

**Cement Masons Pension Trust  
Fund for Northern California**

*Actuarial Certification of Plan Status as of  
September 1, 2016 under IRC Section 432*



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*November 29, 2016*

*Board of Trustees  
Cement Masons Pension Trust Fund for Northern California  
220 Campus Lane  
Fairfield, CA 94534-1499*

*Dear Trustees:*

*As required by ERISA Section 305 and Internal Revenue Code (IRC) Section 432, we have completed the Plan's actuarial status certification as of September 1, 2016 in accordance with the Multiemployer Pension Reform Act of 2014 (MPRA). The attached exhibits outline the projections performed and the results of the various tests required by the statute. These projections have been prepared based on the Actuarial Valuation as of September 1, 2016 and in accordance with generally accepted actuarial principles and practices and a current understanding of the law. The actuarial calculations were completed under the supervision of Mark Hamwee, FSA, MAAA, EA, Vice President & Actuary.*

*As of September 1, 2016, the Plan is in endangered status (Yellow Zone). In addition, the Plan is not projected to be in critical status for any of the succeeding five plan years.*

*This certification also notifies the IRS that the Plan is making the scheduled progress in meeting the requirements of its funding improvement plan, based on the plan having no projected funding deficiency in the final year of the Funding Improvement Period and on the projected improvement in the funded ratio, as required by the Funding Improvement Plan. This certification is being filed with the Internal Revenue Service, pursuant to ERISA section 305(b)(3) and IRC section 432(b)(3).*

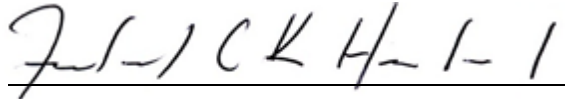
*Segal Consulting ("Segal") does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which the certification is based reflects Segal's understanding as an actuarial firm. Due to the complexity of the statute and the significance of its ramifications, Segal recommends that the Board of Trustees consult with legal counsel when making any decisions regarding compliance with ERISA and the Internal Revenue Code.*

*Board of Trustees  
Cement Masons Pension Trust Fund for Northern California  
November 29, 2016  
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*We look forward to reviewing this certification with you at your next meeting and to answering any questions you may have. We are available to assist the Trustees in communicating this information to plan stakeholders as well as in updating the Funding Improvement Plan required.*

*Sincerely,*

*Segal Consulting, a Member of the Segal Group*



*By:*

*Frederick C. K. Herberich  
Senior Vice President*



*Mark Hamwee, FSA, MAAA, EA  
Vice President & Actuary*

*cc: Luis Arteaga  
Jill Bohnet  
Matt Clizbe  
Patricia Davis, Esq.  
Edwin Embry*

*Jose Gamez  
Gemma Ganoy  
Barry E. Hinkle, Esq.  
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*Larissa Manalansan  
Alex W. Miller, CPA  
Susan J. Olson, Esq.  
Jennifer Snow, CPA  
Kristina Zinnen, Esq.*

*MAM/bqb*



*November 29, 2016*

*Internal Revenue Service  
Employee Plans Compliance Unit  
Group 7602 (TEGE:EP:EPCU)  
230 S. Dearborn Street  
Room 1700 - 17th Floor  
Chicago, IL 60604*

*To Whom It May Concern:*

*As required by ERISA Section 305 and the Internal Revenue Code (IRC) Section 432, we have completed the actuarial status certification as of September 1, 2016 for the following plan:*

*Name of Plan: Cement Masons Pension Trust Fund for Northern California  
Plan number: EIN 94-6277669/ PN 001  
Plan sponsor: Board of Trustees, Cement Masons Pension Trust Fund for Northern California  
Address: 220 Campus Lane, Fairfield, CA 94534-1499  
Phone number: 707.864.3300*

*As of September 1, 2016, the Plan is in endangered status. In addition, the Plan is not projected to be in critical status for any of the succeeding five plan years.*

*This certification also notifies the IRS that the Plan is making the scheduled progress in meeting the requirements of its funding improvement plan, based on the plan having no projected funding deficiency in the final year of the Funding Improvement Period and on the projected improvement in the funded ratio, as required by the Funding Improvement Plan.*

