Printing Local 72 Industry Pension Plan

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DRAFT

MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
PRINTING LOCAL 72 INDUSTRY PENSION FUND
FEBRUARY 19, 2021
VIA VIDEO CONFERENCE

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEE
Paul Atwill, Co-Chairman	Jay Goldscher, Chairman
Richard Barrett	Steve Bearden
Dennis Larkin	Anthony Piccirilli

Also present were:

Barry Bryant - Dahab Associates
Rich Cartier - Manning & Napier Advisors, Inc.
Deborah Clutts - Associated Administrators, LLC
Brian Goddu - The McKeogh Company
Brian Hartsell - The McKeogh Company
Joe Herishen – Calibre CPA Group
Mary Jones – PNC Bank
Greg Moore Esq. - O'Donoghue & O'Donoghue, LLP
Kathy Phillips - Associated Administrators, LLC
Paul Stanzione – Manning & Napier Advisors, Inc.
Jacob Szewczyk Esq. - O'Donoghue & O'Donoghue, LLP
Dawn Welch - Associated Administrators, LLC

I. CALL TO ORDER

A quorum being present, Chairperson Goldscher called the meeting to order at 10:01AM.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held October 16, 2020, which were pre-circulated.

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED that the minutes of the regular meeting held on October 16, 2020 are approved as presented.**

III. <u>INVESTMENT REVIEW</u>

A. <u>Investment Consultant Report</u>

The Trustees welcomed Mr. Barry Bryant of Dahab Associates to the meeting. Mr. Bryant reviewed the "Printing Local 72 Pension Performance Review December 2020" report with the Trustees, a copy of which is filed with these minutes. As of December 31, 2020, the Fund's market value of assets was $11,150,318. In the fourth quarter 2020, the Fund had a net withdrawal of $807,000, net investment gains of $863,664, and income of $43,953 resulting in an increase of $56,664 in market value during the fourth quarter 2020.

During the fourth quarter 2020, the Fund had a return of 8.4% net of fees, as compared to the Aggregate Index benchmark return of 7.0%, ranking in the 17th percentile of the Taft-Hartley universe. During the one-year period, the Fund had a return of 18.9% compared to the Aggregate Index benchmark return of 14.2%. The Fund's large cap equities returned 13.4% for the quarter, as compared to the Russell 3000 return of 14.7%.

Mr. Bryant noted that the United States recovery continues during the pandemic. The Fund has had an excellent return, year to date. Mr. Bryant said the domestic equity return is anticipated to be positive, but at a slower rate of growth during 2021. There is also concern among economists of a resurgence of inflation.

B. <u>Investment Manager Report</u>

The Trustees welcomed Mr. Rich Cartier and Mr. Paul Stanzione of Manning & Napier to the meeting. Mr. Cartier shared a performance update for the Fund titled "Investment Performance Review for Printing Local 72 Industry Pension Fund as of December 31, 2020," a copy of which is filed with these minutes.

Mr. Stanzione reported that the Fund's portfolio was positioned well in equities holdings and had captured the upside of the market returns year to date, returning 19.9% gross of fees. The market had wide fluctuations during 2020, which created opportunity for active investors. Looking forward, given the tremendous economic uncertainty, the economic recovery is decelerating and the labor market is showing obvious weakness. Manning and Napier will continue their dynamic investment approach, remaining flexible to seize market opportunities as they arise. They anticipate investment opportunities in growth oriented businesses including cloud computing, payment processing and digital advertising, as well as energy and materials sectors.

Mr. Cartier advised the Trustees that Manning and Napier now has a client portal and an advisor portal available to review most recent Fund investment activities and performance. The Trustees discussed the portals and requested that Mr. Cartier give Dawn Welch, Associated Administrators, access to the Trustee portal and Barry Bryant, Dahab Associates, access to the advisor portal. Mr. Cartier will follow-up with Ms. Welch and Mr. Bryant, to provide log-in information and he also offered to demo the portal's features.

The Trustees thanked Mr. Cartier and Mr. Stanzione for their report. Mr. Cartier, Mr. Stanzione and Mr. Bryant were excused from the meeting.

