Industry And Local 338
Pension Fund

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Minutes of the Meeting of the Board of Trustees

Held on September 22, 2020
via
WebEx

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
Roberta Dunker	Theresa Bresten
Barry Russell	Chris Palmer
Mickey Smith	

Also present were:

Kristen Barshinger – Associated Administrators, LLC
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 1:05 p.m.

II. ACTUARY REPORT

Ms. Mary Ann Dunleavy and Mr. Dylan Nitta of Horizon Actuarial Services, LLC reviewed Horizon's report.

Ms. Dunleavy reviewed information on the PPA zone certification that will be submitted to the Internal Revenue Service by September 28, 2020. In reviewing the projection of the Plan's funding that is required for the certification, she discussed the assumptions used for projecting liabilities and assets, and reviewed the contribution rates and projected work levels included in the funding forecast. She stated that, based on the baseline assumptions, the Plan will be certified in the "green zone" for the July 1, 2020 – June 30, 2021 plan year.

Ms. Dunleavy reviewed projections that include contribution increases anticipated by the Funding Policy, noting that the PPA credit balance remains low in future years. Ms. Dunleavy noted that the Funding Policy aids in boosting the credit balance to provide some cushion for future adverse experience.

Ms. Dunleavy then presented the projection sensitivities. She explained that the first sensitivity illustrates that a -4% investment return in the plan year beginning July 1,2020 would result in an endangered status certification for the plan year beginning July 1, 2021 with critical status projected in subsequent years. Trustee Bresten asked a question regarding the investment sensitivities and Ms. Dunleavy explained how gains and losses are amortized and reflected in the assets and the credit balance. Ms. Dunleavy noted that the credit balance is the primary driver of status for scenarios that project endangered or critical status.

III. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI reviewed SEI's report. He led a discussion on current market conditions, noting the ongoing impact of COVID-19 and the upcoming presidential election on the S&P 500.

Mr. Blizzard reported that the Fund's ending market value as of August 31, 2020 was $94,308,641, that its fiscal year-to-date total rate of return is 6.76% compared to 6.62% for the index, and that, since inception with SEI (01/31/2011), the rate of return is 7.83%, compared to the 7.33% index return. Mr. Blizzard reviewed the Fund's portfolio allocation as of August 31, 2020: 11.20% Large Cap Index Fund, 3.00% Small Cap Fund, 21.70% World Equity - US, 14.00% US Equity Factor Allocation Fund, 2.90% Emerging Markets Equity Fund, 3.10% Dynamic Asset Allocation Fund, 13.60% Core Fixed Income Fund, 4.70% Limited Duration Fund, 3.90% High Yield Bond Fund, 1.90% Opportunistic Income Fund, 3.80% Emerging Markets Debt Fund, 3.30% Special Situations Fund CIT, 1.30% Structured Credit Collective Fund, 11.60% Core Property Collective Invest TR, and 0.00% cash and equivalents. He then reviewed the performance of each asset class. He stated that SEI does not recommend any changes to the portfolio at this time. He added, however, that individual managers are making changes to take advantage of opportunities in the market.

The Trustees thanked Mr. Blizzard for his report.

IV. APPROVAL OF MINUTES

The minutes of the meeting held via conference call on June 30, 2020, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held via conference call on June 30, 2020.

V. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Pension Applications – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll on August 27, 2020, approved one (1) pension application per the report of August 27, 2020, annexed hereto as Exhibit "A." Ms. Cochran referred to additional discussion regarding this pension application, noting that the retiree received a lump sum payment since his pension began after normal retirement age (65). She noted that any lump sum payment will be added as a separate line, in addition to the monthly amount, to the pension application lists going forward. The Trustees discussed updating the pension application to include specific categories for marital status: Married, Never Been Married, Married previously divorced, Divorced, and Separated.

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 "A."

Ms. Cochran reported that the Trustees, via electronic poll on July 28, 2020, approved one (1) pension application per the report of July 28, 2020, 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."

B. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2019 through June 30, 2020. The report is attached hereto as Exhibit "C."

C. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for the months of April, May, and June 2020. The reports are attached hereto as Exhibit "D."

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

D. Delinquency Report

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

E. Withdrawal Liability

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

F. Employer Contribution Rate Report

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

G. Active Members & Retirees Receiving Benefits

Ms. Cochran referred to the report for the period from January 2020 through December 2020. The report is attached hereto as Exhibit "G."

H. Administrative Manager's Report

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

I. Pension Benefit Calculation Appeal (P20/103-4598)

Ms. Cochran presented an appeal regarding a pension benefit calculation. She explained that the pensioner contends that he was unaware that his pension benefit would be reduced because of his age as a result of the changes to the 35-year Service Pension which became effective on January 1, 2018. She noted that the pensioner is seeking an unreduced benefit which had been available to participants with 35 or more Pension Credits before the Plan was amended. .

Ms. Cochran stated that Fund records indicate the pensioner submitted a pension application on December 13, 2019, noting that he intended to retire on or about April 5, 2020 (at age 62), and that his benefit was based on the Actuarial Equivalent of the Normal Pension as required by the Plan amendment made in accordance with the Rehabilitation Plan. Ms. Cochran stated that payment of his pension benefit commenced on August 1, 2020, retroactive to May 1, 2020. She noted that Associated's records reflect that the pensioner has been timely notified of the Plan changes and had also been sent an updated SPD reflecting these changes.

