Industry And Local 338
Pension Fund
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Minutes of the Meeting of the Board of Trustees

Held on January 14, 2020
via
Conference Call

The following Trustees were present:

UNION TRUSTEES
Roberta Dunker
Barry Russell
Mickey Smith

EMPLOYER TRUSTEES
Theresa Bresten
Chris Palmer

Also present were:

Kristen Barshinger – Associated Administrators, LLC
Pat Blizzard – SEI Institutional Group
Alicia Cochran – Associated Administrators, LLC
Mary Ann Dunleavy – Horizon Actuarial Services, LLC
Peter Murray – Schultheis & Panettieri, LLP[1]
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 9:17 a.m.

II. AUDITOR REPORT

Mr. Peter Murray of Schultheis & Panettieri, LLP ("S&P") reviewed the Financial Statements for years ended June 30, 2019 and 2018, copies of which are attached hereto as Exhibit "A." He confirmed that the Financial Statements, in the opinion of S&P, present fairly, in all material respects, the financial status of the Fund. Mr. Murray reviewed the audit report in detail. He reviewed the Form 5500 and Financial Statements in detail and

[1] Left the call at 9:39 a.m.

reported that they would be filed on time. He noted S&P's satisfaction with Associated Administrators' internal controls. Mr. Murray reported on one issue involving a needed update to the Fund's authorized signatory list and noted that Associated is in the process of addressing this matter. Mr. Murray was thanked for his report and excused from the remainder of the meeting.

III. ACTUARY REPORT

Ms. Mary Ann Dunleavy and Mr. Dylan Nitta of Horizon Actuarial Services, LLC reviewed Horizon's report.

Ms. Dunleavy presented the results of the preliminary July 1, 2019 actuarial valuation. She reviewed historical information including the recent certification of the Plan in the "Green" zone for the 2019 Plan year, demographic and asset information including participant counts by status, weeks worked, investment returns and asset values. In the review of the demographics of the Plan, including the changes to date, changes expected from the withdrawal of Culinart, Inc. and The College of New Rochelle were discussed. Ms. Dunleavy noted that the increasing maturity of the Plan affects funding options and noted that the Plan's strong investment performance over the last 10 years has helped to improve its funded percentage.

Ms. Dunleavy reviewed liabilities and key results measured as of July 1, 2019, under two different discount rate assumptions, 7.50% and to 7.25%. Using the 7.50% discount rate, the Plan has liabilities of $103.37 million against assets of $91.15 million at market and $92.69 million on a smoothed, actuarial basis. The total normal cost, including the cost of benefits accruing for the plan year and expected operating expenses, is $1.30 million. Using the 7.25% discount rate, the Plan has liabilities of $105.86 million and the total normal cost, including the cost of benefits accruing for the plan year and expected operating expenses, is $1.34 million. In reviewing the expected contributions versus the actuarial costs of the Plan, she noted that if all assumptions are met, at July 1, 2019 the

Plan is projected to become 100% funded in just over 6 years using the 7.50% discount rate and in less than 9 years using the 7.25% discount rate.

Ms. Dunleavy presented the Funding Projections of the Plan. This included a review of the key assumptions used in the projections. The projections were reported on two different bases. The first is the certification basis which includes only contribution increases included in collective bargaining agreements and the second basis reflects the Plan's Funding Policy adopted in October 2019. She noted the sensitivity of the Plan to future investment returns.

Trustee Dunker asked for clarification on the withdrawal liability payments assumed in the projections. Ms. Dunleavy explained that no payments were assumed to be received from The College of New Rochelle. In response to another question, Ms. Dunleavy noted that if Friesland were to withdraw and pay the withdrawal liability assessed, the Plan's funding status would actually improve slightly in the short term, but the Trustees' ability to address future adverse experience through contribution increases would be impaired.

IV. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI reviewed SEI's report.

Mr. Blizzard reported that the Fund's ending market value as of December 31, 2019 was $92,748,306 and the fiscal year-to-date total rate of return is 5.80% compared to 6.04% for the index. Since inception with SEI (01/31/2011), the rate of return is 8.01%, compared to the 7.47% return for the index. The current portfolio allocation as of December 31, 2019 is 10.80% Large Cap Index Fund, 2.90% Small Cap Fund, 21.60% World Equity - US, 13.70% US Equity Factor Allocation Fund, 3.90% Emerging Markets Debt Fund, 2.90% Dynamic Asset Allocation Fund, 14.10% Core Fixed Income Fund, 4.90% Limited Duration Fund, 3.90% High Yield Bond Fund, 1.90% Opportunistic Income Fund, 2.90% Emerging Markets Equity Fund, 3.20% Special Situations Fund CIT, 1.60% Structured

Credit Collective Fund, 11.70% Core Property Collective Invest TR, and 0.00% cash and equivalents.

V. APPROVAL OF MINUTES

The minutes of the meeting held on October 15, 2019 were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on October 15, 2019.

VI. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Pension Applications – INTERIM ACTIONS

Ms. Cochran reported that the Trustees, via electronic polls on October 25, 2019, November 27, 2019, and January 2, 2020, approved ten (10) pension applications per the reports, which are annexed hereto as Exhibit "B."

MOTION was made, seconded and unanimously adopted to ratify the interim action of the Trustees to approve the ten (10) pension applications listed on Exhibit "B."

B. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2019 through June 30, 2020. The report is attached hereto as Exhibit "C."

C. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for the months of July, August, and September 2019. The reports are attached hereto as Exhibit "D."

