Appendix II
to the
Amended and Restated Agreement Establishing
the
Southwest Carpenters Pension Trust as amended through August 1, 2004

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<u>RULES IMPLEMENTING WITHDRAWAL LIABILITY IMPOSED BY ERISA</u>

<u>Recitals</u>

The Southwest Carpenters Pension Trust (the "Trust") is established, and governed by a Board of Trustees (the "Board"), pursuant to the Amended and Restated Agreement Establishing the Southwest Carpenters Pension Trust as amended through August 1, 2004 (the "Trust Agreement") entered into by and among Employer associations ("Employers") and the Southwest Regional Council of Carpenters ("Union"). Pursuant to Article V of the Trust Agreement the Board has established the Southwest Carpenters Pension Plan (the "Plan") which is a multiemployer defined benefit pension plan under the Employee Retirement Income Security Act of 1974, as amended, ("ERISA").

ERISA, as amended by the Multiemployer Pension Plan Amendments Act of 1980, provides as a matter of statutory obligation that if a contributing employer withdraws from a multiemployer defined benefit plan in a complete withdrawal or a partial withdrawal, such withdrawing employer may have withdrawal liability to the Trust under ERISA Section 4201 when the Trust has unfunded vested benefits. Unfunded vested benefits exist when the value of the nonforfeitable benefits under the Plan exceed the value of the assets of the Trust.

The term "Individual Employer" as used in this Appendix II has the meaning set forth in Article I, Section 2 of the Trust Agreement, and includes any employer obligated to contribute to the Trust pursuant to collective bargaining agreements with employer associations (including through short form adoptions thereof) or that contributes to the Trust in fact or pursuant to regulations adopted by the Board or its delegate, therefore establishing such an obligation to contribute. Accordingly, pursuant to collective bargaining agreements covering members of an employer association, or the Trust Agreement, an Individual Employer is a party to, and bound by, the terms of the Trust Agreement and rules and procedures promulgated thereunder. Under Trust Agreement Articles I, III and V, *inter alia,* including, without limitation, Article V, Section 4(p), the Board may establish rules and procedures for matters in connection with the Plan and the Trust. This Appendix II is applicable to an "Employer" as defined in Section 1.1 (without regard to the use of the defined term "Employer" in the Trust Agreement to describe employer associations).

Withdrawal liability is imposed in accordance with ERISA and regulations thereunder. However it is within the authority of the Trust to define or specify aspects of withdrawal liability not inconsistent with Sections 4201 *et seq.* of ERISA, and regulations thereunder, pertaining to withdrawal liability. *See* ERISA Section 4219(c)(7). Accordingly, the rules and procedures set forth in this Appendix II to the Trust Agreement are adopted for complete or partial withdrawals occurring on or after January 1, 2013 to specify and define the statutory obligation in a manner materially consistent with the withdrawal liability obligations imposed by ERISA, and the regulations thereunder applicable to withdrawal liability. To the extent this Appendix II does not address any matter affecting an Employer's withdrawal liability, the relevant provisions of ERISA shall nonetheless apply.

The Board delegates to the Delinquency Committee and to the extent determined by the Delinquency Committee, to the Carpenters Southwest Administrative Corporation ("CSAC") the discretionary authority to implement, interpret, and enforce withdrawal liability in general and this Appendix II in particular. Such authority includes the discretion to determine the degree to which the Trust may audit or investigate the facts under either its contribution audit authority or ERISA Section 4219(a). The Board delegates to the Delinquency Committee the authority to reach conclusions as to the facts and the application of the law and this Appendix II, including, among other things, the existence and timing of a Withdrawal and the availability of the construction industry exception. The Board delegates to the Delinquency Committee the authority to amend this Appendix II in whole or in part subject to ratification by the Board. The Board or its delegate, the Delinquency Committee, reserves the right to amend or terminate this Appendix II in whole or in part subject to the continued application of ERISA.

The Delinquency Committee and the Board find the rules and procedures set forth in this Appendix II to be reasonable, and consistent with the Trust, the Plan and the withdrawal liability obligations imposed by ERISA.

