



BENEFIT PLANS

MEBA MEDICAL & BENEFITS PLAN

MEBA PENSION TRUST

MEBA TRAINING PLAN

MEBA VACATION PLAN

1007 EASTERN AVENUE, BALTIMORE, MARYLAND 21202-4345 • (410) 547-9111

TO: Participants in the MEBA Pension Trust Defined Benefit Plan Employed by G.F.C. Consultants, Inc. (M.E.B.A. Division)

FROM: MEBA Pension Trust Board of Trustees

DATE: January 20, 2012

Attached is a notice that was sent to you on January 4, 2012 describing certain reductions to the MEBA Pension Trust Defined Benefit Plan. This letter is to advise that the reductions described in the attached notice have been adopted by G.F.C. Consultants, Inc. (M.E.B.A. Division) and will be effective for service with G.F.C. Consultants, Inc. (M.E.B.A. Division) after February 4, 2012. Accordingly, when you read the attached notice, the date "February 4, 2012" replaces the date "January 19, 2012" and the date "February 5, 2012" replaces the date "January 20, 2012".

Please note that if you complete at least 20 days of Covered Employment between January 1, 2012 and February 4, 2012 with G.F.C. Consultants, Inc. (M.E.B.A. Division), you will receive 1/12 Pension Credit for 2012 calculated using the definition of base monthly wages and the accrual rates described in Section IIA of the attached notice. Additional Pension Credit earned for Covered Employment with G.F.C. Consultants, Inc. (M.E.B.A. Division) after February 4, 2012 will be calculated using the definition of base monthly wages and the accrual rates described in Section IIB of the attached notice.



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TO: Participants in the MEBA Pension Trust Defined Benefit Plan

FROM: MEBA Pension Trust Board of Trustees

DATE: January 4, 2012

RE: Notice of Reduction in Future Pension Benefits For Service After January 19, 2012 and Modification of Lump Sum Payment Option for Service After January 19, 2012

After numerous pension benefit improvements and 25 years without employer contributions, the MEBA Defined Benefit Plan is facing long-term funding issues. The funding issues were made worse by the 2008 losses in the stock market and the recent global recession. As a result, the Plan's actuary has advised that, for the first time since 1986, contributions must be made to the Plan in order to meet IRS minimum funding rules. While many of these financial challenges have been on the horizon for several years, in 2011 the pending employer contributions forced the bargaining parties to address the long-term funding necessary to stabilize the Plan. Funding must begin in 2012.

After extensive negotiations, the MEBA and certain employers have agreed to prospectively change the Pension Plan effective January 20, 2012 to reduce future benefit accruals and modify the lump sum payment option for future benefit accruals.

The Pension Plan will be amended to reflect the changes agreed to by the bargaining parties. These changes are being made to preserve the Plan and jobs for MEBA members. We realize that any type of change causes questions, and we are committed to keeping you informed throughout this transition.

Note: If you perform work for an employer under a collective bargaining agreement that does not provide for a reduced accrual rate, you will continue to accrue benefits at the current rate. This notice only applies to service under a collective bargaining agreement which provides for reduced pension benefits. **A list of the employers who have signed collective bargaining agreements providing for a reduced accrual rate, and a list of employers whose collective bargaining agreements continue to have pension benefits at the current accrual rate is posted on the Plans' website and will be maintained and updated on the website if and when changes are required due to continued collective bargaining.** You may also request a copy of the lists by contacting the Plan Office at 410-547-9111.

The changes to the Plan only apply to pension benefits earned **after January 19, 2012. Pension benefits earned before January 20, 2012 are not reduced.**¹ The present lump sum option rules still apply to all benefits earned through January 19, 2012.

¹ Under the Plan's Rules and Regulations, a participant must complete at least 20 days in covered employment each calendar year to earn additional Pension Credit.

