MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN
IBEW LOCAL 46
REPRESENTING ELECTRONIC TECHNICIANS
AND
THE PORT OF SEATTLE

RE: Adoption of Pacific Coast Pension Rehabilitation Schedule

---

The IBEW Pacific Coast Pension Fund, a supplemental pension of the Port of Seattle Electronic Technicians, represented by Local 46, is in critical funding status. In accordance with The Pension Protection Act of 2006, the Pension Fund actuary has developed a Rehabilitation Plan intended to enable the plan to cease being in critical status by the end of the rehabilitation period. The rehabilitation plan contains three Rehabilitation Plan Schedules for the Parties to choose the one that fits their needs. The Rehabilitation Plan Update dated August 2011 is incorporated by reference, and attached.

The Port of Seattle and Local 46 negotiated adoption of Alternative Schedule 2 in good faith and have agreed as follows:

1. As of December 1, 2011, the parties agree to adopt the Schedule 2 of the Rehabilitation Plan.
2. The Parties agree to share in the increased hourly pension contribution costs contained the Rehabilitation Plan Schedule 2. The Port agrees to pay the increased hourly contribution cost of Schedule 2 beginning December 1, 2011 and then the Port and the Union will share the increased hourly contribution costs on June 1, 2012 as designated in paragraph three below.
3. As of June 1, 2012, the Union agrees to an hourly wage deferral of thirty cents ($.30) to cover the employee portion of the increased hourly pension contribution.
4. If the rehabilitation plan is completed or modified so that the Port's pension contributions are restored to current rates contained in the Collective Bargaining Agreement, fifty cents ($.50) per hour compensated, the employee portion, wage deferral of thirty cents ($.30), will be restored to the employees hourly wage.
5. This memorandum shall attach to the current Collective Bargaining Agreement between the Port of Seattle and IBEW Local 46 representing the Electronic Technicians, term June 1, 2011- May 31, 2014.
6. The parties agree to open negotiations on all terms and conditions of this memorandum during subsequent contract negotiations.

FOR IBEW LOCAL 46 DATE

_______________________________ _______________

Virgil A. Hamilton, Business Manager

FOR THE PORT OF SEATTLE DATE

_______________________________ _______________

Tay Yoshitani, CEO

IBEW PACIFIC COAST PENSION FUND
5 THIRD STREET, SUITE 525 • SAN FRANCISCO, CA 94103-3202
TELEPHONE (415) 896-5742 • (800) 257-1515 • FAX (415) 896-0587

Rehabilitation Plan Update – August 2011

Introduction

The Pension Protection Act of 2006 ("PPA"), as amended by the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA") and the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 ("PRA"), requires the Trustees of a multiemployer pension plan that has been certified by the plan's actuary as being in critical status to develop a Rehabilitation Plan that is intended to enable the plan to cease to be in critical status by the end of the plan's rehabilitation period. The Rehabilitation Plan must be based on reasonably anticipated experience and on reasonable actuarial assumptions. On June 29, 2009, the I.B.E.W. Pacific Coast Pension Fund ("Fund") was certified by its actuary to be in critical status for the plan year beginning April 1, 2009. On July 8, 2009 the Trustees adopted a Rehabilitation Plan. On August 11, 2011 the Trustees updated that Rehabilitation Plan to reflect actual experience.

This Rehabilitation Plan:

1. Specifies the rehabilitation period and the expected emergence date;

2. Includes three schedules (Default Schedule plus two Alternative Schedules) of benefit changes and non-benefit contribution changes that will be provided to the bargaining parties, one of which must be implemented as part of future collective bargaining agreements between local unions and contributing employers entered into or renewed after July 22, 2009;

3. Provides annual standards for meeting the requirements of the Rehabilitation Plan and describes how the Rehabilitation Plan will be updated from time to time; and

4. Describes how the Default Schedule will be automatically implemented if there is no agreement between the bargaining parties in a timely manner.