Accordingly, the Trust hereby establishes, effective for Complete Withdrawals or Partial Withdrawals of Employers occurring on and after January 1, 2013, the rules and procedures set forth in this Appendix II for the determination and collection of withdrawal liability under ERISA, set forth in the following Articles:

I: Circumstances Resulting in a Complete or Partial Withdrawal

II: Determination of the Amount of Withdrawal Liability

III: Assessment and Payment of Withdrawal Liability

IV: Failure to Pay Withdrawal Liability

V: Dispute Resolution

VI: Collection of Information Related to Withdrawal Liability

VII: Abatement of Withdrawal Liability in Limited Circumstances

VIII: Miscellaneous Provisions

Article I
Circumstances Resulting in a Complete or Partial Withdrawal

Section 1.1. Definition of Employer Subject to Withdrawal Liability. For purposes of this Appendix II, "Employer" means a person, entity or trade or business that is (i) an Individual Employer or any person, entity or trade or business which is an employer with respect to the Trust within the meaning of ERISA Section 4201(a) which has contributed or had an obligation to contribute to the Trust, and (ii) any person, entity or trade or business which, in accordance with ERISA Section 4001(b), is under common control with, and therefore a single employer with, a person, entity or trade or business described in the preceding clause (i) for withdrawal liability purposes.

Section 1.2. Definition of Building and Construction Industry Employer. An Employer will be a "Building and Construction Industry Employer" for purposes of this Appendix II and withdrawal liability if substantially all the employees with respect to whom the Employer has an obligation to contribute to the Trust perform work in the building and construction industry.

Section 1.3. Imposition of Withdrawal Liability. An Employer that withdraws from the Trust in either a Complete Withdrawal or Partial Withdrawal, shall be liable (and all persons, entities or trades or businesses which are part of an Employer under Section 1.1 shall be jointly and severally liable), and pay withdrawal liability, to the Trust, as determined under ERISA Sections 4201 *et seq.* and under this Appendix II. The Trust may pursue collection of all or a portion of withdrawal liability from all persons, entities or trades or businesses which are part of an Employer which is liable with respect to a Withdrawal, or at its election may pursue one or fewer such persons, entities or trades or businesses for such liability.

Section 1.4. Complete Withdrawal Defined.

(a) Building and Construction Industry Employers. If an Employer is determined by the Trust to be a Building and Construction Industry Employer, such Employer will have a Complete Withdrawal from the Trust only if:

(i) the Employer ceases to have an obligation to contribute to the Trust, and

(ii) the Employer

(A) continues to perform work, in the jurisdiction of the collective bargaining agreement that required contributions to the Trust, of the type for which contributions were previously required (including work performed by subcontractors where the Employer would have been directly or indirectly obligated for contributions for work performed by subcontractors before the cessation of the obligation to contribute); or

(B) resumes such work within five years after the date on which the obligation to contribute under the Trust ceased, and does not renew the obligation to make contributions to the Trust at the time of the resumption of such work.

(b) Employers Other Than Building and Construction Industry Employers. If an Employer is determined by the Trust not to be a Building and Construction Industry Employer, such Employer will have a Complete Withdrawal from the Trust if the Employer permanently ceases to have an obligation to contribute under the Trust or permanently ceases all covered operations under the Trust. A prolonged period of inactivity by an Employer in terms of covered employment may be deemed by the Trust to constitute a permanent cessation under the preceding sentence in addition to other relevant facts and circumstances in the possession of the Trust indicating a permanent cessation.

Section 1.5. Partial Withdrawal Defined.

(a) An Employer will experience a Partial Withdrawal on December 31 of a Plan Year, if during such Plan Year the Employer

(i) has a 70% Contribution Decline (as defined in Section 1.5(c)),

(ii) the Employer permanently ceases to have an obligation to contribute to the Trust under one but not all collective bargaining agreements requiring Trust contributions but continues to perform work in the jurisdiction of the Trust of the type for which contributions were previously required (or transfers such work to another location or entity under the Employer's control), or

(iii) the Employer permanently ceases to have an obligation to contribute to the Trust with respect to work performed at one or more but not all of its facilities but continues to perform work at the facility of the type for which the obligation to contribute ceased,

unless subsection (b) of this Section 1.3 applies.