I. Pension Benefits For Service Before the Amendment

- A. **Monthly Benefits** – Your monthly pension benefit is payable at Normal Retirement Age (generally age 65) or upon the completion of 20 Pension Credits, whichever occurs first. Under Article 2A.03(e) of the Plan’s Rules and Regulations, your pension benefit is determined using the average of your “base monthly wages” for the three (3) consecutive calendar years throughout your entire career that produces the highest pension, when multiplied by the sum of 2.67% for every year of Pension Credit you earned up to 20 years, and 3.56% for every year of Pension Credit you earned above 20 years.

In addition to your regular straight time pay from your employers and payments from the MEBA Vacation Plan, your “base monthly wages” for purposes of determining your pension benefit may include wage enhancements set forth in your collective bargaining agreement and the Pension Plan Document.

- B. **Lump Sums** – Participants who attain Normal Retirement Age or those who complete at least 20 Pension Credits and who attain at least age 50 may elect to receive the actuarial equivalent of their accrued benefit in the form of (i) a 100% Lump Sum or (ii) a 50% Lump Sum with the remainder payable from the effective date of your retirement as a reduced monthly annuity.

II. Pension Benefits for Service After the Amendment

Effective January 20, 2012, your monthly pension benefit payable at Normal Retirement Age under the Plan will be equal to the sum of paragraph (1) plus paragraph (2), as shown below.

A. **Monthly Benefits** –

- 1) **For Service Through January 19, 2012** – Calculate the portion of your monthly pension benefit earned through December 31, 2011 by taking the average of your “base monthly wages” for any three (3) consecutive calendar years (including applicable wage enhancements) as of December 31, 2011 that produces the highest pension when, multiplied by the sum of 2.67% for every year of Pension Credit you earned up to 20 years, and 3.56% for every year of Pension Credit you earned above 20 years.

PLUS

- 2) **For Service After January 19, 2012** – Calculate the portion of your monthly pension benefit earned after December 31, 2011 by taking the average of your “base monthly wages” for any ten consecutive calendar years that you work after December 31, 2011 that produces the highest pension when, multiplied by the sum of 2% for every year of Pension Credit you earned up to 20 years, and 2.67% for every year of Pension Credit you earned above 20 years².

After December 31, 2011, “base monthly wages” for purposes of determining your pension will be the straight-time pay that you receive from employers and from the

² If after December 31, 2011, a participant accumulates fewer than 10 years of “base monthly wages” before retirement, the average will be determined by using the participant’s actual number of years of “base monthly wages”, up to 10.

MEBA Vacation Plan and will not include the additional amount equal to 10% of your base wages, the inclusion of overtime and in-lieu of overtime supplements, cafeteria contributions, EDCP, non-watch allowances and any other wage enhancements.

- B. Lump Sums – After January 19, 2012, if you attain Normal Retirement Age or earn at least 20 Pension Credits over the course of your career (including Pension Credits earned before January 20, 2012) and attain at least age 50, you will still be able to elect to receive the actuarial equivalent of your entire accrued benefit **earned through January 19, 2012** in the form of either a 100% Lump Sum or a 50% Lump Sum with the remainder payable from the effective date of your retirement as a reduced monthly annuity.

In addition, you can elect a Lump Sum equal to up to five years of monthly annuity benefit payments with respect to the benefits you earn after January 19, 2012 (with the remainder payable from the effective date of your retirement as a reduced monthly annuity).

Example 1

A participant is currently 45 years old. As of January 19, 2012, he has earned 15 Pension Credits. He continues to work until he turns 60, and earns 15 additional Pension Credits. He retires on January 1, 2027, and chooses the single life annuity payment option.

Before the Plan amendment, the average of the participant's highest three (3) years of "base monthly wages" for pension purposes = \$70,000³ as of December 31, 2011.

Before the Plan amendment, the average of the participant's highest three (3) years of "base monthly wages" for pension purposes = \$105,000⁴ as of January 1, 2027 (his date of retirement).

After the Plan amendment, the average of the participant's highest 10 years of "base monthly wages" for pension purposes = \$85,000⁵ as of January 1, 2027 (his date of retirement).

