WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS PENSION FUND

SUSPENSION APPLICATION

Exhibit 4

Record of Trustee Actions

WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS PENSION FUND

Minutes Of Meeting Held
December 7, 2016

DoubleTree By Hilton Pittsburgh Cranberry
Warrendale, PA

Trustees Present

Gino Bosetti
Michael A. Ceoffe
Joseph A. Molinero
Kevin M. Schmitt
Robert Cleary
William J. Dillner, Jr.
Brian M. Dykes

Others Present

Gerri D. Talerico,
Fund Office Manager
Randee W. Sekol,
Peter M. Karapelou,
Beyer-Barber Company
Joanna L. Sinchar, CPA,
Albanese Sinchar Smith & Co.
Michael Sullivan,
NEPC, LLC
Charles J. Streiff,
Vincent P. Szeligo,
Wick, Streiff, Meyer, O'Boyle & Szeligo, P.C.

The Chairman, Mr. Bosetti, called the Meeting to order at 1:08 p.m.

Mr. Cleary stated that he would vote the proxy for the unnamed Employer Trustee.

The Minutes of the Trustees' September 7, 2016 Meeting, which had been distributed to the Trustees prior to this Meeting, were presented for approval. After discussion, Mr. Cleary moved that the Minutes be approved. Mr. Bosetti seconded the motion. The motion passed unanimously. Mr. Ceoffe abstained from voting on the motion.

The Minutes of the October 5, 2016 Special Meeting (Trustee Sub-Committee), which had been distributed to the Trustees prior to this Meeting, were presented for ratification and approval. After discussion, Mr. Cleary moved that the Minutes be ratified and approved. Mr. Bosetti seconded the motion. The motion passed uncontributions of the 15 largest employers on the calculation of MPPAA liability. After discussion, Mr. Dillner moved that the Trustees: (1) accept the Multiemployer Pension Plan Amendments Liability Report As Of December 31, 2015; and (2) direct the Fund Office to distribute the employer statements to the Contributing Employers. Mr. Schmitt seconded the motion. The motion passed unanimously.

4. Rehabilitation Plan Update - Mr. Sekol distributed and discussed the Report, entitled "2016 Rehabilitation Plan Update", which was prepared by his Firm to assist the Trustees in determining, pursuant to the Pension Plan Protection Act of 2006 (PPA), whether the goals and the annual standards set forth in the Fund's 2010 Rehabilitation Plan are being met. The Report included the following:

1. Background, including PPA status determination and changes made to date.

2. Update considerations and scheduled progress.

3. Tools available for 2016 update.

4. Update projections, including basic assumptions and various rehabilitation scenarios.

5. Forecast conclusions.

After an extensive discussion, Mr. Dykes moved that, based on the Report and the conclusion that the Trustees have taken all reasonable measures to forestall insolvency, no changes should be made to the 2010 Rehabilitation Plan, as amended by the 2015 Update. Mr. Ceoffe seconded the motion. The motion passed unanimously.

Ms. Sinchar, for Albanese Sinchar Smith & Co., distributed and discussed the Reports as to the contribution compliance audits com-

2016 REHABILITATION PLAN UPDATE

Prepared for:

WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS PENSION FUND

Prepared by:
BEYER-BARBER COMPANY
December 7, 2016

PART I

BACKGROUND

PPA STATUS DETERMINATION

- The Fund originally became **Endangered** in 2008 and the Trustees adopted a Funding Improvement Plan to allow the Fund to emerge from **Endangered** Status by the end of the Funding Improvement Period.

- Following the unprecedented investment losses in 2008, the Fund was determined to be **Critical** in 2009; however the Trustees adopted WRERA Relief that allowed the Plan to continue as **Endangered** for 2009.

- The Plan was certified to be **Critical** in 2010 and was still determined to be **Critical** for this 2016 plan year.

- The Trustees adopted a Rehabilitation Plan in 2010 with the objective of "forestalling insolvency" and achieving a 51% PPA funded percentage in 2031. It remained unchanged until the 2012 Update dropped the attainment of a 51% PPA funded percentage in 2031 as an objective.

CHANGES MADE TO DATE

- 6% increases in contribution rates for future years.
- 0.5% of contribution Unit Multiplier.
- Normal Retirement Date increased to age 65.
- Eliminated Early Retirement and Joint & Survivor subsidies on benefits earned as of 8/1/2008 except for those eligible to retire as of 2/1/2011.
- Eliminated Disability and Burial Benefits.
- Special Benefits had been "frozen" at their 8/1/2008 level under the prior Funding Improvement Plan except for CBAs where the contribution rate exceeded $225/wk. by 12/31/2008.

CHANGES MADE TO DATE, continued

- The benefit changes that were made eliminated all "adjustable benefits" except for the protection of Early Retirement and Joint & Survivor subsidies for the 8/1/2008 accrued benefits for participants who were eligible to retire by 2/1/2011. These protections were made to avoid incentivizing active participants to prematurely leave the Fund.

- While the benefit changes helped control future benefit payouts, the main thrust of the 2010 Rehabilitation Plan lay in increasing employer contribution income relative to the level of annual benefit payouts.

PART II

2016 REHABILITATION PLAN
SCHEDULED PROGRESS

THE PROCESS

- The first step in the analysis is to determine whether the Fund is making the "scheduled funding progress" that had been projected when the 2010 Rehabilitation Plan (RP) was adopted. If so, the Trustees could take the position that no changes are necessary at this time.

- If not, then after careful analysis of any additional options available to them, the Trustees could either:
  - make additional changes in benefits and/or contributions, or
  - conclude that they have taken all reasonable measures to forestall insolvency.

SCHEDULED PROGRESS

- Because the objective of “forestalling insolvency” is achieved simply by avoiding insolvency, it is not a “bright line” measure. As shown on the following Exhibit, updated forecast projections based on the completed 2016 Valuation show that the Fund is achieving the Rehabilitation Plan objectives of forestalling solvency.

- However, the updated 2016 projection is less favorable than the 2010 Baseline due to an actual 6.5% average investment return between 2010 and 2015 versus the 8% assumed, and a 15.5% decline in active contributing members from 6,117 in 2010 to 5,167 in 2016.

SCHEDULED PROGRESS, continued

Original 2010 Rehabilitation Plan Projection				Scheduled Progress based on January 1, 2016 Forecast		
Accrued Liability	Market Assets	PPA%	Year	Accrued Liability	Market Assets	PPA%
$1,621,376	$679,527	42%	**2016**	$1,563,426	$656,304	42%
1,617,719	658,767	41%	**2017**	1,558,980	626,514	40%
1,611,465	637,926	40%	**2018**	1,553,180	595,448	38%
1,601,825	616,752	39%	**2019**	1,545,914	563,209	36%
1,588,432	595,462	37%	**2020**	1,536,964	529,883	34%
1,571,554	574,999	37%	**2021**	1,526,079	495,421	32%
1,550,849	555,725	36%	**2022**	1,513,061	459,920	30%
1,526,566	538,649	35%	**2023**	1,497,663	423,810	28%
1,499,051	524,960	35%	**2024**	1,479,855	387,267	26%
1,468,283	515,589	35%	**2025**	1,459,523	350,850	24%
1,434,517	511,791	36%	**2026**	1,436,540	314,909	22%
1,397,944	514,870	37%	**2027**	1,410,793	279,862	20%
1,359,210	526,700	39%	**2028**	1,382,470	247,058	18%
1,318,537	548,846	42%	**2029**	1,351,665	217,301	16%
1,276,620	583,444	46%	**2030**	1,318,593	191,585	15%
1,233,774	632,416	51%	**2031**	1,283,696	171,052	13%

PART III

TOOLS AVAILABLE FOR 2016 UPDATE OF REHABILITATION PLAN

REHABILITATION PLAN UPDATE TOOLS

- Because the Fund has remained in **Critical** Status, and has not entered **Critical and Declining** Status for the 2016 plan year, there are only two areas of change to consider in order to achieve the 2010-12 RP "funding objectives" :

  - Contribution increases above the current 6%/yr. requirement.

    Comment: *The Trustees have previously concluded that the 6%/yr. increases are economically unstainable for participating employers and will result in reduced support of the Plan by the membership.*

  - Reductions to **Adjustable Benefits**:

    - Reduce the future service UM% of 0.5%.

      Comment: *This change will not reduce future benefit accruals significantly enough nor soon enough to have a material impact on future benefit payouts and will cause a loss of plan support by the contributing active group.*

REHABILITATION PLAN UPDATE TOOLS, continued

- Establish a minimum retirement age of 55 or 60.

  Comment: *While this slows the commencement and distribution of benefits immediately, past projections have shown that it doesn't have a material impact.*

- Eliminate the previously protected Early Retirement and Joint & Survivor subsidies on accrued benefits earned as of 8/1/2008 (including 25 & Out eligibilities) for participants who were eligible to retire on 2/1/2011.

  Comment: *Again, past projections have shown that this doesn't have a material impact.*

- Freeze Special Benefit levels.

  Comment: *This has almost no impact as shown in past projections.*

PART IV

CONCLUSIONS

CONCLUSIONS

- Since the implementation of the 2010 Rehabilitation Plan Update, we have prepared 5 annual analyses of the impact that additional contribution increases and the elimination of the remaining adjustable benefits would have on plan funding. In each year, the Trustees have concluded that no changes were justifiable as they would serve to erode ongoing support for the Plan from both employers and members.

- MPRA became effective in 2015 and provides the Trustees of funds that enter **Critical and Declining** Status additional tools to reduce the previously protected accrued benefits of actives, terminated vested, retirees and beneficiaries.

CONCLUSIONS, continued

- During 2016, we have projected that the Plan will enter **Critical and Declining** status for 2017 and have already begun the process of developing recovery plans that give the Trustees additional tools that will allow the Plan to exit the status.

- While the MPRA tools, in the form of reductions to accrued benefits are controversial, they will provide greater cost savings and more financial security for the plan than any of the tools available under **Endangered** or **Critical** Status.

- On or before March 31, 2016 we will certify whether the plan continues in **Critical** Status, or enters **Critical and Declining** Status for 2017.

