Industry And Local 338
Pension Fund

911 Ridgebrook Road
Sparks, MD 21152-9451
Telephone No. (855) 412-3797 (toll free)
www.associated-admin.com

Minutes of the Meeting of the Board of Trustees

Held on June 29, 2022
via
Webex

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
Bob Firmstone	Chris Palmer
Dan Maldonado	Andrea Rutherford
Mickey Smith	

Also present were:

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

I. CALL TO ORDER

The meeting was called to order at 10:11 a.m.

II. TRUSTEE APPOINTMENTS

Ms. Cochran reported that Ms. Andrea Rutherford of HP Hood LLC replaced Jean McGurl as an Employer Trustee effective May 25, 2022. An executed Trustee Acceptance letter was received from Ms. Rutherford. The Trustees welcomed Ms. Rutherford to the Board.

Ms. Cochran stated that Mr. Bob Firmstone replaced Ms. Roberta Dunker of Teamsters Local 317 as a Union Trustee effective May 18, 2022. An executed Trustee Acceptance letter was received from Mr. Firmstone. The Trustees welcomed Mr. Firmstone to the Board.

Ms. O'Leary spoke of the recent passing of Trustee Roberta Dunker. The Trustees and service providers expressed their profound gratitude for Ms. Dunker's service and condolences over her loss, and had a moment of silence in Ms. Dunker's honor.

III. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI reviewed SEI's report. He led a conversation regarding SEI's Outsourced Chief Investment Officer ("OCIO") model and the services provided by SEI to the Fund. He provided commentary on market conditions and economic trends, including a detailed report on market performance across different asset classes. He noted that 2022 has seen extreme volatility, which has affected almost every major equity Index.

Mr. Blizzard reported that the Fund's ending market value as of May 31, 2022 was $97,894,827, and that its fiscal year-to-date total rate of return is -2.75% compared to -5.77% for the index. He reviewed performance for other time periods as well. Mr. Blizzard reviewed the Fund's portfolio allocation as of May 31, 2022: 10.30% Large Cap Index Fund, 2.80% Small Cap Fund, 21.00% World Equity Ex-US Fund, 13.30% US Equity Factor Allocation Fund, 2.90% Emerging Markets Equity Fund, 2.80% Dynamic Asset Allocation Fund, 13.70% Core Fixed Income Fund, 4.70% Ultra Short Duration Fund, 3.80% High Yield Bond Fund, 1.90% Opportunistic Income Fund, 3.80% Emerging Markets Debt

Fund, 3.90% SEI Special Situations Collective Fund, 4.60% SEI Structured Credit Collective Fund, 10.50% SEI Core Property Fund CIT, and 0.00% cash and equivalents.

Mr. Wall discussed the current Pension Portfolio, along with two alternative portfolios (Portfolios A and B) for the Trustees to review. Mr. Wall stated that SEI recommends Portfolio A, which consists of the following changes: (a) decreasing the World Equity allocation from 22.0% to 20.0%, (b) increasing the US Equity Factor allocation from 14.0% to 15.0%, (c) increasing the Dynamic Asset allocation from 3.0% to 4.0%, (d) eliminating the 5% Short-Term Corporate Fixed Income allocation, and (e) adding a 5% Limited Duration Fixed Income allocation. He noted that the portfolio changes will not impact fees.

After discussion,

MOTION was made, seconded and unanimously adopted to approve SEI's recommendation of Portfolio A as outlined in SEI's report.

The SEI representatives stated that the change will likely be implemented in mid-July. After additional questions and answers about SEI's report, the Trustees thanked Messrs. Blizzard and Wall for their reports. Mr. Wall left the meeting.

IV. ACTUARY REPORT

Ms. Dunleavy presented the Horizon/IFEBP Study of Form 5500 data. Ms. Dunleavy noted that the Industry & Local 338 Fund has a July 1 – June 30 plan year, which skews the comparison to many of the calendar year plans included in the study. She provided an overview of the study and highlighted the maturity of the Industry & Local 338 Fund as reflected by the participant ratios, accrued liability per active, and net cash flow exhibits. Ms. Dunleavy noted that this maturity leads to more reliance on the Fund's investment returns, and she then reviewed its historical investment returns. Ms. O'Leary noted the small number of participating employers and the pressure that puts on the Plan.

Ms. Dunleavy reviewed the zone certification process and discussed the preliminary expectation for the PPA zone certification. She noted some of the items reviewed for the certification, including the funding percentage, credit balance, bargained contribution rates, and industry work levels. Ms. Dunleavy asked the Trustees for input on their expectations for industry work levels. After discussion, the Trustees agreed that an assumption of 10,100 total weeks worked in all future years is reasonable.

