Industry And Local 338
Pension Fund

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Minutes of the Meeting of the Board of Trustees

Held on June 7, 2018
at
Teamsters Local 445 Union Office
Rock Tavern, New York

The following Trustees were present:

UNION TRUSTEES
Roberta Dunker
Mickey Smith – via conference call
Barry Russell

EMPLOYER TRUSTEES
Theresa Bresten – via conference call
Chris Palmer

Also present were:

Patrick Blizzard – SEI Institutional Group
Alicia Cochran – Associated Administrators, LLC
Deborah Dubbs – Associated Administrators, LLC
Mary Ann Dunleavy – Horizon Actuarial Services, LLC
Peter Murray – Schultheis & Panettieri, LLP
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP

I. CALL TO ORDER

The meeting was called to order at 10:05 a.m.

II. ACTUARIAL REPORT

Ms. Dunleavy presented information on the recent actions taken by the Joint Select Committee on Solvency of Multiemployer Plans. She also presented information on recent legal decisions in the area of withdrawal liability. Ms. O'Leary referred the Trustees to her May 31, 2018 memo on pending challenges to the Segal Blend. Ms. Dunleavy and Ms. O'Leary explained that Horizon continues to use the Segal Blend for this Fund, and that they will continue to monitor the litigation and report back with any pertinent developments.

Ms. Dunleavy reviewed the terms of the Rehabilitation Plan adopted in September 2017 and the Trustees discussed the progress of negotiations for open collective bargaining agreements ("CBAs"). She then presented information on the PPA Zone Certification for the July 1, 2018 – June 30, 2019 Plan Year, including a review of projections of the Plan's funding status. These projections assume 9,000 weeks per year as the level of work for each year in the future. The Trustees reviewed the historical levels of work and agreed that advice on industry activity for the July 1, 2018 – June 30, 2019 Plan Year PPA zone certification will be provided at the September meeting of the Board.

Ms. Dunleavy stated that projections done for certification purposes are required to include only future contribution increases that have been negotiated and included in CBAs. She noted that when the additional contributions coming from CBAs that include the Rehabilitation Plan schedule are reflected in the projection of the Plan's funded status, the Plan's zone status for the 2018 – 2019 plan year is green. She also stated that not all CBAs currently include the Rehabilitation Plan schedule, , and that once the Plan is certified in the green zone, the contribution requirements of the Rehabilitation Plan are not required to be included in future CBAs.

Ms. Dunleavy provided an alternative projection scenario reflecting the combination of amortization bases that have been established for minimum funding purposes, as allowed by law. Combining certain bases would increase the minimum required contribution and accelerate the funding of the Plan. If amortization bases are combined, the Plan will be

certified in Critical Status for a second year. After discussion, the Trustees agreed to accelerate the funding of the Plan by combining amortization bases.

III. APPROVAL OF MINUTES

The minutes of the meeting held via conference call on April 6, 2018, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on April 6, 2018.

IV. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Pension Applications

Ms. Cochran requested the Trustees' approval of one (1) pension application. The report of June 7, 2018 listing the referenced pension application is annexed hereto as Exhibit "A."

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

B. Pension Application – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll on May 23, 2018, approved one (1) pension application as per the report of May 23, 2018, annexed hereto as Exhibit "B."

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 "B."

C. Pension Application – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll on March 15, 2018, approved two (2) pension applications per the report of March 15, 2018, annexed hereto as Exhibit "C."

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 "C."

D. Pension Application – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll on February 20, 2018, approved three (3) pension applications per the report of February 20, 2018, annexed hereto as Exhibit "D."

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 "D."

E. Pension Application – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll on January 30, 2018, approved three (3) pension applications per the report of January 30, 2018, annexed hereto as Exhibit "E."

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 "E."

F. 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 "F."

G. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for October, November, and December 2017. The reports are attached hereto as Exhibit "G."

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

H. Delinquency Report

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

I. Withdrawal Liability

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

J. Employer Contribution Rate Report

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

K. Active Members & Retirees Receiving Benefits

Ms. Cochran referred to the report for the period January 2017 through December 2017. The report is attached hereto as Exhibit "J."

