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

Held on November 20, 2020
Via
Conference Call

The following Trustees were present:

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

Also present were:

Kristen Barshinger – Associated Administrators, LLC
Peter Bernstein – Horizon Actuarial Services, LLC
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 10:12 a.m.

II. TRUSTEE DISCUSSION

Ms. Cochran said that Trustee Smith requested a special meeting to discuss the 35-year Service pension. Trustee Smith reported that during recent negotiations with HP Hood, the employees expressed their dissatisfaction with not receiving any additional credit for service worked after 35 years, along with their inability to collect an unreduced pension until age 65. He requested that the Trustees review these provisions of the Plan and authorize the actuary to analyze the impact of making changes to one or more of these provisions.

Ms. Dunleavy and Messrs. Nitta and Bernstein of Horizon Actuarial Services referred the Trustees to two presentations: (1) Industry & Local 338 Pension Plan Funding Improvement Plan/Rehabilitation Plan Design March 30, 2017, and (2) Industry & Local 338 Pension Plan November 20, 2020. The presentations are attached hereto as Exhibits "A and B."

Ms. Dunleavy referred the Trustees to the presentation dated March 30, 2017, noting the savings associated with the elimination of subsidized early retirements and subsidized service pensions. The elimination of these subsidies is included in the Rehabilitation Plan ("RP") adopted by the Trustees on September 18, 2017. She said the RP enabled the Plan to emerge from Critical Status. Ms. O'Leary noted that the 35-year cap pre-dated both the RP and the Plan's entry into Endangered and then Critical Status. It was noted that, prior to January 1, 2018, a participant was eligible to collect an unreduced pension with 35 years of service at any age. As a result of the RP, effective January 1, 2018, the amount payable prior to age 65 is the actuarial equivalent of the Regular Pension to which the participant would otherwise be entitled to at age 65.

Ms. Dunleavy noted that the pension benefit is calculated using the participant's most recent service. This means that, although a participant's benefit calculation is capped at 35 Pension Credits, a participant's monthly benefit generally increases for each additional year that he/she works since the monthly benefit attributable to later years is generally higher than the monthly attributable to earlier years.

Trustee Smith proposed having an analysis done of the impact of changing the multiplier in order to add a benefit that includes service after 35 years..

Discussion ensued regarding the sensitivity of the Plan's projected funding to various risk factors. Ms. Dunleavy noted that although the Fund is currently in the green zone, one year with a poor investment return or a drop in hours worked by active participants would significantly affect the Plan's future funded status.

Trustee Smith emphasized that he is not seeking to take any actions that would endanger the Plan and that he is only requesting at this time that Horizon analyze the cost impact of potential modest benefit increases. Trustee Bresten responded that she does not think it is prudent to expend time or Plan assets on an actuarial analysis of potential benefit improvements because she does not believe it would be prudent to add any additional liability to the Plan given that the Plan could very easily return to Critical Status. She noted that the Plan has been injured by the failure of Sound Shore Medical Center and the College of New Rochelle to pay their significant withdrawal liability to the Fund, and she stated that, while she understands the participant disappointment in the 2018 benefit changes, the Trustees have a duty to protect the Fund for all participants and that the cost of an improvement for only those participants with more than 35 years of credit could negatively impact all participants.

In response to a question regarding her opinion, Ms. O'Leary responded that the Fund's return to green zone status has understandably prompted participant requests for a restoration of some prior benefits. She referred to FrieslandCampina Ingredients NA, Inc.'s various actions which have indicated that the Company is concerned about continued participation in the Fund and is interested in potentially withdrawing from the Fund. She expressed her concern that the addition of liability to the Plan due to a voluntary benefit improvement at this time might be viewed unfavorably given that the Fund only recently exited Critical Status, the general economic uncertainty, the dwindling number of participants, and the fact that so many variables affecting the Fund are outside of the control of the Trustees. She stated that fluctuations between zone status would undermine confidence in the Plan and lead to administrative costs in connection with implementing the actions required if the Plan re-entered Endangered or Critical Status. She stated that, in her view, the Fund is extremely fragile because of its very small number of participants and contributing employers.

Trustee Smith repeated that he is not seeking to do anything to hurt the Fund and that he is only requesting a cost analysis of eliminating the 35-year cap. He made a motion to have Horizon analyze the cost impact of such a change.

Trustee Russell stated that he understands the concerns expressed by both Trustee Smith and Trustee Bresten, and that he respects the positions articulated by each of them. He stated that, after consideration of all the factors, he is not in favor of making any benefit changes. Trustee Palmer agreed with Trustee Russell and stated that perhaps the Trustees could review this matter in the future.

MOTION was made to engage Horizon to review the financial impact of removing the 35-year service cap, MOTION not seconded; MOTION failed.

Trustee Smith requested that, when the pandemic is behind us, Associated make an on-site visit to Hood's facility to meet with participants and explain to them how the Plan works. Ms. Cochran stated that, in the interim, participants are welcome to schedule an individual appointment with an Associated staff member to review their benefits.

III. ADJOURNMENT

With no further business to come before the Board, the meeting was adjourned at 10:54 a.m.

Exhibits:

A – Horizon Report March 30, 2017

B – Horizon Report November 20, 2020