

**Michigan Laborers' Pension
Fund**

**Actuarial Valuation Report
as of
September 1, 2010**

Produced by [Cheiron](#)

July 29, 2011

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July 29, 2011

Michigan Laborers' Pension Fund
Board of Trustees
c/o TIC International Corporation
6525 Centurion Drive
Lansing, MI 48917-9275

Dear Trustees:

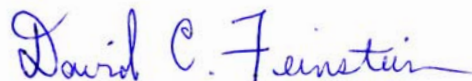
At your request, we have performed the September 1, 2010 actuarial valuation of the Michigan Laborers' Pension Fund. This report contains information on the Plan's assets and liabilities and also discloses contribution levels, including the minimum required amount as mandated by Federal law.

Your attention is called to the introductory section in which we refer to the general approach employed in the preparation of this report. We also comment on the sources and reliability of both the data and the actuarial assumptions on which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief. The results of this report are only applicable to the plan year ending August 31, 2011 and rely on future plan experience conforming to the underlying assumptions. To the extent that actual plan experience deviates from the underlying assumptions, the results would vary accordingly.


This actuarial report was prepared solely for the Michigan Laborers' Pension Fund for the purposes described herein, except that the plan auditor may rely on this report solely for the purpose of completing an audit related to the matters herein. Cheiron does not intend to benefit any other person who receives this actuarial report and assumes no duty or liability to such a person.

We hereby certify that, to the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, and that as Members of the American Academy of Actuaries, we meet the Qualification Standards to render the opinion contained in this report.

Sincerely,
Cheiron



David C. Feinstein, FSA, EA
Principal Consulting Actuary



Joseph Mara Jr., ASA, EA
Consulting Actuary



FOREWORD

Cheiron has performed the actuarial valuation of the Michigan Laborers' Pension Fund as of September 1, 2010. The purpose of this report is to:

- 1) **Measure and disclose**, as of the valuation date, the financial condition of the Plan;
- 2) **Provide specific information** and documentation required by the Federal Government and the auditors of the Plan;
- 3) **Determine** whether negotiated contributions support the current level of benefits and whether they fall within the acceptable range of contributions under the Plan; and
- 4) **Compare** assets with the value of vested benefits to determine allocable plan withdrawal liability, if any.

An actuarial valuation establishes and analyzes Plan assets and liabilities on a consistent basis, and traces the progress of both from one year to the next. It includes measurement of the Plan's investment performance as well as an analysis of actuarial liability gains and losses. This valuation report is organized as follows:

Section I presents a summary of the valuation and compares this year's results to last year's results. It also provides the historical summary and future outlook of the Plan.

Section II contains exhibits relating to the valuation of assets.

Section III shows the various measures of liabilities.

Section IV shows the development of the minimum and maximum contributions.

Section V provides information required by the Plan's auditor.

Section VI shows a demonstration that the Plan is not in reorganization.

Section VII shows the development of the Plan's unfunded Vested Benefits liability for withdrawal liability purposes.

The appendices to this report contain a summary of the Plan's membership at the valuation date, a summary of the major provisions of the Plan, and the actuarial methods and assumptions used in the valuation.

In preparing our report, we relied without audit, on information (some oral and some written) supplied by the Plan administrator, TIC International Corporation, and the Fund auditor, Benda, Grace, Stulz & Company, P.C. This information includes, but is not limited to, the Plan provisions, employee data, and financial information.

The actuarial assumptions reflect our understanding of the likely future experience of the Plan, and the assumptions, taken individually, represent our best estimate for the future experience of the Plan. The results of this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the Plan could vary from our results.

Finally, in preparing this report, we have conformed to generally accepted actuarial principals and practices which are consistent with the applicable Guides to Professional Conduct, amplifying Opinions, and supporting recommendations and Interpretations of the Actuarial Standards Board.

SECTION I SUMMARY

SUMMARY OF PRINCIPAL RESULTS			
	9/1/2009	9/1/2010	% Change
Participant Counts			
Actives	5,184	4,558	(12.1)%
Terminated Vesteds	7,530	7,793	3.5 %
In Pay Status	4,187	4,394	4.9 %
TOTAL	16,901	16,745	(0.9)%
Financial Information			
Market Value of Assets (MVA)	\$ 520,214,919	\$ 529,953,489	1.9 %
Actuarial Value of Assets (AVA)	624,257,903	635,944,187	1.9 %
Unit Credit Actuarial Liability	\$ 817,825,099	\$ 842,432,546	3.0 %
Unfunded Actuarial Liability	193,567,196	206,488,359	6.7 %
Funded Ratio (AVA basis)	76.3%	75.5%	
Present Value of Accrued Benefits	\$ 817,825,099	\$ 842,432,546	3.0 %
Unfunded Accrued Benefits (MVA basis)	297,610,180	312,479,057	5.0 %
Accrued Benefit Funded Ratio (MVA basis - FASB ASC 960)	63.6%	62.9%	
Accrued Benefit Funded Ratio (AVA basis - PPA)	76.3%	75.5%	
Present Value of Vested Benefits	\$ 714,932,586	\$ 743,544,294	4.0 %
Unfunded Vested Benefits (MVA basis)	194,717,667	213,590,805	9.7 %
Vested Benefit Funded Ratio (MVA basis)	72.8%	71.3%	
Contributions and Cash Flows			
ERISA Credit Balance (Beginning of Year)	\$ 154,610,877	\$ 148,847,159	(3.7)%
Employer Contributions (Actual / Expected)	36,953,324	37,443,000 ^{1,2}	1.3 %
ERISA Minimum Funding Before Credit Balance	56,605,182	55,271,043 ^{1,2}	(2.4)%
Normal Cost	\$ 16,825,554	\$ 13,998,724	(16.8)%
Anticipated Administrative Expenses (Beginning of Year)	1,730,769	1,732,051	0.1 %
Total Normal Cost	\$ 18,556,323	\$ 15,730,775	(15.2)%
Prior Year Benefit Payments	\$ (51,403,584)	\$ (54,808,151)	6.6 %
Prior Year Administrative Expenses	(1,840,197)	(1,872,057)	1.7 %
Prior Year Total Investment Income (Net)	(103,763,541)	29,352,767	

¹ *Estimated*

² *All results reflect the five-year extension under Section 431(d) and the special relief provisions of PRA.*

SECTION I SUMMARY

General Comments:

This valuation reflects the retroactive impact of funding relief under the *Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010* (PRA), adopted by the Board of Trustees on April 27, 2011.

Items of Note

- The market value of assets returned about 5.75%, compared to the assumption of 8.00%. In dollars, the total investment loss (difference between actual and expected returns) was \$11,560,104.
- Due to the phase-in of gains and losses in prior years, as well as reflecting the 20% corridor around the market value, the actuarial value of assets returned 5.09% for the year, resulting in a \$17,935,829 loss.
- Liability experience resulted in an actuarial gain of \$2,031,858 on the basis of the funding method used for minimum funding purposes.
- In August 2010, the Board approved a 5-year extension of the Plan's amortization bases as of September 1, 2009 under Section 431(d) of the Code. The net impact on the Funding Standard Account was a \$9.6 million increase in the September 1, 2010 Credit Balance.
- In June 2010, the PRA was signed into law. This legislation was aimed at helping pension plans cope with the unprecedented market downturn in 2008. The Trustees elected the "special amortization" and special expanded "asset smoothing" rules, which allow the Plan's investment losses for the plan years ending August 31, 2009 and August 31, 2010 to be separately amortized over 29 years, and for purposes of the Plan's asset smoothing method, separately smoothed over 10 years.
- The Plan was certified as "Endangered" for the plan year beginning September 1, 2010. The Trustees will need to adopt a Funding Improvement Plan by July 27, 2011 reflecting an update to the present Rehabilitation Plan. The Funding Improvement Plan will begin September 1, 2012 and will end August 31, 2022.
- The number of active participants decreased by 12% from 5,184 as of 9/1/2009 to 4,558 as of 9/1/2010. Over the past two years, the number of active participants has decreased by 19% (5,610 active participants as of 9/1/2008). This is a significant reduction in the Plan's active population which must not only be monitored, but also factored into any Funding Improvement Plan.
- The number of participants in payment status increased by almost 5% from 4,187 as of 9/1/2009 to 4,394 as of 9/1/2010. Over the past two years, the number of participants in payment status has increased by almost 14% (3,863 participants in payment status as of 9/1/2008).
- The Fund received \$37.1 million in contributions for the plan year ending August 31, 2010. Comparing this amount to benefits and expenses paid of \$56.7 million shows a **negative** net cash flow of \$19.6 million, which means the Fund is relying on assets to pay for benefits and expenses. This is a negative financial indicator since a portion of assets needs to be liquidated to meet benefit and expense disbursements.
- The funding ratio used to determine the Plan's classification under the Pension Protection Act (actuarial value of assets as a percentage of the present value of accrued benefits) decreased from 76.3% to 75.5%.
- The Plan's withdrawal liability assessments are based on the unfunded vested benefits, which increased from \$807.4 million as of August 31, 2009 to \$843.4 million as of August 31, 2010.

