FEBRUARY 2016

TO: ACTIVE AND RETIRED PARTICIPANTS

RE: SUMMARY OF MATERIAL MODIFICATIONS TO THE NORTHERN CALIFORNIA PIPE TRADES HEALTH AND WELFARE PLAN

The Board of Trustees of the Northern California Pipe Trades Health and Welfare Trust Fund (“Plan”) is pleased to provide you with the following summary of changes in the Plan, called a Summary of Material Modification (“SMM”). Please review these important changes described below.

THIS SMM SUPPLEMENTS THE RESTATED SUMMARY PLAN DESCRIPTION/PLAN DOCUMENT THAT HAS BEEN SEPARATELY PROVIDED TO YOU. YOU SHOULD RETAIN THIS DOCUMENT WITH THE RESTATED SUMMARY PLAN DESCRIPTION/PLAN DOCUMENT.

A. ELIGIBILITY RULES – Plan Amendment

MANDATORY KAISER ENROLLMENT FOR CERTAIN CLASSIFICATIONS

ACTIVE Participants

Article III, Section A.2.a of the Restated Plan – Effective September 1, 2015

Effective September 1, 2015, the Plan has been amended to require Participants (and their eligible Dependents) working under the MLA Helper Classification, Shortline Helper Classification, PG&E Helper Classification, and the U.A. National Distribution Agreement to enroll in the Northern California Kaiser Permanente Health Plan (“Kaiser Plan”) option.

a. Employees Working Under Master Labor Agreement, Shortline Agreement, and Certain Other Applicable Agreements. Employees working under the Master Labor Agreement, Shortline Agreement, and certain Other Applicable Agreements are entitled to Disability Extension (which was eliminated effective December 1, 2015), Jury Duty, and Retiree Health and Welfare Benefits. Employees under the Master Labor Agreement (“MLA”) may be entitled to Active Subsidized Self-Payments for up to 12 consecutive months with an overall maximum of 18 months in each month’s previous consecutive thirty-six (36) month period (i.e. rolling 36 months). EXAMPLE: If a Participant loses coverage in December 2015, the Plan would look at the number of Active Subsidized Self-Payments made by the Participant in the 36 month period through December 2015 (January 2013 through December 2015).

MLA Helpers, Shortline Helpers and PG&E Helpers. Effective September 1, 2015, all Helpers working under the MLA, Shortline, and PG&E Agreements (and their eligible Dependents) must enroll in the Kaiser Plan option, which includes Medical, Prescription, and Residential Treatment benefits. However, the bargaining parties have discretion to waive the Kaiser enrollment requirement for existing MLA Helpers, Shortline Helpers, and PG&E Helpers under special circumstances.

U.A. National Distribution Agreement Employees. Effective September 1, 2015, all Employees (including, but not limited to, Journeymen, Welders, Fitters, Fusers, and Helpers) working under the U.A. National Distribution Agreement (and their eligible Dependents) must enroll in the Kaiser Plan option, which includes Medical, Prescription, and Residential Treatment benefits. However, the bargaining parties have discretion to waive the Kaiser enrollment requirement for existing Employees working under the U.A. National Distribution Agreement under special circumstances.

B. ELIGIBILITY RULES – Plan Amendment

CHANGE TO MLA HELPER ACTIVE SUBSIDIZED SELF-PAYMENT

ACTIVE Participants

Article III, Section A.2.c of the Restated Plan – Effective September 1, 2015

Effective September 1, 2015, the Plan has been amended to allow MLA Helpers a maximum of four (4) consecutive months of Active Subsidized Self-Payments with an overall maximum of six (6) months in each month’s previous consecutive thirty-six (36) month period (i.e. rolling 36 months).
c. **Employees working under the Helper (MLA) Classification.** A new Employee who is a member in good standing with UA Local 342 and working in Covered Employment under the Helper (MLA) Classification will become covered under the Plan on the first day of the second calendar month following the month in which the Employee works 125 hours.

**EXAMPLE 1:** You work 125 hours in January. February is a lag month. Your coverage would begin March 1st.

**EXAMPLE 2:** You work 65 hours in January and 60 hours in February. March is a lag month. Your coverage would begin April 1st.