(b) Building and Construction Industry Employer Exception. For purposes of ERISA Section 4208(d)(1), a Building and Construction Industry Employer is liable for a Partial Withdrawal described under subsection (a) of this Section 1.5 only if the Employer's obligation to contribute under the Trust is continued for no more than an "Insubstantial Portion" of its work in the craft and area jurisdiction of the collective bargaining agreement of the type for which contributions are required. "Craft" refers to Union jurisdiction work and "area" jurisdiction refers to the geographic area of the collective bargaining agreement. "Insubstantial Portion" means 30% on average during the period from the date of the partial withdrawal to the date of assessment by demand of the Trust under Section 3.1 determined based upon data available to the Trust. The Board and the Delinquency Committee have considered all the facts and circumstances they deem relevant in defining Insubstantial Portion in the best interests of the Trust, including (i) the variety of covered work and collective bargaining agreements in the jurisdiction of the Trust as a whole (ii) practicalities of determination and enforcement of liabilities resulting from withdrawal throughout the jurisdiction of the Trust, and

(iii) uniformity and fairness of administration, including reasonable notice to Employers. Accordingly, as an example, an Employer having an event described in subsection (a) of this Section 1.5 in a Plan Year who has, after such event and through assessment, 1,000 hours of Carpenter jurisdiction-type work in the geographic area of the collective bargaining agreement and has a continuing obligation to contribute to the Trust for only 300 or fewer such hours will have liability for a Partial Withdrawal .

(c) Definition of 70% Contribution Decline. A 70% Contribution Decline has the meaning set forth in ERISA Section 4205(b)(1). As a general description, not intended to alter the rule under Section 4205(b)(1), there is a 70% Contribution Decline if during each year in the "3-year testing period" the Employer's Contribution Base Units (as defined in Section 2.2), which are generally hours contributable to the Trust, do not exceed the average of the two years with the highest number of such hours within the five consecutive year period preceding the 3-year testing period. The "3-year testing period" is the Plan Year and the immediately preceding two Plan Years. Accordingly, a 70% Contribution Decline can result from an examination of rolling three year periods consisting of the three years ending with the current Plan Year. A Plan Year is a calendar year.

(d) A cessation of a contribution obligation under a collective bargaining agreement shall not be considered to have occurred solely because one collective bargaining agreement that requires contributions to the Plan has been substituted for another.

Section 1.6. Events Not Triggering Withdrawal.

(a) An Employer shall not be considered to have withdrawn from the Trust, in either a complete or partial withdrawal, solely because of an event described in Section 4218 of ERISA regarding a change in corporate structure or the suspension of contributions during a labor dispute. However, the Trust may determine when a labor dispute reached impasse for purposes of this Appendix II and withdrawal liability.

(b) Where an Employer ceases covered operations or ceases to have an obligation to contribute for such operations as a result of a bona fide, arm's length sale of assets to an unrelated party, whether a complete or partial withdrawal from the Trust occurs shall be determined by the Trustees consistent with the requirements of Section 4204 of ERISA.

Article II
Determination of the Amount of Withdrawal Liability

Section 2.1. Amount of Complete Withdrawal Liability. The amount of an Employer's liability to the Trust for a Complete Withdrawal shall be determined pursuant to and under the presumptive method prescribed by Section 4211(b) of ERISA. For this purpose, the Trust has elected, as permitted under Section 4211(c)(5) of ERISA, to use the fresh start option. As a result, for purposes of determining withdrawal liability under Section 4211(b) of ERISA, the latest plan year beginning prior to January 1, 2012 that the Trust (or in the case of any Predecessor Trust, the Predecessor Trust) had no unfunded vested benefits is substituted for the Plan Year ending before September 30, 1980 for purposes of determining withdrawal liability under Section 4211(b) of ERISA.