SECTION I SUMMARY

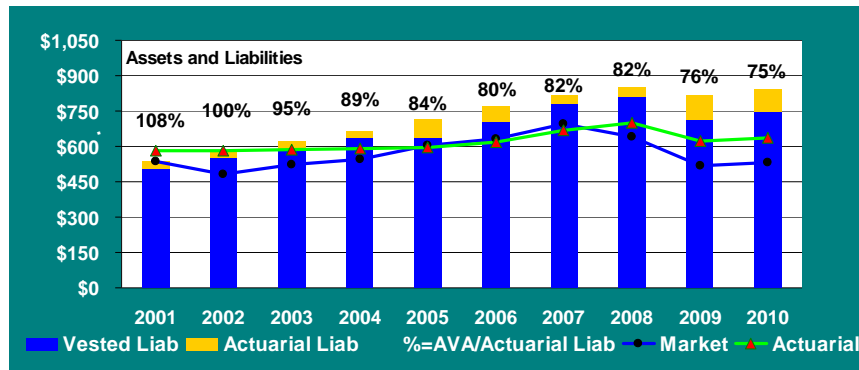
Historical Summary

The following charts show the progress of the funded status over the last ten years.

Assets and Liabilities

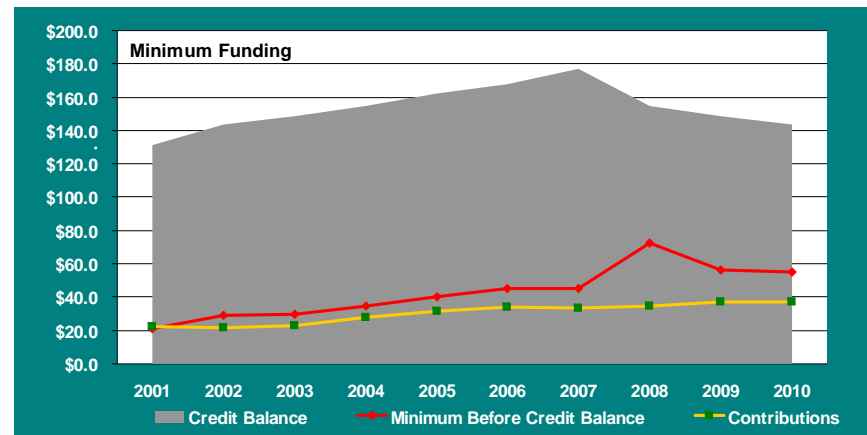
The blue bars represent the present value of vested accrued benefits while the additional gold bars add the additional non-vested accrued benefit values making up the actuarial liability. The blue line is the market value of assets and the green line is the actuarial asset value.

The Plan's funding ratio (actuarial value of assets as a percent of actuarial liability) was over 100% during the late 1990's and early 2000's. From 2001 through 2006 the funding ratio steadily declined. The 2010 funded ratio is 75%.



Minimum Funding

The next chart shows the contribution paid to the Plan (yellow line), the minimum contribution before the credit balance offset (red line) and the credit balance (gray area). Since 2002 the minimum contribution before credit balance offset has exceeded actual contributions.

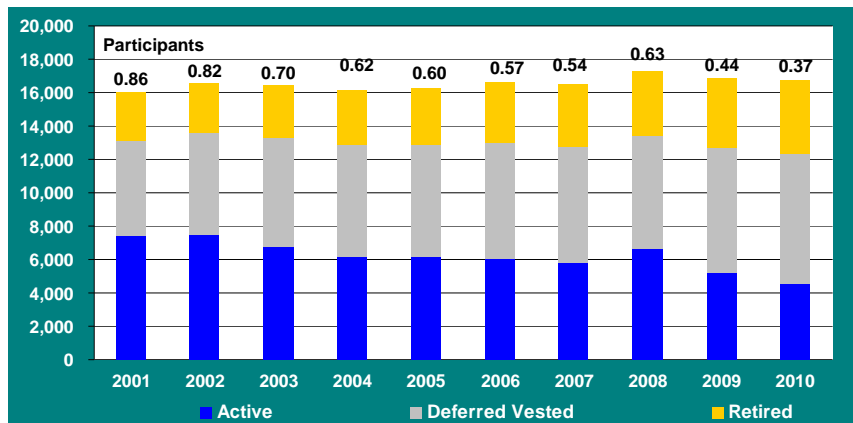


SECTION I SUMMARY

Plan Participation

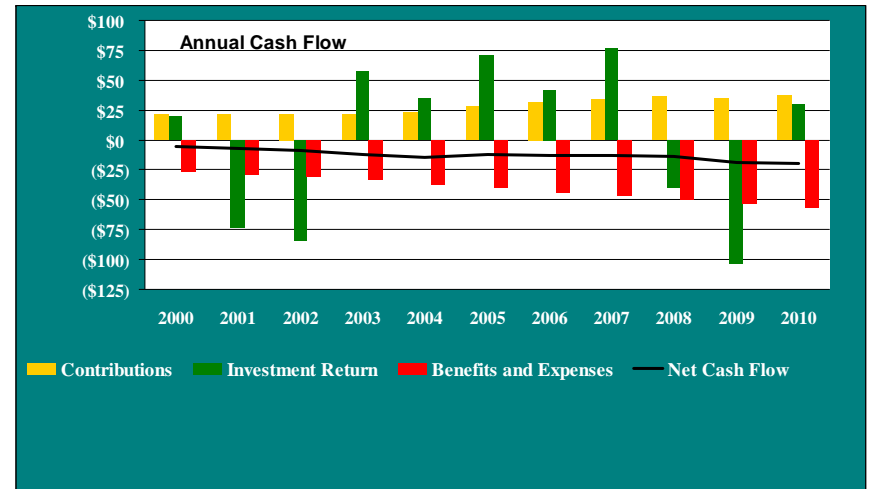
The chart below shows the participants of the Plan at successive valuations. The numbers which appear above each bar represent the number of active members to inactive members (the support ratio) at each valuation date.

As you can see, the support ratio decreased from the previous year. The decrease in the support ratio can primarily be attributed to a decline in employment.



Cash Flow

The last chart shows the Fund's cash flow over the past 11 years.



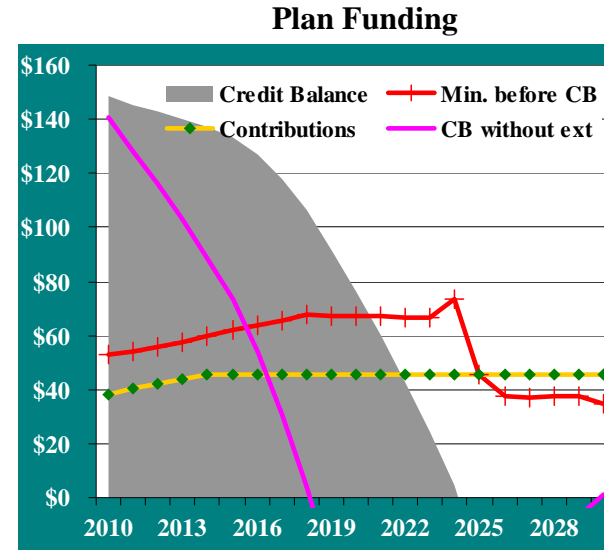
The Fund has had a negative cash flow since 2000. This means that the Fund is relying on assets to pay for benefits and expenses. In 2000, the negative cash flow was about \$5.5 million or about 1% of the market value of assets. For the plan year ending August 31, 2010, the negative cash flow was about \$19.6 million or about 3.7% of the market value of assets.

This is a significant negative financial indicator which will need to be addressed.

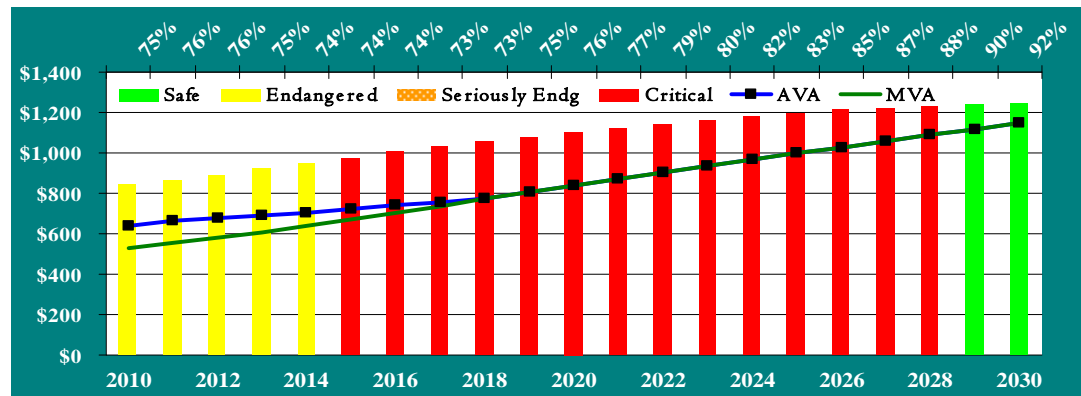
SECTION I SUMMARY

Future Outlook

The two graphs on this page show the expected progress of the Plan over the next 20 years, assuming the Plan’s assets earn exactly 8.0% on their market value each year including this Plan year ending on August 31, 2011. The graph to the right titled “Plan Funding” shows that the credit balance is expected to decrease over the next 15 years to a point of a projected funding deficiency in the year 2025 (with amortization extensions and special relief). This projection is based on the current membership remaining level, and takes into account the contribution increases adopted by all contributing employers in the Preferred Schedule of the Rehabilitation Plan adopted in January 2010: \$0.29/hour for each of the next four years, with no further increases after 2014. The projection incorporates the 5-year extension of amortization bases effective 9/1/2009, as well as the funding relief under PRA.



