

**WESTERN STATES OFFICE AND  
PROFESSIONAL EMPLOYEES PENSION FUND  
THIRD SUSPENSION APPLICATION**

**Exhibit 16**

<b>Form 5500</b>  Department of the Treasury Internal Revenue Service  Department of Labor Employee Benefits Security Administration  Pension Benefit Guaranty Corporation	<b>Annual Return/Report of Employee Benefit Plan</b>  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 6057(b) and 6058(a) of the Internal Revenue Code (the Code).  <b>▶ Complete all entries in accordance with the instructions to the Form 5500.</b>	OMB Nos. 1210-0110 1210-0089  <div style="font-size: 24pt; font-weight: bold; text-align: center;">2016</div>  <b>This Form is Open to Public Inspection</b>
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<b>Part I</b>	<b>Annual Report Identification Information</b>
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>	
<b>A</b> This return/report is for:	<input checked="" type="checkbox"/> a multiemployer plan <input type="checkbox"/> a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) <input type="checkbox"/> a single-employer plan <input type="checkbox"/> a DFE (specify) ____
<b>B</b> This return/report is:	<input type="checkbox"/> the first return/report <input type="checkbox"/> the final return/report <input checked="" type="checkbox"/> an amended return/report <input type="checkbox"/> a short plan year return/report (less than 12 months)
<b>C</b> If the plan is a collectively-bargained plan, check here. . . . .	▶ <input checked="" type="checkbox"/>
<b>D</b> Check box if filing under:	<input checked="" type="checkbox"/> Form 5558 <input type="checkbox"/> automatic extension <input type="checkbox"/> the DFVC program <input type="checkbox"/> special extension (enter description)

<b>Part II</b>	<b>Basic Plan Information</b> —enter all requested information						
<b>1a</b> Name of plan <u>WESTERN STATES OFFICE AND PROFESSIONAL EMPLOYEES PENSION FUND</u>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:80%;"><b>1b</b> Three-digit plan number (PN) ▶</td> <td style="width:20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2"><b>1c</b> Effective date of plan <u>05/03/1960</u></td> </tr> </table>	<b>1b</b> Three-digit plan number (PN) ▶	<u>001</u>	<b>1c</b> Effective date of plan <u>05/03/1960</u>			
<b>1b</b> Three-digit plan number (PN) ▶	<u>001</u>						
<b>1c</b> Effective date of plan <u>05/03/1960</u>							
<b>2a</b> 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) <u>B OF T WESTERN STATES OFFICE AND PROFESSIONAL EMPLOYEES PENSION FUND</u>  <u>1220 SW MORRISON ST, SUITE 300</u> <u>PORTLAND, OR 97205-2222</u>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td colspan="2"><b>2b</b> Employer Identification Number (EIN) <u>94-6076144</u></td> </tr> <tr> <td colspan="2"><b>2c</b> Plan Sponsor's telephone number <u>503-224-0048</u></td> </tr> <tr> <td colspan="2"><b>2d</b> Business code (see instructions) <u>561110</u></td> </tr> </table>	<b>2b</b> Employer Identification Number (EIN) <u>94-6076144</u>		<b>2c</b> Plan Sponsor's telephone number <u>503-224-0048</u>		<b>2d</b> Business code (see instructions) <u>561110</u>	
<b>2b</b> Employer Identification Number (EIN) <u>94-6076144</u>							
<b>2c</b> Plan Sponsor's telephone number <u>503-224-0048</u>							
<b>2d</b> Business code (see instructions) <u>561110</u>							

**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.

<b>SIGN HERE</b>	Filed with authorized/valid electronic signature.	12/21/2017	MATTHEW OGLESBY
	<b>Signature of plan administrator</b>	Date	Enter name of individual signing as plan administrator
<b>SIGN HERE</b>			
	<b>Signature of employer/plan sponsor</b>	Date	Enter name of individual signing as employer or plan sponsor
<b>SIGN HERE</b>			
	<b>Signature of DFE</b>	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number) <u>HEMMING MORSE CPAS AND CONSULTANTS</u> <u>155 BOVET ROAD</u>			Preparer's telephone number

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

<b>3a</b> Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor	<b>3b</b> Administrator's EIN	
	<b>3c</b> Administrator's telephone number	
<b>4</b> 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: <b>a</b> Sponsor's name	<b>4b</b> EIN	
	<b>4c</b> PN	
<b>5</b> Total number of participants at the beginning of the plan year	<b>5</b>	7830
<b>6</b> Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines <b>6a(1)</b> , <b>6a(2)</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ). <b>a(1)</b> Total number of active participants at the beginning of the plan year..... <b>a(2)</b> Total number of active participants at the end of the plan year ..... <b>b</b> Retired or separated participants receiving benefits..... <b>c</b> Other retired or separated participants entitled to future benefits ..... <b>d</b> Subtotal. Add lines <b>6a(2)</b> , <b>6b</b> , and <b>6c</b> ..... <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. .... <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> ..... <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) ..... <b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested .....	<b>6a(1)</b>	914
	<b>6a(2)</b>	809
	<b>6b</b>	3619
	<b>6c</b>	2825
	<b>6d</b>	7253
	<b>6e</b>	210
	<b>6f</b>	7463
	<b>6g</b>	
<b>6h</b>	49	
<b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	<b>7</b>	191

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:  
1A

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

<b>9a</b> Plan funding arrangement (check all that apply)	<b>9b</b> Plan benefit arrangement (check all that apply)
(1) <input type="checkbox"/> Insurance	(1) <input type="checkbox"/> Insurance
(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts	(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts
(3) <input checked="" type="checkbox"/> Trust	(3) <input checked="" type="checkbox"/> Trust
(4) <input type="checkbox"/> General assets of the sponsor	(4) <input type="checkbox"/> 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**

- (1)  **R** (Retirement Plan Information)
- (2)  **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)  **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

**b General Schedules**

- (1)  **H** (Financial Information)
- (2)  **I** (Financial Information – Small Plan)
- (3)  **A** (Insurance Information)
- (4)  **C** (Service Provider Information)
- (5)  **D** (DFE/Participating Plan Information)
- (6)  **G** (Financial Transaction Schedules)

**SCHEDULE MB  
(Form 5500)**

Department of the Treasury  
Internal Revenue Service

Department of Labor  
Employee Benefits Security Administration  
Pension Benefit Guaranty Corporation

**Multiemployer Defined Benefit Plan and Certain  
Money Purchase Plan Actuarial Information**

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).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

**2016**

**This Form is Open to Public  
Inspection**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **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.**

<b>A</b> Name of plan Western States Office And Professional Employees Pension Fund		<b>B</b> Three-digit plan number (PN) ▶	001
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF BOT Western States Office & Professional EES Pension Fund		<b>D</b> Employer Identification Number (EIN) 94-6076144	

**E** Type of plan: (1)  Multiemployer Defined Benefit (2)  Money Purchase (see instructions)

**1a** Enter the valuation date: Month 1 Day 1 Year 2016

**b** Assets

(1) Current value of assets .....	<b>1b(1)</b>	334,210,200
(2) Actuarial value of assets for funding standard account .....	<b>1b(2)</b>	347,859,875
<b>c</b> (1) Accrued liability for plan using immediate gain methods .....	<b>1c(1)</b>	534,860,955
(2) Information for plans using spread gain methods:		
(a) Unfunded liability for methods with bases .....	<b>1c(2)(a)</b>	
(b) Accrued liability under entry age normal method .....	<b>1c(2)(b)</b>	
(c) Normal cost under entry age normal method .....	<b>1c(2)(c)</b>	
(3) Accrued liability under unit credit cost method .....	<b>1c(3)</b>	534,860,955

**d** Information on current liabilities of the plan:

(1) Amount excluded from current liability attributable to pre-participation service (see instructions) .....	<b>1d(1)</b>	
(2) "RPA '94" information:		
(a) Current liability .....	<b>1d(2)(a)</b>	815,806,884
(b) Expected increase in current liability due to benefits accruing during the plan year .....	<b>1d(2)(b)</b>	2,425,745
(c) Expected release from "RPA '94" current liability for the plan year .....	<b>1d(2)(c)</b>	39,153,722
(3) Expected plan disbursements for the plan year .....	<b>1d(3)</b>	39,153,722

