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 January 14, 2016
at
Renaissance Westchester Hotel
White Plains, New York

The following Trustees were present:

UNION TRUSTEES
Roberta Dunker
Barry Russell
Mickey Smith

EMPLOYER TRUSTEES
Theresa Bresten – via conference call
Chris Palmer
JoEllen Vavasour

Also present were:

Alicia Cochran – Associated Administrators, LLC
Brian Davis – Associated Administrators, LLC
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP

Also present for a portion of the meeting were:

Pat Blizzard – SEI Institutional Group
Justin Day – SEI Institutional Group
Mary Ann Dunleavy – Horizon Actuarial Services, LLC
Peter Murray – Schultheis & Panettieri, LLP

I. CALL TO ORDER

The meeting was called to order at 8:03 a.m.

II. CONSULTANT REPORT

The Trustees welcomed Ms. Mary Ann Dunleavy from Horizon Actuarial Services, LLC to the meeting.

A. Actuarial Valuation – July 1, 2015

Ms. Dunleavy discussed the results of the July 1, 2015 actuarial valuation and a benefit study based on the results of that valuation. She reported that the Plan is in "green" status for the July 1, 2015 plan year, the Plan's PPA funded percentage is 85.8% at July 1, 2015 and that the Plan is meeting its minimum funding requirements. She noted that the Plan has unfunded vested benefit liabilities for withdrawal liability purposes.

Ms. Dunleavy reviewed historical summaries of the data and assets used in the valuation, including participant counts by status, weeks worked, investment returns and asset values. She reviewed the experience identified in the valuation of a small loss on liabilities primarily due to the change in actuary and more retirements than assumed and a loss on assets due to the 3.3% investment return lagging the 7.5% actuarial assumption.

Ms. Dunleavy presented information on the weeks / hours reported in the census data for the July 1, 2015 data, comparing it to the information expected based on the results of the July 1, 2014 data and reflecting the closure of the Hood Binghamton facility. The Trustees discussed the significant change between the assumption of 13,900 weeks of work (278 active employees working 2,000 hours per year) used in the 2015-2016 PPA certification and the 12,600 weeks of work (265 actives working approximately 1,900 hours per year) reported on the July 1, 2015 census data.

Ms. Dunleavy then provided detail on the key results of the July 1, 2015 valuation. The Plan has liabilities of $109.5 million against assets of $90.3 million at market and $94.0 million on a smoothed, actuarial basis. Measured as of July 1, 2015, the cost of benefits accruing for the plan year is $1.259 million and expected operating expenses are $360,000, for a total normal cost of $1.619 million. Assuming an amortization period of 6 years, the Plan's contribution margin is -$155 per week; that is, the cost of operating the Plan for the July 1, 2015 plan year and paying off the Plan's unfunded liabilities over the next 6 years is $155 more per week than the average weekly contribution rate of $222.

B. <u>Benefit Accrual Percentage</u>

Ms. Dunleavy presented the results of a study to normalize benefit accrual rates between employers. Accrual rates as related to the total contribution rates appear to have become skewed as the non-benefit bearing increases have applied at different times to different employers. Restrictions on benefit improvements exist due to the election of funding relief for the extraordinary asset losses in 2008-2009. The restriction period ends June 30, 2017.

Average benefit accrual rates as a percentage of total contributions were reviewed, employer by employer, based on hours worked during the July 1, 2014 plan year and contribution rates expected to be in effect during the July 1, 2016 plan year. One employer is below 1%, two employers are within 0.01% of 1%, and five employers have accrual rates above 1%.

The Trustees reviewed charts that show "winners and losers" in changing the benefit accrual rates from the current benefit formula to either 1% of total contributions, which Horizon Actuarial has determined is a slight benefit improvement, or 0.9% of total contributions, which has been determined to be a cost-neutral change. Projections of the Plan's funded status were presented under the same sets of assumptions for investment returns and the level of work in future years shown for the valuation projections.