CONCLUSIONS, continued

- It is our recommendation that the Trustees make no changes to the 2010 Rehabilitation Plan at this time while they continue to consider an MPRA recovery plan in 2017.

WESTERN PENNSYLVANIA
TEAMSTERS AND EMPLOYERS PENSION FUND

Minutes Of Equity Managers Conference
March 30, 2017

DoubleTree By Hilton Pittsburgh Cranberry
Warrendale, PA

Trustees Present		**Others Present**
Gino Bosetti Michael A. Ceoffe Joseph A. Molinero Kevin A. Schmitt	Robert Cleary Brian M. Dykes	Gerri D. Talerico, Fund Office Manager Randee W. Sekol, Peter M. Karapelou, Beyer-Barber Company Joanna L. Sinchar, CPA, Albanese Sinchar Smith & Co. John Teramana, NEPC, LLC Charles J. Streiff, Vincent P. Szeligo, Wick, Streiff, Meyer, O'Boyle & Szeligo, P.C.

The Chairman, Mr. Bosetti, called the Equity Managers Conference to order at 9:00 a.m.

Mr. Dykes stated that he would vote the proxy for Mr. Dillner.

Mr. Cleary stated that he would vote the proxy for an unnamed Employer Trustee.

At the Chairman's request, Mr. Sekol, for Beyer-Barber Company, distributed and discussed the Actuarial Certification Of Funding Status In Accordance With The Pension Protection Act Of 2006 As Of January 1, 2017 (Actuarial Certification) prepared by his Firm. He reported that the Actuarial Certification stated that the Fund is in Critical and Declining Status as of January 1, 2017, with that determination made in accordance with generally accepted actuarial principles and practices.

Mr. Sekol then explained that he provided the certification of the Critical and Declining Status for the 2017 plan year stated in the Actuarial Certification, and that the Actuarial Certification will be provided to the Secretary of Treasury. He then reviewed Exhibit III (Forecast Projection Methods And Assumptions For 2017) and Exhibit IV (Actuarial Methods And Assumptions), and noted the changes made in the actuarial assumptions from previous Actuarial Certifications. Lastly, Mr. Sekol stated that certain of the actuarial assumptions may be subject to change based on projections developed by the Labor Economist who will be retained by the Fund to assist in the preparation of a MPRA application.

Mr. Sekol then distributed and discussed the February 5, 2016 Letter issued by the New York State Teamsters Conference Pension and Retirement Fund to accompany that Fund's Notice of Critical and Declining Status sent to its participants. Mr. Sekol and Mr. Szeligo reviewed the Letter, and stated that it was a good example of a Letter to a plan's participants explaining Critical and Declining Status.

The Chairman stated that a conference telephone call would now be held with UPS representatives to explain the UPS Legislative Proposal for a potential solution that provides multiemployer pension plans in Critical and Declining Status with financial assistance from the PBGC that is not a bailout. Making reference to the March 13, 2017 version of the Legislative Proposal, known as "Curing Troubled Multiemployer Pension Plans", the UPS representatives explained that the Legislative Proposal was in the following two parts:

1. Increase PBGC Revenue; Guarantee "Orphan" Benefits. Under this proposal, the PBGC's revenue would be increased so that it is capable of supporting "orphan" participants

(those whose employer left the multiemployer plan without paying its full withdrawal liability), by increasing PBGC premiums; requiring employee, union and employer surcharges; and requiring Federal government funding.

2. Low Interest Loans And Up To 20% Benefit Reductions. Troubled multiemployer plans would receive a low interest, long term loan to cover its cash flow shortage for 5 years, with benefits reduced up to 20%. Loan repayments would begin after 5 years (interest only for first 5 years).

The UPS representatives reviewed the Legislative Proposal in detail, answered questions, and explained that the Legislative Proposal is subject to continuous review and revision.

The Chairman thanked the UPS representatives and the conference telephone call was terminated.

The Trustees entered into a discussion concerning the UPS Legislative Proposal and its application to the Fund. At the conclusion of the discussion, Mr. Ceoffe moved that the Fund Attorney be directed to draft, for the Trustees' review, a Letter of Support whereby the Fund would support only the portion of the UPS Legislative Proposal concerning the low interest loans and up to 20% benefit reductions. Mr. Clearly seconded the motion. The motion passed unanimously.

A discussion ensued concerning the appointment of a Retiree Representative for MPRA matters. Mr. Szeligo stated that two retirees had expressed interest in the position. After discussion, the Chairman stated this matter would be further discussed at the next weekly MPRA conference call.

At the Chairman's request, Mr. Sekol provided an update concerning various matters relating to the preparation and filing of a MPRA application. He then reviewed the eight adjustable benefits still offered by the Fund, and an extensive discussion took place among the Trustees concerning the elimination of the adjustable benefits prior to filing a MPRA application. After an extensive discussion, and after several motions that were discussed and withdrawn, Mr. Bosetti moved that the Trustees:

1. freeze the adjustable benefit levels and eliminate the following adjustable benefits: (a) Burial Benefit for those who were retired on February 1, 2011; (b) Pre-Retirement Ten Year Certain Survivor Benefit for singles; (c) Pre-Retirement 100% (versus 50%) Survivor Benefit for marrieds; (d) Joint and 50% and Ten Year Certain subsidies for those eligible to retire on February 1, 2011; and (e) subsidized Joint and Survivor pop-up benefit; and

2. do not eliminate the following three adjustable benefits and direct Beyer-Barber Company to prepare a study concerning these adjustable benefits: (a) Early Retirement subsidies for those eligible to retire on February 1, 2011; (b) 25-And-Out and 30-And-Out retirement prior to age 55; and (c) Early Retirement at age 55 with 15 years of service.

Mr. Cleary seconded the motion. Mr. Ceoffe and Mr. Schmitt voted against the motion. The motion passed by majority vote.

Mr. Sekol distributed, for informational purposes, the Report entitled "MPRA Forecast Scenarios", comparing the Western Pennsylvania Fund with the New York State MPRA suspension plan.

The Minutes of the Trustees' March 8, 2017 Meeting, which had been distributed to the Trustees prior to the Conference, were presented for approval. After discussion, Mr. Dykes moved that the Minutes be approved. Mr. Cleary seconded the motion. The motion passed unanimously.

Ms. Talerico, on behalf of the Fund Office, submitted the list of pension and burial applications for approval. After discussion, Mr. Ceoffe moved that the list of pension and burial applications be approved. Mr. Molinero seconded the motion. The motion passed unanimously.

Mr. Sekol and Mr. Karapelou, for Beyer-Barber Company, reviewed the various items of discussion in its Report, including the following:

1. Actuarial Certification Of Funding Status Under The Pension Protection Act (PPA) - Mr. Karapelou reported that the Actuarial Certification was timely filed with the Internal Revenue Service and the Fund Office.

2. 2016 Annual Funding Notice - Mr. Karapelou reported that his Firm, in conjunction with the Fund Attorney, will prepare and distribute the Notice by April 30, 2017 to all Fund participants (active, retired, beneficiaries and terminated vested participants), participating Local Unions, Contributing Employers, and the PBGC.

3. Determination Of Lump Sum Value - Mr. Karapelou reported that his Firm prepared a lump sum determination for Jackie R. Shirriel.

4. 2017 Equity Managers Conference - Mr. Karapelou distributed and discussed the Agenda and the arrangements for this Conference.

5. Notice Of PPA Status For The 2016 Plan Year - Mr. Karapelou reported that his Firm, in conjunction with the Fund Attorney, will

prepare and file the Notice by April 28, 2017, and distribute the Notice to all Fund participants (active, retired, beneficiaries and terminated vested participants), participating Local Unions, Contributing Employers, the Secretary of Treasury, and the PBGC.

6. <u>Unit Multiplier - Reciprocal</u> - Mr. Karapelou reported that his Firm prepared one reciprocal unit multiplier.

After discussion, Mr. Dykes moved that the Trustees accept Beyer-Barber Company's Report. Mr. Cleary seconded the motion. The motion passed unanimously.

WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS PENSION FUND

Actuarial Certification of Funding Status in accordance with the Pension Protection Act of 2006

As of
January 1, 2017

For the Plan Year Beginning January 1, 2017 and Ending December 31, 2017

Prepared by:
Beyer-Barber Company
Employee Benefit and Actuarial Consultants
1136 Hamilton Street, Suite 103
Allentown, PA 18101

BEYER-BARBER COMPANY

1136 HAMILTON STREET, SUITE 103
ALLENTOWN, PENNSYLVANIA 18101

PHONE 610-435-9577
FAX 610-435-2663
www.beyerbarber.com

March 30, 2017

Board of Trustees
Western Pennsylvania Teamsters and Employers Pension Fund
49 Auto Way
Pittsburgh, PA 15206-3663

RE: Actuarial Certification of Funding Status as of January 1, 2017

Trustees:

In accordance with the provisions of the Pension Protection Act of 2006 (PPA) as amended by the Multiemployer Pension Reform Act of 2014 (MPRA), I have prepared an actuarial certification of the funding status of the Western Pennsylvania Teamsters and Employers Pension Fund as of January 1, 2017. The attached report provides details of the actuarial and projection assumptions and methods used, the resultant projections and the results of the application of the PPA status testing performed.

As of January 1, 2017 the plan is **IN CRITICAL & DECLINING STATUS** as defined in Section 432 of the Internal Revenue Code. This determination has been made in accordance with generally accepted actuarial principles and practices and my understanding of the law. A copy of this certification will be mailed to the Secretary of the Treasury as required by law.

I am prepared to assist the Fund in communicating the funding status information to the interested parties which must be done within 30 days of this certification by April 29, 2017.

