Industry & Local 338 Pension Plan

Actuarial Update

August 1, 2024

Today's Discussion

- **2024 PPA Zone Status Certification**
  - Preliminary Information
  - Industry Activity Information
  - Funding Projections
- **Appendix**
  - Annual Timeline
  - Contribution Rate Summaries
  - Data, Assumptions, Methods and Plan Provisions
  - PPA Zone Certification Statuses
  - Actuarial Certification

2024 PPA Certification Preview

- **Due September 28, 2024**
  - Expect to certify the Plan in the Green Zone
- **Funded Percentage**
  - 97.1% as of July 1, 2024 (preliminary)
    - Assets: $103.0 million (Actuarial Value of Assets, estimate)
    - Liabilities: $106.0 million (projected)
- **Projected Minimum Funding Standards**
  - Minimum required contributions met during the required projection period
- **Assumptions Included**
  - 12.68% return for the plan year ending June 30, 2024 (preliminary)
  - 7.25% per year beginning July 1, 2024
  - 9,600 weeks worked per year (preliminary, level at prior year's valuation hours reported)
  - Contribution Rates:
    - Zone Status: rate increases included in CBAs as of the certification date

2024 PPA Certification: Industry Activity

- **To complete the PPA Certification, the law requires that we obtain input on “industry activity” from the Trustees**
  - Generally this refers to expected future levels of weeks and contributions
  - We also requesting information on other future events of which the Trustees may be aware
    - Expected change in the status of any contributing employer
    - Unusual number of retirements different than what might otherwise be anticipated
    - Significant changes in the participant data used to complete the actuarial valuation

2024 PPA Certification: Industry Activity

Plan Year	Active Count	Average Weeks / Active		Total Weeks	Average Ultimate Contribution Rate
		Total Wks	Active Wks		
7/1/2023 – 6/30/2024	209 Average 11 months	?	?	?	?
7/1/2022 – 6/30/2023	192	50.0	46.6	9,594	$325.35
7/1/2021 – 6/30/2022	196	48.7	46.2	9,540	319.32
7/1/2020 – 6/30/2021	207	49.4	47.7	10,228	315.57
7/1/2019 – 6/30/2020	204	51.2	48.0	10,240	302.62
7/1/2018 – 6/30/2019	226 (CNR=17)	54.7	48.4	12,366	274.36
7/1/2017 – 6/30/2018	238 (CNR=20, Culinart=21)	51.9	47.7	12,351	261.20
7/1/2016 – 6/30/2017	238 (CNR=13, Culinart=19)	50.6	49.3	11,740	249.60
7/1/2015 – 6/30/2016	243	48.5	47.5	11,775	232.00
7/1/2014 – 6/30/2015	265	50.2	47.5	13,303	215.20
7/1/2013 – 6/30/2014	306	51.3	N/A	15,698	223.20
7/1/2012 – 6/30/2013	326	49.9	N/A	16,267	206.80
7/1/2011 – 6/30/2012	382	51.2	N/A	19,558	177.60

Historical contribution information for plan years prior to 7/1/2015 – 6/30/2016 obtained from prior years' actuarial valuation reports.

Projection Assumptions and Methods

- **Unless otherwise stated, the projection assumptions, methods, data and plan provisions used are the same as those used for the July 1, 2023 actuarial valuation.**
  - No future expected gains or losses other than those attributable to investment returns, as applicable.
- **Investment Earnings**
  - 12.68% for the plan year ended June 30, 2024 (SEI estimate)
  - 7.25% per year, net of investment-related expenses, thereafter unless otherwise noted
- **Operating Expenses**
  - $375,000 for the plan year beginning July 1, 2023, increasing 3.0% per year
- **Work Levels**
  - Plan year beginning July 1, 2024 and later:
    - Level Active Population
- **Contribution Rates**
  - Included in Collective Bargaining Agreements as bargained

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.)

