Warehouse Employees Union Local No. 730
Pension Trust Fund

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DRAFT

MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
WAREHOUSE EMPLOYEES UNION LOCAL NO. 730
PENSION TRUST FUND
DECEMBER 3, 2019
LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
R. Brooks	M. Bull – Secretary
R. Johnson	J. Paradis – via conference call
A. Smith	H. Sebhat

Also present were:

K. Barshinger – Associated Administrators, LLC
H. Burton – Morgan, Lewis & Bockius, LLP – via conference call
A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
J. Kimble – Morgan, Lewis & Bockius, LLP – via conference call
S. Murphy – J.P. Morgan Asset Management
Z. Page – J.P. Morgan Asset Management
R. Sichel – Investment Performance Services, LLC

I. CALL TO ORDER

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

II. TRUSTEE APPOINTMENT

Ms. Cochran noted receipt of a letter dated November 14, 2019 from Trustee Billye Pounds in which she submitted her resignation as alternate Employer Trustee for the Warehouse Employees Union Local No. 730 Pension Trust Fund effective immediately.

A letter was received from Giant Food, Inc. on November 14, 2019 nominating Mr. Michael Goble as a replacement Trustee. In accordance with the Trust Agreement, a letter was mailed to participating employers on November 25, 2019 regarding the replacement nomination of Mr. Michael Goble of Giant Food, Inc.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on September 11, 2019. 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 11, 2019 are approved as presented.**

IV. FINANCIAL REPORT

A. Custodian Bank – PNC Bank, NA

Ms. Cochran noted a copy of the PNC Summary of Activity report for the period January 1, 2019 through September 30, 2019 is contained in the meeting booklet.

B. Investment Performance Services, LLC ("IPS")

1. Investment Performance

The Trustees welcomed Mr. Rich Sichel of IPS to the meeting.

Mr. Sichel reviewed the overall performance of the Fund's investment managers noting that the investment performance of the total portfolio for the period January 1, 2019 to September 30, 2019 was 1.1%, gross of fees.

2. Asset Allocation

Mr. Sichel reviewed the Fund's asset allocation as of September 30, 2019: U.S. Equities 27.3%, U.S. Small/Mid Cap 10.9%, International Equities 9.9%, Fixed Income Core 1.6%, Fixed Income High Yield 7.3%, Real Estate 24.2%, Opportunistic Strategies 8.2%, Global Tactical Asset Allocation 6.2%, Private Equity 4.2% and cash 0.2%.

3. Quarterly Performance Report

Mr. Sichel presented the preliminary quarterly performance report for the period ended September 30, 2019. He noted the assets held by the investment managers on June 30, 2019 were as follows: Rothschild – LCV held $12,674,858; Hardman Johnston Global Advisors held $14,713,614; Northern Trust $15,606,726; Atlanta Capital held $17,143,000; Hardman Johnston International Equity held $7,620,233; Acadian held $7,952,741; C.S. McKee held $2,470,702; Penn Core held $11,430,194; PRISA III held $29,894,610; American Core Realty Fund held $8,144,622; Corbin ERISA Opportunity Fund held $12,942,794; BlackRock Financial Management held $9,805,738; Hamilton Lane $6,641,343; and the cash account held $342,907. Mr. Sichel reviewed the summary of investment results for the period ended September 30, 2019, including trailing quarter, trailing year-to-date, and trailing one, three and five-year periods.

a. **<u>Cash Rebalancing Recommendation</u>**

Mr. Sichel noted that the current allocation is on the high end of the targeted policy range of the Investment Policy Statement. In order to rebalance assets closer to the policy targets, he said IPS recommended the following transfers: 1) $2,000,000 from Global Tactical Asset Allocation to Rothschild, 2) $500,000 from Johnston International to Rothschild.

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

> **RESOLVED, to accept the recommendation of IPS to transfer 1) $2,000,000 from Global Tactical Asset Allocation to Rothschild, 2) $500,000 from Johnston International to Rothschild.**

4. **<u>Investment Manager Presentation – J.P. Morgan Asset Management (“J.P. Morgan”)</u>**

Mr. Sichel indicated that IPS recommended replacing BlackRock due to the poor performance of the investment manager. BlackRock is an investment manager in the Global Tactical Asset Allocation. The Trustees welcomed Mr. Stephan Murphy and Mr. Zachary Page from J.P. Morgan to the meeting. They provided an executive summary of the Global Allocation Fund and reviewed their portfolio in detail and answered questions from the Trustees. They were then excused from the meeting. After discussion,

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

RESOLVED to accept the recommendation from IPS to replace BlackRock Advisors, LLC with J.P. Morgan Asset Management.