The graph below shows projections of the Plan’s PPA status over the next 20 years. Based on the Rehabilitation Plan adopted by the Trustees, the plan’s funding ratio is expected to increase for a year and then decline for the next seven years – as the asset losses over the past two years are recognized – before beginning to improve again by 2019. The plan is expected to be “endangered” through 2014 due to a funding ratio below 80%. However, the plan is projected to become “critical” in 2015 due to a projected funding deficiency in 2019, without taking into account any amortization extensions, as required by PPA when testing for critical status. In addition to the contribution increases and assumptions noted above, this projection assumes level annual employment of approximately 6.5 million work hours per year for the next 20 years.



SECTION II ASSETS

Assets at Market Value

Market values represent “snap-shot” or “cash-out” values which provide the principal basis for measuring financial performance from one year to the next.

STATEMENT OF ASSETS AT MARKET VALUE, AUGUST 31		
	2009	2010
Assets		
Cash	\$ 25,797	\$ 6,567,266
U.S. Government Securities	42,505,805	45,924,371
Corporate Bonds and Notes	69,941,702	75,047,794
State and Municipal Bonds	661,116	848,754
Common Stock	197,229,793	214,533,847
Money Market Funds	5,068,272	-
Limited Partnerships	8,736,437	9,613,302
Mutual Funds	96,725,866	136,137,253
Receivables	7,862,261	8,249,086
Prepaid Expenses	213,514	259,130
Common Collective Trusts	87,123,047	30,940,298
Insurance Company Separate Accounts	6,384,643	6,039,097
Other assets	45,626	72,166
Payables	(2,308,960)	(4,278,875)
Market Value of Assets	\$ 520,214,919	\$ 529,953,489

The assets measured at market value earned approximately 5.75% over the year ending August 31, 2010, or approximately 2.25% below the valuation assumption. This compares to a return of -16.39%, or 24.39% above the valuation assumption of 8.00% for the prior year.

For funding purposes the Plan uses actuarial asset values which smooth out market asset value fluctuations over five years in order to provide less volatile cost results.

SECTION II ASSETS

Assets at Actuarial Value

The asset valuation method calculates the expected market value asset return at the current valuation date using the fund's actual cash flows and the expected long-term rate of return on assets. The investment gain or loss is then determined by subtracting this expected asset value from the actual investment return on the market value. One-fifth of the gain (actual returns greater than expected) or loss (actual returns less than expected) is then added to the expected asset value along with recognition of gains/losses over expected return for each of the preceding four years to arrive at the preliminary smoothed actuarial value of assets. If the preliminary smoothed actuarial asset value is outside a corridor of 80% to 120% of market value, the final smoothed value is increased (or reduced) to the bottom (top) of the 80% to 120% market value corridor.

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS			
1. Market Value of Assets, September 1, 2009			\$ 520,214,919
2. Employer Contributions			\$ 36,953,324
3. Benefit Payments			(54,808,151)
4. Administrative Expenses			(1,872,057)
5. Other Income			112,687
6. Net Cash Flow (2. + 3. + 4. + 5.)			\$ (19,614,197)
7. Expected Value of investment return at 8.00%			40,912,871
8. Actual investment return on Market Value			29,352,767
9. Investment gain/(loss) for the year (8. – 7.)			(11,560,104)
10. Investment gain/(loss) from current and prior years to be recognized in the plan year ending August 31, 2010			
	<u>Plan Year Ending</u>	<u>Return in Excess of Expected</u>	<u>Portion Not Recognized</u>
	August 31, 2007	26,861,887	20% \$ 5,372,377
	August 31, 2008	(95,428,133)	40% (38,171,253)
	August 31, 2009	(154,475,083)	80% (123,580,066)
	August 31, 2010	(11,560,104)	90% (10,404,094)
Total			\$ (166,783,036)
11. Market Value of Assets for Year ending August 31, 2010			\$ 529,953,489
12. Preliminary Assets, September 1, 2010 (11. – 10.)			696,736,525
13. 120% of Market Value			635,944,187
14. 80% of Market Value			423,962,791
15. Final Actuarial Value of Assets at September 1, 2010			\$ 635,944,187

SECTION II ASSETS

Changes in Market Value

The components of change in market value are:

- Contributions
- Benefit payments
- Expenses
- Investment income (realized and unrealized)

The specific changes since the prior valuation are presented below:

STATEMENT OF CHANGES IN MARKET VALUE	
Market Value of Assets - September 1, 2009	\$ 520,214,919
Employer Contributions	36,953,324
Other Income	112,687
Investment Income	29,352,767
Benefit Payments	(54,808,151)
Administrative Expenses	(1,872,057)
Investment Expenses	-
Market Value of Assets - September 1, 2010	\$ 529,953,489

Actuarial Gains/(Losses) from Investment Performance

The actuarial loss from investment performance differs from the market value loss because the actuarial value of assets is not the same as the market value. Because the actuarial value of assets is used to establish the policy contribution and the Internal Revenue Code limits, the return on the actuarial value impacts the valuation results. We derive the gain/loss on the value of assets in the following tables:

ASSET GAIN/(LOSS)		
	<i>Market Value</i>	<i>Actuarial Value</i>
September 1, 2009	\$ 520,214,919	\$ 624,257,903
Employer Contributions	36,953,324	36,953,324
Administrative Expenses	(1,872,057)	(1,872,057)
Other Income	112,687	112,687
Benefit Payments	(54,808,151)	(54,808,151)
Expected Investment Income (8.00%)	40,912,871	49,236,310
Expected Value as of August 31, 2010	<u>\$ 541,513,593</u>	<u>\$ 653,880,016</u>
September 1, 2010	\$ 529,953,489	\$ 635,944,187
Investment Gain/(Loss)	\$ (11,560,104)	\$ (17,935,829)
Return	5.75%	5.09%

SECTION III LIABILITIES

In this section, we present detailed information on plan liabilities including:

- **Disclosure** of plan liabilities at September 1, 2009, and September 1, 2010; and
- Statement of **changes** in these liabilities during the year.

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them.

- **Total Future Obligations:** Used for analyzing the financial outlook of the Fund, this represents the amount of money needed today to fully pay off all future benefits and expenses of the Fund, assuming participants continue to accrue benefits.
- **Actuarial Liabilities:** Used in determining minimum funding standards requirements, maximum tax deductible contributions, and long-term funding targets.
- **Accrued Liabilities:** Used for communicating the current levels of liabilities, this liability represents the total amount of money needed to fully pay off all future obligations of the Fund, assuming no further accrual of benefits. These liabilities are also required for accounting purposes (FASB ASC Topic No. 960) and to establish comparative benchmarks with other plans in financial reports.

- **Vested Liabilities:** This liability represents the portion of the accrued liabilities which are vested.
- **Current Liabilities:** Used for Federal Government compliance purposes, the calculation of this liability is defined by federal regulations and is used by the government to monitor maximum allowable tax deductible contributions.

The table on the following page discloses each of these liabilities for the current valuation and the prior one. With respect to each disclosure, a subtraction of the appropriate value of plan assets yields, for each respective type, an **unfunded liability**.

SECTION III LIABILITIES

LIABILITIES/NET SURPLUS (UNFUNDED)		
	9/1/2009	9/1/2010
TOTAL FUTURE OBLIGATIONS		
Active Participant Benefits	\$ 377,731,594	\$ 353,816,757
Retiree and Inactive Benefits	566,475,070	601,910,953
Present Value of Future Benefits	\$ 944,206,664	\$ 955,727,710
ACTUARIAL LIABILITY		
Active Participant Benefits	\$ 251,350,029	\$ 240,521,593
Retiree and Inactive Benefits	566,475,070	601,910,953
Actuarial Liability	\$ 817,825,099	\$ 842,432,546
Actuarial Value of Assets	624,257,903	635,944,187
Net Surplus (Unfunded)	\$ (193,567,196)	\$ (206,488,359)
Percent Funded	76.33%	75.49%
PRESENT VALUE OF ACCRUED BENEFITS (FASB ASC 960)		
Accrued Liability	\$ 817,825,099	\$ 842,432,546
Market Value of Assets	520,214,919	529,953,489
Net Surplus (Unfunded)	\$ (297,610,180)	\$ (312,479,057)
Percent Funded	63.61%	62.91%
VESTED LIABILITY		
Accrued Liability	\$ 817,825,099	\$ 842,432,546
Less Present Value of Non-Vested Benefits	102,892,513	98,888,252
Vested Liability	\$ 714,932,586	\$ 743,544,294
Market Value of Assets	520,214,919	529,953,489
Net Surplus (Unfunded)	\$ (194,717,667)	\$ (213,590,805)
Percent Funded	72.76%	71.27%
CURRENT LIABILITY (RPA '94)	\$ 1,420,248,782	\$ 1,481,986,564
Actuarial Value of Assets	624,257,903	635,944,187
Net Surplus (Unfunded)	\$ (795,990,879)	\$ (846,042,377)
Percent Funded	43.95%	42.91%
RPA '94 Prescribed Interest Rate	4.61%	4.52%

SECTION III LIABILITIES

Allocation of Liabilities by Type

The Plan's participants may qualify for a benefit on death, termination, or disability as well as on retirement. The value of the liabilities arising from each of these sources is shown in the following table:

