HORIZON actuarial

March 28, 2024

Via Email

Alicia Cochran, Administrator
Industry & Local 338 Pension Plan
Associated Administrators, LLC

Re: Industry & Local 338 Pension Plan: Employer Withdrawal Liability Estimate for Withdrawal in 2023-2024 Plan Year for HP Hood LLC

Dear Alicia:

As requested, we have estimated Employer Withdrawal Liability from the Industry & Local 338 Pension Plan (the "Plan") for HP Hood LLC (the "Employer") for a withdrawal from the Plan during the July 1, 2023 through June 30, 2024 plan year. The withdrawal liability estimate is therefore based on the Unfunded Vested Benefits ("UVBs") of the Plan determined as of June 30, 2023.

Summary of Employer Withdrawal Liability Calculation		
1.	Withdrawal in Plan Year Ending:	June 30, 2024
2.	Unfunded Vested Benefits Determined as of:	June 30, 2023
3.	Unfunded Vested Benefits Allocable to Withdrawing Employer:	$12,219,577
4.	De Minimis Reduction:	0
5.	Preliminary Complete Withdrawal Liability *(3. - 4., not less than zero)*:	12,219,557
6.	Allocation of Affected Benefits Pool(s):	4,783,151
7.	Complete Withdrawal Liability *(5. + 6.)*:	$17,102,728

In addition, we are providing the associated withdrawal liability payment amount and payment period.

Summary of Withdrawal Liability Payment Schedule		
8.	Monthly Installment Required by the Plan:	$186,921
9.	Number of Full Monthly Installments:	125
10.	Final Partial Monthly Installment:	$76,176

Exhibit A summarizes the calculation of Employer Withdrawal Liability and Exhibit B summarizes the calculation of the required monthly installments. Historical employer contributions, contribution base units (or weeks worked), and contribution rates were provided by the Plan Administrator.

The calculation was prepared based on the Employer being the sole member of its controlled group that contributes to the Plan. If the Employer is related to any other contributing employer, withdrawal liability could be materially different than what is shown on the enclosed exhibits. If there are additional contribution amounts that should be included or if there are any other omissions or errors, a revised calculation should be performed.

As you are aware, the Plan first emerged from Critical status in the Plan year beginning July 1, 2019. Based on our understanding of the statute and regulations, we have reflected the contribution increases required by the Rehabilitation Plan during the period while that Plan was in Critical status for purposes of allocating the Plan's UVBs. These increases are included for purposes of determining the highest contribution rate when determining the annual withdrawal liability payment since they have been adopted in a new Collective Bargaining Agreement following the Plan's emergence. Since Horizon Actuarial does not engage in the practice of law, we of course defer to fund counsel regarding any interpretations of the statute and regulations.

The actuarial assumptions and methods used to determine the Plan's unfunded vested benefits as of June 30, 2023 are described in the Plan's actuarial valuation report as of July 1, 2023. A summary of these actuarial assumptions and methods is provided with this calculation.

Please let us know if you have any comments.

Sincerely,

Mary Ann Dunleavy

Peter Bernstein

Mary Ann Dunleavy, EA, ASA, MAAA
Actuary and Managing Consultant

Peter Bernstein, FSA, MAAA
Consulting Actuary

Enclosures

cc: Elizabeth O'Leary (w/ attachments)

Employer Name: **HP Hood**
Year of Withdrawal: *Plan Year beginning July 1, 2023 and ending June 30, 2024*

Estimate of Withdrawal Liability

A. Unfunded Vested Benefits Allocable to Contributing Employers

Measurement Date: August 31, 2023

1. Value of Non-Forfeitable Benefits	$ 122,974,082
2. Value of Plan Assets	95,399,699
3. Unfunded Vested Benefits (A.1. - A.2., but not less than zero)	27,574,383
4. Value of Outstanding Claims for Withdrawal Liability from Previously Withdrawn Employers	1,323,687
5. Unfunded Vested Benefits Allocable to Contributing Employers (A.3. - A.4.)	$ 26,250,696

B. Historical Plan Contributions

1. **Plan Year Ending August 31,**	*2.* **Withdrawing Employer**	*3.* **All Employers**	*4.* **Previously Withdrawn Employers**
2019	$ 1,420,164	$ 3,538,306	$ 143,758
2020	1,540,454	3,153,174	0
2021	1,607,728	3,248,966	0
2022	1,463,872	3,123,328	0
2023	1,567,778	3,274,142	0
TOTAL	**$ 7,599,996**	**$ 16,337,916**	**$ 143,758**

C. Allocation of Unfunded Vested Benefits

1. Total Contributions of Withdrawing Employer from September 1, 2018 through August 31, 2023 (B.2.)	$ 7,599,996
2. Net Contributions from All Employers from September 1, 2018 through August 31, 2023 (B.3. - B.4.)	16,194,158
3. Allocation Fraction (C.1. / C.2.)	46.93048%
4. Allocation of Unfunded Vested Benefits (A.5. x C.3.)	$ 12,319,577

D. De Minimis Reduction

1. Excess Liability (C.4. - $100,000, but not less than zero)	$ 12,219,577
2. Lesser of $50,000 or 0.75% of Unfunded Vested Benefits (Minimum of $50,000 or 0.75% x A.3.)	50,000
3. De Minimis Reduction (D.2. - D.1., but not less than zero)	$ 0

E. Allocation of Affected Benefit Pool(s)

1. Outstanding Balance of Affected Benefits Pool(s) as of August 31, 2023	$ 10,191,992
2. Allocation Fraction (C.3.)	46.93048%
3. Allocation of Affected Benefits Pool(s) to Withdrawing Employer (E.1. x E.2.)	$ 4,783,151

F. Complete Withdrawal Liability

1. Unfunded Vested Benefits Allocable to Withdrawing Employer (C.4.)	$ 12,319,577
2. De Minimis Reduction (D.3.)	0
3. Preliminary Complete Withdrawal Liability (F.1. - F.2., but not less than zero)	12,319,577
4. Allocation of Affected Benefits Pool(s) (E.3.)	4,783,151
5. Complete Withdrawal Liability (F.3. + F.4.)	$ 17,102,728

Withdrawal liability calculations were performed under the Multiemployer Pension Plan Amendments Act of 1980. The amount of Unfunded Vested Benefits ("UVBs") is determined as of the end of the plan year prior to the year of withdrawal. UVBs are allocated among all employers using the Rolling-Five method, as described in Section 4211(c)(3) of the Employee Retirement Income Security Act of 1974 ("ERISA").