[redacted]

Randee W. Sekol, ~~EA,~~ MAAA, MSPA, FCA
CEO & Chief Actuary

ACTUARIAL CERTIFICATION OF FUNDING STATUS UNDER THE PENSION PROTECTION ACT OF 2006

Plan Name: Western Pennsylvania Teamsters and Employers Pension Fund
Plan Sponsor: Board of Trustees Western Pennsylvania Teamsters & Employers Pension Fund
EIN: 25-6029946
Plan Number: 001
Plan Contact Information: Western Pennsylvania Teamsters and Employers Pension Fund
49 Auto Way
Pittsburgh, PA 15206-3663
Phone: 412-362-4200
Plan Year of Certification: January 1, 2017 to December 31, 2017

I hereby certify that the Western Pennsylvania Teamsters and Employers Pension Fund is **IN CRITICAL & DECLINING STATUS** for the 2017 plan year as defined under Section 432 of the Internal Revenue Code. My projections are based on the Actuarial Valuation that was prepared as of January 1, 2016.

This determination has been made in accordance with generally accepted actuarial principles and practices and my understanding of the law. The actuarial assumptions, projection assumptions and methods used follow this certification. This certification is based on the understanding that the Western Pennsylvania Teamsters and Employers Pension Plan qualifies as a multiemployer plan in accordance with the law for the 2017 plan year.

To the best of my knowledge, the information supplied in this certification including the following exhibits is complete and accurate, and in my opinion represent my best estimate of anticipated experience under the plan.

[redacted]

Randee W. Sekol, EA, MAAA, MSPA, FCA
Enrolled Actuary No. 14-03192
Beyer-Barber Company
1136 Hamilton Street, Suite 103
Allentown, PA 18101
Phone: 610-435-9577
Fax: 610-435-2663
Date: March 30, 2017

EXHIBIT I

PENSION PROTECTION ACT OF 2006
FUNDING STATUS DETERMINATION FOR 2017

CRITICAL STATUS TESTING - The Fund is in Critical Status if one or more of the following tests is met.

Test 1

1. Was the plan certified to be in Critical Status for the prior plan year?	YES	
2. Is the plan projected to have an accumulated funding deficiency for the plan year or any of the 9 succeeding plan years, without regard to the use of the shortfall method but taking into account extensions of amortization periods under Section 304(d) of ERISA?	YES	
3. Critical status if both #1 and #2 are YES?		**CRITICAL**

Test 2

1. Is Funded Percentage below 65%?	YES	
2. Is the sum of assets and the present value of expected contributions for the current plan year and each of the next 6 plan years less than the present value of benefits to be paid during that period?	NO	
3. Critical status if both #1 and #2 are YES?		**NOT CRITICAL**

Test 3

1. Does the plan have an accumulated funding deficiency in the current plan year before consideration of amortization extensions?	YES	
2. Is the plan projected to have an accumulated funding deficiency within the 3 succeeding plan years (4 succeeding plan years if the Funded Percentage is 65% or less) before consideration of amortization extensions?	YES	
3. Critical Status if either #1 or #2 is YES?		**CRITICAL**

Test 4

1. Does normal cost plus interest on the unfunded accrued liability exceed the expected contributions?	YES	
2. Is the present value of nonforfeitable benefits for inactives greater than the present value of nonforfeitable benefits for actives?	YES	

EXHIBIT I, cont'd

PENSION PROTECTION ACT OF 2006
FUNDING STATUS DETERMINATION FOR 2017

CRITICAL STATUS TESTING, cont'd

Test 4, cont'd

3. Does the plan have an expected accumulated funding deficiency for the current plan year or for any of the succeeding 4 plan years before consideration of amortization extensions?	YES	
4. Critical Status if #1, #2 and #3 are "YES"?		**CRITICAL**

Test 5

1. Is the sum of the market value of assets plus the expected contributions for the current and 4 succeeding plan years less than the present value of benefits expected to be paid during that period including plan expenses?	NO	
2. Critical Status if #1 is "YES"?		**NOT CRITICAL**

CONCLUSION: THE PLAN IS IN CRITICAL STATUS

CRITICAL AND DECLINING STATUS TESTING – The Fund is in Critical and Declining Status if one or more of the following tests is met.

Test 1

1. Is the plan in Critical Status?	YES
2. Is the Plan expected to become insolvent in the current plan year or any of the succeeding 14 plan years?	YES
3. Critical and Declining Status if both #1 and #2 are "YES"?	**CRITICAL & DECLINING**

Test 2

1. Is the plan in Critical Status?	YES
2. Is Funded Percentage below 80%?	YES
3. Is the inactive to active participant ratio greater than 2 to 1?	YES
4. Is the Plan expected to become insolvent in the current plan year or any of the succeeding 19 plan years?	YES
5. Critical and Declining Status if either #2 or #3 is "YES" and both #1 and #4 are "YES"?	**CRITICAL & DECLINING**

CONCLUSION: THE PLAN IS IN CRITICAL AND DECLINING STATUS

ENDANGERED STATUS TESTING

1. Is the plan in Critical or Critical and Declining Status?	YES
2. Is Funded Percentage below 80%?	YES
3. Does the plan have an expected accumulated funding deficiency for the current plan year or for any of the succeeding 6 plan years taking into account any extension of amortization periods under Section 304(d) of ERISA?	YES
4. Endangered Status if #1 is "NO" and either #2 or #3 is "YES"?	**NOT ENDANGERED**

CONCLUSION: THE PLAN IS IN NOT IN ENDANGERED STATUS BECAUSE IT IS IN CRITICAL & DECLINING STATUS

EXHIBIT II

PENSION PROTECTION ACT OF 2006
PROJECTION RESULTS FOR 2017

Plan Year	Active Population	Inactive Population	Actuarial Value of Assets	Accrued Liability	Funded Percentage	FSA Credit Balance w/o Amortization Extension
2017	4,466	18,271	$660,622,298	$1,668,459,345	39.6%	($115,349,636)
2018	4,366	18,299	613,861,334	1,665,173,234	36.9%	(197,134,082)
2019	4,269	18,269	559,607,780	1,660,192,647	33.7%	(285,197,263)
2020	4,175	18,226	506,558,254	1,653,321,256	30.6%	(381,271,424)
2021	4,084	18,154	460,951,265	1,644,080,734	28.0%	(485,101,698)
2022	3,995	18,060	411,163,009	1,632,354,180	25.2%	(588,006,409)
2023	3,910	17,941	357,711,345	1,617,675,182	22.1%	(688,946,169)
2024	3,826	17,797	300,052,190	1,600,002,028	18.8%	(790,491,187)
2025	3,746	17,637	238,285,465	1,579,250,836	15.1%	(884,355,940)
2026	3,667	17,454	172,340,395	1,555,457,123	11.1%	(985,114,410)
2027	3,591	17,257	102,344,273	1,528,322,171	6.7%	(1,095,072,522)
2028	3,542	17,039	28,553,278	1,497,777,209	1.9%	(1,204,156,606)
2029	3,494	16,805	0	1,464,250,319	0.0%	(1,261,106,147)

EXHIBIT III

PENSION PROTECTION ACT OF 2006
FORECAST PROJECTION METHODS AND ASSUMPTIONS FOR 2017

Assets:

Valued as of: December 31, 2015
Source of assets: Audited financial statement
Adjustments: None

Method Used to Project Assets: Assets as of December 31, 2016 are based on draft financials prepared by the Fund's accountant. Investment returns for subsequent forecast years are based on 6.5% for the first 10 years followed by 7.5% thereafter.

Method Used to Project Liabilities: Liabilities are projected based on deterministic forecasting techniques and actuarial assumptions.

Other Anticipated Changes from Original Valuation/Schedule MB: Changes were made to the assumptions for interest rate, mortality and turnover.

Active Membership: Active membership for UPS is assumed to remain constant for all future years. Active membership for all other actives is assumed to decline by 3% per year for the first ten years and 2% thereafter.

Anticipated Employer Contributions:

Basis for current year: Reflects the contribution rates in the collective bargaining/participation agreements as of the valuation year.

Basis for projection years: For purposes of testing for Endangered and Critical Status, we consider only the actual increases in the collective bargaining agreements already scheduled to take effect in future years. For purposes of testing for Critical and Declining Status, we consider the actual increases in the collective bargaining agreements already scheduled to take effect in future years plus 3.5% increases for the first 4 years followed by 3% increases for the subsequent 9 years with no contribution increases thereafter.

EXHIBIT IV

PENSION PROTECTION ACT OF 2006
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Cost Method: Unit Credit Cost Method

Actuarial Asset Valuation Method: 5 Year Smoothed market value in accordance with Approval 15 of Revenue Procedure 95-51 as modified by Revenue Procedure 98-10.

Actuarial Assumptions:

Mortality:	Actives and Terminated Vesteds - Blue Collar RP-2014 Mortality Table with generational improvements according to Scale MP-2016. Retirees, Survivors and Beneficiaries - Blue Collar RP-2014 Mortality Table set forward 2 years with generational improvements according to Scale MP-2016.
Disability Mortality:	RP-2014 Disability Mortality Table set forward 2 years with generational improvements according to Scale MP-2016.
Interest:	A rate of 7.5% per annum.
Retirement Age:	Various rates of retirement based on age, service, and eligibility for certain subsidized and special retirement benefit levels.
Termination:	Annual rates according to Scale T-7 adjusted higher to match plan experience for ages prior to 35.
Expenses:	An estimated amount based on the actual expenses paid in the prior plan year.
Incidence of Disability, Active Lives:	Male – 1985 Pension Disability Table Class 3 Male 2008. Female – 1985 Pension Disability Table Class 3 Female 2008.

OFFICIAL UPDATE ON BENEFIT REDUCTION ALTERNATIVES

(Please Disregard Rumors You May Have Heard)

October 13, 2017

In April, 2017, the Pension Fund issued notices advising participants that it was classified as being in Critical and Declining Status and projected to go insolvent in 2028 unless a benefit reduction program was developed as permitted under the Multiemployer Pension Reform Act of 2014 ("MPRA"), subject to U.S. Treasury Department approval. Since that time, the Trustees have watched fund after fund design benefit reduction plans which were denied by Treasury.

The Trustees believe that the Treasury Department's August, 2017 approval of the New York State Teamsters Pension Fund's benefit reduction plan was the first clear guidance as to the forecasts and calculations which must be used if a benefit reduction plan is to achieve Treasury Department approval. In the coming months, the Trustees will be evaluating several equitable benefit reduction alternatives, each of which will need to include calculations which forecast under reasonable and conservative assumptions that as a result of the proposed reductions the Pension Fund will avoid insolvency.