Ms. Dunleavy presented projections of the Plan's funding position. This included a review of the key assumptions used in the projections. In addition to a scenario reflecting all valuation assumption being met in the future, she reviewed scenarios showing the sensitivity of the Plan's funding to investments returning 0% for the plan year ending June 30, 2022 and to using an alternative discount rate of 7.00%. Ms. Dunleavy also reviewed scenarios which would lead to endangered or critical status in the future, including a sensitivity of the Plan's funding to investments returning -14.0% for the plan year ending June 30, 2022 and -11.5% for the year using the lower 7.0% discount rate assumption. She noted that the Plan's maturity contributes to the sensitivity of its funded position to future investment returns. Ms. Dunleavy also noted that managing the credit balance is an important observation for future zone status considerations.

V. APPROVAL OF MINUTES

The minutes of the meeting held on February 18, 2022, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on February 18, 2022.

VI. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Pension Applications – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll on March 17, 2022, approved four (4) pension applications reflected on the report of March 17, 2022, annexed hereto as Exhibit "A."

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

Ms. Cochran reported that the Trustees, via electronic poll on February 23, 2022, approved five (5) pension applications reflected on the report of February 23, 2022, 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 January 25, 2022, approved one (1) pension application reflected on the report of January 25, 2022, 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."

B. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2021 through June 30, 2022. The report is attached hereto as Exhibit "D."

C. Disbursements Reports

Ms. Cochran referred to the Authorization for Disbursements reports for October, November, and December 2021. The reports are attached hereto as Exhibit "E."

MOTION was made, seconded and unanimously adopted authorizing the disbursements listed in Exhibit "E."

D. Delinquency Report

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

E. Withdrawal Liability

Ms. Cochran reviewed the report in detail. The report is included at the bottom of Exhibit "F."

F. Employer Contribution Rate Report

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

G. Active Members & Retirees Receiving Benefits

Ms. Cochran referred to the report for the period from January 2021 through December 2021. The report is attached hereto as Exhibit "H."

H. Administrative Manager's Report

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

I. Pensioner Appeal

Ms. Cochran presented a pensioner's appeal to change his pension beneficiary from his now former spouse to his niece. Ms. Cochran noted that the pensioner was married at the time his pension commenced and that he elected the "Reduced 100% Husband and Wife Pension" form of benefit. She stated that the Fund rules do not allow a change in beneficiary for the Reduced 100% Husband and Wife Pension benefit. Ms. O'Leary added that, pursuant to ERISA, the surviving spouse right to benefits vests at the time of retirement and that a post-retirement divorce is not a basis to remove a former spouse from the pension.

The Trustees discussed the appeal, and the Fund's rules and ERISA requirements regarding changing a beneficiary. Fund Counsel advised that the Trustees are required to apply the Plan's rules and that there is no basis to approve the appeal.

MOTION was made, seconded and unanimously adopted to deny the appeal based on the rules of the Plan and the requirements of ERISA.

J. FrieslandCampina Collective Bargaining Agreement ("CBA")

Ms. Cochran reported on the CBA between FrieslandCampina and Teamsters Local 317 for the period from January 1, 2022 to December 31, 2023. She noted that the contribution rates reflect a 3% increase in each year of the contract.

K. Montefiore New Rochelle Memorandum of Agreement ("MOA")

Ms. Cochran reported on the MOA between Montefiore New Rochelle and Teamsters Local Union 445 for period from November 6, 2020 to November 5, 2023. She noted that the contribution rates reflect a 7% increase in each year of the contract.

L. Summary Plan Information Notice (ERISA Section 104(d) Notice)

Ms. Cochran referred to the Summary Plan Information Notice and reported that the notice was electronically mailed to participating employers and local unions on May 17, 2022.

M. L.P. Transportation, Inc. Withdrawal Liability Estimate Request

Ms. Cochran reported that L.P. Transportation, Inc. requested a withdrawal liability estimate. She noted that the fee for the actuarial calculation was paid and that the estimate was provided to the employer on March 28, 2022.

N. FrieslandCampina Credit Request

Ms. Cochran reported that FrieslandCampina requested a credit of $1,968.68 for December 2021 and January 2022 contributions paid in error. She stated that Associated confirmed that the contributions were paid in error and that the employer does not have any outstanding liability to the Fund.

MOTION was made, seconded and unanimously adopted to approve the credit request of $1,968.68 for FrieslandCampina.

