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
MARCH 6, 2020
LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
Paul Atwill – Co-Chairman
Richard Barrett
Dennis Larkin

EMPLOYER TRUSTEE
Jay Goldscher, Chairman
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
Greg Moore Esq. - O'Donoghue & O'Donoghue, LLP
Kathy Phillips - Associated Administrators, LLC
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.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held November 1, 2019, 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 November 1, 2019 are approved as presented.**

III. INVESTMENT REVIEW

A. Investment Consultant Report

The Trustees welcomed Mr. Barry Bryant of Dahab Associates to the meeting. Mr. Bryant distributed the "Printing Local 72 Pension Performance Review December 2019" report to the Trustees for their review. The Fund gained 4.9% for the 4th quarter 2019, 20.5% for the calendar year 2019, and 13.6% for the fiscal year to date. The domestic equity market had strong performance in 2019, gaining 9.2% for the last quarter and 31% for calendar year 2019. The broad fixed income market also had robust total returns in 2019, returning 8.7% during calendar year 2019; however, fourth quarter results were below average. Mr. Bryant noted that the financial markets are currently experiencing extreme volatility due to the political uncertainties in the United States, as well as the global effects of the Coronavirus.

As of December 31, 2019, the Fund's market value of assets was $11,765,220. The Fund declined $152,468 in market value during the fourth quarter due to a net withdrawal of $724,406 with net investment returns of $571,938. The total portfolio had a 4.9% return gross of fees in the fourth quarter 2019, ranking in the 35th percentile of the Taft-Hartley universe. Since December 2009, the investment portfolio returned an annualized 9.2% and ranked in the 19th percentile. During the same time frame, the 55% S&P 500/45% Aggregate Index returned an annualized 9.3%.

Mr. Bryant noted that the Fund's asset allocation as of December 31, 2019 was 57.4% allocated to large cap equities, 41.3% allocated to fixed income, and 1.4% held in cash and equivalent investments.

B. Investment Manager Report

The Trustees welcomed Mr. Rich Cartier with Manning & Napier to the meeting. Mr. Cartier notified the Trustees that he was replacing Mr. James Herbst as the Manning & Napier account executive assigned to the Fund's account. Mr. Cartier distributed the "Investment Performance Review for Printing Local 72 Industry Pension Fund - December 31, 2019" to the Trustees for their review. Mr. Cartier said the Fund had strong returns during 2019. The 4th quarter ended with a market value of $11,769,552. Calendar year of 2019 had a 19.67% return net of fees, outperforming the portfolio's blended benchmark.

Mr. Cartier provided the Trustees with a February 2020 "Perspective" and a "Coronavirus" publication from Manning & Napier. Mr. Cartier said he will send the Administrative Manager an updated market report for distribution to the Trustees.

The Trustees thanked Mr. Bryant and Mr. Cartier for their reports and they were excused from the meeting.

IV. FUND ACTUARY REPORT

The Trustees welcomed Mr. Brian Hartsell and Mr. Brian Goddu from The McKeogh Company to the meeting. 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. Mr. Hartsell said the Actuarial Valuation for Plan year ended February 28, 2019 was almost complete. He is working with the Administrative Manager to confirm employer contribution information. Preliminarily, the Actuarial Valuation projects the Fund's insolvency date to be March 1, 2024. Fund Counsel Moore said the Pension Benefit Guarantee Corporation ("PBGC") is monitoring the Fund's viability.

Ms. Clutts said the previous Administrative Manager indicated that there was a question regarding the use of actuarial factors to determine the lump sum value of benefits for pre-retirement beneficiaries. The Plan provides for the lump sum payout of pre-retirement beneficiary payments if the actuarially equivalent value of the benefit to be paid is $5,000 or less. Mr. Hartsell said he would provide the requested actuarial factors to the Fund Office.

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

V. FUND COUNSEL REPORT

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

A. Withdrawal Liability

Mr. Szewczyk provided the Trustees with an update on the employer mass withdrawal. Three of the six employers that withdrew from the Pension Fund as of March 1, 2019 are current on their withdrawal liability payments. Mr. Szewczyk advised he understands that Harris Plus is out of business. David L. Andrukitis, Inc. ("Andrukitis") continues to be delinquent and has not responded to delinquency letters. Mr. Moore requested authority to file a lawsuit against Andrukitis due to their ongoing delinquency.

After further discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to grant Fund Counsel the authority to file a lawsuit against Andrukitis, seeking payment in full of its withdrawal liability obligation, if it does not become current on its payments.**

Mr. Szewczyk said H & W Printing, Inc. ("H&W") is making withdrawal liability payments but is a few months delinquent. Fund Counsel previously responded to H & W's challenge of their withdrawal liability assessment, informing the company that there was no merit to their objections. He reported that an apparent successor to H& W, H & W Printing and Mailing, is operating. He advised that if H & W stops making its withdrawal liability payments, Fund Counsel will determine if there is a basis for pursuing the apparent successor for the liability.

Although not delinquent, McArdle Printing Company has made a proposal to settle its outstanding withdrawal liability. Mr. Moore made a counterproposal on behalf of the Board after receiving approval from the Chairman and Secretary, which was declined by McArdle Printing Company. Mr. Moore advised that no action needs to be taken at this time.

