WESTERN STATES OFFICE AND PROFESSIONAL EMPLOYEES PENSION FUND

SUSPENSION APPLICATION

Exhibit 2

Exhibit 2

Plan Actuary's Certification of Critical and Declining Status Pursuant to IRC Section 432(b)(3)(B)(iv)

Zone Certification as of January 1, 2016 for Western States Office and Professional Employees Pension Fund EIN: 94-6076144 / PN: 001

Initial Critical Zone Certification:	January 1, 2009
Adoption Period:	March 31, 2009 – December 31, 2011
Rehabilitation Period:	January 1, 2012 – forestall insolvency
Initial Critical and Declining Zone Certification:	January 1, 2016

After considering and rejecting as unfeasible various scenarios intended to meet the benchmarks of the Pension Protection Act, the Trustees modified the Rehabilitation Plan in 2012 to include reasonable measures to forestall possible insolvency, in compliance with IRC Section 432(e)(3)(A)(ii).

Based on the following actuarial measures, the Plan is classified as "Critical and Declining Status" (a Red Zone category) for the 2016 Plan Year as per the Multiemployer Pension Reform Act of 2014 (MEPRA).

- The Plan meets the criteria for Critical Status, and
- The Plan is projected to become insolvent in the current or during the next 19 plan years, and
- The Plan's funded percentage is less than 80%.

Please refer to the attached Actuarial Certification as of January 1, 2016, which was prepared for the Western States Office and Professional Employees Pension Fund and filed on March 30, 2016 with the Secretary of the Treasury. Additional supporting documentation is also attached.

Certified by:

Redacted by the U.S. Department of the Treasury

[redacted]

Paul Graf, A.S.A., E.A., M.A.A.A.
Enrolled Actuary No. 14-05627

February 15, 2017

RAEL & LETSON
CONSULTANTS AND ACTUARIES
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ACTUARIAL CERTIFICATION REQUIRED UNDER INTERNAL REVENUE CODE SECTION 432(b)

Western States Office and Professional Employees Pension Fund

Plan Year Beginning January 1, 2016

TO: Secretary of the Treasury
Board of Trustees of the
Western States Office and Professional Employees Pension Fund

FROM: Paul L. Graf, Plan Actuary

DATE: March 30, 2016

RE: Western States Office and Professional Employees Pension Fund
EIN = 94-6076144; PN = 001
Plan Sponsor: Board of Trustees Western States Office and Professional Employees Pension Fund
1220 S.W. Morrison St, Suite 300
Portland, Oregon 97205-2222
(503) 224-0048

The following certifies that, in accordance with Internal Revenue Code Section 432(b), the Western States Office and Professional Employees Pension Fund ("the Plan"), as of the beginning of its 2016 Plan Year:

is in critical and declining status

As of January 1, 2016, the projections used for this certification estimate the Plan's funded percentage to be 64.6%, the Funding Standard Account Credit Balance to be depleted by December 31, 2016 and the Plan is projected to be insolvent by December 31, 2035. Accordingly, the Plan is in critical and declining status for the 2016 Plan Year based on the criteria outlined in Internal Revenue Code Sections 432(b)(2)(B) and 432(b)(6) and the Multiemployer Pension Reform Act of 2014 ("MPRA").

The basis for this certification is as follows:

1. The projected present value of Plan liabilities as of the beginning of the 2016 Plan Year is based on the actuarial valuation as of January 1, 2015, and assumes no future liability gains or losses. The data, methodology, Plan provisions and assumptions utilized in the projection are those used for the January 1, 2015 actuarial valuation (except where noted otherwise in this document). The methods and assumptions are outlined in Exhibit I.

2. An actuarial projection of the Actuarial Value of Assets is based on the preliminary unaudited financial statements as of December 31, 2015, as provided by the Administrator, and assumes no investment gains or losses on market values after that date. The January 1, 2016 Market Value of Assets and 2015 cash flow components provided by the Administrator are:

a.	Market Value as of January 1, 2016	$ 334,216,189
b.	2015 Employer Contributions	11,846,940
c.	2015 Benefit Payments	38,945,444

   The assumptions and methodology utilized in the projection are those used for the January 1, 2015 actuarial valuation and are outlined in Exhibit I.

