Laborers Pension Trust Fund for Northern California

Actuarial Certification of Plan Status as of June 1, 2019 under IRC Section 432

Segal Consulting
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August 16, 2019

Board of Trustees
Laborers Pension Trust Fund for Northern California
Fairfield, California

Dear Trustees:

As required by ERISA Section 305 and Internal Revenue Code (IRC) Section 432, we have completed the Plan's actuarial status certification as of June 1, 2019 in accordance with the Multiemployer Pension Reform Act of 2014 (MPRA). The attached exhibits outline the projections performed and the results of the various tests required by the statute. These projections have been prepared based on the Actuarial Valuation as of June 1, 2018 and in accordance with generally accepted actuarial principles and practices and a current understanding of the law. The actuarial calculations were completed under the supervision of Mark Hamwee, FSA, MAAA, Enrolled Actuary.

As of June 1, 2019, the Plan is in neither critical status nor endangered status. In addition, the Plan is not projected to be in critical status for any of the succeeding five plan years.

This certification is being filed with the Internal Revenue Service, pursuant to ERISA section 305(b)(3) and IRC section 432(b)(3).

Segal Consulting ("Segal") does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which the certification is based reflects Segal's understanding as an actuarial firm. Due to the complexity of the statute and the significance of its ramifications, Segal recommends that the Board of Trustees consult with legal counsel when making any decisions regarding compliance with ERISA and the Internal Revenue Code.

We look forward to reviewing this certification with you at your next meeting and to answering any questions you may have. We are available to assist the Trustees in developing a plan management and funding policy to help guide future planning and oversight.

Sincerely,
Segal Consulting, a Member of the Segal Group

By:

Timothy J. Losee	*Mark Hamwee, FSA, MAAA, EA*
Vice President & Benefits Consultant	*Vice President & Actuary*

MAM/bqb

cc:			
	Roberto Aliaga	*Matt Clizbe*	*Byron Loney*
	Luis Arteaga	*Patricia Davis, Esq.*	*Conchita Lozano-Batista, Esq.*
	Jasmine S. Baker, CPA	*Edwin Embry*	*Larissa Manalansan*
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Segal Consulting

August 16, 2019

Internal Revenue Service
Employee Plans Compliance Unit
Group 7602 (TEGE:EP:EPCU)
230 S. Dearborn Street
Room 1700 - 17th Floor
Chicago, IL 60604

To Whom It May Concern:

As required by ERISA Section 305 and the Internal Revenue Code (IRC) Section 432, we have completed the actuarial status certification as of June 1, 2019 for the following plan:

Name of Plan: Laborers Pension Trust Fund for Northern California
Plan number: EIN 94-6277608 / PN 001
Plan sponsor: Board of Trustees, Laborers Pension Trust Fund for Northern California
Address: 220 Campus Lane, Fairfield, CA 94534-1498
Phone number: 707.864.2800

As of June 1, 2019, the Plan is in neither critical status nor endangered status. In addition, the Plan is not projected to be in critical status for any of the succeeding five plan years.

If you have any questions on the attached certification, you may contact me at the following:

Segal Consulting
180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
Phone number: 415.263.8200

Sincerely,

Mark Hamwee, FSA, MAAA
Vice President & Actuary
Enrolled Actuary No. 17-05829

EIN 94-6277608 / PN 001

August 16, 2019

ACTUARIAL STATUS CERTIFICATION AS OF JUNE 1, 2019 UNDER IRC SECTION 432

This is to certify that Segal Consulting, a Member of The Segal Group, Inc. ("Segal") has prepared an actuarial status certification under Internal Revenue Code Section 432 for the Laborers Pension Trust Fund for Northern California as of June 1, 2019 in accordance with generally accepted actuarial principles and practices. It has been prepared at the request of the Board of Trustees to assist in administering the Fund and meeting filing and compliance requirements under federal law. This certification may not otherwise be copied or reproduced in any form without the consent of the Board of Trustees and may only be provided to other parties in its entirety.

The measurements shown in this actuarial certification may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; differences in statutory interpretation and changes in plan provisions or applicable law.

