Memorandum

TO: Board of Trustees
Industry and Local 338 Pension Fund

CC: Alicia Cochran
Kristen Barshinger
Mary Ann Dunleavy
Dylan Nitta

FROM: Elizabeth O'Leary

DATE: July 15, 2019

RE: CulinArt, Inc. and College of New Rochelle – Withdrawal Liability Issues

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I. CulinArt, Inc.

By notice dated June 18, 2019, the Fund assessed CulinArt, Inc. with withdrawal liability of **$3,207,145**. CulinArt has 90 days from the date it received the notice and demand to request review; that date is September 16, 2019. Associated has advised that CulinArt made its first monthly payment of $15,690 for July 1, 2019.

CulinArt is subject to the 20-year cap on withdrawal liability payments. Its payment schedule requires payment of $15,690 per month for 240 months, with the final payment due on June 1, 2039. If it makes each monthly payment for the duration payment plan, it will have paid a total of $3,765,600.

Following receipt of the withdrawal liability demand, Kevin Wright of Littler, counsel for CulinArt's parent company (Compass Group), contacted Associated, who referred him to me, to discuss whether there is any interest in potentially settling this matter for a lump sum payment prior to CulinArt determining whether to request a review of the assessment or to waive any defenses. I asked Horizon to calculate the present value of the 20-year monthly payment stream. Horizon prepared the attached worksheet showing 13 different present value calculations based on interest rates ranging from 0.0% to 7.5%. As shown on the Horizon calculation, the present value number ranges from a high of $3,765,600 at a 0.0% interest rate to $1,966,710 at a 7.50% interest rate. I have **not** provided these numbers to Mr. Wright. We had a very general discussion on July 12, 2019 week regarding what interest rate he believed should apply. Mr. Wright indicated that, in his view, the appropriate interest rate for settlement discussions would be somewhere between 4% or 5% and 7.5%. We will discuss with you possible next steps in response to CulinArt's inquiry.

II. College of New Rochelle

The Trust Agreement permits the Trustees to determine that an Employer is in default on withdrawal liability if, among other factors, a petition is filed in bankruptcy court or upon the occurrence of any event or circumstance indicating that the Employer will be unable to pay its future withdrawal liability. Upon default, the Trustees may require immediate payment of all withdrawal liability. News reports indicate that the College will file bankruptcy after August 10. As a formality, we will ask you to determine that the College is in default so that we can demand the full amount due.

Industry & Local 338 Pension Plan
Culinart
for a Complete Withdrawal in the 2018 - 2019 Plan Year

Amounts:

1.	Withdrawal liability	3,207,145
2.	Annual payment	187,126
3.	Monthly payment	15,690
4.	Number of payments	240

		Present Value Monthly Pmts
Funding interest rate	7.50%	$ 1,966,710
	7.00%	2,041,792
	6.50%	2,121,519
	6.00%	2,206,244
	5.50%	2,296,126
	5.00%	2,391,538
	4.50%	2,492,884
	4.00%	2,600,869
	3.50%	2,715,729
	3.00%	2,837,978
	2.50%	2,968,495
PBGC 6/2018	2.27%	3,031,411
total all pmts, no discount	0.00%	3,765,600