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

Held on January 26, 2024
at
Teamsters Local 445 Union Office
Rock Tavern, New York

The following Trustees were present:

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

Also present were:

Pat Blizzard – SEI Institutional Group
Alicia Cochran – Associated Administrators, LLC
Mary Ann Dunleavy – Horizon Actuarial Services, LLC
Rachel Grant – Associated Administrators, LLC
Peter Murray – Schultheis & Panettieri, LLP
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP

I. CALL TO ORDER

The meeting was called to order at 9:59 a.m.

II. AUDITOR REPORT

Mr. Murray distributed the Financial Statements for the Plan Years Ended June 30, 2023 and 2022, copies of which are attached hereto as Exhibit "A." He confirmed that the Financial Statements, in the opinion of Schultheis & Panettieri, LLP ("S&P"), present fairly, in all material respects, the financial status of the Fund. Mr. Murray reviewed the Form

5500 in detail, including Schedule C, and reported that, without an extension, Form 5500 must be filed by January 31, 2024. He stated that the Fund's administrative expenses are reasonable and that the Plan continues to operate efficiently. He noted S&P's satisfaction with Associated Administrator's internal controls.

III. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard distributed and reviewed the SEI report for the period ending December 31, 2023. 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 inflation and Federal fund rates. He also discussed the market performance across different asset classes.

Mr. Blizzard reported that the Fund's ending market value as of December 31, 2023 was $97,113,855, and that its fiscal year-to-date ("YTD") total rate of return is 5.88% compared to the index return of 5.46%. He reviewed the performance for other time periods as well. Mr. Blizzard reviewed the Fund's portfolio allocation as of December 31, 2023: 10.80% Large Cap Index Fund, 3.00% Small Cap Fund, 19.50% World Equity Ex-US Fund, 14.70% US Equity Factor Allocation Fund, 2.90% Emerging Markets Equity Fund, 3.90% Dynamic Asset Allocation Fund, 14.00% Core Fixed Income Fund, 4.70% Limited Duration Fund, 3.90% High Yield Bond Fund, 1.90% Opportunistic Income Fund, 3.90% Emerging Markets Debt Fund, 4.10% SEI Special Situations Collective Fund, 5.20% SEI Structured Credit Collective Fund, and 7.50% SEI Core Property Fund CIT.

Mr. Blizzard said that SEI has no recommendations at this time.

IV. ACTUARY REPORT

Ms. Dunleavy presented information on Horizon's 2023 Survey of Capital Market Assumptions, information on the Plan's preliminary July 1, 2023 Actuarial Valuation, and

Funding Projections. Ms. Dunleavy explained that Horizon's 2023 Survey of Capital Market Assumptions is based on a survey of investment consultants' current short-term and long-term market assumptions. She stated that Horizon considers the survey results, together with the Pension Fund's asset allocation, when setting the Fund's valuation interest rate assumption. She reviewed the distribution of market assumptions based on the survey, noting a marked increase in the assumptions provided compared to recent years. She also reviewed the survey averages over the past 5 years.

Ms. Dunleavy presented the results of the preliminary July 1, 2023 actuarial valuation, reviewing historical demographic and asset information including participant counts by status, weeks worked, investment returns and asset values. She noted that the Plan's increasing maturity affects its ability to recover from unfavorable experience, particularly investment losses.

Ms. Dunleavy reviewed liabilities and key results measured as of July 1, 2023. She stated that, using the Plan's 7.25% discount rate, the Plan has liabilities of $106.5 million against assets of $95.4 million at market and $104.1 million on a smoothed, actuarial basis. She noted that the total normal cost, including the cost of benefits accruing for the Plan Year and expected operating expenses, is $1.3 million. In reviewing the expected contributions versus the Plan's actuarial costs, she noted that, if all assumptions are met, the Plan's funding should improve over time. Responding to a question, Ms. Dunleavy noted that approximately one-third of the contributions cover the cost of benefits accruing during the Plan Year plus operating expenses, leaving two-thirds of each contribution dollar to pay down the unfunded accrued liability.

