The Warehouse Employees Union Local No. 730
Pension Trust Fund

911 RIDGEBROOK ROAD
SPARKS, MARYLAND 21152-9451
TELEPHONE: (800) 730-2241
www.associated-admin.com

4301 GARDEN CITY DRIVE, SUITE 201
LANDOVER, MARYLAND 20785-2210
TELEPHONE: (301) 459-3020
(800) 730-2241
www.associated-admin.com

MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
WAREHOUSE EMPLOYEES UNION LOCAL NO. 730
PENSION TRUST FUND
APRIL 13, 2012
LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
R. Brooks – Chairman	M. Bull – Secretary
A. Smith	J. Navin
T. Richardson – Alternate	

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
M. DeLancey – Dickstein Shapiro, LLP
M. Herwig – PNC Bank, NA
A. Hogan – Associated Administrators, LLC
R. Sichel – Investment Performance Services, LLC
R. Tierney – Associated Administrators, 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 15, 2011.

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 15, 2011 were approved as presented.

III. FINANCIAL REPORT

The Trustees welcomed Mr. Michael Herwig of PNC Bank, NA and Mr. Rich Sichel of Investment Performance Services (IPS) to the meeting.

A. Custodian Bank – PNC Bank, NA

Mr. Herwig distributed copies of the Summary of Activity report for the period January 1, 2011 through December 31, 2011. Such report indicated a beginning market value of $153,196,510, receipts of $6,020,782, gains of $2,748,740, and disbursements of $15,946,901, producing an ending market value of $146,019,131.

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

B. 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, 2011 to December 31, 2011 was 2.5%, gross of fees.

b. Asset Allocation

Mr. Sichel reviewed the Fund's asset allocation as of December 31, 2011: U.S. Equities 39.0%, International Equities 9.6%, Fixed Income Core 10.1%, Fixed Income High Yield 8.1%, Real Estate 14.5%, Hedge Fund of Funds (HFOF) 8.5%, Global Tactical Asset Allocation (GTAA) 9.4%, and cash 0.6%. He noted that all allocations were within the targeted range.

Mr. Sichel reviewed Asset Allocation and Fund Structure, as contained in his report. He discussed IPS' 10-year investment expectations by asset class and three possible modifications to the Fund's current asset allocation, with modifications to the percentage allocations to international stocks, high yield bonds, real estate, and hedge fund of funds, along with the expected return and risk.

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

> **RESOLVED to modify the Asset Allocation, in accordance with the investment consultant's recommendation as follows: 30% Large Cap, 10% SMID cap, 7.5% international stocks, 10% core bonds, 10% high yield bonds, 15% real estate, 7.5% hedge fund of funds, and 10% GTAA.**
>
> **AND, RESOLVED to rebalance in accordance with the new asset allocation by transferring $500,000 from Johnston Asset Management and $500,000 from Acadian to Penn Capital.**

Mr. Sichel said he would prepare an addendum to the Investment Policy Statement reflecting the new asset allocation.

c. <u>Investment Manager – Performance Review</u>

Mr. Sichel presented the individual investment manager performance reviews. This section of the report also identifies investments and situations that do not comply with the specific parameters of the Fund's Investment Policy Statement.

i. <u>Westfield Capital Management (Westfield) – Large Cap Growth</u>

Mr. Sichel presented the Westfield manager addendum to the Investment Policy Statement to allow 6% of an individual security measured at market value, which was approved at the December 2011 meeting, and reviewed by Fund Co-Counsel.

The Chairman and Secretary executed the addendum on behalf of the Board of Trustees.

ii. PRISA III – Real Estate

Mr. Sichel noted that the PRISA III Fund will be re-opening for current clients to make additional investments. He said IPS may recommend an additional investment later in 2012 as a part of the asset allocation review.

iii. Meridian – Hedge Fund of Funds

Mr. Sichel reported that the Meridian Diversified ERISA portfolio was fully redeemed with the final installment of $8,405 in March 2012. However, there remains $697,418 in the Meridian Special Investments SPD, Ltd, which consists of assets Meridian deemed illiquid from the Diversified Fund and $53,906 in the Meridian Segregated Portfolio, the special purpose vehicle established to pay legal expenses for a lawsuit against Tremont and other parties associated with the Madoff investment.