Rehabilitation Period and Expected Emergence Date

Pursuant to Section 205 of WRERA, the Trustees elected on July 8, 2009 that the rehabilitation period shall be 13 years long. The Trustees also determined, based on information about the expiration of the current collective bargaining agreements, that the Rehabilitation Period will begin on April 1, 2010. The Fund is expected to emerge from critical status by April 1, 2023, based on reasonable assumptions and implementation of this Rehabilitation Plan.

Rehabilitation Plan Remedies and Schedules

Schedules

Attached to this document are the Default Schedule and two Alternative Schedules under the Rehabilitation Plan, which describe required supplemental non-benefit contributions and the benefit reductions that will be made upon each Schedule's implementation. Notwithstanding the following changes to the contribution schedules a prior schedule previously provided by the Trustees and relied upon by particular bargaining parties in negotiating a collective bargaining agreement shall continue to remain in effect without change for the duration of that collective bargaining agreement. Nothing prevents such collective bargaining parties from reopening their existing collective bargaining agreement to adopt one of the following updated schedules should those collective bargaining parties wish to do so. Any collective bargaining parties negotiating a successor collective bargaining agreement or new collective bargaining agreement on and after the date of mailing of this notice must incorporate into that collective bargaining agreement one of the following updated schedules.

Implementation of Remedies and Schedules

The current monthly benefit of pensioners and beneficiaries whose annuity starting date is prior to July 22, 2009 are not subject to reduction under this Rehabilitation Plan. Benefits for other participants are determined as follows:

Except as provided under ***Special Rules for Application of Benefit Reductions***, all participants who terminated or will terminate covered employment prior to becoming covered by a Schedule in the Collective bargaining process, including those in pay status who retired on or after July 22, 2009, shall have their benefits determined based on the benefit changes described under the Default Schedule upon implementation of the Default Schedule. Except as provided below under Special Rules for Application of Benefit Reductions upon implementation of the Default Schedule the benefit of a Participant who commenced benefits under a Rule of 85 Pension on or after July 22, 2009 shall be reduced to the actuarial equivalent of a Normal Retirement Benefit. These provisions shall take effect on the later of the date the participant terminates covered employment or the date that benefits can be eliminated allowing for legally required advance notice.

The Default Schedule is implemented, except as provided under the Special Rules for Application of Benefit Reductions, upon adoption of any Schedule by the collective bargaining parties but in no event later that 180 days following the expiration date of a collective bargaining agreement in effect as of April 1, 2010 or such earlier date of implementation as mandated by applicable law or regulations.

For non-bargaining unit employees employed by employers who also contribute on behalf of bargaining unit employees the Schedule and implementation date is the same as the Schedule and first implementation date for that employer's bargaining unit employees. For non-bargaining unit employees not employed by an employer that contributes pursuant to a collective bargaining agreement their implementation date is the earlier of the employer's adoption of a Schedule or 180 days from April 1, 2010.

Participants who work outside the jurisdiction of this Fund and have monies sent to this Fund on their behalf under a "money follows the man" reciprocity agreement shall, for such time period, be treated as not covered by a collective bargaining agreement connected with this Fund and therefore subject to the benefit provisions of the Default Schedule. Participants who work inside the jurisdiction of this Fund and who have employer contributions sent to an outside fund under a "money follows the man" reciprocity agreement shall have the first dollar of each hourly contribution (for contributions rates less than $3.00 per hour), all increased non-benefit contributions under any Schedule and all employer surcharge contributions remain in the I.B.E.W. Pacific Coast Pension Fund for funding purposes only. These contributions result in no benefit accruals for any Participant.

Special Rules for Application of Benefit Reductions

Those who had not commenced receipt of benefits prior to July 22, 2009 shall have their benefits calculated under the Default Schedule upon implementation unless:

- The participant immediately prior to retirement works a minimum of 435 hours in a Plan Year (April 1, through March 31) in Covered Employment under a Collective Bargaining Agreement that includes one of the Alternative Schedules subject to the conditions described in the section Other Issues or;

- The Participant worked a minimum of 435 hours in Covered Employment during the April 1, 2008 through March 31, 2009 Plan year for an employer that adopts an Alternative Schedule prior to the Participant's commencement of benefits.

In either case, benefits shall be based upon the applicable Alternative Schedule implemented by the applicable Collective Bargaining Agreement.