- **Withdrawal Liability Income**
  - Reflects expected payments from employers withdrawn before July 1, 2023
  - Approximately $183,000 per year for 10 years

- **Contracts**
  - 85% of hours worked under contracts beginning that are expected to renew in PYB 2023
    - HP Hood, expiration September 30, 2023
    - FrieslandCampina, expiration December 31, 2023
    - Montefiore New Rochelle, expiration November 5, 2023
    - Paraco, expiration January 31, 2024
  - 15% of hours worked under contracts beginning that are expected to renew in PYB 2025
    - LP Transport, expires August 15, 2025
    - Westchester Local 860, expires September 30, 2025

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	Investment Return PYB 2023/ PYB 2024/ PYB 2025+	Weeks Worked PYB 2024+	Funded % / Credit Bal ($M) PYB 2024	Future Zone Status Changes	100% Funded PYB	% Funded 7/1/2042	Credit Balance ($M) 6/30/2042
1 July 1, 2023 Valuation	7.25% all years	9,600	96% / $12	**Green**	2030	138%	$40
2 Preliminary PPA Certification	12.68% PYB 2023 / 7.25% thereafter	9,600	97% / $12	**Green**	2028	158%	$59
3 Higher Weeks Worked	12.68% PYB 2023 / 7.25% thereafter	10,080 (5% higher)	97% / $12	**Green**	2027	162%	$63
4 ROA PYB 2024 That Results in Non-Green 2025	12.68% PYB 2023 / -25.50% PYB 2024 / 7.25% thereafter	9,600	97% / $12	**Yellow** **Red**	N/A	38%	($54)
5 6.5% Per Year Contribution Increases	12.68% PYB 2023 / -25.50% PYB 2024 / 7.25% thereafter	9,600	97% / $12	**Yellow** **Red**	N/A	94%	$2

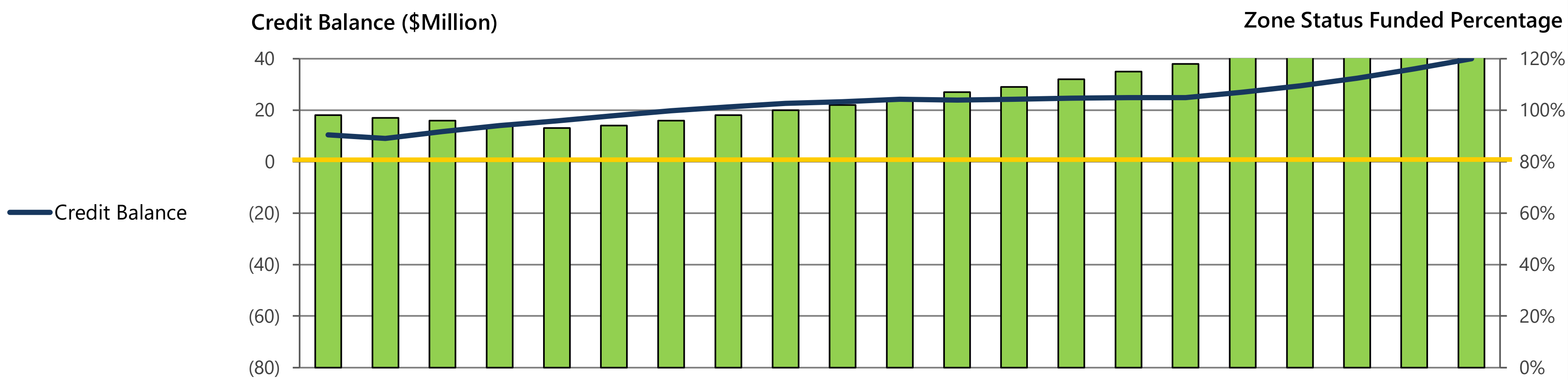
Notes:

- Scenario 5 Contribution Increases begin 7/1/2025

Scenario 1: July 1, 2023 Valuation

Investment Returns: 7.25% per year beginning July 1, 2023
Weeks Worked: 9,600 per year

Industry And Local 338 Pension Plan



Plan Year Beginning 7/1	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
(1) Investment Return (%)	9.00	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	7.25
(2) Weeks Worked(Thousands)	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6
(3) Weekly Contribution Rate ($)	331	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335
(4) Contributions+EWL Payments($M)	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
(5) Actuarial Value of Assets ($M)	106	104	102	100	98	99	100	101	102	103	104	105	106	108	109	111	113	115	117	119	122
(6) Zone Status Liability ($M)	107	106	106	106	105	104	103	102	101	100	99	98	97	96	95	94	93	92	90	89	88
(7) Credit Balance ($M)	10	9	12	14	16	18	20	21	23	23	24	24	24	25	25	25	27	29	33	36	40
(8) Zone Status Funded Percentage	98%	97%	96%	94%	93%	94%	96%	98%	100%	102%	104%	107%	109%	112%	115%	118%	121%	125%	129%	133%	138%