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

D. Delinquency Report

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

E. Withdrawal Liability

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

F. Employer Contribution Rate Report

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

G. Active Members & Retirees Receiving Benefits

Ms. Cochran referred to the report for the period from January 2019 through September 2019. The report is attached hereto as Exhibit "G."

H. Administrative Manager's Report

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

I. Participant Disability Pension Appeal (P19/127-2642)

Ms. Cochran presented an appeal of Associated's denial of a Disability Pension application. She explained that the application had been denied based on a Plan Amendment which provided that the Plan will not offer any Disability Pension on or after January 1, 2018 unless the participant satisfied all of the requirements for a Disability Pension prior to January 1, 2018. She stated that, in this case, the participant has stated that he became disabled in June 2018 and was granted Social Security Disability in December of 2018. She stated that he applied for a Disability Pension on November 5, 2019 and that he claims he was not advised of the changes to the Fund's rules. Ms. Cochran stated that all participants were notified in writing of the Plan changes necessitated by the

Rehabilitation Plan, including the elimination of the Disability Pension, in 2017. After review of the appeal, including the participant's appeal letter, the Trustees determined that, based on the rules of the Plan and the Participant's date of disability, he does not satisfy the requirements for a Disability Pension and that the Plan does not permit payment of a Disability Pension in this case.

MOTION was made, seconded and unanimously adopted to deny the appeal based on the rules of the Plan.

J. Culinart Withdrawal Liability

Ms. Cochran reported that Culinart has continued to send monthly payments of $15,690.00.

K. Funding Policy Notice

Ms. Cochran reported that the Funding Policy adopted at the October 15, 2019 meeting was mailed to participating employers on November 11, 2019.

L. Annual Funding Notice

Ms. Cochran reported that the Annual Funding Notice was mailed to the Plan participants, beneficiaries, bargaining parties, and the PBGC on October 25, 2019.

M. Withdrawal Liability Estimate Requests

Ms. Cochran reported on requests for withdrawal liability estimates from FrieslandCampina and HP Hood. She noted that the required fees for the actuarial calculation of the estimates were paid and the estimates were provided to the employers in November of 2019. It was agreed that Ms. Cochran would e-mail the estimates to the Trustees.

VII. COUNSEL REPORT

A. The College of New Rochelle

The Trustees and Ms. O'Leary discussed the College of New Rochelle's Chapter 11 bankruptcy proceedings and reviewed the information provided in Virginia & Ambinder, LLP's memo regarding developments to date, the unlikelihood of recovery, and attorney's fees. After discussion, the Trustees requested that Ms. Cochran schedule a conference call with the Trustees, Ms. O'Leary and Mr. Tenenbaum within the next 60 days to further discuss this matter.

B. CulinArt, Inc. Withdrawal Liability

Ms. O'Leary referred the Trustees to her memo dated January 13, 2020 regarding the status of her settlement discussions with counsel for CulinArt, Inc. ("CulinArt"). She noted that, as the Trustees are aware, CulinArt has been assessed withdrawal liability of $3,207,145 payable over 20 years and has been making all required monthly payments since July 1, 2019. She noted that CulinArt has expressed an interest in paying its remaining liability in a lump sum. She reviewed the various settlement proposals exchanged to date, noting that the Trustees' most recent offer was $2,715,729 (reflecting a 3.5% discount rate), and that, since the last meeting, CulinArt has increased its offer from $2.25 million to $2.5 million (less payments made to date). After discussion of all the settlement considerations and further review of SEI's report entitled "Withdrawal Liability Analysis," the Trustees determined that it is in the best interests of the Fund to accept the lump sum payment of $2.5 million (less payments made to date) rather than to continue with the 20-year statutory payment period and authorized Ms. O'Leary to advise CulinArt's counsel that the Trustees accepted CulinArt's most recent proposal.

MOTION was made, seconded and unanimously adopted to accept a lump sum payment of $2.5 million (less payments made to date) from CulinArt in full satisfaction of CulinArt's withdrawal liability.

C. Legislative Developments

Ms. O'Leary provided a brief summary of the SECURE Act which was passed in December of 2019. She noted that the law has been described as one of the most significant laws affecting retirement plans in many years. She noted, however, that its provisions are primarily applicable to defined contribution plans, and, thus, that it will have a limited impact on the Fund. She stated that, as applicable to this Fund, the SECURE Act increases the age at which minimum distributions must begin from the April 1 following the calendar year in which a participant reaches age 70-½ to the April 1 following the calendar year in which a participant reaches age 72, effective for individuals turning 70-½ after December 31, 2019.

Ms. O'Leary noted that the spending bill that was passed in December of 2019 included financial relief for the United Mine Workers of America Pension Plan but that no comprehensive relief for multiemployer plans was enacted.

VIII. NEXT MEETING DATE/ADJOURNMENT

A regular meeting of the Board of Trustees is scheduled for Tuesday, April 14, 2020 at 10:00 a.m. With no further business to come before the Board, the meeting was adjourned at 11:22 a.m.

__________________________ Union Trustee	__________________________ Employer Trustee
__________________________ Union Trustee	__________________________ Employer Trustee
__________________________ Union Trustee	

Exhibits:

A – Financial Statements

B – Interim Pension Applications

C – Cash Operating Statement

D – Authorization for Disbursements

E – Delinquency and Withdrawal Liability Report

F – Employer Contribution Report

G – Active Members & Retirees Receiving Benefits Report

H – Administrative Manager’s Report