Waterfront Warehouse Local 1429
Pension Fund

Board of Trustees Meeting

November 17, 2021

WATERFRONT WAREHOUSES LOCAL NO. 1429 PENSION FUND
AGENDA
NOVEMBER 17, 2021

A. ROLL CALL

B. READING OF THE MINUTES - August 18, 2021

1. Minutes of September 24, 2021
2. Minutes of September 30, 2021

C. ADMINISTRATIVE REPORTS

1. Statement of Changes In Fund Balance (Jul - Sep, 2021)
2. Statement of Fund Balance (September 30, 2021)
3. Schedules (Jan - Sep, 2021)
4. Monthly Pension Payments (Jul - Sep, 2021)
5. Bills to be Approved and Paid (November 17, 2021)

D. UNFINISHED BUSINESS

1. Benefit Accrual Discussion

E. NEW BUSINESS

1. Retirements: **None**
2. Morgan Stanley Graystone Consulting Investment Review
3. Annual Audit - YE 12/31/2020
4. Auditor Disengagement Letter
5. Actuarial Valuation - January 1, 2021
6. 5th Amendment to the Plan and SMM
7. DOL Proposed Rule on Prudence and Loyalty in Selecting Plan Investments
8. Banking Change
9. Questions
10. Date of Next Meeting - February, 2022

WATERFRONT WAREHOUSES LOCAL NO. 1429 PENSION FUND
AGENDA
NOVEMBER 17, 2021

A. ROLL CALL

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7. Banking Change
8. Questions
9. Date of Next Meeting - February, 2022

Waterfront Warehouses Local 1429
Pension Fund
911 Ridgebrook Road
Sparks, Maryland 21152-9451
Toll Free Telephone (888) 494-4443
www.associated-admin.com

Trustees Attending: Trip Bailey, Andre Coley, Jeremy Riddle, Rob Turner

Others Attending: Tim Boles, Kim Bradley, Steven Ford, Chad Houser, David Jensen, Kathy Phillips

The Trustees met via conference call on August 18, 2021.

Chairman Bailey called the regular meeting to order at 12:00 p.m.

A. The Minutes of the meeting of May 12, 2021 were approved as written.

B. The Statement of Changes in Fund Balance, Statement of Fund Balance, Schedules, Monthly Pension Payments, Bills to be Approved and Paid, and Investment Manager Reports were reviewed and accepted.

C. Unfinished Business

1. Benefit Accrual Discussion
At the previous meeting, Mr. Boles presented a Benefit Improvement Study dated May 11, 2021. The following scenarios were discussed:

- Scenario 1 - $75 Multiplier and 3% Increase for Pensioners
This scenario contemplates an increase in the benefit multiplier from $70 to $75 for all years of service for Active participants, and a 3% benefit increase for in-pay status participants. (Cost per hour $0.60)

- Scenario 2 - $80 Multiplier and 3% Increase for Pensioners
This scenario is similar to Scenario 1 but contemplates an increase in the benefit multiplier from $70 to $80 for all years of service for Active participants. (Cost per hour $1.14)

- Scenario 3 – Early Unreduced and 3% Increase for Pensioners
This scenario contemplates early unreduced benefits for Active participants who retire after attaining Age 62 with at least 10 years of service. It also assumes a 3% benefit increase for in-pay status participants. (Cost per hour $1.21)

- Scenario 4 – Early Unreduced with 30 & 55 and 3% Increase for Pensioners
This scenario is similar to Scenario 3 but also allows Active participants to retire with unreduced benefits after attaining Age 55 with at least 30 years of service. (Cost per hour $2.18)

The Trustees discussed the four scenarios. Trustee Turner asked about the feasibility of implementing Scenario #2 and a modified #3 (20 years of service instead of 10 years). Mr. Boles stated that combination would create a funding deficiency. He stated a combination of Scenario #1 and the modified #3 (20 years of service) would be feasible with no contribution increase needed.

A **Motion** was made and seconded for Bolton to update the May 11, 2021 Benefit Improvement Study by increasing the service years required in Scenario #3 to twenty (20), to consider the effect on the Plan of implementing multiple Scenarios, and to measure the effect on withdrawal liability in the Plan. The Motion also calls for scheduling a special meeting in September 2021 to review the updated Study. The Motion passed unanimously.

2. Direct Deposit
   Mr. Jensen reported the implementation of the direct deposit option is complete. To date, 11 of the 23 pensioners have elected to move to direct deposit instead of paper check.

D. New Business:

1. The Trustees approved the following Normal Pension:
   Vincent Jackson 10-Yr Certain $963.75 Effective 5/1/2021

2. The Trustees approved the following Survivor Pension:
   Ramona Faye Gardner 10-Yr Certain $963.75 Effective 7/1/2021

3. Mr. Chad Houser and Mr. Steven Ford of the Houser Ford Group reviewed the June 30, 2021 Graystone Consulting report. Market value of assets in the portfolio at quarter end was $9,830,177. For the quarter, the portfolio increased 3.93% net of fees. As of June 30, 2021, the portfolio increased 7.83% net of fees.

   Mr. Houser then recommended terminating the Great Lakes SMid Cap Equity investment due to underperformance. Proceeds would be moved into the CION Ares Diversified Credit Fund. A **MOTION** was made and seconded to approve Mr. Houser's recommendation. The Motion passed unanimously.

4. Date of the next regular meeting: November 17, 2021 at 12:00 p.m. at the offices of Associated Administrators, 911 Ridgebrook Road, Sparks, Maryland 21152.

   The special meeting on the revised Benefit Improvement Study was scheduled for September 15, 2021 at 3:00 p.m. via conference call.

Adjournment: 12:36 p.m.

Respectfully submitted,

David Jensen
Account Executive

Waterfront Warehouses Local 1429
Pension Fund
911 Ridgebrook Road
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Trustees Attending: Trip Bailey, Andre Coley, Jeremy Riddle, Rob Turner

Others Attending: Tim Boles, Kim Bradley, David Jensen, Meredith Miraglia, Kathy Phillips

The Trustees met via conference call on September 24, 2021.