3. Contributions for the current and succeeding plan years are projected assuming the terms of the current collective bargaining agreements pursuant to which the Plan is maintained continue in effect for succeeding plan years. Contributions include the automatic 10% employer surcharge for those contracts which have not yet been negotiated with terms consistent with the adopted Rehabilitation Plan. , in accordance with the adopted Rehabilitation Plan.

   For purposes of evaluating critical and declining status, as outlined in Internal Revenue Code Section 432(b)(6), we have assumed contribution rates increase beyond the current CBA(s) in accordance with the adopted rehabilitation plan. The percent of total contributions attributable to surcharges and enhancements is assumed to be 80% of the accruing contributions beginning in 2016. In addition, the scheduled withdrawal liability payments for employers that withdrew prior to January 1, 2016 are reflected in the projections.

Based on input from the Board of Trustees, our projections assume that total hours worked remain constant at 2015 work levels.

4. The Plan received approval for a 5-year extension of charge bases effective for the Plan Year beginning January 1, 2009, as permitted under Internal Revenue Code Section 431(d). However, for the purpose of determining the Plan's critical status, the applicable charge base extensions have not been reflected in these projections.

5. The projections reflect the provisions of the Multiemployer Pension Reform Act of 2014 (MPRA). This includes the scheduled increase in PBGC premiums from $26 per participant to $27 per participant effective for plan years beginning in 2016 as well as relevant inflationary increases under the MPRA subsequent to 2016. Assumed operating expenses are $1,000,000 for the 2016 and 2017 plan years, and $700,000 per year thereafter.

6. The Plan was initially certified in critical status as of January 1, 2009. On October 16, 2009 the Board of Trustees adopted a Rehabilitation Plan under the guidelines of 432(e), which is updated and monitored annually. The Rehabilitation Plan includes certain adopted reductions in adjustable benefits effective January 1, 2010, and the Rehabilitation Period began January 1, 2012. Based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the Plan cannot emerge from Critical Status, as described in Code Section 432(e)(3)(A)(ii). In 2012, the adopted Rehabilitation Plan was updated by the Plan Sponsor to include reasonable measures to forestall possible insolvency.

Comments and Certification

This certification has been prepared in accordance with our understanding of the requirements of Internal Revenue Code Section 432, the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, and the Multiemployer Pension Reform Act of 2014. To the best of our knowledge, the information supplied in this certification is complete and accurate and, in our opinion, the individual assumptions used in the projections: (a) are reasonably related to the experience of the Plan and to reasonable expectations; and (b) represent our best estimate of anticipated experience under the Plan.

As an actuary for Rael & Letson, I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Redacted by the U.S. Department of the Treasury
[redacted]

March 30, 2016
Date

Paul L. Graf, A.S.A., E.A., F.C.A., M.A.A.A.
Enrolled Actuary Number 14-05627
Rael & Letson
999 Third Avenue, Suite 1530
Seattle, Washington 98104-3853
(206) 456-3340

EXHIBIT I

ACTUARIAL METHODS AND ASSUMPTIONS

METHODS:	
Asset Valuation:	Assets are valued according to a method which recognizes 20% of each year's excess (or deficiency) of actual investment return on the Market Value of Assets over the expected return on the Market Value of Assets in the year the excess (or deficiency) occurs. An additional 20% of the excess (or deficiency) is recognized in each of the succeeding four years until it is totally recognized. In no event will the Actuarial Value be less than 80% or more than 120% of the Market Value.
Actuarial Cost Method:	<u>Unit Credit Cost Method</u> Under this method, we determine the present value of all benefits earned through the valuation date. An individual's normal cost is the present value of the benefit expected to be earned in the valuation year. The total accrued liability is the sum of the individual present values for all participants. The Unfunded Accrued Liability is the difference between the accrued liability and the assets of the Trust. If the assets exceed the accrued liability, the Plan is in a surplus position. This method requires that each year's contributions be applied first to the normal cost, and the balance of the contributions applied to amortize the Unfunded Accrued Liability. The normal cost is adjusted at the close of the Plan Year to reflect the actual level of contributions received during that Plan Year.