ALTHOUGH THE WESTERN PENNSYLVANA TEAMSTERS AND EMPLOYERS PENSON FUND HAS SOME SIMILARILTY TO THE NEW YORK STATE TEAMSTERS PENSION FUND, THE TRUSTEES OF THIS FUND HAVE NOT MADE ANY DECISION ON THE TYPE OR DISTRIBUTION OF BENEFIT REDUCTIONS THEY WILL BE PROPOSING IN THIS FUND'S UPCOMING MPRA APPLICATION. PLEASE DO NOT SPREAD RUMORS ABOUT THE TIMING, AMOUNT OR EQUITABLE DISTRIBUTION OF THE PENSON FUND'S PRPOPOSED BENEFIT REDUCTIONS.

Despite the hope that federal laws will be enacted to financially assist wide spread problems facing most defined benefit pension funds, we cannot sit back and wait to see whether federal aid is offered. The Trustees must move forward with the development of a MPRA benefit reduction proposal, giving due consideration to whether their proposal is fair, equitable and reasonably likely to ensure the Pension Fund's long-term viability.

In April, 2017, the Trustees appointed former Local 205 President and retiree, William Lickert, to serve as a representative of retirees and terminated but vested participants. While Mr. Lickert is present at all Trustee Meetings and is provided with all reports involving the subject of MPRA benefit reductions, his role is limited by statute to representing the interests of retirees and deferred vested participants. He is not a Trustee. Only the Trustees have authority to adopt a MPRA benefit reduction proposal. When the Trustees submit an application to the Treasury Department, Mr. Lickert will have the opportunity to comment as to whether any reduction plans which may be under consideration by the Trustees are fair and no more than the minimum amount necessary as applied to his constituents.

WESTERN PENNSYLVANIA
TEAMSTERS AND EMPLOYERS PENSION FUND

Minutes Of Meeting Held
December 6, 2017

DoubleTree By Hilton Pittsburgh Cranberry
Warrendale, PA

<u>**Trustees Present**</u>		<u>**Others Present**</u>
Carl A. Bailey Gino Bosetti Michael A. Ceoffe Joseph A. Molinero Kevin M. Schmitt	Robert Cleary William J. Dillner, Jr. Brian M. Dykes	Gerri D. Talerico, Fund Office Manager Randee W. Sekol, Peter M. Karapelou, Beyer-Barber Company Joanna L. Sinchar, CPA, Albanese Sinchar Smith & Co. Michael Sullivan, John Teramana, NEPC, LLC Charles J. Streiff, Vincent P. Szeligo, Wick, Streiff, Meyer, O'Boyle & Szeligo, P.C.

The Chairman, Mr. Cleary, called the Meeting to order at 12:15 p.m.

Mr. Dillner stated that he would vote the proxies for the two unnamed Employer Trustees.

The Minutes of the November 8, 2017 Meeting, which had been distributed to the Trustees prior to this Meeting, were presented for approval. After discussion, Mr. Bosetti moved that the Minutes be approved. Mr. Dykes seconded the motion. The motion passed unanimously.

Ms. Talerico, on behalf of the Fund Office, submitted the list, and the supplemental list, of the pension and burial applications for approval. After discussion, Mr. Ceoffe moved that the list, and the supplemental list, of pension and burial applications be

November 8, 2017 Meeting.

2. MPPAA Liability Report - Mr. Karapelou reported that his Firm will present the December 31, 2016 Multiemployer Pension Plan Amendments Act Liability Report at a future Meeting.

3. Multiemployer Pension Reform Act - Mr. Sekol stated that the Suspension of Benefits Plan is being developed in conjunction with the Fund Attorney and the Fund Office.

4. Rehabilitation Plan - Mr. Sekol reviewed the 2010 Rehabilitation Plan, and discussed whether the goals and the annual standards set forth in the 2010 Rehabilitation Plan are being met. After an extensive discussion, and based on the recommendation of the Fund Actuary, Mr. Bailey moved that the Trustees determine that they have taken all reasonable measures to forestall insolvency, and that no changes are required to the 2010 Rehabilitation Plan, as amended by subsequent Annual Updates. Mr. Dykes seconded the motion. The motion passed unanimously.

Mr. Sekol and Mr. Karapelou then answered questions concerning the Report. After discussion, Mr. Molinero moved that the Trustees accept the Report. Mr. Schmitt seconded the motion. The motion passed unanimously.

WESTERN PENNSYLVANIA
TEAMSTERS AND EMPLOYERS PENSION FUND

Minutes Of Special Meeting Held
April 6, 2018

Via Telephone Conference

Trustees Present		Others Present
Carl A. Bailey Rocco DiFilippo Marc R. Dreves Joseph A. Molinero Kevin M. Schmitt	Robert Cleary	Gerri D. Talerico, Fund Office Manager Randee W. Sekol, Peter M. Karapelou, Beyer-Barber Company Joanna L. Sinchar, CPA, Albanese Sinchar Smith & Co. Charles J. Streiff, Vincent P. Szeligo, Wick, Streiff, Meyer, O'Boyle & Szeligo, P.C.

The Chairman, Mr. Cleary, called the Special Meeting to order at 9:00 a.m.

Mr. Cleary stated he would vote the proxies for Mr. Dillner, Mr. Dykes, and for the two unnamed Employer Trustees.

Mr. Sekol distributed and discussed the Actuarial Certification Of Funding Status In Accordance With The Pension Protection Act Of 2006 As Of January 1, 2018 For The Year Beginning January 1, 2018 And Ending December 31, 2018.

A general discussion then ensued among the Trustees and the Fund Consultants concerning the Retiree Representative Meetings with retirees in April, 2018, and the Retiree Representative Actuary's request for information concerning the impact of various contribution rates on the MPRA suspension of benefits calculations.

Mr. Schmitt and Mr. DiFilippo discussed the Trustees' decision, at the March 12, 2018 Meeting, not to protect six Special Benefits from a flat reduction of benefits earned through January 31, 2011. They then requested that the matter be reopened in regard to the $3,500/Month 30-And-Out Benefit at Age 55, and that the Fund Actuary prepare a further study regarding the feasibility of protecting that Benefit from a flat reduction of benefits earned through January 31, 2011. After discussion, Mr. Schmitt moved that the Fund Actuary be directed to prepare the requested further study regarding the $3,500/month 30-And-Out Benefit at Age 55. Mr. DiFilippo seconded the motion. The motion passed unanimously.

WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS PENSION FUND

Actuarial Certification of Funding Status in accordance with the Pension Protection Act of 2006

As of
January 1, 2018

For the Plan Year Beginning January 1, 2018 and Ending December 31, 2018

Prepared by:
Beyer-Barber Company
Employee Benefit and Actuarial Consultants
1136 Hamilton Street, Suite 103
Allentown, PA 18101

BEYER-BARBER COMPANY

1136 HAMILTON STREET, SUITE 103
ALLENTOWN, PENNSYLVANIA 18101

PHONE 610-435-9577
FAX 610-435-2663
www.beyerbarber.com

March 30, 2018

Board of Trustees
Western Pennsylvania Teamsters and Employers Pension Fund
49 Auto Way
Pittsburgh, PA 15206-3663

RE: Actuarial Certification of Funding Status as of January 1, 2018

Trustees:

In accordance with the provisions of the Pension Protection Act of 2006 (PPA) as amended by the Multiemployer Pension Reform Act of 2014 (MPRA), I have prepared an actuarial certification of the funding status of the Western Pennsylvania Teamsters and Employers Pension Fund as of January 1, 2018. The attached report provides details of the actuarial and projection assumptions and methods used, the resultant projections and the results of the application of the PPA status testing performed.

As of January 1, 2018 the plan is **IN CRITICAL & DECLINING STATUS** as defined in Section 432 of the Internal Revenue Code. This determination has been made in accordance with generally accepted actuarial principles and practices and my understanding of the law. A copy of this certification will be mailed to the Secretary of the Treasury as required by law.

I am prepared to assist the Fund in communicating the funding status information to the interested parties which must be done within 30 days of this certification by April 29, 2018.

Sincerely,

[redacted]

Randee W. Sekol, EA, MAAA, MSPA, FCA
CEO & Chief Actuary

ACTUARIAL CERTIFICATION OF FUNDING STATUS UNDER THE PENSION PROTECTION ACT OF 2006

Plan Name: Western Pennsylvania Teamsters and Employers Pension Fund
Plan Sponsor: Board of Trustees Western Pennsylvania Teamsters & Employers Pension Fund
EIN: 25-6029946
Plan Number: 001
Plan Contact Information: Western Pennsylvania Teamsters and Employers Pension Fund
49 Auto Way
Pittsburgh, PA 15206-3663
Phone: 412-362-4200
Plan Year of Certification: January 1, 2018 to December 31, 2018

I hereby certify that the Western Pennsylvania Teamsters and Employers Pension Fund is **IN CRITICAL & DECLINING STATUS** for the 2018 plan year as defined under Section 432 of the Internal Revenue Code. My projections are based on the Actuarial Valuation that was prepared as of January 1, 2017.

This determination has been made in accordance with generally accepted actuarial principles and practices and my understanding of the law. The actuarial assumptions, projection assumptions and methods used follow this certification. This certification is based on the understanding that the Western Pennsylvania Teamsters and Employers Pension Plan qualifies as a multiemployer plan in accordance with the law for the 2018 plan year.

To the best of my knowledge, the information supplied in this certification including the following exhibits is complete and accurate, and in my opinion represent my best estimate of anticipated experience under the plan.

[redacted]

Randee W. Sekol, EA, MAAA, MSPA, FCA
Enrolled Actuary No. 17-03192
Beyer-Barber Company
1136 Hamilton Street, Suite 103
Allentown, PA 18101
Phone: 610-435-9577
Fax: 610-435-2663
Date: March 30, 2018

EXHIBIT I

PENSION PROTECTION ACT OF 2006
FUNDING STATUS DETERMINATION FOR 2018

CRITICAL STATUS TESTING - The Fund is in Critical Status if one or more of the following tests is met.

