Warehouse Employees Union Local No. 730
Pension Trust Fund

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE WAREHOUSE EMPLOYEES UNION LOCAL NO. 730 PENSION TRUST FUND DECEMBER 20, 2018 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
R. Brooks
R. Johnson
A. Smith – Alternate

EMPLOYER TRUSTEES
M. Bull – Secretary
L. Johnson
J. Paradis
B. Pounds – Alternate

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP via conference call
D. Dubbs – Associated Administrators, LLC
B. Hicks – Investment Performance Services, LLC
S. Palmer – PNC Bank

I. CALL TO ORDER

A quorum being present, the meeting was called to order.

II. MINUTES

The Trustees read the minutes of the last regular meeting held on September 14, 2018. On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED that the minutes of the last regular meeting held on September 14, 2018 are approved as presented.**

III. FINANCIAL REPORT

A. Custodian Bank – PNC Bank, NA

1. Summary of Activity – September 30, 2018

Ms. Cochran noted a copy of the PNC Summary of Activity report for the period January 1, 2018 through September 30, 2018 as contained in the meeting booklet.

2. Fee Request

The Trustees welcomed Mr. Steve Palmer of PNC Bank to the meeting. Mr. Palmer reviewed the letters contained in the meeting booklet from PNC Bank regarding the Treasury Management fee increases related to the operating account.

After discussion, On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the PNC Bank fee proposal for the operating accounts effective January 1, 2019.**

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

B. Investment Performance Services

The Trustees welcomed Mr. Brian Hicks of Investment Performance Services (IPS) to the meeting.

1. Investment Performance

Mr. Hicks reviewed the overall performance of the Fund's investment managers noting that the investment performance of the total portfolio for the period January 1, 2018 to September 30, 2018 was 7.3% gross of fees.

2. Asset Allocation

Mr. Hicks reviewed the Fund's asset allocation as of September 30, 2018: U.S. Equities 26.2%, U.S. Small/Mid Cap 10.2%, International Equities 10.6%, Fixed Income Core 2.0%, Fixed Income High Yield 6.9%, Real Estate 24.6%, Hedge Fund of Funds 2.3%, Opportunistic Investments 5.4%, Global Tactical Asset Allocation 5.7%, Private Equity 2.5% and cash 3.5%.

3. Quarterly Performance Report

Mr. Hicks presented the preliminary quarterly performance report for the period ended September 30, 2018. He noted the assets held by the investment managers on September 30, 2018 were as follows: Rothschild – LCV held $12,847,084; Hardman Johnston Asset Management held $15,264,965; Northern Trust $15,530,817; Atlanta Capital held $16,948,568; Hardman Johnston International Equity held $7,847,200; Acadian held $9,819,933; C.S. McKee held $3,348,385; Penn Core held $11,523,058; PRISA III held $28,450,472; American Core Realty Fund held $12,569,630; Mesirow Institutional Multi-Strategy Fund, L.P. held $3,821,879; Corbin ERISA Opportunity Fund held $9,048,980; BlackRock Financial Management held $9,447,020; Hamilton Lane $4,198,450; MDF

Special Investments SPC, Ltd. held $68,309; and the cash account held $6,039,352. Mr. Hicks reviewed the summary of investment results for the period ended September 30, 2018, including trailing quarter, trailing year-to-date, and trailing one, three and five-year periods.

i. **Mesirow Institutional Multi-Strategy Fund, L.P. (Mesirow)**

Mr. Hicks reported concerns regarding the stability of the manager due to senior team departures, significant investor outflows and ongoing underperformance relative to its benchmark. He said IPS' recommendation is to terminate the manager and submit a full redemption request. Mr. Hicks said that if the Trustees submitted a redemption request the proceeds would be available in March 2019.

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

RESOLVED, to accept the recommendation of IPS to terminate Mesirow effective immediately and submit a redemption request with proceeds to be available in March 2019.

