# EXHIBIT A

## PLAN ACTUARY'S CERTIFICATION OF CRITICAL AND DECLINING STATUS

# 2017 ACTUARIAL CERTIFICATION OF FUNDED STATUS

***As Required under IRC § 432(b)(3) as Added by the by the Pension Protection Act of 2006***

**Plan Identification**
Laborers Local No. 265 Pension Plan ("Plan")
American Benefit Corporation
205 West Fourth Street, Suite 225
Cincinnati, OH 45202
(513) 381-6886
EIN/PN: 31-6127282/001
Plan Year: November 1, 2017 – October 31, 2018

**Information on Plan Status**
As of November 1, 2017, I hereby certify that the Plan is Critical and Declining as defined by the Pension Protection Act of 2006 (PPA) as amended by the Multiemployer Pension Reform Act of 2014 (MPRA) and is meeting the annual standards required under its updated Rehabilitation Plan which was designed to forestall the Plan's insolvency.

This certification has been prepared based on the Plan's November 1, 2016 Actuarial Valuation and the unaudited October 31, 2017 financial statements that were prepared by the Plan Administrator. The November 1, 2016 Actuarial Valuation was projected to November 1, 2017 for determination of the Plan's Funded Percentage and additional projections of later years were used to determine the Plan's solvency. Anticipated future Plan contributions were based on 400,000 hours worked per year. It is assumed that participants exiting the Plan are replaced by new entrants. All other assumptions used along with the Plan Provisions reflected in this determination are summarized in the Plan's November 1, 2016 Actuarial Valuation Report

**Actuarial Certification**
I hereby certify that the Plan's most recent Actuarial Valuation presents fairly the actuarial position of the Plan as of November 1, 2016. In my opinion, all other assumptions used to determine the Plan's liabilities and costs are individually reasonable based on Plan experience and represent my best estimate of anticipated future experience under the Plan. The projections and calculations used to complete this certification have been performed in accordance with generally accepted actuarial principles and practices and the undersigned meets the qualification standards of the American Academy of Actuaries necessary to render an actuarial opinion.

Respectfully submitted,

[redacted]

Jason C. Birkle, EA, MAAA, ASA
Enrollment Number: 17-07856

Cuni, Rust & Strenk
4555 Lake Forest Drive, Suite 620
Cincinnati, OH 45242
(513) 891-0270

January 26, 2018

**Illustration Supporting 2017 Pension Protection Act of 2006 (PPA) Actuarial Certification of Status**

Plan Name: Laborers Local No. 265 Pension Plan

EIN: 31-6127282

PN: 001

2017 PPA Funding Status: Critical and Declining.

2017 PPA Funded Percentage < 65% and projected funding deficiency within 5 years.

2017 PPA Funded Percentage < 80% and projected to become insolvent within 20 years.

| 11/1 Plan Year | Actuarial Value of Assets (1) | PPA Accrued Liability (2) | PPA Funded % (1) / (2) | 10/31 Credit Balance | Hourly Contribution Rate | Minimum Required Contribution | Expected Hours Worked | Expected Contributions | Asset Return % | |
|---|---|---|---|---|---|---|---|---|---|---|
| 2016 | $59,914,763 | $101,267,849 | 59% | $13,075,673 | $5.30 | $0 [1] | *377,504* | *$2,029,832* | *11.7%* | *Unaudited* [2] |
| 2017 | $53,330,024 | $98,895,124 | 54% | $10,898,543 | $5.30 | $0 | 400,000 | $2,150,795 | 6.5% | Projected |
| 2018 | $49,081,214 | $97,893,969 | 50% | $8,239,565 | $5.30 | $0 | 400,000 | $2,150,795 | 6.5% | Projected |
| 2019 | $45,057,812 | $96,842,096 | 47% | $5,216,316 | $5.30 | $344,412 | 400,000 | $2,150,795 | 6.5% | Projected |
| 2020 | $42,172,510 | $95,676,553 | 44% | $1,864,166 | $5.30 | *$3,791,363* | 400,000 | *$2,150,795* | 6.5% | Projected |
| 2021 | $39,498,140 | $94,286,593 | 42% | ($1,693,048) | $5.30 | $7,247,732 | 400,000 | $2,150,795 | 6.5% | Projected |
| 2022 | $36,036,730 | $92,747,000 | 39% | ($5,259,980) | $5.30 | $11,122,930 | 400,000 | $2,150,795 | 6.5% | Projected |
| 2023 | $32,351,716 | $91,100,996 | 36% | ($9,259,139) | $5.30 | $15,832,607 | 400,000 | $2,150,795 | 6.5% | Projected |
| 2024 | $28,378,355 | $89,290,739 | 32% | ($14,119,471) | $5.30 | $21,939,088 | 400,000 | $2,150,795 | 6.5% | Projected |
| 2025 | $24,086,196 | $87,298,552 | 28% | ($20,421,289) | $5.30 | $28,908,496 | 400,000 | $2,150,795 | 6.5% | Projected |
| 2026 | $19,552,702 | $85,214,310 | 23% | ($27,613,637) | $5.30 | $36,277,708 | 400,000 | $2,150,795 | 6.5% | Projected |
| 2027 | $14,630,692 | $82,901,629 | 18% | ($35,218,578) | $5.30 | $44,036,255 | 400,000 | $2,150,795 | 6.5% | Projected |
| 2028 | $9,448,397 | $80,498,023 | 12% | ($43,225,308) | $5.30 | $52,327,469 | 400,000 | $2,150,795 | 6.5% | Projected |
| 2029 | $3,927,997 | $77,935,930 | 5% | ($51,781,745) | $5.30 | $60,447,888 | 400,000 | $2,150,795 | 6.5% | Projected |
| 2030 | $0 | | | | | | | | | |

[1] November 1, 2016 Actuarial Valuation results.

[2] Estimated based on the Plan's October 31, 2017 financial statements prepared by the Benefit Office.

# EXHIBIT B

## PLAN ACTUARY'S SUPPLEMENTAL ACTUARIAL INFORMATION

# Laborers Local No. 265
# Pension Plan

***Supplemental Actuarial Information***
***Suspension of Benefits Under the Multiemployer Pension Reform Act of 2014***
***Effective as of May 1, 2019***

July 30, 2018

Board of Trustees
Laborers Local No. 265 Pension Plan

Dear Trustees:

As requested, this Report provides the Supplemental Actuarial Information outlined in Revenue Procedure 2017-43 for submission of an application to suspend benefits under the Multiemployer Pension Reform Act of 2014 (MPRA). This information has been prepared based on our understanding of the Trustees' Pension Recovery Program effective May 1, 2019 submitted on behalf of the Laborers Local No. 265 Pension Plan ("Plan") and IRC §432(e)(9).

The methods employed and the results developed are intended solely for the purpose of demonstrating that the proposed benefit suspensions outlined in the application are reasonably estimated to enable the Plan to avoid insolvency. The Plan provisions, assumptions and methods used in this application, except where otherwise stated, are summarized in Exhibit XIII. Determinations for purposes other than those expressly stated may be significantly different from the results shown in this Report.

The information presented in this Report is based on the Plan's participant data as of November 1, 2017 (summarized in Exhibit XII) and unaudited financials as of June 30, 2018. In preparing this Report, we have relied on the Plan Administrator's representations that the information that they have supplied is both accurate and complete. The expected contribution base units have been developed based on information provided by the Board of Trustees. If any of this information is inaccurate or incomplete, the results shown in this Report could materially change.

Based on the information available, the proposed benefit suspensions effective May 1, 2019 outlined in the Trustee's Pension Recovery Program are reasonably estimated to enable the Plan to avoid insolvency within the meaning of IRC §418E assuming the proposed suspensions continue indefinitely.

We hereby certify that the Plan's most recent Actuarial Valuation and Actuarial Certification of Plan Status fairly present the actuarial position of the Plan. In our opinion, the assumptions used to determine Plan liabilities and costs are individually reasonable based on Plan experience and represent our best estimate of anticipated future experience under the Plan. The projections and calculations shown in this Report have been performed in accordance with generally accepted actuarial principles and practices and the undersigned meet the qualification standards of the American Academy of Actuaries necessary to render an actuarial opinion.

Respectfully submitted,

CUNI, RUST & STRENK

[redacted]

Jason C. Birkle, EA, MAAA, ASA
Consulting Actuary

[redacted]

M. R. Rust, EA, MAAA, ASA
President

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**Exhibit I: Past Experience for Certain Critical Assumptions**
**Laborers Local No. 265 Pension Plan**

| 11/1 Plan Year | Total Contributions | Total Contribution Base Units | Average Contribution Rate | 6/1 Hourly Contribution Rate | Rate of Return on Plan Assets |
|---|---|---|---|---|---|
| 2007-2008 | $1,419,803 | 660,209 | $2.15 | $2.10 | (28.3%) |
| 2008-2009 | $1,213,425 | 506,934 | $2.39 | $2.10 | 16.6% |
| 2009-2010 | $1,217,670 | 456,626 | $2.67 | $2.50 | 12.8% |
| 2010-2011 | $1,365,823 | 431,242 | $3.17 | $2.90 | 2.0% |
| 2011-2012 | $1,764,033 | 504,614 | $3.50 | $3.30 | 10.4% |
| 2012-2013 | $1,355,384 | 363,634 | $3.73 | $3.70 | 15.1% |
| 2013-2014 | $2,013,998 | 477,810 | $4.22 | $4.10 | 4.6% |
| 2014-2015 | $1,967,028 | 430,608 | $4.57 | $4.50 | (3.6%) |
| 2015-2016 | $1,991,568 | 400,623 | $4.97 | $4.90 | 1.4% |
| 2016-2017 | $2,069,089 | 379,675 | $5.45 | $5.30 | 11.7% |

| | |
|---|---|
| Average Base Unit Trend (2007-2017): | (5.96%) |

**Exhibit III: Projected Total Contribution Base Units and Average Contribution Rates**
**Laborers Local No. 265 Pension Plan**

| 11/1 Plan Year | Total Contributions | Total Contribution Base Units | Average Contribution Rate |
|---|---|---|---|
| 2016-2017 | $2,069,089* | 379,675** | $5.45 |
| 2017-2018 | $2,179,853 | 400,000 | $5.45 |
| 2018-2019 | $2,179,853 | 400,000 | $5.45 |
| 2019-2020 | $2,179,853 | 400,000 | $5.45 |
| 2020-2021 | $2,179,853 | 400,000 | $5.45 |
| 2021-2022 | $2,179,853 | 400,000 | $5.45 |
| 2022-2023 | $2,179,853 | 400,000 | $5.45 |
| 2023-2024 | $2,179,853 | 400,000 | $5.45 |
| 2024-2025 | $2,179,853 | 400,000 | $5.45 |
| 2025-2026 | $2,179,853 | 400,000 | $5.45 |
| 2026-2027 | $2,179,853 | 400,000 | $5.45 |
| 2027-2028 | $2,179,853 | 400,000 | $5.45 |
| 2028-2029 | $2,179,853 | 400,000 | $5.45 |
| 2029-2030 | $2,179,853 | 400,000 | $5.45 |
| 2030-2031 | $2,179,853 | 400,000 | $5.45 |
| 2031-2032 | $2,179,853 | 400,000 | $5.45 |
| 2032-2033 | $2,179,853 | 400,000 | $5.45 |
| 2033-2034 | $2,179,853 | 400,000 | $5.45 |
| 2034-2035 | $2,179,853 | 400,000 | $5.45 |
| 2035-2036 | $2,179,853 | 400,000 | $5.45 |

| 11/1 Plan Year | Total Contributions | Total Contribution Base Units | Average Contribution Rate |
|---|---|---|---|
| 2036-2037 | $2,179,853 | 400,000 | $5.45 |
| 2037-2038 | $2,179,853 | 400,000 | $5.45 |
| 2038-2039 | $2,179,853 | 400,000 | $5.45 |
| 2039-2040 | $2,179,853 | 400,000 | $5.45 |
| 2040-2041 | $2,179,853 | 400,000 | $5.45 |
| 2041-2042 | $2,179,853 | 400,000 | $5.45 |
| 2042-2043 | $2,179,853 | 400,000 | $5.45 |
| 2043-2044 | $2,179,853 | 400,000 | $5.45 |
| 2044-2045 | $2,179,853 | 400,000 | $5.45 |
| 2045-2046 | $2,179,853 | 400,000 | $5.45 |
| 2046-2047 | $2,179,853 | 400,000 | $5.45 |
| 2047-2048 | $2,179,853 | 400,000 | $5.45 |
| 2048-2049 | $2,179,853 | 400,000 | $5.45 |
| 2049-2050 | $2,179,853 | 400,000 | $5.45 |
| 2050-2051 | $2,179,853 | 400,000 | $5.45 |
| 2051-2052 | $2,179,853 | 400,000 | $5.45 |
| 2052-2053 | $2,179,853 | 400,000 | $5.45 |
| 2053-2054 | $2,179,853 | 400,000 | $5.45 |
| 2054-2055 | $2,179,853 | 400,000 | $5.45 |

* Contributions from the audited financials as of October 31, 2017.
** Based on the data provided by the Plan Administrator as summarized in the November 1, 2017 Actuarial Valuation Report.

**Exhibit IV: Deterministic Projection of Current Plan without Proposed Suspension**
**Laborers Local No. 265 Pension Plan**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2029.

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $50,780,934 | $47,242,464 | $43,927,793 | $40,365,572 | $36,529,712 | $32,411,394 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments * | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 7,112,248 | 6,910,690 | 6,694,672 | 6,478,977 | 6,263,559 | 6,048,392 |
| b. Terminated vested participants | 129,265 | 341,150 | 512,862 | 693,029 | 869,072 | 1,027,112 |
| c. Current actives | 134,489 | 334,540 | 433,993 | 536,501 | 636,458 | 737,459 |
| d. New entrants | 0 | 0 | 0 | 0 | 0 | 0 |
| e. Total | 7,376,002 | 7,586,380 | 7,641,527 | 7,708,507 | 7,769,089 | 7,812,963 |
| 5. Administrative expenses | 600,000 | 393,533 | 398,649 | 403,831 | 409,081 | 414,399 |
| 6. Investment earnings | 2,257,679 | 2,485,389 | 2,298,102 | 2,096,625 | 1,879,999 | 1,648,015 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $47,242,464 | $43,927,793 | $40,365,572 | $36,529,712 | $32,411,394 | $28,011,900 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $54,618,466 | $51,514,173 | $48,007,099 | $44,238,219 | $40,180,483 | $35,824,863 |
| 9. Solvency Ratio: (8)÷(4e) | 7.40 | 6.79 | 6.28 | 5.74 | 5.17 | 4.59 |

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $28,011,900 | $23,346,941 | $18,415,546 | $13,224,996 | $7,773,534 | $2,116,872 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments *** | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 5,833,444 | 5,618,659 | 5,404,005 | 5,189,460 | 4,975,068 | 4,760,904 |
| b. Terminated vested participants | 1,153,619 | 1,275,787 | 1,385,071 | 1,488,876 | 1,575,220 | 1,658,229 |
| c. Current actives | 838,911 | 930,463 | 1,012,335 | 1,086,383 | 1,156,162 | 1,217,506 |
| d. New entrants | 181 | 848 | 2,271 | 4,405 | 7,027 | 10,077 |
| e. Total | 7,826,155 | 7,825,757 | 7,803,682 | 7,769,124 | 7,713,477 | 7,646,716 |
| 5. Administrative expenses | 419,786 | 425,243 | 430,772 | 436,372 | 442,044 | 447,791 |
| 6. Investment earnings | 1,401,129 | 1,139,752 | 864,051 | 574,181 | 319,006 | 0 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $23,346,941 | $18,415,546 | $13,224,996 | $7,773,534 | $2,116,872 | Insolvent |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $31,173,096 | $26,241,303 | $21,028,678 | $15,542,658 | $9,830,349 | $3,848,934 |
| 9. Solvency Ratio: (8)÷(4e) | 3.98 | 3.35 | 2.69 | 2.00 | 1.27 | 0.50 |

* No assumed future withdrawals

**Exhibit V: Deterministic Projection of Proposed Suspension**
**Laborers Local No. 265 Pension Plan**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2050.

| | 2017 * | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $48,290,045 | $47,242,464 | $44,669,912 | $43,375,589 | $42,035,796 | $40,645,469 |
| 2. Contributions | 995,599 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 2,481,908 | 6,690,195 | 5,420,846 | 5,223,407 | 5,027,672 | 4,833,710 |
| b. Terminated vested participants | 19,455 | 151,748 | 204,281 | 276,563 | 351,355 | 416,564 |
| c. Current actives | 31,456 | 245,756 | 306,499 | 386,540 | 464,253 | 541,534 |
| d. New entrants | 0 | 0 | 0 | 0 | 0 | 0 |
| e. Total | 2,532,819 | 7,087,699 | 5,931,626 | 5,886,510 | 5,843,280 | 5,791,808 |
| 5. Administrative expenses | 377,982 | 393,533 | 398,649 | 403,831 | 409,081 | 414,399 |
| 6. Investment earnings | 867,621 | 2,728,827 | 2,856,099 | 2,770,695 | 2,682,181 | 2,590,551 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $47,242,464 | $44,669,912 | $43,375,589 | $42,035,796 | $40,645,469 | $39,209,666 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $49,775,283 | $51,757,611 | $49,307,215 | $47,922,306 | $46,488,749 | $45,001,474 |
| 9. Solvency Ratio: (8)÷(4e) | 7.40 ** | 7.30 | 8.31 | 8.14 | 7.96 | 7.77 |

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $39,209,666 | $37,743,031 | $36,247,733 | $34,732,470 | $33,200,777 | $31,941,879 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 4,641,590 | 4,451,358 | 4,263,074 | 4,076,803 | 3,892,658 | 3,710,769 |
| b. Terminated vested participants | 464,445 | 513,410 | 557,508 | 600,984 | 638,044 | 676,165 |
| c. Current actives | 616,923 | 684,685 | 744,260 | 796,948 | 846,235 | 889,281 |
| d. New entrants | 181 | 848 | 2,270 | 4,400 | 7,013 | 10,044 |
| e. Total | 5,723,139 | 5,650,301 | 5,567,112 | 5,479,135 | 5,383,950 | 5,286,259 |
| 5. Administrative expenses | 419,786 | 425,243 | 430,771 | 436,371 | 442,044 | 447,791 |
| 6. Investment earnings | 2,496,437 | 2,400,393 | 2,302,767 | 2,203,960 | 2,387,243 | 2,294,996 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $37,743,031 | $36,247,733 | $34,732,470 | $33,200,777 | $31,941,879 | $30,682,678 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $43,466,170 | $41,898,034 | $40,299,582 | $38,679,912 | $37,325,829 | $35,968,937 |
| 9. Solvency Ratio: (8)÷(4e) | 7.59 | 7.42 | 7.24 | 7.06 | 6.93 | 6.80 |

* As required under revenue procedure 2017-43 3.02, the initial period shown here begins on the first day of the calendar quarter in which the application is submitted (July 1, 2018) and ends with the last day of the plan year that includes that first day (October 31, 2018).

** Calculated based on the annual information shown in Exhibit II.

**Exhibit V: Deterministic Projection of Proposed Suspension (continued)**
**Laborers Local No. 265 Pension Plan**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2050.

| | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $30,682,678 | $29,432,322 | $28,200,643 | $27,002,490 | $25,853,718 | $24,764,667 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 3,531,225 | 3,354,086 | 3,179,391 | 3,007,178 | 2,837,490 | 2,670,379 |
| b. Terminated vested participants | 709,981 | 737,340 | 754,618 | 764,963 | 773,116 | 775,022 |
| c. Current actives | 925,022 | 955,547 | 980,327 | 996,291 | 1,005,070 | 1,013,789 |
| d. New entrants | 13,426 | 17,169 | 21,270 | 25,733 | 30,619 | 35,775 |
| e. Total | 5,179,654 | 5,064,142 | 4,935,606 | 4,794,165 | 4,646,295 | 4,494,965 |
| 5. Administrative expenses | 453,612 | 459,509 | 465,483 | 471,534 | 477,664 | 483,874 |
| 6. Investment earnings | 2,203,057 | 2,112,119 | 2,023,083 | 1,937,074 | 1,855,055 | 1,777,701 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $29,432,322 | $28,200,643 | $27,002,490 | $25,853,718 | $24,764,667 | $23,743,382 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $34,611,976 | $33,264,785 | $31,938,096 | $30,647,883 | $29,410,962 | $28,238,347 |
| 9. Solvency Ratio: (8)÷(4e) | 6.68 | 6.57 | 6.47 | 6.39 | 6.33 | 6.28 |

| | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $23,743,382 | $22,795,124 | $21,926,710 | $21,147,056 | $20,467,669 | $19,898,390 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 2,505,944 | 2,344,295 | 2,185,658 | 2,030,338 | 1,878,651 | 1,730,966 |
| b. Terminated vested participants | 774,570 | 770,930 | 764,972 | 756,306 | 747,670 | 738,061 |
| c. Current actives | 1,021,641 | 1,028,145 | 1,030,502 | 1,027,102 | 1,017,433 | 1,004,318 |
| d. New entrants | 41,293 | 47,257 | 53,846 | 60,910 | 68,352 | 76,243 |
| e. Total | 4,343,448 | 4,190,627 | 4,034,978 | 3,874,656 | 3,712,106 | 3,549,588 |
| 5. Administrative expenses | 490,164 | 496,536 | 502,991 | 509,530 | 516,154 | 522,864 |
| 6. Investment earnings | 1,705,501 | 1,638,896 | 1,578,462 | 1,524,946 | 1,479,128 | 1,441,676 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $22,795,124 | $21,926,710 | $21,147,056 | $20,467,669 | $19,898,390 | $19,447,467 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $27,138,572 | $26,117,337 | $25,182,034 | $24,342,325 | $23,610,496 | $22,997,055 |
| 9. Solvency Ratio: (8)÷(4e) | 6.25 | 6.23 | 6.24 | 6.28 | 6.36 | 6.48 |

**Exhibit V: Deterministic Projection of Proposed Suspension (continued)**
**Laborers Local No. 265 Pension Plan**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2050.

| | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $19,447,467 | $19,123,532 | $18,933,071 | $18,880,864 | $18,980,333 | $19,245,376 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 1,587,680 | 1,449,221 | 1,316,030 | 1,188,593 | 1,067,354 | 952,692 |
| b. Terminated vested participants | 725,418 | 712,135 | 697,421 | 679,452 | 657,295 | 632,341 |
| c. Current actives | 989,596 | 972,869 | 956,882 | 935,079 | 908,481 | 878,384 |
| d. New entrants | 84,638 | 93,813 | 103,494 | 113,590 | 124,095 | 134,996 |
| e. Total | 3,387,332 | 3,228,038 | 3,073,827 | 2,916,714 | 2,757,225 | 2,598,413 |
| 5. Administrative expenses | 529,661 | 536,547 | 543,522 | 550,588 | 557,746 | 564,997 |
| 6. Investment earnings | 1,413,205 | 1,394,271 | 1,385,289 | 1,386,918 | 1,400,161 | 1,425,958 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $19,123,532 | $18,933,071 | $18,880,864 | $18,980,333 | $19,245,376 | $19,687,777 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $22,510,864 | $22,161,109 | $21,954,691 | $21,897,047 | $22,002,601 | $22,286,190 |
| 9. Solvency Ratio: (8)÷(4e) | 6.65 | 6.87 | 7.14 | 7.51 | 7.98 | 8.58 |

| | 2047 | 2048 | 2049 |
|---|---|---|---|
| 1. Market Value at beginning of year | $19,687,777 | $20,319,325 | $21,149,786 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 |
| 4. Benefit payments | | | |
| a. Current retirees and beneficiaries | 844,951 | 744,410 | 651,296 |
| b. Terminated vested participants | 604,709 | 575,510 | 544,990 |
| c. Current actives | 844,871 | 809,725 | 773,816 |
| d. New entrants | 146,605 | 158,563 | 170,803 |
| e. Total | 2,441,136 | 2,288,208 | 2,140,905 |
| 5. Administrative expenses | 572,342 | 579,782 | 587,319 |
| 6. Investment earnings | 1,465,173 | 1,518,598 | 1,586,927 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $20,319,325 | $21,149,786 | $22,188,342 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $22,760,461 | $23,437,994 | $24,329,247 |
| 9. Solvency Ratio: (8)÷(4e) | 9.32 | 10.24 | 11.36 |

**Exhibit VI: Deterministic Projection of Similar but Smaller Proposed Suspension**
**Laborers Local No. 265 Pension Plan**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2050.

| | 2017 * | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $48,290,045 | $47,242,464 | $44,640,515 | $43,238,878 | $41,781,410 | $40,262,458 |
| 2. Contributions | 995,599 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 2,481,908 | 6,709,621 | 5,507,537 | 5,308,830 | 5,111,725 | 4,916,282 |
| b. Terminated vested participants | 19,455 | 156,015 | 211,010 | 285,640 | 362,853 | 430,159 |
| c. Current actives | 31,456 | 251,679 | 315,063 | 397,093 | 476,723 | 555,913 |
| d. New entrants | 0 | 0 | 0 | 0 | 0 | 0 |
| e. Total | 2,532,819 | 7,117,315 *** | 6,033,610 | 5,991,563 | 5,951,301 | 5,902,354 |
| 5. Administrative expenses | 377,982 | 393,533 | 398,649 | 403,831 | 409,081 | 414,399 |
| 6. Investment earnings | 867,621 | 2,729,046 | 2,850,769 | 2,758,073 | 2,661,577 | 2,561,246 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $47,242,464 | $44,640,515 | $43,238,878 | $41,781,410 | $40,262,458 | $38,686,804 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $49,775,283 | $51,757,830 | $49,272,488 | $47,772,973 | $46,213,759 | $44,589,158 |
| 9. Solvency Ratio: (8)÷(4e) | 7.40 ** | 7.27 | 8.17 | 7.97 | 7.77 | 7.55 |

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $38,686,804 | $37,069,036 | $35,410,871 | $33,720,714 | $32,001,619 | $30,531,151 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 4,722,566 | 4,530,615 | 4,340,483 | 4,152,232 | 3,965,973 | 3,781,833 |
| b. Terminated vested participants | 479,561 | 530,091 | 575,602 | 620,475 | 658,713 | 698,048 |
| c. Current actives | 633,227 | 702,701 | 763,790 | 817,822 | 868,343 | 912,419 |
| d. New entrants | 181 | 848 | 2,271 | 4,404 | 7,023 | 10,064 |
| e. Total | 5,835,535 | 5,764,255 | 5,682,146 | 5,594,933 | 5,500,052 | 5,402,364 |
| 5. Administrative expenses | 419,786 | 425,243 | 430,771 | 436,371 | 442,044 | 447,791 |
| 6. Investment earnings | 2,457,700 | 2,351,480 | 2,242,907 | 2,132,356 | 2,291,775 | 2,183,450 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $37,069,036 | $35,410,871 | $33,720,714 | $32,001,619 | $30,531,151 | $29,044,299 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $42,904,571 | $41,175,126 | $39,402,860 | $37,596,552 | $36,031,203 | $34,446,663 |
| 9. Solvency Ratio: (8)÷(4e) | 7.35 | 7.14 | 6.93 | 6.72 | 6.55 | 6.38 |

* As required under revenue procedure 2017-43 3.02, the initial period shown here begins on the first day of the calendar quarter in which the application is submitted (July 1, 2018) and ends with the last day of the plan year that includes that first day (October 31, 2018).

** Calculated based on the annual information shown in Exhibit II.

*** Estimated benefit payments from May 1, 2019 to October 31, 2019 are half of the benefit payments expected to be paid in the November 1, 2018 Plan Year, if the benefits are suspended as defined in this Application and applying the statutory requirement under §432(e)(9)(D)(iv).

**Exhibit VI: Deterministic Projection of Similar but Smaller Proposed Suspension (continued)**
**Laborers Local No. 265 Pension Plan**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2050.

| | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $29,044,299 | $27,549,515 | $26,055,869 | $24,577,529 | $23,129,546 | $21,721,189 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 3,599,904 | 3,420,250 | 3,242,918 | 3,067,960 | 2,895,421 | 2,725,378 |
| b. Terminated vested participants | 732,938 | 761,152 | 778,936 | 789,553 | 797,911 | 799,829 |
| c. Current actives | 948,948 | 980,117 | 1,005,378 | 1,021,604 | 1,030,451 | 1,039,198 |
| d. New entrants | 13,461 | 17,221 | 21,344 | 25,829 | 30,744 | 35,929 |
| e. Total | 5,295,251 | 5,178,740 | 5,048,576 | 4,904,946 | 4,754,527 | 4,600,334 |
| 5. Administrative expenses | 453,612 | 459,509 | 465,483 | 471,534 | 477,664 | 483,874 |
| 6. Investment earnings | 2,074,226 | 1,964,750 | 1,855,866 | 1,748,644 | 1,643,981 | 1,542,466 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $27,549,515 | $26,055,869 | $24,577,529 | $23,129,546 | $21,721,189 | $20,359,300 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $32,844,766 | $31,234,609 | $29,626,105 | $28,034,492 | $26,475,716 | $24,959,634 |
| 9. Solvency Ratio: (8)÷(4e) | 6.20 | 6.03 | 5.87 | 5.72 | 5.57 | 5.43 |

| | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $20,359,300 | $19,047,695 | $17,791,687 | $16,598,589 | $15,478,185 | $14,438,333 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 2,557,940 | 2,393,239 | 2,231,523 | 2,073,110 | 1,918,343 | 1,767,611 |
| b. Terminated vested participants | 799,327 | 795,521 | 789,309 | 780,300 | 771,319 | 761,333 |
| c. Current actives | 1,047,042 | 1,053,487 | 1,055,668 | 1,051,961 | 1,041,864 | 1,028,246 |
| d. New entrants | 41,478 | 47,473 | 54,093 | 61,190 | 68,667 | 76,593 |
| e. Total | 4,445,787 | 4,289,720 | 4,130,593 | 3,966,561 | 3,800,193 | 3,633,783 |
| 5. Administrative expenses | 490,164 | 496,536 | 502,991 | 509,530 | 516,154 | 522,864 |
| 6. Investment earnings | 1,444,493 | 1,350,395 | 1,260,633 | 1,175,834 | 1,096,642 | 1,023,570 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $19,047,695 | $17,791,687 | $16,598,589 | $15,478,185 | $14,438,333 | $13,485,109 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $23,493,482 | $22,081,407 | $20,729,182 | $19,444,746 | $18,238,526 | $17,118,892 |
| 9. Solvency Ratio: (8)÷(4e) | 5.28 | 5.15 | 5.02 | 4.90 | 4.80 | 4.71 |

**Exhibit VI: Deterministic Projection of Similar but Smaller Proposed Suspension (continued)**
**Laborers Local No. 265 Pension Plan**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2050.

| | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $13,485,109 | $12,624,832 | $11,861,386 | $11,196,726 | $10,641,371 | $10,206,096 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 1,621,331 | 1,479,947 | 1,343,922 | 1,213,757 | 1,089,914 | 972,780 |
| b. Terminated vested participants | 748,219 | 734,439 | 719,174 | 700,563 | 677,644 | 651,848 |
| c. Current actives | 1,012,971 | 995,658 | 979,085 | 956,589 | 929,198 | 898,252 |
| d. New entrants | 85,022 | 94,234 | 103,953 | 114,088 | 124,633 | 135,575 |
| e. Total | 3,467,543 | 3,304,278 | 3,146,134 | 2,984,997 | 2,821,389 | 2,658,455 |
| 5. Administrative expenses | 529,661 | 536,547 | 543,522 | 550,588 | 557,745 | 564,996 |
| 6. Investment earnings | 957,074 | 897,526 | 845,143 | 800,377 | 764,006 | 736,733 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $12,624,832 | $11,861,386 | $11,196,726 | $10,641,371 | $10,206,096 | $9,899,231 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $16,092,375 | $15,165,664 | $14,342,860 | $13,626,368 | $13,027,485 | $12,557,686 |
| 9. Solvency Ratio: (8)÷(4e) | 4.64 | 4.59 | 4.56 | 4.56 | 4.62 | 4.72 |

| | 2047 | 2048 | 2049 |
|---|---|---|---|
| 1. Market Value at beginning of year | $9,899,231 | $9,728,839 | $9,700,590 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 |
| 4. Benefit payments | | | |
| a. Current retirees and beneficiaries | 862,716 | 760,006 | 664,884 |
| b. Terminated vested participants | 623,297 | 593,134 | 561,617 |
| c. Current actives | 863,823 | 827,739 | 790,879 |
| d. New entrants | 147,226 | 159,227 | 171,510 |
| e. Total | 2,497,062 | 2,340,106 | 2,188,890 |
| 5. Administrative expenses | 572,341 | 579,781 | 587,318 |
| 6. Investment earnings | 719,158 | 711,785 | 714,998 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $9,728,839 | $9,700,590 | $9,819,233 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $12,225,901 | $12,040,696 | $12,008,123 |
| 9. Solvency Ratio: (8)÷(4e) | 4.90 | 5.15 | 5.49 |

**Exhibit VII: Deterministic Projection of Proposed Suspension**

**Laborers Local No. 265 Pension Plan**

**Assuming 1.00% Lower Annual Rate of Return**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2043.

| | 2017 * | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $48,290,045 | $47,089,809 | $44,064,149 | $42,308,736 | $40,494,320 | $38,615,530 |
| 2. Contributions | 995,599 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 2,481,908 | 6,690,195 | 5,420,846 | 5,223,407 | 5,027,672 | 4,833,710 |
| b. Terminated vested participants | 19,455 | 151,748 | 204,281 | 276,563 | 351,355 | 416,564 |
| c. Current actives | 31,456 | 245,756 | 306,499 | 386,540 | 464,253 | 541,534 |
| d. New entrants | 0 | 0 | 0 | 0 | 0 | 0 |
| e. Total | 2,532,819 | 7,087,699 | 5,931,626 | 5,886,510 | 5,843,280 | 5,791,808 |
| 5. Administrative expenses | 377,982 | 393,533 | 398,649 | 403,831 | 409,081 | 414,399 |
| 6. Investment earnings | 714,966 | 2,275,719 | 2,395,009 | 2,296,072 | 2,193,718 | 2,087,925 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $47,089,809 | $44,064,149 | $42,308,736 | $40,494,320 | $38,615,530 | $36,677,101 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $49,622,628 | $51,151,848 | $48,240,362 | $46,380,830 | $44,458,810 | $42,468,909 |
| 9. Solvency Ratio: (8)÷(4e) | 7.40 ** | 7.22 | 8.13 | 7.88 | 7.61 | 7.33 |

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $36,677,101 | $34,693,241 | $32,665,576 | $30,602,178 | $28,505,858 | $26,622,704 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 4,641,590 | 4,451,358 | 4,263,074 | 4,076,803 | 3,892,658 | 3,710,769 |
| b. Terminated vested participants | 464,445 | 513,410 | 557,508 | 600,984 | 638,044 | 676,165 |
| c. Current actives | 616,923 | 684,685 | 744,260 | 796,948 | 846,235 | 889,281 |
| d. New entrants | 181 | 848 | 2,270 | 4,400 | 7,013 | 10,044 |
| e. Total | 5,723,139 | 5,650,301 | 5,567,112 | 5,479,135 | 5,383,950 | 5,286,259 |
| 5. Administrative expenses | 419,786 | 425,243 | 430,771 | 436,371 | 442,044 | 447,791 |
| 6. Investment earnings | 1,979,212 | 1,868,026 | 1,754,632 | 1,639,333 | 1,762,987 | 1,641,684 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $34,693,241 | $32,665,576 | $30,602,178 | $28,505,858 | $26,622,704 | $24,710,191 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $40,416,380 | $38,315,877 | $36,169,290 | $33,984,993 | $32,006,654 | $29,996,450 |
| 9. Solvency Ratio: (8)÷(4e) | 7.06 | 6.78 | 6.50 | 6.20 | 5.94 | 5.67 |

* As required under revenue procedure 2017-43 3.02, the initial period shown here begins on the first day of the calendar quarter in which the application is submitted (July 1, 2018) and ends with the last day of the plan year that includes that first day (October 31, 2018).

** Calculated based on the annual information shown in Exhibit II.

**Exhibit VII: Deterministic Projection of Proposed Suspension (continued)**

**Laborers Local No. 265 Pension Plan**

**Assuming 1.00% Lower Annual Rate of Return**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2043.

| | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $24,710,191 | $22,775,509 | $20,826,312 | $18,875,010 | $16,934,709 | $15,012,690 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 3,531,225 | 3,354,086 | 3,179,391 | 3,007,178 | 2,837,490 | 2,670,379 |
| b. Terminated vested participants | 709,981 | 737,340 | 754,618 | 764,963 | 773,116 | 775,022 |
| c. Current actives | 925,022 | 955,547 | 980,327 | 996,291 | 1,005,070 | 1,013,789 |
| d. New entrants | 13,426 | 17,169 | 21,270 | 25,733 | 30,619 | 35,775 |
| e. Total | 5,179,654 | 5,064,142 | 4,935,606 | 4,794,165 | 4,646,295 | 4,494,965 |
| 5. Administrative expenses | 453,612 | 459,509 | 465,483 | 471,534 | 477,664 | 483,874 |
| 6. Investment earnings | 1,518,731 | 1,394,601 | 1,269,934 | 1,145,545 | 1,022,087 | 899,947 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $22,775,509 | $20,826,312 | $18,875,010 | $16,934,709 | $15,012,690 | $13,113,651 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $27,955,163 | $25,890,454 | $23,810,616 | $21,728,874 | $19,658,985 | $17,608,616 |
| 9. Solvency Ratio: (8)÷(4e) | 5.40 | 5.11 | 4.82 | 4.53 | 4.23 | 3.92 |

| | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $13,113,651 | $11,239,218 | $9,392,277 | $7,577,477 | $5,801,676 | $4,069,663 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 2,505,944 | 2,344,295 | 2,185,658 | 2,030,338 | 1,878,651 | 1,730,966 |
| b. Terminated vested participants | 774,570 | 770,930 | 764,972 | 756,306 | 747,670 | 738,061 |
| c. Current actives | 1,021,641 | 1,028,145 | 1,030,502 | 1,027,102 | 1,017,433 | 1,004,318 |
| d. New entrants | 41,293 | 47,257 | 53,846 | 60,910 | 68,352 | 76,243 |
| e. Total | 4,343,448 | 4,190,627 | 4,034,978 | 3,874,656 | 3,712,106 | 3,549,588 |
| 5. Administrative expenses | 490,164 | 496,536 | 502,991 | 509,530 | 516,154 | 522,864 |
| 6. Investment earnings | 779,326 | 660,369 | 543,316 | 428,532 | 316,394 | 207,140 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $11,239,218 | $9,392,277 | $7,577,477 | $5,801,676 | $4,069,663 | $2,384,204 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $15,582,666 | $13,582,904 | $11,612,455 | $9,676,332 | $7,781,769 | $5,933,792 |
| 9. Solvency Ratio: (8)÷(4e) | 3.59 | 3.24 | 2.88 | 2.50 | 2.10 | 1.67 |

**Exhibit VII: Deterministic Projection of Proposed Suspension (continued)**

**Laborers Local No. 265 Pension Plan**

**Assuming 1.00% Lower Annual Rate of Return**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2043.

| | 2041 | 2042 |
|---|---|---|
| 1. Market Value at beginning of year | $2,384,204 | $748,011 |
| 2. Contributions | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 |
| 4. Benefit payments | | |
| a. Current retirees and beneficiaries | 1,587,680 | 1,449,221 |
| b. Terminated vested participants | 725,418 | 712,135 |
| c. Current actives | 989,596 | 972,869 |
| d. New entrants | 84,638 | 93,813 |
| e. Total | 3,387,332 | 3,228,038 |
| 5. Administrative expenses | 529,661 | 536,547 |
| 6. Investment earnings | 100,947 | 0 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $748,011 | Insolvent |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $4,135,343 | $2,391,317 |
| 9. Solvency Ratio: (8)÷(4e) | 1.22 | 0.74 |

**Exhibit VIII: Deterministic Projection of Proposed Suspension**
**Laborers Local No. 265 Pension Plan**
**Assuming 2.00% Lower Annual Rate of Return**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2037.

| | 2017 * | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $48,290,045 | $46,936,183 | $43,460,521 | $41,256,328 | $38,989,401 | $36,654,789 |
| 2. Contributions | 995,599 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 2,481,908 | 6,690,195 | 5,420,846 | 5,223,407 | 5,027,672 | 4,833,710 |
| b. Terminated vested participants | 19,455 | 151,748 | 204,281 | 276,563 | 351,355 | 416,564 |
| c. Current actives | 31,456 | 245,756 | 306,499 | 386,540 | 464,253 | 541,534 |
| d. New entrants | 0 | 0 | 0 | 0 | 0 | 0 |
| e. Total | 2,532,819 | 7,087,699 | 5,931,626 | 5,886,510 | 5,843,280 | 5,791,808 |
| 5. Administrative expenses | 377,982 | 393,533 | 398,649 | 403,831 | 409,081 | 414,399 |
| 6. Investment earnings | 561,340 | 1,825,717 | 1,946,229 | 1,843,561 | 1,737,896 | 1,629,242 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $46,936,183 | $43,460,521 | $41,256,328 | $38,989,401 | $36,654,789 | $34,257,677 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $49,469,002 | $50,548,220 | $47,187,954 | $44,875,911 | $42,498,069 | $40,049,485 |
| 9. Solvency Ratio: (8)÷(4e) | 7.40 ** | 7.13 | 7.96 | 7.62 | 7.27 | 6.91 |

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $34,257,677 | $31,812,653 | $29,321,659 | $26,793,054 | $24,229,895 | $21,839,926 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 4,641,590 | 4,451,358 | 4,263,074 | 4,076,803 | 3,892,658 | 3,710,769 |
| b. Terminated vested participants | 464,445 | 513,410 | 557,508 | 600,984 | 638,044 | 676,165 |
| c. Current actives | 616,923 | 684,685 | 744,260 | 796,948 | 846,235 | 889,281 |
| d. New entrants | 181 | 848 | 2,270 | 4,400 | 7,013 | 10,044 |
| e. Total | 5,723,139 | 5,650,301 | 5,567,112 | 5,479,135 | 5,383,950 | 5,286,259 |
| 5. Administrative expenses | 419,786 | 425,243 | 430,771 | 436,371 | 442,044 | 447,791 |
| 6. Investment earnings | 1,518,048 | 1,404,697 | 1,289,425 | 1,172,494 | 1,256,172 | 1,124,874 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $31,812,653 | $29,321,659 | $26,793,054 | $24,229,895 | $21,839,926 | $19,410,603 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $37,535,792 | $34,971,960 | $32,360,166 | $29,709,030 | $27,223,876 | $24,696,862 |
| 9. Solvency Ratio: (8)÷(4e) | 6.56 | 6.19 | 5.81 | 5.42 | 5.06 | 4.67 |

* As required under revenue procedure 2017-43 3.02, the initial period shown here begins on the first day of the calendar quarter in which the application is submitted (July 1, 2018) and ends with the last day of the plan year that includes that first day (October 31, 2018).

** Calculated based on the annual information shown in Exhibit II.

**Exhibit VIII: Deterministic Projection of Proposed Suspension (continued)**

**Laborers Local No. 265 Pension Plan**

**Assuming 2.00% Lower Annual Rate of Return**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2037.

| | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $19,410,603 | $16,948,806 | $14,461,790 | $11,961,448 | $9,460,216 | $6,964,570 |
| 2. Contributions | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 3,531,225 | 3,354,086 | 3,179,391 | 3,007,178 | 2,837,490 | 2,670,379 |
| b. Terminated vested participants | 709,981 | 737,340 | 754,618 | 764,963 | 773,116 | 775,022 |
| c. Current actives | 925,022 | 955,547 | 980,327 | 996,291 | 1,005,070 | 1,013,789 |
| d. New entrants | 13,426 | 17,169 | 21,270 | 25,733 | 30,619 | 35,775 |
| e. Total | 5,179,654 | 5,064,142 | 4,935,606 | 4,794,165 | 4,646,295 | 4,494,965 |
| 5. Administrative expenses | 453,612 | 459,509 | 465,483 | 471,534 | 477,664 | 483,874 |
| 6. Investment earnings | 991,616 | 856,782 | 720,894 | 584,614 | 448,460 | 312,712 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $16,948,806 | $14,461,790 | $11,961,448 | $9,460,216 | $6,964,570 | $4,478,296 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $22,128,460 | $19,525,932 | $16,897,054 | $14,254,381 | $11,610,865 | $8,973,261 |
| 9. Solvency Ratio: (8)÷(4e) | 4.27 | 3.86 | 3.42 | 2.97 | 2.50 | 2.00 |

| | 2035 | 2036 |
|---|---|---|
| 1. Market Value at beginning of year | $4,478,296 | $2,002,028 |
| 2. Contributions | 2,179,853 | 2,179,853 |
| 3. Withdrawal liability payments | 0 | 0 |
| 4. Benefit payments | | |
| a. Current retirees and beneficiaries | 2,505,944 | 2,344,295 |
| b. Terminated vested participants | 774,570 | 770,930 |
| c. Current actives | 1,021,641 | 1,028,145 |
| d. New entrants | 41,293 | 47,257 |
| e. Total | 4,343,448 | 4,190,627 |
| 5. Administrative expenses | 490,164 | 496,536 |
| 6. Investment earnings | 177,491 | 0 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $2,002,028 | Insolvent |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $6,345,476 | $3,685,345 |
| 9. Solvency Ratio: (8)÷(4e) | 1.46 | 0.88 |

**Exhibit IX: Deterministic Projection of Proposed Suspension**
**Laborers Local No. 265 Pension Plan**

**Assuming Negative 5.96% Trend in Annual Contribution Base Units**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2035.

| | 2017 * | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $48,290,045 | $47,212,064 | $44,474,372 | $42,879,025 | $41,100,999 | $39,133,012 |
| 2. Contributions | 965,474 | 2,021,604 | 1,901,117 | 1,787,810 | 1,681,257 | 1,581,054 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 2,481,908 | 6,690,195 | 5,420,846 | 5,223,407 | 5,027,672 | 4,833,710 |
| b. Terminated vested participants | 19,455 | 151,748 | 204,281 | 276,563 | 351,355 | 416,564 |
| c. Current actives | 31,456 | 245,756 | 306,499 | 386,540 | 464,253 | 541,534 |
| d. New entrants | 0 | 0 | 0 | 0 | 0 | 0 |
| e. Total | 2,532,819 | 7,087,699 | 5,931,626 | 5,886,510 | 5,843,280 | 5,791,808 |
| 5. Administrative expenses | 377,982 | 393,533 | 398,649 | 403,831 | 409,081 | 414,399 |
| 6. Investment earnings | 867,346 | 2,721,936 | 2,833,811 | 2,724,505 | 2,603,117 | 2,469,481 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $47,212,064 | $44,474,372 | $42,879,025 | $41,100,999 | $39,133,012 | $36,977,340 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $49,744,883 | $51,562,071 | $48,810,651 | $46,987,509 | $44,976,292 | $42,769,148 |
| 9. Solvency Ratio: (8)÷(4e) | 7.40 ** | 7.27 | 8.23 | 7.98 | 7.70 | 7.38 |

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $36,977,340 | $34,645,269 | $32,135,016 | $29,450,716 | $26,590,711 | $23,774,468 |
| 2. Contributions | 1,486,823 | 1,398,208 | 1,314,875 | 1,236,508 | 1,162,813 | 1,093,509 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 4,641,590 | 4,451,358 | 4,263,074 | 4,076,803 | 3,892,658 | 3,710,769 |
| b. Terminated vested participants | 464,445 | 513,410 | 557,508 | 600,984 | 638,044 | 676,165 |
| c. Current actives | 616,923 | 684,685 | 744,260 | 796,948 | 846,235 | 889,281 |
| d. New entrants | 181 | 848 | 2,270 | 4,400 | 7,013 | 10,044 |
| e. Total | 5,723,139 | 5,650,301 | 5,567,112 | 5,479,135 | 5,383,950 | 5,286,259 |
| 5. Administrative expenses | 419,786 | 425,243 | 430,771 | 436,371 | 442,044 | 447,791 |
| 6. Investment earnings | 2,324,031 | 2,167,083 | 1,998,708 | 1,818,993 | 1,846,938 | 1,633,747 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $34,645,269 | $32,135,016 | $29,450,716 | $26,590,711 | $23,774,468 | $20,767,674 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $40,368,408 | $37,785,317 | $35,017,828 | $32,069,846 | $29,158,418 | $26,053,933 |
| 9. Solvency Ratio: (8)÷(4e) | 7.05 | 6.69 | 6.29 | 5.85 | 5.42 | 4.93 |

* As required under revenue procedure 2017-43 3.02, the initial period shown here begins on the first day of the calendar quarter in which the application is submitted (July 1, 2018) and ends with the last day of the plan year that includes that first day (October 31, 2018).

** Calculated based on the annual information shown in Exhibit II.

**Exhibit IX: Deterministic Projection of Proposed Suspension (continued)**

**Laborers Local No. 265 Pension Plan**

**Assuming Negative 5.96% Trend in Annual Contribution Base Units**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2035.

| | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $20,767,674 | $17,569,304 | $14,177,987 | $10,596,277 | $6,826,576 | $2,864,532 |
| 2. Contributions | 1,028,336 | 967,047 | 909,411 | 855,210 | 804,240 | 756,307 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 3,531,225 | 3,354,086 | 3,179,391 | 3,007,178 | 2,837,490 | 2,670,379 |
| b. Terminated vested participants | 709,981 | 737,340 | 754,618 | 764,963 | 773,116 | 775,022 |
| c. Current actives | 925,022 | 955,547 | 980,327 | 996,291 | 1,005,070 | 1,013,789 |
| d. New entrants | 13,426 | 17,169 | 21,270 | 25,733 | 30,619 | 35,775 |
| e. Total | 5,179,654 | 5,064,142 | 4,935,606 | 4,794,165 | 4,646,295 | 4,494,965 |
| 5. Administrative expenses | 453,612 | 459,509 | 465,483 | 471,534 | 477,664 | 483,874 |
| 6. Investment earnings | 1,406,560 | 1,165,287 | 909,968 | 640,788 | 357,675 | 0 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $17,569,304 | $14,177,987 | $10,596,277 | $6,826,576 | $2,864,532 | Insolvent |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $22,748,958 | $19,242,129 | $15,531,883 | $11,620,741 | $7,510,827 | $3,136,965 |
| 9. Solvency Ratio: (8)÷(4e) | 4.39 | 3.80 | 3.15 | 2.42 | 1.62 | 0.70 |

**Exhibit X: Deterministic Projection of Proposed Suspension**
**Laborers Local No. 265 Pension Plan**

**Assuming Negative 6.96% Trend in Annual Contribution Base Units**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2035.

| | 2017 * | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $48,290,045 | $47,206,870 | $44,441,738 | $42,798,060 | $40,952,038 | $38,897,388 |
| 2. Contributions | 960,327 | 1,995,318 | 1,856,444 | 1,727,236 | 1,607,020 | 1,495,171 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 2,481,908 | 6,690,195 | 5,420,846 | 5,223,407 | 5,027,672 | 4,833,710 |
| b. Terminated vested participants | 19,455 | 151,748 | 204,281 | 276,563 | 351,355 | 416,564 |
| c. Current actives | 31,456 | 245,756 | 306,499 | 386,540 | 464,253 | 541,534 |
| d. New entrants | 0 | 0 | 0 | 0 | 0 | 0 |
| e. Total | 2,532,819 | 7,087,699 | 5,931,626 | 5,886,510 | 5,843,280 | 5,791,808 |
| 5. Administrative expenses | 377,982 | 393,533 | 398,649 | 403,831 | 409,081 | 414,399 |
| 6. Investment earnings | 867,299 | 2,720,782 | 2,830,153 | 2,717,083 | 2,590,691 | 2,450,864 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $47,206,870 | $44,441,738 | $42,798,060 | $40,952,038 | $38,897,388 | $36,637,216 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $49,739,689 | $51,529,437 | $48,729,686 | $46,838,548 | $44,740,668 | $42,429,024 |
| 9. Solvency Ratio: (8)÷(4e) | 7.40 ** | 7.27 | 8.22 | 7.96 | 7.66 | 7.33 |

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $36,637,216 | $34,183,486 | $31,534,947 | $28,696,124 | $25,665,618 | $22,654,175 |
| 2. Contributions | 1,391,107 | 1,294,286 | 1,204,204 | 1,120,391 | 1,042,412 | 969,860 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 4,641,590 | 4,451,358 | 4,263,074 | 4,076,803 | 3,892,658 | 3,710,769 |
| b. Terminated vested participants | 464,445 | 513,410 | 557,508 | 600,984 | 638,044 | 676,165 |
| c. Current actives | 616,923 | 684,685 | 744,260 | 796,948 | 846,235 | 889,281 |
| d. New entrants | 181 | 848 | 2,270 | 4,400 | 7,013 | 10,044 |
| e. Total | 5,723,139 | 5,650,301 | 5,567,112 | 5,479,135 | 5,383,950 | 5,286,259 |
| 5. Administrative expenses | 419,786 | 425,243 | 430,771 | 436,371 | 442,044 | 447,791 |
| 6. Investment earnings | 2,298,088 | 2,132,719 | 1,954,856 | 1,764,609 | 1,772,139 | 1,543,994 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $34,183,486 | $31,534,947 | $28,696,124 | $25,665,618 | $22,654,175 | $19,433,979 |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $39,906,625 | $37,185,248 | $34,263,236 | $31,144,753 | $28,038,125 | $24,720,238 |
| 9. Solvency Ratio: (8)÷(4e) | 6.97 | 6.58 | 6.15 | 5.68 | 5.21 | 4.68 |

* As required under revenue procedure 2017-43 3.02, the initial period shown here begins on the first day of the calendar quarter in which the application is submitted (July 1, 2018) and ends with the last day of the plan year that includes that first day (October 31, 2018).

** Calculated based on the annual information shown in Exhibit II.

**Exhibit X: Deterministic Projection of Proposed Suspension (continued)**
**Laborers Local No. 265 Pension Plan**

**Assuming Negative 6.96% Trend in Annual Contribution Base Units**

Projected Market Value of Assets and Solvency Ratio for the Plan Years beginning November 1, 2017 through October 31, 2035.

| | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|
| 1. Market Value at beginning of year | $19,433,979 | $16,003,570 | $12,361,008 | $8,508,132 | $4,446,485 | $170,710 |
| 2. Contributions | 902,358 | 839,554 | 781,121 | 726,755 | 676,173 | 629,111 |
| 3. Withdrawal liability payments | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Benefit payments | | | | | | |
| a. Current retirees and beneficiaries | 3,531,225 | 3,354,086 | 3,179,391 | 3,007,178 | 2,837,490 | 2,670,379 |
| b. Terminated vested participants | 709,981 | 737,340 | 754,618 | 764,963 | 773,116 | 775,022 |
| c. Current actives | 925,022 | 955,547 | 980,327 | 996,291 | 1,005,070 | 1,013,789 |
| d. New entrants | 13,426 | 17,169 | 21,270 | 25,733 | 30,619 | 35,775 |
| e. Total | 5,179,654 | 5,064,142 | 4,935,606 | 4,794,165 | 4,646,295 | 4,494,965 |
| 5. Administrative expenses | 453,612 | 459,509 | 465,483 | 471,534 | 477,664 | 483,874 |
| 6. Investment earnings | 1,300,499 | 1,041,535 | 767,092 | 477,297 | 172,011 | 0 |
| 7. Market Value at end of year: (1)+(2)+(3)-(4e)-(5)+(6) | $16,003,570 | $12,361,008 | $8,508,132 | $4,446,485 | $170,710 | Insolvent |
| 8. Available resources: (1)+(2)+(3)-(5)+(6) | $21,183,224 | $17,425,150 | $13,443,738 | $9,240,650 | $4,817,005 | $315,947 |
| 9. Solvency Ratio: (8)÷(4e) | 4.09 | 3.44 | 2.72 | 1.93 | 1.04 | 0.07 |

**Exhibit XI: Deterministic Projection of Funded Percentage of Proposed Suspension**

**Laborers Local No. 265 Pension Plan**

Projected Market Value of Assets and Funded Percentage for the Plan Years beginning November 1, 2018 through November 1, 2049.

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| 1. Value of plan assets | $47,242,464 | $44,669,912 | $43,375,589 | $42,035,796 | $40,645,469 | $39,209,666 |
| 2. Unit credit accrued liability | $97,773,583 | $82,133,504 | $66,180,799 | $64,582,676 | $62,921,000 | $61,196,366 |
| 3. Funded percentage: (1) ÷ (2) | 48.3% | 54.4% | 65.5% | 65.1% | 64.6% | 64.1% |

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|---|
| 1. Value of plan assets | $37,743,031 | $36,247,733 | $34,732,470 | $33,200,777 | $31,941,879 | $30,682,678 |
| 2. Unit credit accrued liability | $59,418,470 | $57,595,160 | $55,737,354 | $53,850,076 | $51,931,824 | $49,985,081 |
| 3. Funded percentage: (1) ÷ (2) | 63.5% | 62.9% | 62.3% | 61.7% | 61.5% | 61.4% |

| | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|
| 1. Value of plan assets | $29,432,322 | $28,200,643 | $27,002,490 | $25,853,718 | $24,764,667 | $23,743,382 |
| 2. Unit credit accrued liability | $48,013,315 | $46,025,007 | $44,035,760 | $42,059,826 | $40,104,501 | $38,174,609 |
| 3. Funded percentage: (1) ÷ (2) | 61.3% | 61.3% | 61.3% | 61.5% | 61.8% | 62.2% |

| | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 |
|---|---|---|---|---|---|---|
| 1. Value of plan assets | $22,795,124 | $21,926,710 | $21,147,056 | $20,467,669 | $19,898,390 | $19,447,467 |
| 2. Unit credit accrued liability | $36,273,941 | $34,405,057 | $32,574,954 | $30,791,385 | $29,059,401 | $27,382,859 |
| 3. Funded percentage: (1) ÷ (2) | 62.8% | 63.7% | 64.9% | 66.5% | 68.5% | 71.0% |

| | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 |
|---|---|---|---|---|---|---|
| 1. Value of plan assets | $19,123,532 | $18,933,071 | $18,880,864 | $18,980,333 | $19,245,376 | $19,687,777 |
| 2. Unit credit accrued liability | $25,765,865 | $24,208,813 | $22,710,266 | $21,276,871 | $19,915,563 | $18,630,277 |
| 3. Funded percentage: (1) ÷ (2) | 74.2% | 78.2% | 83.1% | 89.2% | 96.6% | 105.7% |

| | 2048 | 2049 |
|---|---|---|
| 1. Value of plan assets | $20,319,325 | $21,149,786 |
| 2. Unit credit accrued liability | $17,424,720 | $16,299,495 |
| 3. Funded percentage: (1) ÷ (2) | 116.6% | 129.8% |

**Exhibit XII – Participant Information**
**Laborers Local No. 265 Pension Plan**
**All Participants**

| Age Group* | Number of Lives | Monthly Benefit Before Suspension Total | Monthly Benefit Before Suspension Average | Monthly Benefit After Suspension Total | Monthly Benefit After Suspension Average |
|---|---|---|---|---|---|
| < 19 | 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| 20-24 | 2 | 50 | 25 | 48 | 24 |
| 25-29 | 14 | 342 | 24 | 341 | 24 |
| 30-34 | 30 | 3,324 | 111 | 2,857 | 95 |
| 35-39 | 70 | 21,901 | 313 | 17,624 | 252 |
| 40-44 | 68 | 28,812 | 424 | 22,190 | 326 |
| 45-49 | 76 | 45,285 | 596 | 31,749 | 418 |
| 50-54 | 132 | 104,054 | 788 | 67,676 | 513 |
| 55-59 | 186 | 160,825 | 865 | 111,287 | 598 |
| 60-64 | 215 | 184,077 | 856 | 131,360 | 611 |
| 65-69 | 155 | 147,498 | 952 | 106,716 | 688 |
| 70-74 | 115 | 104,796 | 911 | 75,649 | 658 |
| 75-79 | 108 | 83,846 | 776 | 73,074 | 677 |
| 80 + | 157 | 115,421 | 735 | 115,421 | 735 |
| Total | 1,328 | $ 1,000,232 | $ 753 | $ 755,993 | $ 569 |

* Age at Suspension Date.

**Exhibit XII – Participant Information**
**Laborers Local No. 265 Pension Plan**
**Active Participants**

| Age Group* | Number of Lives | Monthly Benefit Before Suspension Total | Monthly Benefit Before Suspension Average | Monthly Benefit After Suspension Total | Monthly Benefit After Suspension Average |
|---|---|---|---|---|---|
| < 19 | 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| 20-24 | 2 | 50 | 25 | 48 | 24 |
| 25-29 | 14 | 342 | 24 | 341 | 24 |
| 30-34 | 25 | 1,970 | 79 | 1,804 | 72 |
| 35-39 | 45 | 11,947 | 265 | 10,115 | 225 |
| 40-44 | 36 | 14,891 | 414 | 11,918 | 331 |
| 45-49 | 31 | 17,609 | 568 | 12,837 | 414 |
| 50-54 | 51 | 39,067 | 766 | 26,260 | 515 |
| 55-59 | 52 | 44,095 | 848 | 29,362 | 565 |
| 60-64 | 26 | 20,220 | 778 | 14,630 | 563 |
| 65-69 | 4 | 3,087 | 772 | 1,998 | 500 |
| 70-74 | 2 | 7,213 | 3,606 | 4,328 | 2,164 |
| 75-79 | 0 | 0 | 0 | 0 | 0 |
| 80 + | 0 | 0 | 0 | 0 | 0 |
| Total | 288 | $ 160,492 | $ 557 | $ 113,642 | $ 395 |

* Age at Suspension Date.

**Exhibit XII – Participant Information**
**Laborers Local No. 265 Pension Plan**
**Participants In Payment**

| Age Group* | Number of Lives** | Monthly Benefit Before Suspension: Total | Monthly Benefit Before Suspension: Average | Monthly Benefit After Suspension: Total | Monthly Benefit After Suspension: Average |
|---|---|---|---|---|---|
| < 19 | 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| 20-24 | 0 | 0 | 0 | 0 | 0 |
| 25-29 | 0 | 0 | 0 | 0 | 0 |
| 30-34 | 0 | 0 | 0 | 0 | 0 |
| 35-39 | 1 | 446 | 446 | 446 | 446 |
| 40-44 | 3 | 1,337 | 446 | 1,337 | 446 |
| 45-49 | 6 | 3,002 | 500 | 2,921 | 487 |
| 50-54 | 7 | 3,780 | 540 | 3,540 | 506 |
| 55-59 | 55 | 53,049 | 965 | 42,362 | 770 |
| 60-64 | 137 | 111,390 | 813 | 84,706 | 618 |
| 65-69 | 146 | 142,347 | 975 | 103,362 | 708 |
| 70-74 | 113 | 97,583 | 864 | 71,321 | 631 |
| 75-79 | 108 | 83,846 | 776 | 73,074 | 677 |
| 80 + | 157 | 115,421 | 735 | 115,421 | 735 |
| Total | 733 | $ 612,201 | $ 835 | $ 498,492 | $ 680 |

* Age at Suspension Date.

** Includes disabled participants and their beneficiaries.

# Exhibit XII – Participant Information
# Laborers Local No. 265 Pension Plan
# Terminated Vested Participants

| Age Group* | Number of Lives | Monthly Benefit Before Suspension | | Monthly Benefit After Suspension | |
|---|---|---|---|---|---|
| | | Total | Average | Total | Average |
| < 19 | 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| 20-24 | 0 | 0 | 0 | 0 | 0 |
| 25-29 | 0 | 0 | 0 | 0 | 0 |
| 30-34 | 5 | 1,354 | 271 | 1,053 | 211 |
| 35-39 | 24 | 9,508 | 396 | 7,062 | 294 |
| 40-44 | 29 | 12,584 | 434 | 8,935 | 308 |
| 45-49 | 39 | 24,674 | 633 | 15,991 | 410 |
| 50-54 | 74 | 61,207 | 827 | 37,875 | 512 |
| 55-59 | 79 | 63,681 | 806 | 39,563 | 501 |
| 60-64 | 52 | 52,467 | 1,009 | 32,024 | 616 |
| 65-69 | 5 | 2,064 | 413 | 1,355 | 271 |
| 70-74 | 0 | 0 | 0 | 0 | 0 |
| 75-79 | 0 | 0 | 0 | 0 | 0 |
| 80 + | 0 | 0 | 0 | 0 | 0 |
| Total | 307 | $ 227,539 | $ 741 | $ 143,859 | $ 469 |

* Age at Suspension Date.

## Exhibit XIII: Plan Provisions
### Laborers Local No. 265 Pension Plan

1. Effective Date: November 1, 1968.

2. Plan Year: November 1st through October 31st.

3. Covered Employees: All employees covered by the Local 265 Collective Bargaining Agreement.

4. Eligibility: 1,000 Hours of Service.

5. Year of Service: 1 Year of Service is granted for each Plan Year in which 1,000 or more Hours of Service are worked with $^{1}/_{10}$ of a year for each 100 hours less than 1,000.

6. Normal Retirement:

   a. Eligibility: Age 62 and 5th anniversary of Plan participation.

   b. Monthly Benefit

| Effective Date | Benefit Credit |
|---|---|
| 11/01/1968 | 4.350% of Contributions |
| 11/01/1976 | $1.00/100 Hours Worked |
| 11/01/1977 | $1.50/100 Hours Worked |
| 11/01/1979 | $1.75/100 Hours Worked |
| 11/01/1982 | $2.50/100 Hours Worked |
| 11/01/1983 | 2.240% of Contributions |
| 11/01/1985 | 2.552% of Contributions |
| 11/01/1987 | 2.650% of Contributions |
| 11/01/1988 | 2.915% of Contributions |
| 11/01/1994 | 2.500% of Contributions |
| 11/01/1999 | 2.300% of Contributions |
| 03/01/2009 | $15.00/1,200 Hours Worked |

# Exhibit XIII: Plan Provisions
## Laborers Local No. 265 Pension Plan

7. Early Retirement:

| | |
|---|---|
| a. Eligibility | Age 55 and 5 Years of Service with at least 1 Year of Service in the past 2 Plan Years. |
| b. Monthly Benefit | Calculated as for Normal Retirement Actuarially reduced from age 62. |

8. Vested Retirement:

| | |
|---|---|
| a. Eligibility | 5 Years of Service. |
| b. Monthly Benefit | Calculated as for Normal or Early Retirement. |

9. Pre-Retirement Death:

| | |
|---|---|
| a. Eligibility | 5 Years of Service. |
| b. Monthly Benefit | Calculated as for an age 55 Early Retirement reflecting a 50% Joint & Survivor Annuity payment form with death immediately after Early Retirement. |

10. Total & Permanent Disability:

| | |
|---|---|
| a. Eligibility | Social Security Disability Award with at least 1 Year of Service in the past 2 Plan Years. |
| b. Monthly Benefit | Calculated as for Early Retirement payable on the first of the month following Social Security disability determination with an additional 40% reduction after May 1, 2019. |

# Exhibit XIII: Plan Provisions
## Laborers Local No. 265 Pension Plan

11. Employer Contributions:

| Effective Date | Hourly Rate |
|---|---|
| 06/01/2015 | $4.90 |
| 06/01/2016 | $5.30 |

12. Actuarial Equivalency: UP 1984 Mortality Table at 7.00%.

13. Payment Forms:

    a. Normal — Life Annuity for single participants and an Actuarially Equivalent 50% Joint & Survivor Annuity (QJSA) for married participants.

    b. Optional — Actuarially Equivalent 75% Joint & Survivor Annuity (QOSA).

14. Proposed Benefit Suspension: Proposed Suspension summarized in the Pension Recovery Program is effective May 1, 2019. All applicable age, guarantee and disability-based limitations have been applied based on our understanding of the Final Regulations for Suspension of Benefits under the Multiemployer Pension Reform Act of 2014.

## Exhibit XIII: Assumptions & Methods
### Laborers Local No. 265 Pension Plan

1. Interest Rate: 6.50%.

2. Investment Returns: 5.60% prior to Suspension Date; 6.70% after Suspension Date through October 31, 2027; 7.60% after November 1, 2027.

3. Mortality Rates:

   a. Non-Disabled: RP-2014 with Blue Collar adjustment.

   b. Disabled: RP-2014 Disabled Retiree.

   c. Base Rate Adjustment: 2006 using Scale MP-2014.

   d. Future Projections: Generational projection using Scale MP-2017.

4. Retirement Rates:

   a. Actives

| Age | Rate |
|---|---|
| 55-59 | 0.10 |
| 60 | 0.20 |
| 61 | 0.30 |
| 62 | 0.50 |
| 63-69 | 0.30 |
| 70 | 1.00 |

   b. Terminated Vesteds

| Age | Rate |
|---|---|
| 55-60 | 0.10 |
| 61 | 0.20 |
| 62 | 0.70 |
| 63 | 0.50 |
| 64 | 1.00 |

## Exhibit XIII: Assumptions & Methods
### Laborers Local No. 265 Pension Plan

5. Disability Rates:

| Age | Rate |
|---|---|
| 25 | 0.00168 |
| 35 | 0.00280 |
| 45 | 0.00588 |
| 55 | 0.01540 |
| 65 | 0.00000 |

6. Termination Rates:

| Entry Age | 1st Year | 2nd Year | 3rd Year | Ultimate | Ult. Age |
|---|---|---|---|---|---|
| 25 | 0.5000 | 0.4000 | 0.3000 | 0.249242 | 28 |
| 35 | 0.5000 | 0.4000 | 0.3000 | 0.207669 | 38 |
| 45 | 0.5000 | 0.4000 | 0.3000 | 0.139635 | 48 |
| 55 | 0.5000 | 0.4000 | 0.3000 | 0.049564 | 58 |
| 65 | 0.5000 | 0.4000 | 0.3000 | 0.000000 | 65 |

7. Actuarial Cost Method: Unit Credit.

8. Number of Hours Worked: 400,000; 1,200 per year per active participant (925 per year with less than 2 Years of Service).

9. Expense Load: $600,000 in the 2017-2018 Plan Year, $393,533 in the 2018-2019 Plan Year and increased 1.3% per year thereafter.

10. Assumed Form of Payment:

| Payment Form | Election % |
|---|---|
| Single Life Annuity | 50% |
| 50% Joint and Survivor | 29% |
| 75% Joint and Survivor | 21% |

11. Rationale for Selection of Assumptions: Many actuarial assumptions used in this report are described in detail in the information included in response to Revenue Procedure 2017-43 Appendix B. The selection of other assumptions is based on the actuary's best estimate of future expectations based on the examination of recent actual results compared to expectations, periodic experience studies, industry materials, and any reasonably certain information available.

# EXHIBIT C

## PLAN SPONSOR'S DETERMINATION OF PROJECTED INSOLVENCY

As required by Section 432(e)(9)(C)(ii), the Board of Trustees has determined that the Laborers Local No. 265 Pension Plan ("Plan") would not be projected to avoid insolvency if no suspension of benefits were applied under the Pension Recovery Program, even though all reasonable measures to avoid insolvency have been taken.

On January 29, 2010, the Plan was certified by its actuary to be in critical status for the plan year beginning November 1, 2009. The Board of Trustees adopted an initial rehabilitation plan and expected the Plan to emerge from critical status by the end of the 10-year rehabilitation period ending October 31, 2020. In 2014, after consulting with the Plan's actuary and reviewing projections, the Board of Trustees determined that, based on reasonable assumptions, the Plan would not emerge from critical status within the updated rehabilitation period. In August 2014, the Board of Trustees adopted a modified rehabilitation plan designed to forestall insolvency.

**Measures Taken to Avoid Insolvency**- The Board of Trustees has taken the following actions to avoid insolvency over the past 10 plan years immediately preceding the plan year in which this application was filed:

- Hourly contribution rates have more than doubled over the past decade for a journeyman under the Building Laborers agreement (from $2.10 to $5.30). In 2007, the Pension contribution was equivalent to 9.46% of the hourly pay rate for a Building Laborer. In 2018 the Pension contribution represents 23.93% of the hourly pay rate for a Building Laborer. The percentage increase is more significant for a Mason Tender.
- The disability benefits available under the Plan have been reduced or eliminated:
    - The lump sum benefit for disabled participants with less than five (5) years of service was eliminated for applications received and approved on and after February 26, 2010.
    - The retroactive lump sum benefit for disabled participants with five (5) or more years of service was eliminated for applications received and approved on and after February 26, 2010—Total and Permanent Disability and Trade Disability were to be paid on a prospective basis only.
    - Effective February 1, 2017, the Trade Disability benefit was eliminated.
    - Effective February 1, 2017, the remaining Total and Permanent Disability was changed to be available only to Active Employees (those who earn at least one year of Credited Service in the prior two Plan Years prior to their date of disability).
    - Effective February 1, 2017, Total and Permanent Disability was changed to require an award from Social Security and the benefits payable to a Disabled Retiree are actuarially equivalent to the Participant's Accrued Benefit, reduced

for each month that the commencement date precedes the Participant's Normal Retirement Date.

- The death benefits available under the Plan have been reduced or eliminated:
  - On and after February 26, 2010, all lump sum Pre- and Post-Retirement Death Benefits were eliminated.
  - On and after February 1, 2017 the Pre-Retirement Surviving Spouse benefit is not payable until such time as the Participant would have reached Earliest Retirement Age.
  - For deaths on and after August 1, 2017 the Pre-Retirement Surviving Spouse benefit was changed from a Joint and 100% benefit to a Joint and 50% benefit.
- Early retirement options have been reduced or eliminated:
  - Effective September 1, 2017, the Plan's suspension of benefit rules apply on a uniform basis to those below Normal Retirement Age, regardless of a participant's total years of service.
  - Effective September 1, 2017, the benefits payable to an Early Retiree are actuarially equivalent to the Participant's Accrued Benefit, reduced for each month that the commencement date precedes the Participant's Normal Retirement Date.

**Plan Factors**- In accordance with Section 432(e)(9)(C)(ii), the Board of Trustees offers the following information:

(1) For the past 10 plan years immediately preceding the plan year in which the application is being submitted:

(a) Contribution levels

(b) Levels of benefit accruals, including any prior reductions in the rate of benefit accruals.

| Contribution Effective Dates | Mason Tenders/ Building Laborers' Base Hourly Pay Rate | Mason Tenders/ Building Laborers' Journeyman Pension Rate | Average Blended Rate* | Benefit Accrual Rate |
|---|---|---|---|---|
| 6/1/07 | $23.50/$22.20 | $2.10 | $2.04 | 2.3% |
| 6/1/08 | $23.70/$23.05 | $2.10 | $2.15 | 2.3% |
| 6/1/09 | $23.90/$23.15 | $2.10/$2.50 | $2.39 | $15.00** |
| 6/1/10 *Bldg. Laborers* | $24.05 | $2.50 | $2.67 | $15.00** |
| 8/1/10 *Mason Tenders* | $22.07 | $2.90 | $2.67 | $15.00** |

| | | | | |
|---|---|---|---|---|
| 6/1/11 *Mason Tenders* | $22.15 | $3.30 | $3.17 | $15.00** |
| 7/1/11 *Bldg. Laborers* | $22.65 | $3.30 | $3.17 | $15.00** |
| 6/1/12 *Bldg. Laborers* | $22.05 | $3.70 | $3.50 | $15.00** |
| 9/1/12 *Mason Tenders* | $21.65 | $3.70 | $3.50 | $15.00** |
| 6/1/13 | $22.00/$22.30 | $3.70 | $3.73 | $15.00** |
| 6/1/14 | $22.40/$21.80 | $3.70/$4.50 | $4.22 | $15.00** |
| 6/1/15 | $21.55/$22.10 | $4.90 | $4.57 | $15.00** |
| 6/1/16 | $22.00/$22.15 | $5.30 | $4.97 | $15.00** |
| 6/1/17 | $21.75/$22.15 | $5.30 | $5.45 | $15.00** |
| 6/1/18 | $21.75/$22.15 | $5.30 | *TBD* | $15.00** |
| *As shown in Actuarial Valuation Report. Includes all classifications under the bargaining agreements and reciprocal contributions. | | | | |
| ** Based on 1,200 hours of service in a plan year at the journeyman contribution rate. Prorated for greater or fewer hours of service and contribution rates that differ from the base journeyman contribution rate. | | | | |

(c) Prior reductions of adjustable benefits under Section 432(e)(8) have been outlined above and include elimination or reduction of certain death, early retirement and disability benefits.

(d) The Plan has not previously suspended benefits under Section 432(e)(9).

(e) The role of attracting new employers is primarily the responsibility of the Local Union. The Local and International Unions have organizers who actively seek new employers interested in a bargaining relationship. The Board of Trustees has attempted to assist in attracting new employers by balancing the Plan's contribution rates against the need for wage increases, health plan costs and other demands. A primary impediment to recruiting new employers continues to be the threat of withdrawal liability, especially with a struggling plan. Many contractors are not willing to accept responsibility for unfunded benefits, especially in a plan that is facing insolvency. The uncertainty surrounding future PBGC premiums also has a chilling effect on attracting new employers. The Local Union works to maintain market share by identifying qualified workers who may be interested in employment with a signatory employer. Unfortunately, as the financial condition of the Plan deteriorates, it becomes more difficult to attract quality laborers and mason tenders. A MPRA suspension would provide stability, certainty and make it easier to attract and retain new contractors and experienced workers.

2) The Board of Trustees has conferred with the Plan actuary and determined that the remaining subsidized and ancillary benefits are de minimis and would have no material impact on the Plan's solvency. The Board of Trustees continues to believe that some type of early retirement benefit and disability benefit are necessary given the very physical nature of the trade. Many participants will be physically unable to work to normal retirement age and the disability/early retirement options provide an essential safety net.

(3) The average compensation for a laborer in Metropolitan Cincinnati, OH-KY-IN is $18.89 per hour, or $39,280 per year. [1] Because of the need to satisfy the demands of the benefit plans, the hourly pay rate for the members of the bargaining unit has actually ***decreased*** since 2007.

(4) Competitive and other economic factors facing contributing employers.

- Employers struggle to recruit and retain laborers and mason tenders. The work is physically demanding and other job classifications/trades offer higher wages and more certainty regarding retirement. Some have also left to seek employment in the jurisdiction of another Local Union where they can earn higher wages and participate in a Plan that offers a more meaningful, stable retirement option.
- Over the past 20 years, the nature of the construction industry in Greater Cincinnati has changed. Traditionally, the largest contractors in the area bid and completed work using their own skilled trades employees. It is now very common for these same companies to act in a construction management role and hire several different contractors to perform the actual work. Some of these contractors are signed with Laborers Local 265, but many more are not. This impacts the ability to work on many of the largest projects in the area.
- When the state of Ohio eliminated prevailing wage on certain public school projects in 1997, it directly impacted contributing employers. At least two employers who specialized in this work were eventually driven out of business by contractors who offer minimal health and retirement benefits to their employees—or misclassify such employees as independent contractors.
- Work that was traditionally performed by laborers and tenders was gradually lost due to changes in the construction processes, or work was assigned to lower paid trades/classifications.

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1 May 2017 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates Cincinnati, OH-KY-IN, OES State Occupational Employment and Wage Estimates. (n.d.). Retrieved July 12, 2018, from: https://www.bls.gov/oes/current/oes_17140.htm#47-0000. This includes lower skilled residential workers with a mean hourly wage of $17.61.

- In the wake of 2008, bid opportunities were scarce and margins were compressed. Total construction starts dropped by 50% in the Greater Cincinnati area. Some employers could not weather the storm and went out of business. Others were forced to focus on jobs that carried more risk and technical expertise.
- There is generally more competition in the Greater Cincinnati area, fewer projects on which to bid and much less room for error when bidding, as compared to 10-15 years ago.

**How Plan Factors Were Taken into Account and Other Factors Considered**- The Board of Trustees weighed and applied each of the factors listed below when determining that all reasonable measures were taken to avoid insolvency.

- An analysis of the contribution levels, benefit reductions and current benefit accrual rates caused the Board of Trustees to conclude that it was not possible to solve the Plan's funding issues through additional rate increases or benefit cuts. The actuary determined that the hourly contribution rate would need to be $14.04 in order for the Plan to be 80% funded by 2030. This assumes that hours worked would stay consistent and is obviously not realistic.
- The hourly contribution rate has more than doubled over the past decade. The active participants have endured stagnant wages over that time and absolutely will not continue to support a Plan facing insolvency. The active participant population is frustrated with the retirement plan and many have opted to transfer to other Local Unions or work under different bargaining agreements that do not participate in the Plan. By working under the Laborers Heavy Highway agreement, for example, a participant can make an additional $7 to $8 per hour, avoid contributions to the Plan and have more certainty regarding retirement. Adding further contributions or benefit cuts to the active population is not a realistic option and will only encourage more members to look for work outside of the Laborers Local No. 265 Building and Mason Tenders agreements.
- The changes made to adjustable benefits outlined above have contributed to the frustration of the active participant population. As explained above, the only remaining adjustable benefits are de minimis. The elimination of these benefits would have a devastating impact on participants who are physically unable to work at the trade late in their career, but would provide no meaningful impact on the Plan's solvency. For that reason the Board of Trustees has decided to retain these de minimis benefits.
- The bargaining parties' 2017 negotiations revealed the level of dissatisfaction among the Laborers Local No. 265 membership. The original intent of the Plan was to continue to request moderate contribution rate increases to help the Plan forestall eventual

insolvency. During the course of negotiations, the active membership was very vocal about their unwillingness to support the Plan unless they could begin to accumulate retirement benefits elsewhere. Ultimately, after a period of contentious negotiations and a threat to defund the Plan entirely, the bargaining parties agreed that the members would forgo a wage increase for at least three years in exchange for participation in the Laborers' District Council and Contractors' Pension Fund of Ohio. This is expected to eventually help by allowing the Plan to keep more work hours that were formally reciprocated on behalf of members who had selected the Laborers' District Council and Contractors' Pension Fund of Ohio as their home fund. It will open the door for additional contributions to the Plan in years to come and help ensure the membership feels secure working under the Laborers Local No. 265 Building or Mason Tenders agreements. Either way, the membership was not willing to earmark more money to the Plan unless there is a viable path to avoid insolvency.

- The ability to retain the group's current employers and to attract new employers is key to the Plan's long-term solvency. In order to accomplish these goals, a permanent solution needs to be implemented that will guarantee the financial stability of the Plan for decades to come. The Board of Trustees determined that additional increases, cuts to the benefit accrual formula and similar changes will only aggravate and cannot solve the problems facing the Plan.

# EXHIBIT D

## DEMONSTRATION THAT LIMITATIONS ON INDIVIDUAL SUSPENSIONS ARE SATISFIED

**Laborers Local No. 265 Pension Plan**
Application for Benefit Suspension
Demonstration that Limitations on Individual Suspensions are Satisfied

**Example of Guarantee-Based Limitation for Individual Currently Receiving Benefits**

| | **Participant** | **Contingent Beneficiary** |
|---|---|---|
| Date of Birth | 5/26/1955 | 11/26/1956 |
| Date of Retirement | 6/1/2010 | 6/1/2010 |
| Age at Retirement Date | 55 years 0 months | 53 years 6 months |
| Age at Suspension Date | 63 years 11 months | 62 years 5 months |
| Optional Form of Payment | 50% Joint & Survivor Annuity | 50% Joint & Survivor Annuity |
| Current Monthly Benefit | $134.59 | $67.30 |
| Total Credited Service | 5.20 | 5.20 |

**Calculation of 110% of PBGC Guarantee**

| | | |
|---|---|---|
| Current Monthly Benefit | $134.59 | $67.30 |
| Accrual Rate | $25.88 | $12.94 |
| PBGC Guaranteed Accrual Rate | $22.16 | $12.46 |
| PBGC Guaranteed Benefit | $115.24 | $64.77 |
| 110% of PBGC Guaranteed Benefit | $126.77 | $71.25 |

**Calculation of Monthly Benefit under Proposed Suspension**

| | | |
|---|---|---|
| Current Monthly Benefit | $134.59 | $67.30 |
| Base 40% Reduction | $53.84 | $26.92 |
| Benefit prior to Guarantee-Based Limitation | $80.75 | $40.38 |
| Benefit after Guarantee-Based Limitation | $126.77 | $67.30 |
| **Final Monthly Benefit under Proposed Suspension** | $126.77 | $67.30 |

**Laborers Local No. 265 Pension Plan**
Application for Benefit Suspension
Demonstration That Limitations on Individual Suspensions are Satisfied

**Example of Guarantee-Based Limitation for a Future Retiree**

| | **Participant** |
|---|---|
| Date of Birth | 5/7/1981 |
| Normal Retirement Date | 6/1/2043 |
| Age at Normal Retirement Date | 62 years 0 months |
| Age at Suspension Date | 37 years 11 months |
| Optional Form of Payment | Not Retired |
| Monthly Benefit Earned as of Suspension Date | $341.75 |
| Total Credited Service as of Suspension Date | 9.50 |

**Calculation of 110% of PBGC Guarantee***

| | |
|---|---|
| Monthly Benefit Earned as of Suspension Date | $341.75 |
| Accrual Rate | $35.97 |
| PBGC Guaranteed Accrual Rate | $29.73 |
| PBGC Guaranteed Benefit | $282.44 |
| 110% of PBGC Guaranteed Benefit | $310.68 |

**Calculation of Monthly Benefit under Proposed Suspension**

| | |
|---|---|
| Monthly Benefit Earned as of Suspension Date | $341.75 |
| Base 40% Reduction | $136.70 |
| Benefit prior to Guarantee-Based Limitation | $205.05 |
| Benefit after Guarantee-Based Limitation | $310.68 |
| **Final Monthly Benefit under Proposed Suspension**** | $310.68 |

* Calculated based on estimated Credited Service and accruals as of November 1, 2017
** Payable at Normal Retirement. These amounts could change based on age and form of payment elected at retirement.

**Laborers Local No. 265 Pension Plan**
Application for Benefit Suspension
Demonstration That Limitations on Individual Suspensions are Satisfied

**Example of Guarantee-Based Limitation for Disabled Retiree and Contingent Beneficiary Under Age 75**

| | **Participant** | **Contingent Beneficiary** |
|---|---|---|
| Date of Birth | 6/12/1950 | 1/17/1950 |
| Date of Retirement | 9/1/2001 | 9/1/2001 |
| Age at Retirement Date | 51 years 2 months | 51 years 7 months |
| Age at Suspension Date | 68 years 10 months | 69 years 3 months |
| Optional Form of Payment | 50% Joint & Survivor Annuity | 50% Joint & Survivor Annuity |
| Type of Pension | Disability | Disability |
| Current Monthly Benefit | $2,531.59 | $1,265.80 |
| Total Credited Service | 27.10 | 27.10 |

**Calculation of 110% of PBGC Guarantee**

| | | |
|---|---|---|
| Current Monthly Benefit | $2,531.59 | $1,265.80 |
| Accrual Rate | $93.42 | $46.71 |
| PBGC Guaranteed Accrual Rate | $35.75 | $35.75 |
| PBGC Guaranteed Benefit | $968.83 | $968.83 |
| 110% of PBGC Guaranteed Benefit | $1065.71 | $1065.71 |

**Calculation of Monthly Benefit under Proposed Suspension**

| | | |
|---|---|---|
| Current Monthly Benefit | $2,531.59 | $1,265.80 |
| Benefit after Disability-Based Limitation | $2,531.59 | $759.48 |
| **Final Monthly Benefit under Proposed Suspension** | $2,531.59 | $1,265.80 |

**Laborers Local No. 265 Pension Plan**
Application for Benefit Suspension
Demonstration That Limitations on Individual Suspensions are Satisfied

**Example of Age-Based Limitation for Retiree and Contingent Beneficiary Between Age 75 and 80**

| | **Participant** | **Contingent Beneficiary** |
|---|---|---|
| Date of Birth | 5/10/1942 | 6/10/1957 |
| Date of Retirement | 1/1/2005 | 1/1/2005 |
| Age at Retirement Date | 62 years 7 months | 47 years 6 months |
| Age at Suspension Date | 76 years 11 months | 61 years 10 months |
| Optional Form of Payment | 50% Joint & Survivor Annuity | 50% Joint & Survivor Annuity |
| Current Monthly Benefit | $1,634.32 | $817.16 |
| Total Credited Service | 25.60 | 25.60 |

**Calculation of 110% of PBGC Guarantee**

| | | |
|---|---|---|
| Current Monthly Benefit | $1,634.32 | $817.16 |
| Accrual Rate | $63.84 | $31.92 |
| PBGC Guaranteed Accrual Rate | $35.75 | $26.69 |
| PBGC Guaranteed Benefit | $915.20 | $683.27 |
| 110% of PBGC Guaranteed Benefit | $1006.72 | $751.60 |

**Calculation of Monthly Benefit under Proposed Suspension**

| | | |
|---|---|---|
| Current Monthly Benefit | $1,634.32 | $817.16 |
| Base 40% Reduction | $653.73 | $326.86 |
| Benefit Prior to Age-Based Limitation | $1,006.72 | $751.60 |
| Months from age 80 (at Suspension Date)* | 36 | 36 |
| Benefit after Age-Based Limitation | $1,257.76 | $777.82 |
| **Final Monthly Benefit under Proposed Suspension** | $1,257.76 | $777.82 |

* Assumes Contingent Beneficiary does not go into payment before Suspension Date.

# EXHIBIT E

## AGGREGATE PARTICIPANT INFORMATION

## Participant Information
## Laborers Local No. 265 Pension Plan

| | Participants | Beneficiaries | Alternate Payees | Total |
|---|---|---|---|---|
| Counts as of October 31, 2017 * | 1,157 | 152 | 19 | 1,328 |
| Average Monthly Benefit Before Proposed Suspension | $791 | $515 | $356 | $753 |
| Average Monthly Benefit After Proposed Suspension | $586 | $468 | $333 | $569 |
| Percentage Reduction in Average Monthly Benefit | 25.85% | 9.21% | 6.50% | 24.42% |
| Reduction in Present Value of Benefits Due to Proposed Suspension ** | $28,059,538 | $713,431 | $63,444 | $28,836,413 |

* Based on data summarized in this application.
** Represents the change in the present value of future liabilities as of November 1, 2019 between the current plan and the proposed suspension.

| Percentage reduction in benefits | Count |
|---|---|
| No reduction | 365 |
| Greater than 0% but less than 10% | 258 |
| At least 10% but less than 20% | 133 |
| At least 20% but less than 30% | 117 |
| At least 30% but less than 40% | 229 |
| At least 40% but less than 50% | 226 |
| At least 50% but less than 60% | 0 |
| At least 60% but less than 70% | 0 |
| 70% or more | 0 |
| Total number of participants impacted by proposed suspension | 963 |
| Grand Total | 1,328 |

# EXHIBIT F

## NOTICES

# *LABORERS' LOCAL 265 PENSION PLAN*

205 West Fourth Street, Suite 225
Cincinnati OH 45202
(513) 977-3635

Dear Participant:

Over the past several months, you have received notices explaining that the Pension Plan is in "Critical and Declining" status. This means that the Plan is slowly running out of money and will not be able to pay all of the benefits that have been earned over the years. The current forecast from the actuary shows that the Plan will likely be out of money by 2029. The Plan has reached an important crossroads and the Board of Trustees is determined to take the necessary steps to preserve and protect your benefit. To help with this process, the Board worked with professional advisors to develop a Pension Recovery Program. This is being done to help ensure the Plan can survive for decades to come.