Scenario 2: 2024 Prelim PPA Zone Certification

Investment Returns: ***12.68% PYB 2023*** | 7.25% per year beginning July 1, 2024
Weeks Worked: 9,600 per year

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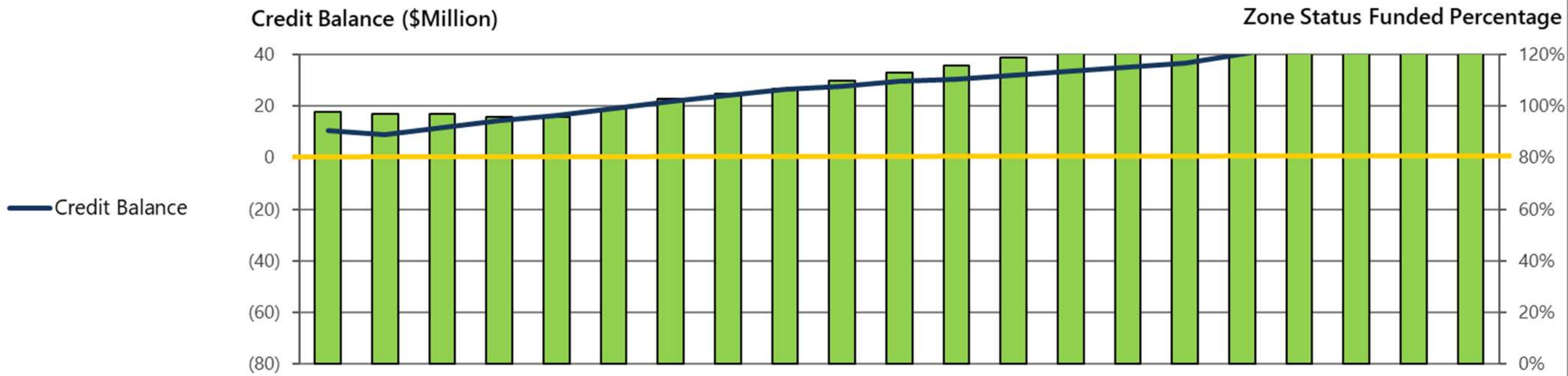

Plan Year Beginning 7/1	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
(1) Investment Return (%)	9.00	12.68	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
(2) Weeks Worked(Thousands)	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6
(3) Weekly Contribution Rate ($)	331	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335
(4) Contributions+EWL Payments($M)	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
(5) Actuarial Value of Assets ($M)	106	104	103	102	101	104	106	108	109	111	113	115	117	119	121	123	126	129	132	136	140
(6) Zone Status Liability ($M)	107	106	106	106	105	104	103	102	101	100	99	98	97	96	95	94	93	92	90	89	88
(7) Credit Balance ($M)	10	9	12	14	17	19	22	24	26	28	30	31	32	34	35	37	40	44	49	54	59
(8) Zone Status Funded Percentage	98%	97%	97%	96%	96%	99%	103%	105%	107%	110%	113%	116%	119%	123%	127%	131%	136%	140%	146%	152%	158%

Scenario 3: Higher Future Hours

Investment Returns: 12.68% PYB 2023 | 7.25% per year beginning July 1, 2024
Weeks Worked: ***10,080 per year***

