Industry & Local 338 Pension Plan
American Rescue Plan Act of 2021:
Multiemployer Pension Provisions

April 13, 2021

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Today's Discussion

- **American Rescue Plan Act of 2021**
  - Special Financial Assistance Program
  - PBGC Premium Increase
  - Funding Relief Provisions
  - Notable Exclusions
- **July 1, 2020 Actuarial Valuation Recap**
- **Funding Projections**
- **Appendix**
  - Contribution Rate Summaries
  - Summary of Assumptions and Methods
  - Summary of Plan Provisions

American Rescue Plan Act of 2021

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American Rescue Plan Act of 2021

$1.9 Trillion COVID-19 Relief Package
Signed by President Biden on March 11, 2021

Multiemployer Pension Provisions

Addresses solvency concerns of PBGC and financially distressed plans
Provides relief for plans to deal with losses due, in part, to COVID-19

Special Financial Assistance Program

PBGC Premium Increase

Funding Relief Provisions

Special Financial Assistance Program

Special Financial Assistance Program

Special Financial Assistance Program

PBGC administered program;
Funded by the Federal Government

Eligible plans may receive a grant;
No repayment required

Pensioners expected to receive full benefits through 2051

Special Financial Assistance Program

Eligible Plans

- Plans in critical & declining status in any year plan year beginning in 2020 through 2022
- Plans with an approved suspension of benefits application
- Plans meeting the criteria below in any plan year beginning in 2020 through 2022:
  - (a) In critical status,
  - (b) Current liability funded percentage less than 40%, and
  - (c) Ratio of active to inactive participants less than 2 to 3
- Plans that became insolvent after December 16, 2014, remain insolvent, and have not been terminated

Note on Current Liability

Current liability is based on statutory discount rates and mortality tables (the discount rate for January 2021 is around 2.3%), which produce a much higher liability than the actuarial liability.

The Local 338 Plan results at July 1, 2020 are shown below:

	Actuarial Liability 7.25%	Current Liability 2.72%
Market Value of Assets ($M)	$90	$90
Liability ($M)	$106	$186
Funded Percentage	85%	48%

Special Financial Assistance Program

Distribution of Plans and Participants Potentially Eligible for the Special Financial Assistance Program by Industry

	Plans			Participants		
Industry	Total	Eligible	Percentage Eligible	Total *(in Millions)*	Eligible *(in Millions)*	Percentage Eligible
All Industries	***1,235***	***223***	***18%***	***11.1***	***2.2***	***20%***
Construction	741	90	12%	4.3	0.3	7%
Service	78	7	9%	1.8	0.1	7%
Retail/Wholesale	78	20	26%	1.8	0.6	32%
Transportation	142	43	30%	1.6	0.6	38%
Manufacturing	93	33	35%	0.8	0.4	47%
Entertainment	46	6	13%	0.4	0.1	13%

Notes:

- *The table above identifies statistics on potentially eligible plans based on information disclosed in 2018-2019 Form 5500 filings and only includes plans that filed a Schedule MB.*
- *Plans will determine actual eligibility based on information related to plan years beginning in 2020, 2021, or 2022.*

Special Financial Assistance Program

Amount and Manner of Special Financial Assistance

- ***Special Financial Assistance Paid as a Lump Sum***
  - Payment occurs no later than one year following an approved application
- ***Amount of Special Financial Assistance Determined by Plans***
  - Amount needed for a plan to pay all benefits due through the plan year ending in 2051 with no reduction in benefits
  - Amount of assistance is not capped by the level of PBGC guaranteed benefits

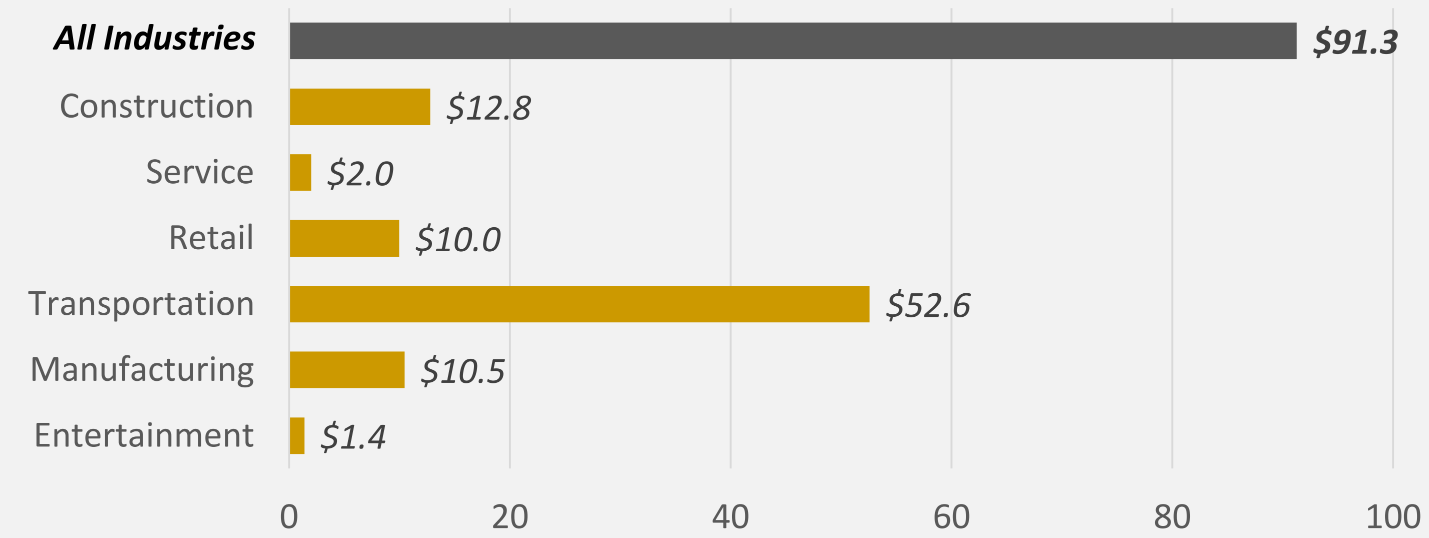
Important

- Not all eligible plans will receive financial assistance
- Must be able to demonstrate that the plan needs assistance to maintain solvency through 2051

Special Financial Assistance Program

Unfunded Actuarial Accrued Liability by Industry ($Billions)

For Plans Potentially Eligible for the Special Financial Assistance Program



<u>Notes</u>:

- *The chart above identifies statistics on potentially eligible plans based on information disclosed in 2018-2019 Form 5500 filings and only includes plans that filed a Schedule MB.*
- *Plans will determine actual eligibility based on information related to plan years beginning in 2020, 2021, or 2022.*
- *The unfunded actuarial accrued liability was determined based on the market value of assets and unit credit accrued liability as of the beginning of the plan year.*
- ***The unfunded actuarial accrued liability is being used as a proxy for the amount of assistance that may be provided to plans in various industries. The actual amount of assistance received by eligible plans will be determined based on statutory requirements and forthcoming guidance from the PBGC, and could differ significantly from the values shown above.***