2. Quarterly Performance Report

Mr. Sichel presented the quarterly performance report for the period ended December 31, 2011. He noted the assets held by the investment managers on December 31, 2011 were as follows: Rothschild – LCV held $12,258,616, Westfield Capital Management held $12,325,388, Johnston Asset Management held $14,786,530, Atlanta Capital held $17,628,601, Johnston International Equity held $6,905,503, Acadian held $7,168,766, C.S. McKee held $14,820,651, Penn Capital held $11,886,818, PRISA III held $12,294,425, Multi-Employer Property Trust held $8,902,550, Mesirow Advanced Strategies held $10,725,090, Meridian Diversified ERISA Fund held $695,158, Meridian Special Investments held $697,418, Ivy Clarus Associates II held $292,267, BlackRock Financial

Management held $13,700,543, the cash account held $876,901 and the Meridian Segregated portfolio held $53,906. Mr. Sichel reviewed the summary of investment results for the period ended December 31, 2011, 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.

IV. ACTUARY REPORT

A. PPA Zone Certification

Mr. Tierney reported receipt of the PPA Zone Certification from Cheiron on March 30, 2012. The Funds' status was certified as "critical." He said PPA Zone Certification Notices would be mailed by the April 30, 2012 deadline.

B. Rehabilitation Plan

Mr. Tierney reported that the appointed subcommittee of Trustees Brooks and Paradis had meet via conference call with Mr. Hardcastle twice since the last meeting to review possible modifications to the Rehabilitation Plan for consideration by the Board. The subcommittee is waiting for Cheiron to finish work on the Actuarial Valuation as of January 1, 2012 before finalizing any recommendations. They expect to report any recommendations at the next regular Board meeting.

V. COUNSEL REPORT

A. Payroll Audit Policy

Mr. DeLancey reported that the Fund's new payroll auditor had raised a question regarding the application of interest on payroll audit findings. He said that the payroll audit policy only allows the assignment of interest and damages if the Employer does not pay the amount due within 10 days of notification, when the matter is referred to Fund Counsel. He asked the Trustees if this properly reflects how they want the policy administered. The Trustees discussed the matter and asked that Fund Counsel talk to the Payroll Auditor and determine how other Funds handle this and report back to the Board.

B. 408(b)(2) – Fee Disclosure Requirements

Mr. DeLancey reviewed the Department of Labor ("DOL") Final Rule under ERISA Section 408(b)(2) governing reasonable contracts or arrangements for Pension Plans. He informed the Trustees that on February 3, 2012, the DOL published its Final Rule addressing disclosures that must be made by those providing services to pension plans under Section 408(b)(2) of ERISA. He explained that under these new regulations, the Trustees must receive disclosures from fiduciary, investment advisory, recordkeeping or brokerage service providers regarding their fee and compensation arrangements by no later than July 1, 2012. He said that disclosures must also be made by any other service providers that receive indirect compensation in excess of $250.

Under the Final Rule, there is a continuing obligation on the part of service providers to supplement their responses by providing the Trustees with any new or changed information, or to correct any errors in information previously provided. There is also an obligation for service providers retained or renewing their contracts after July 1, 2012, to make full disclosure as required by the Final Rule, before a contract is signed.

Mr. DeLancey advised the Trustees that Counsel would recommend that they request each of the Plan's service providers to verify whether the provider is a "Covered Service Provider" (i.e., a service provider required to furnish this information), and if so, to provide the required information no later than July 1, 2012. He said this will protect the Trustees from claims that they engaged in a prohibited transaction or entered into a contract or arrangement with a provider that was not reasonable under ERISA because full disclosure of the fees and conditions of the arrangement was not made in accordance with the

Final Rule. Mr. DeLancey noted that Co-Counsel had reviewed a sample request letter, as drafted by the Fund Office. Mr. Tierney said the fee disclosure request letters were mailed on March 30, 2012.

C. Plan Determination Update

Mr. Burton provided an update concerning the Plan Determination letter submitted to the Internal Revenue Service (IRS) on January 29, 2010. Mr. Burton stated the language is still under review at the IRS national office.

Mr. DeLancey and Mr. Burton said there were no other legal matters pending before the Committee Members at this time.

VI. ADMINISTRATIVE MANAGER REPORT

Mr. Tierney presented the Administrative Manager Report for the fourth quarter 2011. Such report indicated contribution income of $1,514,657, miscellaneous income of $145,481, and interest and dividend income of $632,334, producing a total income of $2,292,472. Expenses included $4,342,990 of pension benefit expense and $258,724 of operating expense, producing a total expense of $4,601,714 for the quarter. This resulted in a net deficit of $2,309,242 for the quarter. Mr. Tierney noted that contributions were made on behalf of 763 active plan participants.