IV. ADMINISTRATIVE MANAGER'S REPORT

A. Financial Statement

Ms. Clutts reviewed the Administrative Managers Report for December 2020. The report for the period ending December 31, 2020 indicated total income of $360,848 and total expenses of $301,501, producing a net gain of $59,347. The Fund's net assets as of December 2020 were $12,370,149.

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve the December 31, 2020 Financial Report as presented.

B. Delinquency Report

There were no delinquent employers to report.

C. Withdrawal Liability

The Trustees reviewed the Withdrawal Liability reports included in the meeting booklet.

D. Invoices

Ms. Clutts presented a list of invoices paid from September 1, 2020 to December 31, 2020. She noted that there were no additions, deletions or changes to the list.

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve the invoices paid from September 1, 2020 to December 31, 2020, as presented.

V. PENSION AWARDS

The following pensions were awarded by the Pension Committee from October 1, 2020 to December 31, 2020:

RATIFICATIONS

Retiree: Craig Curry

Normal Benefit - Life Annuity Option
Age: 65
D.O.B.: 09/08/1955
Past Service: -0-
Future Service: 12.00
Benefit Amount: $421.00
Effective Date: 11/1/2020

Retiree: Douglas Griffin
Normal Benefit - Life Annuity Option (Spousal Waiver signed)
Age: 65
D.O.B.: 09/21/1955
Spouse D.O.B.: 03/05/1959
Past Service: -0-
Future Service: 8.48

Benefit Amount: $314.00
Effective Date: 10/01/2020

<u>Retiree: Michael Piper</u>
Deferred Vested Benefit, Actuarially Adjusted - 75% Joint and Survivor Option
Age: 67
D.O.B.: 10/08/1953
Spouse D.O.B.: 02/10/1955
Past Service: -0-
Future Service: 40.00
Benefit Amount: $1,736.00
Effective Date: 09/01/2020

<u>Alternate Payee: Barbara Ross</u>
Retiree: Francis Crain
Alternate Payee Benefit: 50% Marital Share / Life Annuity Option
Alternate Payee Age: 68
Alternate Payee D.O.B.: 06/14/1952
Benefit Amount: $305.35
Effective Date: 08/01/2020

<u>Retiree: Clinton Souder</u>
Early Reduced Benefit - 100% Joint and Survivor Option
Age: 62
D.O.B.: 04/22/1958
Spouse D.O.B.: 07/23/1962
Past Service: -0-
Future Service: 33.00
Benefit Amount: $910.00
Effective Date: 12/01/2020

<u>Surviving Spouse: Nancy White</u>
Retiree: Bernard White
Surviving Spouse Benefit – 50% Joint and Survivor Option
Participant D.O.D.: 07/18/2020
Spouse Age: 86
Spouse D.O.B.: 04/29/1934
Benefit Amount: $290.00
Effective Date: 08/01/2020

<u>Surviving Spouse: Nadia Yancey</u>
Retiree: Cecil Yancey
Surviving Spouse Benefit – 50% Joint and Survivor Option
Participant D.O.D.: 08/31/2020
Spouse Age: 58
Spouse D.O.B.: 08/21/1962
Benefit Amount: $687.00
Effective Date: 09/01/2020

After review and discussion of the above pensions, and upon Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to ratify the pensions approved by the Pension Committee, as detailed above.

VI. <u>PNC Bank</u>

The Trustees welcomed Ms. Mary Jones of PNC Bank to the meeting.

Ms. Jones provided an update on GlobeTax Services, a program the Fund recently enrolled in which recovers withholding tax payments from foreign taxing authorities. She has confirmed with GlobeTax that all paperwork is in place to start the reclamation process. GlobeTax has started making reclamations of previous foreign taxes paid by the Fund for international investments. She reported that GlobeTax is pursuing a claim on behalf of the Fund for an American Depository Receipt (“ADR”) investment in Novartis, which is anticipated to pay out in December 2021. Chairman Atwill asked what the expected amount would be for the Norvartis tax reclamation. Ms. Jones said she would research the amount and provide it to Ms. Clutts, for communication to the Trustees.

