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 JUNE 8, 2018 LANDOVER, MARYLAND

The following Trustees were present:

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

EMPLOYER TRUSTEES
L. Johnson
J. Paradis
B. Pounds – Alternate

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
D. Dubbs – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
T. Geiman – Novak Francella LLC
M. Pascal - Novak Francella LLC
R. Sichel – Investment Performance Services, LLC

I. CALL TO ORDER

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

Ms. Cochran said that Trustee Bull was not able to attend the meeting and granted his proxy to Trustee Paradis.

II. TRUSTEE RESIGNATION/APPOINTMENT

Ms. Cochran reported that a letter was received from Eight O'Clock Coffee, a participating employer, rescinding the request to replace Employer Trustee Lynell Johnson. Ms. Johnson will remain an Employer Trustee.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on March 5, 2018.

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 March 5, 2018 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

1. Summary of Activity Report

Ms. Cochran stated that a copy of the PNC Summary of Activity report for the period January 1, 2018 through March 31, 2018 was contained in the meeting booklet.

2. Fees

Ms. Cochran reviewed a letter received from PNC Bank notifying the Trustees of Treasury Management fee increases related to the operating account. The letter noted that the reason for the fee increase was due to investing in new technology and innovative cash management tools. PNC Bank prepared a comparison of average pricing for 2017 pricing calculated on the services used and related transaction volumes for the month of February 2018. The average fee in 2017 was $24.74 per month and the February 2018 fee, which includes the fee increase, would have been $60.35. The estimated impact would be $35.61 per month. The Trustees directed the Administrative Manager to invite PNC to attend the next meeting to discuss the proposed fees.

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, 2018 to March 31, 2018 was 1.0%, gross of fees.

b. Asset Allocation

Mr. Sichel reviewed the Fund's asset allocation as of March 31, 2018: U.S. Equities 26.8%, U.S. Small/Mid Cap 10.1%, International Equities 10.8%, Fixed Income Core 3.0%, Fixed Income High Yield 7.0%, Real Estate 25.9%, Hedge Fund of Funds 2.4%, Opportunistic Investments 5.3%, Global Tactical Asset Allocation 6.3%, Private Equity 1.7% and cash 0.6%.

2. **Quarterly Performance Report**

Mr. Sichel presented the preliminary quarterly performance report for the period ended March 31, 2018. He noted the assets held by the investment managers on March 31, 2018 were as follows: Rothschild – LCV held $13,744,903; Hardman Johnston Asset Management held $15,267,386; Northern Trust $14,845,292; Atlanta Capital held $16,499,149; Hardman Johnston International Equity held $8,138,691; Acadian held $9,522,350; C.S. McKee held $4,895,055; Penn Core held $11,519,514; PRISA III held $29,945,834; American Core Realty Fund held $12,410,013; Mesirow Institutional Multi-Strategy Fund, L.P. held $3,805,365; Corbin ERISA Opportunity Fund held $8,651,297; BlackRock Financial Management held $10,345,012; Hamilton Lane $2,855,687; MDF Special Investments SPC, Ltd. held $101,069; and the cash account held $933,186. Mr. Sichel reviewed the summary of investment results for the period ended March 31, 2018, 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. AUDITOR REPORT

The Trustees welcomed Mr. Tyler Geiman and Ms. Marcella Pascal of Novak Francella LLC to the meeting.

Mr. Geiman reviewed the draft Financial Statements for the year ended December 31, 2017. He said this audit reflects an unmodified opinion, in all material respects, of the financial status of the Fund. He noted that total additions for the year ended December 31, 2017 were $27,826,062 and total deductions were $18,798,344, resulting in a net increase of Net Assets Available for Benefits of $9,027,718. As of December 31, 2017 net assets available for benefits were $173,281,645. Mr. Geiman also reviewed the notes to the financial statements, the schedule of administrative expenses, the schedule of employer contributions, and the schedule of assets held for investment purposes.