Chairman Bailey called the regular meeting to order at 11:00 a.m.

A. Unfinished Business

1. Benefit Accrual Discussion
   Mr. Boles presented a revised Benefit Improvement Study dated September 22, 2021. The following scenarios were discussed:

   - Scenario 1 - $75 Multiplier, Early Unreduced 62/20 and 3% Increase for Pensioners
     This scenario contemplates an increase in the benefit multiplier from $70 to $75 for all years of service for Active participants, early unreduced benefits for Active participants who retire after attaining age 62 with at least 20 years of service, and a 3% benefit increase for in-pay status participants. (Cost per hour $1.68)

   - Scenario 2 - $75 Multiplier, Early Unreduced 62/25 and 3% Increase for Pensioners
     This scenario contemplates an increase in the benefit multiplier from $70 to $75 for all years of service for Active participants, early unreduced benefits for Active participants who retire after attaining age 62 with at least 25 years of service, and a 3% benefit increase for in-pay status participants. (Cost per hour $1.42)

   - Scenario 3 – Same as Scenario 1 plus 15 Active Participants plus Scheduled Rate Increases
     This scenario is the same as Scenario 1, except that it contemplates 15 additional active participants as described below, total annual hours of 100,000, and $0.20/hour contribution rate increases effective October 1, 2021 and October 1, 2023. (Cost per hour $1.76)

   - Scenario 4 – Same as Scenario 2 plus 15 Active Participants plus Scheduled Rate Increases
     This scenario is the same as Scenario 2, except that it contemplates 15 additional active participants as described below, total annual hours of 100,000, and $0.20/hour contribution rate increases effective October 1, 2021 and October 1, 2023. (Cost per hour $1.53)

For Scenarios 3 and 4, the actuary added 15 additional participants who best represented new hires during 2016 and 2017 since there were no new participants during 2018, 2019 or 2020. The average age of these additional 15 participants is 35. The actuary have assumed they will enter with 0.75 years of credited service and work 1,000 hours in future years.

The Trustees discussed the four scenarios. Trustee Turner asked about the feasibility of adding a scenario with a $77.50 benefit multiplier.

A **Motion** was made and seconded for Bolton to update the September 22, 2021 Benefit Improvement Study by adding a scenario with the benefit multiplier to $77.50. The Motion also calls for scheduling a special meeting on September 30, 2021 to review the updated Study. After discussion, the Motion passed unanimously.

2. Date of the next special meeting: September 30, 2021 at 10:00 a.m. via conference call.

Adjournment: 11:40 a.m.

Respectfully submitted,

David Jensen
Account Executive

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Trustees Attending: Trip Bailey, Andre Coley, Jeremy Riddle, Rob Turner

Others Attending: Tim Boles, Kim Bradley, David Jensen, Kathy Phillips

The Trustees met via conference call on September 30, 2021.

Chairman Bailey called the regular meeting to order at 10:00 a.m.

A. Unfinished Business

1. Benefit Accrual Discussion
   Mr. Boles presented a revised Benefit Improvement Study dated September 29, 2021. The following scenarios were discussed:

   - Scenario 1 - $75 Multiplier, Early Unreduced 62/20 and 3% Increase for Pensioners
     This scenario contemplates an increase in the benefit multiplier from $70 to $75 for all years of service for Active participants, early unreduced benefits for Active participants who retire after attaining age 62 with at least 20 years of service, and a 3% benefit increase for in-pay status participants. (Cost per hour $1.68)

   - Scenario 2 - $75 Multiplier, Early Unreduced 62/25 and 3% Increase for Pensioners
     This scenario contemplates an increase in the benefit multiplier from $70 to $75 for all years of service for Active participants, early unreduced benefits for Active participants who retire after attaining age 62 with at least 25 years of service, and a 3% benefit increase for in-pay status participants. (Cost per hour $1.42)

   - Scenario 3 – Same as Scenario 1 plus 15 Active Participants plus Scheduled Rate Increases
     This scenario is the same as Scenario 1, except that it contemplates 15 additional active participants as described below, total annual hours of 100,000, and $0.20/hour contribution rate increases effective October 1, 2021 and October 1, 2023. (Cost per hour $1.76)

   - Scenario 4 – Same as Scenario 2 plus 15 Active Participants plus Scheduled Rate Increases
     This scenario is the same as Scenario 2, except that it contemplates 15 additional active participants as described below, total annual hours of 100,000, and $0.20/hour contribution rate increases effective October 1, 2021 and October 1, 2023. (Cost per hour $1.53)

- Scenario 5 – $77.50 Multiplier, Early Unreduced 62/25 and 3% Increase for Pensioners plus 15 Active Participants plus Scheduled Rate Increases
  This scenario contemplates an increase in the benefit multiplier from $70 to $77.50 for all years of service for Active participants, early unreduced benefits for Active participants who retire after attaining age 62 with at least 25 years of service, and a 3% benefit increase for in-pay status participants. It also contemplates 15 additional active participants as described below, total annual hours of 100,000, and $0.20/hour contribution rate increases effective October 1, 2021 and October 1, 2023. (Cost per hour $1.79)

For Scenarios 3 - 5, the actuary added 15 additional participants who best represented new hires during 2016 and 2017 since there were no new participants during 2018, 2019 or 2020. The average age of these additional 15 participants is 35. The actuary assumed they will enter with 0.75 years of credited service and work 1,000 hours in future years.

Mr. Boles stated that without increasing contribution rates, Scenarios 1 and 2 are both feasible. Scenarios 3 - 5, which contemplate contribution rate increases and additional active participants, are more favorable. There are no projected funding deficiencies with any of the scenarios. Under all scenarios, the funded percentage will drop below 100%, but is expected to return to above 100% within a few years. All scenarios have an adverse effect on the credit balance, but the additional information regarding new active participants, increased work hours and scheduled contribution rate increases lessens this effect as can be seen in Scenarios 3 - 5.