The Trustees discussed the appeal, and the Fund's rules regarding the 35-Year Service Pension based on the provisions of the Rehabilitation Plan. Fund Counsel advised that the Trustees are required to apply the Plan's rules and that, without a further Amendment to the Plan, there is no discretion for the Trustees to approve the appeal.

MOTION was made, seconded and unanimously adopted to deny the appeal based on the rules of the Plan.

J. Withdrawal Liability Estimate Request

Ms. Cochran reported receipt of a request for a withdrawal liability estimate from LP Transportation, LLC. She noted that the fee for the actuarial calculation was paid and the estimate was provided to the employer on September 9, 2020.

K. International Foundation of Employee Benefit Plans – Annual Membership

Ms. Cochran reported receipt of the Fund's 2021 membership renewal invoice for the International Foundation of Employee Benefit Plans. The renewal fee is $1,065.00.

MOTION was made, seconded and unanimously adopted to approve the Fund's 2021 renewal with the International Foundation of Employee Benefit Plans at a fee of $1,065.00.

L. Retiree Affidavit Forms

Ms. Cochran reported that the first request for information was mailed to retirees on August 7, 2020.

M. Cyber Liability Insurance Renewal

Ms. Cochran noted that the policy will expire on October 4, 2020, and that she is awaiting a renewal proposal. She said that she will poll the Trustees via email once she received the proposal.

N. Pension Forms Posted on Website

Ms. Cochran reported that, per the Trustees' direction at the last meeting, the pension forms have been added to Associated's website under the Fund's link. The Trustees requested that Associated publicize the availability of the website.

O. Disqualifying Employment

Ms. Cochran advised that a disqualifying employment inquiry was received from a pensioner regarding a potential new job at LaFargeville Central School as a full-time cleaner. She stated that the pensioner previously worked for College of New Rochelle. She reviewed the Plan's provisions stating that disqualifying employment before normal retirement age is *" work in the states of New York or Connecticut; Bergen County, New Jersey; or Susquehanna County, Pennsylvania in an industry covered by this Plan at the time your benefit payments began (or would have begun if you had not remained in or returned to Covered Employment)."*

The Trustees discussed the job classification and the difference in types of schools and determined that this would not be considered disqualifying employment under the Plan.

MOTION was made, seconded and unanimously adopted to approve the participant to work at the LaFargeville Central School while collecting a pension from the Fund.

VI. COUNSEL REPORT

A. College of New Rochelle

Ms. O'Leary stated that, at the last meeting, Trustee Bresten noted that the Fund and other creditors could have obtained a better result if the City of New Rochelle had agreed to rezoning, and that Trustee Bresten had asked whether creditors would have recourse if the City subsequently agreed to rezoning and, as a result, the value of the College of New Rochelle's (CNR's) former property increases substantially. Ms. O'Leary noted that she had responded at that time that she did not believe that there would be any recourse to creditors in that circumstance, noting the absence of fraud in that scenario and that it would simply be the buyer's good fortune. Ms. O'Leary stated that she further discussed this issue with Marc Tenenbaum of Virginia & Ambinder, LLP, and that Mr. Tenenbaum shared her opinion. Ms. O'Leary stated that she does not expect there to be additional reporting items on CNR in the near future, noting that, at this point, the only open item is awaiting the determination by the Creditors Committee whether to bring a claim under CNR's Directors and Officers insurance policy.

B. PGBC

Ms. O'Leary noted that the PBGC recently issued its FY 2019 Projections Report which stated that the PBGC's current projections show a very high likelihood of insolvency of its Multiemployer Program during FY 2026 and that insolvency is a near certainty by the end of FY 2027. She noted that the PBGC's projections last year projected PBGC's Multiemployer Program would become insolvent during FY 2025, and that the PBGC attributed the one-year delay in insolvency to the enactment of the Bipartisan American Miners Act of 2019, which provided federal funding for the United Mine Workers of America 1974 Pension Plan.

C. DOL Regulations

Ms. O'Leary stated that the U.S. Department of Labor ("DOL") has issued several new regulations, some of which have been finalized and some of which are still in proposed format. She noted, for example, that the DOL issued proposed rules on environmental, social and governance ("ESG") investing and proxy voting duties and an information letter on individual account plans and private equity. She noted that the outcome of the presidential election will likely affect implementation of these various initiatives.

VII. NEXT MEETING DATE/ADJOURNMENT

The next meeting of the Board of Trustees is scheduled for Tuesday, January 5, 2021, at 10:00 a.m. via Webex. With no further business to come before the Board, the meeting was adjourned at 2:21 p.m.

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

Exhibits:

A – Interim Pension Applications

B – Interim Pension Applications

C – Cash Operating Statement

D – Authorization for Disbursements

E – Delinquency and Withdrawal Liability Report

F – Employer Contribution Report

G– Active Members & Retirees Receiving Benefits Report

H – Administrative Manager’s Report