**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.

<b>SIGN HERE</b>		<u>10/9/2017</u>
	Signature of actuary	Date

<u>PAUL L. GRAF</u>	<u>17-05627</u>
Type or print name of actuary	Most recent enrollment number
<u>RAEL &amp; LETSON</u>	<u>(206) 456-3340</u>
Firm name	Telephone number (including area code)

999 THIRD AVENUE SUITE 1530  
SEATTLE WA 98104  
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

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

Schedule MB (Form 5500) 2016  
v. 160205

**2** Operational information as of beginning of this plan year:

<b>a</b> Current value of assets (see instructions) .....	<b>2a</b>	334,210,200
<b>b</b> "RPA '94" current liability/participant count breakdown:	<b>(1) Number of participants</b>	<b>(2) Current liability</b>
<b>(1)</b> For retired participants and beneficiaries receiving payment .....	3,744	481,304,744
<b>(2)</b> For terminated vested participants .....	2,939	227,659,065
<b>(3)</b> For active participants:		
<b>(a)</b> Non-vested benefits .....		1,027,549
<b>(b)</b> Vested benefits .....		105,815,526
<b>(c)</b> Total active .....	868	106,843,075
<b>(4)</b> Total .....	7,551	815,806,884
<b>c</b> If the percentage resulting from dividing line 2a by line 2b(4), column (2), is less than 70%, enter such percentage .....	<b>2c</b>	40.97%

**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
07/01/2016	11,250,910				
<b>Totals ▶</b>			<b>3(b)</b>	11,250,910	<b>3(c)</b> 0

**4** Information on plan status:

<b>a</b> Funded percentage for monitoring plan's status (line 1b(2) divided by line 1c(3)) .....	<b>4a</b>	65.0%
<b>b</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 .....	<b>4b</b>	D
<b>c</b> Is the plan making the scheduled progress under any applicable funding improvement or rehabilitation plan? .....		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>d</b> If the plan is in critical status or critical and declining status, were any benefits reduced (see instructions)? .....		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>e</b> If line d is "Yes," enter the reduction in liability resulting from the reduction in benefits (see instructions), measured as of the valuation date .....	<b>4e</b>	
<b>f</b> 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 .....	<b>4f</b>	2033

**5** Actuarial cost method used as the basis for this plan year's funding standard account computations (check all that apply):

- |  |  |  |   |
|--|--|--|---|
| <input type="checkbox"/> <b>a</b> Attained age normal      | <input type="checkbox"/> <b>b</b> Entry age normal         | <input checked="" type="checkbox"/> <b>c</b> Accrued benefit (unit credit) | <input type="checkbox"/> <b>d</b> Aggregate |
| <input type="checkbox"/> <b>e</b> Frozen initial liability | <input type="checkbox"/> <b>f</b> Individual level premium | <input type="checkbox"/> <b>g</b> Individual aggregate                     | <input type="checkbox"/> <b>h</b> Shortfall |
| <input type="checkbox"/> <b>i</b> Other (specify):         |  |  |   |

<b>j</b> If box h is checked, enter period of use of shortfall method .....	<b>5j</b>	
<b>k</b> Has a change been made in funding method for this plan year? .....		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>l</b> If line k is "Yes," was the change made pursuant to Revenue Procedure 2000-40 or other automatic approval? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>m</b> If line k is "Yes," and line l is "No," enter the date (MM-DD-YYYY) of the ruling letter (individual or class) approving the change in funding method .....	<b>5m</b>	

**6 Checklist of certain actuarial assumptions:**

<b>a</b> Interest rate for "RPA '94" current liability.....	<b>6a</b>		3.28 %
		Pre-retirement	Post-retirement
<b>b</b> Rates specified in insurance or annuity contracts.....	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	
<b>c</b> Mortality table code for valuation purposes:			
<b>(1)</b> Males .....	<b>6c(1)</b>	6F	6F
<b>(2)</b> Females .....	<b>6c(2)</b>	6F	6F
<b>d</b> Valuation liability interest rate .....	<b>6d</b>	7.25 %	7.25 %
<b>e</b> Expense loading .....	<b>6e</b>	% <input checked="" type="checkbox"/> N/A	% <input checked="" type="checkbox"/> N/A
<b>f</b> Salary scale.....	<b>6f</b>	% <input checked="" type="checkbox"/> N/A	
<b>g</b> Estimated investment return on actuarial value of assets for year ending on the valuation date.....	<b>6g</b>		6.2 %
<b>h</b> Estimated investment return on current value of assets for year ending on the valuation date.....	<b>6h</b>		0.6 %

**7 New amortization bases established in the current plan year:**

(1) Type of base	(2) Initial balance	(3) Amortization Charge/Credit
1	506,616	52,686

**8 Miscellaneous information:**

<b>a</b> 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.....	<b>8a</b>	
<b>b(1)</b> Is the plan required to provide a projection of expected benefit payments? (See the instructions.) If "Yes," attach a schedule.....	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>b(2)</b> Is the plan required to provide a Schedule of Active Participant Data? (See the instructions.) If "Yes," attach a schedule.....	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>c</b> 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?.....	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>d</b> If line c is "Yes," provide the following additional information:		
<b>(1)</b> Was an extension granted automatic approval under section 431(d)(1) of the Code?.....	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>(2)</b> If line 8d(1) is "Yes," enter the number of years by which the amortization period was extended .....	<b>8d(2)</b>	5
<b>(3)</b> 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?.....	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>(4)</b> 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)).....	<b>8d(4)</b>	
<b>(5)</b> If line 8d(3) is "Yes," enter the date of the ruling letter approving the extension .....	<b>8d(5)</b>	
<b>(6)</b> 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? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>e</b> 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).....	<b>8e</b>	30,872,746

**9 Funding standard account statement for this plan year:**

**Charges to funding standard account:**

<b>a</b> Prior year funding deficiency, if any .....	<b>9a</b>		0
<b>b</b> Employer's normal cost for plan year as of valuation date.....	<b>9b</b>		1,228,069
<b>c</b> Amortization charges as of valuation date:		Outstanding balance	
<b>(1)</b> All bases except funding waivers and certain bases for which the amortization period has been extended.....	<b>9c(1)</b>	301,741,198	35,938,969
<b>(2)</b> Funding waivers .....	<b>9c(2)</b>	0	0
<b>(3)</b> Certain bases for which the amortization period has been extended .....	<b>9c(3)</b>	0	0
<b>d</b> Interest as applicable on lines 9a, 9b, and 9c.....	<b>9d</b>		2,694,610
<b>e</b> Total charges. Add lines 9a through 9d.....	<b>9e</b>		39,861,648

**Credits to funding standard account:**

<b>f</b>	Prior year credit balance, if any.....	<b>9f</b>	50,699,080
<b>g</b>	Employer contributions. Total from column (b) of line 3.....	<b>9g</b>	11,250,910
		Outstanding balance	
<b>h</b>	Amortization credits as of valuation date.....	<b>9h</b>	64,041,038
<b>i</b>	Interest as applicable to end of plan year on lines 9f, 9g, and 9h.....	<b>9i</b>	4,703,519
<b>j</b>	Full funding limitation (FFL) and credits:		
<b>(1)</b>	ERISA FFL (accrued liability FFL).....	<b>9j(1)</b>	270,889,802
<b>(2)</b>	"RPA '94" override (90% current liability FFL).....	<b>9j(2)</b>	392,240,663
<b>(3)</b>	FFL credit.....	<b>9j(3)</b>	0
<b>k (1)</b>	Waived funding deficiency.....	<b>9k(1)</b>	0
<b>(2)</b>	Other credits.....	<b>9k(2)</b>	0
<b>l</b>	Total credits. Add lines 9f through 9i, 9j(3), 9k(1), and 9k(2).....	<b>9l</b>	75,205,095
<b>m</b>	Credit balance: If line 9l is greater than line 9e, enter the difference.....	<b>9m</b>	35,343,447
<b>n</b>	Funding deficiency: If line 9e is greater than line 9l, enter the difference.....	<b>9n</b>	
<b>9o</b>	Current year's accumulated reconciliation account:		
<b>(1)</b>	Due to waived funding deficiency accumulated prior to the 2016 plan year.....	<b>9o(1)</b>	0
<b>(2)</b>	Due to amortization bases extended and amortized using the interest rate under section 6621(b) of the Code:		
<b>(a)</b>	Reconciliation outstanding balance as of valuation date.....	<b>9o(2)(a)</b>	0
<b>(b)</b>	Reconciliation amount (line 9c(3) balance minus line 9o(2)(a)).....	<b>9o(2)(b)</b>	0
<b>(3)</b>	Total as of valuation date.....	<b>9o(3)</b>	0
<b>10</b>	Contribution necessary to avoid an accumulated funding deficiency. (See instructions.).....	<b>10</b>	
<b>11</b>	Has a change been made in the actuarial assumptions for the current plan year? If "Yes," see instructions.....		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

2016 Schedule MB (Form 5500)

Plan Name: Western States Office & Professional Employees Pension Fund

Employer ID Number: 94-6076144

Plan Number: 001

**MB ACTUARY SIGNATURE**



Attachment to: 2016 Schedule MB (Form 5500), Line 2b  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001

**PARTICIPANT COUNT**

The participant count excludes 376 inactive non-vested participants whose liabilities are included in the active non-vested current liability.