Section 2.2. Amount of Partial Withdrawal Liability. The amount of an Employer's liability to the Trust for a Partial Withdrawal is equal to the product of:

(a) the amount determined under Section 2.1 as if the Employer had withdrawn in a Complete Withdrawal on the date of the Partial Withdrawal first reduced (if applicable) as provided by Section 2.3(a), multiplied by a fraction which is 1 minus a fraction:

(i) the numerator of which is the Employer's Contribution Base Units for the Plan Year following the Plan Year in which the partial withdrawal occurs, and

(ii) the denominator of which is the average of the employer's Contribution Base Units for the five Plan Years immediately preceding the Plan Year in which the Partial Withdrawal occurs.

(b) For purposes of this Appendix II, the term "Contribution Base Units" shall mean the total number of hours worked with respect to which the employer is required to make contributions to the Trust under all of the employer's CBAs.

Section 2.3. Limitations on Withdrawal Liability Amounts.

(a) An Employer's liability for a complete or partial withdrawal shall be reduced pursuant to Section 4209 of ERISA (but without regard to Section 4209(b) of ERISA).

(b) The remaining amount of an Employer's withdrawal liability after the application of the limitation set forth in Section 2.3(a) shall be limited in accordance with Section 4225 of ERISA, if and to the extent that the Trust determines, in its sole and absolute discretion, that the Employer demonstrated that the additional limitations under that Section apply.

(c) If, after the occurrence of a Partial Withdrawal, an Employer again incurs a liability to the Trust for either a Complete Withdrawal or a Partial Withdrawal, the liability incurred as a result of the later Withdrawal(s) shall be adjusted to the extent necessary to avoid duplication of liability in accordance with Section 4206(b)(l) of ERISA.

Section 2.4. Role of Actuary and Actuarial Assumptions. The Board shall appoint an actuarial firm which shall designate from within such firm an individual actuary under whose supervision (a) unfunded vested benefits of the Plan and Trust shall be determined for purposes of determining an Employer's withdrawal liability, in accordance with ERISA Section 4213, and (b) an Employer's amount and required payments of withdrawal liability shall be determined in accordance with ERISA Section 4201. Accordingly, as provided in ERISA Section 4213, withdrawal liability of an Employer shall be determined on the basis of actuarial assumptions and methods which, in the aggregate, are reasonable (taking into account the experience of the Plan and reasonable expectations) and which, in combination represent such individual actuary's best estimate of anticipated experience under the Plan. Such actuary may prepare a spreadsheet or other program which will determine an Employer's withdrawal liability in accordance with such actuary's determination under the preceding sentence which requires only that CSAC input particular data applicable to the Employer such as its actual contribution history and the highest applicable rate of contribution. The results produced by such spreadsheet will form the basis for the Trust's demand for payment under Section 3.1.

Section 2.5. Employer Request for Estimate of Employer's Withdrawal Liability. Upon the written request of an Employer, the Trust will provide such Employer, not more often than once in a twelve month period, a notice containing an estimate of such Employer's withdrawal liability on the assumption the Employer withdrew from the Plan and Trust in a Complete Withdrawal on the December 31 Plan Year end immediately preceding the date of the Employer's request. *Employers are advised that the calculation assuming a withdrawal in the Plan Year preceding such a request results in a calculation based on unfunded vested benefits determined as of the Plan Year next preceding the Plan Year in which such December 31 falls, and therefore may not reflect accurately the withdrawal liability of the Employer resulting from a withdrawal in the Plan Year of the Employer's request, or a subsequent Plan Year.* Such notice shall contain an explanation of how such estimated liability amount was determined, including the actuarial assumptions and methods used to determine the value of the Plan's liabilities and assets (which shall be in accordance with Section 2.4), the data regarding (i) employer contributions, (ii) unfunded vested benefits, (iii) annual changes in the Plan's unfunded vested benefits, and the application of any relevant limitations on the estimated withdrawal liability, such as limitations based on the Employer's contribution history. CSAC will impose a reasonable charge to cover costs of furnishing the notice, including copying and mailing, which will not be less than $500.

Article III
Assessment and Payment of Withdrawal Liability

Section 3.1. Demand for Payment. The Trustees shall calculate and demand payment from an Employer of its withdrawal liability in accordance with the requirements of Section 4219(b) of ERISA (the "Demand").