Test 1

1. Was the plan certified to be in Critical Status for the prior plan year?	YES	
2. Is the plan projected to have an accumulated funding deficiency for the plan year or any of the 9 succeeding plan years, without regard to the use of the shortfall method but taking into account extensions of amortization periods under Section 304(d) of ERISA?	YES	
3. Critical status if both #1 and #2 are YES?		**CRITICAL**

Test 2

1. Is Funded Percentage below 65%?	YES	
2. Is the sum of assets and the present value of expected contributions for the current plan year and each of the next 6 plan years less than the present value of benefits to be paid during that period?	NO	
3. Critical status if both #1 and #2 are YES?		**NOT CRITICAL**

Test 3

1. Does the plan have an accumulated funding deficiency in the current plan year before consideration of amortization extensions?	YES	
2. Is the plan projected to have an accumulated funding deficiency within the 3 succeeding plan years (4 succeeding plan years if the Funded Percentage is 65% or less) before consideration of amortization extensions?	YES	
3. Critical Status if either #1 or #2 is YES?		**CRITICAL**

Test 4

1. Does normal cost plus interest on the unfunded accrued liability exceed the expected contributions?	YES	
2. Is the present value of nonforfeitable benefits for inactives greater than the present value of nonforfeitable benefits for actives?	YES	

PENSION PROTECTION ACT OF 2006
FUNDING STATUS DETERMINATION FOR 2018

CRITICAL STATUS TESTING, cont'd

Test 4, cont'd

3. Does the plan have an expected accumulated funding deficiency for the current plan year or for any of the succeeding 4 plan years before consideration of amortization extensions?	YES	
4. Critical Status if #1, #2 and #3 are "YES"?		**CRITICAL**

Test 5

1. Is the sum of the market value of assets plus the expected contributions for the current and 4 succeeding plan years less than the present value of benefits expected to be paid during that period including plan expenses?	NO	
2. Critical Status if #1 is "YES"?		**NOT CRITICAL**

CONCLUSION: THE PLAN IS IN CRITICAL STATUS

CRITICAL AND DECLINING STATUS TESTING – The Fund is in Critical and Declining Status if one or more of the following tests is met.

Test 1

1. Is the plan in Critical Status?	YES
2. Is the Plan expected to become insolvent in the current plan year or any of the succeeding 14 plan years?	YES
3. Critical and Declining Status if both #1 and #2 are "YES"?	**CRITICAL & DECLINING**

Test 2

1. Is the plan in Critical Status?	YES
2. Is Funded Percentage below 80%?	YES
3. Is the inactive to active participant ratio greater than 2 to 1?	YES
4. Is the Plan expected to become insolvent in the current plan year or any of the succeeding 19 plan years?	YES
5. Critical and Declining Status if either #2 or #3 is "YES" and both #1 and #4 are "YES"?	**CRITICAL & DECLINING**

CONCLUSION: THE PLAN IS IN CRITICAL AND DECLINING STATUS

ENDANGERED STATUS TESTING

1. Is the plan in Critical or Critical and Declining Status?	YES
2. Is Funded Percentage below 80%?	YES
3. Does the plan have an expected accumulated funding deficiency for the current plan year or for any of the succeeding 6 plan years taking into account any extension of amortization periods under Section 304(d) of ERISA?	YES
4. Endangered Status if #1 is "NO" and either #2 or #3 is "YES"?	**NOT ENDANGERED**

CONCLUSION: THE PLAN IS IN NOT IN ENDANGERED STATUS BECAUSE IT IS IN CRITICAL & DECLINING STATUS

EXHIBIT II

PENSION PROTECTION ACT OF 2006
PROJECTION RESULTS FOR 2018

Plan Year	Active Population	Inactive Population	Actuarial Value of Assets	Accrued Liability	Funded Percentage	FSA Credit Balance w/o Amortization Extension
2018	4,096	18,478	$636,112,117	$1,751,080,856	36.3%	($183,168,484)
2019	4,007	18,483	593,079,165	1,748,570,481	33.9%	(279,779,517)
2020	3,920	18,477	552,201,549	1,744,300,738	31.7%	(382,905,221)
2021	3,836	18,434	517,915,801	1,737,877,523	29.8%	(493,614,448)
2022	3,754	18,362	479,567,593	1,729,267,113	27.7%	(603,322,431)
2023	3,675	18,269	424,845,119	1,718,116,522	24.7%	(710,989,931)
2024	3,598	18,149	364,714,098	1,704,312,953	21.4%	(820,409,653)
2025	3,524	18,010	299,435,965	1,687,863,922	17.7%	(923,387,344)
2026	3,452	17,848	228,898,291	1,668,666,016	13.7%	(1,034,648,275)
2027	3,382	17,670	152,975,785	1,646,511,488	9.3%	(1,156,570,917)
2028	3,336	17,474	72,262,838	1,621,604,148	4.5%	(1,279,328,827)
2029	3,292	17,262	161,574	1,593,954,655	0.0%	(1,386,765,767)
2030	3,248	17,032	(47,854)	1,563,634,793	0.0%	(1,405,916,779)

EXHIBIT III

PENSION PROTECTION ACT OF 2006
FORECAST PROJECTION METHODS AND ASSUMPTIONS FOR 2018

Assets:

Valued as of: December 31, 2016
Source of assets: Audited financial statement
Adjustments: None

Method Used to Project Assets: Assets as of December 31, 2017 are based on draft financials prepared by the Fund's accountant. Investment returns for subsequent forecast years are based on varied returns suggested by the Fund Investment Manager starting at 6.69% for 2018, dropping to a low of 6.24% by 2027 and increasing back up to an ultimate rate of 8%.

Method Used to Project Liabilities: Liabilities are projected based on deterministic forecasting techniques and actuarial assumptions.

Other Anticipated Changes from Original Valuation/Schedule MB: No changes were made to the assumptions for interest rate, mortality and turnover.

Active Membership: Active membership for UPS is assumed to remain constant for all future years. Active membership for all other actives is assumed to decline by 3% per year for the first ten years and 2% thereafter.

Anticipated Employer Contributions:

Basis for current year: Reflects the contribution rates in the collective bargaining/participation agreements as of the valuation year.

Basis for projection years: For purposes of testing for Endangered and Critical Status, we consider only the actual increases in the collective bargaining agreements already scheduled to take effect in future years. For purposes of testing for Critical and Declining Status, we consider the actual increases in the collective bargaining agreements already scheduled to take effect for 2018 followed by 3% increases for the subsequent 10 years with no contribution increases thereafter.

EXHIBIT IV

PENSION PROTECTION ACT OF 2006
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Cost Method: Unit Credit Cost Method

Actuarial Asset Valuation Method: 5 Year Smoothed market value in accordance with Approval 15 of Revenue Procedure 95-51 as modified by Revenue Procedure 98-10.

Actuarial Assumptions:

Mortality:	Blue Collar RP-2014 Mortality Table with generational improvements according to Scale MP-2016.
Disability Mortality:	RP-2014 Disability Mortality Table with generational improvements according to Scale MP-2016.
Interest:	A rate of 7.5% per annum.
Retirement Age:	Various rates of retirement based on age, service, and eligibility for certain subsidized and special retirement benefit levels.
Termination:	Annual rates according to Scale T-7 adjusted higher to match plan experience for ages prior to 35.
Expenses:	An estimated amount based on the actual expenses paid in the prior plan year.
Incidence of Disability, Active Lives:	Male – 1985 Pension Disability Table Class 3 Male 2008. Female – 1985 Pension Disability Table Class 3 Female 2008.

WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS PENSION FUND

900 PARISH STREET, SUITE 101 • PITTSBURGH, PA 15220
(412) 362-4200 • TOLL FREE (800) 362-4201 • FAX (412) 362-3133
EMAIL: contactus@wpapensionfund.com • WEBSITE: http://www.wpapensionfund.com

April 18, 2018

UPDATE ON EFFORTS TO REVERSE FINANCIAL DECLINE

The Trustees, staff and consultants of the Western Pennsylvania Teamsters and Employers Pension Fund take very seriously the responsibility to protect your retirement security and the long term financial well-being of the Pension Fund. In addition to providing you with the two annual notices required by the Employee Retirement Income Security Act ("ERISA"), we want you to understand the status of our efforts to finalize a recovery plan which will be filed with the Treasury Department in the coming months.

Last year, we began an in depth study of the recovery options newly available under the Multiemployer Pension Reform Act of 2014 ("MPRA") because it is the only option to avoid running out of money. We have been actively involved in urging Congress to provide federal financial assistance so that a benefit reduction could be minimized and the participants would not need to carry the full burden of restoring the Pension Fund to long term solvency. We will continue to urge the newly created Joint Select Congressional Committee to introduce legislation. However, our efforts to use the currently available options to avoid insolvency cannot be delayed in the hope a future law will provide a better path.

During 2017, the Pension Fund was fortunate to have earned 18.5% on its investments and ranked among the top 3 percent of its peers. As encouraging as this news might seem, the enclosed Notice of Critical and Declining Status for the 2018 Plan Year shows that the Pension Fund is still projected to enter insolvency in just over 10 years.

While there has been some encouraging investment and legislative news this past year, after a long and hard review of industry trends, financial market forecasts and actuarial projections, we have concluded that the Pension Fund must complete an application under MPRA for permanent reduction of benefits. The development of a MPRA benefit reduction proposal is well underway, but much work on the application still needs to be done. The precise details of the proposed MPRA reductions have not yet been finalized, but when the details are known and the application is filed, every active and inactive participant, beneficiary, retiree, and survivor will be sent a notice estimating the benefit amounts being paid or earned up to the proposed reduction implementation date, as well as the reduced benefit amount which would result if Government approvals and participant votes so permit.

When details on the proposed benefit reduction are decided, a MPRA reduction application will be filed. You should know that the proposed reductions cannot be implemented until after the U.S. Treasury Department completes a rigorous 225 day (or longer review) of the proposal.