The Trustees discussed the requirements of making a change to the Plan benefit formula, including issuing a 204(h) Notice at least 15 days prior to the effective date of a change which could reduce the rate of benefit accrual for any participant. The Trustees discussed a participant's ability to accrue a full benefit after 8 months of service under the current formula versus the way benefits accrue for each hour / week worked under a percentage of contributions formula. Ms. O'Leary suggested that the Trustees authorize the work needed to prepare an amendment to the Plan and draft the participant 204(h) Notice and Summary of Material Modification now and make a final decision on changing the benefit formula at the March meeting. After considerable discussion, the Trustees tentatively approved a move to a 0.9% of total contributions benefit formula and directed Ms. O'Leary to prepare the necessary documents for review at the March 2016 meeting.

The Trustees thanked Ms. Dunleavy for her presentation and she was excused from the meeting.

III. APPROVAL OF MINUTES

The minutes of the meeting held on September 17, 2015 and of the conference call held on October 9, 2015, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on September 17, 2015 and the conference call held on October 9, 2015.

IV. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Pension Application – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll on December 14, 2015, approved five (5) pension applications as per the report of December 11, 2015, annexed hereto as Exhibit "A."

MOTION was made, seconded and unanimously adopted to ratify the interim action of the Trustees to approve the five (5) pension applications listed on Exhibit "A."

B. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2015 through September 30, 2015. The report is attached hereto as Exhibit "B."

C. Active Members & Retirees Receiving Benefits

Ms. Cochran referred to the report for the period January 2015 through September 2015. The report is attached hereto as Exhibit "C."

D. Employer Contribution Rate Report

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

E. Delinquency Report

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

F. Withdrawal Liability

Ms. Cochran reviewed the report in detail. The report is included at the bottom of Exhibit "E." Ms. O'Leary noted that the report should be updated to reflect the small portion of Sound Shore's withdrawal liability that has been paid to the Fund based on the agreement reached with the Creditors' Committee in the bankruptcy case, with the remaining amount to be deemed uncollectable.

G. Administrative Manager's Report

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

H. FrieslandCampina Credit Request

Ms. Cochran referred to a letter received from the employer requesting a credit for contributions paid on behalf of a terminated participant for the period January 7, 2015 through August 31, 2015. She said Fund records indicate the employer remitted contributions for the period January 12, 2015 through August 31, 2015 which were not required under the collective bargaining agreement ("CBA") and thus resulted in a credit in the amount of $5,852.70. After discussion, the Trustees approved the request of the employer for a contribution credit of $5,852.70.

I. L.P. Transportation Credit Request

Ms. Cochran referred to a letter received from the employer requesting a credit for contributions paid on behalf of a terminated participant for the month of October 2015. She said Fund records indicate the employer remitted contributions for the month of October 2015 which were not required under the CBA and thus resulted in a credit in the amount of $1,107.20. Trustee Palmer recused himself from this decision. After discussion, the Trustees approved the request of the employer for a contribution credit of $1,107.20.

J. Payroll Audits

Ms. Cochran provided an update regarding the employers previously selected for payroll audits by the Fund auditor, Schultheis & Panettieri, LLP. Ms. Cochran said that Fund Counsel and the Administrative Manager have been in discussions with Culinart regarding an interpretation issue with the Collective Bargaining Agreement related to a portion of the payroll audit findings. The payroll audit reflected findings of $4,207.85 for the period September 1, 2012 through December 31, 2013.

K. Annual Funding Notice

Ms. Cochran reported that the Annual Funding Notice was mailed to all appropriate parties on October 27, 2015.

L. Pension Statements

Ms. Cochran reported that annual pension statements were mailed to active and deferred vested participants on October 7, 2015.

M. Annual Pension Affidavits

Ms. Cochran reported that the third request for information was mailed to 23 retirees.

N. International Foundation of Employee Benefit Plans – Annual Membership

Ms. Cochran reported receipt of the 2016 membership with the International Foundation of Employee Benefit Plans. She said the fee is $1,105.00 which includes the membership for the Welfare Fund Trustees. The Trustees approved the renewal of the 2016 membership, with the cost to be pro-rated between the Trustees that sit on the Pension and Welfare Funds. The Pension Fund will pay the entire cost for the Pension only Trustees.

V. AUDITOR'S REPORT

The Trustees welcomed Mr. Peter Murray from Schultheis & Panettieri, LLP ("S&P") to the meeting.