Special Financial Assistance Program

Reinstatement of Suspended Benefits

- ***Plans Receiving Special Financial Assistance Must Reinstate Suspended Benefits***
  - This includes plans that reduced benefits as a result of (1) an approved suspension of benefits application under the Multiemployer Pension Reform Act of 2014 (“MPRA”) or (2) insolvency
  - Plans have the option to restore previously suspended benefits via a one-time lump sum payment or monthly installments over a period of 5 years
  - Restoration payments must be made to participants and beneficiaries in pay status as of the effective date of the special financial assistance

Commentary from the Senate Floor

Senate Majority Leader Chuck Schumer (D-NY) on March 5, 2021

“I will be watching how the administration implements this new program very closely to ensure plans receiving financial assistance under the new program are not placed in a worse long-term funding position than they are today or are projected to be into the future. This new program is intended to be a long-term solution for these ailing plans, a solution that protects retiree benefits as well as the health of the plans themselves.”

Special Financial Assistance Program

Actuarial Assumptions

- ***Interest Rate for Determining Eligibility***
  - Must be same interest rate used in 2020 Certification
- ***Interest Rate for Determining Amount of Assistance***
  - Same interest rate used in 2020 Certification, subject to a limit
  - <u>Interest Rate Limit</u>: 3rd segment rate plus 200 basis points (currently 5.6%)
- ***Other Assumptions***
  - Changes from 2020 Certification subject to PBGC/Treasury approval

<u>2020 Certification</u> = Most recent status certification completed before January 1, 2021

What is the 3rd Segment Rate?

- The 3rd segment rate is the 24-month average of high-quality corporate bond rates for bonds with a maturity of 20 years or more

Special Financial Assistance Program

Application Process

- ***Application Guidance Forthcoming***
  - PBGC must issue guidance on application requirements by July 9, 2021
- ***PBGC Determination Due Within 120 Days from Application Submission***
  - Review for completeness, eligibility, and reasonableness of any assumption changes
- ***Temporary Priority Consideration***
  - Initial applications for financial assistance may be limited for up to two years to:
    - Plans projected to become insolvent within 5 years,
    - Plans that previously implemented benefit suspensions,
    - Plans that would otherwise have $1 billion of liability with the PBGC, and
    - Plans that meet other criteria to be determined by the PBGC
  - Other plans may need to wait two years to apply
- ***Application Deadline***
  - Initial applications must be submitted no later than December 31, 2025
  - Revised applications must be submitted no later than December 31, 2026

Special Financial Assistance Program

Conditions on Plans Receiving Special Financial Assistance

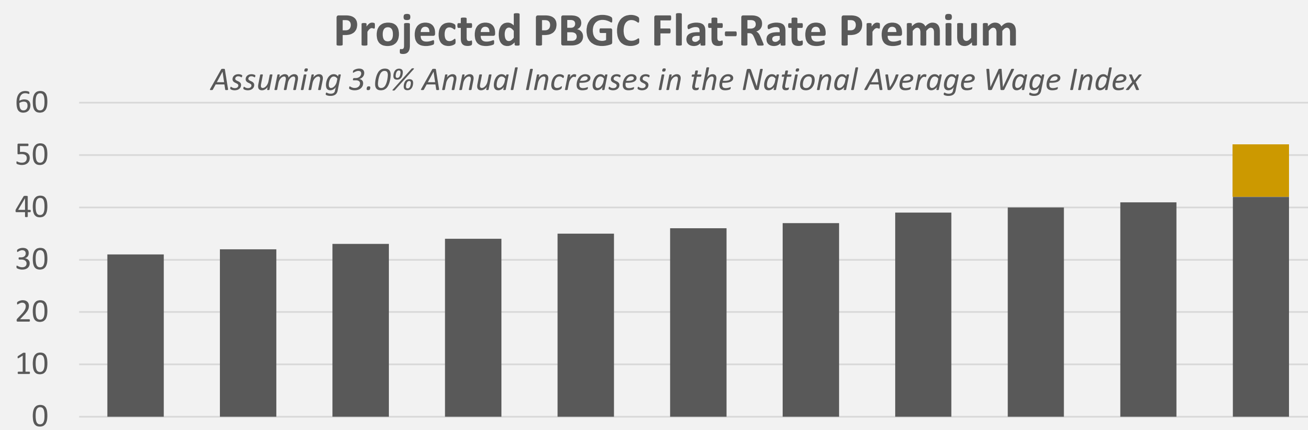
- ***Statutory Conditions***
  - Proceeds must be segregated from other plan assets and invested in investment grade bonds (or other investments permitted by the PBGC)
  - Plans are deemed to be in critical status through the plan year ending in 2051
  - Plans must disregard special financial assistance for minimum funding purposes
  - Plans cannot apply for a new benefit suspension
- ***Potential Regulatory Conditions***
  - The PBGC, in consultation with Treasury, may impose restrictions on:
    - Increases in future accrual rates and retroactive benefit improvements,
    - Allocation of plan assets,
    - Reductions in employer contribution rates,
    - Diversion of contributions/expenses to other benefit plans, and
    - Withdrawal liability
  - The PBGC cannot impose restrictions related to prospective reductions in plan benefits, plan governance, and funding rules

PBGC Premium Increase

PBGC Premium Increase

Premium Rates are Increasing to $52 Per-Participant in 2031

This change is projected to increase premium rates by roughly $10 in 2031



Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Projected Premium Rate Before ARPA	31	32	33	34	35	36	37	39	40	41	42
Projected Increase Due to ARPA	0	0	0	0	0	0	0	0	0	0	10
Total Projected Flat-Rate Premium	31	32	33	34	35	36	37	39	40	41	52

Funding Relief Provisions

Funding Relief Provisions

One-Year Zone Status "Freeze"

Trustees may elect to keep a plan's prior year zone status for one year

- Applicable for the first or second plan year starting on or after March 1, 2020
- Trustees of plans in endangered or critical status would not be required to update their funding improvement plan or rehabilitation plan for the designated plan year
- Excise tax protection for plans that would be in critical status if not for the election
- Plans that would be in the "Green Zone" solely due to this election are required to send a notice of such election to participants and beneficiaries, the bargaining parties, the PBGC, and the Secretary of Labor

Similar to relief under the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA")

Funding Relief Provisions (cont'd)