Because of the Plan amendment, the participant's pension will be:	Before the Plan amendment, the participant's pension would have equaled:
<ul style="list-style-type: none"> ○ (2.67% x 15 Pension Credits) x \$70,000 PLUS ○ (2% x 5 Pension Credits) x \$85,000 PLUS ○ (2.67% x 10 Pension Credits) x \$85,000 	<ul style="list-style-type: none"> ○ (2.67% x 20 Pension Credits) x \$105,000 PLUS ○ (3.56% x 10 Pension Credits) x \$105,000
= \$59,230, for a total monthly pension of \$4,935.83	= \$93,450, for a total monthly pension of \$7,787.50

³ Based on the average of his highest three (3) years of "base monthly wages" as of December 31, 2011, which includes wage enhancements.

⁴ Based on the average of his highest three (3) years of "base monthly wages" as of January 1, 2027, which includes wage enhancements.

⁵ Based on the average of his highest 10 years of "base monthly wages" after January 1, 2012, which excludes all wage enhancements.

Example 2

A participant is currently 55 years old. As of January 19, 2012, he earned 20 Pension Credits. He continues to work until he turns 60, and earns five additional Pension Credits. He retires on January 1, 2017, and chooses the single life annuity payment option.

Before the Plan amendment, the average of the participant's highest three (3) years of "base monthly wages" for pension purposes = \$90,000⁶ as of December 31, 2011.

Before the Plan amendment, the average of the participant's highest three (3) years of "base monthly wages" for pension purposes = \$95,000⁷ as of January 1, 2017 (his date of retirement).

After the Plan amendment, the average of the participant's highest 10 years of "base monthly wages" for pension purposes = \$80,000⁸ as of January 1, 2017 (his date of retirement).

Because of the Plan amendment, the participant's pension will be:	Before the Plan amendment, the participant's pension would have equaled:
<ul style="list-style-type: none"> ○ (2.67% x 20 Pension Credits) x \$90,000 PLUS ○ (2.67% x 5 Pension Credits) x \$80,000 = \$58,740, for a total monthly pension of \$4,895.00 	<ul style="list-style-type: none"> ○ (2.67% x 20 Pension Credits) x \$95,000 PLUS ○ (3.56% x 5 Pension Credits) x \$95,000 = \$67,640, for a total monthly pension of \$5,636.67

Example 3

A participant is currently 40 years old. As of January 19, 2012, he earned 5 Pension Credits. He continues to work until he turns 60, and earns 20 additional Pension Credits. He retires on January 1, 2032.

Before the Plan amendment, the average of the participant's highest three (3) years of "base monthly wages" for pension purposes = of \$55,000⁹ as of December 31, 2011.

Before the Plan amendment, the average of the participant's highest three (3) years of "base monthly wages" for pension purposes = \$95,000¹⁰ as of January 1, 2032 (his date of retirement).

After the Plan amendment, the average of the participant's highest 10 years of "base monthly wages" for pension purposes = \$80,000¹¹ as of January 1, 2032 (his date of retirement).

⁶ Based on the average of his highest three (3) years of "base monthly wages" as of December 31, 2011, which includes wage enhancements.

⁷ Based on the average of his highest three (3) years of "base monthly wages" as of January 1, 2017, which includes wage enhancements.

⁸ Based on the average of his five (5) years of "base monthly wages" after January 1, 2012, which excludes all wage enhancements.

⁹ Based on the average of his highest three (3) years of "base monthly wages" as of December 31, 2011, which includes wage enhancements.

¹⁰ Based on the average of his highest three (3) years of "base monthly wages" as of January 1, 2032, which includes wage enhancements.

¹¹ Based on the average of his highest 10 years of "base monthly wages" after January 20, 2012, which excludes all wage enhancements.