Attachment to: 2016 Schedule MB (Form 5500), Lines 3 & 9g  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001

**EMPLOYER CONTRIBUTIONS**

Employer contributions shown in lines 3 and 9g are paid pursuant to Collective Bargaining Agreements and are received monthly throughout the year. Contributions also include withdrawal liability payments and settlements. Contributions are assumed to occur mid-year.

Attachment to: 2016 Schedule MB (Form 5500), Line 4a  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001



**RAEL & LETSON**  
CONSULTANTS AND ACTUARIES  
378 VINTAGE PARK DRIVE ♦ FOSTER CITY, CALIFORNIA 94404-4813  
TELEPHONE (650) 341-3311 ♦ FAX (206) 445-1840  
[WWW.RAEL-LETSON.COM](http://WWW.RAEL-LETSON.COM)

***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

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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

Attachment to: 2016 Schedule MB (Form 5500), Line 4a  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001

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.

Attachment to: 2016 Schedule MB (Form 5500), Line 4a  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001

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.

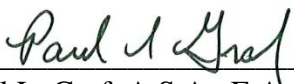
Attachment to: 2016 Schedule MB (Form 5500), Line 4a  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001

**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 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

Attachment to: 2016 Schedule MB (Form 5500), Line 4a  
 Plan Name: Western States Office & Professional Employees Pension Fund  
 Employer ID: 94-6076144  
 Plan Number: 001

**EXHIBIT I**  
**ACTUARIAL METHODS AND ASSUMPTIONS**

<b>METHODS:</b>	
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:	<p><u>Unit Credit Cost Method</u></p> <p>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.</p>

Attachment to: 2016 Schedule MB (Form 5500), Line 4a  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001

<b>ASSUMPTIONS:</b>																			
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: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th><u>Age</u></th> <th><u>Rate of Retirement</u></th> </tr> </thead> <tbody> <tr> <td>55</td> <td>20%</td> </tr> <tr> <td>56</td> <td>15%</td> </tr> <tr> <td>57-59</td> <td>12%</td> </tr> <tr> <td>60</td> <td>15%</td> </tr> <tr> <td>61</td> <td>20%</td> </tr> <tr> <td>62</td> <td>40%</td> </tr> <tr> <td>63-70</td> <td>35%</td> </tr> <tr> <td>71+</td> <td>100%</td> </tr> </tbody> </table> Inactive Vested participants are assumed to retire at age 62.	<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%
<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%																		
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.																		



Attachment to: 2016 Schedule MB (Form 5500), Line 4a  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001

**ILLUSTRATION SUPPORTING ACTUARIAL CERTIFICATION OF STATUS<sup>1</sup>**

Calculation of Funded Percentage as of January 1, 2016:<sup>2</sup>

Projected Actuarial Value of Assets	\$ 347,973,428
Projected Present Value of Accumulated Benefits	\$ 538,253,063
Funded Percentage	64.6%

The Plan was initially certified in critical status for its 2009 Plan Year and over the next 10 years commencing January 1, 2016, the Plan is projected to incur an accumulated funding deficiency. The credit balance in the Funding Standard Account is projected to be depleted by December 31, 2018. Accordingly, the Plan has not emerged (including the Plan's approved 2009 5-year charge base amortization extension under Section 431(d)(1)) from critical and declining status and remains in critical and declining status for the 2016 Plan Year. The Plan's Funding Standard Account Credit Balance projection is as follows:

December 31, 2016	32,536,905
December 31, 2017	14,165,548
December 31, 2018	(2,948,160)
December 31, 2019	(21,948,454)
December 31, 2020	(42,709,660)
December 31, 2021	(63,959,837)
December 31, 2022	(86,498,554)
December 31, 2023	(109,196,284)
December 31, 2024	(131,144,458)
December 31, 2025	(160,049,767)
December 31, 2026	(189,347,420)

<sup>1</sup> Does not reflect the 5-year extension of charge bases effective January 1, 2009, as required for purposes of determining critical status.

<sup>2</sup> Reflects projected assets and liabilities as determined for the January 1, 2016 actuarial certification.

Attachment to: 2016 Schedule MB (Form 5500), Line 4c  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001

**DOCUMENTATION REGARDING PROGRESS UNDER REHABILITATION PLAN**

On October 16, 2009, the Trustees adopted a rehabilitation plan under the guidelines of 432(e), which is updated and monitored annually. The Plan's rehabilitation period began January 1, 2012. In 2012, the adopted rehabilitation plan was updated by the Plan Sponsor to include reasonable measures to forestall possible insolvency. 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).

Attachment to: 2016 Schedule MB (Form 5500), Line 6  
 Plan Name: Western States Office & Professional Employees Pension Fund  
 Employer ID: 94-6076144  
 Plan Number: 001

**STATEMENT OF ACTUARIAL ASSUMPTIONS / METHODS**

<b>METHODOLOGY:</b>	
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 of Assets be less than 80% or more than 120% of the Market Value of Assets.
Actuarial Cost Method	<p><b><u>Unit Credit Cost Method</u></b></p> <p>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.</p>
Withdrawal Liability Basis	The present value of accrued vested benefits for withdrawal liability determination uses an interest rate of 7.25% along with all other valuation assumptions. Assets for this purpose are based on the Market Value of Assets. Adjustable benefits are recognized using the Simplified Method pursuant to PBGC Technical Update 10-3.

Attachment to: 2016 Schedule MB (Form 5500), Line 6  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001

**STATEMENT OF ACTUARIAL ASSUMPTIONS / METHODS**

**(CONTINUED)**

<b>ASSUMPTIONS:</b>																			
Interest Discount Rate	7.25% for funding and FASB ASC 960, 7.25% for withdrawal liability, and 3.28% for current liability.																		
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.																		
Mortality	Healthy Lives: 1983 GAMF Mortality Table Disabled Lives: 1983 GAMF Mortality Table with ages set forward 17 years until age 62 Current Liability: RP-2000 Mortality Tables (static, separate for annuitants and non-annuitants), projected forward to the valuation year plus seven years for annuitants and 15 years for non-annuitants, as prescribed by IRS regulations.																		
Mortality Improvement	The current mortality assumption, with no mortality improvement, is assumed to be reasonable at this time.																		
Turnover	Table T-7 of <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: <table align="center" data-bbox="682 1459 1242 1774"> <thead> <tr> <th><u>Age</u></th> <th><u>Rate of Retirement</u></th> </tr> </thead> <tbody> <tr> <td>55</td> <td>20%</td> </tr> <tr> <td>56</td> <td>15%</td> </tr> <tr> <td>57-59</td> <td>12%</td> </tr> <tr> <td>60</td> <td>15%</td> </tr> <tr> <td>61</td> <td>20%</td> </tr> <tr> <td>62</td> <td>40%</td> </tr> <tr> <td>63-70</td> <td>35%</td> </tr> <tr> <td>71+</td> <td>100%</td> </tr> </tbody> </table> Inactive vested participants are assumed to retire at age 62.	<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%
<u>Age</u>	<u>Rate of Retirement</u>																		
55	20%																		
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57-59	12%																		
60	15%																		
61	20%																		
62	40%																		
63-70	35%																		
71+	100%																		
Disablement	1952 Society of Actuaries Table, Period 2, Benefit 5.																		
Form of Benefit	For those not yet in pay status, all participants are assumed to elect a Life Annuity.																		

Attachment to: 2016 Schedule MB (Form 5500), Line 6  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001

**STATEMENT OF ACTUARIAL ASSUMPTIONS / METHODS**

**(CONTINUED)**

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 Participant	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.

