Printing Local 72 Industry Pension Plan

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (888) 834-6966
www.associated-admin.com

8400 Corporate Drive, Suite 430
Landover, Maryland 20785-2361
Telephone: (888) 834-6966
www.associated-admin.com

MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
PRINTING LOCAL 72 INDUSTRY PENSION FUND
JULY 10, 2020
VIA VIDEO CONFERENCE

The following Trustees were present:

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

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
Matthew Jackson - Segal
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 at 10:01AM.

Co-Chairman Atwill noted that on page 29 of the meeting book, a copy of which is filed with these minutes, the Withdrawal Liability reports for Linemark and H&W Printing, Inc. indicate missing payments during 2019. Linemark appeared to be missing a payment for December 2019, and H&W Printing appeared to be missing payments for October – December 2019. The Trustees requested that Fund Counsel follow-up on these delinquencies, and Fund Counsel advised that they will follow up with both companies.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held March 6, 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 March 6, 2020 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 reviewed the "Printing Local 72 Pension Performance Review March 2020" report. As of March 31, 2020, the Fund's market value of assets was $10,418,345. The Fund declined $1,346,875 in market value during the first quarter 2020 due to a net withdrawal of $606,231 and net investment losses of $740,644.

During the first quarter 2020, the Fund had a return of -6.4% gross of fees, as compared to the Taft-Hartley universe average first quarter 2020 return of -11%, and the Aggregate Index benchmark return of -13%. The total portfolio ranked in the 32nd percentile of the Taft-Hartley universe. During the one-year period, the Fund had a return of 3.6% compared to the Taft Hartley average return of -2.3% and the Aggregate Index return of 0.4%. The Fund's large cap equities outperformed the broad market with a return of -12.7% for the quarter, as compared to the Russell 3000 return of -20.9%.

Mr. Bryant noted that Coronavirus news dominated the headlines and its negative effects on the equity markets were felt globally. International stocks had a greater decline than U.S. stocks. Mr. Bryant said that the Fund has had a second quarter snapback due to the portfolio's strong performance.

B. Investment Manager Report

The Trustees welcomed Mr. Rich Cartier with Manning & Napier to the meeting. Mr. Cartier provided the Trustees with an update on recent organizational changes at

Manning & Napier. During March 2020, Mr. Bill Manning, one of the firm's founders, tendered his private shares and retired. The majority of the firm's shares are now owned by the public, with 30% ownership by employees, and no debt. Mr. Cartier said the management team is intact and that a major technology initiative is underway.

Mr. Cartier reviewed the report titled "Investment Performance Review for Printing Local 72 Industry Pension Fund - May 31, 2020." He reported that the market declined over 30% in nine days during March 2020 due to a sell off of equities caused by effects of the Coronavirus pandemic on the stock market. Manning & Napier has been using the current volatility in the market to actively seek investment opportunities. Consumer staples have been strong performers. During the first quarter 2020, large-cap equities significantly outperformed small-cap equities and growth outperformed value. He anticipates the bond market will remain challenging.

Mr. Cartier shared a performance update via WebEx for the Fund as of June 30, 2020. The Fund's return, year to date, is 5.23% net of fees, outperforming the Aggregate Index benchmark of 0.07%. Mr. Cartier will provide the report to the Administrative Manager for distribution to the Trustees.

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

IV. ADMINISTRATIVE MANAGER'S REPORT

A. Financial Statement

Ms. Clutts reviewed the Administrative Managers Report for May 2020. The period ending May 31, 2020 indicated total income of $485,585 and total expenses of $286,556, producing a net gain of $199,029. The Fund's net assets as of May 2020 were $12,315,840.

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

> **RESOLVED to approve the May 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 in the meeting book as well as an updated report as of July 6, 2020 that Ms. Clutts shared during the meeting.

D. Invoices

Ms. Clutts presented a list of invoices paid from February 1, 2020 to May 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 February 1, 2020 to May 31, 2020.

