Industry And Local 338
Pension Fund
911 Ridgebrook Road
Sparks, MD 21152-9451
Telephone No. (855) 412-3797 (toll free)
www.associated-admin.com

Minutes of the Meeting of the Board of Trustees

Held on April 23, 2019
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
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 9:01 a.m. Ms. Cochran reported that Debbie Dubbs has left Associated and that Associated will assign another employee to assist Ms. Cochran in servicing the Fund's account.

II. 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.

Horizon Actuarial Services presented updated forecasts and the 2018 Horizon Survey of Capital Markets Assumptions.

Ms. Dunleavy first presented a report on updated funding projections, noting the Rehabilitation Plan's goal of emerging from Critical status by June 30, 2030.

Ms. Dunleavy noted the recent news of the impending closure of Culinart on May 10, 2019 and the College of New Rochelle (CNR) on July 8, 2019. She discussed how the closures will affect future Plan funding and commented on the risk that the Fund may not collect all employer withdrawal liability. The Trustees discussed estimates of the withdrawal liability for Culinart and CNR. Ms. O'Leary reviewed the procedures governing assessment and collection of withdrawal liability and procedures for disputing withdrawal liability assessments.

Ms. Dunleavy reviewed the expiration dates for the current collective bargaining agreements (CBA). It was noted that, the Friesland CBA was signed on April 23, 2019 and includes 3 years of contribution increases. Trustee Dunker noted the CBA opt-out provision in the third year. Ms. Dunleavy noted that the updated rates included in the Friesland CBA, which reflect significant contribution increases for nearly 30% of the remaining active population, are not reflected in the projections included in today's presentation.

Ms. Dunleavy reviewed projections of the Plan's funded status under several combinations of future investment returns and active participant levels, with a focus on projections that reflect the expected withdrawal of Culinart and CNR. She noted that it is possible for the Plan to emerge from Critical status for the July 1, 2019 – June 30, 2020 plan year, due to favorable experience and changes made by the Rehabilitation Plan. She noted that the Plan's projected future financial condition remains sensitive to both investment returns and contribution levels.

Ms. Dunleavy presented the results of Horizon's 2018 Survey of Capital Market Assumptions. Based on the investment allocation of the Plan, the survey results show an annualized return expectation of 7.33%, with a 47.5% probability of exceeding the Plan's 7.5% discount rate assumption. She reviewed survey averages for the Plan over the past five years and noted a recent trend of lower capital markets assumptions reported by investment professionals. The Trustees and professionals discussed the possible impact of a change to the discount rate assumption to the funding of the Plan and the investment allocation. The Trustees asked Horizon to provided updated projections at the next meeting.

The Trustees also discussed ways to manage contribution requirements after the Plan emerges from Critical status. Fund Counsel noted that changes to the Trust Agreement might be in order to provide the Trustees with more control of the contribution rates. The Trustees asked the professionals to provide additional information on funding policies at the next meeting.

III. <u>INVESTMENT CONSULTANT REPORT</u>

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 questions about general market conditions as well as issues specific to the Fund's portfolio.

Mr. Blizzard reported that the Fund's ending market value as of March 31, 2019 was $88,807,735 and the fiscal year-to-date total rate of return was 2.34% compared to 3.07% for the index. Since inception with SEI (01/31/2011), the rate of return was 7.61%, compared to the 7.03% return for the index. The current portfolio allocation as of March

31, 2019 is 10.1% Large Cap Index Fund, 2.70% Small Cap Fund, 18.90% World Equity - US, 14.00% US Equity Factor Allocation Fund, 3.00% Emerging Markets Debt Fund, 7.00% Dynamic Asset Allocation Fund, 10.10% Core Fixed Income Fund, 4.90% Limited Duration Fund, 4.00% High Yield Bond Fund, 3.90% Opportunistic Income Fund, 2.80% Emerging Markets Equity Fund, 2.40% Ultra Short Bond Fund, 3.00% Special Situations Fund CIT, 1.60% Structured Credit Collective Fund, 11.60% Core Property Collective Invest TR, and 0% cash and equivalents.

IV. AUDITOR REPORT

Ms. Cochran said that Mr. Peter Murry of Schultheis & Panettieri, LLP ("S&P") was not able to join the conference call due to a scheduling conflict. She reported that S&P is not requesting an increase in the prior $40,000 fee for the annual audit for the Plan year ending June 30, 2019.

MOTION was made, seconded and unanimously adopted to approve the engagement of S&P for the annual audit for the Plan year ending June 30, 2019 at a fee of $40,000.

V. APPROVAL OF MINUTES

The minutes of the meeting held on January 31, 2019, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on January 31, 2019.

VI. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2018 through December 31, 2018. The report is attached hereto as Exhibit "A."

B. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for the months of October, November, and December 2018. The reports are attached hereto as Exhibit "B."

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

C. Delinquency Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "C." Trustee Bresten inquired about the late fee balances by several employers which are reflected in the report. It was agreed that the Administrative Manager would review the status of these liabilities and provide a further update, including whether any amounts should be written off.

D. Withdrawal Liability

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

E. Employer Contribution Rate Report

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

F. Active Members & Retirees Receiving Benefits

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

G. Administrative Manager's Report

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

H. Summary Plan Information Notice (ERISA Section 104(d) Notice)

Ms. Cochran referred to the Summary Plan Information Notice included in the meeting booklet and reported that the notice was mailed to participating employers and local unions. The notice is attached hereto as Exhibit "G."

I. Pension Benefit Guaranty Corporation (PBGC) 2018 Comprehensive Filing

Ms. Cochran reported that the 2018 Comprehensive Filing with the PBGC was filed and the Fund paid a premium of $33,544.00.

J. Summary Plan Description ("SPD")

Ms. Cochran stated that a draft of the restated SPD was distributed electronically to the Trustees for review.

VII. COUNSEL REPORT

Ms. O'Leary stated that the oral argument in the New York Times withdrawal liability case, pending in the United States Court of Appeals for the Second Circuit, is scheduled for May 22, 2019. She explained that one of the issues on the appeal pertains to the District Court's ruling that the application of the Segal Blend in the New York Times case was problematic, and its direction that the employer's withdrawal liability be recalculated. She noted that Horizon continues to use the Segal Blend and, thus, that this litigation is pertinent to the Fund. She stated that she will provide updates when available.

VIII. NEXT MEETING DATE/ADJOURNMENT

A regular meeting of the Board of Trustees is scheduled for Tuesday, July 16, 2019 at 9:00 a.m. via conference call. With no further business to come before the Board, the meeting was adjourned at 10:26 a.m.

___________________________	___________________________
Union Trustee	Employer Trustee
___________________________	___________________________
Union Trustee	Employer Trustee
___________________________	
Union Trustee	

Exhibits:

A – Cash Operating Statement

B – Authorization for Disbursements

C – Delinquency and Withdrawal Liability Report

D – Employer Contribution Report

E – Active Members & Retirees Receiving Benefits Report

F – Administrative Manager’s Report

G – Summary Plan Information Notice