Significant Index No. 412.00-00

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

201525019

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

APR 10 2015

T:EP:RA:A2

Re:

Dear :

This letter is to inform you that, effective for the plan year beginning July 1, 2013, conditional approval has been granted for your request for a modification of our ruling letter dated March 26, 2010 (the "Letter Ruling"). The conditions of this approval are specifically described below. You agreed to these conditions in a letter dated March 27, 2015. It should be noted that the mailing address has changed for filing copies of the actuarial valuation report to this office.

Pursuant to the Letter Ruling, the Plan was conditionally granted a 10-year extension for amortizing the Plan's unfunded liabilities described in section 412(b)(2)(B) of the Internal Revenue Code ("Code") and section 302(b)(2)(B) of the Employee Retirement Income Security Act of 1974 ("ERISA"), prior to amendment by the Pension Protection Act of 2006 ("PPA '06"), for the plan year beginning July 1, 2004.

Pursuant to the Letter Ruling, the amortization extension under section 412(e) of the Code had been granted subject to the following conditions:

(1) For all plan years beginning July 1, 2004, and later, the Schedule B (Form 5500) is completed reflecting only those employer contributions attributable to hours worked within the applicable plan year.

(2) A notional credit balance is maintained that is at least as large as the "pseudo credit balance," for each year the agreement is in effect beginning with July 1, 2004. For this purpose, the "pseudo-credit balance" means a hypothetical credit balance developed by determining the reduction in the net amortization charge for the extended base each year that is solely due to the difference between the valuation interest rate and the interest rate under section 6621(b) of the Code, and amortizing each amount over a period of 15 years using the

valuation interest rate. The resulting amortization amounts are accumulated with interest at the valuation interest rate to derive the "pseudo credit balance" at each valuation date.

A "notional credit balance" is maintained, equal to the credit balance that would have existed in the funding standard account absent any reorganization charges under section 418 of the Code (if they should apply in future years) or any adjustments to the funding standard account under section 412(b)(7)(B) (or section 431(b)(7)(B), after amendment by PPA '06) if the Plan subsequently leaves reorganization. In this situation, the Plan is considered to meet the credit balance requirement as long as the "notional credit balance" (rather than the actual credit balance in the funding standard account) is at least as large as the "pseudo credit balance." Note that the interest rate under section 6621(b) of the Code is used to amortize the extended bases for funding standard account purposes as long as the extension is in effect.

(3) The Plan's funded ratio, calculated by dividing the Plan's market value of assets by its actuarial accrued liability (computed using the unit credit method and the Plan assumptions as of July 1, 2008, and counting only those employer contributions attributable to hours worked prior to the applicable valuation date) is:

(a) For July 1, 2010, no less than the actual funded ratio as of July 1, 2009, plus 1%, and

(b) For each valuation date subsequent to July 1, 2010, no less than 1% greater than the required funded ratio as of the previous valuation date. (For example, if the actual funded ratio as of July 1, 2009, is 43%, the funded ratio must be at least 44% as of July 1, 2010, and 45% as of July 1, 2011, regardless of whether the actual funding ratio in any prior year is higher than the required rate for that year);

(4) Notwithstanding section 418D of the Code, the Plan may not be amended in accordance with that section to reduce or eliminate accrued benefits attributable to employer contributions which under section 4022A(b) of the Employee Retirement Income Security Act of 1974, are not eligible for the Pension Benefit Guarantee Corporation's guarantee. However, the Plan may be amended to reduce or eliminate adjustable benefits attributable to employer contributions in order to meet the requirements of section 432 of the Code, as amended by PPA '06.

(5) For each plan year that the extension remains in effect, a copy of the actuarial valuation report starting with the plan year beginning July 1, 2009, and the Schedule MB (Form 5500) for each plan year beginning July 1, 2008, are provided to the Internal Revenue Service by April 15 of the calendar year following the end of the plan year. The valuation report includes the

development of the "pseudo credit balance" and "notional credit balance" required at the end of the applicable plan year.