L. Administrative Manager's Report

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

M. Fiduciary Liability

Ms. Cochran referred to a Memorandum provided by Segal Select Insurance ("Segal Select") regarding the 2018 – 2019 Fiduciary Liability renewal. The Memorandum is attached hereto as Exhibit "L." She noted that proposals were received from the current carrier, Ullico/Markel, and from Euclid/Hudson. Ms. Cochran said that Segal Select recommended renewing with Ullico/Markel due to the broadened scope of coverage and competitive premium for a one-year period effective June 10, 2018 through June 10, 2019 at an annual premium of $33,919.

MOTION was made, seconded and unanimously adopted to accept the Ullico/Markel proposal for the period June 10, 2018 through June 10, 2019.

N. L.P. Transportation, Inc. Memorandum of Agreement ("MOA")

Ms. Cochran reported on the MOA between L.P. Transportation, Inc. and Teamsters Local Union 445 regarding a revised Pension contribution rate effective August 16, 2018. The MOA states, "*Effective August 16, 2018 through August 15, 2019, L.P. Transportation, Inc. will increase the Pension Contribution by six cents ($.06) for a total of forty-four cent ($.44) increase*." Ms. Cochran stated the contribution rate conforms to the Fund's Rehabilitation Plan.

O. Form 5500 – Plan Year Ended June 30, 2017

Ms. Cochran reported that the Form 5500 for the Plan year ended June 30, 2017 was filed on January 29, 2018.

P. 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 "M."

Q. Fidelity Bond – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll on February 8, 2018, approved the fidelity bond renewal recommended by Segal Select. The revised Segal Select Memorandum on the renewal is attached hereto as Exhibit "N." Ms. Cochran noted that the initial proposal presented at the January 25, 2018 meeting included a 24% premium increase and social engineering coverage. The revised proposal included two policy options under Chubb, the current carrier" (1) a bond with social engineering coverage with a premium increase of 6%, or (2) a bond without social engineering coverage with a reduction in premium of 1.5%.

MOTION was made, seconded and unanimously adopted to ratify the interim action of the Trustees to approve the Fidelity Bond with social engineering coverage for the period February 11, 2018 through February 11, 2021 for a premium of $9,267.

R. Participant Inquiry – Disqualifying Employment

Ms. Cochran referred to a letter from a participant requesting to collect a pension while working at Gorick Construction in Binghamton, New York. Ms. Cochran requested clarification regarding the disqualifying employment rules, specific to the interpretation of the following language in the Plan Document, "*a Pensioner will be considered employed in the "same industry" if he is employed in the same industry in which he was last employed and accrued benefits under this Plan.*" The Trustees discussed the industries covered by the participating employers and agreed that the industries covered by the Fund are as follows: food service, heating oil, higher education, hospital, dairy, production, gas and union. The Trustees agreed that Gorick Construction is not in the same industry as the current participating employers and, thus, the proposed employment would not result in a suspension of benefits. Ms. Cochran said the Fund Office would proceed with processing the participant's pension application and advise him that his contemplated employment is not disqualifying employment.

S. Pension Benefit Guaranty Corporation (PBGC) 2017 Comprehensive Filing

Ms. Cochran reported that the 2017 Comprehensive Filing with the PBGC was filed and the Fund paid a premium of $33,326.00.

V. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard distributed and reviewed the SEI report for the period ending April 30, 2018.

Mr. Blizzard discussed the firm's investment outlook and provided an overview of the capital markets.

Mr. Blizzard reported that the Fund's ending market value as of April 30, 2018 was $91,332,903 and the fiscal year-to-date total rate of return was 7.98% compared to 7.45% for the index. Since inception with SEI (01/31/2011), the rate of return was 8.22%, compared to the 7.47% index return for that period. The current portfolio allocation as of April 30, 2018 is 20.4% Large Cap Fund, 6.9% Small Cap Fund, 3.2% Emerging Markets Equity Fund, 20.6% World equity - US, 7.0% Dynamic Asset Allocation Fund, 9.2% Core Fixed Income Fund, 4.6% Limited Duration Fund, 3.9% High Yield Bond Fund, 3.8% Opportunistic Income Fund, 2.9% Emerging Markets Debt Fund, 2.3% Ultra Short Bond Fund, 3.1% Special Situations Fund CIT, 1.5% Structured Credit Collective Fund, 10.6% Core Property Collective Invest TR, 0% cash and equivalents.