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

IV. COUNSEL REPORT

Mr. Burton and Mr. DeLancey said there were no legal matters pending before the Board of Trustees at this time.

V. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the third quarter 2018. Such report indicated contribution income of $916,898, miscellaneous income of $1,152, interest and dividend income of $741,490 and withdrawal liability payments of $165,919, producing a total income of $1,825,459. Expenses included $4,798,214 of pension benefit expense and $265,358 of operating expense, producing a total expense of $5,063,572 for the quarter. This resulted in a net deficit of $3,238,113 for the quarter. Ms. Cochran noted that contributions were made on behalf of 300 active Plan participants and that there were no contribution delinquencies to report.

Ms. Cochran reviewed the pension applications requiring Trustee approval.

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

> **RESOLVED that the pension applications contained in the Administrative Manager's third quarter 2018 report are approved for payment as presented.**

VI. INVOICES

Ms. Cochran presented a list of invoices dated December 20, 2018. 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 that the invoices on the list dated December 20, 2018 are approved for payment as presented.**

VII. OTHER FUND BUSINESS

A. Memorandum of Agreement (MOA) – Washington Food

Ms. Cochran reported the receipt of a newly negotiated MOA between Washington Food and Local Union No. 730 affiliated with the International Brotherhood of Teamsters (Union) for the period November 1, 2018 to October 31, 2021. The MOA states the employer agrees to increase funding by adopting the Fund's Preferred Rehabilitation Plan.

After a discussion and review of the MOA by Fund Counsel, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the MOA between Washington Food and the Union for the period November 1, 2018 to October 31, 2021, in which the Employer adopted the contribution rates for the Fund's Preferred Rehabilitation Plan.**

B. Employer Contribution Rate Increase Letters

Ms. Cochran reported contribution rate increase letters were mailed to Giant Recycling, Giant Warehouse, and the Local 730 Staff for rate changes effective January 1, 2019.

C. Form 5500 - Plan Year Ended December 31, 2017

Ms. Cochran reported that the Form 5500 for the Plan year ended December 31, 2017 was filed on September 25, 2018.

D. Summary Plan Information Report for the Plan Year Ended December 31, 2017

Ms. Cochran reported that the 104(d) Multiemployer Plan Summary Report was mailed to participating employers on October 22, 2018.

E. Cheiron Engagement Letter

Ms. Cochran reviewed Cheiron's 2019 fee request letter for services, as contained in the meeting booklet. She reported Cheiron is requesting a 3.0% increase for retainer services over the prior year.

Upon MOTION made and seconded, the Trustees voted unanimous approval of the following:

> **RESOLVED to approve the 2019 retainer agreement with Cheiron at an annual fee of $19,772.60, with approved non-retainer services to be charged at their hourly rates, which range from $104 to $507 per hour.**

F. Pension Benefit Guarantee Corporation (PBGC) 2017 Comprehensive Filing

Ms. Cochran stated that the 2017 Comprehensive Filing with the PBGC was made on October 12, 2018. The Fund paid a premium of $57,960.

G. Ahold - (Giant Recycling and Giant Warehouse) Withdrawal Liability Estimate Request

Ms. Cochran reported a request for a withdrawal liability estimate from Ahold (Giant Recycling and Giant Warehouse.) She noted that the required fee for the actuarial calculation of the estimate was paid and the estimate was provided to the employer on December 2, 2018.

H. International Foundation of Employee Benefit Plans – Annual Membership

Ms. Cochran reported receipt of the Fund's 2019 membership renewal invoice for the International Foundation of Employee Benefit Plans. The renewal fee is $1,245.00.

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

RESOLVED to approve the Fund's 2019 renewal with the International Foundation of Employee Benefits Plans at a fee of $1,245.00.

VIII. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected March 27, 2019 as their next regular meeting date immediately following the companion Legal Fund meeting in Landover, Maryland.

IX. ADJOURNMENT

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

Respectfully submitted,

Michael Bull
Secretary