*If you have any questions on the attached certification, you may contact me at the following:*

*Segal Consulting*

*100 Montgomery Street, 5th Floor - Suite 500  
San Francisco, CA 94104  
Phone number: 415.263.8200*

*Sincerely,*

*Mark Hamwee, FSA, MAAA  
Vice President & Actuary  
Enrolled Actuary No. 14-05829*

**Actuarial Status Certification as of September 1, 2016 under IRC Section 432 for the Cement Masons Pension Trust Fund for Northern California**

EIN 94-6277669/ PN 001

**November 29, 2016**

**Illustration Supporting Actuarial Certification of Status (Schedule MB, line 4b)**

**ACTUARIAL STATUS CERTIFICATION AS OF SEPTEMBER 1, 2016 UNDER IRC SECTION 432**

This is to certify that Segal Consulting, a Member of The Segal Group, Inc. (“Segal”) has prepared an actuarial status certification under Internal Revenue Code Section 432 for the Cement Masons Pension Trust Fund for Northern California as of September 1, 2016 in accordance with generally accepted actuarial principles and practices. It has been prepared at the request of the Board of Trustees to assist in administering the Fund and meeting filing and compliance requirements under federal law. This certification may not otherwise be copied or reproduced in any form without the consent of the Board of Trustees and may only be provided to other parties in its entirety.

The measurements shown in this actuarial certification may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; differences in statutory interpretation and changes in plan provisions or applicable law.

This certification is based on the September 1, 2014 actuarial valuation, dated June 8, 2015. This certification reflects the changes in the law made by the Multiemployer Pension Reform Act of 2014 (MPRA). Additional assumptions required for the projections (including those under MPRA), and sources of financial information used are summarized in Exhibit V.

Segal Consulting does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretations on which this certification is based reflect Segal’s understanding as an actuarial firm.

This certification was based on the assumption that the Plan was qualified as a multiemployer plan for the year.

I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of my knowledge, the information supplied in this actuarial certification is complete and accurate. As required by IRC Section 432(b)(3)(B)(iii), the projected industry activity is based on information provided by the plan sponsor. In my opinion, the projections are based on reasonable actuarial estimates, assumptions and methods that (other than projected industry activity) offer my best estimate of anticipated experience under the Plan.



Mark Hamwee, FSA, MAAA  
Vice President & Actuary  
Enrolled Actuary No. 14-05829

**Actuarial Status Certification as of September 1, 2016 under IRC Section 432 for the Cement Masons Pension Trust Fund for Northern California**

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EIN 94-6277669/ PN 001

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**Actuarial Status Certification as of September 1, 2016 under IRC Section 432 for the Cement Masons Pension Trust Fund for Northern California**

EIN 94-6277669/ PN 001

**EXHIBIT I**

**Status Determination as of September 1, 2016**

Status	Condition	Test Component Result	Final Result
<b>Critical Status:</b>			
<b>Determination of critical status:</b>			
C1.	A funding deficiency is projected in four years?.....	No	No
C2.	(a) A funding deficiency is projected in five years, .....	No	
	(b) AND the present value of vested benefits for non-actives is more than the present value of vested benefits for actives, .....	Yes	
	(c) AND the normal cost plus interest on the unfunded actuarial accrued liability (unit credit basis) is greater than the contributions for the current year? .....	No	No
C3.	(a) A funding deficiency is projected in five years, .....	No	
	(b) AND the funded percentage is less than 65%?.....	No	No
C4.	(a) The funded percentage is less than 65%, .....	No	
	(b) AND the sum of assets plus the present value of contributions is less than the present value of benefit payments and administrative expenses over seven years? .....	No	No
C5.	The sum of assets plus the present value of contributions is less than the present value of benefit payments and administrative expenses over five years? .....	No	No
<b>Test regular emergence rules for failure:</b>			
C6.	(a) Was in critical status for the immediately preceding plan year, .....	No	
	(b) AND EITHER a funding deficiency is projected for the plan year or any of the next nine plan years, without regard to the use of the shortfall method but taking into account any extension of amortization periods under IRC Section 431(d)(2) or IRC Section 412(e) as in effect prior to PPA '06, .....	No	
	(c) OR is projected to become insolvent for the current year or any of the 30 succeeding plan years?.....	No	No
	<b>In Critical Status? (If any of (C1) through (C6) is Yes then Yes) .....</b>		<b>No</b>
<b>Determination whether plan will be in critical status in any of the succeeding five plan years:</b>			
C7.	(a) Is not in critical status,.....	Yes	
	(b) AND is projected to be in critical status in any of the next five years?.....	No	No
	<b>In Critical Status in any of the five succeeding plan years? .....</b>		<b>No</b>

