Industry And Local 338
Pension Fund

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Minutes of the Meeting of the Board of Trustees

Held on September 13, 2018
via
Conference Call

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
Roberta Dunker	Theresa Bresten
Mickey Smith	Chris Palmer
Barry Russell	

Also present were:

Pat Blizzard – SEI Institutional Group
Alicia Cochran – Associated Administrators, LLC
Deborah Dubbs – Associated Administrators, LLC
Mary Ann Dunleavy – Horizon Actuarial Services, LLC
Dylan Nitta – Horizon Actuarial Services, LLC
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP

I. CALL TO ORDER

The meeting was called to order at 9:08 a.m.

II. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI led this section of the meeting. The SEI report was distributed electronically prior to the conference call.

Mr. Blizzard discussed the firm's investment outlook, provided an overview of the capital markets, and answered numerous questions from the Trustees about general market conditions as well as about issues specific to the Fund's portfolio.

Mr. Blizzard reported that the Fund's ending market value as of July 31, 2018 was $91,103,826 and the fiscal year-to-date total rate of return was 1.94% compared to 1.98% for the index. Since inception with SEI (01/31/2011), the rate of return was 8.26%, compared to the 7.52% return for the index as of July 31, 2018. The current portfolio allocation as of July 31, 2018 is 10.00% Large Cap Index Fund, 2.90% Small Cap Fund, 19.80% World equity - US, 14.00% US Equity Factor Allocation Fund, 3.00% Emerging Markets Debt Fund, 7.00% Dynamic Asset Allocation Fund, 9.70% Core Fixed Income Fund, 4.80% Limited Duration Fund, 4.00% High Yield Bond Fund, 3.90% Opportunistic Income Fund, 3.00% Emerging Markets Equity Fund, 2.40% Ultra Short Bond Fund, 3.10% Special Situations Fund CIT, 1.60% Structured Credit Collective Fund, 10.80% Core Property Collective Invest TR, 0% cash and equivalents.

Mr. Blizzard stated that SEI will present an asset allocation study at the next meeting.

III. ACTUARY REPORT

Ms. Mary Ann Dunleavy and Mr. Dylan Nitta of Horizon Actuarial Services, LLC led this section of the meeting. The Horizon report was distributed electronically prior to the conference call.

Ms. Dunleavy presented information on recent activity in the multiemployer plan community, including an update on the Joint Select Committee on Solvency of Multiemployer Plans ("JSC"). She discussed how measures under consideration by the JSC – PBGC premium increases and mandated discount rates – would affect the Pension Plan.

Ms. Dunleavy presented results from the July 1, 2017 valuation. She discussed the decision to combine some of the minimum funding standard amortization charge bases, the result of which was to increase contribution requirements and accelerate the funding of unfunded liabilities.

Ms. Dunleavy requested input on industry activity from the Trustees for use in the 2017 - 2018 PPA Zone certification. She reviewed the basis of the certification, including a historical summary of the number of actives, average hours worked per active participant, and the average contribution rate over the last eight plan years. Ms. Dunleavy reviewed a list of the collective bargaining agreements ("CBAs") including expiration dates and which CBAs have adopted the terms of the Rehabilitation Plan ("RP"). Forecast scenarios showing the sensitivity of the Plan's projected funding status to levels of work were reviewed. Ms. Dunleavy noted that the PPA zone certification reflects the terms of CBAs that are in existence at the end of the plan year.

Following discussion, the Trustees instructed Horizon Actuarial to assume that the weeks worked in the July 1, 2018 – June 30, 2019 plan year and all future plan years will be the 11,500 weeks reported in the July 1, 2017 – June 30, 2018 plan year.

IV. APPROVAL OF MINUTES

The minutes of the meeting held on June 7, 2018, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on June 7, 2018.

V. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Pension Applications – INTERIM ACTIONS

Ms. Cochran reported that the Trustees, via electronic poll on June 18, 2018, approved one (1) pension application per the report of June 18, 2018, annexed hereto as Exhibit "A."

MOTION was made, seconded and unanimously adopted to ratify the interim action of the Trustees to approve the one (1) pension application listed on Exhibit "A."

