

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2018 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information For calendar plan year 2018 or fiscal plan year beginning <u>01/01/2018</u> and ending <u>12/31/2018</u>
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☐ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information		
1a Name of plan <u>ALEXANDER LUMBER CO. RETIREMENT PLAN</u>	1b Three-digit plan number (PN) ▶	<u>001</u>	
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>ALEXANDER LUMBER CO.</u> <u>PO BOX 831</u> <u>515 REDWOOD DRIVE</u> <u>AURORA, IL 60507</u> <u>AURORA, IL 60507</u>	1c Effective date of plan <u>12/31/1963</u>	2b Employer Identification Number (EIN) <u>36-0715495</u>	2c Plan Sponsor's telephone number <u>630-844-5123</u>
		2d Business code (see instructions) <u>444190</u>	

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2019	THOMAS S ALEXANDER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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3a Plan administrator's name and address ☐ Same as Plan Sponsor THOMAS S ALEXANDER POBOX 831 AURORA, IL 60507	3b Administrator's EIN 36-0715495 3c Administrator's telephone number 630-844-5123 <div style="background-color: #cccccc; height: 40px;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 436
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	<div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> 6a(1) 99 6a(2) 85 6b 212 6c 84 6d 381 6e 46 6f 427 6g 6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☐ **A** (Insurance Information)
- (4) ☐ **C** (Service Provider Information)
- (5) ☐ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2018 Form M-1 annual report. If the plan was not required to file the 2018 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2018
		This Form is Open to Public Inspection

For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018		
A Name of plan ALEXANDER LUMBER CO. RETIREMENT PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 ALEXANDER LUMBER CO.	D Employer Identification Number (EIN) 36-0715495	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)		901000
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	673	1013
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	712090	682417
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	30765170	27446680

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	31477933	29031110

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k		

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	31477933	29031110
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	8904	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		8904
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	129	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		129
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	6580148	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	6810871	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		-230723
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	-2787420	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		-2787420

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		1212266
d Total income. Add all income amounts in column (b) and enter total.....	2d		-1796844

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1550894	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		1550894
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other	2i(4)	85	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		85
j Total expenses. Add all expense amounts in column (b) and enter total	2j		1550979

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-3347823
l Transfers of assets:			
(1) To this plan.....	2l(1)		901000
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PASQUESI SHEPPARD LLC

(2) EIN: 36-4049282

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?.....	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?.....	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?.....	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☒ Yes ☐ No
 If "Yes," enter the amount of any plan assets that reverted to the employer this year 0.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☒ Yes ☐ No ☐ Not determined
 If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4161328. (See instructions.)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2018 This Form is Open to Public Inspection.
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For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

A Name of plan <u>ALEXANDER LUMBER CO. RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ALEXANDER LUMBER CO.</u>	D Employer Identification Number (EIN) <u>36-0715495</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	<u>0</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☒ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2018
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Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year

b The plan year immediately preceding the current plan year

c The second preceding plan year

14a**14b****14c**

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year

b The corresponding number for the second preceding plan year

15a**15b**

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers

16a**16b**

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____ % Investment-Grade Debt: _____ % High-Yield Debt: _____ % Real Estate: _____ % Other: _____ %

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

PASQUESI
SHEPPARD LLC

ACCOUNTANTS AND CONSULTANTS

ALEXANDER LUMBER CO.
RETIREMENT PLAN

FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Employer Identification Number
36-0715495

Plan No. 001

ALEXANDER LUMBER CO.
RETIREMENT PLAN
FINANCIAL STATEMENTS AND NOTES (IN LIQUIDATION)
DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