Benefits of a beneficiary or alternative payee with respect to a Participant or Retiree shall be determined based upon the Schedule applicable to the benefits of the Participant or Retiree to whom they relate.

Automatic Implementation of Default Schedule

If a collective bargaining agreement providing for contributions under the Plan that was in effect on April 1, 2010 expires, and after receiving the Default and Alternative Schedules, the bargaining parties fail to adopt an agreement with terms consistent with any of those schedules, the Default Schedule will be imposed, and the benefits adjusted accordingly, 180 days after the date on which the collective bargaining agreement expires.

Annual Standards for Meeting the Rehabilitation Requirements

Based on reasonable assumptions, the Fund is expected to emerge from critical status by the Plan Year beginning April 1, 2023. 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 Fund on target to emerge from critical status by the end of the rehabilitation period.

Determination for Year Beginning April 1:		Credit Balance (Funding Deficiency) Projected on March 31 of Following Year*:
2011		$24.4
2012		$22.5
2013		$23.4
2014		$24.5
2015		$21.2
2016		$15.1
2017		$3.9
2018		($7.3)
2019		($17.4)
2020		($26.2)
2021		($25.7)
2022		($12.9)
2023		ZERO

* *In millions.*

Annual Updating of Rehabilitation Plan

Each year the Fund's actuary will review and certify the status of the Fund under PPA funding rules and whether, starting with the beginning of the rehabilitation period, the Fund is making the scheduled progress in meeting the requirements of the Rehabilitation Plan. If the Trustees determine that it is necessary in light of updated information, they will revise the Rehabilitation Plan and present updated schedules to the bargaining parties, which may prescribe additional benefit reductions or higher contribution rates.

Notwithstanding subsequent changes in benefit and contribution schedules, a schedule provided by the Trustees and relied upon by the bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

However, a collective bargaining agreement that is renewed or extended will need to include terms consistent with one of the schedules in effect at the time of the renewal or extension.

Other Issues

In the event that a particular Schedule is implemented for an employer, and then another Schedule is bargained as part of a subsequent negotiation, the Trustees may develop a revised contribution schedule for that particular situation.

If a participant changes employers and, as a result, becomes covered under a different schedule, benefits shall be determined as follows:

- If a participant who was covered by a particular Schedule subsequently becomes covered by another Schedule, benefits accrued up to the date of change will be determined under the first Schedule and benefits accruing after that date will be determined under the second Schedule. Other plan features (e.g., disability benefits, early retirement benefits, Rule of 85) will depend entirely on the Schedule applicable to the participant at the time of separation, death, or retirement.

Benefit changes will become effective pursuant to the terms of this Rehabilitation Plan as soon as legally permissible after the Rehabilitation Plan is adopted and are expected to be permanent.

As required by the PPA, for benefits commencing on or after July 22, 2009, the Social Security Level Income form of payment is no longer permitted.

Election of Pension Relief

Under the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (PRA), multiemployer plans that are certified by their actuaries to pass a solvency test may elect to take advantage of funding relief, in the form of certain changes made to the minimum funding requirements.

In order for a plan to qualify for this form of relief, its actuary must certify that the plan is projected to have sufficient funds to cover all benefit payments and expenses for the extended funding period permitted under the law. Based on the plan actuary's calculations, this Fund is expected to qualify for the relief and the Board of Trustees plans to elect the following forms of relief, to be reflected in the funding standard account starting with the 2009 plan year:

- As permitted under ERISA Section 304(b)(8)(B) and Internal Revenue Code Section 432(b)(8)(B) as amended by Section 211(a)(1) of the PRA, the Plan will adjust the asset value that is used for funding purposes to recognize the losses incurred in the Plan Year ending March 31, 2009 over a ten-year smoothing period.

- As permitted under ERISA Section 304(b)(8)(B) and Internal Revenue Code Section 432(b)(8)(B) as amended by Section 211(a)(1) of the PRA, for the Plan Years beginning April 1, 2009 and April 1, 2010, the actuarial value of assets will be no more than 130% of the fair market value of assets.