Mr. Blizzard discussed adding the US Factor Based asset allocation. Mr. Blizzard directed the Trustees to the report titled "Modeled Pension Portfolios" which contained the recommended portfolio modifications. He then presented a detailed review of factor based investing. After discussion, he referred the Trustees to Portfolio A in SEI's presentation booklet, and explained that Portfolio A would decrease the US Small Cap Equity and the Russell 1000 Large Cap Index allocations while adding the US Factor Based

allocation. Mr. Blizzard noted that this modification, if adopted, would reduce the risk from 14.7% to 14.6% and reduce fees by 1 basis point.

After a question and answer session,

MOTION was made, seconded and unanimously adopted to accept SEI's recommendation for Portfolio A as contained in the Asset Allocation Review report.

The Trustees thanked Mr. Blizzard for his report.

VI. AUDITOR REPORT

Mr. Peter Murray of Schultheis & Panettieri, LLP ("S&P") reviewed his e-mail dated April 5, 2018 which was contained in the meeting booklet. Mr. Murray discussed S&P's request, which was tabled at the January 25, 2018 meeting, that the current hourly payroll audit rates of $75, $110, and $185 be increased to $85, $125, and $210. He noted that the current rates are intended to result in a blended hourly rate of $85 and that the proposed rates are intended to result in a blended hourly rate of $95.

Per the Trustees' request, Mr. Murray presented a payroll audit program analysis to improve audit efficiency and reduce costs associated with the audit program. After discussion,

MOTION was made, seconded and unanimously adopted to approve the proposed hourly payroll audit rates of $85, $125, and $210 and to update the administrative procedure of payroll audits to audit an employer that had zero findings in the previous audit on a 3-year cycle and to audit an employer with findings of 5% or more on a 2-year cycle.

VII. COUNSEL REPORT

A. Sound Shore Medical Center – Withdrawal Liability

Ms. O'Leary reported that the Fund recently received a check in the amount of $8,656.44 from the Sound Shore Medical Center bankruptcy estate representing the Pension Fund's 3% pro-rata portion of the first distribution on account of the Fund's general unsecured claim related to Sound Shore's withdrawal liability. She noted that the Fund had received $28,740 for its administrative expense claim in October of 2015. She stated that Sound Shore's total amount of withdrawal liability had been $2,411,832 and that amount had been reduced based on a statutory reduction applicable under ERISA to insolvent employers and then further reduced following negotiation with the Creditor's Committee and approval by the Trustees. She stated that the Fund's administrative expense claim was $28,740, which has been paid in full, and that the remainder of the Fund's claim for withdrawal liability was reduced to $588,369, 50% of which was allowed as a general unsecured claim (with an estimated payout of 3-6%), and 50% of which was subordinated to other general unsecured claims (meaning that the Fund will receive payment on that portion of the claim if there is any money remaining in the bankruptcy estate after all other unsecured creditors have received their payouts).

VIII. NEXT MEETING DATE/ADJOURNMENT

A regular meeting of the Board of Trustees is scheduled for Thursday, September 13, 2018 at 9:00 a.m. by conference call. A regular meeting of the Board of Trustees is also scheduled for Thursday, January 17, 2019 9:00 a.m. by conference call. With no further business to come before the Board, the meeting was adjourned at 11:56 a.m.

_____	_____
Union Trustee	Employer Trustee
_____	_____
Union Trustee	Employer Trustee
_____	
Union Trustee	

Exhibits:

A – Interim Pension Application

B – Interim Pension Application

C – Interim Pension Applications

D – Interim Pension Applications

E – Interim Pension Applications

F – Cash Operating Statement

G – Authorization for Disbursements

H – Delinquency and Withdrawal Liability Report

I – Employer Contribution Report

J – Active Members & Pensioners Receiving Benefits Report

K – Administrative Manager's Report

L – Fiduciary Liability Memorandum

M – Summary Plan Information Notice

N – Fidelity Bond Revised Memorandum