ALLOCATION OF LIABILITIES BY TYPE					
SEPTEMBER 1, 2010					
Benefit Type	Retirement	Termination	Death	Disability	Total
Unit Credit Normal Cost	\$ 10,711,956	\$ 1,817,707	\$ 432,573	\$ 1,036,488	\$ 13,998,724
Unit Credit Actuarial Liability					
Actives	\$ 195,560,098	\$ 22,346,683	\$ 5,973,697	\$ 16,641,115	\$ 240,521,593
Terminated Vesteds	-	119,510,189	-	-	119,510,189
Retirees and Beneficiaries	430,669,743	-	-	51,731,021	482,400,764
Total	\$ 626,229,841	\$ 141,856,872	\$ 5,973,697	\$ 68,372,136	\$ 842,432,546
RPA Current Liability Normal Cost	\$ 22,388,466	\$ 6,878,720	\$ 303,836	\$ 2,083,753	\$ 31,654,775
RPA Current Liability					
Actives	\$ 370,822,432	\$ 76,720,284	\$ 4,001,652	\$ 31,045,398	\$ 482,589,766
Terminated Vesteds	-	298,430,754	-	-	298,430,754
Retirees and Beneficiaries	623,482,771	-	-	77,483,273	700,966,044
Total	\$ 994,305,203	\$ 375,151,038	\$ 4,001,652	\$ 108,528,671	\$ 1,481,986,564
Vested RPA Current Liability					
Actives	\$ 65,950,256	\$ 235,002,488	\$ 2,815,040	\$ 24,273,516	\$ 328,041,300
Terminated Vesteds	-	298,430,754	-	-	298,430,754
Retirees and Beneficiaries	623,482,771	-	-	77,483,273	700,966,044
Total	\$ 689,433,027	\$ 533,433,242	\$ 2,815,040	\$ 101,756,789	\$ 1,327,438,098

SECTION III LIABILITIES

Changes in Liabilities

Each of the liability measures shown in the preceding table changes at successive valuations as the experience of the Plan emerges. The liabilities change for any of several reasons, including:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments and bargaining agreement changes
- Interest on accrued liabilities
- Benefits paid to retirees and beneficiaries
- Participants leaving employment at rates different than expected

- Changes in actuarial assumptions
- Changes in actuarial methods

The overall valuation results also change because employer contributions differ from those expected and investment returns are not in line with the actuarial assumptions.

The following table shows the change in the various liability measures since the last valuation.

	ACCRUED LIABILITY	ACTUARIAL LIABILITY
Liabilities, September 1, 2009	\$ 817,825,099	\$ 817,825,099
Liabilities, September 1, 2010	\$ 842,432,546	\$ 842,432,546
Liability Increase (Decrease)	\$ 24,607,447	\$ 24,607,447
Change due to:		
Plan Amendment	0	0
Assumption Change	0	0
Accrual of Benefits	16,825,554	16,825,554
Benefit Payments	(54,808,151)	(54,808,151)
Passage of Time	64,621,902	64,621,902
Method Change	N/A	N/A
Actuarial (Gain)/Loss	(2,031,858)	(2,031,858)

**SECTION III
LIABILITIES**

DEVELOPMENT OF ACTUARIAL GAIN/(LOSS) FOR THE YEAR ENDED AUGUST 31, 2010	
1. Unfunded Actuarial Liability, September 1, 2009	\$ 193,567,196
2. Normal Cost and Expenses, September 1, 2009	18,556,323
3. Interest on 1. and 2. to End of Year	16,969,882
4. Employer Contributions for Year	36,953,324
5. Interest on 4. to End of Year	1,519,270
6. Increase in Unfunded Actuarial Liability Due to Changes in Assumptions	-
7. Increase in Unfunded Actuarial Liability Due to Changes in Plan Design	-
8. Increase in Unfunded Actuarial Liability Due to Changes in Funding Method	-
9. Expected Unfunded Actuarial Liability, August 31, 2010 [1. + 2. + 3. - 4. - 5. + 6. + 7. + 8.]	\$ 190,620,807
10. Actual Unfunded Actuarial Liability, September 1, 2010, not less than zero	\$ 206,488,359
11. Actuarial Gain / (Loss) [9. - 10.]	\$ (15,867,552)
a) Liability Gain / (Loss)	2,031,858
b) Asset Gain / (Loss)	(17,935,829)
c) Expense Gain / (Loss)	36,419

SECTION IV CONTRIBUTIONS

In this section, we present detailed information on Plan contributions from two perspectives:

- **Actuarially determined** contributions, based on the Unit Credit funding method; and
- **Government Limitations** which could affect the above.

Actuarial Contributions

For this Plan, the funding method employed is the **Unit Credit Method**. The cost is determined in two parts.

The first part is the Unit Credit Normal Cost. This is the cost to the Plan of providing the benefit expected to be earned in the current year for each active participant. The normal cost includes a provision for Plan expenses.

The second part is an amortization payment to pay off the unfunded actuarial liability. The unfunded actuarial liability is the difference between the actuarial assets of the Plan at the valuation date and the assets the Plan should hold as determined by the actuarial cost method. The actual cost is determined by the amortization schedule established by the Internal Revenue Code minimum funding laws.

Government Limitations

ERISA and the Internal Revenue Code place various limits on the contributions made to qualified pension plans. The limits impact the minimum that must be paid, the maximum that can be deducted and the timing of contributions. To ensure that minimum contributions are met, pension plans are required to retain an Enrolled Actuary to complete Schedule MB to Form 5500 on an annual basis. Because the bargained contributions have exceeded the minimum required in years past, the Plan has built up a Credit Balance. The Credit Balance can be used to make up the difference between the minimum required contribution and the bargained contribution.

The actuarially determined contribution for the year ending August 31, 2011 is shown below compared to the Government Limits and the actual contributions. The table also shows the per capita cost and contribution.

CONTRIBUTIONS		
	2009	2010
Actuarially determined minimum contribution		
Normal Cost	\$ 16,825,554	\$ 13,998,724
Anticipated Expenses	1,730,769	1,732,051
Amortization Payment	33,855,883	35,446,117
Interest to End of Year	4,192,976	4,094,151
Total	\$ 56,605,182	\$ 55,271,043
Government Limits		
Maximum Deductible Contribution	\$ 1,362,181,527	\$ 1,506,200,519
Minimum contribution (before Credit Balance)	56,605,182	55,271,043
Credit Balance (End of Year)	148,847,159	144,395,796
Minimum contribution (after Credit Balance)	-	-
Count of Active Participants	5,184	4,558
Hourly Contribution Rate:		
June 1, 2009 – May 31, 2010	\$ 5.55	
June 1, 2009 – May 31, 2010	\$ 5.84	
June 1, 2009 – May 31, 2010	\$ 6.13	
Weighted Contribution Rate for Plan Year:		\$5.91
Estimated Hours ³		6,335,620
Actual/Estimated Employer Contributions	\$ 36,953,324	\$ 37,443,000
Per Capita Actuarial Cost	\$ 10,919	\$ 12,126
Per Capita Contribution	\$ 7,128	\$ 8,215

³ Estimated Hours based upon 1,390 assumed hours per active participant.

SECTION IV CONTRIBUTIONS

The tables on the following pages show the IRS Funding Standard Account, as well as the development of the minimum and maximum contributions for 2009 and 2010.

FUNDING STANDARD ACCOUNT FOR 2009 AND 2010 PLAN YEARS		
	2009 ⁴	2010
1. Charges For Plan Year		
a. Normal Cost Plus Expenses	\$ 18,556,323	\$ 15,730,775
b. Amortization Charges	40,645,040	42,802,154
c. Interest on a. and b. to Year End	4,736,109	4,682,634
d. Additional Funding Charge	N/A	N/A
e. Interest Charge due to Late Quarterly Contributions	N/A	N/A
f. Total Charges	\$ 63,937,472	\$ 63,215,563
2. Credits For Plan Year		
a. Prior Year Credit Balance	\$ 154,610,877	\$ 148,847,159
b. Employer Contributions	36,953,324	37,443,000 ⁵
c. Amortization Credits	6,789,157	7,356,037
d. Interest on a., b., and c. to Year End	14,431,273	13,965,163
e. Full Funding Limit Credit	-	-
f. Total Credits	\$ 212,784,631	\$ 207,611,359
3. Credit Balance at End of Year [2. – 1.]	\$ 148,847,159	\$ 144,395,796

⁴ The 2009 Amortization Charges and Credits reflect the 431(d) extension and the 431(b)(8) special election provisions.

⁵ Estimated contributions for the 2010 plan year

**SECTION IV
CONTRIBUTIONS**

**CALCULATION OF THE MAXIMUM DEDUCTIBLE CONTRIBUTION
FOR THE PLAN YEAR STARTING SEPTEMBER 1, 2010**

1. "Fresh Start" Method ⁶	
a. Normal Cost Plus Expenses	\$ 15,730,775
b. Net Charge to Amortize Unfunded Actuarial Liability over 10 years	28,493,384
c. Interest on a. and b.	<u>3,537,933</u>
d. Total	\$ 47,762,092
e. Minimum Required Contribution at Year End	-
f. Larger of d. and e.	\$ 47,762,092
g. Full Funding Limitation as of Year End	\$ 743,674,159
h. Maximum Deductible Contribution	\$ 47,762,092
2. PPA 2006 Full Funding Limit	
a. Current Liability at End of Year	\$ 1,525,052,720
b. Estimated Actuarial Value of Assets at End of Year	628,873,289
c. 140% of Current Liability less Actuarial Value of Assets [(140% × a.) – b.]	1,506,200,519
3. Maximum Deductible Contribution at Year End, greater of 1(h) and 2(c)	\$ 1,506,200,519

⁶ Based on the "fresh start" method of amortizing the existing unfunded actuarial liability as of the valuation date over a 10-year period.