TO THE PLAN ADMINISTRATOR OF
ALEXANDER LUMBER CO. RETIREMENT PLAN

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of ALEXANDER LUMBER CO. RETIREMENT PLAN, which comprise the Statements of Net Assets in Liquidation Available for Benefits and the Statements of Changes in Net Assets in Liquidation Available for Benefits as of December 31, 2018 and 2017, the related Statements of Accumulated Plan Benefits in Liquidation and the Statements of Changes in Accumulated Plan Benefits in Liquidation for the years ended December 31, 2018 and 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however; we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Bank of America, N.A., the Trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan Administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the Trustee as of and for the years ended December 31, 2018 and 2017, that the information provided to the Plan Administrator by the Trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Emphasis of Matter – Plan Termination

As further discussed in Note 2 to the financial statements, the Board of Directors of Alexander Lumber Co. made a decision to terminate the ALEXANDER LUMBER CO. RETIREMENT PLAN, and management determined liquidation is imminent. As a result, the statements of ALEXANDER LUMBER CO. RETIREMENT PLAN are presented on the liquidation basis of accounting. Our disclaimer of opinion is not modified with respect to this matter.

Other Matter

The supplemental Schedule of Assets Held at End of Year (in Liquidation) as of December 31, 2018, is required by the DOL's Rules and Regulations for Reporting and Disclosure under the ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance With DOL's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under the ERISA.

Pasquesi Sheppard LLC

Pasquesi Sheppard LLC
Lake Forest, IL
October 1, 2019

ALEXANDER LUMBER CO.

RETIREMENT PLAN

STATEMENTS OF NET ASSETS IN LIQUIDATION AVAILABLE FOR BENEFITS

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS:		
Investments, at fair value —		
Money market funds	\$ 682,417	\$ 712,090
Exchange traded funds	<u>27,446,680</u>	<u>30,765,170</u>
Total investments	<u>28,129,097</u>	<u>31,477,260</u>
Receivables —		
Contributions receivable	901,000	-
Accrued interest receivable	<u>1,013</u>	<u>673</u>
Total receivables	<u>902,013</u>	<u>673</u>
Total assets	29,031,110	31,477,933
LIABILITIES:		
Accrued expenses expected to be incurred in liquidation, net	<u>282,172</u>	<u>304,595</u>
Total net assets in liquidation available for benefits	<u><u>\$ 28,748,938</u></u>	<u><u>\$ 31,173,338</u></u>

The accompanying notes are an integral part of these financial statements.

ALEXANDER LUMBER CO.

RETIREMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS IN LIQUIDATION AVAILABLE FOR BENEFITS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income —		
Net (depreciation) appreciation in fair value of investments	\$ (3,018,141)	\$ 3,383,827
Interest	8,904	135,259
Dividends	1,211,153	588,215
Capital gain distributions and other income	1,242	30,236
	<u>(1,796,842)</u>	<u>4,137,537</u>
Total investment (loss) income		
Employer contributions	901,000	5,260,000
	<u>(895,842)</u>	<u>9,397,537</u>
Total (deductions from) additions to net assets		
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits paid to participants	1,550,894	1,590,724
Administrative fees	85	1,896
	<u>1,550,979</u>	<u>1,592,620</u>
Total deductions from net assets		
NET (DECREASE) INCREASE	(2,446,821)	7,804,917
ADJUSTMENT TO LIQUIDATION BASIS	22,421	(304,595)
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	31,173,338	23,673,016
End of year	<u>\$ 28,748,938</u>	<u>\$ 31,173,338</u>

The accompanying notes are an integral part of these financial statements.

ALEXANDER LUMBER CO.

RETIREMENT PLAN

STATEMENTS OF ACCUMULATED PLAN BENEFITS IN LIQUIDATION

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS:		
Vested accumulated benefits —		
Active employees	\$ -	\$ 8,245,395
Participants with deferred benefits	-	5,362,477
Participants receiving benefits	-	21,123,027
All participants eligible to receive benefits under termination	<u>31,710,868</u>	<u>-</u>
 Total vested accumulated benefits	 31,710,868	 34,730,899
 Nonvested accumulated benefits	 <u>-</u>	 <u>-</u>
 Total actuarial present value of accumulated plan benefits	 <u><u>\$ 31,710,868</u></u>	 <u><u>\$ 34,730,899</u></u>

The accompanying notes are an integral part of these financial statements.