<b><i>CHANGES SINCE PRIOR VALUATION</i></b>	The current liability interest rate was changed from 3.51% to 3.28% due to a change in the allowable interest rate range, and the current liability mortality table was updated as required.
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Attachment to: 2016 Schedule MB (Form 5500), Line 6  
 Plan Name: Western States Office & Professional Employees Pension Fund  
 Employer ID: 94-6076144  
 Plan Number: 001

**SUMMARY OF PLAN PROVISIONS**

The Western States Office and Professional Employees Pension Plan was established on 1959. It has been amended from time to time since that date. The most recent restatement of the Plan is effective October 15, 2014. The principal provisions of the Plan as of January 1, 2016 are summarized below.

<b><i>NORMAL RETIREMENT</i></b>	
Eligibility	Age 65 and vested. Special eligibility if age 65 with 2 years of Vesting Credit (one immediately prior to retirement) and \$10.00 Total Service Benefit.
Monthly Benefit	<p>Service after 2009: 0.75% of Employer Contributions.            2004 - 2009: 1.8% of Employer Contributions.</p> <p>2003 Service: 2.2% of Employer Contributions up to \$6,240, plus 1.8% of excess.</p> <p>2001 - 2002 Service: 3.2% of Employer Contributions up to \$6,240 each year; plus 1.8% of excess.</p> <p>1997 - 2000 Service: 3.65% of Employer Contributions up to \$6,240 each year, plus 1.8% of excess.</p> <p>Prior to 1997: 3.65% of Employer Contributions.</p> <p>Past Service: \$8.20 per year of past service (maximum 15 years).</p>
<b><i>EARLY RETIREMENT</i></b>	
Eligibility	Age 55 and vested.
Monthly Benefit	Normal Retirement Benefit actuarially reduced from age 62 for benefits earned before January 1, 2010 and from age 65 for benefits earned on or after January 1, 2010.
<b><i>POSTPONED RETIREMENT</i></b>	
Eligibility	After Normal Retirement Age.
Monthly Benefit	<p>Normal Retirement Benefit increased 6% per year (½% per month) past age 62 for benefits earned before January 1, 2010 and past age 65 for benefits earned on or after January 1, 2010.</p> <p>Effective for annuity starting dates on or after September 1, 2015, participants who continue working for a contributing employer will receive <u>the greater of</u> (a) or (b) below:</p> <p>(a) Normal Retirement Benefit increased ½ of 1% for each full month retirement is postponed.</p> <p>(b) Accrued benefit as of the participant's postponed retirement date.</p>
<b><i>DISABILITY RETIREMENT (Effective January 1, 2010)</i></b>	
Eligibility	Vested with at least 200 hours in year prior to onset of Total and Permanent Disability.
Monthly Benefit	50% of Normal Retirement Benefit payable until age 55.

Attachment to: 2016 Schedule MB (Form 5500), Line 6  
 Plan Name: Western States Office & Professional Employees Pension Fund  
 Employer ID: 94-6076144  
 Plan Number: 001

**SUMMARY OF PLAN PROVISIONS (CONTINUED)**

<b><i>PRE-RETIREMENT DEATH BENEFIT</i></b>	
Eligibility	Vested at time of death.
Monthly Benefit	Married : 50% Spousal Joint and Survivor Annuity (reduced for Early Retirement and for joint lives)  All Others: Lump sum payment of \$500 per year of service (maximum of \$5,000 total).
<b><i>FORMS OF ANNUITY PAYMENTS</i></b>	
Normal Form	For Married Participants: An actuarially reduced benefit payable as a 50% Spousal Joint and Survivor Annuity.  For Unmarried Participants: A life annuity.
Optional Forms	Straight Life Annuity 50%, 66-2/3% or 100% Spousal Joint and Survivor Annuity 50%, 66-2/3% or 100% Spousal Joint and Survivor Annuity with Pop-up 50%, 66-2/3% or 100% Non-Spousal Joint and Survivor Annuity Lump Sum if present value of accrued benefit ≤ \$5,000
<b><i>OTHER</i></b>	
Vesting Credit	A Participant will receive one year of Vesting Credit if 200 or more hours are worked in a plan year.
Break in Service Rules	A one-year break in service is incurred if a Participant works less than 200 hours in a plan year.

<b><i>CHANGES SINCE PRIOR VALUATION</i></b>	<p>Postponed Retirement – effective September 1, 2015, participants working for a contributing employer after Normal Retirement Age receive the greater of:</p> <p>(a) Normal Retirement Benefit increased ½ of 1% for each full month retirement is postponed, <b>OR</b></p> <p>(b) Accrued benefit as of the postponed retirement date (Normal Retirement Benefit increased by benefits earned after Normal Retirement Age).</p>
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Attachment to: 2016 Schedule MB (Form 5500), Line 8b(1)  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001

**SCHEDULE OF PROJECTION OF EXPECTED BENEFIT PAYMENTS**

<i>Plan Year</i>	<i>Expected Annual Benefit Payments</i>
2016	\$39,153,722 <sup>1</sup>
2017	41,863,172
2018	42,860,011
2019	43,578,019
2020	44,240,201
2021	44,872,488
2022	45,154,553
2023	45,307,557
2024	45,664,758
2025	45,490,316

<sup>1</sup>Actual benefit payments for the 2016 Plan Year as provided by Hemming Morse LLP.



Attachment to: 2016 Schedule MB (Form 5500), Line 8b(2)  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001

**SCHEDULE OF ACTIVE PARTICIPANT DATA**

DISTRIBUTION OF ACTIVE PARTICIPANTS BY AGE AND (FOR 2016 SCHEDULE MB) <sup>1</sup>											
AGE GROUP	YEARS OF CREDITED SERVICE										TOTAL
	< 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 +	
Under 25	0	13	0	0	0	0	0	0	0	0	13
25 - 29	0	42	12	0	0	0	0	0	0	0	54
30 - 34	0	38	34	8	1	0	0	0	0	0	81
35 - 39	0	25	31	10	19	0	0	0	0	0	85
40 - 44	0	20	19	17	19	5	0	0	0	0	80
45 - 49	0	21	20	19	27	13	8	2	0	0	110
50 - 54	0	15	22	24	30	16	14	6	1	0	128
55 - 59	0	22	28	19	30	18	15	7	4	1	144
60 - 64	0	8	17	27	14	21	13	5	9	2	116
65 - 69	0	6	7	10	8	8	5	5	2	1	52
70 and Over	0	1	1	1	1	1	0	0	0	0	5
Unknown	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>211</b>	<b>191</b>	<b>135</b>	<b>149</b>	<b>82</b>	<b>55</b>	<b>25</b>	<b>16</b>	<b>4</b>	<b>868</b>

2016 Schedule MB (Form 5500), Lines 9c and 9h

Plan Name: Western States Office & Professional Employees Plan  
 Employer ID Number: 94-6076144  
 Plan Number: 001