He noted there were no contribution delinquencies to report. Finally, he reviewed the pension applications which required 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 2011 report were approved for payment.

VII. INVOICES

Mr. Tierney presented a list of invoices dated April 13, 2012. He 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 list of invoices dated April 13, 2012 was approved for payment as presented.**

VIII. PARTICIPANT APPEALS

Appeal Number	*Issue*	*Board Decision*
P11/159-2873	***Pension Eligibility***	***Tabled***
P11/160-5195	***Pension Eligibility***	***Tabled***

IX. OTHER FUND BUSINESS

A. Payroll Audit Status Report

Mr. Tierney reviewed the Auditor's payroll audit status report, as of April 10, 2012, as contained in the meeting booklet.

Mr. Tierney reported Giant Warehouse, Giant Recycling, and Washington Food were scheduled for payroll audits in 2012.

Trustee Brooks raised concern about the timing of Giant's initial contributions for employees that moved from Vacation Relief to Regular status, specifically as to whether or not the employer was incorrectly applying a probationary period before starting contributions. He requested that the payroll auditor look at this specific issue as a part of the upcoming payroll audit. Mr. Tierney said he would make the payroll auditor aware of the concern.

Mr. Tierney reported that Fund Co-Counsel had reviewed the proposed engagement letter with the Payroll Auditor and found it acceptable. The Chairman and Secretary executed the engagement letter on behalf of the Board of Trustees.

B. **McKessson Effects Bargaining and Closure**

Mr. Tierney reported the interim action of the Board of Trustees to approve the Effects Bargaining Agreement between McKesson and the Union which provides additional payments to the pension plan for employees taking the severance package. Approval was given via electronic poll.

Trustee Brooks informed the Trustees that McKesson was closing their warehouse and transferring operations to Richmond, Virginia. He said about 30 of the current workers transferred to the Richmond location. The Union has a provision in the Collective Bargaining Agreement that may allow for union certification at the new location, based upon the Union getting at least 50% of the recognition cards signed by the employees at the new location. The Union will keep the Trustees informed of its progress.

Mr. Tierney noted that McKesson had requested and paid for a withdrawal liability estimate. Cherion reported the estimate to be $4.3 million.

C. **Washington D.C. Tax Withholdings**

Mr. Tierney reported on recent emergency legislation in the District of Columbia regarding tax withholdings for pension payments. He noted that the initial legislation was modified a short time later and the withholding rules now only apply to lump sum payments.

D. **Form SSA – 2009 and 2010**

Mr. Tierney reported that the Form SSA for the 2009 and 2010 plan years was filed by Salter and Company. The Trustees approved by electronic poll payment of $250 to Salter and Company for the service.

E. PBGC Form 1-ES

Mr. Tierney said the PBGC Form 1-ES, the estimated flat rate premium payment for 2012 in the amount of $20,304, was submitted in a timely manner.

F. Securian Annuity Report

Mr. Tierney noted the receipt of the annual annuity report from Securian. He said only one retiree continues to receive annuity payments in 2012. There was no dividend earning during the past contract year.

G. Reduction in Benefits Notice – McKesson and Washington Food

Mr. Tierney reported that the Reduction in Benefits Notice required after the adoption of the Rehabilitation Plan by McKesson and Washington Food were mailed to participants in a timely manner.

H. Annual Pension Statements

Mr. Tierney said that the Fund Office was working on the annual pension statements but encountered a problem caused by the implementation of the Rehabilitation Plan (RP). He said the RP requires a reduction in accruals after adoption from 4.17% to 2.0%. In order for this to be properly reflected in the annual pension statements the computer programming would have to be modified by the vendor. He estimated the work would take three to four weeks at a cost of $4,000 for the employers that have adopted the Rehabilitation Plan. When Adams Burch adopts the Rehabilitation Plan in 2013, the program will again require modification.

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

RESOLVED to approve payment for the required programming to modify the annual pension statements to properly reflect the provisions of the Rehabilitation Plan.

I. Commission Recapture Program

Mr. Tierney reported receipt of $3,274 from ConvergEx Execution Solutions for the fourth quarter 2011 commission recapture rebate.

J. Trustee Conference Expenses 2011

Mr. Tierney reported that there were no trustee conference expenses in 2011.

K. *For Your Benefit* Newsletter

Mr. Tierney reported that the January 2012 For *Your Benefit* newsletter was mailed to participants.

L. 1099 MISC and 1099R's

Mr. Tierney reported 1099 MISC and 1099R's were mailed in a timely manner to the appropriate parties.

X. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected June 8, 2012 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