Ms. Cochran reported that the Trustees, via electronic poll on July 24, 2018, approved two (2) pension applications per the report of July 24, 2018, annexed hereto as Exhibit "B."

MOTION was made, seconded and unanimously adopted to ratify the interim action of the Trustees to approve the two (2) pension applications listed on Exhibit "B."

Ms. Cochran reported that the Trustees, via electronic poll on August 17, 2018, approved three (3) pension applications per the report of August 17, 2018, annexed hereto as Exhibit "C."

MOTION was made, seconded and unanimously adopted to ratify the interim action of the Trustees to approve the three (3) pension applications listed on Exhibit "C."

B. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2017 through June 30, 2018. The report is attached hereto as Exhibit "D."

C. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for the months of April, May, and June 2018. The reports are attached hereto as Exhibit "E."

> **MOTION was made, seconded and unanimously adopted authorizing the disbursements listed in Exhibit "E."**

D. Delinquency Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "F."

E. Withdrawal Liability

Ms. Cochran reviewed the report in detail. The report is included at the bottom of Exhibit "F."

F. Employer Contribution Rate Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "G."

G. Active Members & Retirees Receiving Benefits

Ms. Cochran referred to the report for the period January 2018 through June 2018. The report is attached hereto as Exhibit "H."

H. Administrative Manager's Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "I."

I. Cyber Liability

Ms. Cochran referred to a Memorandum provided by Segal Select Insurance ("Segal Select") regarding Cyber Liability Insurance. The Memorandum is attached hereto as Exhibit "J." She noted that Segal Select requested proposals from Travelers and Axis. Ms. Cochran said that Segal Select recommended the policy with Travelers at the $1 million aggregate, based on the option of full prior acts coverage, competitive retention and premium.

MOTION was made, seconded and unanimously adopted approving the recommendation of Segal Select to approve the Travelers proposal at the $1 million aggregate for an annual premium of $1,787.00 for the period October 4, 2018 through October 4, 2019.

J. Paraco Gas Corporation Collective Bargaining Agreement ("CBA")

Ms. Cochran reported on the CBA between Paraco Gas Corporation and Teamsters Local Union 445 ("Union") for the period February 1, 2018 through January 31, 2021. She noted that the contribution rates in the CBA are not consistent with the RP rates, but that the employer has agreed to pay the rates in accordance with the RP. Ms. Cochran said that the Union is working with the employer to update the language in the CBA.

K. Pension Protection Act – 10 % Surcharge

Ms. Cochran said that a letter was mailed to each Contributing Employer that had not adopted the contribution rate schedule contained in the RP regarding the 10% surcharge required to be paid to the Fund because of the Fund's critical status under the Pension Protection Act. She noted that the 10% surcharge is effective July 1, 2018.

L. FrieslandCampina Withdrawal Liability Estimate Request

Ms. Cochran reported a request for a withdrawal liability estimate from FrieslandCampina. She noted that the required fee for the actuarial calculation of the estimate was paid and the estimate was provided to the employer on August 3, 2018.

M. Annual Pension Affidavits

Ms. Cochran reported that the request for information was mailed to retirees on September 4, 2018.

N. Request for Census Data by the International Brotherhood of Teamsters

Ms. Cochran reported that the Fund has received the annual request from the International Brotherhood of Teamsters seeking census data from the Fund. The Trustees authorized Associated to provide the requested information.

VI. COUNSEL REPORT

Ms. O'Leary stated that she and Horizon are continuing to track the withdrawal liability cases in which the Segal Blend is being challenged and that she will provide updates as available.

VII. NEXT MEETING DATE/ADJOURNMENT

A meeting of the Board of Trustees is scheduled for Thursday, January 17, 2019 at 10:00 a.m. With no further business to come before the Board, the meeting was adjourned at 10:27 a.m.

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Union Trustee Employer Trustee

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Union Trustee Employer Trustee

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Union Trustee

Exhibits:

A – Pension Applications

B – Pension Applications

C - Pension Applications

D - Cash Operating Statement

E - Authorization for Disbursements

F – Delinquency and Withdrawal Liability Report

G – Employer Contribution Report

H – Active Members & Pensioners Receiving Benefits Report

I – Administrative Manager’s Report

J – Cyber Liability Memorandum