**SCHEDULE OF FUNDING STANDARD ACCOUNT BASES'**

Charges	Type of Base	Description	Date Established	Beginning Of Year		
				Balance	Remaining Period	Payment
	7	Initial Liability	1/1/1976	\$ 2,840,781	5.00	\$ 650,335
	4	Actuarial Assumption	1/1/1978	420,443	5.00	96,252
	3	Plan Amendment	1/1/1980	156,392	9.00	22,619
	3	Plan Amendment	1/1/1981	1,575,395	10.00	211,562
	3	Plan Amendment	1/1/1983	559,496	2.00	289,534
	3	Plan Amendment	1/1/1984	472,385	3.00	168,603
	3	Plan Amendment	1/1/1985	563,537	4.00	156,003
	3	Plan Amendment	1/1/1986	877,718	5.00	200,933
	3	Plan Amendment	1/1/1987	1,251,413	6.00	246,686
	3	Plan Amendment	1/1/1988	2,482,913	7.00	433,319
	3	Plan Amendment	1/1/1989	2,360,371	8.00	372,143
	3	Plan Amendment	1/1/1990	845,349	9.00	122,268
	3,4	Plan Amendment+Act Assump	1/1/1991	1,812,073	10.00	243,346
	3	Plan Amendment	1/1/1992	1,181,854	11.00	148,790
	3	Plan Amendment	1/1/1993	4,405,168	12.00	524,040
	3,4	Plan Amendment+Act Assump	1/1/1994	3,416,976	13.00	386,626
	3	Plan Amendment	1/1/1995	2,462,992	14.00	266,543
	4	Actuarial Assumption	1/1/1996	1,531,193	15.00	159,236
	3	Plan Amendment	1/1/1996	12,938,350	15.00	1,345,523
	3	Plan Amendment	1/1/1997	8,283,032	16.00	831,144
	3	Plan Amendment	1/1/1998	9,198,580	17.00	893,747
	4	Actuarial Assumption	1/1/1998	4,050,694	17.00	393,572
	4	Actuarial Assumption	1/1/1999	372,174	18.00	35,122
	3	Plan Amendment	1/1/1999	16,089,326	18.00	1,518,376
	3	Plan Amendment	1/1/2000	6,113,977	19.00	561,942
	4	Actuarial Assumption	1/1/2000	3,381,085	19.00	310,759
	3	Plan Amendment	1/1/2001	10,127,202	20.00	908,708
	3	Plan Amendment	1/1/2002	1,853,521	21.00	162,714
	3	Plan Amendment	1/1/2003	2,486,157	22.00	213,933
	1	Experience Loss	1/1/2003	5,417,832	7.00	945,524
	1	Experience Loss	1/1/2004	11,804,205	8.00	1,861,090
	1	Experience Loss	1/1/2005	7,109,855	9.00	1,028,346
	3	Plan Amendment	1/1/2005	877,852	24.00	72,938
	4	Actuarial Assumption	1/1/2005	932,771	24.00	77,502
	1	Experience Loss	1/1/2006	4,102,016	10.00	550,865
	3	Plan Amendment	1/1/2006	1,305,416	25.00	106,809
	3	Plan Amendment	1/1/2007	1,344,061	26.00	108,429
	3	Plan Amendment	1/1/2008	1,027,001	12.00	122,173
	1	Experience Loss	1/1/2009	97,625,335	13.00	11,046,176
	1	Experience Loss	1/1/2011	4,336,688	10.00	582,379
	1	Experience Loss	1/1/2012	32,363,677	11.00	4,074,425
	1	Experience Loss	1/1/2013	28,877,326	12.00	3,435,249
	1	Experience Loss	1/1/2016	506,616	15.00	52,686
				<u>\$ 301,741,198</u>		<u>\$ 35,938,969</u>

Credits	Type of Base	Description	Date Established	Beginning Of Year		
				Balance	Remaining Period	Payment
	1	Experience Gain	1/1/2010	\$ (19,661,928)	9.00	\$ (2,843,835)
	3	Plan Amendment	1/1/2010	(23,040,921)	9.00	(3,332,562)
	1	Experience Gain	1/1/2014	(13,386,199)	13.00	(1,514,630)
	1	Experience Gain	1/1/2015	(7,951,990)	14.00	(860,559)
				<u>\$ (64,041,038)</u>		<u>\$ (8,551,586)</u>

Attachment to: 2016 Schedule MB (Form 5500), Line 11  
Plan Name: Western States Office & Professional Employees Pension Fund  
Employer ID: 94-6076144  
Plan Number: 001

**JUSTIFICATION FOR CHANGE IN ACTUARIAL ASSUMPTIONS**

The current liability interest rate was changed from 3.51% to 3.28% to be within the permissible corridor under IRC Section 431 (c)(6)(E). Additionally, the current liability mortality table was updated in accordance with IRS Regulations 1.431(c)(6)-1 and 1.430(h)(3)-1.

<b>SCHEDULE R</b> <b>(Form 5500)</b>  <small>Department of the Treasury Internal Revenue Service</small>  <small>Department of Labor Employee Benefits Security Administration</small>  <small>Pension Benefit Guaranty Corporation</small>	<b>Retirement Plan Information</b>  This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).  <b>▶ File as an attachment to Form 5500.</b>	<small>OMB No. 1210-0110</small>  <b>2016</b>  <b>This Form is Open to Public Inspection.</b>
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

<b>A</b> Name of plan <u>WESTERN STATES OFFICE AND PROFESSIONAL EMPLOYEES PENSION FUND</u>	<b>B</b> Three-digit plan number (PN) ▶	<u>001</u>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <u>B OF T WESTERN STATES OFFICE AND PROFESSIONAL EMPLOYEES PENSION FUND</u>	<b>D</b> Employer Identification Number (EIN) <u>94-6076144</u>	

<b>Part I</b>	<b>Distributions</b>
---------------	----------------------

**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

**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 6

<b>Part II</b>	<b>Funding Information</b> (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.**

<b>6 a</b> Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) .....	<b>6a</b>	
<b>b</b> Enter the amount contributed by the employer to the plan for this plan year .....	<b>6b</b>	
<b>c</b> 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) .....	<b>6c</b>	

**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

<b>Part III</b>	<b>Amendments</b>
-----------------	-------------------

**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

<b>Part IV</b>	<b>ESOPs</b> (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 ILWU-PMA WELFARE PLAN

**b** EIN 91-2003015 **c** Dollar amount contributed by employer 398733

**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 12 Day 31 Year 2016

**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) 3.25  
 (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): \_\_\_\_\_

**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): \_\_\_\_\_

**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:

<b>a</b> The current year.....	<b>14a</b>	1661
<b>b</b> The plan year immediately preceding the current plan year.....	<b>14b</b>	1557
<b>c</b> The second preceding plan year.....	<b>14c</b>	1515

**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:

<b>a</b> The corresponding number for the plan year immediately preceding the current plan year.....	<b>15a</b>	0.97
<b>b</b> The corresponding number for the second preceding plan year.....	<b>15b</b>	1.00

**16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

<b>a</b> Enter the number of employers who withdrew during the preceding plan year.....	<b>16a</b>	11
<b>b</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.....	<b>16b</b>	23477602

**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: 35.4% Investment-Grade Debt: 18.6% High-Yield Debt: 1.8% Real Estate: 18.9% Other: 25.3%

**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? If "No," skip b.  Yes  No

**20b** How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:  Design-based safe harbor  "Prior year" ADP test  "Current year" ADP test  N/A

**21a** What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:  Ratio percentage test  Average benefit test  N/A

**21b** Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?  Yes  No

**22a** If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter \_\_\_/\_\_\_/\_\_\_ and the serial number \_\_\_\_\_.

**22b** If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter \_\_\_/\_\_\_/\_\_\_.

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND**

**FINANCIAL STATEMENTS**

**December 31, 2016 and 2015**

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
FINANCIAL STATEMENTS  
December 31, 2016 and 2015**

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EXHIBIT B:	Statements of changes in net assets available for benefits for the years ended December 31, 2016 and 2015
	Notes to the financial statements
ATTACHMENTS:	Schedule of Assets Held for Investment Schedule of 5% Reportable Transactions





HEMMING  
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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Western States Office & Professional  
Employees Pension Fund

### Report on the Financial Statements

We have audited the accompanying financial statements of Western States Office & Professional Employees Pension Fund (the "Trust"), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the years then ended and supplemental schedules as indicated in the table of contents and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Trust 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and 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 judgment, 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 Trust'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 Trust'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.



HEMMING  
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CERTIFIED PUBLIC ACCOUNTANTS  
AND FORENSIC CONSULTANTS

Board of Trustees  
Western States Office & Professional  
Employees Pension Fund  
(Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Western States Office & Professional Employees Pension Fund's net assets available for benefits as of December 31, 2016, and changes therein for the year then ended and its financial status as of December 31, 2015, and changes therein for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Report on Supplemental Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of Assets Held for Investment and 5% Reportable Transactions as of December 31, 2016, referred to as "supplemental information," is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information 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 Trust'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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

San Francisco, CA  
October 12, 2017

*Hemming Morse LLP*

**WESTERN STATES OFFICE & PROFESSIONAL EMPLOYEES PENSION FUND**  
**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**  
**December 31, 2016 and 2015**

## ASSETS

	<b>2016</b>	<b>2015</b>
<b>Investments (Notes 2C and 5):</b>		
Cash equivalents	\$ 2,800,372	\$ 397
Mutual funds	12,748,047	-
Common collective funds	200,652,274	248,416,874
103-12 investment entities	48,644,555	39,041,116
Limited partnerships	45,342,595	27,326,331
Other:		
Cash overlay	5,034,377	4,762,789
Infrastructure investment fund	8,077,926	9,957,177
Due from broker	-	108,020
	323,300,146	329,612,704
<b>Receivables:</b>		
Employer contributions (Notes 2B and 3B)	584,491	728,012
Withdrawal liability contributions receivable (Note 7)	-	-
	584,491	728,012
<b>Cash accounts</b>	87,054	791,812
<b>Other:</b>		
Prepaid benefits	3,297,661	3,230,166
Prepaid insurance	67,515	149,254
	3,365,176	3,379,420
<b>Total assets</b>	327,336,867	334,511,948
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Accounts payable	404,536	301,748
Unprocessed Contributions	12,377	-
<b>Total liabilities</b>	416,913	301,748
<b>Net Assets Available for Benefits</b>	\$ 326,919,954	\$ 334,210,200

The accompanying notes are an integral part of the financial statements.