Unfortunately, the Pension Recovery Program will require some participants, beneficiaries, ex-spouses and retirees to take a reduction in the amount of their monthly pension benefits. The Plan is applying to the Treasury Department for MPRA relief. MPRA gives Plans like ours the limited ability to reduce benefits in order to help stabilize the financial condition of their retirement plans. While no one wants to see a reduction occur, it is a necessary step if we want to save the Plan. If the Plan were to run out of money, benefits could be reduced below the levels of the Pension Recovery Program.

**Attached is a Notice of a Proposed Reduction of your Pension Benefits**

The Pension Recovery Program was submitted to the Treasury Department on July 31, 2018. By law, we must send you the attached notice. We have put together this letter and other resources listed below to help you understand the situation, the options considered and the steps you need to take.

The notice is divided into six main sections:

1. Why is the Board of Trustees proposing to reduce benefits?
2. What will happen if the Pension Plan runs out of money?
3. How did the Board of Trustees decide whose benefits to reduce and by how much?
4. What are the proposed reductions in benefits?
5. What comes next?
6. An individualized estimate that explains how benefits will be impacted by the Pension Recovery Program.

## Next Steps

The MPRA application necessary to implement the Pension Recovery Program will be available on a Treasury Department website within 30 days (https://www.treasury.gov/services/Pages/Plan-Applications.aspx). You can access this site to review the complete application, as well as applications from other plans that have filed. You will have the opportunity to review the application, comment on it and, upon approval of Treasury, to vote on the proposed Pension Recovery Program. We will continue to keep you informed throughout this process.

## Additional Resources to Help Understand this Process

The Board of Trustees realizes that this process can be frustrating, confusing and difficult to understand. As a result, the Board has established a website that contains additional information (**www.laborers265pensionrecovery.com**). This website will be updated regularly and contain answers to frequently asked questions from participants, beneficiaries, ex-spouses and retirees. You can submit questions via email (**info@laborers265pensionrecovery.com**), or in writing to the Plan administrative offices-- Laborers Local No. 265 Pension Plan, c/o American Benefit Corporation, 205 W 4th St #225, Cincinnati, OH 45202). You may also contact the Plan's administrative offices at (513) 977-3635.

## Please Update Your Address!

Over the next several months, the Plan will be sending important updates and notices concerning the Pension Recovery program. In order to keep you properly informed, the Trustees would ask that you take the time to contact the administrative office to update your mailing address and email address (if available). The Trustees want to keep you informed and updated as to the status of the Pension Recovery efforts. You can contact the administrative office in writing, by telephone or by email (**info@laborers265pensionrecovery.com**).

## Conclusion

The Board of Trustees has studied all options carefully and believes that the Pension Recovery Program is in the best interest of our group as a whole. No one associated with the Plan wants to reduce benefits, but it is the only way to sustain the Plan. We encourage you to carefully review the enclosed notice, the website and all other notices that follow. Your understanding and input is important to this process.

Sincerely,

The Board of Trustees

## NOTICE OF A PROPOSED REDUCTION OF YOUR PENSION BENEFITS

On July 31, 2018 the Board of Trustees of the Laborers Local No. 265 Pension Plan ("Plan") submitted an application to the U.S. Treasury Department for approval to reduce benefits under the Plan. This type of benefit reduction is allowed by the Federal law called the Multiemployer Pension Reform Act of 2014.

You are getting this notice because you have a pension benefit under the Plan. **The end of this notice describes the proposed reduction of your monthly payments.**[1] This notice will also answer the following questions for you—

1. Why is the Board of Trustees proposing to reduce benefits?
2. What will happen if the Plan runs out of money?
3. How did the Board of Trustees decide whose benefits to reduce and by how much?
4. What are the proposed reductions in benefits?
5. What comes next?

**1. Why is the Board of Trustees proposing to reduce benefits?**

The Plan's actuary estimated that, unless benefits are reduced, the Plan will not have enough money to pay benefits in the plan year 2028-2029. This estimate is based on how much money the actuary expects the Plan to receive and to pay out each year. The Plan's actuary estimated that, with the reduction of benefits that the Board of Trustees has proposed, the plan should not run out of money.

**2. What will happen if the Plan runs out of money?**

If the Plan does not have enough money to pay benefits, then only the amount guaranteed by the Pension Benefit Guaranty Corporation ("PBGC") will be paid. You can find the amount of your benefit that is guaranteed by PBGC at the end of this notice.

**3. How did the Board of Trustees decide whose benefits to reduce and by how much?**

Under Federal law, the Board of Trustees must apply the following rules to the proposed reduction—

- The total reduction in everybody's benefits must be estimated to be large enough to keep the plan from running out of money but not larger than needed to do that.
- Your monthly benefit and the benefit of your beneficiary cannot be reduced below 110% of the amount guaranteed by PBGC.
- Disability benefits (as defined under the Plan) cannot be reduced.
- The benefits of people who are at least 80 years old on May 31, 2019 and their beneficiaries cannot be reduced.
- The benefits of people who are at least 75 years old on May 31, 2019 and their beneficiaries are partially protected, and the closer the person is to age 80 the less the benefits can be reduced.

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[1] A version of this notice that does not include the estimate of the effect on your benefit is being sent to unions that represent Plan participants and to all contributing employers.

- The reduction of benefits must be spread fairly among the people who have a pension benefit under the plan.

In deciding whether the proposed reduction is spread fairly, the Board of Trustees considered a list of factors contained in the applicable federal statutes and regulations. These factors include, but are not limited to; age and life expectancy, length of time in pay status, amount of benefit, type of benefit: survivor, normal retirement, early retirement, extent to which participant or beneficiary is receiving a subsidized benefit, extent to which participant or beneficiary has received post-retirement benefit increases, history of benefit increases and reductions, years to retirement for active employees, any discrepancies between active and retiree benefits, extent to which active participants are reasonably likely to withdraw support for the plan, accelerating employer withdrawals from the plan and increasing the risk of additional benefit reductions for participants in and out of pay status, and the extent to which benefits are attributed to service with an employer that failed to pay its full withdrawal liability.

The law allows the Pension Recovery program to apply differently to various categories of groups within the Plan, but the Board ultimately decided to treat all participants, retirees, beneficiaries and ex-spouses as uniformly as possible. However, the law protects certain groups from a full suspension (those aged 80 and older are fully protected, those aged 75-79 have reduced suspensions and disabled participants are fully protected.) The law also prevents the Board from reducing any person's benefits below 110% of the PBGC guarantee. Therefore, not everyone will receive the same suspension.

**4. What are the proposed reductions in benefits?**

The Board of Trustees proposes the following reduction of benefits: To the extent possible, the Board intends to implement a flat 40% suspension to all participants, retirees, beneficiaries and ex-spouses. Again though, the law protects certain groups from a full suspension (those aged 80 and older are fully protected, those aged 75-79 have reduced suspensions and disabled participants are fully protected.) The law also prevents the Board from reducing any person's benefits below 110% of the PBGC guarantee. This means the MPRA will not have the exact same impact on everyone.

If approved, the suspension would go into effect on May 1, 2019. There would be no phase-in implementation of the suspension, and it is expected that the suspension will remain in place permanently. Currently, the Plan is expected to be insolvent by 2029. If the Pension Recovery program is approved, the Plan is expected to remain solvent indefinitely.

**5. What comes next?**

***Approval or denial of the application by the Treasury Department.***

The Treasury Department will review the application to see whether it meets all of the legal requirements under Federal law. If the application meets all of those requirements, the Treasury Department is required to approve the application. If the application does not meet the legal requirements, the Treasury Department will deny the application. The Treasury Department will have until March 13, 2019 to make a decision.

***You can get information from the Treasury Department***

More information about the proposed benefit reductions and a copy of the application will be available at www.treasury.gov/mpra.

The application will be available on that website within 30 days after the Treasury Department receives it. The application includes more information about the proposed reduction, including details about: 1) the Plan actuary's certification that the Plan will run out of money (that is, that the plan is in "critical and declining status"); 2) how the proposed reduction would satisfy the requirement that it be large enough so that the Plan is estimated not to run out of money, while not being larger than needed; and 3) the sensitivity of these estimates to the assumptions used.

The application describes the steps the Board of Trustees has already taken to keep the Plan from running out of money and why the Board of Trustees believes that a benefit reduction is the only remaining option to keep the plan from running out of money. In addition, the application explains why the Board of Trustees believes that the proposed reduction is spread fairly among the people who have a pension benefit under the Plan.

The Treasury Department website will also provide updated information on the application, such as whether the application has been withdrawn.

For further information and assistance you can also write to the Treasury Department at the following address:

Department of the Treasury
Attn: MPRA Office, Room 1204
1500 Pennsylvania Avenue, NW
Washington, DC 20220

***You can comment on the application to reduce benefits***
You will be able to submit a comment on the application by going to www.treasury.gov/mpra. Comments may also be mailed to the Treasury Department, at the address listed above. All interested parties can make comments, and the comments will be publicly available.

***Retiree Representative***
If a plan has 10,000 or more participants, the Board of Trustees must select a retiree representative to advocate for the interests of retirees, beneficiaries, and deferred vested participants as part of this process. A plan is required to pay the reasonable expenses of the retiree representative.

The Board of Trustees is not required to select a retiree representative, because the Plan has fewer than 10,000 participants. The Board of Trustees has not chosen to select a retiree representative.

***Vote on the proposed benefit reduction***

If the application for the proposed reduction of benefits is approved by the Treasury Department, then you will have the opportunity to vote on the proposed reduction. Unless a majority of all participants and beneficiaries of the Plan vote to reject the reduction, the Treasury Department must allow the reduction of benefits to take effect. This means that not voting counts the same as a vote to approve the reduction.

***Your right to see Plan documents***

You may want to review Plan documents to help you understand your rights and the proposed reduction to your benefits. The Plan administrator must respond to your request for the following documents within 30 days:

- The Plan document (including any amendments adopted to reflect an authorized reduction of benefits), trust agreement, and other documents governing the Plan (such as collective bargaining agreements).
- The Plan's most recent summary plan description (SPD or plan brochure) and any summary of material modifications.
- The Plan's Form 5500 annual reports, including the accountant's report and audited financial statements, filed with the U.S. Department of Labor during the last six years.
- The annual funding notices furnished by the Plan during the last six years.
- Actuarial reports, including reports prepared in anticipation of the benefit reduction, furnished to the Plan within the last six years.
- The Plan's current rehabilitation plan, including contribution schedules, and, if the proposed benefit reduction goes into effect, annual plan-sponsor determinations that all reasonable measures to avoid running out of money continue to be taken and that the Plan would run out of money if there were no benefit reductions.
- Any quarterly, semi-annual, or annual financial reports prepared for the Plan by an investment manager, fiduciary, or other advisor and furnished to the Plan within the last six years.

The Plan administrator may charge you the cost per page to the Plan for the cheapest way of copying documents, but cannot charge more than 25 cents per page. The Plan's Form 5500 Annual Return/Report of Employee Benefit Plan is also available free of charge at www.dol.gov/ebsa/5500main.html. Some of the documents also may be available for examination, without charge, at the Plan administrator's office, your worksite or union hall.

**Your right to challenge incorrect calculations**

If you think the Plan miscalculated the reduction to your benefits, then you have the right to submit a claim to the Plan to have the calculation corrected. The Plan's SPD tells you how to submit a claim. The SPD also describes your right to have a court review the Plan's final decision on your claim.

If you believe the information used to calculate your estimate at the end of this notice is wrong, please contact the Plan office at:

Laborers Local No. 265 Pension Plan
c/o American Benefit Corporation
205 W 4th St #225
Cincinnati, OH 45202
(513) 977-3635

**PARTICIPANT WITH NO PROPOSED SUSPENSION- DISABILITY**

**HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED**

This estimate of the effect of the proposed reduction of benefits has been prepared for:

The Plan's actuary has calculated that if the proposed reductions are not implemented, then the Plan is projected to be insolvent and unable to pay benefits when due in 2029. If the Plan becomes insolvent, your benefit would be reduced to the monthly PBGC-guaranteed level. Your estimated monthly PBGC guaranteed level is $400.40.

The estimate is based on the following information from Plan records:

- You have 11.2 years and months of credited service under the Plan as of November 1, 2017.
- You will be 47 years and 9 months as of May 31, 2019.
- The portion of your benefit that is based on disability is 100%.

In the event that the proposed suspension is approved, the actual effect of the suspension on you may be different than the amounts in this notice due to additional work history, taxes, deductions, changes in your status as an active, terminated or retired participant, the death of you or your spouse, changes in marital status, and/or approval of a new Qualified Domestic Relations Order (QDRO) or changes to an existing QDRO.

PLAN OFFICE CONTACT INFORMATION: If you believe the information used to calculate your estimate is incorrect, please contact the Plan office at:

Laborers Local No. 265 Pension Plan
c/o American Benefit Corporation
205 W 4th Street Ste #225
Cincinnati OH 45202
(513) 977-3635

**PARTICIPANT OR BENEFICIARY WITH NO PROPOSED SUSPENSION- 110% LIMITATION**

**HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED**

This estimate of the effect of the proposed reduction of benefits has been prepared for:

The Plan's actuary has calculated that if the proposed reductions are not implemented, then the Plan is projected to be insolvent and unable to pay benefits when due in 2029. If the Plan becomes insolvent, your benefit would be reduced to the monthly PBGC-guaranteed level. Your estimated monthly PBGC guaranteed level is $16.78.

If you start receiving your accrued benefit on 2/1/2036 in the form of a Life Annuity, your monthly benefit without proposed reduction would be $17.60. Under the proposed reduction your monthly benefit in the same form would be reduced to $17.60.

The proposed reduction is permanent.

This is an estimate of the effect of the proposed reduction on your accrued benefit under the Plan. It is not a final benefit calculation. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your accrued benefit might be different.

This estimate is based on the following information from Plan records:

- You have 1.3 years and months of credited service under the Plan as of November 1, 2017.
- You will be 45 years and 4 months as of May 31, 2019.
- You have 1.3 years and months of vesting service as of November 1, 2017, but you must earn at least 5 years of vesting service to be 100% vested in your benefits.
- The portion of your benefit that is based on disability is 0%.

In the event that the proposed suspension is approved, the actual effect of the suspension on you may be different than the amounts in this notice due to your vesting service, the form of benefit you select at retirement, additional work history, taxes, deductions, changes in your status as a participant, the death of you or your spouse, changes in marital status, and/or approval of a new Qualified Domestic Relations Order (QDRO) or changes to an existing QDRO.

PLAN OFFICE CONTACT INFORMATION: If you believe the information used to calculate your estimate is incorrect, please contact the Plan office at:

Laborers Local No. 265 Pension Plan
c/o American Benefit Corporation
205 W 4th Street Ste #225
Cincinnati OH 45202
(513) 977-3635

**PARTICIPANT OR BENEFICIARY WITH NO PROPOSED SUSPENSION- AGE BASED LIMITATION**

## HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED

This estimate of the effect of the proposed reduction of benefits has been prepared for:

The Plan's actuary has calculated that if the proposed reductions are not implemented, then the Plan is projected to be insolvent and unable to pay benefits when due in 2029. If the Plan becomes insolvent, your benefit would be reduced to the monthly PBGC-guaranteed level. Your estimated monthly PBGC guaranteed level is $305.77.

Your current monthly benefit is $342.43. Under the proposed reduction your monthly benefit will be reduced to $342.43 beginning on May 1, 2019.

The proposed reduction is permanent.

This is an estimate of the effect of the proposed reduction on your accrued benefit under the Plan. It is not a final benefit calculation. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your accrued benefit might be different.

This estimate is based on the following information from Plan records:

- You have 17.8 years and months of credited service under the Plan as of November 1, 2017.
- You will be 83 years and 3 months as of May 31, 2019.
- The portion of your benefit that is based on disability is 0%.

In the event that the proposed suspension is approved, the actual effect of the suspension on you may be different than the amounts in this notice due to additional work history, taxes, deductions, changes in your status as an active, terminated or retired participant, the death of you or your spouse, changes in marital status, and/or approval of a new Qualified Domestic Relations Order (QDRO) or changes to an existing QDRO.

PLAN OFFICE CONTACT INFORMATION: If you believe the information used to calculate your estimate is incorrect, please contact the Plan office at:

Laborers Local No. 265 Pension Plan
c/o American Benefit Corporation
205 W 4th Street Ste #225
Cincinnati OH 45202
(513) 977-3635

**PAY STATUS PARTICIPANT OR BENEFICIARY WITH PROPOSED SUSPENSION (NO QDRO)**

**HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED**

This estimate of the effect of the proposed reduction of benefits has been prepared for:

The Plan's actuary has calculated that if the proposed reductions are not implemented, then the Plan is projected to be insolvent and unable to pay benefits when due in 2029. If the Plan becomes insolvent, your benefit would be reduced to the monthly PBGC-guaranteed level. Your estimated monthly PBGC guaranteed level is $393.66.

Your current monthly benefit is $482.71. Under the proposed reduction your monthly benefit will be reduced to $433.02 beginning on May 1, 2019.

The proposed reduction is permanent.

This is an estimate of the effect of the proposed reduction on your accrued benefit under the Plan. It is not a final benefit calculation. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your accrued benefit might be different.

This estimate is based on the following information from Plan records:

- You have 11.5 years and months of credited service under the Plan as of November 1, 2017.
- You will be 68 years and 5 months as of May 31, 2019.
- The portion of your benefit that is based on disability is 0%.

In the event that the proposed suspension is approved, the actual effect of the suspension on you may be different than the amounts in this notice due to additional work history, taxes, deductions, changes in your status as an active, terminated or retired participant, the death of you or your spouse, changes in marital status, and/or approval of a new Qualified Domestic Relations Order (QDRO) or changes to an existing QDRO.

PLAN OFFICE CONTACT INFORMATION: If you believe the information used to calculate your estimate is incorrect, please contact the Plan office at:


Laborers Local No. 265 Pension Plan
c/o American Benefit Corporation
205 W 4th Street Ste #225
Cincinnati OH 45202
(513) 977-3635

**PAY STATUS PARTICIPANT OR BENEFICIARY WITH PROPOSED SUSPENSION (QDRO)**

**HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED**

This estimate of the effect of the proposed reduction of benefits has been prepared for:

The Plan's actuary has calculated that if the proposed reductions are not implemented, then the Plan is projected to be insolvent and unable to pay benefits when due in 2029. If the Plan becomes insolvent, your benefit would be reduced to the monthly PBGC-guaranteed level. Your estimated monthly PBGC guaranteed level is $632.27.

After applying the terms of your Qualified Domestic Relations Order (QDRO), your current monthly benefit is $763.09. Under the proposed reduction your monthly benefit will be reduced to $729.29 beginning on May 1, 2019.

The proposed reduction is permanent.

This is an estimate of the effect of the proposed reduction on your accrued benefit under the Plan. It is not a final benefit calculation. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your accrued benefit might be different.

This estimate is based on the following information from Plan records:

- You have 21.8 years and months of credited service under the Plan as of November 1, 2017.
- You will be 77 years and 6 months as of May 31, 2019.
- The portion of your benefit that is based on disability is 0%.
- A QDRO assigns a portion of your monthly benefit payment to a former spouse.

In the event that the proposed suspension is approved, the actual effect of the suspension on you may be different than the amounts in this notice due to additional work history, taxes, deductions, changes in your status as an active, terminated or retired participant, the death of you or your spouse, changes in marital status, and/or approval of a new QDRO or changes to an existing QDRO.

PLAN OFFICE CONTACT INFORMATION: If you believe the information used to calculate your estimate is incorrect, please contact the Plan office at:

Laborers Local No. 265 Pension Plan
c/o American Benefit Corporation
205 W 4th Street Ste #225
Cincinnati OH 45202
(513) 977-3635

**PARTICIPANT NOT IN PAY STATUS, WITH PROPOSED SUSPENSION,**

**VESTED AND BELOW NORMAL RETIREMENT AGE**

**HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED**

**This estimate of the effect of the proposed reduction of benefits has been prepared for:**

The Plan's actuary has calculated that if the proposed reductions are not implemented, then the Plan is projected to be insolvent and unable to pay benefits when due in 2029. If the Plan becomes insolvent, your benefit would be reduced to the monthly PBGC-guaranteed level. Your estimated monthly PBGC guaranteed level is $189.28.

If you start receiving your accrued benefit on 12/1/2050 in the form of Life Annuity, your monthly benefit without the proposed reduction would be $218.27. Under the proposed reduction your monthly benefit in the same form will be reduced to $208.21.

The proposed reduction is permanent.

This is an estimate of the effect of the proposed reduction on your accrued benefit under the Plan. It is not a final benefit calculation. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your accrued benefit might be different.

This estimate is based on the following information from Plan records:

- You have 9.3 years and months of credited service under the Plan as of November 1, 2017.
- You will be 30 years and 6 months as of May 31, 2019.
- The portion of your benefit that is based on disability is 0%.

In the event that the proposed suspension is approved, the actual effect of the suspension on you may be different than the amounts in this notice due to additional work history, taxes, deductions, changes in your status as an active, terminated or retired participant, the death of you or your spouse, changes in marital status, and/or approval of a new Qualified Domestic Relations Order (QDRO) or changes to an existing QDRO.

**PLAN OFFICE CONTACT INFORMATION:** If you believe the information used to calculate your estimate is incorrect, please contact the Plan office at:

Laborers Local No. 265 Pension Plan
c/o American Benefit Corporation
205 W 4th Street Ste #225
Cincinnati OH 45202
(513) 977-3635

**PARTICIPANT NOT IN PAY STATUS, WITH PROPOSED SUSPENSION,**

**NOT VESTED AND BELOW NORMAL RETIREMENT AGE**

**HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED**

This estimate of the effect of the proposed reduction of benefits has been prepared for:

The Plan's actuary has calculated that if the proposed reductions are not implemented, then the Plan is projected to be insolvent and unable to pay benefits when due in 2029. If the Plan becomes insolvent, your benefit would be reduced to the monthly PBGC-guaranteed level. Your estimated monthly PBGC guaranteed level is $80.92.

If you start receiving your accrued benefit on 8/1/2028 in the form of a Life Annuity, your monthly benefit without proposed reduction would be $89.93. Under the proposed reduction your monthly benefit in the same form would be reduced to $89.01.

The proposed reduction is permanent.

This is an estimate of the effect of the proposed reduction on your accrued benefit under the Plan. It is not a final benefit calculation. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your accrued benefit might be different.

This estimate is based on the following information from Plan records:

- You have 4.9 years and months of credited service under the Plan as of November 1, 2017.
- You will be 52 years and 10 months as of May 31, 2019.
- You have 4.9 years and months of vesting service as of November 1, 2017, but you must earn at least 5 years of vesting service to be 100% vested in your benefits.
- The portion of your benefit that is based on disability is 0%.

In the event that the proposed suspension is approved, the actual effect of the suspension on you may be different than the amounts in this notice due to your vesting service, the form of benefit you select at retirement, additional work history, taxes, deductions, changes in your status as a participant, the death of you or your spouse, changes in marital status, and/or approval of a new Qualified Domestic Relations Order (QDRO) or changes to an existing QDRO.

PLAN OFFICE CONTACT INFORMATION: If you believe the information used to calculate your estimate is incorrect, please contact the Plan office at:


Laborers Local No. 265 Pension Plan
c/o American Benefit Corporation
205 W 4th Street Ste #225
Cincinnati OH 45202
(513) 977-3635

**PARTICIPANT NOT IN PAY STATUS, WITH PROPOSED SUSPENSION,**

**VESTED AND ABOVE NORMAL RETIREMENT AGE**

**HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED**

This estimate of the effect of the proposed reduction of benefits has been prepared for:

The Plan's actuary has calculated that if the proposed reductions are not implemented, then the Plan is projected to be insolvent and unable to pay benefits when due in 2029. If the Plan becomes insolvent, your benefit would be reduced to the monthly PBGC-guaranteed level. Your estimated monthly PBGC guaranteed level is $239.53.

Your benefit without the proposed reduction as of November 1, 2017 in the form of Life Annuity is $450.72. Under the proposed reduction your monthly benefit in the same form will be reduced to $270.43.

The proposed reduction is permanent.

This is an estimate of the effect of the proposed reduction on your accrued benefit under the Plan. It is not a final benefit calculation. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your accrued benefit might be different.

This estimate is based on the following information from Plan records:

- You have 6.7 years and months of credited service under the Plan as of November 1, 2017.
- You will be 62 years and 12 months as of May 31, 2019.
- The portion of your benefit that is based on disability is 0%.

In the event that the proposed suspension is approved, the actual effect of the suspension on you may be different than the amounts in this notice due to additional work history, taxes, deductions, changes in your status as an active, terminated or retired participant, the death of you or your spouse, changes in marital status, and/or approval of a new Qualified Domestic Relations Order (QDRO) or changes to an existing QDRO.

**PLAN OFFICE CONTACT INFORMATION:** If you believe the information used to calculate your estimate is incorrect, please contact the Plan office at:


Laborers Local No. 265 Pension Plan
c/o American Benefit Corporation
205 W 4th Street Ste #225
Cincinnati OH 45202
(513) 977-3635

**PAY STATUS ALTERNATE PAYEE SHARED INTERESTED QDRO**

**HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED**

This estimate of the effect of the proposed reduction of benefits has been prepared for:

The Plan's actuary has calculated that if the proposed reductions are not implemented, then the Plan is projected to be insolvent and unable to pay benefits when due in 2029. If the Plan becomes insolvent, your benefit would be reduced to the monthly PBGC-guaranteed level. Your estimated monthly PBGC guaranteed level is $413.46.

Pursuant to the terms of your Qualified Domestic Relations Order (QDRO), your current monthly benefit is $454.81. Under the proposed reduction your monthly benefit will be reduced to $454.81 beginning on May 1, 2019.

The proposed reduction is permanent.

This is an estimate of the effect of the proposed reduction on your accrued benefit under the Plan. It is not a final benefit calculation. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your accrued benefit might be different.

This estimate is based on the following information from Plan records:

- Your benefit amount shown above is estimated over your former spouse's lifetime.
- The portion of your benefit that is based on disability is 0%.

In the event that the proposed suspension is approved, the actual effect of the suspension on you may be different than the amounts in this notice due to taxes, deductions, death and/or approval of a new QDRO or changes to an existing QDRO.

PLAN OFFICE CONTACT INFORMATION: If you believe the information used to calculate your estimate is incorrect, please contact the Plan office at:

Laborers Local No. 265 Pension Plan
c/o American Benefit Corporation
205 W 4th Street Ste #225
Cincinnati OH 45202
(513) 977-3635

**PAY STATUS ALTERNATE PAYEE SEPARATE INTEREST QDRO**

## HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED

This estimate of the effect of the proposed reduction of benefits has been prepared for:

The Plan's actuary has calculated that if the proposed reductions are not implemented, then the Plan is projected to be insolvent and unable to pay benefits when due in 2029. If the Plan becomes insolvent, your benefit would be reduced to the monthly PBGC-guaranteed level. Your estimated monthly PBGC guaranteed level is $88.10.

Pursuant to the terms of your Qualified Domestic Relations Order (QDRO), your current monthly benefit is $97.30. Under the proposed reduction your monthly benefit will be reduced to $96.91 beginning on May 1, 2019.

The proposed reduction is permanent.

This is an estimate of the effect of the proposed reduction on your accrued benefit under the Plan. It is not a final benefit calculation. This estimate was prepared assuming that the proposed benefit reduction starts on May 1, 2019. If the benefit reduction starts later, the effect of the proposed reduction on your accrued benefit might be different.

This estimate is based on the following information from Plan records:

- Your benefit amount shown above is estimated over your lifetime.
- The portion of your benefit that is based on disability is 0%.
- A QDRO assigns you 5.5 years and months of credited service under the Plan as of the service calculation date, November 1, 2017.
- You will be 69 years and 8 months as of May 31, 2019.

In the event that the proposed suspension is approved, the actual effect of the suspension on you may be different than the amounts in this notice due to taxes, deductions, death and/or approval of a new QDRO or changes to an existing QDRO.

PLAN OFFICE CONTACT INFORMATION: If you believe the information used to calculate your estimate is incorrect, please contact the Plan office at:

Laborers Local No. 265 Pension Plan
c/o American Benefit Corporation
205 W 4th Street Ste #225
Cincinnati OH 45202
(513) 977-3635

**ALTERNATE PAYEE NOT IN PAY STATUS**

## HOW YOUR MONTHLY PAYMENTS WILL BE AFFECTED

This estimate of the effect of the proposed reduction of benefits has been prepared for:

The Plan's actuary has calculated that if the proposed reductions are not implemented, then the Plan is projected to be insolvent and unable to pay benefits when due in 2029. If the Plan becomes insolvent, your benefit would be reduced to the monthly PBGC-guaranteed level.

- Pursuant to the terms of the Qualified Domestic Relations Order (QDRO) on file with the Plan, you are entitled to receive a portion of your former spouse's vested benefit accrued during the period of your marriage.
- Pursuant to the terms of the QDRO, you have been awarded 15.1 years and months of credited service as of November 1, 2017.
- You will be 60 years and 11 months as of May 31, 2019.

Although there are a number of factors that will determine the amount of your final monthly benefit payment, it is reasonable to assume that you will receive a reduction proportionate to that of your ex-spouse. It is also reasonable that your final monthly benefit payment will be higher than the monthly PBGC guarantee level.

The proposed reduction is permanent and should be implemented May 1, 2019. If the reduction starts later, the proposed changes may be different. Until you actually retire, the exact impact of the changes on your benefit cannot be determined.

In the event that the proposed suspension is approved, the actual effect of the suspension on you may be different than the amounts in this notice due to taxes, deductions, death and/or approval of a new QDRO or changes to an existing QDRO.

PLAN OFFICE CONTACT INFORMATION: If you believe the information used to calculate your estimate is incorrect, please contact the Plan office at:

Laborers Local No. 265 Pension Plan
c/o American Benefit Corporation
205 W 4th Street Ste #225
Cincinnati OH 45202
(513) 977-3635

# EXHIBIT G

# PROPOSED BALLOT

**Ballot on the Pension Recovery Program for the**

**Laborers Local No. 265 Pension Plan**

The MPRA Application for the Laborers Local No. 265 Pension Plan was submitted on July 31, 2018 by the Board of Trustees in accordance with the Multiemployer Pension Recovery Plan of 2014 ("MPRA") and its regulations.

On [Insert Date], the MPRA Application was approved by the United States Secretary of Treasury, in consultation with the Pension Benefit Guaranty Corporation and the United States Department of Labor.

The next step is for all eligible voting participants to approve or reject the Pension Recovery Program. The proposed suspension of benefits set forth in the Pension Recovery Program will be effective for benefits paid on and after May 1, 2019 unless a majority of all eligible voters reject the proposed reduction of benefits; therefore, an individual's failure to cast a vote has the same effect as a vote to approve the reduction of benefits. This Ballot is required by Federal law to provide information and assistance to you in exercising your right to vote.

**The Board of Trustees Recommends the Approval of the Pension Recovery Program**

The Board of Trustees strongly recommends the approval of the Pension Recovery Program. This is designed to prevent the Plan from becoming insolvent and preserve your pension benefits as completely as possible. You have worked hard for your pension benefit. The intent of the Pension Recovery Program is to avoid insolvency, stop the Plan's funding decline, and allow the Plan to continue to provide benefits going forward. Our Pension Recovery Program will protect the older retirees and those who are disabled, but if the Plan were to become insolvent then all participants and retirees would face a deep reduction in benefits.

**Description of the Proposed Benefit Reduction**

You have already received an individual estimate illustrating the Pension Recovery Program's impact on your monthly benefit amount.

- The Pension Recovery Program will apply to benefits paid on and after May 1, 2019.
- The Board of Trustees proposes a uniform 40% benefit suspension for all participants, beneficiaries, alternate payees and retirees.
- The proposed suspension does not provide for different treatment of participants and beneficiaries, other than as a result of the individual limitations (such as those age 75 and older, as well as those receiving a disability pension benefit).
- No participant, beneficiary or alternate payee will receive less than 110% of the amount guaranteed by the PBGC.

The Trustees have spent the last year evaluating possible alternatives in an attempt to create an equitable plan that satisfies the requirements of MPRA. Some of the factors set forth in MPRA that the Board of Trustees considered while attempting to craft an equitable allocation of the benefit reductions included:

1— The age and life expectancy of the participant and beneficiary;

2 — The amount of benefits;

3 — The type of benefit, such as early retirement benefits;

4 — The extent to which a participant or beneficiary is receiving a subsidized benefit;

5 — The history of benefit increases and reductions for participants and beneficiaries;

6 — The differences between active and retiree benefits; and

7 — The extent to which active participants are reasonably likely to withdrawal support for the plan.

If the reduction in benefits is approved, the Pension Recovery Program will remain in effect indefinitely.

**The Insolvency of the Laborers Local No. 265 Pension Plan**

Without the approval of the Pension Recovery Program, our Plan is scheduled to go insolvent by 2029, and possibly sooner. The insolvency of the Plan would result in the reduction of benefits to the amount of benefit guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"). The PBGC is a Federal agency that acts as an insurance company for pensions and guarantees a minimum benefit to participants and beneficiaries. Federal law requires that our Pension Recovery Program provide a benefit at least as much as 110% of the guaranteed benefit from the PBGC; thus, all Participants, Beneficiaries and Alternate Payees' monthly benefit would be higher if the proposed benefit reduction is approved than if the Plan is turned over to the PBGC. If the Pension Recovery Program is rejected, the Plan will soon become insolvent. As a result, all Participants, Beneficiaries and Alternate Payees would be reduced to the guaranteed amount by the PBGC. Individuals who retired on a Disability Pension and individuals who attained age 80 would be included in the reduction to the PBGC guaranteed benefit.

The Plan's actuary has certified that the approval and implementation of the Pension Recovery Program will avoid insolvency and allow the Plan to continue to pay the reduced benefits and future accrued benefits indefinitely. The actuary's projection is based on estimates of future hours worked for which contributions are due and the future investment returns of the Plan, and, is therefore subject to some uncertainty.

**The Insolvency of the Pension Benefit Guaranty Corporation**

The Pension Benefit Guaranty Corporation is expected to become insolvent in 2025, several years before the insolvency of our Plan. The insolvency of the PBGC would mean that the PBGC would not have enough money to provide the guaranteed benefit and your monthly benefit provided through the PBGC would be reduced to almost nothing. The MPRA Application and proposed suspension is structured to avoid the Plan's insolvency and the involvement of the PBGC, and ensure the continuation of your monthly benefit payments indefinitely. The Board of Trustees recommends you support and to approve the suspension.

[RESERVED FOR STATEMENT IN OPPOSITION TO THE PROPOSED SUSPENSION]

**The Pension Recovery Program will go into effect on May 1, 2019 unless a majority of all eligible voters reject it. Not voting by the deadline is the same as approving the proposed reduction. To register your vote, please check one of the two boxes below, sign and print your name, date this ballot, and return the completed ballot to Board of Trustees, by [insert appropriate date].**

☐ I approve the suspension of benefits.

☐ I reject the suspension of benefits.

Signed: ______________________________

Name (Printed): _____________________________ Last four digits of SSN: ___________

Date: _________________________

## EXHIBIT H

## NARRATIVE STATEMENT

**Narrative Statement of the Reason the Laborers Local No. 265 Pension Plan is in Critical and Declining Status**

In December 2017, the Center for Retirement Studies at Boston College released a special report entitled "Multiemployer Pension Plans: Current Status and Future Trends." [1] This report details several characteristics that are common to plans that are facing insolvency, including the Laborers Local No. 265 Pension Plan ("Plan"). Some of these factors included a declining number of participants, a low funded ratio, a high percentage of inactive to total participants and a high rate of negative cash flow. These factors and others have created a situation in which the Plan is likely to be insolvent by 2029 unless a MPRA application is approved.

*Declining Number of Participants*: Over the past 20 years there has been a decline in the number of active participants available to support the Plan and pay accrued legacy costs. The Local Union has taken steps to stabilize and grow the participant population, but it is highly unlikely the Plan will ever reach the same level of active participants as in 2000. Working as a mason tender or building laborer is a very physical trade and it is difficult for the Union and Employers to find individuals who are interested in a long-term career. For those who are interested in such a career, the Pension Plan creates a strong incentive to select a different trade, a different Local Union or alternate job classification that will likely have a higher level of base compensation.

*High Percentage of Inactive to Total Participants*: Like most mature plans, this Plan has seen an increase in the proportion of inactive former participants, retirees and beneficiaries. As of November 1, 2000, the valuation reports show active participants were nearly 52% of the overall participant population. By November 1, 2017, the valuation report showed actives had dipped to 22% of the overall participant population. While these numbers are expected to improve, it is not reasonable to assume the ratio will dramatically improve over the next several years. This imbalance means that higher contribution rates and lower benefit accruals have much less impact than they would in a more financially stable plan. There is simply no way for the current active population to carry the full responsibility of the Plan's legacy costs.

*Historic Market Downturns, Declining Funded Ratio and Negative Cash Flow:* As of November 1, 2000, and despite having returned only an average of 5.83% over three consecutive plan years, the real funded ratio was over 105% and the Plan was fiscally strong. At that time negative cash flow was a manageable 4.5%. Unfortunately, over the ensuing two years, the Plan's investment

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1 Alicia H. Munnell, Jean-Pierre Aubry & Caroline V. Crawford, Center for Retirement Research at Boston College, Multiemployer Pension Plans: Current Status and Future Trends (2017)

returns averaged annual losses of 5.9%. This obviously had a negative impact on the Plan, but the funding ratio was still above 90%. In the years leading up to the 2008 market crash, the Plan slowly regained ground that had been lost. Returns over the next five years averaged 12.1% and the real funded ratio reached a high of 107%. Unfortunately, the 2008 market crash was devastating to the long-term solvency of the Plan. Despite the diversification of investments, the Plan suffered a 28.3% loss for the plan year ending 2008 and the funded ratio dropped to 71%. Negative cash flow spiked to 9% and by the plan year ending October 31, 2017, negative cash flow reached 11%. The Plan's real funded ratio is now 51% and this decline is forecasted to continue.

*Decline in Greater Cincinnati Construction Activity*: According to the Construction Start Statistics from Dodge & Data Analytics, overall construction activity in the Greater Cincinnati area dropped dramatically following the 2008 market crash. In the five years prior to 2008, construction starts in the Greater Cincinnati area averaged 13.668 million sq. ft. The five years following saw construction starts fall to an average of only 5.938 million sq. ft., a decline of over 56%. This trend is generally reflected in the work hours reported to the Plan during the same time period. In the five years prior to 2008, the Plan averaged 1,089,552 work hours. In the five years after, this fell to an average of 458,133 hours, or a decline of over 50%.

*Industry Factors Impacting Work Hours, Participants and Outlook:* In addition to the issues noted above, the Plan has faced several other obstacles that have contributed to the projected insolvency.

- Prevailing Wage Laws- In 1997 the state of Ohio eliminated the requirement that contractors pay a prevailing wage on certain public school projects. This forced signatory employers to compete with contractors who provided lower wages and fewer benefits to a lesser skilled workforce. Labor hours that would have traditionally generated contributions to the Plan were significantly reduced and at least two employers who specialized in such work were put out of business.
- Fernald Feed Materials Production Center- Established by the Atomic Energy Commission, the Fernald facility operated from 1951 through 1989 as a uranium processing facility. During regular operations, 10-20 participants were continually employed at Fernald. From 1991 through 2006, the Department of Energy completed a $4 billion dollar clean-up of the facility. At the height of the remediation project, over 300 Plan participants worked at this site and had contributions made to the Plan on their behalf. When the remediation work was completed in late 2006, the Plan lost those contributory hours. The actuarial valuation report shows a corresponding drop in contribution hours of nearly 35% from the plan year ending October 31, 2006 to the following year.

- Changes in Contractors- The last two decades have seen a series of changes that impact the contributory hours payable to the Plan. Demolition contractors who were formerly signatory with the Local Union terminated their bargaining relationship at a time when the Plan had no withdrawal liability. Other large contractors have transitioned to a construction management role and directly employ very few laborers or tenders. Both of these trends impacted the Plan's overall work hours.
- Changes in Work Flow and Technology- In years past, nearly every building trade (drywall, plasterers, pipefitters, rod busters, electricians, etc.) utilized tenders to assist them in getting their work completed as efficiently as possible. This has changed over the years and now the other trades utilize lower paid helpers or apprentices within their own trade to assist the journeymen with their work. Laborers used to be responsible for erecting tubular scaffolding, but mobile scaffolding products have greatly reduced the demand for such work. Likewise, heavy duty hydraulic shears have eliminated an entire class of work that used to be performed by laborers on demolition projects. These changes have slowly eroded the Plan's contributory hours by reducing work opportunities for building trades laborers.
- Adverse Selection Against Plan- As the funding status of the Plan has deteriorated and wages have grown stagnant, participants have looked for other options to help secure their financial well-being. Individuals have transferred their membership to other Local Unions in order to participate in Plans that are better funded and offer higher benefits. Eventually, a significant number of members have declared their "home fund" to be something other than the Laborers Local No. 265 Pension Plan. This means that even when the member works a project in Greater Cincinnati, the contributions were being reciprocated to another area—effectively starving this Plan. Additionally, some members have refused to accept employment as a building laborer or mason tender. By choosing to work exclusively under the highway agreement, laborers may earn wages that are $7 to $8 more per hour and avoid contributing to this Plan. Recent changes to the bargaining agreements will curtail this adverse selection problem, but the Plan has already been impacted.

# EXHIBIT I

## POWER OF ATTORNEY

**Power of Attorney and Declaration of Representative before the Department of the Treasury for the Laborers Local No. 265 Pension Plan**

**Applicant**

| | |
|---|---|
| Plan Name: | Joint Board of Trustees of the Laborers Local 265 Pension Plan |
| Plan Address: | 205 W. $4^{th}$ Street, Ste. 225<br>Cincinnati, OH 45202 |
| EIN: | 31-6127282 |
| Plan Number: | 001 |
| Plan Contact: | Phil Neumann<br>P:(513) 871-2800<br>F:(513) 871-2842<br>E:info@265pensionrecovery.com |

**Applicant hereby appoints the following representative(s) as attorney(s)-in-fact to represent the taxpayer before the Department of the Treasury and perform acts related to the attached application dated July 31, 2018 for suspension of benefits under Section 432(e)(9) of the Internal Revenue Code of 1986, as amended.**

**Representative Information No. 1:**

| | |
|---|---|
| Name: | Michael A. Ledbetter |
| Title: | Fund Attorney |
| Address: | Ledbetter Parisi LLC<br>9240 Marketplace Drive<br>Miamisburg, OH 45342 |
| Telephone: | (937) 619-0900 |
| Fax: | (937) 619-0999 |
| Email: | ledbetter@fringebenefitlaw.com |
| EIN: | 03-0599899 |

Send copies of notices and communications to representative: **YES.**

With the exception of the acts described below, I authorize my representative(s) to receive and inspect my confidential tax information and to perform acts that I can perform with respect to the attached application dated July 31, 2018 for suspension of benefits under Section 432(e)(9). For example, my representative(s) shall have the authority to sign any agreements, consents, or similar documents.

Specific acts not authorized: None.

**Signature of Applicant and Date**

[redacted]

**Mr. Ph[redacted]mann**
Authorized Trustee on behalf of the
Board of Trustees for the Laborers
Local No. 265 Pension Plan

7/30/18
**Date**

[redacted]

**[redacted]tin Phillips**
[redacted]ized Trustee on behalf of the
[redacted]of Trustees for the Laborers
Local No. 265 Pension Plan

7/30/18
**Date**

**Declaration of Representative**

Under penalties of perjury, by my signature below I declare that:

- I am not currently suspended or disbarred from practice before the Internal Revenue Service;
- I am authorized to represent the Applicant for the matter(s) specified in this Power of Attorney and Declaration of Representative; and
- I am one of the following:

a. Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
b. Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
c. Enrolled Agent
d. Officer—a bona fide officer of the Applicant.
e. Full-Time Employee—a full-time employee of the Applicant.
f. Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.3(d) of Circular 230).
g. Enrolled Retirement Plan Agent

Licensing Jurisdiction: Ohio, Indiana, Michigan

Bar No.: 0068472 (OH), 34853-49 (IN), P80758 (MI)
CAF No.: 0306-88056R

**Signature of Representative and date:**

[redacted] 7/30/18

**Michael A. Ledbetter, Esq.** **Date**

**Representative Information No. 2**

Name: Jason Birkle, EA, MAAA, ASA

Address: Cuni, Rust & Strenk
4555 Lake Forest Drive, Suite 620
Cincinnati, Ohio 45242

Telephone: (513) 985-6184

Fax: (513) 985-6185

Email: jason.birkle@crsact.com

EIN: 31-1227755

With the exception of the acts described below, I authorize my representative(s) to receive and inspect my confidential tax information and to perform acts that I can perform with respect to the attached application dated July 31, 2018 for suspension of benefits under Section 432(e)(9). For example, my representative(s) shall have the authority to sign any agreements, consents, or similar documents.

Specific acts not authorized: None.

Signature of Applicant and Date

[redacted]

**Mr. Phi**[redacted]**mann**
Authorized Trustee on behalf of the
Board of Trustees for the Laborers
Local No. 265 Pension Plan

7/30/18
**Date**

[redacted]**Justin Phillips**
[redacted]orized Trustee on behalf of the
Board of Trustees for the Laborers
Local No. 265 Pension Plan

7/30/18
**Date**

Declaration of Representative

Under penalties of perjury, by my signature below I declare that:

- I am not currently suspended or disbarred from practice before the Internal Revenue Service;
- I am authorized to represent the Applicant for the matter(s) specified in this Power of Attorney and Declaration of Representative; and
- I am one of the following:

a. Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.

b. Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.

c. Enrolled Agent

d. Officer—a bona fide officer of the Applicant.

e. Full-Time Employee—a full-time employee of the Applicant.

f. Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.3(d) of Circular 230).

g. Enrolled Retirement Plan Agent

Enrollment Number: 17-07856

Signature of Representative and date:

[redacted] 7/30/2018

**Jason C. Birkle, EA, MAAA, ASA** **Date**

# EXHIBIT J

## PLAN DOCUMENTS

# LABORERS LOCAL NO. 265 PENSION PLAN

## AS AMENDED AND RESTATED

## JANUARY 1, 2015

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# LABORERS LOCAL NO. 265 PENSION PLAN
# AS
# RESTATED AND AMENDED

This Restated and Amended Pension Plan is hereby updated as of JANUARY 1, 2015, in accordance with the powers granted to the undersigned Trustees in the LABORERS LOCAL NO. 265 PENSION FUND RESTATED AGREEMENT AND DECLARATION OF TRUST, effective November 1, 1976.

On November 7, 1969, the then Trustees of the LABORERS LOCAL NO. 265 PENSION FUND, pursuant to the Agreement and Declaration of Trust effective January 21, 1969, adopted a certain Plan which provided pension benefits to eligible Employees.

## PREAMBLE

The purpose of the Plan is to provide pension benefits of all Employees and Beneficiaries (as defined herein) who satisfy the requirements respecting eligibility contained in the Plan. This Plan is intended to consolidate and update the Plan, with all amendments thereto, into one document to comply with all applicable laws, and is further intended to meet the applicable requirements of the Internal Revenue Code of 1986, the Employee Retirement Income Security Act of 1974, and all amendments and additions thereto.

The Predecessor Plan be and hereby is superseded by this Agreement, which revises, amends, restates and replaces the Predecessor Plan effective on January 1, 2015. Certain amendments are now incorporated in this restatement (i.e., principally those made to comply with certain requirements of the Pension Protection Act of 2006 (PPA), the final Section 415 regulations of the Internal Revenue Code, the Heroes Earnings Assistance and Relief Tax Act, the Worker, Retiree, and Employer Recovery Act, the United States v. Windsor decision and other applicable rules and regulations).

Except as specifically provided herein, or as subsequently provided by the Trustees, anything in this Agreement to the contrary notwithstanding, the rights of any Employee under the Predecessor Plan who has retired or otherwise left Covered Employment prior to the effective date of this Agreement shall be totally inapplicable to such Employees, except for the limited purpose of providing for the continued retention by the Trustees of any undistributed interests of such former Employees and the ultimate distribution of such interests exclusively in accordance with the terms of said Predecessor Plan and related trust agreement.

Except as specifically provided herein, or as subsequently provided by the Trustees, anything in this Agreement to the contrary notwithstanding, the replacement of the Predecessor Plan by this Plan shall not increase or enhance the Vested interests of former Employees under said Predecessor Plan or otherwise entitle such Employees to any distribution thereunder. Such replacement shall similarly not result in the reversion of any assets held under the terms of the Predecessor Plan or related trust agreement into the possession, ownership or control of any contributing Employers thereunder.

## ARTICLE I—DEFINITIONS

Wherever the following terms when used herein, unless the context clearly indicates otherwise, shall have the following respective meanings:

**Section 1.1 – ACCRUED BENEFIT.**

"Accrued Benefit" of a Participant shall mean that amount, as determined as of any specified date, which is equal to his Normal Retirement benefit computed in accordance with Article IV of the Plan, but based on Credited Service and contributions to the given date.

**Section 1.2 – ACTUARIAL EQUIVALENT.**

"Actuarial Equivalent" shall mean a benefit as of a given date, which has a value equal to the benefit or benefits otherwise payable under this Plan as certified by the Plan Actuary. This determination shall be based upon a 7.0% per annum interest rate assumption and the UP-1984 Unisex Mortality Table.

With respect to any lump sum payment or payment subject to Section 417(e) of the Internal Revenue Code, the following rules apply for distributions which commence on or after January 1, 2008. The Actuarial Equivalent lump sum value of a benefit shall be determined based upon the following interest and mortality assumptions:

A) The applicable interest rate for a Plan Year shall be the adjusted first, second and third segment rates applied under the rules similar to the rules of Section 430(h)(2)(C) of the Internal Revenue Code for the first full calendar month preceding the Plan Year which contains the date of distribution or such other time as the Secretary of Treasury may by regulations prescribe. For this purpose, the first, second and third segment rates are the first, second and third segment rates that would be determined under Section 430(h)(2)(C) of the Internal Revenue Code if:

1) Section 430(h)(2)(D) of the Internal Revenue Code were applied by substituting the average yields for the second full calendar month preceding the Plan Year which contains the date of distribution or such other time as the Secretary of Treasury may by regulation prescribe for the average yields for the 24-month period described in such Section; and

2) Section 430(h)(2)(G)(i)(II) of the Internal Revenue Code were applied by substituting "Section 417(e)(3)(A)(ii)(II)" for "Section 412(b)(5)(B)(ii)(II)";and

3) The applicable percentage under Section 430(h)(2)(G) of the Internal Revenue Code is treated as being 20% in 2008, 40% in 2009, 60% in 2010 and 80% in 2011.

B) The Applicable Mortality Table with respect to payments subject to Section 417(e) of the Internal Revenue Code shall be the mortality table prescribed in regulations under Section 417(e) of the Internal Revenue Code for use in the Plan Year that contains the date of distribution.

**Section 1.3 – ACTUARY.**

The term "Qualified Actuary" means any individual who has satisfied the standards and qualifications as set forth in the regulations of the Joint Board for the Enrollment of Actuaries and who has been approved as an enrolled actuary to perform actuarial services required under the Employee Retirement Income Security Act of 1974 (ERISA).

**Section 1.4 – ADMINISTRATOR.**

The term "Administrator" as used herein shall mean the Board of Trustees.

**Section 1.5 – AGREEMENT AND DECLARATION OF TRUST.**

"Agreement and Declaration of Trust" or "Trust" means the LABORERS LOCAL NO. 265 RESTATED AGREEMENT AND DECLARATION OF TRUST dated November 18, 1976, under which this Plan is established, and any amendments or restatements thereto.

**Section 1.6 – ALTERNATE PAYEE.**

"Alternate Payee" means a Spouse, former Spouse, child or other dependent of a Participant who is recognized by a Domestic Relations Order as having a right to receive all, or a portion of, the benefits under this Plan.

**Section 1.7 – ANNUITANT.**

The term "Annuitant" means an Employee who is receiving retirement benefits under this Plan.

**Section 1.8 – ANNUITY STARTING DATE.**

The first day of the first period for which an amount is paid as an annuity or any other form. The Annuity Starting Date for disability benefits shall be the date such benefits commence if the disability benefit is not an auxiliary benefit. An auxiliary benefit is a disability benefit which does not reduce the benefit payable at Normal Retirement Age. If benefit payments in any form are suspended for an Employee who continues in service without a separation and who does not receive a benefit payment, the recommencement of benefit payments shall be treated as a new Annuity Starting Date.

**Section 1.9 – ASSOCIATION.**

"Association" shall mean the Labor Relations Division, Cincinnati Division, Ohio Building Chapter, Associated General Contractors of America, Inc., Mason Contractors Association, and Plastering and Lathing Contractors Association, as successor Associations, and any other associations who may hereinafter become affiliated with this Fund.

**Section 1.10 – BENEFICIARY.**

The term "Beneficiary" as used herein shall mean a person designated by a Participant or by the terms of the Plan who is or may become entitled to a benefit thereunder. For purposes of the Required Minimum Distribution rules, the individual who is designated as the Beneficiary under the plan is the designated Beneficiary under Code Section 401(a)(9) and Treasury Regulation §1.401(a)(9)-1, Q&A-4.

**Section 1.11 – BOARD OF TRUSTEES.**

"Board of Trustees" means the Trustees and their successors, appointed to administer the Plan. The Trustees are the Named Fiduciaries for the Plan.

**Section 1.12 – COLLECTIVE BARGAINING AGREEMENT.**

"Collective Bargaining Agreement" shall mean any written contract by and between the Union and the Employers as defined herein and shall also include any and all extensions thereof, renewal or renewals thereof, any amendments or addenda thereto, any assents to participation, and any subsequent collective bargaining agreements, which provide pension contributions to be made to this Plan, Trust and Fund as presently existing or as hereafter amended.

**Section 1.13 – CONSULTANT.**

The term "Consultant" as used herein shall mean any person or entity who for compensation, advises, represents and provides other assistance to the Trustees concerning the operation of the Plan.

**Section 1.14 – CONTRIBUTIONS.**

The term "Contributions" as used herein shall mean the payments required of any Employer to the Fund, to include both paid and owed amounts.

**Section 1.15 – COVERED EMPLOYMENT.**

"Covered Employment" shall mean employment by an Employee for which such Employer has agreed to contribute to the Fund under a written Collective Bargaining Agreement with the Union or under any other written agreement. Covered employment shall include employment with the Union as an Employee of the Union or of the Fund, or as an elected or an appointed Official of the Union, insofar as the Union or the Fund makes contributions to the Fund with respect to said employment pursuant to an Assent of Participation and the Trustees agree to accept such Officer or Employee. Covered Employment shall also include a person, represented by or under the jurisdiction of the Union, who shall be employed by a Governmental Unit or Agency, in accordance with a written agreement, ordinance, resolution, or Assent of Participation.

**Section 1.16 – CREDITED SERVICE.**

"Credited Service" of an Employee are those Hours of Service used to compute the following:

a) Service computed in accordance with Article II hereof to determine Employees eligibility for benefits hereunder;

b) Service on which contributions are owed or received in accordance with Article IV to determine the benefit payable.

**Section 1.17 – CUSTODIAN.**

The term "Custodian" as used herein shall mean one who is officially entrusted with guarding and keeping records and documents of the Trust Fund.

**Section 1.18 – DOMESTIC RELATIONS ORDER.**

"Domestic Relations Order" means any judgment, decree or order (including approval of a property settlement agreement) that: (1) relates to the provision of child support, alimony payments, or marital property rights to a Spouse, former Spouse, child, or other dependent of a Participant; and (2) is made pursuant to a state domestic relations law (including a community property law).

**Section 1.19 – ELIGIBILITY FOR PARTICIPATION.**

An Employee must earn 1,000 hours of Credited Service to be eligible for Participation.

**Section 1.20 – EMPLOYEE.**

The term "Employee" shall include:

a) All the Employees working or available for work in the collective bargaining unit and represented for the purpose of collective bargaining by the Union who are employed by Employers who are signatory to the Trust Agreement or who signify their intention to be bound by this Trust Agreement by signing a Collective Bargaining Agreement or an Assent of Participation and by making payments into the Fund hereby created.

b) Elected or appointed Officer or Employee of the Union, its State Affiliated or International Organization, or any Association entering into contractual relations with the Union; providing that the Trustees agree to accept such Officer or Employee.

c) A person, represented by or under the jurisdiction of the Union, who shall be employed by a Governmental Unit or Agency, and on whose behalf payment of contributions shall be made at the times and at the rate of payment equal to that paid by an Employer, as defined in Section 1.21 of this Article, in accordance with a written agreement, ordinance, resolution, or assent of participation.

The term "Employee" shall not include self-employed persons who are described as follows:

a) a sole proprietor who is a contributing Employer, and the spouse of sole proprietor, or

b) a partner in a contributing Employer, regardless of the size of the partnership interest and any spouse of any partner, or

c) officers or directors of a contributing Corporate Employer, or anyone who, alone or with a spouse, owns 51% or more of the stock of a contributing Employer, or

d) Anyone else whose ownership interest in a contributing Employer would, in the opinion of the Trustees jeopardize the tax exempt status of the Fund, or violate ERISA.

**Section 1.21 – EMPLOYER.**

The term "Employer" means and shall be deemed to include any person, firm, association, partnership or corporation employing Employees working in the Collective Bargaining Unit of the Union as well as Employers who employed persons represented for purposes of collective bargaining by the Union and who signify their intentions to be bound by the provisions of the Agreement and Declaration of Trust by signature hereto, or by signing an Assent of Participation, and by making payments into the Fund hereby created. This section shall also include the Laborers International Union of N.A., Local No 265 as an Employer for those Employees working in full time capacities of the Union. The term "Employer" as used in this Plan shall be further deemed to include the Trust itself and any Governmental Unit or Agency that agrees to participate by ordinance, resolution, or Assent of Participation.

**Section 1.22 – ERISA.**

The term "ERISA" as used herein shall mean the Employee Retirement Income Security Act of 1974 and any amendments thereto, together with any regulations promulgated pursuant to its provisions.

**Section 1.23 – FIDUCIARY.**

In addition to the Trustees, the term "Fiduciary" shall mean a person who exercises any discretionary authority or discretionary control respecting management of this Plan or exercises any authority or control respecting management or disposition of its assets; who renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of this Plan, or has any authority or responsibility to so; or has any discretionary authority or discretionary responsibility in the administration of this Plan.

**Section 1.24 – FORFEITED SERVICE.**

"Forfeited Service" means the Years of Credited Service otherwise credited to an Employee which become forfeited. All Credited Service of a Non-Vested Employee shall be forfeited at the time such Employee suffers the greater of consecutive one (1) year Breaks in Service equal to or exceeding such Non-Vested Employee's prior Years of Credited Service, or five (5) years. In the event Forfeited Service does occur, all benefits accrued under the Plan with respect to such Forfeited Service shall also be forfeited. If an Employee forfeits Credited Service under this Plan and subsequently returns to employment with an Employer, such Employee shall be treated as if he were a new Employee first beginning to work with an Employer. If a Participant is a Vested Employee, he cannot forfeit Credited Service under this Plan.

**Section 1.25 – HOUR OF SERVICE.**

"Hour of Service" shall mean:

a) Each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer. These hours shall be credited to the Employee for the computation period or periods in which the duties are performed; and

b) Each hour for which an Employee is paid, or entitled to payment, by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. No more than 501 hours of service shall be credited under this paragraph for any single continuous period (whether or not such period occurs in a single computation period). Hours under this paragraph shall be calculated and credited pursuant to section 2530.200b-2 of the Department of Labor Regulations which are incorporated herein by this reference; and

c) As a credit toward vesting, for each hour for which an Employee, formerly in covered employment, is paid or entitled to payment for the performance of duties as a result of a transfer to other duties by his signatory Employer, which duties are not considered as covered employment.

d) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same hours of service shall not be credited both under paragraph (a) or (b), as the case may be, and under this paragraph (d). These hours shall be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made.

e) Where the Employer maintains the plan of a predecessor Employer, service for such predecessor Employer shall be treated as service for the Employer.

f) As a credit towards vesting, for each hour for which an Employee, formerly in covered employment, is paid or entitled to payment for the continued performance of duties for his signatory Employer, whether or not such duties are considered as covered employment or management duties, as a result of a change in status from that of an Employee of said signatory Employer to that of management of said signatory Employer, for which such status change results in the inability to have contributions paid on his behalf.

g) In the event an Employee is on military leave while the Employee's re-employment rights are protected by law, the Employee will receive credit for Hours of Service to the extent required by Section 414(u) of the Internal Revenue Code.

h) In addition, solely for the purpose of vesting and determining whether a Break in Service has occurred, the Plan shall credit Hours of Service to the extent required by the Family and Medical Leave Act of 1993.

**Section 1.26 – INVESTMENT MANAGER.**

"Investment Manager" means any person, firm or corporation who has been appointed by the Trustees as such and has evidenced acknowledgment and acceptance of such appointment by a document signed in writing and returned to the Trustees and who is registered as an Investment Advisor under the Investment Advisor's Act of 1940; is a Bank as defined in that Act; or is an Insurance Company qualified under the laws of more than one State to have the power to manage, acquire or dispose of the assets of Trust Funds such as this Fund.

**Section 1.27 – JOINT AND SURVIVOR SPOUSE ANNUITY.**

"Joint and Survivor Spouse Annuity" shall be that annuity as determined herein which is payable to the Retiree for so long as he lives and then to his surviving Spouse so long as she lives.

**Section 1.28 – NAMED FIDUCIARIES.**

The Board of Trustees as designated in Section 3.1 of the Restated Agreement and Declaration of Trust shall constitute the Named Fiduciaries of the Trust, and jointly shall have authority to control and manage the operation and administration of the Pension Plan.

**Section 1.29 – NON-VESTED EMPLOYEE.**

"Non-Vested Employee" shall mean a Participant who has not yet met the vesting standards of the Plan and earned a non-forfeitable right to a pension benefit at Normal Retirement Age.

**Section 1.30 – NORMAL RETIREMENT AGE.**

"Normal Retirement Age" shall mean from and after the Participant's sixty-second ($62^{nd}$) birthday.

**Section 1.31 – ONE YEAR BREAK IN SERVICE.**

"One Year Break in Service" means any Plan Year during which an Employee has not completed one (1) Hour of Service.

**Section 1.32 – PARTICIPANT.**

The term "Participant" as used herein shall mean any Employee or former Employee of an Employer who is eligible to receive a benefit of any type from the Fund or whose beneficiaries may be eligible to receive any such benefit.

a) Prior to November 1, 1999, an Employee became a Participant in the Plan by completing one (1) Hour of Service.

b) On and after November 1, 1999, an Employee will become a Participant in the Plan on the first day of the month following the completion of 1,000 Hours of Service.

**Section 1.33 – PARTY IN INTEREST.**

The term "Party in Interest" as used herein shall mean such persons as are described in ERISA.

**Section 1.34 – PLAN.**

"Plan" means the Laborers' Local No. 265 Pension Plan.

**Section 1.35 – PLAN YEAR.**

"Plan Year" means a twelve (12) consecutive month period beginning on November 1 and ending on October 31.

**Section 1.36 – PROFESSIONAL ADMINISTRATOR.**

The term "Professional Administrator" as used herein shall mean that person or company retained by the Board of Trustees to carry out the ministerial functions of the Plan and such other activities as may be requested by the Board of Trustees.

**Section 1.37 – QUALIFIED DOMESTIC RELATIONS ORDER.**

"Qualified Domestic Relations Order" means any Domestic Relations Order which has been determined by the Trustees in accordance with procedures established under the Plan to constitute a Qualified Domestic Relations Order within the meaning of Section

414(p) of the Code, or any successor thereto, or is a Domestic Relations Order entered into before January 1, 1985 which satisfies the requirements of Internal Revenue Service Revenue Ruling 80-27.

**Section 1.38 – QUALIFIED ELECTION.**

A "Qualified Election" is the process by which a Participant completes a waiver of a Qualified Joint and Survivor Annuity or a Qualified Pre-Retirement Survivor Annuity. Such waiver shall not be effective unless: a) the Participant's Spouse consents in writing to the election; b) the election designates a specific alternate Beneficiary, including any class of beneficiaries or any contingent beneficiaries, which may not be changed without spousal consent (or the Spouse expressly permits designations by the Participant without further spousal consent; c) the Spouse's consent acknowledges the effect of the election; and d) the Spouse's consent is witnessed by a plan representative or notary public. Additionally, a Participant's waiver of the Qualified Joint and Survivor Annuity will not be effective unless the election designates a form of benefit payment which may not be changed without spousal consent (or the Spouse expressly permits designations by the Participant without any further spousal consent). If it is established to the satisfaction of a plan representative that such written consent may not be obtained because there is no Spouse or the Spouse cannot be located, a waiver will be deemed a Qualified Election.

Any consent by a Spouse (or establishment that the consent of a Spouse may not be obtained) shall be effective only with respect to such Spouse. A consent that permits designations by the Participant without any requirement of further consent by such Spouse must acknowledge that the Spouse has the right to limit consent to a specific Beneficiary, and a specific form of benefit where applicable, and that the Spouse voluntarily elects to relinquish either or both of such rights. A revocation of a prior waiver may be made by a Participant without the consent of the Spouse at any time prior to the commencement of benefits. The number of revocations shall not be limited. No consent obtained under this provision shall be valid unless the Participant has received notice as provided in Article VI below.

**Section 1.39 – RETIREMENT.**

The term "Retirement" shall mean that the Participant has withdrawn from employment in the industry, and is no longer available for work in any of the job classifications as set forth in the Collective Bargaining Agreement of the Union. For purposes of clarification, a Participant shall not be considered as retired if he returns to employment in the construction industry within sixty (60) days from the effective date of his retirement pursuant to his retirement application.

**Section 1.40 – SPOUSE.**

"Spouse" means a person to whom a Participant is legally married. Whether a marriage is legal shall be determined by federal law and shall include a same-sex Spouse where the Participant and Spouse were legally married in a state that recognizes same-sex marriages. A Spouse may also be a former Spouse designated as a Surviving Spouse by the terms of a valid Qualified Domestic Relations Order. A former Spouse will be treated as the Spouse or surviving Spouse and a current Spouse will not be treated as the Spouse or surviving Spouse to the extent provided under a Qualified Domestic Relations Order as described in Section 414(p) of the Code.

**Section 1.41 – TRUST FUND.**

The term "Trust Fund" shall mean the LABORERS LOCAL NO. 265 PENSION FUND established pursuant to the terms of the Agreement and Declaration of Trust as described herein. It shall include but not be limited to all funds received in the form of contributions (both paid and required to be paid), together with all contracts, including dividends, interests, refunds, transfers of fund under reciprocity, and any other sums payable to the Trustees on account of such contracts, all investments made and held by the Trustees, all income, increments, earnings and profits therefrom, and any and all other property of funds received and held by the Trustees by reason of their acceptance of this Agreement and Declaration of Trust.

**Section 1.42 – UNION.**

"Union" as used in this Plan means the Laborers International Union of North America, Local No. 265.

**Section 1.43 – VESTED.**

The term Vested shall mean that the Participant shall have a non-forfeitable right to Pension benefits under either of the following, subject to "Break in Service" rules:

a) For Participants represented by the Collective Bargaining Unit of the Union,
   - i) the accumulation of ten (10) Years of Credited Service as defined herein, or
   - ii) effective November 1, 1996, the accumulation of five (5) Years of Credited Service, provided that at least one (1) Hour of Service has been credited subsequent to October 31, 1996, or
   - iii) for active Participants who have not accumulated five (5) Years of Credited Service, the later of the attainment of Normal Retirement Age or the fifth ($5^{th}$) anniversary of the time he commenced participation in the Plan.

b) For Participants not represented by the Collective Bargaining Unit of the Union,
   - i) the accumulation of five (5) Years of Credited Service, provided that at least one (1) Hour of Service has been credited subsequent to October 31, 1989, or
   - ii) the later of the attainment of Normal Retirement Age or the fifth ($5^{th}$) anniversary of the time he commenced participation in the Plan.

**Section 1.44 – VESTING SERVICE.**

"Vesting Service" means Credited Service as defined in Article II.

**Section 1.45 – YEAR OF SERVICE.**

"Year of Service" shall mean the same as a year of Credited Service in Article II.

## ARTICLE II—CREDITED SERVICE

**Section 2.1 – CREDITED SERVICE.**

The Credited Service of an Employee is used to determine eligibility for benefits and shall be computed in accordance with the following schedule:

a) Credited Service Prior to November 1, 1968. It is recognized that it may be difficult or impossible for an Employee to obtain verification of his employment in years prior to November 1, 1968, due to the fact that he may have worked for a great number of Employers, many of whom are no longer in existence and many of whom are no longer doing business in the jurisdictional area of the Union. Therefore, subject to conditions of Section 2.1 (a) (i) hereof, an Employee shall be given credit for service prior to November 1, 1968, with a maximum credit limited to a period of twenty (20) years, in years or fractions of a year computed to the nearest one-tenth ($1/10^{th}$) of a year during which he had consecutive continuous membership in the Union; provided, however, that such an Employee who had employment with an Employer in the Collective Bargaining Unit represented by the Union prior to his last continuous date of Union membership or an Employee who is not a member of the Union, shall be given credit for such service on the basis of one (1) year for each one thousand (1000) hours worked in a calendar year or one-tenth ($1/10^{th}$) of year for each one hundred (100) hours worked if less than one thousand (1000).

i) except as provided in Sections 3.4 and 3.5, Credited Service prior to November 1, 1968, shall not be granted to any Employee who fails to have contributions on his behalf for at least one thousand (1000) hours worked subsequent to November 1, 1968.

b) Credited Service from November 1, 1968 to October 31, 1976. For each Plan Year beginning on or after November 1, 1968, an Employee shall accrue one (1) year of Credited Service if contributions have been made on his behalf to the Trust Fund for one thousand (1,000) or more hours. If contributions have been made for less than one thousand (1,000) hours, he shall be credited with one-tenth ($1/10^{th}$) of a year for each one hundred (100) such hours.

c) Credited Service After November 1, 1976. For each Plan Year beginning on or after November 1, 1976, an Employee shall accrue one (1) year of Credited Service if he completes one thousand (1,000) or more Hours of Service in such Plan Year. If he completes less than one thousand (1,000) Hours of Service he shall be credited with one-tenth (1/10$^{th}$) of a year for each one hundred (100) such hours.

d) Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code and the Uniformed Services Employment and Re-employment Rights Act (USERRA).

**Section 2.2 – BREAK IN SERVICE.**

The continuity of Covered Employment shall be considered an essential element under this Plan. The continuity of Covered Employment shall be considered broken and except for Vested Participants and further except for grace periods defined below, all previously accumulated Years of Credited Service and pension credits shall be forfeited if an Employee is charged with a number of consecutive one-year Breaks in Services exceeding the greater of: five (5) or the aggregate number of years of service before such Breaks in Service.

**Section 2.3 – GRACE PERIOD FOR COVERED EMPLOYMENT.**

It shall not be considered a Break in Service and an Employee shall be granted a Grace Period if his failure to earn any pension credits in any period of time equivalent to the period as set forth in Section 2.3 hereof is due to the following:

a) An individual who is absent from work for maternity or paternity reasons shall receive credit for one (1) Hour of Service for each hour of employment which would otherwise have been credited to such individual but for such absence. For purposes of this paragraph, an absence from work for maternity and paternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of a birth of a child to an individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement. The Hours of Service credited under this paragraph shall be credited: (1) in the computation period in which the absence begins if the crediting is necessary to prevent a Break in Service in that period, or (2) in all other cases, in the following computation period. No more than one (1) hour is required to be credited to a Participant pursuant to this paragraph to prevent a Break in Service.

b) Total disability, in which case a Grace Period of up to three (3) years will be allowed during the continuance of such disability, but in the case of a Pensioner receiving Disability Retirement benefits, the Grace Period shall not be granted for any less than that period of time for which he is receiving such disability pension. Total disability for the purpose of this Section of the Plan is to be determined in the sole satisfaction of the Trustees. In order to secure the benefit of the disability Grace Period, an Employee must give written notice to the Trustees that he is disabled. No Grace Period shall be granted for any period prior to one (1) year preceding the receipt of such written notice, unless the Trustees find there are extenuating circumstances which prevent timely filing.

c) Military service in the Armed Forces of the United States, in which case a Grace Period shall be granted for the entire time the Employee was engaged in such military service, provided he makes himself available for work in covered employment within ninety (90) days after separation from active service in the Armed Forces, or within ninety (90) days after recovery from a disability incurred during military service.

d) After the last contribution date, the promotion of an Employee by an Employer to an employment category not covered by the Collective Bargaining Agreement in effect between the Employer and the Union, or an Employee's acceptance of full time employment with the local Union, the International or other Employer approved by the Trustees, in which cases a Grace Period for the entire length of such employment will be granted. In order to secure the benefit of a grace period an application in writing must be submitted to the Trustees within twenty-four (24) months after the date that the Employee leaves Covered Employment.

e) For purposes of determining whether a Break in Service has occurred, periods during which an Employee is absent from work due to an Approved Leave of Absence granted by the Trustees shall not be considered a Break in Service during such periods.

Approved Leave of Absence means any absence authorized by the Trustees, provided that all persons under similar circumstances must be treated alike in the granting of such approved Leave of Absence, and provided further that the Employee retires or returns to work within the period specified in the Approved Leave of Absence.

The exceptions noted in (a)-(e) of this Section are not intended to add to the pension credits of any Employee. They are merely intended to set forth a period which may be disregarded in determination of whether a break in Covered Employment has occurred.

## ARTICLE III—ELIGIBILITY FOR BENEFITS

**Section 3.1 – NORMAL RETIREMENT.**

An Employee who is a Vested Participant in the Plan shall have a non-forfeitable right to retirement benefits, and shall be entitled to retire on the later of the attainment of his Normal Retirement Age or the fifth (5th) anniversary of the time he commenced participation in the Plan. His date of retirement shall be on or after the first day of the month next following the date upon which written application for retirement is filed with the Trustees or their authorized agent, accompanied with satisfactory evidence of his date of birth. This Section shall entitle the Employee to Normal Retirement benefits as provided in Section 4.1 hereunder.

**Section 3.2 – EARLY RETIREMENT.**

a) Retirement at age 55 years or later with ten (10) or more Years of Credited Service in the Plan – Reduced Benefits. On and after November 1, 1983, an Employee in the Plan shall be entitled to retire on the first (1st) day of the month following the later of the attainment of age 55 years, and the completion of ten (10) or more Years of Credited Service in the Plan, (at least 1,000 hours of which participation shall be Credited Future Service as defined in the Plan), but who has not as yet attained his Normal Retirement Age. This Section shall entitle the Employee to Early Retirement benefits as provided in Section 4.2 hereunder.

b) Retirement at age 60 years or later, with thirty (30) Years of Credited Service, in the Plan. On and after February 1, 1995, a Participant shall be entitled to retire on the first (1st) day of the month following the attainment of age 60 years or later and the completion of 30 or more Years of Credited Service in the Plan, at least 1,000 hours of which shall be Credited Future Service, but who has not as yet attained his normal age of retirement.

c) Retirement at age 58 years or later, with 30 Years of Credited Service in the Plan. On and after February 1, 1996, a Participant shall be entitled to retire on the first (1st) day of the month following the attainment of age 58 years or later and the completion of 30 or more Years of Credited Service in the Plan, at least

1,000 hours of which shall be Credited Future Service, but who has not as yet attained his normal age of retirement.

d) Retirement at age 55 years or later with 30 Years of Credited Service in the Plan. On and after November 1, 1998, a Participant shall be entitled to retire on the first ($1^{st}$) day of the month following the attainment of age 55 years or later and the completion of 30 or more Years of Credited Service in the Plan, at least 1,000 hours which shall be Credited Future Service, but who has not as yet attained Normal Retirement Age.

e) Retirement at age 55 years or later, with five (5) or more Years of Credited Service in the Plan – Reduced Benefits. On and after August 1, 2000, an Employee in the Plan who has not as yet attained his retirement age, shall be entitled to retire on the first ($1^{st}$) day of the month following the later of the attainment of age 55 years, and the completion of five (5) or more Years of Credited Service in the Plan, (at least 1,000 hours of which participation shall be Credited Future Service as defined in the Plan, and at least one (1) Hour of Service shall be Credited Future Service as defined in the Plan, and at least one (1) Hour of Service shall have been credited subsequent to October 31, 1996). This Section shall entitle the Employee to Early Retirement benefits as provided in Section 4.2 hereunder.

A Participant retiring under this Subsection (e) shall be subject to the suspension or loss of benefit provisions of the Plan as they apply to Early Retirement as set forth in Section 5.3(b) of the Plan.

f) Retirement at age 55 years or later with 30 Years of Credited Service in the Plan. On or after July 1, 2002, a Participant shall be entitled to retire on the first ($1^{st}$) day of the month following the attainment of age 55 years or later and the completion of 30 or more Years of Credited Service in this Plan or when combined with Credited Service in the companion Laborers Ohio State Pension Fund, at least 1,000 hours of which shall be Credited Future Service in this Plan.

A Participant retiring under sub-sections (b), (c), (d) and (f) above for Early Retirement shall be subject to the suspension or loss of benefit provisions of the Plan as they apply to Normal Retirement under Section 5.3 (c) and not for suspension or loss of benefits under Early Retirement as set forth in Section 5.3 (b) of the Plan. Further, Participants retiring under sub-subsections (b), (c), (d) and (f) above shall be entitled to Early Retirement as provided in Section 4.1 hereunder and shall not be reduced by the provisions of Section 4.3 hereunder.

**Section 3.3 – DISABILITY RETIREMENT.**

An Employee, who while an active Participant in the trade by having contributions made on his behalf to this Fund from local contributing Employers, or to a companion laborer's Pension Fund affiliated with the International Laborers Union of North America and/or Laborers Local 265 Pension Fund, for hours worked within the 24-month period immediately previous to date of disability, and who permanently and totally disabled prior to normal retirement, shall be entitled to retire and to be eligible for disability benefits as provided in subsections (a) or (b) hereunder.

a) Total Employment Disability with Full Benefits. An Employee shall be deemed to be permanently and totally disabled only if a determination has been made by the Social Security Administration of Medical Disability in connection with Old Age and Survivors Insurance Coverage. If the applicant is not eligible for Social Security determination, because sufficient qualifying quarters have not been worked under the Social Security System, the Trustees may, at their sole discretion, make a determination of the disability based upon verified medical proofs of such disability provided by the applicant. An Employee eligible for Disability Retirement under this section shall be entitled to retire and be eligible for disability benefits as provided in Section 4.4 of the Plan.

b) Total Trade Disability with Reduced Benefits. An Employee shall be deemed to be permanently and totally disabled from the trade if a determination has been made by the Social Security Administration of Medical Disability in connection with Old Age and Survivors Insurance Coverage, that said person is totally and permanently unable, as a result of bodily injury or disease, to engage in any of the work related classifications of covered employment under any Collective

Bargaining Agreement associated with the International Laborers Local Union No. 265, or in any work related areas affiliated or associated with the laborers trade. If the applicant is not eligible for Social Security determination, because sufficient qualifying quarters have been worked under the Social Security System, or if the Social Security denial letter is not specific regarding disability from the trade, the Trustees may, at their sole discretion, make a determination of the disability based upon verified medical proofs of such disability provided by the applicant. At least one doctor's report verifying the disability must be part of the disability application. An Employee eligible for disability retirement under this section shall be entitled to retire and be eligible for Disability Retirement benefits as provided in Section 4.4 of the Plan.

c) Medical Certification. The Board of Trustees may require an Employee applying for any type of disability benefit to submit to an independent examination by a physician or physicians selected by the Trustees, and may be required to submit to reexaminations periodically as the Board of Trustees may direct. The Board of Trustees shall be the sole judge of total and permanent disability or of total and permanent disability from the trade and of the entitlement to a Disability Retirement benefit hereunder based upon findings by the Social Security Administration as set forth above or, in the alternative, by another medical board as set forth above if required. Upon conversion to Normal Retirement, a former Participant receiving the Disability Retirement Benefit shall not be required to submit to continuing proof of disability.

d) Coordination with Early Retirement. As to either Section a) or b) above, if a Participant or former Participant has applied for Disability Retirement Benefits but is also eligible for Early Retirement benefits, such person may elect to have the Early Retirement Benefit commence as provided in Section 3.2. In such event, if the Participant or former Participant is subsequently determined to be eligible for the Disability Retirement Benefit if rules are met, and the effective date of the disability is prior to the Early Retirement date, his or her future monthly retirement benefit shall be adjusted to reflect the amount of the Disability Retirement Benefit, and a lump sum payment equal to the product of (a) the difference between the monthly amount of the Disability Retirement Benefit and the Early

Retirement Benefit and (b) the number of months for which the Early Retirement Benefit was paid, shall either be paid to such person or offset against future benefits. This lump sum payment shall also include a disability retirement benefit retroactive to the effective date for payments of a disability retirement benefit up to the date of commencement of the early retirement benefit.

i) Effective February 26, 2010, no lump sum payments shall be available from the Plan.

Any Participant receiving a Total Trade Disability with reduced benefits in accordance with this section, shall be allowed to convert said disability to a Total Employment Disability as set forth in sub-section a above, upon proof of eligibility for such total and permanent disability with full benefits. However, any subsequent finding of total and permanent disability to allow for such conversion from a Total Trade Disability must be based on a date of disability prior to the determination of date of disability from the trade only.

Notwithstanding the above, any Participant who has elected Early Retirement and who subsequently becomes disabled, shall not be entitled to a Disability Retirement benefit.

e) Commencement of Benefits. Upon approval of the application for benefits, the payment of the disability benefits will begin as of the first day of the month following the month of payment under a Social Security determination, or the first day of the month, six (6) months subsequent to the disability, or as determined by the Trustees' based on all of the medical evidence presented.

f) Date of Disability. The date of disability shall be determined to have occurred on the date determined by the Social Security Administration. If a Disability Benefit is based upon any other medical board approved by the Board of Trustees, or a dispute arises as to the disability date established by the Social Security Administration, the Trustees can determine the onset of disability based upon substantial and creditable evidence, of which the Trustees shall be the sole judge, that the disability condition that led to the person's total and permanent disability first started no later than 24 months after the last contributions received on behalf of said applicant as stated in this section, the disabling condition was continuous from the time it first occurred, although it might have varied in intensity, until it resulted in the person's total and permanent disability and no other disabling conditions started or occurred after the 24 month period of the last contributions received on the behalf of the applicant which substantially contributed to the person's total and permanent disability.

g) Cessation of Total and Permanent Disability. As to Section a) and b) above, any Employee retiring under this disability pension provision as outlined above, who subsequently ceases to be totally and permanently disabled as outlined above, or disabled from the trade as outlined above, may then return to covered employment and thereby resume the accrual of pension credits as outlined in Article II of this Plan or may apply for an Early Retirement Benefit, as provided by the Plan in which case the Early Retirement Benefit shall become payable for the month immediately following the month of which the Disability Retirement Benefit terminates. Said disability benefits will terminate upon cessation of total and permanent disability.

h) Cessation of Disability Payment. The Disability Retirement Benefit shall cease with the payment due for the month immediately preceding the former Participant's Normal Retirement Date, as of which he or she shall be deemed eligible for the Normal Retirement Benefit.

i) At Normal Retirement at the Participants Normal Retirement Age, as of which he or she shall be deemed eligible for Normal Retirement benefits, said disability benefits being received will be converted to a joint and survivor benefit, if the Participant is married, unless said joint and survivor option is waived by the surviving spouse.

ii) Upon the death of the Participant prior to Normal Retirement Age, the disability benefits being received will be converted to a qualified pre-retirement death benefit, for any benefits still payable, or to a 100% qualified pre-retirement survivor annuity under Section 4.5 of the Plan.

i) Earnings by a Disability Pensioner - Suspension of Benefits.

i) For those receiving a disability pension under subsection a) – Total Employment Disability with Full Benefits. A disability pensioner shall not be entitled to receive a monthly disability payment for any month during which he earns more than that amount allowed to be earned under Social Security Regulations. A disability pensioner shall report any and all earnings from any employment in excess of that amount allowed under Social Security to the office of the Pension Fund, in writing, within fifteen (15) days after the end of each quarter in which he had such earnings. If a disability pensioner fails to make such timely reports as required by this section, he shall be disqualified for benefits for twelve (12) months in addition to the duration of such employment for such violation.

ii) For those receiving a disability pension under subsection b) – Total Trade Disability with Reduced Benefits. A disability pensioner who is receiving disability payments in accordance with Section b) above shall not be entitled to receive a monthly disability payment for any month during which he works any hours in any of the work related classifications of covered employment under any Collective Bargaining Agreement affiliated or associated with the International Laborers Union of North America Local 265 or generates any contributions into any Pension Fund affiliated or associated with the International Laborers Union of North America or in any of the work related classifications of covered employment under the jurisdiction of the Construction and/or Building Trades. A disability pensioner shall report to the office of the Pension Fund, in writing, of his intention to resume employment for the purpose of suspending his disability benefits. In the absence of prior written approval, a disability pensioner shall report any and all earnings from any employment of related classification of covered employment under the collective bargaining agreement at all to the office of the Pension Fund, in writing, within fifteen (15) days after the end of each quarter in which he has such earning. If a disability pension fails to notify the Pension Fund office or to make such timely reports as required by this

Section, he shall incur the following penalties: pension benefits are suspended for the duration of any period of employment set forth herein; he shall be permanently disqualified and ineligible for any further disability benefits under Section b) above; and said pensioner shall repay all disability benefits paid during any period in which he was employed during the period of suspension of benefits.

The repayment of any disability benefits shall occur within thirty days after notice by the Fund Office. Failure to repay said disability benefits in a timely fashion will result, where appropriate, in a deduction of the actuarial equivalent of said repayment from any pension which may subsequent thereto become due and payable to or on behalf of the Participants.

j) From November 1, 1999 to February 25, 2010, an active Employee who has not completed five (5) years or more of Credited Service and who is permanently and totally disabled prior to Normal Retirement Age as defined in Section 3.3(a) may apply for and receive as a lump sum payments the contributions which have been credited to his account in this Plan. No lump sum payment of Contributions was provided for disability from the trade as defined in Section 3.3 (b). Additionally, all lump sum payments from the Plan were eliminated as of February 26, 2010.

**Section 3.4 – VESTED DEFERRED RETIREMENT.**

Any Vested Participant who ceases to work for an Employer making contributions on his behalf to the Trust shall be entitled to a non-forfeitable retirement benefit commencing on the first (1st) day of the month following his 62nd birthday, computed on the same basis as Normal Retirement under Section 3.1 hereof, or commencing on the first (1st) day of any month following his 55th birthday and prior to his 62nd birthday, computed on the same basis as Early Retirement under Section 3.2 provided he satisfies service requirements.

**Section 3.5 – PARTIAL PENSION.**

Partial Pensions are provided under this Plan for Employees who would otherwise lack sufficient Credited Service to be eligible for any pension because their years of employment were divided between different Pension Plans, or, if eligible, whose pensions would be less than the full amount because of such division of employment. The eligibility of the Participant shall be in accordance with a duly adopted reciprocal agreement with one or more other pension plans, which are considered as related Plans. Eligibility for a Disability Retirement benefit hereunder shall be subject to the provisions of Section 3.3 herein.

**Section 3.6 – POSTPONED RETIREMENT.**

A Participant who defers his retirement past his Normal Retirement Age because of continuing employment shall have his benefits suspended until his actual retirement date, but shall continue to accrue retirement benefits in accordance with Article IV. Under these circumstances, the actual retirement date shall be considered as his Normal Retirement date for purposes of determining benefits.

**Section 3.7 – LATE RETIREMENT.**

A Plan Participant who retires as of a Late Retirement Date, which is any date subsequent to Normal Retirement Date, shall be entitled to receive a monthly pension in an amount that is equal to the greater of the Accrued Benefit as of the Late Retirement Date or the benefit that would have been payable at his Normal Retirement Date. In determining the actuarially increased benefit the Plan Actuary shall calculate the single sum actuarial value of the Participant's Normal Retirement Benefit as though he had actually retired on his Normal Retirement Date. This amount shall be increased by interest, compounded annually as of each anniversary of the Participant's Normal Retirement Date (and prorated for any partial year) to the date of his Late Retirement or the date of his death if earlier. The amount of the Participant's Late Retirement Benefit shall then be that pension benefit which such single sum actuarial amount can provide the Participant at his then attained age. In calculating this determination, the Actuary shall use such interest and mortality tables as are specified under the definition of Actuarial Equivalent in Section 1.2.

## ARTICLE IV—RETIREMENT BENEFITS

**Section 4.1 – NORMAL RETIREMENT.**

The monthly retirement benefits of an Eligible Employee shall be computed according to the following formula, and as may be adjusted under Section 4.2 hereof:

a) $1.50 per month for each year of Credited Service for service prior to November 1, 1968, not in excess of 20 years, reduced by one (1) year for each year of Credited Future Service; plus

b) 4.35% of the amount of Contributions made by an Employer on behalf of the Employee from November 1, 1968, to October 31, 1976; plus

c) $1.00 for each 100 Hours of Service completed in each Plan Year from November 1, 1976, to October 31, 1977; plus

d) $1.50 for each 100 Hours of Service completed in each Plan Year from November 1, 1977, to October 31, 1979; plus

e) $1.75 for each 100 Hours of Service completed in each Plan Year from November 1, 1979, to October 31, 1982; plus

f) $2.50 for each 100 Hours of Service completed in each Plan Year from November 1, 1982, to October 31, 1983; plus

g) 2.24% of the amount of Contributions made by an Employer on behalf of the Participant from November 1, 1983, to October 31, 1985; plus

h) 2.552% of the amount of Contributions made by an Employer on behalf of the Participant from November 1, 1985, to October 31, 1987; plus

i) 2.65% of the amount of Contributions made by an Employer on behalf of the Participant from November 1, 1987, to October 31, 1988, plus

j) 2.915% of the amount of Contributions made by an Employer on behalf of the Participant from November 1, 1988, to October 31, 1994, plus

k) 2.50% of the amount of Contributions made by an Employer on behalf of the Participant from November 1, 1994, to October 31, 1999; plus

l) 2.3% of the amount of Contributions made by an Employer on behalf of the Participant from November 1, 1999 through February 28, 2009;

m) $15.00 per month for each year of Benefit Service based upon the base journeyman's rates in effect for hours reported from and after March 1, 2009. A year of Benefit Service is defined as that Plan year during which a Participant earns 1,200 Hours of Service for which contributions have been received. More or less than 1,200 hours shall result in a pro rata adjustment of the monthly benefit. For purposes of benefit accrual, hours worked at a contribution rate other than the base journeyman's rate then in effect shall be adjusted to said base journeyman rate.

