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July 28, 2017

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Employee Plans Compliance Unit  
Group 7602 (TEGE:EP:EPCU)  
230 S. Dearborn Street  
Room 1700, 17<sup>th</sup> Floor  
Chicago, Illinois 60604

**Re: Pension Protection Act (PPA) Actuarial Certification for Plan Year Beginning  
May 1, 2017 – Sheet Metal Workers Local Pension Plan**

In accordance with IRC Section 432(b)(3)(A), we have prepared and attached an actuarial certification for the plan year beginning May 1, 2017 for Sheet Metal Workers Local Pension Plan.

In our opinion, the assumptions used for the actuarial certification are individually reasonable based on the experience of the plan and on reasonable expectations of anticipated experience under the plan. The projections in this report are dependent on the assumptions used. Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in these projections. Actual results will differ from projected amounts to the extent that actual experience is better or worse than expected.

On the basis of the foregoing and as a member of the American Academy of Actuaries (AAA) who meets the Qualification Standards of the AAA to render the actuarial opinion contained herein, I hereby certify that, to the best of my knowledge and belief, this letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.



Kevin M. Campe, EA, MAAA  
Principal and Consulting Actuary

cc: Board of Trustees  
Mr. Michael Novara  
Mr. Paul Newcomer  
Ms. Mary Weir  
Mr. Rick Bogucki

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**Sheet Metal Workers Local Pension Plan**  
**PPA Actuarial Certification for Plan Year Beginning May 1, 2017**

**Funding Status Projection Results**

<b><u>Plan Year Beginning</u></b>	<b><u>Funded Percentage</u></b>	<b><u>Contributions</u></b>	<b><u>Credit Balance at End of Year</u></b>
5/1/2016	53.3%	3,915,000	(2,155,000)
5/1/2017	43.0	3,850,000	(3,393,000)
5/1/2018	40.8	3,850,000	(7,670,000)
5/1/2019	40.0	3,115,000	(12,578,000)
5/1/2020	38.3	3,115,000	(17,284,000)
5/1/2021	37.1	3,115,000	(21,990,000)
5/1/2022	35.5	3,325,000	(26,610,000)
5/1/2023	33.7	3,325,000	(30,784,000)
5/1/2024	31.6	3,325,000	(35,475,000)
5/1/2025	29.1	3,325,000	(41,297,000)
5/1/2026	26.3	3,325,000	(47,382,000)

An accumulated funding deficiency is projected to occur for the plan year ending April 30, 2017.

The funded percentage as of May 1, 2017 is projected to be 43.0%.

The Plan fails Critical Tests 2 and 3 (refer to the Appendix), as described under IRC Section 432(b)(2).

The Plan is projected to become insolvent in the plan year beginning May 1, 2031.

**PPA Certification**

Based on the actuarial assumptions and methods, financial and participant data, and Plan provisions, as used for the actuarial valuation for the Plan year ended April 30, 2017, I hereby certify that the Sheet Metal Workers Local Pension Plan is “critical and declining” for the plan year beginning May 1, 2017 as defined in the Pension Protection Act of 2006 as amended by the Multiemployer Pension Reform Act of 2014 (“MPRA”).

Further, I hereby certify that to the best of my knowledge and belief, the actuarial assumptions employed in preparing this certification are individually reasonable and represent my best estimate of future experience. Additionally, the “projected industry activity” assumption, as required under IRC Section 432(b)(3)(B)(iii), has been provided by the Board of Trustees.

**Sheet Metal Workers Local Pension Plan**  
**PPA Actuarial Certification for Plan Year Beginning May 1, 2017**

**Scheduled Progress**

The Pension Protection Act (PPA) requires the actuary to certify whether the plan is making scheduled progress in meeting the requirements of its Rehabilitation Plan. The Rehabilitation Plan for the Sheet Metal Workers Local Pension Plan reduced certain benefits and increased the Plan's contribution rates. The Trustees determined using reasonable actuarial assumptions and methods that they were unable to adopt a Rehabilitation Plan that would enable the Plan to emerge from critical status by the end of the 13-year Rehabilitation Period on April 30, 2024 which began on May 1, 2011 (as extended three additional years under the Worker, Retiree, and Employer Recovery Act of 2008).

As a result, the Trustees adopted a Rehabilitation Plan that, in their judgment, consisted of all reasonable measures to either emerge from critical status by a later date than the 13-year period mentioned above or forestall insolvency. As required under the PPA, the Trustees have been and will continue to review the Rehabilitation Plan annually. Based on implementation of the Rehabilitation Plan, assumed future contracts adopted by the bargaining parties and reflecting the Plan's experience through April 30, 2017, I hereby certify that the Plan is making scheduled progress as of May 1, 2017 as required under IRC Section 432(b)(3)(A)(ii).