Because of the Plan amendment, the participant's pension will be:	Before the Plan amendment, the participant's pension would have equaled:
<ul style="list-style-type: none"> ○ $(2.67\% \times 5 \text{ Pension Credits}) \times \\$55,000$ PLUS ○ $(2\% \times 15 \text{ Pension Credits}) \times \\$80,000$ PLUS ○ $(2.67\% \times 5 \text{ Pension Credits}) \times \\$80,000$ = \$42,022.50, for a total monthly pension of \$3,501.88 	<ul style="list-style-type: none"> ○ $(2.67\% \times 20 \text{ Pension Credits}) \times \\$95,000$ PLUS ○ $(3.56\% \times 5 \text{ Pension Credits}) \times \\$95,000$ = \$67,640, for a total monthly pension of \$5,636.67

Article 2A.03(d)(1) provides that a participant may elect a pension benefit that is subject to certain cost of living adjustments (COLA Pension) in lieu of the pension benefit described in Section I of this Notice. The Plan amendment also reduces future accruals under the COLA Pension. Very few participants elect the COLA Pension, an explanation of the effect of the Plan amendment on the COLA Pension is set forth in Attachment A to this Notice.

III. A Final Note

This Notice changes the information in your Summary Plan Description. Please keep this notice with your SPD so you will have complete information about your pension benefits.

This Notice provides only a brief summary of the Plan, and cannot address every situation. Your actual benefits are determined under the legal Pension Plan document. If you have any questions regarding this Notice or your benefits generally, please contact the Plan Office at 410-547-9111.

This important notice concerning your pension rights is being provided to you in accordance with Section 204(h) of the Employee Retirement Income Security Act ("ERISA") and Section 4980F of the Internal Revenue Code of 1986, as amended.

ATTACHMENT A

Pension Benefits Subject to Cost of Living Adjustment of Article 2A.03(b) Before the Amendment

- A. Monthly Benefits for Service Prior to January 20, 2012 – Prior to January 20, 2012, your monthly pension benefit payable at Normal Retirement Age (generally age 65) under Article 2A.03(b) of the Plan’s Rules and Regulations, is the average of your “base monthly wages” for pension purposes during the period of any five consecutive calendar years within the 10 consecutive calendar years ending on the date on which your pension is determined that produces the highest pension, based on the years of Pension Credit earned through that date when, multiplied by the sum of 2% for every year of Pension Credit you earned up to 20 years, and 2.67% for every year of Pension Credit you earned above 20 years. Your monthly pension benefit is subject to certain annual cost of living adjustments (COLA Pension) as set forth in Article VI of the Plan’s Rules and Regulations. The Lump Sum payment option is not available under the COLA Pension.

Pension Benefits Subject to Cost of Living Adjustment of Article 2A.03(b) After the Amendment

Effective January 20, 2012, your monthly pension benefit payable at Normal Retirement Age under the Plan will be equal to the sum of paragraph (A) plus paragraph (B), as shown below.

- A. For Service Prior to January 20, 2012 – Calculate the portion of your monthly pension benefit earned through December 31, 2011 by taking your base monthly wages” for pension purposes during the period of any five consecutive calendar years within the 10 consecutive calendar years ending on December 31, 2011 that produces the highest pension, based on the years of Pension Credit earned through that date when, multiplied by the sum of 2% for every year of Pension Credit you earned up to 20 years, and 2.67% for every year of Pension Credit you earned above 20 years.

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- B. For Service After January 19, 2012 – Calculate the portion of your monthly pension benefit earned after December 31, 2011 by taking the average of your “base monthly wages” for any ten consecutive calendar years that you work after December 31, 2011 that produces the highest pension when, multiplied by the sum of 1.5% for every year of Pension Credit you earned up to 20 years, and 2% for every year of Pension Credit you earned above 20 years.¹²

After January 19, 2012, “base monthly wages” for purposes of calculating your pension will be the straight-time pay that you receive from employers and from the MEBA Vacation Plan and will not include the additional amount equal to 10% of your base wages, the inclusion of overtime and in-lieu of overtime supplements, cafeteria contributions, EDCP, non-watch allowances and any other wage enhancements.

¹² If after December 31, 2011, a participant accumulates fewer than 10 years of “base monthly wages” before retirement, the average will be determined by using the participant’s actual number of years of “base monthly wages”, up to 10.