**Section 4.2 – ADJUSTMENTS TO RETIREMENT FORMULA.**

The retirement formula set forth in Section 4.1 above shall be further adjusted as follows:

a) As of November 1, 1983, all accrued retirement benefits of Participants who are not retired shall be increased by ten (10%) percent;

b) Effective as of November 1, 1985, all accrued retirement benefits of Participants who are not retired shall be increased by ten (10%) percent;

c) Effective as of November 1, 1986, all accrued retirement benefits of Participants who are not retired shall be increased by fifteen (15%) percent;

d) Effective as of November 1, 1987, all accrued retirement benefits of Participants who are not retired shall be increased by five (5%) percent;

e) Effective as of November 1, 1988, all accrued retirement benefits of Participants who are not retired shall be increased by ten (10%) percent;

(f) Effective as of October 31, 1990, all accrued retirement benefits of Participants who are not retired shall be increased by five (5%) percent.

g) Effective as of November 1, 1991, all accrued benefits of Participants who are not retired shall be increased by ten (10%) percent.

h) Effective as of November 1, 1992, all accrued benefits of active Participants who are not retired shall be increased by five (5%) percent. Active Participants are those Participants who have had some hours and Contributions reported to the Fund for work performed during the November 1, 1991, to October 31, 1992 Plan year.

i) Effective as of October 31, 1993, all accrued benefits of active Participants who are not retired shall be increased by five (5%) percent. Active Participants are those Participants who have had some hours reported to the Fund and contributions received by the Fund for work performed during the November 1, 1992, to October 31, 1993, Plan Year, and are not retired as of October 31, 1993.

j) Effective as of November 1, 1994, all accrued benefits of active Participants who are not retired as of October 31, 1994, shall be increased by ten (10%) percent. Active Participants are those Participants who have had some hours and contributions reported to the Fund for work performed during the November 1, 1993, to October 31, 1994, Plan Year.

k) Effective as of October 31, 1996, all accrued benefits of Participants who are not retired as of October 31, 1996, shall be increased by six (6%) percent.

l) Effective as of October 31, 1996, all accrued benefits of Participants who are not retired as of October 31, 1996, shall be increased by ten (10%) percent.

m) Effective as of October 31, 1997, all accrued benefits of active Participants who are not retired shall be increased by ten (10%) percent. Active Participants are those Participants who have had some hours reported to the Fund and contributions received by the Fund for work performed during the November 1, 1996, to October 31, 1997, Plan Year, and are not retired as of October 31, 1997.

n) Effective as of November 1, 1998, all accrued benefits of all Participants who are not retired as of October 31, 1998, shall be increased by four (4%) percent.

**Section 4.3 – EARLY RETIREMENT.**

The monthly retirement benefit of an Employee eligible for retirement benefits and who has applied therefore for commencement on or after age 55 years, and prior to age 62, shall be computed on the same basis as "Normal Retirement" under Sections 4.1 and 4.2, reduced by five-ninths of one percent (5/9ths of 1%) for each of the first 48 months that the Early Retirement date is prior to the first of the month next following the 62$^{nd}$ birthday, and by five-eighteenths of one percent (5/18ths of 1%) for each month of the next 36 months that the Early Retirement date is prior to the first of the month next following the 62$^{nd}$ birthday.

**Section 4.4 – DISABILITY RETIREMENT.**

The disability retirement benefit of a Participant eligible for a Disability Retirement under Section 3.3, and who has applied therefore, shall be an amount determined as follows:

a) If the Participant has less than five (5) Years of Credited Service, a lump sum benefit equal to the total amount of contributions received on the account of the Participant will be paid. However, no lump sum benefits will be available for disability applications received on and after February 26, 2010.

b) If the Participant qualifies for a Total Employment Disability benefit a monthly pension benefit in the form of a single life annuity equal to the Participant's Accrued Benefit as of the date of disability, with a minimum benefit of Twenty-five ($25.00) Dollars to be paid. However, no lump sum benefits will be available for disability applications received on and after February 26, 2010.

c) If a Participant qualifies for a Total Trade Disability a monthly pension benefit in the form of a single life annuity equal to the Participant's Accrued Benefit as of the date of disability, with a minimum benefit of Twenty-five ($25.00) Dollars to be paid. No lump sum benefits will be available for disability applications received on and after February 26, 2010. Said benefits shall be actuarially reduced for each month that said disability date precedes the first of the month next following the 62nd birthdate of said Employee. Said reduction factors are as follows:

1) 1/180th percent for each of the first 48 months, plus
2) 1/360th percent for each of the next 36 months, plus
3) 1/540th percent for each of the next 60 months, plus
4) 1/720th percent for each of the next 60 months

**<u>Section 4.5 – PRE-RETIREMENT DEATH BENEFIT.</u>**

If an eligible Participant dies prior to retirement, a death benefit shall be payable under one of the following provisions. Note, however, that on and after February 26, 2010, lump sum payments authorized under Section 4.5(a)(i) & (ii) and (c) shall not be paid and these sections shall be suspended until further action of the Trustees:

a) <u>Lump Sum Death Benefit.</u> A Lump Sum death benefit equal to 100% of the contributions made on behalf of a Participant, shall be payable upon the death of a Participant prior to his retirement under one of the following provisions:

i) If the deceased Participant did not meet the qualifications for Normal or Early Retirement as provided in Sections 3.1 or 3.2 of the Plan, and a) if not Vested in the Plan, a lump sum is payable to his designated Beneficiary, provided that if he is married, and the designated Beneficiary is other than the surviving Spouse of the deceased Participant, then such surviving Spouse shall receive fifty (50%) percent of the lump sum payment; or b) is Vested in the Plan, but is married for less than one (1) year, a lump sum payment is payable to his designated Beneficiary, provided that if the designated Beneficiary is other than the surviving Spouse of the deceased Participant then such surviving Spouse shall receive fifty (50%) percent of the lump sum payment.

ii) If the deceased Participant was eligible for Normal or Early Retirement as provided in Sections 3.1 and 3.2 of the Plan, and is unmarried or married for less than one (1) year as determined according to the provisions of the Retirement Equity Act of 1984, a lump sum payment is payable to his designated Beneficiary, provided that if the designated Beneficiary is other than the surviving Spouse of the deceased Participant, then such surviving Spouse shall receive fifty (50%) percent of the lump sum payment.

b) Qualified Pre-Retirement Survivor Annuity. A Qualified Pre-Retirement Survivor Annuity shall be paid monthly to the surviving Spouse of a vested deceased Participant who was married for more than one (1) year. Said annuity shall commence the first (1st) of the month next following the date of death of the Participant and shall be determined as follows:

i) If the Participant were over age 55 at the time of death, the monthly benefit payable would be equal to the survivorship pension payable to the Spouse had the Participant retired as of the date of his death having selected the joint and full survivor form of payment.

ii) If the Participant were younger than age 55 at the time of death, the monthly benefit payable would be equal to the survivorship pension payable to the Spouse had the Participant retired as of age 55 having selected the joint and full survivorship form of payment, and further reduced by one twelfth of one percent, for each month that the date of death precedes age 55, to a total maximum additional reduction of ten (10%) percent.

c) In lieu of the above survivor annuity, a surviving Spouse may elect to receive a lump sum benefit hereunder equal to the total Contributions made to the Plan on behalf of the deceased Participant, less any benefits paid, with a reduced Qualified Pre-Retirement Survivor Annuity as described above. The monthly benefit shall be reduced by the actuarial value of the Employer contributions received by the Spouse. Should the amount of Employer contributions exceed the actuarial value of the qualified pre-retirement survivor annuity, acceptance by the surviving spouse of the Employer Contributions shall constitute a waiver of entitlement to future benefits.

This election by the surviving Spouse will be made only after the surviving Spouse has been informed of:

i) the amount of the Employer Contributions payable under this Article;

ii) the actuarial equivalent value of the Qualified Pre-Retirement Survivor Annuity, payable under the Article;

iii) the Actuarial Equivalent value of the reduced annuity if the option is exercised;

iv) the earliest date the Qualified Pre-Retirement Survivor Annuity payment will commence, which is the date the deceased Participant would have reached 55 years of age;

v) the fact that entitlement to the Qualified Pre-Retirement Annuity Benefit, or reduced benefit, terminates upon the death of the surviving Spouse.

A written waiver by the surviving Spouse, waiving entitlement to the benefit not elected will be obtained by the administrator prior to any benefit being paid.

This provision shall supersede any previous "non-Spouse" designation of Beneficiary as may have been made by the Participant.

**Section 4.6 – POST-RETIREMENT DEATH BENEFIT.**

Benefits payable to a Spouse or other Beneficiary following the death of the Participant shall be paid solely in accordance with the form of benefit selected by the Participant at the time of Retirement. Consistent with the requirements of the Pension Protection Act, lump sum death benefits previously permitted by the terms of the Plan have been suspended as of March 24, 2010.

**Section 4.7 – PAYMENT OF PRE-RETIREMENT DEATH BENEFITS.**

Any benefits payable under Section 4.5 hereof shall be payable providing the deceased Employee has at the time of his death, some hours of Credited Service. Forfeiture of hours of Credited Service under Section 2.2 hereof, shall also operate to forfeit any right to a death benefit under this Section.

**Section 4.8 – DESIGNATION OF BENEFICIARY.**

To the extent the Plan may allow benefits to be paid to a non-Spouse Beneficiary, each Employee may designate a Beneficiary to whom such death benefits shall be paid. The Employee may change his Beneficiary from time to time, before or after his retirement, accept as to a Joint and Survivor Annuity. Any designation or change of Beneficiary shall be made by filing written notice with the Trustees or with the Professional administrator in such form as they shall prescribe

**Section 4.9 – PAYMENT TO SURVIVORS.**

To the extent the Plan may allow benefits to be paid to a non-Spouse Beneficiary, and in the absence of a designated beneficiary or if the designated beneficiary is not living, the Trustees shall cause payment to be made in the following order of priority; to the estate of such decedent, to the widow/er, children, father, mother, grandchildren, brother or sister.

a) Payment of two (2) or more persons. In case two (2) or more persons become entitled to a benefit payment, the entire benefit shall be equally divided among them. In the event that one (1) of them has paid the funeral expenses of the deceased Employee, the balance may be divided after the one who paid the funeral expenses has been reimbursed.

b) Except to the extent otherwise expressly provided in a Qualified Domestic Relations Order, a divorced Spouse of a Participant shall be deemed to have predeceased the Participant. Accordingly, benefits under this Plan shall be paid only to those designated beneficiaries who are entitled to distributions under the Beneficiary designation in effect at the time of the divorce by reason of the divorced Spouse's failure to have survived the Participant. The Participant may change the Beneficiary designation at any time and from time to time after the divorce.

**Section 4.10 – ADJUSTMENTS TO BENEFITS FOR RETIREES.**

The monthly benefit checks being paid to retirees under this Plan shall be adjusted as follows:

a) Effective as of November 1, 1983, all benefit checks being issued to retired Participants shall be increased by ten (10%) percent.

b) Effective as of November 1, 1985, all benefit checks being issued to retired Participants shall be increased by ten (10%) percent.

c) Effective as of November 1, 1986, all benefit checks being issued to retired Participants, shall be increased by fifteen (15%) percent.

d) As of November 1, 1987, all benefit checks being issued to retired Participants, shall be increased by five (5%) percent.

e) As of November 1, 1988, all benefit checks being issued to retired Participants shall be increased by ten (10%) percent,

f) As of November 1, 1990, all benefit checks being issued to retired Participants shall be increased by five (5%) percent, but with a minimum increase of Twenty-five ($25.00) Dollars.

g) As of November 1, 1991, all benefit checks being issued to retirees and Beneficiaries shall be increased by five (5%) percent, but with a minimum increase of twenty-five ($25.00) Dollars.

h) As of November 1, 1992, all benefits being paid on the account of a retiree (which account shall include an alternate payee account), and on the account of a Beneficiary (not including the account of an Alternate Payee), shall be increased by five (5%) percent, but with a minimum increase to the account of Twenty-five ($25.00) Dollars.

i) All retirees and Beneficiaries who are entitled to receive benefits as of October 31, 1993, shall receive one (1) additional benefit check equal to their regular monthly benefit payment, but in no case will this additional benefit check be less than $200.00.

j) As of November 1, 1994, all benefits being paid on the account of a retiree who was retired as of October 31, 1994, (which account shall include an Alternate Payee account), and on the account of a Beneficiary (not including the account of an Alternate Payee), shall be increased by five (5%) percent.

k) Effective as of November 1, 1996, all benefits being paid on the account of a retiree who is retired as of October 31, 1996, and on the account of a Beneficiary, shall be increased by six (6%) percent.

l) Effective as of November 1, 1996, all benefits being paid on the account of a retiree who is retired as of October 31, 1996, and on the account of a Beneficiary, shall be increased by ten (10%) percent.

m) Effective as of November 1, 1997, all benefits being paid on the account of a retiree who is retired as of October 31, 1997, and on the account of a Beneficiary shall be increased by ten (10%) percent.

n) Effective as of November 1, 1998, all benefits being paid on the account of a retiree who is retired as of October 31, 1998, and on the account of a beneficiary, shall be increased by four (4%) percent.

**Section 4.11 – FORFEITURE OF DEATH BENEFIT.**

Any benefits payable under Section 4.5 or 4.6 hereof shall be payable providing the deceased Employee has at the time of his death, some hours of Credited Service. Forfeiture of hours of Credited Service under Section 2.3 hereof, shall also operate to forfeit any right to a death benefit under this Section.

**Section 4.12 – RETROACTIVE ANNUITY STARTING DATE.**

To the extent the terms of the Plan permit a Participant to affirmatively select an Annuity Starting Date that occurs sometime prior to the date the Plan provides the participant is provided with a Qualified Joint and Survivor Annuity notice (Retroactive Annuity Starting Date – "RASD"), such payments shall be governed by the rules set forth in 29 CFR 1.417(3)-I which are incorporated herein by reference. Benefits will be calculated as of the RASD using the mortality and interest assumptions in effect on that date. The benefits must satisfy the section 415 limits and 417(e)(3) present value assumptions (if applicable) in effect on the RASD. Participants shall receive make-up payments including an adjustment for interest from the RASD (based on the Applicable Interest Rate) to the date payments are actually made. Spousal consent is required if the survivor benefit payable to the Spouse based on the RASD is less than the amount of the minimum required survivor benefit that would be payable if the actual payment date were used as the Annuity Starting Date.

## ARTICLE V—COMMENCEMENT AND DURATION OF BENEFITS

### Section 5.1 – RETIREMENT BENEFITS.

a) Retirement Benefits shall commence on the first ($1^{st}$) of the month following the date his written application is filed with the Trustees, provided such application is filed by the fifteenth ($15^{th}$) of the month, otherwise they shall commence on the first ($1^{st}$) of the next following month. In any event, benefits shall commence within 60 days of the end of the Plan Year in which the latest of the following three (3) events occur; but not later than April 1, following the year in which the Participant reaches age 70 ½ years of age:

- i) attainment of age 62;
- ii) the fifth ($5^{th}$) anniversary of participation in the Plan;
- iii) termination of employment under the Plan.

Notwithstanding the foregoing, the failure of a Participant and Spouse to consent to a distribution while a benefit is immediately distributable, within the meaning of Article VI, shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this Section.

b) Retirement benefits shall be payable to the Participant on his date of retirement and shall be payable on the first ($1^{st}$) day of each month thereafter depending upon the form of payment chosen, but subject to the provisions of Sections 5.2 and 6.2.

### Section 5.2 – OFFSET OF BENEFITS OF FORMER DISABILITY RETIREE.

Any Participant who applied for and receives a lump sum Disability Retirement payment under the provisions of Section 4.4(a) hereof, and who subsequently returns to covered employment, shall have the following options:

- a) to re-enter the Plan as a new Participant, or
- b) within two (2) years of his re-entry into the Plan, to repay the amount of the lump sum benefit previously paid, and thereby be restored to his former status in the Fund at the time of disability.

**<u>Section 5.3 – SUSPENSION OR LOSS OF BENEFITS.</u>**

a) A Participant eligible for Normal Retirement, or a retired Participant who withdraws from retirement by working in Disqualified Employment as set forth under the provisions of Sections (b) and (c) herein, shall be suspended or disqualified from receiving or being entitled to any pension benefits for any month during which he is not in retirement. Disqualified Employment shall be construed to mean employment providing services in any of the job categories included in the Collective Bargaining Agreement of the Union under any one (1) or more of the following circumstances:

i) employment by any contributing Employer;

ii) employment by any Employer in the same business as any contributing Employer;

iii) self-employment in the same business as any contributing Employer:

iv) employment or self-employment in any business which is or may be under the jurisdiction of the Union,

b) <u>Disqualifying Employment Prior to Normal Retirement Age</u>. A retiree who has retired prior to Normal Retirement Age and who becomes disqualified under the provisions of Section (a) above shall have his benefits suspended for every month he was so employed, and for two (2) months additional following termination of re-employment. Pension benefits shall be adjusted at the end of the Plan Year in which re-employment was terminated to include the adjusted age of the Participant, and any contributions received on account of the Participant during such period of re-employment.

c) <u>Disqualifying Employment After Normal Retirement Age</u>. A retiree who has attained Normal Retirement Age, and who becomes disqualified by working more than 40 hours per month in the geographical area covered by the Plan under the provisions of Section (a) above, shall have his benefits suspended for every month he was so employed. Pension benefits shall be adjusted at the end of the Plan Year in which re-employment was terminated to include the adjusted age of the Participant, and any contributions received on account of the Participant during such period of re-employment.

d) A Participant who postpones his retirement by continuing his employment beyond his Normal Retirement Age shall be disqualified from receiving or being entitled to any pension benefits until he terminates his employment. He shall, however, be entitled to all credits earned to date of actual retirement.

e) Notice of suspension of benefits under (i)-(vi) hereof shall be given to all Participants/retirees, and shall include the following information:

i) a description of the specific reasons why benefit payments are being suspended;

ii) a general description of the Plan provisions relating to the suspension of payments, and a copy of such provisions;

iii) a statement that the applicable Department of Labor Regulations may be found in Section 2530.203-3 of the Code of Federal Regulations;

iv) the Plan's procedure for providing a review of the suspension of benefits;

v) the procedure, and necessary forms, for filing a notice of termination of disqualifying employment and resumption of benefit payments;

vi) the procedure and necessary forms for filing a notice of termination of disqualifying employment that the Plan intends to offset any suspendible amounts actually paid during disqualifying re-employment, specifying the period and amounts of such offset and the manner in which offset will be handled.

f) Status Determination. Any retiree or Participant may request a determination from the Plan whether specific contemplated employment will be considered as disqualifying employment.

g) Recoupment. If benefits were paid for a month for which benefits were later determined to be suspended, the overpayment shall be recoverable through deductions from future benefit payments. Overpayments attributable to payments made for any month or months for which the Participant worked in Disqualifying Employment shall be deducted from pension payments otherwise paid or payable subsequent to the period of suspension. A deduction from a monthly benefit for a month after the Participant attained Normal Retirement Age shall not exceed 25 percent of the pension amount (before deduction), except for the first pension payment made upon resumption after a suspension. If a pensioner dies before recoupment of overpayments has been completed, deductions shall be made for the benefits payable to his Beneficiary as contingent Annuitant, subject to the 25 percent limitation on the rate of deductions.

**Section 5.4 – OVERPAYMENTS FROM THE PENSION FUND.**

No Participant or dependent or beneficiary shall be entitled to receive a benefit in excess of that which is provided for by the terms of the Plan. In the event a participant and/or a dependent and/or beneficiary is overpaid by the Plan due to any administrative, mathematical or other error, the Board of Trustees shall have the right and obligation to recoup such overpayments through an actuarial reduction of future benefit payments, the offset of future benefit payments or any procedure deemed necessary and reasonable by the Board of Trustees. Any Participant or dependent or Beneficiary, upon being notified of the reduction or offset, shall have the right and obligation to appeal the decision to the Board of Trustees prior to commencing any other legal or administrative action. Under no circumstances will an overpayment become or be considered a Vested benefit.

## ARTICLE VI—JOINT AND SURVIVOR ANNUITY REQUIREMENTS

### Section 6.1 – QUALIFIED JOINT AND OPTIONAL ANNUITIES.

For Annuity Starting Dates on or after May 1, 2010 and unless an optional form of benefit is selected pursuant to a qualified election within the 180-day period ending on the Annuity Starting Date, a married Participant's vested accrued benefit will be paid in the form of a Qualified Joint and Survivor Annuity and an unmarried Participant's Vested Accrued Benefit will be paid in the normal form of an single life annuity. The Participant may elect to have such annuity distributed upon attainment of the Earliest Retirement Age under the Plan.

At the time of application for retirement, a Participant may elect one (1) of the following forms of Qualified Joint and Survivor Annuity:

i) an annuity for the life of the Participant with a survivor annuity for the life of the spouse which is 50% of the amount of the annuity which is payable during the joint lives of the Participant and the Spouse and which is the actuarial equivalent of the normal form of benefit, or if greater, any optional form of benefit. In the event that no election is timely made, this form shall be the benefit paid by Plan.

ii) an annuity for the life of the Participant with a survivorship annuity for the life of the Spouse which is two-thirds (2/3rds) of the amount of the annuity which is payable during the joint lives of the Participant and the Spouse and which is the actuarial equivalent of the normal form of benefit, or if greater, any optional form of benefit.

iii) an annuity for the life of the Participant with a survivorship annuity for the life of the Spouse which is equal to the amount of the annuity which is payable during the joint lives of the Participant and the Spouse and which is the actuarial equivalent of the normal form of benefit, or if greater, any optional form of benefit.

At the election of the Participant, made at the time of application for retirement, a "pop-up" option shall be provided whereby if the spouse thereafter predeceases the Participant, the Joint and Survivorship Pension will revert to the full benefit that would have been payable but for the application of the Joint and Survivorship provision. In the event of such election, the Participant's Pension payable under this option shall be the actuarial equivalent of the normal form of benefit.

A Joint and Survivorship Pension, once payments have begun, may not be revoked nor the pensioner's benefits increased by reason of subsequent divorce or death of the Spouse before that of the Participant, except the death of the Spouse as provided for under this "pop-up" option.

**Section 6.2 – QUALIFIED PRE-RETIREMENT SURVIVOR ANNUITY.**

a) Death After Reaching Earliest Retirement Age. Unless an optional form of benefit has been selected within the Election Period pursuant to a Qualified Election, if a Participant dies after the Earliest Retirement Age, the Participant's surviving Spouse, if any, will receive the same benefit that would be payable if the Participant had retired with an immediate Qualified Joint and Survivor Annuity on the day before the Participant's date of death. The surviving Spouse may elect to commence payment under such annuity within a reasonable period after the Participant's death. The actuarial value of benefits, which commence later than the date on which payments would have been made to the surviving Spouse under a Qualified Joint and Survivor Annuity in accordance with this provision, shall be adjusted to reflect the delayed payment.

b) Death Prior to Earliest Retirement Age. Unless an optional form of benefit in accordance with Section 4.5(b) herein, is selected within the Election Period pursuant to a Qualified Election, if a Participant dies on or before the Earliest Retirement Age, the Participant's surviving Spouse (if any) will receive the same benefit that would be payable if the Participant had: i) separated from service on the date of death, (or date of separation from service, if earlier); ii) survived to the Earliest Retirement Age; iii) retired with an immediate Qualified Joint and Survivor Annuity at the Earliest Retirement Age, electing a joint and full survivorship option, and iv) died on the day after the Earliest Retirement Age.

1) Except as provided in Section 4.05(b)(ii), a surviving Spouse will begin to receive payments at the Earliest Retirement Age. Benefits

commencing after the Earliest Retirement Age will be the Actuarial Equivalent of the benefit to which the surviving Spouse would have been entitled if benefits had commenced at the Earliest Retirement Age under an immediate Qualified Joint and Survivor Annuity.

2) For the purposes of this Section, the benefit payable to the surviving Spouse shall be attributable to Employer contributions in the same proportion as the total accrued benefit derived from Employer contributions is to the accrued benefit of the Participant.

c) Qualified Pre-Retirement Survivor Annuity Election Period. The period which begins on the first (1st) day of the Plan Year in which the Participant attains age 35 and ends on the date of the Participant's death. If a Participant separates from service prior to the first (1st) day of the Plan Year in which age 35 is attained, with respect to benefits accrued prior to separation, the election period shall begin on the date of separation.

d) Pre-age 35 Waiver. To the extent the Plan does not fully subsidize the Qualified Pre-Retirement Survivor Annuity, a Participant who will not yet attain age 35 as of the end of any current Plan Year may make a special Qualified Election to waive the Qualified Pre-Retirement Survivor Annuity for the period beginning on the date of such election and ending on the first (1st) day of the Plan Year in which the Participant will attain age 35. Such election will not be valid unless the Participant receives a written explanation of the Qualified Pre-Retirement Survivor Annuity. Such coverage will be automatically reinstated as the first (1st) day of the Plan Year in which the Participant attains age 35. Any new waiver on or after such date shall be subject to the full requirements of this Article.

**Section 6.3 – NOTICE REQUIREMENTS.**

a) In the case of a Qualified Joint and Survivor Annuity as described in this Article, the Plan administrator shall provide each Participant no less than 30 days and no more than 180 days prior to the Annuity Starting Date, a written explanation of:

i) the terms and conditions of a Qualified Joint and Survivor Annuity;

ii) the Participant's right to make and the effect of an election to waive the Qualified Joint and Survivor Annuity form of benefit;

iii) the rights of a Participant's Spouse;

iv) the right to make, and the effect of, a revocation of a previous election to waive the Qualified Joint and Survivor Annuity.

The Plan Administrator will notify the Participant when the benefit under the Plan is requested. Such notification will include a general description of the material features and an explanation of the relative values of, the optional forms of benefit available under the Plan in a manner that satisfies the notice requirements of Code § 417(a)(3) and Treasury Regulations § 1.417(a)(3)-1 .

b) In the case of a Qualified Pre-retirement Survivor Annuity as described in this Article, the Plan administrator shall provide each Participant within the applicable period for such Participant, a written explanation of the Qualified Pre-Retirement Survivor Annuity in such terms and in such manner as would be comparable to the explanation provided for meeting the requirements applicable to a Qualified Joint and Survivor Annuity.

The applicable period for a Participant is whichever of the following periods ends last:

i) the period beginning with the first ($1^{st}$) day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35;

ii) a reasonable period ending after the individual becomes a Participant;

iii) a reasonable period ending after Section 5.3 ceases to apply to the Participant;

iv) a reasonable period ending after this Article first applied to the Participant.

Notwithstanding the foregoing, notice must be provided within a reasonable period ending after separation of service in case of a Participant who separates from service before attaining age 35.

For purposes of the preceding paragraph, a reasonable period ending after the enumerated events described in (ii), (iii) and (iv) is the end of the two (2) year period beginning one (1) year prior to the date the applicable event occurs and ending one (1) year after that date. In the case of a Participant who separates from service before the Plan year in which age thirty-five (35) is attained, notice shall be provided within the two (2) year period beginning one (1) year prior to separation and ending one (1) year after separation. If such a Participant thereafter returns to employment with the Employer, the applicable period for such Participant shall be re-determined.

c) Notwithstanding the other requirements of this Section 6.5, the respective notices prescribed by this Section need not be given to a Participant if,

i) the Plan "fully subsidizes" the cost of a Qualified Joint and Survivor Annuity or qualified pre-retirement survivor annuity, and
ii) the Plan does not allow the Participant to waive the Qualified Joint and Survivor Annuity or qualified pre-retirement Survivor annuity does not allow a married Participant to designate a non-Spouse Beneficiary.

For purposes of this Section (c), a Plan fully subsidizes the costs of a benefit if under the Plan no increase in cost or decrease in benefits to the Participant may result from the Participant's failure to elect another benefit. Prior to the time the Plan allows the Participant to waive the qualified pre-retirement survivor annuity, the Plan may not charge the Participant for the cost of such benefit by reducing the Participant's benefits under the Plan or by any other method.

**<u>Section 6.4 – CASH OUT PROVISION.</u>**

Lump Sum Cash Outs are payable only at retirement and only after the Participant has completed an application for benefits consenting to a distribution of benefits in a form payable under the Plan. If, however, the actuarial present value of the benefit payable under the Plan is $1,000 or less as of the earliest date the Participant is eligible for a benefit under the Plan, a distribution may be made to the Participant in a lump sum payment regardless of whether or not an application has been submitted. If the benefit is an Eligible Rollover, the Participant may elect to have the benefit paid to an eligible retirement plan as defined in this Plan.

a) Spousal Consent. For distributions occurring on or after March 28, 2005, if the present value of any non-forfeitable Accrued Benefit, taking in consideration benefits derived from both Employer and Employee contributions, exceeds (or at the time of any prior distribution, exceeded) $1,000.00, the benefit may not be immediately distributed without the consent of the Participant, and if applicable, the Participant's Spouse. If the Plan provides for distributions which are subject to the survivor annuity requirements of IRC Section 417, the Plan will provide that the present value of a Qualified Joint and Survivor Annuity or a Qualified Pre-Retirement Survivor Annuity, will be immediately distributed, if such value does not exceed (or at the time of any prior distribution did not exceed $1,000.00). The Plan currently does not allow lump sum distributions in excess of $1,000.00. All cash out distributions remain subject to the consent requirements of the Plan and IRC Section 417(e).

**Section 6.5 – ELIGIBLE ROLLOVER.**

As to distributions made on or after January 1, 1993, notwithstanding any provisions of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

Eligible Rollover Distribution: An Eligible Rollover Distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution, does not include; any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancy) of the Distributee's designated Beneficiary, or for the specified period of ten (10) years or more; any distribution to the extent such distribution is required under Section 401(a) (9) of the Code; and the portion of any distribution that is not includible in gross income (determine without regard to the exclusion for net unrealized appreciation with respect to Employer securities).

Eligible Retirement Plan: An Eligible Retirement Plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity Plan described in Section 403(a) of the Code, or a Qualified Trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of eligible rollover distribution to the surviving spouse, an eligible Retirement Plan is an individual retirement account or individual retirement annuity. For distributions made on or after July 1, 2008, an Eligible Retirement Plan also includes a Roth IRA.

Effective for distributions occurring after December 31, 2001, an Eligible Retirement Plan shall also mean an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state or political subdivision of a state or agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving Spouse, or to a Spouse or former Spouse who is the Alternate Payee under a Qualified Domestic Relations Order, as defined in Section 414(p) of the Code.

Distributee: A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving Spouse and the Employee's or former Employee's Spouse or former Spouse who is the Alternate Payee under a Qualified Domestic Relations Order, as defined in Section 414(p) of the Code, are Distributee's with regard to the interest of the Spouse or former Spouse. Effective for distribution on or after January 1, 2008, a Distributee shall include a Participant's non-Spouse Beneficiary.

Direct Rollover: A Direct Rollover is a payment by the Plan to the eligible retirement Plan specified by the Distributee.

Spousal Consent: For distributions occurring on or after March 28, 2005, if the present value of any non-forfeitable accrued benefit, taking in consideration benefits derived from both Employer and Employee Contributions, exceeds (or at the time of any prior distribution, exceeded) $1,000.00, the benefit may not be immediately distributed without the consent of the Participant, and if applicable, the Participant's Spouse. If the Plan provides for distributions which are subject to the survivor annuity requirements of IRC Section 417, the Plan will provide that the present value of a Qualified Joint and Survivor Annuity or a Qualified Pre-Retirement Survivor Annuity, will be immediately distributed, if such value does not exceed (or at the time of any prior distribution did not exceed $1,000.00). The Plan currently does not allow lump sum distributions in excess of $1,000.00. All cash out distributions remain subject to the consent requirements of the Plan and IRC Section 417(e).

## ARTICLE VII—MAXIMUM BENEFIT LIMITATION

### Section 7.1 – GENERAL LIMITATION RULE.

The Maximum Benefit Limitation of Code Section 415(d) and Small Benefit Exception of Code Section 415(b)(4) are incorporated herein by reference. The defined benefit dollar limit is $160,000 per Code Section 415(b)(1)(A). The age-adjusted dollar limit under Code Section 415(b)(2)(C) and (D) will be administered according to IRS Regulation 1.415(b)-1(a)(4) and the payment of benefits in other than a straight life annuity shall be adjusted pursuant to IRS Regulation 1.415(b)-1(c).

a) For purposes of this Section 7.1, the Plan adopts the safe harbor definition of "Compensation" stated in IRS Regulation 1.415(c)-2(d)(2). Compensation paid or made available during such limitation year shall include the Participant's earned income paid by the later of:
   1) two and one-half (2 ½) months after severance from employment; or
   2) the end of the limitation year that includes the date of severance from employment.

The otherwise permissible annual benefits for any Participant under this Plan may be further reduced to the extent necessary to prevent disqualification of the Plan under Section 415(e) of the Internal Revenue Code. The above limitations are intended to comply with the provisions of Section 415 of the Internal Revenue Code, as amended, so that the maximum benefits provided by Plans would not exceed that maximum amounts allowed under Section 415 of the Internal Revenue Code and regulations thereunder. If there is any discrepancy between the provisions of this Section 7.1 and the provisions of Section 415 of the Internal Revenue Code and regulations thereunder, such discrepancy shall be resolved in such a way as to give full effect to the provisions of Section 415 of the Internal Revenue Code.

## ARTICLE VIII—NON-ALIENATION OF BENEFITS

### Section 8.1 – NON-ALIENATION OF BENEFITS.

No benefit or interest available hereunder will be subject to assignment or alienation, either voluntarily or involuntarily. The preceding sentence shall also apply to the creation, assignment or recognition of a right to any benefit payable with respect to a Participant pursuant to a Domestic Relations Order, unless such order is determined to be a Qualified Domestic Relations Order, as defined in Section 414(p) of the Code.

### Section 8.2 – DEDUCTION FOR RETIREE MEDICAL COVERAGE.

Pensioners and Beneficiaries of the Pension Fund who are eligible for medical coverage from a companion Health & Welfare Plan associated with the Pension Fund may authorize in writing a deduction from their monthly pension check the amount required for medical coverage under the Welfare Fund. Such authorizations are strictly voluntary and may be revoked at any time. Such authorizations shall not be an assignment of benefits in that the Welfare Fund shall have no right enforceable against this Fund to any part of the monthly pension benefit. The Welfare Fund must acknowledge in writing that transfer of these kinds of deductions create no enforceable right in or to any benefit payment, or portion thereof, from this Fund. The deduction and transfer will only be made when or after the money would otherwise be payable to the Pensioner or Beneficiary. These deductions cannot be made unless the Welfare Fund reimburses the Fund for any additional costs of the deductions and transfers.

## ARTICLE IX—CONTRIBUTIONS AND FUNDING

### Section 9.1 – CONTRIBUTIONS & FUNDING.

The purpose of this Fund is to provide pension benefits to eligible Employees and/or Spouses and/or named Beneficiaries of the Employee. These benefits are to be funded by receipt of Contributions from contributing Employers and by the returns on the investments of these Contributions. The Trustees will therefore adopt a policy of investment consistent with these objectives so as to provide the greatest possible pension benefits under this Plan.

In order to effectuate the purposes hereof, each Employer shall contribute to the Pension Fund the amount required by the Collective Bargaining Agreement between the Union and the Employer. The rate of contribution shall at all times be governed by the aforesaid Collective Bargaining Agreement then in force and effect. All benefits are payable only from the Pension Fund, only to the extent such Fund shall suffice therefore.

### Section 9.2 – ANTI CUT-BACK OF BENEFITS.

No amendment to the Plan (including a change in the actuarial basis for determining optional or Early Retirement benefits) shall be effective to the extent that it has the effect of decreasing a Participant's Accrued Benefit. Notwithstanding the preceding sentence, a Participant's accrued benefit may be reduced to the extent permitted under Section 412(c)(8) of the Code, or as otherwise permitted by law. For purposes of this paragraph, a plan amendment which has the effect of (1) eliminating or reducing an Early Retirement benefit or a retirement-type subsidy, or (2) eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment shall be treated as reducing accrued benefits. In the case of a retirement-type subsidy, the preceding sentence shall apply only with respect to a Participant who satisfies (either before or after the amendment) the pre-amendment conditions for the subsidy. In general, a retirement-type subsidy is a subsidy that continues after retirement, but does not include a qualified disability benefit, a medical benefit, a social security supplement, a death benefit (including life insurance), or a plant shutdown benefit (that does not continue after retirement age). Furthermore, no amendment to the Plan shall have the effect of decreasing a Participant's vested interest determined without regard to such amendment as of the later of the date such amendment is adopted, or becomes effective.

**Section 9.3 – RECIPROCITY AGREEMENT.**

The Trustees may, from time to time, enter into Reciprocity Agreements with other Pension Funds. This will allow transfers back to the Home Local of contributions generated by a Participant for work in the jurisdiction of a Pension Plan which is not his Home Local, and vice versa.

## ARTICLE X—AMENDMENT AND DURATION OF PLAN

### Section 10.1 - RIGHT TO AMEND AND/OR TERMINATE.

The Trustees hope and expect to continue the Plan indefinitely. However, the right to amend or terminate the Plan is reserved to the Trustees and the consent of any Participant or Annuitant is not required. No amendment shall cause or permit any part of the Fund to be diverted to purposes other than for the exclusive benefits of Participants or Annuitants.

### Section 10.2 - TAX QUALIFICATION.

The Trustees intend to obtain approval of the Director of Internal Revenue that the Revised Plan and Trust established in connection herewith is a qualified Plan and Trust under Sections 401(a) and 501(a) of the Internal Revenue Code of 1986, as amended to date, and will entitle any Employer to deduct its contributions to the Plan from its income for the purpose of computing Federal Income Tax under the provisions of Section 404 of the Internal Revenue Code of 1986, as now in effect or hereafter amended. Any amendment or modification of the Plan may be retro-actively by the Trustees, if necessary, or appropriate to qualify or maintain the Plan as a Plan and Trust meeting the requirements of Sections 401(a) and 501(a) and 404 of the Internal Revenue Code of 1986, as now in effect or hereafter amended.

### Section 10.3 - DURATION.

This Plan shall continue so long as the Agreement and Declaration of Trust establishing said Plan shall remain operative.

### Section 10.4 - ADDITIONAL RIGHTS OF THE BOARD OF TRUSTEES.

In addition to the right at any time to terminate the Plan and/or amend the Plan and Trust Agreement, the Board of Trustees shall also have the sole right any time to merge or consolidate with, any other qualified Plan and Trust Fund, to transfer the assets and liabilities of the Plan and Trust Fund to any other qualified plan and trust or receive the assets and liabilities of any other qualified plan and trust fund. All such actions shall be done by the Board of Trustees in their sole discretion and must be adopted in writing.

## ARTICLE XI—TERMINATION

**Section 11.1 – CONTINUATION OF PLAN.**

The withdrawal or elimination of some (but not all) groups of Employees from the Plan shall not constitute a termination of this Plan, which shall continue to exist for the benefit of other Employees remaining in or subsequently brought under said continuing Plan.

**Section 11.2 – TERMINATION OR PARTIAL TERMINATION.**

In the event of the termination or partial termination of this Plan and Trust, the rights of each Participant to benefits accrued to the date of such termination shall be non-forfeitable to the extent then funded, and the Trust Fund shall be allocated among the Participants and Beneficiaries in the following order:

a) First, in the case of benefits payable under this Plan and Trust as an annuity and only to the extent that benefits have not been fully purchased:

i) in the case of the benefit of a Participant or Beneficiary who was receiving a benefit as of the beginning of the three (3) year period, ending on the termination date of this Plan, to each such benefit, based on the provisions of this Plan (as in effect during the five (5) year period ending on such date) under which such benefit would be the least,

ii) in the case of a Participant's or Beneficiary's benefit (other than a benefit described in Section 11.2(a)(i) above) which would have been paid as of the beginning of such three (3) year period if the Participant had retired prior to the beginning of such three (3) year period and if his benefits had commenced (in the normal form of distribution) as of the beginning of such period, to each such benefit based on the provisions of this Plan (as in effect during the five (5) year period ending on such date) under which such benefit would be the least.

b) Second, to all other benefits under this Plan subject to guarantee by the Pension Benefit Guaranty Corporation.

c) Third, to all other non-forfeitable benefits under this Plan not subject to guarantee by the Pension Benefit Guaranty Corporation.

d) Fourth, to all other benefits under this Plan.

## ARTICLE XII—REQUIRED MINIMUM DISTRIBUTIONS

**Section 12.1 – REQUIRED BEGINNING DATE.**

The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

**Section 12.2 – DEATH OF PARTICIPANT BEFORE DISTRIBUTIONS BEGIN.**

If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

a) If the Participant's Surviving Spouse is the Participant's sole designated Beneficiary, distributions to the Surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which Participant would have attained age 70½, if later.

b) If the Participant's Surviving Spouse is not the Participant's sole designated Beneficiary, distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which Participant died.

c) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

d) If the Participant's Surviving Spouse is the Participant's sole designated Beneficiary and the Surviving Spouse dies after the Participant but before distributions to the Surviving Spouse begin, this Section 12.2, other than Section 12.2(a), will apply as if the Surviving Spouse were the Participant. For purposes of this Section 12.2 and Required Minimum Distributions are considered to begin on the Participant's required beginning date (or, if Section 12.2(d) applies, the date distributions are required to begin to the Surviving Spouse under Section 12.2(a)). If annuity payments irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's Surviving Spouse before the date distributions are required to begin to the Surviving Spouse under Section 12.2(a)), the date distributions are considered to begin is the date distributions actually commence.

**<u>Section 12.3 – FORM OF DISTRIBUTION.</u>**

Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with this article. It the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Treasury Regulations. Any part of the Participant's interest that is in the form of an individual account described in Code Section 414(k) will be distributed in a manner satisfying the requirements of Code Section 401(a)(9) and Treasury Regulations that apply to individual accounts.

**<u>Section 12.4 – GENERAL ANNUITY REQUIREMENTS.</u>**

If the Participant's interest is paid in the form of annuity distributions under the Plan, payments under the annuity will satisfy the following requirements:

a) The annuity distributions will be paid in periodic payments made at intervals not longer than one (1) year;

b) The distribution period will be over a life (or lives) or over a period certain not longer than the period described below;

c) Once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

d) Payments will either be non-increasing or increase only as follows:

    1) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;
    2) to the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the Beneficiary whose life

was being used to determine the distribution period dies or is no longer the Participant's Beneficiary pursuant to a Qualified Domestic Relations Order within the meaning of Code Section 414(p);

i) to provide cash refunds of Employee contributions upon the Participant's death; or
ii) to pay increased benefits that result from a plan amendment.

**<u>Section 12.5 – AMOUNT REQUIRED TO BE DISTRIBUTED BY REQUIRED BEGINNING DATE.</u>**

The amount that must be distributed on or before the Participant's required beginning date (or, if the Participant dies before distributions begin, the date distributions are required to begin under 12.2(a) or(b)) is the payment that is required for one (1) payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, *e.g.*, bi-monthly, monthly, semi-annually, or annually. All of the Participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's required beginning date.

**<u>Section 12.6 – ADDITIONAL ACCRUALS AFTER FIRST DISTRIBUTION CALENDAR YEAR.</u>**

Any additional benefits accruing to the Participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

REQUIREMENTS FOR ANNUITY DISTRIBUTIONS THAT COMMENCE DURING PARTICIPANT'S LIFETIME

**Section 12.7 – JOINT LIFE ANNUITIES WHERE THE BENEFICIARY IS NOT THE PARTICIPANT'S SPOUSE.**

If the Participant's interest is being distributed in the form of a Joint and Survivor Annuity for the joint lives of the Participant and a non-Spouse Beneficiary, annuity payments to be made on or after the Participant's required beginning date to the designated Beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Q&A-2 of Treasury Regulation §1.401(a)(9)-6T. If the form of distribution combines a Joint and Survivor Annuity for the joint lives of the Participant and a non-Spouse Beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated Beneficiary after the expiration of the period certain.

**Section 12.8 – PERIOD CERTAIN ANNUITIES.**

Unless the Participant's Spouse is the sole designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in Treasury Regulation §1.401(a)(9)-9 for the calendar year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in Treasury Regulations §1.401(a)(9)-9 of the plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the Annuity Starting Date. If the Participant's Spouse is the Participant's sole designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this Section, or the joint life and last survivor expectancy of the Participant and the Participant's Spouse as determined under the Joint and Last Survivor Table set forth in Treasury Regulation §1.401(a)(9)-9, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the calendar year that contains the Annuity Starting Date.

REQUIREMENTS FOR MINIMUM DISTRIBUTIONS WHERE PARTICIPANT DIES BEFORE DATE DISTRIBUTIONS BEGIN

**Section 12.9 – PARTICIPANT SURVIVED BY DESIGNATED BENEFICIARY.**

If the Participant dies before the date distribution of his or interest begins and there is a designated Beneficiary, the Participant's entire interest will be distributed, beginning no later than the time the described above in Section 12.2(a) or (b), over the life of the designated Beneficiary or over a period certain not exceeding:

a) Unless the Annuity Starting Date is before the first distribution calendar year, the life expectancy of the designated Beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

b) If the Annuity Starting Date is before the first distribution calendar year, the life expectancy of the designated Beneficiary determined using the Beneficiary's birthday in the calendar year that contains the Annuity Starting Date.

**Section 12.10 – NO DESIGNATED BENEFICIARY.**

If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

**Section 12.11 – DEATH OF SURVIVING SPOUSE BEFORE DISTRIBUTIONS TO SURVIVING SPOUSE BEGIN.**

If the Participant dies before the date distribution of his or her interest begins, the Participant's Surviving Spouse is the Participant's sole designated Beneficiary, and the Surviving Spouse dies before distributions to the Surviving Spouse begin, this Section will apply as if the Surviving Spouse were the Participant, except that the time by which distributions must begin will be determined without regard to Section 12.2(a).

**Section 12.12 – LIFE EXPECTANCY.**

Life expectancy as computed by use of the Single Life Table in Treasury Regulation §1.401(a)(9)-9.

## ARTICLE XIII—ADMINISTRATION

### Section 13.1 – ADMINISTRATION BY TRUSTEES.

The Plan shall be administered by the Trustees. All action by the Trustees shall be by majority decision in the same manner as provided in Article V of the Pension Trust Agreement establishing the Laborers Local No. 265 Pension Fund.

### Section 13.2 – TRUSTEE OBLIGATION.

All Fiduciaries under the Plan shall discharge their duties with respect to the Plan solely in the interests of the Participants, former Participants, retired Participants and Beneficiaries, and shall act exclusively for the purpose of providing benefits to Participants and Beneficiaries and defraying reasonable expenses of the Plan with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like purposes. Except as aforesaid, and unless otherwise provided by law, a Fiduciary shall not be liable for any mistake of judgment or other action taken in good faith or for any loss, unless such loss results from his own willful misconduct or gross negligence, or knowingly permitting a willful misconduct or gross negligence of any other Trustee.

### Section 13.3 – TRUSTEE POWERS.

The Trustees shall have such powers as are necessary for proper administration of the Plan, including (but not limited to) the following:

a) To prescribe procedures to be followed by Employees in filing application for benefits and for the furnishing of evidence necessary to establish Employees' rights to benefits under the Plan;

b) The Fiduciaries shall have the sole and absolute discretion to interpret and administer the Plan; to determine eligibility for benefits, including the amount of benefits; and to decide all questions that may arise or that may be raised under this Plan. The decisions of the Fiduciaries shall be binding upon all persons to the maximum extent permitted under ERISA;

c) To develop procedures for the establishment of Credited Service of Employees, and after affording Employees an opportunity to make objection with respect thereto, to establish such facts conclusively in advance of retirement;

d) To obtain from the Employers, from the Union and from the Employees such information as shall be necessary for proper administration of the Plan;

e) To establish a formula for the determination of benefits, and authorize benefit payments from the Pension Fund to all Employees entitled to benefits under the Plan; and to authorize expenses incident to administration of the Plan;

f) To prepare and distribute in accordance with the provisions of ERISA and all applicable law, all information concerning the Plan to Participants from time to time as applicable law may require;

g) To furnish to Employers and to the Union, upon request, such reports with respect to the administration of the Plan as are reasonable and appropriate;

h) To collect, evaluate, analyze and prepare statistical and other data with respect to administration of the Plan, and to make an annual report which shall review, analyze and summarize the operation of the Plan;

i) To enter into written reciprocal agreements with other duly qualified Pension Funds covering the transfer of money and service credits of Participants.

j) The Trustees and each of them shall be entitled to rely upon the correctness of any information furnished by the Actuary, the Union or the Employers. Neither the Trustees nor any of them, nor the Union, nor any officer or other representative of the Employers, shall be liable because of any act or failure to act on the part of the Trustees or any of them to any person whomsoever, except that nothing herein shall be deemed to relieve any such individual from liability for his own fraud or bad faith;

k) Any case referred to the Trustees on which they have no power to rule shall be referred to the parties without ruling;

l) No ruling or decision of the Trustees in one case shall create a basis for a retro-active adjustment of any previously decided case; and

m) To take any other action permitted by the terms of the Trust that they deem necessary or helpful to carry out the purposes of the Plan and Trust.

## ARTICLE XIV—MISCELLANEOUS

### Section 14.1 – EMPLOYEE INFORMATION.

The Trustees may require any Employee to furnish proof or information relative to age, wages and benefits paid or payable to such Employees from other sources. In the event that incorrect information is furnished by an Employee to the Trustees, the Trustees shall have the power to make such adjustment in the Employee's pension as shall be deemed proper by the Trustees on the basis of information in the Trustees' files.

### Section 14.2 – EMPLOYEE RIGHTS.

No Employee, group of Employees or other persons shall have any interest in, or right to, any part of the principal or earnings of the Pension Fund, or in the assets of the Pension Fund, but the same shall be administered solely in accordance with the provisions of the Plan and the Agreement and Declaration of Trust.

### Section 14.3 – CONTRACT OF EMPLOYMENT.

Nothing contained in this Plan shall be construed as a contract of employment between any Employer and any Employee, or as granting the right of any Employee to be continued in the employment of any Employer, or as a limitation on the right of the Employer to terminate the employment of an Employee at any time.

### Section 14.4 – EMPLOYER/EMPLOYEE RELATIONSHIP.

An Employer's right to discipline or discharge Employees shall not be affected by reason of existence of this Plan, or by reason of any of the provisions of this Plan. No matter respecting the Provisions of the Plan shall be subject to the grievance procedure established in the Collective Bargaining Agreement.

### Section 14.5 – CLAIMS AND APPEALS PROCEDURE.

The Trustees shall provide forms necessary for the following purposes:

a) To make application for pension benefits;

b) To designate beneficiary or beneficiaries;

c) To elect the method of payment of retirement benefits.

The Trustees shall pass upon all written applications for pension benefits and the supporting evidence required by the Trustees. In the event an application for pension benefit is denied, or modified, the applicant shall be notified of such action by the Trustees in writing, together with the reasons therefore, and explaining appeal rights, and provided that the applicant gives a written notice to the Trustees of a request for a hearing, he shall be given an opportunity to present additional evidence within a reasonable time. Should the Trustees determine that such additional evidence is still insufficient to establish an applicant's right to pension benefits, he shall be notified in writing and shall be given an opportunity to appear before the Board of Trustees to present any other evidence he deems relevant to the application.

The Trustees hereby adopt the claim and appeals process set forth in Department of Labor Regulation 2560.503-1.

To appeal the denial of a Plan benefit, a written notice must be filed with the Benefit Office within sixty (60) days of the date the denial of the claim was received. A Participant may submit written comments, documents, records, and other information relating to the claim to the Board of Trustees.

In the event of a discrepancy between the records maintained by the Plan and claims asserted by a Participant, an Employee, a Retiree, or any other person or entity, the Trustees shall rely upon the records established and maintained by the Plan unless shown, to their satisfaction, of which they shall have sole discretion, that said records shall be modified. The burden of proving a claim for benefits which differs from the records established and maintained by the Plan shall be upon the Participant, employer, retiree, or any other person or entity.

A Participant can legally authorize someone else to file a request for review and otherwise act on his or her behalf. The Participant and/or representative can review material in the Plan's files that are related to the Participant's claim. A Participant may make a written request for a personal appearance at a hearing before the Board of Trustees or have his or her legal representative appear on his or her behalf, at the Participant's own expense. In the case of a Disability determination based in whole or in part of a medical judgment, a health care professional who has appropriate training and expertise in the field of medicine, and who was not consulted in connection with the initial application will be consulted. Any medical or vocational expert(s) whose advice was obtained in connection with the adverse determination will be identified.

The Board of Trustees will advise the Participant of its decision in writing as soon as possible, but not later than one-hundred twenty (120) days after receipt of a request for a review. The decision of the Board of Trustees will state the specific reason or reasons for the determination and refer to the specific Plan provisions on which the benefit determination is based. Any denial will be accompanied by:

a) a statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits;

b) a statement apprising the Participant that he may have voluntary dispute resolutions options and contact information for the same; and

c) a statement of the right to bring a civil action under Section 502(a) of ERISA.

The Trustees shall full authority to interpret the provisions of this Plan and it is within the sole and absolute discretion of the Trustees to determine if a Participant is entitled to receive a benefit and the amount of the benefit. The decision will be final and binding.

If a Participant has exhausted your claim review and appeals rights under the procedures set forth in this section, he or she may pursue any other legal remedies available, which may include bringing a civil action under ERISA Section 502(a) for judicial review of the adverse determination regarding the claim in order to recover benefits under the Plan's terms, to enforce rights under the Plan's terms, or to clarify rights to future benefits under the Plan.

Three Year Limitation Period. No action at law or in equity shall be brought by any Participant or Beneficiary after the expiration of three (3) years from the date the Board provides written notice of a decision on an appeal of an adverse benefit determination. Failure to bring an action within this three (3) year period shall forever bar such action.

**Section 14.6 – ACTIONS OF THE TRUSTEES.**

The Trustees shall be the sole judges of:

a) The standard of proof required in any case;

b) The application and interpretation of this Plan;

c) The eligibility for or amounts of pension benefits;

d) The granting of pension credits.

The decisions of the Trustees with respect to all conditions specified under this Section shall not be subject to the grievance procedure established in the Collective Bargaining Agreement.

**Section 14.7 – PERIODIC ACTUARIAL CALCULATION.**

This Plan has been adopted on the basis of an actuarial calculation, which has been established to the extent possible that the contributions will, if continued, be sufficient to maintain the Plan on a permanent basis. However, it is recognized that the benefits provided by this Pension Plan can be paid only to the extent that the Plan has available adequate resources for those payments.

Consequently, the Trustees shall have prepared at periodic intervals an actuarial evaluation of the Fund, with the interval between such evaluations not to exceed the time permitted by any applicable law. Such evaluations shall be performed by a Firm, or at least one of whose members or Employees must be an Enrolled Actuary.

**Section 14.8 – INCOMPETENCE OF PENSIONER.**

In the event that it is determined that a Pensioner is unable to manage his affairs because of illness, accident or incapacity, either mental or physical, any payment due may be applied, in the discretion of the Trustees, to the maintenance and support of such Pensioner (unless and until proper claim shall be made therefore by a legally appointed guardian, committee or legal representative).

**Section 14.9 – BENEFIT PAYMENTS REVERT TO FUND.**

If any benefit payment made by the Trustees out of the Pension Fund be unclaimed for a period of three (3) years, it shall revert to and become a part of the said Pension Fund, but must be reinstated if a claim for benefits is made by a Participant or Beneficiaries for the forfeited amount.

**Section 14.10 – MERGER OR CONSOLIDATION.**

In the case of merger or consolidation with, or transfer of assets or liabilities to any other Plan, each Participant shall receive a benefit immediately after the merger, consolidation, or transfer (if the Plan then terminated) which is at least equal to or greater than the benefit he was entitled to immediately before the merger, consolidation, or transfer, etc. (if the Plan had terminated).

**Section 14.11 – PROSPECTIVE OPERATION.**

The provisions of this Plan, and any subsequent amendments thereto, shall operate prospectively only, from and after the effective date of this revised and restated Plan, or the effective date of any amendments as the case may be. None of the provisions of this revised Plan shall be given any retro-active effect, and no Participant, active or retired, or Beneficiary, or any representative of a deceased Participant may claim a greater benefit than was previously determined under the Plan provisions in effect at the time of such determination.

**Section 14.12 – UNIFORMED SERVICES EMPLOYMENT AND RE-EMPLOYMENT RIGHTS ACT.**

On or after October 13, 1994, the Trustees hereby amend the Pension Plan to comply with the requirements of the Uniformed Services Employment and Re-Employment Rights Act of 1994.

A. Reinstatement and Credit After Service in the Uniformed Services of the United States.

1. If an Eligible Employee leaves Covered Employment to enter active duty in the uniformed services of the United States in compliance with the requirements of the Uniform Services Employment and Re-Employment Rights Act, he shall not suffer a Break in Service during said period of active duty but limited by the conditions contained in the Act.

2. Upon said Employee's release from active duty under circumstances entitling him to re-employment under federal law

and his return to work with a Contributing Employer within the time prescribed by federal law, said Employee will be granted vesting credit and benefit accrual for the period served by said person in the uniform services in compliance with the requirements of the Uniform Services Employment and Re-Employment Rights Act. Said circumstances include but are not limited to the following:

a) The Participant must notify the Fund Office in writing before entering active duty to preserve said rights under the Act and under the Plan.
b) Time on active duty does not exceed five (5) years.
c) The Participant is released from active duty under honorable discharge conditions.
d) Said Participant must apply for work and Covered Employment under the Plan and notify the Fund Office within ninety (90) days of being released from active duty.

3. The Fund shall assume funding liability for all periods of military service required to be credited under this Section of the Plan.

4. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with IRC Section 414(u).

5. In the case of a Participant who dies while performing qualified military service on or after January 1, 2007, the Participant's survivor(s) shall be entitled to pre-retirement death benefits provided under the Plan (other than benefit accruals relating to the period of qualified military service) as if the Participant had resumed active employment with the Employer and then terminated employment with the Employer on account of death. Vesting Service will be granted for time spent in qualified military service. Benefit accrual will not be granted for time spent in qualified military service.

**Section 14.13 – ASSETS AND LIABILITIES.**

A Pension Trust Agreement has been executed between the Employers and the Union and subscribed and accepted by the Trustees under the terms of which a Pension Fund shall be established to receive and hold contributions payable by the Employers under this Plan, interest and other income and to pay the benefits provided under said Plan and the expense of operation of the Plan.

**Section 14.14 – NON-REVERSION.**

The Employers shall have no right, title or interest in the contributions made by them or any of them to the Pension Fund and no part of the Pension Fund shall revert to the Employers or to any of them.

**Section 14.15 – EMPLOYER LIABILITY.**

The benefits of this Plan shall be only such as can be provided by the assets of the Pension Fund and there shall be no liability or obligations hereunder on the part of the Employers to make any further contributions to the Pension Fund in the event of termination of this Plan, with the exception of employer withdrawal liability or where other liability is established by law.

## ARTICLE XV—EMPLOYER WITHDRAWAL LIABILITY

### Section 15.1 – COMPLETE WITHDRAWAL DEFINED.

A complete withdrawal occurs if an Employer ceases to have an obligation to contribute to the Plan, and the Employer continues to perform work in the jurisdiction of the Collective Bargaining Agreement of the type for which contributions were previously required, or resumes such work within five years after the date on which the obligation to contribute to the Plan ceased, and does not renew the obligation at the time of such resumption.

a) For this purpose, an Employer's obligation to contribute is not considered to have ceased solely because:
   1) the Employer is not, at the particular time, engaged in activity for which it has a contractual obligation to contribute,
   2) the Employer ceases to exist by reason of (i) a change in corporate structure described in section 4069(b) of ERISA or (ii) a change to an unincorporated form of business enterprise, provided (in either case) the change causes no interruption in Employer contributions or obligation to contribute to the Plan, or
   3) the Employer suspends contributions during a labor dispute involving its Employees.

b) The date of a complete withdrawal is the date the Employer's obligation to contribute ceased.

### Section 15.2 – PARTIAL WITHDRAWAL DEFINED

a) A partial withdrawal occurs on the last day of the Plan Year in which the Employer's work mix within the craft and area jurisdiction of a Collective Bargaining Agreement under which the Employer is obligated to contribute to the Plan changes, with the result being a 70% contribution decline.

   1) A partial withdrawal shall be determined on the basis of the Employer's work mix within a period of three consecutive Plan Years ("Test Period") compared to its

work mix within the five Plan Years ("Base Period") preceding the Test Period. A partial withdrawal shall be deemed to have occurred if the hours of work on the basis of which the Employer has been obligated to contribute to the Plan are, for each of the three years in the Test Period, less than 30 percent of what they had been, on average, in the two Base Period years in which such hours had been highest.

b) A partial withdrawal may also occur, in some cases, on the last day of the Plan Year if, for such Plan Year, there is a partial cessation of the Employer's contribution obligation. There is a partial cessation of the Employer's contribution obligation for the Plan Year if, during such year:

1) The Employer permanently ceases to have an obligation to contribute under one or more but fewer than all Collective Bargaining Agreements under which the Employer has been obligated to contribute under the plan but continues to perform work in the jurisdiction of the Collective Bargaining Agreement of the type for which contributions were previously required or transfers such work to another location or to an entity or entities owned or controlled by the Employer, or

2) An Employer permanently ceases to have an obligation to contribute under the Plan with respect to work performed at one or more but fewer than all of its facilities, but continues to perform work at the facility of the type for which the obligation to contribute ceased.

**<u>Section 15.3 – CALCULATION OF WITHDRAWAL LIABILITY.</u>**

An Employer's withdrawal liability shall be equal to the sum of (a), (b), and (c) below, but shall be subject to (d).

a) <u>Withdrawal liability for Plan Years ending after September 25, 1980</u>. This amount is equal to the sum of the Employer's withdrawal liability for each of the Plan Years ending after September 25, 1980 and before the Plan Year of withdrawal. The Employer's withdrawal liability for any Plan Year shall be equal to (1) reduced by (2), and multiplied by (3) below.

1) The change in unfunded Vested benefits for the given Plan Year. The change in unfunded Vested benefits is equal to the unfunded Vested benefits as of the end of the given Plan Year, less the sum of (i) and (ii) below.

i) The unfunded Vested benefits on the last day of the last Plan Year ending before September 26, 1980, reduced by 5 percent for each Plan Year ending after September 25, 1980 and before the given Plan Year.

ii) The sum of the changes in the unfunded Vested benefits for each Plan Year ending after September 25, 1980 and ending before the given Plan Year (each such change reduced by 5 percent for each Plan Year ending after the Plan Year for which the change is being determined and before the given Plan Year).

2) Five percent for each Plan Year ending after the given Plan Year and before the Plan Year of withdrawal.

3) A fraction, the numerator of which is the total amount required to be contributed under the Plan by the Employer for the last five Plan Years ending with the given Plan Year, and the denominator of which is the total amount contributed under the Plan by all Employers for the five Plan Years ending with the given Plan Year, reduced by contributions made in such years by Employers who withdrew from the Plan during such years.

However, notwithstanding the provisions of (a)(3), contributions of all Employers that permanently cease to have an obligation to contribute to the Plan or permanently cease covered operations before the end of the period of Plan Years used to determine the fractions for allocating unfunded Vested benefits (and contributions of all Employers that withdrew from the Plan prior to September 26, 1980) shall be excluded from the denominators of the fractions.

b) <u>The Employer's withdrawal liability for Plan Years ending before September 26, 1980</u>. The Employer's pre-September 26, 1980 withdrawal liability shall be equal to (1) reduced by (2), and multiplied by (3) below.

1) The unfunded Vested benefits on the last day of the last Plan Year ending before September 26, 1980.
2) Five percent for each Plan Year ending after September 25, 1980 and before the Plan Year of withdrawal.
3) A fraction, the numerator of which is the total amount required to be contributed under the Plan by the Employer for the last five Plan Years ending before September 26, 1980, and the denominator of which is the total contributions for the same five Plan Years made by all Employers that
    i) were required to contribute for the first Plan Year ending on or after September 25, 1980 and
    ii) had not withdrawn from the Plan before September 26, 1980.

However, notwithstanding the provisions of (b)(3), contributions of all Employers that permanently cease to have an obligation to contribute to the Plan or permanently cease covered operations before the end of the period of Plan Years used to determine the fractions for allocating unfunded Vested benefits (and contributions of all Employers that withdrew from the Plan prior to September 26, 1980) shall be excluded from the denominators of the fractions.

c) <u>The Employer's withdrawal liability for reallocated unfunded Vested benefits</u>. This amount is equal to the sum of the Employer's withdrawal liability for reallocated unfunded Vested benefits for each Plan Year ending before the Plan Year in which the Employer withdraws from the Plan. The Employer's withdrawal liability for reallocated unfunded Vested benefits for any Plan Year shall be equal to (1) reduced by (2), and multiplied by (3) below.

    1) *The reallocated unfunded Vested benefits for the given Plan Year.* The reallocated unfunded Vested benefits are equal to the sum of the following amounts that the Trustees determine in that year

        i) to be uncollectable from an Employer because of bankruptcy or similar proceedings,
        ii) will not be assessed because of the de minimis rules, the sale of assets rules, the 20-year payment cap, or the dollar limitations on liability, and

iii) to be uncollectable or unassessable for other reasons that are not inconsistent with regulations issued by the Pension Benefit Guaranty Corporation ("PBGC").

2) Five percent of the reallocated unfunded Vested benefits for each Plan Year ending after the given Plan Year and before the Plan Year of withdrawal.
3) A fraction, the numerator of which is the total amount required to be contributed under the Plan by the Employer for the last five Plan Years ending with the given Plan Year, and the denominator of which is the total amount contributed under the Plan by all Employers for the five Plan Years ending with the given Plan Year, reduced by contributions made in such years by Employers who withdrew from the Plan during such years.

However, notwithstanding the provisions of (c)(3), contributions of all Employers that permanently cease to have an obligation to contribute to the Plan or permanently cease covered operations before the end of the period of Plan Years used to determine the fractions for allocating unfunded Vested benefits (and contributions of all Employers that withdrew from the Plan prior to September 26, 1980) shall be excluded from the denominators of the fractions.

*d)* Liability for a Partial Withdrawal. The Employer's liability for a partial withdrawal shall be the amount determined pursuant to (a)-(c) above, multiplied by one minus the following fraction: the numerator is the total hours for which the Employer was obligated to contribute for the Plan Year following the Test Period of the partial withdrawal, and the denominator is the average of the annual total hours for which the Employer was obligated to contribute for each year in the five Plan Years prior to the Plan Year of the partial withdrawal.

If there is a partial withdrawal as defined in (a) of Section II (Partial Withdrawal Defined), the Plan Year of the partial withdrawal is the last day of the first Plan Year in the Test Period.

If there is a partial withdrawal as defined in (b) of Section II (Partial Withdrawal Defined), the Plan Year of the partial withdrawal is the Plan Year in which the Employer permanently ceases to have an obligation to contribute under one or more but fewer than all Collective Bargaining Agreements.

**Section 15.4 – DE MINIMIS REDUCTION OF WITHDRAWAL LIABILITY.**

The unfunded Vested benefits allocable to an Employer who withdraws from the Plan shall be reduced (but not below zero) by the lesser of (a) or (b), reduced by (c) below.

a) ¾ of 1 percent of the Plan's unfunded Vested benefits (determined as of the end of the Plan Year ending before the date of withdrawal).
b) $50,000.
c) Any amount by which the unfunded Vested benefits allocable to the Employer exceeds $100,000.

The de minimis reduction does not apply in the event of a withdrawal of all or substantially all Employers that contribute to the Plan, as more fully described in section 4209(c) of ERISA.

**Section 15.5 – ACTUARIAL ASSUMPTIONS.**

Withdrawal liability shall be determined based on the actuarial assumptions and methods that are used in the Employer withdrawal liability report prepared by the actuary for the Plan for the Plan Year in which the withdrawal occurred.

**Section 15.6 – PAYMENT OF WITHDRAWAL LIABILITY.**

The unfunded Vested benefits allocable to an Employer that withdraws from the Plan shall be paid as follows:

a) The amount of payment shall be calculated as follows:

   1) Except as provided in (2) and (4) below, and in (c) and (d) below, an Employer shall pay the amount determined under Section 15.3, reduced according to the provisions of Section 15.4 and appropriately adjusted for partial withdrawal according to the provisions of ERISA. The Employer will make level annual payments in an amount determined under (3) below. The level annual payments will be paid over a period of years required to amortize the amount payable by

the Employer. The amortization period will be calculated as if the first payment were made on the first day of the Plan Year following the Plan Year in which withdrawal occurs and as if each subsequent payment were made on the first day of each subsequent Plan Year. The amortization period shall be based on the interest rate used for the actuarial valuation of the Plan for the Plan Year in which the withdrawal occurred.

2) If the amortization period described in (1) above exceeds 20 years, the liability of the Employer shall be limited to the first 20 annual payments determined in (3) below.

3) Except as provided in (5) below, the amount of each annual payment shall be the product of (i) and (ii) below:

   i) The average annual number of contribution hours for the three consecutive Plan Years, during the 10 consecutive Plan Years ending before the Plan Year in which withdrawal occurs, in which the number of contribution hours for which the Employer has an obligation to contribute to the Plan is highest, and
   ii) The highest contribution rate at which the Employer had an obligation to contribute to the Plan during the 10 Plan Years ending with the Plan Year in which the withdrawal occurs.

4) In the event of withdrawal of all or substantially all Employers that contribute to the Plan, (2) above shall not apply, and total unfunded Vested benefits shall be allocated among all such Employers according to regulations issued by the PBGC.
5) In the event of a partial withdrawal, the amount of annual payment will be adjusted according to the provisions of ERISA.

b) Withdrawal liability shall be payable in equal monthly installments. Payment of withdrawal liability shall begin on the first day of the month that begins at least 10 days after the date of notice of, and demand for, payment is sent to the Employer, notwithstanding the pendency of any review, arbitration or other proceedings.

c) An Employer shall be entitled to prepay its withdrawal liability and accrued interest without penalty.

d) The Trustees may require that an Employer post a bond or provide the Plan other security for its payment of withdrawal liability if:

   1) The Employer is the subject of a petition under the Bankruptcy Code or similar proceedings under State or Federal law, or
   2) Substantially all of the Employer's assets are sold, distributed or transferred out of the jurisdiction of the court of the United States, or
   3) The credit rating of the Employer becomes impaired to the extent that the Trustees, in their discretion, determine that the likelihood of collecting withdrawal liability from the Employer is substantially diminished.

e) In the event an Employer fails to make any payment when due, interest shall accrue on the payment from the due date until the date the payment is made. An Employer shall be considered in default if such Employer fails to make any payments when due, the Plan has notified the Employer of its failure to pay the liability when it was due, and the Employer has failed to pay the post-due installment within 60 days after the Employer receives notice from the Plan of such failure. An Employer may also be considered in default upon business shutdown, asset default, indication by said Employer of refusal or inability to make any payment or payments due, or any other circumstance reasonably deemed by the Board of Trustees that indicates that the Employer will be unable to pay the withdrawal liability. In the event of a default, the Trustees may require immediate payment of some or all the outstanding withdrawal liability payments that would otherwise be due in the future. For purposes of the foregoing, interest shall be charged from the date the payment was due to the date it is paid at an annual rate equal to the rate described in Section 15.6(a)(1).

f) In any suit by the Plan to collect withdrawal liability, including a suit to enforce an arbitrator's award and a claim asserted by the Plan in an action brought by an Employer or other party, if judgment is awarded in favor of the Plan, the Employer shall pay to the Plan, in addition to the unpaid liability and interest thereon as determined under subparagraph (d), liquidated damages to the greater of:

1) the amount of interest charged on the unpaid balance, or
2) 20 percent of the unpaid amount awarded.

The Employer shall also pay attorneys' fees and all costs incurred in the action, as awarded by the court. Nothing in the foregoing shall be construed as a waiver or limitation of the Plan's right to any other legal or equitable relief.

**Section 15.7 – RESOLUTION OF DISPUTES.**

A dispute between the Employer and the Plan concerning a determination of withdrawal liability or withdrawal liability payments shall be resolved through arbitration. Either party can initiate the arbitration proceeding within a 60-day period following the earlier of (a) or (b) below.

a) The date the Plan notifies the Employer of its decision after a reasonable review of any matter raised.
b) 120 days after the date the Employer requests a review of the Plan's determination of withdrawal liability.

The parties may jointly initiate arbitration within the 180-day period following the date of the Plan's initial notice and demand.

Such arbitration proceedings shall be subject to and conducted in accordance with the provisions of section 4221 of ERISA and the regulations promulgated thereunder. Notwithstanding the foregoing, any arbitration proceedings initiated that involve the Plan shall be conducted according to the Multi-Employer Pension Plan Arbitration Rules for Withdrawal Liability Disputes, as issued by the American Arbitration Association and the International Foundation for Employee Benefit Plans.

**Section 15.8 – FURNISHING INFORMATION TO EMPLOYERS.**

The Plan will provide the following withdrawal liability information to an Employer upon written request at no charge:

a) A withdrawal liability worksheet containing the general information necessary for the Employer to calculate their potential withdrawal liability. This worksheet does not contain information that is unique to the Employer.

b) An estimate of the Employer's potential withdrawal liability. This estimate does not include the supporting details of the Employer's withdrawal liability calculation.

If an Employer requests in writing for the Plan to provide an estimate of their potential withdrawal liability that includes information unique to the Employer along with the supporting details of the Employer's withdrawal liability calculation, then the Plan will require the Employer to pay the reasonable cost of preparing their potential withdrawal liability estimate. The Plan's current fee to provide such an estimate is $1,000.00.

**Section 15.9 – MISCELLANEOUS**

a) Notwithstanding any other provisions hereof, if all or substantially all contributing Employers withdraw from the Plan pursuant to an agreement or arrangement, as determined under section 4209 and section 4219(c)(1)(D) of ERISA, the withdrawal liability of each such Employer shall be adjusted in accordance with those sections of ERISA.

b) With the exception of Section 15.2(B) and the portion of Section 15.3(D) that deals with partial cessation, Section 15.1 and Section 15.2 of these provisions do not apply to an Employer that is not a construction trades Employer. For this purpose, an Employer is a construction trades Employer if substantially all the Employees with respect to whom the Employer has an obligation to contribute to the Plan perform work in the building and construction industry, as defined by the PBGC. In the case an Employer that is not a construction trades Employer, whether a complete withdrawal or partial withdrawal has occurred, and the liability and payments for a partial withdrawal, will be determined in accordance with the applicable provisions of section 4203, section 4205, section 4208 and section 4219 of ERISA, provided, however, the method used to determine withdrawal liability for such Employer shall be that described in section 4211(b) of ERISA ("presumptive method").

c) For purposes of these provisions, all corporations, trades or businesses that are under common control (as defined in regulations issued by the PBGC), shall be considered a single Employer.

d) If, after a partial withdrawal, an Employer again incurs liability for a complete or 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 addition, if an Employer that has withdrawn from the Plan later renews the obligation to contribute, or if an Employer that has partially withdrawn later increases the share of its work in the craft and area jurisdiction of the Collective Bargaining Agreement under which the Employer is obligated to contribute to the Plan with the result being that the portion of such work that is covered under the Plan is determined by the Trustees of the Plan to be more than insubstantial, the unpaid balance of the Employer's liability incurred on account of the earlier withdrawal or partial withdrawal shall be reduced in accordance with regulations issued by the PBGC.

e) If, following review, arbitration or other proceedings, the amount of the Employer's withdrawal liability is determined to be different from the amount in the notice and demand to the Employer, adjustment shall be made by reducing or increasing the number of installment payments due. If the Employer has paid more than the amount ultimately determined to be its withdrawal liability, the Plan shall refund the excess with interest at the rate used to determine the amortization period.

f) Employers are required by statute to comply with all information requests made by the Plan, pursuant to section 4219 of ERISA. If an Employer should fail to satisfy an information request from the Plan, the Plan expressly reserves the right to presume that the information then held by the Plan is true and correct, to include but not limited to a presumption that the Employer does not dispute the assessment of withdrawal liability against said Employer.

g) Notwithstanding any other provisions, Employer contributions transferred to another plan pursuant to a reciprocal agreement between the Plan and such other plan shall not be considered contributions to this Plan for the purpose of determining whether an Employer has withdrawn or for the purpose of determining the total or annual amount of withdrawal liability. Amounts retained by the Plan as the administrative expense for handling such transferred contributions shall likewise be disregarded. However, if the Plan's records do not reveal which contributions by a withdrawn Employer are to be so disregarded, they shall be disregarded only if an Employer provided the necessary data for the Trustees to make that determination. Contributions transferred to the Plan pursuant to such a reciprocal agreement shall also be disregarded in any determination of withdrawal liability.

IN WITNESS WHEREOF, this instrument has been executed by the parties hereto this 18th day of November, 2014, at Cincinnati, Hamilton County, Ohio.

[redacted]

[redacted]

**AMENDMENT NO. 1 TO THE**
**LABORERS LOCAL 265 PENSION PLAN**
**AS RESTATED JANUARY 1, 2015**

In accordance with the authority contained in Section 10.1 of the Plan, the Board of Trustees deems it necessary to amend the Plan to conform with the *Windsor* decision and to comply with the Qualified Optional Survivor Annuity Rules.

* * * *

Effective as of June 26, 2013, Section 1.27 of the Plan will be amended in its entirety to read as follows:

**Section 1.27 – JOINT AND SURVIVOR SPOUSE ANNUITY.**

"Joint and Survivor Spouse Annuity" shall be that annuity as determined herein which is payable to the Retiree for life and then to the surviving Spouse for life.

* * * *

Effective as of January 1, 2009, Section 6.1 of the Plan will be amended in its entirety to read as follows:

**Section 6.1 – QUALIFIED JOINT AND OPTIONAL ANNUITIES.**

For Annuity Starting Dates on or after May 1, 2010 and unless an optional form of benefit is selected pursuant to a qualified election within the 180-day period ending on the Annuity Starting Date, a married Participant's vested accrued benefit will be paid in the form of a Qualified Joint and Survivor Annuity and an unmarried Participant's Vested Accrued Benefit will be paid in the normal form of an single life annuity. The Participant may elect to have such annuity distributed upon attainment of the Earliest Retirement Age under the Plan.

At the time of application for retirement, a Participant may elect one (1) of the following forms of Qualified Joint and Survivor Annuity:

#1

i) an annuity for the life of the Participant with a survivor annuity for the life of the spouse which is 50% of the amount of the annuity which is payable during the joint lives of the Participant and the Spouse and which is the actuarial equivalent of the normal form of benefit, or if greater, any optional form of benefit. In the event that no election is timely made, this form shall be the benefit paid by Plan.

ii) an annuity for the life of the Participant with a survivorship annuity for the life of the Spouse which is two-thirds (2/3rds) of the amount of the annuity which is payable during the joint lives of the Participant and the Spouse and which is the actuarial equivalent of the normal form of benefit, or if greater, any optional form of benefit.

iii) for those who retire on or after November 1, 2009, an annuity for the life of the Participant with a survivorship annuity for the life of the Spouse which is three-fourths (3/4ths) of the amount of the annuity which is payable during the joint lives of the Participant and the Spouse and which is the actuarial equivalent of the normal form of benefit, or if greater, any optional form of benefit.

iv) an annuity for the life of the Participant with a survivorship annuity for the life of the Spouse which is equal to the amount of the annuity which is payable during the joint lives of the Participant and the Spouse and which is the actuarial equivalent of the normal form of benefit, or if greater, any optional form of benefit.

At the election of the Participant, made at the time of application for retirement, a "pop-up" option shall be provided whereby if the spouse thereafter predeceases the Participant, the Joint and Survivorship Pension will revert to the full benefit that would have been payable but for the application of the Joint and Survivorship provision. In the event of such election, the Participant's Pension payable under this option shall be the actuarial equivalent of the normal form of benefit.

A Joint and Survivorship Pension, once payments have begun, may not be revoked nor the pensioner's benefits increased by reason of subsequent divorce or death of the Spouse before that of the Participant, except the death of the Spouse as provided for under this "pop-up" option.

#1

IN WITNESS WHEREOF, the Trustees have hereunto set their hands this 11th day of June, 2015.

**UNION TRUSTEES**

HARRY RICHARDSON

ROBERT E. RICHARDSON

[redacted]

**ASSOCIATION TRUSTEES**

[redacted]

NICK WEISBROD

#1

IN WITNESS WHEREOF, the Trustees have hereunto set their hands this 11th day of June, 2015.

**UNION TRUSTEES**

[redacted]

[redacted]

**ASSOCIATION TRUSTEES**

PHILIP NEUMANN

[redacted]

THOMAS E. TOMAN

NICK WEISBROD

**AMENDMENT NO. 2 TO THE**
**LABORERS LOCAL 265 PENSION PLAN**
**AS RESTATED JANUARY 1, 2015**

In accordance with the authority contained in Section 10.1 of the Plan, the Board of Trustees deems it necessary to amend the Plan to remove certain adjustable benefits in order to assist the Plan in forestalling insolvency.

* * * *

Effective as of February 1, 2017 Section 1.32 of the Plan will be amended in its entirety to read as follows:

**Section 1.32 – PARTICIPANT**

The term "Participant" as used herein shall mean any Employee or former Employee of an Employer who is eligible to receive a benefit of any type from the Fund or whose beneficiaries may be eligible to receive any such benefit.

a) Prior to November 1, 1999, an Employee became a Participant in the Plan by completing one (1) Hour of Service.

b) On and after November 1, 1999, an Employee will become a Participant in the Plan on the first day of the month following the completion of 1,000 Hours of Service.

The term "Active Participant" as used herein shall mean any Participant who has earned at least one (1) year of Credited Service in the past two (2) Plan Years.

* * * *

Effective as of February 1, 2017, Section 3.2 of the Plan will be amended in its entirety to read as follows:

**Section 3.2 – EARLY RETIREMENT.**

a) Retirement at age 55 years or later with ten (10) or more Years of Credited Service in the Plan – Reduced Benefits. On and after November 1, 1983, an Employee in the Plan shall be entitled to retire on the first (1st) day of the month following the later of the attainment of age 55 years, and the completion of ten (10) or more Years of Credited Service in the Plan, (at least 1,000 hours of which participation shall be Credited Future Service as defined in the Plan), but who has not as yet attained his Normal Retirement Age. This Section shall entitle the Employee to Early Retirement benefits as provided in Section 4.3 hereunder.

b) Retirement at age 60 years or later, with thirty (30) Years of Credited Service, In the Plan—Unreduced Benefits. On and after February 1, 1995, a Participant shall be entitled to retire on the first (1st) day of the month following the attainment of age 60 years or later and the completion of 30 or more Years of Credited Service in the Plan, at least 1,000 hours of which shall be Credited Future Service, but who has not as yet attained his Normal Retirement Age.

c) Retirement at age 58 years or later, with 30 Years of Credited Service in the Plan—Unreduced Benefits. On and after February 1, 1996, a Participant shall be entitled to retire on the first (1st) day of the month following the attainment of age 58 years or later and the completion of 30 or more Years of Credited Service in the Plan, at least 1,000 hours of which shall be Credited Future Service, but who has not as yet attained his Normal Retirement Age.

d) Retirement at age 55 years or later with 30 Years of Credited Service in the Plan—Unreduced Benefits. On and after November 1, 1998, a Participant shall be entitled to retire on the first (1st) day of the month following the attainment of age 55 years or later and the completion of 30 or more Years of Credited Service in the Plan, at least 1,000 hours which shall be Credited Future Service, but who has not as yet attained Normal Retirement Age.

e) Retirement at age 55 years or later, with five (5) or more Years of Credited Service in the Plan – Reduced Benefits. On and after August 1, 2000, an Employee in the Plan who has not as yet attained his retirement age, shall be entitled to retire on the first (1st) day of the month following the later of the attainment of age 55 years, and the completion of five (5) or more Years of Credited Service in the Plan, (at least 1,000 hours of which participation shall be Credited Future Service as defined in the Plan, and at least one (1) Hour of Service shall be Credited Future Service as defined in the Plan, and at least one (1) Hour of Service shall have been credited subsequent to October 31, 1996). This Section shall entitle the Employee to Early Retirement benefits as provided in Section 4.3 hereunder.

A Participant retiring under this Subsection (e) shall be subject to the suspension or loss of benefit provisions of the Plan as they apply to Early Retirement as set forth in Section 5.3(b) of the Plan.

f) Retirement at age 55 years or later with 30 Years of Credited Service in the Plan—Unreduced Benefits. On or after July 1, 2002, a Participant shall be entitled to retire on the first (1st) day of the month following the attainment of age 55 years or later and the completion of 30 or more Years of Credited Service in this Plan or when combined with Credited Service in the companion Laborers Ohio State Pension Fund, at least 1,000 hours of which shall be Credited Future Service in this Plan.

g) Early Retirement Limited to Active Participants. For Annuity Starting Dates on and after February 1, 2017, Early Retirement benefits described in this Section 3.2 shall only be available to Active Participants as defined in Section 1.32.

A Participant retiring under sub-sections (b), (c), (d) and (f) above for Early Retirement shall be subject to the suspension or loss of benefit provisions of the Plan as they apply to Normal Retirement under Section 5.3 (c) and not for suspension or loss of benefits under Early Retirement as set forth in Section 5.3 (b) of the Plan.

* * * *

Effective as of February 1, 2017, Section 3.3 of the Plan will be amended in its entirety to read as follows:

**Section 3.3 – DISABILITY RETIREMENT.**

Active Participants, as defined in Section 1.32, who become permanently and totally disabled prior to Normal Retirement, shall be entitled to retire and to be eligible for disability benefits as provided hereunder. Such benefits will be actuarially reduced as described in Section 4.4(b).

a) Total Employment Disability. An Employee shall be deemed to be permanently and totally disabled only if a determination has been made by the Social Security Administration of Medical Disability in connection with Old Age and Survivors Insurance Coverage. An Employee eligible for Disability

a) If the Participant has less than five (5) Years of Credited Service, a lump sum benefit equal to the total amount of contributions received on the account of the Participant will be paid. However, no lump sum benefits will be available for disability applications received on and after February 26, 2010.

b) If the Participant qualifies for a Total Employment Disability benefit a monthly pension benefit in equal to the Participant's Accrued Benefit as of the date of disability, with a minimum benefit of Twenty-five ($25.00) Dollars to be paid. However, no lump sum benefits will be available for disability applications received on and after February 26, 2010. Effective for disability applications received on and after February 1, 2017, disability benefits shall be actuarially equivalent to the Participant's Accrued Benefit, reduced for each month that the commencement of disability benefits precede the Participant's Normal Retirement Date.

c) If a Participant qualified for a Total Trade Disability a monthly pension benefit in the form of a single life annuity equal to the Participant's Accrued Benefit as of the date of disability, with a minimum benefit of Twenty-five ($25.00) Dollars to be paid. No lump sum benefits will be available for disability applications received on and after February 26, 2010 and the Trade Disability was eliminated as of February 1, 2017. Said benefits shall be actuarially reduced for each month that said disability date precedes the first of the month next following the 62nd birthdate of said Employee. Said reduction factors are as follows:

1) 1/180th percent for each of the first 48 months, plus
2) 1/360th percent for each of the next 36 months, plus
3) 1/540th percent for each of the next 60 months, plus
4) 1/720th percent for each of the next 60 months

* * * *

Effective as of February 1, 2017, Section 4.5(b) of the Plan will be amended in its entirety to read as follows:

b) <u>Qualified Pre-Retirement Survivor Annuity.</u> A Qualified Pre-Retirement Survivor Annuity shall be paid monthly to the surviving Spouse of a vested deceased Participant who was married for more than one (1) year. The monthly benefit shall be determined by Section 6.2 hereunder.

* * * *

Effective as of February 1, 2017, Section 6.2(b) of the Plan will be amended in its entirety to read as follows:

b) <u>Death Prior to Earliest Retirement Age</u>. Unless an optional form of benefit in accordance with Section 4.5 herein, is selected within the Election Period pursuant to a Qualified Election, if a Participant dies on or before the Earliest Retirement Age, the Participant's surviving Spouse (if any) will receive the same benefit that would have been payable if the Participant had: i) separated from service on the date of death (or date of separation from service, if earlier); ii) survived to the Earliest Retirement Age; iii) retired with an immediate Qualified Joint and Survivor Annuity at the Earliest Retirement Age, electing a joint and full survivorship option, and iv) died on the day after the Earliest Retirement Age.

1) Any person who dies while an Active Participant in the Plan will continue to be treated as an Active Participant for purposes of determining the Earliest Retirement Age under this Section 6.2(b).

* * * *

IN WITNESS WHEREOF, the Trustees have hereunto set their hands this 8th day of March, 2017.

**UNION TRUSTEES**

[redacted]

ROBERT E. RICHARDSON

[redacted]

**ASSOCIATION TRUSTEES**

PHILIP NEUMANN

[redacted]

NICK WEISBROD

**AMENDMENT NO. 3 TO THE**
**LABORERS LOCAL 265 PENSION PLAN**
**AS RESTATED JANUARY 1, 2015**

In accordance with the authority contained in Section 10.1 of the Plan, the Board of Trustees deems it necessary to amend the Plan to remove certain remaining adjustable benefits in order to assist the Plan in forestalling insolvency.