ASSUMPTIONS:	
Interest Discount Rate:	7.25% for funding.
Assumed Rate of Return on Investments:	7.25% compounded annually, net of all expenses.
Derivation of Net Investment Return and Discount Rate for FASB ASC 960 Accounting:	The expected return assumptions are established based on a long run outlook and are based on past experience, future expectations and professional judgement. We have modeled the assumptions based on average long-term future expected returns and their respective capital market assumptions as provided by several investment professionals. Based on the inputs of the Plan's specific target asset allocation, we have established the reasonability of the Plan's assumption.
Operating Expenses:	Assumed covered by investment earnings for 2015. 2016 and later years include explicit operating expenses.
Mortality:	Healthy Lives: 1983 GAMF Mortality Table Disabled Lives: 1983 GAMF Mortality Table with ages set forward 17 years until age 62
Mortality Improvement:	The current mortality assumption, with no mortality improvement reflected, is assumed to be reasonable at this time.
Turnover:	Table T-7, <u>The Actuary's Pension Handbook</u>. Non-Vested Participants are assumed to earn one year of vesting credit annually until vested.
Retirement Rates:	Active participants are assumed to retire based on the following rate table: **<u>Age</u>** **<u>Rate of Retirement</u>** 55 20% 56 15% 57-59 12% 60 15% 61 20% 62 40% 63-70 35% 71+ 100% Inactive Vested participants are assumed to retire at age 62.
Disability Incidence:	1952 Society of Actuaries Table, Period 2, Benefit 5.
Form of Payment:	For those not yet in pay status, all participants are assumed to elect a Life Annuity.
Marital Status:	80% of non-retired participants are assumed to be married. Spouses are assumed to be the same age as participants in the population.
Active Employment:	Worked at least 200 hours in covered employment.
Future Employment:	Each active participant is assumed to work the same amount of hours worked in the prior plan year.
Missing Data:	If not specified, participants are assumed to be female and the same age as the average of participants with the same status code.

ACTUARIAL METHODS AND ASSUMPTIONS

METHODS:	
Asset Valuation:	Assets are valued according to a method which recognizes 20% of each year's excess (or deficiency) of actual investment return on the Market Value of Assets over the expected return on the Market Value of Assets in the year the excess (or deficiency) occurs. An additional 20% of the excess (or deficiency) is recognized in each of the succeeding four years until it is totally recognized. In no event will the Actuarial Value be less than 80% or more than 120% of the Market Value.
Actuarial Cost Method:	Unit Credit Cost Method Under this method, we determine the present value of all benefits earned through the valuation date. An individual's normal cost is the present value of the benefit expected to be earned in the valuation year. The total accrued liability is the sum of the individual present values for all participants. The Unfunded Accrued Liability is the difference between the accrued liability and the assets of the Trust. If the assets exceed the accrued liability, the Plan is in a surplus position. This method requires that each year's contributions be applied first to the normal cost, and the balance of the contributions applied to amortize the Unfunded Accrued Liability. The normal cost is adjusted at the close of the Plan Year to reflect the actual level of contributions received during that Plan Year.

ACTUARIAL METHODS AND ASSUMPTIONS
(CONTINUED)

ASSUMPTIONS:	
Interest Discount Rate:	7.25% for funding.
Assumed Rate of Return on Investments:	7.25% compounded annually, net of all expenses.
Derivation of Net Investment Return and Discount Rate for FASB ASC 960 Accounting:	The expected return assumptions are established based on a long run outlook and are based on past experience, future expectations and professional judgement. We have modeled the assumptions based on average long-term future expected returns and their respective capital market assumptions as provided by several investment professionals. Based on the inputs of the Plan's specific target asset allocation, we have established the reasonability of the Plan's assumption.
Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations	The demographic and other noneconomic assumptions are established based on a long-term outlook and are based on past actuarial experience, future expectations and professional judgment. We believe the current demographic and other noneconomic assumptions reasonably reflect anticipated experience for the Plan.
Operating Expenses:	Assumed covered by investment earnings for 2015. 2016 and later years include explicit operating expenses.
Mortality:	Healthy Lives: 1983 GAMF Mortality Table Disabled Lives: 1983 GAMF Mortality Table with ages set forward 17 years until age 62
Mortality Improvement:	The current mortality assumption, with no mortality improvement reflected, is assumed to be reasonable at this time.
Turnover:	Table T-7, <u>The Actuary's Pension Handbook</u>. Non-Vested Participants are assumed to earn one year of vesting credit annually until vested.
Retirement Rates:	Active participants are assumed to retire based on the following rate table: **<u>Age</u>** **<u>Rate of Retirement</u>** 55 20% 56 15% 57-59 12% 60 15% 61 20% 62 40% 63-70 35% 71+ 100% Inactive Vested participants are assumed to retire at age 62.
Disability Incidence:	1952 Society of Actuaries Table, Period 2, Benefit 5.
Form of Payment:	For those not yet in pay status, all participants are assumed to elect a Life Annuity.
Marital Status:	80% of non-retired participants are assumed to be married. Spouses are assumed to be the same age as participants in the population.
Active Employment:	Worked at least 200 hours in covered employment.

