Industry And Local 338
Pension Fund

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Minutes of the Meeting of the Board of Trustees

Held on April 13, 2021
via
Webex

The following Trustees were present:

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

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
Dylan Nitta – Horizon Actuarial Services, LLC
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP
Jon Waite– SEI Institutional Group

I. CALL TO ORDER

The meeting was called to order at 10:03 a.m.

II. AUDITOR REPORT

Mr. Peter Murray of Schultheis & Panettieri, LLP ("S&P") reviewed in detail the Financial Statements for years ended June 30, 2020 and 2019, copies of which are attached hereto as Exhibit "A." He confirmed that the Financial Statements, in the opinion of S&P, present fairly, in all material respects, the financial status of the Fund. Mr. Murray reviewed the Form 5500 in detail and reported that it will be timely filed. He noted S&P's satisfaction with Associated Administrators' internal controls. He stated that the Fund's administrative expenses are very reasonable and that the Plan is operated very efficiently.

The Trustees thanked Mr. Murray for his report.

III. ACTUARY REPORT

Ms. Mary Ann Dunleavy and Mr. Dylan Nitta of Horizon Actuarial Services, LLC ("Horizon") reviewed Horizon's report.

The Horizon representatives presented information on the American Rescue Plan Act of 2021 ("ARPA") and updated projections of the Plan's funding.

Ms. Dunleavy presented an overview of the multiemployer plan provisions included in ARPA covering the Special Financial Assistance Program, the PBGC premium increase in 2031 and possible funding relief. She stated that there are myriad questions on how the financial assistance and funding relief will be interpreted in forthcoming regulations, expected to be issued by the PBGC on or before July 9, 2021. She noted that the Plan does not currently qualify for the Special Financial Assistance Program, but that some of the funding relief provisions may be helpful to the Plan.

Mr. Nitta summarized the final July 1, 2020 actuarial valuation results. He reviewed liabilities and key results measured as of July 1, 2020, noting that changes from the preliminary results presented in January reflecting finalized data and a new valuation software system are immaterial. He noted that the change in valuation software is considered a change in funding method, which is automatically approved as required standards have been met and will be reported on the 2020 Form 5500.

Ms. Dunleavy presented projections of the Plan's funding position. The projections were reported on two different bases. The first is the certification basis which includes only contribution increases included in collective bargaining agreements and the second basis reflects the Funding Policy of the Plan adopted in October, 2019. She stated that the Plan is well funded in all of the scenarios modeled, yet remains sensitive to future investment returns.

IV. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI reviewed SEI's report. He led a discussion on current market conditions. He provided a review of SEI's services for the Fund and discussed changes in the Fund's portfolio and asset allocation studies done since the Trustees' retention of SEI in 2011.

Mr. Blizzard reported that the Fund's ending market value as of March 31, 2021 was $102,625,076, and that its fiscal year-to-date total rate of return is 20.10% compared to 17.76% for the index. Mr. Blizzard reviewed the Fund's portfolio allocation as of March 31, 2021: 11.00% Large Cap Index Fund, 3.10% Small Cap Fund, 21.90% World Equity - US, 14.40% US Equity Factor Allocation Fund, 3.00% Emerging Markets Equity Fund, 3.00% Dynamic Asset Allocation Fund, 13.30% Core Fixed Income Fund, 4.70% Limited Duration Fund, 3.90% High Yield Bond Fund, 1.90% Opportunistic Income Fund, 3.70% Emerging Markets Debt Fund, 3.40% Special Situations Fund CIT, 1.70% Structured Credit Collective Fund, 11.00% Core Property Collective Invest TR, and 0.00% cash and equivalents.

Mr. Waite discussed the current Pension Portfolio, along with three alternative portfolios (Portfolios A, B, and C). He stated that SEI recommends Portfolio A, which consists of reducing the Limited Duration Fixed Income Class from 5.00% to 0.00% and adding a Short Term Corporate Fixed Income Class of 5.00%. Mr. Waite explained that this change is based on similar current yields for these two fixed income funds and more protection against rising rates. He also noted there would be no fee impact.

Trustee Bresten questioned the current Real Estate Allocation and if itis appropriate at this time to consider reducing the percentage based on current market conditions. In response, Mr. Waite recommended reducing the Real Estate (SEI Core Property Fund CIT) current allocation of 11% to 7.00% which would leave 4% for reallocation to other asset classes. The SEI representatives stated that they would discuss potentially transferring the proceeds of the redemption to the Structured Credit Allocation at the next meeting as well as consider other alternatives. He explained said that this recommendation would have little to no impact on volatility with an approximate increase in return of 10 basis points.