The Trustees discussed the five scenarios with Mr. Boles.

A **Motion** was made and seconded to adopt Scenario 5 of Bolton's Benefit Study dated September 29, 2021 - $77.50 Multiplier, Early Unreduced 62/25 and 3% Increase for Pensioners plus 15 Active Participants plus Scheduled Rate Increases – effective January 1, 2022. After discussion, the Motion passed unanimously.

2. Date of the next meeting: November 17, 2021 at 10:00 a.m. via conference call.

Adjournment: 10:17 a.m.

Respectfully submitted,

David Jensen
Account Executive

WATERFRONT WAREHOUSE LOCAL 1429 PENSION FUND
STATEMENT OF CHANGES IN FUND BALANCE - CASH BASIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

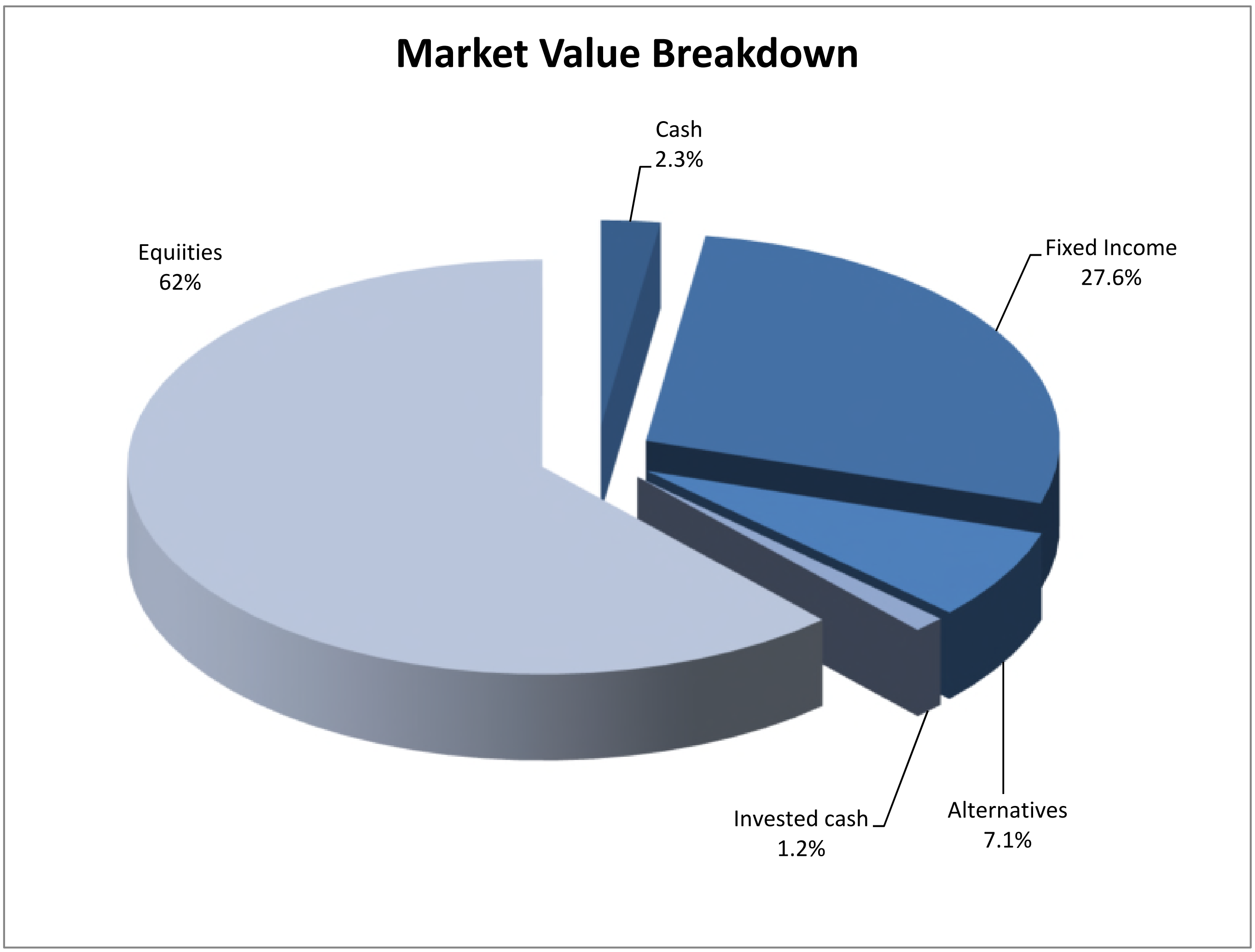
	July	August	September	Current Year To Date	Prior Year To Date
Additions					
Employer Contributions	$ 75,636.95	$ -	$ 39,097.95	$ 258,527.22	$ 185,896.24
Interest Income	1,795.89	2,811.43	1,812.36	17,237.36	19,351.06
Dividend Income	12,375.93	10,947.40	21,648.96	122,175.88	99,612.53
Gain (Loss) On Sale	105,786.53	49,733.22	13,394.02	359,794.50	(216,053.02)
Gain (Loss) Exchange of Securities	2,265.96	3,117.78	3,056.25	32,876.57	95,761.72
Total Additions	197,861.26	66,609.83	79,009.54	790,611.53	184,568.53
Deductions					
Pensions Benefits Paid	17,172.46	18,742.45	17,778.70	154,457.13	153,413.09
Old Pension Checks Write/Off	-	-	-	-	-
Actuarial Fees	7,530.00	1,585.00	-	19,211.50	20,316.30
Administration	5,447.00	-	-	16,182.25	15,710.75
Audit Fees	4,300.00	1,200.00	-	9,315.50	11,706.00
Audit Fees - Pensioner Deaths	-	-	-	-	-
Bond	-	-	-	1,626.00	-
Conference	-	-	-	-	-
Consulting Fees	-	-	-	-	-
Dues	-	-	-	-	1,065.00
Fiduciary Liability Insurance	2,441.00	-	-	2,441.00	2,441.00
Investment Advisor Fees	12,171.61	1,881.92	1,584.18	45,127.33	36,878.53
Legal Fees	1,181.25	168.75	6,018.75	10,068.75	19,350.00
P B G C	-	-	-	-	-
Postage	-	0.43	-	71.48	104.38
Printing	-	-	15.98	71.49	80.73
Social Security Administration	-	-	-	-	-
Wire Fees	-	-	-	-	-
IRS Filing Fees	-	-	-	-	-
Bank Service Charges	-	-	-	1,082.13	1,021.68
Meeting Expenses	-	-	-	-	120.16
Total Deductions	50,243.32	23,578.55	25,397.61	259,654.56	262,207.62
Net Increase (Decrease)	$ 147,617.94	$ 43,031.28	$ 53,611.93	$ 530,956.97	$ (77,639.09)
Fund Balance - December 31, 2020				7,769,987.82	
Fund Balance - September 30, 2021				$ 8,300,944.79	

