WESTERN STATES OFFICE AND PROFESSIONAL EMPLOYEES PENSION FUND

SECOND 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, 2017
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 2017 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, 2017, which was prepared for the Western States Office and Professional Employees Pension Fund and filed on March 31, 2017 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. 17-05627

August 24, 2017

RAEL & LETSON
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Western States Office and Professional Employees Pension Fund

Plan Year Beginning January 1, 2017

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 31, 2017
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 2017 Plan Year:

is in critical and declining status

As of January 1, 2017, the projections used for this certification estimate the Plan's funded percentage to be 64.8%. The Plan has an accumulated funding deficiency in the current Plan Year and is projected to be insolvent by December 31, 2034. Accordingly, the Plan is in critical and declining status for the 2017 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 2017 Plan Year is based on the actuarial valuation as of January 1, 2016, 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, 2016 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, 2016, as provided by the Administrator, and assumes no investment gains or losses on market values after that date. The January 1, 2017 Market Value of Assets and 2016 cash flow components provided by the Administrator are:

a.	Market Value as of January 1, 2017	$ 327,559,623
b.	2016 Employer Contributions	11,394,431
c.	2016 Benefit Payments	39,153,722

   The assumptions and methodology utilized in the projection are those used for the January 1, 2016 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.

   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 2017. In addition, the scheduled withdrawal liability payments for employers known to have withdrawn prior to January 1, 2017 are reflected in the projections.

Based on input from the Board of Trustees, our projections assume that total hours worked remain constant at 2016 work levels after adjusting for withdrawn employers.

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 $27 per participant in 2016 to $28 per participant in 2017 as well as relevant inflationary increases under the MPRA subsequent to 2017. Assumed operating expenses are $1,000,000 for the 2017 plan year 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.

March 31, 2017	[redacted]
Date	Paul L. Graf, A.S.A., E.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:	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.

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.
Mortality:	Healthy Lives: RP2000 Combined Mortality Table projected to 2020 (75% Scale BB) for Males and Females Disabled Lives: RP2000 Combined Mortality Table projected to 2020 (75% Scale BB) for Males and Females with ages set forward 8 years
Mortality Improvement:	The current mortality assumption has been updated to reflect anticipated mortality improvement for the Plan.
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.

ASSUMPTIONS:	
Form of Payment:	For those not yet in pay status, 55% of participants are assumed to elect a Life Annuity and 45% of participants are assumed to elect a 50% Joint and Survivor Annuity.
Marital Status:	80% of non-retired participants are assumed to be married. Spouses are assumed to be one year younger than 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.
Withdrawal:	Employers known to have withdrawn prior to and during 2016, including WPAS, are assumed to make quarterly withdrawal liability payments; no withdrawal liability payments are assumed to be made by ATPA due to its recent bankruptcy filing.

Changes Since January 1, 2016 Actuarial Valuation	The mortality assumption for healthy lives was changed from 1983 GAM(F) Mortality Table to RP2000 Combined Mortality Table projected to 2020 (75% Scale BB) for Males and Females. The mortality assumption for disabled lives was changed from 1983 GAM(F) Mortality Table with ages set forward 17 years until age 62 to RP2000 Combined Mortality Table projected to 2020 (75% Scale BB) for Males and Females with ages set forward 8 years. The form of payment assumption was changed from all participants elect a Life Annuity to 55% of participants elect a Life Annuity and 45% elect a 50% Joint and Survivor Annuity. The spousal age difference assumption was changed from the spouse assumed to be the same age as the participant to the spouse assumed to be one year younger than the participant. Accruing and supplemental/surcharge contributions for 11 employers known to have withdrawn during 2016 have been removed from future expected contributions and costs, and quarterly withdrawal liability payments have been added to future expected contributions. No withdrawal liability payments are expected from ATPA due to its recent bankruptcy filing.

ACTUARIAL METHODS AND ASSUMPTIONS

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)
2016	4,408,851	1,373,934	3.21
2017	3,915,499	1,215,196	3.22
2018	3,915,499	1,215,196	3.22
2019	3,915,499	1,215,196	3.22
2020	3,915,499	1,215,196	3.22
2021	3,915,499	1,215,196	3.22
2022	3,915,499	1,215,196	3.22
2023	3,915,499	1,215,196	3.22
2024	3,915,499	1,215,196	3.22
2025	3,915,499	1,215,196	3.22
2026	3,915,499	1,215,196	3.22
2027	3,915,499	1,215,196	3.22
2028	3,915,499	1,215,196	3.22
2029	3,915,499	1,215,196	3.22
2030	3,915,499	1,215,196	3.22
2031	3,915,499	1,215,196	3.22
2032	3,915,499	1,215,196	3.22
2033	3,915,499	1,215,196	3.22
2034	3,915,499	1,215,196	3.22