After discussion,

MOTION was made, seconded and unanimously adopted to (a) approve the recommendation of SEI for Portfolio A as outlined in SEI's report and (b) submit a Real Estate redemption effective June 30, 2021 for the amount necessary to reduce the current Real Estate allocation from 11% to 7.00%.

The Trustees thanked Messrs. Blizzard and Waite for their report.

V. <u>APPROVAL OF MINUTES</u>

The minutes of the meeting held on January 5, 2021, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on January 5, 2021.

VI. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Pension Applications – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll on March 25, 2021, approved one (1) pension application per the report of March 25, 2021, annexed hereto as Exhibit "B."

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

Ms. Cochran reported that the Trustees, via electronic poll on February 24, 2021, approved three (3) pension applications per the report of February 24, 2021, annexed hereto as Exhibit "C."

MOTION was made, seconded and unanimously adopted to ratify the interim action of the Trustees to approve the three (3) pension applications listed on Exhibit "C."

Ms. Cochran reported that the Trustees, via electronic poll on January 26, 2021, approved two (2) pension applications per the report of January 26, 2021, annexed hereto as Exhibit "D."

MOTION was made, seconded and unanimously adopted to ratify the interim action of the Trustees to approve the two (2) pension applications listed on Exhibit "D."

B. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2020 through June 30, 2021. The report is attached hereto as Exhibit "E."

C. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for October, November, and December 2020. 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 reviewed the report in detail. The report is attached hereto as Exhibit "G."

E. Withdrawal Liability

Ms. Cochran reviewed the report in detail. 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 2020 through December 2020. The report is attached hereto as Exhibit "I."

H. Administrative Manager's Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "J."

I. Pension Benefit Guaranty Corporation (PBGC) 2019 Comprehensive Filing

Ms. Cochran reported that the Fund has filed its 2020 Comprehensive Filing with the PBGC and paid a premium of $34,980.00.

J. Positive Pay – INTERIM ACTION

Ms. Cochran reported that the Trustees approved implementation of the positive pay program with Amalgamated Bank.

K. Fidelity Bond Policy – INTERIM ACTION

Ms. Cochran reported that the Trustees approved Segal's recommendation to renew with Chubb, the incumbent, for a three-year period effective February 15, 2021 through February 15, 2023 with a prepaid premium of $10,437 for a three-year period. Ms. Cochran noted that the Policy includes coverage for the Welfare Fund, and that the costs are allocated to each Fund. Ms. O'Leary and Ms. Cochran reported on complications during the application process and the need to provide additional information after the submission of the initial application.

L. Forms 1099MISC and 1099R

Ms. Cochran said the Forms 1099MISC and 1099R were mailed on January 29, 2021.

M. Trustee Retirement

Mr. Barry Russell announced that he will be retiring on July 1, 2021 and that Dan Maldonado would be replacing him as a Union Trustee. The Trustees expressed their gratitude for Mr. Russell's service on the Fund and wished him well in his retirement.

VII. COUNSEL REPORT

A. American Rescue Plan Act of 2021 (“ARPA”)

Ms. O’Leary referred to Kauff McGuire & Margolis’s PowerPoint on the previously discussed multiemployer plan relief provisions of ARPA and provided additional commentary on the law.

B. The College of New Rochelle (“CNR”)

Ms. O’Leary referred to her e-mail to the Trustees dated January 14, 2021 in which she reported on a development in the CNR bankruptcy matter. By way of background, Ms. O’Leary explained that Marc Tenenbaum, prior counsel for the Fund in the bankruptcy case, had reported in March of 2020 on a potential source of recovery if the Creditors Committee sued any of the former officers of CNR for financial mismanagement. She noted that Mr. Tenenbaum had explained that, even with the best of outcomes, such suit was unlikely to obtain a significant recovery for the Fund but that, at the same time, the contingency arrangement pursuant to which the Creditors Committee would be paid meant that a suit would likely be filed only if counsel determined that there is a reasonable basis to expect some recovery. She stated that, as reported in her January 14th e-mail, the Creditors Committee filed a complaint in the Bankruptcy Court on January 14th against the former officers. She stated that there have been no significant developments in the case to date and that she will provide updates when available.

VIII. NEXT MEETING DATE/ADJOURNMENT

The next meeting of the Board of Trustees is scheduled for Thursday, July 22, 2021, at 10:00 a.m. via Webex. With no further business to come before the Board, the meeting was adjourned at 11:38 a.m.

Exhibits:

A – Financial Statement

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

J – Administrative Manager’s Report