**SECTION IV
CONTRIBUTIONS**

SCHEDULE OF AMORTIZATIONS REQUIRED FOR MINIMUM REQUIRED CONTRIBUTION AS OF SEPTEMBER 1, 2010						
Type of Base	Date Established	Initial Amount	Initial Amortization Years	9/1/2010 Outstanding Balance	Remaining Amortization Years ⁷	Beg of Yr Amortization Amount
CHARGES						
1. Fresh Start Base	9/1/2008	\$ 329,017,901	12.21	\$ 302,074,749	15.21	\$ 32,437,679
2. Recognized Portion of 2009 ENIL	9/1/2009	98,029,906	29.00	97,087,002	28.00	8,134,534
3. 2009 Bifurcation Base	9/1/2009	772,227	15.00	755,352	19.00	72,827
4. Recognized Portion of 2010 ENIL	9/1/2010	11,560,104	29.00	11,560,104	29.00	959,259
5. 2010 Bifurcation Base	9/1/2010	11,073,259	15.00	11,073,259	15.00	1,197,855
TOTAL CHARGES				\$ 422,550,466		\$ 42,802,154

SCHEDULE OF AMORTIZATIONS REQUIRED FOR MINIMUM REQUIRED CONTRIBUTION AS OF SEPTEMBER 1, 2010						
Type of Base	Date Established	Initial Amount	Initial Amortization Years	9/1/2010 Outstanding Balance	Remaining Amortization Years	Beg of Yr Amortization Amount
CREDITS						
1. Plan Change (2010 Rehabilitation Plan)	9/1/2009	\$ 62,760,580	15.00	\$ 60,449,137	14.00	\$ 6,789,157
2. 2010 Recognized Portion of 2009 ENIL	9/1/2010	6,765,811	28.00	6,765,811	28.00	566,880
TOTAL CREDITS				\$ 67,214,948		\$ 7,356,037

⁷ Includes a 5-year §431(d) extension effective September 1, 2009 and §431(b)(8) special relief provisions.

**SECTION IV
CONTRIBUTIONS**

BALANCE TEST AS OF SEPTEMBER 1, 2010	
1. Net Outstanding Amortization Bases	\$ 355,335,518
2. Credit Balance at Start of Year	<u>148,847,159</u>
3. Unfunded Actuarial Liability at Start of Year from Funding Equation [1. – 2.]	\$ 206,488,359
4. Actuarial Liability at Start of Year	\$ 842,432,546
5. Actuarial Value of Assets at Start of Year	<u>635,944,187</u>
6. Unfunded Actuarial Liability at Start of Year from Liability Calculation [4. – 5.]	\$ 206,488,359
The plan passes the Balance Test because line 3. equals line 6.	

SECTION IV CONTRIBUTIONS

DEVELOPMENT OF FULL FUNDING LIMITATION FOR THE YEAR STARTING SEPTEMBER 1, 2010		
	Minimum	Maximum
1. Projected Assets		
a. Lesser of Market Value and Actuarial Value of Assets	\$ 529,953,489	\$ 529,953,489
b. Credit Balance at Start of Year	148,847,159	N/A
c. Expected Benefit Payments	(55,758,981)	(55,758,981)
d. Net Interest on a., b. and c. at Valuation Interest Rate	28,301,055	40,208,827
e. Projected Assets Less Credit Balance [a. – b. + c. + d.]	\$ 353,648,404	\$ 514,403,335
2. ERISA Actuarial Liability Calculation		
a. Actuarial Liability	\$ 842,432,546	\$ 842,432,546
b. Normal Cost	15,730,775	15,730,775
c. Expected Benefit Payments	(55,758,981)	(55,758,981)
d. Net Interest on a., b. and c. at Valuation Interest Rate	66,465,614	66,465,614
e. Projected Actuarial Liability [a. + b. + c. + d.]	\$ 868,869,954	\$ 868,869,954
3. Actuarial Liability Full Funding Limit [2e. – 1e.]	\$ 515,221,550	\$ 354,466,619
4. Full Funding Limit Override (RPA '94)		
a. RPA 1994 Current Liability at Start of Year	\$ 1,481,986,564	\$ 1,481,986,564
b. Present Value of Benefits Estimated to Accrue during Year	31,654,775	31,654,775
c. Expected Benefit Payments	(55,758,981)	(55,758,981)
d. Net Interest on a., b. and c. at Current Liability Interest Rate	67,170,362	67,170,362
e. Expected Current Liability at End of Year, [a. + b. + c. + d.]	\$ 1,525,052,720	\$ 1,525,052,720
f. 90% of e.	1,372,547,448	1,372,547,448
g. Actuarial Value of Assets at Start of Year	635,944,187	635,944,187
h. Expected Benefit Payments	(55,758,981)	(55,758,981)
i. Net Interest on g. and h. at Valuation Interest Rate	48,688,083	48,688,083
j. Estimated Value of Assets, [g. + h. + i.]	628,873,289	628,873,289
k. RPA 1994 Full Funding Limit Override [f. – j.]	\$ 743,674,159	\$ 743,674,159
5. Full Funding Limitation at End of Year, greater of 3. and 4k.	\$ 743,674,159	\$ 743,674,159

**SECTION V
ACCOUNTING DISCLOSURES**

PRESENT VALUE OF ACCUMULATED BENEFITS AS OF SEPTEMBER 1, 2010 IN ACCORDANCE WITH ACCOUNTING STANDARDS CODIFICATION 960		
	Amounts	Vested Counts
1. Actuarial Present Value of Vested Benefits		
For Retirees and Beneficiaries	\$ 482,400,764	4,394
Terminated Vesteds	119,510,189	7,793
Active Participants	<u>141,633,341</u>	<u>3,248</u>
Vested Benefits	\$ 743,544,294	15,435
2. Non-vested Benefits	\$ 98,888,252	1,310
3. Accumulated Benefits	\$ 842,432,546	16,745
4. Market Value of Assets	\$ 529,953,489	
5. Funded Ratios		
Vested Benefits	71.3%	
Accumulated Benefits	62.9%	

RECONCILIATION OF PRESENT VALUE OF ACCUMULATED BENEFITS	
1. Actuarial Present Value at Start of Prior Year	\$ 817,825,099
2. Increase (decrease) over Prior Year due to:	
Accrual of Benefits	16,825,554
Benefit Payments	(54,808,151)
Interest Accrual	64,621,902
Plan Amendment	0
Assumption Change	0
Experience (Gains)/Losses	<u>(2,031,858)</u>
Total	24,607,447
3. Actuarial Present Value at End of Prior Year	\$ 842,432,546

SECTION VI REORGANIZATION TEST

MPPAA requires accelerated funding for an underfunded multiemployer plan which has a large proportion of inactive vested participants. Such plans are labeled “in reorganization” and are subject to requirements for more stringent funding, as well as notification to each contributing employer and each employee organization representing plan participants. Under IRC Section 418, a plan is in reorganization for a plan year if the plan’s reorganization index for that year is greater than zero. A plan’s reorganization index for any plan year is the excess of the vested benefits charge over the net charge to the funding standard account for such year.

DEMONSTRATION THAT THE FUND IS NOT IN REORGANIZATION FOR THE PLAN YEAR STARTING SEPTEMBER 1, 2010	
(a) Vested Benefits Charge for 2010 based on 9/1/2010 Valuation:	
Present Value of Vested Benefits for Retirees	\$ 482,400,764
Market Value of Assets	529,953,489
Retiree UVB	\$ 0
10 year Amortization Factor	7.24689
Charge for Retirees	\$ 0
PVVB for Non-Retirees	\$ 261,143,530
Residual Assets	47,552,725
Non-retiree UVB	\$ 213,590,805
25 year Amortization Factor	11.52876
Charge for Non-Retirees	\$ 18,526,780
Vested Benefits Charge	\$ 18,526,780
(b) Net Charges to Funding Standard Account	\$ 55,271,043
(c) Reorganization Index [(a) - (b) but not less than zero]	\$ 0
The Plan is not in Reorganization because the Reorganization Index is zero.	

SECTION VII WITHDRAWAL LIABILITY

The Multi-Employer Pension Plan Amendments Act of 1980 (MPPAA) provides that a Contributing Employer who withdraws from a multi-employer pension plan, either partially or totally, will be liable to the Plan for a proportionate share of the Plan's total Unfunded Liability for Vested Employee Benefits that exist as of the end of the plan year prior to the year in which the withdrawal occurs.

Liability for Vested Employee Benefits is what the Plan owes to those employees who have guaranteed benefit rights under the Plan. This group is composed of two categories: those former employees who have retired and are currently receiving retirement benefits, and those employees and former employees who have not yet retired but who have accumulated enough service with their Employers so that they are guaranteed to receive a benefit when they do retire even if their employment is terminated prior to retirement.

As shown in the table below, the total actuarial liability for all Vested Employee Benefits as of August 31, 2010 is \$843,369,928. This liability has been determined using the actuarial assumptions shown in Appendix C for funding purposes. As of August 31, 2010, the actuarial value of assets of the Plan was \$635,944,187. Because the vested liability exceeds the assets of the Plan, there is an unfunded liability for Vested Employee Benefits as of August 31, 2010. Consequently, a Participating Employer who withdraws from the Plan during the plan year beginning September 1, 2010 may have a withdrawal liability which will be based on his allocable share of the Unfunded Vested Liability.