Section 3.2. Payment of Withdrawal Liability. Payment of withdrawal liability by the Employer shall begin within 60 days of the date of the Demand. Unless otherwise agreed by the Delinquency Committee in writing, by reason of a substantial question as to the validity or accuracy of the Demand, the Employer's obligation to commence and continue periodic withdrawal liability payments applies notwithstanding any timely request for review submitted under Section 4219(b)(2) (the "Request for Review") or arbitration of the determination of the amount of such liability under Article V. Payments must be made monthly on the first day of the calendar month, in equal installments (except for the final installment), in an amount to be calculated by the Trust utilizing the actuary's methodology described in Section 2.4. The Employer shall have 90 days from the date it receives the Demand to deliver to the Trust a Request for Review asking the Trust (i) to review any specific matter relating to the determination of the Employer's withdrawal liability (ii) to identify any inaccuracy in the amount of the unfunded vested benefits allocable to the Employer and (iii) to furnish any additional relevant information to the Trust. A timely Request for Review by the Employer shall be a prerequisite to any demand for arbitration under Article V or ERISA Section 4221.

Section 3.3. Bond Requirement for Withdrawn Employers. The Trust may require an Employer who has withdrawn from the Trust to post a bond, or to provide other security, in connection with such Employer's withdrawal liability under circumstances determined by the Delinquency Committee.

Article IV
Failure to Pay Withdrawal Liability

Section 4.1. Delinquent Payments and Default. If payment is not made when due as described in Section 3.2, interest on the payment shall accrue from the due date until the date on which the payment is made. Interest on a delinquent payment of withdrawal liability shall be payable at the quarterly prime rate of interest described in PBGC Reg. 4219.32(b) until such time as this Section 4.1 may be amended with respect to interest rate by the Delinquency Committee in accordance with PBGC Reg, 4219.33. "Default" will occur (a) if the Employer falls to make one or more payments when due and then fails to cure such failure by making payment of all installments then due (with interest accrued from the due date through the date of payment as provided in the preceding sentence) within 60 days after receiving written notice from the Trust of such failure, (b) such other events (e.g., bankruptcy, insolvency, liquidation), as determined by the Delinquency Committee in its sole discretion, which indicates a substantial likelihood that the Employer will be unable to pay its withdrawal liability, or (c) as otherwise determined pursuant to Section 4219(c)(5) of ERISA and the PBGC regulations thereunder. Default by reason of failure to make any monthly installment payments of withdrawal liability when due will not occur, however, until the 61st day after the last of:

(a) The deadline for filing the Request for Review with the Trust;

(b) Expiration of the period for initiation of arbitration under ERISA Section 4221(a)(1);

(c) If arbitration is timely initiated by the Employer, the Trust, or both, issuance of the arbitrator's decision.

Section 4.2. Acceleration of Liability. If an Employer is in Default in accordance with Section 4.1 above, said Employer's full unpaid withdrawal liability will be immediately due and payable, plus accrued interest on the total outstanding liability from the due dates of payments that were not timely made.

Section 4.3. Actions for Collection by Trust. The Trust may initiate an action in the United States District Court for the Central District of California to collect unpaid monthly installments and interest thereon under Section 4.1 at any time, including during the pendency of a Request for Review or an arbitration. The Trust may initiate an action to collect the entire withdrawal liability that is due and payable by reason of Default of an Employer as described in Section

4.1 at any time upon or after such Default. Either such action shall be deemed to be an action to collect delinquent contributions under ERISA Section 515. Accordingly, in accordance with ERISA Section 502(g), in the event the Trust prevails in any such action, the Trust shall be awarded from the Employer (i) the amount of unpaid withdrawal liability, (ii) interest thereon in accordance with Section 4.1, (iii) an amount equal to the greater of the interest on the unpaid withdrawal liability or liquidated damages in the amount of 20% of the unpaid withdrawal liability awarded in the action, (iv) the Trust's reasonable attorney's fees and costs of the action and (v) such other legal or equitable relief as the court deems appropriate.