ALEXANDER LUMBER CO.

RETIREMENT PLAN

STATEMENTS OF CHANGES IN ACCUMULATED PLAN BENEFITS IN LIQUIDATION

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT BEGINNING OF YEAR	<u>\$ 34,730,899</u>	<u>\$ 30,344,198</u>
Increase (decrease) during the year attributable to:		
Change in actuarial assumptions	-	4,490,275
Actuarial gains	(2,690,533)	(142,700)
Benefits accumulated	-	404,435
Increase for interest due to the decrease in the discount period	1,221,396	1,225,415
Benefits paid	<u>(1,550,894)</u>	<u>(1,590,724)</u>
NET (DECREASE) INCREASE	<u>(3,020,031)</u>	<u>4,386,701</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT END OF YEAR	<u><u>\$ 31,710,868</u></u>	<u><u>\$ 34,730,899</u></u>

The accompanying notes are an integral part of these financial statements.

ALEXANDER LUMBER CO.

RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (IN LIQUIDATION)

DECEMBER 31, 2018 AND 2017

(1) DESCRIPTION OF THE PLAN:

The Alexander Lumber Co. Retirement Plan (the Plan), as amended and restated, was originally established in 1963 and was a noncontributory, defined benefit retirement plan covering all eligible employees of Alexander Lumber Co. (the Company). On October 2, 2017, the Board of Directors of the Company adopted a resolution to terminate the Plan effective December 31, 2017 (effective date). See Note 2, Liquidation Basis of Accounting, for a description of the Plan's strategy for liquidation, as well as methods and significant assumptions used to measure assets and liabilities. Plan Management was responsible for oversight of the Plan, determined the appropriateness of the Plan's investments, and monitored investment performance. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions. General provisions of the Plan included the following:

General -

The Plan was a defined benefit pension plan that covered certain employees of the Company. Employees had to be twenty-one years of age as of the enrollment date in order to be eligible to participate in the Plan. Union employees, who were covered by the terms of a collective bargaining agreement between the Company and the Union, were not eligible. Employees of the Company hired before January 1, 2011, became eligible to participate in the Plan at the first enrollment date (the first day of January or July) following the completion of one year of service, as defined in the Plan Agreement. Employees of the Company hired on or after January 1, 2011, were not eligible to participate in the Plan as participation was closed to employees hired on or after this date. For Plan year beginning on and after January 1, 2011, Plan earnings were limited to \$30,000 for purposes of determining individual benefits under the Plan. As of the Plan termination effective date, individual benefits were frozen and all benefits ceased to accrue. The Plan was subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Trustee -

Bank of America, N.A. serves as Trustee of the Plan and will manage the Plan's investment assets until full liquidation.

Pension Benefits -

Participants generally became fully vested after five years of service, as defined by the Plan. There were no partial vesting of benefits. If employees terminated before completing five years of service, they forfeited the right to receive their accumulated benefits under the Plan. Benefits were determined according to formulas set forth in the Plan based upon earnings, subject to Internal Revenue Code (IRC) limits and years of credited service. Included in the Plan were provisions for postponed retirement after age 65, early retirement at age 60, retirement in conjunction with disability, and pre-retirement surviving spouse death benefits. The normal form of retirement benefit was a monthly annuity; however, if the actuarial equivalent of the accrued benefit did not exceed \$1,000, such benefit was paid in a lump sum. If the actuarial equivalent of the accrued benefit exceeded \$1,000, but did not exceed \$5,000 in total expected lifetime payments, the participant had the option to have it paid in a lump sum.

ALEXANDER LUMBER CO.

RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (IN LIQUIDATION)

DECEMBER 31, 2018 AND 2017

Subject to the terms of the Plan and in connection with the termination of the Plan, all active participants became fully vested in their Plan benefit as of the effective date. In addition, due to the termination, participants who were not yet eligible to commence their benefits based on the provisions outlined above will have a one-time opportunity to elect to begin payment. Active and terminated employees not yet receiving benefits from the Plan with a Plan benefit that has a lump sum value of more than \$5,000, will have the opportunity to elect to receive the value of their benefit as a single lump sum payment or as a monthly annuity, paid shortly after the election period, even if currently employed. If the lump sum payment is not elected, the benefit obligation will be transferred to a qualified insurance company upon liquidation and benefits will be paid out as a monthly annuity in accordance with the Plan provisions. If the Plan benefit has a lump sum value of \$5,000 or less, it will automatically be paid in the form of a single lump sum. Individuals currently receiving monthly benefits from the Plan will not have the option to receive a lump sum payout and will continue to receive benefits through the Plan until transferred to an insurance company, who will then assume the monthly pension benefit payments. See Note 8, Subsequent Events, for discussion of pension benefit payments in connection with full liquidation of the Plan.

Funding Policy –

The Plan's funding policy is for the Company to contribute an amount which will meet or exceed the annual ERISA minimum funding requirement. The Company makes contributions to the Plan as determined in accordance with accepted actuarial principles, which are based upon actuarial cost studies performed by the Plan's actuaries. The Company was required to make contributions to the Plan of \$901,000 to make the Plan sufficient to settle all Plan liabilities. This contribution was made in 2019; however, as required under the liquidation basis of accounting, this contribution was recorded as a receivable at December 31, 2018. The Company made contributions to the Plan of \$5,260,000 for the year ended December 2017, although it was not required to do so.

The Company's contributions and prior year credits applied for the Plan years ended December 31, 2018 and 2017, equaled or exceeded the minimum funding requirements of the ERISA and the Pension Protection Act of 2006.

Administration of the Plan –

The Trustee administers the Plan's assets, together with the income therefrom. Expenses incurred by the Trustee in the performance of its duties under this agreement, including fees for its services, are paid by the Company.

(2) SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting –

The accompanying financial statements of the Plan have been prepared using accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

ALEXANDER LUMBER CO.

RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (IN LIQUIDATION)

DECEMBER 31, 2018 AND 2017

Liquidation Basis of Accounting –

On October 2, 2017, the Board of Directors of the Company consented to, approved, and adopted a resolution to terminate the Plan effective December 31, 2017. The Plan document expressly reserves to the Company the right to do so. As of December 31, 2017 (the effective date), the Plan shall continue to be administered in accordance with the terms thereof, except that no additional pension benefits will be earned under the Plan after the effective date, as the Plan was frozen. An application for termination with the Internal Revenue Service (IRS) has been filed and a favorable determination letter has been received. As a result, participants currently not yet eligible to commence their benefits will have a one-time opportunity to elect to begin payment. Active employees will automatically be fully vested in their Plan benefit as of the effective date. The Plan adopted the liquidation basis of accounting since the liquidation and dissolution of the Plan is imminent.

The Plan's assets are comprised of investments in exchange-traded bond funds, as well as interest bearing treasury funds. All investments were shifted to interest bearing cash funds at the end of 2018 in order to protect the assets from market volatility and to allow for payment of benefits. The Company has notified the Trustee of the termination and has filed such information as may be necessary with the IRS and the Pension Benefit Guaranty Corporation (PBGC) to obtain approval that the method of allocation and distribution of assets held with respect to the Plan meets all of the requirements of the IRC of 1986, as amended, and all other applicable laws and regulations. The Company intends to settle all liabilities under the Plan by paying lump sums and purchasing one or more annuity contracts that constitute an irrevocable commitment from an insurer to provide all benefit liabilities under the Plan as provided under ERISA 4041. Full liquidation of Plan assets was completed on July 29, 2019. See Note 8, Subsequent Events, for discussion of IRS approval of Plan termination received.