As prescribed under Section 4209(a) of ERISA, a de minimis reduction of up to $50,000 applies to employers with an allocation of UVBs of less than $150,000. This credit is reduced, dollar-for-dollar, to the extent that the amount of the employer's allocated UVBs exceeds $100,000.

The allocation of Affected Benefit Pool(s) is based on our understanding of the value of adjustable benefits reduced as part of the Rehabilitation Plan and the simplified allocation method described in Pension Benefit Guaranty Corporation ("PBGC") Technical Update 10-3.

In accordance with Section 305(g)(3) of ERISA, employer contributions shown above exclude contribution rate increases required to be made pursuant to the Rehabilitation Plan on and after September 1, 2015.

Industry & Local 338 Pension Plan

Exhibit B

Employer Name: **HP Hood**
Year of Withdrawal: *Plan Year beginning July 1, 2023 and ending June 30, 2024*

Estimated Withdrawal Liability Payment Schedule

A. Withdrawal Liability			**D. Historical Base Units**	
For Plan Year Beginning July 1, 2023	$	17,102,728	Plan Year Ending August 31,	Hours Worked
B. Withdrawal Liability Payment			2014	7,704
1. Highest Hourly Contribution Rate (July 1, 2014 - June 30, 2024)	$	346.80	2015	6,427
2. Highest 3-Year Average of Base Units (July 1, 2013 - June 30, 2023)		6,429.33	2016	5,157
3. Annual Payment (B.1. x B.2.)		2,229,692	2017	4,895
4. Monthly Payment Conversion Factor		11.93	2018	4,655
5. Monthly Payments (B.3. / B.4.)	$	186,921	2019	4,488
			2020	4,582
C. Withdrawal Liability Payment Schedule			2021	4,693
The employer is required to make 125 monthly payments of $186,921			2022	4,249
and a final monthly payment of $76,176.			2023	4,527

The Employer's withdrawal liability shall be paid in equal quarterly installments beginning no later than 60 days after the date of the demand for withdrawal liability. Interest on the unpaid withdrawal liability balance accumulates at the Plan rate of 7.25 percent per annum. The amount of the annual payment is equal to (a) the highest hourly contribution rate over the 10-year period ending with the year of withdrawal, times (b) the highest consecutive 3-year average of contribution base units (i.e., hours worked) over the 10-year period ending with the year prior to the year of withdrawal. Payments shall not continue for more than 20 years (i.e., 80 quarters).

The highest weekly contribution rate used to develop the withdrawal liability payment excludes contribution rate increases required to be made pursuant to the Rehabilitation Plan on and after September 1, 2015, in accordance with Section 305(g)(3) of ERISA.

Industry and Local 338 Pension Plan
Summary of Key Actuarial Assumptions & Methods
Withdrawal Liability During the July 1, 2023 – June 30, 2024 Plan Year

a) Interest Rate

For liabilities up to the market value of assets, valued using PBGC interest rates as of June, 2023 of 5.38% and 5.09% (for 20 years and thereafter, respectively).

For liabilities in excess of the market value of assets, valued using 7.25% for all years.

b) Non-Disabled Mortality

Non-annuitant: 125% of the sex-distinct RP-2014 Blue Collar Employee Mortality Table.

Annuitant: 125% of the sex-distinct RP-2014 Blue Collar Annuitant Mortality Table

Adjusted to future years using generational projection under Scale MP-2014 to anticipate future mortality improvement.

c) Disabled Mortality

125% of the sex-distinct RP-2014 Disabled Mortality Tables.

Adjusted to future years using generational projection under Scale MP-2014 to anticipate future mortality improvement.

d) Termination

Sample Rates as follows:

Age	Probability
20	6.58%
25	5.27%
30	4.83%
35	4.47%
40	3.84%
45	3.21%
50	1.52%
55	0.33%
60	0.00%

e) Form of Payment

All unmarried participants are assumed to elect a Life Annuity.

All married participants are assumed to elect an actuarially reduced 75% Joint and Survivor Annuity.

f) Marriage / Spouse Ages

75% of non-retired participants are assumed to be married.

Male spouses are assumed to be three years older than female spouses if age is unknown.

g) Retirement Age

Sample Rates as follows:

Age	Probability
55-59	10%
60-61	20%
62	75%
63-65	50%
66-69	25%
70	100%

h) Disability

Sample Rates as follows:

Age	Probability
20	0.05%
25	0.05%
30	0.05%
35	0.06%
40	0.09%
45	0.18%
50	0.40%
55	0.85%
60	1.74%

Vested benefit valued at decrement

i) Operating Expenses — As prescribed by PBGC formula (29 CFR Part 4044, Appendix C); applied only to liabilities valued with PBGC interest rates.

j) Value of Assets — Market Value

k) Allocation Method — Rolling-Five, with application of de minimis

Additional detail on assumptions used in the development of liabilities for withdrawal liability purposes is disclosed in the July 1, 2023 actuarial valuation report for the Plan.