V. FUND ACTUARY REPORT

The Trustees welcomed Mr. Brian Hartsell and Mr. Brian Goddu from The McKeogh Company to the meeting. Mr. Hartsell said that the Actuarial Certification for Plan Year 2020 was filed on May 29, 2020. The Plan is certified as being in critical and declining status for the March 1, 2020 through February 28, 2021 Plan year. The Plan's funded percentage as of March 1, 2020 was 25.4%, a decline from the 2019 funded percentage of 29%. The Actuarial Valuation projects the Fund will become insolvent during the Plan Year beginning March 1, 2024.

Mr. Hartsell reported that the Plan's Annual Funding Notice and Notice of Critical Status had been completed and provided to the Fund Office for distribution. Ms. Clutts confirmed that the notices were mailed to all necessary parties on June 16, 2020. Mr. Hartsell advised that he and Mr. Goddu are presently working with the Fund Office on the Plan's March 1, 2020 Actuarial Valuation.

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

VI. FUND COUNSEL REPORT

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

A. Pruitt Qualified Domestic Relations Order ("QDRO")

Mr. Szewczyk notified the Trustees that the Fund Office had discovered an overpayment to a QDRO recipient, Ms. Janet Pruitt, in the amount of $58,600 dating back to April 2007. Fund Counsel reviewed the QDRO and accompanying records and agreed that an overpayment occurred. Mr. Szewczyk advised the Trustees that, in accordance with Internal Revenue Service guidance, the Fund must attempt recovering the overpayment from the recipient or another party. He advised of three possible courses of action: attempt recovering the overpayment from Ms. Pruitt, file an insurance claim, or seek the overpayment from the Fund's prior third party administrator, Carday Associates. After discussion and questions, the Trustees directed Fund Counsel to seek recovery of the $58,600 overpayment from Carday Associates. The Trustees further directed that future pension payments to Ms. Pruitt are to cease immediately. Mr. Szewczyk advised he will draft notification letters to be sent to Ms. Pruitt and Carday Associates.

B. Withdrawal Liability

Mr. Szewczyk provided the Trustees with an update on the David L. Andrukitis, Inc. ("Andrukitis") withdrawal liability delinquency. Mr. Szewczyk advised that, based on the Trustees discussion at the March meeting, a demand letter was sent to Andrukitis seeking payment of its delinquent withdrawal liability payments. Since then, two payments have been received. Andrukitis, however, is ten months delinquent and has requested more time to make payments before being declared in default. Mr. Szewczyk recommended that the Trustees deny the request and proceed with filing a lawsuit against Andrukitis as approved at the March 6, 2020 Board meeting. The Trustees agreed and advised Fund Counsel to proceed.

VII. PENSION AWARDS

The following pensions were awarded by the Pension Committee from March 8, 2020 to date:

RATIFICATIONS

Richard C Leaman
Normal Benefit – Life Annuity Option (Spousal Waiver)
Age: 64
D.O.B.: 10/29/1955
Spouse D.O.B.: N/A
Past Service: -0-
Future Service: 27.59
Benefit Amount: $1,169.00
Effective Date: 05/01/2020

Hang Nguyen
Deferred Vested/Actuarially Adjusted – 50% Joint and Survivor Option
Age: 72
D.O.B.: 06/26/1948
Spouse D.O.B.: 12/15/1944
Past Service: -0-
Future Service: 4.46
Benefit Amount: $250.00
Effective Date: 04/01/2019

John M Peterson
Deferred Vested/Actuarially Adjusted – Life Annuity Option (Spousal Waiver)
Age: 65
D.O.B.: 01/29/1955
Spouse D.O.B.: N/A
Past Service: -0-
Future Service: 11.05
Benefit Amount: $431.00
Effective Date: 06/01/2020

David Stephens
Deferred Vested/Early Reduced Benefit – 50% Joint and Survivor Option
Age: 58
D.O.B.: 10/24/1961
Spouse D.O.B.: 03/05/1961
Past Service: -0-
Future Service: 28.29
Benefit Amount: $668.00
Effective Date: 05/01/2020

Trung Houng Truong
Deferred Vested/Actuarially Adjusted – 50% Joint & Survivor Option
Age: 66
D.O.B.: 01/16/1954
Spouse D.O.B.: 09/02/1957
Past Service: -0-
Future Service: 5.00
Benefit Amount: $187.00
Effective Date: 07/01/2020

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.