UNAUDITED FINANCIAL REPORT

WATERFRONT WAREHOUSE LOCAL 1429 PENSION FUND
STATEMENT OF FUND BALANCE
AS OF SEPTEMBER 30, 2021

	Cost Basis	Market Basis
Cash - Bank of America - Operating	$ 180,569.72	$ 180,569.72
Cash - Bank of America - Payment	48,233.71	48,233.71
Morgan Stanley - Cash	122,202.28	122,202.28
Morgan Stanley - Fixed Income	2,699,804.86	2,736,783.04
Morgan Stanley - Equities	4,635,700.23	6,131,873.51
Morgan Stanley - Alternatives	614,395.40	704,821.64
Taxes Withheld	38.59	38.59
Deferred Revenue	-	-
	$ 8,300,944.79	$ 9,924,522.49

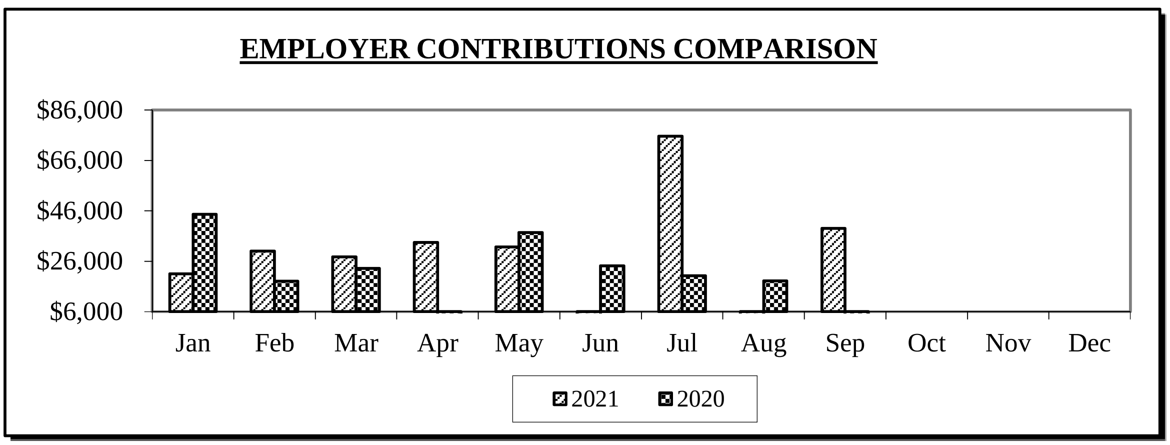
Market Value of Fund Balance as of December 31, 2020	9,299,828.42
Increase in Market Value of Fund Balance as of September 30, 2021	$ 624,694.07
Increase in Cash	530,956.97
Unrealized Gain on Investments	93,737.10
	$ 624,694.07



WATERFRONT WAREHOUSE LOCAL 1429 PENSION FUND
SCHEDULES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

EMPLOYER CONTRIBUTIONS

Month Received	Current Year To Date	Prior Year To Date	Prior Year Total
January	$ 20,947.50	$ 44,638.83	$ 44,638.83
February	29,973.08	18,078.98	18,078.98
March	27,706.20	23,213.25	23,213.25
April	33,511.88	-	-
May	31,653.66	37,353.53	37,353.53
June	-	24,187.95	24,187.95
July	75,636.95	20,223.60	20,223.60
August	-	18,200.10	18,200.10
September	39,097.95	-	-
October			45,132.60
November			24,413.10
December			18,094.65
	$ 258,527.22	$ 185,896.24	$ 273,536.59
Average per month	$ 28,725.25	$ 20,655.14	$ 22,794.72



PENSIONS PAID

Month Paid	Current Year To Date	Prior Year To Date	Prior Year Total
January	$ 16,793.92	$ 15,716.11	$ 15,716.11
February	16,793.92	12,496.11	12,496.11
March	16,793.92	12,496.11	12,496.11
April	16,793.92	30,172.66	30,172.66
May	16,793.92	16,506.42	16,506.42
June	16,793.92	16,506.42	16,506.42
July	17,172.46	16,506.42	16,506.42
August	18,742.45	16,506.42	16,506.42
September	17,778.70	16,506.42	16,506.42
October			19,093.92
November			16,793.92
December			16,793.92
	$ 154,457.13	$ 153,413.09	$ 206,094.85
Projected Annual Pensions	$ 205,942.84	$ 204,550.79	