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

V. COUNSEL REPORT

Mr. Burton said that he would distribute a revised Rehabilitation Plan to the Trustees for review. Mr. Burton and Mr. DeLancey said there were no other legal matters pending before the Board of Trustees at this time.

VI. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the third quarter 2019. Such report indicated contribution income of $1,006,320, miscellaneous income of $95,641, interest and dividend income of $486,433 and withdrawal liability payments of $165,919, producing a total income of $1,754,313. Expenses included $5,260,268 of pension benefit expense and $366,189 of operating expense, producing a total expense of $5,626,457 for the quarter. This resulted in a net deficit of $3,872,144 for the quarter. Ms. Cochran noted that contributions were made on behalf of 290 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 2019 report are approved for payment as presented.

VII. INVOICES

Ms. Cochran presented a list of invoices dated December 3, 2019. 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 3, 2019 are approved for payment as presented.

VIII. OTHER FUND BUSINESS

A. Memorandum of Agreement ("MOA") – Giant Warehouse Employees

Ms. Cochran reported the receipt of a newly negotiated Memorandum of Agreement between the Union and Giant Warehouse for the period May 17, 2015 through May 15, 2027. The MOA states the employer will continue to pay the rates in accordance with the Fund's Rehabilitation Plan through 2024 and if the Fund enacts a plan under Multiemployer Pension Reform Act ("MPRA") to avoid insolvency, the rates will continue to follow the Rehabilitation Plan through the end of the agreement. However if no MPRA plan is enacted by 2024, the employer's contribution rate will be frozen at the 2024 rate of $8.76 for all hours worked.

After discussion and a review of the MOA by Fund Co-Counsel, the Trustees voted –with Trustee Paradis abstaining -- approval of the following resolution:

RESOLVED to accept the MOA between Giant Warehouse and the Union for the period May 17, 2015 through May 15, 2027.

B. <u>Employer Contribution Rate Increase Letters</u>

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, 2020. A rate increase letter was mailed to Washington Food for a rate change effective November 1, 2019.

C. <u>Form 5500 - Plan Year Ended December 31, 2018</u>

Ms. Cochran reported that the Form 5500 for the Plan year ended December 31, 2018 was filed on October 8, 2019.

D. <u>Summary Plan Information Report for the Plan Year Ended December 31, 2018</u>

Ms. Cochran reported that the 104(d) Multiemployer Plan Summary Report was mailed to participating employers on November 8, 2019.

E. <u>Pension Benefit Guarantee Corporation (PBGC) 2018 Comprehensive Filing</u>

Ms. Cochran stated that the 2018 Comprehensive Filing with the PBGC was made on October 8, 2019. The Fund paid a premium of $59,421.

F. <u>International Foundation of Employee Benefit Plans – Annual Membership</u>

Ms. Cochran reported receipt of the Fund’s 2020 membership renewal invoice for the International Foundation of Employee Benefit Plans. The renewal fee is $1,265.00.

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

RESOLVED to approve the Fund's 2020 renewal with the International Foundation of Employee Benefits Plans at a fee of $1,265.00.

G. <u>2019 Retiree Information Form</u>

Ms. Cochran noted that the second mailing for Retiree Information Forms was sent to retirees on September 19, 2019.

H. <u>Calibre Data Incident – INTERIM ACTION</u>

Ms. Cochran said that an email was sent to the Trustees regarding a data breach by the former auditor, Calibre. She said Calibre indicated the breach may impact sixteen Fund participants. She noted interim action in which the Trustees approved sending addresses to Calibre so that a notification letter, reviewed by Fund Counsel, could be provided by Calibre.

I. <u>Payroll Audit Status – Eight O' Clock Coffee</u>

Ms. Cochran reported that the audit for the period January 1, 2015 through December 31, 2017 is complete and there were no exceptions noted.

J. <u>International Brotherhood of Teamsters Annual Data Request</u>

Ms. Cochran reported receipt of the annual data request. The Trustees approved sending the requested information normally sent on an annual basis and publically available.

IX. <u>NEXT MEETING DATE AND LOCATION</u>

After discussion, the Trustees selected March 3, 2020 as their next regular meeting date immediately following the companion Legal Fund meeting in Landover, Maryland.

X. ADJOURNMENT

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

Respectfully submitted,

Michael Bull
Secretary