**WESTERN STATES OFFICE & PROFESSIONAL EMPLOYEES PENSION FUND**  
**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
**For the Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Additions:</b>		
Employer contributions (Notes 2B and 3B)	\$ 4,318,217	\$ 4,883,040
Withdrawal liability income (Note 7)	3,872,245	3,337,192
Supplemental contributions (Note 3C)	3,016,465	3,509,909
Surcharge contributions (Note 3C)	43,983	81,811
Liquidated damages	27,650	35,624
	11,278,560	11,847,576
Investment income:		
Realized and unrealized gains on investments, net	22,339,020	3,246,089
Interest and dividends	1,584,823	1,904,728
	23,923,843	5,150,817
Less: investment expenses	(1,591,828)	(1,479,482)
	22,332,015	3,671,335
Other income	11,425	39,792
	11,425	39,792
Total additions	33,622,000	15,558,703
<b>Deductions:</b>		
Pension benefits (Note 1B)	39,153,722	39,045,991
Administrative fees	453,277	429,000
Professional services:		
Legal	297,579	174,816
Consultant and actuary	251,970	215,223
Investment consulting	205,000	214,687
Auditing:		
Financial	39,181	35,804
Payroll	61,177	64,224
	854,907	704,754

(Continued)

The accompanying notes are an integral part of the financial statements.

**WESTERN STATES OFFICE & PROFESSIONAL EMPLOYEES PENSION FUND**  
**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - (Continued)**  
**For the Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
General expenses:		
Insurance	157,238	140,754
PBGC insurance	210,087	198,770
Printing, postage and storage	22,826	22,882
Educational seminars and meetings	45,702	52,029
Miscellaneous	14,487	22,994
	450,340	437,429
Total operating expenses	1,758,524	1,571,183
Total deductions	40,912,246	40,617,174
Decrease in net assets available for benefits	(7,290,246)	(25,058,471)
<b>Net Assets Available for Benefits:</b>		
Beginning of year	334,210,200	359,268,671
End of year	\$ 326,919,954	\$ 334,210,200

The accompanying notes are an integral part of the financial statements.

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF THE TRUST**

The following brief description is provided for general information purposes only. Participants should refer to the Summary Plan Description for more complete information.

**A. General:**

The Western States Office and Professional Employees Pension Fund (the "Trust") is a defined benefit plan which was established on May 3, 1960 for the purpose of providing pension, disability and death benefits to eligible participants covered by collective bargaining agreements between the local unions and various employers in the union's jurisdiction.

The Trust is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and is exempt from federal and state taxes on income under the current provisions of the Internal Revenue Code and applicable state law. However, the Trust is subject to federal and state taxes on its unrelated business taxable income ("UBTI"). UBTI is derived from a trade or business that is unrelated to the exempt organization's purpose. For this Trust, UBTI is mainly derived from investing in entities that also use third party debt financing. The trust management believes that the Trust, as amended, continues to qualify and to operate in accordance with applicable provision of Internal Revenue Code for which the Trust has received a favorable tax exemption letter.

**B. Plan Benefits:**

In general, participants who are age 65 and have five years of credited service are entitled to a normal pension benefit. A disability pension benefit, a death benefit, a reduced early pension benefit and pension enhancement benefits are available for qualified participants.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting:**

The Trust's financial statements are prepared on the accrual basis of accounting.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**B. Employer Contributions:**

Employer contributions reported in the financial statements include amounts relating to hours worked by participants through December 31, plus material delinquent contributions.

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)**

**B. Employer Contributions: - (Continued)**

The Trust has an employer payroll audit system in place in which the employers are randomly audited to verify that they are contributing in accordance with their signed agreement. Delinquencies may arise due to these payroll audits, but due to the uncertainty of collections, no estimates of the contributions will be accrued.

**C. Valuation of Investments:**

The Trust management determines valuation policies utilizing information provided by its investment advisors, managers, and custodians.

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.

Common stock and mutual funds are recorded at fair value, based on closing market quotations at December 31. Cash equivalents are valued at cost, which equals fair value.

The Blackrock Equity Index Non-Lendable Fund is a common collective funds which are valued depending on the type of investment included in the portfolio. Equity investments are valued at the last reported sales prices on the day of valuation. Fixed income securities other than government obligations are valued based upon the last available bid price received from independent pricing services. Government obligations are valued based upon bid quotations for similar obligations. Futures contracts are valued at closing market prices on the exchange on which the contracts are traded. Collective investment funds are valued based on the unit value established for each fund on the valuation date.

The INTECH US Managed Volatility Fund, LLC is a 103-12 entity whose underlying assets are common stock. The investment is valued based upon the last reported sale price on the valuation date for investments which market quotations are readily available.

The Loomis Core Plus Full Discretion Trust is a common collective trust. The portfolio securities listed on a securities exchange for which market quotations are readily available are valued at the last sales price or official closing price on each business day. Securities for which quotations are not readily available are valued at fair value as determined in good faith by Loomis Sayles Trust Company, LLC.

The Invesco Real Estate II Fund is a real estate investment whose underlying assets are valued based upon subjective judgments. Real estate investments are valued on at least an annual basis and are appraised by an external third party every three years.

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Valuation of Investments: – (Continued)**

The EB DV Global Alpha I Fund of the Bank of New York Mellon is a common collective trust whose underlying assets are primarily affiliated collective investment funds. These investments are generally valued at the net asset value as reported by the respective fund at each valuation date unless the Trustee determines that a significant difference exists between the transactional net asset value and the market value.

The IFM Global Infrastructure Fund is a limited partnership whose underlying assets are valued based upon independent valuations prepared to estimate the fair value of investments on a quarterly basis.

The Grosvenor Institutional Partners L.P. is a limited partnership. The investment is valued based upon an amount generally equal to the net asset value of the investment in the portfolio funds as determined by the investment fund's general partner or investment manager. Generally, the net asset values of the investments in Portfolio Funds are determined whereby the Fund records the investment and subsequent subscriptions at acquisition cost and adjusts the value to reflect the Fund's share of net investment income or loss and unrealized and realized gain or loss net of fees and performance-based compensation.

Invesco Balanced-Risk Allocation Trust is a common collective trust investing primarily in U.S Treasury Securities and Short-Term Investments. Securities for which market quotations are not readily available or became unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust's officers following procedures approved by the Board of Trustees. Issuer specific events, market trends, bid/ask quotes of brokers and information providers and other market data may be reviewed in the course of making a good faith determination of a security's fair value.

The Parametric Clifton investments are overlay investments which are obtained via futures. These instruments are marked-to-market daily based on the daily settlement prices produced by the exchange.

The JP Morgan IIF ERISA LP is an infrastructure investment fund with investments valued by independent appraisers on an annual basis. Asset valuations and the salient valuation-sensitive assumptions of each interest are reviewed by the Adviser and values are adjusted quarterly.

The Panagora US Small Cap Core Fund is a 103-12 entity. The investments are valued based upon the basis of market valuations provided by independent pricing services.



**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Valuation of Investments: – (Continued)**

The JP Morgan Special Situation Property Fund is a common collective whose underlying assets are primarily direct real estate properties. Properties are externally appraised generally on an annual basis, conducted by reputable, independent appraisal firms. Property valuations and the salient valuation-sensitive assumptions of each direct investment property are reviewed by the Trustee quarterly and values are adjusted if there has been a significant change in circumstances related to the investment property since the last valuation.

The ASB Allegiance Real Estate Fund is a common collective primarily composed of real estate assets. The valuation of the real estate investments is based on real estate appraisals prepared externally by independent real estate appraisers, unless the real estate investment was acquired during the current quarter or is expected to be sold in the near term. If market data is not readily available, fair value is based upon other significant unobservable inputs, such as assumptions about the inputs market participants would use in valuing the investment.

The WCM Focused Intl Growth Fund is a limited partnership whose underlying assets are valued based upon estimate fair value of investments on a recurring basis.