ACTUARIAL METHODS AND ASSUMPTIONS

(CONTINUED)

ASSUMPTIONS:	
Future Employment:	Each active participant is assumed to work the same amount of hours worked in the prior plan year.
Missing Data:	If not specified, participants are assumed to be female and the same age as the average of participants with the same status code.
Withdrawal:	Assumed WPAS is not going to withdraw in 2016 and ATPA is going to make withdrawal liability payments commencing in 2018.

New Entrant Profile:	
New Entrants:	New entrants are assumed to enter the Plan to replace participants that terminated employment during the year from actively participating employers. This experience includes those that are rehired from terminated non-vested and terminated vested status. All new entrants are assumed to be female.

Western States Office and Professional Employees Pension Fund

Projected Total Contribution Base Units and Contribution Rates

Year Beginning January 1	Base Accrual Contribution	Total Contribution Base Units (Hours)	Average Contribution Rate (Hourly)
2015	5,110,948	1,620,763	3.15
2016	5,028,202	1,591,894	3.16
2017	5,028,202	1,591,894	3.16
2018	5,028,202	1,591,894	3.16
2019	5,028,202	1,591,894	3.16
2020	5,028,202	1,591,894	3.16
2021	5,028,202	1,591,894	3.16
2022	5,028,202	1,591,894	3.16
2023	5,028,202	1,591,894	3.16
2024	5,028,202	1,591,894	3.16
2025	5,028,202	1,591,894	3.16
2026	5,028,202	1,591,894	3.16
2027	5,028,202	1,591,894	3.16
2028	5,028,202	1,591,894	3.16
2029	5,028,202	1,591,894	3.16
2030	5,028,202	1,591,894	3.16
2031	5,028,202	1,591,894	3.16
2032	5,028,202	1,591,894	3.16
2033	5,028,203	1,591,894	3.16
2034	5,028,204	1,591,894	3.16
2035	5,028,202	1,591,894	3.16

Western States Office and Professional Employees Pension Fund

Illustration of Projected Cash Flow and Solvency Ratio of the Extended Period

Projection for Plan Years beginning January 1, 2016 through December 31, 2035

Plan Year Beginning Plan Year Ending	1/1/2016 12/31/2016	1/1/2017 12/31/2017	1/1/2018 12/31/2018	1/1/2019 12/31/2019	1/1/2020 12/31/2020
A. Market Value at Beginning of Year	334,216,189	325,212,089	315,692,449	307,255,307	297,556,254
B. Actuarial Value at Beginning of Year	347,973,428	339,099,984	326,887,155	311,859,035	297,556,254
Income					
C. Base Contributions	5,028,202	5,028,202	5,028,202	5,028,202	5,028,202
D. Supplemental/Surcharge Contributions	3,343,773	4,022,562	4,022,562	4,022,562	4,022,562
E. Withdrawal Liability Payments	2,161,712	2,381,660	4,668,736	4,667,749	4,667,749
F. Total Investment Income	23,033,076	22,385,080	21,767,412	21,132,974	20,407,254
Disbursements					
G. Benefit Payments					
(a) Current Actives	2,151,036	3,006,925	3,775,881	4,435,126	4,984,126
(b) Current Inactive Vested	1,898,839	2,598,569	3,552,095	4,401,525	5,403,530
(c) Current Retirees/Beneficiaries	37,520,989	36,731,649	35,896,078	35,013,889	34,084,649
(d) Future New Entrants	-	-	-	-	-
(e) Total	41,570,863	42,337,144	43,224,054	43,850,540	44,472,304
H. Administrative expenses	1,000,000	1,000,000	700,000	700,000	700,000
I. Market Value at End of Year (A+C+D+E+F-G(e)-H)	325,212,089	315,692,449	307,255,307	297,556,254	286,509,717
J. Available Resources (A+C+D+E+F-H)	366,782,952	358,029,593	350,479,361	341,406,794	330,982,021
K. Solvency Ratio (J / G(e))	**8.82**	**8.46**	**8.11**	**7.79**	**7.44**
L. Accrued Liability	538,253,063	535,896,307	532,574,628	528,093,067	522,637,397
M. Funded Percentage (MVA) (A / L)	62.09%	60.69%	59.28%	58.18%	56.93%
N. Funded Percentage (AVA) (B / L)	64.65%	63.28%	61.38%	59.05%	56.93%