This certification is based on the June 1, 2018 actuarial valuation, dated July 18, 2019. This certification reflects the changes in the law made by the Multiemployer Pension Reform Act of 2014 (MPRA). Additional assumptions required for the projections (including those under MPRA), and sources of financial information used are summarized in Exhibit V.

Segal Consulting does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which this certification is based reflect Segal's understanding as an actuarial firm.

This certification was based on the assumption that the Plan was qualified as a multiemployer plan for the year.

I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of my knowledge, the information supplied in this actuarial certification is complete and accurate. As required by IRC Section 432(b)(3)(B)(iii), the projected industry activity is based on information provided by the plan sponsor. In my opinion, the projections are based on reasonable actuarial estimates, assumptions and methods that (other than projected industry activity) offer my best estimate of anticipated experience under the Plan.

Mark Hamwee, FSA, MAAA
Vice President & Actuary
Enrolled Actuary No. 17-05829

EIN 94-6277608 / PN 001

Certificate Contents

EIN 94-6277608 / PN 001

EXHIBIT I
Status Determination as of June 1, 2019

Status	Condition	Component Result	Final Result
Critical Status:			
I. Initial critical status tests:			
C1.	A funding deficiency is projected in four years?	No	No
C2. (a)	A funding deficiency is projected in five years,	No	
(b)	AND the present value of vested benefits for non-actives is more than present value of vested benefits for actives,	N/A	
(c)	AND the normal cost plus interest on unfunded actuarial accrued liability (unit credit basis) is greater than contributions for current year?	N/A	No
C3. (a)	A funding deficiency is projected in five years,	No	
(b)	AND the funded percentage is less than 65%?	N/A	No
C4. (a)	The funded percentage is less than 65%,	No	
(b)	AND the present value of assets plus contributions is less than the present value of benefit payments and administrative expenses over seven years?	N/A	No
C5.	The present value of assets plus contributions is less than the present value of benefit payments and administrative expenses over five years?	No	No
II. Emergence test:			
C6. (a)	Was in critical status for the immediately preceding plan year,	No	
(b)	AND EITHER a funding deficiency is projected for the plan year or any of the next nine plan years, without regard to the use of the shortfall method but taking into account any extension of amortization periods under ERISA Section 304(d)(2) or ERISA Section 304 as in effect prior to PPA'06,	N/A	
(c)	OR insolvency is projected for the current year or any of the 30 succeeding plan years?	N/A	
	Plan did NOT emerge?		**N/A**
III. Special emergence test:			
C7. (a)	The trustees have elected an automatic amortization extension under 431(d),	No	
(b)	AND EITHER a funding deficiency is projected for the plan year or any of the next nine plan years, without regard to the use of the shortfall method but taking into account any extension of amortization periods under ERISA Section 304(d)(1),	N/A	
(c)	OR insolvency is projected for the current year or any of the 30 succeeding plan years?	N/A	
	Plan did NOT emerge?		**N/A**

EXHIBIT I (continued)

Status Determination as of June 1, 2019

Status	Condition	Component Result	Final Result
IV. Reentry into critical status after special emergence:			
C8. (a)	The Plan emerged from critical status in any prior year under the special emergence rule,	No	
(b)	AND EITHER a funding deficiency is projected for the plan year or any of the next nine plan years, without regard to the use of the shortfall method but taking into account any extensions of amortization periods under ERISA Section 304(d),	N/A	
(c)	OR insolvency is projected for the current year or any of the 30 succeeding plan years?	N/A	
Plan reentered critical status?			**N/A**
In Critical Status? (If C1-C6 or C8 is Yes, then Yes, unless C7 is No)			**No**
If not in Critical Status, skip V and go to VI			
V. Determination of critical and declining status:			
C9. (a)	Any of (C1) through (C5) are Yes?	N/A	N/A
(b)	AND EITHER Insolvency is projected within 15 years?	N/A	N/A
(c)	OR		
	(i) The ratio of inactives to actives is at least 2 to 1,	N/A	
	(ii) AND insolvency is projected within 20 years?	N/A	N/A
(d)	OR		
	(i) The funded percentage is less than 80%,	N/A	
	(ii) AND insolvency is projected within 20 years?	N/A	N/A
In Critical and Declining Status?			**N/A**
VI. Determination whether plan is projected to be in critical status in any of the succeeding five plan years:			
C10. (a)	Is not in critical status,	Yes	
(b)	AND is projected to be in critical status in any of the next five years?	No	No
In Critical Status in any of the five succeeding plan years?			**No**