The Brandes Intl S/C Equity Fund is a 103-12 entity, which uses the principal market, or market with the greatest volume and level of activity, in which its portfolio investment exist to determine the fair value of the investments. Fixed income securities are valued on the basis of quotes obtained from brokers and dealers or independent pricing services or sources.

**D. Uncertain Tax Positions:**

The Trust has adopted guidance on accounting for uncertainty in income taxes issued by the Financial Accounting Standards Board. The Plan management believes that the Trust has not taken uncertain tax positions that require adjustment to the financial statements as a tax liability. The Plan management believes it is no longer subject to income tax examinations for fiscal years prior to December 31, 2013.

**E. Concentration of Risk:**

The Trust maintains its cash balances at high credit quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, such cash balances may be in excess of the insurance limit.

**F. Reclassification:**

Certain prior year amounts may have been reclassified to conform to current year financial statement presentation.

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 3 – FUNDING POLICY**

**A. General:**

The participating employers contribute such amounts as are specified in the collective bargaining agreements. The Trust’s actuary has advised that the minimum funding requires of ERISA were met as of December 31, 2015.

**B. Contributions:**

During the years ended December 31, 2016 and 2015, the Trust received contributions from employers in various contracted payment types and amounts. The principal types of contributions were received as follows:

	<u>Hourly</u>
January 1, 2015 - December 31, 2016	\$0.05 - 9.95

**C. Pension Protection Act of 2006:**

On March 31, 2009, the Trust’s actuary certified that the Trust was in critical status or in the “red zone” under the Pension Protection Act of 2006 (the “Act”) for the plan year beginning January 1, 2009. The Trust was initially certified in the “red zone” because the credit balance in the Funding Standard Account was projected to be depleted by 2011 at that point in time. On October 16, 2009 the Board of Trustees approved implementing the Trust’s Rehabilitation Plan (the “RP”) as required under the Act. The RP was originally effective November 25, 2009, and was subsequently amended effective January 1, 2010. As required under the Act, a 10% surcharge automatically applies to pension contributions on hours worked on or after January 1, 2010 and continues until the employer is subject to the RP. The RP applies to collective bargaining agreements expiring on or after November 25, 2009. Bargaining parties negotiate to adopt the RP and the Supplemental Employer Contribution Schedule as part of their new agreement. The Default Supplemental Employer Contribution Schedule automatically applies under the Act if the bargaining parties fail to adopt the RP within 180 days after the CBA expires. Effective January 1, 2013, the Board of Trustees revised the Rehabilitation Plan to cap supplemental employer contributions at 80%. The Board has not changed the default schedule under the 2013 Rehabilitation Plan. The current rules regarding imposition of the default schedule continue to apply.

For the plan year beginning January 1, 2017, the Trust’s actuary has certified that the Trust is in critical and declining status. The Trust is projected to be insolvent by December 31, 2034.

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 4 - PLAN TERMINATION**

The Board of Trustees has the right to discontinue or terminate the Trust in whole or in part. The rights of all affected participants to any benefit accrued to the date of the termination, partial termination or discontinuance will be governed by ERISA sections 404A and 4281 and the regulations there under.

Certain benefits under the Plan are covered by the insurance protection of the Pension Benefit Guaranty Corporation (“PBGC”) if the Plan terminates. The PBGC does not guarantee all benefits under the Plan, and the amount of protection is subject to certain limitations. Whether participants receive the full amount of benefits to which they are entitled should the Plan terminate at some future time will depend on the sufficiency of the Plan’s net assets on the date of payment to provide for accumulated benefit obligations and may also depend on the financial condition of the Plan and the level of benefits guaranteed by the PBGC.

**NOTE 5 - INVESTMENTS**

**A. General:**

The investment assets of the Trust are held by U.S. Bank under the terms of a custodian agreement, effective April 22, 2016. Assets are invested in accordance with a program directed by the investment manager.

The following information, included in the Trust’s financial statement as of December 31, 2016, was prepared by U.S. Bank and furnished to the Administrator. The information included in the Trust’s financial statements as of December 31, 2015, was prepared by the investment managers.

	2016	2015
	Fair Value	Fair Value
Cash equivalents	\$ 2,800,372	\$ 397
Mutual funds	12,748,047	-
Common collective funds	200,652,274	248,416,874
103-12 investment entities	48,644,555	39,041,116
Limited partnerships	45,342,595	27,326,331
Other:		
Cash overlay	5,034,377	4,762,789
Infrastructure investment fund	8,077,926	9,957,177
Due from broker	-	108,020
	\$ 323,300,146	\$ 329,612,704

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 5 - INVESTMENTS – (Continued)**

**B. Fair Value Measurements:**

The Trust has adopted the Fair Value Measurement Topic of the Financial Accounting Standards Board Accounting Standards Codification No. 820 (ASC 820). In accordance with ASC 820, fair value is defined as the price that the Trust would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. As amended, ASC 820 permits entities to use Net Asset Value (NAV) as a practical expedient to measure fair value when the investment does not have a readily determinable fair value and the net asset value is calculated in a manner consistent with the investment company accounting. ASC 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are assets that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Trust's own assumptions in determining the fair value of investments)

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 5 - INVESTMENTS – (Continued)**

**B. Fair Value Measurements: - (Continued)**

The following is a summary of the inputs used as of December 31, 2016 in valuing the Trust's investments carried at value:

	Level 1	Level 2	Level 3	Total 2016
Cash equivalents	\$ 2,800,372	\$ -	\$ -	\$ 2,800,372
Mutual fund	12,748,047	-	-	12,748,047
Total assets in the fair value hierarchy	<u>\$ 15,548,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,548,419</u>
Investments measured at net asset value (*)				\$ 307,751,727
Total				<u>\$ 323,300,146</u>

(\*) 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 presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

The following is a summary of the inputs used as of December 31, 2015 in valuing the Trust's investments carried at value:

	Level 1	Level 2	Level 3	Total 2015
Due from broker	\$ 108,020	\$ -	\$ -	\$ 108,020
Total assets in the fair value hierarchy	<u>\$ 108,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,020</u>
Investments measured at net asset value (*)				\$ 329,504,684
Total				<u>\$ 329,612,704</u>

(\*) 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 presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 5 - INVESTMENTS – (Continued)**

**B. Fair Value Measurements: - (Continued)**

At December 31, 2016, unfunded commitments and redemption rules of those investments are as follows:

	<u>December 31, 2016</u>			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice
Loomis Sayles	71,532,207	-	Daily	3 Days
BlackRock Index Non-Lending	41,524,516	-	Daily	Daily
Invesco Balanced Risk	27,550,269	-	Daily	Daily
ASB Allegiance Real Estate Fund	31,710,310	-	Quarterly	60 Days
Intech US Managed Volatility	25,837,269	-	Daily	1 Day
EB DV Dynamic Growth	16,226,952	-	Daily	Daily
Grosvenor Institutional Partners	16,641,558	-	Quarterly	70 Days
Panagora US Small Cap Core Fund	16,589,936	-	Bi-monthly	2 Days
JP Morgan Special Situation	12,108,019	-	Quarterly	45 Days
JP Morgan ERISA II	8,077,926	-	March 31 or Sept. 30	45 Days
IFM Global Infrastructure	9,172,162	-	Quarterly	90 Days
Clifton Group Cash Overlay	5,034,377	-	n/a	n/a
Invesco Real Estate Fund II	35,796	959,600	n/a	n/a
WCM Focused Intl Growth Fund	19,493,080	-	Monthly	5 Days
Brandes Intl S/C Equity Fund	6,217,350	-	Monthly	30 Days
	<u>307,751,727</u>	<u>959,600</u>		

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 5 - INVESTMENTS – (Continued)**

**B. Fair Value Measurements: - (Continued)**

At December 31, 2015, unfunded commitments and redemption rules of those investments are as follows:

	<u>December 31, 2015</u>			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice
Loomis Sayles	66,340,052	-	Daily	3 days
BlackRock Index Non-Lending	40,635,472	-	Daily	Daily
Invesco Balanced Risk	38,529,318	-	Daily	Daily
BlackRock MSCI ACWI Ex-US	37,293,673	-	Daily	Daily
ASB Allegiance Real Estate Fund	30,338,966	-	Quarterly	60 Days
Intech US Managed Volatility	24,439,431	-	Daily	1 Day
EB DV Dynamic Growth	24,151,809	-	Daily	2 Days
Grosvenor Institutional Partners	16,283,417	-	Quarterly	70 Days
Panagora US Small Cap Core Fund	14,601,685	-	Bi-monthly	2 Days
JP Morgan Special Situation	11,127,980	-	March 31 or Sep. 30	45 Days
JP Morgan ERISA II	9,957,177	-	Quarterly	Written Notice
IFM Global Infrastructure	8,887,246	-	Daily	Written Notice
Clifton Group Cash Overlay	4,762,789	-	n/a	n/a
Invesco Real Estate Fund II	2,155,669	959,600	n/a	n/a
	<u>329,504,684</u>	<u>959,600</u>		

Grosvenor Institutional Partners, L.P. invests in Portfolio Funds which generally implement “non-traditional” or “alternative” investment strategies.