* * * *

Effective as of September 1, 2017, Section 3.2 of the Plan will be amended in its entirety to read as follows:

**Section 3.2 – EARLY RETIREMENT.**

a) Retirement at age 55 years or later with ten (10) or more Years of Credited Service in the Plan On and after November 1, 1983, an Employee in the Plan shall be entitled to retire on the first (1st) day of the month following the later of the attainment of age 55 years, and the completion of ten (10) or more Years of Credited Service in the Plan, (at least 1,000 hours of which participation shall be Credited Future Service as defined in the Plan), but who has not as yet attained his Normal Retirement Age.

b) Retirement at age 60 years or later with thirty (30) Years of Credited Service in the Plan On and after February 1, 1995, a Participant shall be entitled to retire on the first (1st) day of the month following the attainment of age 60 years or later and the completion of 30 or more Years of Credited Service in the Plan, at least 1,000 hours of which shall be Credited Future Service, but who has not as yet attained his Normal Retirement Age.

c) Retirement at age 58 years or later with 30 Years of Credited Service in the Plan On and after February 1, 1996, a Participant shall be entitled to retire on the first (1st) day of the month following the attainment of age 58 years or later and the completion of 30 or more Years of Credited Service in the Plan, at least 1,000 hours of which shall be Credited Future Service, but who has not as yet attained his Normal Retirement Age.

d) <u>Retirement at age 55 years or later with 30 Years of Credited Service in the Plan</u> On and after November 1, 1998, a Participant shall be entitled to retire on the first (1st) day of the month following the attainment of age 55 years or later and the completion of 30 or more Years of Credited Service in the Plan, at least 1,000 hours which shall be Credited Future Service, but who has not as yet attained Normal Retirement Age.

e) <u>Retirement at age 55 years or later, with five (5) or more Years of Credited Service in the Plan</u> On and after August 1, 2000, an Employee in the Plan who has not as yet attained his retirement age, shall be entitled to retire on the first (1st) day of the month following the later of the attainment of age 55 years, and the completion of five (5) or more Years of Credited Service in the Plan, (at least 1,000 hours of which participation shall be Credited Future Service as defined in the Plan, and at least one (1) Hour of Service shall be Credited Future Service as defined in the Plan, and at least one (1) Hour of Service shall have been credited subsequent to October 31, 1996).

f) <u>Retirement at age 55 years or later with 30 Years of Credited Service in the Plan</u> On or after July 1, 2002, a Participant shall be entitled to retire on the first (1st) day of the month following the attainment of age 55 years or later and the completion of 30 or more Years of Credited Service in this Plan or when combined with Credited Service in the companion Laborers Ohio State Pension Fund, at least 1,000 hours of which shall be Credited Future Service in this Plan.

g) <u>Early Retirement Limited to Active Participants</u>. For Annuity Starting Dates on and after February 1, 2017, Early Retirement benefits described in this Section 3.2 shall only be available to Active Participants as defined in Section 1.32.

h) <u>Early Retirement Reductions</u>. For Annuity Starting Dates on or after September 1, 2017, all Early Retirement benefits described in 3.2(a)-(f) will be subject to actuarial reduction set forth in Section 4.3.

A Participant retiring with an Early Retirement benefit will be subject to the Suspension or Loss of Benefit Rules provided in Section 5.3(b) until reaching Normal Retirement Age.

*   *   *   *

Effective as of September 1, 2017, Section 4.3 of the Plan will be amended in its entirety to read as follows:

**<u>Section 4.3—EARLY RETIREMENT REDUCTION</u>**

For Annuity Start Dates prior to September 1, 2017, the monthly retirement benefit of an Employee eligible for retirement benefits and who has applied therefore for commencement on or after age 55 years, and prior to age 62, shall be computed on the same basis as "Normal Retirement" under Sections 4.1 and 4.2, reduced by five-ninths of one percent (5/9 of 1%) for each of the first 48 months that the Early Retirement date is prior to the first of the month next following the 62$^{nd}$ birthday, and by five-eighteenths of one percent (5/18 of 1%) for each month of the next 36 months, that the Early Retirement date is prior to the first of the month next following the 62$^{nd}$ birthday.

Effective for Annuity Starting Dates on or after September 1, 2017, all Early Retirement benefits shall be actuarially equivalent to the Participant's Accrued Benefit, reduced for each month that the commencement of Early Retirement benefits precede the Participant's Normal Retirement Date.

*   *   *   *

Effective as of September 1, 2017, Section 6.2(b) of the Plan will be amended in its entirety to read as follows:

b) <u>Death Prior to Earliest Retirement Age</u>. Effective for deaths occurring on or after August 1, 2017, unless an optional form of benefit in accordance with Section 4.5 herein, is selected within the Election Period pursuant to a Qualified Election, if a Participant dies on or before the Earliest Retirement Age, the Participant's surviving Spouse (if any) will receive the same benefit that would have been payable if the Participant had: i) separated from service on the date of death (or date of separation from service, if earlier); ii) survived to the Earliest Retirement Age; iii) retired with an immediate Qualified Joint and Survivor Annuity at the Earliest Retirement Age, electing a joint and 50% survivorship option, and iv) died on the day after the Earliest Retirement Age.

electing a joint and 50% survivorship option, and iv) died on the day after the Earliest Retirement Age.

1) Any person who dies while an Active Participant in the Plan will continue to be treated as an Active Participant for purposes of determining the Earliest Retirement Age under this Section 6.2(b).

* * * *

IN WITNESS WHEREOF, the Trustees have hereunto set their hands this 17th day of July 2017.

**UNION TRUSTEES**

[redacted]

R[redacted]T E. RICHARDSON

[redacted]

**ASSOCIATION TRUSTEES**

[redacted]

THOMAS E. TOMAN

[redacted]

NICK WEISBROD

**AMENDMENT NO. 4 TO THE**
**LABORERS LOCAL 265 PENSION PLAN**
**AS RESTATED JANUARY 1, 2015**

In accordance with the authority contained in Section 10.1 of the Plan, the Board of Trustees deems it necessary to amend the Plan to clarify the date used for determining when a participant is an "Active Participant" for disability eligibility purposes.

*  *  *  *

Effective as of December 1, 2017 Section 1.32 of the Plan will be amended in its entirety to read as follows:

**Section 1.32 – PARTICIPANT**

The term "Participant" as used herein shall mean any Employee or former Employee of an Employer who is eligible to receive a benefit of any type from the Fund or whose beneficiaries may be eligible to receive any such benefit.

a) Prior to November 1, 1999, an Employee became a Participant in the Plan by completing one (1) Hour of Service.

b) On and after November 1, 1999, an Employee will become a Participant in the Plan on the first day of the month following the completion of 1,000 Hours of Service.

The term "Active Participant" as used herein shall mean any Participant who has earned at least one (1) year of Credited Service in the past two (2) Plan Years. The date used for determining whether or not a participant is an "Active Participant" for Disability eligibility under Section 3.3 of the Plan shall be the actual date of disability.

*  *  *  *

IN WITNESS WHEREOF, the Trustees have hereunto set their hands this 1st day of December, 2017.

**UNION TRUSTEES**

[redacted]

ROBERT E. RICHARDSON

[redacted]

**ASSOCIATION TRUSTEES**

[redacted]

[redacted]

[redacted]

**AMENDMENT NO. 5 TO THE**
**LABORERS LOCAL 265 PENSION PLAN**
**AS RESTATED JANUARY 1, 2015**

In accordance with the authority contained in Section 10.1 of the Plan, the Board of Trustees deems it necessary to amend the Plan to comply with the Disability Claims Regulations.

* * * *

Effective as of April 1, 2018, Section 14.5 of the Plan will be amended in its entirety to read as follows:

**Section 14.5 – CLAIMS AND APPEALS PROCEDURE.**

Claims Procedure

A) **Timing of Notice of Denial of Claims Other Than Disability.** If a claim, except for Disability Benefits, is wholly or partially denied, the Plan Administrator shall notify the Participant of the Plan's adverse benefit determination within a reasonable period of time, but not later than ninety (90) days after receipt of the claim by the Plan, unless the Plan Administrator determines that special circumstances require an extension of time, then written notice of the extension shall be furnished to the Participant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render benefits.

B) **Timing of Notice of Denial of Disability Claims.** In the case of an adverse benefit determination concerning Disability Benefits, the Plan Administrator shall notify the Participant of the Plan's adverse benefit determination within a reasonable period of time, but not later than forty-five (45) days after receipt of the claim by the Plan. This period may be extended by the Plan for up to thirty (30) days, provided the Plan Administrator both determines that an extension is necessary due to matters beyond the control of the Plan and notifies the Participant, prior to the expiration of the initial forty-five (45) day period, of the circumstances requiring the extension of time and date by which the Plan expects to render a decision. If, prior to the end of the first thirty (30) day extension period, the Plan Administrator determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for up to an additional thirty (30) days.

C) **Calculation of Time Periods.** The period of time within which a benefit determination is required to be made shall begin at the time a claim is filed in accordance with the reasonable procedures of the Plan, without regard to whether all the information necessary to make a benefit determination accompanies the filing.

D) **Content of Notice.** The Plan Administrator shall provide a Participant with written or electronic notification of any adverse benefit determination. The notification shall set forth, in a manner calculated to be understood by the Participant:

(1) The specific reasons or reasons for the adverse determination;

(2) Reference to the specific Plan provisions on which the determination is based;

(3) A description of any additional material or information necessary for the Participant to perfect the claim and an explanation of why such material or information is necessary;

(4) A statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Participant's claim for benefits;

(5) A description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the Participant's right to bring civil action under Section 502(a) of ERISA following an adverse benefit determination on review; and

(6) In the case of an adverse benefit determination concerning Disability Benefits:

(a) If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion or a statement that no such internal rule, guideline, protocol, or other similar criterion exists; or

(b) If the adverse benefit determination is based on medical necessity, because the treatment is experimental, or a similar exclusion or limit, either an explanation of the scientific or clinical judgement for the determination, applying the terms of the Plan to the Participant's medical circumstances, or a statement that such explanation will be provided free of charge upon request.

(c) A statement that the Participant is entitled to receive upon request and free of charge, reasonable access to copies of all documents, records, and other information relevant to the Participant's benefit determination.

(d) A discussion of the decision to disagree with or not follow:

(i) The views presented by the health care professionals treating the Participant;

(ii) The views presented by medical or vocational experts whose advise was obtained on behalf of the Plan; and/or

(iii) A disability determination made by the Social Security Administration.

Appeals Procedure

A) The Participant shall have sixty (60) days (180 days for Disability Benefit claims denials) following receipt of a notification of an adverse benefit determination within which to appeal the determination.

B) The Participant shall have the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits.

C) The Participant shall be provided, upon request and free of charge, reasonable access to and copies of, all documents, records, and other information relevant to the Participant's claim for benefits.

D) The review on appeal shall take into account all comments, documents, records, and other information submitted by the Participant, without regard to whether such information was submitted or considered in the initial benefit determination.

E) For Disability Benefit claims, on appeal the Participant shall be provided with any new or additional evidence or rational considered or relied upon in connection to the claim automatically and free of charge. The Participant shall be provided with a review that does not afford deference to the initial adverse benefit determination and will be conducted by an appropriate named fiduciary of the Plan who is neither the individual who made the initial adverse benefit determination nor the subordinate of such individual. In deciding an adverse benefit determination that is based in whole or in part on medical judgment, including determination regarding whether a treatment or drug is experimental, investigational, or not medically necessary, the Plan will consult a health care professional who has appropriate training and experience in the medical field involved in the judgment and the medical or vocational expert will be identified. The healthcare professional engaged for consultation will not be an individual who was consulted in making the adverse benefit determination that is the subject of the appeal, nor their subordinate.

F) The Board shall be empowered to hold a hearing at which such Participant shall be entitled to present the basis of his claims for review at which he may be represented by counsel.

G) The Trustees shall make a benefit determination no later than the date of the meeting of the Trustees that immediately follows the Plan's receipt of a request for review, unless the request for review is filed within thirty (30) days preceding the date of such meeting. In such case, a benefit determination may be made by no later than the date of the second (2nd) meeting following the Plan's receipt of the request for review. If special circumstances (such as the need to hold a hearing) require a further extension of time for processing, a benefit determination shall be rendered not later than the third (3rd) meeting of the Trustees following the Plan's receipt of the request for review. If such an extension of time for review is required because of special circumstances, the Plan Administrator shall provide the Participant with written notice of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. The Plan Administrator will notify the Participant of the benefit determination as soon as possible, but not later than five (5) days after the benefit determination is made.

H) The period of time within which a benefit determination on review is required to be made shall begin at the time an appeal is filed in accordance with the reasonable procedures of the Plan, without regard to whether all the information necessary to make a benefit determination on review accompanies the filing. In the event that a period of time is extended due to a Participant's failure to submit information necessary to decide the claim, the period for making the benefit determination on review shall be tolled from the date on which the notification of the extension is sent to the Participant until the date on which the Participant responds to the request for additional information.

I) In the case of an adverse benefit determination on review, the Plan Administrator shall provide such access to, and copies of, documents, records, and other information as appropriate.

J) **Content of Notice.** The Plan Administrator shall provide a Participant with written or electronic notification of any adverse benefit determination. The notification shall set forth, in a manner calculated to be understood by the Participant:

(1) The specific reasons or reasons for the adverse determination;

(2) Reference to the specific Plan provisions on which the determination is based;

(3) A statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, and other information relevant to the Participant's claim for benefits;

(4) A statement of the Participant's right to bring civil action under Section 502(a) of ERISA following an adverse benefit determination on review; and

(5) In the case of an adverse benefit determination concerning Disability Benefits:

(a) If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion or a statement that no such internal rule, guideline, protocol, or other similar criterion exists; or

(b) If the adverse benefit determination is based on medical necessity, because the treatment is experimental, or a similar exclusion or limit, either an explanation of the scientific or clinical judgement for the determination, applying the terms of the Plan to the Participant's medical circumstances, or a statement that such explanation will be provided free of charge upon request.

(c) A statement that the Participant is entitled to receive upon request and free of charge, reasonable access to copies of all documents, records, and other information relevant to the Participant's benefit determination.

(d) A discussion of the decision to disagree with or not follow:

(i) The views presented by the health care professionals treating the Participant;

(ii) The views presented by medical or vocational experts whose advise was obtained on behalf of the Plan; and/or

(iii) A disability determination made by the Social Security Administration.

Three Year Limitation Period. No action at law or in equity shall be brought by any Participant or Beneficiary after the expiration of three (3) years from the date the Board provides written notice of a decision on appeal of an adverse benefit determination. Failure to bring an action within this three (3) year period shall forever bar such action.

*    *    *    *

IN WITNESS WHEREOF, the Trustees have hereunto set their hands this 21st day of March, 2018.

**UNION TRUSTEES**

[redacted]

ANTHONY BRICE

______________________________

ROBERT E. RICHARDSON

[redacted]

**ASSOCIATION TRUSTEES**

[redacted]

PHILIP NEUMANN

[redacted]

NICK WEISBROD

# *LABORERS' LOCAL 265 PENSION PLAN*

205 West Fourth Street, Suite 225
Cincinnati OH 45202
(513)381-6886 or 800-832-7113

## Summary of Material Modifications-- Important Changes for Same-Sex Spouses Under the Plan

In June of 2013 the United States Supreme Court ruled that for purposes of federal law, a "spouse" includes a same-sex spouse if the individuals were legally married in a state that recognizes same-sex marriage. The Laborers' Local 265 Pension Plan (the "Plan") is governed by federal law and has been amended to comply with the Court's ruling and newly issued IRS regulations.

Effective June 26, 2013, the Plan will recognize same-sex marriages as legal regardless of whether the state in which the couple resides recognizes same-sex marriages. The Plan will not recognize domestic partnerships or civil unions as marriages for same-sex or opposite-sex couples.

**Example:** Doug, a participant in the Plan, marries his partner, John, in New York. Doug and John live in Cincinnati, Ohio. New York recognizes same-sex marriages; Ohio does not. John will be considered Doug's lawful spouse under the Plan because Doug and John were legally married in a state that recognizes same-sex marriages. John will be eligible for the same benefits as an opposite-sex spouse, including the right to be named as the spouse for joint and survivor annuity purposes.

**Example:** Linda, a participant in the Plan, enters into a civil union with her partner, Mary. Mary is not eligible for spousal rights under the Plan because she has not lawfully entered into a marriage in any state.

If you began receiving pension benefits under the Plan on or after June 26, 2013 and you elected a single life annuity, you have the option of changing your form of payment retroactively to a joint and survivor annuity to include your same-sex spouse as your surviving spouse. Please contact the Benefit Office as soon as possible if you would like to change your benefit election to account for your same-sex spouse.

Please contact the Benefit Office if you have questions about these changes.

Sincerely,
Board of Trustees
Laborers' Local 265 Pension Plan

Please keep this Summary of Material Modification with your Summary Plan Description. These important changes affect the pension benefits that are provided to you and your family. If you have any questions, please contact the Benefit Office.

# LABORERS' LOCAL 265 PENSION PLAN

205 West Fourth Street, Suite 225
Cincinnati OH 45202
(513) 381-6886 * 800-832-7113

****Important Notice About Changes to Your Pension Plan****

This notice is designed to advise you of certain changes being made to the Laborers Local 265 Pension Plan. The notice should be kept with your important records in order to allow you and your spouse to understand the benefits available from the Plan. You will be receiving a new Summary Plan Description in the next few weeks that includes these rules, but below are changes being made on February 1, 2017.

- Certain Plan benefits will only be available to Active Participants. To be considered an Active Participant, you must have earned at least one year of Credited Service in the past two Plan Years. You earn a year of Credited Service by earning 1,000 or more Hours of Service in a Plan Year.

- Only Active Participants are eligible for Early Retirement, the 30 and Out Retirement and Total & Permanent Disability Retirement. Others must wait until Normal Retirement Age to begin receiving a benefit.

- The former Trade Disability Benefit has been eliminated from the Plan. The Total & Permanent Disability Retirement is still available to Active Participants, but will be actuarially reduced from age 62. Additionally, the only acceptable proof of disability is an award from Social Security.

- The preretirement survivor options have not changed, but a Spouse may not begin receiving Death Benefits until the date the Participant would have reached the Earliest Retirement Age under the Plan (generally age 55 for Active Participants).

If you have any questions concerning this notice or the recent changes, please feel free to contact the Fund Office.

Sincerely,
Board of Trustees

# *LABORERS' LOCAL 265 PENSION PLAN*

205 West Fourth Street, Suite 225
Cincinnati OH 45202
(513)381-6886 * 800-832-7113

***Important Notice About Changes to Your Pension Plan****

This notice is designed to advise you of certain changes being made to the Laborers Local 265 Pension Plan. The notice should be kept with your important records in order to allow you and your spouse to understand the benefits available from the Plan. Unless specified otherwise, the changes described are effective **September 1, 2017**. These changes are being made to comply with federal law and to help preserve the assets of the Trust and prolong its ability to pay retirement benefits.

- The Pre-Retirement Surviving Spouse's Benefit is being modified. If you are married and you die before you retire but are fully vested, your spouse will receive a Pre-Retirement Surviving Spouse's Benefit. This benefit will provide your spouse with a pension equal to the monthly benefit that would have been payable if you had retired on the later of your Earliest Retirement Age or the day before your death and elected a Joint & Survivor form of pension payment. Benefits will generally begin on the date you would have reached your Earliest Retirement Age. Effective for deaths on or after September 1, 2017, the Joint & Survivor form of pension payment your Pre-Retirement Surviving Spouse's Benefit is based on is being reduced from a **Joint & 100% Survivor** form of pension payment to a **Joint & 50% Survivor** form of pension payment. The Joint and 50% Survivor benefit is the minimum required by law.

- Effective for retirements on and after September 1, 2017, all Early Retirement benefits will be subject to a full actuarial reduction. Prior to September 1, 2017, certain Participants who had earned at least 30 years of credited service could retire prior to age 62 and receive an unreduced benefit. Other Active Participants who had reached age 55 were able to retire with a more favorable reduction formula. This change is designed to help ensure the Plan is not offering benefit subsidies.

- Currently, any Participant who retires with at least 30 years of service is subject to more lenient suspension of benefit rules than their age would warrant. This gives these retirees more post-retirement work flexibility. Effective for retirements on and after September 1, 2017, years of service will be disregarded when applying the suspension rules. Thus, if you retire with 30 years of service, but are below age 62, the more restrictive rules will apply until you reach age 62. For more information about the Plan's suspension of benefit rules, please consult the summary plan description.

If you have any questions concerning this notice or the recent changes, please feel free to contact the Fund Office.

Sincerely,
Board of Trustees

# *LABORERS' LOCAL 265 PENSION PLAN*

205 West Fourth Street, Suite 225
Cincinnati OH 45202
(513)381-6886 or 800-832-7113

**SUMMARY OF MATERIAL MODIFICATIONS TO LABORERS LOCAL 265 PENSION PLAN**

**Notice of Plan Changes**

This Summary of Material Modifications (SMM) is being sent to all active and retired members who participate in the Laborers Local 265 Pension Plan. It is intended to advise you of changes to your Plan. Please take the time to read this carefully and keep it with your Summary Plan Description (SPD). If you have any questions regarding the Plan, please do not hesitate to contact the Fund Office.

Effective as of December 1, 2017, the term "Participant" as used herein shall mean any Employee or former Employee of an Employer who is eligible to receive a benefit of any type from the Fund or whose beneficiaries may be eligible to receive any such benefit.

a. Prior to November 1, 1999, an Employee became a Participant in the Plan by completing one (1) Hour of Service.

b. On and after November 1, 1999, an Employee will become a Participant in the Plan on the first day of the month following completion of 1,000 Hours of Service.

The term "Active Participant" as used herein shall mean any Participant who has earned at least one (1) year of Credited Service in the past two (2) Plan Years. The date used for determining whether or not a participant is an "Active Participant" for Disability eligibility of the Plan shall be the actual date of disability.

Please contact the Fund Office if you have any questions about this information.

Sincerely,
Board of Trustees
Laborers Local 265 Pension Plan

# *LABORERS' LOCAL 265 PENSION PLAN*

205 West Fourth Street, Suite 225
Cincinnati OH 45202
(513)381-6886 or 800-832-7113

**SUMMARY OF MATERIAL MODIFICATIONS TO LABORERS LOCAL 265 PENSION PLAN**

**Notice of Plan Changes**

This Summary of Material Modifications (SMM) is being sent to all active and retired members who participate in the Laborers Local 265 Pension Plan. It is intended to advise you of changes to your Plan. Please take the time to read this carefully and keep it with your Summary Plan Description (SPD). If you have any questions regarding the Plan, please do not hesitate to contact the Fund Office.

As a Participant in the Fund, you have certain rights if your disability pension benefits are denied **on or after 4/1/18.**

**Disability Claims Denials**

- If your disability claim is denied, you must be notified within 45 days of receipt of your application.
- Your denial notification must include:
  - An explanation for why the Plan disagreed with the Social Security Administration, your health professional, and/or medical or vocational experts whose advise was obtained on behalf of the Plan.
  - The rules relied upon in denying your claim. You can request copies of Plan documents and information about your claim free of charge.
  - If applicable, the scientific or clinical judgement for the denial that applies the terms of the Plan to your medical circumstances.

**Appealing a Disability Claim Denial**

- Rescissions (a retroactive cancellation of disability benefits) are appealable.
- You have 180 days from the date of the denial of your claim to file an appeal.
- If the Plan obtains new evidence on your claim during the appeal, you will be provided the evidence automatically, free of charge, and will have the right to respond to the new evidence.
- Generally, the appeal will be considered at the Trustees' quarterly meeting and you will be notified of the Trustees' decision within 5 days of the decision being made.

- The notification of the decision will contain all of the information listed in the section above in addition to a description of your right to bring an action under ERISA Section 502(a) and the time limits to bring that action.

Please contact the Fund Office if you have any questions about this information.

Sincerely,
Board of Trustees
Laborers Local 265 Pension Plan

# SUMMARY PLAN DESCRIPTION

# LABORERS LOCAL 265 PENSION PLAN

*As of February 2017*

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# SUMMARY PLAN DESCRIPTION
# FOR THE LABORERS LOCAL 265 PENSION PLAN

February 2017

To Participants and Beneficiaries of the Pension Plan:

We are pleased to present this summary of the main provisions of the Laborers Local 265 Pension Plan.

This booklet reflects Plan amendments that have been adopted through **February 2017** and summarizes the eligibility rules for participation in the Plan, the benefits provided to those who are eligible, and the procedures that must be followed when applying for a benefit. This booklet also includes important information concerning your rights as a Participant or beneficiary.

This booklet is simply a summary, and does not contain all of the details of the Laborers Local 265 Pension Plan or the federal tax laws applicable to tax-qualified plans. This booklet does not change, expand, or otherwise interpret the terms of the Plan. Your rights can only be determined by referring to the full text of the Plan document. **If there is any discrepancy between the provisions of this summary and the Plan document itself, it is the Plan document that determines the provisions of this Plan, not this summary.**

Only the full Board of Trustees is authorized to interpret the Plan. No other individual or organization, such as your Union or Employer, or any other employee or representative, is authorized to interpret this Plan or act as an agent of the Board of Trustees. Please direct all questions regarding the Plan to the Board of Trustees.

The Board of Trustees also retains the authority to amend the Plan. You will be notified by mail of any important changes in the Plan. Therefore, it is very important that the Board of Trustees and the Fund Office be notified immediately of any changes in your mailing address. It is your responsibility to ensure that your address is current.

We urge you to read this booklet carefully in order to become familiar with the Plan. Furthermore, we strongly recommend that you share this booklet with your family. If you should ever have any questions about the Plan, please contact the Board of Trustees for assistance.

**BOARD OF TRUSTEES**
**LABORERS LOCAL 265 PENSION PLAN**
**c/o American Benefit Corporation**
**205 West Fourth Street, Suite 225**
**Cincinnati, Ohio 45202**
**(513) 381-6886 or (800) 832-7113**

**PLAN INFORMATION**

**Name of Plan:**

The formal name of the Plan is the Laborers Local 265 Pension Plan. For purposes of this summary, it will be referred to as the "Pension Plan" or the "Plan".

**Type of Plan:**

The Plan is a defined benefit pension plan. This means that, if you are eligible, you will receive a monthly pension benefit payable at your Normal Retirement Date based upon your Years of Service under the Plan and contributions made on your behalf.

**Identification Number of Plan Sponsor:**

31-6127282

**Plan Number:**

001

**Plan Year:**

The Plan Year is the 12-month period beginning November 1st and ending October 31st.

**Plan Sponsor and Administrator:**

Board of Trustees of the Laborers Local 265 Pension Plan
c/o American Benefit Corporation
205 West Fourth Street, Suite 225
Cincinnati, Ohio 45202
Phone: (513) 381-6886
(800) 832-7113
Fax: (513) 381-0238

**Fund Office (Third Party Administrator):**

To request information regarding the Pension Plan, please contact:
American Benefit Corporation
205 West Fourth Street, Suite 225
Cincinnati, Ohio 45202
Phone: (513) 381-6886
(800) 832-7113
Fax: (513) 381-0238

**Trustees:**

The Plan is administered by a joint Board of Trustees, which is made up of three Employer Trustees and three Union Trustees. The Trustees are fiduciaries for the Plan and have the authority to control and manage the operation and administration of the Plan. At the present time, the Trustees are as follows:

Management Trustees:

Nicholas Weisbrod
Weisbrod Masonry, Inc.
308 Bradley Avenue
Cincinnati, Ohio 45215

Phillip Neumann
Universal Contracting Corp.
5151 Fishwick Drive
Cincinnati, Ohio 45216

Thomas Toman
2803 Mill Pond Court
Hamilton, Ohio 45011

Union Trustees:

Robert Richardson
Laborers Local 265
3457 Montgomery Avenue
Cincinnati, Ohio 45207

Anthony Brice
Laborers Local 265
3457 Montgomery Avenue
Cincinnati, Ohio 45207

John Phillips
Laborers Local 265
3457 Montgomery Avenue
Cincinnati, Ohio 45207

**Legal Counsel:**

Ledbetter Parisi LLC
9240 Marketplace Drive
Miamisburg, Ohio 45342
Phone: (937) 619-0900
Fax: (937) 619-0999

**Agent for Service of Legal Process:**

Service of Legal Process may be made upon the Plan Attorney, the Plan Fund Office, or any of the Plan Trustees at the addresses shown above.

**Plan Funding:**

The Plan is funded by contributions made by Employers signatory to the Collective Bargaining Agreement. Contributions are held in trust pursuant to the Laborers Local 265 Restated Agreement and Declaration of Trust, which was signed on November 18, 1976.

**Collective Bargaining Agreement:**

The Plan is maintained pursuant to Collective Bargaining Agreements between the Laborers' International Union of North America Local 265 (AFL-CIO) and all Employers signatory to and participating in these agreements. You may request copies of these Collective Bargaining Agreements by contacting the Board of Trustees **in writing**. A reasonable fee may be charged for copying expenses. You may also examine copies of the Collective Bargaining Agreements at your Union Hall. If you give the Board of Trustees at least 10 days advance **written** notice, copies of the Collective Bargaining Agreements will be made available at any work site where 50 or more Participants are working.

**Contributing Employers:**

The Plan is maintained as a result of collective bargaining between local Unions affiliated with the Laborers' International Union of North America Local 265 (AFL-CIO) and various Contributing Employers. Upon **written** request to the Fund Office, you will be provided with information about whether a particular employer or union is contributing to the Plan and, if so, its address.

## STATEMENT OF YOUR ERISA RIGHTS

As a Participant in the Laborers Local 265 Pension Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan Participants shall be entitled to:

Receive Information about Your Plan and Benefits:

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and Union halls, all documents governing the Plan, including insurance contracts and Collective Bargaining Agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefit Security Administration.

- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and Collective Bargaining Agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Plan Administrator may charge a reasonable fee for the copies.

- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.

- Obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age and if so, what your benefits would be at Normal Retirement Age if you stop working under the Plan now. If you do not have a right to a pension benefit, the statement will tell you how many more years you have to work to earn a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The Plan must provide the statement free of charge.

Request copies of certain actuarial and financial documents about the Plan. This access is intended to increase the transparency of the Plan and to allow you to better understand the Plan's funding and financial status. You may submit a written request to the Plan Administrator for copies of any of the following documents:

- Any periodic actuarial report (including sensitivity testing) received by the Plan for any Plan Year, so long as the report has been in the Plan's possession for at least 30 days.

- Any quarterly, semi-annual, or annual financial report prepared for the Plan by any Plan investment manager or advisor or other fiduciary that has been in the Plan's possession for at least 30 days.

- Any application filed with the Secretary of the Treasury requesting an extension under Section 304 of ERISA or Section 431(d) of the Internal Revenue Code and the Secretary's determination on the application.

However, the following procedures and limitations apply to the disclosure of these actuarial and financial documents:

- The requirements apply only to Plan Years beginning after December 31, 2007.
- The Plan Administrator has 30 days from the day that your written request was received to provide the documents.
- The Plan Administrator may charge a reasonable fee that covers the cost of furnishing the requested documents.
- The Plan Administrator will not respond to requests for reports or applications that have already been furnished to you within the 12-month period immediately prior to the date on which the request was received by the Plan.
- The Plan Administrator is not required to furnish copies of outdated reports and will not provide copies of reports or applications that have been in the Plan's possession for six years or more as of the date on which the request was received by the Plan.
- The Plan Administrator does not have to disclose the information or data that served as the basis for any report or application being requested.
- The Plan Administrator will not disclose documents that contain individually identifiable or proprietary information about any Plan Participant, Beneficiary, Employee, fiduciary or Contributing Employer.

Prudent Actions by Plan Fiduciaries:

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for operation of the employee benefit plan. The people who operate your Plan, called "Fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and Beneficiaries. No one, including your Employer, your Union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights:

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce your rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110.00 a day until you receive the materials unless the materials were not sent due to reasons beyond the Plan Administrator's control.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that the Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions:

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefit Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, DC 20210. You may obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at 1-866-444-EBSA (3272). The nearest area office of the Employee Benefits Security Administration is the Cincinnati Regional Office, 1885 Dixie Highway, Suite 210, Fort Wright, Kentucky, 41011-2664; Phone: (859) 578-4680. Additional information is also available at http://www.dol.gov/ebsa.

## ELIGIBILITY FOR PARTICIPATION

**1. Q. Who is eligible to participate in the Plan?**

A. Any person for whom contributions to the Plan are required by the Collective Bargaining Agreement or a participation agreement is eligible to participate in the Laborers Local 265 Pension Plan. This may include appointed officers or employees of the Union, and employees of the Trust Fund, if any, provided the Trustees agree to accept such individuals for participation.

Self-employed persons are expressly excluded from participation in the Pension Plan, and include:

- Sole proprietors who are Contributing Employers and their spouses;
- Partners in a Contributing Employer, regardless of the size of the partnership interest, and their spouses;
- Officers and/or directors of a Contributing Employer or anyone who, alone or with a spouse, owns 51% or more of the stock of a corporation that is a Contributing Employer; or
- Anyone else whose ownership interest in a Contributing Employer or a non-Contributing Employer would, in the opinion of the Board of Trustees, jeopardize the status of the Pension Plan or violate the Employee Retirement Income Security Act of 1974 (ERISA).

If you are an owner/employee, contributions can no longer be made to the Laborers Local 265 Pension Plan on your behalf. However, if you continue working for the same signed Employer, you can earn additional Credited Service for vesting purposes but you will not accrue any more benefits. Please contact the Fund Office with any questions if this pertains to you.

If you are fully vested, you will retain a non-forfeitable right to your accrued benefit and be eligible for a monthly pension from the Plan upon attaining your Normal Retirement Age. If you are not fully vested, you may lose your Credited Service and accrued benefit unless you continue you work for the same signed Employer and earn additional Years of Credited Service. Alternatively, you may cease being an owner and return to work for a Contributing Employer as an employee before suffering a Permanent Break in Service. For additional information, please see the sections of this Summary Plan Description titled "CREDITED SERVICE", "VESTING", and "LOSS OF PENSION BENEFITS".

2. Q. **When will I become a Participant in the Plan?**

A. An employee will become a Participant as defined by the Plan on the first day of the month following the completion of 1,000 Hours of Service. Prior to November 1, 1999, an employee became eligible to participate in the Plan upon the completion of one Hour of Service.

If you belong to a Local not participating in this Plan, and if any contributions made on your behalf are required to be sent back to the Plan of your home Local based on a request filed with the Fund Office under a valid Reciprocity Agreement, you will not become a Participant in this Plan.

3. Q. **What does it mean to be an Active Participant in the Plan?**

A. Certain benefits are only available to those who are Active Participants in the Plan. To be an Active Participant, you must have earned at least one (1) year of Credited Service in the prior two (2) Plan Years.

4. Q. **Do I have to sign anything to join the Plan?**

A. No. However, it is very important that you keep the Fund Office informed of your current mailing address. It is the only way the Board of Trustees can notify you of any changes to the Plan or other developments regarding the Plan. If you need to update your address information, please contact the Plan's Fund Office at 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202, or by calling (513) 381-6886 or (800) 832-7113.

In addition, since there may be death benefits payable under the Plan, a "Designation or Change of Beneficiary Form" should be completed and kept up to date. If you should ever need to update your status to reflect a marriage, a divorce, or the death of a spouse, please contact the Fund Office.

5. Q. **What is Covered Employment?**

A. Covered Employment is employment for which your Employer has agreed to contribute to the Pension Plan under a Collective Bargaining Agreement or any other written agreement. Covered Employment also includes employment with the Union as an employee of the Union or of the Pension Plan, or as an elected or appointed official of the Union, so long as the Union or the Pension Plan has agreed to make contributions to the Fund with respect to said employment.

6. Q. **What is an Hour of Service?**

A. An Hour of Service includes:

- Each hour for which you are paid or entitled to payment by your Employer for the performance of duties; or

- Each hour for which you are paid or entitled to payment for a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence. No more than 501 Hours of Service will be credited for such hours for any single continuous period of vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence; or

- Each hour for which back pay is either awarded or agreed to by the Employer, irrespective of mitigation of damages; or

- Each hour you are engaged in qualifying military service; or

- Each hour for which you are paid or entitled to payment for the performance of duties as a result of a transfer to Non-Covered duties by your signatory Employer. These hours will only be used as a credit towards vesting purposes.

**7. Q. How will I be informed of the benefits earned under the Plan?**

A. Once a year you will receive a statement of your status under the Pension Plan. This statement is prepared at the end of the Plan Year (October 31st) and will list your Years of Credited Service. It will also contain information regarding your vesting status, accrued benefit, and other important information. **If you have any questions about the statement, or if you believe there is an error (such as missing hours) it is important you contact the Plan's Fund Office *immediately* at 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202, or by calling (513) 381-6886 or (800) 832-7113.** If you do not contact the Fund Office, the Board will presume that its records are correct when determining your benefits. The longer you wait to raise an issue, the more difficult it will be for the Fund Office to research your concerns and possibly adjust your benefit.

## CREDITED SERVICE

**1. Q. What is Credited Service?**

A. Credited Service is used to determine your eligibility for a benefit. If you are fully vested in your accrued benefit, you have a non-forfeitable right to a monthly pension payable at retirement. Once you are fully vested, you will have an unconditional right to a benefit from the Pension Plan even if you leave employment. If you are not vested, then you may not be entitled to any benefits from the Plan. For more information regarding vesting under the Pension Plan, see "VESTING".

2. Q. **How do I earn Credited Service?**

A. Your total Years of Credited Service are equal to the sum of your Credited Past Service and your Credited Future Service. Past Credited Service and Future Credited Service are defined as follows:

**Credited Past Service:**

- You will receive credit for service prior to November 1, 1968, up to a maximum of 20 years.

**Credited Future Service:**

- From November 1, 1968 to October 31, 1976, you will receive credit for one Year of Credited Future Service for each Plan Year in which contributions were made to the Fund for 1,000 or more hours worked. If contributions for less than 1,000 hours were received, you will receive one-tenth of one year of Credited Service for each 100 hours. For example, if contributions were received for 740 hours in a Plan Year, you would be credited with seven-tenths (0.7) of a Year of Credited Future Service.

- After November 1, 1976, you will earn one Year of Credited Future Service for each Plan Year in which you complete 1,000 or more Hours of Service. If less than 1,000 Hours of Service are worked in a Plan Year, one-tenth of one year will be credited for each 100 hours worked. For example, if you work 480 hours in a Plan Year, you would earn four-tenths (0.4) of a Year of Credited Future Service.

**You will not receive credit for more than one Year of Credited Service for any Plan Year.** In addition, Years of Credited Service earned prior to a Permanent Break in Service will be disregarded. For more information regarding a Permanent Break in Service, see "LOSS OF PENSION BENEFITS".

## VESTING

1. Q. **What does it mean to be vested in my pension benefit?**

A. To be vested means that you have a non-forfeitable right to a future benefit. That is, even if you leave Covered Employment, you will still be eligible for a pension benefit when you reach retirement age.

2. Q. **How do I become vested?**

A. You will be fully vested under the Pension Plan when you satisfy one of the following conditions:

- You have earned ten or more Years of Credited Service; or

- You have earned at least five Years of Credited Service and have been credited with at least one Hour of Service after October 31, 1996; or

- You are an active Participant who is at least 62 years old and you have attained the 5th anniversary of the date on which you commenced participation in the Pension Plan.

When determining a Participant's vested status, Years of Credited Service earned prior to a Permanent Break in Service are disregarded. Please see "LOSS OF PENSION BENEFITS" for information regarding a Permanent Break in Service.

3. Q. **How will I know if I am vested?**

A. Once a year you will receive a statement of your status under the Pension Plan. This statement is prepared at the end of the Plan Year (October 31st) and will list your Years of Credited Service. It will also contain information regarding your vesting status, accrued benefit and other important information. **If you have any questions about the statement, or if you believe there is an error (such as missing hours) it is important you contact the Plan's Fund Office *immediately* at 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202, or by calling (513) 381-6886 or (800) 832-7113.** If you do not contact the Fund Office, the Board will presume that its records are correct when determining your benefits. The longer you wait to raise an issue, the more difficult it will be for the Fund Office to research your concerns and possibly adjust your benefit.

**RECIPROCITY**

**1. Q. What happens if I work for a signatory employer outside the jurisdiction of this Plan?**

A. If you perform work outside the jurisdiction of your local union, it may be possible to have that service count toward your pension if a reciprocity agreement exists between this Plan and the plan of the other Local where you go to work. However, even if there is such an agreement, you must complete and submit an application to initiate the transfer. **Contributions are often transferred only from the date the application form is completed**. Keep in mind, any contributions received by the other plan before you complete and submit the application may not be required to be forwarded. It is your responsibility to make sure that you complete this application in a timely manner.

**2. Q. How do I know if a reciprocity agreement is in effect between the Laborers Local 265 and the Local in the area where I am working?**

A. As soon as you become aware that you will be working in another jurisdiction, contact the Fund Office to determine whether or not a reciprocity agreement exists; and, if it does, whether the other jurisdiction will provide you with the proper forms to complete the application and initiate the transfer. Do not wait until the job in the other Local is finished before you apply. Most agreements have deadlines concerning the transfer of funds. **If you wait too long to apply, benefits may be lost**.

## LOSS OF PENSION BENEFITS

**1. Q. Is it possible for me to ever lose the Credited Service I have earned under the Pension Plan?**

A. Yes. If you leave employment before becoming fully vested and do not return to work under the Plan within five years, you may lose both your Years of Credited Service and all rights to any benefits you may have earned under the Plan.

**2. Q. How would I lose my Credited Service?**

A. If you do not work any hours in a Plan Year, you will have a One-Year Break in Service. If you do not work any hours during a Plan Year but have earned at least five Years of Credited Service, you will be considered a Deferred Vested Participant. If you have less than five Years of Credited Service when you suffer a One-Year Break in Service, you will no longer be a Participant in the Pension Plan.

However, you will not lose your Credited Service and pension benefits you have earned to date under the following circumstances:

- **You are totally disabled.** A grace period will be granted for up to three years provided that you have submitted a notice **in writing** to the Trustees stating that you are disabled.
- **You are absent from employment for maternity or paternity reasons.**
- **You are in the military service.** A grace period will be granted for the length of such service provided you make yourself available for covered employment within the time period required by law following your separation from military service. Upon reentering Covered Employment you will also be credited with contributions, service and benefits for the period of time you were in the military according to IRS regulations. If you feel you should be credited for time spent in the military, please contact the Fund Office. See "PROVISIONS

RELATING TO VETERANS' REEMPLOYMENT" for more information about absence due to military service.

- **You remain employed by your employer, but in a category of work not considered Covered Employment.** For example, suppose you are moved by your Employer (who has been contributing to the Plan on your behalf) to a position not covered by the Collective Bargaining Agreement. The law requires that all service in this new position be counted for purposes of determining whether or not you are vested. If you experience such a change in employment, you must notify the Fund Office **in writing** to ensure that you will not lose any benefits to which you may be entitled.

**3. Q. Can I regain my Credited Service if I return to Covered Employment?**

A. If you are fully vested and return to employment with a Contributing Employer, any additional Years of Credited Service you earn will be added to the Service you had prior to your One-Year Break in Service.

If you are not fully vested when you have a One-Year Break in Service, you can regain your prior credits by returning to work and earning an Hour of Service during any of the next five consecutive Plan Years (plus any grace periods granted above). If you return to employment during this period, any additional Service you earn will be added to the Years of Credited Service you had prior to your One-Year Break in Service.

**4. Q. What happens if I do not return to employment with an Employer?**

A. If you do not return to employment within the period described above, you will have a Permanent Break in Service. This means that all of your Years of Credited Service and all rights to any benefits you may have earned under the Pension Plan will be permanently lost. If you return to employment with an Employer at a later date, you will start out again as if you were a new employee, with no Credited Service or benefits.

**EXAMPLE:** You have two Years of Credited Service when you leave Covered Employment. However, you return to work and are credited with an Hour of Service after having four consecutive One-Year Breaks in Service. Since you returned to Covered Employment before having five consecutive One-Year Breaks in Service, you would regain your Years of Credited Service and any benefits you may have previously earned under the Plan.

**EXAMPLE:** You leave Covered Employment after having completed four Years of Credited Service. You would then have five consecutive Plan Years within which to return to Covered Employment and regain your past credits. Suppose, however, that you do not return to Covered Employment until seven years later.

That is, you experienced seven consecutive One-Year Breaks in Service. This means that you would have a Permanent Break in Service, and all of your prior Years of Credited Service and benefits would be permanently lost. If you returned to Covered Employment at a later date, you would start out again as a new employee with no Credited Service and no benefits.

**EXAMPLE:** You have three Years of Credited Service under the Pension Plan when you are called to military service for two years. If you returned to Covered Employment prior to seven consecutive One-Year Breaks in Service (five consecutive One-Year Breaks in Service plus the two-year grace period for your military service), you would regain your three Years of Credited Service and all rights to any benefits you may have earned under the Plan. Any Participant who is called or volunteers for military service is encouraged to contact the Fund Office for assistance.

## RETIREMENT BENEFITS

**1. Q. When can I retire under the Plan?**

A. The Plan provides Normal and Late Retirement benefits for all vested Participants. Early and Total & Permanent Disability benefits are available only to Active Participants. Descriptions of these benefits are described in greater detail in the sections that follow. In each instance, your eligibility for a benefit is based upon your age and the number of Years of Credited Service you have earned under the Pension Plan. The amount of your benefit is determined by the contributions made on your behalf for hours worked prior to your Benefit Commencement Date.

When you want to begin receiving retirement benefits from the Plan, you must make a written application to the Board of Trustees on a form provided by the Fund Office. **Benefit payments will not start until the first day of the month following the date on which your complete, written benefit application form is received by the Fund Office**.

**2. Q. Can I continue to work for a Contributing Employer and receive my retirement benefits?**

A. No. In order to comply with IRS rules, the Plan will not allow you to begin receiving retirement benefits while you continue to work for a Contributing Employer. Additionally, if you retire and return to work for a Contributing Employer within 60 days, the Trustees may determine that you did not actually intend to retire. This could lead to your pension benefits being stopped and would force the Trustees to recover the amount you improperly received.

## NORMAL RETIREMENT

**1. Q. When can I begin receiving my Normal Retirement Benefit?**

A. Your Normal Retirement Age is either age 62 or the 5th anniversary of your participation in the Plan, whichever occurs later. It must be noted that in determining your fifth anniversary of Plan participation, service before a Permanent Break in Service is disregarded. See "LOSS OF PENSION BENEFITS" for information regarding a Permanent Break in Service.

**2. Q. What is my Normal Retirement Date?**

A. Your Normal Retirement Date is the first day of the calendar month following or coincident with the attainment of your Normal Retirement Age.

**3. Q. If I commence receipt of retirement benefits on my Normal Retirement Date, how much will my monthly pension be?**

A. The formula for calculating your pension has been modified a number of times over the years. As of October 31, 2016, the formula is as follows:

- $1.50 per year of Credited Past Service (service prior to November 1, 1968, with a maximum of 20 years) reduced by one year for each year of credited future service; plus
- 4.35% of employer contributions received for hours worked between November 1, 1968 and October 31, 1976; plus
- $1.00 for each 100 hours worked in a Plan Year between November 1, 1976 and October 31, 1977; plus
- $1.50 for each 100 hours worked in a Plan Year between November 1, 1977 and October 31, 1979; plus
- $1.75 for each 100 hours worked in a Plan Year between November 1, 1979 and October 31, 1982; plus
- $2.50 for each 100 hours worked in a Plan Year between November 1, 1982 and October 31, 1983; plus
- 2.24% of employer contributions received for hours worked between November 1, 1983 and October 31, 1985; plus
- 2.552% of employer contributions received for hours worked between November 1, 1985 and October 31, 1987; plus
- 2.65% of employer contributions received for hours worked between November 1, 1987 and October 31, 1988; plus
- 2.915% of employer contributions received for hours worked between

November 1, 1988 and October 31, 1994; plus

- 2.50% of employer contributions received for hours worked between November 1, 1994 and October 31, 1999; plus
- 2.30% of employer contributions received for hours worked between November 1, 1999 and February 28, 2009; and
- Effective March 1, 2009, $15.00 for each Plan Year you perform at least 1,200 Hours of Service at the base journeyman rate. Pro-rata benefits will be credited for work performed at a different contribution rate, or for more/fewer Hours of Service.

In addition, the accrued benefits of active Participants and the monthly pensions of retirees and beneficiaries have been increased as follows:

| Date | Active Increase | Retiree Increase |
|---|---|---|
| November 1, 1983 | 10% | 10% |
| November 1, 1985 | 10% | 10% |
| November 1, 1986 | 15% | 15% |
| November 1, 1987 | 5% | 5% |
| November 1, 1988 | 10% | 10% |
| November 1, 1990 | 5% | 5% ($25 min.) |
| November 1, 1991 | 10% | 5% ($25 min.) |
| November 1, 1992 | 5% | 5% ($25 min.) |
| November 1, 1993 | 5% | Extra check ($200 min.) |
| November 1, 1994 | 10% | 5% |
| November 1, 1996 | 6% | 6% |
| November 1, 1996 | 10% | 10% |
| November 1, 1997 | 10% | 10% |
| November 1, 1998 | 4% | 4% |

**4. Q. Is there a way that I can estimate the monthly pension I will receive at my Normal Retirement Date?**

A. Once a year you will receive a statement of your status under the Pension Plan. This statement is prepared at the end of the Plan Year (October 31st) and will list your Years of Credited Service. The statement will also contain information regarding your vesting status, accrued benefit and other important information. **If**

**you have any questions about the statement, or if you believe there is an error (such as missing hours) it is important you contact the Plan's Fund Office *immediately* at 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202, or by calling (513) 381-6886 or (800) 832-7113.** If you do not contact the Fund Office, the Board will presume that its records are correct when determining your benefits. The longer you wait to raise an issue, the more difficult it will be for the Fund Office to research your concerns and possibly adjust your benefit.

To obtain an estimate of your retirement benefit, you can add the accrued benefit shown on your most recent statement to the anticipated benefit you will earn for each year until you retire. The accrued benefit you earn for each year will be dependent upon the number of hours you work as well as the contribution rate. As you approach retirement age, you can also contact the Fund Office and request a benefit estimate.

## EARLY RETIREMENT

**1. Q. Can I elect to begin receiving retirement benefits prior to my Normal Retirement Date?**

A. Yes. You may be eligible to commence receipt of an Early Retirement benefit if you are at least age 55, you have earned five or more Years of Credited Service and are an Active Participant. Please note that, in determining your eligibility for an Early Retirement benefit, any Years of Credited Service you may have earned prior to a Permanent Break in Service will be disregarded.

If you are eligible for an Early Retirement benefit from the Plan and you wish to commence receipt of your pension, you must submit a written application to the Board of Trustees. **Benefit payments will not start until the first day of the month following the date on which your complete, written benefit application form is received by the Fund Office**.

**2. Q. How much will my monthly pension be if I commence receipt of benefits before my Normal Retirement Age?**

A. The Plan has three different Early Retirement options. The amount of the pension payable would be determined by the option for which you are eligible. Below is a brief description of each of the Early Retirement options offered under the Plan.

- **Age 55 with Ten or more Years of Credited Service:** If you are at least age 55, have ten or more Years of Credited Service and are an Active Participant, you would be entitled to a monthly pension equal to the accrued benefit you have earned as of your Early Retirement Date reduced by $^{1}/_{180}$ for each of the first 48 months that your Early Retirement Date precedes your

Normal Retirement Date. Your benefit will be further reduced by $^1/_{360}$ for each of the next 36 months that your Early Retirement Date precedes your Normal Retirement Date.

- **<u>Age 55 with Five or more Years of Credited Service and one Hour of Service after October 31, 1996:</u>** If you are at least age 55, have five or more Years of Credited Service, have been credited with at least one Hour of Service after October 31, 1996 and are an Active Participant, you would be entitled to a monthly pension equal to the accrued benefit you have earned as of your Early Retirement Date reduced by $^1/_{180}$ for each of the first 48 months that your Early Retirement Date precedes your Normal Retirement Date. Your benefit will be further reduced by $^1/_{360}$ for each of the next 36 months that your Early Retirement Date precedes your Normal Retirement Date.

- **<u>Age 55 with 30 or more Years of Credited Service:</u>** If you are at least age 55, you have been credited with 30 or more Years of Service under the Laborers Local 265 Pension Plan and are an Active Participant, you would be entitled to a monthly pension equal to your accrued benefit. If you fulfill these eligibility requirements, your accrued benefit would not be reduced for early commencement. For retirements on and after July 1, 2002, you would be eligible for an unreduced Early Retirement benefit if you are at least age 55 and have 30 or more Years of Service when your service under the Laborers Local 265 Pension Plan is combined with your service under the Laborers' District Council and Contractors' Pension Fund of Ohio. To be eligible for an unreduced Early Retirement benefit, you must have been credited with at least 1,000 Hours of Service in the Laborers Local 265 Pension Plan. As of February 1, 2017, this benefit is only available to Active Participants.

**<u>EXAMPLE:</u>** You are age 60, have 25 Years of Credited Service and are an Active Participant. You have an accrued monthly benefit of $2,500. Your Normal Retirement Age is 62, but you wish to retire 24 months early at age 60. You would receive a monthly pension of $2,166.67, calculated as follows:

| | |
|---|---|
| Accrued Benefit earned at age 60 | $ 2,500.00 |
| **LESS:** Early Retirement Reduction | |
| [$2,500.00 x ($^1/_{180}$ x 24)] | - 333.33 |
| Total | $ 2,166.67 |

**<u>EXAMPLE:</u>** You are age 56, you are an Active Participant and have 31 Years of Service under the Laborers Local 265 Pension Plan. You have an accrued benefit of $2,845 per month. Since you meet the necessary age and service requirements, you would be entitled to an unreduced monthly pension benefit of $2,845 payable at age 56.

**LATE RETIREMENT**

**1. Q. Do I have to retire at my Normal Retirement Age?**

A. No. If you wish, you may postpone your retirement beyond your Normal Retirement Date. However, the Plan requires that retirement benefits begin no later than the April 1st following the calendar year in which you reach age 70½.

**2. Q. If I continue to work past my Normal Retirement Age, what monthly pension amount will I receive upon retirement?**

A. If you continue to work after your Normal Retirement Age, your pension will continue to increase as contributions are made to the Plan on your behalf. Monthly pension payments will be suspended under the Plan's suspension of benefits rules until you retire and file an application for benefits. This suspension will be determined in the same manner as for a member who retires and then returns to work. For more information, see "SUSPENSION OF BENEFITS RULES". When you retire, the actual pension payable will be no less than the benefit payable at your Normal Retirement Date actuarially increased to reflect commencement at your Late Retirement Date.

## TOTAL AND PERMANENT DISABILITY RETIREMENT

**1. Q. Are there any benefits payable from the Plan if I become disabled?**

A. Yes. The Plan provides a Total and Permanent Disability benefit to Active Participants. To be eligible for this benefit you must have become totally and permanently disabled while an Active Participant in the Plan.

**2. Q. What is meant by "Total and Permanent Disability"?**

A. Total and Permanent Disability means a medically determinable physical or mental impairment that makes an individual **unable to engage in any gainful employment**. You will be considered totally and permanently disabled only if you have received a determination of Total and Permanent Disability from the Social Security Administration.

Upon receipt of evidence of your disability, the Board of Trustees may require you to submit to an examination by physicians of their choosing. The Board of Trustees may periodically request that you submit additional medical proof and/or documentation that you are totally and permanently disabled and no longer able to engage in any type of gainful employment. You may also be required to submit to periodic medical reexaminations as directed by the Board of Trustees.

**3. Q. If I am eligible for a Total and Permanent Disability Retirement benefit from the Plan, what will be the amount of my benefit?**

A. The amount payable under Total and Permanent Disability retirement will be determined according to your total number of Years of Credited Service:

- If you have been credited with **more than five Years of Credited Service** you will receive disability benefits that are actuarially equivalent to your Accrued Benefit, reduced for each month that the commencement of disability benefits precede the your Normal Retirement Date. This benefit will be paid to you until you reach your Normal Retirement Age. When you reach your Normal Retirement Age, you can elect to receive your benefit in any one of the forms of payment offered under the Plan and the benefit you have been receiving may be reduced based upon the payment option selected.

- If you have been credited with **less than five Years of Service, or if you are not an Active Participant**, then no disability benefits are payable from the Plan.

Effective for disabilities occurring on or after August 1, 2006, five Years of Credited Service will mean five Years of Service earned under the Laborers Local 265 Pension Plan or any other Pension Fund affiliated with the International Laborers Union of North America.

**4. Q. When will my Total and Permanent Disability pension start?**

A. If you received a Social Security disability award, then your Total and Permanent Disability benefits from the Pension Plan will start the first day of the month following the month your application is received or when you begin receiving payments from Social Security, whichever occurs later. **It is important you apply for benefits as soon as possible.**

**5. Q. How do I apply for a Total and Permanent Disability Retirement benefit?**

A. As soon as you believe you are disabled, you may file an application for a Total and Permanent Disability benefit with the Fund Office at 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202. The Fund Office will require proof of your disability in the form of a Social Security determination of disability. They will also tell you what other documents must be furnished.

**6. Q. Can I commence receipt of Early Retirement benefits while waiting for a disability award?**

A. No. Participants must choose whether to pursue the Early Retirement option or the Total & Permanent Disability benefits.

**7. Q. What happens if I recover from my Total and Permanent Disability?**

A. Total and Permanent Disability benefits are only payable from the Plan so long as you remain Totally and Permanently Disabled. If you recover sufficiently from your disability to return to any type of work, your Total and Permanent Disability benefit will be stopped.

However, under Social Security you are permitted to work on a limited basis to determine if recovery from your disability is possible. The Plan also allows for similar employment, but you would not be entitled to a monthly disability payment for any month you work more than the amount specified by Social Security.

If you return to work, even on a limited basis, you must notify the Fund Office **in writing** within 15 days after the end of the month in which you were employed. If such notification is not made, your disability benefits will be suspended for 12 months in addition to the duration of such employment.

If you recover from your disability and return to Covered Employment, you will resume earning Credited Service, and any subsequent retirement pension to which you may be entitled will be based on the pension benefits you had earned prior to becoming disabled, plus those you earn after returning to Covered Employment.

If you received a return of contributions disability retirement benefit and you return to work, you must repay the amount of the lump sum received within two years of your re-entry into the Plan. If you do so, the Credited Service and benefits you had accrued under the Plan at the time of your disability will be restored. If such payment is not made, you will be treated as a new Participant.

**8. Q. Once I begin receiving a Total and Permanent Disability benefit, is there anything I need to do to make sure the benefit continues?**

A. Yes. Disabled retirees are required to provide annual verification of their disability. This verification includes providing the Fund Office with medical verification of the disability. The verification must be signed and notarized. Failure to comply can result in a suspension of monthly benefits.

## DISABLED FROM THE TRADE RETIREMENT

**1. Q. Does the Plan provide any benefits if I do not meet the eligibility requirements for a Total and Permanent Disability benefit, but I can no longer work as a Laborer?**

A. No. The Trade Disability benefit was removed from the Plan as of February, 2017.

**FORM OF PENSION PAYMENT**

**1. Q. How will my retirement benefits be distributed?**

A. Your benefit will be paid as an annuity in equal monthly installments.

**If you are not married** on your benefit commencement date, your retirement benefit will be paid as a Single Life Annuity. Under this form of payment, you will receive monthly pension payments for your lifetime. Upon your death, no further monthly benefits will be payable to your beneficiaries.

**If you are married** at the time benefits commence, your pension will be paid on a reduced basis as an actuarially equivalent Qualified Joint & One-Half Survivor Annuity. Under this form of payment, you will receive monthly pension payments for your lifetime. Upon your death, your spouse will receive a monthly benefit equal to 50% of the amount you were receiving at the time of your death so long as your spouse is still alive.

To assist you with this process, you will be provided detailed information regarding the optional forms of benefits available, the relative value of each optional form, the monthly amount payable under each form, and other information. You will have a period of not more than 180 days or less than 30 days to decide whether or not you want your benefits paid as a Qualified Joint & One-Half Survivor Annuity. If you and your spouse choose to waive this election period, then the election period will not be less than seven days.

If you reject payment as a Qualified Joint & One-Half Survivor Annuity, your spouse must consent to your election, waiving any right to a benefit that would be paid upon your death. This waiver must be signed by your spouse in the presence of a notary public, and confirm your spouse's consent to your election of payment in any of the optional forms, including a single life annuity. If your spouse does not complete the waiver, your monthly pension will be paid as a Qualified Joint & One-Half Survivor Annuity in accordance with the Employee Retirement Income Security Act of 1974 (ERISA).

**2. Q. Are there other forms of payment offered under the Plan?**

A. Yes. The Plan allows several options for the form of your monthly pension. Detailed explanations of these payment options are described as follows:

**Single Life Annuity:** Under this form of payment, you will receive a monthly pension payable for your lifetime. Upon your death, monthly payments will stop.

This is the standard form of payment under the Plan for unmarried Participants. It is an optional form of payment for married Participants.

**<u>Qualified Joint & One-Half Survivor Annuity:</u>** This form of payment provides you with a reduced monthly pension payable for your lifetime. Upon your death, if your spouse is still living, he or she will receive a benefit equal to one-half of the monthly pension you were receiving at the time of your death. **If you are married, this form of benefit will be automatically applied unless you elect an alternate form of benefit and the Qualified Joint & One-Half Survivor Annuity is properly waived by your spouse.**

**<u>Qualified Joint & Two-Thirds Survivor Annuity:</u>** This form provides you with a reduced monthly pension payable for your lifetime. Upon your death, if your spouse is still living, he or she will receive a benefit equal to two-thirds of the monthly pension you were receiving at the time of your death.

**<u>Qualified Joint & Three-Fourths Survivor Annuity:</u>** This form provides you with a reduced monthly pension payable for your lifetime. Upon your death, if your spouse is still living, he or she will receive a benefit equal to three-fourths of the monthly pension you were receiving at the time of your death.

**<u>Qualified Joint & Full Survivor Annuity:</u>** This form of payment provides you with a reduced monthly pension payable for your lifetime. Upon your death, if your spouse is still living, he or she will receive a benefit equal to 100% of the monthly pension you were receiving at the time of your death.

**<u>Joint & Survivor with "Pop-up" Option:</u>** At the election of a retiring member, a "pop-up" option can be added to any of the above Joint & Survivor benefits. Under this form of payment, you would receive a reduced monthly pension payable for your lifetime. Upon your death, if your spouse is still living, he or she would receive a benefit equal to one-half, two-thirds, three-fourths or the full amount of the pension you were receiving at the time of your death. If, however, your spouse should pre-decease you, your benefit would "pop-up" to the amount that would have been payable as a Single Life Annuity. That is, the amount by which your accrued benefit was reduced at your retirement because of your election of the Joint and Survivor form of benefit would be added back to your pension. The "Pop-Up" option is paid for through an actuarial reduction to your monthly benefit payment. Full details regarding this option will be provided to you during the retirement application process.

**Please Note: Under any of the Joint & Survivor forms of payment, the survivorship benefit is only payable to the spouse you were married to when your benefit payments originally began. A subsequent spouse is not eligible for these benefits.**

**3. Q. If I elect to receive my benefit in the form of a Joint & Survivor Annuity,**

**how will my monthly pension be calculated?**

A. Since the Joint & Survivor benefit is paid over two lifetimes instead of one, the monthly amount payable would be reduced. Full details will be provided to you during the retirement application process. You are encouraged to carefully evaluate the options and talk with your own personal financial advisor to determine which option is best for you and your spouse.

When you begin planning for your retirement, you may contact the Fund Office at 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202, or by calling (513) 381-6886 or (800) 832-7113 and request a written estimate of the amounts payable as a Joint & Survivor Annuity, as well as the amounts payable under the "pop-up" option.

**4. Q. Does this Plan provide benefits to a same sex spouse?**

A. Yes. The Plan's definition of "spouse" includes a same-sex husband or wife. However, civil unions and domestic partnerships will not qualify for the Joint and Survivor form of payment.

**5. Q. Can I receive my pension benefits in a lump sum distribution?**

A. Generally, no. However, if the actuarial present value of your accrued benefit is less than $1,000, you would automatically receive a lump sum distribution in lieu of a monthly pension at your retirement date. Upon receipt of this distribution, there would be no further benefits payable to you or, if applicable, your spouse at a future date.

If you receive your benefit in a lump sum and again become a Participant in the Plan, you can repay the amount you received plus interest at the rate determined by the IRS, and your benefit in the Plan would be restored. The repayment must be made within five years after becoming a Participant again or before you have five consecutive One-Year Breaks in Service after the distribution, whichever date comes first. If you do not make this repayment, any future benefit to which you are entitled would not include the value of the benefit that was represented by your lump sum payment. If you return to covered employment, you must contact the Fund Office immediately if you want to repay any previous lump sum payment of your benefit.

**6. Q. Can I rollover my lump sum distribution into another qualified retirement plan?**

A. Remember that almost all lump sum distributions have been eliminated from the Plan as of February 26, 2010. Nonetheless, if a lump sum distribution is available from the Plan, you can "rollover" that payment into an eligible retirement plan (either an individual account or an annuity). Please consult with your tax advisor regarding the definition of an eligible retirement account and the steps necessary for a rollover.

In addition, the rollover rules apply to both spouse and non-spouse beneficiaries. Please see "<u>DESIGNATION OR CHANGE OF BENEFICIARY</u>" for more information about designating or changing your beneficiary.

## APPLICATION FOR BENEFITS

**1. Q. How do I apply to commence receipt of my retirement benefit?**

A. When you want to begin receiving benefits from the Plan, you must first contact the Fund Office and request the necessary application form. To allow the time needed to gather the required information and make your election regarding your form of payment, **<u>it is suggested that you make this request at least 90 days prior to your anticipated benefit commencement date</u>**.

In order to assist you in your planning for retirement, you may request an estimate of the monthly pension amounts payable as of an expected retirement date. Once you decide upon an actual benefit commencement date, a final calculation of the benefits payable will be completed and a retirement application will be issued. If you should need an estimate, you should contact the Fund Office at 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202, or by calling (513) 381-6886 or (800) 832-7113.

**2. Q. How do I make my election regarding form of payment?**

A. Your election must be made **<u>in writing</u>** on forms furnished by the Fund Office and must be authorized by the Board of Trustees before your pension is to begin. This election can be made up to 180 days prior to the date on which your monthly pension is to begin.

**3. Q. What if I am married when I retire, but I do not wish to receive my benefits in the form of a Qualified Joint & Survivor Annuity?**

A. If you do not want your benefit to be paid as a Qualified Joint & Survivor Annuity, your spouse must consent to your election, waiving any right to a benefit that would be paid upon your death. This waiver must be signed by your spouse in the presence of a notary public, and confirm your spouse's consent to your election of payment in an optional form of benefit. If your spouse does not complete the waiver, your monthly pension will be paid as a Qualified Joint & One-Half Survivor Annuity in accordance with the Employee Retirement Income

Security Act of 1974 (ERISA).

**4. Q. Can I change the form in which my retirement benefits are being paid after I have made my election?**

A. Before your benefits actually begin, you can cancel any election you have made by notifying the Fund Office. In addition, any optional form of payment would be canceled automatically if you or your spouse should die prior to the date on which your pension benefits are set to commence. **Once your benefit payments have begun, however, you cannot change your form of payment.**

**5. Q. What about Social Security Benefits?**

A. Any benefits you may receive from the Social Security Administration will be paid in addition to the benefits that may be paid from this Plan.

**6. Q. Do I have to pay taxes on any benefit I receive from the Plan?**

A. Yes. The benefits you receive from the Plan are taxable and must be included in your gross taxable income. It is recommended that you review any questions you might have in this regard with your tax advisor.

**7. Q. What if I receive an overpayment of benefits from the Pension Plan?**

A. No Participant or beneficiary is entitled to receive a benefit in excess of that which is provided according to the rules of the Plan. Any overpayment due to any administrative, mathematical, or other error must be repaid to the Plan. This repayment can made through a single payment, the actuarial reduction of future benefits, the offset of future benefit payments, or similar procedures. Under no circumstances will an overpayment become or be considered a vested benefit.

**8. Q. Does the Plan offer direct deposit of monthly pension payments?**

A. The Plan provides the option of direct deposit for retirees and beneficiaries receiving monthly pension payments from the Plan. If you elect direct deposit, your monthly pension payment will be deposited directly into your checking or savings account. Many retirees find this feature useful because it helps to eliminate any delays that may be caused by the mail service. Direct deposit can be set up at your retirement date or at a later date, if you so desire. If you have questions regarding direct deposit, please contact the Fund Office.

**9. Q. Can I assign my benefits under the Plan?**

A. Generally, no. Before your benefits are distributed to you, they may not be sold, used as collateral for a loan, given away, or transferred in any way. Your creditors may not attach, garnish, or otherwise interfere with your right to a retirement benefit, except to the extent specifically provided for under federal law.

**10. Q. What happens if my spouse and I divorce?**

A. In some cases, a court may order the Plan Administrator to pay some, or all, of your benefit to your spouse, former spouse, child, or dependent on account of a marital separation, dissolution of marriage, or divorce. Before this could happen, a court order known as a Domestic Relations Order (DRO) would have to be presented to and accepted by the Plan Administrator. A DRO must satisfy certain conditions to be considered “Qualified” under the Internal Revenue Code. In addition, the DRO cannot require the Plan to pay any form of benefit that would not ordinarily be paid to a Plan Participant, such as a lump sum payment. Once the Plan Administrator and Plan Attorney accept the DRO, it becomes "Qualified".

If you are divorcing and need assistance to divide your pension, you can obtain a free copy of the Plan’s procedures governing Qualified DRO’s. The Plan Administrator may also be able to provide sample DRO’s Orders for your attorney’s consideration and review. A request for this information should be directed to the Fund Office at 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202, or by calling (513) 381-6886 or (800) 832-7113.

## SUSPENSION OF BENEFITS RULES

**1. Q. What happens if I begin receiving retirement benefits and then go back to work?**

A. If you have commenced receipt of a Normal, Early, or Late Retirement benefit and you return to work, you will have your monthly pension benefit suspended for every month you work in Disqualifying Employment. The rules for suspension are slightly different for Disqualifying Employment performed prior to the attainment of Normal Retirement Age than for Disqualifying Employment performed after reaching Normal Retirement Age.

- **Before Normal Retirement Age:** Members who retire before their Normal Retirement Date and who work in Disqualifying Employment will have their **benefits suspended for every month they were so employed in that Plan Year and for two additional months following termination of re-employment**. Pension benefits will be adjusted at the end of the Plan Year in which re-employment was terminated to include the adjusted age of the Participants and any additional benefits earned.

- **After Normal Retirement Age:** Members who, after reaching their Normal Retirement Age, work in Disqualifying Employment in excess of 40 hours per month will have their benefits suspended for every month for which they are so employed. Upon termination of re-employment, pension benefits will be adjusted at the end of the Plan Year to include the adjusted age of the Participants and any additional benefits earned.

Note that if you retired with at least 30 years of service and an unreduced monthly benefit, you will be subject to the suspension rules for those who have reached Normal Retirement Age.

**2. Q. What is meant by "Disqualifying Employment"?**

A. Disqualifying Employment means:

- Employment with a Contributing Employer;
- Employment with any employer in the same business as any Contributing Employer;
- Self-employment in the same business as any Contributing Employer; or
- Employment or self-employment in any business which is or may be under Union jurisdiction.

Any retiree or Participant eligible for retirement who would like to know in advance whether specific contemplated employment would be considered Disqualifying Employment, may request a determination from the Fund Office.

**3. Q. What should I do if I decide to return to work after I begin receiving retirement benefits?**

A. You must notify the Fund Office **in writing** of any Disqualifying Employment (including self-employment) within 15 days after the end of the month in which you have any earnings from Disqualifying Employment. See "RETIREMENT BENEFITS" for important restrictions on returning to work within 60 days of retirement.

**4. Q. What must I do to start my monthly pension again after I stop working?**

A. Once pension benefits have been suspended, it is your responsibility to notify the Board of Trustees **in writing** when your pension benefit should again start. To do this, you may contact the Fund Office at 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202, or by calling (513) 381-6886 or (800) 832-7113.

**5. Q. If my benefit was suspended because I returned to work after retirement, how much will my monthly pension be once I stop working?**

A. If your benefits were suspended, then upon termination of employment you may apply for reinstatement of your monthly pension payment. You will receive a pension equal to the amount you were receiving prior to the date of your suspension. This benefit will continue to be paid in the form of payment you elected at your original retirement date. You will also be entitled to an additional pension benefit based upon the amount you may have accrued during your period of reemployment. You may elect to receive this additional benefit in any form of payment offered under the Plan.

**6. Q. What will happen if I receive pension benefits for a month in which they should have been suspended?**

A. If you receive a pension payment for a month that your benefit should have been suspended, the excess payments you received will be recovered by using the offset rule. Under this rule, the Fund Office will withhold your first monthly benefit check and future monthly benefits will be reduced by 25% until the improper payments have been fully recovered.

**7. Q. How can I find out more about the suspension of benefits rules?**

A. If you have any questions regarding the suspension of benefits rules, or if you would like to know in advance whether the type of work you propose to do will cause a suspension of your pension benefit, contact the Fund Office. If you ask for a determination on the application of the Suspension of Benefits Rules or for

more information about the rules, you will receive a written response from the Fund Office.

If you disagree with any actions taken by the Trustees in suspending benefits, you can file an appeal with the Plan Administrator. Please see "APPEALS PROCESS" for additional information. For more information regarding the suspension of benefits in connection with any Disability Pension, see "TOTAL AND PERMANENT DISABILITY RETIREMENT" and "DISABLED FROM THE TRADE RETIREMENT".

## DEATH BENEFITS

**1. Q. What happens if I die before I begin receiving retirement benefits?**

A. As of February 26, 2010, if you are married and you die before you retire but **are fully vested**, your spouse will receive a Pre-Retirement Surviving Spouse's Benefit. This benefit will provide your spouse with a pension equal to the monthly benefit that would have been payable if you had retired on the later of your Earliest Retirement Age or the day before your death and elected a Joint & 100% Survivor form of pension payment. Benefits will generally begin on the date you would have reached your Earliest Retirement Age. If you were not an Active Participant at the time of your death, then your Surviving Spouse must wait until the date you would have reached your Normal Retirement Age.

As of February 26, 2010, if you are **not married** or if you are **not fully vested** and you die before you retire, then no benefits will be payable from the Plan on your behalf.

**2. Q. Are there any benefits payable upon my death if I die after I retire?**

A. If you are receiving your pension in the form of a Single Life Annuity, which provides you with a monthly benefit payable for your lifetime only, all benefits will stop upon your death.

If you are receiving your pension in the form of a Joint & Survivor Annuity, then after your death your spouse will receive a monthly income according to the Joint & Survivor Option elected at retirement. If your spouse also dies, then the benefits will stop.

## DESIGNATION OR CHANGE OF BENEFICIARY

1. **Q. How do I designate my beneficiary?**

   A. When you become a Participant in the Plan, the Fund Office will provide you with a beneficiary designation form. Remember that almost all lump sum distributions have been eliminated from the Plan as of February 26, 2010. In the event a death benefit is payable from the Plan (other than the required Surviving Spouse benefit), it will be paid to the beneficiary designated on the "Designation or Change of Beneficiary Form". In most cases though, no benefits will be payable upon the death of an unmarried, or non-vested Participant.

   **It is your responsibility to ensure that your beneficiary designation is both current and correct.**

2. **Q. Can I change my beneficiary?**

   A. You may change your designation of a beneficiary at any time by filing a new "Designation or Change of Beneficiary Form". When there is a change to any of the information that appears on the form, please complete a new form and return it to the Fund Office at 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202.

   If you should ever need an additional form to update your status (for example, as the result of a marriage or divorce), or if you have any questions regarding your designation of a beneficiary, please contact the Fund Office 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202,or by calling (513) 381-6886 or (800) 832-7113.

   **It is your responsibility to ensure that your beneficiary designation is both current and correct.**

3. **Q. May I designate someone other than my spouse as my beneficiary?**

   A. If you are fully vested in your accrued benefit and you are married for at least one year at the time of your death, the standard death benefit is the Pre-Retirement Surviving Spouse's Benefit described in Question 1 of "DEATH BENEFITS". Prior to February 26, 2010, you could decline this benefit and designate any person of your choosing to receive a lump sum return of contributions death benefit. Unfortunately, the lump sum death benefit is no longer available. This means that if your spouse decides to waive all interest in the Plan, then no benefits will be paid to anyone after your death. If this rule changes in the future, you will be notified.

## TERMINATION OF EMPLOYMENT

**1. Q. Am I entitled to a benefit from the Plan if I stop working in Covered Employment before reaching my Normal Retirement Age?**

A. If you are fully vested, you will be entitled to a monthly pension at your Normal Retirement Age even if you stop working in Covered Employment. See "VESTING" for more information about how to become fully vested under the Plan.

**2. Q. If I am eligible for a Deferred Vested Retirement Benefit, how much will my monthly benefit be?**

A. You will be entitled to a monthly benefit equal to the benefit you have accrued at the time you stopped working in Covered Employment. Any service earned prior to a Permanent Break in Service will be disregarded. See "LOSS OF PENSION BENEFITS" for more information about a Permanent Break in Service.

**EXAMPLE:** You stop working for a Contributing Employer at age 48. You have earned 15 Years of Credited Service and have an accrued monthly benefit of $1,200. You would be entitled to receive a monthly pension payment of $1,200 at your Normal Retirement Age.

**3. Q. If I have terminated employment, when will I be eligible to begin receiving Early Retirement benefits?**

A. If you are an Active Participant, you will be eligible to commence receipt of a pension as of the first day of any month following your 55th birthday, but it will be paid on a reduced basis as provided under Early Retirement. See "EARLY RETIREMENT" for additional information.

**EXAMPLE:** You stop working in Covered Employment at age 48 and have 20 Years of Credited Service. You are fully vested in your accrued benefit of $1,200, which would be payable at your Normal Retirement Date. If you elect to commence receipt of pension benefits at age 55, you will receive a reduced benefit of $760 per month.

| | |
|---|---|
| Accrued Benefit earned at age 48 | $ 1,200.00 |
| **LESS:** Early Retirement Reduction | |
| [$1,200 x (($^1/_{180}$ x 48) + ($^1/_{360}$ x 36))] | - 440.00 |
| Total | $ 760.00 |

If you are not an Active Participant, you must wait until Normal Retirement Age to commence your benefit payments.

## PROVISIONS RELATING TO VETERANS' REEMPLOYMENT

**1. Q. What happens to my benefits under the Plan if I enter military service?**

A. Federal law governs your rights if you enter the military. It is possible for you to receive credit (for both service and benefits) if certain conditions are met.

To protect your rights under the Plan, you must leave the geographic jurisdiction of the Plan for service in the military **before** your participation ceases, and you must notify your Employer (or the Board of Trustees) before you leave. Federal law excuses the notification requirement if you could not give advance notice because of military necessity or if giving the advance notice was impossible or unreasonable.

To further protect your rights under the Plan, there are two deadlines that must be met. First, you **must** apply for work in Covered Employment within 90 days after you are released from military duty under honorable conditions. If you are hospitalized or recovering from an illness or injury incurred during the period of military service, then you must return after you have recovered, but not more than two years after the injury or illness began.

Second, you must then notify the Board of Trustees **in writing** no later than 120 days after applying for work in Covered Employment. The Board of Trustees will require that you provide written documentation regarding your military service.

If you have satisfied the requirements for protecting your rights as a veteran, and have provided the Board of Trustees with the documentation it requests to verify your military service, you will receive credit for eligibility and benefits under the Plan. This benefit service will be limited to a maximum of five years and will be reduced by previous periods of military service. Generally speaking, your benefits will be based on the number of hours you worked in Covered Employment during the 12-month period that immediately preceded your entry into military service.

For purposes of federal law, your military service may be with the Armed Forces of the United States, the Army National Guard or the Air National Guard (when engaged in active duty for training, inactive duty training, or full-time National Guard duty), the Commissioned Corps of the Public Health Service and any other category designated by the President in time of war or emergency.

"Service" means the performance of duty on a voluntary or involuntary basis, including active duty, active duty for training, initial active duty for training, inactive duty training, full-time National Guard Duty, and a period for which you are absent from employment for a physical examination to determine your ability to perform military services.

2. Q. **What happens if I die during a period of military service?**

A. If you die during a period of military service, the Plan will grant you Credited Service as if you returned to Covered Employment the day prior to your death. However, no benefits will be accrued for your period of military service. Your family should contact the Fund Office as soon as possible to ensure all service is properly recorded and credited.

## CLAIMS PROCEDURES AND APPEALS PROCESS

1. Q. **How do I make a claim for benefits?**

A. You can apply for benefits by obtaining a benefit application form from the Fund Office at 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202, Phone: (513) 381-6886 or (800) 832-7113. You will be provided with the necessary benefit application forms and an explanation of the Qualified Joint & Survivor Annuity, along with the spousal consent requirements. You will need to complete the benefit application and return it along with any other documentation that may be requested by the Fund Office, such as copies of you and your spouse's birth certificates and your marriage license. Benefit payments from the Plan will not start until your claim for benefits has been presented at a Board of Trustees meeting and approved for payment.

2. Q. **When will I be notified about the status of my application for benefits?**

A. The Fund Office will notify you whether your application has been approved or denied within a reasonable period of time after receipt of your benefit application and all necessary documents. If you are applying for Disability Benefits, the Fund Office must notify you of your application status within 45 days of submitting your application. In the event further time is required for a decision to be made, you will receive a written explanation of why more time is necessary.

3. Q. **What information will I receive if my claim for benefits is denied?**

A. If your claim is denied, either totally or partially, you will be notified of the denial **in writing**. You will be told the specific reasons for the denial, as well as those portions of the Plan's rules that you did not meet. You will also be provided with detailed information regarding the Plan's appeal process.

4. Q. **How do I appeal an adverse decision?**

A. You may request that your claim be reviewed if you do not agree with the claim denial, whether in whole or in part; you do not agree with how your claim was handled; or you did not receive a decision within the applicable time period.

In the event of a discrepancy between the records maintained by the Plan and your claim, the Trustees will rely upon the records established and maintained by the Plan unless shown that Plan records should be modified. The Board of Trustees will have the sole discretion to interpret the Plan and determine the proper benefit payable from the Pension Plan. You will have the burden of proving that Plan records should be modified.

You have 180 days following the date on which you are sent the written denial of your claim to appeal the determination to the Board of Trustees. The Trustees may grant an extension of time under certain circumstances. Your written appeal should be addressed to the Board of Trustees at 205 West Fourth Street, Suite 225, Cincinnati, Ohio 45202. If you choose to appeal the denial of your claim for benefits, you may submit written comments, documents, records, and other information relating to your claim to the Board of Trustees for their review in your appeal. The Board of Trustees will provide to you free of charge all documents, records, and other information relevant to your claim for benefits.

You can legally authorize someone else to file your request for review and otherwise act for you. You and/or your representative can review materials in the Plan's files that are related to your claim. You and/or your representative can submit written comments and other material to support your request for appeal.

You can also make a written request for a personal appearance at a hearing before the Board of Trustees or have your legal representative appear for you. If you or your legal representative makes a personal appearance, it must be done at your own expense. In the case of a Disability determination based in whole, or in part, on a medical judgment, a health care professional who has appropriate training and expertise in the field of medicine, and who was not consulted in connection with the initial application, will be consulted. Any medical or vocational expert(s) whose advice was obtained in connection with the adverse determination will be identified.

The appeal will be considered by the Trustees at the regularly scheduled quarterly meeting. The Board will make benefit determinations upon appeal at the meeting that immediately follows the Plan's receipt of the request for review, unless the request is filed less than 30 days prior to the meeting. In such case, the Board may make the determination upon appeal at the second meeting. The Board will notify you of its decision in writing as soon as possible, but not later than 5 days after the benefit determination is made.

Any denial will be accompanied by the following: (i) a statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; (ii) a statement apprising you that you or your plan may have other voluntary dispute resolution options, and contacting your local United States Department of Labor Office and your state insurance regulatory agency is one way to find out what options may be available; and (iii) a statement of your right to bring a civil action under Section 502(a) of ERISA. The Trustees shall have full authority to interpret the Plan's provisions and it is within their sole and absolute discretion to determine if you are entitled to receive a benefit and the amount of the benefit. The decision will be final and binding.

**5. Q. What rights do I have following my appeal?**

A. If you have exhausted your claim review and appeals rights under the procedures set forth above, you may pursue any other legal remedies available, which may include bringing a civil action under ERISA Section 502(a) for judicial review of the adverse determination regarding your claim in order to recover benefits due to you under the Plan's terms, to enforce your rights under the Plan's terms, or to clarify your rights to future benefits under the Plan. **Under the terms of the Plan, you only have three (3) years from the date the Board provides written notice of an adverse determination to bring a civil action.** If you delay action, you may lose your right to challenge the Board's decision. You may obtain additional information about your right to pursue other legal remedies from the local office of the United States Department of Labor.

**MISCELLANEOUS**

**1. Q. Who administers the plan?**

A. The Plan is administered by a Board of Trustees consisting of six voting Trustees. Three of these Trustees are designated by the Employers and three are designated by the Union.

**2. Q. Who contributes to the Plan?**

A. Contributing Employers make contributions to the Plan based on the number of hours a Participant works and the hourly contribution rate established in the Collective Bargaining Agreement or Participation Agreement. Only Employers are permitted to contribute to the Plan. Employees are not required or permitted to make contributions to the Plan.

**3. Q. How do pension funds accumulate?**

A. All of the contributions made to the Plan are held, invested, and distributed by the Board of Trustees in accordance with the provisions of the Plan Document and

Trust Agreement. Plan assets are used for the exclusive benefit of participating employees and their beneficiaries, and to pay the expenses of administering the Plan.

4. Q. **Are there legal documents covering the Plan?**

A. Yes. This booklet is only a summary of the more important features of the Plan. The legal documents containing all the details are on file with the Board of Trustees and consist of the Plan Document and the Trust Agreement. The administration of the Plan and Trust are governed in all respects by these legal documents and not this Plan summary.

5. Q. **Can the Plan be amended?**

A. Yes. The Trustees reserve the right to amend the terms of the Plan at any time.

6. Q. **Can the Plan be terminated?**

A. Although it is not the intention of the Union or the participating Employers to terminate the Plan, the Board of Trustees and the sponsoring parties (the Union and Employers) have the right to terminate the Plan. This decision would be made through collective bargaining. Upon termination of the Plan, all contributions made to the Plan on your behalf would immediately cease. In addition, if the Plan were to terminate while you were actively employed, your accrued benefit as of the termination date would become fully vested to the extent funded. If the Plan were to terminate within 10 years after a benefit increase, the amount of your benefit could be restricted according to IRS regulations.

The Trust Fund's assets would be used to provide accrued benefits to retirees, beneficiaries, and active Participants, up to the total amount of assets in the Trust Fund. All distributions would be made in accordance with ERISA. After all obligations of the Plan have been satisfied, any assets remaining in the Trust Fund would be distributed to all Participants, retirees and beneficiaries on a pro-rata basis.

7. Q. **Are my benefits under the Plan insured?**

A. Your pension benefits under the Plan are insured by a federal insurance agency, the Pension Benefit Guaranty Corporation (PBGC). It must be noted that your Plan is a multi-employer plan. This type of plan is a collectively bargained pension arrangement involving two or more unrelated employers, usually in a common industry.

Under the multi-employer plan program, the PBGC provides financial assistance through loans to plans that are insolvent. A multi-employer plan is considered insolvent if the plan is unable to pay benefits (at least equal to the PBGC's guaranteed benefit limit) when due.

The maximum benefit guaranteed by PBGC is set by law. Currently, under the multi-employer program, PBGC guarantee equals a Participant's years of service multiplied by 100% of the first $11 of the monthly benefit accrual rate and 75% of the next $33. PBGC's maximum guarantee limit is $35.75 per month times a Participant's years of service. For example, the maximum guarantee for a retiree with 30 years of service would be $1,072.50 per month.

The PBGC guarantee generally **does** cover:

- Normal and Early Retirement benefits;
- Disability Benefits if you become disabled before the plan becomes insolvent; and
- Certain benefits for your survivors.

The PBGC guarantee generally **does not** cover:

- Benefits greater than the maximum guaranteed amount set by law;
- Benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the date the Plan terminates or the date the Plan becomes insolvent, whichever occurs first;
- Benefits that are not vested because you have not worked long enough;
- Benefits for which you have not met all of the requirements at the time the Plan becomes insolvent; or
- Non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay and severance pay.

For more information about PBGC and the benefits it guarantees, contact PBGC at 1200 K Street, NW, Washington, DC 20005-4026, or call PBGC toll-free at (800) 400-7242 (TTY/TDD users may call the federal relay service toll free at (800) 877-8339 and ask to be connected to 1-800-400-7242), or visit PBGC's website at: http://www.pbgc.gov.

**END OF DOCUMENT**

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: MAY 12 2015

LABORERS LOCAL NO 265 PENSION FUND
C/O LEDBETTER PARISI SOLLARS LLC
RACHEL PARISI
9240 MARKETPLACE DR
MIAMISBURG, OH 45342

Employer Identification Number:
31-6127282
DLN:
17007356051004
Person to Contact:
SHERRETTE LAZENBY ID# 52100
Contact Telephone Number:
(804) 916-8259
Plan Name:
LABORERS LOCAL NO 265 PENSION PLAN

Plan Number: 001

Dear Applicant:

We have made a favorable determination on the plan identified above based on the information you have supplied. Please keep this letter, the application forms submitted to request this letter and all correspondence with the Internal Revenue Service regarding your application for a determination letter in your permanent records. You must retain this information to preserve your reliance on this letter.

Continued qualification of the plan under its present form will depend on its effect in operation. See section 1.401-1(b)(3) of the Income Tax Regulations. We will review the status of the plan in operation periodically.

The enclosed Publication 794 explains the significance and the scope of this favorable determination letter based on the determination requests selected on your application forms. Publication 794 describes the information that must be retained to have reliance on this favorable determination letter. The publication also provides examples of the effect of a plan's operation on its qualified status and discusses the reporting requirements for qualified plans. Please read Publication 794.

This letter relates only to the status of your plan under the Internal Revenue Code. It is not a determination regarding the effect of other federal or local statutes.

This determination letter gives no reliance for any qualification change that becomes effective, any guidance published, or any statutes enacted, after the issuance of the Cumulative List (unless the item has been identified in the Cumulative List) for the cycle under which this application was submitted.

This determination letter is applicable for the amendment(s) executed on 11/18/14 & 05/13/14.

This determination letter is also applicable for the amendment(s) dated on 06/12/12 & 03/15/11.

This determination letter is also applicable for the amendment(s) dated on

LABORERS LOCAL NO 265 PENSION FUND

09/07/10 & 06/08/10.

This determination is subject to your adoption of the proposed amendments submitted in your letter dated 04/15/15. The proposed amendments should be adopted on or before the date prescribed by the regulations under Code section 401(b).