B. The SECURE Act

Congress passed the SECURE Act effective January 1, 2020. Among other provisions, the Required Minimum Distribution age for retirement benefits has been raised from age 70.5 to age 72. O'Donoghue & O'Donoghue, LLP is drafting a memorandum that Mr. Moore will distribute to the Board when it is available.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Financial Statement

Ms. Clutts reviewed the Administrative Managers Report for January 2020. The period ending January 31, 2020 indicated total income of $289,723 and total expenses of $304,116, producing a net deficit of $14,393. The Fund's net assets were $12,056,803.

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

> **RESOLVED to approve the January 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 as well as an updated report as of March 1, 2020, which Ms. Clutts distributed during the meeting.

D. Invoices

Ms. Clutts presented a list of invoices paid from October 1, 2019 to January 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 October 1, 2019 to January 31, 2020.**

VII. PENSION AWARDS

The following pensions were awarded by the Pension Committee from November 1, 2019 to date:

RATIFICATIONS

<u>Patricia A Burnett</u>
<u>Richard Burnett - Deceased</u>
Surviving Spouse Benefit - 50% Joint & Survivor Option
Surviving Spouse Age: 62
Surviving Spouse D.O.B.: 07/29/57
Participant D.O.B.: 12/15/1947
Past Service: -0-
Future Service: 36.48
Benefit Amount: $700.00
Effective Date: 09/01/2019

<u>Paul R Hayward</u>
Early Deferred Vested Benefit – 50% Joint & Survivor Option
Age: 62
D.O.B.: 12/08/1957
Spouse D.O.B.: 05/09/1961
Past Service: -0-
Future Service: 34.87
Benefit Amount: $1,054.00
Effective Date: 02/01/2020

<u>Linda M. Norton</u>
<u>Daniel Hawkins – Deceased</u>
Surviving Spouse Benefit – 50% Joint and Survivor Option
Surviving Spouse Age: 61
Surviving Spouse D.O.B.: 12/15/58
Participant D.O.B.: 05/10/1948
Past Service: -0-
Future Service: 29.72
Benefit Amount: $669.00
Effective Date: 06/01/2019

<u>Larry Parnelle</u>
Deferred Vested Benefit – Single Life Annuity
Age: 69
D.O.B. 08/15/1950
Spouse D.O.B.: N/A
Past Service: -0-
Future Service: 34.41
Benefit Amount: $2,212.00
Effective Date: 11/01/2019

Harrison Primm
Deferred Vested Benefit – 50% Joint and Survivor Option
Age: 73
D.O.B.: 04/25/1946
Spouse D.O.B.: 08/09/1948
Past Service: -0-
Future Service: 6.21
Benefit Amount: $346.00
Effective Date: 04/01/2017

Barbara E Ryce
Daniel W Ryce Jr. – Deceased
Surviving Spouse Benefit – 50% Joint and Survivor Option
Surviving Spouse Age: 55
Surviving Spouse D.O.B.: 08/03/1964
Participant D.O.B.: 10/03/1958
Past Service: -0-
Future Service: 29.16
Benefit Amount: $282.00
Effective Date: 06/01/2018

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.**

VIII. OTHER FUND BUSINESS

Ms. Clutts presented the following:

A. Positive Pay

PNC Bank provided the Fund Office information about Positive Pay, an automated cash-management service employed to deter check fraud, a copy of which was included on pages 44 – 46 of the meeting book. The Trustees discussed this program and declined it at this time, given that more than 90% of the pensioners receive their monthly pensions through direct deposit.

B. Pension Application and Final Election Form

The Trustees reviewed the revised Pension Application and the Final Election Forms, a copy of which was included on pages 47 – 54 of the meeting book and previously distributed by e-mail for review. The revised forms allow members to make election decisions about their pension options knowing the dollar amounts of the different options available to them.

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

RESOLVED to approve the revised Pension Application and Final Election Forms.

C. Fiduciary Liability Insurance

The Fund's Fiduciary Liability insurance policy was renewed for the policy period of April 1, 2020 to April 1, 2021 at a cost of $11,625 plus $150 waiver of recourse premium paid by the Trustees, representing no increase in premium.

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

RESOLVED to approve renewal of the Fiduciary Liability policy for the period April 1, 2020 to April 1, 2021, at a cost of $11,625.00 plus $150.00 waiver of recourse premium paid by the Trustees.

E. Fidelity Bond

The Fund's Fidelity Bond will expire on May 1, 2020. The Administrative Manager will obtain a quote from the Fund's insurance broker, Segal Select, to renew for the policy period May 1, 2020 to May 1, 2023.

F. Pension Plan Document

The Plan's Summary Plan Description details the calculation of pensions using a participant's age rounded to the nearest number. The Trustees confirmed this is the Fund's procedure. Co-Chairman Atwill requested that Fund Counsel update the Plan Document and include the age rounding procedure in the restatement of the Pension Plan Document.

G. Pension Credit and Family and Medical Leave Act ("FMLA")

Mr. Szewczyk confirmed that Participants on FMLA leave are provided vesting service credit for the time absent from covered employment under an approved FMLA leave under the Plan Document.

H. <u>Qualified Domestic Relations Order ("QDRO")</u>

The Fund Office received one QDRO and one amended QDRO for Plan participants, which were forwarded to Fund Counsel.

IX. NEXT MEETING DATE AND LOCATION

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

July 10, 2020 – 10 a.m. – Landover, Maryland.

X. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned.

Respectfully submitted,

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Jay Goldscher, Chairman

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Paul Atwill, Co-Chairman