Western States Office and Professional Employees Pension Fund

Illustration of Projected Cash Flow and Solvency Ratio of the Extended Period

Projection for Plan Years beginning January 1, 2016 through December 31, 2035

Plan Year Beginning Plan Year Ending	1/1/2021 12/31/2021	1/1/2022 12/31/2022	1/1/2023 12/31/2023	1/1/2024 12/31/2024	1/1/2025 12/31/2025
A. Market Value at Beginning of Year	286,509,717	274,141,799	260,602,433	245,935,652	229,915,341
B. Actuarial Value at Beginning of Year	286,509,717	274,141,799	260,602,433	245,935,652	229,915,341
Income					
C. Base Contributions	5,028,202	5,028,202	5,028,202	5,028,202	5,028,202
D. Supplemental/Surcharge Contributions	4,022,562	4,022,562	4,022,562	4,022,562	4,022,562
E. Withdrawal Liability Payments	4,667,749	4,655,713	4,652,077	4,652,077	4,652,077
F. Total Investment Income	19,588,171	18,681,885	17,695,180	16,621,687	15,467,824
Disbursements					
G. Benefit Payments					
(a) Current Actives	5,475,557	5,906,239	6,282,105	6,617,568	6,916,229
(b) Current Inactive Vested	6,390,239	7,234,439	8,062,283	9,117,022	9,760,658
(c) Current Retirees/Beneficiaries	33,108,807	32,087,050	31,020,413	29,910,249	28,758,031
(d) Future New Entrants	-	-	-	-	-
(e) Total	44,974,602	45,227,728	45,364,802	45,644,839	45,434,919
H. Administrative expenses	700,000	700,000	700,000	700,000	700,000
I. Market Value at End of Year (A+C+D+E+F-G(e)-H)	274,141,799	260,602,433	245,935,652	229,915,341	212,951,087
J. Available Resources (A+C+D+E+F-H)	319,116,401	305,830,161	291,300,454	275,560,180	258,386,006
K. Solvency Ratio (J / G(e))	**7.10**	**6.76**	**6.42**	**6.04**	**5.69**
L. Accrued Liability	516,141,887	508,654,947	500,362,902	491,327,641	481,347,135
M. Funded Percentage (Using MVA) (A / L)	55.51%	53.90%	52.08%	50.06%	47.76%
N. Funded Percentage (AVA) (B / L)	55.51%	53.90%	52.08%	50.06%	47.76%