Ms. Dunleavy presented projections of the Plan's funding, including a review of the key assumptions used in the projections. In addition to a scenario reflecting all valuation assumptions being met in the future, she reviewed scenarios showing the Plan's projected funding based on the Plan's YTD investment return and sensitivity of the Plan's funding to future hours worked. Ms. Dunleavy also reviewed scenarios which would lead to endangered or critical status in the future, which included a sensitivity of the Plan's funding to an investment loss of -13.0% for the Plan Year Ending June 30, 2024 and the level of contribution increases required to recover from such an investment loss. She noted that the Plan is very mature, with each active participant supporting four inactive participants, and that it has a negative net cash flow of approximately -5%. She concluded that, while the Plan is in a good position on July 1, 2023, it remains sensitive to investment performance and future contribution income.

V. APPROVAL OF MINUTES

The minutes of the meeting held on October 20, 2023, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on October 20, 2023.

VI. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Pension Applications – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll on October 23, 2023, approved three (3) pension applications reflected on the report of October 23, 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 November 21, 2023, approved one (1) pension application reflected on the report of November 21, 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 application listed on Exhibit "C."

Ms. Cochran reported that the Trustees, via electronic poll on December 18, 2023, approved one (1) pension application reflected on the report of December 18, 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, 2023 through September 30, 2023. The report is attached hereto as Exhibit "E."

C. Disbursements Reports

Ms. Cochran referred to the Authorization for Disbursements reports for July, August, and September of 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 September 30, 2023. The report is attached hereto as Exhibit "G."

E. Withdrawal Liability

Ms. Cochran reviewed the report in detail, noting that the three former contributing employers shown on the report are continuing to timely pay their withdrawal liability payments. 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. Annual Funding Notice

Ms. Cochran reported that the Annual Funding Notice was mailed to Plan participants, beneficiaries, bargaining parties, and the PBGC on October 27, 2023.

I. Retiree Affidavit Form

Ms. Cochran reported the third request for information was mailed to retirees on January 10, 2024.

J. Fidelity Bond Proposal

Ms. Cochran reviewed the report provided by Segal Select prior to the meeting. She noted Segal Select's recommendation to renew with Chubb, the incumbent carrier, for a three-year period, effective March 15, 2024 through March 15, 2027, at a premium of $10,841. Ms. Cochran noted that the policy includes coverage for the Welfare Fund, and that the costs are allocated to each Fund.

MOTION was made, seconded and unanimously adopted to approve the Fidelity Bond policy renewal with Chubb, with a premium of $10,841, for the period from March 15, 2024 through March 15, 2027.

VII. COUNSEL REPORT

A. Draft Amended and Restated Agreement and Declaration of Trust

Ms. O'Leary distributed binders with the current Trust Agreement and Amendments and a draft updated Trust Agreement. She explained that the draft incorporates all Amendments adopted to date. She stated that she will ask Horizon to review the withdrawal liability provisions of the draft document and will incorporate any comments that Horizon may have in the next draft. She reviewed the other proposed changes in the Trust Agreement, including, but not limited to, (1) removal of certain references to the Union and Contributing Employers; (2) updating the document to reflect that the Fund has retained a third-party administrator; (3) broadening the deadlock arbitration provisions; (4) updating provisions regarding procedures for Trustees' decisions; (5) adding the power to merge as a specific power of the Trustees; (6) specifying the Trustees' powers with respect to contributions and the issuance of rules applicable to Employers; and (7) adding in a provision specifying that, except as otherwise provided, all actions taken by Trustees shall be considered fiduciary actions. The Trustees and counsel discussed the impact of the proposed updates. It was agreed that a final draft will be adopted at an upcoming meeting.

VIII. NEXT MEETING DATE/ADJOURNMENT

The next meeting of the Board of Trustees is scheduled for Friday, April 19, 2024 at 10:00 a.m. via WebEx. With no further business to come before the Board, the meeting was adjourned at 11:45 a.m.

Exhibits:

A – Financial Statements

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