefits will be reduced, if applicable, as of the Default Schedule Effective Date, to the accrual rate that was in effect as of July 1, 2005.

VI. NON-COLLECTIVELY BARGAINED PARTICIPANTS UNDER REHABILITATION PLAN

In the case of an employer that contributes to the Plan on behalf of non-collectively bargained employees, the rules contained in this Rehabilitation Plan shall be applied as if the employer were the bargaining party with respect to Program A, and its participation agreement (or other operative agreement) were a collective bargaining agreement with a term ending on the July 1st following the date when the employer is provided with the schedules contained herein.

VII. ANNUAL STANDARDS

The Trustees recognize the possibility that actual experience could be less favorable than the reasonable assumptions. Therefore, the Trustees are establishing the following annual standards to reflect possible actuarial losses and still keep the Plan on target to emerge from critical status by the end of the Rehabilitation Period:

Plan Year Ended June 30:	**Credit Balance/(Funding Deficiency) No Less Than the Following (in $ millions)**
2010	$130
2011	70
2012	20
2013	-40
2014*	-105
2015	-160
2016	-205
2017	-225
2018	-250
2019	-240
2020	-210
2021	-160
2022	-90

2023	-25
2024	0

* *First year of the Rehabilitation Period is July 1, 2013 through June 30, 2014.*

VIII. UPDATING OF REHABILITATION PLAN

Pursuant to the PPA, the Plan has adopted the following procedures:

(i) The Plan's actuary shall conduct an annual review of the Rehabilitation Plan and the schedules thereto.

(ii) The Plan's actuary shall report to the Trustees the results of its annual review.

(iii) In consultation with the Plan's actuary, the Trustees shall update annually the Rehabilitation Plan and the contribution rates contained in its schedules to reflect the experience of the Plan.

Notwithstanding the foregoing and except as provided in the next sentence, schedules of contribution rates provided by the Trustees and relied upon by bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement. The Preferred Schedule or Default Schedule may be amended for any benefit changes that may be required for the Plan to continue meeting the requirements necessary to maintain its tax-qualified status under the Internal Revenue Code and comply with other applicable law. Collective bargaining agreements that are entered, renewed or extended after the date of any changes to the Rehabilitation Plan will be subject to the Rehabilitation Plan then in effect at the time of such entry, renewal or extension.

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REHABILITATION PLAN UPDATE

December 8, 2011

- Effective January 1, 2012, IV(B) (Preferred Schedule for Program B Employers) is deleted and replaced with the following:

B. PROGRAM B EMPLOYERS. For employers contributing to Program B of the Plan, the monthly or hourly contribution rate shall be in accordance with the below chart based on the employer's monthly contribution rate as of December 31, 2010:

	$55.99		**$145.60**		**$204.16**	
	Monthly	**Hourly**	**Monthly**	**Hourly**	**Monthly**	**Hourly**
2011	$55.99	$0.37	$145.60	$0.96	$204.16	$1.35
2012	$58.75	$0.39	$152.75	$1.01	$214.25	$1.41
2013	$61.50	$0.41	$159.75	$1.05	$224.00	$1.48
2014	$64.25	$0.42	$166.75	$1.10	$234.00	$1.54
2015	$67.00	$0.44	$173.75	$1.15	$243.75	$1.61
2016	$69.75	$0.46	$181.00	$1.19	$253.50	$1.67
2017	$72.25	$0.48	$188.00	$1.24	$263.50	$1.74
2018	$75.00	$0.49	$195.00	$1.29	$273.25	$1.80
2019	$77.75	$0.51	$202.00	$1.33	$283.25	$1.87
2020	$80.50	$0.53	$209.00	$1.38	$293.00	$1.93
2021	$83.25	$0.55	$216.00	$1.42	$303.00	$2.00
2022	$86.00	$0.57	$223.25	$1.47	$312.75	$2.06
2023	$88.50	$0.58	$230.25	$1.52	$322.75	$2.13

- Effective June 1, 2011, IV(C) (Preferred Schedule for Program C Employers) is amended to read as follows:

C. PROGRAM C EMPLOYERS. For employers contributing to Program C of the Plan, the applicable weekly contribution rate that is in effect as of September 27, 2010 (the day before the date of certification for the Plan's initial critical year), or the hourly contribution rate that corresponds to that weekly contribution rate as set forth in the chart below, is consistent with this Preferred Schedule.

Weekly Contribution Rate	**Hourly Contribution Rate**
$10.00	$0.28
$11.50	$0.32
$20.50	$0.58
$29.00	$0.83
$38.00	$1.08

BUILDING SERVICE 32BJ PENSION FUND

REHABILITATION PLAN AMENDMENT NO. 1

July 17, 2013

Upon expiration of a collective bargaining agreement that has adopted a contribution schedule consistent with the Preferred Schedule as of July 17, 2013, the Trustees will not accept a collective bargaining agreement that provides a contribution schedule that is not consistent with the Preferred Schedule, including, for example, the Default Schedule.

In addition, the Trustees will not accept a collective bargaining agreement covering employees not participating in the Plan as of July 17, 2013 if it includes a contribution schedule that is not consistent with the Preferred Schedule.

BUILDING SERVICE 32BJ PENSION FUND

REHABILITATION PLAN AMENDMENT NO. 2

Adopted June 17, 2020

Effective July 1, 2020

1. Section IV of the Rehabilitation Plan is amended to add a new subsection (D) to the end of the section:

   D. PROGRAM D EMPLOYERS. For employers contributing to Program D of the Plan, the contribution rates set forth in Appendix No. 2 of the Program D plan document shall be increased annually by 3.5% beginning with the first collective bargaining agreement negotiated by each applicable employer on or after July 1, 2020, or, if earlier, the date agreed upon by the trustees, union, and employer.

2. Section V of the Rehabilitation Plan is amended to add the following language:

   PROGRAM D EMPLOYERS. For employers contributing to Program D of the Plan, please refer to Section IV.D.