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<b>Status</b>	<b>Condition</b>	<b>Test Component Result</b>	<b>Final Result</b>
<b>Endangered Status:</b>			
E1. (a)	Is not in critical status, .....	Yes	
(b)	AND the funded percentage is less than 80%? .....	Yes	Yes
E2. (a)	Is not in critical status,.....	Yes	
(b)	AND a funding deficiency is projected in seven years? .....	No	No
<b>In Endangered Status? (Yes when either (E1) or (E2) is Yes).....</b>			<b>Yes</b>
<b>In Seriously Endangered Status? (Yes when BOTH (E1) and (E2) are Yes) .....</b>			<b>No</b>
<b>Neither Critical Status Nor Endangered Status:</b>			
<b>Neither Critical nor Endangered Status?.....</b>			<b>No</b>

This certification also notifies the IRS that the Plan is making the scheduled progress in meeting the requirements of its funding improvement plan, based on the plan having no projected funding deficiency in the final year of the Funding Improvement Period and on the projected improvement in the funded ratio, as required by the Funding Improvement Plan.



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**EXHIBIT II**

**Summary of Actuarial Valuation Projections**

The actuarial factors as of September 1, 2016 (based on projections from the September 1, 2014 valuation certificate):

**I. Financial Information**

1. Market value of assets			\$351,726,103
2. Actuarial value of assets			369,596,404
3. Reasonably anticipated contributions			
a. Upcoming year			31,648,133
b. Present value for the next five years			132,846,380
c. Present value for the next seven years			173,913,576
4. Projected benefit payments			35,048,877
5. Projected administrative expenses (beginning of year)			867,310

**II. Liabilities**

1. Present value of vested benefits for active participants			171,384,479
2. Present value of vested benefits for non-active participants			334,741,209
3. Total unit credit accrued liability			530,474,466
4. Present value of payments	<b>Benefit Payments</b>	<b>Administrative Expenses</b>	<b>Total</b>
a. Next five years	\$154,433,235	\$3,988,372	\$158,421,607
b. Next seven years	207,226,214	5,359,765	212,585,978
5. Unit credit normal cost plus expenses			7,619,877
6. Ratio of inactive participants to active participants			1.6014

**III. Funded Percentage (I.2)/(II.3)**

69.6%

**IV. Funding Standard Account**

1. Credit Balance as of the end of prior year	\$77,875,322
2. Years to projected funding deficiency	N/A

**V. Years to Projected Insolvency**

N/A

**Actuarial Status Certification as of September 1, 2016 under IRC Section 432 for the Cement Masons Pension Trust Fund for Northern California**

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**EXHIBIT III  
Funding Standard Account Projections**

The table below presents the Funding Standard Account Projections for the Plan Years beginning September 1, 2015 through 2025.