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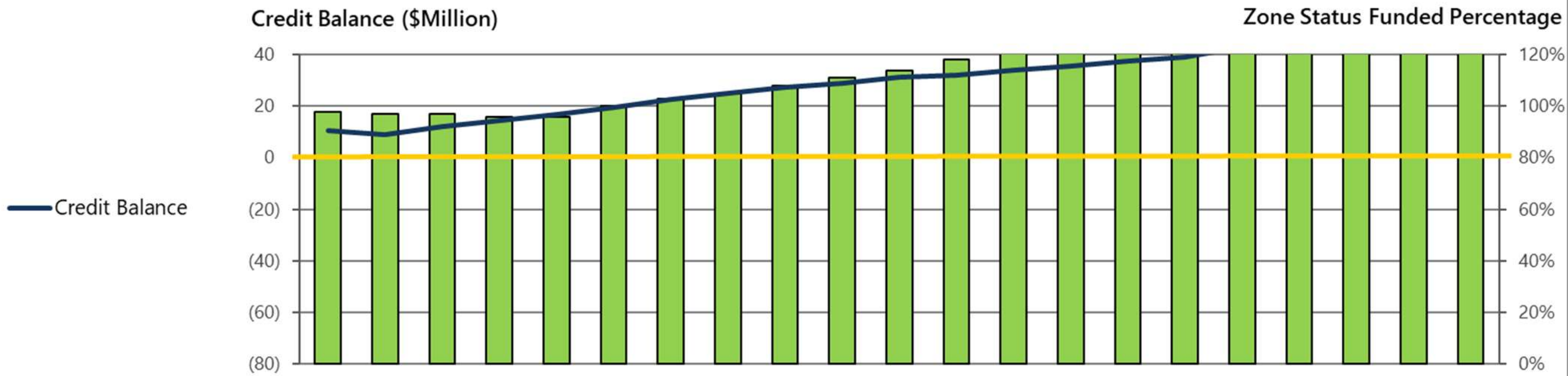
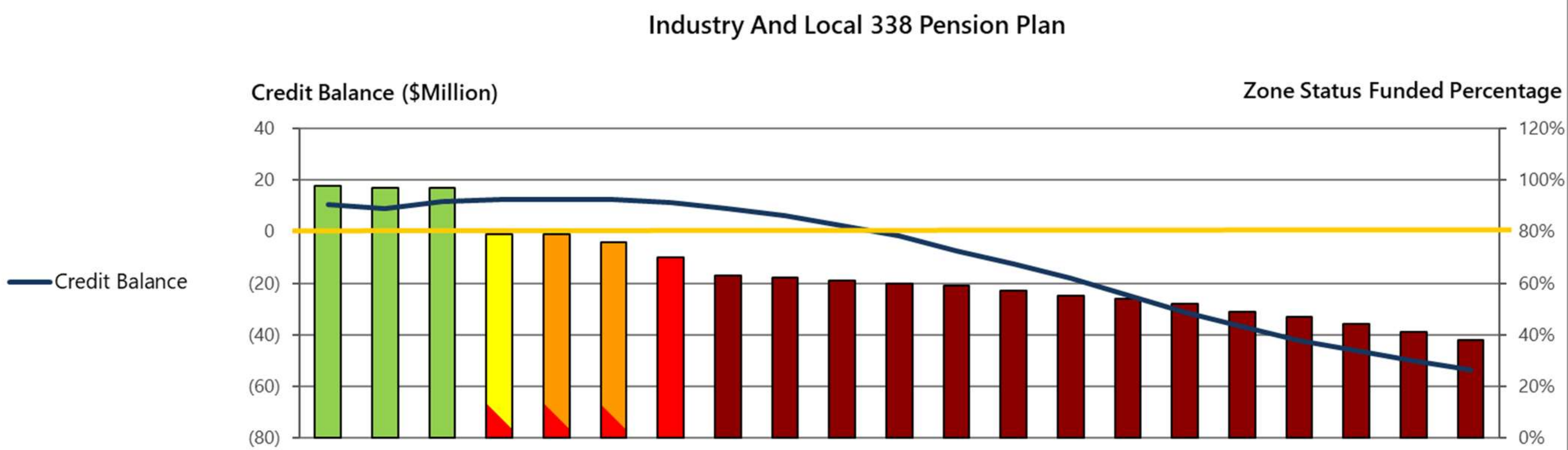


Plan Year Beginning 7/1	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
(1) Investment Return (%)	9.00	12.68	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
(2) Weeks Worked(Thousands)	9.6	9.6	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
(3) Weekly Contribution Rate ($)	331	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335
(4) Contributions+EWL Payments($M)	3.5	3.4	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.5	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 ($M)	106	104	103	102	102	105	107	109	110	112	114	117	119	121	124	127	130	133	137	141	145
(6) Zone Status Liability ($M)	107	106	106	106	105	104	103	103	102	101	100	99	98	97	96	95	94	93	92	91	90
(7) Credit Balance ($M)	10	9	12	15	17	20	23	25	27	29	31	32	34	36	38	39	43	47	52	58	63
(8) Zone Status Funded Percentage	98%	97%	97%	96%	96%	100%	103%	105%	108%	111%	114%	118%	121%	125%	129%	133%	138%	143%	149%	155%	162%

Scenario 4: Low 2024 ROA

Investment Returns: 12.68% PYB 2023 | ***-25.50% PYB 2024*** | 7.25% per year thereafter
Weeks Worked: 9,600 per year