WITHDRAWAL LIABILITY	
UNFUNDED VESTED BENEFITS AS OF AUGUST 31, 2010	
1. Present Value of Vested Benefits	
a. Retirees and Beneficiaries	\$ 482,400,764
b. Terminated Vested Participants	119,510,189
c. Active Participants	141,633,341
d. Unamortized balance of Affected Benefits	99,825,634
e. Total	\$ 843,369,928
2. Actuarial Value of Assets	\$ 635,944,187
3. Unfunded Vested Benefits [1d. - 2.]	\$ 207,425,741
4. Funded Ratio [2. ÷ 1d.]	75.41%

Item 1(d) represents the unamortized balance of the value of the "Affected Benefits" which were reduced under the rehabilitation plan adopted January 11, 2010. This amount will be amortized in level annual installments over 15 years.

**APPENDIX A
MEMBERSHIP INFORMATION**

DATA RECONCILIATION FROM SEPTEMBER 1, 2009 TO SEPTEMBER 1, 2010

	Actives	Terminated		QDROs	Disabled	Spouses	Total
		Vested	Retired				
1. September 1, 2009 valuation	5,184	7,530	3,214	69	303	601	16,901
2. Additions							
a. New entrants	475						475
b. QDRO							
c. Total	475						475
3. Reductions							
a. Terminated - not vested	(542)						(542)
b. Lump sum		(61)					(61)
c. Benefits expired					(3)		(3)
d. Deaths without beneficiary	(2)		(71)	(13)	(1)	(44)	(131)
e. Total	(544)	(61)	(71)	(13)	(4)	(44)	(737)
4. Changes in status							
a. Terminated - vested	(675)	675					
b. Returned to work	220	(220)					
c. Retired	(85)	(145)	231	(1)			
d. Disabled	(17)	(32)			49		
e. Died with beneficiary		(5)	(55)		(3)	63	
f. QDRO		(2)		4		(2)	
g. Active Under 300 hours							
h. Data corrections		53	22	12	3	16	106
i. Total	(557)	324	198	15	49	77	106
5. September 1, 2010 valuation	4,558	7,793	3,341	71	348	634	16,745

APPENDIX A MEMBERSHIP INFORMATION

DISTRIBUTION OF ACTIVE MEMBERS BY AGE AND SERVICE AS OF SEPTEMBER 1, 2010

COUNTS BY AGE/SERVICE

Age	Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up		
Under 25	0	253	29	0	0	0	0	0	0	0	0	282
25 to 29	0	301	235	23	0	0	0	0	0	0	0	559
30 to 34	0	227	282	204	7	0	0	0	0	0	0	720
35 to 39	0	181	224	229	86	3	0	0	0	0	0	723
40 to 44	0	125	176	215	121	76	7	0	0	0	0	720
45 to 49	0	108	127	169	141	156	61	1	0	0	0	763
50 to 54	0	76	74	121	98	129	56	7	0	0	0	561
55 to 59	0	32	32	44	36	38	8	6	2	0	0	198
60 to 64	0	6	10	3	7	0	0	2	0	0	0	28
65 to 69	0	1	0	2	0	0	0	0	0	0	1	4
70 & up	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	1,310	1,189	1,010	496	402	132	16	2	1		4,558

Average Age = 39.93

Average Service = 10.08

**APPENDIX A
MEMBERSHIP INFORMATION**

AGE DISTRIBUTION OF INACTIVE PARTICIPANTS

PARTICIPANTS ENTITLED TO FUTURE BENEFITS AS OF SEPTEMBER 1, 2010

<u>Age</u>	Terminated Vesteds		Surviving Spouses and Beneficiaries with Deferred Benefits		Total	
	Number	Monthly Benefit	Number	Monthly Benefit	Number	Monthly Benefit
Under 30	110	\$ 444	0	\$ -	110	\$ 444
30-34	578	560	0	-	578	560
35-39	831	639	0	-	831	639
40-44	1,253	621	0	-	1,253	621
45-49	1,486	638	0	-	1,486	638
50-54	1,604	571	0	-	1,604	571
55-59	1,092	394	0	-	1,092	394
60-64	551	177	0	-	551	177
65 & Over	288	78	0	-	288	78
Total	7,793	\$ 526	0	\$ -	7,793	\$ 526

APPENDIX A MEMBERSHIP INFORMATION

AGE DISTRIBUTION OF INACTIVE PARTICIPANTS

PENSIONERS AND BENEFICIARIES RECEIVING BENEFITS AS OF SEPTEMBER 1, 2010

Age	Disability Retirements		Normal, Early Deferred Vested, & QDRO Retirements		Surviving Spouses and Beneficiaries Receiving Benefits		Total	
	Number	Monthly Benefit	Number	Monthly Benefit	Number	Monthly Benefit	Number	Monthly Benefit
Under 55	190	\$ 1,018	146	\$ 2,538	48	\$ 685	384	\$ 1,555
55-59	107	1,121	492	1,430	40	910	639	1,345
60-64	51	855	754	1,035	62	607	867	994
65-69	0	-	740	826	82	584	822	802
70-74	0	-	549	774	121	475	670	720
75-79	0	-	345	689	93	437	438	636
80 & Over	0	-	386	533	188	292	574	454
Total	348	\$ 1,026	3,412	\$ 977	634	\$ 485	4,394	\$ 910

**APPENDIX A
MEMBERSHIP INFORMATION**

AGE DISTRIBUTION OF INACTIVE PARTICIPANTS

**PENSIONERS AND BENEFICIARIES RECEIVING ADDITIONAL
SUPPLEMENTAL BENEFITS AS OF SEPTEMBER 1, 2010**

<u>Age</u>	Disability Retirements		Normal, Early Deferred Vested, & QDRO Retirements		Surviving Spouses and Beneficiaries Receiving Benefits		Total	
	Number	Monthly Benefit	Number	Monthly Benefit	Number	Monthly Benefit	Number	Monthly Benefit
Under 50	0	\$ -	6	\$ 916	0	\$ -	6	\$ 916
50-51	5	603	24	907	0	-	29	855
52-53	7	527	51	830	0	-	58	793
54-55	14	665	96	705	0	-	110	700
56-57	6	587	109	793	0	-	115	784
58-59	12	514	114	693	0	-	126	678
60	8	304	72	627	0	-	80	595
61	14	409	93	561	0	-	107	541
62	12	299	86	502	0	-	98	477
63	2	463	35	517	0	-	37	514
Total	80	\$ 480	686	\$ 672	0	\$ -	766	\$ 653

APPENDIX B SUMMARY OF MAJOR PLAN PROVISIONS

Plan History

Origins/Purpose

The State of Michigan Laborers' District Council Pension Fund was established effective October 1, 1968 in accordance with the provisions of an Agreement and Declaration of Trust effective as of that date between the Union and the Employer as such terms are defined in the Pension Plan and Trust Agreement. The Michigan Highway Construction Industry Laborers' Pension Fund merged with the Plan as of September 1, 1968. The Flint Laborers' Pension Fund merged with the Fund as of February 1, 1992. Effective September 1, 1998 the fund name changed to the Michigan Laborers' Pension Fund.

The purpose of the pension plan is to provide Normal, Early, Optional and Supplemental Retirement Benefits, Total and Permanent Disability Benefits, Vested Benefits and Death Benefits.

Employer Contributions

The Pension Plan is financed entirely by contributions from the employers as specified in the Collective Bargaining Agreements. As of the valuation date, the contribution rates vary by participating group. A list of the hourly contribution rates follows:

Year	Hourly Contribution Rate	Year	Hourly Contribution Rate
1992	\$1.15	2002	\$2.10
1993	\$1.20	2003	\$2.35
1994	\$1.25	2004	\$2.73
1995	\$1.35	2005	\$3.23
1996	\$1.45	2006	\$3.73
1997	\$1.55	2007	\$4.05
1998	\$1.65	2008	\$4.30
1999	\$1.70	2009	\$5.55
2000	\$1.80	2010	\$5.84
2001	\$1.90		

Reciprocity

Effective September 1, 1970 the Trustees adopted the agreement of "money follows the man" under which contributions made to any participating fund on behalf of a traveling employee are transferred to the employee's home fund. The Trustees have also adopted the pro-rata reciprocity agreement sponsored by the Laborers International Union for pension funds covering laborers working within the jurisdiction of other funds that have also entered into such agreements.

APPENDIX B SUMMARY OF MAJOR PLAN PROVISIONS

Summary of Plan Provisions

Plan Year

The 12-month period beginning September 1 and ending August 31.

Year of Service

- Prior to 9/1/1968 the number of consecutive 12-month periods ending on August 31st during which employed by employers within the jurisdiction of participating locals.
- Between 9/1/1968 and 8/31/1976 one year of service is granted for each plan year a participant has at least 500 hours of contributions.
- On and after 9/1/1976 one year of service is granted for each plan year a participant has 870 hours of work. ½ year of service is granted for 435 hours of work. For each 87 hours in excess of 435, 1/10th year of service is granted up to 870 hours.
- On and after 9/1/1998 one year of service is granted for each plan year a participant has 435 hours of work provided the participant has accumulated 10 years of service under the 870 hours of work rule.

