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 October 20, 2023
via
WebEx

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
Dan Maldonado	Chris Palmer
Mickey Smith	Andrea Rutherford
Duane Wright	

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
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP

I. CALL TO ORDER

The meeting was called to order at 10:08 a.m.

II. AUDITOR REPORT

Ms. Cochran reported that Mr. Peter Murray of Schultheis & Panettieri, the Fund's auditor, was unable to attend the meeting. She stated that fieldwork for the audit for the Plan Year Ended ("PYE") June 30, 2023 has commenced.

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 SEI's services. He provided commentary on market conditions and economic trends, including a detailed report on market performance across different asset classes including inflation and Federal fund rates. Mr. Blizzard reviewed the economic outlook for 2023 and said that SEI has no recommendations at this time.

Mr. Blizzard reported that the Fund's ending market value as of September 30, 2023 was $91,385,851, and that its fiscal year-to-date total rate of return is -1.85% compared to -2.37% for the index. He reviewed the performance for other time periods as well. Mr. Blizzard reviewed the Fund's portfolio allocation as of September 30, 2023: 10.6% Large Cap Index Fund, 2.9% Small Cap Fund, 19.4% World Equity Ex-US Fund, 14.4% US Equity Factor Allocation Fund, 2.9% Emerging Markets Equity Fund, 3.8% Dynamic Asset Allocation Fund, 14.0% Core Fixed Income Fund, 4.8% Limited Duration Fund, 3.9% High Yield Bond Fund, 1.9% Opportunistic Income Fund, 3.8% Emerging Markets Debt Fund, 4.3% SEI Special Situations Collective Fund, 5.3% SEI Structured Credit Collective Fund, and 8.0% SEI Core Property Fund CIT.

The Trustees thanked Mr. Blizzard for his report.

IV. ACTUARY REPORT

Ms. Dunleavy and Mr. Bernstein presented information on recent PBGC announcements, the Plan's July 1, 2023 PPA certification and updated projections of the Plan's funding. Ms. Dunleavy discussed the 2023 PPA zone certification that was submitted to the IRS on September 28, 2023 and showed that the Fund is in the "Green Zone" for the July 1, 2023 – June 30, 2024 Plan Year. The discussion included key assumptions used in the projection of liabilities and assets as well as the contribution rates and projected work levels that are included in the funding forecast used as the basis of the certification.

Ms. Dunleavy presented projections of the Plan's funding position. In addition to a scenario reflecting all valuation assumption being met in the future, she reviewed scenarios showing the Plan's projected funding based on the Plan's year-to-date investment return and sensitivity of the Plan's funding to future hours worked. Ms. Dunleavy also reviewed scenarios would lead to endangered or critical status in the future, including a sensitivity of the Plan's funding to investments returning -9.5% for the PYE June 30, 2023 and the level of contribution increase required to recover from such an investment loss.

Ms. Dunleavy noted that the Plan is very mature, with each active participant supporting four inactive participants and with a negative net cash flow of approximately -5%. She stated that while the Plan is in a good position on July 1, 2023, it remains sensitive to investment performance and future contribution income.

After questions and answers about the report and a discussion of employer contribution rates, the Trustees thanked Ms. Dunleavy for her report.

V. APPROVAL OF MINUTES

The minutes of the meeting held on June 28, 2023, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on June 28, 2023.

VI. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Pension Applications – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll on May 17, 2023, approved five (5) pension applications reflected on the report of May 17, 2023, annexed hereto as Exhibit "A."

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

Ms. Cochran reported that the Trustees, via electronic poll on June 16, 2023, approved two (2) pension applications reflected on the report of June 16, 2023, 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 17, 2023, approved four (4) pension applications reflected on the report of July 17, 2023, 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."

Ms. Cochran reported that the Trustees, via electronic poll on September 20, 2023, approved one (1) pension application reflected on the report of September 20, 2023, annexed hereto as Exhibit "D."

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

B. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2022 through June 30, 2023. The report is attached hereto as Exhibit “E.”

C. Disbursements Reports

Ms. Cochran referred to the Authorization for Disbursements reports for April, May, and June 2023. The reports are attached hereto as Exhibit “F.”

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

D. Delinquency Report

Ms. Cochran reported that there were no delinquencies as of June 30, 2023.
The report is attached hereto as Exhibit “G.”

E. Withdrawal Liability

Ms. Cochran reviewed the report in detail, noting that there are no past due payments from the three former contributing employers who are continuing to pay withdrawal liability. The report is included at the bottom of Exhibit “G.”

F. Employer Contribution Rate Report

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

G. Active Members & Retirees Receiving Benefits

Ms. Cochran referred to the report for the period from January 2023 through December 2023. The report is attached hereto as Exhibit “I.”