This letter may not be relied on after the end of the plan's first five-year remedial amendment cycle that ends more than 12 months after the application was received. This letter expires on January 31, 2020. This letter considered the 2013 Cumulative List of Changes in Plan Qualification Requirements.

The information on the enclosed addendum is an integral part of this determination. Please be sure to read and keep it with this letter.

We have sent a copy of this letter to your representative as indicated in the Form 2848 Power of Attorney or appointee as indicated by the Form 8821 Tax Information Authorization.

If you have questions concerning this matter, please contact the person whose name and telephone number are shown above.

Sincerely,

Karen D. Truss

Karen D. Truss
Director, EP Rulings & Agreements

Enclosures:
Publication 794
Addendum

# EXHIBIT K

## COLLECTIVE BARGAINING AGREEMENTS

# BUILDING LABORERS AGREEMENT

1. **WITNESSETH:** This FORM OF AGREEMENT is negotiated by and between the LABOR RELATIONS DIVISION, CINCINNATI DIVISION, AGC of Ohio, Inc., ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC., party of the first part, hereinafter called the EMPLOYER, as negotiating agent for Employers of building laborers within the area as defined herein, and LOCAL UNION NO. 265, LABORERS' INTERNATIONAL UNION OF NORTH AMERICA, LABORERS' DISTRICT COUNCIL OF OHIO, affiliated with AFL-CIO, party of the second part, hereinafter referred to as the UNION.

2. This Form of Agreement shall be operative and effective within Hamilton, Brown, Clermont and Clinton Counties in Ohio, and Kenton, Campbell, and Boone Counties in Kentucky.

3. It is understood that any reference to the male gender is to be interpreted equally to the female gender.

## PREAMBLE

4. The Employer and the Union recognizing the necessity for eliminating restrictions and promoting efficiency, agree that no rules, customs or practices shall be permitted that limit production or increase the time required to do the work.

5. **Purpose of Agreement**: The purpose of this AGREEMENT is to set out the conditions under which Employees shall work and the Employers shall hire such Employees.

## DECLARATION OF PRINCIPLES

6. There shall be no limitation as to the amount of work a worker shall perform during his/her working day except as hereinafter provided.

7. There shall be no restriction of the use of machinery, tools or labor-saving devices.

8. There shall be no restriction of the use of any raw or manufactured material except prison made.

9. There shall be no interference by the Union with Employer's workers during working hours, except the Union Field Representative may consult with the superintendent or foreman or steward when necessary.

10. The Employer is at liberty to employ and discharge whomsoever he/she sees fit except as hereinafter provided in Section 5.

11. The worker is at liberty to work for whomsoever he/she sees fit, but under all circumstances, he/she shall demand and receive the wages stipulated in this Agreement.

12. The Employer shall not collect dues or initiation fees for the Union except as provided in Section 24, and shall not, in any way, act as agent of the Union.

13. The steward shall have the same rights and privileges as any other member of the Union.

14. When work traditionally performed by Laborers is replaced due to technological advances the Employer will give consideration to continuing the award of that work to Laborers.

## JURISDICTION OF WORK

15. The jurisdiction of work contained herein is the jurisdiction of work claimed by the Laborers' International Union of North America only, and nothing contained herein shall make it mandatory for the Employer to accept the claims of jurisdiction as set forth below as being binding upon him/her. The Employer does not waive any of his/her rights by permitting the inclusion of the jurisdiction of work in this contract.

16. **Asbestos Removal**: All work in connection with the handling, control, removal, abatement, encapsulation or disposal of asbestos.

17. **Cleaning up Debris**: Laborers shall clean up all debris.

18. **Compressed Air**: All work in compressed air construction.

19. **Concrete**: Concrete for walls, foundations, floors or for any other construction; mixing, handling, conveying, pouring, vibrating, gunniting and otherwise applying concrete, whether done by hand, or any other process, and wrecking, stripping, dismantling and handling concrete forms and false work; building of centers for fireproofing purposes.

20. **Concrete Buggies**: The driving and operating of concrete buggies used on any job, whether operated by electricity, oil or gasoline, or the operation of any other labor saving device, and pneumatic tools, used in connection with the work of plasterers, lathers and concrete workers.

21. **Definition of Building Construction**: Building construction work is defined to include building structures, including modifications thereof, or additions or repairs thereto, intended for use as shelter, protection or convenience. Building construction shall include the demolition of and excavations and foundations for building construction.

22. **Drilling and Blasting**: All work of drill running, jack hammering and blasting.

23. **Environmental Cleanup and Restoration**

24. **Excavation and Foundations**: Excavation for building and all other construction; digging of trenches, piers, foundations and holes; digging, lagging, sheeting, cribbing, bracing and propping of foundations, holes, caissons, cofferdams, dams, and dikes.

25. **Factories**: Laborers in factories and mills.

26. **General Excavation and Grading**: The clearing, excavation, filling, backfilling, grading and landscaping of all sites for all purposes, and all semi and unskilled labor connected therewith.

more specific jobsites, as the ratio must be maintained for each project.

91. Every employee of an Employer who comes within the scope of the Agreement shall be considered a Laborer unless registered as an apprentice under the Laborers' Training and Apprenticeship Fund.

92. Apprentices shall work under the supervision of competent and qualified workers on the job. Instruction in safety and safe work practices will be part of job instruction, in addition to that included in related off-job instruction.

93. Any person entering but failing to maintain and complete his or her apprenticeship, as determined by the JATC shall not be employed by the Employer as a journeyworker under this Agreement for the duration of the remaining apprenticeship period.

94. The amount of wages to be paid the apprentice shall be at a percentage or graduated wage scale of the Laborer for the class of work and work location set forth in the Agreement, as follows:

95. Apprenticeship Hours Accumulated Percent of Wage Scale

| | |
|---|---|
| 0-1000 | 60 percent |
| 1001-2000 | 70 percent |
| 2001-3000 | 80 percent |
| 3001-4000 | 90 percent |

96. The above percentages on the base wage rate only. The apprentice shall receive full payment on his or her behalf into the fringe benefit programs at the rate called for in the Agreement. In no instance shall the starting rate be less than the hourly minimum of the Fair Labor Standards Act.

97. The Ohio Laborers' Training and Apprenticeship Trust Fund shall formulate rules and regulations necessary to administer the apprenticeship program to govern eligibility, registration and education to meet the needs and requirements of the program and in compliance with federal and state apprentice guidelines. The purpose of the program is to supply apprentices to Employers signatory to the Agreement and the program will require apprentices trained under the program to continue in the employment of signatory contractors during and after completion of the program. Any registered apprentice who goes to work for a non-signatory Employer shall no longer be eligible for the program and shall repay to the Ohio Laborers' Training and Apprenticeship Fund the cost of any schooling or training in an amount established by the Fund. The cost of training shall be repaid to the Fund if the individual who completes apprentice training goes to work for a non-signatory contractor within the number of years following completion of training as established by the Ohio Laborers' Training and Apprenticeship Trust Fund.

98. A signatory Employer to this Agreement may refer applicants to the Ohio Laborers' Training and Apprenticeship Trust Fund for proposed inclusion in the apprentice program, provided it has no registered apprentice on layoff. Unless and until accepted, the referred applicant shall not be eligible for an apprentice rate.

99. A signatory Employer may request the local union having jurisdiction over the work area covered by the specific project for apprentice referrals who, if referred, will serve as the employee hired through the local union.

## SECTION 20

100. **Health and Welfare Fund**: The Employer agrees to contribute for each hour worked by each Employee subject to the terms of this Agreement to Ohio Laborers' Health & Welfare Fund the amount indicated below. Payments to this Fund shall be received on or before the 15th day of each month on account of hours worked by Employees during the payroll periods in the preceding calendar month.

101. This Fund shall be administered in accordance with the Agreement and Declaration of Trust established for this purpose. The Employer, in consideration of the participation of other Employers entering into this Agreement, hereby agrees to participate as a contributor to Ohio Laborers' Health and Welfare Fund in accordance with and to be bound by the terms, conditions, obligations and provisions of the Agreement and Declaration of Trust as adopted and hereafter amended.

102. It is understood and agreed by the parties hereto that no fund shall be set up under which contributions by the Employer are construed by any taxing authority as wages upon which withholding tax is to be paid or upon which Social Security contributions are to be made by the Employer, and such Fund shall meet and conform with the Labor Management Relations Act and other laws now in effect or which may hereafter be enacted affecting such plan, contributions or benefits thereunder.

June 1, 2017 ........................................................ $ 6.90

## SECTION 21

103. **Pension Fund**: The Employer agrees to contribute for each hour worked by each Employee subject to the terms of this Agreement to Laborers' Local Union 265 Pension Fund and the Laborers District Council and Contractors' Pension Fund. Payments to this Fund shall be received on or before the 15th day of each month on account of hours worked by Employees during the payroll periods in the preceding calendar month.

104. The Laborers Local 265 Pension Fund shall be jointly administered by a Board of Trustees consisting of six (6) Trustees, three of whom shall be designated by Laborers' Local Union 265, three (3) of whom shall be designated by the Cincinnati Division, AGC of Ohio, Inc., Associated General Contractors of America, Inc.

105. Both Funds shall be administered in accordance with the Agreement and Declaration of Trust established for this purpose. The Employer in consideration of the participation by other Employers entering into this Agreement hereby agrees to participate as a contributor to Laborers Local Union 265 Pension Fund and the Laborers District Council and Contractors' Pension Fund in accordance with and to be bound by the terms, obligations

and provisions of the Agreement and Declaration of Trust as adopted and hereafter amended.

106. It is understood and agreed by the parties hereto that no fund shall be set up under which contributions by the Employer are construed by any taxing authority as wages upon which withholding tax is to be paid or upon which Social Security contributions are to be made by the Employer, and such Fund shall meet and conform with the Labor Management Relations Act and other laws now in effect or which may hereafter be enacted affecting such plan, contributions or benefits thereunder.

107. It is mutually agreed that the provision of the Agreements and Declaration of Trust of the following funds administered and/or collected by the Ohio Laborers' Fringe Benefit Programs and the Laborers' Local 265 Pension Fund: Ohio Laborers' District Council-Ohio Contractors' Association Insurance Fund, Ohio Laborers' Training and Apprenticeship Trust Fund, Ohio Laborers' District Council – Ohio Contractors' Association Cooperation Education Trust, Laborers District Council and Contractors' Pension Fund.

108. Laborers' Local 265 Pension Fund and any rules, regulations or plan adopted by the Trustees pursuant thereto, shall become a part of this Agreement as though fully written herein and in the case of any conflicting language, shall supercede any provision herein relating to fringe benefit contributions. All Employers bound hereby irrevocably designate the Contractor Trustees of said funds and Plan, and their successors as their representatives for the purpose set forth in said Agreements and Declaration of Trust.

109. Fringe benefit contributions shall be paid at the rates specified in this agreement for all hours paid to each employee by the Employer under this Agreement which shall in no way be considered or used in the determination of overtime pay. Hours paid shall include reporting hour (hours actually worked) which are paid.

110. It is further understood and agreed by and between the parties that duly authorized representative of any of said Trust Funds or Plan shall have the right, on written notice, to audit the books and records of any party obligated under this Agreement to contribute thereto, with respect to the hours worked by and wages paid to all employees upon whom the Contractor is obligated to make contributions.

111. Reports of employees who have worked, the number of hours that they have been paid and such other data and information as may be required, and all contributions payable to the Funds or Plan shall be transmitted to the offices of the Funds or Plan no later than the fifteenth (15$^{th}$) day of the month immediately following the calendar month in which the work was performed. If contributions are not received by the fifteenth (15$^{th}$) day of the month, following the month in which the work was performed, the employer will be subject to and agrees to pay liquidated damages of ten percent (10%) of the contributions to cover the additional costs and expenses of continuing administration during the period of delinquency, plus one percent (1%) interest per month upon any balances due and any and all costs of collection including reasonable attorney fees.

Laborers Local 265 Pension June 1, 2017 ................. $ 5.30
LDCCPF June 1, 2017 ............................................ $ 3.40

**SECTION 22**

112. **Safety Training**: In accordance with applicable OSHA safety and health standards requiring safety training and education, the Union shall make available to each member the 30-Hour OSHA training course. All existing journeymen are required to complete the training prior to 06/01/09 and all Apprentices are required to complete the training within two (2) years after graduation from the apprenticeship program.

**SECTION 23**

113. **Ohio Laborers Training and Apprenticeship Fund**: The Employer agrees to contribute for each hour worked by each Employee subject to the terms of this Agreement to the Ohio Laborers' Training and Upgrading Fund. Payments to this Fund shall be received on or before the 15th day of each month on account of the hours worked by Employees during the payroll periods in the preceding calendar month.

114. This Fund shall be administered in accordance with the Agreement and Declaration of Trust dated June 13, 1968 and amendments thereto.

June 1 2017 ...................................................... $ 0.40

115. Journeymen and Apprentice Laborers shall complete training that the Union will develop, conduct, monitor, and certify utilizing input from the Employers.

**SECTION 24**

116. **Savings Account:** The Employer agrees to withhold from the net wages of each Employee subject to the terms of this Agreement one dollar ($1.00) per hour for each hour worked for deposit into a Savings Account. Such withholdings shall be made only from the net wages of those Employees who authorize the same in writing. The Employer shall transmit these funds by the 15$^{th}$ of each month to an FDIC bank as identified on the written authorization submitted to the Employer, for the establishment of separate interest-bearing accounts for each such Employee.

June 1, 2001 ...................................................... $1.00

**SECTION 25**

117. **Bond**: The Union may require an Employer not previously party to an agreement with Laborers Local Union 265, or who is delinquent or who becomes delinquent for more than fifteen (15) days in its payments to the Health and Welfare Fund and/or Pension Fund to post a surety bond in the amount determined by the number of Laborers employed and the following formula:

1 – 10 Employees covered herein $ 25,000.00

# Laborers' Local Union 265

*Affiliated with the AFL-CIO*

# LiUNA!



The hourly rates for the Laborers' Local 265 **Building Agreement** for Hamilton, Clermont Clinton and Brown Counties in Ohio and Kenton, Campbell and Boone in Kentucky, effective June 1. 2017

| | 6/1/2017 | 6/1/2018 | 6/1/2019 | 6/1/2020 | 6/1/2021 |
|---|---|---|---|---|---|
| Base | $22.15 | $22.15 | $22.15 | $23.15 | $24.15 |
| Health and Welfare | $6.90 | $6.90 | $6.90 | $6.90 | $6.90 |
| Local Pension | $5.30 | $5.30 | $5.30 | $5.30 | $5.30 |
| State Pension | $3.40 | $3.40 | $3.40 | $3.40 | $3.40 |
| Training and Upgrading | $0.40 | $0.40 | $0.40 | $0.40 | $0.40 |
| CAP | $0.05 | $0.05 | $0.05 | $0.05 | $0.05 |
| LECET | $0.10 | $0.10 | $0.10 | $0.10 | $0.10 |
| Totals | $38.30 | $38.30 | $38.30 | $39.30 | $40.30 |

<u>Assessments</u>

Hourly Dues Checkoff — 3% Gross Pay

LDC Dues Checkoff — $0.35 per hour

Laborer Foreman Rate is an additional — $0.75 per hour

General Laborer Foreman rate is an additional — $1.25 per hour

Fringes are paid on hours worked

3457 Montgomery Road
Cincinnati, Ohio 45207
Phone (513) 221-5260
Fax (513) 221-5573
Toll Free (800) 559-3315
local265@hotmail.com
www.laborerslocal265.com

# MASON TENDERS AGREEMENT

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| Subcontractors | Section | 35 |
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| Non Discrimination | Section | 37 |
| Length of Agreement | Section | 38 |
| Cleaning up Debris | Section | 39 |
| Handling Material | Section | 40 |
| Residential Construction | Section | 41 |
| Agreement | Section | 42 |
| Signature Page | Page | 12 |
| Addendum A | Page | 12 |


1. WITNESSETH: This FORM OF AGREEMENT is negotiated by and between the LABOR RELATIONS DIVISION, MASON CONTRACTORS ASSOCIATION of Cincinnati, Ohio, as negotiating agent only for the use of individual Employers of Mason Tenders hereinafter referred to as the EMPLOYER, party of the first part, and LOCAL UNION NO. 265, LABORERS' INTERNATIONAL UNION OF NORTH AMERICA, affiliated with the AFL-CIO, party of the second part, hereinafter referred to as the UNION.
2. This Form of Agreement shall be operative and effective within Hamilton, Brown, Clermont and Clinton Counties in Ohio, and Kenton, Campbell and Boone Counties in Kentucky.

### PREAMBLE

3. The Employer and the Union recognizing the necessity for eliminating restrictions and promoting efficiency, agree that no rules, customs or practices shall be permitted that limit production or increase the time required to do the work.
4. Purpose of Agreement: The purpose of this AGREEMENT is to set out the conditions under which Employees shall work and the Employers shall hire such Employees.

### DECLARATION OF PRINCIPLES

5. There shall be no limitations as to the amount of work a worker shall perform during the working day except as hereinafter provided.
6. There shall be no restriction of the use of machinery, tools or labor-saving devices.
7. There shall be no restriction of the use of any raw or manufactured material except prison made.
8. There shall be no interference by the Union with Employer's workers during working hours, except the Union Field Representative may consult with the superintendent or foreman or steward when necessary.
9. The Employer is at liberty to employ and discharge whomsoever he/she sees fit, except as hereinafter provided in Sections 5 and 6.
10. The worker is at liberty to work for whomsoever he/she sees fit, but under all circumstances, he/she shall demand and receive the wages stipulated in this Agreement.
11. The Employer shall not collect dues or initiation fees for the Union except as provided in Section 21, and shall not, in any way, act as agent of the Union.
12. The steward shall have the same rights and privileges



LAB265_00283

74. It is understood and agreed by the parties hereto that no Fund shall be set up under which contributions by the Employer are construed by any taxing authority as wages upon which withholding tax is to be paid or upon which Social Security contributions are to be made by the Employer, and such Fund shall meet and conform with the Labor Management Relations Act and other laws now in effect or which may hereafter be enacted affecting such plan, contributions or benefits there under.

## SECTION 19

75. **PENSION FUND**: Effective for the hours worked on June 1, 2017 and thereafter, the Employer agrees to contribute, for each hour worked by each Employee subject to the terms of this Agreement to the Laborers' Local Union No. 265 Pension Fund and to the Laborers' District Council and Contractors' Pension Fund the amount indicated below. Payments to this Fund shall be transmitted by the 15th day of each month on account of hours worked by Employees during the payroll periods in the preceding calendar month.

76. Laborers Local 265 Pension Fund shall be jointly administered by a Board of Trustees consisting of six (6) Trustees, three (3) of whom shall be designated by Laborers' Local Union No. 265, three of whom shall be designated by the Cincinnati Division, AGC of Ohio, Inc.

77. Both Funds shall be administered in accordance with the Agreement and Declaration of Trust established for this purpose. The Employer in consideration of the participation by other Employers entering into this Agreement hereby agrees to participate as a contributor to Laborers' Local Union No. 265 Pension Fund and to the Laborers' District Council and Contractors' Pension Fund in accordance with and to be bound by the terms, obligations, and provisions of the Agreement and Declaration of Trust as adopted and hereafter amended.

78. It is understood and agreed by the parties hereto that no Fund shall be set up under which contributions by the Employer are construed by any taxing authority as wages upon which withholding tax is to be paid or upon which Social Security contributions are to be made by the Employer, and such Fund shall meet and conform with the Labor Management Relations Act and other laws now in effect or which may hereafter be enacted affecting such plan, contributions or benefits there under.

79. It is mutually agreed that the provisions of the Agreements and Declarations of Trust of the following funds administered and/or collected by the Ohio Laborers' Fringe Benefit Programs and the Laborers' Local 265 Pension Fund: Ohio Laborers' District Council – Ohio Contractors' Association Insurance Fund, Ohio Laborers' Training and Apprenticeship Trust Fund, Ohio Laborers' District Council –Ohio Contractors' Association Cooperation Education Trust, Laborers' Local 265 Pension Fund and the Laborers' District Council and Contractors' Pension Fund and any rules, regulations or plans adopted by the Trustees pursuant thereto, shall become a part of this Agreement as though fully written herein and in the case of any conflicting language, shall supersede any provision herein relating to fringe benefit contributions. All Employers bound hereby irrevocably designate the Employer Trustees of said Funds and Plan, and their successors as their representatives for the purposes set forth in said Agreements and Declaration of Trust.

80. Fringe benefit contributions shall be paid at the rates specified in his agreement for all hours paid to each employee by the Employer under this Agreement which shall in no way be considered or used in the determination of overtime pay. Hours paid shall include reporting hours (actual hours worked) which are paid.

81. It is further understood and agreed by and between the parties that duly authorized representatives of any of said Trust Funds or Plan shall have the right, on written notice, to audit the books and records of any party obligated under this Agreement to contribute thereto, which respect to the hours worked by and wages paid to all employees upon whom the Employer is obligated to make contributions.

82. Reports of employees who have worked, the number of hours that they have been paid and such other data and information as may be required, and all contributions payable to the Funds or Plan shall be transmitted to the offices of the Funds or Plan no later than the fifteenth ($15^{th}$) day of the month immediately following the calendar month in which the work was performed. If contributions are not postmarked by the fifteenth (15th) day of the month, following the month in which the work was performed, the employer will be subject to and agrees to pay liquidated damages of ten percent (10% of the contributions to cover the additional costs and expenses of containing administration during the period of delinquency, plus one percent (1%) interest per month upon any balances due and any and all costs of collection including reasonable attorney fees.

Laborers 265 Pension fund June 1, 2017 ...... $ 5.30
LDCCPF June 1, 2017 ................................ $ 3.40

## SECTION 20

83. **OHIO LABORERS' TRAINING AND APPRENTICESHIP FUND**: Effective for the hours worked on and after June 1, 2015 the Employer agrees to contribute for each hour worked by each Employee subject to the terms of this Agreement to the Ohio Laborers' Training and Apprenticeship Fund. Payments to this Fund shall be transmitted by the 15th day of each month on account of the hours worked by Employees during the payroll periods in the preceding calendar month.

84. This Fund shall be administered in accordance with the Agreement and Declaration of Trust dated June 13, 1968 and amendments thereto.

85. Emphasis will be stressed on training and upgrading by Employers and the Union for Mason Tenders.

June 1, 2017 ................................................ $ 0.40

## SECTION 21

86. **ASSESSMENT FOR LATE PAYMENTS**: It is agreed that the Trustees of the Health and Welfare Fund and the Pension Fund shall have the right to assess any Employer who is late in making payments to these funds in violation of this Agreement an additional payment on the unpaid balance at the current annual interest rate established by the Internal Revenue Service for the late payment of Federal Income Tax.

## SECTION 22

87. **DUES CHECK-OFF**: Commencing June 1, 2017, and continuing thereafter during the term of this Agreement, and in accordance with the terms of an individual and voluntary authorization for check-off of membership dues in the form agreed upon by the parties hereto and permitted by the provisions of Section 302 (c) of the Labor Management Relations Act, as amended, the Employer agrees to deduct once each week from the wages of each Employee covered by this Agreement who signs such authorization an amount equal to three percent (3%) of the Employee's gross wages.

88. The amount deducted shall be remitted to the Union by the 15th day of the following month together with a statement setting forth the name and hours worked of each Employee from whose wages the deduction is made.

June 1, 2017 ................................3% of gross wages

89. At the option of the Union, and upon prior thirty (30) days' notice to the Association, the amount withheld from Employees' gross earnings for dues check-off may be increased or decreased.

90. **DISTRICT COUNCIL CHECK-OFF**: Commencing June 1, 2017, and continuing thereafter, the Employer agrees to deduct thirty - Five ($0.35) cents per hour worked for Laborers' District Council of Ohio check-off. Any such deduction shall be in accordance with the terms of an individual and voluntary authorization for check-off in the form agreed upon by the parties hereto and permitted by the provisions of Section 302 (c) of the Labor Management Relations Act.

## SECTION 23

91. **OHIO LECET:** The Employer and the Union recognize that they must confront many issues of mutual concern which are more susceptible to resolution through labor-management cooperation than through collective bargaining. The Employer and the Union also recognize that Employees as well as business benefits from labor-management cooperation. To seek resolution of these mutual concerns and to advance mutual interests through labor-management cooperative efforts, the Employer and the Union agree to participate in the OHIO LABORERS'-EMPLOYERS COOPERATION AND EDUCATION TRUST funds which are established in accordance with Section 302 (c) (9) of the Taft-Hartley Act.

92. All Employers hereby agree to be bound by the Agreement and Declarations of Trust, as amended, establishing the Ohio LECET copies of which all parties agree have been furnished to, and read by all Employers bound hereby prior to execution of this Agreement. It is mutually agreed that the provisions of said Agreements and Declarations of Trust and any rules, regulations or plans adopted by the Trustees pursuant thereto shall become a part of this Agreement as though fully written herein. All Employers bound hereby irrevocably designate the Employer Trustees of said Funds and Plan, and their successors as their representatives for the purposes set forth in said Agreements and Declarations of Trust.

93. Effective for the hours worked on June 1, 2015 and thereafter the Employer agrees to contribute the amount listed below for each hour worked by each Employee subject to the terms of this Agreement to the LECET Fund. Payments to this fund shall be made on or before the 15th day of each month on account of

# Laborers' Local Union 265

*Affiliated with the AFL-CIO*

**LiUNA!**



The hourly rates for the Laborers' Local 265 **Mason Tenders** Agreement for Hamilton, Clermont Clinton and Brown Counties in Ohio and Kenton, Campbell and Boone in Kentucky, effective June 1. 2017

| | 6/1/2017 | 6/1/2018 | 6/1/2019 | 6/1/2020 | 6/1/2021 |
|---|---|---|---|---|---|
| Base | $21.75 | $21.75 | $21.75 | $22.75 | $23.75 |
| Health and Welfare | $6.90 | $6.90 | $6.90 | $6.90 | $6.90 |
| Local Pension | $5.30 | $5.30 | $5.30 | $5.30 | $5.30 |
| State Pension | $3.40 | $3.40 | $3.40 | $3.40 | $3.40 |
| Training and Upgrading | $0.40 | $0.40 | $0.40 | $0.40 | $0.40 |
| CAP | $0.05 | $0.05 | $0.05 | $0.05 | $0.05 |
| LECET | $0.10 | $0.10 | $0.10 | $0.10 | $0.10 |
| Totals | $37.90 | $37.90 | $37.90 | $38.90 | $39.90 |
| Assessments | | | | | |
| Target Fund per hour worked | $0.20 | $0.20 | $0.20 | $0.20 | $0.20 |

| | |
|---|---|
| Hourly Dues Checkoff | 3% Gross Pay |
| LDC Dues Checkoff | $0.35 per hour |
| Refractory work premium | $0.25 per hour |
| Mason Tender Foreman Rate is an additional | $0.50 per hour |
| Mason Tender General Foreman rate is an additional | $1.00 per hour |

Fringes are paid on hours worked


3457 Montgomery Road
Cincinnati, Ohio 45207
Phone (513) 221-5260
Fax (513) 221-5573
Toll Free (800) 559-3315
local265@hotmail.com
www.laborerslocal265.com


98-C

## LABORERS LOCAL 265 PENSION FUND

### STANDARD FORM OF PARTICIPATION AGREEMENT

The Undersigned Parties agree that LiUNA Local Union 265 ("Employer") shall make contributions to the Laborers Local 265 Pension Fund ("Fund") on behalf of the class of Employees listed below. The purpose of this Agreement is to clearly identify the class of Eligible Employees and to allow the Fund to receive contributions on behalf of such Employees:

1. For purposes of this Agreement, the Employer agrees to make contributions to the Fund for the business manager, full-time field representatives and organizers who service Local Union 265.
    a. The Employer agrees to contribute on behalf of the business manager and all business agents identified above at the hourly rates specified in the local collective bargaining agreements. It is understood that such contribution rates may change from time to time. Contributions will be made for the weekly hours specified in the nomination minutes (but not less than 40 hours per week).

2. For purposes of this Agreement, the Employer agrees to make contributions for members of Laborers Local Union 265, who suffer a loss in wages while attending to the business of the Local Union.
    a. The Employer agrees to contribute the number of hours spent in service to the Local Union, not to exceed 40 hours per week. Contributions will be paid as the hours rates specified in the local collective bargaining agreement.

3. For purposes of this Agreement, the Employer agrees to make contributions for the full time office staff of Laborers Local Union 265.
    a. The Employer agrees to contribute for each hour of service performed by the full-time office staff, not to exceed 40 hours per week.

4. It is agreed that all contributions shall be made at such time and in such manner as the Trustees require. The Trustees shall have the authority to have a qualified representative audit the payroll and wage records of the Employer for the purpose of determining the accuracy of contributions to the Fund.

5. If the Employer fails to make contributions to the Fund within the time limits required by the Trustees, the Fund shall have the right to take whatever steps are necessary to secure compliance notwithstanding any provisions of the collective bargaining agreement to the contrary. The Employer shall be liable for all costs for collecting the payment due together with attorney's fees, interest and such late payment fees which may be assessed by the Trustees.

6. It is agreed that the Plan adopted by the Trustees of said Fund shall at all times conform with the requirements of the Internal Revenue Code so as to enable the Employer at all times to treat contributions to the Fund as a deduction for income tax purposes.

7. This Agreement shall terminate upon sixty (60) days written notice by either party.

8. Should any part of this Participation Agreement for any reason be declared invalid, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in force and effect as if this Participation Agreement had been executed without the invalid portion.

9. Any and all disputes between the Employer and the Trustees relating to contributions to the Fund or this Participation Agreement shall be submitted for resolution to the Trustees and shall not be subject to arbitration or other dispute resolution procedures in a collective bargaining agreement.

10. This Participation Agreement is not binding on the Fund until accepted by the Boards of Trustees of the Fund.

IN WITNESS WHEREOF, the Fund and the Employer acknowledge their understanding of, and agreement to, this entire Participation Agreement and have caused it to be executed by their duly authorized representatives on the dates stated below.

**ACCEPTED** for the ~~Employer.~~ FUND

[redacted]

BY: ANTHONY BRICE TRUSTEE
NAME AND TITLE

DATE: 12/22/16

**ACCEPTED** for the EMPLOYER ~~Fund~~:

[redacted]NATURE

BY: JOHN PHILLIPS BUS MGR.
NAME AND TITLE

DATE: 12/22/16

# EXHIBIT L

## ANNUAL REPORT/FORM 5500

# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

**2015**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2015 or fiscal plan year beginning 11/01/2015 and ending 10/31/2016

**A** This return/report is for:
- [X] a multiemployer plan;
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or
- [ ] a single-employer plan;
- [ ] a DFE (specify) ____

**B** This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

**C** If the plan is a collectively-bargained plan, check here. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . ▶ [X]

**D** Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
LABORERS LOCAL 265 PENSION PLAN

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan
11/07/1969

**2a** Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
LABORERS LOCAL 265 PENSION PLAN

205 WEST FOURTH STREET SUITE 225
CINCINNATI, OH 45202-4813

205 WEST FOURTH STREET SUITE 225
CINCINNATI, OH 45202-4813

**2b** Employer Identification Number (EIN)
31-6127282

**2c** Plan Sponsor's telephone number
513-381-6886

**2d** Business code (see instructions)
238100

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature.<br>**Signature of plan administrator** | 08/14/2017<br>Date | PAULA ALLPHIN<br>Enter name of individual signing as plan administrator |
| **SIGN HERE** | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | **Signature of DFE** | Date | Enter name of individual signing as DFE |

Preparer's name (including firm name, if applicable) and address (include room or suite number)

Preparer's telephone number

| | | |
|---|---|---|
| **3a** Plan administrator's name and address [X] Same as Plan Sponsor | **3b** Administrator's EIN | |
| | **3c** Administrator's telephone number | |
| **4** If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: | **4b** EIN | |
| **a** Sponsor's name | **4c** PN | |
| **5** Total number of participants at the beginning of the plan year | **5** | 1340 |
| **6** Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**). | | |
| **a(1)** Total number of active participants at the beginning of the plan year | **6a(1)** | 322 |
| **a(2)** Total number of active participants at the end of the plan year | **6a(2)** | 297 |
| **b** Retired or separated participants receiving benefits | **6b** | 556 |
| **c** Other retired or separated participants entitled to future benefits | **6c** | 311 |
| **d** Subtotal. Add lines **6a(2), 6b,** and **6c.** | **6d** | 1164 |
| **e** Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | 169 |
| **f** Total. Add lines **6d** and **6e.** | **6f** | 1333 |
| **g** Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | |
| **h** Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | |
| **7** Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | 68 |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
1B

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

| **9a** Plan funding arrangement (check all that apply) | **9b** Plan benefit arrangement (check all that apply) |
|---|---|
| (1) [ ] Insurance | (1) [ ] Insurance |
| (2) [ ] Code section 412(e)(3) insurance contracts | (2) [ ] Code section 412(e)(3) insurance contracts |
| (3) [X] Trust | (3) [X] Trust |
| (4) [ ] General assets of the sponsor | (4) [ ] General assets of the sponsor |

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

| **a Pension Schedules** | **b General Schedules** |
|---|---|
| (1) [X] **R** (Retirement Plan Information) | (1) [X] **H** (Financial Information) |
| (2) [X] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary | (2) [ ] **I** (Financial Information – Small Plan) |
| | (3) [ ] ___ **A** (Insurance Information) |
| | (4) [X] **C** (Service Provider Information) |
| (3) [ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary | (5) [ ] **D** (DFE/Participating Plan Information) |
| | (6) [ ] **G** (Financial Transaction Schedules) |

| SCHEDULE MB (Form 5500) | Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury Internal Revenue Service<br>Department of Labor Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).<br>▶ File as an attachment to Form 5500 or 5500-SF. | 2015<br>This Form is Open to Public Inspection |

For calendar plan year 2015 or fiscal plan year beginning 11/01/2015 and ending 10/31/2016

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

| | |
|---|---|
| **A** Name of plan<br>LABORERS LOCAL 265 PENSION PLAN | **B** Three-digit plan number (PN) ▶ 001 |
| **C** Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF<br>LABORERS LOCAL 265 PENSION PLAN | **D** Employer Identification Number (EIN)<br>31-6127282 |

**E** Type of plan: (1) [X] Multiemployer Defined Benefit (2) [ ] Money Purchase (see instructions)

**1a** Enter the valuation date: Month 11 Day 01 Year 2015

| | | |
|---|---|---|
| **b** Assets | | |
| (1) Current value of assets | 1b(1) | 55590098 |
| (2) Actuarial value of assets for funding standard account | 1b(2) | 66171749 |
| **c** (1) Accrued liability for plan using immediate gain methods | 1c(1) | 99931110 |
| (2) Information for plans using spread gain methods: | | |
| (a) Unfunded liability for methods with bases | 1c(2)(a) | 0 |
| (b) Accrued liability under entry age normal method | 1c(2)(b) | 0 |
| (c) Normal cost under entry age normal method | 1c(2)(c) | 0 |
| (3) Accrued liability under unit credit cost method | 1c(3) | 99931110 |
| **d** Information on current liabilities of the plan: | | |
| (1) Amount excluded from current liability attributable to pre-participation service (see instructions) | 1d(1) | |
| (2) "RPA '94" information: | | |
| (a) Current liability | 1d(2)(a) | 150595832 |
| (b) Expected increase in current liability due to benefits accruing during the plan year | 1d(2)(b) | 493890 |
| (c) Expected release from "RPA '94" current liability for the plan year | 1d(2)(c) | 7284830 |
| (3) Expected plan disbursements for the plan year | 1d(3) | 7614830 |

**Statement by Enrolled Actuary**

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN HERE**

| | |
|---|---|
| Signature of actuary | Date |
| JASON C. BIRKLE | 14-07856 |
| Type or print name of actuary | Most recent enrollment number |
| CUNI, RUST & STRENK | 513-891-0270 |
| Firm name | Telephone number (including area code) |
| 4555 LAKE FOREST DR - SUITE 620, CINCINNATI, OH 45242 | |
| Address of the firm | |

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

**2** Operational information as of beginning of this plan year:

**a** Current value of assets (see instructions) ..... **2a** 55590098

**b** "RPA '94" current liability/participant count breakdown:

| | (1) Number of participants | (2) Current liability |
|---|---|---|
| (1) For retired participants and beneficiaries receiving payment | 726 | 91207912 |
| (2) For terminated vested participants | 292 | 28660844 |
| (3) For active participants: | | |
| (a) Non-vested benefits | | 2308660 |
| (b) Vested benefits | | 28418416 |
| (c) Total active | 322 | 30727076 |
| (4) Total | 1340 | 150595832 |

**c** If the percentage resulting from dividing line 2a by line 2b(4), column (2), is less than 70%, enter such percentage ..... **2c** 36.91 %

**3** Contributions made to the plan for the plan year by employer(s) and employees:

| (a) Date (MM-DD-YYYY) | (b) Amount paid by employer(s) | (c) Amount paid by employees | (a) Date (MM-DD-YYYY) | (b) Amount paid by employer(s) | (c) Amount paid by employees |
|---|---|---|---|---|---|
| 11/01/2015 | 0 | | | | |
| 10/31/2016 | 1991568 | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | Totals ► 3(b) | 1991568 | 3(c) |

**4** Information on plan status:

**a** Funded percentage for monitoring plan's status (line 1b(2) divided by line 1c(3)) ..... **4a** 66.2%

**b** Enter code to indicate plan's status (see instructions for attachment of supporting evidence of plan's status). If code is "N," go to line 5 ..... **4b** D

**c** Is the plan making the scheduled progress under any applicable funding improvement or rehabilitation plan? ..... ☒ Yes ☐ No

**d** If the plan is in critical status or critical and declining status, were any benefits reduced (see instructions)? ..... ☐ Yes ☒ No

**e** If line d is "Yes," enter the reduction in liability resulting from the reduction in benefits (see instructions), measured as of the valuation date ..... **4e**

**f** If the rehabilitation plan projects emergence from critical status or critical and declining status, enter the plan year in which it is projected to emerge.
If the rehabilitation plan is based on forestalling possible insolvency, enter the plan year in which insolvency is expected and check here ..... ☒ **4f** 2032

**5** Actuarial cost method used as the basis for this plan year's funding standard account computations (check all that apply):

**a** ☐ Attained age normal **b** ☐ Entry age normal **c** ☒ Accrued benefit (unit credit) **d** ☐ Aggregate
**e** ☐ Frozen initial liability **f** ☐ Individual level premium **g** ☐ Individual aggregate **h** ☐ Shortfall
**i** ☐ Reorganization **j** ☐ Other (specify):

**k** If box h is checked, enter period of use of shortfall method ..... **5k**

**l** Has a change been made in funding method for this plan year? ..... ☐ Yes ☒ No

**m** If line l is "Yes," was the change made pursuant to Revenue Procedure 2000-40 or other automatic approval? ..... ☐ Yes ☐ No

**n** If line l is "Yes," and line m is "No," enter the date (MM-DD-YYYY) of the ruling letter (individual or class) approving the change in funding method ..... **5n**

**6** Checklist of certain actuarial assumptions:

**a** Interest rate for "RPA '94" current liability ..... **6a** 3.29 %

| | Pre-retirement | Post-retirement |
|---|---|---|
| **b** Rates specified in insurance or annuity contracts | ☐ Yes ☐ No ☒ N/A | ☐ Yes ☐ No ☒ N/A |
| **c** Mortality table code for valuation purposes: | | |

| | | | | | |
|---|---|---|---|---|---|
| (1) Males | 6c(1) | A | | A | |
| (2) Females | 6c(2) | A | | A | |
| d Valuation liability interest rate | 6d | 6.50% | | 6.50 % | |
| e Expense loading | 6e | 56.2 % | ☐ N/A | % | ☒ N/A |
| f Salary scale | 6f | % | ☒ N/A | | |
| g Estimated investment return on actuarial value of assets for year ending on the valuation date | 6g | | | 0.4 % | |
| h Estimated investment return on current value of assets for year ending on the valuation date | 6h | | | 3.6 % | |

7 New amortization bases established in the current plan year:

| (1) Type of base | (2) Initial balance | (3) Amortization Charge/Credit |
|---|---|---|
| 1 | 4975841 | 496896 |
| 4 | 9597274 | 958401 |
| | | |

8 Miscellaneous information:

| | | |
|---|---|---|
| a If a waiver of a funding deficiency has been approved for this plan year, enter the date (MM-DD-YYYY) of the ruling letter granting the approval | 8a | |
| b(1) Is the plan required to provide a projection of expected benefit payments? (See the instructions.) If "Yes," attach a schedule | | ☒ Yes ☐ No |
| b(2) Is the plan required to provide a Schedule of Active Participant Data? (See the instructions.) If "Yes," attach a schedule. | | ☒ Yes ☐ No |
| c Are any of the plan's amortization bases operating under an extension of time under section 412(e) (as in effect prior to 2008) or section 431(d) of the Code? | | ☒ Yes ☐ No |
| d If line c is "Yes," provide the following additional information: | | |
| (1) Was an extension granted automatic approval under section 431(d)(1) of the Code? | | ☒ Yes ☐ No |
| (2) If line 8d(1) is "Yes," enter the number of years by which the amortization period was extended | 8d(2) | 5 |
| (3) Was an extension approved by the Internal Revenue Service under section 412(e) (as in effect prior to 2008) or 431(d)(2) of the Code? | | ☐ Yes ☒ No |
| (4) If line 8d(3) is "Yes," enter number of years by which the amortization period was extended (not including the number of years in line (2)) | 8d(4) | |
| (5) If line 8d(3) is "Yes," enter the date of the ruling letter approving the extension | 8d(5) | |
| (6) If line 8d(3) is "Yes," is the amortization base eligible for amortization using interest rates applicable under section 6621(b) of the Code for years beginning after 2007? | | ☐ Yes ☐ No |
| e If box 5h is checked or line 8c is "Yes," enter the difference between the minimum required contribution for the year and the minimum that would have been required without using the shortfall method or extending the amortization base(s) | 8e | |

9 Funding standard account statement for this plan year:

| | | | |
|---|---|---|---|
| **Charges to funding standard account:** | | | |
| a Prior year funding deficiency, if any | 9a | | |
| b Employer's normal cost for plan year as of valuation date | 9b | | 586949 |
| c Amortization charges as of valuation date: | | Outstanding balance | |
| (1) All bases except funding waivers and certain bases for which the amortization period has been extended | 9c(1) | 74029241 | 7042818 |
| (2) Funding waivers | 9c(2) | | |
| (3) Certain bases for which the amortization period has been extended | 9c(3) | | |
| d Interest as applicable on lines 9a, 9b, and 9c | 9d | | 495935 |
| e Total charges. Add lines 9a through 9d | 9e | | 8125702 |
| **Credits to funding standard account:** | | | |
| f Prior year credit balance, if any | 9f | | 13191106 |
| g Employer contributions. Total from column (b) of line 3 | 9g | | 1991568 |
| | | Outstanding balance | |
| h Amortization credits as of valuation date | 9h | 27078774 | 4786453 |
| i Interest as applicable to end of plan year on lines 9f, 9g, and 9h | 9i | | 1232248 |

| | | |
|---|---|---|
| **j** Full funding limitation (FFL) and credits: | | |
| (1) ERISA FFL (accrued liability FFL) | 9j(1) | 61896807 |
| (2) "RPA '94" override (90% current liability FFL) | 9j(2) | 71142909 |
| (3) FFL credit | 9j(3) | |
| **k** (1) Waived funding deficiency | 9k(1) | |
| (2) Other credits | 9k(2) | |
| **l** Total credits. Add lines 9f through 9i, 9j(3), 9k(1), and 9k(2) | 9l | 21201375 |
| **m** Credit balance: If line 9l is greater than line 9e, enter the difference | 9m | 13075673 |
| **n** Funding deficiency: If line 9e is greater than line 9l, enter the difference | 9n | |

| | | |
|---|---|---|
| **9 o** Current year's accumulated reconciliation account: | | |
| (1) Due to waived funding deficiency accumulated prior to the 2015 plan year | 9o(1) | |
| (2) Due to amortization bases extended and amortized using the interest rate under section 6621(b) of the Code: | | |
| (a) Reconciliation outstanding balance as of valuation date | 9o(2)(a) | |
| (b) Reconciliation amount (line 9c(3) balance minus line 9o(2)(a)) | 9o(2)(b) | |
| (3) Total as of valuation date | 9o(3) | |
| **10** Contribution necessary to avoid an accumulated funding deficiency. (See instructions.) | 10 | |
| **11** Has a change been made in the actuarial assumptions for the current plan year? If "Yes," see instructions | | ☒ Yes ☐ No |

| SCHEDULE R (Form 5500) | Retirement Plan Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury Internal Revenue Service | This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). | 2015 |
| Department of Labor Employee Benefits Security Administration | ▶ File as an attachment to Form 5500. | This Form is Open to Public Inspection. |
| Pension Benefit Guaranty Corporation | | |

For calendar plan year 2015 or fiscal plan year beginning 11/01/2015 and ending 10/31/2016

**A** Name of plan
LABORERS LOCAL 265 PENSION PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
LABORERS LOCAL 265 PENSION PLAN

**D** Employer Identification Number (EIN)
31-6127282

## Part I Distributions

**All references to distributions relate only to payments of benefits during the plan year.**

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions .......... **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): ____________ ____________

**Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.**

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year .......... **3** 0

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? .......... ☐ Yes ☒ No ☐ N/A

**If the plan is a defined benefit plan, go to line 8.**

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month ______ Day ______ Year ______

**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) .......... **6a**

b Enter the amount contributed by the employer to the plan for this plan year .......... **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) .......... **6c**

**If you completed line 6c, skip lines 8 and 9.**

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? .......... ☐ Yes ☐ No ☐ N/A

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? .......... ☐ Yes ☐ No ☒ N/A

## Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. .......... ☐ Increase ☐ Decrease ☐ Both ☒ No

## Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? .......... ☐ Yes ☐ No

11 a Does the ESOP hold any preferred stock? .......... ☐ Yes ☐ No

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) .......... ☐ Yes ☐ No

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? .......... ☐ Yes ☐ No

**Part V Additional Information for Multiemployer Defined Benefit Pension Plans**

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer ZSR CONTRACTING & RESTORATION

b EIN 31-0758342 c Dollar amount contributed by employer 230392

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month 05 Day 31 Year 2017

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) 5.30
(2) Base unit measure: ☒ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer UTTER CONSTRUCTION

b EIN 31-1482395 c Dollar amount contributed by employer 211878

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month 05 Day 31 Year 2017

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) 5.30
(2) Base unit measure: ☒ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ____

a Name of contributing employer MONARCH CONSTRUCTION COMPANY

b EIN 31-0531690 c Dollar amount contributed by employer 210668

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month 05 Day 31 Year 2017

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) 5.30
(2) Base unit measure: ☒ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ____

a Name of contributing employer GATEWAY CONCRESTE FORMING SERVICES

b EIN 31-0958608 c Dollar amount contributed by employer 171327

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month 05 Day 31 Year 2017

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) 5.30
(2) Base unit measure: ☒ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ____

a Name of contributing employer

b EIN c Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month ____ Day ____ Year ____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ____

a Name of contributing employer

b EIN c Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month ____ Day ____ Year ____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ____

| | | |
|---|---|---|
| **14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for: | | |
| **a** The current year | **14a** | |
| **b** The plan year immediately preceding the current plan year | **14b** | |
| **c** The second preceding plan year | **14c** | |
| **15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to: | | |
| **a** The corresponding number for the plan year immediately preceding the current plan year | **15a** | |
| **b** The corresponding number for the second preceding plan year | **15b** | |
| **16** Information with respect to any employers who withdrew from the plan during the preceding plan year: | | |
| **a** Enter the number of employers who withdrew during the preceding plan year | **16a** | |
| **b** If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers | **16b** | |

**17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

## Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

**18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

**19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

**a** Enter the percentage of plan assets held as:
Stock: 99.0% Investment-Grade Debt: ____% High-Yield Debt: ____% Real Estate: 1.0% Other: ____%

**b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

## Part VII IRS Compliance Questions

| | | |
|---|---|---|
| **20a** Is the plan a 401(k) plan? | ☐ Yes | ☐ No |
| **20b** If "Yes," how does the 401(k) plan satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under sections 401(k)(3) and 401(m)(2)? | ☐ Design-based safe harbor method | ☐ ADP/ACP test |
| **20c** If the ADP/ACP test is used, did the 401(k) plan perform ADP/ACP testing for the plan year using the "current year testing method" for nonhighly compensated employees (Treas. Reg sections 1.401(k)-2(a)(2)(ii) and 1.401(m)-2(a)(2)(ii))? | ☐ Yes | ☐ No |
| **21a** Check the box to indicate the method used by the plan to satisfy the coverage requirements under section 410(b): | ☐ Ratio percentage test | ☐ Average benefit test |
| **21b** Does the plan satisfy the coverage and nondiscrimination tests of sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? | ☐ Yes | ☐ No |
| **22a** Has the plan been timely amended for all required tax law changes? | ☐ Yes | ☐ No ☐ N/A |

**22b** Date the last plan amendment/restatement for the required tax law changes was adopted ____/____/____. Enter the applicable code ______ (See instructions for tax law changes and codes).

**22c** If the plan sponsor is an adopter of a pre-approved master and prototype (M&P) or volume submitter plan that is subject to a favorable IRS opinion or advisory letter, enter the date of that favorable letter ____/____/____ and the letter's serial number ______________.

**22d** If the plan is an individually-designed plan and received a favorable determination letter from the IRS, enter the date of the plan's last favorable determination letter ____/____/____.

| | | |
|---|---|---|
| **23** Is the Plan maintained in a U.S. territory (i.e., Puerto Rico (if no election under ERISA section 1022(i)(2) has been made), American Samoa, Guam, the Commonwealth of the Northern Mariana Islands or the U.S. Virgin Islands)? | ☐ Yes | ☐ No |

# LABORERS LOCAL NO. 265 PENSION PLAN

**FINANCIAL STATEMENTS AND**
**SUPPLEMENTAL SCHEDULES**

**OCTOBER 31, 2016 AND 2015**

*CPAs / ADVISORS*

blue

# LABORERS LOCAL NO. 265 PENSION PLAN

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*Other Schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

CPAS / ADVISORS

blue

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# REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Laborers Local No. 265 Pension Plan
Cincinnati, Ohio

## Report on the Financial Statements

We have audited the accompanying financial statements of Laborers Local No. 265 Pension Plan (the "Plan"), which comprise the statements of net assets available for benefits and of accumulated plan benefits as of October 31, 2016, the related statements of changes in net assets available for benefits and of changes in accumulated plan benefits for the year then ended, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial status of the Plan as of October 31, 2016, and changes in its financial status for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Change in Accounting Principles

As discussed in Note 3 to the financial statements, the Plan early adopted new accounting guidance, Accounting Standards Update (ASU) No. 2015-12, *Plan Accounting Part II*, which eliminates certain disclosures in the notes to the financial statements, and Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share*, which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Our opinion is not modified with respect to these matters.

## Report on Supplemental Schedules

Our audit of the Plan's financial statements as of and for the year ended October 31, 2016, was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of Schedule of Administration Expenses, Schedule H, line 4i – Schedule of Assets (Held at End of Year), and Schedule H, line 4j – Schedule of Reportable Transactions are presented for the purpose of additional analysis and are not a required part of the financial statements. In addition, the Schedule H, line 4i – Schedule of Assets (Held at End of Year) and the Schedule H, line 4j – Schedule of Reportable Transactions as of and for the year ended October 31, 2016, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 information is fairly stated in all material respects in relation to the 2016 financial statements as a whole.

Other Matter – 2015 Financial Statements

The financial statements of the Plan as of and for the year ended October 31, 2015, were audited by other auditors whose report dated December 8, 2015, expressed an unmodified opinion on those statements.

Blue & Co., LLC

Cincinnati, Ohio
August 10, 2017

# LABORERS LOCAL NO. 265 PENSION PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
OCTOBER 31, 2016 AND 2015

| | 2016 | 2015 |
|---|---|---|
| **Assets** | | |
| Investments at fair value: | | |
| Money market mutual fund | $ 207,775 | $ 249,885 |
| Mutual funds | 36,900,033 | 43,005,699 |
| Exchange traded funds | 8,885,623 | 8,413,911 |
| Exchange traded note | 2,428,380 | 1,640,412 |
| Real estate equity trust | 483,296 | 477,425 |
| Total investments at fair value | 48,905,107 | 53,787,332 |
| Receivables: | | |
| Contribution receivables | 229,331 | 169,340 |
| Reciprocity receivables | 29,495 | 33,160 |
| Total receivables | 258,826 | 202,500 |
| Cash | 1,184,209 | 1,171,601 |
| Other assets: | | |
| Prepaid benefits | 462,686 | 446,693 |
| Prepaid investment expense | 37,148 | -0- |
| Total other assets | 499,834 | 446,693 |
| Total assets | $ 50,847,976 | $ 55,608,126 |
| **Liabilities** | | |
| Accounts payable | $ 19,376 | $ 18,028 |
| Reciprocity payable | 41,646 | -0- |
| Total liabilities | 61,022 | 18,028 |
| **Net assets available for benefits** | $ 50,786,954 | $ 55,590,098 |

*See accompanying notes to financial statements*

# LABORERS LOCAL NO. 265 PENSION PLAN

## STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
## YEARS ENDED OCTOBER 31, 2016 AND 2015

| | 2016 | 2015 |
|---|---|---|
| **Additions (deductions) to net assets attributed to:** | | |
| Investment income: | | |
| Net depreciation in fair value of investments | $ (1,119,506) | $ (4,378,254) |
| Interest and dividends | 2,028,041 | 2,398,572 |
| Less: Investment expense | (150,321) | (169,569) |
| Total investment income (loss) | 758,214 | (2,149,251) |
| Contributions: | | |
| Employer | 2,089,079 | 2,097,271 |
| Reciprocity | 119,799 | 111,224 |
| Less: Reciprocity paid | (217,310) | (241,467) |
| Total contributions | 1,991,568 | 1,967,028 |
| Total additions (deductions) | 2,749,782 | (182,223) |
| **Deductions from net assets attributed to:** | | |
| Benefits paid to participants | 7,189,999 | 7,128,825 |
| Administration expenses | 362,927 | 343,418 |
| Total deductions | 7,552,926 | 7,472,243 |
| Net decrease | (4,803,144) | (7,654,466) |
| **Net assets available for plan benefits** | | |
| Beginning of year | 55,590,098 | 63,244,564 |
| End of year | $ 50,786,954 | $ 55,590,098 |

*See accompanying notes to financial statements*

# LABORERS LOCAL NO. 265 PENSION PLAN

STATEMENTS OF ACCUMULATED PLAN BENEFITS
OCTOBER 31, 2016 AND 2015

| | 2016 | 2015 |
|---|---|---|
| **Actuarial present value of accumulated plan benefits:** | | |
| Vested benefits: | | |
| Active participants | $ 15,185,522 | $ 16,374,601 |
| Vested terminated participants | 17,673,171 | 16,251,441 |
| Retirees and beneficiaries | 66,966,687 | 65,741,570 |
| | 99,825,380 | 98,367,612 |
| Nonvested benefits: | 1,442,469 | 1,563,498 |
| Total actuarial present value of accumulated plan benefits | $ 101,267,849 | $ 99,931,110 |

*See accompanying notes to financial statements*

# LABORERS LOCAL NO. 265 PENSION PLAN

STATEMENTS OF CHANGES IN ACCUMULATED PLAN BENEFITS
YEARS ENDED OCTOBER 31, 2016 AND 2015

| | 2016 | 2015 |
|---|---|---|
| **Actuarial present value of accumulated plan benefits - beginning of year** | $ 99,931,110 | $ 90,598,409 |
| Increase (decrease) during the year attributable to: | | |
| Benefits paid | (7,189,999) | (7,128,825) |
| Decrease in discount period | 6,265,526 | 6,532,383 |
| Plan experience and benefit accrual | (461,695) | 331,869 |
| Change in actuarial assumptions | 2,722,907 | 9,597,274 |
| Net increase | 1,336,739 | 9,332,701 |
| End of year | $ 101,267,849 | $ 99,931,110 |

*See accompanying notes to financial statements*

## 1. DESCRIPTION OF THE PLAN

The following brief description of the Laborers Local No. 265 Pension Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

### General

The Plan is a defined benefit pension plan covering the eligible employees of employers within the jurisdiction of Laborers Local No. 265 and whom are covered under a collective bargaining agreement. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

### Pension Benefits

Participants with five or more years of credited service are entitled to annual pension benefits, beginning at normal retirement age (62), equal to:

| Effective Period | Calculation Method |
|---|---|
| Prior to November 1, 1968 | $1.50 per month for each year of credited past service less each year of credited future service subsequent to November 1, 1968, not in excess of twenty years plus |
| November 1, 1968 through October 31, 1976 | 4.35% of contributions made on behalf of the participant plus |
| November 1, 1976 through October 31, 1977 | $1.00 for each 100 hours worked in a Plan year plus |
| November 1, 1977 through October 31, 1979 | $1.50 for each 100 hours worked in a Plan year plus |
| November 1, 1979 through October 31, 1982 | $1.75 for each 100 hours worked in a Plan year plus |
| November 1, 1982 through October 31, 1983 | $2.50 for each 100 hours worked in a Plan year plus |
| November 1, 1983 through October 31, 1985 | 2.24% of contributions made on behalf of the participant plus |
| November 1, 1985 through October 31, 1987 | 2.552% of contributions made on behalf of the participant plus |
| November 1, 1987 through October 31, 1988 | 2.65% of contributions made on behalf of the participant plus |
| November 1, 1988 through October 31, 1994 | 2.915% of contributions made on behalf of the participant plus |
| November 1, 1994 through October 31, 1999 | 2.50% of contributions made on behalf of the participant plus |
| November 1, 1999 through February 28, 2009 | 2.3% of contributions made on behalf of the participant plus |
| March 1, 2009 and thereafter | $15.00 per month for each 1,200 hours worked in a Plan year |



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The Plan permits early retirement for participants between ages 55-61 with at least 30 years of credited service calculated on the same basis as normal retirement.

Disability Benefits

Disability retirement benefits are available to active participants with contributions made on their behalf for hours worked within the 24-month period immediately previous to the date of disability. Total employment disability is calculated on the same basis as normal retirement and total trade disability is calculated with reduced benefits. For total trade disability, benefits are reduced by the following reduction factors: 1/180$^{th}$ of 1% for each of the first 48 months, plus 1/360$^{th}$ of 1% for each of the next 36 months, plus 1/540$^{th}$ of 1% for each of the next 60 months, and plus 1/720$^{th}$ of 1% for each of the next 60 months that the participant's disability date precedes the participant's normal retirement date.

Death Benefits

If an active vested participant dies, the surviving spouse is entitled to 100% joint and survivor benefits if the participant was over age 55 at the time of death. If the participant was younger than age 55 at the time of death, the surviving spouse is entitled to 100% joint and survivor benefits had the participant retired as of age 55 and further reduced by 1/12$^{th}$ of 1% for each month that the date of death precedes age 55, to a total maximum additional reduction of 10% percent.

Funding Policy

Participating employer contributions to the Plan were $5.30 and $4.90 per hour as of October 31, 2016 and 2015, respectively. The contribution rates are pursuant to the current collective bargaining agreement between employers and the union, which expired May 31, 2017. Employer contributions to the plan were $5.30 per hour pursuant to the collective bargaining agreement, which expires May 31, 2022, in effect as of August 10, 2017, which is the date the financial statements were available to be issued.

Reciprocity Contributions

Participants of the Plan and participants of the benefit plans of other affiliated local unions may have temporary employment assignments outside the jurisdiction of their local union. Therefore, the Plan has entered into reciprocity agreements with other affiliated locals to ensure that employer contributions are forwarded to the benefit plans of the participant's local union. Reciprocal contributions received and reciprocal contributions paid have been recorded on the Statements of Changes in Net Assets Available for Benefits.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, changes in those assets and liabilities, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

### Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability on an orderly transaction between market participants at the measurement date. See Note 5 for a discussion of fair value estimates.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

### Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on contributions made to the Plan for the participant. The accumulated plan benefits for active employees are based on the contributions to the Plan as of the date which the benefit information is presented (the valuation date). Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an actuary from Cuni, Rust & Strenk and that amount is determined by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date November 1 and expected date of payment. The significant actuarial assumptions in the valuations as of November 1, 2016 and 2015 were:

1) Mortality Rates –
    - RP-2014 Table with Blue Collar adjustment for 2016.
    - RP-2000 Table with Blue Collar adjustment for 2015.
2) Disability Mortality –
    - RP-2014 Disabled Annuitant Table for 2016.
    - RP-2000 Disabled Annuitant Table for 2015.
3) Retirement Age – At various rates between the ages of 55 and 62
4) Net Investment Return – 6.50%/3.06% and 6.50%/3.29% (Funding/Current Liability) for 2016 and 2015, respectively.
5) Future Benefit Accruals –
    - 1,250 hours per year (950 per year with less than 2 Years of Service) for 2016.
    - 1,260 hours per year (815 per year with less than 2 Years of Service) for 2015.
6) Actuarial Value of Assets - The actuarial value of assets is equal to the market value of assets less a decreasing fraction of each of the preceding 4 years' gains/losses. A gain/loss for a year is equal to the actual return minus the expected return using the funding interest rate. The actuarial value of assets is adjusted to be within 80% and 120% of the market value of assets.
7) Annual administrative expenses – \$360,000 and \$330,000 per year for 2016 and 2015, respectively.
8) Actuarial Cost Method – Unit Credit Cost Method.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Contributions Receivable

Contributions receivable at October 31, 2016 and 2015 are primarily employer contributions for the last month of the Plan's fiscal year.

In accordance with the Plan's collection and delinquency control program, all contributions must be paid on or before the 15th of the month following the month in which hours are performed. On the 16th day of the subsequent month, the contribution is determined to be late and the delinquent contractor is referred to the Plan's legal counsel. Amounts that have been referred to legal counsel, and that the Plan's management believes to be potentially uncollectible, are included in an allowance for uncollectible contributions. There was no allowance as of October 31, 2016 and 2015.

When management determines that a receivable is uncollectible, the balance is removed from the receivable balance and is charged to the allowance. Subsequent recoveries of amounts previously written off are credited directly to contributions.

Cash

As of October 31, 2016 and 2015, cash consisted of business checking accounts. The Plan maintains its business checking in bank deposit accounts, which exceeded federal insurance limits by $989,071 and $1,013,521 as of October 31, 2016 and 2015, respectively. The Plan has not experienced any losses in such accounts and management believes it is not exposed to any significant risk.

Benefit Payments

Benefit payments are recorded when paid.

Prepaid Benefits

Prepaid benefits are benefits in transit that have been initiated on the last day of the month and are received by the participants on the first day of the month.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. These reclassifications have no effect on previously reported total change in net assets available for plan benefits.

Subsequent Events

The Plan has evaluated subsequent events through August 10, 2017, which is the date the financial statements were available to be issued.

## 3. CHANGE IN ACCOUNTING PRINCIPLES

During 2016, the Plan early adopted Accounting Standards Update (ASU) No. 2015-12, *Plan Accounting, Part II*, which eliminated previously required disclosure requirements.

Part II eliminates certain disclosure requirements for plans. Specifically, investments will be disaggregated by general type (mutual funds, common stocks, bonds) whereas previously they were disaggregated in much greater detail such as by investment objective or industry. In addition, the disclosure of individual investments with a value equal to or greater than 5% of net assets available for benefits has been removed. And finally, plans will present the net appreciation (depreciation) in the aggregate whereas previously it was detailed by the general type of the investment. The 2015 notes to the financial statements have been retroactively restated as required by the standard.

During 2016, the Plan early adopted Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value Per Share*, which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. As such, certain investments that were measured at the net asset value per share practical expedient have not been classified in the fair value hierarchy table. The 2015 notes to the financial statements have been retroactively restated as required by the standard.

## 4. PLAN TERMINATION

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

a) Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under Plan provisions in effect at any time during the five years preceding Plan termination.

b) Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling on the amount of an individual's monthly benefit that the PBGC guarantees. That ceiling applies to those pensioners who elect to receive their benefits in the form of a single-life annuity and are at least 65 years old at the time of retirement or plan termination (whichever comes later). For younger annuitants or for those who elect to receive their benefits in some form more valuable than a single-life annuity, the corresponding ceiling is actuarially adjusted downward.

c) All other vested benefits (that is, vested benefits not insured by the PBGC).

d) All nonvested benefits.

Whether all the participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits and may also depend on the level of benefits guaranteed by the PBGC.

## 5. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). Valuation techniques maximize the use of relevant, observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of October 31, 2016 and 2015.

- Money market mutual funds – The funds transact at the subscription and redemption activity at a $1 stable net asset value (NAV). However, on a daily basis the funds are valued at their daily NAV calculated using the amortization cost of the securities held in the fund.

- Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net assets value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

- Exchange traded funds - Valued at the NAV of shares of the underlying stocks held by the Plan at year-end. These funds are required to publish their daily NAV and to transact at that price. The exchange traded funds held by the Plan are deemed to be actively traded.

- Exchange traded notes – Valued at the NAV of shares of the underlying unsecured debt obligations held by the Plan at year-end. The unsecured debt obligation is issued by JPMorgan Chase & Co. These notes are required to publish their daily NAV and to transact at that price. The exchange traded notes held by the Plan are deemed to be actively traded.

Real Estate Equity Trust:

- *Real Estate Trust No. 1 for Employee Benefit Plans of The Trust Company of Toledo, N.A.* - The Trust provides qualified investors the opportunity to invest directly in commercial real estate developments and acquisitions in Cincinnati, Ohio. The Trust is managed by The Trust Company of Toledo, N.A. Real estate, which is the Trust's primary holdings, is recorded at estimated fair value, which is determined by the Trust's management utilizing independent third party appraisals, readily available market data or by using discounted cash flow methodology. The Trust is valued quarterly and withdrawal requests must be made one year prior to the requested withdrawal date. The net asset value is used as a practical expedient to estimate fair value. Withdrawal requests may be deferred if sufficient cash is not available to fully fund the withdrawal request.

The following table sets forth by level, within the hierarchy, the Plan's assets measured at fair value on a recurring basis as of October 31, 2016 and 2015:

| | Assets at Fair Value as of October 31, 2016 | | | |
|---|---|---|---|---|
| Investments at fair value | Level 1 | Level 2 | Level 3 | Total |
| Money market mutual fund | $ -0- | $ 207,775 | $ -0- | $ 207,775 |
| Mutual funds | 36,900,033 | -0- | -0- | 36,900,033 |
| Exchange traded funds | 8,885,623 | -0- | -0- | 8,885,623 |
| Exchange traded note | 2,428,380 | -0- | -0- | 2,428,380 |
| Total assets in the fair value hierarchy | 48,214,036 | 207,775 | -0- | 48,421,811 |
| Real estate equity trust [a] | -0- | -0- | -0- | 483,296 |
| Total investments at fair value | $ 48,214,036 | $ 207,775 | $ -0- | $ 48,905,107 |

| | Assets at Fair Value as of October 31, 2015 | | | |
|---|---|---|---|---|
| Investments at fair value | Level 1 | Level 2 | Level 3 | Total |
| Money market mutual fund | $ -0- | $ 249,885 | $ -0- | $ 249,885 |
| Mutual funds | 43,005,699 | -0- | -0- | 43,005,699 |
| Exchange traded funds | 8,413,911 | -0- | -0- | 8,413,911 |
| Exchange traded note | 1,640,412 | -0- | -0- | 1,640,412 |
| Total assets in the fair value hierarchy | 53,060,022 | 249,885 | -0- | 53,309,907 |
| Real estate equity trust [(a)] | -0- | -0- | -0- | 477,425 |
| Total investments at fair value | $ 53,060,022 | $ 249,885 | $ -0- | $ 53,787,332 |

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts present in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented at fair value in the statements of net assets available for benefits.

There were no transfers between hierarchy levels during 2016 and 2015. The Plan's policy is to recognize transfers between levels as of the end of the reporting period.

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of October 31, 2016 and 2015, respectively. There are no participant redemption restrictions for these investments; the redemption notice period is applicable only to the Plan.

| October 31, 2016 | Fair Value | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|---|---|---|---|---|
| Real Estate Equity Trust: | | | | |
| Real Estate Trust No. 1 for Employee Benefit Plans of The Trust Company of Toledo, N.A. | $ 483,296 | None | Quarterly | One year |

| October 31, 2015 | Fair Value | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|---|---|---|---|---|
| Real Estate Equity Trust: | | | | |
| Real Estate Trust No. 1 for Employee Benefit Plans of The Trust Company of Toledo, N.A. | $ 477,425 | None | Quarterly | One year |

## 6. PARTY-IN-INTEREST TRANSACTIONS

Parties-in-interest are defined under Department of Labor regulations as any fiduciary of the Plan, any party rendering service to the Plan, the Plan sponsor, and certain others. The Plan sponsor is the Laborers Local No. 265.

American Benefit Corporation is the third party administrator for the Plan and receives payments from the Plan. Cuni, Rust & Strenk is the actuary for the Plan and receives payments from the Plan. Fund Evaluation Group, LLC is the investment advisor for the Plan and receives payment from the Plan. Ledbetter Parisi LLC is the legal counsel to the Plan and receives payment from the Plan. Blue & Co., LLC is the independent auditor of the Plan for the year ended October 31, 2016 and receives payment from the Plan. Willis & Hecker, CPA's, LLP was the independent auditor of the Plan for the year ended October 31, 2015 and received payment from the Plan. Charles Schwab & Co., Inc and The Trust Company of Toledo, N.A. are the custodians of the assets owned by the Plan and receive payment from the Plan.

## 7. INCOME TAX STATUS

The Internal Revenue Service has determined by an opinion letter for the Plan dated May 12, 2015, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC).

Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the Internal Revenue Code and, therefore, believe that the Plan is qualified and that the related trust is tax exempt.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Plan, and has concluded that as of October 31, 2016 and 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

The Plan is subject to routine audits by taxing jurisdictions. However, as of the date the financial statements were available to be issued, there were no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2013.

## 8. RISKS AND UNCERTAINTIES

The Plan invests in various securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of assets available for plan benefits.

Contributions to the Plan and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and participants hours worked and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions will occur in the near term and due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

**9. PENSION PROTECTION ACT FILING OF ENDANGERED STATUS**

As of November 1, 2016, the actuary has certified that the Plan is in critical and declining status and is making scheduled progress in meeting the requirements of the rehabilitation plan. The plan year ended October 31, 2009 was the first plan year in which the Plan was certified as being in critical status.

A rehabilitation plan was adopted on March 31, 2010 that includes increases in the Plan's hourly contribution rates.

## SUPPLEMENTAL SCHEDULES

## LABORERS LOCAL NO. 265 PENSION PLAN

SCHEDULE OF ADMINISTRATION EXPENSES
YEAR ENDED OCTOBER 31, 2016

| | | 2016 |
|---|---|---|
| Administration | $ | 161,400 |
| Actuarial fees | | 49,250 |
| Accounting services | | 8,000 |
| Bank service charges | | 20,100 |
| Insurance | | 89,243 |
| Legal fees | | 17,480 |
| Other | | 17,454 |
| Total administration expenses | $ | 362,927 |

*See report of independent auditors.*

# LABORERS LOCAL NO. 265 PENSION PLAN

SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS
(HELD AT END OF YEAR)
AS OF OCTOBER 31, 2016

EIN: 31-6127282
PLAN NUMBER: 001

| (a) | (b)<br>Identity of issue, borrower, lessor, or similar party | (c)<br>Description of investment including maturity date, rate of interest, collateral, par, or maturity value | (d)<br>Cost | (e)<br>Current Value |
|---|---|---|---|---|
| * | Schwab Govt Money Fund | Money Market Mutual Fund | $ 207,775 | $ 207,775 |
| | Doubleline Total Return | Mutual Fund | 4,948,407 | 4,800,706 |
| | Eaton Vance Gbl Macro | Mutual Fund | 1,930,010 | 1,941,309 |
| | JPMorgan Core Bond Slct | Mutual Fund | 2,332,046 | 2,368,190 |
| | Aqr Intl Eqty Cl I | Mutual Fund | 2,848,112 | 2,983,856 |
| | Aqr Style Premia Alt Lv | Mutual Fund | 1,926,675 | 1,907,686 |
| | Asg Mgd Futures | Mutual Fund | 2,509,139 | 2,382,121 |
| | Boston Partners Long | Mutual Fund | 2,310,717 | 2,434,545 |
| | Dfa Emerging Mkts Small | Mutual Fund | 1,249,392 | 1,488,478 |
| | Dfa Emerging Mkts Value | Mutual Fund | 2,421,192 | 2,456,252 |
| | Dfa Intl Small Cap Value | Mutual Fund | 716,393 | 986,600 |
| | Dfa US Small Cap Value | Mutual Fund | 747,885 | 990,816 |
| | Gateway Fund Cl Y | Mutual Fund | 1,984,570 | 2,416,575 |
| | Johcm Glbl Eqty Fd Cl I | Mutual Fund | 2,187,072 | 2,478,300 |
| * | Schwab Fundamental US | Mutual Fund | 4,831,325 | 4,783,993 |
| | Vanguard 500 Index Fund | Mutual Fund | 2,194,836 | 2,480,606 |
| | Ishares Global Reit Etf | Exchange Traded Fund | 1,395,529 | 1,497,355 |
| | Ishares Tips Bond Etf | Exchange Traded Fund | 1,444,713 | 1,481,270 |
| | Ishares 20 Pls Year | Exchange Traded Fund | 951,102 | 969,938 |
| | Wisdomtree Dynamic Intl | Exchange Traded Fund | 4,882,264 | 4,936,891 |
| | Ishares Russel Mid Cap | Exchange Traded Fund | 104 | 169 |
| | JPMorgan Chase Alerian | Exchange Traded Note | 2,671,967 | 2,428,380 |
| | Real Estate Trust No. 1 for Employee Benefit Plans of The Trust Company of Toledo, N.A. | Real Estate Equity Trust | 282,946 | 483,296 |
| | Total | | $ 46,974,171 | $ 48,905,107 |

* Party-in-interest

# LABORERS LOCAL NO. 265 PENSION PLAN

SCHEDULE H, LINE 4j – SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED OCTOBER 31, 2016

EIN: 31-6127282
PLAN NUMBER: 001

| (a) Identity of party involved | (b) Description of asset (include interest rate and maturity in case of loan) | (c) Purchase price | (d) Selling price | (e) Lease rental | (f) Expense incurred with transaction | (g) Cost of asset | (h) Current value of asset on transaction date | (i) Net gain or (loss) |
|---|---|---|---|---|---|---|---|---|
| **SINGLE TRANSACTIONS:** | | | | | | | | |
| Wisdomtree | Wisdomtree Dynamic Intl | $ 4,953,280 | $ -0- | $ -0- | $ -0- | $ 4,953,280 | $ 4,953,280 | $ -0- |
| Wisdomtree | Wisdomtree Inter Hdg Qly | -0- | 4,987,066 | -0- | -0- | 5,007,088 | 4,987,066 | (20,022) |
| **SERIES OF TRANSACTIONS:** | | | | | | | | |
| Wisdomtree | Wisdomtree Dynamic Intl | 5,087,465 | -0- | -0- | -0- | 5,087,465 | 5,087,465 | -0- |
| Wisdomtree | Wisdomtree Dynamic Intl (2 Purchases; 3 Sales) | -0- | 204,548 | -0- | -0- | 205,200 | 204,548 | (652) |
| Wisdomtree | Wisdomtree Inter Hdg Qly | 1,769,579 | -0- | -0- | -0- | 1,769,579 | 1,769,579 | -0- |
| Wisdomtree | Wisdomtree Inter Hdg Qly (1 Purchase; 4 Sales) | -0- | 5,352,139 | -0- | -0- | 5,387,939 | 5,352,139 | (35,800) |

*See report of independent auditors.*

**Schedule MB, line 6 – Summary of Plan Provisions**
Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

1. Effective Date: November 1, 1968.

2. Plan Year: November 1st through October 31st.

3. Covered Employees: All employees covered by the Local 265 Collective Bargaining Agreement.

4. Eligibility: 1,000 Hours of Service.

5. Year of Service: 1 Year of Service is granted for each Plan Year in which 1,000 or more Hours of Service are worked with $^{1}/_{10}$ of a year for each 100 hours less than 1,000.

6. Normal Retirement:

   a. Eligibility: Age 62 and 5th anniversary of Plan participation.

   b. Monthly Benefit

| Effective Date | Benefit Credit |
|---|---|
| 11/01/1968 | 4.350% of Contributions |
| 11/01/1976 | $1.00/100 Hours Worked |
| 11/01/1977 | $1.50/100 Hours Worked |
| 11/01/1979 | $1.75/100 Hours Worked |
| 11/01/1982 | $2.50/100 Hours Worked |
| 11/01/1983 | 2.240% of Contributions |
| 11/01/1985 | 2.552% of Contributions |
| 11/01/1987 | 2.650% of Contributions |
| 11/01/1988 | 2.915% of Contributions |
| 11/01/1994 | 2.500% of Contributions |
| 11/01/1999 | 2.300% of Contributions |
| 03/01/2009 | $15.00/1,200 Hours Worked |

**Schedule MB, line 6 – Summary of Plan Provisions**
Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

7. Early Retirement:

| | |
|---|---|
| a. Eligibility | Age 55 and 5 Years of Service. |
| b. Monthly Benefit | Calculated as for Normal Retirement with benefit reduced $^5/_9$ of 1% for each of the first 48 months and $^5/_{18}$ of 1% for each of the next 36 months that Early Retirement precedes Normal Retirement (unreduced with 30 Years of Service). |

8. Vested Retirement:

| | |
|---|---|
| a. Eligibility | 5 Years of Service. |
| b. Monthly Benefit | Calculated as for Normal or Early Retirement. |

9. Pre-Retirement Death:

| | |
|---|---|
| a. Eligibility | 5 Years of Service. |
| b. Monthly Benefit | Calculated as for an age 45 Early Retirement (with an additional reduction of $^1/_{12}$ of 1% per month from age 55 to age 45) reflecting a 100% Joint & Survivor Annuity payment form with death immediately after Early Retirement. |

10. Total & Permanent Disability:

| | |
|---|---|
| a. Eligibility | Total & Permanent Disability with contributions made during the 24-month period immediately prior to disability and 5 Years of Service. |
| b. Monthly Benefit | Calculated as for Normal Retirement payable on the first of the month following Social Security disability determination. |

**Schedule MB, line 6 – Summary of Plan Provisions**
Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

11. Trade Disability:

a. Eligibility — Trade Disability and 5 Years of Service with contributions during the 24-month period immediately prior to disability.

b. Monthly Benefit — Calculated as for Normal Retirement with monthly benefit reduced per month $^5/_9$ of 1% first 48 months, $^5/_{18}$ of 1% next 36 months, $^5/_{27}$ of 1% next 60 months, and $^5/_{36}$ of 1% next 60 months that Disability Retirement precedes Normal Retirement.

12. Employer Contributions:

| Effective Date | Hourly Rate |
|---|---|
| 06/01/2015 | $4.90 |
| 06/01/2016 | $5.30 |
| 06/01/2017 | $5.70 |
| 06/01/2018 | $6.10 |
| 06/01/2019 | $6.50 |

13. Actuarial Equivalency: — UP 1984 Mortality Table at 7.00%.

14. Payment Forms:

a. Normal — Life Annuity for single participants and an Actuarially Equivalent 50% Joint & Survivor Annuity (QJSA) for married participants.

b. Optional — Actuarially Equivalent 100%, 75%, or $66^2/_3$% Joint & Survivor Annuity (QOSA) (with or without Pop-Up).

15. Changes Since Last Year: — None.

**Schedule MB, line 6 – Statement of Actuarial Assumptions/Methods**
Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

1. Interest Rates: 6.50%/3.29% (Funding/Current Liability).

2. Mortality Rates:

   a. Funding

      i. Non-Disabled — RP-2000 Table with Blue Collar adjustment.

      ii. Disabled — RP-2000 Disabled Annuitant Table.

      iii. Future Mortality Improvements — Projected generationally using Scale AA.

   b. Current Liability — 2015 Static Mortality Table.

3. Actuarial Cost Method: Unit Credit.

4. Termination Rates:

| Entry Age | 1st Year | 2nd Year | 3rd Year | Ultimate | Ult. Age |
|---|---|---|---|---|---|
| 25 | 0.5000 | 0.4000 | 0.3000 | 0.249242 | 28 |
| 35 | 0.5000 | 0.4000 | 0.3000 | 0.207669 | 38 |
| 45 | 0.5000 | 0.4000 | 0.3000 | 0.139635 | 48 |
| 55 | 0.5000 | 0.4000 | 0.3000 | 0.049564 | 58 |
| 65 | 0.0000 | 0.0000 | 0.0000 | 0.000000 | 65 |

5. Percent Married/Spousal Age: 80% with husbands 3 years older than their wives.

6. Expense Load — $330,000 per year.

7. Number of Hours Worked: 1,260 per year (815 per year with less than 2 Years of Service).

**Schedule MB, line 6 – Statement of Actuarial Assumptions/Methods**
Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

8. Retirement Rates:

Age 62 if terminated vested or less than 30 Years of Service, otherwise:

| Age | Rate |
|---|---|
| 55-56 | 0.30 |
| 57-59 | 0.50 |
| 60-61 | 0.70 |
| 62 | 1.00 |

The weighted average retirement age is 61.3.

9. Disability Rates:

| Age | Rate |
|---|---|
| 25 | 0.0012 |
| 35 | 0.0020 |
| 45 | 0.0042 |
| 55 | 0.0110 |
| 65 | 0.0000 |

10. Asset Valuation Method:

Market Value of Assets minus a decreasing fraction ($^4/_5$, $^3/_5$, $^2/_5$, and $^1/_5$) of each of the preceding 4 years gains and (losses). A gain/(loss) for a year is equal to the actual return minus the expected return using the funding interest rate. The Actuarial Value of Assets is adjusted to be within 80% and 120% of the Market Value of Assets.

11. Changes Since Last Year:

The interest rate and hours worked assumption were lowered, the mortality rates projection was updated, and the Current Liability mortality and interest rates were changed as mandated by the IRS.

**Schedule MB, line 6 – Rationale for Selection of Significant Actuarial Assumptions**
Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

| | |
|---|---|
| 1. Interest Rate: | Based on the Plan's target asset allocation reflecting asset class future return expectations as determined by the Plan's investment consultant. |
| 2. Mortality Rates: | RP-2000 table used as base rates. Blue Collar adjustment used to reflect expected workforce mortality experience. RP-2000 Disabled Retiree table used to reflect expected disabled mortality experience. Other adjustments based on the Plan's most recent experience study and expected future generational mortality improvements. |
| 3. Retirement Rates: | Based on the Plan's most recent experience study. |
| 4. Hours Worked: | Based on prior year hours worked and adjusted for anticipated changes in future hours worked. |
| 5. Termination/Disability Rates: | Based on the Plan's most recent experience study. |

# LABORERS LOCAL NO. 265 PENSION PLAN

## SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS
## (HELD AT END OF YEAR)
## AS OF OCTOBER 31, 2016

**EIN: 31-6127282**
**PLAN NUMBER: 001**

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value | (d) Cost | (e) Current Value |
|---|---|---|---|---|
| * | Schwab Govt Money Fund | Money Market Mutual Fund | $ 207,775 | $ 207,775 |
| | Doubleline Total Return | Mutual Fund | 4,948,407 | 4,800,706 |
| | Eaton Vance Gbl Macro | Mutual Fund | 1,930,010 | 1,941,309 |
| | JPMorgan Core Bond Slct | Mutual Fund | 2,332,046 | 2,368,190 |
| | Aqr Intl Eqty Cl I | Mutual Fund | 2,848,112 | 2,983,856 |
| | Aqr Style Premia Alt Lv | Mutual Fund | 1,926,675 | 1,907,686 |
| | Asg Mgd Futures | Mutual Fund | 2,509,139 | 2,382,121 |
| | Boston Partners Long | Mutual Fund | 2,310,717 | 2,434,545 |
| | Dfa Emerging Mkts Small | Mutual Fund | 1,249,392 | 1,488,478 |
| | Dfa Emerging Mkts Value | Mutual Fund | 2,421,192 | 2,456,252 |
| | Dfa Intl Small Cap Value | Mutual Fund | 716,393 | 986,600 |
| | Dfa US Small Cap Value | Mutual Fund | 747,885 | 990,816 |
| | Gateway Fund Cl Y | Mutual Fund | 1,984,570 | 2,416,575 |
| | Johcm Glbl Eqty Fd Cl I | Mutual Fund | 2,187,072 | 2,478,300 |
| * | Schwab Fundamental US | Mutual Fund | 4,831,325 | 4,783,993 |
| | Vanguard 500 Index Fund | Mutual Fund | 2,194,836 | 2,480,606 |
| | Ishares Global Reit Etf | Exchange Traded Fund | 1,395,529 | 1,497,355 |
| | Ishares Tips Bond Etf | Exchange Traded Fund | 1,444,713 | 1,481,270 |
| | Ishares 20 Pls Year | Exchange Traded Fund | 951,102 | 969,938 |
| | Wisdomtree Dynamic Intl | Exchange Traded Fund | 4,882,264 | 4,936,891 |
| | Ishares Russel Mid Cap | Exchange Traded Fund | 104 | 169 |
| | JPMorgan Chase Alerian | Exchange Traded Note | 2,671,967 | 2,428,380 |
| | Real Estate Trust No. 1 for Employee Benefit Plans of The Trust Company of Toledo, N.A. | Real Estate Equity Trust | 282,946 | 483,296 |
| | Total | | $ 46,974,171 | $ 48,905,107 |

* Party-in-interest

*See report of independent auditors.*



LAB265_00329

**Schedule MB, line 8b(2) – Schedule of Active Participant Data**
Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

Years of Credited Service:

| Attained Age | Under 1 No. | Under 1 Avg. Comp. | 1 to 4 No. | 1 to 4 Avg. Comp. | 5 to 9 No. | 5 to 9 Avg. Comp. | 10 to 14 No. | 10 to 14 Avg. Comp. | 15 to 19 No. | 15 to 19 Avg. Comp. | 20 to 24 No. | 20 to 24 Avg. Comp. | 25 to 29 No. | 25 to 29 Avg. Comp. | 30 to 34 No. | 30 to 34 Avg. Comp. | 35 to 39 No. | 35 to 39 Avg. Comp. | 40 & up No. | 40 & up Avg. Comp. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Under 25 | 0 | | 4 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| 25 to 29 | 0 | | 9 | | 3 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| 30 to 34 | 0 | | 26 | | 7 | | 12 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| 35 to 39 | 0 | | 9 | | 7 | | 11 | | 6 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| 40 to 44 | 0 | | 15 | | 5 | | 9 | | 10 | | 1 | | 0 | | 0 | | 0 | | 0 | |
| 45 to 49 | 0 | | 10 | | 8 | | 11 | | 6 | | 7 | | 10 | | 0 | | 0 | | 0 | |
| 50 to 54 | 0 | | 8 | | 6 | | 10 | | 6 | | 4 | | 20 | | 7 | | 3 | | 0 | |
| 55 to 59 | 0 | | 11 | | 4 | | 8 | | 3 | | 6 | | 11 | | 3 | | 4 | | 0 | |
| 60 to 64 | 0 | | 2 | | 2 | | 2 | | 0 | | 2 | | 3 | | 2 | | 5 | | 1 | |
| 65 to 69 | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 2 | | 1 | |
| 70 & up | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |

## 2015 ACTUARIAL CERTIFICATION OF FUNDED STATUS

***As Required under Internal Revenue Code Section 432(b)(3)(A) as Added by the Pension Protection Act of 2006***

**Plan Identification**

Laborers Local No. 265 Pension Plan ("Plan")
Stoner & Associates
205 West Fourth Street, Suite 225
Cincinnati, OH 45202
(513) 381-6886
EIN/PN: 31-6127282/001
Plan Year: November 1, 2015 – October 31, 2016

**Information on Plan Status**

As of November 1, 2015, I hereby certify that the Plan is Critical and Declining as defined by the Pension Protection Act of 2006 (PPA) as amended by the Multiemployer Pension Reform Act of 2014 (MEPRA) and making scheduled progress under its Rehabilitation Plan.

This certification has been prepared based on the Plan's November 1, 2014 Actuarial Valuation and the October 31, 2015 Draft Audit. The November 1, 2014 Actuarial Valuation was projected to November 1, 2015 for determination of the Plan's Funded Percentage and additional projections of later years were used to determine Plan solvency. Anticipated future Plan contributions were based on estimated 2014-2015 Plan Year contributions and reflect the scheduled increases in the hourly contribution rate in accordance with the Rehabilitation Plan.

**Actuarial Certification**

I hereby certify that the Plan's most recent Actuarial Valuation presents fairly the actuarial position of the Plan as of November 1, 2014. The mortality rates used to calculate Current Liability are mandated by the IRS. In my opinion, all other assumptions used to determine the Plan's liabilities and costs are individually reasonable based on Plan experience and represent my best estimate of anticipated future experience under the Plan. The November 1, 2014 Actuarial Valuation has been performed in accordance with generally accepted actuarial principles and practices and the undersigned meets the qualification standards of the American Academy of Actuaries necessary to render an actuarial opinion.

