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June 22, 2022

Alicia Cochran, Administrator
Industry & Local 338 Pension Plan
Associated Administrators, LLC
911 Ridgebrook Rd.
Sparks, MD 21152

**Re: Industry & Local 338 Pension Plan: Employer Withdrawal Liability
FrieslandCampina Ingredients North America – Estimate for Withdrawal in 2021-2022 Plan Year**

Dear Alicia:

As requested, we have estimated Employer Withdrawal Liability from the Industry & Local 338 Pension Plan (the "Plan") FrieslandCampina Ingredients North America for a withdrawal from the Plan during the July 1, 2021 through June 30, 2022 plan year. The withdrawal liability estimate is therefore based on the Unfunded Vested Benefits ("UVBs") of the Plan determined as of June 30, 2021. The Plan's contribution history was based on information in audits of the Plan included in Form 5500 filings.

1. Date of Withdrawal:	Calculated for a withdrawal in July 1, 2021 – June 30, 2022 Plan Year
2. Unfunded Liabilities determined as of:	June 30, 2021
3. Employer Withdrawal Liability prior to De Minimis Reduction:	\$ 11,940,011
4. De Minimis Reduction:	0
5. Preliminary Employer Withdrawal Liability:	\$ 11,940,011
6. Allocation of Affected Benefits Pool:	\$ 2,777,635
7. Complete Withdrawal Liability:	\$ 14,717,647

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

8. Annual payment determined under Section 4219(c)(1)(C)(i) of ERISA	\$ 939,504
9. Monthly installment required by the Plan	78,761
10. Number of full monthly payments:	240

We have enclosed exhibits showing the details of our calculations and a summary of the assumptions used in the calculation.

The Plan Administrator, Associated Administrators, LLC, provided the contribution and hours-worked history for FrieslandCampina Ingredients North America. We have included contributions for all contracts and locations identified as FrieslandCampina Ingredients North America locations at which

Alicia Cochran, Administrator
Local 338 Pension Plan
July 8, 2021
Page 2 of 2

contributions were required to be made to the Plan in the past 10 years. If there are additional contribution amounts which 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 effective January 1, 2022. 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.

Please let us know if you have any comments.

Sincerely,

A handwritten signature in black ink that reads "Mary Ann Dunleavy". The script is cursive and fluid.

Mary Ann Dunleavy, ASA, MAAA
Senior Consulting Actuary

Enclosures

cc: Elizabeth O'Leary (w/ attachments)

Industry & Local 338 Pension Plan
Estimate of Employer Withdrawal Liability for
Friesland Campina
for a Complete Withdrawal in the 2021 - 2022 Plan Year

Exhibit I

Contributions							
Year Ended	Unfunded Vested Benefits		Previously Withdrawn	Merged Plan for 5 Full Preceding Plan Years	Total, Adjusted for Withdrawn Employers and Mergers	Withdrawing Employer	Withdrawing Employer's Share of UVBs
<u>6/30</u>	<u>(UVBs)</u>	<u>Total for Plan</u>	<u>Employers</u>	<u>Plan Years</u>	<u>[(3) - (4) + (5)]</u>	<u>Employer</u>	<u>[(2) ÷ (6) x (7)]</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2017		\$ 3,276,496	\$ 398,048	\$ -		\$ 659,259	
2018		3,238,894	383,195	-		665,172	
2019		3,538,306	143,758	-		747,322	
2020		3,153,174	-	-		809,226	
2021		3,248,966	-	-		874,951	
Totals	\$ 49,372,157	\$ 16,455,836	\$ 925,000	\$ -	\$ 15,530,836	\$ 3,755,930	
(8) <u>Allocation of Unfunded Vested Benefits = [(2) ÷ (6) x (7)]</u>							
						\$	11,940,011
(9) <u>De Minimis Reduction</u>							
A. Excess liability (Over \$100,000, but not less than zero)						\$	11,840,011
B. Lesser of \$50,000 and .75% of UVBs							50,000
C. De Minimis Reduction (9)(B) - (9)(A), not less than zero							0
(10) <u>Allocation of Affected Benefits</u>							
A. Outstanding Balance of Affected Benefits Pool as of June 30, 2021						\$	11,485,571
B. Allocation of Affected Benefits Pool to Withdrawing Employer							
= [(10)(A) ÷ (6) x (7)]							2,777,635
(11) <u>Net Withdrawal Liability = (8) - (9), but not less than zero, + (10)</u>							
						\$	14,717,647