H. Summary of Material Modifications ("SMM")

Ms. Cochran reported that the Summary of Material Modifications regarding the elimination of the 35-year service cap and the changes to the Board of Trustees was mailed to participants on August 10, 2023.

I. Fiduciary Liability Policy – INTERIM ACTION

Ms. Cochran reported that the Fiduciary Liability policy was renewed on June 10, 2023 for the second policy year. She stated that, via email poll and based upon Segal's recommendation, the Trustees voted to renew coverage with the incumbent carrier, Ullico/Markel, for a two-year period in 2022. She stated that Segal confirmed all Waiver of Recourse fees were received for the period June 10, 2023 through June 10, 2024.

J. Cyber Liability Policy – INTERIM ACTION

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, 2023 through October 4, 2024.

K. L.P. Transportation, Inc. Payroll Audit

Ms. Cochran noted that the Trustees previously denied the employer's request to waive a portion of the interest owed on disputed payroll audit findings. She reported that interest in the amount of $1,136.95 was paid and the audit is fully resolved.

L. Paraco Credit Request

Ms. Cochran reported that Paraco requested a credit of $2,486.56 for contributions paid in error. She stated that Associated confirmed that the contributions were paid in error.

MOTION was made, seconded and unanimously adopted to approve the credit request of $2,486.56 for Paraco.

M. Annual Pension Statements

Ms. Cochran reported that the annual pension statements were mailed to active and deferred vested participants on September 28, 2023.

N. Retiree Affidavit Form

Ms. Cochran reported the third request for information was mailed to retirees on August 29, 2023.

O. International Foundation of Employee Benefit Plans ("IFEBP")

Ms. Cochran reported receipt of the Fund's 2024 IFEBP membership renewal invoice in the amount of $1,195.00.

MOTION was made, seconded and unanimously adopted to approve the Fund's 2024 IFEBP renewal fee of $1,195.00.

Ms. O'Leary referred to upcoming IFEBP and NCCMP educational conferences for trustees. The Trustees discussed the value in attending these conferences and welcomed the recently appointed Trustees (as well as all other Trustees) to attend educational conferences if their schedules allow.

P. FrieslandCampina Data Request

Ms. Cochran reported that the employer requested a list of deferred vested participants including the name, address, and date of hire. Ms. Cochran requested Trustee approval to provide the information. The Trustees agreed it was acceptable to provide the information to the employer.

VII. COUNSEL REPORT

Ms. O'Leary referred to her report letter dated October 16, 2023 and reviewed the following items.

A. Pension Plan: Proposed Plan Amendment #5

Ms. O'Leary stated that she had prepared a draft Amendment to the Pension Plan to address two provisions of the SECURE 2.0 Act of 2022 ("SECURE 2.0"). She explained that, in accordance with current law, the Fund provides for benefits to be paid to participants and beneficiaries in the form of a single lump sum if the actuarial value of the vested benefit is $5,000 or less. She noted that SECURE 2.0 permits plans to increase the limit from $5,000 to $7,000 for distributions made after December 31, 2023. She stated that the proposed Amendment amends 6.15 of the Plan ("Small Benefit Cashout") to include this optional provision of SECURE 2.0. She then explained that SECURE 2.0 significantly changed the law with respect to a plan's right to recover overpayments from pensioners and beneficiaries. She reviewed the SECURE 2.0 changes in detail. She noted that Section 7.12 of the Pension Plan ("Recovery of Overpayments") has a very broad provision regarding the Trustees' right to recover overpayments which is no longer consistent with the limitations of SECURE 2.0, and that, accordingly, the proposed Amendment reflects compliance with SECURE 2.0's overpayment provisions. Following discussion,

MOTION was made, seconded and unanimously adopted to adopt proposed Amendment # 5, as presented.

B. Pension Plan: Current Suspension Rules

Ms. O'Leary stated that Trustee Smith has requested that the Trustees review the current suspension of benefits rules and consider amending the rules in response to staffing issues at Hood. She referred to her report letter summarizing the current rules. Because of audio-technical difficulties, Trustee Smith was able to hear but could not be heard on the video conference. It was agreed that this matter would be tabled until Trustee Smith could participate in the discussion and that Ms. O'Leary and Trustee Smith would further discuss this matter between meetings and update the Trustees on their discussion,

VIII. NEXT MEETING DATE/ADJOURNMENT

The next meeting of the Board of Trustees is scheduled for Friday, January 26, 2024 at 10:00 a.m. in Rock Tavern, New York. With no further business to come before the Board, the meeting was adjourned at 11:05 a.m.

Exhibits:

A – Interim Pension Applications

B – Interim Pension Applications

C – Interim Pension Applications

D – Interim Pension Applications

E – Cash Operating Statement

F – Authorization for Disbursements

G – Delinquency and Withdrawal Liability Report

H – Employer Contribution Report

I – Active Members & Retirees Receiving Benefits Report