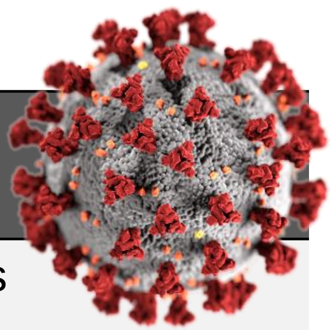
More Time to Meet Funding Goals for Yellow/Red Zone Plans

Trustees may elect to extend their funding improvement/rehabilitation period by 5 years

- Applicable for plan years beginning after December 31, 2019
- Plans must be in either endangered status or critical status for plan years beginning in either 2020 or 2021 after application of any applicable zone status freeze

Similar to relief under the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA")

Funding Relief Provisions (cont'd)



Spread COVID-19 Losses Over Longer Time Period

Trustees may elect alternative funding standard account rules

- Applicable for losses incurred during either or both of the first two plan years ending after February 29, 2020
- ***Asset Valuation Method***
  - Eligible investment losses can be smoothed over a 10-year period
  - Asset valuation corridor can be increased to 130% of the market value of assets
- ***Credit Balance***
  - Eligible investment and other COVID-19 losses can be amortized for up to 29 years
  - Other COVID-19 losses include those related to reductions in expected contributions/work levels or changes in expected retirement patterns
- ***Conditions on Plans Adopting Relief Provisions***
  - Must meet a solvency test
  - Subject to a temporary benefit increase restriction
- Plans granted special financial assistance are not eligible for these relief provisions

Similar to relief under the Pension Relief Act of 2010 ("PRA")

Notable Exclusions

Notable Exclusions

Notable Exclusions

- ***Discount Rates***
  - No limitation on the actuarial discount rate used to calculate plan liabilities
- ***Funding Rule Changes***
  - There are no changes in the funding rules other than those mentioned
- ***PBGC Guaranteed Benefit***
  - The amount of the guaranteed benefit provided by the PBGC was not increased
- ***Composite Plans***
  - No provisions to permit the adoption of composite plan designs
- ***Withdrawal Liability***
  - An earlier version of the law required plans to ignore the impact of special financial assistance for 15 years for withdrawal liability purposes, which was ultimately excluded
  - However, PBGC was given authority to issue regulations regarding withdrawal liability for plans that receive special financial assistance and may impose a similar requirement

July 1, 2020 Actuarial Valuation: Recap

Summary of Key Results

Measurement Date	July 1, 2020	July 1, 2019
A. Normal Cost		
1. Cost of Benefit Accruals	$ 932,552	$ 981,618
2. Assumed Operating Expenses	361,882	361,882
3. Total	$ 1,294,434	$ 1,343,500
B. Actuarial Accrued Liability		
1. Active Participants	$ 13,415,676	$ 14,533,932
2. Inactive Vested Participants	15,385,041	13,616,001
3. Retired Participants and Beneficiaries	77,279,894	77,651,828
4. Total	$ 106,080,611	$ 105,801,761
C. Assets		
1. Market Value of Assets	$ 90,132,041	$ 91,152,183
Prior Year Net Investment Return	1.8%	4.8%
2. Actuarial Value of Assets	$ 94,437,534	$ 92,690,276
Prior Year Net Investment Return	4.8%	5.3%
D. Funded Percentages		
1. Market Value Funded Percentage (C.1. / B.4.)	84.9%	86.1%
2. Actuarial Value Funded Percentage (C.2. / B.4.)	89.0%	87.6%

Contribution Margin

Measurement Date	July 1, 2020	July 1, 2019
A. Unfunded Actuarial Accrued Liability		
1. Actuarial Accrued Liability	$ 106,080,611	$ 105,801,761
2. Actuarial Value of Assets	94,437,534	92,690,276
3. Unfunded Liability	$ 11,643,077	$ 13,111,485
B. Actuarial Cost		
1. Normal Cost		
a. Cost of Benefit Accruals	$ 966,357	$ 1,017,202
b. Assumed Operating Expenses	375,000	375,000
c. Total	$ 1,341,357	$ 1,392,202
2. Unfunded Liability Amortization Payment	1,620,242	1,824,584
3. Total Actuarial Cost for Plan Year	$ 2,961,599	$ 3,216,786
C. Expected Employer Contributions		
1. Expected Weeks	10,000	11,100
2. Average Contribution Rate per Week	$ 315.57	$ 302.62
3. Expected Contributions	$ 3,155,682	$ 3,359,082
D. Contribution Margin		
1. Contribution Margin for Plan Year	$ 194,083	$ 142,296
2. Contribution Margin per Week	$ 19.41	$ 12.82

Notes

1) The actuarial costs in B. above include an include interest adjustments to reflect payments throughout the year.

Actuarial Method: Change in Valuation Software

- **Valuation Software Change**
  - Horizon Actuarial changed the software used to generate the Plan's July 1, 2020 actuarial valuation results, which is considered a change in funding method
- **Automatic Approval of Funding Method Change**
  - IRS Revenue Procedure 2000-40 provides for automatic approval of a funding method change due to a change in valuation software if certain conditions are met, including:
    - The change in valuation software is designed to produce results that are no less accurate than results produced prior to the change;
    - The net charge to the funding standard account for the prior year determined using the old software and new software does not differ by more than 2%; and
    - The change in the unfunded actuarial accrued liability resulting from the change in valuation software is treated as an experience gain or loss for purposes of the funding standard account.
- **The exhibit on the following slide compares key results from the prior year's actuarial valuation under the old software and new software**

Change in Valuation Software

Comparison of ERISA Funding Valuation Results as of July 1, 2019	(1) Old Software	(2) New Software	(3) % Difference
A. Normal Cost			
1. Cost of Benefit Accruals	$ 981,618	$ 982,645	0.1%
2. Assumed Operating Expenses	490,000	490,000	N/A
3. Total	1,471,618	1,472,645	0.1%
B. Actuarial Accrued Liability			
1. Active Participants	$ 14,533,932	$ 14,544,470	0.1%
2. Inactive Vested Participants	13,616,001	13,600,889	-0.1%
3. Retirees and Beneficiaries	77,651,828	77,588,183	-0.1%
4. Total	105,801,761	105,733,542	-0.1%
C. Asset Values			
1. Market Value of Assets	$ 63,625,973	$ 63,625,973	N/A
2. Actuarial Value of Assets	70,239,456	70,239,456	N/A
D. Funded Percentages			
1. Market Value of Assets (C.1. / B.4.)	60.1%	60.1%	0.0%
2. Actuarial Value of Assets (C.2. / B.4.)	66.3%	66.4%	0.1%
E. Net Charge to the Funding Standard Account			
1. Normal Cost	$ 1,148,561	$ 1,149,588	0.1%
2. Net Amortization Charges	5,729,799	5,722,610	N/A
3. Total	6,878,360	6,872,198	-0.1%

Funding Projections

Projection Assumptions and Methods

- **Unless otherwise stated, the projection assumptions, methods, data and plan provisions used are the same as those used for the Preliminary July 1, 2020 actuarial valuation.**
  - No future expected gains or losses other than those attributable to investment returns, as applicable.
- **Investment Earnings**
  - 1.82% return on assets for the plan year ending June 30, 2020
  - 7.25% per year, net of investment-related expenses, thereafter unless otherwise noted
- **Operating Expenses**
  - $375,000 for the plan year beginning July 1, 2020, increasing 2.5% per year

Other assumptions may be reasonable and could produce different results. Other risks can negatively impact the funded status of the plan such as participants living longer than assumed. Additional scenarios available upon request.

