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
MARCH 5, 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
M. Deveney – Cheiron
D. Dubbs – Associated Administrators, LLC
P. Hardcastle – Cheiron
R. Sichel – Investment Performance Services, LLC

I. CALL TO ORDER

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

II. TRUSTEE RESIGNATION/APPOINTMENT

Ms. Cochran reported that a letter was received from Eight O'Clock Coffee, a participating employer, regarding replacing Employer Trustee Lynell Johnson due to a restructuring of the company. Ms. Cochran said in accordance with the Trust Agreement, a letter will be sent to all Participating Employers regarding the nomination of a replacement Employer Trustee.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on December 12, 2017. 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 December 12, 2017 are approved as presented.**

IV. FINANCIAL REPORT

The Trustees welcomed Mr. Rich Sichel of Investment Performance Services (IPS) to the meeting.

A. Custodian Bank – PNC Bank, NA

Ms. Cochran noted a copy of the PNC Summary of Activity report for the period January 1, 2017 through December 31, 2017 as contained in the meeting booklet.

B. **Master Consulting Report**

1. **Investment Performance**

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, 2017 to December 31, 2017 was 17.2% gross of fees.

2. **Asset Allocation**

Mr. Sichel reviewed the Fund's asset allocation as of December 31, 2017: U.S. Equities 27.9%, U.S. Small/Mid Cap 10.3%, International Equities 10.6%, Fixed Income Core 3.5%, Fixed Income High Yield 7.1%, Real Estate 25.3%, Hedge Fund of Funds 2.4%, Opportunistic Investments 5.2%, Global Tactical Asset Allocation 6.3%, Private Equity 1.1% and cash 0.4%.

C. **Quarterly Performance Report**

Mr. Sichel presented the preliminary quarterly performance report for the period ended December 31, 2017. He noted the assets held by the investment managers on December 31, 2017 were as follows: Rothschild – LCV held $14,821,403; Hardman Johnston Asset Management held $16,052,694; Northern Trust $15,355,522; Atlanta Capital held $17,020,209; Hardman Johnston International Equity held $8,056,088; Acadian held $9,461,228; C.S. McKee held $5,744,487; Penn Core held $11,695,023; PRISA III held $29,577,075; American Core Realty Fund held $12,319,867; Mesirow Institutional Multi-Strategy Fund, L.P. held $3,797,778; MDF Special Investments SPC, Ltd. held $131,491; Corbin ERISA Opportunity Fund held $8,531,182; BlackRock Financial Management held $10,397,759; Hamilton Lane $1,863,328; and the cash account held $583,299. Mr. Sichel reviewed the summary of investment results for the period ended

December 31, 2017, including trailing quarter, trailing year-to-date, and trailing one, three and five-year periods.

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

V. ACTUARY REPORT

The Trustees welcomed Mr. Peter Hardcastle and Mr. Matt Deveney of Cheiron to the meeting. Mr. Hardcastle distributed his report titled "2017 Valuation Results."

He reviewed the Valuation results report and provided a historical review of the assets and liabilities, minimum funding, participant counts, and annual cash flows. He discussed the 2017 actuarial valuation results including a summary of key results and Plan year experience. Mr. Hardcastle said that the Plan is certified in critical and declining status for the 2018 Plan year.

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

VI. COUNSEL REPORT

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

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Fourth Quarter 2017

Ms. Cochran presented the Administrative Manager's Report for the fourth quarter 2017. Such report indicated contribution income of $897,646, miscellaneous income of $2,356, interest and dividend income of $511,932 and withdrawal liability payments of $165,919, producing a total income of $1,577,853. Expenses included $4,714,212 of pension benefit expense and $521,080 of operating expense, producing a total expense of $5,235,292 for the quarter. This resulted in a net deficit of $3,657,439 for the quarter. Ms. Cochran noted that contributions were made on behalf of 374 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 fourth quarter 2017 report were approved for payment as presented.**

VIII. INVOICES

Ms. Cochran presented a list of invoices dated March 5, 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 March 5, 2018 are approved for payment as presented.**

IX. OTHER FUND BUSINESS

A. 2018 Auditor Engagement Letter

Ms. Cochran reported receipt of the 2018 Auditor Engagement Letter requesting a three-year renewal for the Plan years 2017, 2018 and 2019 at an annual fee of $15,750 with payroll audit work charged at hourly rates. She said the proposal reflects a 5% increase the first year with 0% percent increases in the remaining two years.

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

> **RESOLVED to approve the 2018 Auditor Engagement letter for Plan years 2017, 2018 and 2019 at an annual rate of $15,750 and payroll audit work at hourly fees.**

B. Appointment by Ahold USA (Giant) – Jason Paradis

Ms. Cochran reported receipt of an email from Jason Paradis, Twin Circles Consulting, LLC that states he has left his employment with Ahold USA (Giant) however will remain an Employer Trustee as appointed by Ahold USA (Giant).

C. Cyber Liability Policy

Ms. Cochran said that proposals for cyber liability insurance had been provided by Union Insurance Group (UIG) from carriers BCS and Chubb, and by the Meltzer Group from carriers Beazley and CFC. A summary of the proposals was contained in the meeting booklet. The Trustees noted the difference between the carriers in liability limits and premium. Ms. Cochran said that the proposals from the Meltzer Group included coverage for the Legal, Pension and Welfare Funds at one premium while the proposals from UIG included a separate policy and premium for each Fund. Ms. Cochran said that the Meltzer Group recommended the Beazley policy with a $1,000,000 limit of liability at a premium of $2,451 or the CFC policy with a $1,000,000 limit of liability at a premium of $4,220.

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

> **RESOLVED to approve the recommendation of the Meltzer Group and the policy with Beazley at an annual premium of $2,451 to be effective as soon as administratively possible, subject to the approval of the policy with the Pension and Welfare Fund Trustees.**

D. <u>Ahold (Giant Recycling & Giant Warehouse) Withdrawal Liability Estimate Request</u>

Ms. Cochran reported a request for a withdrawal liability estimate from Ahold (Giant Recycling & 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 February 1, 2018.

E. <u>Adams-Burch, Inc. Withdrawal Liability Estimate Request</u>

Ms. Cochran reported a request for a withdrawal liability estimate from Adams-Burch, Inc. She noted that the required fee for the actuarial calculation of the estimate was paid and the estimate was provided to the employer on January 18, 2018.

F. **<u>2018 Form 1099R</u>**

Ms. Cochran said the Form 1099Rs were mailed to Plan participants on January 26, 2018.

G. ***For Your Benefit* Newsletter**

Ms. Cochran stated that the Fund Office mailed the January 2018 *For Your Benefit* newsletter to Plan participants.

X. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected June 8, 2018 as their next regular meeting date immediately following the companion Legal Fund meeting in Landover, Maryland.

XI. ADJOURNMENT

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

Respectfully submitted,

Michael Bull
Secretary