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 3, 2020 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
T. Richardson – Chairman
R. Johnson
A. Smith – Alternate

EMPLOYER TRUSTEES
M. Bull – Secretary
J. Paradis
H. Sebhat
M. Goble – Alternate

Also present were:

K. Barshinger – Associated Administrators, LLC
H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
M. Deveney – Cheiron
B. Hicks – Investment Performance Services, LLC
J. Kimble – Morgan, Lewis & Bockius, LLP

I. CALL TO ORDER

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

II. TRUSTEE APPOINTMENT

Ms. Cochran reported that a letter was mailed to participating employers on November 25, 2019 regarding the nomination of Mr. Michael Goble of Giant Food, Inc. as an Alternate Trustee. Ms. Cochran said she received no objections regarding the nomination. The Trustees welcomed Mr. Goble to the meeting. Ms. Cochran confirmed that she instructed the broker to add Mr. Goble to the Fiduciary and Cyber Liability policies along with the Fidelity Bond.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on December 3, 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 December 3, 2019 are approved as presented.**

IV. FINANCIAL REPORT

A. Custodian Bank – PNC Bank, NA

Ms. Cochran reported that a copy of the PNC Summary of Activity report for the period January 1, 2019 through December 31, 2019 is contained in the meeting booklet.

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

1. Investment Performance

The Trustees welcomed Mr. Brian Hicks of IPS to the meeting.

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, 2019 to December 31, 2019 was 5.9%, gross of fees.

2. Asset Allocation

Mr. Hicks reviewed the Fund's asset allocation as of December 31, 2019: U.S. Equities 27.6%, U.S. Small/Mid Cap 10.4%, International Equities 10.1%, Fixed Income Core 1.1%, Fixed Income High Yield 7.1%, Real Estate 23.5%, Opportunistic Strategies 8.0%, Global Tactical Asset Allocation 5.2%, Private Equity 4.7% and cash 2.4%.

3. Quarterly Performance Report

Mr. Hicks presented the preliminary quarterly performance report for the period ended December 31, 2019. He noted the assets held by the investment managers on December 31, 2019 were as follows: Rothschild – LCV held $12,793,850; Hardman Johnston Global Advisors held $15,492,783; Northern Trust $16,485,884; Atlanta Capital held $16,803,197; Hardman Johnston International Equity held $8,666,898; Acadian held $7,642,255; C.S. McKee held $1,705,777; Penn Core held $11,544,450; PRISA III held $30,064,965; American Core Realty Fund held $8,141,471; Corbin ERISA Opportunity Fund held $13,001,382; BlackRock Financial Management held $8,419,310; Hamilton Lane $7,592,855; and the cash account held $3,816,216. Mr. Hicks reviewed the summary of investment results for the period ended December 31, 2019, including trailing quarter, trailing year-to-date, and trailing one, three and five-year periods.

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

V. ACTUARY REPORT

The Trustees welcomed Mr. Matt Deveney of Cheiron to the meeting. Mr. Deveney distributed his report titled "2019 Valuation Results."

Mr. Deveney reviewed the Valuation report and provided a historical review of the assets and liabilities, minimum funding, participant counts, and annual cash flows. He discussed the 2019 actuarial valuation results including a summary of key results and Plan year experience. Mr. Deveney said that the Plan is certified as being in critical and declining status for the 2020 Plan year.

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

VI. COUNSEL REPORT

Mr. Burton introduced his colleague, Mr. Jim Kimble. Mr. Burton announced that he will be retiring and that this will be his last meeting and that Mr. Kimble will be attending future meetings on behalf of Morgan Lewis. The Trustees expressed their sincere thanks and appreciation to Mr. Burton for serving as Fund Counsel.

A. Rehabilitation Plan

Mr. Burton distributed an updated draft Rehabilitation Plan for the Trustees to review.

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

RESOLVED to accept the updated Rehabilitation Plan presented by Fund Counsel.

B. **Investment Manager – JP Morgan**

Mr. Kimble reported that the documents relating to the new investment with JP Morgan are currently under review.

C. **The Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019**

Mr. Kimble reported on certain provisions of the SECURE Act, which was enacted at the end of 2019. Mr. Kimble advised that the SECURE Act allows the Trustees to amend the Plan to change the date by which benefit payments must commence under the Plan to the April 1 of the year following the year in which a participant attains age 72, for those participants who were not age 70 ½ as of December 31 2019. Participants who turned age 70 ½ prior to January 1, 2020 must still commence their pension by the April 1 of the year following the year in which the participant attained age 70 ½. He noted there was no action required by the Trustees at this time as additional guidance is pending from the Internal Revenue Service.

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

VII. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the fourth quarter 2019. Such report indicated contribution income of $999,017, miscellaneous income of $810, interest and dividend income of $403,788 and withdrawal liability payments of $165,919, producing a total income of $1,569,534. Expenses included $5,217,250 of pension benefit expense and $377,138 of operating expense, producing a total expense of $5,594,388 for the quarter. This resulted in a net deficit of $4,024,854 for the quarter. Ms. Cochran noted that contributions were made on behalf of 301 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 2019 report are approved for payment as presented.**

VIII. <u>INVOICES</u>

Ms. Cochran presented a list of invoices dated March 3, 2020. 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 3, 2020 are approved for payment as presented.**

IX. <u>OTHER FUND BUSINESS</u>

A. <u>Cyber Liability Policy</u>

Ms. Cochran reported that the Fund's current Cyber Liability Policy will expire March 12, 2020. The broker, NFP, is currently working on obtaining proposals to be presented to the Trustees.

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

RESOLVED to give authority to Chairman and Secretary to decide on a Cyber Liability Policy for the upcoming policy year.

B. <u>2020 Auditor Engagement Letter</u>

Ms. Cochran reported receipt of the 2020 Auditor Engagement Letter for the 2019 Plan year at an annual fee of $15,750. She said the letter reflects no increase in premium from the prior year.

C. <u>Trustee Expense Policy</u>

Ms. Cochran indicated that a request was received from Trustee Richardson regarding reimbursement for a reservation through an Airbnb instead of a hotel for the upcoming International Foundation Employees Benefit Plans conference. Fund Counsel noted the current Policy provides the Trustees with discretion to interpret the Policy to allow for reimbursement for Airbnb expenses properly incurred.

On MOTION made and seconded, the Trustees voted – with Trustee Richardson abstaining – approval of the following resolution:

RESOLVED that the Fund will reimburse the expenses of an Airbnb, provided the cost is within the standard price range of hotel accommodations for the specific conference in which the Trustee attended.

Fund counsel noted that because this was a matter of Trustee interpretation, no amendment to the existing Policy is necessary.

D. <u>Form 1099R</u>

Ms. Cochran reported the 1099R Forms were mailed on January 29, 2020.

E. <u>Ahold Withdrawal Liability Estimate Request</u>

Ms. Cochran reported a request for a withdrawal liability estimate from Ahold. She noted that the estimate was provided to Ahold on February 26, 2020.

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

After discussion, the Trustees selected June 18, 2020 as their next regular meeting date immediately following the companion Legal Fund meeting in Landover, Maryland.

XI. <u>ADJOURNMENT</u>

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

Respectfully submitted,

Michael Bull
Secretary