

Laborers Pension Trust Fund for Northern California

**Actuarial Certification of Plan Status Under IRC Section 432
as of June 1, 2024**



Except as may be required by law, this valuation certification should not otherwise be copied or reproduced in any form and should only be shared with other parties in its entirety as necessary for the proper administration of the Fund and in meeting filing requirements of federal government agencies.



180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com
T:415.263.8200

August 21, 2024

Board of Trustees
Laborers Pension Trust Fund for Northern California
Pleasanton, 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, 2024 in accordance with the Multiemployer Pension Reform Act of 2014 (MPRA). This certification has been prepared for the exclusive use and benefit of the Board, based upon information provided by the Fund Office and the Fund's other service providers. Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. 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, 2023 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 Paul C. Poon, ASA, MAAA, Enrolled Actuary.

As of June 1, 2024, 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).

This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. 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

By: 

Timothy J. Losee
Senior Vice President & Benefits Consultant



Paul C. Poon, ASA, MAAA, EA
Vice President & Actuary

EJ/elf

cc: Jasmine S. Baker, CPA
Bryan Berthiaume
Jose Gamez
Kristina Hillman, Esq.
Nickolas King
Sean McDonald, Esq.
Brenda Munoz
Suzy Naidu
Aline Rixen
Sara Ruiz
Joseph Thiermann, CPA

Actuarial Status Certification as of June 1, 2024: Key Results

| Item | Description | 2024 |
|--------------------------|--|---------------------------------|
| Certified zone status | | Neither critical nor endangered |
| Assets | Actuarial value of assets (AVA) | \$5,034,865,933 |
| Funded percentage | Unit credit accrued liability | 4,881,387,220 |
| | Funded percentage | 103.1% |
| Funding Standard Account | Funding credit balance as of the end of the prior year | \$1,242,456,974 |
| Investment return | Assumed rate of return | 5.75% |
| Solvency projection | Years to projected insolvency | N/A |



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August 21, 2024

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, 2024 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: 5672 Stoneridge Drive, Suite 100, Pleasanton, CA, 94588
Phone number: 707.864.2800

As of June 1, 2024, 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.



Internal Revenue Service
August 21, 2024
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If you have any questions on the attached certification, you may contact me at the following:

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

Sincerely,

A handwritten signature in black ink that reads "Paul C. Poon". The signature is written in a cursive style with a large, stylized 'P' and 'P'.

Paul C. Poon, ASA, MAAA, EA
Vice President & Actuary
Enrolled Actuary No. 23-06069

Actuarial Status Certification as of June 1, 2024 Under IRC Section 432
August 21, 2024

This is to certify that 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, 2024 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, 2023 actuarial valuation, dated August 14, 2024. This certification reflects the changes in the law made by the Multiemployer Pension Reform Act of 2014 (MPRA) and the American Rescue Plan Act of 2021 (ARPA). Additional assumptions required for the projections (including those under MPRA and ARPA), and sources of financial information used are summarized in Exhibit 5.

Segal does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which this certification is based reflects 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. In my opinion, the projections are based on reasonable actuarial estimates, assumptions and methods that offer my best estimate of anticipated experience under the Plan. Furthermore, as required by IRC Section 432(b)(3)(B)(iii), the projected industry activity takes into account information provided by the Plan sponsor.

Paul C. Poon

Paul C. Poon, ASA, MAAA, EA

EA# 23-06069

Title Vice President & Actuary

Certificate Contents

| Exhibit Number | Certification Contents |
|-----------------------|---|
| 1 | Status Determination as of June 1, 2024 |
| 2 | Summary of Actuarial Valuation Projections |
| 3 | Funding Standard Account Projections |
| 4 | Funding Standard Account — Projected Bases Assumed Established After June 1, 2023 |
| 5 | Actuarial Assumptions and Methodology |

