Industry And Local 338
Pension Fund
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Minutes of the Meeting of the Board of Trustees

Held on November 19, 2021
via
Webex

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
Roberta Dunker	Jean McGurl
Dan Maldonado	Chris Palmer
Mickey Smith	

Also present were:

Peter Bernstein – Horizon Actuarial Services, LLC
Pat Blizzard – SEI Institutional Group
Alicia Cochran – Associated Administrators, LLC
Mary Ann Dunleavy – Horizon Actuarial Services, LLC
Rachel Grant – Associated Administrators, 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 10:03 a.m.

II. TRUSTEE APPOINTMENT

Ms. Cochran reported that, in light of Ms. Theresa Bresten's upcoming retirement from her position at HP Hood LLC, Ms. Bresten resigned as an Employer Trustee effective November 18, 2021. She stated that, prior to Ms. Bresten's resignation, Mr. Palmer and Ms. Bresten selected Jean McGurl, Hood's Senior Director of Total Rewards and HR Technology, as successor Employer Trustee to Ms. Bresten in accordance with the Trust Agreement which provides that the Employer Trustees are responsible for selecting a successor Employer Trustee in the event of a vacancy. Ms. Cochran noted that a Trustee Acceptance letter was sent to Ms. McGurl. The Trustees welcomed Ms. McGurl to the Board.

III. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI reviewed SEI's report. He led a conversation regarding SEI's Outsourced Chief Investment Officer ("OCIO") model and the services provided by SEI to the Fund. He reviewed SEI's due diligence and monitoring of sub-advisors and its decision-making authority over manager selections and terminations. He provided commentary on market conditions and economic trends, including a detailed report on market performance across different asset classes.

Mr. Blizzard reported that the Fund's ending market value as of October 31, 2021 was $107,649,106, and that its fiscal year-to-date total rate of return is 3.28% compared to 2.42% for the index. He reviewed performance for other time periods as well. Mr. Blizzard reviewed the Fund's portfolio allocation as of October 31, 2021: 10.90% Large Cap Index Fund, 3.00% Small Cap Fund, 21.60% World Equity Ex-US Fund, 13.80% US Equity Factor Allocation Fund, 2.90% Emerging Markets Equity Fund, 3.00% Dynamic Asset Allocation Fund, 14.30% Core Fixed Income Fund, 4.90% Ultra Short Duration Fund, 4.00% High Yield Bond Fund, 2.00% Opportunistic Income Fund, 3.90% Emerging Markets Debt Fund, 3.50% SEI Special Situations Collective Fund, 4.00% SEI Structured Credit Collective Fund, 8.20% SEI Core Property Fund CIT, and 2.20% cash and equivalents.

After additional questions and answers about SEI's report, the Trustees thanked Mr. Blizzard for his report.

IV. ACTUARY REPORT

Ms. Mary Ann Dunleavy, Mr. Dylan Nitta and Mr. Peter Bernstein presented information on the American Rescue Plan Act of 2021 ("ARPA"), the Plan's July 1, 2021 PPA certification, and updated projections of the Plan's funding.

Ms. Dunleavy discussed the 2021 PPA zone certification that was submitted to the IRS on September 28, 2021 which reflected that the Fund is in the "Green Zone" for the July 1, 2021 – June 30, 2022 Plan Year. She reviewed key assumptions used in the projection of liabilities and assets, and the contribution rates and projected work levels that are included in the funding forecast used as the basis of the certification.

Ms. Dunleavy presented the projection sensitivities. She stated that the first sensitivity illustrates that a 0% investment return in the Plan Year beginning July 1, 2021 would reduce the Plan's funding cushion. Ms. Dunleavy also reviewed projections reflecting an alternative discount rate of 7.00%, which is 0.25% lower than that used in the July 1, 2020 valuation. She noted that the Plan remains sensitive to both investment return and contribution levels and that the credit balance is the primary driver of status.

Ms. Dunleavy presented an overview of ARPA's funding relief provisions. She reported that the Plan is eligible for both extended amortization of investment and other losses related to the COVID-19 pandemic and extended smoothing of such losses in the determination of the actuarial value of assets. She noted that the Plan is projected to be solvent over the extended amortization period (30 years), which is a requirement of eligibility for the election of funding relief. She stated that electing to apply either of the special funding rules means that the Plan may not be amended to increase benefits until the end of two plan years after the special funding rule is not in effect.

Ms. Dunleavy reviewed projections reflecting the extended amortization of COVID-19 investment losses and noted that the election of relief must be made before December 31, 2021 and that participants and the PBGC must be notified of the election by January 31, 2022.

Ms. Dunleavy noted that the Plan is also eligible to re-set the asset valuation method, which is more advantageous to the projected funding of the Plan than the extended smoothing of COVID-19 investment losses. She stated the change must be elected by the time the Schedule MB of Form 5500 for the July 1, 2020 – June 30, 2021 Plan Year is filed.

Following discussion, the Trustees agreed to elect extended amortization of the investment losses attributable to the COVID-19 pandemic and to defer a decision on re-setting the asset valuation method to a future meeting.

MOTION was made, seconded and unanimously adopted to elect extended amortization of the investment losses attributable to the COVID-19 pandemic.