Projection Assumptions and Methods (cont.)

- **Work Levels**
  - Plan year beginning July 1, 2020 – 10,000 total weeks

- **Contribution Rates**
  - All contributions rate increases are benefit-bearing
  - Contracts adopted on or after October 15, 2019 must comply with the Plan's Funding Policy, requiring contribution rate increases as follows:

First 10 Years of Contribution Rate Increases

Year 1	$	8.76 per week	Year 6	$	10.16 per week
Year 2	$	9.02 per week	Year 7	$	10.46 per week
Year 3	$	9.29 per week	Year 8	$	10.77 per week
Year 4	$	9.57 per week	Year 9	$	11.10 per week
Year 5	$	9.86 per week	Year 10	$	11.43 per week

Contribution rate requirements for Year 11 and beyond will be provided by the Trustees.

Other assumptions may be reasonable and could produce different results. Other risks can negatively impact the funded status of the plan such as participants living longer than assumed. Additional scenarios available upon request.

Projection Assumptions and Methods (cont.)

- **Contracts**
  - 55% of hours worked under contracts beginning that are expected to renew in PYB 2020
    - HP Hood / Crowley, Montefiore New Rochelle, Paraco
    - Paraco has renewed their contract as of February 1, 2021
  - 31% of hours worked under contracts that are expected to renew in PYB 2021
    - FrieslandCampina
  - 14% of hours worked under contracts beginning that are expected to renew in PYB 2022
    - LP Transport (renewed in 2019-2020 plan year)
  - All assumed to timely renew with contribution increases required by the Funding Policy

Other assumptions may be reasonable and could produce different results. Other risks can negatively impact the funded status of the plan such as participants living longer than assumed. Additional scenarios available upon request.

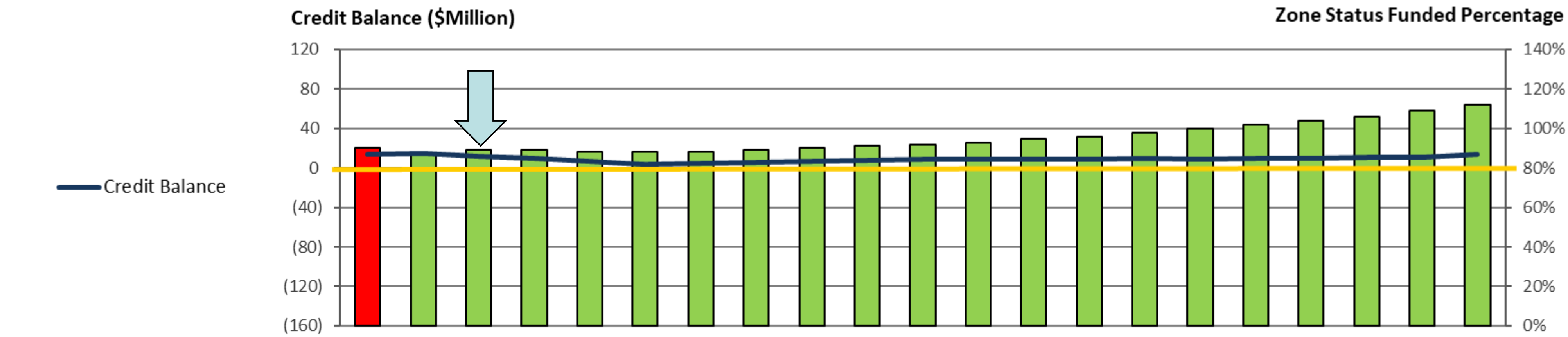
Projection Roadmap

Scenario	Valuation Discount Rate 2021+	Investment Return PYB 2020 / PYB 2021+	Weeks Worked PYB 2020+	Zone Status 2038-2039	FSA Balance 6/30/2039	% Funded 7/1/2038	Weekly Contrib Rate 7/1/2038
Certification Basis: Contribution Rates Included in Current Collective Bargaining Agreements							
1 Baseline July 1, 2020 Valuation	7.25%	7.25% / 7.25%	10,000	Green	$14M	112%	$336
1A High ROA PYE 2021	7.25%	15.50% / 7.25%	10,000	Green	$39M	137%	$336
1B Alternative Discount Rate w/ High ROA	7.00%	15.50% / 7.00%	10,000	Green	$28M	126%	$336
Funding Policy: All Collective Bargaining Agreements Contribution Rate Increases Required by the Funding Policy Adopted October, 2019							
2 Baseline July 1, 2020 Valuation Funding Policy	7.25%	7.25% / 7.25%	10,000	Green	$29M	124%	$524
2A High ROA PYE 2021 Funding Policy	7.25%	15.50% / 7.25%	10,000	Green	$54M	148%	$524
2B Alt. Discount Rate w/ High ROA Funding Policy	7.00%	15.50% / 7.00%	10,000	Green	$43M	136%	$524
2C One year Low ROA Funding Policy	7.00%	15.50% / -7.00% 2021 / 7.00%	10,000	Green	$2M	98%	$524