Under the liquidation basis of accounting, assets and liabilities should be measured to reflect the estimated amount of cash or other consideration expected to be collected or paid in settling or disposing of such assets or liabilities in the process of carrying out the plan of liquidation. Amounts estimated to be collected by disposing of the Plan assets approximate fair value; therefore, the Plan's assets are stated at fair value at December 31, 2018 and 2017. In addition, the Plan expects to earn income on its investments and incur expenses to settle its liabilities and dispose of its assets during the liquidation. Income expected to be earned and expenses expected to be incurred have been actuarially determined and accrued through the end of the liquidation period. See **Actuarial Present Value of Accumulated Plan Benefits** below for a description of methods and significant assumptions used to measure assets and liabilities and the projected benefit obligation.

Use of Estimates –

The preparation of financial statements, in conformity with U.S. GAAP, requires the Plan Administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

ALEXANDER LUMBER CO.

RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (IN LIQUIDATION)

DECEMBER 31, 2018 AND 2017

Investment Valuation –

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Plan management determines the Plan's valuation policies utilizing information provided by its investment advisers, custodians, and Trustee. See Note 3 for a discussion of fair value measurements.

Income Recognition –

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

Actuarial Present Value of Accumulated Plan Benefits –

Accumulated Plan Benefits are those future periodic payments, including lump sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated Plan Benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances (retirement, death, disability, and termination of employment) are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits payable due to Plan termination are also included in the calculation of the present value of Accumulated Plan Benefits (PVAB).

The actuarial PVAB is determined by an independent actuary from Willis Towers Watson. The computed amount results from applying actuarial assumptions to adjust the Accumulated Plan Benefits to reflect the time value of money (through discounts for interest) and the probability of payment between the valuation date and the expected date of payment.

As a result of the decision to terminate the Plan, the underlying projected benefit obligation (PBO) and the PVAB were modified to be measured on the settlement liability basis (liquidation basis) of accounting as of December 31, 2018 and 2017. The process to estimate the settlement liability relative to the PBO is detailed below. A similar process was followed for the PVAB.

In order to measure the PBO on a settlement liability basis, certain assumptions were made regarding (1) the estimated percentage of active and terminated vested participants who will elect a lump sum payment during a special plan termination benefit election period, (2) the relationship between the lump sum payment and the underlying PBO, and (3) the relationship between the insurer pricing and the PBO. The following assumptions were used:

ALEXANDER LUMBER CO.

RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (IN LIQUIDATION)

DECEMBER 31, 2018 AND 2017

Estimated Lump Sums –

For actives and terminated vested (retirees will not be offered a lump sum option), the assumed election rates were:

	<u>Lump Sum Acceptance Rate</u>
Active participants	85%

The election percentage for the terminated vested group was determined by considering the lump sum offer that was made to terminated vesteds in 2016. At that time, approximately 70% of the participants elected a lump sum.

The interest rates for determining the lump sum are known at this time. It has been assumed that the lump sum payments will be approximately 10% higher than the PBO for both the actives and terminated vested participants.

Estimated Insurer Pricing –

For retirees and participants who do not elect an immediate lump sum, their liability will be transferred to an insurer. The insurer will charge a premium over the underlying PBO. The premium may reflect items such as the cost of administering the benefits, insurer profits, different mortality tables, and different interest rates. The estimated premiums to the PBO used were as follows:

	<u>Estimated Pricing Load</u>
Active participants	120%

The actual premium will vary depending on a number of factors including (1) market conditions when the annuities are purchased, (2) the demographics of the participant group, and (3) insurers willing to bid on the transaction.

ALEXANDER LUMBER CO.

RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (IN LIQUIDATION)

DECEMBER 31, 2018 AND 2017

In addition to the above assumptions for the Plan termination, the remaining significant actuarial assumptions used in the calculation of the PVAB by the Plan's actuary as of December 31, 2018 and 2017, the dates of the latest actuarial valuations, were (a) new employees expectancy (it was assumed there will be no new or hired employees), (b) life expectancy of participants (separate rates for non-annuitants and annuitants were used based on RP 2014 "Employees" and "Healthy Annuitants" tables), mortality improvement scale (separate tables used for males and females based on MP-2018 base scale), (c) termination expectancy (the Actuary's Pension Handbook, table T-1 was used), (d) disability expectancy (the Railroad Retirement Board, 10th Valuation Table was used), (e) retirement age assumptions (normal retirement at age 65), (f) benefit commencement date assumptions (it was assumed that preretirement death benefits would commence on the later of the death of the active participant or the date the participant would have attained age 60, deferred vested benefits and retirement benefits would commence at age 65, and disability benefits would commence upon disability), (g) form of payment assumptions (it was assumed that 45% would elect single life annuity, 40% would elect 100% joint and survivor annuity, and 15% would elect 50% joint and survivor annuity), (h) spousal age assumptions (it was assumed that 80% of employees are married and the wife is three years younger than the husband), (i) expected increases in compensation (3.00% for 2018, 3.50% 2019 and later), (j) discount rate of 4.30% was used, and (k) return on assets of 3.70% was used. The computations of the actuarial PVAB were made as of December 31, 2018 and 2017.

Certain changes were made in actuarial assumptions and methods from the December 31, 2017 measurement date to the December 31, 2018 measurement date. They were as follows:

- 1) The discount rate for benefit obligations was changed from 3.60% to 4.30%;
- 2) The healthy and disabled mortality projection scales were updated from the MP-2017 generational projection scale to the MP-2018 generational projection scale.

Using the above assumptions, the Plan's underfunded status as of December 31, 2018, was \$3,580,758, based on the fair value of Plan assets of \$28,130,110 and the PVAB of \$31,710,868. See Note 8, Subsequent Events, for discussion of actual benefit obligation incurred at full liquidation.

ALEXANDER LUMBER CO.

RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (IN LIQUIDATION)

DECEMBER 31, 2018 AND 2017

When a Plan uses the liquidation basis of accounting, the income expected to be earned and expenses expected to be incurred by the Plan during the liquidation period should be properly accrued. The total benefit cost to be incurred by the Plan at liquidation is known at this time, and has been included on the Statement of Net Assets in Liquidation Available for Benefits and the Statement of Changes in Net Assets in Liquidation Available for Benefits as of December 31, 2018:

<u>Total Benefit Cost</u>	
Interest cost	\$ 774,224
Expected return on Plan assets	(629,057)
Net loss on amortization	<u>137,005</u>
Total benefit cost	<u><u>\$ 282,172</u></u>

Payment of Benefits –

Benefit payments to participants are recorded upon distribution.

Administrative Expenses –

Substantially all administrative expenses of the Plan are paid by the Company. Expenses that are paid directly by the Company are excluded from these financial statements. Certain custody fees incurred by the Plan are paid by the Plan and are recorded as deductions in the accompanying Statements of Changes in Net Assets in Liquidation Available for Benefits. In addition, certain investment related expenses are included in net appreciation of fair value of investments presented in the accompanying Statements of Changes in Net Assets in Liquidation Available for Benefits.

(3) FAIR VALUE MEASUREMENTS:

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

ALEXANDER LUMBER CO.

RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (IN LIQUIDATION)

DECEMBER 31, 2018 AND 2017

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used by management for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017:

Money market funds are valued under the market approach through the use of quoted market prices in an active market.

Exchange traded funds are valued at the closing price reported on the active market on which the individual funds are traded.