There is a maximum two (2) month Reserve Hour Bank for Employees working under the Helper Classification. **Effective September 1, 2015, all Employees working under the Helper Classification may be entitled to Active Subsidized Self-Payments for up to four (4) consecutive months with an overall maximum of six (6) months of Active Subsidized Self-Payments in each month’s previous consecutive thirty-six (36) month period** (i.e. rolling 36 months). EXAMPLE: If a Participant loses coverage in December 2015, the Plan would look at the number of Active Subsidized Self-Payments made by the Participant in the 36 month period through December 2015 (January 2013 through December 2015).

Employees working under the Helper Classification are **not** entitled to Disability Extension (which was eliminated effective December 1, 2015), Jury Duty or Retiree Health and Welfare Benefits because of their lower contribution rate.

**Effective September 1, 2015, all Employees under the Helper Classification (and their eligible Dependents) must enroll in the Kaiser Plan option,** which includes Medical, Prescription, and Residential Treatment benefits. However, the bargaining parties have discretion to waive the Kaiser enrollment requirement for existing Helpers under special circumstances.

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**Article III, Section A.2.d of the Restated Plan – Effective July 1, 2014**

Effective July 1, 2014, the Plan has been amended to clarify that, unless an exception applies, **ALL Tradesmen, Servicemen and Other Applicable Heating & Air Conditioning Agreements are entitled to the Hearing Aid Benefit.**

**Tradesmen and Servicemen Working Under the Refrigeration and Air Conditioning Agreement and Food Store Addendum and Other Applicable Heating & Air Conditioning Agreements.** An Employee who is a member in good standing with UA Local 342 and working in Covered Employment under the Northern California and Northern Nevada Refrigeration and Air Conditioning Agreement or Other Applicable Agreement will become covered under the Plan on the first day of the second calendar month following the month in which the Employee accumulates 300 hours of Covered Employment within a period of six (6) consecutive months.

**EXAMPLE 1:** You work January, February, and March (100 hours in each month for a total of 300 hours). April is a lag month. Your coverage would begin May 1st.

**EXAMPLE 2:** You work January and February (100 hours in each month for a total of 200 hours), but do not work March and April. You then work May and June (50 hours in each month for a grand total of 300 hours). July is a lag month. Your coverage would begin August 1st.

Effective July 1, 2014, the following provision(s) apply to all Tradesmen and Servicemen working under the Refrigeration and Air Conditioning Agreement and Food Store Addendum and also applies to Employees working under Other Applicable Agreements:

1. **All Tradesmen, Servicemen, and Applicable Employees (including their eligible Dependents) must enroll in the Northern California Kaiser Permanente Health Plan (“Kaiser Plan”) option which includes Medical, Prescription, and Residential Treatment benefits. All Tradesmen, Servicemen and**
Applicable Employees are entitled to the Plan’s Life Insurance, Hearing Aid, Dental, Orthodontic, and Vision benefits. However, the bargaining parties have discretion to waive the Kaiser enrollment requirement for existing Tradesmen, Servicemen, and Applicable Employees under special circumstances.

2. All Tradesmen, Servicemen, and Applicable Employees are not entitled to Disability Extension (which was eliminated effective December 1, 2015), Jury Duty, and Retiree Health and Welfare Benefits because of their lower contribution rate.

3. Existing Tradesmen and Applicable Employees are entitled to keep their existing hour banks. However, once an Employee has used and reduced his/her hour bank to two (2) months remaining, the new two (2) month maximum will apply.

4. New Tradesmen shall be granted one (1) month in their hour bank after initially working 800 hours and an additional one (1) month shall be granted into their hour bank after working 1600 hours. There is a maximum two (2) month Reserve Hour Bank.

5. All Tradesmen, Servicemen, and Applicable Employees are entitled to Active Subsidized Self-Payment for up to a maximum of four (4) consecutive months with an overall maximum of six (6) months in each month’s previous consecutive thirty-six (36) month period (i.e. rolling 36 months). EXAMPLE: If a Participant loses coverage in December 2015, the Plan would look at the number of Active Subsidized Self-Payments made by the Participant in the 36 month period through December 2015 (January 2013 through December 2015).