Scenario 1: Baseline – Certification Basis

7.25% Return PYB 2020+ | 10.0 Thousand Weeks Worked beginning PYB 2020

Industry And Local 338 Pension Plan



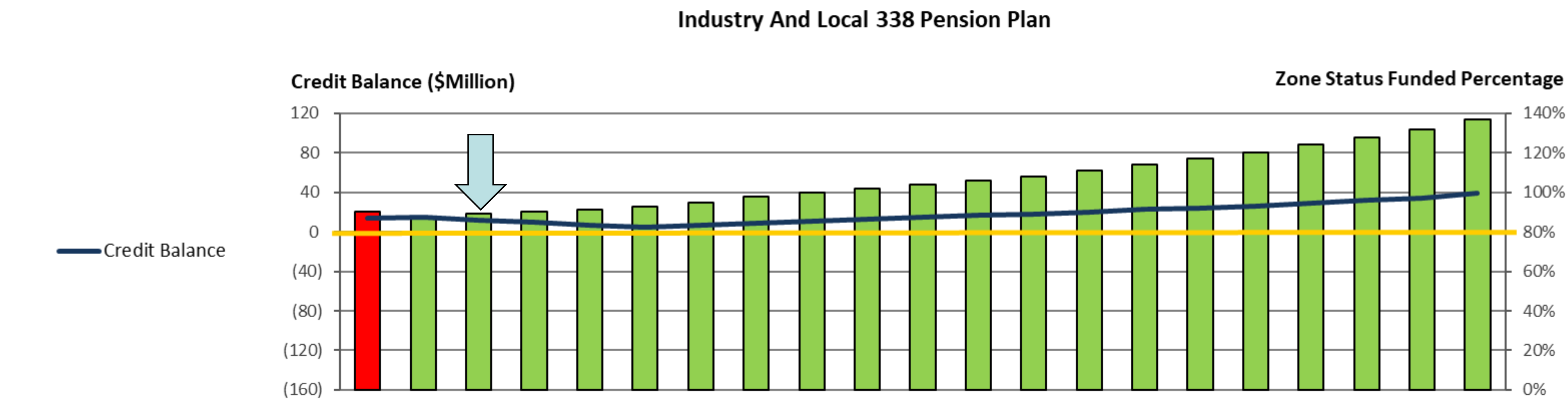
Plan Year Beginning 7/1	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
(1) Investment Return (%)	4.81	1.83	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
(2) Weeks Worked(Thousands)	11.9	10.4	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(3) Weekly Contribution Rate ($)	274	303	316	324	332	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336
(4) Contributions+EWL Payments($M)	3.4	5.6	3.2	3.2	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
(5) Actuarial Value of Assets ($M)	93	93	94	94	94	93	92	93	93	94	94	95	96	97	98	98	99	100	102	103	104
(6) Zone Status Liability ($M)	102	106	106	106	105	105	105	104	103	103	102	101	100	100	99	98	97	96	95	94	93
(7) Credit Balance ($M)	14	14	12	9	7	4	5	6	7	8	8	9	8	9	10	9	9	10	11	11	14
(8) Zone Status Funded Percentage	90%	87%	89%	89%	88%	88%	88%	89%	90%	91%	92%	93%	95%	96%	98%	100%	102%	104%	106%	109%	112%

Notes

1) Effective July 1, 2016, all contributions (and future rate increases, if any) are benefit-bearing. See graph for detail regarding assumed rate increases.
2) Benefit changes made by the RP are reflected beginning in the July 1, 2018 plan year.

Scenario 1A: High 2020 ROA – Certification Basis

15.50% Return PYB 2020; 7.25% Return PYB 2021+ | 10.0 Thousand Weeks Worked beginning PYB 2020



Plan Year Beginning 7/1	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
(1) Investment Return (%)	4.81	1.83	15.50	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
(2) Weeks Worked(Thousands)	11.9	10.4	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(3) Weekly Contribution Rate ($)	274	303	316	324	332	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336
(4) Contributions+EWL Payments($M)	3.4	5.6	3.2	3.2	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
(5) Actuarial Value of Assets ($M)	93	93	94	96	97	98	100	102	104	105	106	108	109	111	113	115	117	120	122	125	128
(6) Zone Status Liability ($M)	102	106	106	106	105	105	105	104	103	103	102	101	100	100	99	98	97	96	95	94	93
(7) Credit Balance ($M)	14	14	12	10	7	5	7	9	11	13	15	17	18	20	23	24	26	29	32	34	39
(8) Zone Status Funded Percentage	90%	87%	89%	90%	91%	93%	95%	98%	100%	102%	104%	106%	108%	111%	114%	117%	120%	124%	128%	132%	137%

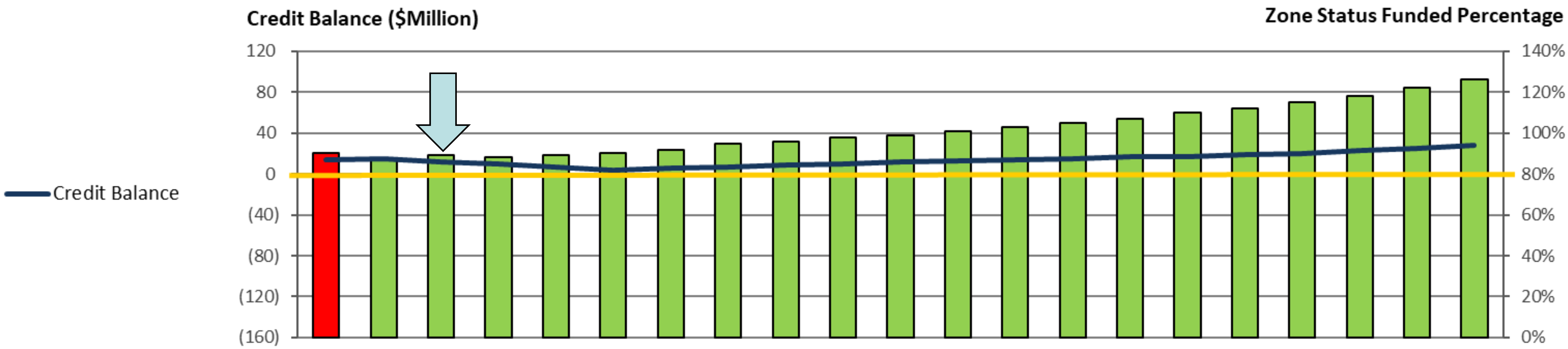
Notes

1) Effective July 1, 2016, all contributions (and future rate increases, if any) are benefit-bearing. See graph for detail regarding assumed rate increases.
2) Benefit changes made by the RP are reflected beginning in the July 1, 2018 plan year.

Scenario 1B: Alternative Discount Rate – Certification Basis

7.00% Discount Rate | 15.50% Return PYB 2020; 7.00% Return PYB 2021+ | 10.0 Thousand Weeks Worked beginning PYB 2020

Industry And Local 338 Pension Plan



Plan Year Beginning 7/1	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
(1) Investment Return (%)	4.81	1.83	15.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
(2) Weeks Worked(Thousands)	11.9	10.4	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(3) Weekly Contribution Rate ($)	274	303	316	324	332	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336
(4) Contributions+EWL Payments($M)	3.4	5.6	3.2	3.2	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
(5) Actuarial Value of Assets ($M)	93	93	94	96	97	98	99	101	102	103	104	105	106	108	109	111	112	114	116	118	120
(6) Zone Status Liability ($M)	102	106	106	108	108	108	107	107	106	105	104	104	103	102	101	100	99	98	97	96	95
(7) Credit Balance ($M)	14	14	12	9	7	4	5	7	9	10	12	13	14	15	17	17	19	20	23	25	28
(8) Zone Status Funded Percentage	90%	87%	89%	88%	89%	90%	92%	95%	96%	98%	99%	101%	103%	105%	107%	110%	112%	115%	118%	122%	126%