The Trustees thanked Ms. Jones for her report and she was excused from the meeting.

VII. <u>FUND ACTUARY REPORT</u>

The Trustees welcomed Mr. Brian Hartsell and Mr. Brian Goddu from The McKeogh Company to the meeting.

A. <u>Form 5500</u>

Mr. Hartsell reported that he had worked with Calibre CPA Group to provide data needed to complete the Department of Labor Form 5500. Ms. Clutts said that the Form 5500 was filed on the Fund’s behalf on December 15, 2020.

B. <u>Actuarial Certification</u>

Mr. Hartsell reported on the status of the Actuarial Certification. The Trustees advised Mr. Hartsell that the industry assumption should be 50 weeks of work per year per active employee.

C. Actuarial Valuation

Mr. Goddu reviewed the Actuarial Valuation for Plan year ended February 28, 2020 with the Trustees, which was distributed to the Trustees in advance of this meeting, a copy of which is filed with these minutes. The Actuarial Valuation projects the Fund to become insolvent during the Plan year starting March 1, 2024. The Fund is not meeting its minimum funding requirement. The contribution level is insufficient to cover the Plan's normal cost and to eliminate the unfunded liability. The Fund's unfunded vested benefit liability, as of February 29, 2020, is $36,066,296 compared to the prior year's level of $35, 991,675. Mr. Goddu said the Plan's funding status declined from 29.7% for the Plan year ended February 28, 2019 to 25.4% Plan year ended February 29, 2020. The Fund continues to be in critical and declining funding status. Fund Counsel Moore said the Pension Benefit Guarantee Corporation ("PBGC") is monitoring the Fund's viability.

The Trustees thanked Mr. Hartsell and Mr. Goddu for their report and they were excused from the meeting.

VIII. FUND COUNSEL REPORT

Mr. Greg Moore and Mr. Jacob Szewczyk reported the following:

A. Mass Withdrawal Liability

Mr. Szewczyk advised the Trustees that as part of the mass withdrawal of employers, the Fund is required by law to complete three assessments to reallocate liability among the employers. The Fund's actuaries have calculated the unfunded vested benefits and have completed the third recalculation. By March 29, 2021, the Fund must notify employers of their third and final withdrawal liability amounts, and the Fund must certify to the PBGC that it has done so.

B. Qualified Domestic Relations Orders ("QDROs")

Mr. Szewczyk discussed the claim against Carday Associates for the loss to the Fund of the Pruitt overpayment under the terms of her QDRO in the amount of $58,600. He informed the Trustees this claim would be held until the outcome of the early retirement pension recalculations is known.

C. Early Retirement Pension Calculations

As discussed at the October 6, 2020 Board meeting, during the Plan implementation, Associated Administrators ("Associated") found that early retirement pensions were being calculated by the prior administrative manager using a participant's age rounded up or down to the next nearest age. This practice is not reflected in the Plan Document. Mr. Moore had recommended that the Trustees have Associated conduct a study to identify the population of early retirement pensioners who had their pensions calculated with a rounded age, initially limited to a period of the past five Plan years. Ms. Clutts reported that Associated's Pension Department had completed some preliminary research and had identified 48 early retirement pensioners whose pensions went into pay status from March 1, 2015 to date. Ms. Clutts advised that she had reviewed additional steps of this this study to determine the amount of research involved, as well as an estimated timeframe to complete the work. The research involved is not within the scope of work detailed in the Administrative Services Agreement ("ASA") between Associated and the Fund. Associated has estimated the study will take 20 hours to complete, and the additional cost to the Fund will be $1,200.00. It will take approximately 30 days to complete the study. After further discussion, and upon Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve the completion of the early retirement pension study at a cost of $1,200, as detailed above.

The Trustees delegated review of the final study to the Board Chairman and Secretary and requested the Administrative Manager to coordinate with Fund Counsel.