O. Montefiore New Rochelle Credit Request

Ms. Cochran reported that Montefiore New Rochelle requested a credit of $3,208.89 for February 2022 contributions paid in error. She stated that Associated confirmed that the contributions were paid in error and that the employer does not have any outstanding liability to the Fund.

MOTION was made, seconded and unanimously adopted to approve the credit request of $3,208.89 for Montefiore New Rochelle.

P. HP Hood LLC Credit Request

Ms. Cochran reported that HP Hood LLC requested a credit of $472.86 for March 2022 contributions paid in error. She stated that Associated confirmed the contributions were paid in error and the employer does not have any outstanding liability to the Fund.. Trustee Rutherford recused herself from participating in this discussion or motion.

MOTION was made, seconded and unanimously adopted to approve the credit request of $472.86 for HP Hood LLC.

Q. Pension Benefit Guaranty Corporation ("PBGC") Comprehensive Filing

Ms. Cochran reported that the Fund filed the 2021 Comprehensive Filing with the PBGC and paid a premium of $35,247.00.

R. Fiduciary Liability Policy – INTERIM ACTION

Ms. Cochran reported that the Fiduciary Liability policy expired on June 10, 2022 but that a soft extension was approved until June 30, 2022. She stated that, per an email poll, the Trustees renewed with Ullico/Markel as recommended by Segal. Ms. Cochran noted that the total premium of $35,522.00 included an increase of $1,162.00.

At this point the SEI and Horizon representatives left the meeting.

VII. COUNSEL REPORT

A. Administrative Services Agreement Renewal

Ms. O'Leary stated that the Trustees had previously discussed the renewal terms of the administrative services contract between the Fund and Associated Administrators, LLC ("Associated") which had expired on March 31, 2022. She noted that Associated had initially proposed a 5% increase each year and that, after negotiation, Associated has agreed to a 3½% increase each year. The Trustees stated that these renewal terms were acceptable.

MOTION was made, seconded and unanimously adopted to approve renewal of Associated's contract, retroactive to March 31, 2022, with a 3½% increase each year.

B. Other Matters

Ms. O'Leary stated that, as requested by the Trustees, she has been in contact with Ken Stilwell of the New York State Teamsters Conference Pension and Retirement Fund (the "NYT Fund") regarding the possibility of the NYT Fund serving as the third-party administrator ("TPA") for the Pension Fund. It was noted that, while the Trustees are pleased with Associated's services, there in an interest in exploring whether the NYT Fund could provide TPA services in light of the geographical proximity of many of the participants to the NYT Fund which would facilitate on-site visits. She stated that Mr. Stilwell has requested certain information about the Fund in order to provide a proposal and that the information has been provided. She stated that she will provide an update when available.

Ms. O'Leary referred to prior discussions about the possibility of conducting a Request for Proposals ("RFP") for actuarial services. It was noted that the Trustees are very satisfied with Horizon's services and that the RFP discussion was intended to be a market price check. Ms. O'Leary stated that, following the Trustees' initial discussion of this matter, she learned that Horizon had foregone its contractual right since 2016 to automatically increase its annual retainer fees each year to reflect inflation. She stated that Ms. Dunleavy advised that Horizon's decision not to increase its $62,000 annual retainer was intended to support the Trustees' efforts to improve and stabilize the Fund. She stated that, per its contractual right, Horizon increased its annual fee retainer from $62,000 to $67,296 effective April 1, 2022, noting that this was Horizon's first fee increase since being retained in 2015. She noted that if Horizon had increased its fees each year per its contract, its current annual retainer fee would be $75,420. Ms. O'Leary added that she does not recommend that the Trustees simultaneously consider changing the TPA and actuary at the same time. After discussion, the Trustees agreed to postpone consideration of conducting an RFP for actuarial services.

Trustee Palmer asked for a status update regarding Horizon's data security incident. Mses. Cochran and O'Leary advised that Kroll, Horizon's notification vendor, mailed the participant notices in April. They stated that they will ask Horizon to provide an update on any developments when available.

VIII. NEXT MEETING DATE/ADJOURNMENT

The next meeting of the Board of Trustees is scheduled for Friday, October 28, 2022 at 10:00 a.m. via Webex. With no further business to come before the Board, the meeting was adjourned at 12:05 p.m.

Exhibits:

A – Interim Pension Applications

B – Interim Pension Applications

C – Interim Pension Applications

D – Cash Operating Statement

E – Authorization for Disbursements

F – Delinquency and Withdrawal Liability Report

G – Employer Contribution Report

H – Active Members & Retirees Receiving Benefits Report

I – Administrative Manager’s Report