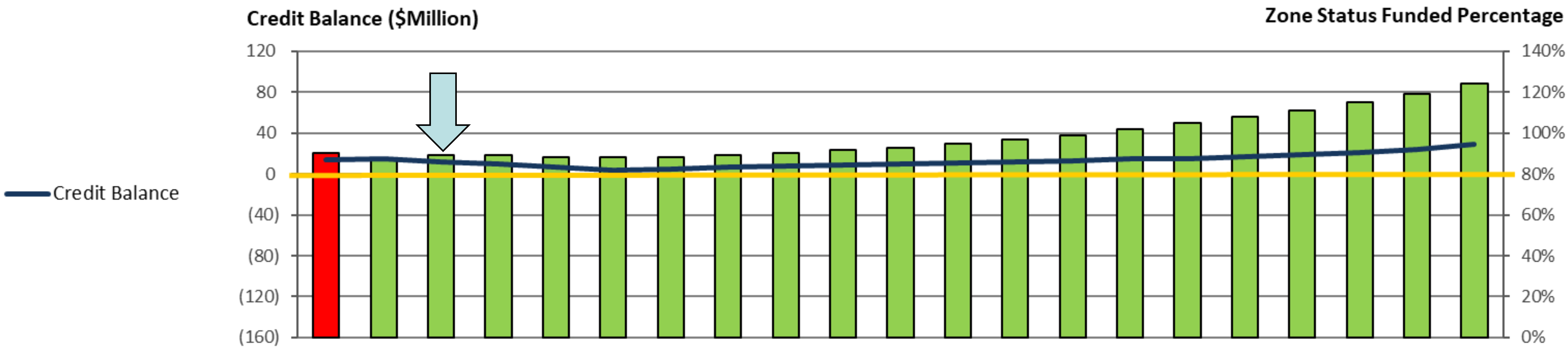
Notes

1) Effective July 1, 2016, all contributions (and future rate increases, if any) are benefit-bearing. See graph for detail regarding assumed rate increases.
2) Benefit changes made by the RP are reflected beginning in the July 1, 2018 plan year.

Scenario 2: Baseline – Funding Policy

7.25% Return PYB 2020+ | 10.0 Thousand Weeks Worked beginning PYB 2020 | Funding Policy Contribution Increases

Industry And Local 338 Pension Plan



Plan Year Beginning 7/1	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
(1) Investment Return (%)	4.81	1.83	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
(2) Weeks Worked(Thousands)	11.9	10.4	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(3) Weekly Contribution Rate ($)	274	303	316	324	334	343	353	363	373	384	395	406	418	430	442	455	468	481	495	510	524
(4) Contributions+EWL Payments($M)	3.4	5.6	3.2	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.1	4.2	4.3	4.4	4.5	4.7	4.8	5.0	5.1	5.2
(5) Actuarial Value of Assets ($M)	93	93	94	94	94	93	92	93	94	95	96	97	99	101	103	105	108	111	114	118	122
(6) Zone Status Liability ($M)	102	106	106	106	105	105	105	104	104	103	102	102	101	101	101	100	100	99	99	99	98
(7) Credit Balance ($M)	14	14	12	9	7	4	5	6	7	9	10	11	11	13	14	15	17	19	21	24	29
(8) Zone Status Funded Percentage	90%	87%	89%	89%	88%	88%	88%	89%	90%	92%	93%	95%	97%	99%	102%	105%	108%	111%	115%	119%	124%

Notes

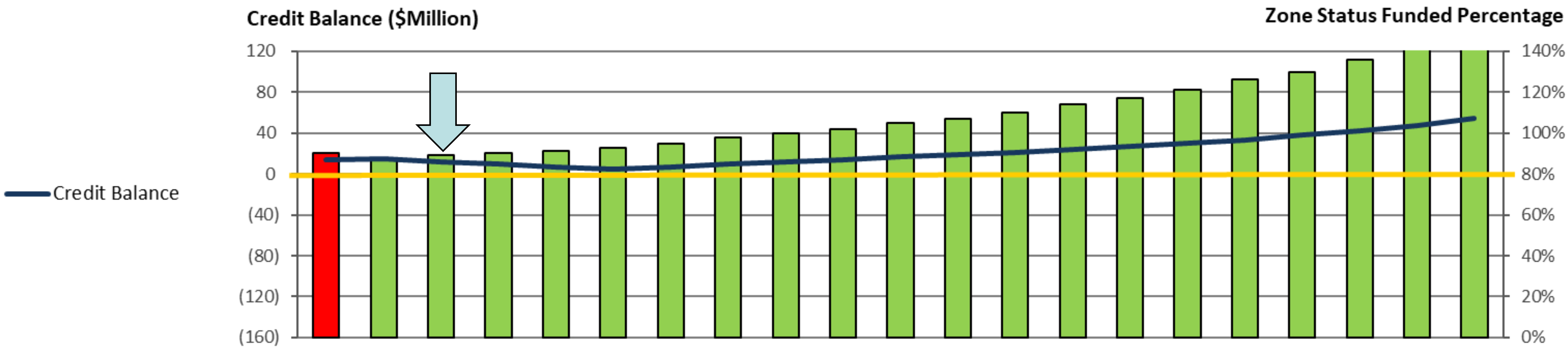
1) Effective July 1, 2016, all contributions (and future rate increases, if any) are benefit-bearing. See graph for detail regarding assumed rate increases.
2) Benefit changes made by the RP are reflected beginning in the July 1, 2018 plan year.

Horizon

Scenario 2A: High 2020 ROA – Funding Policy

15.50% Return PYB 2020; 7.25% Return PYB 2021+ | 10.0 Thousand Weeks Worked beginning PYB 2020 | Funding Policy Contribution Increases