Break in Service

Plan year during which a non-vested participant fails to work at least 435 hours.

Active Participant

A participant who has not yet become retired, deceased or disabled and who has not suffered a permanent break in service and who has at least 435 hours of work in either of the last 2 plan years.

Normal Retirement Benefit

Eligibility

Age 65 and 5th anniversary of participation or 30 years of service with at least 10 years of service after 9/1/1968.

Monthly amount

Sum of:

- \$10.40 × years of service prior to 9/1/1968, maximum 20 years, plus
- 4.25% of contributions prior to 9/1/1979, plus
- \$7.31 for each 100 hours of work in plan year beginning 9/1/1979, plus
- Flint Laborers accrued benefit, as adjusted, if any.

Payable for life.

Early Retirement Benefit

Eligibility

Age 55 and 10 years of service, or combined age and service equals 80, or age 60 and 5 years of service.

Monthly amount

Normal Retirement Benefit reduced by ½ of 1% for each month under age 60. Unreduced if combined age and service equals 80 or age 60 and 5 years of service

Payable for life.

Optional Payment Forms

- Joint and 50% survivor (w/pop-up)
- Joint and 75% survivor (w/pop-up)
- Joint and 100% survivor (w/pop-up)
- Life annuity with 10 years certain

Note: Joint and survivor reduction factors are 5% for the 50% survivor option, 7½% for the 75% survivor option, and 10% for the 100% survivor option. These factors are adjusted if the participant and spouse are not the same age.

APPENDIX B SUMMARY OF MAJOR PLAN PROVISIONS

Summary of Plan Provisions (continued)

Temporary Supplemental Benefit

Eligibility

Receiving Normal or Early Retirement Benefit. At least age 60 or 30 years of service, or combined age and service equals 80. Not payable to retirees receiving a Vested Benefit. Effective April 1, 2010, supplemental benefits are not payable prior to age 55, subject to a phase in for employees who have at least 25 years of service, or combined age and service equals at least 80 on April 1, 2010.

Monthly amount

5.0 – 14.9 years of service	\$25 per year of service
15.0 – 24.9 years of service	\$30 per year of service
25.0 + years of service	\$35 per year of service (maximum 30)

Accruals for the Temporary Supplemental Benefit ceased effective April 1, 2010.

Payable until the earlier of death or 36 months before Social Security Normal Retirement Age

Vested Benefit

Eligibility

5 years of service. Termination of employment.

Monthly amount

Normal or reduced early (if eligible) commencing as early as earliest retirement age. However, no benefit accrual is granted for plan years during which less than 435 hours was worked. Effective in 2010, unreduced benefits will not be payable until normal retirement age and benefits will be reduced actuarially for eligible terminated vested participants who retire age 65.

Payable for life.

Total and Permanent Disability Benefit #1

Eligibility

Under age 60. Disabled while active with less than 5 years of service.

Single sum payment

Employer contributions made for which participant received future service credit.

Total and Permanent Disability Benefit #2

Eligibility

Under age 60. Disabled while active with 5 but less than 10 years of service. Application for Disability Benefits filed before March 1, 2007.

Monthly or single sum amount

Deferred vested benefit commencing at age 60 or actuarial equivalent of deferred vested benefit payable immediately.

Total and Permanent Disability Benefit #3

Eligibility

Under age 60. Disabled while active with 10 or more years of service. Application for Disability Benefits filed before March 1, 2007.

Monthly amount

Normal, minimum \$50. Payable until earlier of age 60, recovery or death. Normal at age 60.

Total and Permanent Disability Benefit #4

Eligibility

Under age 60. Disabled while active with 5 or more years of service. Application for Disability Benefit filed on or after March 1, 2007.

**APPENDIX B
SUMMARY OF MAJOR PLAN PROVISIONS**

Summary of Plan Provisions (continued)

Total and Permanent Disability Benefit #4 (continued)

Monthly amount

Payable until earlier of age 60, recovery or death:

Years of Service	Description of Temporary Disability Benefit
5	25% of accrued benefit payable for 5 years
6	30% of accrued benefit payable for 6 years
7	35% of accrued benefit payable for 7 years
8	40% of accrued benefit payable for 8 years
9	45% of accrued benefit payable for 9 years
10	50% of accrued benefit payable to age 60
11	55% of accrued benefit payable to age 60
12	60% of accrued benefit payable to age 60
13	65% of accrued benefit payable to age 60
14	70% of accrued benefit payable to age 60
15	75% of accrued benefit payable to age 60
16	80% of accrued benefit payable to age 60
17	85% of accrued benefit payable to age 60
18	90% of accrued benefit payable to age 60
19	95% of accrued benefit payable to age 60
20 or more	100% of accrued benefit payable to age 60

Benefit Changes Effective in 2010

- Effective April 1, 2010, disability benefits payable prior to age 60 are limited to a maximum of \$1,000 per month for participants who have less than 20 years of service.
- Effective April 1, 2010, disabled participants are no longer eligible to receive a temporary supplemental benefit at age 60..

Pre-Retirement Single Sum Death Benefit #1

Eligibility

Death of active, former or disabled participant. Not eligible for survivor's benefit.

Single sum amount

75% of contributions, maximum \$20,000.

Pre-Retirement Single Sum Death Benefit #2

Eligibility

Death of active participant with at least 5 years of service.

Single sum amount

5.0 – 9.9 years of service	\$1,000
10.0 – 14.9 years of service	\$2,000
15.0 – 19.9 years of service	\$3,000
20.0 + years of service	\$7,000

Pre-Retirement Deferred Surviving Spouse Benefit

Eligibility

Death of non-retired, vested participant with surviving spouse.

Monthly amount

100% of participant's joint and 100% survivor. Payable to spouse for life commencing when participant would have reached age 55. Spouse has option of greater of actuarial equivalent of deferred spouse or single sum death benefit #1.

Pre-Retirement Period Certain Benefit

Eligibility

Death of 100% vested, active participant or a disabled participant receiving monthly disability.

Monthly amount

Normal. Payable to spouse or beneficiary for 60 months. Spouse may elect alternative benefit for which spouse is eligible.

Post-Retirement Single Sum Death Benefit

Eligibility

Death of retired participant with at least 5 years of service.

Single sum amount

5.0 – 9.9 years of service	\$1,000
10.0 – 14.9 years of service	\$2,000
15.0 – 19.9 years of service	\$3,000
20.0 + years of service	\$7,000

APPENDIX C ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Methods

Unit Credit Actuarial Cost Method

The cost method for valuation of liabilities used for this valuation is the unit credit method. This is one of a family of valuation methods known as an accrued benefits method. The chief characteristic of an accrued benefits method is that the funding pattern follows the pattern of benefit accrual. Under the unit credit actuarial cost method, the normal cost is determined as that portion of each Participant's benefit attributable to service expected to be earned in the upcoming plan year. The actuarial liability, which is determined for each Participant as of each valuation date, represents the actuarial present value of the Participant's current accrued benefit as of the valuation date.

One of the significant effects of this funding method is that, depending on the demographics of the population, the unit credit method tends to produce lower costs in the early years. There is a possibility that as the population ages, the annual cost could increase over time.

Asset Valuation Method

Smoothed Market Value Method. This method calculates the expected actuarial asset value at the current valuation date using the fund's actual cash flows and the expected long-term rate of return on assets. The short-term variation in "fair market value" is then determined by subtracting this expected asset value from the "fair market value". One-fifth of the short-term variation is then added to the expected asset value to arrive at the preliminary smoothed value of assets. If the preliminary smoothed asset value is outside a corridor of 80% to 120% of "fair market value", the final smoothed value is increased (or reduced) to the bottom (top) of the 80% to 120% "fair market value" corridor.

Population Valued

Eligible employees with at least one hour of service on which contributions were made to the Pension Fund during the preceding plan year; inactive vested participants and participants in pay status as of the valuation date.

PRA 2010 Funding Relief

The Fund's Board of Trustees elected funding relief under §431(b)(8) of the Code and §304(b)(8) of ERISA, specifically:

- The "special amortization rule," which allows the Plan's investment losses for the plan years ended September 30, 2009 and September 30, 2010 be separately amortized over 29 years, and
- The "special asset valuation rule" in determining the actuarial value of plan assets which allows the Fund to recognize the investment losses for the plan years ended September 30, 2009 and September 30, 2010 over 10 years, at 10% per year.

Changes in Method Since Last Valuation

This valuation reflects the Board's adoption of funding relief as described above.

**APPENDIX C
ACTUARIAL ASSUMPTIONS AND METHODS**

Actuarial Assumptions

Valuation Date

September 1, 2010

Interest Rates

Assumed Return on Fund Assets

8.00% per year after investment expenses.

RPA '94 Current Liability

4.52% (in accordance with §412(l)(7)(C) of the Internal Revenue Code).

Operational Expenses

\$1,732,051 per future year, payable at beginning of year.

Form of Payment

- 30% of Participants are assumed to elect the joint and 50% survivor form of payment;
- 20% of Participants are assumed to elect the joint and 75% survivor form of payment;
- 50% of Participants are assumed to elect the joint and 100% survivor form of payment;

Mortality

Funding

RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, set forward 2 years.