Actuarial Status Certification Under IRC Section 432

Exhibit 1: Status Determination as of June 1, 2024

| Status/Condition | Component Result | Final Result |
|---|------------------|--------------|
| Critical status: | | |
| 1. 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 |
| 2. 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 |

| Status/Condition | Component Result | Final Result |
|---|------------------|--------------|
| 3. 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 |
| 4. Reentry into critical status after special emergence: | | |
| C8. a. 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 |
| 5. In critical status? (If C1-C6 or C8 is Yes, then Yes, unless C7 is No) | | No |
| If not in critical status, skip 6 and go to 7 | | |
| 6. 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 | | |
| 1) The ratio of inactives to actives is at least 2 to 1, | N/A | |
| 2) and insolvency is projected within 20 years? | N/A | N/A |
| d. or | | |
| 1) The funded percentage is less than 80%, | N/A | |
| 2) and insolvency is projected within 20 years? | N/A | N/A |
| In critical and declining status? | | N/A |

| Status/Condition | Component Result | Final Result |
|--|------------------|--------------|
| 7. 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 |
| 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 2: Summary of Actuarial Valuation Projections

The actuarial factors as of June 1, 2024 (based on projections from the June 1, 2023 valuation certificate):

| Description | Value |
|---|-----------------|
| 1. Financial information: | |
| a. Market value of assets | \$4,889,371,722 |
| b. Actuarial value of assets | 5,034,865,933 |
| c. Reasonably anticipated contributions | |
| 1) Upcoming year | 260,458,333 |
| 2) Present value for the next five years | 1,139,937,559 |
| 3) Present value for the next seven years | 1,514,184,926 |
| d. Projected benefit payments | 254,779,078 |
| e. Projected administrative expenses (beginning of year) | 8,907,318 |
| 2. Liabilities: | |
| a. Present value of vested benefits for active participants | \$1,398,253,804 |
| b. Present value of vested benefits for non-active participants | 3,080,905,886 |
| c. Total unit credit accrued liability | 4,881,387,220 |
| d. Present value of payments in the next five years: | |
| 1) Benefit payments | 1,222,161,504 |
| 2) Administrative expenses | 41,488,000 |
| 3) Total | 1,263,649,504 |
| e. Present value of payments in the next seven years: | |
| 1) Benefit payments | 1,691,747,261 |
| 2) Administrative expenses | 56,096,530 |
| 3) Total | 1,747,843,791 |
| f. Unit credit normal cost plus expenses | 124,267,480 |
| 3. Funded percentage: (1.b) ÷ (2.c) | 103.1% |

| Description | Value |
|---|-----------------|
| 4. Funding Standard Account: | |
| a. Credit balance as of the end of prior year | \$1,242,456,974 |
| b. Years to projected funding deficiency | N/A |
| c. Projected year of emergence | N/A |
| d. Years to projected insolvency | N/A |
| e. Year projected to be in critical status (based on test C10. in Exhibit 1), if within next five years | N/A |

Exhibit 3: Funding Standard Account Projections

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

| Description | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 1. Credit balance (BOY) | \$1,188,230,035 | \$1,242,456,974 | \$1,276,172,281 | \$1,320,066,580 | \$1,366,559,988 | \$1,427,065,835 |
| 2. Interest on (1) | 68,323,227 | 71,441,275 | 73,379,906 | 75,903,828 | 78,577,199 | 82,056,286 |
| 3. Normal cost | 168,087,299 | 115,360,162 | 115,648,562 | 115,937,683 | 116,227,527 | 116,518,096 |
| 4. Administrative expenses | 8,732,665 | 8,907,318 | 9,085,464 | 9,267,173 | 9,452,516 | 9,641,566 |
| 5. Net amortization charges | 179,703,647 | 164,784,509 | 157,539,007 | 156,997,078 | 145,799,368 | 134,160,471 |
| 6. Interest on (3), (4) and (5) | 20,500,108 | 16,620,489 | 16,230,699 | 16,226,611 | 15,610,066 | 14,968,408 |
| 7. Expected contributions | 352,784,866 | 260,458,333 | 261,500,000 | 261,500,000 | 261,500,000 | 261,500,000 |
| 8. Interest on (7) | 10,142,565 | 7,488,177 | 7,518,125 | 7,518,125 | 7,518,125 | 7,518,125 |
| 9. Full-funding limit credit | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. Credit balance (EOY): (1) + (2) - (3) - (4) - (5) - (6) + (7) + (8) + (9) | \$1,242,456,974 | \$1,276,172,281 | \$1,320,066,580 | \$1,366,559,988 | \$1,427,065,835 | \$1,502,851,705 |