Industry & Local 338 Pension Plan
Estimate of Employer Withdrawal Liability for
Friesland Campina
for a Complete Withdrawal in the 2021 - 2022 Plan Year

Exhibit II

(1) Employer contribution history:

<u>Year</u> <u>Ended 6/30</u>	<u>Base</u> <u>Units</u>	<u>3-Year Ave</u> <u>Base Units</u>	<u>Contribution</u> <u>Rate</u>
2012	2,998.00	N/A	N/A
2013	3,137.00	N/A	\$ 161.23
2014	3,088.00	3,074.33	177.35
2015	2,976.00	3,067.00	195.09
2016	3,126.00	3,063.33	205.09
2017	3,151.00	3,084.33	215.09
2018	3,020.00	3,099.00	225.09
2019	3,278.00	3,149.67	225.09
2020	3,213.00	3,170.33	225.09
2021	3,228.00	3,239.67	225.09
2022	N/A	N/A	290.00

(2) Average base units for highest 3 consecutive years during 10 years preceding July 1, 2022

3,239.67

(3) Highest contribution rate in 10 years ending in year of withdrawal

\$ 290.00

(4) Required annual payment = (2) x (3)

\$ 939,504

(5) Net Withdrawal Liability

\$ 14,717,647

(6) Amortization factor = (5) / (4)

15.665332

(7) Number of annual payments based on (6), assuming 7.25% interest rate, maximum 20

Perpetuity

(8) Cumulative factor at 7.25% interest rate for number of years in (7)

Perpetuity

(9) Final annual payment:

(a) Withdrawal liability with interest = (5) x {1.0725 to the power of (7)}

N/A

(b) Annual payments with interest = (4) x (8)

N/A

(c) Total annual payment in last year = (a) - (b), but not less than zero

N/A

(10) Quarterly Payment Schedule:

(a) Quarterly payment = (4) / 4

\$ 234,876

(b) Number of full quarterly payments in final year = (9)(c) / (10)(a)

4

(c) Final quarterly payment = (9)(c) - (10)(a) x (10)(b)

\$ -

(d) Number of full quarterly payments = 4 x (7) + (10)(b)

80

(11) Monthly Payment Schedule:

(a) Monthly payment = (10)(a) amortized over 3 months

\$ 78,761

	<u>Beginning of</u> <u>Month Balance</u>	<u>Beginning of</u> <u>Month Payment</u>	<u>Balance After</u> <u>Payment</u>	<u>Interest to</u> <u>End of Month</u>
(b) Calculate the amount of the last monthly payment:	Perpetuity	Perpetuity	Perpetuity	Perpetuity
	Perpetuity	Perpetuity	Perpetuity	Perpetuity
	Perpetuity	Perpetuity	Perpetuity	Perpetuity

Amount of final monthly payment if number of full monthly payments is less than 240

\$ -

(c) Number of full monthly payments = 3 x (10)(d)

+ number of complete months shown in (11)(b) (not more than 240)

240

Industry and Local 338 Pension Plan
Summary of Key Actuarial Assumptions & Methods
Withdrawal Liability During the July 1, 2021 – June 30, 2022 Plan Year

- a) Interest Rate
- For liabilities up to the market value of assets, valued using PBGC interest rates as of June, 2021 of 1.82% and 1.68% (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.

Industry and Local 338 Pension Plan
Summary of Key Actuarial Assumptions & Methods
Withdrawal Liability During the July 1, 2020 – June 30, 2021 Plan Year

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, 2021 actuarial valuation report for the Plan.