WATERFRONT WAREHOUSE LOCAL 1429 PENSION FUND
MONTHLY PENSION PAYMENTS
AS OF SEPTEMBER 30, 2021

	July	August	September	Quarterly Total
Wendell Bean	563.39	563.39	563.39	1,690.17
Donald Bruce	396.90	396.90	396.90	1,190.70
Frances Burkhardt	1,090.25	1,090.25	1,090.25	3,270.75
Raymond Carter	1,916.68	1,916.68	1,916.68	5,750.04
Ameena Coley	516.13	516.13	516.13	1,548.39
James Crawford	725.33	725.33	725.33	2,175.99
Michael Engles	475.00	475.00	475.00	1,425.00
Dennis K Evans, Sr.	962.50	962.50	962.50	2,887.50
Charles Feaster	666.04	308.53	308.53	1,283.10
Floyd Foster	688.28	688.28	688.28	2,064.84
Ramona Gardner	-	1,927.50	963.75	2,891.25
Lynn Jacobs	327.68	327.68	327.68	983.04
Jessie Joe	497.08	497.08	497.08	1,491.24
Dawn Klosterman	83.53	83.53	83.53	250.59
Wayne Reichart	1,618.63	1,618.63	1,618.63	4,855.89
Edward Schultz	1,995.00	1,995.00	1,995.00	5,985.00
Daryl Shufford	945.00	945.00	945.00	2,835.00
Robert Singletary	718.08	718.08	718.08	2,154.24
Eugene Skinner	152.78	152.78	152.78	458.34
Mark Stanley	884.00	884.00	884.00	2,652.00
Paul Henry Stylc	964.38	964.38	964.38	2,893.14
Sharon Walker	111.76	111.76	111.76	335.28
Paul Young	874.04	874.04	874.04	2,622.12
	$ 17,172.46	**$ 18,742.45**	**$ 17,778.70**	**$ 53,693.61**

WATERFRONT WAREHOUSE LOCAL 1429 PENSION FUND
BILLS TO BE APPROVED AND PAID
November 17, 2021

	Payee/Purpose	Period	Check #	Amount
1.	Abato Rubenstein & Abato, P.A.			
	Legal Fees	6/21	1381	168.75
2.	Bolton Partners, Inc.	7/21		
	Actuarial & Consulting Fees		1382	1,585.00
3.	Associated Administrators, LLC	3/21 & 4/21		
	Accurint		1383	0.43
4.	Weyrich, Cronin & Sorra	12/20		
	Financial Statement Audit Progress Billing		1384	1,200.00
5.	Abato Rubenstein & Abato, P.A.	2/21		
	Legal Fees		1385	5,906.25
6.	Abato Rubenstein & Abato, P.A.	7/21		
	Legal Fees		1386	112.50
7.	Associated Administrators, LLC	8/21		
	Printing		1387	15.98
8.	Abato Rubenstein & Abato, P.A.	8/21		
	Legal Fees		1388	1,743.75
9.	Associated Administrators, LLC			
	Administration Fees & Accurint	Admin 10/21-12/21		
		Accurint 5/21	1389	5,447.22
10.	Bolton Partners, Inc.			
	Actuarial & Consulting Fees	8/21	1390	2,801.25
11.	Bolton Partners, Inc.			
	Actuarial & Consulting Fees	9/21	1391	4,900.00
12.	Weyrich, Cronin & Sorra			
	Financial Statement Audit Progress Billing	12/20	1392	1,500.00
				$ 25,381.13

WEYRICH | CRONIN | SORRA

November 1, 2021

Board of Trustees
Waterfront Warehouses Local No. 1429 Pension Plan
c/o Dave Jensen
911 Ridgebrook Road
Sparks, MD 21152

Effective immediately, we will cease our services as your accountants with the exception of completing the audit and tax filings for the year ended December 31, 2020 which we had already started. The Form 5500 was due on October 15, 2021, however the 5500 was filed without the audit as the employer had not provided the requested audit documentation by that date. A reminder list of information needed was sent to Lisa Lawrence on October 28, 2021 via e-mail. We have reached this decision reluctantly and after substantial deliberation as a result of the departure from our firm of Jeff Maygers the senior manager who specialized in multiemployer plans. Jeff's departure leaves us without the necessary experience and expertise to continue to service your accounts properly.

We wish to remind you that the total of your unpaid invoices is **$2300**. We would appreciate payment in full of all of these invoices as soon as possible. If you are not in a position to make immediate payment, please call us so that we may discuss an extended payment arrangement.

We are prepared to help you make a smooth transition with your new accountants. Attached is a list of some accounting firms that specialize in multiemployer plans and may be options for you in this transition.

Very truly yours,

Weyrich, Cronin & Sorra, LLC

Weyrich, Cronin & Sorra
David Crisp, Partner
410-838-2237

FIFTH AMENDMENT TO THE
WATERFRONT WAREHOUSES LOCAL NO. 1429 PENSION PLAN
(JANUARY 1, 2014 RESTATEMENT)

The Amendment to the Waterfront Warehouses Local No. 1429 Pension Plan (the “Plan”) is adopted on the date as set forth below.

WHEREAS, Section 9.1 of the Plan provides for its amendment by the Trustees at any time;

NOW, THEREFORE, the Plan is amended as follows:

FIRST CHANGE

Effective January 1, 2022, Section 3.1 of Article III shall be deleted, and a new Section 3.1 shall be adopted, as follows:

3.1 NORMAL RETIREMENT

(a) A Participant shall be eligible to retire on a Normal Retirement Pension at his own option at any time after he has satisfied all of the following requirements:

(i) He must have attained his 65th birthday;

(ii) He must have worked as a Participant for ten (10) (effective January 1, 2006, five (5)) or more years and earned at least one-fourth (0.25) of a Future Service Credit in each of at least five (5) years (after January 1, 1968); and

(iii) He must have terminated his employment without any present intention of returning to Covered Employment.

(b) (i) The amount of monthly Normal Retirement Pension shall be equal to the dollar amount as set forth below at the effective date multiplied by the number of Service Credits (including fractional credits) at retirement adjusted by the actuarial factors cited in Article V.