Plan Year Beginning 7/1	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
(1) Investment Return (%)	9.00	12.68	(25.50)	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)	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6
(3) Weekly Contribution Rate ($)	331	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335	335
(4) Contributions+EWL Payments($M)	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
(5) Actuarial Value of Assets ($M)	106	104	103	84	83	80	73	65	64	62	60	58	56	54	51	49	46	43	40	37	34
(6) Zone Status Liability ($M)	107	106	106	106	105	104	103	102	101	100	99	98	97	96	95	94	93	92	90	89	88
(7) Credit Balance ($M)	10	9	12	12	13	12	11	9	6	2	(2)	(7)	(13)	(18)	(25)	(31)	(37)	(42)	(46)	(50)	(54)
(8) Zone Status Funded Percentage	98%	97%	97%	79%	79%	76%	70%	63%	62%	61%	60%	59%	57%	55%	54%	52%	49%	47%	44%	41%	38%

Scenario 5: 6.5% Per Year Contribution Increases

Investment Returns: 12.68% PYB 2023 | ***-25.50% PYB 2024*** | 7.25% per year thereafter
Weeks Worked: 9,600 per year

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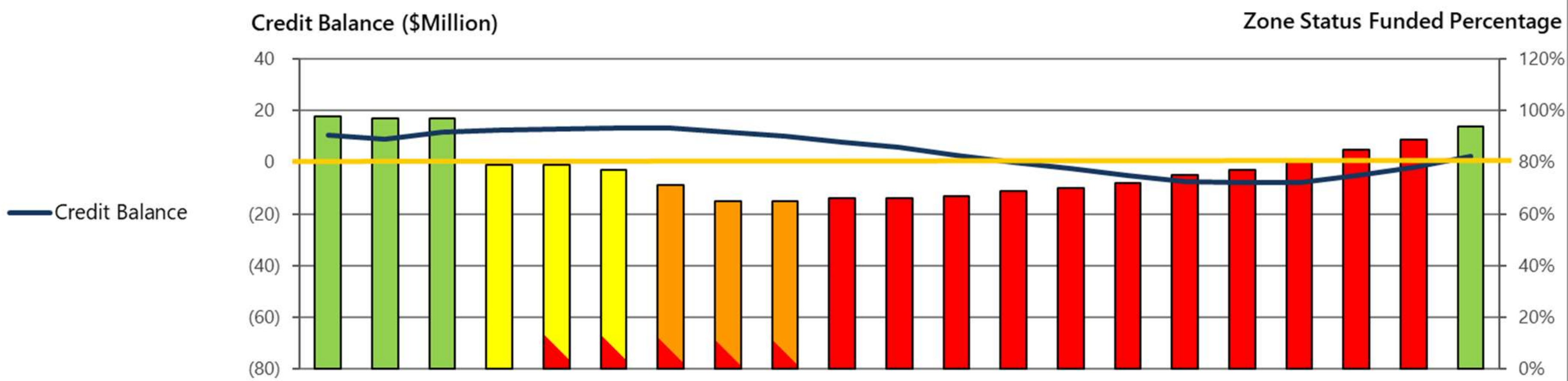

Plan Year Beginning 7/1	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
(1) Investment Return (%)	9.00	12.68	(25.50)	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
(2) Weeks Worked(Thousands)	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6
(3) Weekly Contribution Rate ($)	331	335	335	357	380	405	431	459	489	521	555	591	629	670	713	760	809	862	918	977	1,041
(4) Contributions+EWL Payments($M)	3.5	3.4	3.4	3.6	3.8	4.1	4.3	4.6	4.9	5.2	5.5	5.7	6.0	6.4	6.8	7.3	7.8	8.3	8.8	9.4	10.0
(5) Actuarial Value of Assets ($M)	106	104	103	84	83	80	74	68	67	68	68	69	70	72	74	77	80	85	90	96	103
(6) Zone Status Liability ($M)	107	106	106	106	105	104	104	103	102	102	102	101	101	101	102	102	103	104	106	107	109
(7) Credit Balance ($M)	10	9	12	13	13	13	13	12	10	8	6	3	(0)	(2)	(5)	(7)	(8)	(8)	(5)	(2)	2
(8) Zone Status Funded Percentage	98%	97%	97%	79%	79%	77%	71%	65%	65%	66%	66%	67%	69%	70%	72%	75%	77%	81%	85%	89%	94%