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, 2017 through December 31, 2034

Plan Year Beginning Plan Year Ending	1/1/2017 12/31/2017	1/1/2018 12/31/2018	1/1/2019 12/31/2019	1/1/2020 12/31/2020	1/1/2021 12/31/2021
A. Market Value at Beginning of Year	327,559,623	319,474,093	309,839,899	298,821,546	286,368,838
B. Actuarial Value at Beginning of Year	343,059,043	331,884,165	315,262,835	299,244,596	286,368,838
Income					
C. Base Contributions	3,915,499	3,915,499	3,915,499	3,915,499	3,915,499
D. Supplemental/Surcharge Contributions	3,132,399	3,132,399	3,132,399	3,132,399	3,132,399
E. Withdrawal Liability Payments	3,997,686	3,994,682	3,990,018	3,986,838	3,985,664
F. Total Investment Income	22,634,473	22,014,603	21,292,137	20,471,075	19,547,001
Disbursements					
G. Benefit Payments					
(a) Current Actives	2,020,356	2,821,724	3,478,863	4,017,301	4,493,663
(b) Current Inactive Vested	2,306,784	3,297,574	4,205,703	5,227,536	6,329,745
(c) Current Retirees/Beneficiaries	37,438,448	36,572,079	35,663,841	34,713,682	33,719,507
(d) Future New Entrants	-	-	-	-	710
(e) Total	41,765,587	42,691,377	43,348,407	43,958,518	44,543,626
H. Administrative expenses[1]	1,000,000	700,000	700,000	700,000	700,000
I. Market Value at End of Year (A+C+D+E+F-G(e))	319,474,093	309,839,899	298,821,546	286,368,838	272,405,776
J. Available Resources (A+C+D+E+F)	361,239,680	352,531,276	342,169,952	330,327,356	316,949,402
K. Solvency Ratio (J / G(e))	**8.65**	**8.26**	**7.89**	**7.51**	**7.12**
L. Accrued Liability	529,770,983	526,301,868	521,594,609	515,865,227	509,088,236
M. Funded Percentage (MVA) (A / L)	61.83%	60.70%	59.40%	57.93%	56.25%
N. Funded Percentage (AVA) (B / L)	64.76%	63.06%	60.44%	58.01%	56.25%

[1] Administrative expenses are assumed to be covered by investment earnings.

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, 2017 through December 31, 2034

Plan Year Beginning Plan Year Ending	1/1/2022 12/31/2022	1/1/2023 12/31/2023	1/1/2024 12/31/2024	1/1/2025 12/31/2025	1/1/2026 12/31/2026
A. Market Value at Beginning of Year	272,405,776	257,177,365	240,709,192	222,693,784	203,574,424
B. Actuarial Value at Beginning of Year	272,405,776	257,177,365	240,709,192	222,693,784	203,574,424
Income					
C. Base Contributions	3,915,499	3,915,499	3,915,499	3,915,499	3,915,499
D. Supplemental/Surcharge Contributions	3,132,399	3,132,399	3,132,399	3,132,399	3,132,399
E. Withdrawal Liability Payments	3,983,350	3,972,733	3,960,189	3,955,948	3,955,948
F. Total Investment Income	18,525,828	17,417,021	16,210,719	14,911,674	13,535,025
Disbursements					
G. Benefit Payments					
(a) Current Actives	4,904,316	5,254,327	5,558,422	5,830,781	6,077,011
(b) Current Inactive Vested	7,195,782	8,042,220	9,184,673	9,872,966	10,565,237
(c) Current Retirees/Beneficiaries	32,683,328	31,605,241	30,484,481	29,321,262	28,116,697
(d) Future New Entrants	2,060	4,036	6,638	9,871	13,746
(e) Total	44,785,487	44,905,824	45,234,214	45,034,880	44,772,692
H. Administrative expenses[1]	700,000	700,000	700,000	700,000	700,000
I. Market Value at End of Year (A+C+D+E+F-G(e))	257,177,365	240,709,192	222,693,784	203,574,424	183,340,604
J. Available Resources (A+C+D+E+F)	301,962,852	285,615,016	267,927,998	248,609,304	228,113,295
K. Solvency Ratio (J / G(e))	**6.74**	**6.36**	**5.92**	**5.52**	**5.09**
L. Accrued Liability	501,213,595	492,517,415	483,066,061	472,589,191	461,559,308
M. Funded Percentage (MVA) (A / L)	54.35%	52.22%	49.83%	47.12%	44.11%
N. Funded Percentage (AVA) (B / L)	54.35%	52.22%	49.83%	47.12%	44.11%

[1] Administrative expenses are assumed to be covered by investment earnings.