[Redacted Signature]

Kevin M. Campe  
Enrolled Actuary #17-5356

July 28, 2017  
Date

**Sheet Metal Workers Local Pension Plan**  
**PPA Actuarial Certification for Plan Year Beginning May 1, 2017**

**Summary of Assumptions/Methods**

1. Our forecast of future minimum funding requirements is based on:
  - May 1, 2016 participant data and preliminary May 1, 2016 actuarial valuation results.
  - April 30, 2017 unaudited asset return provided by the Fund's administrator. The results reflect an estimated rate of return on market assets of 8.67% (net of investment-related administrative expenses) for the plan year ended September 30, 2017 and an assumed rate of return on market assets of 6.50% (net of investment-related administrative expenses) for every year after the plan year ended April 30, 2017. No future asset gains or losses other than the gains or losses related to the asset smoothing method are reflected.
  - Input from the Fund's Board of Trustees that hours worked will be:
    - 1,100,000 hours for years ending April 30, 2018 and April 30, 2019,
    - 890,000 hours for the years ending April 30, 2020 through April 30, 2022, and
    - 950,000 hours for each year thereafter.
  - The assumption of a stable active population for each plan year after April 30, 2016.
  - Plan provisions identical to those used in the preliminary May 1, 2016 actuarial valuation.
  - All other actuarial assumptions and methods being the same as those used to determine preliminary May 1, 2016 actuarial valuation results except for the following:
    - Mortality was updated to RP2014 Blue Collar Employee and Annuitant Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2016 from the 2006 base year and projected forward using MP-2016 on a generational basis effective May 1, 2017.
    - The investment return assumption was lowered to 6.50% per annum effective May 1, 2017.
    - Administrative expenses are assumed to increase by 2.5% for each plan year after April 30, 2017.
2. This actuarial certification is based on 1) the proposed Multiemployer Plan Funding Guidance provided by the IRS on March 18, 2008, 2) the December 2007 Practice Note issued by the Multiemployer Plans Subcommittee of the Pension Committee of the American Academy of Actuaries, and 3) action taken by the Board of Trustees on or before July 20, 2017.

**Sheet Metal Workers Local Pension Plan**  
**PPA Actuarial Certification for Plan Year Beginning May 1, 2017**

**Plan Identification**

Name: Sheet Metal Workers Local Pension Plan  
EIN: 34-6666753  
Plan Number: 001  
Address: 1890 Venture Circle SE  
Massillon, OH 44646  
Telephone Number: (330) 833-2888

**Enrolled Actuary Identification**

Name: Mr. Kevin M. Campe  
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**Sheet Metal Workers Local Pension Plan**  
**PPA Actuarial Certification for Plan Year Beginning May 1, 2017**

**Summary of Zone Status Definitions Under PPA as Amended by MPRA**

Critical (“Red Zone”) Status - IRC Section 432(b)(2) and 432(b)(4)

Any one of four tests under IRC Section 432(b)(2):

- Test 1 Less than 65% funded and market value of assets plus contributions for current year plus next following 6 plan years is less than present value of projected benefit payments and administrative costs over that 7-year period or
- Test 2 Projected funding deficiency in current year or next following 3 plan years (4 plan years if 65% funded or less)<sup>1</sup> or
- Test 3 Present value of vested benefits (actives) is less than present value of benefits (inactives), and present value of projected contributions is less than the unit credit normal cost plus interest on the unfunded present value of accrued benefits and projected funding deficiency in current or next 4 plan years<sup>1</sup> or
- Test 4 Market assets plus projected contributions over current year plus next 4 plan years is less than the present value of benefit payments plus administrative costs over same 5 year period.

Within 30 days after the date of this certification, a plan that is not in critical status but is projected to be in critical status in any of the succeeding 5 plan years *may* elect under IRC Section 432(b)(4) to be in critical status effective for the current plan year.

Critical and Declining (“Deep Red Zone”) Status – IRC Section 432(b)(6)

In critical status and either:

- Projected insolvency in current year or any of the 14 following plan years or
- Projected insolvency in current year or any of the 19 following plan years if:
  - Ratio of ratio of inactive participants to active participants exceeds 2 to 1 or
  - Less than 80% funded

Endangered (“Yellow Zone”) Status – IRC Section 432(b)(1)

Not in critical status and either:

- Less than 80% funded or
- Projected funding deficiency in current plan year or next following 6 plan years<sup>2</sup>

Seriously Endangered (“Orange Zone”) Status - IRC Section 432(b)(1)

Not in critical status and both:

- Less than 80% funded and
- Projected funding deficiency in current plan year or next following 6 plan years<sup>2</sup>

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<sup>1</sup> Not taking into account an extension of amortization periods under IRC Section 431(d), if any

<sup>2</sup> Taking into account an extension of amortization periods under IRC Section 431(d), if any