JP Morgan IIF ERISA is an infrastructure investment fund whose strategy is to focus on core/core-plus infrastructure assets that offer stable yield and inflation-linked return characteristics through an open-ended investment vehicle that is diversified both geographically and by sub-sector. The fund seeks to avoid competitive trophy auction processes, instead investing in middle-market opportunities with a target investment size of \$200-500 million equity each.

IFM Global Infrastructure (US), L.P. seeks to acquire and maintain a diversified portfolio of global infrastructure investments (in the target sub-sectors with varied maturities) that returns 10% per annum (net of advisory fees, any performance fee, allocable expenses and investment-level taxes) over a rolling three year period.

Invesco Real Estate Fund II seeks to provide returns based on investment in portfolio companies, portfolio investments, and real estate assets.

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 5 – INVESTMENTS - (Continued)**

**B. Fair Value Measurements: – (Continued)**

WCM Focused International Growth Fund invests in quality growth exchange traded securities from around the world, with high ROE, high ROIC and a good valuation.

**NOTE 6 – ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS**

Accumulated plan benefits are those future periodic payments that are attributable, under the Fund's provisions, to the service participants have rendered. Accumulated plan benefits include benefits expected to be paid to: (a) retired or terminated participants or their beneficiaries, (b) beneficiaries of participants who have died, and (c) present participants or their beneficiaries.

The actuarial present value of accumulated benefits is the amount that results from 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 reductions such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuation performed by the actuary at January 1, 2016, the most recent valuation, were (a) life expectancy of participants (the RP-2000 Mortality Table was used) (b) retirement age assumptions (age 65 and 5 years of service) and (c) investment return (assumed at 7.25% per annum).

The computations of the actuary present value of accumulated plan benefits were made as of January 1, 2016. Had the valuation been performed on December 31, 2015 there would be no material differences.



**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 6 – ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS –  
(Continued)**

The actuarial present value of accumulated plan benefits, at January 1, 2016 and the changes in accumulated plan benefits for the year then ended, as developed by the Fund's actuary, follows:

STATEMENTS OF ACCUMULATED PLAN BENEFITS

(as of January 1, 2016)

	2016
Actuarial present value of accumulated plan benefits:	
Vested benefits in a payment status	\$ 354,476,819
Other participants' vested benefits	179,801,794
Total vested benefits	534,278,613
Nonvested benefits	582,342
Total year end actuarial present value	\$ 534,860,955

STATEMENTS OF CHANGE IN ACCUMULATED PLAN BENEFITS

(as of January 1, 2016)

	2016
Actuarial present value of accumulated plan benefits at beginning of plan year	\$ 537,887,774
Increase/(decrease) during year due to:	
Benefits accumulated	(1,562,274)
Increase for interest	37,581,446
Benefits paid	(39,045,991)
Net increase	(3,026,819)
Actuarial present value of accumulated plan benefits at end of plan year	\$ 534,860,955

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 7 – EMPLOYER WITHDRAWAL LIABILITY**

The Multi-Employer Pension Plan Amendments Act of 1980, as amended by the Deficit Reduction Act of 1984 imposes a liability on employers that withdraw from the Trust. The amount due to the Trust from a withdrawn employer is based on the history of contributions to the Trust and the related unfunded vested benefits.

As of year-end, the Trust is in withdrawal liability status. There have been employers that have withdrawn from this Trust during the withdrawal liability period. They are now required to contribute to the Trust to reduce their withdrawal liability. The present value for future stream of payments from those employers at December 31, 2016 and 2015 is \$46,517,678 and \$46,902,470, respectively. Due to the uncertainty of the going concern of the employers over an extended period of time, complete payment and timing of payment, this receivable has been fully reserved.

**NOTE 8 – DERIVATIVE FINANCIAL INSTRUMENTS**

Derivatives are financial instruments whose values are derived from an underlying entity, such as other financial instruments or market indices. Derivatives that may be utilized by the Trust include Exchange Traded Funds, exchange traded index options, options on futures, commodity and commodity index futures, international and domestic equity index futures, domestic and foreign fixed income futures, and currency futures. Financial futures, one of the most common types of derivative instruments, are agreements to buy or sell a quantity of a financial instrument, index, or currency at a predetermined future date and rate or price. All changes in the value of open futures positions are settled on a daily basis through what is known as the margin variation process. An option is an agreement that conveys to the purchaser the right, but not the obligation, to buy or sell quantity of a particular financial instrument, index or currency at a predetermined rate or price during a period or a time in the future.

**Objectives** - The Trust has exposure to derivatives as part of a cash overlay program, which constitutes approximately 1.56% and 1.44% of the Western States Office & Professional Employees Pension Fund investment portfolio for the year ended December 31, 2016 and 2015 respectively. The futures contracts are used to efficiently gain long exposure to specified capital markets indices in the aggregate amount of the cash in the portfolio. Additionally, short positions in futures contracts may be utilized to reduce exposure to specific capital markets indices as part of the futures-based rebalancing program. The fund also uses derivatives to gain long exposure to the Russell 2000 Index for their small cap equity exposure.

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 8 – DERIVATIVE FINANCIAL INSTRUMENTS – (Continued)**

**Information Risk** - The overlay manager will maintain index market exposures based on designated asset values provided by third parties. The overlay manager cannot verify these values but will rely on this information as being reflective of true fund values. If actual fund values are different from the values provided by such third parties, losses may result from over or under exposure to the desired index. This is a general risk associated with overlay programs.

**Futures** – The use of futures entails risks. These risks include:

- **Market Risk** – The potential that the market moves in a manner adverse to the futures position causing a mark-to-market loss of capital.
- **Liquidity Risk** – To the extent the futures position generates a loss in excess of margin available, the fund will require liquid assets to satisfy any outstanding commitments or may experience liquidation of positions.
- **Collateral Risk** – The fund may experience losses on the underlying designated assets in addition to potential losses on the index market exposure overlaying these assets.

**NOTE 9 – RISKS AND UNCERTAINTIES**

The Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect amounts reported in the statements of net assets available for benefits.

**WESTERN STATES OFFICE & PROFESSIONAL  
EMPLOYEES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - (Continued)**

**NOTE 10 - COMMITMENTS**

In the course of investing, the Trust has committed assets to invest with a new manager. Below is a list of the total commitment as well as how much the investment manager has drawn down on that commitment as of years ended December 31, 2016 and 2015 respectively:

	<u>December 31, 2016</u>		
<u>Investment Manager</u>	<u>Total Commitment</u>	<u>Drawn to Date</u>	<u>Remaining Commitment</u>
Invesco Real Estate Fund II	\$ 12,000,000	\$ 11,040,400	\$ 959,600

	<u>December 31, 2015</u>		
<u>Investment Manager</u>	<u>Total Commitment</u>	<u>Drawn to Date</u>	<u>Remaining Commitment</u>
Invesco Real Estate Fund II	\$ 12,000,000	\$ 11,040,400	\$ 959,600

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date on which the financial statements were available to be issued. This date is approximately the same as the independent auditor's report date. Management has concluded that no material subsequent events have occurred since December 31, 2016 that required recognition or disclosure in the financial statements.

Western States Office and Professional Employees Pension Fund

EIN: 94-6076144, Plan No. 001

Schedule H, line 4i - Summary Schedule of Assets (Held at End of Year) as of  
December 31, 2016

Identity of Financial Institution	Account #	Cost	Fair Value	Attached Asset Statement Page #
US Bank	19-517619	242,301,886	307,572,330	5
BNY Mellon	MAOF0563542	14,517,398	16,226,952	6
Fair Value Adjustment			(499,136)	n/a

Investments per Financial Statements

256,819,284

323,300,146