# Industry And Local 338
# Pension Fund

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Minutes of the Meeting of the Board of Trustees

Held on April 14, 2020
via
Conference Call

The following Trustees were present:

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

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
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 10:13 a.m.

## II. ACTUARY REPORT

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

Ms. Dunleavy presented information on the Plan's July 1, 2019 Actuarial Valuation and Funding Projections.

Ms. Dunleavy discussed legislative activity in response to the current pandemic, noting that no pension relief has been included in recent economic stimulus bills.

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%. These results were initially presented at the January 14, 2020 Board of Trustees' meeting. Using the 7.50% discount rate, the Plan has liabilities of $103.31 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 $105.80 million and the total normal cost, including the cost of benefits accruing for the plan year and expected operating expenses, is $1.34 million.

Ms. Dunleavy presented funding projections for the Plan. This included a review of the key assumptions used in the projections. She discussed the PPA zone certification and the Plan's Funding Policy, noting that non-bargained contribution increases required by the Funding Policy are not permitted to be included in the determination of zone certification.

Ms. Dunleavy reviewed summary charts of results at both 7.25% and 7.50%, noting how the change in discount rate may affect the upcoming zone certification. This included reviewing alternative investment returns for the Plan Year ending 6/30/2020 under varying scenarios and how that would affect certification options going forward. She noted the increased cushion and flexibility in certain scenarios using a 7.50% discount rate.

Ms. Dunleavy noted that the Trustees' actions to improve the Plan's health have created a cushion for the funding of the Plan and she stated that this cushion, while significantly reduced, gives the Plan some flexibility. She also noted that there are few remaining options for the Plan to improve funding outside of increasing contributions.

## III. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI reviewed SEI's report which was previously distributed.

Mr. Blizzard noted that the financial markets are currently experiencing extreme volatility due to the political uncertainties in the United States and the global effects of the Coronavirus.

Mr. Blizzard reported that the Fund's ending market value as of March 31, 2020 was $81,141,042 and the fiscal year-to-date total rate of return is -8.16% compared to -8.04% for the index. Since inception with SEI (01/31/2011), the rate of return is 6.13%, compared to the 5.61% index return. The current portfolio allocation as of March 31, 2020 is 10.10% Large Cap Index Fund, 2.50% Small Cap Fund, 20.00% World Equity - US, 12.80% US Equity Factor Allocation Fund, 3.80% Emerging Markets Debt Fund, 2.80% Dynamic Asset Allocation Fund, 15.00% Core Fixed Income Fund, 5.20% Limited Duration Fund, 3.80% High Yield Bond Fund, 2.00% Opportunistic Income Fund, 2.70% Emerging Markets Equity Fund, 3.80% Special Situations Fund CIT, 1.90% Structured Credit Collective Fund, 13.60% Core Property Collective Invest TR, and 0.00% cash and equivalents.

Mr. Blizzard reported that the Dynamic Asset Allocation has been underperforming and that SEI will continue to monitor its performance. He said that SEI has no recommendations at this time.

The Trustees thanked Mr. Blizzard for his report.

## IV. ASSOCIATED ADMINISTRATORS, LLC REPORT

### A. Pension Applications – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll March 17, 2020 approved two (2) pension applications per the reports, which are annexed hereto as Exhibit "A."

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

### B. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2019 through December 31, 2019. The report is attached hereto as Exhibit "B."

### C. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for the months of October, November, and December 2019. The reports are attached hereto as Exhibit "C."

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

### D. Delinquency Report

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

### E. Withdrawal Liability

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

**F. Employer Contribution Rate Report**

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

**G. Active Members & Retirees Receiving Benefits**

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

**H. Administrative Manager's Report**

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

**I. CulinArt Withdrawal Liability Payment**

Ms. Cochran reported that, per the Settlement Agreement and Release between CulinArt and the Fund requiring a total payment of $2.5 million, CulinArt has paid a lump sum payment of $2,390,170 which, when added to payments made since July of 2019, satisfies the employer's withdrawal liability settlement of $2.5 million. She said the payment of $2,390,170 was received on February 14, 2020. The signed agreement is attached hereto as Exhibit "H."

**J. Forms 1099MISC and 1099R**

Ms. Cochran said the Forms 1099MISC and 1099R were mailed on January 29, 2020.

**K. Form 5500**

Ms. Cochran said the Form 5500 was filed by the Fund's Auditor on January 29, 2020.

**L. Summary Plan Information Notice (ERISA Section 104(d) Notice)**

Ms. Cochran reported that the Summary Plan Information Notice was mailed to participating employers and local unions on March 2, 2020. The notice is attached hereto as Exhibit "I."

**M. Pension Benefit Guaranty Corporation (PBGC) 2019 Comprehensive Filing**

Ms. Cochran reported that the Fund has filed its 2019 Comprehensive Filing with the PBGC was filed and paid a premium of $34,336.00.

**N. Sound Shore Withdrawal Liability**

Ms. Cochran reported that a check in the amount of $2,885.48 was received, which is the 1% pro-rated portion of the second and final distribution regarding the Fund's unsecured claim for Sound Shore's withdrawal liability.

**O. LP Transportation Memorandum of Agreement ("MOA")**

Ms. Cochran reported on the MOA between LP Transportation and Teamsters Local Union 445 for the period August 16, 2019 through August 15, 2022. She stated that the MOA provides for contribution rates which are consistent with the funding policy.

**P. Surcharge Programming**

Ms. Cochran reported that during Horizon's review of Actuarial data, it was discovered that pension surcharge payments had been incorrectly included in the participants' pension benefit calculation. She explained that surcharge payments are not benefit-bearing and should not have been included in the calculations. She reported that Associated has corrected the programming issue and determined that nine (9) retirees were impacted. She noted that the total collective benefit overpayments amounted to $418.05. She stated that pension benefit checks were corrected effective March 1, 2020, the overpayments were deducted from March 2020 benefits, and a letter was mailed to the nine impacted retirees.

## V. COUNSEL REPORT

### A. The College of New Rochelle Bankruptcy

Ms. O'Leary conveyed Marc Tenenbaum's update on the College of New Rochelle ("CNR") bankruptcy matter, stating that he advised that, on March 12, 2020, the bankruptcy court entered an order confirming the plan of liquidation, contingent on governmental approval of the formula for allocating the hypothetical recoveries of any tort claims that the creditors committee may file on behalf of CNR's estate, including claims against CNR's former management. She stated that, under this formula, the IRS would receive 70%, NYS would receive 10%, and unsecured creditors would receive 20% of any hypothetical recovery. She also stated that Mr. Tenenbaum advised that the debtor has agreed, subject to court approval, to sell most of its remaining personal property to the same entity that bought the campus for $200,000, which will be applied to Citizens Bank's secured deficiency claim.

## VI. NEXT MEETING DATE/ADJOURNMENT

The next meeting of the Board of Trustees is scheduled for Tuesday, June 30, 2020 at 10:00 a.m. With no further business to come before the Board, the meeting was adjourned at 11:19 a.m.

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|---|---|
| ___________________________ Union Trustee | ___________________________ Employer Trustee |
| ___________________________ Union Trustee | ___________________________ Employer Trustee |
| ___________________________ Union Trustee | |

Exhibits:

A – Interim Pension Applications

B – Cash Operating Statement

C – Authorization for Disbursements

D – Delinquency and Withdrawal Liability Report

E – Employer Contribution Report

F– Active Members & Retirees Receiving Benefits Report

G – Administrative Manager’s Report

H – Settlement Agreement and Release

I – Summary Plan Information Notice (ERISA Section 104(d) Notice)