EXHIBIT I (continued)

Status Determination as of June 1, 2019

Status	Condition	Component Result	Final Result
Endangered Status:			
E1. (a)	Is not in critical status,	Yes	
(b)	AND the funded percentage is less than 80%?	No	No
E2. (a)	Is not in critical status,	Yes	
(b)	AND a funding deficiency is projected in seven years?	No	No
In Endangered Status? (Yes when either (E1) or (E2) is Yes)			**No**
In Seriously Endangered Status? (Yes when BOTH (E1) and (E2) are Yes)			**No**
Neither Critical Status Nor Endangered Status:			
Neither Critical nor Endangered Status?			**Yes**

EXHIBIT II
Summary of Actuarial Valuation Projections

The actuarial factors as of June 1, 2019 (based on projections from the June 1, 2018 valuation certificate):

I. Financial Information			
1. Market value of assets			$3,083,857,457
2. Actuarial value of assets			3,152,296,224
3. Reasonably anticipated contributions			
a. Upcoming year			224,000,000
b. Present value for the next five years			940,263,651
c. Present value for the next seven years			1,230,930,147
4. Projected benefit payments			216,654,126
5. Projected administrative expenses (beginning of year)			5,886,166
II. Liabilities			
1. Present value of vested benefits for active participants			774,539,089
2. Present value of vested benefits for non-active participants			2,291,763,456
3. Total unit credit accrued liability			3,279,695,967
4. Present value of payments	**Benefit Payments**	**Administrative Expenses**	**Total**
a. Next five years	$960,508,629	$26,569,479	$987,078,108
b. Next seven years	1,297,695,000	35,391,470	1,333,086,470
5. Unit credit normal cost plus expenses			65,152,493
III. Funded Percentage (I.2)/(II.3)			96.1%
IV. Funding Standard Account			
1. Credit Balance as of the end of prior year			$689,986,464
2. Years to projected funding deficiency			N/A
V. Years to Projected Insolvency			N/A
VI. Year Projected to be in Critical Status (based on test C10. in Exhibit I), if within next five years			N/A

EXHIBIT III
Funding Standard Account Projections

The table below presents the Funding Standard Account Projections for the Plan Years beginning June 1.

	Year Beginning June 1,					
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
1. Credit balance (BOY)	$509,826,921	$689,986,464	$764,506,724	$844,903,106	$940,977,922	$1,042,339,885
2. Interest on (1)	38,237,019	51,748,985	57,338,004	63,367,733	70,573,344	78,175,491
3. Normal cost	56,480,652	59,266,327	59,266,327	59,266,327	59,266,327	59,266,327
4. Administrative expenses	5,770,751	5,886,166	6,003,889	6,123,967	6,246,446	6,371,375
5. Net amortization charges	133,061,986	129,850,972	129,466,177	120,370,559	122,032,698	123,833,261
6. Interest on (3), (4) and (5)	14,648,504	14,625,260	14,605,229	13,932,064	14,065,910	14,210,322
7. Expected contributions	339,165,703	224,000,000	224,000,000	224,000,000	224,000,000	224,000,000
8. Interest on (7)	12,718,714	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000
9. Full-funding limit credit	0	0	0	0	0	0
10. Credit balance (EOY): (1) + (2) – (3) – (4) – (5) – (6) + (7) + (8) + (9)	$689,986,464	$764,506,724	$844,903,106	$940,977,922	$1,042,339,885	$1,149,234,091
	2024	**2025**	**2026**	**2027**	**2028**	
1. Credit balance (BOY)	$1,149,234,091	$1,281,644,182	$1,434,047,096	$1,607,533,623	$1,812,821,815	
2. Interest on (1)	86,192,557	96,123,314	107,553,532	120,565,022	135,961,636	
3. Normal cost	59,266,327	59,266,327	59,266,327	59,266,327	59,266,327	
4. Administrative expenses	6,498,803	6,628,779	6,761,355	6,896,582	7,034,514	
5. Net amortization charges	107,427,862	97,937,824	88,825,346	71,210,886	59,614,685	
6. Interest on (3), (4) and (5)	12,989,474	12,287,470	11,613,977	10,303,035	9,443,664	
7. Expected contributions	224,000,000	224,000,000	224,000,000	224,000,000	224,000,000	
8. Interest on (7)	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000	
9. Full-funding limit credit	0	0	0	0	0	
10. Credit balance (EOY): (1) + (2) – (3) – (4) – (5) – (6) + (7) + (8) + (9)	$1,281,644,182	$1,434,047,096	$1,607,533,623	$1,812,821,815	$2,045,824,261	