VIII. OTHER FUND BUSINESS

Ms. Clutts presented the following:

A. GlobeTax Services Inc. ("GlobeTax")

PNC Bank provided the Fund Office information about GlobeTax, a service offered to PNC Bank clients. GlobeTax is a program that recovers foreign withholding tax payments for holders of international securities. PNC Bank estimates that the Fund's use of the GlobeTax program would realize a gross recovery of foreign withholdings of $11,640 for the period covering 2017 through 2019. The GlobeTax fee structure varies based on the complexity of obtaining the tax refund. There is a standard refund (fee) rate of 20 - 50% of the amount recovered and an immediate refund (fee) rate of 4%. Other annual fees include an IRS tax certification processing fee of $91 and a GlobeTax account fee of $200 per sub account. After review and discussion, and upon Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to enroll in the GlobeTax program, subject to review of the required documents by Fund counsel.

B. Fidelity Bond Renewal

A quote in the amount of $889 was received to renew the Fund's fidelity bond for the three-year period of May 1, 2020 to May 1, 2023 for $500,000 coverage, representing a cost savings of $190. Between meetings, the Trustees were e-polled and unanimously approved renewal of the bond. On Motion made and seconded, the Trustees voted to ratify the resolution:

> **RESOLVED to ratify the motion to renew the fidelity bond at a premium of $889 for a three-year term with a coverage limit of $500,000.**

C. <u>Pension Statements</u>

The annual Pension Statements were mailed to Plan participants on April 3, 2020.

D. <u>Retiree Information Forms</u>

Retiree Information Forms were mailed to Plan participants in pay status on June 5, 2020.

E. <u>Pension Actuarial Factors</u>

The Fund actuaries provided the Fund Office with actuarial factors to be used to calculate de minimis lump sum amounts on June 30, 2020.

F. <u>Data Conversion Project</u>

During the transition from Carday Associates, Associated Administrators ("Associated") was given pension data for 1983 and earlier on microfilm, in cartridges that were not compatible with Associated's microfilm reader. The conversion project to scan the data onto PDF image files has been completed. This format will not have the degradation that can occur with microfilm over time.

G. <u>Cyber Liability Policy Renewal</u>

Working with Segal Select, the Fund Office received quotes to renew the Plan's cyber liability insurance for the term of July 17, 2020 through July 17, 2021. The Fund currently has a combined cyber liability insurance policy with the Pressmen Welfare Fund with an aggregate limit of $1 million.

Competitive bids were obtained by Segal Select from the incumbent carrier, Travelers Insurance ("Travelers"), and from Beazley Insurance Group. The carriers bid on the policy as a combined policy with the Pressmen Welfare Fund and also as an individual policy for the Pension Fund at the present aggregate limit of $1 million, with an option of an increased aggregate limit of $2 million.

Ms. Clutts advised that the representative from Segal Select would be joining the meeting shortly. At that time, after discussion, Chairperson Goldscher called a brief recess until 12:30PM.

Recess

At 12:30PM, a quorum being present, Chairperson Goldscher reconvened the meeting.

The Trustees welcomed Mr. Matt Jackson, Senior Vice President, Segal, to the meeting. Mr. Jackson recommended the Trustees renew the policy with Travelers due to the broadened scope of coverage, which included enhanced social engineering coverage, the competitive rate offered, and continuity of coverage. He said Travelers is A++ rated.

Mr. Jackson stated that the benefit of obtaining an individual policy for the Pension Fund is that the Funds would not be sharing an aggregate limit, in the event of claims against both Funds. After further discussion, and on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to renew the cyber liability policy with Travelers as an individual policy for the Pension Fund for the policy period July 17, 2020 through July 17, 2021 at a premium of $2,610, with an aggregate limit of $1 million.**

The Trustees thanked Mr. Jackson and excused him from the meeting.

IX. NEXT MEETING DATE AND LOCATION

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

October 16, 2020 – 10 a.m. – Location to be determined.

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	Paul Atwill, Co-Chairman

DJOURNMENT

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

Respectfully submitted,

Jay Goldscher, Chairman

Paul Atwill, Co-Chairman