D. Plan Termination

With insolvency of the Fund looming, Mr. Moore discussed consideration of termination of the Plan with the Trustees. He advised the Trustees that he will consult with the actuaries and prepare a memorandum for the Trustees review between meetings. The Trustees agreed this was a prudent approach.

E. Appeal

Ms. Clutts reviewed an appeal received by the Fund Office on December 21, 2020 regarding the overpayment of a participant's pension subject to a QDRO. The pensioner's appeal requested the Fund cancel the pension recalculation and reduction of his pension benefit, and also appealed to cancel the reimbursement of his pension overpayment. After review of the facts and after careful consideration, and upon Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to deny appeal #20/100-9871 and instructed the Fund Office to recoup the overpayments in the amount of $1,384.74 following the standing recoupment procedures of the Fund.

The Fund Office will send the appellant a notification letter of his appeal denial and inform him of the repayment requirements.

IX. AUDITOR REPORT

The Trustees welcomed Mr. Joe Herishen of Calibre CPA Group to the meeting.

A. Audited Financial Statements for Plan Year Ended February 29, 2020

Mr. Herishen reviewed the Financial Statements for the Plan years ended February 29, 2020 and 2019, a copy of which is attached to these minutes. He expressed an unmodified (clean) opinion of the Financial Statements, meaning that in his opinion the Financial Statements present fairly, in all material respects, the financial status of the Fund as of February 29, 2020 and 2019. He reviewed the audit and reported that the net assets available for benefits as of February 29, 2020 were $12,529,491 compared to $13,684,662 as of February 28, 2019, which represented a decrease of $1,155,171. Mr. Herishen reviewed the Notes to Financial Statements as of years ended February 29, 2020 and 2019. The Fund's unfunded present value of vested benefits is $35,991,675. He noted that the Fund's administrative expenses are very low. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to accept the audited Financial Statements for the Plan years ended February 29, 2020 and February 28, 2019, as presented.

B. Management Letter

Mr. Herishen reported that the Fund elected early implementation of Accounting Standards Update 2018-13 which modifies the fair value measurement disclosure requirements. His firm had no significant difficulties in performing and completing the audit, and found the administrative manager to be professional and knowledgeable. There were no material misstatements detected as a result of the audit procedures.

C. Audit Engagement Letter

Mr. Herishen presented an Audit Engagement Letter for the year ended February 28, 2021, a copy of which is attached to these minutes. The fee will not exceed $12,900. This represents an increase of $900 over the prior year, partially reflecting the phased increase of Calibre rates. He said he expects the rate increase to be 3% for 2022. The Trustees indicated they would review the Audit Engagement Letter and have the Administrative Manager notify him of their decision.

D. Payroll Audit Status Report

The report noted the 2020 compliance audit of H&W Printing continues to be on hold. The employer reports that it can only provide paper records, which require Calibre to examine the records on-site. Due to Covid-19, Calibre will work with the employer to complete the audit when Calibre is able to do on-site visits again.

The Trustees thanked Mr. Herishen for his report and he was excused from the meeting.

X. OTHER FUND BUSINESS

Ms. Clutts presented the following:

A. Fiduciary Liability Policy

The Fund's fiduciary liability policy expires April 1, 2021. The Fund Office has submitted an application for a renewal quote.

B. 104(d) Notice

In collaboration with the Fund's accountant and actuary, Form 104(d) was completed and sent to the Union and to Doyle Printing.

C. Retiree Information Forms

The third mailing of Retiree Information Forms was sent by certified mail on February 12, 2021 to 14 pensioners and 5 beneficiaries. The form has a return date of March 10, 2021. Forms not returned by that date will result in the pensioners or beneficiaries benefit suspension for the month of April.

D. Records Retention Policy

The Fund's current Records Retention Policy was drafted in 1996. The policy does not address electronic records retention. The Trustees discussed the need to update the policy and requested that the administrative manager work with Fund Counsel to redraft the policy.

XI. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected the following date and location for the next Board meeting:

May 21, 2021 – 10 a.m. – Location to be determined.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 11:43 a.m.

Respectfully submitted,

Jay Goldscher, Chairman

Paul Atwill, Co-Chairman