| Description | 2029 | 2030 | 2031 | 2032 | 2033 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| 1. Credit balance (BOY) | \$1,502,851,705 | \$1,596,056,629 | \$1,697,040,420 | \$1,812,842,047 | \$1,942,282,695 |
| 2. Interest on (1) | 86,413,973 | 91,773,257 | 97,579,824 | 104,238,418 | 111,681,254 |
| 3. Normal cost | 116,809,391 | 117,101,414 | 117,394,168 | 117,687,653 | 117,981,872 |
| 4. Administrative expenses | 9,834,397 | 10,031,085 | 10,231,707 | 10,436,341 | 10,645,068 |
| 5. Net amortization charges | 121,325,171 | 118,548,438 | 109,533,768 | 102,434,772 | 93,943,764 |
| 6. Interest on (3), (4) and (5) | 14,258,215 | 14,126,654 | 13,636,679 | 13,257,129 | 12,797,815 |
| 7. Expected contributions | 261,500,000 | 261,500,000 | 261,500,000 | 261,500,000 | 261,500,000 |
| 8. Interest on (7) | 7,518,125 | 7,518,125 | 7,518,125 | 7,518,125 | 7,518,125 |
| 9. Full-funding limit credit | 0 | 0 | 0 | 0 | 0 |
| 10. Credit balance (EOY): (1) + (2) - (3) - (4) - (5) - (6) + (7) + (8) + (9) | \$1,596,056,629 | \$1,697,040,420 | \$1,812,842,047 | \$1,942,282,695 | \$2,087,613,555 |

Exhibit 4: Funding Standard Account — Projected Bases Assumed Established after June 1, 2023
 Schedule of Funding Standard Account Bases

| Type of Base | Date Established | Base Established | Amortization Period | Amortization Payment |
|------------------------|------------------|------------------|---------------------|----------------------|
| Experience (Gain)/Loss | 6/1/2024 | \$33,850,002 | 15 | \$3,242,158 |
| Experience (Gain)/Loss | 6/1/2025 | 21,587,706 | 15 | 2,067,674 |
| Experience (Gain)/Loss | 6/1/2026 | 87,009,967 | 15 | 8,333,828 |
| Experience (Gain)/Loss | 6/1/2027 | 60,908,321 | 15 | 5,833,808 |
| Experience (Gain)/Loss | 6/1/2028 | (5,287,798) | 15 | (506,466) |

Exhibit 5: Actuarial Assumptions and Methodology

The actuarial assumptions and plan of benefits are as used in the June 1, 2023 actuarial valuation certificate, dated August 14, 2024, 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.

Contribution rates

The contribution rate was increased from \$9.96 to \$10.46 per hour, effective July 1, 2024.

Asset information

The market value of assets as of June 1, 2024 was estimated using the return provided by the Investment Consultant. Contributions, benefit payments and non-investment expenses for the plan year ending May 31, 2024 were estimated based on an unaudited financial statement provided by the Fund Administrator.

For projections after June 1, 2024, the assumed administrative expenses were increased by 2% per year and the benefit payments were projected based on the June 1, 2023 actuarial valuation. The projected net investment return was assumed to be 5.75% of the average market value of assets for the 2024–2033 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

The projected industry activity assumption takes into account information provided by the plan sponsor as required by Internal Revenue Code Section 432. Based on this information, the total number of contributory hours each year is projected to be 25 million for 2024 and later. 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 2023 Plan Year, adjusted for the above projected industry activity, and increased by 0.25% per year to reflect future mortality improvements.

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are prepared to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised

of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible Enrolled Actuary.

Technical issues

This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship.

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.

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