Effective Date	Dollar Amount
Before January 1, 1991	$4.00
On and after January 1, 1991	$4.50

(ii) Effective November 1, 1994, the amount of Normal Retirement Pension shall be equal to the dollar amount as set forth below for the particular Employer multiplied by the number of Service Credits (including fractional credits) at retirement adjusted by the actuarial factors cited in Article V.

Belt's Wharf Warehouses, Inc.	$22.50
Rukert Terminals Corporation	$31.50
Terminal Corporation/Logistec	$35.55

(iii) For Terminal Corporation/Logistec, the amount of monthly Normal Retirement Pension shall be equal to the dollar amount as set forth below at the effective date, provided the Employee earned 500 hours or more of service in the previous year, multiplied by the number of Service Credits (including fractional credits) at retirement adjusted by the actuarial factors cited in Article V.

Effective Date	Dollar Amount
January 1, 1999	$50.00
January 1, 2005	$63.00
January 1, 2007	$68.00
January 1, 2013	$70.00*
January 1, 2022	$77.50**

* For Participants with one or more hours of service after December 31, 2012, who are not in pay status as of that date.

** For Participants with one or more hours of service after November 30, 2021, who are not in pay status as of that date.

Effective January 1, 2022, all Participants and Beneficiaries in pay status as of December 31, 2021 will receive a three percent (3%) increase in pension benefits.

The foregoing increases will not apply to terminated vested Employees or other inactive Employees. If a terminated vested Employee or other inactive Employee were to return to Covered Employment, that Employee would receive the dollar amount currently in effect only for service thereafter and not for their prior service.

SECOND CHANGE

Effective January 1, 2022, a new Section 3.5 of Article III shall be adopted, as set forth below.

3.5 SERVICE PENSION

(a) Effective January 1, 2022, a Participant may retire on a Service Pension if he or she has at least 25 Full Pension Credits and has attained the age of 62.

(b) The monthly amount of the Service Pension shall be computed in the same manner as the monthly amount of the Normal Retirement Pension.

IN WITNESS THEREOF, the Trustees of the Waterfront Warehouses Local No. 1429 Pension Fund have executed this Amendment as of this ____ day of October, 2021.

EMPLOYER TRUSTEES	UNION TRUSTEES
______________________	______________________
Morgan C. “Trip” Bailey	Andre Coley
______________________	______________________
Jeremy Riddle	Robert Turner

WATERFRONT WAREHOUSES LOCAL NO. 1429 PENSION FUND

ADMINISTATIVE OFFICE
911 RIDGEBROOK ROAD
SPARKS, MARYLAND 21152

SUMMARY OF MATERIAL MODIFICATIONS

OCTOBER 2021

This notice is a Summary of Material Modifications (SMM) and describes changes to information presented in your Pension Plan Summary Plan Description. The Trustees are pleased to provide these benefit enhancements to participants and beneficiaries. You should read this notice carefully, and if you have any questions, you may contact the Fund Office at (888) 494-4443. You should also keep this notice with your SPD.

Amend the Benefit Accrual Rate in the Normal Pension Section

For participants who commence retirement benefits from the Pension Plan and begin receiving monthly benefit payments on and after January 1, 2022, the Normal Pension is calculated as follows:

> Multiply the number of your Pension Credits by $77.50

Previously, Pension Credits were credited at $70.00. Therefore, participants who retire prior to January 1, 2022 will be credited at $70.00 for all Pension Credits earned.

Addition of a Service Pension

Effective January 1, 2022, a Participant may retire on a Service Pension if he or she has at least 25 Full Pension Credits and has attained the age of 62. The monthly amount of the Service Pension shall be computed in the same manner as the monthly amount of the Normal Pension, without any reduction for early retirement.

Modify Retiree Benefits

Pensioners and beneficiaries in pay status as of January 1, 2022 will be provided a 3% increase in their monthly pension benefits.

BOARD OF TRUSTEES

Below is a list of the Fund's current Board of Trustees and their addresses:

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As always, if you have any questions about the above changes, or the Fund in general, please feel free to contact the Fund Office at (888) 494-4443.

Kimberly L. Bradley
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Paul D. Starr •
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MEMORANDUM

To: Trustees, Waterfront Warehouses Local 1429 Pension Fund

From: Kimberly Bradley and Shauna Barnaskas

Date: November 12, 2021

Re: DOL Proposed Rule on Prudence and Loyalty in Selecting Plan Investments

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Introduction

On October 14, 2021, the Department of Labor ("DOL" or the "Department") issued a Proposed Rule which would amend the Investment Duties regulation under Title I of the Employee Retirement Income Security Act of 1974 ("ERISA"), to clarify whether investments made by ERISA fiduciaries may take into account environmental, social, and governance ("ESG") considerations in selecting investments, including selecting qualified default investment alternatives ("QDIA's").[1] This Proposed Rule represents a significant change from the prior administration's fiduciary rule related to ESG investing, and is in response to President Biden's May 20, 2021 Executive Order 14030, "Executive Order on Climate-Related Financial Risk," intended to help safeguard the financial security of families, businesses, and workers from climate-related financial risk. Specifically, section 4 of the Executive Order directed DOL to consider publishing a proposed rule to suspend, revise or rescind the Department's previous Final Rule, issued in November 2020 under the Trump administration, titled "Financial Factors in Selecting Plan Investments."[2]

In accordance with the Executive Order, and in response to skepticism from a variety of entities as to whether the Final Rule issued under the Trump administration properly reflects the scope of a fiduciary's duties under ERISA to act prudently and solely in the interest of participants and beneficiaries, the Proposed Rule amends the current regulations to make clear that climate change and other economic, social and governance ("ESG") factors are often material to investment decisions, and fiduciaries should consider climate change and other ESG risk factors in the assessments of risks and returns.[3] Below is a brief history of DOL's position on use of ESG factors in plan investment decisions, as well as an overview of the Final Rule published under the Trump administration, and an analysis of the new 2021 Proposed Rule.