While the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

2018				
Description of Investment	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 682,417	\$ 682,417	\$ -	\$ -
Exchange traded funds	27,446,680	27,446,680	-	-
Total investments	<u>\$ 28,129,097</u>	<u>\$ 28,129,097</u>	<u>\$ -</u>	<u>\$ -</u>

ALEXANDER LUMBER CO.

RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (IN LIQUIDATION)

DECEMBER 31, 2018 AND 2017

2017				
<u>Description of Investment</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 712,090	\$ 712,090	\$ -	\$ -
Exchange traded funds	30,765,170	30,765,170	-	-
Total investments	<u>\$ 31,477,260</u>	<u>\$ 31,477,260</u>	<u>\$ -</u>	<u>\$ -</u>

(4) RISKS AND UNCERTAINTIES:

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Statements of Net Assets in Liquidation Available for Benefits.

Plan contributions are made and the actuarial present value of Accumulated Plan Benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(5) SUMMARY OF INFORMATION CERTIFIED BY THE TRUSTEE:

The December 31, 2018 and 2017, Statements of Net Assets in Liquidation Available for Benefits, the investment activities included on the Statements of Changes in Net Assets in Liquidation Available for Benefits for the years ended December 31, 2018 and 2017, and the accompanying notes to the financial statements were prepared in part or entirely from information certified by the Trustee in accordance with 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under the ERISA. The table below summarizes the information that has been prepared and certified to as complete and accurate by the Trustee as of December 31:

ALEXANDER LUMBER CO.

RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (IN LIQUIDATION)

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Investments, at fair value —		
Money market fund	\$ 682,417	\$ 712,090
Exchange traded funds	<u>27,446,680</u>	<u>30,765,170</u>
Total investments	<u>28,129,097</u>	<u>31,477,260</u>
Accrued interest receivable	<u>1,013</u>	<u>673</u>
Total assets certified by the Trustee	<u><u>\$ 28,130,110</u></u>	<u><u>\$ 31,477,933</u></u>
Investment income —		
Net (depreciation) appreciation in value of investments	\$ (3,018,141)	\$ 3,383,827
Interest	8,904	135,259
Dividends	1,211,153	588,215
Capital gain distributions and other income	<u>1,242</u>	<u>30,236</u>
Total investment (loss) income certified by the Trustee	<u><u>\$ (1,796,842)</u></u>	<u><u>\$ 4,137,537</u></u>

(6) PLAN TERMINATION:

The Plan Sponsor froze the accrued benefits and terminated the Plan as of December 31, 2017. Therefore, the accrued benefits of each participant became fully vested to the extent then funded, and the net assets of the Plan will be allocated, as prescribed by the terms and provisions of the Plan in accordance with the ERISA and its regulations, generally, to provide the following benefits in the order indicated, subject to any required approval of the IRS and the PBGC:

- 1) Benefits attributable to employee contributions, if any, taking into account those paid out before termination;
- 2) Annuity benefits former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under Plan provisions in effect at any time during the five years preceding Plan termination;
- 3) Other vested benefits insured by the PBGC (a U.S. government agency), up to the applicable limitations (discussed below);
- 4) All other vested benefits (that is, vested benefits not insured by the PBGC);

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RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (IN LIQUIDATION)

DECEMBER 31, 2018 AND 2017

5) All non-vested benefits.

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, a statutory ceiling exists, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees.

Whether all participants receive their benefits upon Plan termination will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Plan Sponsor and the level of benefit guaranteed by the PBGC.

The Company intends to make such contributions to the Plan as may be necessary to make the Plan sufficient to settle all Plan liabilities. See Note 2, Liquidation Basis of Accounting, for a description of the Plan's strategy for liquidation.

(7) TAX STATUS:

The Plan obtained its latest determination letter on January 14, 2003, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of December 31, 2018 and 2017.

U.S. GAAP require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that, more likely than not, would not be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2015.