		Year Beginning September 1,										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1.	Credit balance (BOY)	\$69,614,421	\$77,875,322	\$65,206,505	\$51,858,546	\$50,085,710	\$49,295,144	\$49,769,542	\$50,248,043	\$50,729,997	\$54,007,653	\$58,745,514
2.	Interest on (1)	5,221,082	5,840,649	4,890,488	3,889,391	3,756,428	3,697,136	3,732,716	3,768,603	3,804,750	4,050,574	4,405,914
3.	Normal cost	6,752,567	6,752,567	6,752,567	6,752,567	6,752,567	6,752,567	6,752,567	6,752,567	6,752,567	6,752,567	6,752,567
4.	Administrative expenses	842,049	867,310	893,329	920,129	947,733	976,165	1,005,450	1,035,614	1,066,682	1,098,682	1,131,642
5.	Net amortization charges	23,570,219	40,142,359	39,864,230	28,138,620	27,073,590	25,813,292	25,813,288	25,813,295	23,215,199	22,053,543	19,074,491
6.	Interest on (3), (4) and (5)	2,337,362	3,582,168	3,563,259	2,685,849	2,608,042	2,515,652	2,517,848	2,520,111	2,327,584	2,242,859	2,021,903
7.	Expected contributions	35,221,222	31,648,133	31,648,133	31,648,133	31,648,133	31,648,133	31,648,133	31,648,133	31,648,133	31,648,133	31,648,133
8.	Interest on (7)	1,320,796	1,186,805	1,186,805	1,186,805	1,186,805	1,186,805	1,186,805	1,186,805	1,186,805	1,186,805	1,186,805
9.	Full-funding limit credit	0	0	0	0	0	0	0	0	0	0	0
10.	Credit balance (EOY):											
	(1) + (2) – (3) – (4) – (5)											
	– (6) + (7) + (8) + (9)	\$77,875,322	\$65,206,505	\$51,858,546	\$50,085,710	\$49,295,144	\$49,769,542	\$50,248,043	\$50,729,997	\$54,007,653	\$58,745,514	\$67,005,763

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**EXHIBIT IV**

**Funding Standard Account – Projected Bases Assumed Established After September 1, 2014**

**Schedule of Funding Standard Account Bases**

<b>Type of Base</b>	<b>Date Established</b>	<b>Base Established</b>	<b>Amortization Period</b>	<b>Amortization Payment</b>
Experience (Gain)/Loss	9/ 1/2015	\$3,535,582	15	\$372,592
Experience (Gain)/Loss	9/ 1/2016	7,456,487	15	785,791
Experience (Gain)/Loss	9/ 1/2017	7,854,587	15	827,744
Experience (Gain)/Loss	9/ 1/2018	8,035,628	15	846,822
Experience (Gain)/Loss	9/ 1/2019	5,150,612	15	542,789
Experience (Gain)/Loss	9/ 1/2020	(715,574)	15	(75,410)

**Actuarial Status Certification as of September 1, 2016 under IRC Section 432 for the Cement Masons Pension Trust Fund for Northern California**

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**EXHIBIT V**

**Actuarial Assumptions and Methodology**

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The actuarial assumptions and plan of benefits are as used in the September 1, 2014 actuarial valuation certificate, dated June 8, 2015, except as specifically described below. We also assumed that experience would emerge as projected, except as described below. The calculations are based on a current understanding of the requirements of ERISA Section 305 and IRC Section 432.

**Contribution Rates:** The hourly contribution rate reflected in the certification is \$10.55 which began July 1, 2016. Only the first \$3.20 per hour counts toward benefit accruals.

**Asset Information:** The financial information as of August 31, 2015 was based on an audited financial statement. The financial information as of August 31, 2016 was based on an unaudited financial statement provided by the Fund Administrator.

For projections after August 31, 2016, the assumed administrative expenses were increased by 3% per year and the benefit payments were projected based on the September 1, 2014 actuarial valuation. The projected net investment return was assumed to be 7.5% of the average market value of assets for the 2016 - 2024 Plan Years. Any resulting investment gains or losses due to the operation of the asset valuation method are amortized over 15 years in the Funding Standard Account.

**Projected Industry Activity:** As required by Internal Revenue Code Section 432, assumptions with respect to projected industry activity are based on information provided by the plan sponsor. Based on this information, contributions will be made annually for each active for 3,000,000 total hours.

**Future Normal Costs:** Bases on the unit credit cost method, we have assumed that the future Normal Costs will vary in proportion to the projected industry activity from that used in the September 1, 2014 actuarial valuation.

**Actuarial Status Certification as of September 1, 2016 under IRC Section 432 for the Cement Masons Pension Trust Fund for Northern California**

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**EXHIBIT VI**

**Documentation Regarding Progress Under Funding Improvement Plan**

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Our projections show that the plan is on track to meet the goals of the Funding Improvement Plan: i) no funding deficiency in the final year of the funding improvement period (September 1, 2013 to August 31, 2023), and ii) a funded ratio of at least 76.9% by the end of the period (based on a funded ratio of 65.4% at September 1, 2011 when the plan first entered endangered status). Therefore, the plan is making the required scheduled progress.

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