Mr. Murray distributed the Financial Statements for years ended June 30, 2015 and 2014, copies of which are attached hereto as Exhibit "G". He confirmed that the financial statements, in S&P's opinion, present fairly, in all material respects, the financial status of the Fund. Mr. Murray reviewed the audit report in detail. He reported that the Form 5500 and Financial Statements would be filed timely. He noted S&P's satisfaction with Associated's internal controls.

Mr. Murray was thanked for his presentation and excused from the meeting.

VI. INVESTMENT CONSULTANT REPORT

Messrs. Patrick Blizzard and Justin Day of SEI Institutional Group were invited into the meeting. Mr. Blizzard distributed and reviewed the SEI report for the period ending December 31, 2015.

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

Mr. Blizzard reported that the ending market value as of December 31, 2015 was $84,737,385 and the fiscal year-to-date total rate of return was -2.36% compared to -2.40% for the index. Since inception with SEI (01/31/2011), the Fund's rate of return was 7.38%, compared to the 6.36% return for the index for that period. The current portfolio allocation as of December 31, 2015 is 26.80% Large Cap Fund, 4.60% Small Cap Fund, 16.30% World equity - US, 7.00% Dynamic Asset Allocation Fund, 5.00% Core Fixed Income Fund, 10.20% Limited Duration Fund, 4.80% High Yield Bond Fund, 2.50% Opportunistic Income Fund, 2.80% Emerging Markets Debt Fund, 2.50% Ultra Short Bond Fund, 3.90% Special Situations Fund CIT, 1.20% Structured Credit Collective Fund and 12.3% Core Property Collective Invest TR, 0% cash and equivalents.

Mr. Blizzard referred to the Plan's portfolio which showed the current asset allocations along with two additional portfolios for the Trustees' consideration. Mr. Blizzard discussed Portfolio A, which would rebalance the asset allocations closer to their targets. Mr. Day discussed a new strategy, Energy Debt, which was included in Portfolio B, and explained that this is an attractive investment opportunity based on the potential for high absolute yields and spreads. He said this strategy has a sub-advisor, Benefit Street Partners ("BSP"), and that SEI has its own proprietary fund with BSP.

The Trustees discussed the Energy Debt strategy and decided to table the discussion at this time. After a discussion,

MOTION was made, seconded and unanimously adopted to accept SEI's recommendation for Portfolio A as contained in the meeting booklet.

The Trustees thanked Messrs. Blizzard and Day for their report and they were excused from the meeting.

VII. COUNSEL REPORT

Ms. O'Leary reported that the legal services agreement between Kauff McGuire & Margolis LLP ("KMM") and the Board of Trustees was prepared in April of 2012 at which time the Pension and Welfare Funds had the same Board of Trustees, and the agreement provided for a $65,000 annual retainer to be allocated between the Pension and Welfare Funds based on the shared expense allocation then in effect and as periodically updated. She noted that the Pension and Welfare Funds no longer have the same Board of Trustees, and that the shared expense allocation is no longer relevant because the transition to Associated Administrators has resulted in essentially entirely separate administration of the Pension and Welfare Funds. Based on these changes, she stated that she is recommending that the Trustees of each Fund enter into separate legal services agreements with KMM, and she proposed that the Pension Fund's annual retainer be reduced to $30,000 per year. She noted that the transition to Associated is completed and that, given the capabilities of Associated, the hours she has worked on the Fund has decreased. The Trustees were amenable to this approach. Ms. O'Leary stated that she would prepare an updated legal services agreement for the Trustees' review.

VIII. NEXT MEETING DATES/ADJOURNMENT

The next regular meetings of the Board of Trustees are scheduled for Thursday, March 24, 2016, Tuesday, June 21, 2016, Thursday, September 29, 2016 and Wednesday, December 7, 2016. The meetings will commence at 10:00 a.m. With no further business to come before the Board, the meeting was adjourned at 12:00 p.m.

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

Exhibits:

A – Interim Approval Pension Application

B – Cash Operating Statement

C – Active Members & Pensioners Receiving Benefits Report

D – Employer Contribution Rate Report

E – Delinquency Report

F – Administrative Manager's Report

G – Financial Statement July 1, 2015 Plan Year