These forms of funding relief were taken into account in developing the Rehabilitation Plan described in this document. The election of funding relief means that, in addition to any other restrictions on benefit-increase amendments, for the 2010 and 2011 Plan Years, the Plan cannot be amended to increase benefits unless there are new contributions to pay for the increase and the plan's projected credit balance and funded percentage for those two plan years are reasonably expected to be at least as high as if the benefit increases had not been adopted.

By motion duly adopted, the Board of Trustees of the IBEW Pacific Coast Pension Trust Fund on the 10th day of August, 2011, hereby adopts this updated Rehabilitation Plan.

Chairman

Co-Chairman

DEFAULT SCHEDULE FOR BENEFITS COMMENCING ON AND AFTER JULY 22, 2009

Benefit Changes

- With respect to hours worked after the date of implementation of this Schedule, the benefit accrual rate becomes the lesser of: i) 1.00% of contributions made on the participant's behalf, or ii) 1.50% of contributions made on his/her behalf in excess of $1.00 per hour. So, for contributions above $3.00 per hour the first approach is used, and for contributions below $3.00 per hour the second approach is used. "Contributions" for this purpose excludes any contribution increases specifically required by this Schedule.
- The disability benefit is eliminated for any participants who are not in pay status as a disabled participant as of July 22, 2009.
- The 60-month guarantee period is eliminated with respect to benefits not in pay status as of July 22, 2009.
- The Pre-Retirement Death Benefit is eliminated as of July 22, 2009.
- All forms of early subsidized retirement benefits are eliminated for Participants not in pay status as of July 22, 2009. Such changes include:
    - The Rule of 85 Pension is eliminated.
    - The Early Retirement Pension is based on actuarial reductions from Normal Retirement Age (age 63 in most cases).
- The only forms of benefit payment available to a retiring participant commencing receipt of benefits on or after July 22, 2009 shall be a single life annuity with no guarantee period, the 50% Husband-and-Wife Pension, and the 75% Husband-and-Wife Pension. The reduction factors for the Husband-and-Wife payment forms will be adjusted so as to be actuarially equivalent to a single life annuity with no guarantee period.

Contributions

Employer contribution rate levels shall increase as follows under this Schedule:

Time Period	Required Contribution Level*
Sept. 1, 2011 - Aug. 31, 2012	173%
Sept. 1, 2012 - Aug. 31, 2013	176%
Sept. 1, 2013 - Aug. 31, 2014	179%
Sept. 1, 2014 - Aug. 31, 2015	182%
Sept. 1, 2015 - Aug. 31, 2016	185%
Sept. 1, 2016 - Aug. 31, 2017	188%
Sept. 1, 2017 - Aug. 31, 2018	191%
Sept. 1, 2018 - Aug. 31, 2019	194%
Sept. 1, 2019 - Aug. 31, 2020	197%
Sept. 1, 2020 - Aug. 31, 2021	200%
Sept. 1, 2021 - Aug. 31, 2022	203%
Sept. 1, 2022 - March 31, 2023	206%

* *Shown as a percentage of contribution rate required under collective bargaining agreement in effect July 22, 2009 (excluding any surcharge payable in accordance with the Pension Protection Act).*

All additional contributions pursuant to this Schedule over the amounts required under collective bargaining agreements in effect as of July 22, 2009 shall be disregarded for purposes of determining participants' accrued and ancillary benefits. Accrued and ancillary benefits are in no fashion based upon the amount of increased employer contributions under the foregoing Schedule or any employer surcharge contributions payable by the employer. These contributions shall be utilized solely to improve the funding condition of the Plan and shall result in no benefit accruals whatsoever.

If an existing agreement calls for different rates for apprentices or other classifications than the journeyman rates specified above, proportional off-benefit contribution increases will be required.

ALTERNATIVE SCHEDULE 1

Benefit Changes

Benefit accruals under a Collective Bargaining Agreement after this Schedule is implemented shall be determined disregarding any contribution increases specifically required under this Schedule. The Level Income option is eliminated. Except for the foregoing no other benefit accrual changes or reductions are provided for under this Schedule.