The following provision(s) apply only to Refrigeration Service and Supermarket Servicemen:

1. The Health and Welfare contribution shall be capped at 155 hours per calendar month for all existing and newly hired Servicemen (including Journeymen and Apprentices) in the Refrigeration Service and Refrigeration Supermarket Construction Industry.

Please contact the Trust Fund Office to verify whether you fall under this category and whether the Applicable Agreement you are working under covers certain benefits. The eligibility requirements and other rules in this section are subject to change by agreement of the bargaining parties and/or the Board of Trustees at any time.

Multiple Contracts: If you are working under multiple contracts during the same month, you are encouraged to verify your benefits with the Trust Fund Office. In addition, there may be other contracts not covered under the Refrigeration and Air Conditioning Agreement and Food Store Addendum which may have special provisions, so you would need to check with the Trust Fund Office to verify your benefits.

D. CONTINUATION OF COVERAGE (Active Participants Only) – Plan Amendment

CHANGE TO MLA HELPER ACTIVE SUBSIDIZED SELF-PAYMENT

ACTIVE Participants

Article X, Section A.2 of the Restated Plan – Effective September 1, 2015

The Plan has been amended to include MLA Helpers to the Special Rules for Active Subsidized Self-Payments.

Active Subsidized Self-Payment coverage includes Medical, Prescription Drugs, Life Insurance, and Accidental Death and Dismemberment benefits only. It does not cover Dental, Orthodontia, Hearing Aid, or Vision Benefits.

2. Special Plan Rules for Residential and Tradesman/Serviceman, MLA Helpers, and Other Special Contract Employees to be eligible to make Active Subsidized Self-Payments:
   i. Must be a member in good standing with UA Local 342; and
   ii. Is not (and has not) performed non-covered work in the Pipe Trades Industry; and
   iii. Must be either: (a) disabled for at least 14 consecutive days in the calendar month prior to his/her loss of coverage and receiving either Workers’ Compensation Benefits, State Disability Insurance Benefits; or Social Security Disability Benefits; or (b) be on UA Local 342’s out-of-work list and be available for work; or (c) have returned to work and are working short hours; and
   iv. Must have been covered under the Plan for at least twelve (12) consecutive months immediately preceding the loss of coverage based on: (a) hours worked in a Classification/Contract that provides this
benefit; and/or (b) Reserve Hour Bank based on a Classification/Contract that provides this benefit; and/or (c) months of extended coverage under the Disability Extension Benefit (which was eliminated effective December 1, 2015); and/or (d) Active Subsidized Self-Payment (excluding COBRA coverage) - or - the Participant worked a minimum of 1500 hours in a Classification/Contract that provides this benefit during the 24 months immediately preceding the Participant’s coverage termination date; and

v. Participant and/or current or former Spouse and/or other Dependent must not owe any money (unless on an approved payment plan) to the Northern California Pipe Trades Health and Welfare Plan, the Northern California Pipe Trades Pension Plan, the Northern California Pipe Trades Supplemental 401(k) Retirement Plan or any other entity administered by the Northern California Pipe Trades Trust Fund Office; and

vi. Must have their monthly payment(s) received at the bank no later than the 20th day of the coverage month.

A Participant may be eligible for up to a maximum of four (4) consecutive months of Active Subsidized Self-Payments. Participants may receive an overall maximum of six (6) months of Active Subsidized Self-Payments in each month’s previous consecutive thirty-six (36) month period (i.e. rolling 36 months).

EXAMPLE: If a Participant loses coverage in December 2015, the Plan would look at the number of Active Subsidized Self-Payments made by the Participant in the 36 month period through December 2015 (January 2013 through December 2015).

After exhausting Active Subsidized Self-Payments, the eighteen (18) month COBRA continuation period will be reduced by the number of Active Subsidized Self-Payments made. After exhausting Active Subsidized Self-Payments, if a Participant chooses to continue coverage through COBRA, he/she may only elect the Core Coverage option (Medical and Prescription Drug coverage) for the remaining months.