Industry And Local 338 Pension Plan



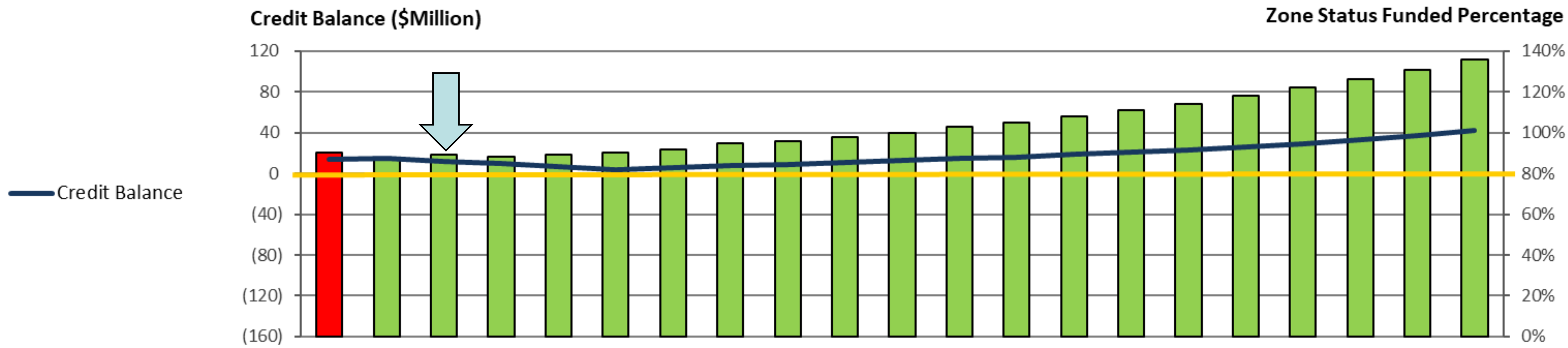
Plan Year Beginning 7/1	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
(1) Investment Return (%)	4.81	1.83	15.50	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
(2) Weeks Worked(Thousands)	11.9	10.4	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(3) Weekly Contribution Rate ($)	274	303	316	324	334	343	353	363	373	384	395	406	418	430	442	455	468	481	495	510	524
(4) Contributions+EWL Payments($M)	3.4	5.6	3.2	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.1	4.2	4.3	4.4	4.5	4.7	4.8	5.0	5.1	5.2
(5) Actuarial Value of Assets ($M)	93	93	94	96	97	98	100	103	104	106	108	110	113	115	119	122	126	130	135	140	146
(6) Zone Status Liability ($M)	102	106	106	106	105	105	105	104	104	103	102	102	101	101	101	100	100	99	99	99	98
(7) Credit Balance ($M)	14	14	12	10	7	5	7	9	12	14	17	19	21	24	27	30	34	38	42	47	54
(8) Zone Status Funded Percentage	90%	87%	89%	90%	91%	93%	95%	98%	100%	102%	105%	107%	110%	114%	117%	121%	126%	130%	136%	142%	148%

Notes

1) Effective July 1, 2016, all contributions (and future rate increases, if any) are benefit-bearing. See graph for detail regarding assumed rate increases.
2) Benefit changes made by the RP are reflected beginning in the July 1, 2018 plan year.

Scenario 2B: Alternative Discount Rate – Funding Policy

7.00% Discount Rate | 15.50% Return PYB 2020; 7.00% Return PYB 2021+ | 10.0 Thousand Weeks Worked beginning PYB 2020 | Funding Policy Contribution Increases



Plan Year Beginning 7/1	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
(1) Investment Return (%)	4.81	1.83	15.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
(2) Weeks Worked(Thousands)	11.9	10.4	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(3) Weekly Contribution Rate ($)	274	303	316	324	334	343	353	363	373	384	395	406	418	430	442	455	468	481	495	510	524
(4) Contributions+EWL Payments($M)	3.4	5.6	3.2	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.1	4.2	4.3	4.4	4.5	4.7	4.8	5.0	5.1	5.2
(5) Actuarial Value of Assets ($M)	93	93	94	96	97	98	99	102	103	104	106	108	110	112	115	118	121	124	128	133	138
(6) Zone Status Liability ($M)	102	106	106	108	108	108	107	107	106	105	105	104	104	103	103	103	102	102	101	101	101
(7) Credit Balance ($M)	14	14	12	9	7	4	6	7	9	11	13	15	16	18	21	23	26	29	33	37	43
(8) Zone Status Funded Percentage	90%	87%	89%	88%	89%	90%	92%	95%	96%	98%	100%	103%	105%	108%	111%	114%	118%	122%	126%	131%	136%

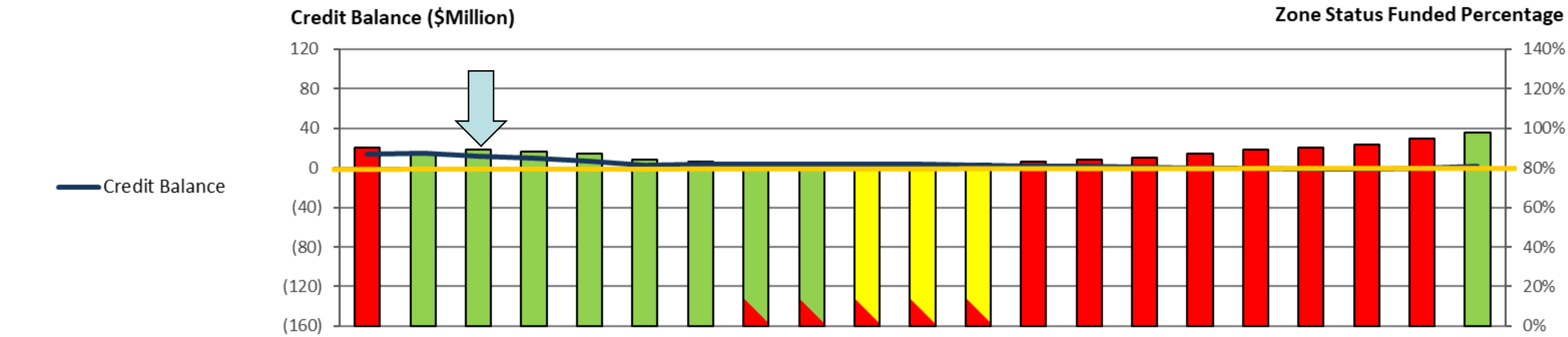
Notes

1) Effective July 1, 2016, all contributions (and future rate increases, if any) are benefit-bearing. See graph for detail regarding assumed rate increases.
2) Benefit changes made by the RP are reflected beginning in the July 1, 2018 plan year.

Scenario 2C: One-Year Low Return – Funding Policy

7.00% Discount Rate | 15.50% Return PYB 2020; -7.00% Return PYB 2021; 7.00% Return PYB 2022+ | 10.0 Thousand Weeks Worked beginning PYB 2020 | Funding Policy Contribution Increases

Industry And Local 338 Pension Plan



Plan Year Beginning 7/1	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
(1) Investment Return (%)	4.81	1.83	15.50	(7.00)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
(2) Weeks Worked(Thousands)	11.9	10.4	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(3) Weekly Contribution Rate ($)	274	303	316	324	334	343	353	363	373	384	395	406	418	430	442	455	468	481	495	510	524
(4) Contributions+EWL Payments($M)	3.4	5.6	3.2	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.1	4.2	4.3	4.4	4.5	4.7	4.8	5.0	5.1	5.2
(5) Actuarial Value of Assets ($M)	93	93	94	96	94	91	89	88	85	85	86	86	87	88	88	90	91	92	94	96	99
(6) Zone Status Liability ($M)	102	106	106	108	108	108	107	107	106	105	105	104	104	103	103	103	102	102	101	101	101
(7) Credit Balance ($M)	14	14	12	9	6	3	4	4	4	4	3	3	2	1	1	(0)	(1)	(1)	(1)	(1)	2
(8) Zone Status Funded Percentage	90%	87%	89%	88%	87%	84%	83%	82%	80%	81%	81%	82%	83%	84%	85%	87%	89%	90%	92%	95%	98%

Notes

1) Effective July 1, 2016, all contributions (and future rate increases, if any) are benefit-bearing. See graph for detail regarding assumed rate increases.
2) Benefit changes made by the RP are reflected beginning in the July 1, 2018 plan year.