Observations

- **The Plan remains sensitive to both investment return and contributions**
  - A further decrease in hours as demonstrated in Scenario 3 will remove some of the Plan's ability to handle investment volatility
  - Scenario 4 demonstrates how the Plan may encounter zone status issues in the future
    - Absent investment returns above those assumed, an increase in contributions of 6.50% annually would be required to recover from such a one-time investment loss, as demonstrated in Scenario 5
- **Long term funding improvement is compromised if investment returns are less than assumed or if contributions levels fall**
  - Investment returns for the current plan year are below the assumed rate of return
  - We continue to monitor movements in the outlook for future investment returns reported by investment professionals

Observations

- **Risk management considerations**
  - Continue to build funding cushion
  - Pension Risk Transfer
    - Annuity purchase would price liabilities at perhaps 4.50% at this time
    - The funded percentage of the plan measured at 4.50% is 55% - 65%
  - Merger

Appendix

2024 – 2025 Plan Year Timeline - PPA

Event	Deadline / Information	Latest Date
Actuarial Certification	90 days into plan year	9/28/2024
Notice of Critical Status (if applicable)	30 days after actuarial certification	N/A
Develop Funding Improvement Plan (FIP) or Rehabilitation Plan (RP) (if applicable)	Due 240 days after certification of endangered (FIP) or critical status (RP)	N/A
Funding Improvement or Rehabilitation Period (if applicable)	After expiration of contracts covering at least 75% of active participants, not later than first of plan year following second anniversary of adoption of FIP or RP	N/A

2024 – 2025 Plan Year – Other Actuarial Information

Event	Deadline / Information	Latest Date
Annual Funding Notice	120 days after the end of the plan year	10/28/2024
Schedule MB (Form 5500)	Last day of the 7th month following the end of the Plan Year (2½ month extension available)	1/31/2025 (w/o ext) 4/15/2025 (with ext)
ERISA 104(d) Notice	30 days after due date Form 5500 filing	3/1/2025 (w/o ext) 5/15/2025 (with ext)
PBGC Premium Filing	15th day of the 10th full calendar month in the Plan Year	4/15/2025
Actuarial Valuation		
Review of Actuarial Assumptions	In conjunction with the actuarial valuation	N/A

Contribution Rate Summary

Employer	Contract Expiration Date	As of 7/1/2021 Active Count (Valn Data)	As of 7/1/2021 Total Wkly Contrib Rate	As of 7/1/2022 Active Count (Valn Data)	As of 7/1/2022 Total Wkly Contrib Rate	As of 7/1/2023 Active Count (Valn Data)	As of 7/1/2023 Total Wkly Contrib Rate
HP Hood / Crowley	9/30/2023	94	342.58	89	345.38	91	346.80
Freisland Campina	12/31/2023	65	281.24	58	290.00	51	299.02
LP Transport	8/15/2025	27	340.53	28	349.82	30	349.82
Montefiore New Rochelle	11/5/2023	13	311.41	14	333.99	13	358.52
Paraco Gas	1/31/2024	7	292.51	6	301.53	5	310.82
Westchester L860	9/30/2025	1	243.28	1	305.14	2	329.19
Total		207		196		192	

Notes

1) All contributions are benefit-bearing, effective beginning July 1, 2016.
2) Contribution rates shown above are as reported by Plan Administrator.

Data, Assumptions, Methods & Plan Provisions

- **Please see our presentation from the February 5, 2024 Board Meeting**

PPA Certification Statuses

Critical

In general, a projected funding deficiency within 4 or 5 years (other factors may apply)

Critical and Declining

In critical status, and projected to go insolvent within 20 years (15 years in some cases)

Endangered

Under 80% funded or a projected funding deficiency within 7 years

Seriously Endangered

Under 80% funded and a projected funding deficiency within 7 years

"Green Zone"

(none of the above)

Special MPRA rules, effective after 12/31/2014:

- A plan newly in endangered status that would require no corrective action under a funding improvement plan is considered in the "green zone".
- A plan projected to enter critical status in the next 5 plan years may elect to be in critical status immediately.

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 analysis 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, 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. Future events and actual experience will vary from the 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.

We have not performed a detailed analysis of the potential range of future results in this report, but various reports provided throughout the year include information regarding the significant risks inherent in the Plan. A more detailed assessment of the risks – including additional scenario tests, sensitivity tests, stress tests, and stochastic modeling – would allow the Trustees to better understand how deviations from the assumptions may affect the Plan.

In our opinion, all 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
Actuary and Managing Consultant

Peter Bernstein

Peter Bernstein, FSA, EA, MAAA
Consulting Actuary