EXAMPLE: If a Participant is eligible to make four (4) months of Active Subsidized Self-Payments, after exhausting Active Subsidized Self-Payments, he/she may continue to make COBRA payments for Core Coverage for up to an additional fourteen (14) months.

E. HEALTH REIMBURSEMENT ACCOUNT SUPPLEMENTAL ACCOUNTS – Plan Amendment

USE OF SUPPLEMENTAL ACCOUNTS – CHANGE TO FORFEITURE RULES

ACTIVE and RETIRED Participants

Article 2 of Health Reimbursement Account (“HRA”) Supplemental Accounts

Effective July 1, 2015, and August 1, 2015

The Plan has been amended to comply with the Internal Revenue Code and Internal Revenue Service (“IRS”) regulations relating to: (a) forfeitures; (b) prohibiting cash payments from a Supplemental Account upon a Participant’s death; (c) permitting eligible Surviving Dependents to use a deceased Participant’s Supplemental Account for IRS approved Qualified Expenses provided the Expenses are incurred and submitted for reimbursement within the time limits permitted by the Plan; (d) require forfeiture to the Plan of a Participant’s HRA if the Participant has no eligible Surviving Dependents; and (e) clarify that the Participant’s Estate can file claims for reimbursement within 6 months of a Participant’s death on Qualified Expenses incurred by the Participant prior to his/her death.

1. Retiree Health and Welfare Payments. Supplemental Accounts are intended primarily to be used to reimburse Retiree Health and Welfare payments under this Plan. Once a Participant is receiving a Retirement Benefit from the Northern California Pipe Trades (“NCPT”) Pension Plan and is eligible and enrolled for Retiree Health and Welfare coverage under this Plan, the credits accrued in his/her Supplemental Account may be used to reimburse the monthly premium for Retiree Health and Welfare coverage.

2. Qualified Expenses. A Qualified Expense is an expense for medical and dental care as defined in Internal Revenue Code § 213(d). Only those Qualified Expenses not otherwise covered by a Health Plan may be reimbursed from a Participant’s Supplemental Account. Only Qualified Expenses incurred by the Participant or an eligible enrolled Dependent who is reported by the Participant as a Federal Tax Dependent on his/her Form 1040 may be reimbursed from a Participant’s Supplemental Account. A Retired Participant who is receiving a benefit under the NCPT Pension Plan but who is not covered under the Retiree Health and Welfare Plan may also be reimbursed for Qualified Expenses.
To qualify for payment through a Participant’s Supplemental Account an expense must satisfy all of the following requirements:

a. The expense must have been for medical and dental care as defined in Internal Revenue Code § 213(d), except as follows:

An expense for premiums for medical and dental coverage shall be reimbursable only if:

(i) A Surviving Spouse or Surviving Eligible Dependent of a Participant is using the Participant’s Supplemental Account to reimburse monthly payments required for Surviving Dependent Health and Welfare Coverage or to pay premiums for COBRA Continuation of Coverage (provided that the Qualifying Event is the Participant’s death). Effective July 1, 2015, if the eligible Dependent(s)’ Surviving Dependent Health and Welfare Coverage or COBRA Continuation of Coverage period ends before the Participant’s Supplemental Account is exhausted, that Account may be used to pay for the extended coverage for the Participant’s Dependent(s), at the COBRA Continuation of Coverage rate, until the Supplemental Account is exhausted provided the premium for extended coverage is incurred and submitted for reimbursement within the time limits permitted by the Plan after a Participant’s death; or

(ii) The Participant is using his/her Supplemental Account to reimburse Active Subsidized Self-Payments, COBRA payments, or Retiree Health and Welfare premiums for himself, and the premium is for coverage of a Dependent under group insurance or a group health plan other than this Plan.

b. The expense must have been incurred once Initial Eligibility was established for HRA Benefits.

c. The expense must have been incurred by the Participant or by a person who was then either a covered Eligible Dependent of the Participant (Active Participants) or a Dependent within the meaning of Internal Revenue Code § 152. No cash Death Benefit distribution may be made unless permitted by the Internal Revenue Code or lawful regulations issued thereunder.