Western States Office and Professional Employees Pension Fund

Illustration of Projected Cash Flow and Solvency Ratio of the Extended Period

Projection for Plan Years beginning January 1, 2016 through December 31, 2035

Plan Year Beginning Plan Year Ending	1/1/2026 12/31/2026	1/1/2027 12/31/2027	1/1/2028 12/31/2028	1/1/2029 12/31/2029	1/1/2030 12/31/2030
A. Market Value at Beginning of Year	212,951,087	195,041,904	176,137,624	156,279,407	135,349,779
B. Actuarial Value at Beginning of Year	212,951,087	195,041,904	176,137,624	156,279,407	135,349,779
Income					
C. Base Contributions	5,028,202	5,028,202	5,028,202	5,028,202	5,028,202
D. Supplemental/Surcharge Contributions	4,022,562	4,022,562	4,022,562	4,022,562	4,022,562
E. Withdrawal Liability Payments	4,652,077	4,652,077	4,652,077	4,647,816	4,573,804
F. Total Investment Income	14,247,885	12,960,080	11,604,094	10,177,257	8,679,431
Disbursements					
G. Benefit Payments					
(a) Current Actives	7,184,280	7,387,111	7,596,441	7,774,875	7,858,990
(b) Current Inactive Vested	10,409,705	11,143,505	11,795,415	12,550,528	13,170,845
(c) Current Retirees/Beneficiaries	27,565,924	26,336,585	25,073,296	23,780,061	22,461,720
(d) Future New Entrants	-	-	-	-	-
(e) Total	45,159,909	44,867,200	44,465,153	44,105,464	43,491,555
H. Administrative expenses	700,000	700,000	700,000	700,000	700,000
I. Market Value at End of Year (A+C+D+E+F-G(e)-H)	195,041,904	176,137,624	156,279,407	135,349,779	113,462,223
J. Available Resources (A+C+D+E+F-H)	240,201,813	221,004,825	200,744,559	179,455,244	156,953,778
K. Solvency Ratio (J / G(e))	**5.32**	**4.93**	**4.51**	**4.07**	**3.61**
L. Accrued Liability	470,860,572	459,898,712	448,445,436	436,578,421	424,223,773
M. Funded Percentage (Using MVA) (A / L)	45.23%	42.41%	39.28%	35.80%	31.91%
N. Funded Percentage (AVA) (B / L)	45.23%	42.41%	39.28%	35.80%	31.91%

Western States Office and Professional Employees Pension Fund

Illustration of Projected Cash Flow and Solvency Ratio of the Extended Period

Projection for Plan Years beginning January 1, 2016 through December 31, 2035

Plan Year Beginning Plan Year Ending	1/1/2031 12/31/2031	1/1/2032 12/31/2032	1/1/2033 12/31/2033	1/1/2034 12/31/2034	1/1/2035 12/31/2035
A. Market Value at Beginning of Year	113,462,223	89,194,557	62,959,895	35,065,901	5,122,411
B. Actuarial Value at Beginning of Year	113,462,223	89,194,557	62,959,895	35,065,901	5,122,411
Income					
C. Base Contributions	5,028,202	5,028,202	5,028,202	5,028,202	5,028,202
D. Supplemental/Surcharge Contributions	4,022,562	4,022,562	4,022,562	4,022,562	4,022,562
E. Withdrawal Liability Payments	3,037,389	2,142,396	1,521,544	284,000	196,892
F. Total Investment Income	7,064,833	5,298,165	3,404,642	1,381,376	(743,744)
Disbursements					
G. Benefit Payments					
(a) Current Actives	7,965,729	8,073,563	8,137,960	8,107,707	8,120,996
(b) Current Inactive Vested	13,631,003	14,179,245	14,616,333	14,789,818	14,770,614
(c) Current Retirees/Beneficiaries	21,123,921	19,773,178	18,416,651	17,062,105	15,717,941
(d) Future New Entrants	-	-	-	-	-
(e) Total	42,720,652	42,025,986	41,170,944	39,959,630	38,609,552
H. Administrative expenses	700,000	700,000	700,000	700,000	700,000
I. Market Value at End of Year (A+C+D+E+F-G(e)-H)	89,194,557	62,959,895	35,065,901	5,122,411	**Insolvent**
J. Available Resources (A+C+D+E+F-H)	131,915,209	104,985,882	76,236,845	45,082,041	12,926,323
K. Solvency Ratio (J / G(e))	**3.09**	**2.50**	**1.85**	**1.13**	**0.33**
L. Accrued Liability	411,609,577	398,879,700	385,946,753	372,962,206	360,291,504
M. Funded Percentage (Using MVA) (A / L)	27.57%	22.36%	16.31%	9.40%	1.42%
N. Funded Percentage (AVA) (B / L)	27.57%	22.36%	16.31%	9.40%	1.42%