EXHIBIT IV

Funding Standard Account – Projected Bases Assumed Established After June 1, 2018

Schedule of Funding Standard Account Bases

Type of Base	Date Established	Base Established	Amortization Period	Amortization Payment
Experience (Gain)/Loss	6/ 1/2019	$47,839,129	15	$5,041,454
Experience (Gain)/Loss	6/ 1/2020	40,064,366	15	4,222,122
Plan Amendment (13th Check)	6/ 1/2020	2,864,000	1	2,864,000
Experience (Gain)/Loss	6/ 1/2021	2,385,140	15	251,354
Experience (Gain)/Loss	6/ 1/2022	20,388,210	15	2,148,580
Experience (Gain)/Loss	6/ 1/2023	17,085,795	15	1,800,560

EXHIBIT V
Actuarial Assumptions and Methodology

The actuarial assumptions and plan of benefits are as used in the June 1, 2018 actuarial valuation certificate, dated July 18, 2019, except as specifically described below. We also assumed that experience would emerge as projected, except as described below. The calculations are based on a current understanding of the requirements of ERISA Section 305 and IRC Section 432.

Plan of Benefits: This certification reflects an increase to the benefit accrual rate from 2.3% to 3.3% of credited contributions, effective August 1, 2019, and a one-time supplemental check of $500 payable in December 2019 to those in pay status who are over age 70.

Contribution Rates: Based on formal commitments by collective bargaining parties as provided by the plan sponsor, the negotiated contribution rate of $8.96 per hour was reflected in this certification with benefits still accruing on $2.16 per hour.

Asset Information: The market value of assets as of June 1, 2019 was estimated using the return provided by the Investment Consultant. Contributions, benefit payments and non-investment expenses for the plan year ending May 31, 2019 were estimated based on an unaudited financial statement provided by the Fund Administrator.

For projections after June 1, 2019, the assumed administrative expenses were increased by 2% per year and the benefit payments were projected based on the June 1, 2018 actuarial valuation. The projected net investment return was assumed to be 7.50% of the average market value of assets for the 2019 - 2028 Plan Years. Any resulting investment gains or losses due to the operation of the asset valuation method are amortized over 15 years in the Funding Standard Account.

Projected Industry Activity: As required by Internal Revenue Code Section 432, assumptions with respect to projected industry activity are based on information provided by the plan sponsor. Based on this information the total contributory hours are assumed to be 25 million per year. We are unable to evaluate the reasonableness of this assumption without performing a substantial amount of additional work beyond the scope of our engagement.

Future Normal Costs: We have assumed that the normal cost under the unit credit cost method will be the same as in the 2018 Plan Year, adjusted for the increased benefit accrual rate and the projected industry activity, as noted above.

Plan Merger: The Hod Carriers Local No. 166 Pension Trust Fund ("Hod Carriers") merged into this plan in a "*de minimis*" merger effective May 31, 2018. Liabilities of the Hod Carriers plan were reflected in the June 1, 2018 actuarial valuation, but transferred assets of $48.6 million had not yet been recognized in the plan audit as of May 31, 2018. This certification reflects the transfer of those assets in June 2018. For purposes of the estimated actuarial value of assets used in this certification, the increase in plan assets due to this transfer is treated as investment income and smoothed according to the plan' asset valuation method.

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