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[1] Proposed Rule, "Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights," 86 Fed. Reg. 57272 (Oct. 14, 2021).
[2] Exec. Order 1403086 Fed. Reg. 27967 (May 20, 2021), § 4.
[3] Proposed Rule at 57276.

Background

ERISA requires that fiduciaries act prudently, solely in the interest of plan participants and beneficiaries and for the exclusive purpose of providing benefits and paying administrative expenses. Over the past several decades, DOL has issued guidance on economically targeted investments ("ETIs"), and the extent to which the duties of loyalty and prudence under ERISA allow for ESG-based investment decisions. The guidance has shifted over time in response to political influence and changes in presidential administrations. Guidance has been issued by DOL under the Clinton administration in 1994, the Bush administration in 2008, the Obama administration in 2015, and the Trump administration in 2018 and 2020. The administrations disagree on the standard of using ESG considerations in obtaining economic returns: Democrat administrations have been more receptive in their views on ETIs, while Republican administrations have traditionally been more restrictive. With four different interpretations issuing multiple corrections or clarifications, it became very difficult to determine DOL's position.

The original ETI guidance was Interpretive Bulletin 1994-1 ("IB 1994"). It explained that while DOL had construed ERISA's fiduciary provisions as prohibiting a fiduciary from putting superior objectives ahead of the interests of participants, the selection of an ETI would not violate ERISA as long as the investment did not provide the plan with a lower rate of return or a riskier investment than other investments with similar characteristics.[4] This type of selection is often referred to as the "all things being equal" test.[5]

That guidance was superseded by Interpretive Bulletin 2008-1 ("IB 2008"). IB 2008 retained the general rule set forth in IB 1994 but emphasized that fiduciaries must focus on the economic interests of the plan when making investment decisions.[6] It stated that that consideration of non-economic factors should be "rare and, when considered, should be documented in a manner that demonstrates compliance with ERISA's rigorous fiduciary standards."[7]

In 2015, DOL issued Interpretive Bulletin 2015-1 ("IB 2015") in attempt to clarify the circumstances under which a fiduciary of a plan subject to ERISA fiduciary standards may invest plan assets in ETIs. IB 2015 withdrew IB 2008 and reinstated IB 1994. DOL was concerned that the 2008 guidance may have "unduly discouraged" fiduciaries from considering ETIs and ESG factors.[8] The 2015 guidance reinstated the "all things being equal test" from IB 1994 under which fiduciaries can consider collateral benefits as a tie-breaker when investments are otherwise equal with respect to financial and economic characteristics. Essentially, DOL advised that a fiduciary need not apply the "all things being equal" test when the fiduciary concludes the investment is economically prudent based on an analysis that includes ESG factors in the same manner as any other investment.[9]

Finally, in 2018, DOL published Field Assistance Bulletin ("FAB") No. 2018-1 ("FAB 2018"), providing guidance on IB 2015. It deliberated that while a fiduciary can apply ESG considerations with respect to investment decisions, it may only do so where those issues involve a business risk, such as a potential litigation risk, which may have economic impacts on the company.[10]

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[4] DOL Interpretive Bulletin 1994-1.
[5] Id.
[6] DOL Interpretive Bulletin 2008-1.
[7] Id.
[8] Id.
[9] Id.
[10] DOL Field Assistance Bulletin 2018-1.

Trump Administration Final Rule

Due the general confusion caused by these conflicting interpretations, the Trump administration issued a Proposed Rule in June 2020, followed by a Final Rule in November 2020, to codify its official position on ERISA fiduciaries considering ESG factors in investment decisions, and to create a regulatory structure for the investment duties regulation of ERISA. In a departure from prior DOL guidance, the Final Rule requires plan fiduciaries to select investments and strategies based solely on how they will affect the plan's financial performance, otherwise referred to as pecuniary factors, or those financial considerations that have a material effect on the risk and/or return of an investment consistent with the plan's investment objectives and funding policy.[11] Essentially, this rule eliminated most ESG considerations in investment decisions except when the fiduciaries are unable to distinguish investment decisions on pecuniary factors alone, at which point the fiduciaries must retain extensive documentation justifying their decision.[12]

The Final Rule also prohibited fiduciaries from subordinating the interests of participants to objectives not related to financial return, barring them from sacrificing investment return or taking additional risks to promote non-pecuniary goals.[13] Finally, the Final Rule stated the prudence and loyalty standards set forth in ERISA apply to a fiduciary's selection of designated investment alternatives to be offered to plan participants and beneficiaries in a participant-directed individual account plan.[14][15] In short, the Final Rule intended to make clear that a fiduciary must never sacrifice investment returns, take on additional risk, or pay higher fees to promote non-pecuniary benefits and goals.

Biden Administration Proposed Rule

Anticipation regarding new guidance related to ESG investments has grown since very early in President Biden's presidential tenure. In March 2021, DOL indicated that pending review of the Final Rule issued under the Trump administration, the Department will not pursue enforcement actions against any plan fiduciary based on a failure to comply with current regulations with respect to investments.[16] The Proposed Rule followed on October 14, 2021. The Proposed Rule represents a significant change from the prior administration's fiduciary rule relating to ESG investing but retains the basic framework of the investment duties regulation. Significant changes to the 2020 Final Rule include clarifying the permissibility of considering ESG factors in investment decisions, applying the same investment standards to QDIAs, and improving clarification on the "tie-breaker," or "all things being equal" test. An overview of the changes follows below.