d. A Domestic Partner, the Child(ren) of a Domestic Partner who are not reported by the Participant as Federal Tax Dependent(s) on the Participant’s Form 1040, and Dependents covered through Legal Guardianship are not considered Dependents pursuant to the Internal Revenue Code.

e. The claim for Supplemental Account Benefits may be made at any time after the expense is incurred.

f. The expense must have been incurred on or after January 1, 2007.

g. The Participant or Eligible Dependent must provide proof satisfactory to the Board of Trustees that the claim satisfies the requirements under Section 3.

h. Effective July 1, 2014, amounts credited to the Participant’s HRA cannot be used to reimburse premiums or expenses for individual market coverage or individual coverage purchased from the Public or Private Health Insurance Marketplace (also known as the “Exchange”).

3. Procedures for Payment of Benefits.

a. Benefits will be paid only to a Participant or an eligible Surviving Dependent. Benefits will be paid only after a Participant or an eligible Surviving Dependent has incurred a Qualified Expense, and submitted a claim with supporting documents. Assignment of Supplemental Account Benefits is not allowed. If a claim is submitted with incomplete or no supporting information and a request for more information has been sent and the Participant or Eligible Surviving Dependent fails to respond, the claim will automatically be denied one (1) year from the date the request for additional information was sent.

b. Claims may be submitted at any time. Generally reimbursements for claims filed by the end of a month with all necessary documentation will be paid by the 15th of the next month. If a Participant, Retiree, or Eligible Dependent is aggrieved by the action on a claim, he/she may appeal that action to the Board of Trustees under the general Appeal Procedures in the Northern California Pipe Trades Health and Welfare Plan. The Plan has discretion to process claims less often than monthly, if necessary, and may require more than 30 days to process claims if deemed appropriate.
c. Claims for submission are generally the same eligible expenses as determined by the Northern California Pipe Trades Health and Welfare Plan. Exclusions and Limitations as noted in that Plan apply.

d. If a claim has unreimbursed expenses and an entire calendar year has passed without receipt of any HRA contributions, the claim will be deemed closed.

4. **Claims and Appeal Rights.** The same Claims and Appeal Rights in the Northern California Pipe Trades Health and Welfare Plan apply.

5. **Benefits are not Vested.** The Board of Trustees may amend, reduce, eliminate or otherwise change the Plan at any time and may change, reduce, or discontinue any Plan Benefits, in whole or in part, at any time. The Board of Trustees may change the eligibility requirements and any other Plan rules at any time.

6. **Death of Participant/Forfeiture. Effective August 1, 2015.**

   a. **Upon the Participant’s death, if the Participant has no eligible Surviving Dependent(s),** any unused balance in the Participant’s Supplemental Account will be immediately and permanently forfeited and will revert to the Plan to be used for administrative expenses. However, a deceased Participant’s Estate or Personal Representative may submit claims for reimbursement of Qualified Expenses that were incurred by the Participant prior to his/her date of death. Claims for reimbursement by the deceased Participant’s Estate or Personal Representative must be made **within 6 months** from the Participant’s date of death.

   b. **Upon the Participant’s death, if the Participant has eligible Surviving Dependent(s) (defined as an eligible enrolled Dependent Spouse and/or Child(ren) who meet the meaning of a Dependent under Internal Revenue Code § 152),** the Participant’s eligible Surviving Dependent(s) will continue to have access to the Supplemental Account and receive reimbursements for related Qualified Expenses incurred under this Plan or another Group Health Plan by the Surviving Dependent(s) until the account reaches a zero balance. Claims for reimbursement by any Surviving Dependent(s) of allowable Qualified Expenses must be submitted to the Plan Administrator within the time limit permitted by the Plan. If the Surviving Dependent(s) does not exhaust the balance of the Supplemental Account within the time limits permitted by the Plan from the date of Participant’s death, the remaining balance will be forfeited and revert to the Plan.

   c. **Except as permitted by the Internal Revenue Code, in no event will remaining assets be paid in cash to any person without regard to Qualified Expenses.**

If you have any questions, please contact the Trust Fund Office at 800/780-8984 ext. 246.

Respectfully submitted,
Fund Manager
On Behalf of the Board of Trustees