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, 2017 through December 31, 2034

Plan Year Beginning Plan Year Ending	1/1/2027 12/31/2027	1/1/2028 12/31/2028	1/1/2029 12/31/2029	1/1/2030 12/31/2030	1/1/2031 12/31/2031
A. Market Value at Beginning of Year	183,340,604	161,987,746	139,506,526	115,809,792	90,971,259
B. Actuarial Value at Beginning of Year	183,340,604	161,987,746	139,506,526	115,809,792	90,971,259
Income					
C. Base Contributions	3,915,499	3,915,499	3,915,499	3,915,499	3,915,499
D. Supplemental/Surcharge Contributions	3,132,399	3,132,399	3,132,399	3,132,399	3,132,399
E. Withdrawal Liability Payments	3,955,948	3,955,948	3,955,948	3,911,777	3,872,769
F. Total Investment Income	12,080,244	10,546,844	8,931,451	7,233,595	5,459,485
Disbursements					
G. Benefit Payments					
(a) Current Actives	6,276,831	6,476,775	6,661,364	6,760,320	6,880,738
(b) Current Inactive Vested	11,269,267	11,940,345	12,664,932	13,302,995	13,766,937
(c) Current Retirees/Beneficiaries	26,872,552	25,591,224	24,276,093	22,931,863	21,564,381
(d) Future New Entrants	18,296	23,567	29,642	36,625	44,642
(e) Total	44,436,947	44,031,911	43,632,031	43,031,803	42,256,698
H. Administrative expenses[1]	700,000	700,000	700,000	700,000	700,000
I. Market Value at End of Year (A+C+D+E+F-G(e))	161,987,746	139,506,526	115,809,792	90,971,259	65,094,713
J. Available Resources (A+C+D+E+F)	206,424,694	183,538,436	159,441,823	134,003,061	107,351,410
K. Solvency Ratio (J / G(e))	**4.65**	**4.17**	**3.65**	**3.11**	**2.54**
L. Accrued Liability	450,001,452	437,953,565	425,451,927	412,458,294	399,144,609
M. Funded Percentage (MVA) (A / L)	40.74%	36.99%	32.79%	28.08%	22.79%
N. Funded Percentage (AVA) (B / L)	40.74%	36.99%	32.79%	28.08%	22.79%

[1] Administrative expenses are assumed to be covered by investment earnings.

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, 2017 through December 31, 2034

Plan Year Beginning	1/1/2032	1/1/2033	1/1/2034
Plan Year Ending	12/31/2032	12/31/2033	12/31/2034
A. Market Value at Beginning of Year	65,094,713	37,951,035	9,038,420
B. Actuarial Value at Beginning of Year	65,094,713	37,951,035	9,038,420
Income			
C. Base Contributions	3,915,499	3,915,499	3,915,499
D. Supplemental/Surcharge Contributions	3,132,399	3,132,399	3,132,399
E. Withdrawal Liability Payments	3,762,484	3,141,632	1,904,088
F. Total Investment Income	3,604,737	1,643,781	(456,208)
Disbursements			
G. Benefit Payments			
(a) Current Actives	7,000,794	7,079,525	7,078,081
(b) Current Inactive Vested	14,323,676	14,777,970	14,964,122
(c) Current Retirees/Beneficiaries	20,180,480	18,787,841	17,394,930
(d) Future New Entrants	53,848	100,589	176,750
(e) Total	41,558,797	40,745,925	39,613,883
H. Administrative expenses[1]	700,000	700,000	700,000
I. Market Value at End of Year (A+C+D+E+F-G(e))	37,951,035	9,038,420	**Insolvent**
J. Available Resources (A+C+D+E+F)	79,509,832	49,784,346	16,834,199
K. Solvency Ratio (J / G(e))	**1.91**	**1.22**	**0.42**
L. Accrued Liability	385,668,885	371,939,371	358,056,804
M. Funded Percentage (MVA) (A / L)	16.88%	10.20%	2.52%
N. Funded Percentage (AVA) (B / L)	16.88%	10.20%	2.52%

[1] Administrative expenses are assumed to be covered by investment earnings.