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 27, 2017 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
T. Richardson – Chairman	M. Bull – Secretary
R. Brooks	J. Paradis
R. Johnson	L. Johnson
A. Smith – Alternate	B. Pounds – Alternate

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
B. Davis – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
P. Hardcastle - Cheiron
R. Sichel – Investment Performance Services, LLC

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 December 14, 2016.

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 14, 2016 are approved as presented.**

III. FINANCIAL REPORT

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

A. Custodian Bank – PNC Bank, NA

Ms. Cochran stated that a copy of the PNC Summary of Activity report for the period January 1, 2016 through December 31, 2016 was contained in the meeting booklet.

A. Investment Consultant – Investment Performance Services, LLC

1. Master Consulting Report

a. 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, 2016 to December 31, 2016 was 8.4%, gross of fees.

b. **Asset Allocation**

Mr. Sichel reviewed the Fund's asset allocation as of December 31, 2016: U.S. Equities 35.5%, International Equities 8.3%, Fixed Income Core 3.4%, Fixed Income High Yield 7.5%, Real Estate 25.9%, Hedge Fund of Funds (HFOF) 7.5%, Global Tactical Asset Allocation (GTAA) 10.7%, and cash 1.1%. He noted that all allocations are within the targeted range.

2. **Quarterly Performance Report**

Mr. Sichel presented the preliminary quarterly performance report for the period ended December 31, 2016. He noted the assets held by the investment managers on December 31, 2016 were as follows: Rothschild – LCV held $12,747,125; Westfield Capital Management held $12,911,260; Johnston Asset Management held $14,912,638; Atlanta Capital held $15,013,484; Johnston International Equity held $5,860,912; Acadian held $7,162,494; C.S. McKee held $5,386,210; Penn Core held $11,777,848; PRISA III held $28,345,457; American Core Realty Fund held $12,243,058; Mesirow Institutional Multi-Strategy Fund, L.P. held $11,608,615; Meridian Special Investments held $188,443; BlackRock Financial Management held $16,693,820, and the cash account held $1,724,761. Mr. Sichel reviewed the summary of investment results for the period ended December 31, 2016, including trailing quarter, trailing year-to-date, and trailing one, three and five-year periods.

3. **Investment Manager – PRISA III**

Mr. Sichel reported a letter dated February 15, 2017 received from PRISA III concerning options for a fee modification. He said the options are an incentive fee or fixed fee equal to the current contractual fee cap. Mr. Sichel said that the manager is restructuring the management fees to incorporate a lower based asset management fee and an incentive fee that aligns the manager's compensation with the Fund's performance. He said IPS' recommendation is to select the incentive fee option.

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

RESOLVED to approve the recommendation of IPS and select the PRISA III incentive fee option.

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

IV. ACTUARY REPORT

The Trustees welcomed Mr. Peter Hardcastle of Cheiron to the meeting.

Mr. Hardcastle distributed his report titled "2016 Valuation Results, 2017 PPA Certification."

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 2016 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 2017 Plan year.

The Trustees asked Mr. Hardcastle if the Plan would benefit from submitting an application to the Treasury Department with proposed benefit reductions in order to prevent the Fund from running out of money. Mr. Hardcastle said that he would complete a preliminary research study to determine if filing an application under the Multiemployer Pension Reform Act of 2014 would be beneficial to the Fund and report his findings to the Trustees.

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

V. COUNSEL REPORT

Mr. Burton reported that the contracts with the following investment managers are ready for execution by Chairman and Secretary: Corbin Capital Partners, L.P., Hamilton Lane Advisors, LLC, and Northern Trust Securities, Inc.

Mr. Burton and Mr. DeLancey reported that there were no legal matters pending before the board at this time.

VI. ADMINISTRATIVE MANAGER REPORT

Ms. Cochran presented the Administrative Manager Report for the fourth quarter 2016. Such report indicated contribution income of $960,860, miscellaneous income of $2,903, interest and dividend income of $604,175 and withdrawal liability payments of $165,919, producing a total income of $1,733,857. Expenses included $4,436,944 of pension benefit expense and $416,654 of operating expense, producing a total expense of $4,853,598 for the quarter. This resulted in a net deficit of $3,119,741 for the quarter. Ms. Cochran noted that contributions were made on behalf of 392 active Plan participants.

Ms. Cochran stated that there were no contribution delinquencies to report. She 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 as contained in the Administrative Manager's fourth quarter 2016 report are approved for payment as presented.**

VII. INVOICES

Ms. Cochran presented a list of invoices dated March 27, 2017. 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 invoices on the list dated March 27, 2017 are approved for payment as presented.**

VIII. OTHER FUND BUSINESS

A. Trustee Expense Report

Ms. Cochran reviewed the 2016 Trustee Expense Report, a copy of which is contained in the meeting booklet.

On MOTION made and seconded, the Trustees voted -- with Trustees Brooks, Johnson, Richardson and Smith abstaining -- unanimous approval of the following resolution:

> **RESOLVED that the 2016 Trustee Expense Report is approved as presented.**

B. Payroll Audit Status Report – Giant Food Warehouse and Recycling

Ms. Cochran reported that payment in the amount of $33,737.00 was received for the truncating hours issue identified by the auditor in the payroll audit for the period January 1, 2013 through December 31, 2015 and that the audit is now complete.

C. Associated Administrators, LLC New Office Location

Ms. Cochran reported that a letter was mailed to participants on March 24, 2017 regarding the new Landover Fund Office location.

D. Deceased Pensioner Procedure

Per the request of Trustee Brooks, Ms. Cochran reviewed the Administrative Manager's internal procedure for how the death of a pensioner is processed after notification is received.

E. Form 1099MISC and 1099R

Ms. Cochran said the Form 1099MISC and Form 1099R were mailed on January 30, 2017.

F. *For Your Benefit* Newsletter

Ms. Cochran stated that the Fund Office mailed the January 2017 *For Your Benefit* newsletter to Plan participants.

G. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected June 28, 2017 as their next regular meeting date immediately following the companion Legal Fund meeting in Landover, Maryland.

H. ADJOURNMENT

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

Respectfully submitted,

Michael Bull
Secretary