Article V
Dispute Resolution

Section 5.1. Resolution of Disputes. Any dispute concerning whether a Complete Withdrawal or Partial Withdrawal has occurred, concerning the amount of payment of any withdrawal liability, or any other matters pertaining to Section 4201 through 4219 and 4225 of ERISA will be resolved in the following manner:

(a) Review by the Trust. If an Employer timely files with the Trust a Request for Review, the Delinquency Committee or its delegate will perform a reasonable review the Request for Review and provide a written response on behalf of the Trust notifying the Employer of the Trust's decision, the basis for the decision, and the reason for any change in the Demand.

(b) Arbitration:

(i) Any dispute between an Employer and the Trust concerning a determination made under ERISA Section 4201 through 4219 and 4225 shall be resolved through arbitration in accordance with the arbitration procedures provided in PBGC Regulation Section 4221.1-13.

(ii) The initial filing fee for arbitration is to be paid by the party initiating the arbitration proceeding.

(iii) Within 30 days after the arbitrator issues its final award in accordance with these procedures, any party to the arbitration proceeding may bring an action in the United States District Court for the Central District of California to enforce, modify or vacate the arbitration award in accordance with Section 4221 and 4301 of ERISA.

Article VI
Collection of Information Related to Withdrawal Liability

Section 6.1. Data Collection. Where the Board, Delinquency Committee, CSAC or delegate of either in its sole discretion has reason to believe that an Employer has or may withdraw from the Trust, the Trustees may demand from the Employer such information, records and/or data as it deems necessary in order for the Trust to enforce the Employer's obligations under ERISA or this Appendix II, as permitted under Section 4219(a) of ERISA. The Trust may determine the degree to which it performs such audit or investigation.

Article VII
Abatement of Withdrawal Liability in Limited Circumstances

Section 7.1. The liability of an Employer for a Complete Withdrawal shall be reduced, eliminated or abated in accordance with Section 4207 of ERISA.

Section 7.2. The liability of an Employer for a Partial Withdrawal under Section 2.2(a) shall be reduced, eliminated or abated in accordance with Section 4208 of ERISA.

Article VIII
Miscellaneous Provisions

Section 8.1. Prepayment of Withdrawal Liability. A contributing employer is entitled to prepay the outstanding amount of any unpaid withdrawal liability, plus accrued interest, if any, in whole or part, without penalty. However, if the pre-payment is made pursuant to a withdrawal that is later determined to be part of a withdrawal described in Section 4219(c)(1)(D) of ERISA, the withdrawal liability of such employer shall not be limited to the amount of prepayment.

Section 8.2. Transactions to Evade or Avoid Liability. If an Employer is involved in any transaction, the principal purpose of which is to evade or avoid liability under ERISA or this Appendix II, the provisions of this Appendix II shall be applied (and liability shall be determined and collected) without regard to such transaction. In the event an Employer is unable or unwilling to meet its withdrawal liability obligations, the Trust, at its discretion and to the extent permitted by law, may seek to collect such obligations from the Employer's shareholders, partners, members and/or principals.

Section 8.3. Mass Withdrawal or Trust Termination.

(a) Notwithstanding any other provision of this Appendix II, in the event that every employer withdraws from the Trust, or substantially all employers withdraw pursuant to an agreement or arrangement to withdraw from the Trust:

(i) the liability of each employer that has withdrawn shall be determined (or redetermined) without regard to Section 2.3(a), and the total unfunded vested benefits of the Trust shall be fully allocated among all such employers in a manner consistent with regulations of the Pension Benefit Guaranty Corporation ("PBGC").

(b) Withdrawal by an employer, during a period of three years within which substantially all the employers that have an obligation to contribute to the Trust withdraw, shall be presumed to be a withdrawal pursuant to an agreement or arrangement to withdraw from the Trust, unless the employer proves otherwise by a preponderance of evidence.

(c) In the event of termination of the Trust, an employer's obligation to make payments under this Section 7.3 shall cease at the end of the plan year in which the assets of the Trust (exclusive of withdrawal liability claims) are sufficient to meet all obligations, as determined by the PBGC.

This Appendix II was adopted by the Board of Trustees on September 20, 2013 and in certification thereof has been executed by the Chairman of the Board and the Chairman of the Delinquency Committee as of such date.

Douglas J. McCarron, Chairman of the Board

Curtis Conyers, Jr., Chairman of the Delinquency Committee