The Letter Ruling stated that if any one of these conditions is not satisfied, the approval to extend the amortization periods for amortizing the unfunded liabilities would be retroactively null and void. However, the Service will consider modifications of these conditions, especially in the event that unforeseen circumstances beyond the control of the Plan may cause the actual experience of the Plan to fail the funded ratio condition. An example of such an unforeseen circumstance would be market fluctuations which affect the value of the Plan's assets. Such an unforeseen circumstance occurred during plan year ending June 30, 2010. Due to a decline in contributions caused by the weak economy and a decline in construction activity the Plan's funded ratio did not increase from July 1, 2009 to July 1, 2010.

Granting the modification of the Letter Ruling carries out the purposes of ERISA and provides adequate protection for participants under the plan and their beneficiaries. Further, failure to permit the modification will (1) result in (A) a substantial risk to the voluntary continuation of the plan, or (B) a substantial curtailment of pension benefit levels or employee compensation, and (2) be adverse to the interests of plan participants in the aggregate. Accordingly, your request for a modification of the Letter Ruling has been granted.

This approval modifies condition (3) contained in the Letter Ruling to read as follows. No other conditions are modified.

(3) The Plan's funded ratio, calculated by dividing the Plan's market value of assets by its actuarial accrued liability is as follows: (For plan years beginning before July 1, 2013, these percentages are computed using the unit credit method and the Plan's assumptions as of July 1, 2008, and counting only those employer contributions attributable to hours worked prior to the applicable valuation date. For Plan years beginning on and after July 1, 2013, these percentages are computed using the unit credit method and the Plan's assumptions as of July 1, 2013[1], and counting only those employer contributions attributable to hours worked prior to the applicable valuation date).

a. no less than 43% for each valuation date from July 1, 2004 through July 1, 2015, inclusive;
b. no less than 44% for each valuation date from July 1, 2016 through July 1, 2018, inclusive;
c. no less than 45% for each valuation date from July 1, 2019 through July 1, 2021, inclusive;
d. no less than 46% for each valuation date from July 1, 2022 through July 1, 2024, inclusive;

e. for each valuation date subsequent to July 1, 2024, no less than 1% greater than the required funded ratio as of the previous valuation date, until a funded ratio of 100% is achieved. (For example, because the floor funded ratio as of July 1, 2024 is 46%, the funded ratio must be at least 47% as of July 1, 2025, and 48% as of July 1, 2026).

Please note that the address contained in condition (5) has changed. The new address follows:

IRS – EP Classification
10 Metro Tech Center
625 Fulton Street
Brooklyn, NY 11201

If any one of the conditions provided in the Letter Ruling, as modified by this letter, is not satisfied, the approval to extend the amortization periods for amortizing the unfunded liabilities would be retroactively null and void to July 1, 2004. However, the Service will consider modifications of these conditions, especially in the event that unforeseen circumstances beyond the control of the Plan may cause the actual experience of the Plan to fail the funded ratio condition. An example of such an unforeseen circumstance would be market fluctuations which affect the value of the Plan's assets. Of course, any request for a modification is considered another ruling request and would be subject to an additional user fee.

Your attention is called to section 412(c)(7) of the Code and section 302(c)(7) of ERISA which describe the consequences that would result in the event the Plan is amended to increase benefits, change the rate in the accrual of benefits or to change the rate of vesting, while the amortization extension remains in place. Please note that any amendment that increases liabilities for a profit sharing plan or any other retirement plans (whether qualified or unqualified) maintained by the Trustees for the Plan and covering participants of the Plan to which this ruling applies, would be considered an amendment for purposes of section 412(c)(7) of the Code and section 302(c)(7) of ERISA. Similarly, the establishment of a new profit sharing plan or any other retirement plan (whether qualified or unqualified) maintained by the Trustees for the Plan and covering participants of the Plan to which this ruling applies, would be considered an amendment for purposes of section 412(c)(7) of the Code and section 302(c)(7) of ERISA.