Last year, William Lickert, Jr., was appointed as the independent Retiree Representative. He has been present during our meetings and has access to the necessary information. He has witnessed the complex process of developing a benefit reduction application. Mr. Lickert has provided valuable insight to the Pension Fund and we understand that as the anticipated filing looms near, he has embarked on an outreach program to get in touch with retirees and inactive participants to alert them that the Pension Fund will soon be filing an application to reduce benefits. At this time, no one knows the precise details on what sort of benefit reduction the Pension Fund will be proposing, so speculation and rumors are unwarranted. You should make certain that the Pension Fund Office has your current mailing address and watch for the official notice. It will include an estimate of how and when the benefit reduction may affect you. Some retirees and participants will not be affected depending on age and service histories.

We regret having to follow this path, but the reality of declining finances is undeniable. As we move through this process and when we finish the details of our proposal, we will do our best to answer your questions and address your concerns. But please understand that at this time, no representatives or those at the Fund Office are able to discuss or speculate the upcoming MPRA benefit reduction application. The best way to stay informed is by visiting our website: **www.wpapensionfund.com**.

Board of Trustees
Western Pennsylvania Teamsters and Employers Pension Fund

Western Pennsylvania Teamsters and Employers Pension Fund

900 Parish Street, Suite 101 • Pittsburgh, PA 15220
(412) 362-4200 • Toll Free (800) 362-4201 • Fax (412) 362-3133
Email: contactus@wpapensionfund.com • Website: http://www.wpapensionfund.com

NOTICE OF CRITICAL AND DECLINING STATUS FOR THE 2018 PLAN YEAR

April 18, 2018

This Notice is required each year by federal law. The purpose of this notice is to inform you that on March 30, 2018, the Pension Fund's actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Pension Fund is in "Critical and Declining" status for the plan year beginning January 1, 2018.

Critical and Declining Status

The Pension Fund is certified to be in Critical and Declining status because it has funding and liquidity problems and an accumulated funding deficiency. In addition, it is projected be "insolvent" in less than 15 years.

Benefit Reductions Previously Adopted Under The 2010 Rehabilitation Plan

Since 2008, the Pension Protection Act has required pension plans certified in "Endangered" or "Critical" status to implement measures aimed at restoring the financial health of the plan. From August, 2008 to January, 2011, the only measures available to the Pension Fund under then current federal laws was to reduce the rate of future benefit accruals. When the Pension Fund was initially certified to be in critical status for the 2010 plan year, the law permitted the Pension Fund to reduce or even eliminate benefits called "adjustable benefits" as part of a rehabilitation plan.

On April 30, 2010 you were issued the Pension Fund's initial "Notice of Critical Status". Annual notices of critical status were again issued in 2011, 2012, 2013, 2014, 2015 and 2016. Each of these notices stated that the Pension Fund could reduce or eliminate adjustable benefits and that the Fund was not permitted to pay lump sum benefits (or any other payments in excess of the monthly amount paid under a single life annuity) while the Fund was in critical status. These notices also explained that the rehabilitation plan could only apply reductions of adjustable benefits to participants and beneficiaries whose benefit commencement date was on or after April 30, 2010.

On November 23, 2010, you were notified that the Pension Fund adopted a rehabilitation plan and that certain adjustable benefits were eliminated. The Trustees have reviewed and, when necessary, updated the rehabilitation plan toward the end of each subsequent plan year including the most recently completed plan year ending December 31, 2017.

Adjustable Benefits

The Pension Fund offers the following adjustable benefits which may be reduced or eliminated as part of any Rehabilitation Plan the Pension Fund may adopt or update.

- **Post-retirement death (burial) benefit;**
- **One Hundred Twenty-month payment guarantees;**
- **Early retirement benefit or retirement-type subsidy for those who were eligible to retire on February 1, 2011 (e.g. 25 & 30 & Out Retirement);**
- **Benefit payment options other than a qualified joint-and survivor annuity (QJSA);**
- **Subsidized Joint & Survivor and other forms of annuity subsidy for those who were eligible to retire on February 1, 2011;**
- **Pre-retirement survivor benefit for non-married participants;**
- **100% pre-retirement survivor benefit versus the required 50% pre-retirement survivor benefits for marrieds; and**
- **Pop-Up Benefit.**

The Trustees have a duty to take all reasonable measures to avoid or forestall insolvency. If they determine that a further reduction or elimination of adjustable benefits is necessary, you will receive a separate notice identifying and explaining the effect of any such reductions.

Rehabilitation Plan Employer Surcharge

While a Fund is in critical or critical and declining status, the law requires that when a contributing employer's collective bargaining agreement or participation agreement is renewed, it must comply with one of the contribution increase schedules of the rehabilitation plan or pay a surcharge.

Possibility Of Additional Benefit Reductions Under The Multiemployer Pension Reform Act Of 2014.

Since the 2017 plan year, the Fund has been certified as being in critical and declining status. MPRA provides that plans which have been certified to be in critical and declining status may propose a permanent suspension of accrued benefits, including benefits of current retirees. The Trustees have determined that a pension benefit reduction application will be filed in 2018 to propose a one-time reduction of benefits for active and inactive participants, to be effective sometime in 2019, subject to approval by the U.S. Treasury Department. The precise details of the upcoming MPRA application are still being developed. Federal law requires that after the Trustees finalize the details and formally adopt a proposed reduction in benefits, an application proposing the suspension must be filed, reviewed and approved with the Treasury Department, and voted on by the participants, before the suspension can be implemented. When a MPRA benefit reduction application is filed, all participants, employers and unions will receive a separate notice identifying and explaining the effect the proposed suspension.

Where to Get More Information

You have a right to receive a copy of the most recently updated version of the 2010 Rehabilitation Plan upon written request directed to the Pension Fund Office. For more information about this Notice, you may contact the Pension Fund Office at the following address: Western Pennsylvania Teamsters and Employers Pension Fund, 900 Parish Street, Suite 101, Pittsburgh, PA 15220-3425, telephone 412-362-4200, Toll Free 800-362-4201, email: contactus@wpapensionfund.com.

Board of Trustees
Western Pennsylvania Teamsters and Employers Pension Fund

cc: Department of Labor
Pension Benefit Guaranty Corporation

WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS PENSION FUND

Minutes Of Annual Meeting Held
July 25, 2018

DoubleTree By Hilton Pittsburgh Cranberry
Warrendale, PA

<u>**Trustees Present**</u>

Carl A. Bailey
Rocco DiFilippo (via telephone conference)
Marc R. Dreves
Joseph A. Molinero
Kevin M. Schmitt
Robert Cleary
Brian M. Dykes

<u>**Others Present**</u>

Gerri D. Talerico, Fund Office Manager
Randee W. Sekol,
Peter M. Karapelou, Beyer-Barber Company
John M. Yanak, CPA,
Mark D. Wolstoncroft, CPA, Grossman Yanak & Ford LLP
Joanna L. Sinchar, CPA, Albanese Sinchar Smith & Co.
Michael Sullivan, NEPC, LLC
Charles J. Streiff,
Vincent P. Szeligo, Wick, Streiff, Meyer, O'Boyle & Szeligo, P.C.

The Chairman, Mr. Cleary, called the Annual Meeting to order at 12:10 p.m.

Mr. Dykes stated he would vote the proxy for Mr. Dillner.

Mr. Cleary stated that he would vote the proxies for the two unnamed Employer Trustees.

The Chairman requested that William E. Lickert (Retiree Representative); Brian M. McCormick, CBIZ Benefits & Insurance Services, Inc. (Retiree Representative Actuary); and Jason Mettley, Esq., Meyer Unkovic Scott (Retiree Representative Attorneys), enter the Annual Meeting.

Various matters concerning the development of a Suspension of Benefits Plan pursuant to the Multiemployer Pension Reform Act

(MPRA) were discussed by the Trustees, the Fund Consultants, and the Retiree Representative and Consultants, as follows:

Mr. Sekol distributed his Firm's Report, entitled "MPRA Suspension Plan Options - July 25, 2018", which included the following:

1. Background - criteria for a successful suspension plan; past suspension attempts.

2. New Developments - lower future expected investment return earnings and final governmental regulations.

3. Suspension Basics - process; suspension design variables; and sample impact of 35% reduction on the retiree population.

4. Analyzing Suspension Designs - suspension design analysis.

5. Suspension Designs Results - design results at 30%, 32.5%, 33% and 35% reductions; strongest design scenarios.

6. Conclusions.

Mr. Sekol reviewed the Report in detail, and answered questions concerning the suspension designs results. After an extensive discussion, Mr. Dykes moved that Beyer-Barber Company prepare an actuarial study to determined the appropriate benefit suspension percentage, based on Scenario 2S of the Report, with the following parameters: (1) 30% or higher reduction as necessary to all benefits earned up to December 31, 2017; (2) protect the age 55 and 30 years $3,500 monthly benefit for top tier participants; and (3) 3.5% increases in the employer contribution rates for 20 years. Mr. Dreves seconded the motion. The motion passed unanimously.

Mr. Szeligo discussed the Rehabilitation Plan, and stated that it will be updated at the September 5, 2018 Meeting based upon the results of the actuarial study.

Mr. Szeligo then distributed his Firm's Report, entitled

"Proposal To Revise Suspension Of Benefit Provisions Effective Upon Implementation Of An Approved MPRA Benefit Suspension Application - June 6, 2018". He reviewed the Report in detail, and stated that the issue to be decided is whether, as part of the MPRA application, the allowable hours in suspendible employment should be increased and, if so, under what conditions.

After an extensive discussion, Mr. Bailey moved that the number of hours be increased to 100 hours per month, under the current benefit suspension plan terms, for all retirees effective upon the date the proposed benefit reduction becomes effective. Mr. Dykes seconded the motion. The motion passed unanimously.

A discussion then took place concerning the timeline for filing the MPRA application, and at the conclusion of the discussion, the Chairman requested that the Fund Consultants provide a timeline for discussion at the September 5, 2018 Meeting.

Mr. Lickert, Mr. McCormick and Mr. Mettley were excused from the Annual Meeting by the Chairman.

MPRA SUSPENSION PLAN OPTIONS

Prepared for:

WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS PENSION FUND

Prepared by:
BEYER-BARBER COMPANY
July 25, 2018

PART I

BACKGROUND

CRITERIA FOR A SUCCESSFUL SUSPENSION PLAN

- Suspension plan design (benefit reductions) must permit the plan to avoid insolvency on both a "deterministic" and a "stochastic" basis.