The Plan filed Form 5310, Application for Determination for Terminating Plans, with the IRS on November 6, 2017. A Notice to Interested Parties and a Notice of Intent to Terminate was provided to participants in advance of this filing. A Notice of Plan Benefits was distributed to all participants on June 1, 2018, to provide information about the estimated value of accrued benefits under the Plan as of the Plan termination date. All other regulatory filings have been timely made. PBGC Form 500, Standard Termination Notice Single-Employer Plan Termination, was filed with the PBGC on June 13, 2018. A favorable determination letter was received on February 21, 2019, in which the IRS stated that the Plan termination does not affect its qualification for federal tax purposes.

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(8) SUBSEQUENT EVENTS:

The Plan has evaluated subsequent events through the report date, the date the financial statements were available to be issued. The Plan received a favorable determination letter from the IRS dated February 21, 2019, stating that the Plan termination does not affect its qualification for federal tax purposes. As a result, the Plan proceeded with its plan to terminate and was fully liquidated as of September 30, 2019. Appreciation of Plan assets approximated \$2.5 million from December 31, 2018, through liquidation. Actual lump-sum benefit payments to participants who elected to receive their benefit as a lump-sum in connection with the termination totaled \$10,732,358 in 2019. Plan assets totaling \$19,817,785 were used to purchase annuity premiums from an insurance company on behalf of beneficiaries who were already receiving benefits under the Plan. The insurance company will continue to pay out benefits to these individuals in the same manner and in the same amount as paid out under the Plan. As of the report date, there are no assets remaining in the Plan, all liabilities have been settled, and all benefit obligations have been met.

(9) RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500:

The following is a reconciliation of the net assets available for benefits and the change in net assets available for benefits per the financial statements to the Form 5500 as of December 31:

	<u>2018</u>	<u>2017</u>
Net assets in liquidation available for benefit per the		
financial statements	\$ 28,748,938	\$ 31,173,338
Contributions receivable	(901,000)	-
Accrued expenses expected to be incurred in liquidation	<u>282,172</u>	<u>304,595</u>
Net assets in liquidation available for benefits per		
Form 5500	<u>\$ 28,130,110</u>	<u>\$ 31,477,933</u>
Change in net assets in liquidation available for benefits per the		
financial statements	\$ (2,446,821)	\$ 7,804,917
Contributions receivable at December 31, 2018	<u>(901,000)</u>	<u>-</u>
Net (loss) gain per Form 5500	<u>\$ (3,347,821)</u>	<u>\$ 7,804,917</u>

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RETIREMENT PLAN

SCHEDULE I – SCHEDULE OF ASSETS HELD AT END OF YEAR

DECEMBER 31, 2018 (IN LIQUIDATION)

FEIN 36-0715495 – Plan Number 001

Schedule H, Line 4i (Form 5500)

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	Fidelity Treasury Only Institutional Fund	Money market fund	\$ 682,417	\$ 682,417
	Vanguard Long-Term Corp Bond ETF	Exchange traded fund	25,859,013	23,731,403
	Vanguard Intermediate-Term Corp Bond ETF	Exchange traded fund	3,933,737	3,715,277
			<u>\$ 30,475,167</u>	<u>\$ 28,129,097</u>

The accompanying notes are an integral part of this schedule.

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RETIREMENT PLAN

SCHEDULE I – SCHEDULE OF ASSETS HELD AT END OF YEAR

DECEMBER 31, 2018 (IN LIQUIDATION)

FEIN 36-0715495 – Plan Number 001

Schedule H, Line 4I (Form 5500)

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	Fidelity Treasury Only Institutional Fund	Money market fund	\$ 682,417	\$ 682,417
	Vanguard Long-Term Corp Bond ETF	Exchange traded fund	25,859,013	23,731,403
	Vanguard Intermediate-Term Corp Bond ETF	Exchange traded fund	3,933,737	3,715,277
			<u>\$ 30,475,167</u>	<u>\$ 28,129,097</u>

The accompanying notes are an integral part of this schedule.