Further, it should be noted that, should your amortization extension become prospectively null and void on a future date, the following steps must be taken in determining the funding standard account as of the beginning of the plan year in which it becomes prospectively null and void (the "Revocation Date").

1. Effective at the Revocation Date, the balance of each extended amortization base would be redetermined as an amount equal to the balance that each

extended base would have had if the extension had not been granted (hereinafter, the "Redetermined Prospective Revocation Balance"). For this purpose, if as of the Revocation Date, the base would have been fully amortized had the extension not been granted, the Redetermined Prospective Revocation Balance on account of such base as of the Revocation Date shall equal $0.

2. There is a one-time charge to the funding standard account at the Revocation Date on account of each extended amortization base equal to the excess of (A) over (B), where:

   A. Is the actual balance of the extended amortization bases determined as if the amortization extension was not null and void on the Revocation Date. [Note that the balance of each extended amortization base is determined as the prior year's balance brought forward with interest at the prior year's valuation interest rate less the prior year's extended amortization payment brought forward with interest at the prior year's IRC 6621(b) rate.]
   B. Is the Redetermined Prospective Revocation Balance.

3. The annual amortization charge at the Revocation Date for each amortization base that was previously extended shall be redetermined by amortizing each Redetermined Prospective Revocation Balance over the remaining amortization period, determined without regard to the extension previously granted under section 412(e) of the Code. The resulting amortization charges would be determined using the applicable valuation interest rate at the Revocation Date. [Note that if the Redetermined Prospective Revocation Balance of an extended base is $0, there is no amortization charge with respect to such base at the Revocation Date.]

4. At the Revocation Date, the reconciliation account shall be redetermined as if the amortization extension had never been approved.

Your attention is called to section 431(b)(7)(B) of the Code which provides for an adjustment to the funding standard account when a multiemployer plan leaves reorganization. If a multiemployer plan is not in reorganization in the current plan year but was in reorganization in the immediately preceding plan year, any balance in the funding standard account at the close of such immediately preceding plan year shall be eliminated by an offsetting credit or charge (as the case may be) and shall be taken into account in subsequent plan years by being amortized in equal installments (until fully amortized) over a period of 30 plan years.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

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We have sent a copy of this letter to the Manager, EP Classification in Baltimore, Maryland, to the Manager, EP Compliance Unit in Chicago, Illinois, and to your authorized representatives pursuant to a power of attorney on file in this office.

If you have any questions regarding this matter, please contact
(ID#) at .

Sincerely,

David M. Ziegler, Manager
Employee Plans Actuarial Group 2

cc:

[1] The July 1, 2013 Plan assumptions consist of the following:

7.50% Rate of Investment Return; RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment and the RP-2000 Disabled Retiree Table, projected to 2015 using Scale AA; $225,000 annual administrative expense payable mid-year; 80% are assumed married; Husbands are assumed to be 3 years older than their wives; An employee must work at least 300 hours in the prior plan year to be considered and active employee for purposes of the valuation;

Retirement Rates		
Age	Less than 30 years of Credited Service	30 years or more of Credited Service
55	10%	50%
56	10%	50%
57	10%	50%
58	10%	50%
59	10%	50%
60	10%	50%
61	10%	50%
62	100%	100%
Terminated Vested Employees:		100% at age 65

Disability	
Age	Rate
< 40	0.095%
40-44	0.217%
45-49	0.387%
50-54	0.670%
55-59	1.141%
60-64	1.468%

Turnover	
Age	Rate
25	10%
30	10%
35	9%
40	8%
45	7%
50	6%
55	2%
60	0%

For projection of future benefits it is assumed that each active employee will average 1,400 hours of service and earn 0.85 of one year of Credited Service in each future year. It is assumed that the average hours in excess of 1,400 will be 250 hours. Contribution rate increases by 52 cents per hour each year until the ultimate rate of $11.02 per hour is reached in 2021; Membership growth is 0% (i.e. – stable population and hours worked assumed in all future years); Total projected hours worked is 234,720; Administrative expenses increases by 3% per year.