Horizon

Forecast Observations

- **The Plan remains sensitive to both investment return and contributions**
- **Long term funding improvement is compromised if investment returns are less than assumed or contribution levels fall**
  - Investment return from 7/1/2020 through 3/31/2021 is estimated to be 20%
    - Even with a better than expected return for the current year the plan remains sensitive to investment returns
  - Investment professionals are generally reporting lower expectations for investment returns, particularly in the short term
    - We continue to monitor movements in the outlook for future investment returns reported by investment professionals
  - The Funding Policy helps mitigate some of the risk
- **Impact of ARPA**
  - Special Financial Assistance Program - Possible relief will be based on PBGC guidance and future plan experience prior to application deadline of December 31, 2025
  - PBGC Premiums - projected to increase by roughly $11,000 per year starting in 2031
  - Funding Relief
    - Once guidance is available, we will provide additional information
    - Benefit restrictions apply to plans that adopt relief

Appendix

Contribution Rate Summary

Employer	Contract Expiration Date	As of 7/1/2018 Active Count (Valn Data)	As of 7/1/2018 Total Wkly Contrib Rate	As of 7/1/2019 Active Count (Valn Data)	As of 7/1/2019 Total Wkly Contrib Rate	As of 7/1/2020 Active Count (Valn Data)	As of 7/1/2020 Total Wkly Contrib Rate
College of New Rochelle	8/31/2013	17	$ 208.95	17	$ 269.04	0	$ 269.04
HP Hood / Crowley	10/31/2020	92	303.98	91	322.98	91	342.58
Culinart	12/31/2016	20	267.15	0	267.15	0	267.15
Freisland Campina	12/31/2021	59	247.60	65	242.64	62	261.33
LP Transport	8/15/2019	29	322.75	32	322.75	29	331.51
Montefiore New Rochelle	11/5/2020	12	251.61	13	270.30	13	290.21
Paraco Gas	1/31/2025	8	245.15	7	263.84	8	283.75
Westchester L860	9/30/2013	1	243.28	1	243.28	1	243.28
Total		238		226		204	

Notes

1) All contributions are benefit-bearing, effective beginning July 1, 2016.
2) Contribution rates shown above are as reported by Plan Administrator.
3) Contribution rates as of 7/1/2018 include surcharges for College of New Rochelle, Culinart, Friesland Campina, Westchester L 860

Historical Contribution Rates by Contract

Employer	Base Rate	As of Plan Year Ending 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
College of New Rochelle	$ 110.44	$ 143.60	$ 158.00	$ 174.00	$ 174.00	$ 174.00	$ 174.00	$ 174.00	$ 208.95	$ 269.04	N/A
HP Hood / Crowley	130.00	169.00	186.34	204.97	225.47	248.00	272.79	286.43	303.98	322.67	342.58
Culinart	108.44	141.08	154.98	170.48	187.53	206.28	226.91	226.91	267.15	267.15	N/A
Friesland Campina	100.12	133.25	146.57	161.23	177.35	195.09	205.09	215.09	247.60	242.64	261.33
LP Transport	160.00	176.00	192.00	208.00	228.80	251.60	276.80	290.80	322.75	322.75	331.51
Montefiore New Rochelle	120.12	159.86	175.85	193.44	212.78	234.06	234.06	234.06	251.61	270.30	290.21
Paraco Gas	124.00	148.00	156.00	172.00	188.00	206.80	227.60	227.60	245.15	263.84	283.75
Westchester L860	130.15	169.59	186.55	205.21	205.21	205.21	205.21	205.21	243.28	243.28	243.28

Notes

1) Effective July 1, 2016, all contributions (and future rate increases, if any) are benefit-bearing.
2) Contribution rates for 2018 include surcharges for College of New Rochelle, Culinart, Friesland Campina, Westchester L 860

Data, Assumptions, Methods, and Plan Provisions

- **Please see our January 5, 2021 presentation**

Actuarial Certification

We have prepared this actuarial report for use by the **Industry & Local 338 Pension Plan** (the "Plan"). This report has been prepared solely for the benefit of the Plan, and it is not complete without the accompanying discussion with a representative of Horizon Actuarial Services, LLC. This report should not be distributed to others not affiliated with the Plan or relied upon by any other person without prior written consent from Horizon Actuarial Services, LLC.

In preparing this report, we have relied on all the information and data provided by the Plan, including plan provisions and asset information, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information provided, but we have reviewed the data for reasonableness to the extent that we believe appropriate based on the purpose for which it has been used.

The valuation summarized in this report involves actuarial calculations that require assumptions about future events. These calculations are performed using actuarial models, the intended purpose of which is the estimation and projection of the Plan's liabilities and assets, zone status, and other related information summarized herein. We believe that the assumptions and methods used in this report are reasonable individually and in the aggregate, and are appropriate for the purposes for which they have been used. However, other assumptions and methods could also be reasonable and could generate materially different results. We have relied on the input of experts in developing certain assumptions, such as mortality and the valuation interest rate. Because it is not possible or practical to model all aspects of a situation, we may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are immaterial in our judgment.

We have not performed a detailed analysis of the potential effects of risk on the Plan's future financial condition, but have included a discussion of some risks that may significantly affect the Plan. A more detailed assessment of the risks could provide the Trustees with a better understanding of the risks inherent in the Plan and may include additional scenario testing, sensitivity testing, stress testing and stochastic modeling.

Future events and actual experience will vary from any assumptions we have used, and calculations prepared with actual data will vary from estimates or summaries used for modeling purposes. Actual future results will differ from our projections. As these differences arise, contributions and/or benefits may need to be adjusted to take these changes into account.

In our opinion, any methods, assumptions, and calculations are in accordance with the applicable provisions of the Internal Revenue Code and ERISA, and the procedures followed and presentation of results conform with generally accepted actuarial principles and practices. The undersigned consultants of Horizon Actuarial Services, LLC with actuarial credentials meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. There is no relationship between the Plan and Horizon Actuarial Services, LLC that affects our objectivity.

Mary Ann Dunleavy

Mary Ann Dunleavy, ASA, EA, MAAA
Senior Consulting Actuary

Dylan Nitta

Dylan Nitta, ASA
Actuary