Respectfully submitted,

[redacted]

Jason C. Birkle, EA, MAAA, ASA
Enrollment Number: 14-07856

Cuni, Rust & Strenk
4555 Lake Forest Drive, Suite 620
Cincinnati, OH 45242
(513) 891-0270

January 29, 2016

**Schedule MB, line 9c and 9h – Schedule of Funding Standard Account Bases**
Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

***Charge Bases:***

| Date Established | Type | Initial Balance | Rem. Years | Payment | Remaining Balance |
|---|---|---|---|---|---|
| 11/01/1990 | Amendment | $ 1,968,452 | 10 | $ 95,847 | $ 733,813 |
| 11/01/1991 | Amendment | 3,136,069 | 11 | 162,548 | 1,331,082 |
| 11/01/1992 | Amendment | 2,544,925 | 12 | 138,522 | 1,203,622 |
| 11/01/1994 | Amendment | 4,717,987 | 14 | 268,354 | 2,576,131 |
| 11/01/1995 | Amendment | 2,985,546 | 15 | 178,320 | 1,785,670 |
| 11/01/1996 | Assumption | 805,643 | 16 | 49,151 | 511,300 |
| 11/01/1996 | Amendment | 4,906,520 | 16 | 299,340 | 3,113,930 |
| 11/01/1997 | Amendment | 4,970,442 | 17 | 308,693 | 3,323,932 |
| 11/01/1998 | Amendment | 3,785,071 | 18 | 238,649 | 2,651,524 |
| 11/01/1999 | Amendment | 84,298 | 19 | 5,384 | 61,549 |
| 11/01/2001 | Assumption | 4,003,592 | 21 | 260,985 | 3,136,646 |
| 11/01/2002 | Assumption | 65,838 | 22 | 4,327 | 53,158 |
| 11/01/2006 | Cost Method | 9,318,928 | 6 | 419,016 | 2,160,311 |
| 11/01/2007 | Amendment | 418,241 | 27 | 28,250 | 378,334 |
| 11/01/2008 | Assumption | 177,865 | 13 | 13,433 | 123,032 |
| 11/01/2008 | Asset Loss | 16,777,129 | 22 | 1,239,679 | 15,229,436 |
| 11/01/2009 | Assumption | 234,420 | 14 | 18,262 | 175,310 |
| 11/01/2009 | Cost Method | 717,669 | 9 | 55,456 | 393,112 |
| 11/01/2009 | Asset Loss | 3,438,969 | 22 | 256,805 | 3,154,842 |
| 11/01/2010 | Assumption | 901,590 | 15 | 72,049 | 721,488 |
| 11/01/2010 | Asset Loss | 3,658,002 | 22 | 276,312 | 3,394,494 |
| 11/01/2011 | Assumption | 1,773,170 | 16 | 144,739 | 1,505,674 |
| 11/01/2011 | Asset Loss | 7,474,933 | 22 | 571,720 | 7,023,575 |
| 11/01/2012 | Assumption | 928,875 | 17 | 77,185 | 831,113 |
| 11/01/2014 | Assumption | 200,893 | 14 | 20,126 | 193,201 |
| 11/01/2014 | Experience | 3,836,746 | 14 | 384,369 | 3,689,847 |
| 11/01/2015 | Experience | 4,975,841 | 15 | 496,896 | 4,975,841 |
| 11/01/2015 | Assumption | 9,597,274 | 15 | 958,401 | 9,597,274 |
| | Total Charges | | | $ 7,042,818 | $ 74,029,241 |

**Schedule MB, line 9c and 9h – Schedule of Funding Standard Account Bases**
Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

***Credit Bases:***

| Date Established | Type | Initial Balance | Rem. Years | Payment | Remaining Balance |
|---|---|---|---|---|---|
| 11/01/1991 | Assumption | $ 3,542,066 | 6 | $ 273,248 | $ 1,408,778 |
| 11/01/1994 | Assumption | 1,661,259 | 9 | 122,550 | 868,729 |
| 11/01/1996 | Amendment | 21,374 | 11 | 1,617 | 13,238 |
| 11/01/1998 | Assumption | 202,718 | 13 | 15,229 | 139,474 |
| 11/01/2006 | Asset Method | 10,473,056 | 1 | 1,419,327 | 1,419,327 |
| 11/01/2006 | Assumption | 5,008,938 | 21 | 367,474 | 4,416,492 |
| 11/01/2007 | Experience | 1,908,062 | 7 | 196,012 | 1,144,910 |
| 11/01/2007 | Assumption | 1,315,410 | 22 | 96,257 | 1,182,512 |
| 11/01/2008 | Amendment | 4,201,471 | 8 | 429,934 | 2,787,915 |
| 11/01/2008 | Experience | 1,381,276 | 8 | 141,345 | 916,557 |
| 11/01/2009 | Experience | 9,730,729 | 9 | 991,977 | 7,031,877 |
| 11/01/2010 | Experience | 5,381,941 | 10 | 546,631 | 4,185,063 |
| 11/01/2011 | Experience | 1,071,777 | 11 | 108,468 | 888,226 |
| 11/01/2012 | Experience | 504,665 | 12 | 50,897 | 442,243 |
| 11/01/2013 | Experience | 253,579 | 13 | 25,487 | 233,433 |
| | Total Credits | | | $ 4,786,453 | $ 27,078,774 |

| | | |
|---|---|---|
| 1. | Net Amortization | $ 46,950,467 |
| 2. | Credit Balance | $ 13,191,106 |
| 3. | Balance Test: [(1) - (2)] | $ 33,759,361 |
| 4. | Unfunded Accrued Liability: | |
| | a. Accrued Liability | $ 99,931,110 |
| | b. Actuarial Value of Assets | 66,171,749 |
| | c. Unfunded Accrued Liability: [(a) - (b)] | $ 33,759,361 |

**Schedule MB, line 11 – Justification for Change in Actuarial Assumptions**
Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

Effective with the November 1, 2015 valuation, the following assumptions were changed based upon historical Plan and industry data as an indicator of anticipated future experience:

- The funding interest rate was lowered.
- The hours worked assumption was decreased.
- The mortality rates projections were updated.

[redacted]__________ (signed)
Jason C. Birkle
Enrollment #17-07856

**Schedule MB, line 4b – Illustration Supporting Actuarial Certification of Status**
Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

2015 Pension Protection Act of 2006 (PPA) Funded Status = Critical and Declining.
Does Not Pass the Emergence Test = Projected Funding Deficiency in 2024.
Funded Percentage is less than 80% and Projected Insolvency in 2030.

| 11/1 Plan Year | Actuarial Value of Assets (1) | PPA Accrued Liability (2) | PPA Funded % (1) / (2) | 10/31 Credit Balance | Minimum Required Contribution | Expected Contributions |
|---|---|---|---|---|---|---|
| 2015* | $66,149,805 | $90,211,181 | 73.3% | $13,195,550 | $0 | $2,181,682 |
| 2016* | $61,082,488 | $89,758,665 | 68.1% | $14,209,793 | $0 | $2,353,920 |
| 2017* | $55,542,910 | $89,193,778 | 62.3% | $13,457,953 | $0 | $2,526,158 |
| 2018* | $52,062,423 | $88,465,767 | 58.9% | $12,314,741 | $0 | $2,697,396 |
| 2019* | $48,869,688 | $87,663,439 | 55.7% | $11,008,521 | $0 | $2,798,868 |
| 2020* | $46,845,216 | $86,750,365 | 54.0% | $9,507,099 | $0 | $2,798,868 |
| 2021* | $44,493,418 | $85,553,549 | 52.0% | $7,846,254 | $0 | $2,798,868 |
| 2022* | $41,856,871 | $84,128,329 | 49.8% | $6,167,702 | $0 | $2,798,868 |
| 2023* | $38,993,139 | $82,529,936 | 47.2% | $4,099,499 | $1,643,838 | $2,798,868 |
| 2024* | $35,883,735 | $80,743,374 | 44.4% | $1,197,560 | $5,834,620 | $2,798,868 |
| 2025* | $32,503,966 | $78,751,148 | 41.3% | ($3,147,534) | $10,871,352 | $2,798,868 |
| 2026* | $28,958,530 | $76,665,050 | 37.8% | ($8,369,730) | $16,276,275 | $2,798,868 |
| 2027* | $25,125,258 | $74,367,657 | 33.8% | ($13,973,673) | $22,028,935 | $2,798,868 |
| 2028* | $21,118,908 | $71,971,479 | 29.3% | ($19,938,158) | $28,279,524 | $2,798,868 |
| 2029* | $16,898,197 | $69,443,464 | 24.3% | ($26,418,907) | $34,277,401 | $2,798,868 |
| 2030* | $12,470,906 | $66,793,550 | 18.7% | ($32,637,638) | $39,948,443 | $2,798,868 |
| 2031* | $7,908,772 | $64,100,861 | 12.3% | ($38,517,499) | $45,038,252 | $2,798,868 |
| 2032* | $3,204,435 | $61,361,950 | 5.2% | ($43,794,725) | $49,593,742 | $2,798,868 |

* Projected

**Schedule MB, line 4c – Documentation Regarding Progress Under Funding Improvement or Rehabilitation Plan**

Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

Based on reasonable assumptions, the Plan is not expected to emerge from Critical Status by the end of the Rehabilitation Period. On an annual basis, the Board will review updated actuarial projections based on reasonable actuarial assumptions to confirm that the Rehabilitation Plan is continuing to forestall insolvency and to determine if the Plan can expect to emerge from Critical Status at a later date.

**Schedule R, Summary of Rehabilitation Plan**
Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

The Plan's Board of Trustees adopted a Rehabilitation Plan that includes benefit reductions and increases in the hourly contribution rate. This Rehabilitation Plan was designed to forestall the Plan's insolvency.

**Hourly Contribution Rate Increases**
The Rehabilitation Plan calls for increases in the hourly contribution rate of at least $0.40 per hour for each year beginning June 1, 2010 and ending June 1, 2019. These additional contributions will result in a total increase in the hourly contribution rate of $4.00 and will not result in any additional benefit accruals.

**Schedule R, Update of Funding Improvement Plan or Rehabilitation Plan**
Plan Name: Laborers Local No. 265 Pension Plan
EIN: 31-6127282
PN: 001

On November 18, 2014 the Plan updated its Rehabilitation Plan. Based on reasonable assumptions, the Plan is not expected to emerge from Critical Status during its Rehabilitation Period. The updated Rehabilitation Plan includes the use of "exhaustion of all reasonable measures" as allowed under PPA.

On an annual basis, the Board will review updated actuarial projections based on reasonable actuarial assumptions to confirm that the Rehabilitation Plan is continuing to forestall insolvency and to determine if the Plan can expect to emerge from Critical Status at a later date. Scheduled progress will be determined based on the Plan continuing to forestall its insolvency.

**Hourly Contribution Rate Increase**
In accordance with the Rehabilitation Plan, the Plan's contribution rate was increased from $4.50 per hour to $4.90 per hour as of June 1, 2015.

# EXHIBIT M

## REHABILITATION PLAN

# LABORERS LOCAL NO. 265 PENSION PLAN

## *Updated Rehabilitation Plan*

**July 2017**

**Introduction**

The Pension Protection Act of 2006 (PPA), as amended by the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) and the Pension Relief Act of 2010 (PRA), requires the trustees of a multiemployer pension plan that has been certified by the plan's actuary as being in Critical Status to develop a Rehabilitation Plan that is intended to enable the plan to emerge from Critical Status by the end of its Rehabilitation Period. The Rehabilitation Plan must be based on reasonably anticipated experience and on reasonable actuarial assumptions.

On January 29, 2010, the Laborers Local No. 265 Pension Plan ("Plan") was first certified by its Actuary to be in Critical Status for the Plan Year beginning on November 1, 2009. On January 27, 2017 the Plan was certified to be in Critical and Declining Status for the Plan Year beginning November 1, 2016. The Plan is not expected to be able to emerge from Critical Status over the 10-year Rehabilitation Period that ends on October 31, 2020 and faces insolvency within the next 20 years.

**Rehabilitation Period and Expected Emergence Date**

PPA directs the Board of Trustees to adopt a Rehabilitation Plan designed to allow a plan to emerge from Critical Status by the end of a 10-year Rehabilitation Period. However, PPA also allows for a Rehabilitation Plan that forestalls insolvency or allows a plan to emerge from Critical Status at a later date if the Board determines that the plan cannot emerge from Critical Status based on reasonable actuarial assumptions and exhaustion of all reasonable measures.

On November 18, 2014, the Board of Trustees adopted a Rehabilitation Plan designed to forestall the Plan's insolvency.

**Annual Standards for Meeting the Rehabilitation Requirements**

Based on reasonable assumptions, the Plan is not expected to emerge from Critical Status by the end of the Rehabilitation Period. On an annual basis, the Board will review updated actuarial projections based on reasonable actuarial assumptions to confirm that the Rehabilitation Plan is continuing to forestall insolvency and to determine if the Plan can expect to emerge from Critical Status at a later date.

**Annual Updating of Rehabilitation Plan**

Each year the Plan's actuary will review and certify the status of the Plan under PPA funding rules and, starting with the beginning of the Rehabilitation Period, whether the Plan is making the scheduled progress in meeting the requirements of the Rehabilitation Plan. Scheduled progress will be determined based on the Plan continuing to forestall its insolvency. Based on new information, if the Board determines that it is necessary to update this Rehabilitation Plan they will present new schedules to the bargaining parties that may prescribe additional benefit reductions and/or higher contribution rates.

**Other Issues**

Notwithstanding subsequent changes in benefit and contribution schedules, a schedule provided by the Trustees and relied upon by the bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement. However, a collective bargaining agreement that is renewed or extended will need to include terms consistent with one of the schedules in effect at the time of the renewal or extension.

## *Preferred Schedule*

**Contribution Increases**

The Plan's hourly contribution rates will increase in accordance with the following Schedule. The contribution rate shown could be reached sooner than the dates shown below, but will be reached no later than the stated dates.

| Effective Date | Hourly Contribution Rate |
|---|---|
| June 1, 2015 | $4.90 |
| June 1, 2016 | $5.30 |

**Benefit Changes**

Unless specified otherwise, all of the benefit changes listed below are effective beginning with the first of the month after the later of (1) the date the Schedule is effective for their former bargaining group or (2) 30 days after the date the notice described in Internal Revenue Code ("Code") Section 432(e)(8)(C) is provided.

- If the Participant has less than five (5) Years of Credited Service, a lump sum benefit equal to the total amount of contributions received on the account of the Participant will be paid. *However, for all disability applications received and approved on and after February 26, 2010, this section is suspended and no lump sum payments will be paid.*

- If the participant has more than five (5) Years of Credited Service, a monthly pension benefit in the form of a single life annuity equal to the Participant's Accrued Benefit as of the date of disability, with a minimum benefit of Twenty-five ($25.00) Dollars will be paid. *However, for disability applications received and approved on or after February 26, 2010, this section is suspended as to the effective date of payments and no retroactive lump sum payments will be paid. Payments of a single life annuity will begin on the 1st day of the month following receipt and approval of a disability retirement application as set forth in the Plan Document.*

- On and after February 26, 2010 lump sum payments of Pre-Retirement Death Benefits are suspended.

- Post-Retirement Death Benefit applications received and approved on and after February 26, 2010 are suspended and no lump sum payments will be paid.

- Effective February 1, 2017 a Participant must be Active (earned at least one (1) year of Credited Service in the past two (2) Plan Years) to retire before their Normal Retirement Date.

- Effective September 1, 2017 the benefits of Participants who retire before their Normal Retirement Date are subject to an actuarial reduction for Early Retirement.

- Effective February 1, 2017 Trade Disability benefits are no longer available.

- Effective February 1, 2017 Total & Permanent Disability benefits require a Social Security Disability Award and are subject to an actuarial reduction for commencement prior to an Active Participant's Normal Retirement Date.

- Effective September 1, 2017 Participants who retire before their Normal Retirement Date are subject to the Plan's benefit suspension rules regardless of their years of service.

- For deaths on or after February 1, 2017 the Pre-Retirement Surviving Spouse's benefit will only be paid at the deceased Participant's Earliest Retirement Age.
- For deaths on or after September 1, 2017 the Pre-Retirement Surviving Spouse's benefit was changed from a Joint & 100% Survivor benefit to a Joint & 50% Survivor benefit.

**Future Revisions**

The Trustees are required by ERISA and the Internal Revenue Code to review the progress of their Rehabilitation Plan each year and to update the Rehabilitation Plan and schedules if necessary. As such, the contribution rate increases specified in this schedule may be subject to change and benefit reductions may be required, except with respect to a collective bargaining agreement negotiated in reliance on this schedule.

So agreed and approved by the Board of Trustees on the 17th day of July, 2017.

**EMPLOYER TRUSTEES**

[redacted]

**UNION TRUSTEES**

[redacted]

# EXHIBIT N

## VALUATION REPORTS

# Laborers Local No. 265
# Pension Plan

*Actuarial Valuation Report*
*as of November 1, 2016*

CUNI, RUST & STRENK

CUNI, RUST & STRENK
ACTUARIAL CONSULTING

August 10, 2017

Board of Trustees
Laborers Local No. 265 Pension Plan

Dear Trustee:

We are pleased to present this Actuarial Valuation Report as of November 1, 2016 on the status of the Laborers Local No. 265 Pension Plan ("Plan"). Cuni, Rust & Strenk is an independent actuarial consulting firm engaged by the Board of Trustees to prepare this Report.

**Reliance on Plan Administrator and Plan Auditor**

In performing this Actuarial Valuation, we have relied on the Plan Administrator's and Plan Auditor's representations that the information that they have supplied, namely the participant data and annual Plan audit, is both accurate and complete. If this information is either inaccurate or incomplete, the results of this Actuarial Valuation could materially change.

**Experience**

Page 1 of the Report summarizes the results of this year's Actuarial Valuation and compares them to last year's results. During 2015-2016 the Plan experienced an actuarial loss of $4,106,634, which was the net result of a $4,818,893 loss on the Plan's Actuarial Value of Assets and a $712,259 gain on the Plan's Accrued Liability. The development of the actuarial loss can be found on pages 4 and 5.

**Asset Returns**

Page 2 summarizes the financial position of the Plan's assets as of October 31, 2016, while page 3 shows the development of the Actuarial Value of Assets used to determine the minimum funding requirements, the Pension Protection Act of 2006 (PPA) funded percentage, and the maximum deductible contribution.

As of the valuation date the Actuarial Value of Assets was $59,914,763 and the Market Value of Assets was $50,786,954. Relative to last year, the Actuarial Value decreased by $6,256,986, while the Market Value decreased by $4,803,144. The difference between the changes in Market and Actuarial Value is attributable to the smoothing method used to calculate the Actuarial Value of Assets. The approximate 2015-2016 annual return on the Market Value of Assets was 1.4%, which was below the assumed rate of return of 6.5%.

**Minimum and Maximum Contributions**

Pages 6 through 12 develop the maximum tax deductible and minimum required contributions for the Plan Year ending October 31, 2017. The maximum contribution that can be made for the year and claimed as a deduction by contributing employers is $154,425,581 while the minimum required contribution is $0 due to the Plan's Funding Standard Account Credit Balance of $13,075,673 which is developed on page 9. ***Based on the current benefit formula and the Rehabilitation Plan's future employer contribution rate schedule, in 2020 the projected minimum required contribution would exceed that year's anticipated employer contributions. This would result in the Plan having a funding deficiency in 2020.***

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**Pension Relief Act of 2010 (PRA 2010)**
The Board of Trustees elected to extend the amortization of the Plan's 2008-2009 asset loss from 15 to 29 years and expand the Actuarial Value of Assets averaging period to 10 years for the same asset loss as allowed under PRA 2010.

**Amortization Base Extension**
The Plan has received an automatic 5-year amortization extension of its eligible minimum required contribution charge bases under IRC § 431(d)(1). Therefore, this Report reflects the 5-year amortization extension on charge bases established before November 1, 2014.

**Withdrawal Liability**
Page 13 develops the present value of vested accrued benefits at the Current Liability interest rate used to calculate the Plan's Employer Withdrawal Liability. Because the Plan's Vested Accrued Benefit Liability exceeds the Plan's Market Value of Assets, any employer withdrawing from the Plan should be assessed Withdrawal Liability.

**ASC 960 Audit Values**
Page 14 shows the present value of accumulated Plan benefits as of October 31, 2016, along with the changes in these liabilities when compared with last year. This information is disclosed each year in the Plan's ASC 960 audit.

As of October 31, 2016, the present value of accumulated Plan benefits amount to $101,267,849, while assets available to pay these benefits equal $50,786,954. The ratio of assets to liabilities, or the Plan's Funded Ratio, decreased from 56% last year to 50% this year, due primarily to last year's unfavorable asset return and assumption changes.

**Pension Protection Act of 2006 (PPA) Funding Status**
The Plan is Critical and Declining and is operating under a forestall insolvency Rehabilitation Plan. As of November 1, 2016, the Plan was certified to be meeting the annual standards required under its Rehabilitation Plan. This Report confirms the Plan's 2016 PPA status certification that was completed earlier this year.

**Participant Information**
Page 15 shows the changes in the number of participants included in this year's valuation when compared to last year. We see that the total number of actives decreased by 25 participants during the 2015-2016 Plan Year. Page 16 shows the age and service distribution for active participants while pages 17 through 20 show the age and benefit distributions of the various classes of inactive participants. Page 21 shows the age and benefit distribution of 2015-2016 Plan Year retirements while page 22 shows the age and benefit distribution of approaching retirements.

**Summary of Hours Worked and Plan History**
Page 23 provides a historical summary of Plan Year annual employer contributions, average contribution rates, and approximate hours worked. Page 24 contains a summary of the Plan's asset history. Included are the contributions, benefit payments, administrative expenses, asset returns, and asset return and cash flow percentages on the Plan's Market Value of Assets since 1984.

**Plan Provisions and Actuarial Assumptions**
Pages 25 through 27 outline the Plan Provisions while pages 28 through 30 summarize the Actuarial Assumptions and Methods used for this year's valuation. There were no changes to the Plan Provisions this year.

Assumption changes included updating the mortality, retirement, and disability rates, and changing the hours worked assumption and expense load. These changes were made to better anticipate future Plan experience. Lastly, the Current Liability mortality and interest rates were changed as mandated by the IRS.

**Audit Information**
The purpose of this Report is to determine the minimum and maximum deductible employer contribution requirements for the plan year, provide information to be used in the preparation of governmental filings, actuarial certifications, and provide information for the Plan auditor. This Report is prepared for the sole use of the Board of Trustees. Reliance on this Report for other than the above stated purposes may put the relying Entity at risk of being misled because of confusion or failure to properly interpret the results contained herein. Accordingly, additional determinations would be needed for other purposes.

**Actuarial Certification**
We hereby certify that this Report presents fairly the actuarial position of the Laborers Local No. 265 Pension Plan as of November 1, 2016. The mortality table used to calculate Current Liability is mandated by the IRS. In our opinion, all other assumptions used to determine the Plan's liabilities and costs are individually reasonable based on Plan experience and represent our best estimate of anticipated future experience under the Plan. This valuation has been performed in accordance with generally accepted actuarial principles and practices and the undersigned meet the qualification standards of the American Academy of Actuaries necessary to render an actuarial opinion.

Respectfully submitted,

CUNI, RUST & STRENK

[redacted]

Jason C. Birkle, EA, MAAA, ASA
Consulting Actuary

[redacted]

Randall N. Smith, EA, MAAA
Consulting Actuary

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## Summary of Valuation Results

| | November 1, 2015 | November 1, 2016 |
|---|---|---|
| 1. Number of Participants | | |
| a. Active Participants | 322 | 297 |
| b. Vested Terminated Participants | 292 | 311 |
| c. Retirees and Beneficiaries | 726 | 725 |
| d. Total: [(a) + (b) + (c)] | 1,340 | 1,333 |
| 2. Normal Cost | | |
| a. For Benefits | $ 256,949 | $ 228,584 |
| b. For Expenses | 330,000 | 360,000 |
| c. Total: [(a) + (b)] | $ 586,949 | $ 588,584 |
| 3. Accrued Liability | | |
| a. Active Participants | $ 17,938,099 | $ 16,627,991 |
| b. Vested Terminated Participants | 16,251,441 | 17,673,171 |
| c. Retirees and Beneficiaries | 65,741,570 | 66,966,687 |
| d. Total: [(a) + (b) + (c)] | $ 99,931,110 | $ 101,267,849 |
| 4. Normal Cost / Accrued Liability Interest Rate | 6.5% | 6.5% |
| 5. Asset Values | | |
| a. Market Value | $ 55,590,098 | $ 50,786,954 |
| b. Actuarial Value | $ 66,171,749 | $ 59,914,763 |
| c. Market Value Asset Return | (3.6%) | 1.4% |
| d. Cash Flow Percentage | (9.9%) | (11.0%) |
| e. Prior Year Contributions | $ 1,967,028 | $ 1,991,568 |
| 6. Real Amounts | | |
| a. Unfunded Liability: [(3)(d) - (5)(a)] | $ 44,341,012 | $ 50,480,895 |
| b. Funded Ratio: [(5)(a) ÷ (3)(d)] | 56% | 50% |
| 7. Hourly Amounts | | |
| a. Approximate Hours Worked | 430,608 | 400,623 |
| b. Average Contribution Rate: [(5)(e) ÷ (a)] | $4.57 | $4.97 |
| c. Normal Cost: [(2)(c) ÷ (a)] | 1.36 | 1.47 |
| d. Unfunded Liability Payment: [(b) - (c)] | $3.21 | $3.50 |
| e. Interest on Unfunded Liability: [(4) × (6)(a) ÷ (a)] | 6.69 | 8.19 |
| f. Reduction in Unfunded Liability: [(d) - (e)] | ($3.48) | ($4.69) |
| 8. PPA Information | | |
| a. Status: | Critical & Declining | Critical & Declining |
| b. Funded Percentage: [(5)(b) ÷ (3)(d)] | 66% | 59% |
| c. Projected Funding Deficiency | 2021 | 2020 |

## Plan Assets: Receipts and Disbursements

| | | |
|---|---|---|
| Market Value of Assets as of November 1, 2015 | | $ 55,590,098 |
| **Receipts:** | | |
| Employer Contributions | $ 1,991,568 | |
| Interest and Dividends | 2,028,041 | |
| Net Appreciation/(Depreciation) | (1,119,506) | |
| Investment Fees | (150,321) | |
| TOTAL RECEIPTS | | $ 2,749,782 |
| **Disbursements:** | | |
| Benefits Paid | $ 7,189,999 | |
| Administrative Expenses | 362,927 | |
| TOTAL DISBURSEMENTS | | $ 7,552,926 |
| Excess of Receipts over Disbursements | | $ (4,803,144) |
| Market Value of Assets as of October 31, 2016 | | $ 50,786,954 |

**NOTES:**

The approximate return for the Plan Year ending October 31, 2016 was 1.4%.

The Plan's negative cashflow was 11.0% of the Plan's Market Value of Assets as of October 31, 2016.

## Plan Assets: Development of Actuarial Value of Assets

| | | |
|---|---|---|
| 1. Market Value as of November 1, 2015 | | $ 55,590,098 |
| 2. Net Additions | | |
| a. Employer Contributions | $ 1,991,568 | |
| b. Benefit Payments | (7,189,999) | |
| c. Administrative Expenses | (362,927) | |
| d. Total: [(a) + (b) + (c)] | | $ (5,561,358) |
| 3. Expected Investment Income | | |
| a. On Market Value | $ 3,613,356 | |
| b. On Employer Contributions | 63,707 | |
| c. On Benefit Payments | (229,996) | |
| d. On Expenses | (11,609) | |
| e. Total: [(a) + (b) + (c) + (d)] | | $ 3,435,458 |
| 4. Expected Market Value as of October 31, 2016 | | $ 53,464,198 |
| 5. Actual Market Value as of November 1, 2016 | | $ 50,786,954 |
| 6. Net Gain/(Loss) for the 2015-2016 Plan Year: [(5) - (4)] | | $ (2,677,244) |

7. Determination of Unrecognized Gain/(Loss):

| Plan Year | Net Gain/(Loss) | Adjustment Factors | Unrecognized Gain/(Loss) |
|---|---|---|---|
| 2015-2016 | $ (2,677,244) | 0.80 | $ (2,141,795) |
| 2014-2015 | (6,708,077) | 0.60 | (4,024,846) |
| 2013-2014 | (1,835,345) | 0.40 | (734,138) |
| 2012-2013 | 4,539,363 | 0.20 | 907,873 |
| 2011-2012 | 1,700,400 | 0.00 | 0 |
| 2007-2008 | (31,349,033) | 0.10 | (3,134,903) |
| | $ (36,329,936) | | $ (9,127,809) |

| | |
|---|---|
| 8. Preliminary Actuarial Value of Assets: [Actual Market Value as of October 31, 2016 less Unrecognized Gain/(Loss)] | $ 59,914,763 |
| 9. Actuarial Value of Assets: [(8), but not less than 80% or greater than 120% of Market Value] | $ 59,914,763 |
| 10. Recognized Gain/(Loss) | $ (27,202,127) |

**NOTE:** The approximate return on Actuarial Value of Assets is (1.1%).

## Actuarial Experience: Actuarial (Gain)/Loss

| | | |
|---|---|---|
| 1. Unfunded Accrued Liability as of November 1, 2015 | | |
| a. Accrued Liability | $ | 99,931,110 |
| b. Actuarial Value of Assets | | 66,171,749 |
| c. Unfunded Accrued Liability: [(a) - (b)] | $ | 33,759,361 |
| 2. 2015 Normal Cost | $ | 586,949 |
| 3. 2015 Contributions | $ | 1,991,568 |
| 4. Interest at 6.50% to October 31, 2016 | $ | 2,168,803 |
| 5. Expected Unfunded Accrued Liability Prior to Plan, Method and/or Assumption Change: [(1)(c) + (2) - (3) + (4)] | $ | 34,523,545 |
| 6. Increase/(Decrease) in Unfunded Accrued Liability due to Plan, Method and/or Assumption Change | $ | 2,722,907 |
| 7. Expected Unfunded Accrued Liability as of October 31, 2016: [(5) + (6)] | $ | 37,246,452 |
| 8. Actual Unfunded Accrued Liability as of October 31, 2016 | | |
| a. Accrued Liability | $ | 101,267,849 |
| b. Actuarial Value of Assets | | 59,914,763 |
| c. Unfunded Accrued Liability: [(a) - (b), not less than $0] | $ | 41,353,086 |
| 9. Actuarial (Gain)/Loss: [(8)(c) - (7)] | $ | 4,106,634 |

## Actuarial Experience: Accrued Liability and Assets

| | | |
|---|---|---|
| 1. Accrued Liability Experience | | |
| a. Accrued Liability as of November 1, 2015 | $ | 99,931,110 |
| b. 2015 Normal Cost | | 586,949 |
| c. 2015 Benefit Payments and Expenses | | (7,552,926) |
| d. Interest at 6.50% to October 31, 2016 | | 6,292,068 |
| e. Expected Accrued Liability as of November 1, 2016: [(a) + (b) + (c) + (d)] | $ | 99,257,201 |
| f. Actual Accrued Liability as of November 1, 2016 Prior to Changes | | 98,544,942 |
| g. Accrued Liability (Gain)/Loss: [(f) - (e)] | $ | (712,259) |
| h. (Decrease)/Increase in Accrued Liability due to Plan, Method and/or Assumption Changes | | 2,722,907 |
| i. Accrued Liability as of November 1, 2016: [(f) + (h)] | $ | 101,267,849 |
| 2. Actuarial Value of Assets (AVA) Experience | | |
| a. Actuarial Value of Assets as of November 1, 2015 | $ | 66,171,749 |
| b. 2015 Benefit Payments and Expenses | | (7,552,926) |
| c. 2015 Contributions | | 1,991,568 |
| d. Expected Earnings at 6.50% to October 31, 2016 | | 4,123,265 |
| e. Expected AVA as of November 1, 2016: [(a) + (b) + (c) + (d)] | $ | 64,733,656 |
| f. Actual AVA as of November 1, 2016 Prior to Method Change | | 59,914,763 |
| g. Actuarial Value of Assets (Gain)/Loss: [(e) - (f)] | $ | 4,818,893 |
| h. (Decrease)/Increase in AVA due to Method Change | | 0 |
| i. Actuarial Value of Assets after Method Change: [(f) + (h)] | $ | 59,914,763 |
| 3. Total Actuarial (Gain)/Loss: [(1)(g) + (2)(g)] | $ | 4,106,634 |

## Determination of the Full Funding Limitations

| | IRC §404 Maximum | IRC §412 Minimum |
|---|---|---|
| 1. Accrued Liability Basis | | |
| a. Estimated End of Year Accrued Liability | $ 100,826,065 | $ 100,826,065 |
| b. Estimated End of Year Assets | 46,437,070 | 32,511,478 |
| c. Accrued Liability Basis Full Funding Limit: [(a) - (b), but not less than $0] | $ 54,388,995 | $ 68,314,587 |
| 2. Current Liability Basis | | |
| a. Estimated End of Year Current Liability | $ 150,408,736 | $ 150,408,736 |
| b. Estimated End of Year Assets | 56,146,649 | 56,146,649 |
| c. Current Liability Full Funding Limit: [{90% of (2)(a)} - (2)(b), but not less than $0] | $ 79,221,213 | $ 79,221,213 |
| 3. Full Funding Limitation: [Greater of (1) and (2)] | $ 79,221,213 | $ 79,221,213 |

## Maximum Deductible Contribution: Net Limit Adjustment

| Date Established | Type | Initial Balance | 11/1/2016 Balance | 11/1/2016 Net Limit Adjustment |
|---|---|---|---|---|
| 11/01/2016 | Fresh Start | $ 41,353,086 | $ 41,353,086 | $ 5,401,322 |
| | Total | | $ 41,353,086 | $ 5,401,322 |

## Development of Maximum Deductible Contribution

| | | |
|---|---|---|
| 1. Normal Cost plus 10-Year Amortization | | |
| a. 2016 Normal Cost | $ | 588,584 |
| b. Net Limit Adjustment | | 5,401,322 |
| c. Interest on (a) and (b) to October 31, 2017 | | 389,344 |
| d. Total as of October 31, 2017: [(a) + (b) + (c)] | $ | 6,379,250 |
| 2. Minimum Required Contribution | $ | 0 |
| 3. Full Funding Limitation at October 31, 2017 | $ | 79,221,213 |
| 4. Contribution Necessary to Fund 140% of Current Liability | | |
| a. Estimated End of Year Current Liability | $ | 150,408,736 |
| b. Estimated End of Year Assets | | 56,146,649 |
| c. Contribution to Fund 140% of Current Liability: [{140% of (a)} - (b)] | $ | 154,425,581 |
| 5. Maximum Deductible Contribution for Fiscal Year 2017: [Greater of {the lesser of (1)(d) and (3)}, (2) and (4)(c)] | $ | 154,425,581 |

## Minimum Required Contribution: Funding Standard Account Balance

| | | |
|---|---|---|
| 1. Charges | | |
| a. Normal Cost as of November 1, 2015 | $ | 586,949 |
| b. Amortization Charges | | 7,042,818 |
| c. Interest to October 31, 2016 | | 495,935 |
| d. Total Charges | $ | 8,125,702 |
| 2. Credits | | |
| a. Funding Standard Account Balance as of October 31, 2015 | $ | 13,191,106 |
| b. Employer Contributions for the 2015 Plan Year | | 1,991,568 |
| c. Amortization Credits | | 4,786,453 |
| d. Interest to October 31, 2016 | | 1,232,248 |
| e. Full Funding Credit | | 0 |
| f. Total Credits | $ | 21,201,375 |
| 3. Funding Standard Account Balance as of October 31, 2016 | $ | 13,075,673 |

## Minimum Required Contribution: Amortization Schedule

***Charge Bases:***

| Date Established | Type | Initial Balance | Rem. Years | Payment | 11/1/2016 Balance |
|---|---|---|---|---|---|
| 11/01/1990 | Amendment | $ 1,968,452 | 9 | $ 95,847 | $ 679,433 |
| 11/01/1991 | Amendment | 3,136,069 | 10 | 162,548 | 1,244,489 |
| 11/01/1992 | Amendment | 2,544,925 | 11 | 138,522 | 1,134,332 |
| 11/01/1994 | Amendment | 4,717,987 | 13 | 268,354 | 2,457,783 |
| 11/01/1995 | Amendment | 2,985,546 | 14 | 178,320 | 1,711,828 |
| 11/01/1996 | Assumption | 805,643 | 15 | 49,151 | 492,189 |
| 11/01/1996 | Amendment | 4,906,520 | 15 | 299,340 | 2,997,538 |
| 11/01/1997 | Amendment | 4,970,442 | 16 | 308,693 | 3,211,229 |
| 11/01/1998 | Amendment | 3,785,071 | 17 | 238,649 | 2,569,712 |
| 11/01/1999 | Amendment | 84,298 | 18 | 5,384 | 59,816 |
| 11/01/2001 | Assumption | 4,003,592 | 20 | 260,985 | 3,062,578 |
| 11/01/2002 | Assumption | 65,838 | 21 | 4,327 | 52,005 |
| 11/01/2006 | Cost Method | 9,318,928 | 5 | 419,016 | 1,854,479 |
| 11/01/2007 | Amendment | 418,241 | 26 | 28,250 | 372,839 |
| 11/01/2008 | Assumption | 177,865 | 12 | 13,433 | 116,723 |
| 11/01/2008 | Asset Loss | 16,777,129 | 21 | 1,239,679 | 14,899,090 |
| 11/01/2009 | Assumption | 234,420 | 13 | 18,262 | 167,256 |
| 11/01/2009 | Cost Method | 717,669 | 8 | 55,456 | 359,604 |
| 11/01/2009 | Asset Loss | 3,438,969 | 21 | 256,805 | 3,086,409 |
| 11/01/2010 | Assumption | 901,590 | 14 | 72,049 | 691,653 |
| 11/01/2010 | Asset Loss | 3,658,002 | 21 | 276,312 | 3,320,864 |
| 11/01/2011 | Assumption | 1,773,170 | 15 | 144,739 | 1,449,396 |
| 11/01/2011 | Asset Loss | 7,474,933 | 21 | 571,720 | 6,871,225 |
| 11/01/2012 | Assumption | 928,875 | 16 | 77,185 | 802,933 |
| 11/01/2014 | Assumption | 200,893 | 13 | 20,126 | 184,325 |
| 11/01/2014 | Experience | 3,836,746 | 13 | 384,369 | 3,520,334 |
| 11/01/2015 | Experience | 4,975,841 | 14 | 496,896 | 4,770,076 |
| 11/01/2015 | Assumption | 9,597,274 | 14 | 958,401 | 9,200,400 |
| 11/01/2016 | Experience | 4,106,634 | 15 | 410,096 | 4,106,634 |
| 11/01/2016 | Assumption | 2,722,907 | 15 | 271,914 | 2,722,907 |
| | Total Charges | | | $ 7,724,828 | $ 78,170,079 |

## Minimum Required Contribution: Amortization Schedule

***Credit Bases:***

| Date Established | Type | Initial Balance | Rem. Years | Payment | 11/1/2016 Balance |
|---|---|---|---|---|---|
| 11/01/1991 | Assumption | $ 3,542,066 | 5 | $ 273,248 | $ 1,209,338 |
| 11/01/1994 | Assumption | 1,661,259 | 8 | 122,550 | 794,681 |
| 11/01/1996 | Amendment | 21,374 | 10 | 1,617 | 12,376 |
| 11/01/1998 | Assumption | 202,718 | 12 | 15,229 | 132,321 |
| 11/01/2006 | Assumption | 5,008,938 | 20 | 367,474 | 4,312,204 |
| 11/01/2007 | Experience | 1,908,062 | 6 | 196,012 | 1,010,576 |
| 11/01/2007 | Assumption | 1,315,410 | 21 | 96,257 | 1,156,862 |
| 11/01/2008 | Amendment | 4,201,471 | 7 | 429,934 | 2,511,250 |
| 11/01/2008 | Experience | 1,381,276 | 7 | 141,345 | 825,601 |
| 11/01/2009 | Experience | 9,730,729 | 8 | 991,977 | 6,432,494 |
| 11/01/2010 | Experience | 5,381,941 | 9 | 546,631 | 3,874,930 |
| 11/01/2011 | Experience | 1,071,777 | 10 | 108,468 | 830,442 |
| 11/01/2012 | Experience | 504,665 | 11 | 50,897 | 416,783 |
| 11/01/2013 | Experience | 253,579 | 12 | 25,487 | 221,462 |
| | Total Credits | | | $ 3,367,126 | $ 23,741,320 |

| | | |
|---|---|---|
| 1. | Net Amortization | $ 54,428,759 |
| 2. | Credit Balance | $ 13,075,673 |
| 3. | Balance Test: [(1) - (2)] | $ 41,353,086 |
| 4. | Unfunded Accrued Liability: | |
| | a. Accrued Liability | $ 101,267,849 |
| | b. Actuarial Value of Assets | 59,914,763 |
| | c. Unfunded Accrued Liability: [(a) - (b)] | $ 41,353,086 |

## Development of Minimum Required Contribution

| | | |
|---|---|---|
| 1. Charges | | |
| a. Normal Cost for the 2016 Plan Year | $ 588,584 | |
| b. Amortization Charges | 7,724,828 | |
| c. Interest to October 31, 2017 | 540,372 | |
| d. Total Charges as of October 31, 2017: [(a) + (b) + (c)] | | $ 8,853,784 |
| 2. Credits | | |
| a. Credit Balance as of October 31, 2016 | $ 13,075,673 | |
| b. Amortization Credits | 3,367,126 | |
| c. Interest to October 31, 2017 | 1,068,782 | |
| d. Full Funding Credit | 0 | |
| e. Total Credits as of October 31, 2017: [(a) + (b) + (c) + (d)] | | $ 17,511,581 |
| 3. Preliminary Minimum Required Contribution: [(1)(d) - (2)(e), but not less than $0] | | $ 0 |
| 4. Full Funding Limitation | | |
| a. Based on 100% of Accrued Liability | | $ 68,314,587 |
| b. Based on 90% of RPA '94 Current Liability | | $ 79,221,213 |
| c. Full Funding Limitation: [Larger of (a) and (b)] | | $ 79,221,213 |
| 5. Minimum Required Contribution payable October 31, 2017: [Minimum of (3) and (4)(c)] | | $ 0 |

## Unfunded Vested Accrued Benefits at the Current Liability Interest Rate

| | | |
|---|---|---|
| 1. Value of Vested Accrued Benefits | | |
| a. For Active Participants | $ 26,681,745 | |
| b. For Vested Terminated Participants | 32,564,974 | |
| c. For Retirees and Beneficiaries | 90,509,205 | |
| d. Total: [(a) + (b) + (c)] | | $ 149,755,924 |
| 2. Market Value of Assets | | $ 50,786,954 |
| 3. Value of Unfunded/(Overfunded) Vested Accrued Benefits: [(1)(d) - (2)] | | $ 98,968,970 |

## Present Value of Accumulated Plan Benefits (ASC 960)

| | October 31, 2015 | October 31, 2016 |
|---|---|---|
| 1. Present Value of Accumulated Vested Benefits | | |
| a. Active Participants | $ 16,374,601 | $ 15,185,522 |
| b. Vested Terminated Participants | 16,251,441 | 17,673,171 |
| c. Retirees and Beneficiaries | 65,741,570 | 66,966,687 |
| d. Total: [(a) + (b) + (c)] | $ 98,367,612 | $ 99,825,380 |
| 2. Accumulated Non-Vested Benefits | $ 1,563,498 | $ 1,442,469 |
| 3. Total Accumulated Benefits: [(1)(d) + (2)] | $ 99,931,110 | $ 101,267,849 |
| 4. Net Assets Available for Benefits | $ 55,590,098 | $ 50,786,954 |
| 5. Funded Ratio: [(4) ÷ (3)] | 56% | 50% |

### Changes in the Value of Accumulated Plan Benefits for the Plan Year Ending October 31, 2016

| | | |
|---|---|---|
| 1. Value of Accumulated Plan Benefits as of October 31, 2015: | | $ 99,931,110 |
| 2. Increase/(Decrease) in Value due to: | | |
| a. Decrease in Discount Period | $ 6,265,526 | |
| b. Plan Amendment | 0 | |
| c. Assumption Change | 2,722,907 | |
| d. Benefits Paid | (7,189,999) | |
| e. Plan Experience and Benefit Accrual | (461,695) | |
| f. Total Net Increase/(Decrease): [(a) + (b) + (c) + (d) + (e)] | | $ 1,336,739 |
| 3. Value of Accumulated Plan Benefits as of October 31, 2016: [(1) + (2)(f)] | | $ 101,267,849 |

## Plan Participant Summary

| | Actives | Vested Terms | Service Retirees | Disability Retirees | Beneficiaries | Total |
|---|---|---|---|---|---|---|
| As of November 1, 2015 | 322 | 292 | 436 | 128 | 162 | 1,340 |
| Deaths during the Year | | | | | | |
| a. with Beneficiary | 0 | 0 | (12) | 0 | 12 | 0 |
| b. without Beneficiary | 0 | 0 | (15) | (3) | (7) | (25) |
| Retired during the Year | (11) | (10) | 18 | 2 | 1 | 0 |
| Partial Pension Provisions | 0 | 0 | 1 | 1 | 0 | 2 |
| QDRO Filed during the Year | 0 | 0 | 0 | 0 | 1 | 1 |
| Became Inactive | | | | | | |
| a. with Vesting | (43) | 43 | 0 | 0 | 0 | 0 |
| b. without Vesting | (27) | 0 | 0 | 0 | 0 | (27) |
| Returned to Work | 26 | (14) | 0 | 0 | 0 | 12 |
| New Entrants prior to Nov. 1 | 30 | 0 | 0 | 0 | 0 | 30 |
| Lump Sum Distributions | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Corrections | 0 | 0 | 0 | 0 | 0 | 0 |
| As of October 31, 2016: (IRS Form 5500 head count) | 297 | 311 | 428 | 128 | 169 | 1,333 |
| New Entrants on November 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| As of November 1, 2016: (Valuation head count) | 297 | 311 [1] | 428 | 128 | 169 | 1,333 |
| | | ******** | ******** | ******** | ******** | |
| Fully Vested Participants | 184 | 311 | 428 | 128 | 169 | 1,220 |
| Partially Vested Participants | 0 | 0 | 0 | 0 | 0 | 0 |
| Not Vested Participants | 113 | 0 | 0 | 0 | 0 | 113 |

[1] Includes 3 surviving spouses and 1 QDRO Alternate Payee who are entitled to future benefits.

## Active Participants as of November 1, 2016

***Total Years of Service***

| Age Group | < 1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35 + | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| < 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20-24 | 0 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 |
| 25-29 | 0 | 8 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 12 |
| 30-34 | 0 | 24 | 7 | 5 | 0 | 0 | 0 | 0 | 0 | 36 |
| 35-39 | 0 | 19 | 9 | 9 | 2 | 0 | 0 | 0 | 0 | 39 |
| 40-44 | 0 | 15 | 5 | 8 | 12 | 0 | 0 | 0 | 0 | 40 |
| 45-49 | 0 | 13 | 8 | 8 | 4 | 1 | 2 | 0 | 0 | 36 |
| 50-54 | 0 | 13 | 9 | 6 | 9 | 7 | 9 | 2 | 0 | 55 |
| 55-59 | 0 | 9 | 5 | 8 | 7 | 6 | 9 | 1 | 1 | 46 |
| 60-64 | 0 | 5 | 3 | 4 | 1 | 7 | 2 | 0 | 1 | 23 |
| 65-69 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 3 |
| 70 + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 113 | 50 | 48 | 35 | 21 | 22 | 4 | 4 | 297 |

| | | | |
|---|---|---|---|
| Average Age: | 46.1 | Years | (Last Year: 46.4) |
| Average Expected Lifetime: | 83.5 | Years | (Last Year: 83.6) |
| Average Service: | 13.4 | Years | (Last Year: 13.9) |

There are 4 participants without dates of birth. We have assumed all to be age 30 at hire.

## Terminated Vested Participants as of November 1, 2016

| Age Group | Number of Lives | Monthly Benefit Total | Monthly Benefit Average |
|---|---|---|---|
| < 20 | 0 | $ 0 | $ 0 |
| 20-24 | 0 | 0 | 0 |
| 25-29 | 0 | 0 | 0 |
| 30-34 | 11 | 4,189 | 381 |
| 35-39 | 27 | 12,770 | 473 |
| 40-44 | 34 | 16,491 | 485 |
| 45-49 | 60 | 47,844 | 797 |
| 50-54 | 81 | 68,832 | 850 |
| 55-59 | 76 | 65,748 | 865 |
| 60-64 | 22 | 16,471 | 749 |
| 65-69 | 0 | 0 | 0 |
| 70 + | 0 | 0 | 0 |
| Total | 311 | $ 232,345 | $ 747 |

Average Age: 50.3
Average Expected Lifetime: 83.3

## Retired Participants as of November 1, 2016

| Age Group | Life Annuities Number of Lives | Life Annuities Monthly Benefit Total | Life Annuities Monthly Benefit Average | Joint & Survivor Annuities Number of Lives | Joint & Survivor Annuities Monthly Benefit Total | Joint & Survivor Annuities Monthly Benefit Average |
|---|---|---|---|---|---|---|
| < 50 | 0 | $ 0 | $ 0 | 0 | $ 0 | $ 0 |
| 50-54 | 0 | 0 | 0 | 0 | 0 | 0 |
| 55-59 | 27 | 24,295 | 900 | 28 | 29,873 | 1,067 |
| 60-64 | 48 | 31,472 | 656 | 47 | 51,633 | 1,099 |
| 65-69 | 36 | 30,438 | 846 | 47 | 46,894 | 998 |
| 70-74 | 24 | 15,534 | 647 | 45 | 54,452 | 1,210 |
| 75-79 | 26 | 22,297 | 858 | 26 | 20,203 | 777 |
| 80-84 | 18 | 17,326 | 963 | 22 | 21,687 | 986 |
| 85-89 | 15 | 13,965 | 931 | 10 | 10,747 | 1,075 |
| 90 + | 5 | 3,014 | 603 | 4 | 3,243 | 811 |
| Total | 199 | $ 158,341 | $ 796 | 229 | $ 238,732 | $ 1,042 |

| | | | |
|---|---|---|---|
| Average Age: | 70.5 | Average Age: | 70.1 |
| Average Expected Lifetime: | 85.9 | Average Expected Joint Lifetime: | 93.5 |

## Disabled Participants as of November 1, 2016

| Age Group | Life Annuities Number of Lives | Life Annuities Monthly Benefit Total | Life Annuities Monthly Benefit Average | Joint & Survivor Annuities Number of Lives | Joint & Survivor Annuities Monthly Benefit Total | Joint & Survivor Annuities Monthly Benefit Average |
|---|---|---|---|---|---|---|
| < 50 | 6 | $ 3,397 | $ 566 | 0 | $ 0 | $ 0 |
| 50-54 | 14 | 8,591 | 614 | 0 | 0 | 0 |
| 55-59 | 28 | 28,185 | 1,007 | 0 | 0 | 0 |
| 60-64 | 26 | 18,535 | 713 | 1 | 1,904 | 1,904 |
| 65-69 | 17 | 16,744 | 985 | 7 | 6,083 | 869 |
| 70-74 | 5 | 7,950 | 1,590 | 4 | 6,323 | 1,581 |
| 75-79 | 6 | 5,424 | 904 | 6 | 3,333 | 556 |
| 80-84 | 4 | 4,359 | 1,090 | 2 | 1,961 | 981 |
| 85-89 | 2 | 1,021 | 511 | 0 | 0 | 0 |
| 90 + | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 108 | $ 94,206 | $ 872 | 20 | $ 19,604 | $ 980 |

| | | | |
|---|---|---|---|
| Average Age: | 62.1 | Average Age: | 72.7 |
| Average Expected Lifetime: | 79.2 | Average Expected Joint Lifetime: | 92.9 |

## Beneficiary Participants as of November 1, 2016

| Age Group | Number of Lives | Monthly Benefit Total | Monthly Benefit Average |
|---|---|---|---|
| < 50 | 4 | $ 1,076 | $ 269 |
| 50-54 | 4 | 2,326 | 582 |
| 55-59 | 12 | 8,657 | 721 |
| 60-64 | 18 | 9,079 | 504 |
| 65-69 | 23 | 14,006 | 609 |
| 70-74 | 25 | 9,640 | 386 |
| 75-79 | 32 | 19,996 | 625 |
| 80-84 | 24 | 8,420 | 351 |
| 85-89 | 16 | 6,566 | 410 |
| 90 + | 11 | 3,867 | 352 |
| Total | 169 | $ 83,633 | $ 495 |

Average Age: 73.7
Average Expected Lifetime: 88.7



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## Age Distribution of 2015-2016 Plan Year Retirements

| Retirement Age | Number of Lives | Monthly Benefit Total | Monthly Benefit Average |
|---|---|---|---|
| < 50 | 1 | $ 513 | $ 513 |
| 50 | 1 | 721 | 721 |
| 51 | 0 | 0 | 0 |
| 52 | 0 | 0 | 0 |
| 53 | 0 | 0 | 0 |
| 54 | 0 | 0 | 0 |
| 55 | 7 | 8,636 | 1,234 |
| 56 | 3 | 3,474 | 1,158 |
| 57 | 2 | 2,110 | 1,055 |
| 58 | 0 | 0 | 0 |
| 59 | 1 | 1,008 | 1,008 |
| 60 | 1 | 258 | 258 |
| 61 | 2 | 1,178 | 589 |
| 62 | 1 | 1,306 | 1,306 |
| 63 | 2 | 1,509 | 755 |
| 64 | 1 | 533 | 533 |
| 65 | 0 | 0 | 0 |
| 66 | 0 | 0 | 0 |
| 67 | 1 | 97 | 97 |
| 68 | 0 | 0 | 0 |
| 69 | 0 | 0 | 0 |
| 70 + | 0 | 0 | 0 |
| Total | 23 | $ 21,343 | $ 928 |

| | |
|---|---|
| Average Age: | 58.0 |
| Average Expected Lifetime: | 83.8 |

## Age Distribution of Approaching Retirements as of November 1, 2016

| | Active Participants | | | Vested Terms | | | Total Participants | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Monthly Benefit | | | Monthly Benefit | | | Monthly Benefit | |
| Age | No. | Total | Average | No. | Total | Average | No. | Total | Average |
| 50 | 14 | $ 11,589 | $ 828 | 11 | $ 8,609 | $ 783 | 25 | $ 20,198 | $ 808 |
| 51 | 10 | 6,962 | 696 | 19 | 18,542 | 976 | 29 | 25,504 | 879 |
| 52 | 5 | 4,135 | 827 | 21 | 15,035 | 716 | 26 | 19,170 | 737 |
| 53 | 13 | 14,510 | 1,116 | 16 | 16,172 | 1,011 | 29 | 30,682 | 1,058 |
| 54 | 13 | 13,677 | 1,052 | 14 | 10,475 | 748 | 27 | 24,152 | 895 |
| 55 | 14 | 14,027 | 1,002 | 13 | 9,780 | 752 | 27 | 23,807 | 882 |
| 56 | 9 | 6,941 | 771 | 21 | 17,501 | 833 | 30 | 24,442 | 815 |
| 57 | 8 | 7,433 | 929 | 13 | 13,598 | 1,046 | 21 | 21,031 | 1,001 |
| 58 | 7 | 7,363 | 1,052 | 21 | 15,276 | 727 | 28 | 22,639 | 809 |
| 59 | 8 | 8,587 | 1,073 | 8 | 9,593 | 1,199 | 16 | 18,180 | 1,136 |
| 60 | 7 | 5,001 | 714 | 5 | 3,672 | 734 | 12 | 8,673 | 723 |
| 61 | 4 | 3,596 | 899 | 9 | 9,290 | 1,032 | 13 | 12,886 | 991 |
| 62 | 7 | 12,822 | 1,832 | 6 | 2,703 | 451 | 13 | 15,525 | 1,194 |
| 63 | 2 | 2,145 | 1,073 | 1 | 495 | 495 | 3 | 2,640 | 880 |
| 64 | 3 | 335 | 112 | 1 | 311 | 311 | 4 | 646 | 162 |
| 65 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 66 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 67 | 1 | 3,381 | 3,381 | 0 | 0 | 0 | 1 | 3,381 | 3,381 |
| 68 | 1 | 4,646 | 4,646 | 0 | 0 | 0 | 1 | 4,646 | 4,646 |
| 69 | 1 | 2,531 | 2,531 | 0 | 0 | 0 | 1 | 2,531 | 2,531 |
| 70 + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 127 | $129,681 | $ 1,021 | 179 | $151,052 | $ 844 | 306 | $280,733 | $ 917 |

## Approximate Hours Worked by Plan Year

| Plan Year Ending 10/31 | Contribution | Average Contribution Rate | Approximate Hours Worked | Plan Year Ending 10/31 | Contribution | Average Contribution Rate | Approximate Hours Worked |
|---|---|---|---|---|---|---|---|
| 1969 | $251,714 | $0.10 | 2,517,140 | 1998 | $1,653,027 | $1.60 | 1,024,588 |
| 1970 | $227,018 | $0.10 | 2,270,180 | 1999 | $1,831,827 | $1.80 | 1,052,992 |
| 1971 | $231,049 | $0.15 | 1,540,327 | 2000 | $1,970,517 | $1.90 | 1,079,351 |
| 1972 | $290,778 | $0.20 | 1,453,890 | 2001 | $1,943,727 | $1.90 | 1,014,240 |
| 1973 | $395,655 | $0.20 | 1,978,275 | 2002 | $2,125,436 | $1.90 | 1,118,651 |
| 1974 | $413,937 | $0.24 | 1,712,819 | 2003 | $2,357,867 | $1.90 | 1,240,983 |
| 1975 | $584,804 | $0.34 | 1,711,605 | 2004 | $2,116,404 | $1.90 | 1,113,897 |
| 1976 | $591,556 | $0.40 | 1,478,890 | 2005 | $2,207,813 | $1.90 | 1,162,007 |
| 1977 | $617,076 | $0.44 | 1,397,143 | 2006 | $2,264,806 | $1.94 | 1,167,426 |
| 1978 | $850,622 | $0.58 | 1,458,217 | 2007 | $1,557,435 | $2.04 | 763,449 |
| 1979 | $1,382,112 | $0.74 | 1,863,513 | 2008 | $1,419,803 | $2.10 | 676,097 |
| 1980 | $1,528,273 | $0.80 | 1,910,341 | 2009 | $1,213,425 | $2.27 | 534,548 |
| 1981 | $1,327,355 | $0.90 | 1,474,839 | 2010 | $1,217,670 | $2.67 | 456,626 |
| 1982 | $1,111,836 | $0.98 | 1,140,345 | 2011 | $1,365,823 | $3.17 | 431,242 |
| 1983 | $1,457,678 | $1.14 | 1,281,475 | 2012 | $1,764,033 | $3.50 | 504,614 |
| 1984 | $1,361,583 | $1.25 | 1,089,266 | 2013 | $1,355,384 | $3.73 | 363,634 |
| 1985 | $1,031,652 | $1.25 | 825,322 | 2014 | $2,013,998 | $4.22 | 477,810 |
| 1986 | $1,080,825 | $1.25 | 864,660 | 2015 | $1,967,028 | $4.57 | 430,608 |
| 1987 | $1,280,368 | $1.25 | 1,024,294 | 2016 | $1,991,568 | $4.97 | 400,623 |
| 1988 | $1,541,407 | $1.25 | 1,233,126 | | | | |
| 1989 | $1,637,862 | $1.25 | 1,310,290 | | | | |
| 1990 | $1,732,358 | $1.31 | 1,319,892 | | | | |
| 1991 | $1,647,199 | $1.40 | 1,176,571 | | | | |
| 1992 | $1,436,595 | $1.40 | 1,026,139 | | | | |
| 1993 | $1,495,860 | $1.40 | 1,068,471 | | | | |
| 1994 | $1,122,474 | $1.40 | 801,767 | | | | |
| 1995 | $1,100,906 | $1.52 | 726,317 | | | | |
| 1996 | $1,312,608 | $1.60 | 820,380 | | | | |
| 1997 | $1,546,863 | $1.60 | 966,789 | | | | |

## Market Value Asset History (1984-2016)

| Plan Year Ending 10/31 | Plan Year Contribution | Plan Year Benefits Paid | Plan Year Admin. Expenses | Plan Year Investment Return | Market Value of Assets at Year End | Asset Return % | Cash Flow % |
|---|---|---|---|---|---|---|---|
| 1984 | $ 1,361,583 | $ 570,941 | $ 83,287 | $ 1,246,555 | $ 17,588,768 | 7.8% | 4.0% |
| 1985 | 1,031,652 | 719,030 | 86,745 | 2,994,969 | 20,803,614 | 16.9% | 1.1% |
| 1986 | 1,080,825 | 904,960 | 95,487 | 6,279,773 | 27,163,765 | 30.1% | 0.3% |
| 1987 | 1,280,368 | 1,124,569 | 100,951 | 353,836 | 27,572,449 | 1.3% | 0.2% |
| 1988 | 1,541,407 | 1,307,148 | 117,422 | 4,765,845 | 32,455,131 | 17.2% | 0.4% |
| 1989 | 1,637,862 | 1,415,897 | 139,307 | 5,896,475 | 38,434,264 | 18.1% | 0.2% |
| 1990 | 1,732,358 | 1,871,250 | 156,105 | (1,745,239) | 36,394,028 | (4.6%) | (0.8%) |
| 1991 | 1,647,199 | 2,017,536 | 133,911 | 10,912,104 | 46,801,884 | 30.2% | (1.1%) |
| 1992 | 1,436,595 | 2,404,811 | 140,119 | 5,755,687 | 51,449,236 | 12.4% | (2.2%) |
| 1993 | 1,495,860 | 2,797,413 | 152,366 | 5,632,974 | 55,628,291 | 11.1% | (2.6%) |
| 1994 | 1,122,474 | 2,993,718 | 121,167 | 1,036,974 | 54,672,854 | 1.9% | (3.6%) |
| 1995 | 1,100,906 | 3,414,839 | 155,261 | 8,665,940 | 60,869,600 | 16.2% | (4.1%) |
| 1996 | 1,312,608 | 3,655,152 | 146,957 | 9,805,869 | 68,185,968 | 16.4% | (3.7%) |
| 1997 | 1,546,863 | 3,905,465 | 201,105 | 14,546,087 | 80,172,348 | 21.7% | (3.2%) |
| 1998 | 1,653,027 | 5,169,791 | 197,536 | 5,113,740 | 81,571,788 | 6.5% | (4.6%) |
| 1999 | 1,831,827 | 5,006,205 | 184,500 | 3,359,150 | 81,572,060 | 4.2% | (4.1%) |
| 2000 | 1,970,517 | 5,523,894 | 200,239 | 5,418,210 | 83,236,654 | 6.8% | (4.5%) |
| 2001 | 1,943,727 | 5,501,480 | 228,045 | (8,083,571) | 71,367,285 | (9.9%) | (5.3%) |
| 2002 | 2,125,436 | 5,618,687 | 247,020 | (1,324,674) | 66,302,340 | (1.9%) | (5.6%) |
| 2003 | 2,357,867 | 5,557,940 | 233,033 | 10,226,224 | 73,095,458 | 15.8% | (4.7%) |
| 2004 | 2,116,404 | 5,724,814 | 278,885 | 6,785,645 | 75,993,808 | 9.5% | (5.1%) |
| 2005 | 2,207,813 | 5,830,707 | 253,274 | 6,229,805 | 78,347,445 | 8.4% | (4.9%) |
| 2006 | 2,264,806 | 6,053,623 | 323,691 | 10,832,445 | 85,067,382 | 14.2% | (4.8%) |
| 2007 | 1,557,435 | 6,385,658 | 311,835 | 10,417,283 | 90,344,607 | 12.6% | (5.7%) |
| 2008 | 1,419,803 | 6,496,475 | 316,144 | (24,771,762) | 60,180,029 | (28.3%) | (9.0%) |
| 2009 | 1,213,425 | 6,420,617 | 315,416 | 9,526,869 | 64,184,290 | 16.6% | (8.6%) |
| 2010 | 1,217,670 | 6,538,221 | 320,246 | 7,838,621 | 66,382,114 | 12.8% | (8.5%) |
| 2011 | 1,365,823 | 6,772,901 | 307,729 | 1,260,696 | 61,928,003 | 2.0% | (9.2%) |
| 2012 | 1,764,033 | 6,881,243 | 291,944 | 6,145,823 | 62,664,672 | 10.4% | (8.6%) |
| 2013 | 1,355,384 | 7,066,206 | 301,575 | 9,017,824 | 65,670,099 | 15.1% | (9.2%) |
| 2014 | 2,013,998 | 7,004,633 | 328,935 | 2,894,035 | 63,244,564 | 4.6% | (8.4%) |
| 2015 | 1,967,028 | 7,128,825 | 325,867 | (2,166,802) | 55,590,098 | (3.6%) | (9.9%) |
| 2016 | 1,991,568 | 7,189,999 | 362,927 | 758,214 | 50,786,954 | 1.4% | (11.0%) |
| **Totals** | **$ 53,666,151** | **$146,974,648** | **$7,159,031** | **$135,625,624** | | **8.3%** | |

## Summary of Plan Provisions

1. Effective Date: November 1, 1968.

2. Plan Year: November 1st through October 31st.

3. Covered Employees: All employees covered by the Local 265 Collective Bargaining Agreement.

4. Eligibility: 1,000 Hours of Service.

5. Year of Service: 1 Year of Service is granted for each Plan Year in which 1,000 or more Hours of Service are worked with $^{1}/_{10}$ of a year for each 100 hours less than 1,000.

6. Normal Retirement:

   a. Eligibility — Age 62 and 5th anniversary of Plan participation.

   b. Monthly Benefit

| Effective Date | Benefit Credit |
|---|---|
| 11/01/1968 | 4.350% of Contributions |
| 11/01/1976 | $1.00/100 Hours Worked |
| 11/01/1977 | $1.50/100 Hours Worked |
| 11/01/1979 | $1.75/100 Hours Worked |
| 11/01/1982 | $2.50/100 Hours Worked |
| 11/01/1983 | 2.240% of Contributions |
| 11/01/1985 | 2.552% of Contributions |
| 11/01/1987 | 2.650% of Contributions |
| 11/01/1988 | 2.915% of Contributions |
| 11/01/1994 | 2.500% of Contributions |
| 11/01/1999 | 2.300% of Contributions |
| 03/01/2009 | $15.00/1,200 Hours Worked |

7. Early Retirement:

| | |
|---|---|
| a. Eligibility | Age 55 and 5 Years of Service. |
| b. Monthly Benefit | Calculated as for Normal Retirement with benefit reduced $^5/_9$ of 1% for each of the first 48 months and $^5/_{18}$ of 1% for each of the next 36 months that Early Retirement precedes Normal Retirement (unreduced with 30 Years of Service). |

8. Vested Retirement:

| | |
|---|---|
| a. Eligibility | 5 Years of Service. |
| b. Monthly Benefit | Calculated as for Normal or Early Retirement. |

9. Pre-Retirement Death:

| | |
|---|---|
| a. Eligibility | 5 Years of Service. |
| b. Monthly Benefit | Calculated as for an age 45 Early Retirement (with an additional reduction of $^1/_{12}$ of 1% per month from age 55 to age 45) reflecting a 100% Joint & Survivor Annuity payment form with death immediately after Early Retirement. |

10. Total & Permanent Disability:

| | |
|---|---|
| a. Eligibility | Total & Permanent Disability with contributions made during the 24-month period immediately prior to disability and 5 Years of Service. |
| b. Monthly Benefit | Calculated as for Normal Retirement payable on the first of the month following Social Security disability determination. |



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## Summary of Plan Provisions

11. Trade Disability:

a. Eligibility

Trade Disability and 5 Years of Service with contributions during the 24-month period immediately prior to disability.

b. Monthly Benefit

Calculated as for Normal Retirement with monthly benefit reduced per month $^5/_9$ of 1% first 48 months, $^5/_{18}$ of 1% next 36 months, $^5/_{27}$ of 1% next 60 months, and $^5/_{36}$ of 1% next 60 months that Disability Retirement precedes Normal Retirement.

12. Employer Contributions:

| Effective Date | Hourly Rate |
|---|---|
| 06/01/2015 | $4.90 |
| 06/01/2016 | $5.30 |
| 06/01/2017 | $5.70 |
| 06/01/2018 | $6.10 |
| 06/01/2019 | $6.50 |

13. Actuarial Equivalency: UP 1984 Mortality Table at 7.00%.

14. Payment Forms:

a. Normal

Life Annuity for single participants and an Actuarially Equivalent 50% Joint & Survivor Annuity (QJSA) for married participants.

b. Optional

Actuarially Equivalent 100%, 75%, or $66^2/_3$% Joint & Survivor Annuity (QOSA) (with or without Pop-Up).

15. Changes Since Last Year: None.

## Actuarial Assumptions and Methods

1. Interest Rates: 6.50%/3.06% (Funding/Current Liability).

2. Mortality Rates:

   a. Funding

      i. Non-Disabled — RP-2014 with Blue Collar adjustment.

      ii. Disabled — RP-2014 Disabled Annuitant.

      iii. Base Rate Adjustment — 2006 using Scale MP-2014.

      iv. Future Mortality Improvements — Projected generationally from 2006 using Scale MP-2016.

   b. Current Liability — 2016 Static Mortality Table.

3. Actuarial Cost Method: Unit Credit.

4. Termination Rates:

| Entry Age | 1st Year | 2nd Year | 3rd Year | Ultimate | Ult. Age |
|---|---|---|---|---|---|
| 25 | 0.5000 | 0.4000 | 0.3000 | 0.249242 | 28 |
| 35 | 0.5000 | 0.4000 | 0.3000 | 0.207669 | 38 |
| 45 | 0.5000 | 0.4000 | 0.3000 | 0.139635 | 48 |
| 55 | 0.5000 | 0.4000 | 0.3000 | 0.049564 | 58 |
| 65 | 0.0000 | 0.0000 | 0.0000 | 0.000000 | 65 |

5. Percent Married/Spousal Age: 80% with husbands 3 years older than their wives.

6. Expense Load — $360,000 per year.

7. Number of Hours Worked: 1,250 per year (950 per year with less than 2 Years of Service).

8. Retirement Rates: Based on Years of Service:

| Age | ≤ 30 | 30+ |
|---|---|---|
| 55-56 | 0.15 | 0.50 |
| 57-58 | 0.15 | 0.25 |
| 59 | 0.15 | 0.10 |
| 60 | 0.25 | 0.30 |
| 61 | 0.50 | 0.30 |
| 62 | 1.00 | 1.00 |

9. Disability Rates:

| Age | Rate |
|---|---|
| 25 | 0.00168 |
| 35 | 0.00280 |
| 45 | 0.00588 |
| 55 | 0.01540 |
| 65 | 0.00000 |

10. Asset Valuation Method: Market Value of Assets minus a decreasing fraction ($^4/_5$, $^3/_5$, $^2/_5$, and $^1/_5$) of each of the preceding 4 years gains and (losses). A gain/(loss) for a year is equal to the actual return minus the expected return using the funding interest rate. The Actuarial Value of Assets is adjusted to be within 80% and 120% of the Market Value of Assets.

11. Changes Since Last Year: The mortality, retirement, and disability rates were updated, the hours worked assumption was changed, and the expense load was increased. The Current Liability mortality and interest rates were changed as mandated by the IRS.

## Rationale for Selection of Significant Actuarial Assumptions

| | |
|---|---|
| 1. Interest Rate: | Based on the Plan's target asset allocation reflecting asset class future return expectations as determined by the Plan's investment consultant. |
| 2. Mortality Rates: | RP-2014 table used as base rates. Blue Collar adjustment used to reflect expected workforce mortality experience. RP-2014 Disabled Retiree table used to reflect expected disabled mortality experience. Other adjustments based on the Plan's most recent experience study and expected future generational mortality improvements. |
| 3. Retirement Rates: | Based on the Plan's most recent experience study. |
| 4. Hours Worked: | Based on prior year hours worked and adjusted for anticipated changes in future hours worked. |
| 5. Termination/Disability Rates: | Based on the Plan's most recent experience study. |

# Laborers Local No. 265
# Pension Plan

*Actuarial Valuation Report*
*as of November 1, 2017*

Cuni, Rust & Strenk
ACTUARIAL CONSULTING

June 19, 2018

Board of Trustees
Laborers Local No. 265 Pension Plan

Dear Trustee:

We are pleased to present this Actuarial Valuation Report as of November 1, 2017 on the status of the Laborers Local No. 265 Pension Plan ("Plan"). Cuni, Rust & Strenk is an independent actuarial consulting firm engaged by the Board of Trustees to prepare this Report.

**Reliance on Plan Administrator and Plan Auditor**
In performing this Actuarial Valuation, we have relied on the Plan Administrator's and Plan Auditor's representations that the information that they have supplied, namely the participant data and annual Plan audit, is both accurate and complete. If this information is either inaccurate or incomplete, the results of this Actuarial Valuation could materially change.

**Experience**
Page 1 of the Report summarizes the results of this year's Actuarial Valuation and compares them to last year's results. During 2016-2017 the Plan experienced an actuarial loss of $5,359,125, which was the result of a $4,570,507 loss on the Plan's Actuarial Value of Assets and a $788,618 loss on the Plan's Accrued Liability. The development of the actuarial loss can be found on pages 4 and 5.

**Asset Returns**
Page 2 summarizes the financial position of the Plan's assets as of October 31, 2017, while page 3 shows the development of the Actuarial Value of Assets used to determine the minimum funding requirements, the Pension Protection Act of 2006 (PPA) funded percentage, and the maximum deductible contribution.

As of the valuation date the Actuarial Value of Assets was $53,461,724 and the Market Value of Assets was $50,780,934. Relative to last year, the Actuarial Value decreased by $6,453,039, while the Market Value decreased by $6,020. The difference between the changes in Market and Actuarial Value is attributable to the smoothing method used to calculate the Actuarial Value of Assets. The approximate 2016-2017 annual return on the Market Value of Assets was 11.7%, which was well above the assumed rate of return of 6.5%.

**Minimum and Maximum Contributions**
Pages 6 through 12 develop the maximum tax deductible and minimum required contributions for the Plan Year ending October 31, 2018. The maximum contribution that can be made for the year and claimed as a deduction by contributing employers is $157,474,426, while the minimum required contribution is $0 due to the Plan's Funding Standard Account Credit Balance of $10,793,073, which is developed on page 9.

***As of November 1, 2017, the Plan is projected to have a funding deficiency in 2020.*** This means in 2020 the projected minimum required contribution would exceed that year's anticipated employer contributions.

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**Pension Relief Act of 2010 (PRA 2010)**
The Board of Trustees elected to extend the amortization of the Plan's 2008-2009 asset loss from 15 to 29 years and expand the Actuarial Value of Assets averaging period to 10 years for the same asset loss as allowed under PRA 2010.

**Amortization Base Extension**
The Plan has received an automatic 5-year amortization extension of its eligible minimum required contribution charge bases under IRC § 431(d)(1). Therefore, this Report reflects the 5-year amortization extension on charge bases established before November 1, 2014.

**Withdrawal Liability**
Page 13 develops the present value of vested accrued benefits at the Current Liability interest rate used to calculate the Plan's Employer Withdrawal Liability. Because the Plan's Vested Accrued Benefit Liability exceeds the Plan's Market Value of Assets, any employer withdrawing from the Plan should be assessed Withdrawal Liability.

**ASC 960 Audit Values**
Page 14 shows the present value of accumulated Plan benefits as of October 31, 2017, along with the changes in these liabilities when compared with last year. This information is disclosed each year in the Plan's ASC 960 audit.

As of October 31, 2017, the present value of accumulated Plan benefits amount to $98,941,775, while assets available to pay these benefits equal $50,780,934. The ratio of assets to liabilities, or the Plan's Funded Ratio, increased from 50% last year to 51% this year, due to the changes made to the Plan as well as favorable asset return.

**Pension Protection Act of 2006 (PPA) Funding Status**
The Plan is Critical and Declining and is operating under a forestall insolvency Rehabilitation Plan. As of November 1, 2017, the Plan was certified to be meeting the annual standards required under its Rehabilitation Plan. This Report confirms the Plan's 2017 PPA status certification that was completed earlier this year.

**Participant Information**
Page 15 shows the changes in the number of participants included in this year's valuation when compared to last year. We see that the total number of actives decreased by 9 participants during the 2016-2017 Plan Year. Page 16 shows the age and service distribution for active participants while pages 17 through 20 show the age and benefit distributions of the various classes of inactive participants. Page 21 shows the age and benefit distribution of 2016-2017 Plan Year retirements while page 22 shows the age and benefit distribution of approaching retirements.

**Summary of Hours Worked and Plan History**
Page 23 provides a historical summary of Plan Year annual employer contributions, average contribution rates, and approximate hours worked. Page 24 contains a summary of the Plan's asset history. Included are the contributions, benefit payments, administrative expenses, asset returns, and asset return and cash flow percentages on the Plan's Market Value of Assets since 1984.

**Plan Provisions and Actuarial Assumptions**
Pages 25 through 27 outline the Plan Provisions while pages 28 through 32 summarize the Actuarial Assumptions and Methods used for this year's valuation. The changes to the Plan Provisions are summarized on page 27.

Assumption changes include updating the mortality projection scale and retirement rates, changing to a payment form assumption, and changing the hours worked assumption and expense load. These changes were made to better anticipate future Plan experience. Lastly, the Current Liability mortality and interest rates were changed as mandated by the IRS.

**Audit Information**
The purpose of this Report is to determine the minimum and maximum deductible employer contribution requirements for the Plan Year, provide information to be used in the preparation of governmental filings, actuarial certifications, and provide information for the Plan auditor. This Report is prepared for the sole use of the Board of Trustees. Reliance on this Report for other than the above stated purposes may put the relying Entity at risk of being misled because of confusion or failure to properly interpret the results contained herein.

**Actuarial Certification**
We hereby certify that this Report presents fairly the actuarial position of the Laborers Local No. 265 Pension Plan as of November 1, 2017. The mortality table and interest rate used to calculate Current Liability is mandated by the IRS. In our opinion, all other assumptions used to determine the Plan's liabilities and costs are individually reasonable based on Plan experience and represent our best estimate of anticipated future experience under the Plan. This valuation has been performed in accordance with generally accepted actuarial principles and practices and the undersigned meet the qualification standards of the American Academy of Actuaries necessary to render an actuarial opinion.

Respectfully submitted,

CUNI, RUST & STRENK

[redacted]

M. R. Rust, EA, MAAA, ASA
President

[redacted]

Jason C. Birkle, EA, MAAA, ASA
Consulting Actuary

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## Summary of Valuation Results

| | November 1, 2016 | November 1, 2017 |
|---|---|---|
| 1. Number of Participants | | |
| a. Active Participants | 297 | 288 |
| b. Vested Terminated Participants | 311 | 307 |
| c. Retirees and Beneficiaries | 725 | 733 |
| d. Total: [(a) + (b) + (c)] | 1,333 | 1,328 |
| 2. Normal Cost | | |
| a. For Benefits | $ 228,584 | $ 401,030 |
| b. For Expenses | 360,000 | 500,000 |
| c. Total: [(a) + (b)] | $ 588,584 | $ 901,030 |
| 3. Accrued Liability | | |
| a. Active Participants | $ 16,627,991 | $ 12,114,649 |
| b. Vested Terminated Participants | 17,673,171 | 18,530,198 |
| c. Retirees and Beneficiaries | 66,966,687 | 68,296,928 |
| d. Total: [(a) + (b) + (c)] | $ 101,267,849 | $ 98,941,775 |
| 4. Normal Cost / Accrued Liability Interest Rate | 6.5% | 6.5% |
| 5. Asset Values | | |
| a. Market Value | $ 50,786,954 | $ 50,780,934 |
| b. Actuarial Value | $ 59,914,763 | $ 53,461,724 |
| c. Market Value Asset Return | 1.4% | 11.7% |
| d. Cash Flow Percentage | (11.0%) | (11.0%) |
| e. Prior Year Contributions | $ 1,991,568 | $ 2,069,089 |
| 6. Real Amounts | | |
| a. Unfunded Liability: [(3)(d) - (5)(a)] | $ 50,480,895 | $ 48,160,841 |
| b. Funded Ratio: [(5)(a) ÷ (3)(d)] | 50% | 51% |
| 7. Hourly Amounts | | |
| a. Approximate Hours Worked | 400,623 | 379,675 |
| b. Average Contribution Rate: [(5)(e) ÷ (a)] | $4.97 | $5.45 |
| c. Normal Cost: [(2)(c) ÷ (a)] | 1.47 | 2.37 |
| d. Unfunded Liability Payment: [(b) - (c)] | $3.50 | $3.08 |
| e. Interest on Unfunded Liability: [(4) × (6)(a) ÷ (a)] | 8.19 | 8.25 |
| f. Reduction in Unfunded Liability: [(d) - (e)] | ($4.69) | ($5.17) |
| 8. PPA Information | | |
| a. Status | Critical & Declining | Critical & Declining |
| b. Funded Percentage: [(5)(b) ÷ (3)(d)] | 59% | 54% |
| c. Projected Funding Deficiency | 2020 | 2020 |
| d. Projected Year of Insolvency | 2028 | 2029 |

## Plan Assets: Receipts and Disbursements

| | | |
|---|---|---|
| Market Value of Assets as of November 1, 2016 | | $ 50,786,954 |
| **Receipts:** | | |
| Employer Contributions | $ 2,069,089 | |
| Interest and Dividends | 1,627,786 | |
| Net Appreciation/(Depreciation) | 4,104,071 | |
| Investment Fees | (139,953) | |
| TOTAL RECEIPTS | | $ 7,660,993 |
| **Disbursements:** | | |
| Benefits Paid | $ 7,283,516 | |
| Administrative Expenses | 383,497 | |
| TOTAL DISBURSEMENTS | | $ 7,667,013 |
| Excess of Receipts over Disbursements | | $ (6,020) |
| Market Value of Assets as of October 31, 2017 | | $ 50,780,934 |

**NOTES:**

The approximate return for the Plan Year ending October 31, 2017 was 11.7%.

The Plan's negative cashflow was 11.0% of the Plan's Market Value of Assets as of October 31, 2017.

## Plan Assets: Development of Actuarial Value of Assets

| | | |
|---|---|---|
| 1. Market Value as of November 1, 2016 | | $ 50,786,954 |
| 2. Net Additions | | |
| a. Employer Contributions | $ 2,069,089 | |
| b. Benefit Payments | (7,283,516) | |
| c. Administrative Expenses | (383,497) | |
| d. Total: [(a) + (b) + (c)] | | $ (5,597,924) |
| 3. Expected Investment Income | | |
| a. On Market Value | $ 3,301,152 | |
| b. On Employer Contributions | 66,187 | |
| c. On Benefit Payments | (232,988) | |
| d. On Expenses | (12,267) | |
| e. Total: [(a) + (b) + (c) + (d)] | | $ 3,122,084 |
| 4. Expected Market Value as of October 31, 2017 | | $ 48,311,114 |
| 5. Actual Market Value as of November 1, 2017 | | $ 50,780,934 |
| 6. Net Gain/(Loss) for the 2016-2017 Plan Year: [(5) - (4)] | | $ 2,469,820 |

7. Determination of Unrecognized Gain/(Loss):

| Plan Year | Net Gain/(Loss) | Adjustment Factors | Unrecognized Gain/(Loss) |
|---|---|---|---|
| 2016-2017 | $ 2,469,820 | 0.80 | $ 1,975,856 |
| 2015-2016 | (2,677,244) | 0.60 | (1,606,346) |
| 2014-2015 | (6,708,077) | 0.40 | (2,683,231) |
| 2013-2014 | (1,835,345) | 0.20 | (367,069) |
| 2012-2013 | 4,539,363 | 0.00 | 0 |
| | $ (4,211,483) | | $ (2,680,790) |

| | |
|---|---|
| 8. Preliminary Actuarial Value of Assets: [Actual Market Value as of October 31, 2017 less Unrecognized Gain/(Loss)] | $ 53,461,724 |
| 9. Actuarial Value of Assets: [(8), but not less than 80% or greater than 120% of Market Value] | $ 53,461,724 |
| 10. Recognized Gain/(Loss) | $ (1,530,693) |

**NOTE:** The approximate return on Actuarial Value of Assets is (1.5%).

## Actuarial Experience: Actuarial (Gain)/Loss

| | | |
|---|---|---|
| 1. Unfunded Accrued Liability as of November 1, 2016 | | |
| a. Accrued Liability | $ | 101,267,849 |
| b. Actuarial Value of Assets | | 59,914,763 |
| c. Unfunded Accrued Liability: [(a) - (b), not less than $0] | $ | 41,353,086 |
| 2. 2016 Normal Cost | $ | 588,584 |
| **3. 2016 Contributions** | **$** | **2,069,089** |
| 4. Interest at 6.50% to October 31, 2017 | $ | 2,660,022 |
| 5. Expected Unfunded Accrued Liability Prior to Plan, Method and/or Assumption Change: [(1)(c) + (2) - (3) + (4)] | $ | 42,532,603 |
| 6. Increase/(Decrease) in Unfunded Accrued Liability due to Plan, Method and/or Assumption Change | $ | (2,411,677) |
| 7. Expected Unfunded Accrued Liability as of October 31, 2017: [(5) + (6)] | $ | 40,120,926 |
| 8. Actual Unfunded Accrued Liability as of October 31, 2017 | | |
| a. Accrued Liability | $ | 98,941,775 |
| b. Actuarial Value of Assets | | 53,461,724 |
| c. Unfunded Accrued Liability: [(a) - (b), not less than $0] | $ | 45,480,051 |
| 9. Actuarial (Gain)/Loss: [(8)(c) - (7)] | $ | 5,359,125 |

## Actuarial Experience: Accrued Liability and Assets

| | |
|---|---|
| 1. Accrued Liability Experience | |
| a. Accrued Liability as of November 1, 2016 | $ 101,267,849 |
| b. 2016 Normal Cost | 588,584 |
| c. 2016 Benefit Payments and Expenses | (7,667,013) |
| d. Interest at 6.50% to October 31, 2017 | 6,375,414 |
| e. Expected Accrued Liability as of November 1, 2017: [(a) + (b) + (c) + (d)] | $ 100,564,834 |
| f. Actual Accrued Liability as of November 1, 2017 Prior to Changes | 101,353,452 |
| g. Accrued Liability (Gain)/Loss: [(f) - (e)] | $ 788,618 |
| h. (Decrease)/Increase in Accrued Liability due to Plan, Method and/or Assumption Changes | (2,411,677) |
| i. Accrued Liability as of November 1, 2017: [(f) + (h)] | $ 98,941,775 |

| | |
|---|---|
| 2. Actuarial Value of Assets (AVA) Experience | |
| a. Actuarial Value of Assets as of November 1, 2016 | $ 59,914,763 |
| b. 2016 Benefit Payments and Expenses | (7,667,013) |
| c. 2016 Contributions | 2,069,089 |
| d. Expected Earnings at 6.50% to October 31, 2017 | 3,715,392 |
| e. Expected AVA as of November 1, 2017: [(a) + (b) + (c) + (d)] | $ 58,032,231 |
| f. Actual AVA as of November 1, 2017 Prior to Method Change | 53,461,724 |
| g. Actuarial Value of Assets (Gain)/Loss: [(e) - (f)] | $ 4,570,507 |
| h. (Decrease)/Increase in AVA due to Method Change | 0 |
| i. Actuarial Value of Assets after Method Change: [(f) + (h)] | $ 53,461,724 |

| | |
|---|---|
| 3. Total Actuarial (Gain)/Loss: [(1)(g) + (2)(g)] | $ 5,359,125 |

## Determination of the Full Funding Limitations

| | | IRC §404 Maximum | IRC §412 Minimum |
|---|---|---|---|
| 1. | Accrued Liability Basis | | |
| | a. Estimated End of Year Accrued Liability | $ 98,634,898 | $ 98,634,898 |
| | b. Estimated End of Year Assets | 46,384,006 | 34,889,383 |
| | c. Accrued Liability Basis Full Funding Limit: [(a) - (b), but not less than $0] | $ 52,250,892 | $ 63,745,515 |
| 2. | Current Liability Basis | | |
| | a. Estimated End of Year Current Liability | $ 147,643,666 | $ 147,643,666 |
| | b. Estimated End of Year Assets | 49,226,707 | 49,226,707 |
| | c. Current Liability Full Funding Limit: [{90% of (2)(a)} - (2)(b), but not less than $0] | $ 83,652,592 | $ 83,652,592 |
| 3. | Full Funding Limitation: [Greater of (1) and (2)] | $ 83,652,592 | $ 83,652,592 |

## Maximum Deductible Contribution: Net Limit Adjustment

| Date Established | Type | Initial Balance | 11/1/2017 Balance | 11/1/2017 Net Limit Adjustment |
|---|---|---|---|---|
| 11/01/2017 | Fresh Start | $ 45,480,051 | $ 45,480,051 | $ 5,940,365 |

## Development of Maximum Deductible Contribution

| | | |
|---|---|---|
| 1. Normal Cost plus 10-Year Amortization | | |
| a. 2017 Normal Cost | $ | 901,030 |
| b. Net Limit Adjustment | | 5,940,365 |
| c. Interest on (a) and (b) to October 31, 2018 | | 444,691 |
| d. Total as of October 31, 2018: [(a) + (b) + (c)] | $ | 7,286,086 |
| 2. Minimum Required Contribution | $ | 0 |
| 3. Full Funding Limitation at October 31, 2018 | $ | 83,652,592 |
| 4. Contribution Necessary to Fund 140% of Current Liability | | |
| a. Estimated End of Year Current Liability | $ | 147,643,666 |
| b. Estimated End of Year Assets | | 49,226,707 |
| c. Contribution to Fund 140% of Current Liability: [{140% of (a)} - (b)] | $ | 157,474,426 |
| 5. Maximum Deductible Contribution for Fiscal Year 2018: [Greater of {the lesser of (1)(d) and (3)}, (2) and (4)(c)] | $ | 157,474,426 |

## Minimum Required Contribution: Funding Standard Account Balance

1. Charges

| | | |
|---|---|---|
| a. Funding Deficiency as of October 31, 2016 | $ | 0 |
| b. Normal Cost as of November 1, 2016 | | 588,584 |
| c. Amortization Charges | | 7,724,828 |
| d. Interest to October 31, 2017 | | 540,372 |
| e. Total Charges | $ | 8,853,784 |

2. Credits

| | | |
|---|---|---|
| a. Credit Balance as of October 31, 2016 | $ | 13,075,673 |
| b. Employer Contributions for the 2016 Plan Year | | 2,069,089 |
| c. Amortization Credits | | 3,367,126 |
| d. Interest to October 31, 2017 | | 1,134,969 |
| e. Full Funding Credit | | 0 |
| f. Total Credits | $ | 19,646,857 |

| | | |
|---|---|---|
| 3. Funding Standard Account Balance as of October 31, 2017 | $ | 10,793,073 |

## Minimum Required Contribution: Amortization Schedule

***Charge Bases:***

| Date Established | Type | Initial Balance | Rem. Years | Payment | 11/1/2017 Balance |
|---|---|---|---|---|---|
| 11/01/1990 | Amendment | $ 1,968,452 | 8 | $ 95,847 | $ 621,519 |
| 11/01/1991 | Amendment | 3,136,069 | 9 | 162,548 | 1,152,267 |
| 11/01/1992 | Amendment | 2,544,925 | 10 | 138,522 | 1,060,538 |
| 11/01/1994 | Amendment | 4,717,987 | 12 | 268,354 | 2,331,742 |
| 11/01/1995 | Amendment | 2,985,546 | 13 | 178,320 | 1,633,186 |
| 11/01/1996 | Assumption | 805,643 | 14 | 49,151 | 471,835 |
| 11/01/1996 | Amendment | 4,906,520 | 14 | 299,340 | 2,873,581 |
| 11/01/1997 | Amendment | 4,970,442 | 15 | 308,693 | 3,091,201 |
| 11/01/1998 | Amendment | 3,785,071 | 16 | 238,649 | 2,482,582 |
| 11/01/1999 | Amendment | 84,298 | 17 | 5,384 | 57,970 |
| 11/01/2001 | Assumption | 4,003,592 | 19 | 260,985 | 2,983,697 |
| 11/01/2002 | Assumption | 65,838 | 20 | 4,327 | 50,777 |
| 11/01/2006 | Cost Method | 9,318,928 | 4 | 419,016 | 1,528,768 |
| 11/01/2007 | Amendment | 418,241 | 25 | 28,250 | 366,987 |
| 11/01/2008 | Assumption | 177,865 | 11 | 13,433 | 110,004 |
| 11/01/2008 | Asset Loss | 16,777,129 | 20 | 1,239,679 | 14,547,272 |
| 11/01/2009 | Assumption | 234,420 | 12 | 18,262 | 158,679 |
| 11/01/2009 | Cost Method | 717,669 | 7 | 55,456 | 323,918 |
| 11/01/2009 | Asset Loss | 3,438,969 | 20 | 256,805 | 3,013,528 |
| 11/01/2010 | Assumption | 901,590 | 13 | 72,049 | 659,878 |
| 11/01/2010 | Asset Loss | 3,658,002 | 20 | 276,312 | 3,242,448 |
| 11/01/2011 | Assumption | 1,773,170 | 14 | 144,739 | 1,389,460 |
| 11/01/2011 | Asset Loss | 7,474,933 | 20 | 571,720 | 6,708,972 |
| 11/01/2012 | Assumption | 928,875 | 15 | 77,185 | 772,922 |
| 11/01/2014 | Assumption | 200,893 | 12 | 20,126 | 174,872 |
| 11/01/2014 | Experience | 3,836,746 | 12 | 384,369 | 3,339,803 |
| 11/01/2015 | Experience | 4,975,841 | 13 | 496,896 | 4,550,937 |
| 11/01/2015 | Assumption | 9,597,274 | 13 | 958,401 | 8,777,729 |
| 11/01/2016 | Assumption | 2,722,907 | 14 | 271,914 | 2,610,308 |
| 11/01/2016 | Experience | 4,106,634 | 14 | 410,096 | 3,936,813 |
| 11/01/2017 | Experience | 5,359,125 | 15 | 535,172 | 5,359,125 |
| | Total Charges | | | $ 8,260,000 | $ 80,383,318 |

## Minimum Required Contribution: Amortization Schedule

***Credit Bases:***

| Date Established | Type | Initial Balance | Rem. Years | Payment | 11/1/2017 Balance |
|---|---|---|---|---|---|
| 11/01/1991 | Assumption | $ 3,542,066 | 4 | $ 273,248 | $ 996,936 |
| 11/01/1994 | Assumption | 1,661,259 | 7 | 122,550 | 715,820 |
| 11/01/1996 | Amendment | 21,374 | 9 | 1,617 | 11,458 |
| 11/01/1998 | Assumption | 202,718 | 11 | 15,229 | 124,703 |
| 11/01/2006 | Assumption | 5,008,938 | 19 | 367,474 | 4,201,137 |
| 11/01/2007 | Experience | 1,908,062 | 5 | 196,012 | 867,511 |
| 11/01/2007 | Assumption | 1,315,410 | 20 | 96,257 | 1,129,544 |
| 11/01/2008 | Amendment | 4,201,471 | 6 | 429,934 | 2,216,602 |
| 11/01/2008 | Experience | 1,381,276 | 6 | 141,345 | 728,733 |
| 11/01/2009 | Experience | 9,730,729 | 7 | 991,977 | 5,794,151 |
| 11/01/2010 | Experience | 5,381,941 | 8 | 546,631 | 3,544,638 |
| 11/01/2011 | Experience | 1,071,777 | 9 | 108,468 | 768,902 |
| 11/01/2012 | Experience | 504,665 | 10 | 50,897 | 389,669 |
| 11/01/2013 | Experience | 253,579 | 11 | 25,487 | 208,713 |
| 11/01/2017 | Assumption | 1,087,646 | 15 | 108,614 | 1,087,646 |
| 11/01/2017 | Amendment | 1,324,031 | 15 | 132,220 | 1,324,031 |
| | Total Credits | | | $ 3,607,960 | $ 24,110,194 |

| | | |
|---|---|---|
| 1. | Net Amortization | $ 56,273,124 |
| 2. | Credit Balance | $ 10,793,073 |
| 3. | Balance Test: [(1) - (2)] | $ 45,480,051 |
| 4. | Unfunded Accrued Liability: | |
| | a. Accrued Liability | $ 98,941,775 |
| | b. Actuarial Value of Assets | 53,461,724 |
| | c. Unfunded Accrued Liability: [(a) - (b)] | $ 45,480,051 |

## Development of Minimum Required Contribution

| | | |
|---|---|---|
| 1. Charges | | |
| a. Funding Deficiency as of October 31, 2017 | $ 0 | |
| b. Normal Cost for the 2017 Plan Year | 901,030 | |
| c. Amortization Charges | 8,260,000 | |
| d. Interest to October 31, 2018 | 595,467 | |
| e. Total Charges as of October 31, 2018: [(a) + (b) + (c) + (d)] | | $ 9,756,497 |
| 2. Credits | | |
| a. Credit Balance as of October 31, 2017 | $ 10,793,073 | |
| b. Amortization Credits | 3,607,960 | |
| c. Interest to October 31, 2018 | 936,067 | |
| d. Full Funding Credit | 0 | |
| e. Total Credits as of October 31, 2018: [(a) + (b) + (c) + (d)] | | $ 15,337,100 |
| 3. Preliminary Minimum Required Contribution: [(1)(e) - (2)(e), but not less than $0] | | $ 0 |
| 4. Full Funding Limitation | | |
| a. Based on 100% of Accrued Liability | | $ 63,745,515 |
| b. Based on 90% of RPA '94 Current Liability | | $ 83,652,592 |
| c. Full Funding Limitation: [Larger of (a) and (b)] | | $ 83,652,592 |
| 5. Minimum Required Contribution payable October 31, 2018: [Minimum of (3) and (4)(c)] | | $ 0 |

## Unfunded Vested Accrued Benefits at the Current Liability Interest Rate

| | | |
|---|---|---|
| 1. Value of Vested Accrued Benefits | | |
| a. For Active Participants | $ 21,961,267 | |
| b. For Vested Terminated Participants | 33,074,753 | |
| c. For Retirees and Beneficiaries | 92,401,137 | |
| d. Total: [(a) + (b) + (c)] | | $ 147,437,157 |
| 2. Market Value of Assets | | $ 50,780,934 |
| 3. Value of Unfunded/(Overfunded) Vested Accrued Benefits: [(1)(d) - (2)] | | $ 96,656,223 |

## Present Value of Accumulated Plan Benefits (ASC 960)

| | October 31, 2016 | October 31, 2017 |
|---|---|---|
| 1. Present Value of Accumulated Vested Benefits | | |
| a. Active Participants | $ 15,185,522 | $ 11,900,894 |
| b. Vested Terminated Participants | 17,673,171 | 18,530,198 |
| c. Retirees and Beneficiaries | 66,966,687 | 68,296,928 |
| d. Total: [(a) + (b) + (c)] | $ 99,825,380 | $ 98,728,020 |
| 2. Accumulated Non-Vested Benefits | $ 1,442,469 | $ 213,755 |
| 3. Total Accumulated Benefits: [(1)(d) + (2)] | $ 101,267,849 | $ 98,941,775 |
| 4. Net Assets Available for Benefits | $ 50,786,954 | $ 50,780,934 |
| 5. Funded Ratio: [(4) ÷ (3)] | 50% | 51% |

**Changes in the Value of Accumulated Plan Benefits**
**for the Plan Year Ending October 31, 2017**

| | | |
|---|---|---|
| 1. Value of Accumulated Plan Benefits as of October 31, 2016: | | $ 101,267,849 |
| 2. Increase/(Decrease) in Value due to: | | |
| a. Decrease in Discount Period | $ 6,349,422 | |
| b. Plan Amendment | (1,324,031) | |
| c. Assumption Change | (1,087,646) | |
| d. Benefits Paid | (7,283,516) | |
| e. Plan Experience and Benefit Accrual | 1,019,697 | |
| f. Total Net Increase/(Decrease): [(a) + (b) + (c) + (d) + (e)] | | $ (2,326,074) |
| 3. Value of Accumulated Plan Benefits as of October 31, 2017: [(1) + (2)(f)] | | $ 98,941,775 |

## Plan Participant Summary

| | Actives | Vested Terms | Service Retirees | Disability Retirees | Beneficiaries | Total |
|---|---|---|---|---|---|---|
| As of November 1, 2016 | 297 | 311 | 428 | 128 | 169 | 1,333 |
| Deaths during the Year | | | | | | |
| a. with Beneficiary | 0 | (1) | (7) | (1) | 9 | 0 |
| b. without Beneficiary | 0 | 0 | (6) | (2) | (10) | (18) |
| Retired during the Year | (13) | (9) | 19 | 2 | 1 | 0 |
| Partial Pension Provisions | 0 | 0 | 2 | 0 | 0 | 2 |
| QDRO Filed during the Year | 0 | 0 | 0 | 0 | 1 | 1 |
| Became Inactive | | | | | | |
| a. with Vesting | (24) | 24 | 0 | 0 | 0 | 0 |
| b. without Vesting | (33) | 0 | 0 | 0 | 0 | (33) |
| Returned to Work | 28 | (16) | 0 | 0 | 0 | 12 |
| New Entrants | 33 | 0 | 0 | 0 | 0 | 33 |
| Lump Sum Distributions | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Corrections | 0 | (2) | (2) | 2 | 0 | (2) |
| As of November 1, 2017 | 288 | 307 (1) | 434 | 129 | 170 | 1,328 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Fully Vested Participants | 179 | 307 | 434 | 129 | 170 | 1,219 |
| Not Vested Participants | 109 | 0 | 0 | 0 | 0 | 109 |
| Total as of November 1, 2017 | 288 | 307 | 434 | 129 | 170 | 1,328 |

(1) Includes 1 QDRO Alternate Payee entitled to future benefits.