V. AUDITOR REPORT

Ms. Cochran stated that Mr. Peter Murray of Schultheis & Panettieri, LLP ("S&P") was unable to join the conference call due to a scheduling conflict. Ms. Cochran referred the Trustees to S&P's Payroll Audit Engagement Letter, which was distributed electronically prior to the meeting. The report is attached hereto as Exhibit "A." She noted that S&P's payroll audit agreement expired on July 1, 2021. She stated that S&P is requesting an increase of 1.20% and has agreed that, if approved, S&P will maintain the new rates until 2023. The Trustees noted that the proposed increase is reasonable and they stated their satisfaction with S&P's payroll auditing services.

MOTION was made, seconded and unanimously adopted to approve S&P's proposed 1.20%

increase for the hourly payroll audit rates for the period January 1, 2022 through December 31, 2022.

VI. APPROVAL OF MINUTES

The minutes of the meeting held on July 22, 2021, which were previously distributed, were reviewed. Trustee McGurl did not participate in this vote since she had not attended the meeting held on July 22, 2021.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on July 22, 2021.

VII. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Pension Applications – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll on August 17, 2021, approved two (2) pension applications per the report of August 17, 2021, annexed hereto as Exhibit "B."

MOTION was made, seconded and unanimously adopted to ratify the interim action of the Trustees to approve the pension applications listed on Exhibit "B."

Ms. Cochran reported that the Trustees, via electronic poll on July 27, 2021, approved three (3) pension applications per the report of July 27, 2021, annexed hereto as Exhibit "C."

MOTION was made, seconded and unanimously adopted to ratify the interim action of the Trustees to approve the pension applications listed on Exhibit "C."

B. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2020 through June 30, 2021. The report is attached hereto as Exhibit "D."

C. Disbursements Reports

Ms. Cochran referred to the Authorization for Disbursements reports for April, May, and June 2021. The reports are attached hereto as Exhibit "E."

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

D. Delinquency Report

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

E. Withdrawal Liability

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

F. Employer Contribution Rate Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "G." Ms. O'Leary recommended removing the College of New Rochelle from this report as the amount has been determined to be uncollectable.

Trustee Dunker inquired about required contribution rates. The Trustees reviewed with her the prior decision to rescind the Funding Policy. Questions were raised regarding whether new employers could participate in the Plan and whether the Plan could be amended to offer a 30-Year Service Pension without any reductions for early commencement. It was noted that new employers are welcome to join the Plan and that, in light of the election of ARPA funding relief as well as other factors, the addition of an unreduced 30-Year Service Pension is not permissible or recommended at this time.

G. Active Members & Retirees Receiving Benefits

Ms. Cochran referred to the report for the period from January 2021 through December 2021. The report is attached hereto as Exhibit "H."

H. Administrative Manager's Report

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

I. Annual Funding Notice

Ms. Cochran reported that the Annual Funding Notice was mailed on October 27, 2021.

J. HP Hood LLC Withdrawal Liability Estimate

Ms. Cochran reported receipt of a withdrawal liability estimate request from HP Hood LLC. She noted that the fee for the actuarial calculations was paid and the estimate was provided to the employer on August 11, 2021.

K. HP Hood LLC Credit Request

Ms. Cochran reported that HP Hood LLC requested a credit for a week of contributions paid in error. She stated that Associated has confirmed that the contributions were paid in error and that the employer does not have any outstanding liability to the Fund. The total credit request is $22,952.86. Trustee McGurl recused herself from discussing or participating in this discussion.

MOTION was made, seconded and unanimously adopted to approve the credit request of $22,952.86 for HP Hood LLC.

L. Cyber Liability Policy Renewal

Ms. Cochran reported that the Trustees, via electronic poll, approved the renewal of the Cyber Liability Policy with Travelers based on Segal's recommendation. The policy period is October 4, 2021 through October 4, 2022.

MOTION was made, seconded and unanimously adopted to ratify the interim action of the Trustees to approve the Cyber Liability Policy.

M. International Foundation of Employee Benefit Plans

Ms. Cochran reported receipt of the Fund's 2022 membership renewal invoice for the International Foundation of Employee Benefit Plans ("IFEBP"). The renewal fee is $1,100.00.

MOTION was made, seconded and unanimously adopted to approve the Fund's 2022 IFEBP renewal fee of $1,100.00.

N. Annual Pension Statements

Ms. Cochran reported the annual pension statements were mailed to active and deferred vested participants on September 7, 2021.

O. Retiree Affidavit Form

Ms. Cochran reported the first request for information was mailed to retirees on August 6, 2021 and the second request was mailed October 27, 2021.

VIII. NEXT MEETING DATE/ADJOURNMENT

The next meeting of the Board of Trustees is scheduled for Thursday, February 18, 2022 at 1:00 p.m. via Webex. With no further business to come before the Board, the meeting was adjourned at 11:56 a.m.

Exhibits:

A – Payroll Audit Report

B – Interim Pension Applications

C – Interim Pension Applications

D – Cash Operating Statement

E – Authorization for Disbursements

F – Delinquency and Withdrawal Liability Report

G – Employer Contribution Report

H – Active Members & Retirees Receiving Benefits Report

I – Administrative Manager’s Report