RPA '94 Current Liability

IRS 2008+ Static Mortality Table (dynamic)

Withdrawal

Ultimate rates follow T-7 turnover table from “The Actuary’s Pension Handbook” (less GAM-51 mortality). Specimen rates shown below:

Age	Withdrawal Rate
25	.0959
30	.0919
35	.0856

Age	Withdrawal Rate
40	.0753
45	.0599
50	.0362
55	.0054

Select rates for the first 4 years of employment are show below:

Year	Withdrawal Rate
1 st	0.50
2 nd	0.35
3 rd	0.25
4 th	0.10

Disability

1964 OASDI Table. Specimen rates shown below:

Age	Disability Rate
25	.0009
30	.0011
35	.0015
40	.0022
45	.0036
50	.0061
55	.0101

**APPENDIX C
ACTUARIAL ASSUMPTIONS AND METHODS**

Actuarial Assumptions (continued)

Future Retirement Rates — Active lives

When eligible and according to the following schedule:

Age	Retirement Rate if Eligible for:	
	<u>Reduced Benefit</u>	<u>Unreduced Benefit</u>
48 – 54	N/A	.25
55	.15	.25
56	.15	.25
57	.15	.25
58	.15	.25
59	.15	.25
60	.15	.25
61	.35	.65
62+	1.00	1.00

Retirement Age — Inactive, vested lives

Earliest age eligible for unreduced retirement. Current age if older.

Future Hours Worked

Vested & Non-vested Lives

1,390 hours per year, 0 after assumed retirement age.

Future Hourly Contribution Rate

\$5.91 (weighted average of anticipated contributions for the Plan Year ending August 31, 2011)

Load for Pop-Up Feature

1% of all non-ancillary benefit costs.

Age of Participants with Unrecorded Birth Dates

Based on average entry age of participants with recorded birth dates and same vesting status.

Marriage Assumptions

90% of participants are assumed to be married, and female spouses are assumed to be 3 years younger than male spouses.

Section 415 Limit Assumptions

Dollar Limit

\$195,000 per year (\$195,000 in 2010)

Assumed form of payment for those limited by Section 415

Qualified joint and 100% survivor annuity.

APPENDIX D HISTORY OF MAJOR PLAN CHANGES

Supplemental Benefit

Effective date

September 1, 1997

Provisions

Increased from \$20 to \$25 for active participants retiring after September 1, 1997.

Index 80 Benefit

Effective date

September 1, 1997

Provisions

Added Index 80 benefit.

Graduated Death Benefits

Effective date

September 1, 1997

Provisions

Graduated death benefits added for active and retired participants.

Benefit Rate

Effective date

September 1, 1997

Provisions

Benefit rate for hours worked on or after September 1, 1979 increased from \$5.10 to \$6.20 per 100 hours.

Pre-Retirement Death Benefit

Effective date

September 1, 1998

Provisions

Pre-retirement spouse benefit changed from joint and 50% survivor to joint and 100% survivor.

13th Check

Effective Date

September 1, 1998

Provisions

Participants received a one-time check in the amount of \$800.

Benefit Rate

Effective date

September 1, 1998

Provisions

Benefit rate for hours worked on or after September 1, 1979 increased from \$6.20 to \$7.23.

Retiree Increase

Effective date

September 1, 1998

Provisions

Benefits in pay status increased by 2%.

Graduated Death Benefit

Effective date

September 1, 1998

Provisions

Maximum graduated death benefit increased from \$5,000 to \$7,000

Vesting Schedule

Effective date

September 1, 1999

Provisions

Vesting improved to 5-year cliff.

APPENDIX D HISTORY OF MAJOR PLAN CHANGES

Pre-Retirement Death Benefit

Effective date

September 1, 1999

Provisions

The 75% return of contributions pre-retirement death benefit was extended to cover non-vested participants.

Joint and Survivor Benefit

Effective date

September 1, 1999

Provisions

Joint and survivor benefits improved by adoption of a modified conversion table reducing joint and 50% survivor annuities by 5%, 75% survivor annuities by 7½% and 100% survivor annuities by 10%. (These percentages are adjusted if the participant and spouse are not the same age.)

Benefit Rate

Effective date

September 1, 1999

Provisions

Benefit rate for hours worked on or after September 1, 1979 increased from \$7.23 to \$7.31 per 100 hours.

Retiree Increase

Effective date

September 1, 1999

Provisions

Benefits in pay status increased by 2%.

Retiree Increase

Effective date

September 1, 2000

Provisions

Benefits in pay status increased by 2%.

Supplemental Benefit

Effective date

September 1, 2000

Provisions

The Supplemental Benefit was modified to the following schedule for active participants retiring after September 1, 2000.

Years of Service	Supplement Rate
5.0 – 14.9	\$25
15.0 – 24.9	\$30
25.0+	\$35

Effective date

September 1, 2000

Provisions

The Supplemental Benefit was modified to be payable until the date 36 months preceding the member's Social Security Normal Retirement Age for active participants retiring after September 1, 2000.

Years of Service

Effective date

September 1, 2000

Provisions

Certain Years of Service which had been forfeited under pre-ERISA rules will be included for purposes of determining eligibility for unreduced retirement benefits under the Index 80 rules, and the 30 and out rules.

APPENDIX D HISTORY OF MAJOR PLAN CHANGES

2010 Rehabilitation Plan

Effective date

April 1, 2010

Provisions

- Supplemental benefits are not payable prior to age 55, subject to a 5-year phase in for employees who have at least 25 years of service, or combined age and service equals at least 80 in 2010. In addition, future accruals for the Supplemental Benefit will cease in 2010.
- For terminated vested participants, unreduced retirement benefits will not be payable until age 65, and benefits will be reduced actuarially for eligible participants who retire before age 65.
- Future disability benefits payable prior to age 60 are limited to a maximum of \$1,000 per month for participants who have less than 20 years of service
- Prior to 2010, disabled participants were eligible to receive their accrued Temporary Supplemental Benefit at age 60. This benefit is eliminated.

APPENDIX E IRS §415 DOLLAR LIMIT TABLE

General

Section 415 of the Internal Revenue Code defines the maximum benefit that may be paid out of a qualified plan to a retired participant. For limitation years ending in 2011, the maximum benefit is \$195,000 annually (the “dollar limit”).

Generally, the following adjustments are required:

- If a participant retires earlier than age 62, the dollar limit is reduced to reflect his early retirement. The table at the end of this Appendix E shows the monthly dollar limit at various retirement ages under various payment forms.
- If a participant has less than 10 years of service, the limits are reduced proportionately. For example, if a participant retires with only 5 years of service, the limits are reduced by 50% (5/10).
- If the elected form of the retirement benefit is other than a life annuity, the payment must be converted to an actuarially equivalent life annuity before testing. The only exceptions to this rule are qualified joint & survivor (QJ&S) annuities, post retirement adjustments and ancillary death and disability benefits. If the participant’s benefit includes one or more of these features, it does not have to be adjusted to reflect their value.
- The benefit is never reduced below \$10,000 annually regardless of commencement age or form of benefit (provided the member has at least 10 years of service). The \$10,000 is reduced proportionately for less than 10 years of service. The \$10,000 floor does not apply if the employee participates in another plan maintained by a participating employer.

Plan Aggregation Rules

For purposes of testing compliance with the §415 limits, multiemployer plans are not aggregated with other multiemployer plans. However, many business agents and fund employees participate in one or more multiemployer defined benefit plans and a pension plan maintained by an International Union. Since the International Plan is typically classified as a single employer plan, it must be aggregated with the multiemployer defined benefit plan for §415 testing purposes.

Note that if an individual participates in two defined benefit plans that must be aggregated pursuant to the preceding paragraph, only the dollar limit will be applied to the total benefit. The pay limit will only be applied to the non-multiemployer plan benefits.

Effect of Limits on Current Plan

Based on the tests we performed, it appears the §415 limits will have little impact on the accrued or projected benefits of current plan participants. However, the Trustees should be certain that administrative procedures are in place to test each new retiree for compliance with the §415 limit rules. Paying benefits in excess of the limits could expose the plan to disqualification.

APPENDIX E
IRS \$415 DOLLAR LIMIT TABLE

The following table sets forth the monthly dollar limits applicable to various payment forms based on the 2011 dollar limit of \$195,000 per year. The reductions prior to age 62 are based upon the applicable Section 417(e) Mortality Table and a 5.5% interest rate.

Other tables may be necessary to completely determine the \$415 limit for a specific participant.

Age at Retirement	Life or QJS	Form of Payment	
		5 Year Certain	10 Year Certain
43	4,329.90	4,327.79	4,321.39
44	4,608.72	4,606.30	4,598.93
45	4,908.05	4,905.27	4,896.74
46	5,229.72	5,226.52	5,216.55
47	5,575.78	5,572.06	5,560.28
48	5,948.50	5,944.16	5,930.03
49	6,350.46	6,345.35	6,328.17
50	6,784.53	6,778.43	6,757.31
51	7,253.92	7,246.58	7,220.40
52	7,762.29	7,753.22	7,720.55
53	8,313.77	8,302.34	8,261.45
54	8,913.03	8,898.45	8,847.18
55	9,565.39	9,546.64	9,482.23
56	10,276.86	10,252.94	10,172.18
57	11,054.28	11,024.21	10,923.27
58	11,905.43	11,867.65	11,741.54
59	12,839.32	12,791.68	12,634.32
60	13,866.37	13,805.91	13,609.89
61	14,998.63	14,921.67	14,678.15
62	16,250.00	16,152.43	15,851.25
63	16,250.00	16,136.18	15,794.15
64	16,250.00	16,118.61	15,732.35
65	16,250.00	16,098.81	15,663.66