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## Active Participants as of November 1, 2017

***Total Years of Service***

| Age Group | ≤ 1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35 + | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| < 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20-24 | 0 | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 |
| 25-29 | 0 | 12 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 14 |
| 30-34 | 0 | 21 | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 29 |
| 35-39 | 0 | 13 | 12 | 14 | 2 | 0 | 0 | 0 | 0 | 41 |
| 40-44 | 0 | 15 | 5 | 11 | 9 | 2 | 0 | 0 | 0 | 42 |
| 45-49 | 0 | 9 | 6 | 9 | 5 | 3 | 2 | 0 | 0 | 34 |
| 50-54 | 0 | 10 | 11 | 8 | 8 | 4 | 8 | 3 | 0 | 52 |
| 55-59 | 0 | 14 | 2 | 8 | 4 | 6 | 11 | 0 | 1 | 46 |
| 60-64 | 0 | 4 | 2 | 2 | 5 | 1 | 2 | 0 | 0 | 16 |
| 65-69 | 0 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 4 |
| 70 + | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Total | 0 | 109 | 49 | 52 | 33 | 16 | 23 | 4 | 2 | 288 |

| | | | |
|---|---|---|---|
| Average Age: | 45.8 | Years | (Last Year: 46.1) |
| Average Expected Lifetime: | 83.3 | Years | (Last Year: 83.5) |
| Average Service: | 12.8 | Years | (Last Year: 13.4) |

## Terminated Vested Participants as of November 1, 2017

| Age Group | Number of Lives | Monthly Benefit Total | Monthly Benefit Average |
|---|---|---|---|
| < 20 | 0 | $ 0 | $ 0 |
| 20-24 | 0 | 0 | 0 |
| 25-29 | 0 | 0 | 0 |
| 30-34 | 11 | 2,705 | 246 |
| 35-39 | 28 | 12,673 | 453 |
| 40-44 | 29 | 13,895 | 479 |
| 45-49 | 45 | 29,527 | 656 |
| 50-54 | 83 | 72,526 | 874 |
| 55-59 | 83 | 67,018 | 807 |
| 60-64 | 27 | 28,885 | 1,070 |
| 65-69 | 1 | 311 | 311 |
| 70 + | 0 | 0 | 0 |
| Total | 307 | $ 227,540 | $ 741 |

| | |
|---|---|
| Average Age: | 51.1 |
| Average Expected Lifetime: | 83.2 |



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## Disabled Participants as of November 1, 2017

| | Life Annuities | | | Joint & Survivor Annuities | | |
|---|---|---|---|---|---|---|
| | Number | Monthly Benefit | | Number | Monthly Benefit | |
| Age Group | of Lives | Total | Average | of Lives | Total | Average |
| < 50 | 7 | $ 4,211 | $ 602 | 0 | $ 0 | $ 0 |
| 50-54 | 12 | 7,099 | 592 | 0 | 0 | 0 |
| 55-59 | 21 | 20,534 | 978 | 0 | 0 | 0 |
| 60-64 | 27 | 20,431 | 757 | 5 | 5,271 | 1,054 |
| 65-69 | 13 | 11,355 | 873 | 10 | 11,966 | 1,197 |
| 70-74 | 10 | 11,251 | 1,125 | 6 | 7,637 | 1,273 |
| 75-79 | 6 | 5,865 | 978 | 5 | 2,936 | 587 |
| 80-84 | 4 | 2,450 | 613 | 1 | 449 | 449 |
| 85-89 | 2 | 1,021 | 511 | 0 | 0 | 0 |
| 90 + | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 102 | $ 84,217 | $ 826 | 27 | $ 28,259 | $ 1,047 |

| | | | |
|---|---|---|---|
| Average Age: | 62.7 | Average Age: | 70.1 |
| Average Expected Lifetime: | 79.3 | Average Expected Joint Lifetime: | 92.4 |

## Retired Participants as of November 1, 2017

| Age Group | Life Annuities: Number of Lives | Life Annuities: Monthly Benefit Total | Life Annuities: Monthly Benefit Average | Joint & Survivor Annuities: Number of Lives | Joint & Survivor Annuities: Monthly Benefit Total | Joint & Survivor Annuities: Monthly Benefit Average |
|---|---|---|---|---|---|---|
| < 50 | 0 | $ 0 | $ 0 | 0 | $ 0 | $ 0 |
| 50-54 | 0 | 0 | 0 | 0 | 0 | 0 |
| 55-59 | 16 | 17,318 | 1,082 | 22 | 27,660 | 1,257 |
| 60-64 | 52 | 34,511 | 664 | 53 | 61,180 | 1,154 |
| 65-69 | 44 | 38,841 | 883 | 45 | 41,659 | 926 |
| 70-74 | 25 | 18,778 | 751 | 51 | 61,784 | 1,211 |
| 75-79 | 27 | 22,179 | 821 | 26 | 19,965 | 768 |
| 80-84 | 17 | 14,494 | 853 | 23 | 24,486 | 1,065 |
| 85-89 | 16 | 17,217 | 1,076 | 7 | 7,324 | 1,046 |
| 90 + | 5 | 3,014 | 603 | 5 | 4,357 | 871 |
| Total | 202 | $ 166,352 | $ 824 | 232 | $ 248,415 | $ 1,071 |

| | | | |
|---|---|---|---|
| Average Age: | 70.9 | Average Age: | 70.3 |
| Average Expected Lifetime: | 85.9 | Average Expected Joint Lifetime: | 93.3 |

## Beneficiary Participants as of November 1, 2017

| Age Group | Number of Lives | Monthly Benefit Total | Monthly Benefit Average |
|---|---|---|---|
| < 50 | 4 | $ 1,076 | $ 269 |
| 50-54 | 3 | 2,112 | 704 |
| 55-59 | 12 | 8,789 | 732 |
| 60-64 | 20 | 9,552 | 478 |
| 65-69 | 19 | 10,818 | 569 |
| 70-74 | 24 | 10,884 | 454 |
| 75-79 | 36 | 20,527 | 570 |
| 80-84 | 24 | 9,174 | 382 |
| 85-89 | 15 | 7,807 | 520 |
| 90 + | 13 | 4,217 | 324 |
| Total | 170 | $ 84,956 | $ 500 |

| | |
|---|---|
| Average Age: | 74.0 |
| Average Expected Lifetime: | 88.6 |

## Age Distribution of 2016-2017 Plan Year Retirements

| Retirement Age | Number of Lives | Monthly Benefit Total | Monthly Benefit Average |
|---|---|---|---|
| < 50 | 1 | $ 814 | $ 814 |
| 50 | 0 | 0 | 0 |
| 51 | 0 | 0 | 0 |
| 52 | 0 | 0 | 0 |
| 53 | 0 | 0 | 0 |
| 54 | 0 | 0 | 0 |
| 55 | 3 | 4,136 | 1,379 |
| 56 | 1 | 362 | 362 |
| 57 | 0 | 0 | 0 |
| 58 | 2 | 2,641 | 1,321 |
| 59 | 0 | 0 | 0 |
| 60 | 2 | 3,119 | 1,560 |
| 61 | 1 | 458 | 458 |
| 62 | 6 | 3,751 | 625 |
| 63 | 4 | 6,859 | 1,715 |
| 64 | 2 | 2,560 | 1,280 |
| 65 | 0 | 0 | 0 |
| 66 | 0 | 0 | 0 |
| 67 | 0 | 0 | 0 |
| 68 | 1 | 5,165 | 5,165 |
| 69 | 0 | 0 | 0 |
| 70 + | 0 | 0 | 0 |
| Total | 23 | $ 29,865 | $ 1,298 |

| | |
|---|---|
| Average Age: | 60.7 |
| Average Expected Lifetime: | 84.0 |

## Age Distribution of Approaching Retirements as of November 1, 2017

| | Active Participants | | | Vested Terms | | | Total Participants | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Monthly Benefit | | | Monthly Benefit | | | Monthly Benefit | |
| Age | No. | Total | Average | No. | Total | Average | No. | Total | Average |
| 50 | 8 | $ 5,086 | $ 636 | 19 | $ 18,041 | $ 950 | 27 | $ 23,127 | $ 857 |
| 51 | 12 | 11,774 | 981 | 11 | 8,609 | 783 | 23 | 20,383 | 886 |
| 52 | 12 | 10,894 | 908 | 17 | 14,743 | 867 | 29 | 25,637 | 884 |
| 53 | 5 | 4,160 | 832 | 20 | 14,674 | 734 | 25 | 18,834 | 753 |
| 54 | 15 | 14,468 | 965 | 16 | 16,459 | 1,029 | 31 | 30,927 | 998 |
| 55 | 10 | 7,370 | 737 | 14 | 11,632 | 831 | 24 | 19,002 | 792 |
| 56 | 15 | 12,769 | 851 | 14 | 9,797 | 700 | 29 | 22,566 | 778 |
| 57 | 8 | 6,593 | 824 | 22 | 17,885 | 813 | 30 | 24,478 | 816 |
| 58 | 6 | 4,919 | 820 | 13 | 13,146 | 1,011 | 19 | 18,065 | 951 |
| 59 | 7 | 8,065 | 1,152 | 20 | 14,557 | 728 | 27 | 22,622 | 838 |
| 60 | 4 | 2,916 | 729 | 9 | 11,731 | 1,303 | 13 | 14,647 | 1,127 |
| 61 | 5 | 1,386 | 277 | 6 | 6,799 | 1,133 | 11 | 8,185 | 744 |
| 62 | 3 | 1,538 | 513 | 6 | 7,645 | 1,274 | 9 | 9,183 | 1,020 |
| 63 | 4 | 6,294 | 1,574 | 4 | 2,008 | 502 | 8 | 8,302 | 1,038 |
| 64 | 0 | 0 | 0 | 2 | 702 | 351 | 2 | 702 | 351 |
| 65 | 3 | 366 | 122 | 1 | 311 | 311 | 4 | 677 | 169 |
| 66 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 67 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 68 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 69 | 1 | 4,674 | 4,674 | 0 | 0 | 0 | 1 | 4,674 | 4,674 |
| 70 + | 1 | 2,538 | 2,538 | 0 | 0 | 0 | 1 | 2,538 | 2,538 |
| Total | 119 | $105,810 | $ 889 | 194 | $168,739 | $ 870 | 313 | $274,549 | $ 877 |

## Approximate Hours Worked by Plan Year

| Plan Year Ending 10/31 | Contribution | Average Contribution Rate | Approximate Hours Worked | Plan Year Ending 10/31 | Contribution | Average Contribution Rate | Approximate Hours Worked |
|---|---|---|---|---|---|---|---|
| 1969 | $251,714 | $0.10 | 2,517,140 | 1998 | $1,653,027 | $1.60 | 1,024,588 |
| 1970 | 227,018 | $0.10 | 2,270,180 | 1999 | 1,831,827 | $1.80 | 1,052,992 |
| 1971 | 231,049 | $0.15 | 1,540,327 | 2000 | 1,970,517 | $1.90 | 1,079,351 |
| 1972 | 290,778 | $0.20 | 1,453,890 | 2001 | 1,943,727 | $1.90 | 1,014,240 |
| 1973 | 395,655 | $0.20 | 1,978,275 | 2002 | 2,125,436 | $1.90 | 1,118,651 |
| 1974 | 413,937 | $0.24 | 1,712,819 | 2003 | 2,357,867 | $1.90 | 1,240,983 |
| 1975 | 584,804 | $0.34 | 1,711,605 | 2004 | 2,116,404 | $1.90 | 1,113,897 |
| 1976 | 591,556 | $0.40 | 1,478,890 | 2005 | 2,207,813 | $1.90 | 1,162,007 |
| 1977 | 617,076 | $0.44 | 1,397,143 | 2006 | 2,264,806 | $1.94 | 1,167,426 |
| 1978 | 850,622 | $0.58 | 1,458,217 | 2007 | 1,557,435 | $2.04 | 763,449 |
| 1979 | 1,382,112 | $0.74 | 1,863,513 | 2008 | 1,419,803 | $2.10 | 676,097 |
| 1980 | 1,528,273 | $0.80 | 1,910,341 | 2009 | 1,213,425 | $2.27 | 534,548 |
| 1981 | 1,327,355 | $0.90 | 1,474,839 | 2010 | 1,217,670 | $2.67 | 456,626 |
| 1982 | 1,111,836 | $0.98 | 1,140,345 | 2011 | 1,365,823 | $3.17 | 431,242 |
| 1983 | 1,457,678 | $1.14 | 1,281,475 | 2012 | 1,764,033 | $3.50 | 504,614 |
| 1984 | 1,361,583 | $1.25 | 1,089,266 | 2013 | 1,355,384 | $3.73 | 363,634 |
| 1985 | 1,031,652 | $1.25 | 825,322 | 2014 | 2,013,998 | $4.22 | 477,810 |
| 1986 | 1,080,825 | $1.25 | 864,660 | 2015 | 1,967,028 | $4.57 | 430,608 |
| 1987 | 1,280,368 | $1.25 | 1,024,294 | 2016 | 1,991,568 | $4.97 | 400,623 |
| 1988 | 1,541,407 | $1.25 | 1,233,126 | 2017 | 2,069,089 | $5.45 | 379,675 |
| 1989 | 1,637,862 | $1.25 | 1,310,290 | | | | |
| 1990 | 1,732,358 | $1.31 | 1,319,892 | | | | |
| 1991 | 1,647,199 | $1.40 | 1,176,571 | | | | |
| 1992 | 1,436,595 | $1.40 | 1,026,139 | | | | |
| 1993 | 1,495,860 | $1.40 | 1,068,471 | | | | |
| 1994 | 1,122,474 | $1.40 | 801,767 | | | | |
| 1995 | 1,100,906 | $1.52 | 726,317 | | | | |
| 1996 | 1,312,608 | $1.60 | 820,380 | | | | |
| 1997 | 1,546,863 | $1.60 | 966,789 | | | | |

## Market Value Asset History (1984-2017)

| Plan Year Ending 10/31 | Plan Year Contribution | Plan Year Benefits Paid | Plan Year Admin. Expenses | Plan Year Investment Return | Market Value of Assets at Year End | Asset Return % | Cash Flow % |
|---|---|---|---|---|---|---|---|
| 1984 | $ 1,361,583 | $ 570,941 | $ 83,287 | $ 1,246,555 | $17,588,768 | 7.8% | 4.0% |
| 1985 | 1,031,652 | 719,030 | 86,745 | 2,994,969 | 20,803,614 | 16.9% | 1.1% |
| 1986 | 1,080,825 | 904,960 | 95,487 | 6,279,773 | 27,163,765 | 30.1% | 0.3% |
| 1987 | 1,280,368 | 1,124,569 | 100,951 | 353,836 | 27,572,449 | 1.3% | 0.2% |
| 1988 | 1,541,407 | 1,307,148 | 117,422 | 4,765,845 | 32,455,131 | 17.2% | 0.4% |
| 1989 | 1,637,862 | 1,415,897 | 139,307 | 5,896,475 | 38,434,264 | 18.1% | 0.2% |
| 1990 | 1,732,358 | 1,871,250 | 156,105 | (1,745,239) | 36,394,028 | (4.6%) | (0.8%) |
| 1991 | 1,647,199 | 2,017,536 | 133,911 | 10,912,104 | 46,801,884 | 30.2% | (1.1%) |
| 1992 | 1,436,595 | 2,404,811 | 140,119 | 5,755,687 | 51,449,236 | 12.4% | (2.2%) |
| 1993 | 1,495,860 | 2,797,413 | 152,366 | 5,632,974 | 55,628,291 | 11.1% | (2.6%) |
| 1994 | 1,122,474 | 2,993,718 | 121,167 | 1,036,974 | 54,672,854 | 1.9% | (3.6%) |
| 1995 | 1,100,906 | 3,414,839 | 155,261 | 8,665,940 | 60,869,600 | 16.2% | (4.1%) |
| 1996 | 1,312,608 | 3,655,152 | 146,957 | 9,805,869 | 68,185,968 | 16.4% | (3.7%) |
| 1997 | 1,546,863 | 3,905,465 | 201,105 | 14,546,087 | 80,172,348 | 21.7% | (3.2%) |
| 1998 | 1,653,027 | 5,169,791 | 197,536 | 5,113,740 | 81,571,788 | 6.5% | (4.6%) |
| 1999 | 1,831,827 | 5,006,205 | 184,500 | 3,359,150 | 81,572,060 | 4.2% | (4.1%) |
| 2000 | 1,970,517 | 5,523,894 | 200,239 | 5,418,210 | 83,236,654 | 6.8% | (4.5%) |
| 2001 | 1,943,727 | 5,501,480 | 228,045 | (8,083,571) | 71,367,285 | (9.9%) | (5.3%) |
| 2002 | 2,125,436 | 5,618,687 | 247,020 | (1,324,674) | 66,302,340 | (1.9%) | (5.6%) |
| 2003 | 2,357,867 | 5,557,940 | 233,033 | 10,226,224 | 73,095,458 | 15.8% | (4.7%) |
| 2004 | 2,116,404 | 5,724,814 | 278,885 | 6,785,645 | 75,993,808 | 9.5% | (5.1%) |
| 2005 | 2,207,813 | 5,830,707 | 253,274 | 6,229,805 | 78,347,445 | 8.4% | (4.9%) |
| 2006 | 2,264,806 | 6,053,623 | 323,691 | 10,832,445 | 85,067,382 | 14.2% | (4.8%) |
| 2007 | 1,557,435 | 6,385,658 | 311,835 | 10,417,283 | 90,344,607 | 12.6% | (5.7%) |
| 2008 | 1,419,803 | 6,496,475 | 316,144 | (24,771,762) | 60,180,029 | (28.3%) | (9.0%) |
| 2009 | 1,213,425 | 6,420,617 | 315,416 | 9,526,869 | 64,184,290 | 16.6% | (8.6%) |
| 2010 | 1,217,670 | 6,538,221 | 320,246 | 7,838,621 | 66,382,114 | 12.8% | (8.5%) |
| 2011 | 1,365,823 | 6,772,901 | 307,729 | 1,260,696 | 61,928,003 | 2.0% | (9.2%) |
| 2012 | 1,764,033 | 6,881,243 | 291,944 | 6,145,823 | 62,664,672 | 10.4% | (8.6%) |
| 2013 | 1,355,384 | 7,066,206 | 301,575 | 9,017,824 | 65,670,099 | 15.1% | (9.2%) |
| 2014 | 2,013,998 | 7,004,633 | 328,935 | 2,894,035 | 63,244,564 | 4.6% | (8.4%) |
| 2015 | 1,967,028 | 7,128,825 | 325,867 | (2,166,802) | 55,590,098 | (3.6%) | (9.9%) |
| 2016 | 1,991,568 | 7,189,999 | 362,927 | 758,214 | 50,786,954 | 1.4% | (11.0%) |
| 2017 | 2,069,089 | 7,283,516 | 383,497 | 5,591,904 | 50,780,934 | 11.7% | (11.0%) |
| **Totals** | **$55,735,240** | **$154,258,164** | **$7,542,528** | **$141,217,528** | | **8.4%** | |

## Summary of Plan Provisions

1. Effective Date: November 1, 1968.

2. Plan Year: November 1st through October 31st.

3. Covered Employees: All employees covered by the Local 265 Collective Bargaining Agreement.

4. Eligibility: 1,000 Hours of Service.

5. Year of Service: 1 Year of Service is granted for each Plan Year in which 1,000 or more Hours of Service are worked with $^{1}/_{10}$ of a year for each 100 hours less than 1,000.

6. Normal Retirement:

   a. Eligibility — Age 62 and 5th anniversary of Plan participation.

   b. Monthly Benefit

| Effective Date | Benefit Credit |
|---|---|
| 11/01/1968 | 4.350% of Contributions |
| 11/01/1976 | $1.00/100 Hours Worked |
| 11/01/1977 | $1.50/100 Hours Worked |
| 11/01/1979 | $1.75/100 Hours Worked |
| 11/01/1982 | $2.50/100 Hours Worked |
| 11/01/1983 | 2.240% of Contributions |
| 11/01/1985 | 2.552% of Contributions |
| 11/01/1987 | 2.650% of Contributions |
| 11/01/1988 | 2.915% of Contributions |
| 11/01/1994 | 2.500% of Contributions |
| 11/01/1999 | 2.300% of Contributions |
| 03/01/2009 | $15.00/1,200 Hours Worked |

7. Early Retirement:

| | |
|---|---|
| a. Eligibility | Age 55 and 5 Years of Service with at least 1 Year of Service in the past 2 Plan Years. |
| b. Monthly Benefit | Calculated as for Normal Retirement Actuarially reduced from age 62. |

8. Vested Retirement:

| | |
|---|---|
| a. Eligibility | 5 Years of Service. |
| b. Monthly Benefit | Calculated as for Normal Retirement. |

9. Pre-Retirement Death:

| | |
|---|---|
| a. Eligibility | 5 Years of Service. |
| b. Monthly Benefit | Calculated as for an age 55 Early Retirement reflecting a 50% Joint & Survivor Annuity payment form with death immediately after Early Retirement. |

10. Total & Permanent Disability:

| | |
|---|---|
| a. Eligibility | Social Security Disability Award with at least 1 Year of Service in the past 2 Plan Years. |
| b. Monthly Benefit | Calculated as for Normal Retirement Actuarially reduced from age 62 and payable on the first of the month following Social Security disability determination. |

11. Employer Contributions:

| Effective Date | Hourly Rate |
|---|---|
| 06/01/2015 | $4.90 |
| 06/01/2016 | $5.30 |

12. Actuarial Equivalency: UP 1984 Mortality Table at 7.00%.

13. Payment Forms:

    a. Normal — Life Annuity for single participants and an Actuarially Equivalent 50% Joint & Survivor Annuity (QJSA) for married participants.

    b. Optional — Actuarially Equivalent 100%, 75%, or $66^2/_3$% Joint & Survivor Annuity (QOSA) (with or without Pop-Up).

14. Changes Since Last Year: The Rehabilitation Plan was updated to eliminate future contribution rate increases, change the Early Retirement, Pre-Retirement Death and Total & Permanent Disability benefits, and to eliminate the Trade Disability benefit.

## Actuarial Assumptions and Methods

1. Interest Rates: 6.50%/3.01% (Funding/Current Liability).

2. Mortality Rates:

   a. Funding

      i. Non-Disabled: RP-2014 with Blue Collar adjustment.

      ii. Disabled: RP-2014 Disabled Retiree.

      iii. Base Rate Adjustment: 2006 using Scale MP-2014.

      iv. Future Mortality Improvements: Generational projection using Scale MP-2017.

   b. Current Liability: 2017 Static Mortality Table.

3. Actuarial Cost Method: Unit Credit.

4. Termination Rates:

| Entry Age | 1st Year | 2nd Year | 3rd Year | Ultimate | Ult. Age |
|---|---|---|---|---|---|
| 25 | 0.5000 | 0.4000 | 0.3000 | 0.249242 | 28 |
| 35 | 0.5000 | 0.4000 | 0.3000 | 0.207669 | 38 |
| 45 | 0.5000 | 0.4000 | 0.3000 | 0.139635 | 48 |
| 55 | 0.5000 | 0.4000 | 0.3000 | 0.049564 | 58 |
| 65 | 0.0000 | 0.0000 | 0.0000 | 0.000000 | 65 |

5. Percent Married/Spousal Age: 80% with husbands 3 years older than their wives.

6. Expense Load: $500,000 per year.

7. Assumed Form of Payment:

| Payment Form | Election % |
|---|---|
| Life Annuity | 50% |
| 50% Joint and Survivor | 12% |
| 50% Joint and Survivor with Pop-up | 10% |
| 66 2/3% Joint and Survivor | 5% |
| 66 2/3% Joint and Survivor with Pop-up | 2% |
| 75% Joint and Survivor | 1% |
| 75% Joint and Survivor with Pop-up | 3% |
| 100% Joint and Survivor | 9% |
| 100% Joint and Survivor with Pop-up | 8% |

8. Asset Valuation Method:

Market Value of Assets minus a decreasing fraction ($^4/_5$, $^3/_5$, $^2/_5$, and $^1/_5$) of each of the preceding 4 years gains and (losses). A gain/(loss) for a year is equal to the actual return minus the expected return using the funding interest rate. The Actuarial Value of Assets is adjusted to be within 80% and 120% of the Market Value of Assets.

9. Retirement Rates:

| Age | Rate |
|---|---|
| 55-59 | 0.10 |
| 60 | 0.20 |
| 61 | 0.30 |
| 62 | 0.50 |
| 63-69 | 0.30 |
| 70 | 1.00 |

10. Disability Rates:

| Age | Rate |
|---|---|
| 25 | 0.00168 |
| 35 | 0.00280 |
| 45 | 0.00588 |
| 55 | 0.01540 |
| 65 | 0.00000 |

11. Number of Hours Worked: 1,200 per year (925 per year with less than 2 Years of Service).

12. Changes Since Last Year: The mortality projection scale and retirement rates were updated, the hours worked assumption was changed, and the expense load was increased. An assumption for assumed form of payment election was added based on observed experience. The Current Liability mortality and interest rates were changed as mandated by the IRS.

## Rationale for Selection of Significant Actuarial Assumptions

| | |
|---|---|
| 1. Interest Rate: | Based on the Plan's target asset allocation reflecting asset class future return expectations as determined by the Plan's investment consultant and publically available inflation expectations, anticipated risk premiums, and associated long-term capital market assumptions. |
| 2. Mortality Rates: | RP-2014 table used as base rates. Blue Collar adjustment used to reflect expected workforce mortality experience. RP-2014 Disabled Retiree table used to reflect expected disabled mortality experience. Both RP-2014 tables are adjusted to base year 2006 to reflect the mortality experience used to develop the RP-2014 table. Other adjustments are based on the Plan's most recent experience study, Society of Actuaries mortality studies, and expected generational mortality improvement from base year 2006 using Scale MP-2017. |
| 3. Retirement Rates: | Based on the Plan's most recent experience study. |
| 4. Hours Worked: | Based on prior year hours worked and adjusted for anticipated changes in future hours worked. |
| 5. Termination/Disability Rates: | Based on the Plan's most recent experience study. |
| 6. Assumed Form of Payment: | Based on the Plan's most recent experience study. |

7. Expense Load Assumption:

Based on prior year actual expenses with an assumed increase for expected administrative costs associated with the anticipated MPRA application in the 2017-2018 Plan Year.

# EXHIBIT O

## INFORMATION ON ACTUARIAL ASSUMPTIONS AND METHODS

**Information on Actuarial Assumptions and Methods**
**Laborers Local No. 265 Pension Plan**

This document details the information requested in Revenue Procedure 2017-43 Appendix B on actuarial assumptions and methods that, pursuant to section 6.03 of this Revenue Procedure, must be described in an application for approval of a proposed benefit suspension under the Multiemployer Pension Reform Act of 2014 (MPRA).

## Investment Returns

Detailed information regarding our proposed investment rate return assumption along with supporting documentation is shown in the asset allocation study attached.

Fund Evaluation Group, LLC (F.E.G.), the Plan's investment consultant, provided the model that was used to inform and support this proposed investment return assumption. The answers provided reflect projections that are based on their modeling software. In developing our proposed assumption, we have relied on the judgment of investment professionals as well as our own professional knowledge in determining that the assumption is our best estimate for the purpose of this measurement. We are not investment professionals, and we rely on our colleagues who work in this field for guidance as provided by the Actuarial Standards of Practice.

F.E.G.'s capital market assumptions process is built on a 10-year basis – please see the attached 2017 Capital Market Assumptions and F.E.G. Capital Markets Assumptions Process for detail on this process. To more accurately assess long-term performance of the plan's assets, F.E.G. developed 20-year return assumptions as well. In doing so, they assumed some reversion to longer term averages for the 20-year assumptions given their 10-year assumptions are lower than historical averages (for reasons detailed in the attached 2017 Capital Market Assumptions and F.E.G. Capital Markets Assumptions Process).

The investment return assumptions detailed below reflect the likelihood of future changes in the Plan's asset allocation to better suit the Plan should this Application be approved. In projecting future performance of the Plan given that the suspension takes place, the "Proposed Future Portfolio" asset mix (detailed below) is assumed to be used, as it allows for more market-forward investment strategies given the revised needs of the Plan.

• Net investment return for deterministic projections.

| Years | (11/1/2017 to 10/31/2027) | (11/1/2027+) |
|---|---|---|
| Total Expected Portfolio Return (Current Portfolio) * | 5.6% | 6.6% |
| Total Expected Portfolio Return (Proposed Future Portfolio) ** | 6.7% | 7.6% |

* This portfolio (and the consequent investment return assumptions) are used until the Suspension Date of May 1, 2019.

** This portfolio is expected to go into effect as of the Suspension Date.

• Assumptions used for stochastic projections (if applicable). Provide the expected geometric returns, arithmetic returns, and standard deviation of returns for each asset class in which the plan is invested (or is expected to be invested), including the probability distribution of returns (e.g., normal or log-normal) along with any correlations used in the projections, including correlations among asset returns (and serial correlations, if any).

Assumptions used for stochastic projections are not included because we did not project stochastically.

• Provide the components of the target portfolios (Current Portfolio and Proposed Future Portfolio, which is the proposed mix going forward should this Application be approved) used in the projections, expressed in terms of the asset classes used for setting the plan's investment policy.

See attached Asset Allocation Study, wherein the Current Portfolio is labeled as "Current Targets," and the Proposed Future Portfolio is labeled as "Mix 1."

• Allocate the components of the target portfolio among the asset classes listed. If the target portfolio includes an asset class not included in the list, identify that asset class and its portfolio weight, and include that asset class in the asset class listed below that it most closely resembles in terms of the expected net return, standard deviation, and correlations.

| Asset Class | Weight – Current Portfolio | Weight – Proposed Future Portfolio |
|---|---|---|
| US Equity – Large Cap | 45% | 40% |
| Non-US Equity – Developed | 15% | 25% |
| US Corporate Bonds – Core | 30% | 15% |
| Bank Loans (US Corporate Bonds – High Yield) | 0% | 5% |
| Real Estate | 5% | 7.5% |
| MLPs (Infrastructure) | 5% | 7.5% |

• If the mix of assets for the target portfolio differs from the current mix of assets, identify the extent of the difference and explain the reason for the difference.

The Current Portfolio reflects the Plan's need for short-term, highly liquid assets to meet benefit payment needs in the short term due to the Plan's significant negative cash flow. Should this Application be approved, these cash flow requirements will be diminished, allowing for an investment strategy that is more long-term, less conservative, and that seeks a higher yield, as shown in the Proposed Future Portfolio above. This new portfolio was designed to maximize returns given the Plan's decreased need for liquidity caused by the drop in negative cash flow pursuant to the approval of this Application.

• If the mix of assets is expected to vary over time, explain how and why the mix of assets is expected to vary.

Please see the above answer - the mix of assets is expected to stay the same unless various aspects of the plan (e.g. negative cash flows, funding status, etc.) or market conditions change. The mix could and should change accordingly in the future in response to any such changes.

• If the net investment return assumptions used for the deterministic projections are based on the expected returns for the various asset classes, provide:

o The expected geometric and arithmetic return, net of fees, for each asset class;
o The standard deviation of returns for each asset class;

10-year return assumptions

| Asset Class | Geometric return | Arithmetic return | Standard Deviation |
|---|---|---|---|
| US Equity – Large Cap | 5.0% | 6.9% | 20.0% |
| Non-US Equity – Developed | 7.0% | 9.2% | 22.0% |
| US Corporate Bonds – Core | 2.6% | 2.9% | 7.0% |
| Bank Loans (US Corporate Bonds – High Yield) | 4.5% | 5.2% | 11.5% |
| Real Estate | 5.0% | 6.5% | 17.5% |
| MLPs (Infrastructure) | 9.0% | 12.3% | 27.0% |

20-year return assumptions

| Asset Class | Geometric return | Arithmetic return | Standard Deviation |
|---|---|---|---|
| US Equity – Large Cap | 6.2% | 8.1% | 20.0% |
| Non-US Equity – Developed | 8.0% | 10.2% | 22.0% |
| US Corporate Bonds – Core | 3.6% | 3.9% | 7.0% |
| Bank Loans (US Corporate Bonds – High Yield) | 5.0% | 5.7% | 11.5% |
| Real Estate | 6.0% | 7.5% | 17.5% |
| MLPs (Infrastructure) | 9.5% | 12.8% | 27.0% |

o The correlations for the returns among the asset classes; and

Please refer to the attached 2017 Capital Markets Assumptions, summarized below:

| Asset Class | # | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|---|
| US Equity – Large Cap | 1 | 1.00 | -0.01 | 0.37 | -0.05 | 0.09 | -0.14 |
| Non-US Equity – Developed | 2 | -0.01 | 1.00 | -0.15 | 0.62 | 0.42 | 0.38 |
| US Corporate Bonds – Core | 3 | 0.37 | -0.15 | 1.00 | 0.00 | 0.15 | 0.08 |
| Bank Loans (US Corporate Bonds – High Yield) | 4 | -0.05 | 0.62 | 0.00 | 1.00 | 0.54 | 0.77 |
| Real Estate | 5 | 0.09 | 0.42 | 0.15 | 0.54 | 1.00 | 0.66 |
| MLPs (Infrastructure) | 6 | -0.14 | 0.38 | 0.08 | 0.77 | 0.66 | 1.00 |

o To the extent that the net investment return assumptions for the asset classes vary over time but the investment return assumptions used for the deterministic projections do not, a description of how the investment return assumptions used for the deterministic projections take into account the assumed amount of plan assets (which reflect prior negative or positive assumed cash flows) over time.

The investment return assumptions used for the deterministic projections vary between the 10-year and 20-year projections, in line with the change in the net investment return assumptions for the asset classes between the 10- and 20-year horizons. As mentioned earlier, upon the approval of this Application, the change in the investment portfolio that would take place would be a direct result of the decreased negative cash flows. Until the suspension date, however, the current portfolio would remain in place in order to meet the liquidity needs of the Plan's current high negative cash flow position.

• Provide the inflation rate or rates inherent in the net investment returns.

Please refer to the attached 2017 Capital Markets Assumptions.

• Provide the investment-related expense inherent in the net investment return for the target portfolio, expressed as a percentage of that portfolio.

All returns in the accompanying documents are assumed net of investment related expenses.

**Mortality Assumptions**

Standard mortality tables were used.

| | |
|---|---|
| Non-Disabled | RP-2014 with Blue Collar adjustment. |
| Disabled | RP-2014 Disabled Retiree. |
| Base Year Adjustment | 2006 using Scale MP-2014. |
| Future Projections | Projected generationally using Scale MP-2017. |

This Plan's participants consist primarily of blue collar workers. We have relied on the blue-collar mortality rates in the RP-2014 Mortality Tables Report issued by the Society of Actuaries as the mortality experience for this plan. As is explained in the Society of Actuaries release of Mortality Scale MP-2017, we have adjusted the base table to 2006 using MP-2014 and projected generationally using MP-2017.

**Other demographic assumptions**

Please see the attached Support for Significant Actuarial Assumptions and the summary included in the Supplemental Actuarial Information Report.

**Assumptions regarding form and commencement age of benefits**

Please see the attached Support for Significant Actuarial Assumptions and the summary included in the Supplemental Actuarial Information Report. The probability of any given payment form is independent of age and status.

The payment form election assumption incorporates the changes to the optional forms that would be implemented upon the approval of this Application. The assumed percentage of participants who are married is implicit based on the probability of electing a Joint and Survivor payment form. The table used is below.

| Payment Form | % Electing |
|---|---|
| Single Life Annuity | 50% |
| Joint & 50% Survivor | 29% |
| Joint & 75% Survivor | 21% |

**Assumptions regarding missing or incomplete data**

We valued all participants that were provided to us by the Plan Administrator. Please see the attached Support for Significant Actuarial Assumptions, which details the assumptions used to fill in missing data. For those that are assumed to elect a payment form with a beneficiary, it is assumed that wives are 3 years younger than husbands, and vice versa.

**New entrant profile**

| Entry Age | Sex | Entry Age Accrued Benefit | Entry Age Service | Weighted Percentage of New Entrants |
|---|---|---|---|---|
| 22.5 | M | $242.48 | 1.288 | 17% |
| 27.5 | M | $221.41 | 1.259 | 17% |
| 32.5 | M | $221.09 | 1.233 | 21% |
| 37.5 | M | $284.00 | 1.255 | 16% |
| 42.5 | M | $225.09 | 1.209 | 11% |
| 47.5 | M | $295.14 | 1.200 | 2% |
| 55.0 | M | $320.96 | 1.476 | 17% |

Please see the attached Support for Significant Actuarial Assumptions for more detail on the development of each profile.

**Contribution rates and base units**

Please see the attached Support for Significant Actuarial Assumptions for detail on the history of employers that contributed 5% or more of annual contributions to the plan.

The assumed average contribution rate for each year during the projection period is $5.45 per hour. This assumption is based on the most recent Plan Year average contribution rate.

The assumed contribution base units for each year during the projection period is 400,000 hours. This represents an assumption of 1,200 hours per year per active participant with 2 or more Years of Service, and 925 hours per year per active participant with less than 2 Years of Service.

**Historical trends in contribution rates and base units**

Over the past 10 years, the construction industry in Southwest Ohio has seen significant volatility in its workflow. In 2007, the Plan had 660,000 hours worked, and the pipeline of future projects, membership, and contractors was strong. However, with the economic collapse of 2008, not only did the Plan lose significant assets on its investments, it also saw a significant slowdown in work projects and in its pipeline of future construction projects. Similar to the rest of the economy, the industry saw a decline in available work as capital investment dried up, and this had a direct impact on work hours. Projects began returning in 2011 and 2012, especially with respect to government funded projects, allowing the CBUs to increase. However, in 2009 and 2010 a significant loss in membership and contractors caused a supply shortage and impacted the ability to pursue available projects.

Given the nature of construction industry work, much of the work hours needed and contributions received are based on project-driven work that is cyclical and volatile in nature. This volatility is exacerbated by the reliance on extremely large projects in the jurisdiction of the local. An example of an event that could have a significant impact on the CBUs for a plan such as this would be the building of a sports stadium or installation of a new power plant. The cycles shown are consistent with other local industries and reflect the cyclical nature of large project construction industry work.

**Rationale for selection of contribution base unit (CBU) and contribution rate assumptions**

We would note that this is a construction industry plan, and that the work is cyclical and large-project oriented in nature. Determining an ongoing assumption is difficult given the inherent inconsistency of CBUs from year to year. In a plan such as this, defining an ongoing assumption for hours presents numerous challenges including: uncontrollable market influences, the impact of the legislative environment, volatility of projects, and future predictions of labor and contractor supply.

When preparing our assumption, we have attempted to take into account this cyclicality and that recent years are believed to be at a peak. This assumption further reflects significant input from the trustees as to the expected work going forward and represents our best estimate of ongoing average CBUs. We rely significantly on their industry expertise and experience in determining this assumption. While we would not expect every year to be flat, we believe guessing in regard to the timing of the peaks and troughs of the work cycle does not provide the best estimate in future years. Instead we have used a reasonable estimate of the average ongoing CBUs expected in the future.

The flat contribution rate assumption reflects the rates negotiated in the current Rehabilitation Plan. We have not assumed any future additional contribution rate increases in our projections.

**Employer withdrawals and withdrawal liability payments**

There are no current withdrawal liability payments being received. No assumption has been made regarding future withdrawal liability payments expected to be collected. We have reflected that there are no withdrawals that have currently been deemed collectible by the trustees, nor are there employers who have been identified as likely to withdraw from the Plan.

The Plan is a building and construction industry plan. As a result, a complete withdrawal occurs only if an employer ceases an obligation to contribute to the Plan and continues to perform work (or resumes such work within 5 years) in the jurisdiction of the collective bargaining agreement of the type for which contributions would have been due. Thus, if a contributing employer to the Plan closes its business and does not resume such work without an obligation to contribute, then no withdrawal has occurred.

**Administrative expenses**

Assumed administrative expenses paid by the plan, other than investment-related expenses, are assumed to be $600,000 in the 2017-2018 plan year; $393,533 in the 2018-2019 plan year and increased 1.3% per year thereafter. The higher amount in the 2017 plan year reflects the cost of preparation, submission, and communication of this Application.

**Projection methodology**

No approximation or data grouping techniques were used. No changes were made to the programming of the actuarial software used, nor were modifications made to the resulting cash flow projections provided by such software.

**Support for Significant Actuarial Assumptions**
**Laborers Local No. 265 Pension Plan**

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**Exhibit I: Turnover Rates**
**Laborers Local No. 265 Pension Plan**

**Turnover Rates by Age and Service**

| Age | Rates by service | | | |
|---|---|---|---|---|
| | 0 | 1 | 2 | >=3 |
| 15 | 50.00% | 40.00% | 30.00% | 27.80% |
| 16 | 50.00% | 40.00% | 30.00% | 27.51% |
| 17 | 50.00% | 40.00% | 30.00% | 27.23% |
| 18 | 50.00% | 40.00% | 30.00% | 26.94% |
| 19 | 50.00% | 40.00% | 30.00% | 26.55% |
| 20 | 50.00% | 40.00% | 30.00% | 26.36% |
| 21 | 50.00% | 40.00% | 30.00% | 26.08% |
| 22 | 50.00% | 40.00% | 30.00% | 25.79% |
| 23 | 50.00% | 40.00% | 30.00% | 25.50% |
| 24 | 50.00% | 40.00% | 30.00% | 25.21% |
| 25 | 50.00% | 40.00% | 30.00% | 24.92% |
| 26 | 50.00% | 40.00% | 30.00% | 24.64% |
| 27 | 50.00% | 40.00% | 30.00% | 24.32% |
| 28 | 50.00% | 40.00% | 30.00% | 23.97% |
| 29 | 50.00% | 40.00% | 30.00% | 23.60% |
| 30 | 50.00% | 40.00% | 30.00% | 23.20% |
| 31 | 50.00% | 40.00% | 30.00% | 22.76% |
| 32 | 50.00% | 40.00% | 30.00% | 22.31% |
| 33 | 50.00% | 40.00% | 30.00% | 21.82% |
| 34 | 50.00% | 40.00% | 30.00% | 21.31% |
| 35 | 50.00% | 40.00% | 30.00% | 20.77% |
| 36 | 50.00% | 40.00% | 30.00% | 20.20% |
| 37 | 50.00% | 40.00% | 30.00% | 19.61% |
| 38 | 50.00% | 40.00% | 30.00% | 19.00% |
| 39 | 50.00% | 40.00% | 30.00% | 18.36% |
| 40 | 50.00% | 40.00% | 30.00% | 17.69% |
| 41 | 50.00% | 40.00% | 30.00% | 16.99% |
| 42 | 50.00% | 40.00% | 30.00% | 16.27% |
| 43 | 50.00% | 40.00% | 30.00% | 15.52% |
| 44 | 50.00% | 40.00% | 30.00% | 14.75% |
| 45 | 50.00% | 40.00% | 30.00% | 13.96% |
| 46 | 50.00% | 40.00% | 30.00% | 13.15% |
| 47 | 50.00% | 40.00% | 30.00% | 12.32% |
| 48 | 50.00% | 40.00% | 30.00% | 11.47% |
| 49 | 50.00% | 40.00% | 30.00% | 10.58% |
| 50 | 50.00% | 40.00% | 30.00% | 9.67% |
| 51 | 50.00% | 40.00% | 30.00% | 8.74% |
| 52 | 50.00% | 40.00% | 30.00% | 7.79% |
| 53 | 50.00% | 40.00% | 30.00% | 6.83% |
| 54 | 50.00% | 40.00% | 30.00% | 5.88% |
| 55 | 50.00% | 40.00% | 30.00% | 4.96% |
| 56 | 50.00% | 40.00% | 30.00% | 4.07% |
| 57 | 50.00% | 40.00% | 30.00% | 3.25% |
| 58 | 50.00% | 40.00% | 30.00% | 2.49% |
| 59 | 50.00% | 40.00% | 30.00% | 1.82% |
| 60 | 50.00% | 40.00% | 30.00% | 1.23% |
| 61 | 50.00% | 40.00% | 30.00% | 0.75% |
| 62 | 50.00% | 40.00% | 30.00% | 0.38% |
| 63 | 50.00% | 40.00% | 30.00% | 0.13% |
| >=64 | 50.00% | 40.00% | 30.00% | 0.00% |

**Exhibit II: Disability and Retirement Rates**
**Laborers Local No. 265 Pension Plan**

**Disability rates**

| Age | Rate |
|---|---|
| 15 | 0.08% |
| 16 | 0.11% |
| 17 | 0.11% |
| 18 | 0.11% |
| 19 | 0.14% |
| 20 | 0.14% |
| 21 | 0.14% |
| 22 | 0.14% |
| 23 | 0.17% |
| 24 | 0.17% |
| 25 | 0.17% |
| 26 | 0.17% |
| 27 | 0.20% |
| 28 | 0.20% |
| 29 | 0.20% |
| 30 | 0.20% |
| 31 | 0.22% |
| 32 | 0.22% |
| 33 | 0.25% |
| 34 | 0.25% |
| 35 | 0.28% |
| 36 | 0.31% |
| 37 | 0.34% |

| Age | Rate |
|---|---|
| 38 | 0.34% |
| 39 | 0.36% |
| 40 | 0.39% |
| 41 | 0.45% |
| 42 | 0.48% |
| 43 | 0.50% |
| 44 | 0.53% |
| 45 | 0.59% |
| 46 | 0.64% |
| 47 | 0.70% |
| 48 | 0.76% |
| 49 | 0.84% |
| 50 | 0.92% |
| 51 | 1.01% |
| 52 | 1.12% |
| 53 | 1.23% |
| 54 | 1.40% |
| 55 | 1.54% |
| 56 | 1.71% |
| 57 | 1.96% |
| 58 | 2.21% |
| 59 | 2.44% |
| >=60 | 0.00% |

**Retirement rates**

| Actives | | Terminated Vested | |
|---|---|---|---|
| Age | Rate | Age | Rate |
| <=54 | 0% | <=54 | 0% |
| 55 | 10% | 55 | 10% |
| 56 | 10% | 56 | 10% |
| 57 | 10% | 57 | 10% |
| 58 | 10% | 58 | 10% |
| 59 | 10% | 59 | 10% |
| 60 | 20% | 60 | 10% |
| 61 | 30% | 61 | 20% |
| 62 | 50% | 62 | 70% |
| 63 | 30% | 63 | 50% |
| 64 | 30% | 64 | 100% |
| 65 | 30% | 65 | 100% |
| 66 | 30% | 66 | 100% |
| 67 | 30% | 67 | 100% |
| 68 | 30% | 68 | 100% |
| 69 | 30% | 69 | 100% |
| >=70 | 100% | >=70 | 100% |

**Exhibit III: Development of Payment Form Election Assumption**
**Laborersd Local No. 265 Pension Plan**

| Payment Form* | Actives | Inactives | Total | % of Total | Assumption | Included in Proposed Plan Amendment |
|---|---|---|---|---|---|---|
| Life Annuity | 24 | 60 | 84 | 49.7% | 50% | 50% |
| Joint & 50% Survivor | 13 | 7 | 20 | 11.8% | 12% | 29% |
| Joint & 50% Survivor with Pop-Up | 9 | 8 | 17 | 10.1% | 10% | |
| Joint & 66 2/3% Survivor | 4 | 5 | 9 | 5.3% | 5% | |
| Joint & 66 2/3% Survivor with Pop-Up | 2 | 2 | 4 | 2.4% | 2% | |
| Joint & 75% Survivor | 1 | 0 | 1 | 0.6% | 1% | 21% |
| Joint & 75% Survivor with Pop-Up | 2 | 3 | 5 | 3.0% | 3% | |
| J&S 100% | 6 | 9 | 15 | 8.9% | 9% | |
| Joint & 100% Survivor with Pop-Up | 2 | 12 | 14 | 8.3% | 8% | |
| Total | **63** | **106** | **169** | **100%** | **100%** | **100%** |

*Based on participant data from November 1, 2011 to November 1, 2017.

**Exhibit IV: Assumptions Used to Fill in Missing Data**
**Laborers Local No. 265 Pension Plan**

| Data field | Assumption used | Status applicable |
|---|---|---|
| **Member's Date of Birth** | Valuation date - (26+Vesting Service) | For all actives and terminated vested participants |
| **Beneficiary's Date of Birth** | Member's Date of Birth +/- 3 years (plus (+) 3 years if member is a female, minus (-) 3 years if member is a female) | For all terminated vested participants or participants with Joint & Survivor payment forms |
| **Date of Hire** | Valuation date - Vesting Service | For all actives |

**Exhibit V: Termination Decrement Study**
**Laborers Local No. 265 Pension Plan**

| Service | Near age | Exposed | Actual Terminations | Expected Terminations | Actual q's | Expected q's | Ratio: Actual over Expected | New q's |
|---|---|---|---|---|---|---|---|---|
| <1 | <20 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | 20-24 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | 25-29 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | 30-34 | 1 | 1 | 0.5 | 1 | 0.499307 | 2.003 | |
| | 35-39 | 1 | 1 | 0.5 | 1 | 0.49904 | 2.004 | |
| | 40-44 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | 45-49 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | 50-54 | 1 | 1 | 0.5 | 1 | 0.497102 | 2.012 | |
| | 55-59 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | 60-64 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | 65+ | 0 | 0 | 0 | 0 | 0 | 0 | |
| | **<Total>** | **3** | **3** | **1.5** | **1** | **0.4985** | **2.006** | **0.5000** |
| 1 | <20 | 1 | 0 | 0.4 | 0 | 0.399747 | 0 | |
| | 20-24 | 19 | 8 | 7.59 | 0.421053 | 0.399717 | 1.053 | |
| | 25-29 | 66 | 27 | 26.38 | 0.409091 | 0.399658 | 1.024 | |
| | 30-34 | 18 | 7 | 7.19 | 0.388889 | 0.399531 | 0.973 | |
| | 35-39 | 63 | 20 | 25.16 | 0.31746 | 0.399376 | 0.795 | |
| | 40-44 | 11 | 4 | 4.39 | 0.363636 | 0.399044 | 0.911 | |
| | 45-49 | 13 | 7 | 5.18 | 0.538462 | 0.39865 | 1.351 | |
| | 50-54 | 8 | 1 | 3.18 | 0.125 | 0.398108 | 0.314 | |
| | 55-59 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | 60-64 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | 65+ | 0 | 0 | 0 | 0 | 0 | 0 | |
| | **<Total>** | **199** | **74** | **79.48** | **0.371859** | **0.3994** | **0.931** | **0.4000** |
| 2 | 20-24 | 18 | 3 | 5.4 | 0.166667 | 0.29979 | 0.556 | |
| | 25-29 | 46 | 17 | 13.79 | 0.369565 | 0.299742 | 1.233 | |
| | 30-34 | 27 | 2 | 8.09 | 0.074074 | 0.299645 | 0.247 | |
| | 35-39 | 60 | 23 | 17.97 | 0.383333 | 0.299494 | 1.28 | |
| | 40-44 | 11 | 5 | 3.29 | 0.454545 | 0.299302 | 1.519 | |
| | 45-49 | 20 | 6 | 5.98 | 0.3 | 0.298978 | 1.003 | |
| | 50-54 | 16 | 4 | 4.77 | 0.25 | 0.298415 | 0.838 | |
| | 55-59 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | 60-64 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | 65+ | 0 | 0 | 0 | 0 | 0 | 0 | |
| | **<Total>** | **198** | **60** | **59.29** | **0.30303** | **0.2994** | **1.012** | **0.3000** |

**Exhibit V: Termination Decrement Study**
**Laborers Local No. 265 Pension Plan**

| Service | Near age | Exposed | Actual Terminations | Expected Terminations | Actual q's | Expected q's | Ratio: Actual over Expected | |
|---|---|---|---|---|---|---|---|---|
| 3+ | <22 | 0 | 0 | 0 | 0% | 0% | 0 | |
| | 22 | 1 | 0 | 0 | 0% | 25.8% | 0 | |
| | 23 | 5 | 2 | 1 | 40% | 25.5% | 157% | |
| | 24 | 8 | 0 | 2 | 0% | 25.2% | 0% | |
| | 25 | 12 | 2 | 3 | 17% | 24.9% | 67% | |
| | 26 | 20 | 5 | 5 | 25% | 24.6% | 102% | |
| | 27 | 29 | 4 | 7 | 14% | 24.3% | 57% | |
| | 28 | 38 | 6 | 9 | 16% | 24.0% | 66% | |
| | 29 | 50 | 13 | 12 | 26% | 23.6% | 110% | |
| | 30 | 55 | 13 | 13 | 24% | 23.2% | 102% | |
| | 31 | 59 | 16 | 13 | 27% | 22.7% | 119% | |
| | 32 | 55 | 7 | 12 | 13% | 22.3% | 57% | |
| | 33 | 61 | 17 | 13 | 28% | 21.8% | 128% | |
| | 34 | 45 | 9 | 10 | 20% | 21.3% | 94% | |
| | 35 | 51 | 8 | 11 | 16% | 20.7% | 76% | |
| | 36 | 49 | 6 | 10 | 12% | 20.2% | 61% | |
| | 37 | 56 | 11 | 11 | 20% | 19.6% | 100% | |
| | 38 | 56 | 10 | 11 | 18% | 19.0% | 94% | |
| | 39 | 53 | 11 | 10 | 21% | 18.3% | 113% | |
| | 40 | 53 | 9 | 9 | 17% | 17.7% | 96% | |
| | 41 | 58 | 14 | 10 | 24% | 17.0% | 142% | |
| | 42 | 61 | 8 | 10 | 13% | 16.2% | 81% | |
| | 43 | 68 | 17 | 11 | 25% | 15.5% | 162% | |
| | 44 | 69 | 17 | 10 | 25% | 14.7% | 168% | |
| | 45 | 75 | 10 | 10 | 13% | 13.9% | 96% | |
| | 46 | 84 | 23 | 11 | 27% | 13.1% | 209% | |
| | 47 | 88 | 21 | 11 | 24% | 12.3% | 194% | |
| | 48 | 101 | 18 | 12 | 18% | 11.4% | 156% | |
| | 49 | 101 | 26 | 11 | 26% | 10.5% | 244% | |
| | 50 | 102 | 13 | 10 | 13% | 9.6% | 132% | |
| | 51 | 110 | 17 | 10 | 15% | 8.7% | 178% | |
| | 52 | 109 | 17 | 8 | 16% | 7.7% | 201% | |
| | 53 | 103 | 17 | 7 | 17% | 6.8% | 243% | |
| | 54 | 100 | 20 | 6 | 20% | 5.8% | 342% | |
| | 55+ | 0 | 0 | 0 | 0 | 0.0% | 0 | |
| | <Total> | **1985** | **387** | **297.31** | **0.194962** | **0.1498** | **1.302** | **No Change** |

**Exhibit VI: Disability Decrement Study**
**Laborers Local No. 265 Pension Plan**

| Near age | Exposed | Actual Disabilities | Expected Disabilities | Actual q's | Expected q's | Ratio: Actual over Expected |
|---|---|---|---|---|---|---|
| <20 | 1 | **0.00** | **0.00** | 0.0000 | 0.0008 | 0% |
| 20-24 | 51 | **0.00** | **0.05** | 0.0000 | 0.0009 | 0% |
| 25-29 | 261 | **0.00** | **0.30** | 0.0000 | 0.0012 | 0% |
| 30-34 | 321 | **1.00** | **0.46** | 0.0031 | 0.0014 | 217% |
| 35-39 | 389 | **1.00** | **0.78** | 0.0026 | 0.0020 | 129% |
| 40-44 | 331 | **1.00** | **1.02** | 0.0030 | 0.0031 | 98% |
| 45-49 | 482 | **0.00** | **2.29** | 0.0000 | 0.0048 | 0% |
| 50-54 | 549 | **9.00** | **4.24** | 0.0164 | 0.0077 | 212% |
| 55-59 | 331 | **8.00** | **4.35** | 0.0242 | 0.0131 | 184% |
| 60-64 | 91 | **0.00** | **0.00** | 0.0000 | 0.0000 | 0% |
| 65+ | 12 | **0.00** | **0.00** | 0.0000 | 0.0000 | 0% |
| <Total> | 2819 | **20** | **13** | 0.0071 | 0.0048 | **148%** * |

* The rates of the base disability decrement table being used were multiplied by a factor of 1.4.

**Exhibit VII: Retirement Decrement Studies**
**Laborers Local No. 265 Pension Plan**

**2016 Retirement Study**
**Active Participants**

| Service | Near age | Exposed | Actual Retirements | Expected Retirements | Actual q's | Expected q's | Ratio: Actual over Expected | New |
|---|---|---|---|---|---|---|---|---|
| <30 | <55 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| | 55 | 72 | 16 | 0 | 22% | 0% | 0 | 15% |
| | 56 | 65 | 10 | 0 | 15% | 0% | 0 | 15% |
| | 57 | 58 | 10 | 0 | 17% | 0% | 0 | 15% |
| | 58 | 45 | 13 | 0 | 29% | 0% | 0 | 15% |
| | 59 | 39 | 5 | 0 | 13% | 0% | 0 | 15% |
| | 60 | 24 | 6 | 0 | 25% | 0% | 0 | 25% |
| | 61 | 21 | 11 | 0 | 52% | 0% | 0 | 50% |
| | 62 | 9 | 5 | 8 | 56% | 89% | 0.625 | 100% |
| | 63+ | 11 | 6 | 9 | 55% | 82% | 0.667 | 100% |
| | **<Total>** | **344** | **82** | **17** | **24%** | **5%** | **4.824** | |
| 30+ | <55 | 0 | 0 | 0 | 0% | 0% | 0 | 0% |
| | 55 | 10 | 5 | 2.98 | 50% | 30% | 1.679 | 50% |
| | 56 | 14 | 7 | 4.17 | 50% | 30% | 1.680 | 50% |
| | 57 | 10 | 4 | 4.95 | 40% | 50% | 0.807 | 25% |
| | 58 | 8 | 2 | 3.96 | 25% | 49% | 0.505 | 25% |
| | 59 | 10 | 1 | 4.94 | 10% | 49% | 0.202 | 10% |
| | 60 | 12 | 5 | 8.37 | 42% | 70% | 0.597 | 30% |
| | 61 | 6 | 2 | 4.18 | 33% | 70% | 0.478 | 30% |
| | 62 | 6 | 2 | 6 | 33% | 100% | 0.333 | 100% |
| | 63+ | 14 | 2 | 14 | 14% | 100% | 0.143 | 100% |
| | **<Total>** | **90** | **30** | **53.55** | **33%** | **60%** | **0.560** | |

**2017 Retirement Study**
**Combined Active and Terminated Vested Participants**

| Near age | Exposed | Actual Retirements | Expected Retirements | Actual q's | Expected q's | Ratio: Actual over Expected | New |
|---|---|---|---|---|---|---|---|
| <55 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| 55 | 120 | 18 | 33.09 | 15% | 28% | 0.544 | 10% |
| 56 | 108 | 22 | 29.88 | 20% | 28% | 0.736 | 10% |
| 57 | 94 | 14 | 18.27 | 15% | 19% | 0.766 | 10% |
| 58 | 83 | 10 | 16.33 | 12% | 20% | 0.612 | 10% |
| 59 | 70 | 7 | 8.62 | 10% | 12% | 0.812 | 10% |
| 60 | 63 | 13 | 17.34 | 21% | 28% | 0.750 | 20% |
| 61 | 52 | 13 | 20.53 | 25% | 39% | 0.633 | 30% |
| 62 | 32 | 18 | 32 | 56% | 100% | 0.563 | 50% |
| 63 | 10 | 3 | 10 | 30% | 100% | 0.300 | 30% |
| 64 | 5 | 3 | 5 | 60% | 100% | 0.600 | 30% |
| 65 | 3 | 0 | 3 | 0% | 100% | 0 | 30% |
| 66 | 3 | 0 | 3 | 0% | 100% | 0 | 30% |
| 67 | 3 | 1 | 3 | 33% | 100% | 0.333 | 30% |
| 68 | 2 | 0 | 2 | 0% | 100% | 0 | 30% |
| 69 | 1 | 0 | 1 | 0% | 100% | 0 | 30% |
| 70+ | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| **<Total>** | **649** | **122** | **203.06** | **19%** | **31%** | **0.601** | |

**Exhibit VII: Retirement Decrement Studies**
**Laborers Local No. 265 Pension Plan**

**2018 Retirement Study**
**Active Participants**

| Near age | Exposed | Actual Retirements | Expected Retirements | Actual q's | Expected q's | Ratio: Actual over Expected | New |
|---|---|---|---|---|---|---|---|
| <55 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| 55 | 62 | 16 | 6.14 | 26% | 10% | 2.605 | 10% |
| 56 | 48 | 12 | 4.75 | 25% | 10% | 2.527 | 10% |
| 57 | 39 | 10 | 3.85 | 26% | 10% | 2.595 | 10% |
| 58 | 33 | 6 | 3.26 | 18% | 10% | 1.843 | 10% |
| 59 | 33 | 3 | 3.25 | 9% | 10% | 0.923 | 10% |
| 60 | 34 | 9 | 6.78 | 26% | 20% | 1.328 | 20% |
| 61 | 28 | 11 | 8.37 | 39% | 30% | 1.314 | 30% |
| 62 | 15 | 7 | 7.47 | 47% | 50% | 0.937 | 50% |
| 63 | 7 | 2 | 2.09 | 29% | 30% | 0.957 | 30% |
| 64 | 6 | 3 | 1.79 | 50% | 30% | 1.675 | 30% |
| 65 | 3 | 0 | 0.89 | 0% | 30% | 0 | 30% |
| 66 | 3 | 0 | 0.89 | 0% | 30% | 0 | 30% |
| 67 | 3 | 1 | 0.89 | 33% | 30% | 1.119 | 30% |
| 68 | 2 | 0 | 0.6 | 0% | 30% | 0 | 30% |
| 69 | 1 | 0 | 0.3 | 0% | 30% | 0 | 30% |
| 70 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 71 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 72 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 73 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 74 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 75+ | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| **<Total>** | **317** | **80** | **51.33** | **25%** | **16%** | **1.559** | |

**2018 Retirement Study**
**Temrinated Vested Participants**

| Near age | Exposed | Actual Retirements | Expected Retirements | Actual q's | Expected q's | Ratio: Actual over Expected | New |
|---|---|---|---|---|---|---|---|
| <55 | 0 | 0 | 0 | 0 | 0 | 0 | 10% |
| 55 | 68 | 9 | 20.16 | 13% | 30% | 0.447 | 10% |
| 56 | 65 | 8 | 19.34 | 12% | 30% | 0.414 | 10% |
| 57 | 60 | 5 | 12.05 | 8% | 20% | 0.415 | 10% |
| 58 | 54 | 4 | 11.15 | 7% | 21% | 0.359 | 10% |
| 59 | 40 | 6 | 4.63 | 15% | 12% | 1.296 | 10% |
| 60 | 32 | 5 | 8.97 | 16% | 28% | 0.557 | 20% |
| 61 | 29 | 7 | 11.26 | 24% | 39% | 0.622 | 70% |
| 62 | 20 | 13 | 20 | 65% | 100% | 0.650 | 50% |
| 63 | 6 | 3 | 6 | 50% | 100% | 0.500 | 100% |
| 64 | 1 | 1 | 1 | 100% | 100% | 1.000 | 100% |
| 65 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 66 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 67 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 68 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 69 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 70 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 71 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 72 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 73 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 74 | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| 75+ | 0 | 0 | 0 | 0% | 0% | 0 | 100% |
| **<Total>** | **375** | **61** | **114.56** | **16%** | **31%** | **0.532** | |

**Exhibit VIII: Liability Gain/Loss Analysis**
**Laborers Local No. 265 Pension Plan**

| Summary of gain/(loss) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Year of Analysis | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| 2. Expected unfunded liability | | | | | | | | | | | |
| (a) Actuarial liability, beginning of year | 88,751,964 | 88,343,699 | 85,064,550 | 85,213,030 | 86,964,422 | 89,508,983 | 90,688,602 | 89,869,958 | 90,598,409 | 99,931,110 | 101,267,849 |
| (b) Assets, beginning of year | 85,067,382 | 86,963,410 | 72,216,035 | 77,021,148 | 79,658,537 | 74,313,604 | 75,197,606 | 74,314,494 | 71,415,278 | 66,171,749 | 59,914,763 |
| (c) Unfunded liability, beginning of year: (a)-(b) | 3,684,582 | 1,380,289 | 12,848,515 | 8,191,882 | 7,305,885 | 15,195,379 | 15,490,996 | 15,555,464 | 19,183,131 | 33,759,361 | 41,353,086 |
| (d) Normal cost | 1,361,049 | 1,052,363 | 599,307 | 228,692 | 220,782 | 216,620 | 232,339 | 175,838 | 231,710 | 256,949 | 228,584 |
| (e) Expected expenses, beginning of year | 350,000 | 310,000 | 310,000 | 315,000 | 320,000 | 305,000 | 290,000 | 300,000 | 330,000 | 330,000 | 360,000 |
| (f) Interest at Valuation Interest Rate on (c)+(d)+(e) | 404,672 | 205,699 | 1,031,837 | 655,168 | 588,500 | 1,178,775 | 1,201,000 | 1,202,348 | 1,480,863 | 2,232,510 | 2,726,209 |
| (g) Actual contributions, with interest to end of year | 1,614,783 | 1,472,083 | 1,258,106 | 1,262,507 | 1,416,115 | 1,828,988 | 1,405,292 | 2,088,158 | 2,039,458 | 2,055,275 | 2,135,276 |
| (h) Expected unfunded liability: (c)+(d)+(e)+(f)-(g) | 4,185,520 | 1,476,268 | 13,531,553 | 8,128,235 | 7,019,052 | 15,066,786 | 15,809,043 | 15,145,492 | 19,186,246 | 34,523,545 | 42,532,603 |
| 3. Actual unfunded liability | | | | | | | | | | | |
| (a) Actuarial liability, end of year | 89,240,868 | 89,088,156 | 84,260,941 | 86,062,832 | 87,735,813 | 89,759,727 | 89,869,958 | 90,397,516 | 90,333,836 | 98,544,942 | 101,353,452 |
| (b) Assets, end of year | 86,963,410 | 72,216,035 | 77,021,148 | 79,658,537 | 74,313,604 | 75,197,606 | 74,314,494 | 71,415,278 | 66,171,749 | 59,914,763 | 53,461,724 |
| (c) Actual unfunded liability: (a)-(b) | 2,277,458 | 16,872,121 | 7,239,793 | 6,404,295 | 13,422,209 | 14,562,121 | 15,555,464 | 18,982,238 | 24,162,087 | 38,630,179 | 47,891,728 |
| 4. Total gain/(loss) for the year: (2)(h)-(3)(c) | 1,908,062 | (15,395,853) | 6,291,760 | 1,723,940 | (6,403,157) | 504,665 | 253,579 | (3,836,746) | (4,975,841) | (4,106,634) | (5,359,125) |
| 5. Total gain/(loss), by source | | | | | | | | | | | |
| (a) Liability gain/(loss) | 1,062,762 | 282,387 | 1,176,888 | (985,366) | (1,009,072) | (414,148) | 542,725 | (879,390) | (65,897) | 712,259 | (788,618) |
| (b) Asset gain/(loss) | | | | | | | | | | | |
| (i) Assets, beginning of year | 85,067,382 | 86,963,410 | 72,216,035 | 77,021,148 | 79,658,537 | 74,313,604 | 75,197,606 | 74,314,494 | 71,415,278 | 66,171,749 | 59,914,763 |
| (ii) Interest at Valuation Interest Rate on (i) | 6,380,054 | 6,522,256 | 5,416,202 | 5,776,586 | 5,974,390 | 5,573,520 | 5,639,821 | 5,573,587 | 5,356,146 | 4,301,164 | 3,894,460 |
| (iii) Actual contributions, with interest to end of year | 1,614,783 | 1,472,083 | 1,258,106 | 1,262,507 | 1,416,115 | 1,828,988 | 1,405,292 | 2,088,158 | 2,039,458 | 2,055,275 | 2,135,276 |
| (iv) Actual benefit payments, with interest to end of year | 6,620,791 | 6,735,689 | 6,657,037 | 6,778,972 | 7,022,293 | 7,134,625 | 7,326,398 | 7,262,558 | 7,391,323 | 7,453,976 | 7,540,752 |
| (v) Actual expenses, with interest to end of year | 323,317 | 327,785 | 327,030 | 332,038 | 319,060 | 302,694 | 312,680 | 341,047 | 337,866 | 340,556 | 371,516 |
| (vi) Assets, end of year | 86,963,410 | 72,216,035 | 77,021,148 | 79,658,537 | 74,313,604 | 75,197,606 | 74,314,494 | 71,415,278 | 66,171,749 | 59,914,763 | 53,461,724 |
| (vii) Asset gain/(loss): (vi) - [(i)+(ii)+(iii)-(iv)-(v)] | 792,367 | (15,683,705) | 5,108,652 | 2,702,719 | (5,419,025) | 893,632 | (288,216) | (2,938,809) | (4,926,828) | (4,794,052) | (4,556,289) |
| (c) Expense gain/(loss) | | | | | | | | | | | |
| (i) Expected expenses, beginning of year | 350,000 | 310,000 | 310,000 | 315,000 | 320,000 | 305,000 | 290,000 | 300,000 | 330,000 | 330,000 | 360,000 |
| (ii) Interest at Valuation Interest Rate on (i) | 26,250 | 23,250 | 23,250 | 23,625 | 24,000 | 22,875 | 21,750 | 22,500 | 24,750 | 21,450 | 23,400 |
| (iii) Actual expenses, with interest to end of year | 323,317 | 327,785 | 327,030 | 332,038 | 319,060 | 302,694 | 312,680 | 341,047 | 337,866 | 376,291 | 397,618 |
| (iv) Expense gain/(loss): (i)+(ii)-(iii) | 52,933 | 5,465 | 6,220 | 6,587 | 24,940 | 25,181 | (930) | (18,547) | 16,884 | (24,841) | (14,218) |
| (d) Total: (a)+(b)+(c) | 1,908,062 | (15,395,853) | 6,291,760 | 1,723,940 | (6,403,157) | 504,665 | 253,579 | (3,836,746) | (4,975,841) | (4,106,634) | (5,359,125) |

**Exhibit IX: Actual Retirement Rates by Age**
**Laborers Local No. 265 Pension Plan**

Active
Retirements

| Near age | Exposed * | Actual Retirements | Actual q's |
|---|---|---|---|
| <55 | 0 | 0 | 0.00000 |
| 55 | 62 | 16 | 0.25806 |
| 56 | 48 | 12 | 0.25000 |
| 57 | 39 | 10 | 0.25641 |
| 58 | 33 | 6 | 0.18182 |
| 59 | 33 | 3 | 0.09091 |
| 60 | 34 | 9 | 0.26471 |
| 61 | 28 | 11 | 0.39286 |
| 62 | 15 | 7 | 0.46667 |
| 63 | 7 | 2 | 0.28571 |
| 64 | 6 | 3 | 0.50000 |
| 65 | 3 | 0 | 0.00000 |
| 66 | 3 | 0 | 0.00000 |
| 67 | 3 | 1 | 0.33333 |
| 68 | 2 | 0 | 0.00000 |
| 69 | 1 | 0 | 0.00000 |
| 70 | 0 | 0 | 0.00000 |
| 71 | 0 | 0 | 0.00000 |
| 72 | 0 | 0 | 0.00000 |
| 73 | 0 | 0 | 0.00000 |
| 74 | 0 | 0 | 0.00000 |
| 75+ | 0 | 0 | 0.00000 |
| <Total> | 317 | 80 | 0.25237 |

Terminated Vesteds
Retirements

| Near age | Exposed * | Actual Retirements | Actual q's |
|---|---|---|---|
| <55 | 0 | 0 | 0.00000 |
| 55 | 68 | 9 | 0.13235 |
| 56 | 65 | 8 | 0.12308 |
| 57 | 60 | 5 | 0.08333 |
| 58 | 54 | 4 | 0.07407 |
| 59 | 40 | 6 | 0.15000 |
| 60 | 32 | 5 | 0.15625 |
| 61 | 29 | 7 | 0.24138 |
| 62 | 20 | 13 | 0.65000 |
| 63 | 6 | 3 | 0.50000 |
| 64 | 1 | 1 | 1.00000 |
| 65 | 0 | 0 | 0.00000 |
| 66 | 0 | 0 | 0.00000 |
| 67 | 0 | 0 | 0.00000 |
| 68 | 0 | 0 | 0.00000 |
| 69 | 0 | 0 | 0.00000 |
| 70 | 0 | 0 | 0.00000 |
| 71 | 0 | 0 | 0.00000 |
| 72 | 0 | 0 | 0.00000 |
| 73 | 0 | 0 | 0.00000 |
| 74 | 0 | 0 | 0.00000 |
| 75+ | 0 | 0 | 0.00000 |
| <Total> | 375 | 61 | 0.16267 |

* Based on participant data from November 1, 2012 to November 1, 2017.

**Exhibit X: Development of New Entrant Profile**
**Laborers Local No. 265 Pension Plan**

**Annual Accrued Benefit**

| Age | | 2013 | 2014 | 2015 | 2016 | 2017 | Total | Weight |
|---|---|---|---|---|---|---|---|---|
| x < 20 | Count: | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| | Mean: | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 20 <= x < 25 | Count: | 2 | 0 | 3 | 5 | 7 | 17 | 17% |
| | Mean: | 194.16 | 0.00 | 223.40 | 202.30 | 293 | 242.48 | |
| 25 <= x < 30 | Count: | 6 | 1 | 1 | 3 | 6 | 17 | 17% |
| | Mean: | 230.90 | 194.04 | 196.20 | 291.04 | 186 | 221.41 | |
| 30 <= x < 35 | Count: | 3 | 0 | 5 | 5 | 8 | 21 | 21% |
| | Mean: | 198.96 | 0.00 | 188.09 | 274.90 | 216 | 221.09 | |
| 35 <= x < 40 | Count: | 3 | 1 | 2 | 8 | 2 | 16 | 16% |
| | Mean: | 206.76 | 405.96 | 349.62 | 279.03 | 293 | 284.00 | |
| 40 <= x < 45 | Count: | 3 | 0 | 2 | 3 | 3 | 11 | 11% |
| | Mean: | 193.96 | 0.00 | 189.06 | 288.52 | 217 | 225.09 | |
| 45 <= x < 50 | Count: | 0 | 1 | 1 | 0 | 0 | 2 | 2% |
| | Mean: | 0.00 | 337.20 | 253.08 | 0.00 | 0 | 295.14 | |
| 50 <= x < 55 | Count: | 0 | 1 | 3 | 1 | 2 | 7 | |
| | Mean: | 0.000 | 351.720 | 334.720 | 497.640 | 340.380 | 362.040 | |
| 55 <= x < 60 | Count: | 0 | 0 | 2 | 0 | 3 | 5 | |
| | Mean: | 0.000 | 0.000 | 177.060 | 0.000 | 285.600 | 242.184 | |
| 60 <= x | Count: | 0 | 0 | 1 | 2 | 2 | 5 | |
| | Mean: | 0.000 | 0.000 | 435.960 | 356.640 | 280.920 | 342.216 | |
| 50 <= x | Count: | 0 | 1 | 6 | 3 | 7 | 17 | 17% |
| | Mean: | | 351.72 | 299.04 | 403.64 | 299.91 | 320.96 | |
| (missing) | Count: | 3 | 18 | 1 | 4 | | 26 | |
| | Mean: | 181.76 | 257.17 | 433.20 | 185.04 | | 244.14 | |
| <Total> | Count: | 20 | 22 | 21 | 31 | 33 | 127 | |
| | Mean: | 205.90 | 269.00 | 255.46 | 268.00 | 249.54 | 251.52 | |

**Vested Service**

| Age | | 2013 | 2014 | 2015 | 2016 | 2017 | Total |
|---|---|---|---|---|---|---|---|
| x < 20 | Count: | 0 | 0 | 0 | 0 | 0 | 0 |
| | Mean: | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.00 |
| 20 <= x < 25 | Count: | 2 | 0 | 3 | 5 | 7 | 17 |
| | Mean: | 1.150 | 0.000 | 1.033 | 1.140 | 1.543 | 1.29 |
| 25 <= x < 30 | Count: | 6 | 1 | 1 | 3 | 6 | 17 |
| | Mean: | 1.217 | 1.000 | 1.200 | 1.767 | 1.100 | 1.26 |
| 30 <= x < 35 | Count: | 3 | 0 | 5 | 5 | 8 | 21 |
| | Mean: | 1.167 | 0.000 | 1.040 | 1.440 | 1.250 | 1.23 |
| 35 <= x < 40 | Count: | 3 | 1 | 2 | 8 | 2 | 16 |
| | Mean: | 1.133 | 1.800 | 1.200 | 1.175 | 1.300 | 1.22 |
| 40 <= x < 45 | Count: | 3 | 0 | 2 | 3 | 3 | 11 |
| | Mean: | 1.133 | 0.000 | 1.150 | 1.233 | 1.300 | 1.21 |
| 45 <= x < 50 | Count: | 0 | 1 | 1 | 0 | 0 | 2 |
| | Mean: | 0.000 | 1.400 | 1.000 | 0.000 | 0.000 | 1.20 |
| 50 <= x < 55 | Count: | 0 | 1 | 3 | 1 | 2 | 7 |
| | Mean: | 0.000 | 1.900 | 1.633 | 1.300 | 1.250 | 1.514 |
| 55 <= x < 60 | Count: | 0 | 0 | 2 | 0 | 3 | 5 |
| | Mean: | 0.000 | 0.000 | 1.050 | 0.000 | 1.467 | 1.300 |
| 60 <= x | Count: | 0 | 0 | 1 | 2 | 2 | 5 |
| | Mean: | 0.000 | 0.000 | 1.900 | 1.700 | 1.350 | 1.600 |
| 50 <= x | Count: | 0 | 1 | 6 | 3 | 7 | 17 |
| | Mean: | 0.000 | 1.900 | 1.483 | 1.567 | 1.372 | 1.48 |
| (missing) | Count: | 3 | 18 | 1 | 4 | | 26 |
| | Mean: | 1.033 | 1.283 | 1.100 | 1.025 | | 1.21 |
| <Total> | Count: | 20 | 22 | 21 | 31 | 33 | 127 |
| | Mean: | 1.150 | 1.327 | 1.200 | 1.294 | 1.318 | 1.27 |

LAB265_00436

**Exhibit X: Development of New Entrant Profile**
**Laborers Local No. 265 Pension Plan**

11/1/2017 **New Entrant**

| Age Range | Age | Count | Weight | DOB * | Annual Accrued Benefit | Vested Service |
|---|---|---|---|---|---|---|
| Below 25 | 22.5 | 17 | 17% | 5/1/1995 | 242.48 | 1.288 |
| 25-29 | 27.5 | 17 | 17% | 5/1/1990 | 221.41 | 1.259 |
| 30-34 | 32.5 | 21 | 21% | 5/1/1985 | 221.09 | 1.233 |
| 35-39 | 37.5 | 16 | 16% | 5/1/1980 | 284.00 | 1.225 |
| 40-44 | 42.5 | 11 | 11% | 5/1/1975 | 225.09 | 1.209 |
| 45-50 | 47.5 | 2 | 2% | 5/1/1970 | 295.14 | 1.200 |
| 50 and over | 55 | 17 | 17% | 11/1/1962 | 320.96 | 1.476 |

* Rounded to nearest month

**Exhibit XI: Contribution History for 5% Employers**
**Laborers Local No. 265 Pension Plan**

**2016 plan year 5% employers**

| Name | Contribution Base Units (Hours) | Average Contribution Rate ($/Hour) | Total Contributions |
|---|---|---|---|
| Auburndale Company Inc | 22,088 | $5.30 | $117,066 |
| Gateway Concrete Forming Services | 24,257 | $5.30 | $128,561 |
| Monarch Construction Company | 29,056 | $5.30 | $153,997 |
| Utter Construction | 38,142 | $5.30 | $202,155 |
| ZSR Contracting & Restoration | 53,919 | $5.30 | $285,771 |

**2015 plan year 5% employers**

| Name | Contribution Base Units (Hours) | Average Contribution Rate ($/Hour) | Total Contributions |
|---|---|---|---|
| ZSR Contracting & Restoration | 43,470 | $5.30 | $230,392 |
| Utter Construction | 39,977 | $5.30 | $211,878 |
| Monarch Construction Company | 39,749 | $5.30 | $210,668 |
| Gateway Concrete Forming Services | 32,326 | $5.30 | $171,327 |

**2014 plan year 5% employers**

| Name | Contribution Base Units (Hours) | Average Contribution Rate ($/Hour) | Total Contributions |
|---|---|---|---|
| ZSR Contracting & Restoration | 22,035 | $4.90 | $107,970 |
| Weisbrod Masonry | 22,918 | $4.90 | $112,297 |
| Utter Construction | 29,773 | $4.90 | $145,887 |
| Monarch Construction Company | 26,751 | $4.90 | $131,078 |
| Gateway Concrete Forming Services | 27,563 | $4.90 | $135,057 |
| Baker Concrete Construction | 30,402 | $4.90 | $148,969 |
| Auburndale Company | 31,751 | $4.90 | $155,578 |

**2013 plan year 5% employers**

| Name | Contribution Base Units (Hours) | Average Contribution Rate ($/Hour) | Total Contributions |
|---|---|---|---|
| Baker Concrete Construction | 37,837 | $4.50 | $170,268 |
| Gateway Concrete Forming Services | 34,052 | $4.50 | $153,234 |
| Monarch Construction Company | 27,920 | $4.50 | $125,638 |
| Utter Construction | 26,734 | $4.50 | $120,305 |
| Weisbrod Masonry | 25,230 | $4.50 | $113,537 |
| Auburndale Company | 29,595 | $4.50 | $133,176 |

**2012 plan year 5% employers**

| Name | Contribution Base Units (Hours) | Average Contribution Rate ($/Hour) | Total Contributions |
|---|---|---|---|
| Auburndale Company | 27,540 | $4.10 | $112,914 |
| Gateway Concrete Forming Services | 27,763 | $4.10 | $113,828 |
| Utter Construction | 30,867 | $4.10 | $126,553 |
| Weisbrod Masonry | 19,851 | $4.10 | $81,388 |

**Exhibit XI: Contribution History for 5% Employers**
**Laborers Local No. 265 Pension Plan**

**2011 plan year 5% employers**

| Name | Contribution Base Units (Hours) | Average Contribution Rate ($/Hour) | Total Contributions |
|---|---|---|---|
| Baker Concrete Construction Inc | 55,935 | $3.70 | $206,959 |
| Gateway Concrete Forming Services | 40,431 | $3.70 | $149,596 |
| Hagerman Construction Corp | 25,271 | $3.70 | $93,502 |
| Monarch Construction Co | 31,652 | $3.70 | $117,112 |
| Utter Construction | 28,947 | $3.70 | $107,104 |

**2010 plan year 5% employers**

| Name | Contribution Base Units (Hours) | Average Contribution Rate ($/Hour) | Total Contributions |
|---|---|---|---|
| Baker Concrete Construction Inc | 45,845 | $3.30 | $151,287 |
| Monarch Construction Company | 39,382 | $3.30 | $129,962 |
| Utter Construction | 31,747 | $3.30 | $104,764 |
| Weisbrod Masonry Inc | 23,982 | $3.30 | $79,140 |

**2009 plan year 5% employers**

| Name | Contribution Base Units (Hours) | Average Contribution Rate ($/Hour) | Total Contributions |
|---|---|---|---|
| Baker Concrete Construction Inc | 55,123 | $2.90 | $159,856 |
| Monarch Construction Co | 45,387 | $2.90 | $131,621 |
| Utter Construction | 31,980 | $2.90 | $92,742 |
| Gateway Concrete Forming Services | 33,416 | $2.90 | $96,905 |
| Weisbrod Masonry Inc | 22,087 | $2.90 | $64,053 |

*Fund Evaluation Group, LLC ("FEG") presentation to Laborers' Local No. 265 Pension Plan*

# Asset Allocation Study

July 2018

**Matthew R. Veith, CFA**
Senior Vice President

Fund Evaluation Group®
investment advisors

# FEG INPUTS: CAPITAL MARKET ASSUMPTIONS

| | Current Targets | Mix 1 |
|---|---|---|
| US Equity | 45.0 | 40.0 |
| International Equity | 15.0 | 25.0 |
| Core Bonds | 30.0 | 15.0 |
| Bank Loans/Corporate Bonds - High Yield | 0.0 | 5.0 |
| Public Real Estate | 5.0 | 7.5 |
| MLPs | 5.0 | 7.5 |

Per the Appendix B descriptors, US Equity above is most similar to US Equity – Large Cap. International Equity above is most similar to Non-US Equity – Developed. Core Bonds is most similar to US Corporate Bonds – Core. Public Real Estate is most similar to Real Estate. MLPs is most similar to Infrastructure.