Mr. Geiman requested an extension to file the Form 5500 for the 2017 Plan year. He said an extension was needed due to the timing of the investment manager's K-1 statements that are not available until September, which is after the July 31, 2018 filing deadline.

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

> **RESOLVED to approve the auditor to request an extension to file the Fund's Form 5500 for the 2017 Plan Year.**

The Trustees thanked Mr. Geiman and Ms. Pascal for their report and they were excused from the meeting.

VI. COUNSEL REPORT

Mr. Burton excused himself from the meeting because his firm represents Trimark, affiliated with Adams-Burch, LLC, in other legal matters.

Mr. DeLancey said that during recent negotiations between Adams-Burch, LLC and the Teamsters Warehouse Local 730 Union, a Settlement Agreement and General Release was drafted that ends the employer's obligation to contribute to the Fund, resulting in a complete withdrawal from the Fund. He noted the Agreement calls for a complete release, which would not allow the Fund to recalculate the employer's withdrawal liability obligation under any circumstances. Mr. DeLancey said that the Agreement calls for the employer to make a lump sum payment of $1,700,000 to satisfy its unfunded vested benefits obligation. The Actuary calculated the employer's 2017 estimated unfunded vested benefits obligation as $1,973,246. It was noted that accepting a lump sum payment of $1,700,000 in lieu of a 20-year quarterly payment schedule was of greater value to the Fund.

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

> **RESOLVED to give the bargaining parties authority to approve the Settlement Agreement and General Release between the Trustees of the Warehouse Employees Union Local No. 730 Pension Trust Fund and Adams-Burch, LLC to include a lump sum payment of $1,700,000 to satisfy its withdrawal liability obligation to the Fund.**

Mr. Burton returned to the meeting.

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

VII. ADMINISTRATIVE MANAGER REPORT

Ms. Cochran presented the Administrative Manager Report for the first quarter 2018. Such report indicated contribution income of $916,542, miscellaneous income of $5,408, interest and dividend income of $554,845 and withdrawal liability payments of $165,919, producing a total income of $1,642,714. Expenses included $4,729,886 of pension benefit expense and $246,224 of operating expense, producing a total expense of $4,976,110 for the quarter. This resulted in a net deficit of $3,333,396 for the quarter. Ms. Cochran noted that contributions were made on behalf of 374 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 first quarter 2018 report are approved for payment as presented.**

VIII. INVOICES

Ms. Cochran presented a list of invoices dated June 8, 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 invoices on the list dated June 8, 2018 are approved for payment as presented.**

IX. OTHER FUND BUSINESS

A. Trustee Expense Report

Ms. Cochran reviewed the 2017 Trustee Expense Report, a copy of which is contained in the meeting booklet.

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

RESOLVED that the 2017 Trustee Expense Report is approved as presented.

B. **Memorandum of Agreement (MOA) – Giant Recycling**

Ms. Cochran reported the receipt of a newly negotiated MOA between the Union and Giant Recycling for the period June 24, 2018 through June 25, 2022. The MOA states the employer agrees to increase funding by adopting the Fund's Preferred Rehabilitation Plan.

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 Recycling and the Union for the period June 24, 2018 through June 25, 2022, in which the Employer adopted the contribution rates for the Preferred Rehabilitation Plan.

C. **Notice of Critical and Declining Status and Annual Funding Notice**

Ms. Cochran reported that copies of the Notice of Critical and Declining Status for the Plan Year beginning January 1, 2018 and Annual Funding Notice for the Plan Year beginning January 1, 2017 were mailed to Plan participants and participating employers on April 30, 2018.

D. **Employer Contribution Rate Letters**

Ms. Cochran said a contribution rate increase letter was mailed to Eight O'Clock Coffee for rate changes effective July 1, 2018.

X. **NEXT MEETING DATE AND LOCATION**

After discussion, the Trustees selected September 14, 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,

Tyrone Richardson
Chairman