- Deterministic Projection - <u>One trial</u> based on <u>one set</u> of expected investment returns. Suspension design must show that the Fund does not run out of money <u>and</u> shows improving funding results at the end of the forecast projection period.

- Stochastic Projection – 10,000 trials based on random possibilities of investment returns using expected returns, inflation, standard deviations and correlations by asset class. Suspension design must show that the Fund will be successful in over 50% of the 10,000 trails.

- For both projections, we must show that a lowering of the benefit reduction by the greater of 2% or "5% of the reduction percentage" will not be successful (i.e. if the reduction is 35%, we must show that a reduction of 33% will not work (2% is greater than 5% of 35%).

PAST SUSPENSION ATTEMPTS

- You may recall that at the June Trustees Meeting we reported that suspension designs based on the concept of reducing the benefits earned to 1/31/2011 were no longer going to work due to an unexpected 10% decline in the active population between 2017 and 2018. We have reconfirmed that conclusion again since the last meeting.

- As a result, at the June Meeting, the Trustees directed that we should investigate:

  - Suspension designs based on cuts to the benefits earned to 12/31/2017 versus 1/31/2011, and

  - Include designs that protect the 55 & 30 - $3,500 benefit for top level participants.

PART II

NEW DEVELOPMENTS

NEW DEVELOPMENTS

- The results we discussed at the June Trustees Meeting were based on January 1, 2018 assets of $656M with an assumed 6.59% return for 2018 per NEPC. NEPC has since advised that the Fund's actual return through June 30, 2018 is 1.1% resulting in lower expected assets for the December 31, 2018 year end.

- NEPC has also provided slightly lower future expected investment return earnings:
  - Short Term – 6.24% down from 6.37%
  - Long Term – 7.37% down from 7.4%
  - Ultimate Return – 7.8% down from 7.85%

- These lower returns have made the suspension solutions more challenging.

NEW DEVELOPMENTS, cont'd

- Final regulations require that the Fund anticipate that some portion of lost contribution income due to the declining workforce will be replaced by withdrawal liability income. We have identified the amount of lost contribution income each year and with the input of Fund counsel have assumed that 70% of that lost income will be due to employer withdrawals, and further that 90% of those amounts will be collectible.

- The recently signed ABF contract provides for no increases in the employer contribution rate. The Fund has approximately 72 ABF active participants. At this point we continue to include this group as having contribution rate increases because we assume the Trustees will have to make some matching changes in the benefits for ABF participants.

PART III

SUSPENSION BASICS

THE PROCESS

- Because future benefit accruals are dependent on actual contributions (0.5% of contributions), we cannot simply choose a benefit reduction percentage and then solve for the level of contribution rate increase and duration necessary. They are co-dependent.

- It therefore becomes more of a trial and error process where one learns as much from the benefit reduction scenarios that fail as those that are successful.

SUSPENSION DESIGN VARIABLES

- **Contribution rate increases**
  - The Trustees have concluded that 6% increases are unsustainable.
  - The Fund economist has reported that, "…increases in contributions of up to 3% per year over the next 10 years will not threaten the competitiveness of employers in the Fund."
  - I have followed up with the economist and she concludes that continuing increase of up to 3% beyond 10 years would also not threaten competitiveness.
  - As a result, we focus on 3% per year increases and test some possibilities for slightly higher increases at 3.5%.
  - Based on past experience with suspension designs for this plan, we start with a maximum period of 20 years and reduce that period where possible.

SUSPENSION DESIGN VARIABLES

- **Benefit reduction percentage** – Based on our analyses, the cuts will fall in the range of 30% to 35% of benefits earned to 12/31/2017 depending on levels of contribution rate increases and duration.

- **Protect the 55 & 30 - $3,500/month benefit for top tier participants** For every suspension design tested, we look at the results of both freezing all special benefit levels and protecting the 55 & 30 - $3,500 level for top tier participants. Because the suspension scenarios in this report have greater benefit reductions than previously considered since they reduce all benefits earned to 12/31/2017 versus 1/31/2011, providing this 55 & 30 - $3,500 protection affects more members at more retirement ages and therefore has a bigger impact on suspension design results.

SAMPLE IMPACT OF 35% REDUCTION ON THE RETIREE POPULATION

	Under age 75	Ages 75 to 80
	% (Count)	% (Count)
$0 - $499	6.6% (2,671)	1.7% (1,149)
$500 - $999	15.7% (1,252)	4.0% (526)
$1,000 - $1,499	22.1% (680)	7.1% (181)
$1,500 - $1,999	31.5% (394)	11.1% (118)
$2,000 - $2,499	34.4% (369)	10.6% (79)
$2,500 - $2,999	34.8% (303)	10.9% (70)
$3,000 - $3,499	34.7% (390)	13.8% (66)
$3,500 - $3,999	34.7% (276)	11.6% (64)
$4,000 +	34.8% (26)	N/A (0)

PART IV

ANALYZING SUSPENSION DESIGNS

SUSPENSION DESIGN ANALYSIS

- One of the demonstration elements of the MPRA application is to show the "Solvency Ratio". The Solvency Ratio is simply a calculation showing how many times the annual amount of benefits can be paid by remaining assets with no future contributions or interest. Most of the filed MPRA applications bottom out at Solvency Ratios near 3 times or higher.

- Obviously, any suspension design must be sufficient to keep the plan solvent, but because each suspension scenario has a "tipping point" (where contribution levels plus investment return on declining assets is insufficient to turn the plan around and to make it solvent), Solvency Ratios and Funding Ratios can drop to levels previously thought of as undesirable.

- We need to focus on a suspension design that has the highest Solvency and Funding Ratios.

SUSPENSION DESIGN ANALYSIS, cont'd

Key decision points:

- How many years can contribution increases continue?

- Do the Trustees feel that contribution increases at 3.5% are supportable? If so, for how long?

- What dollar amount of assets do the Trustees feel comfortable bottoming out at? What Solvency Ratio? What Funding Ratio?

- Do the Trustees feel it is important to maintain the 55 & 30 - $3,500/month benefit as a minimum for top tier participants?

PART V

SUSPENSION DESIGNS RESULTS

DESIGN RESULTS – 30% REDUCTION

- The exhibit on page 22 shows a summary of the designs tested grouped by benefit reduction percentage. Note that those in red fail and those in green are successful before other considerations.

- 30% reduction with contribution increases of 3.5% for 20 years.
  - Scenario 2 freezing all specials - Assets bottom out at $193.6M with Solvency Ratio at 2.94 and Funded Ratio at 20%.
  - Scenario 2S protecting 55 & 30 $3,500 Special - Assets bottom out at $153.5M with Solvency Ratio at 2.63 and Funded Ratio at 17%.
  - While we have not run scenarios at the 2% lower reduction of 28%, we are confident that they would fail so these scenarios can be considered.

DESIGN RESULTS – 32.5% REDUCTION

- 32.5% reduction with contribution increases of 3.5% for the first 5 years and 3% for the following 15 years.
  - Scenario 5 freezing all specials - Assets bottom out at $211.3M with Solvency Ratio at 3.22 and Funded Ratio at 23%.
  - Scenario 5S protecting 55 & 30 $3,500 Special - Assets bottom out at $150.3M with Solvency Ratio at 2.73 and Funded Ratio at 18%.

- 32.5% reduction with contribution increases of 3.5% for the first 10 years and 3% for the following 10 years.
  - Scenario 6 freezing all specials - Assets bottom out at $275.8M with Solvency Ratio at 3.61 and Funded Ratio at 27%.
  - Scenario 6S protecting 55 & 30 $3,500 Special - Assets bottom out at $238.9M with Solvency Ratio at 3.37 and Funded Ratio at 25%.

- Fail scenarios can be developed at the 2% lower 30.5% reduction.

DESIGN RESULTS – 33% REDUCTION

- The 33% reduction scenarios were not intended to be considered as alternatives, but were set up to demonstrate that the 35% reduction scenarios that were successful would not be successful if the reduction were 2% less (or 33%).

- The fact that Scenario 9 (33% reduction, freeze all specials, contribution increases of 3% for 20 years) is successful, means that Scenario 15 (35% reduction, freeze all specials, contribution increases of 3% for 20 years) is too favorable and cannot be considered.

- Conversely, the fact that Scenario 9S (33% reduction, protecting the 55 & 30 Special, contribution increases of 3% for 20 years) fails, means that Scenario 15S (35% reduction, protecting the 55 & 30 special, contribution increases of 3% for 20 years) can be considered.

DESIGN RESULTS – 35% REDUCTION

- 35% reduction with contribution increases of 3% for 17 years.
  - Scenario 12 freezing all specials - Assets bottom out at $165.2M with Solvency Ratio at 2.41 and Funded Ratio at 21% (since 33% in Scenario 7 fails at 17 years, this scenario can be considered).
  - Scenario 12S protecting 55 & 30 $3,500 Special – This scenario runs out of money in 2058 and therefore cannot be considered.
- 35% reduction with contribution increases of 3% for 18 years.
  - Scenario 13 freezing all specials - Assets bottom out at $221.0M with Solvency Ratio at 3.5 and Funded Ratio at 26% (since 33% in Scenario 8 fails at 19 years, this Scenario 13 can be considered).
  - Scenario 13S protecting 55 & 30 $3,500 Special - Assets bottom out at $122.8M with Solvency Ratio at 2.61 and Funded Ratio at 16% (since Scenario 8S fails, this Scenario 13S can be considered).

DESIGN RESULTS – 35% REDUCTION, cont'd

- 35% reduction with contribution increases of 3% for 19 years.
  - Scenario 14 freezing all specials - Assets bottom out at $253.9M with Solvency Ratio at 3.65 and Funded Ratio at 28% (since 33% in Scenario 8 fails at 19 years, this Scenario 14 can be considered).
  - Scenario 14S protecting 55 & 30 $3,500 Special – Assets bottom out at $183.0M with Solvency Ratio at 3.12 and Funded Ratio at 22% (since 33% in Scenario 8S fails at 19 years, this scenario can be considered).