The 20 Yr Return is the assumed overall return over the entire 20 years and thus includes the 10 yr Return, so the implied returns for years 11-20 are as follows:

US Equity: 7.2%

International Equity: 8.5%

Core Bonds: 4.6%

Bank Loans: 5.5%

Public Real Estate: 7.0%

MLPs: 10.0%





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# FEG INPUTS: ASSET ALLOCATION – 10 YR

| | Current Targets | Mix 1 |
|---|---|---|
| **Broad Allocation** | | |
| Global Equity | 60.0% | 65.0% |
| Global Fixed Income | 30.0 | 20.0 |
| Real Assets | 10.0 | 15.0 |
| Diversifying Strategies | 0.0 | 0.0 |
| **Risk** | | |
| Standard Deviation | *13.3%* | *15.6%* |
| 100-Year Flood | *-28.9* | *-33.8* |
| **10 Year Monte Carlo Simulation** | | |
| 95th Percentile | *12.7%* | *15.2%* |
| Expected Return (50th Percentile) | ***5.6*** | ***6.7*** |
| 5th Percentile | *-1.0* | *-0.9* |

# FEG INPUTS: ASSET ALLOCATION – 20 YR

| | Current Targets | Mix 1 |
|---|---|---|
| **Broad Allocation** | | |
| Global Equity | 60.0% | 65.0% |
| Global Fixed Income | 30.0 | 20.0 |
| Real Assets | 10.0 | 15.0 |
| Diversifying Strategies | 0.0 | 0.0 |
| **Risk** | | |
| Standard Deviation | *13.3%* | *15.6%* |
| 100-Year Flood | *-27.9* | *-33.0* |
| **10 Year Monte Carlo Simulation** | | |
| 95th Percentile | *11.4%* | *13.3%* |
| Expected Return (50th Percentile) | ***6.6*** | ***7.6*** |
| 5th Percentile | *2.0* | *2.2* |

# DISCLOSURES

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Expected returns are forecasted net of fees based on asset category and any return expectations provided are not intended as, and must not be regarded as, a representation, warranty or predication that the investment will achieve any particular rate of return over any particular time-period or those investments will not incur losses. FEG Capital Market Assumptions are the result of a hypothetical allocation of actual investments constructed under assumption of various constraints and liquidity needs, and allocations may not be appropriate for all investment objectives. The results do not necessarily represent the actual asset allocation of any Laborers' Local No. 265 Pension Plan portfolio and may not reflect the impact that material economic and market factors might have had on investment decisions. Investment results achieved by actual Laborers' Local No. 265 Pension Plan accounts may differ from the results portrayed.

100-Year Flood = annual return expected to occur 1% of the time, or a -2.326 standard deviation event for the statically inclined.

Information is as of the date of this presentation unless stated otherwise.

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Hedged Equity is represented by the Hedge Fund Research, Inc. Fund Weighted Composite Index, an equal weighted index that includes over 2,000 constituent funds, both domestic and offshore with no Fund of Funds included in the index. www.hfri.com

Bonds are represented by the Barclays U.S. Aggregate Bond Index which includes U.S. government, corporate, and mortgage-backed securities with maturities up to 30 years. www.barclays.com

High Yield is represented by the Barclays U.S. Corporate High Yield Index. www.barclays.com

Global REIT is represented by the FTSE EPRA/NAREIT Developed Index which is designed to track the performance of listed real estate companies and REITS worldwide. www.ftse.com

MLPs are represented by the Alerian MLP Index. www.alerian.com

Hedge Funds are represented by the Hedge Fund Research, Inc. Fund of Funds Composite Index. www.hfri.com

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# Capital Market Assumptions

*2017*

Fund Evaluation Group®
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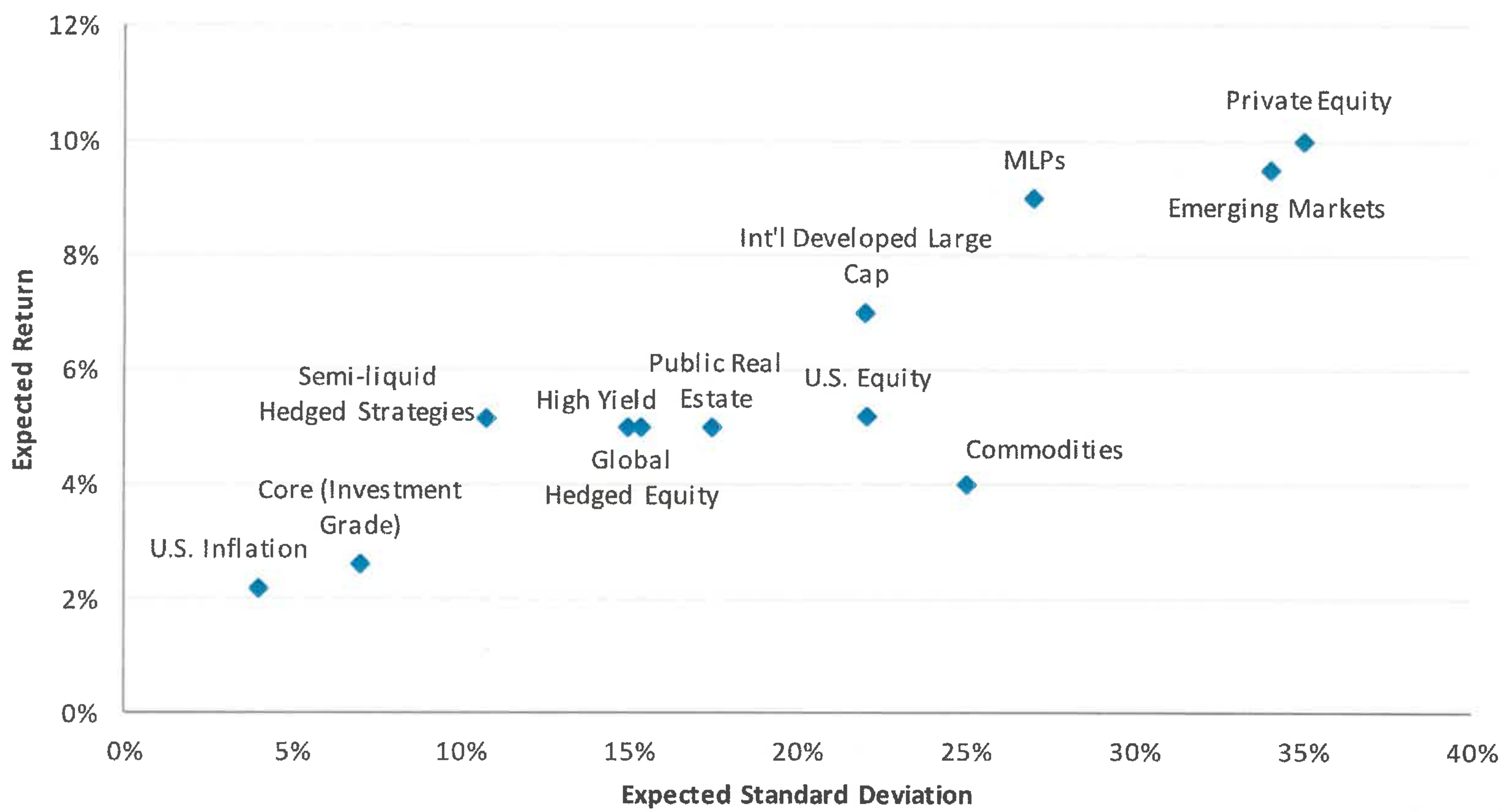
# FEG 10-Year Capital Market Assumptions

| | Expected Return | Expected Standard Deviation |
|---|---|---|
| **Global Equity** | | |
| ***Long-Only Strategies*** | ***6.3%*** | ***23.4%*** |
| ***U.S. Equity*** | *5.2%* | *22.1%* |
| Large Cap | 5.0% | 20.0% |
| Mid Cap | 5.5% | 25.0% |
| Small Cap | 5.5% | 27.0% |
| ***International Equity*** | *7.5%* | *24.8%* |
| Large Cap Developed | 7.0% | 22.0% |
| Small Cap Developed | 7.0% | 27.0% |
| Emerging Markets | 9.5% | 34.0% |
| Frontier Markets | 9.5% | 35.0% |
| Global Hedged Equity | 5.0% | 15.0% |
| Private Equity | 10.0% | 35.0% |
| **Global Fixed Income/Credit** | | |
| ***Interest Rate Sensitive Strategies*** | ***2.6%*** | ***6.9%*** |
| Core (Investment Grade) | 2.6% | 7.0% |
| Inflation Protected (TIPS) | 2.7% | 6.5% |
| Long Duration Corporate Debt | 4.0% | 8.5% |
| Emerging Market Debt | 5.2% | 14.0% |
| ***Credit Sensitive Strategies*** | ***5.8%*** | ***15.8%*** |
| Bank Loans | 4.5% | 11.5% |
| High Yield | 5.0% | 15.0% |
| Private Debt | 8.0% | 21.0% |

| | Expected Return | Expected Standard Deviation |
|---|---|---|
| **Real Assets** | | |
| ***Real Estate*** | | |
| Public Real Estate | 5.0% | 17.5% |
| Private Real Estate | 8.0% | 25.0% |
| ***Natural Resources*** | | |
| Commodities | 4.0% | 25.0% |
| Timber | 6.2% | 11.0% |
| Private Energy | 10.0% | 30.0% |
| ***Infrastructure*** | | |
| MLPs | 9.0% | 27.0% |
| **Diversifying Strategies** | | |
| ***Semi-liquid Hedged Strategies*** | ***5.2%*** | ***10.8%*** |
| Event Driven | 5.5% | 12.0% |
| Macro | 5.5% | 12.0% |
| Relative Value | 4.5% | 9.0% |
| Liquid Diversifying Strategies | 4.0% | 10.0% |
| **Money Markets** | | |
| U.S. Inflation | 2.2% | |
| U.S. Cash | 1.5% | |

# FEG 10-year Capital Market Assumptions



# APPENDIX - METHODOLOGY

## Introduction

The methods we use vary by asset class. An asset class is defined as a group of securities with similar characteristics and properties that tend to react in a specific way to economic factors. Examples of pure asset classes are stocks, bonds, and real estate. We have attempted to review several methods of developing assumptions to "reality check" the results. In contrast, assumptions for standard deviation and correlation, the other two critical components to the model, are largely based on historical data with appropriate adjustments for certain cases. Adjustments, for example, include encapsulating some of the risks to private equity investing, such as liquidity risk, that are not apparent in the standard deviation of returns. All assumptions focus on expectations for the next decade.

Asset categories considered "alternative," in that they provide patterns of return and risk characteristics that differ from the public equity and bond markets, should be modeled with caution due to the peculiarities of available data, which include:

- Returns for illiquid alternative investments (private equity, private real estate, private energy, and timber) are not directly comparable to those in liquid markets, as the returns are generally reported on an Internal Rate of Return basis, because of the managers' control over the timing of cash flows, rather than a time-weighted return basis. In addition, a "liquidity" premium should be required as capital is locked up for the life of the partnership with much of the return produced at the end of an investment cycle of five to 10 years.
- Liquid alternative investments (hedge funds and managed futures) often use leverage, options, and other derivatives that create skewed return distributions. Standard deviation, which measures variability around the mean, may not be an appropriate measure of risk for these types of investments.
- Alternative investments' performance data is based on manager returns. Public market index data are securities-based. Manager-based data may include alpha (excess return), survivorship bias, and self selection bias, and therefore, performance may be overstated in comparison to passively managed public markets benchmarks.
- Correlation statistics can be misleading.
  - In illiquid markets due to pricing lags compared to the public markets, and;
  - In liquid alternative investments, there tends to be a divergence of correlation in rising versus falling markets.

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# APPENDIX - METHODOLOGY

| FEG 10-Year Money Assumptions | Expected Rate |
|---|---|
| U.S. Inflation | 2.2% |
| U.S. Cash | 1.5% |

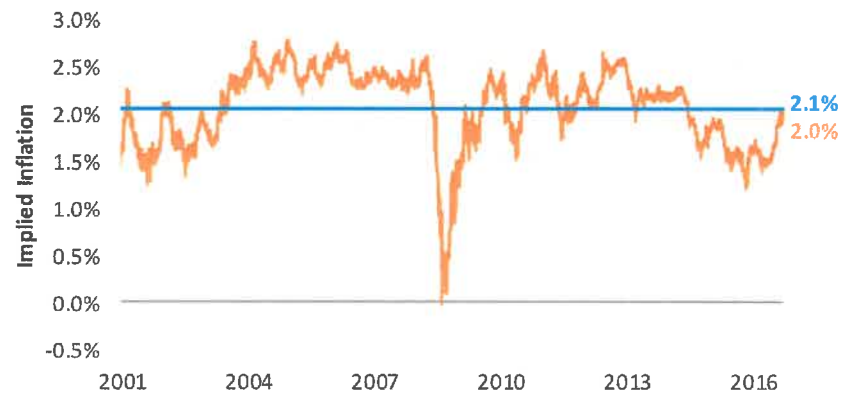
## Inflation

- One method for estimating inflation is to consider the implied inflation rate, which is the difference between 10-Year Treasury yields and 10-year Treasury Inflation Protected Securities (TIPS) yields. This method is subject to distortion due to market turmoil, when investors seek the safety of U.S. government securities (e.g., 2008).
- Another method is to consider the U.S. 5-year by 5-year forward inflation rate, which is the expected 5-year inflation 5-years from now and is calculated by subtracting the TIPS 5-year forward contract from the nominal Treasury 5-year forward contract.
- Inflation has remained benign with deflation, not inflation, as the predominant risk amid historically low monetary velocity. Unprecedented monetary policies, a labor market approaching full employment albeit with a weakened participation rate, and the potential for fiscal stimulus provide the potential for inflation to reach the Federal Reserve's target.
- Therefore, we expect that more moderate inflation will take root over the next 10 years.

## Cash

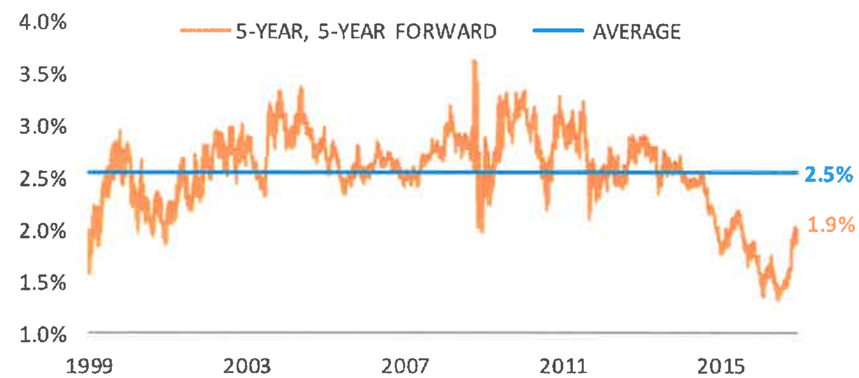
- Cash historically provides real returns slightly greater than the inflation rate, as these investments are meant to protect principal, thus a cash return equal to the inflation rate may be used.
- Cash yields are held low due to monetary policy, which is likely to increase to a level closer to inflation over the next several years. Assuming a gradual increase towards 2.2% over 5 years, cash can be assumed to return 1.5% over the next 10 years.

**10 YEAR BREAKEVEN RATE**




Data source: Bloomberg, L.P.

**5-YEAR, 5-YEAR FORWARD**




Data source: Bloomberg, L.P.

The U.S. 5-year by 5-year forward inflation rate is expected 5-year inflation 5-years from now and is calculated by subtracting the TIPS 5- year forward contract from the nominal Treasury 5-year forward contract.

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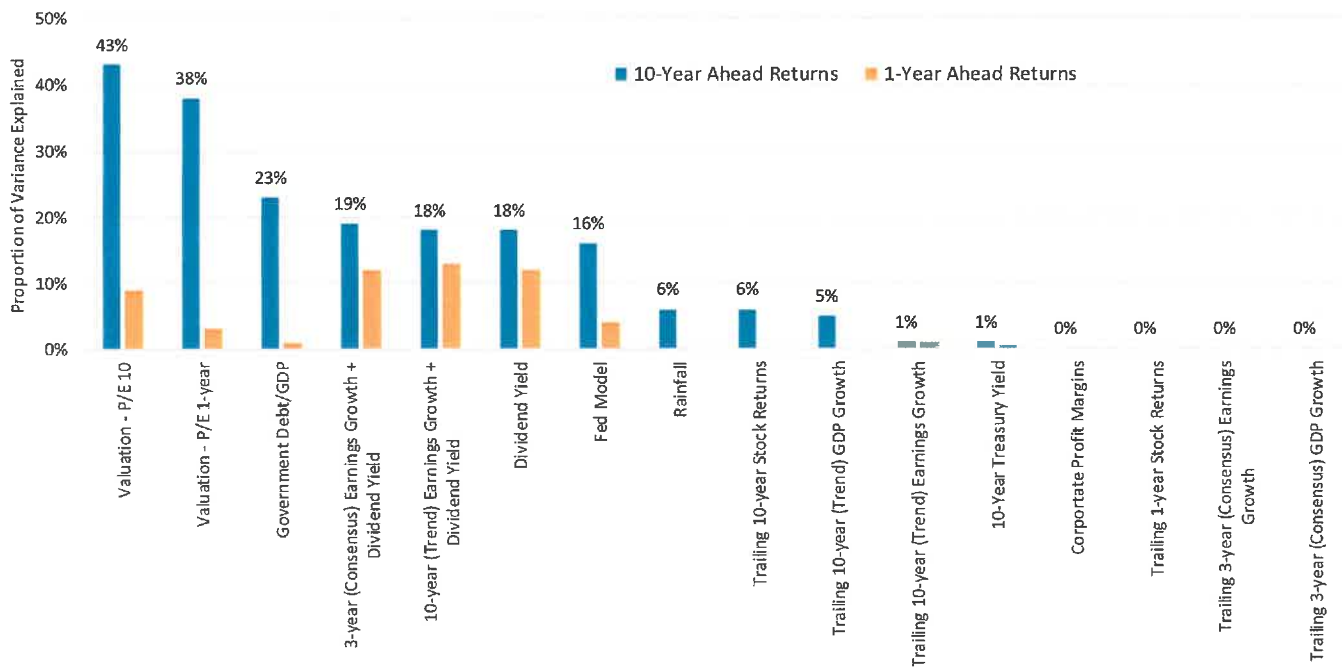
## Equities

- Long-term stock returns are a function of dividend yield, real earnings growth, inflation, and change in Price/Earnings multiples (P/E expansion or contraction).
- Many other commonly cited signals, such as recent stock returns, GDP growth, and profit margins are as irrelevant as rainfall, which intuitively has no relationship with subsequent stock returns.
- Returns are essentially unpredictable over the short-term.

**Valuation Matters -** Proportion of Variance of Future Real Stock Returns that is Explained by Various Factors




Source: Vanguard

Note: Bars display the R-squared of a regression model of 10-year ahead and 1-year ahead real annualized stock returns on each variable, fitted over the Jaunary 1926-June 2012 sample, with the exception of corporate profits, which are fitted for January 1929-June 2012 due to data limitations. Rainfall is included as a reality check and as an indicator of meaningful measures of R-squared, as intuitively there is nothing meaningful in the amount of rainfall to predicting subsequent equity returns.

# APPENDIX - METHODOLOGY

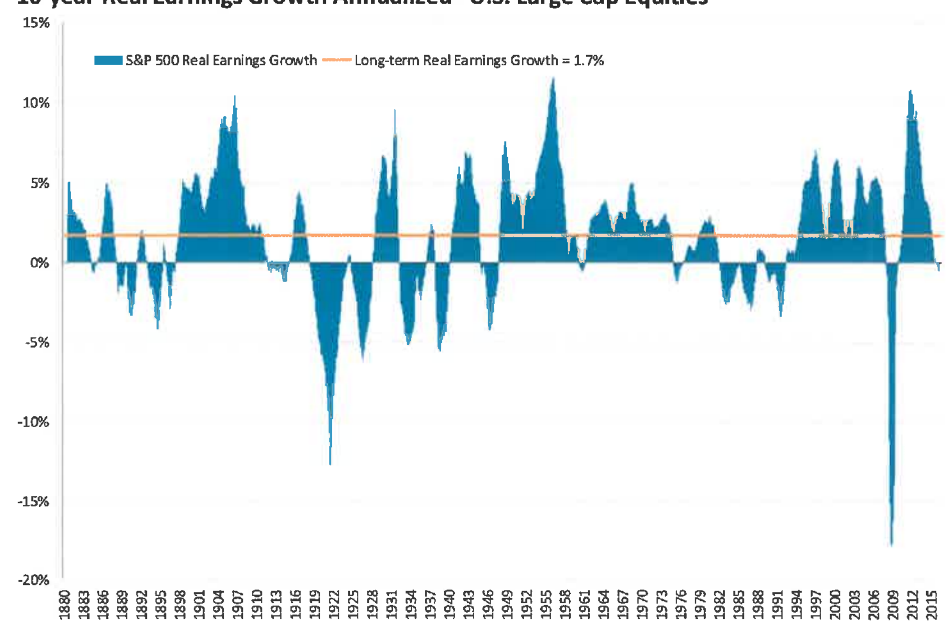
## U.S. EQUITY

- Stocks are a distinct asset class, but small and mid cap are really sub-sectors. A stock with a $10 billion market capitalization does not have different characteristics and properties than when it had a $1 billion market capitalization.
- A U.S. Treasury bond does not become a stock, and stocks don't become real estate. Small cap stocks do become mid cap stocks and mid cap stocks become large cap stocks. Unfortunately, large cap stocks sometimes become small cap stocks.
- Studies have demonstrated that smaller cap stocks should outperform larger cap stocks. The reason is small cap stocks are riskier and deserve a risk premium, not because they are a separate asset class with different properties.
- Because some want to use the asset allocation model to assist in setting sub-sectors, such as small cap and mid cap, we have included return, risk, and correlation statistics for these two sub-sectors of U.S. equity.
- According to Russell data, the U.S. stock market is comprised of 65% large cap, 27% mid cap, and 8% small cap.

## LARGE CAP STOCKS

- Stock returns from one year to the next are not predictive (i.e., low serial correlation). Over very long-term periods, however, real returns on stocks have been fairly consistent.
- One method to set expectations for real returns is the earnings yield on stocks, which is the inverse of the P/E ratio.
- The current normalized P/E ratio is 26.5x. Using the inverse of the P/E ratio, today's valuation of large cap stocks would imply a 3.8% real return, or a 5.8% nominal rate of return.
- Another methodology is to consider the building blocks of dividend yield (including share buybacks), earnings growth, inflation, and change in valuation.
- Earnings growth has provided just under 2% in real returns to large cap stocks since 1926, and only slightly above 2% since 1950. Over time earnings growth cannot be higher than overall gross domestic product growth. We expect earnings to show continued growth, but with economic headwinds, we believe a modest assumption is realistic over the next 10 years.

**10-year Real Earnings Growth Annualized - U.S. Large Cap Equities**




Data source: Robert Shiller

# APPENDIX - METHODOLOGY

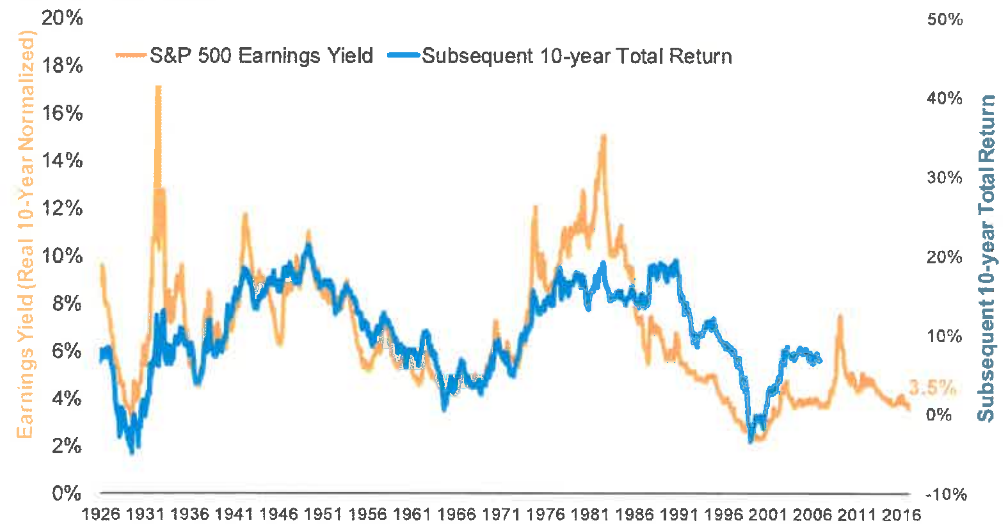
## LARGE CAP STOCKS, continued

- Dividend yields have declined since the 1950s to a stable 2%, while share buybacks have increased as a way to return cash to shareholders.
- P/E ratios, using both trailing-twelve-months and normalized earnings, are generally above their long-term averages. Normalized P/E ratios use the average earnings over a five-year or 10-year period to reduce the impact of large earnings changes. The long-term average normalized P/E ratio on a 10-year basis (Robert Shiller's methodology) ranges from 16.7x to 19.1x depending on the length of history considered. The current measure is above 26x, which is historically in the 90th percentile of observations.
- Due to P/E ratios well above the long-term average, we assume a contraction in P/E multiples to impact returns in our 10-year assumptions.

| Large Cap Equity | Contribution to Expected Return |
|---|---|
| P/E contraction | -2.3% |
| Dividends and Share Buybacks | 2.5% |
| Earnings Growth | 2.6% |
| Inflation | 2.2% |
| **Total** | **5.0%** |

**HISTORICAL VALUATIONS: U.S. EARNINGS YIELD (10-YEAR NORMALIZED EARNINGS/PRICE) VS. SUBSEQUENT 10-YEAR RETURN**

S&P 500, 1926 - Present




Data source: Robert Shiller and Standard & Poor's

## MID CAP STOCKS

- P/E multiples indicate mid cap stocks are overvalued and therefore we forecast a marginal long-term decline in multiples. Dividend yields are slightly below large cap stocks and real earnings growth should slightly outperform large cap stocks' earnings growth.
- Historically, since 1926, mid cap stocks returned on average approximately a 1 percentage point premium over large cap stocks.
- Our return expectations are for the lower dividend yield and decline in multiples to offset much of the mid cap risk premium.

# APPENDIX - METHODOLOGY

## SMALL CAP STOCKS

- P/E multiples for small cap stocks have remained high and are at peak levels on a trailing-12-month basis. Thus we assume long-term P/E contraction. With continued, albeit slowly, improving economic fundamentals we assume slightly stronger earnings growth above large cap stocks.
- Historically, since 1926, small cap stocks returned a 2 percentage point premium above large company stocks.
- As with mid cap stocks, our return expectation are for the lower dividend yield and the decline in multiples to offset much of the small cap risk premium and the benefits of stronger than large cap earnings growth.

## INTERNATIONAL DEVELOPED STOCKS

- In developed world markets, there is no fundamental reason to expect foreign stocks to significantly outperform U.S. stocks over the long-term, assuming equilibrium in starting valuations and economic growth prospects. Currently, however, valuations differ considerably between the U.S. and international markets.
- Currency will add to the volatility of returns, but over the long-term, is expected to net to zero in terms of total return.
- Developed international stocks trade at P/E multiples lower than historical averages due to economic and fiscal conditions. We conservatively assume a small benefit from the expansion of P/E multiples, give consideration to higher international dividend yields, but expect constrained earnings growth due to economic structural headwinds.
- International small cap stocks have demonstrated similar return premiums as U.S. small caps, but are not as cheaply valued as large cap international stocks. Therefore, we do not forecast an expansion of P/E multiples for international small cap equities as we do for large cap equities. Thus, a material portion of the normal small cap premium for international small cap stocks is offset by the valuation differential.

## EMERGING MARKET STOCKS

- Emerging markets have higher volatility and higher expected returns. Depending on the markets selected, expectations can vary dramatically, but have historically averaged approximately 2 percentage points over the large cap developed markets. Earnings growth, while historically stronger than international developed markets, face headwinds as economic growth declines and approaches a more sustainable level. Emerging markets have not experienced price multiple expansion and are trading well below historical averages. For this reason, we forecast a return contribution from price multiples approaching long-run equilibrium.

## FRONTIER MARKET STOCKS

- Frontier markets are traded less frequently than emerging markets and carry more systematic risk. Similar to emerging markets, frontier markets are poor nations with expectations for improved economic conditions and growth, and these markets should provide returns in excess of the developed markets.

The broad international category is comprised of 66% developed large cap, 11% international small cap, and 23% emerging markets.

**FEG Summary of Expected Public Equity Returns**

| Asset Category | Dividend Yield and Share Buybacks | Return from P/E Change | Nominal Earnings Growth | Currency / Buyout Premium | Expected Return |
|---|---|---|---|---|---|
| **U.S.** | | | | | |
| Large Cap | 2.5% | -2.3% | 4.8% | 0.0% | 5.0% |
| Mid Cap | 2.3% | -2.0% | 5.2% | 0.0% | 5.5% |
| Small Cap | 1.5% | -2.2% | 5.7% | 0.5% | 5.5% |
| **Broad International** | | | | | |
| International Developed | 3.5% | 1.0% | 3.0% | -0.5% | 7.0% |
| International Small Cap | 2.5% | 0.0% | 4.5% | 0.0% | 7.0% |
| Emerging Markets | 2.5% | 2.5% | 4.0% | 0.5% | 9.5% |
| Frontier Markets | 4.5% | 0.0% | 5.0% | 0.0% | 9.5% |

Source: FEG Data

## HEDGED EQUITY

- The problems associated with modeling hedge funds are discussed later in this document. Hedged equity strategies (predominantly long/short strategies) seek to generate stock-like returns with less risk than the stock market. Because of their ability to short stocks, use leverage, and the other structural benefits of hedge funds, we believe hedged equity funds should approximate the same return as large cap stocks, but with less volatility.

| Hedge Funds | Expected Return | Expected Standard Deviation |
|---|---|---|
| Hedged Equity | 5.0% | 15.0% |

# APPENDIX - METHODOLOGY

## PRIVATE EQUITY

- Private equity is not easily modeled. There are several subgroups including venture capital and leveraged buyouts, as well as an international component. These markets all have unique characteristics. Additionally, because the funds are private, they are not valued frequently and returns are calculated differently.
- Two approaches to dealing with this sector can be used. One is to make reasonable return estimates that fit the model framework. Historical data show that institutional quality top-tier funds returned a premium above global equity markets. Historically, private equity strategies generated a premium over public equities. This premium was more consistent in buyout, where a 2012 study by Harris, Jenkinson, and Kaplan found a 4-5 percentage point premium over the return of the S&P 500. Venture Capital results were more dependent on the time period measured, but evidenced a significant premium in the 1990s and performance consistent with the public equity markets in the subsequent decade.
- A second approach does not attempt to model private equity. Instead, private equity is considered as a return-enhancer for the equity portfolio. The allocation is based on return needs and the ability to accept illiquidity.
- For volatility assumptions, we assume private equity (especially venture capital) has the volatility and return characteristics similar to a group of the smallest publicly traded companies. We utilized the standard deviation for the smallest decile of publicly traded companies to build our estimate for the expected amount of volatility for private equity.
- This model assumes the investment in private equity will be diversified between venture capital and buyout funds. This approach to investing in private equity is likely to experience less volatility than an investment in just one of the sub-categories.
- We conservatively estimate private equity to return a premium of 4.0 percentage points above public equity markets as weighted by global equity weights. We do not include an alpha estimate for top performing strategies in our assumptions for any private strategies.

| | Expected Return |
|---|---|
| Global Public Equity | 6.0% |
| Private Equity Risk Premium | 4.0% |
| **Private Equity** | **10.0%** |

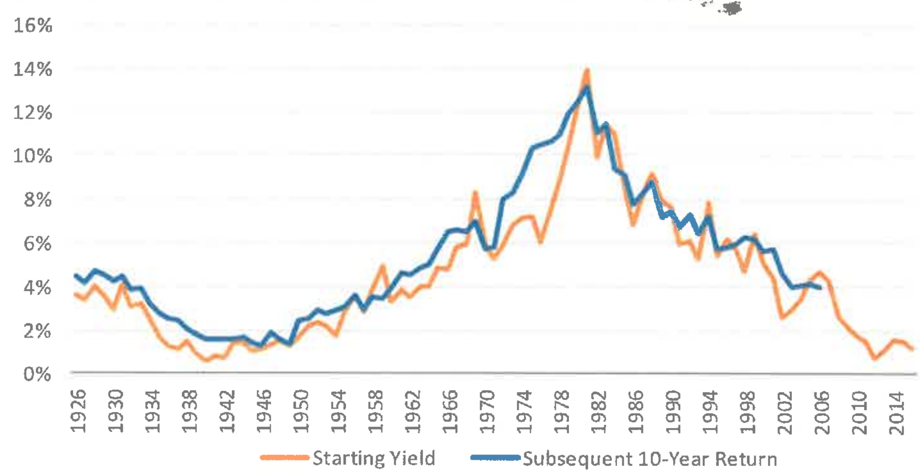
# APPENDIX - METHODOLOGY

## BONDS

- Over long periods, total returns in the **investment grade bond markets** are driven primarily by yield. Default rates on investment grade bonds have historically been minimal, averaging well below 1%. Therefore, our best predictor of future bond returns is based on current bond yields, for which we use the Barclays U.S. Aggregate Bond Index.
- **TIPS** have different properties and behave differently than traditional bonds, and therefore, are modeled separately. The expected returns, however, should not differ from Treasuries, assuming inflation expectations are not remarkably divergent from the markets. 10-year TIPS have a longer duration than core bond portfolios, and therefore, will be more susceptible to changes in interest rates. Further, one should note that the longer duration and shape of the yield curve impacts the return assumption relative to core bonds. The 10-year TIPS yields approximately 0.5%. This yield added to our 2.2% inflation expectation is used to determine the expected return.
- **Long Duration Corporate Debt** is similar to investment grade bonds in that yield, currently 4.3%, is the driver of long-term returns with the migration of investment grade bonds to high yield as the predominant risk. Thus, we assume a return of 4.0% to account for this risk.
- **Emerging market debt (EMD)** is similar to investment grade bonds in that yield is the driver of long-term returns. Additionally, EMD issued in local currency brings an added element of risk and opportunity, as adverse foreign exchange movements can negatively impact returns (or on the contrary, help enhance returns). Currency movements are extremely volatile and difficult to forecast but are expected to wash out over time. Thus, we do not assume a currency impact and use the present yield as our forecasted return.

| Interest Rate Sensitive Strategies | Expected Return |
|---|---|
| Core (Investment Grade) | 2.6% |
| Inflation Protected (TIPS) | 2.7% |
| Long Duration Corporate | 4.0% |
| Emerging Market Debt | 5.2% |

**INTERMEDIATE GOVERNMENT BOND STARTING YIELD (1926-2016) VS. SUBSEQUENT 10-YEAR RETURN (1936-2016)**



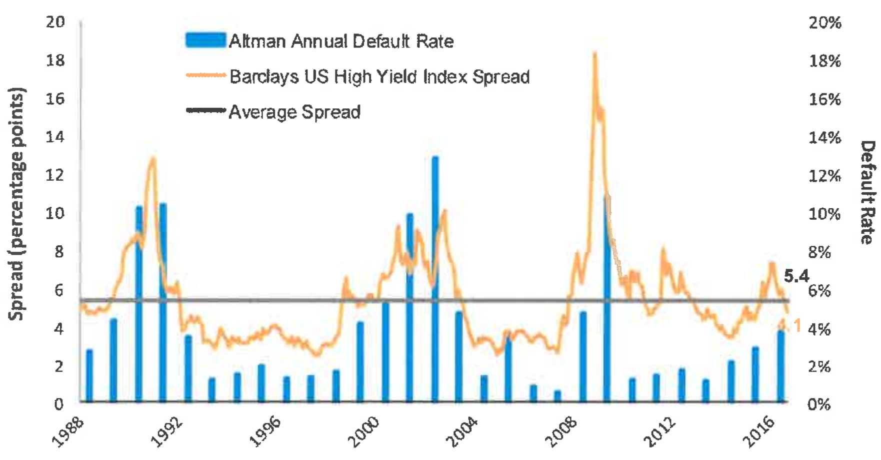

Data Source: Ibbotson Associates

## Credit

- Bank loans are distinct from high yield credit, as the interest rate typically resets every 90 days. Because of their seniority in the capital structure, we expect bank loans to yield less than high yield bonds, have lower default rates, and have higher recovery rates than high yield bonds. Historically, bank loans returned 3 percentage points over cash, but currently have an implied yield of approximately 5%. We assume a return of 4.5%, which accounts for a normalization of returns on cash and elevated yields in the bank loan market.
- The yield of a fixed income security provides an effective estimate for total return, assuming no defaults. The yield for high yield bonds is approximately 6.5%, resulting in an option-adjusted spread of 4.5%.
- According to Altman data, the cumulative 10-year default rate since 1971 for high yield bonds was approximately 30% and the average recovery rate was approximately 40%. Using assumptions of a 30% cumulative default rate and applying the historical average recovery rate, implies that at current prices high yield bonds are expected to return approximately 5.3% over the next 10 years. We conservatively assume a return of 5.0% due to potential risks of a turn in the credit cycle.
- Like private equity, private debt modeling is reliant on sparse data. Senior private debt yields approximately 200-300 basis points above bank loan depending on the issue, while mezzanine debt yields 300-400 basis points above high yield. We assume a blend of senior and mezzanine debt and conservatively account for the risk of loss in distressed issues.

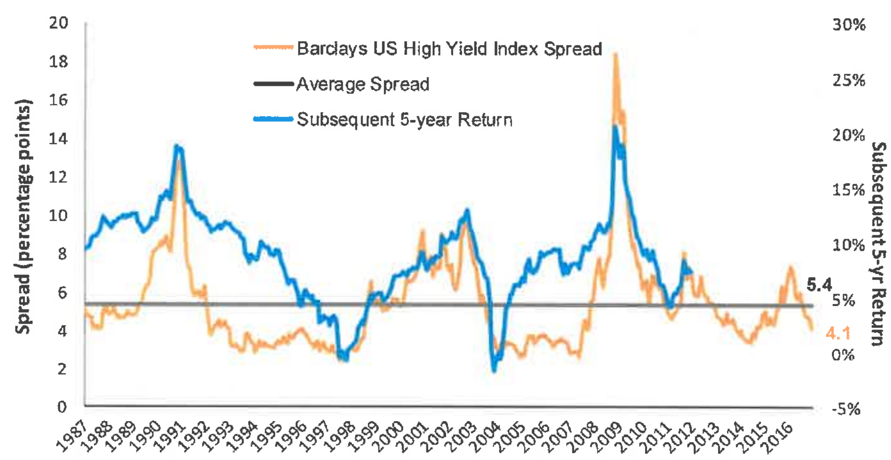
| Credit Sensitive Strategies | Expected Return |
|---|---|
| Bank Loans | 4.5% |
| High Yield | 5.0% |
| Private Debt | 8.0% |

### U.S. HIGH YIELD BOND SPREADS OVER TREASURY YIELDS




Data sources: Altman, Barclays Capital

### U.S. HIGH YIELD BOND SPREADS VS. RETURNS




Data source: Barclays Capital



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# APPENDIX - METHODOLOGY

## REAL ESTATE

- There are two markets in which to buy real estate: public and private. Although both are investments in the same underlying asset, pricing mechanisms have caused shorter-term return characteristics to differ greatly.
- Today, Real Estate Investment Trusts (REITs) trade well above their average historical price-to-funds from operations ratio.
- Core real estate should not be considered a growth business. Dividends plus inflation should comprise the total return expectation for public core real estate. Dividends are averaging approximately 3.9%. When added to an inflation expectation, the total return expectation would be 6.1%. We assume a reversion in long-term valuation metrics, reducing our expected return to 5.0%.
- Value-added and opportunistic private real estate investments are commonly used in real estate allocations. These investments carry higher risk and offer higher reward potential. Acquisition yields, or cap rates, which are defined as net operating income/asset price, account for the income portion of return. Cap rates on core private real estate are approximately 4% to 6%. To account for asset appreciation, we assume long-term price appreciation equal to the rate of inflation in addition to a premium for opportunistic private real estate investments. When a 5.0% cap rate is added to our inflation expectation and a premium for opportunistic investment, the total return expectation is 8.0%.

| Real Estate | Expected Return |
|---|---|
| Public Real Estate | 5.0% |
| Private Real Estate | 8.0% |

## COMMODITIES

- Unlike stocks, commodities do not have earnings or pay dividends and currently there is no consensus on estimating future risk premiums.
- An examination of the most widely followed commodity indexes reveals significantly different sector weightings. These weighting differences could result in materially different return expectations even if a consensus pricing model was in place. For example, the S&P GSCI has an allocation of more than 70% to energy, while the Bloomberg Commodity Index is limited to 33% in energy.

## COMMODITIES, continued

- Historically, storable commodities directly linked to the intensity of economic activity have produced the strongest returns and highest correlations to inflation over long time periods. Storable commodities are typically found in the energy, industrial metals, and precious metals sectors.
- A key factor to consider with respect to its inflation hedging capability is whether the commodity's demand is linked to economic activity. Those commodities that enjoy a more or less constant demand, regardless of the level of economic activity, seem to provide little hedge against unexpected changes in inflation. Agricultural commodities tend to fall into this group. Those commodities that are most affected by the level of economic activity (energy, precious metals) tend to be better hedges against inflation.
- A building blocks approach to commodity futures returns can be considered in modeling expectations. The change in the underlying spot price of the commodity plus the yield on cash collateral and the impact of roll yield, either positive or negative as the futures and spot price converge, provide the total return.
- Historically, since the early 1970s, the change in spot price, which is a combination of inflation and real price changes, contributed to return in some periods, but not all. Roll yield has also varied between secular periods and across term-structures of different commodities with those experiencing negative roll yield earning lower average returns. Cash collateral returns are also meaningful to commodities futures returns and are driven by interest rates, but given low fixed income yields, we assume cash collateral returns will be more subdued, returning only 1.5% of yield as rates normalize over our forecast period.
- While it is true that commodity prices are slightly inversely correlated to inflation and treasuries, commodity total return is only modestly correlated to inflation due to the fact that price return has little effect on total return. Income and roll return contribute more to total return.
- We estimate commodity returns at 4.0% due to a low expected collateral yield, no material benefit from roll yield, and limited price contribution to returns.

| Natural Resources | Expected Return |
|---|---|
| Commodities | 4.0% |

## TIMBER

- Timberland is an illiquid investment, with limited return data, and therefore, is not easily modeled. Although there is the NCREIF Timberland Property Index, limitations of the index include that the data go back to only 1987 and there are only two providers of data. Other data go back to 1960, but are not as robust.
- There are three drivers to returns: 1) biological growth in the trees; 2) changes in timber prices; and 3) changes in land values.
- Because timber investing can offer a good inflation hedge, we assume that over the long-term, the changes in timber prices and land values will match inflation. Thus, we are left with biological growth in trees plus inflation as our return expectation.

## TIMBER, continued

- A plantation with established trees can expect annual growth rates of approximately 7-9% with growth rates slowing to approximately 3-6% over the subsequent years. Thus a 4.0% long-term growth rate is reasonable.
- Real returns from timber investing have averaged 7-9%, with higher returns in high inflationary environments and only modest returns in low inflationary environments. Recent observations of the market show increasing demand for most products due to the recovery in the housing market. A moderate inflation expectation plus a conservative biological growth rate produces our expected return.

| Natural Resources | Timber |
|---|---|
| Inflation | 2.2% |
| Timber Growth Rate | 4.0% |
| **Expected Return** | **6.2%** |

## PRIVATE ENERGY

- Private energy, like private equity, is not easily modeled. These partnerships are similar to private equity, yet focused on investments in the oil and gas sector.
- There are a variety of investments across the risk continuum, including exploration, production, services, refining, and development.
- Exploration investments, for example, are more similar to early stage venture capital, whereas development investments are more similar to later stage private equity.
- Although private energy investments vary across the spectrum, returns are impacted by acquisition and development costs, management of the production, and changes in commodity (natural gas, crude oil, etc.) prices.
- Upstream investments (exploration, drilling, development, production) will correlate more highly to commodity prices, whereas downstream investments (refining and distribution) will not be as directly correlated, as they are buyers of the commodity.

## PRIVATE ENERGY, continued

- Private energy can provide an inflation hedge, as these investments perform much better in high inflationary environments.
- The model assumes diversification by strategy, but the majority of private energy investments will be associated with more established production, with a smaller allocation to exploration and more risky types of investments.
- We expect private energy to return 10.0%, which is comparable to historic returns.

| Natural Resources | Expected Return |
|---|---|
| Private Energy | 10.0% |

## MLPs

- Master Limited Partnerships (MLPs) pay out a significant portion of their earnings and cash flows in the form of distributions. Currently, MLPs yield approximately 7.6% amid a period of MLP market distress.
- The ability of MLPs to grow their distributions is a second component of returns and is driven by the ability of the MLP to increase cash distributions through acquisitions, expansion projects, or enhancements of existing assets. Distribution growth rates for MLPs have historically ranged from 5-10% and can vary significantly. The growth in distributions faces headwinds from declining energy prices driven by a glut of supply and rising interest rates, which we expect to keep distribution growth below historical levels. These headwinds are partially offset by the need for continued improvement in U.S. energy infrastructure. Market pricing as of the end of 2015 implied 0% distribution growth, which is unlikely in aggregate over the long-term. We conservatively use a 2.0% return from distribution growth assumption added to a tempered 7.0% yield.

| Infrastructure | Expected Return |
|---|---|
| MLPs | 9.0% |



  

## DIVERSIFYING STRATEGIES

- Hedge funds, which vary widely in style and philosophy, are an investment strategy, not an asset class. Some argue that this prevents useful modeling of these investments in an asset allocation study. We offer the possibility to model hedge funds in this asset allocation study to analyze their expected impact, but warn that these assumptions may not accurately reflect the true risk/return tradeoff.
- Hedge funds can be described as unregulated and unconstrained mutual funds. As with mutual funds, hedge funds invest in many different asset classes using different investment strategies. Although we have return data to analyze, the category is extremely broad and includes many asset classes. Using this data may not produce meaningful optimization output.
- Historical performance data on hedge funds are questionable for the following reasons:
  - No long-term performance data.
  - Survivorship bias taints the data. Hedge funds that have been closed due to poor performance are no longer included.
  - A self-selection bias. Many investment managers provide returns to benchmark developers only if their performance has been strong. Others never report because they choose not to for various reasons.
- Even if the performance data were free of the problems listed above, the standard deviation of that data would not incorporate all the risks.
  - Many hedge funds invest in illiquid securities. The infrequent pricing of such securities can have an artificial smoothing effect on returns that may not exist if securities were priced more frequently.
  - Some funds post small incremental returns over the long-term, but are at risk of experiencing substantial losses over a short period if the worst-case scenario for their strategy is experienced. Huge losses in a strategy that posts only incremental returns over time will not be recovered quickly.
  - Historical performance returns of most hedge fund strategies have not been normally distributed.





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## DIVERSIFYING STRATEGIES, continued

- We have included data on "absolute return" strategies, those that attempt to generate a modest premium over cash. These investments seek to have volatility more bond-like than stock-like and can use leverage. They consist of investments whose primary source of risk and return is not a constant allocation to equity, fixed income, or real assets. This includes, but is not limited to, hedge funds whose approach can be described as "absolute return": event driven, relative value, or global macro. In aggregate, we expect absolute return strategies to provide returns approximately 4 to 5 percentage points above cash. We segregate these allocations to allow investors with varied investment goals to model for unique allocations, although, we generally consider the aggregate semi-liquid hedged allocation as 20% macro, 40% event driven, and 40% relative value.
- Event driven strategies attempt to take advantage of events, such as mergers and restructurings that can result in the short-term mispricing of a company's stock. As a result, these strategies carry more global equity market risk, which is reflected in their slightly higher return expectation and higher expected standard deviation versus other diversifying strategies.
- Global macro strategies structure their investments across equity, fixed income, currency, and futures markets. On a stand alone basis macro strategies tend to be riskier than other diversifying strategies, however, when included in a diversifying strategies portfolio the characteristic of macro strategies, specifically their positive skew and low correlation, help reduce overall portfolio risk.
- Relative value strategies maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationships among multiple securities ranging broadly across equity, fixed income, derivative, or other security types. Generally, these strategies are expected to provide consistent returns slightly lower than other diversifying strategies.
- Investments in liquid diversifying strategies do not benefit from the full gamut of options available to strategies in a semi-liquid hedge fund structure, thus, we expect these strategies to earn only 3 to 4 percentage points above cash (below expectations for semi-liquid strategies) while still benefitting from the risk and correlation reducing benefits of these allocations. We conservatively use 2.5 percentage points above cash in building our return assumption.

| Hedge Funds | Expected Return |
|---|---|
| Event Driven | 5.5% |
| Macro | 5.5% |
| Relative Value | 4.5% |
| Liquid Diversifying Strategies | 4.0% |





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# CORRELATION MATRIX

| | Cash | US Large Cap | US Mid Cap | US Small Cap | Int'l Dev Equity | Int'l Small Cap | Emerging Markets Equity | Frontier Markets Equity | Hedged Equity | Private Equity | Core Bonds | TIPS | Long Corp Bonds | Emerging Markets Debt | High Yield Bonds | Bank Loans | Private Debt | Public Real Estate | Private Real Estate | Timber | Commodities | MLPs | Private Energy | Event-Driven | Macro | Relative Value | Liq Div Strat |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash | 1 | 0.07 | 0.08 | 0.03 | -0.01 | -0.03 | 0.01 | 0.3 | 0.33 | -0.05 | 0.37 | 0.08 | -0.11 | 0.03 | -0.15 | -0.05 | -0.26 | 0.09 | 0.22 | 0.28 | 0.23 | -0.14 | 0.07 | 0.11 | 0.33 | 0.16 | 0.31 |
| US Large Cap | 0.07 | 1 | 0.92 | 0.84 | 0.66 | 0.78 | 0.71 | 0.46 | 0.51 | 0.7 | 0.04 | -0.17 | 0.29 | 0.38 | 0.65 | 0.61 | 0.51 | 0.48 | 0.46 | 0.22 | 0.21 | 0.44 | 0.11 | 0.69 | 0.34 | 0.47 | 0.57 |
| US Mid Cap | 0.08 | 0.92 | 1 | 0.93 | 0.63 | 0.87 | 0.71 | 0.62 | 0.54 | 0.65 | 0.09 | -0.06 | 0.36 | 0.47 | 0.77 | 0.72 | 0.63 | 0.69 | 0.47 | 0.12 | 0.4 | 0.65 | 0.15 | 0.76 | 0.36 | 0.58 | 0.59 |
| US Small Cap | 0.03 | 0.84 | 0.93 | 1 | 0.54 | 0.83 | 0.65 | 0.57 | 0.53 | 0.61 | 0 | -0.19 | 0.29 | 0.45 | 0.74 | 0.6 | 0.62 | 0.68 | 0.4 | 0.16 | 0.29 | 0.6 | 0.07 | 0.77 | 0.42 | 0.5 | 0.53 |
| International Developed Equity | -0.01 | 0.66 | 0.63 | 0.54 | 1 | 0.76 | 0.78 | 0.59 | 0.49 | 0.65 | -0.15 | -0.11 | 0.04 | 0.3 | 0.56 | 0.62 | 0.54 | 0.42 | 0.34 | 0.06 | 0.33 | 0.38 | 0.04 | 0.57 | 0.26 | 0.39 | 0.54 |
| International Small Cap | -0.03 | 0.78 | 0.87 | 0.83 | 0.76 | 1 | 0.82 | 0.71 | 0.66 | 0.69 | -0.11 | 0.01 | 0.29 | 0.6 | 0.71 | 0.74 | 0.72 | 0.69 | 0.39 | -0.02 | 0.57 | 0.72 | 0.31 | 0.82 | 0.34 | 0.68 | 0.74 |
| Emerging Markets Equity | 0.01 | 0.71 | 0.71 | 0.65 | 0.78 | 0.82 | 1 | 0.68 | 0.75 | 0.71 | -0.21 | 0.02 | 0.15 | 0.65 | 0.69 | 0.69 | 0.68 | 0.4 | 0.2 | 0.13 | 0.52 | 0.39 | 0.27 | 0.76 | 0.47 | 0.64 | 0.64 |
| Frontier Markets Equity | 0.3 | 0.46 | 0.62 | 0.57 | 0.59 | 0.71 | 0.68 | 1 | 0.7 | 0.39 | 0 | 0.01 | 0.18 | 0.46 | 0.55 | 0.53 | 0.58 | 0.68 | 0.14 | -0.15 | 0.67 | 0.46 | 0.01 | 0.68 | 0.62 | 0.6 | 0.69 |
| Hedged Equity | 0.33 | 0.51 | 0.54 | 0.53 | 0.49 | 0.66 | 0.75 | 0.7 | 1 | 0.54 | -0.06 | -0.01 | 0.11 | 0.6 | 0.38 | 0.39 | 0.33 | 0.38 | 0.28 | 0.22 | 0.47 | 0.29 | 0.24 | 0.61 | 0.64 | 0.64 | 0.65 |
| Private Equity | -0.05 | 0.7 | 0.65 | 0.61 | 0.65 | 0.69 | 0.71 | 0.39 | 0.54 | 1 | -0.2 | -0.16 | -0.03 | 0.42 | 0.33 | 0.42 | 0.29 | 0.38 | 0.45 | 0.24 | 0.37 | 0.16 | 0.27 | 0.6 | 0.2 | 0.43 | 0.51 |
| Core Bonds | 0.37 | 0.04 | 0.09 | 0 | -0.15 | -0.11 | -0.21 | 0 | -0.06 | -0.2 | 1 | 0.42 | 0.6 | 0.13 | 0.11 | 0 | -0.03 | 0.15 | 0 | 0.18 | -0.03 | 0.08 | -0.05 | 0.03 | 0.23 | 0.14 | -0.05 |
| TIPS | 0.08 | -0.17 | -0.06 | -0.19 | -0.11 | 0.01 | 0.02 | 0.01 | -0.01 | -0.16 | 0.42 | 1 | 0.52 | 0.45 | 0.23 | 0.32 | 0.08 | 0.21 | 0.09 | -0.25 | 0.33 | 0.28 | 0.37 | -0.02 | -0.21 | 0.15 | -0.01 |
| Long Corporate Bonds | -0.11 | 0.29 | 0.36 | 0.29 | 0.04 | 0.29 | 0.15 | 0.18 | 0.11 | -0.03 | 0.6 | 0.52 | 1 | 0.36 | 0.57 | 0.37 | 0.48 | 0.38 | -0.16 | -0.07 | 0 | 0.53 | -0.11 | 0.4 | 0.3 | 0.44 | 0.09 |
| Emerging Markets Debt | 0.03 | 0.38 | 0.47 | 0.45 | 0.3 | 0.6 | 0.65 | 0.46 | 0.6 | 0.42 | 0.13 | 0.45 | 0.36 | 1 | 0.49 | 0.4 | 0.48 | 0.52 | 0.21 | 0.02 | 0.57 | 0.35 | 0.55 | 0.56 | 0.37 | 0.49 | 0.45 |
| High Yield Bonds | -0.15 | 0.65 | 0.77 | 0.74 | 0.56 | 0.71 | 0.69 | 0.55 | 0.38 | 0.33 | 0.11 | 0.23 | 0.57 | 0.49 | 1 | 0.86 | 0.82 | 0.63 | 0.13 | -0.06 | 0.25 | 0.74 | -0.06 | 0.66 | 0.3 | 0.57 | 0.31 |
| Bank Loans | -0.05 | 0.61 | 0.72 | 0.6 | 0.62 | 0.74 | 0.69 | 0.53 | 0.39 | 0.42 | 0 | 0.32 | 0.37 | 0.4 | 0.86 | 1 | 0.72 | 0.54 | 0.26 | -0.16 | 0.41 | 0.77 | 0.16 | 0.57 | 0.05 | 0.64 | 0.49 |
| Private Debt | -0.26 | 0.51 | 0.63 | 0.62 | 0.54 | 0.72 | 0.68 | 0.58 | 0.33 | 0.29 | -0.03 | 0.08 | 0.48 | 0.48 | 0.82 | 0.72 | 1 | 0.52 | -0.23 | -0.21 | 0.3 | 0.68 | -0.02 | 0.72 | 0.3 | 0.63 | 0.43 |
| Public Real Estate | 0.09 | 0.48 | 0.69 | 0.68 | 0.42 | 0.69 | 0.4 | 0.68 | 0.38 | 0.38 | 0.15 | 0.21 | 0.38 | 0.52 | 0.63 | 0.54 | 0.52 | 1 | 0.42 | -0.13 | 0.51 | 0.66 | 0.07 | 0.57 | 0.22 | 0.44 | 0.37 |
| Private Real Estate | 0.22 | 0.46 | 0.47 | 0.4 | 0.34 | 0.39 | 0.2 | 0.14 | 0.28 | 0.45 | 0 | 0.09 | -0.16 | 0.21 | 0.13 | 0.26 | -0.23 | 0.42 | 1 | 0.19 | 0.35 | 0.22 | 0.43 | 0.02 | -0.2 | -0.09 | 0.2 |
| Timber | 0.28 | 0.22 | 0.12 | 0.16 | 0.06 | -0.02 | 0.13 | -0.15 | 0.22 | 0.24 | 0.18 | -0.25 | -0.07 | 0.02 | -0.06 | -0.16 | -0.21 | -0.13 | 0.19 | 1 | -0.06 | -0.34 | 0.16 | 0.16 | 0.3 | 0.1 | -0.09 |
| Commodities | 0.23 | 0.21 | 0.4 | 0.29 | 0.33 | 0.57 | 0.52 | 0.67 | 0.47 | 0.37 | -0.03 | 0.33 | 0 | 0.57 | 0.25 | 0.41 | 0.3 | 0.51 | 0.35 | -0.06 | 1 | 0.32 | 0.68 | 0.42 | 0.16 | 0.42 | 0.59 |
| MLPs | -0.14 | 0.44 | 0.65 | 0.6 | 0.38 | 0.72 | 0.39 | 0.46 | 0.29 | 0.16 | 0.08 | 0.28 | 0.53 | 0.35 | 0.74 | 0.77 | 0.68 | 0.66 | 0.22 | -0.34 | 0.32 | 1 | 0.11 | 0.53 | 0.04 | 0.6 | 0.41 |
| Private Energy | 0.07 | 0.11 | 0.15 | 0.07 | 0.04 | 0.31 | 0.27 | 0.01 | 0.24 | 0.27 | -0.05 | 0.37 | -0.11 | 0.55 | -0.06 | 0.16 | -0.02 | 0.07 | 0.43 | 0.16 | 0.68 | 0.11 | 1 | 0.11 | -0.19 | 0.15 | 0.35 |
| Event-Driven | 0.11 | 0.69 | 0.76 | 0.77 | 0.57 | 0.82 | 0.76 | 0.68 | 0.61 | 0.6 | 0.03 | -0.02 | 0.4 | 0.56 | 0.66 | 0.57 | 0.72 | 0.57 | 0.02 | 0.16 | 0.42 | 0.53 | 0.11 | 1 | 0.62 | 0.83 | 0.69 |
| Macro | 0.33 | 0.34 | 0.36 | 0.42 | 0.26 | 0.34 | 0.47 | 0.62 | 0.64 | 0.2 | 0.23 | -0.21 | 0.3 | 0.37 | 0.3 | 0.05 | 0.3 | 0.22 | -0.2 | 0.3 | 0.16 | 0.04 | -0.19 | 0.62 | 1 | 0.51 | 0.49 |
| Relative Value | 0.16 | 0.47 | 0.58 | 0.5 | 0.39 | 0.68 | 0.64 | 0.6 | 0.64 | 0.43 | 0.14 | 0.15 | 0.44 | 0.49 | 0.57 | 0.64 | 0.63 | 0.44 | -0.09 | 0.1 | 0.42 | 0.6 | 0.15 | 0.83 | 0.51 | 1 | 0.66 |
| Liquid Diversifying Strategies | 0.31 | 0.57 | 0.59 | 0.53 | 0.54 | 0.74 | 0.64 | 0.69 | 0.65 | 0.51 | -0.05 | -0.01 | 0.09 | 0.45 | 0.31 | 0.49 | 0.43 | 0.37 | 0.2 | -0.09 | 0.59 | 0.41 | 0.35 | 0.69 | 0.49 | 0.66 | 1 |

Source: Fund Evaluation Group, LLC, created with MPI Stylus Software

## Arithmetic Returns

- Geometric mean returns are backward-looking and best measure performance over more than one period. Thus, we establish expected returns using geometric mean returns over the next decade. Investors want to assess their return over a period, not what the average return was each year.
- Arithmetic mean returns, also known as simple averages, better measure performance over one period. In our asset allocation model, we measure returns and standard deviation over one year, and therefore must incorporate arithmetic mean returns.
- Arithmetic mean returns are always higher than geometric mean returns, unless the standard deviation is zero. Consider a portfolio that returns 50% in year one and -50% in year two. The arithmetic mean return is 0%, but the geometric mean return is -25%, or -13.4% annualized. The higher the standard deviation, the larger the difference in geometric and arithmetic mean returns.
- To estimate the arithmetic mean returns, we run a Monte Carlo analysis based on the geometric returns. The one-year arithmetic mean returns utilized in our asset allocation model are as follows:

## FEG 10-Year Capital Market Assumptions

| | Expected Geometric Return | Expected Standard Deviation | Arithmetic Return |
|---|---|---|---|
| **Global Equity** | | | |
| Large Cap | 5.0% | 20.0% | 6.9% |
| Mid Cap | 5.5% | 25.0% | 8.6% |
| Small Cap | 5.5% | 27.0% | 8.8% |
| Large Cap Developed | 7.0% | 22.0% | 9.2% |
| Small Cap Developed | 7.0% | 27.0% | 10.4% |
| Emerging Markets | 9.5% | 34.0% | 14.2% |
| Frontier Markets | 9.5% | 35.0% | 15.0% |
| Global Hedged Equity | 5.0% | 15.0% | 6.2% |
| Private Equity | 10.0% | 35.0% | 15.1% |
| **Global Fixed Income/Credit** | | | |
| Core (Investment Grade) | 2.6% | 7.0% | 2.9% |
| Inflation Protected (TIPS) | 2.7% | 6.5% | 3.0% |
| Long Duration Corporate Debt | 4.0% | 8.5% | 4.4% |
| Emerging Market Debt | 5.2% | 14.0% | 6.1% |
| High Yield | 5.0% | 15.0% | 6.2% |
| Bank Loans | 4.5% | 11.5% | 5.2% |
| Private Debt | 8.0% | 21.0% | 10.4% |
| **Real Assets** | | | |
| Public Real Estate | 5.0% | 17.5% | 6.5% |
| Private Real Estate | 8.0% | 25.0% | 10.8% |
| Commodities | 4.0% | 25.0% | 7.0% |
| Timber | 6.2% | 11.0% | 7.0% |
| Private Energy | 10.0% | 30.0% | 13.8% |
| MLPs | 9.0% | 27.0% | 12.3% |
| **Diversifying Strategies** | | | |
| Event Driven | 5.5% | 12.0% | 6.2% |
| Macro | 5.5% | 12.0% | 6.5% |
| Relative Value | 4.5% | 9.0% | 5.0% |
| Liquid Diversifying Strategies | 4.0% | 10.0% | 4.5% |

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- Neither the information nor any opinion expressed in this presentation constitutes an offer, or an invitation to make an offer, to buy or sell any securities.
- Past Performance is not indicative of future results.
- Standard Deviation – A measure of variability in returns. The annual standard deviation measures the dispersion of annual returns around the average annualized return.
- R Squared - A statistical measure that represents the percentage of a fund or security's movements that can be explained by movements in an independent variable.
- Unless otherwise noted, charts use straight-line averages for the period measured in the charts
- Index performance results do not represent any portfolio returns. An investor cannot invest directly in a presented index, as an investment vehicle replicating an index would be required. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown.
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- Any opinions and/or recommendations mentioned in this presentation are solely based on FEG's research.
- Historical long-term returns since 1926 from Ibbotson Associates. International equity historical returns from MSCI. Fixed income yields from Barclays Bank PLC and Credit Suisse. REIT data from NAREIT. Historical timber returns from NCREIF. MLP yield data from Alerian.
- Data as of December 2016 unless otherwise noted.

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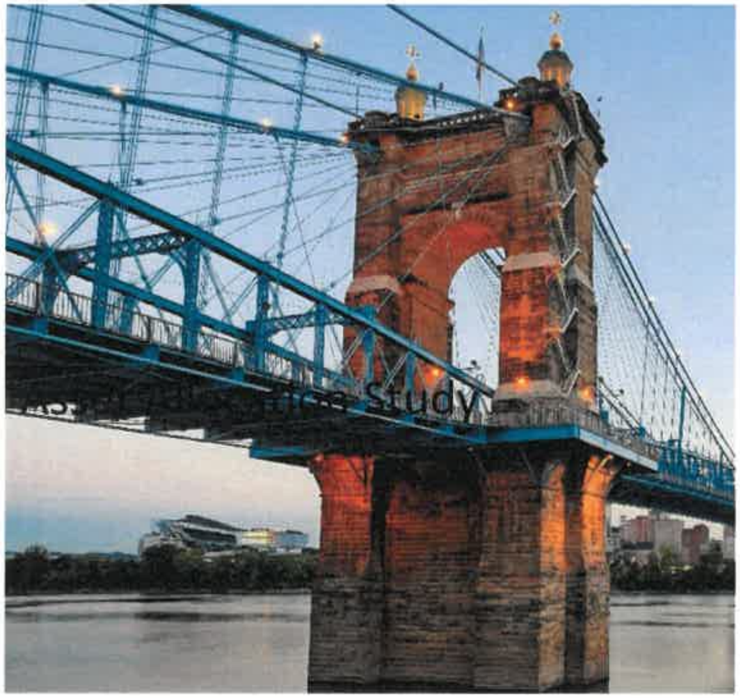


# F.E.G CAPITAL MARKETS ASSUMPTIONS PROCESS

## JANUARY 2018

# STRATEGY: DEVELOPING SOUND CAPITAL MARKET ASSUMPTIONS

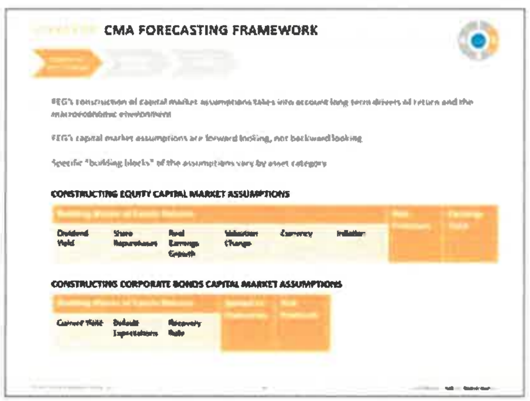
*Recognizing the importance of sound capital market assumptions, FEG has a team and process in place to research and publish capital market assumptions. While FEG's expected returns have historically been within the return range of the actual results 7-10 years later, the process does not "stop" once we issue these assumptions. We continually refine our models and evaluate our success.*

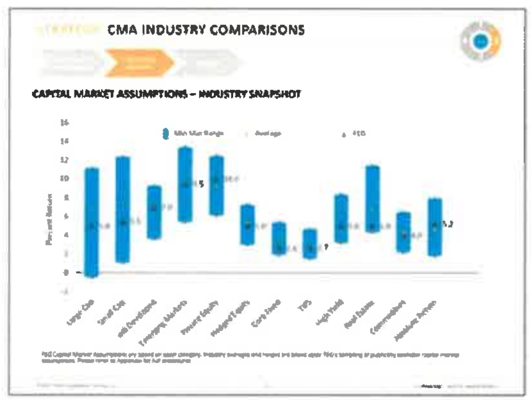
Develop 10-Year Forecasts → Checks and Balances → Results

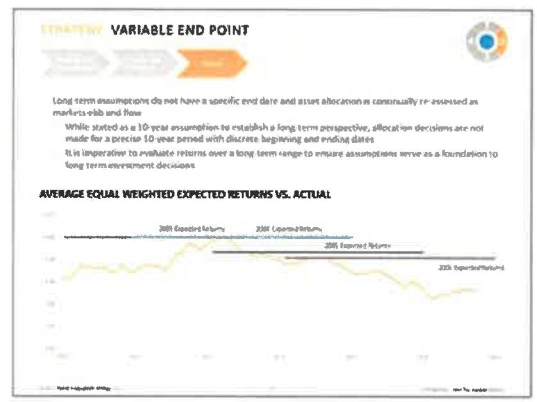
**STEP 1: DEVELOP FORECASTS**
Evaluate long-term drivers of return by asset category, and frame within the broader macroeconomic environment.

**STEP 2: CHECKS AND BALANCES**
Review internally and externally – checking assumptions and methodologies against others in the investments industry.

**STEP 3: RESULTS**
Evaluate past results, determine if any deviations were a function of unique markets or embedded within FEG's forecasting framework. Keep what is working, but isolate and correct any issues.



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# STRATEGY: CMA FORECASTING FRAMEWORK

Develop 10-Year Forecasts > Checks and Balances > Results

- FEG's construction of capital market assumptions takes into account long-term drivers of return and the macroeconomic environment
- FEG's capital market assumptions are forward looking, not backward looking
- Specific "building blocks" of the assumptions vary by asset category

**CONSTRUCTING EQUITY CAPITAL MARKET ASSUMPTIONS**

| Building Blocks of Equity Returns | | | | | | Risk Premium | Earnings Yield |
|---|---|---|---|---|---|---|---|
| Dividend Yield | Share Repurchases | Real Earnings Growth | Valuation Change | Currency | Inflation | | |

**CONSTRUCTING CORPORATE BONDS CAPITAL MARKET ASSUMPTIONS**

| Building Blocks of Equity Returns | | | Spread to Treasuries | Risk Premium |
|---|---|---|---|---|
| Current Yield | Default Expectations | Recovery Rate | | |



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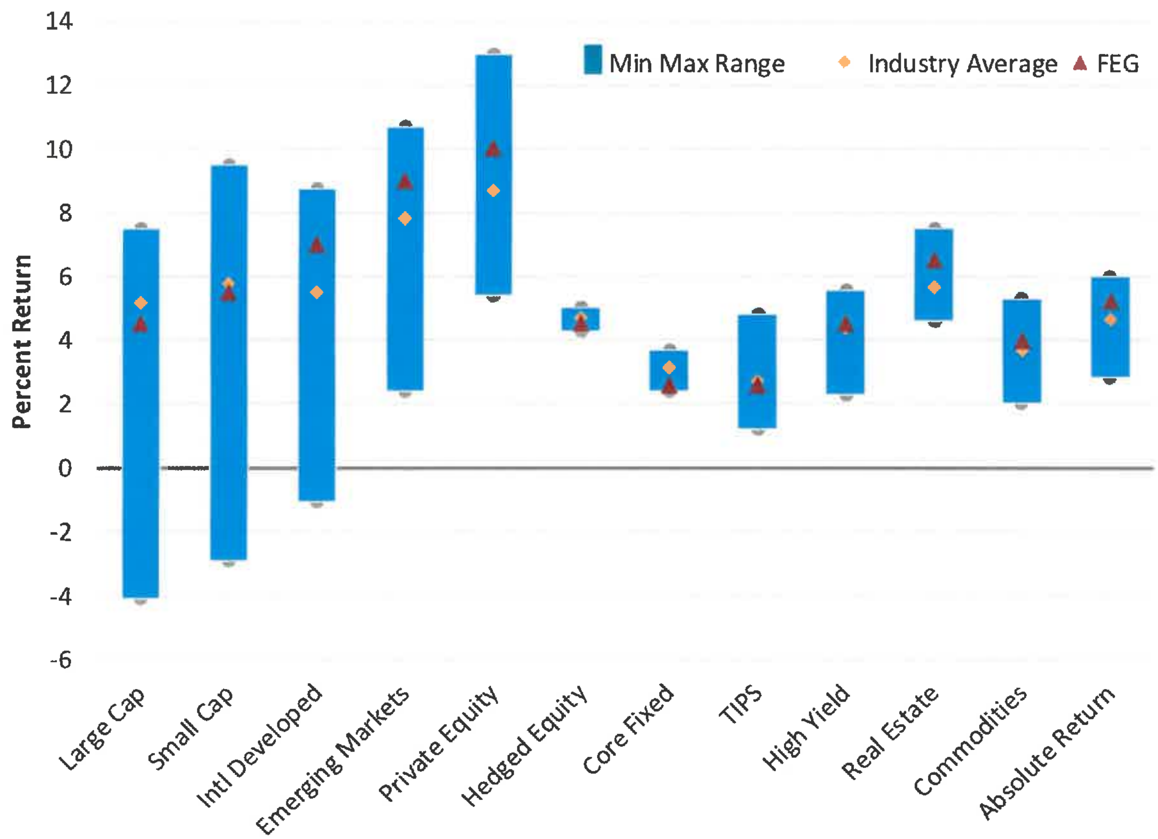
# STRATEGY: CMA INDUSTRY COMPARISONS

Develop 10-Year Forecasts | Checks and Balances | Results

## CAPITAL MARKET ASSUMPTIONS – INDUSTRY SNAPSHOT




FEG Capital Market Assumptions are based on asset category. Industry averages and ranges are based upon FEG's sampling of publically available capital market assumptions. Please refer to Appendix for full disclosures.

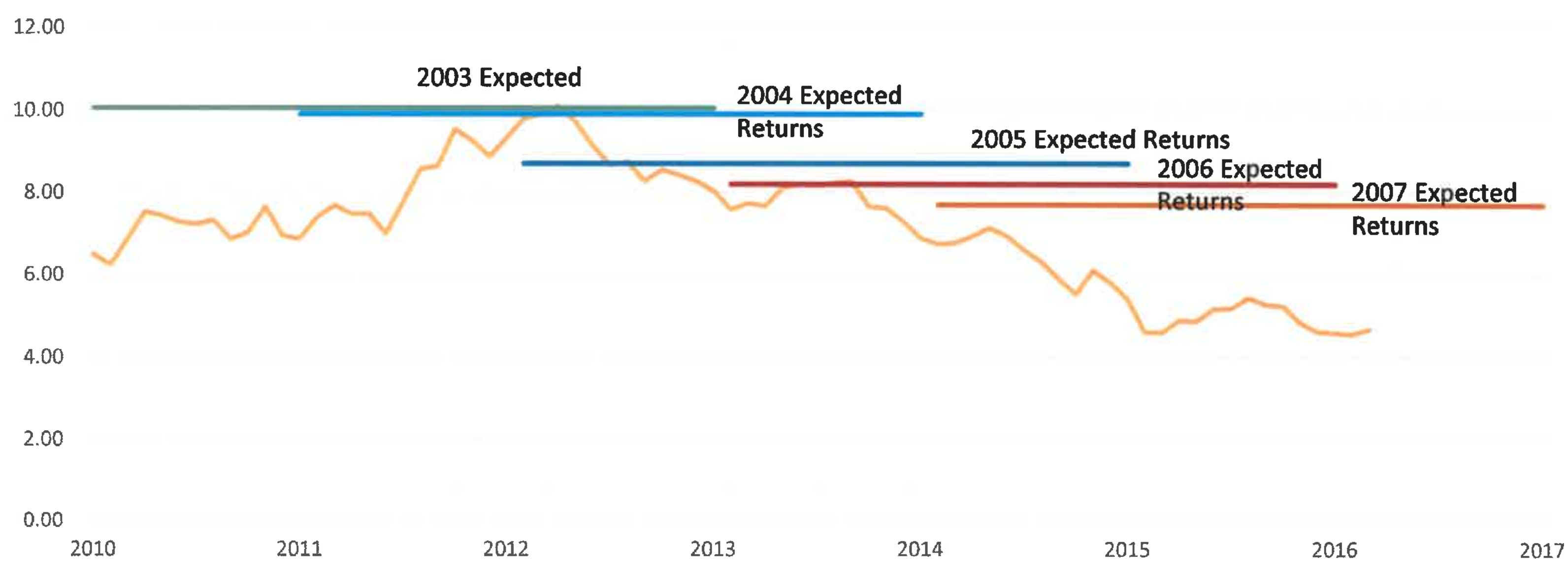
# STRATEGY: VARIABLE END POINT

Results

- Long-term assumptions do not have a specific end date and asset allocation is continually re-assessed as markets ebb and flow

## AVERAGE EQUAL WEIGHTED EXPECTED RETURNS VS. ACTUAL

*Equal Weighted Rolling 10-Year Returns*



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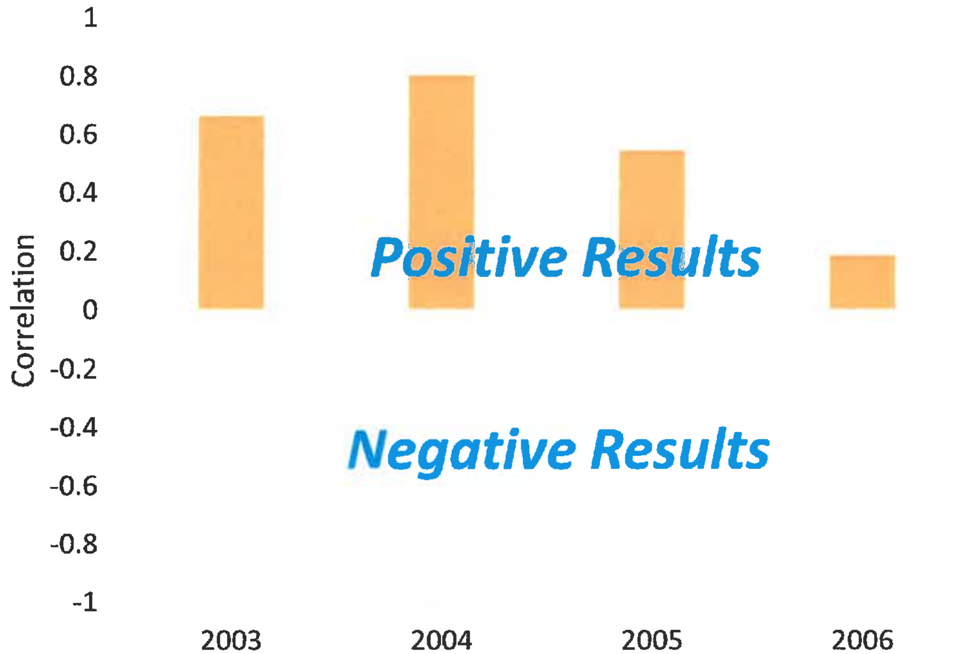
Results

## CAPITAL MARKET ASSUMPTIONS:
## RANK CORRELATION OF EXPECTED VS. ACTUAL




*Because every asset allocation decision is relative, one method we use to evaluate our results is rank order (the order in which asset classes fall when ranked by return versus the order of actual returns, e.g. 1st, 2nd , 3rd).*

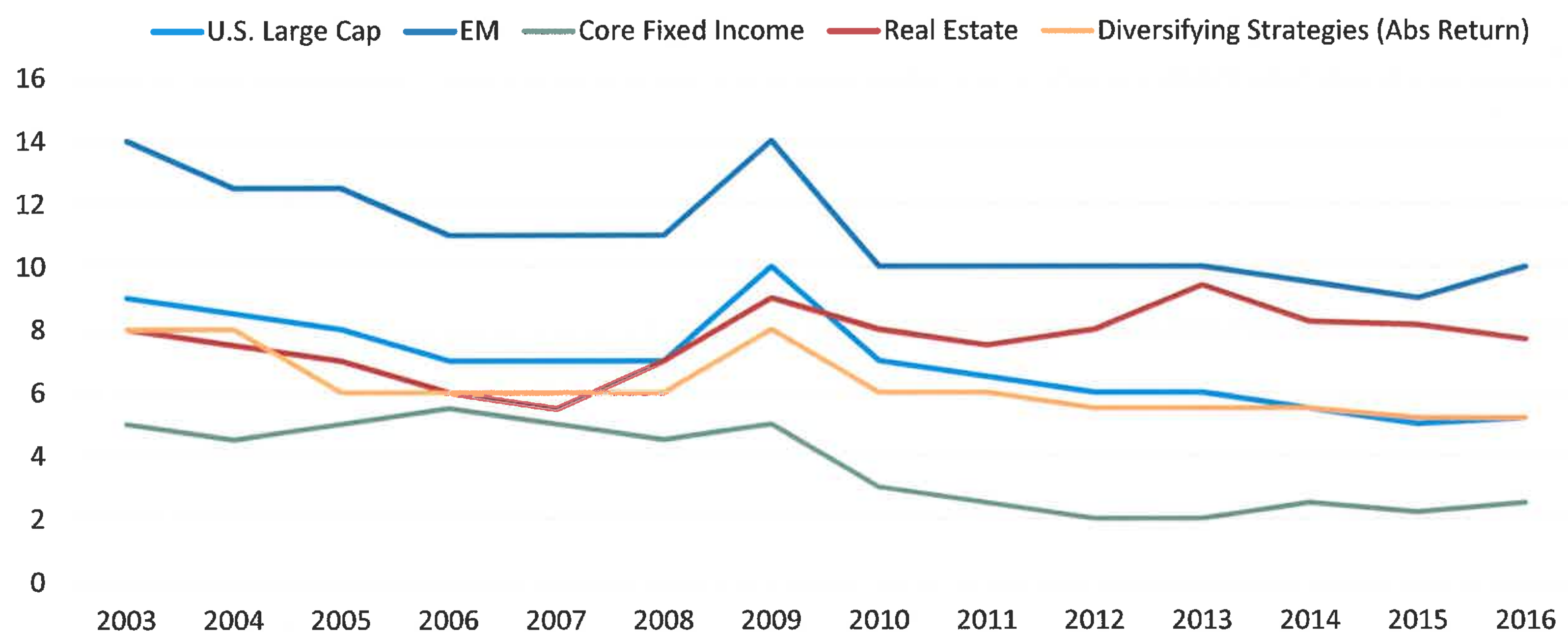
*If a market shock, the Great Financial Crisis for example, dramatically shifts markets and returns, but our relative ranking is accurate, then our assumptions will nevertheless position our clients well (i.e., favor those with the best risk/reward trade offs) regardless of unique market events.*

*As such, we review the correlation between the rank order of our expectations to the rank order of actual results.*

# STRATEGY: CAPITAL MARKET ASSUMPTIONS OVER TIME

Develop 10-Year Forecasts | Checks and Balances | **Results**

## 10-YEAR CAPITAL MARKET ASSUMPTIONS BY YEAR




- FEG's capital market assumptions have reflected the impact of significant market events as well as improvements in our methodology over time

# STRATEGY: ADJUSTMENTS TO THE MODEL

Results

- Upon examining the results from our 2002-2006 assumptions, we identified several unprecedented macroeconomic variables that we could not control, but similarly isolated one weighting, risk premium, within our framework that we could control

- FEG's construction of capital market assumptions in the early part of the previous decade relied too heavily on an assumed risk premium above large cap U.S. equities and we have refined this approach in the years following the financial crisis

## CONSTRUCTING EQUITY CAPITAL MARKET ASSUMPTIONS

| Building Blocks of Equity Returns | | | | | | Risk Premium | Earnings Yield |
|---|---|---|---|---|---|---|---|
| Dividend Yield | Share Repurchases | Real Earnings Growth | Valuation Change | Currency | Inflation | | |



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# GLOSSARY

Arithmetic Mean – The arithmetic mean is sometimes referred to as the average or simply as the mean. It is the sum of all observations divided by the number of observations.

Geometric Mean – The average of a set of products, the calculation of which is used to determine the performance results of an investment, technically defined as "the 'n'th root product of 'n' numbers." The geometric mean must be used when working with percentages, which are derived from values, while the standard arithmetic mean works with the values themselves.

$$\{\text{Return } 1 \times \text{Return } 2 \times \ldots \text{Return } n\}^{\frac{1}{n}}$$

Standard Deviation – A measure of variability in returns. The annual standard deviation measures the dispersion of annual returns around the average annualized return.

Monte Carlo Simulation – A random sampling computer simulation used to obtain approximate solutions to mathematical or physical problems, especially in terms of a range of values, each of which has a calculated probability of being the solution.

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100-Year Flood = annual return expected to occur 1% of the time, or a -2.326 standard deviation event for the statically inclined.

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Large Cap is represented by the S&P 500 Index which measures the performance of large capitalization U.S. stocks. The S&P 500 is a market-weighted index of 500 stocks that are traded on the NYSE, AMEX, and NASDAQ. www.standardandpoors.com

Mid Cap is represented by the Russell Mid Cap Index which measures performance of U.S. mid capitalization stocks. The Russell Mid Cap Index is a capitalization-weighted index of the 800 smallest companies in the Russell 1000 Index. The stocks are traded on the NYSE, AMEX, and NASDAQ. www.russell.com

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International is represented by the MSCI EAFE Index which is a Morgan Stanley Capital International index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East. www.mscibarra.com

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Hedged Equity is represented by the Hedge Fund Research, Inc. Fund Weighted Composite Index, an equal weighted index that includes over 2,000 constituent funds, both domestic and offshore with no Fund of Funds included in the index. www.hfri.com

Bonds are represented by the Barclays U.S. Aggregate Bond Index which includes U.S. government, corporate, and mortgage-backed securities with maturities up to 30 years. www.barclays.com

High Yield is represented by the Barclays U.S. Corporate High Yield Index. www.barclays.com

Global REIT is represented by the FTSE EPRA/NAREIT Developed Index which is designed to track the performance of listed real estate companies and REITS worldwide. www.ftse.com

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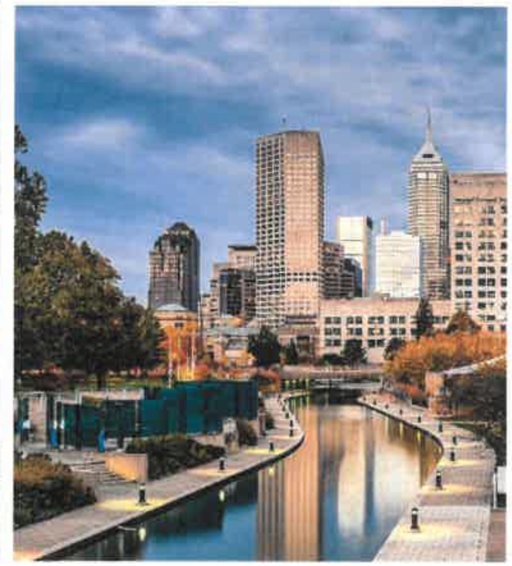

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