The Board of Trustees of the
Industry and Local 338 Pension Fund

**Re: Administrative Services Contract Renewal**

Dear Trustees:

The administrative services contract between Associated Administrators, LLC ("Associated") and the Industry and Local 338 Pension Fund ("Fund") expires March 31, 2019. We hope that you will consider favorably our request for a three-year agreement.

As you are aware, several pieces of legislation, including Pension Protect Act ("PPA") and the Multiemployer Pension Reform Act ("MPRA") have resulted in additional work for the Fund, affecting benefits processing and administration, and will continue to do so. It has been necessary for Associated to add resources to its workforce, training, and systems to provide compliance services to our clients.

**Services Recap**

Over the last three years, listed below are some of the services performed by Associated:

- Implemented and processed the change in the benefit formula effective July 1, 2017
- Implemented the changes associated with the Rehabilitation Plan
- Assisted in the processing and collection of withdrawal liability
- Tracked employer audits
- Issued W2 and 1099-MISC forms
- Completed and submitted applications to renew Fiduciary Liability and Cyber Liability Insurance
- Completed and submitted application for Fidelity Bond
- Completed and submitted all PBGC comprehensive filings

- **Pension Protection Act (PPA)/ Multiemployer Pension Reform Act of 2014 (MPRA)**
  The PPA and MPRA contain requirements for reporting which must be provided for participants, beneficiaries, unions, and contributing employers. The Acts also require coordination with the Plan actuary, auditor and counsel for the actuarial certification and distributions of the Annual Funding Notice, and Multiemployer Plan Summary Report. Associated has consistently produced and mailed these notices and filed with the appropriate reporting entities, including the DOL, EBSA, PBGC, the union and the participating employers.

- **Compliance Monitoring**
  Associated continues to provide a compliance monitoring program to help each of our client plans track regulatory reporting requirements, vendor contracts, and required documentation.

- **Information Technology Developments**
  Associated's highest cost increases and deliberate reinvestment have been in Information Technology. We paid over $767,000 in 2017. System enhancements allow us to better serve our clients and participants and to maintain proper computer security.

- **Postage**
  Associated pays all regular postage on behalf of the Plan, excluding mass mailings. The United States Postal Service implemented a rate hike in 2017 of 4.25% for first class mail, and on January 21, 2018 an increase of 2.12% in the cost of first class mail. There is potential for a 5% increase in 2019, based on published reports.

**Proposed Fee Increases**

Associated's analysis of work expended versus income on the Funds indicates we are not achieving a profit. In order to address this imbalance, we respectfully request a three year term with 5% increases each year. These 5% increases are not projected to achieve profitability, but we hope they will bring us closer to a break-even point between the costs of salaries, benefits, overhead and other expenses and the fees we receive, while allowing the Trustees to act in the best interests of Plan participants. Please see Exhibit A for a full outline of the proposed rates through March 31, 2022.

Associated has assigned to the Fund an Account Executive and an Account Manager with over sixteen years of benefits fund administrative experience. We use that experience to continuously look for cost efficiencies. Supporting the account team is a staff of nine employees, which includes staff from our accounting, pension, communications, appeals, participant services and IT departments. They are dedicated to providing superior services.

We realize that as fiduciaries, the Trustees must be certain that the Plan receives services proportionate in quality and quantity to the fees charged. Associated prides itself on providing excellent service to the Plan and its participants, and we do so at a competitive price.

Associated Administrators, LLC appreciates the opportunity to serve this Fund and welcomes all questions concerning our proposal.

Sincerely,

Alicia Cochran
Account Executive
Associated Administrators, LLC

cc: Elizabeth O'Leary, Esq.

**INDUSTRY AND LOCAL 338 PENSION FUND**

**EXHIBIT A**

| **Current Monthly Fee** | **4/1/19 Through 3/31/20** | **4/1/20 Through 3/31/21** | **4/1/21 Through 3/31/22** |
|---|---|---|---|
| $9,341 | $9,808<br><br>Annual increase - $5,605 | $10,298<br><br>Annual increase - $5,885 | $10,813<br><br>Annual increase - $6,179 |

4/1/2019 through 3/31/2022 Hourly Rates for New Regulatory Changes and Implementation of New Vendors:

$100/Hour – IT/Management
$ 60/Hour – Supervisor
$ 30/Hour – Regular Employee