DESIGN RESULTS – 35% REDUCTION, cont'd

- 35% reduction with contribution increases of 3% for 20 years.
  - Scenario 15 freezing all specials - Assets bottom out at $333.9M with Solvency Ratio at 3.69 and Funded Ratio at 32% (since Scenario 9 with a 33% cut is successful, this Scenario 15 is too favorable and cannot be considered).
  - Scenario 15S protecting 55 & 30 $3,500 Special - Assets bottom out at $218.9M with Solvency Ratio at 3.33 and Funded Ratio at 25% (since Scenario 9S with a 33% reduction fails, this Scenario 15S can be considered).

	Run Criteria				Results based on 2020 Implementation						
	Benefit	Cont %	Duration	Protect $3,500	Assets		Solvency Ratio		Funding %		
Scenario	Cut %	Increase	of Cont Inc	at 55 & 30?	Bottom Out	In Year	Bottoms Out	In Year	Bottoms Out	In Year	Comment
Current Plan	0.0%	3.0%	20	YES	$0	2029	0	2029	0%	2029	
1	30.0%	3.0%	20	NO	$0	2043	0	2043	0%	2043	Fails
1S	30.0%	3.0%	20	YES	$0	2042	0	2042	0%	2042	Fails
2	30.0%	3.5%	20	NO	$193.6M	2045	2.94	2040-42	20%	2041-44	
2S	30.0%	3.5%	20	YES	$153.5M	2048	2.63	2044-45	17%	2043-49	
3	32.5%	3.0%	17	NO	$0	2047	0	2047	0%	2047	Fails
3S	32.5%	3.0%	17	YES	$0	2045	0	2045	0%	2045	Fails
4	32.5%	3.0%	20	NO	$43.9M	2058	0	2058	6%	2058	Fails
4S	32.5%	3.0%	20	YES	$0	2050	0	2050	0%	2050	Fails
5	32.5%	3.5%/3%	5/15	NO	$211.3M	2047	3.22	2042	23%	2043-44	
5S	32.5%	3.5%/3%	5/15	YES	$150.3M	2051	2.73	2047	18%	2046-50	
6	32.5%	3.5%/3%	10/10	NO	$275.8M	2042	3.61	2035-37	27%	2034-38	
6S	32.5%	3.5%/3%	10/10	YES	$238.9M	2045	3.37	2039-40	25%	2038-43	
7	33.0%	3.0%	17	NO	$0	2049	0	2049	0%	2049	Fails
7S	33.0%	3.0%	17	YES	$0	2046	0	2046	0%	2046	Fails
8	33.0%	3.0%	19	NO	0	2058	0	2058	0%	2058	Fails
8S	33.0%	3.0%	19	YES	$0	2050	0	2050	0%	2050	Fails
9	33.0%	3.0%	20	NO	$112.7M	2053	2.41	2049	14%	2049-53	
9S	33.0%	3.0%	20	YES	$0	2055	0	2055	0%	2055	Fails
10	35.0%	3.0%	15	NO	$0	2054	0	2054	0%	2054	Fails
10S	35.0%	3.0%	15	YES	$0	2049	0	2049	0%	2049	Fails
11	35.0%	3.0%	16	NO	$61.8M	2058	0	2058	9%	2058	Fails
11S	35.0%	3.0%	16	YES	$0	2052	0	2052	0%	2052	Fails
12	35.0%	3.0%	17	NO	$165.2M	2053	2.41	2049	21%	2050-53	
12S	35.0%	3.0%	17	YES	0	2058	0	2058	0%	2058	Fails
13	35.0%	3.0%	18	NO	$221.0M	2049	3.5	2043	26%	2044-47	
13S	35.0%	3.0%	18	YES	$122.8M	2058	2.61	2051-53	16%	2058	
14	35.0%	3.0%	19	NO	$253.9M	2046	3.65	2040	28%	2035-44	
14S	35.0%	3.0%	19	YES	$183.0M	2050	3.12	2046	22%	2045-50	
15	35.0%	3.0%	20	NO	$333.9M	2040	3.69	2037-38	32%	2032-36	
15S	35.0%	3.0%	20	YES	$218.9M	2047	3.33	2041-42	25%	2039-2047	

STRONGEST DESIGN SCENARIOS

	Run Criteria				Results based on 2020 Implementation					
					Assets Bottom		Solvency Bottom		Funding % Bottom	
	Benefit	Cont %		Protect						
Scenario	Cut %	Increase	Duration	Special	At	Year	At	Year	At	Year
14	35.0%	3%	19	NO	$253.9M	2046	3.65	2040	28%	2035-44
6	32.5%	3.5%/3%	10/10	NO	$275.8M	2042	3.61	2035	27%	2034-38
13	35.0%	3%	18	NO	$221.0M	2049	3.5	2043	26%	2044-47
6S	32.5%	3.5%/3%	10/10	YES	$238.9M	2045	3.37	2039	25%	2038-43
15S	35.0%	3%	20	YES	$218.9M	2047	3.33	2041	25%	2039-47
5	32.5%	3.5%/3%	5/15	NO	$211.3M	2047	3.22	2042	23%	2043-44

PART VI

CONCLUSIONS

CONCLUSIONS

- While protecting the 55 & 30 Special Benefit level comes with a price, it may be important to maintaining the support of top tier actives whose benefits will be hardest hit now that benefit reductions are made to all accrued benefits earned up to 12/31/2017.

- Whatever benefit suspension scenario the Trustees choose may need to be tweaked later once we receive the June 30, 2018 assets from GYF and make the stochastic runs. This work will begin sometime during the first week of September.

- In the meantime, we will be working to complete the 1/1/2018 Valuation, complete the 12/31/2017 MPPAA Report, test stochastic forecast runs, build out MPRA application exhibits and finalize the MPRA participant Notices.

MPRA SUSPENSION PLAN OPTIONS

Prepared for:

WESTERN PENNSYLVANIA TEAMSTERS AND EMPLOYERS PENSION FUND

Prepared by:
BEYER-BARBER COMPANY
September 5, 2018

PART I

BACKGROUND

SUSPENSION DESIGN

- At the July 25, 2018 Trustees Meeting, we presented a series of suspension designs that:
  - reduced all benefits earned to 12/31/2017,
  - protected, and alternatively froze, the age 55 & 30 - $3,500/month Special Benefit Level, and
  - required contribution rate increases of between 3% and 3.5% for varying future periods.

- The Trustees embraced the concept of protecting the Special with 3.5% contribution rate increases over the next 20 years, but results at the 30% suspension level presented were less than desired.

- As a result, the Trustees directed us to determine the level of suspension that would result in a successful solution while bottoming out at 20% funding, $200M in assets and a 3.0 Solvency Ratio.

SUSPENSION DESIGN, cont'd.

- During the Trustees Sub-Committee Meeting of August 8, 2018 we reported via conference call that a 31% suspension of all accrued benefits earned to 12/31/2017 along with protecting the Special would be a successful solution while bottoming out at 20% funding, a 2.94 solvency ratio and $193.4M in assets.

- As a result of that call, it was agreed that we would test that design again once June 30, 2018 assets were made available.

PART II

NEW DEVELOPMENTS

NEW DEVELOPMENTS

- During the month of August, Horizon released it's updated 2018 Survey that reflects short term returns that are 23 basis points lower, and longer term returns that are 16 basis points lower than the 2017 Survey we had previously used. Our initial indication to the Trustees was that this would translate into a lower overall investment return putting more stress on the suspension design.

- We have since learned from CBIZ/Savitz that the method NEPC had initially used to determine investment returns and standard deviations was different than those used by Horizon (and Treasury in their testing). NEPC provided a tool to enable us to re-calculate both under the Horizon methodology and CBIZ/Savitz has confirmed the new investment results.

- June 30, 2018 asset values provided to us on September 4th are slightly more favorable than what we projected them to be based on March 31st financial results.

PART III

UPDATED ANALYSIS

UPDATED ANALYSIS

- June 30, 2018 assets were made available on September 4th and have been included in these updated projections that also take into account the 2018 Horizon Survey results.

- Attached are 8 sets of results all based on a 3.5% contribution rate increases for the next 20 years:
  - 31% suspension <u>protecting</u> the 55 & 30 $3,500/month Special
  - 31% suspension <u>freezing</u> the 55 & 30 $3,500/month Special
  - 30% suspension <u>protecting</u> the 55 & 30 $3,500/month Special
  - 30% suspension <u>freezing</u> the 55 & 30 $3,500/month Special
  - 29% suspension <u>protecting</u> the 55 & 30 $3,500/month Special
  - 29% suspension <u>freezing</u> the 55 & 30 $3,500/month Special
  - 28% suspension <u>protecting</u> the 55 & 30 $3,500/month Special
  - 28% suspension <u>freezing</u> the 55 & 30 $3,500/month Special

RESULTS

Run Criteria				Results based on 8/1/2019 Implementation					
				Assets Bottom		Solvency Bottom		Funding % Bottom	
Benefit Cut %	Cont % Increase	Duration	Protect Special	At	Year	At	Year	At	Year
31.0%	3.5%	20	NO	$278.4M	2040	3.5	2035	26%	2035
31.0%	3.5%	20	YES	$257.9M	2041	3.4	2037	25%	2034-38
30.0%	3.5%	20	NO	$232.5M	2043	3.2	2038	24%	2035-42
30.0%	3.5%	20	YES	$209.0M	2044	3.0	2039-40	22%	2038-44
29.0%	3.5%	20	NO	$173.0M	2046	2.8	2041-43	19%	2041-46
29.0%	3.5%	20	YES	$143.3M	2048	2.5	2044	16%	2044-48
28.0%	3.5%	20	NO	$89.0M	2051	2.0	2048-49	10%	2050
28.0%	3.5%	20	YES	$47.40	2054	1.6	2052	6%	2050-56

PART IV

CONCLUSIONS

CONCLUSIONS

- In order to allow Treasury sufficient time for review, balloting and implementation, we recommend pushing the effective date of the suspension to August 1, 2019.

- The target date for the MPRA Application is September 24, 2018.