1. ESG Investing

The 2020 Final Rule requires plan fiduciaries to consider only pecuniary factors in making investment decisions. In contrast, the 2021 Proposed Rule completely removes the concept of pecuniary factors, stating that "a prudent fiduciary may consider any factor in the evaluation of an investment or investment course of action that, depending on the facts and circumstances, is material to the risk-return

[11] Final Rule, "Financial Factors in Selecting Plan Investments," 85 Fed. Reg. 72846, (Nov. 13, 2020).
[12] Id.
[13] Id.
[14] Id.
[15] This portion of the Final Rule only applies to self-directed defined contribution plans, and therefore would not apply to the 1429 Pension Plan.
[16] Department of Labor Press Release, "US Department of Labor Statement Regarding Enforcement of its Final Rules on ESG Investments and Proxy Voting by Employee Benefit Plans," Mar. 10, 2021, https://www.dol.gov/sites/dolgov/files/ebsa/laws-and-regulations/laws/erisa/statement-on-enforcement-of-final-rules-on-esg-investments-and-proxy-voting.pdf.

analysis."[17] It goes so far as to specify that the consideration of the projected return of the portfolio relative to the funding objectives of the plan often times *requires* an evaluation of the economic effects of climate change and other ESG factors on the particular investment or investment course of action.[18] DOL stated that this provision is specifically intended to counteract the negative perception of the use of climate change and other ESG factors in investment decisions caused by the 2020 Final Rule.[19]

The Department believes that consideration of climate change and other ESG factors is highly relevant in investment decisions, and often times consideration of climate change and ESG factors are financially advantageous to the plan. Its justification is as follows:

> *Climate change is already imposing significant economic consequences on a wide variety of businesses as more extreme weather damages physical assets, disrupts productivity and supply chains, and forces adjustment to operations. Climate change is particularly pertinent to projected returns of pension plan portfolios that, because of the nature of their obligations to participants and beneficiaries, typically have long-term investment horizons. The effects of climate change such as sea level rise, changing rainfall patterns and more severe droughts, wildfires and flooding are expected to continue to pose a threat to investments far into the future. Taking climate change into account, such by assessing the financial risks of investments for which government climate policies will affect performance and account for the risk of companies that are unprepared for the transition can have a beneficial effect on portfolios by reducing volatility and mitigating the longer-term economic risks to plan assets.*[20]

Thus, in accordance with its rationale for using climate change and other ESG factors in investment decisions, the 2021 Proposed Rule includes clear text indicating that ESG considerations, including those which are climate-related, are risk-return factors that fiduciaries *should* review when selecting and monitoring plan investments. The Proposed Rule confirms the Department's position that a fiduciary may consider *any* factor material to the risk-return analysis, including climate change and other ESG factors.[21] Its intent is to establish that climate change and other ESG factors are no different than other traditional risk/return factors.[22]

2. Tie-Breaker Rule

While the 2020 Final Rule does not mention the "tie breaker rule" or the "all things being equal" test by name, it includes an unofficial "tie-breaker" provision allowing fiduciaries to consider "other" non-pecuniary factors *only if* the fiduciaries are unable to distinguish investment decisions with pecuniary factors alone. However, if the unofficial "tie-breaker" is utilized, extensive documentation justifying the trustees' decision must be retained.[23] The clear intent of the 2020 Final Rule was to eliminate the use of anything other than pecuniary factors in investment decisions due to all the hurdles and scrutiny fiduciaries would face justifying investment decisions. The 2021 Proposed Rule specifically rescinds the "tie-breaker" rule, specifically allowing fiduciaries to consider any collateral benefits in selecting plan investments if the fiduciary concludes that competing investments "equally serve the financial interests of the plan."[24] Additionally, it rescinds the 2020 Final Rule's documentation requirements because the Department believes that special documentation requirements are unnecessary

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[17] Proposed Rule at 57302.
[18] Id. at 57276.
[19] Id. at 57288.
[20] Id. at 57276-77.
[21] Proposed Rule at 57277.
[22] Id.
[23] Id.
[24] Proposed Rule at 57278.

and redundant, given that fiduciaries are subject to general prudence obligations and therefore often document and maintain records about their investment selections in the ordinary course of business.[25]

This 2021 Proposed Rule creates a more permissive and encourages fiduciaries to consider climate change factors, governance factors such as executive compensation and employee ownership, as well as workplace practice factors such as diversity, equal pay, and inclusion policies.[26]

3. Use of ESG Considerations in QDIAs

The 2020 Final Rule prohibits use of ESG factors in participant investment alternatives for defined contribution plans, such as QDIAs, but the Proposed Rule permits fiduciaries of participant-directed defined contribution plans to offer QDIAs using ESG factors if the alternatives otherwise satisfy the requirements of the Proposed Rule.[27] The Proposed Rule simply requires that the characteristics of the collateral benefits be prominently disclosed to plan participants on disclosure materials provided to participants and beneficiaries.[28] The purpose of the disclosure requirement is to ensure that plan participants are given sufficient information regarding the collateral factor, or factors, that tipped the scale in favor of adding the investment option to the plan menu.[29] These QDIA recommendations do not apply to defined benefit plans such as the Waterfront Warehouses Local 1429 Pension Fund.

Conclusion

The DOL's 2021 Proposed Rule removes perceived obstacles for investing based on ESG considerations, allowing fiduciaries to make decisions consistent with ERISA's duties of prudence and loyalty while also accomplishing collateral objectives. It not only allows for ESG considerations in ERISA fiduciary investment decisions, it *encourages* them. In doing so, the DOL's stated intent is to "bolster the resilience of worker's retirement savings and pensions by removing artificial impediments—and chilling effect on environmental, social and governance investments—caused by the prior administration's rules."[30] Pursuant to the Proposed Rule, a 60-day comment period ending December 13, 2021 has begun, and DOL seeks comments specifically addressing evidence on financial materiality of ESG factors in investment contexts.[31] The Board of Trustees is not required to take action at this time. We will continue to advise you of any updates, including issuance of a Final Rule. If you have any questions about this guidance, please contact us.

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[25] Id. at 57279.
[26] Id. at 57288.
[27] Id. at 57280.
[28] Id.
[29] Id.
[30] Department of Labor Press Release, "US Department of Labor Proposes Rule to Remove Barriers to Considering Environmental, Social, Governance Factors in Plan Management," Oct. 13, 2021, https://www.dol.gov/newsroom/releases/ebsa/ebsa20211013.
[31] Proposed Rule at 57272, 57284.