Contributions

Employer contribution rate levels shall increase as follows under this Schedule:

Time Period	Required Contribution Level*
Sept. 1, 2011 - Aug. 31, 2012	187%
Sept. 1, 2012 - Aug. 31, 2013	204%
Sept. 1, 2013 - Aug. 31, 2014	221%
Sept. 1, 2014 - Aug. 31, 2015	238%
Sept. 1, 2015 - Aug. 31, 2016	255%
Sept. 1, 2016 - Aug. 31, 2017	272%
Sept. 1, 2017 - Aug. 31, 2018	289%
Sept. 1, 2018 - Aug. 31, 2019	306%
Sept. 1, 2019 - Aug. 31, 2020	323%
Sept. 1, 2020 - Aug. 31, 2021	340%
Sept. 1, 2021 - Aug. 31, 2022	357%
Sept. 1, 2022 - March 31, 2023	374%

* *Shown as a percentage of contribution rate required under collective bargaining agreement in effect July 22, 2009 (excluding any surcharge payable in accordance with the Pension Protection Act).*

All additional contributions pursuant to this Schedule over the amounts required under collective bargaining agreements in effect as of July 22, 2009 shall be disregarded for purposes of determining participants' accrued and ancillary benefits. Accrued and ancillary benefits are in no fashion based upon the amount of increased employer contributions under the foregoing Schedule or any employer surcharge contributions payable by the employer. These contributions shall be utilized solely to improve the funding condition of the Plan and shall result in no benefit accruals whatsoever.

If an existing agreement calls for different rates for apprentices or other classifications than the journeyman rates specified above, proportional off-benefit contribution increases will be required.

ALTERNATIVE SCHEDULE 2

Benefit Changes

- With respect to hours worked after the date of implementation of this Schedule, the benefit accrual rate becomes 1.25% of contributions made on the participant's behalf. "Contributions" for this purpose excludes any contribution increases specifically required by this Schedule.

- The 60-month guarantee period is eliminated with respect to benefits not in pay status as of July 22, 2009.

- The Pre-Retirement Death Benefit is eliminated as of July 22, 2009.

- The current early retirement reduction of 2% per year younger than 63 becomes 4% per year younger as of July 22, 2009. However, the reduction factors under the Rule of 85 remain unchanged.

- The forms of benefit payment available to a retiring participant commencing receipt of benefits on or after July 22, 2009 will remain the same (except the Level Income option is eliminated). However, the reduction factors for the Husband-and-Wife payment forms will be adjusted so as to be actuarially equivalent to a single life annuity with no guarantee period.

Contributions

Employer contribution rate levels shall increase as follows under this Schedule:

Time Period	Required Contribution Level*
Sept. 1, 2011 - Aug. 31, 2012	181%
Sept. 1, 2012 - Aug. 31, 2013	192%
Sept. 1, 2013 - Aug. 31, 2014	203%
Sept. 1, 2014 - Aug. 31, 2015	214%
Sept. 1, 2015 - Aug. 31, 2016	225%
Sept. 1, 2016 - Aug. 31, 2017	236%
Sept. 1, 2017 - Aug. 31, 2018	247%
Sept. 1, 2018 - Aug. 31, 2019	259%
Sept. 1, 2019 - Aug. 31, 2020	270%
Sept. 1, 2020 - Aug. 31, 2021	281%
Sept. 1, 2021 - Aug. 31, 2022	292%
Sept. 1, 2022 - March 31, 2023	303%

* *Shown as a percentage of contribution rate required under collective bargaining agreement in effect July 22, 2009 (excluding any surcharge payable in accordance with the Pension Protection Act).*

All additional contributions pursuant to this Schedule over the amounts required under collective bargaining agreements in effect as of July 22, 2009 shall be disregarded for purposes of determining participants' accrued benefits. Accrued benefits are in no fashion based upon the amount of increased employer contributions under the foregoing Schedule or any employer surcharge contributions payable by the employer. These contributions shall be utilized solely to improve the funding condition of the Plan and shall result in no benefit accruals whatsoever.

If an existing agreement calls for different rates for apprentices or other classifications than the journeyman rates specified above, proportional off-benefit contribution increases will be required.