Warehouse Employees Union Local No. 730
Pension Trust Fund

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (800) 730-2241
www.associated-admin.com

8400 Corporate Drive, Suite 430
Landover, Maryland 20785-6102
Telephone: (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 JUNE 28, 2017 LANDOVER, MARYLAND

The following Trustees were present:

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

EMPLOYER TRUSTEES
M. Bull – Secretary
L. Johnson
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
B. Hicks – 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 March 27, 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 March 27, 2017 are approved as presented.**

III. FINANCIAL REPORT

The Trustees welcomed Mr. Brian Hicks 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, 2017 through March 31, 2017 was contained in the meeting booklet.

A. Investment Consultant – Investment Performance Services, LLC

1. Master Consulting Report

a. Investment Performance

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, 2017 to March 31, 2017 was 4.8%, gross of fees.

b. Asset Allocation

Mr. Hicks reviewed the Fund's asset allocation as of March 31, 2017: U.S. Equities 35.5%, International Equities 9.0%, Fixed Income Core 3.0%, Fixed Income High Yield 7.4%, Real Estate

25.7%, Hedge Fund of Funds (HFOF) 7.4%, Global Tactical Asset Allocation (GTAA) 5.9%, and cash 6.0%. He noted that all allocations are within the targeted range.

2. **Quarterly Performance Report**

Mr. Hicks presented the preliminary quarterly performance report for the period ended March 31, 2017. He noted the assets held by the investment managers on December 31, 2016 were as follows: Rothschild – LCV held $12,532,383; Westfield Capital Management held $13,482,617; Johnston Asset Management held $15,460,536; Atlanta Capital held $15,221,390; Johnston International Equity held $6,575,029; Acadian held $7,859,572; C.S. McKee held $4,780,167; Penn Core held $11,802,374; PRISA III held $28,974,548; American Core Realty Fund held $12,187,697; Mesirow Institutional Multi-Strategy Fund, L.P. held $11,694,506; Meridian Special Investments held $201,336; BlackRock Financial Management held $9,468,695, and the cash account held $9,644,297. Mr. Hicks reviewed the summary of investment results for the period ended March 31, 2017, 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.

IV. 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, 2016. 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, 2016 were $15,375,769 and total deductions were $17,664,244, resulting in a net decrease of Net Assets Available for Benefits of $2,288,475. As of December 31, 2016 net assets available for benefits were $164,336,509. 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 2016 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, 2017 filing deadline.

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

> **RESOLVED to approve the auditor's request to file an extension for the Form 5500 on behalf of the Fund for the 2016 Plan Year.**

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

V. <u>COUNSEL REPORT</u>

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 first quarter 2017. Such report indicated contribution income of $846,709, miscellaneous income of $2,497, interest and dividend income of $633,046 and withdrawal liability payments of $165,919, producing a total income of $1,648,171. Expenses included $4,493,951 of pension benefit expense and $472,687 of operating expense, producing a total expense of $4,966,638 for the quarter. This resulted in a net deficit of $3,318,467 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 first quarter 2017 report are approved for payment as presented.**

VII. INVOICES

Ms. Cochran presented a list of invoices dated June 28, 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 June 28, 2017 are approved for payment as presented.**

VIII. OTHER FUND BUSINESS

A. Fiduciary Liability Insurance Renewal and Waiver of Recourse Premiums

Ms. Cochran referred to the proposal contained in the meeting booklet regarding the renewal of the Fiduciary Liability policy, through the broker Union Insurance Group. She said there were two proposals, one from Ullico/Merkel (Ullico) and from the current carrier, Chubb. Ms. Cochran said the annual premium for Ullico is $34,694.00 and for Chubb is $34,741.00. She said that Union Insurance Group stated both carriers are excellent options and that the coverages are comparable.

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

> **RESOLVED to approve the Fiduciary Liability Policy with Ullico for the period July 26, 2017 through July 26, 2018 with an annual premium of $10,968.00.**

Ms. Cochran advised the Trustees that letters regarding their required payment of the Waiver of Recourse premium of $25 would be mailed.

B. Fee Request

Ms. Cochran reviewed Cheiron's 2017 fee request letter as contained in the meeting booklet. She said Cheiron is requesting 1.5% an increase for retainer services over the prior year.

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

> **RESOLVED to approve the 2017 retainer agreement with Cheiron at an annual fee of $18,912.00, with approved non-retainer services to be charged at their hourly rates, which range from $96 to $485 per hour.**

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, 2017 and Annual Funding Notice for the Plan Year beginning January 1, 2016 were mailed to Plan participants and participating employers on April 28, 2017.

D. **Eight O'Clock Coffee Withdrawal Liability Estimate Request**

Ms. Cochran reported a request for a withdrawal liability estimate from Eight O'Clock Coffee. She noted that the required fee for the actuarial calculation of the estimate was paid and the estimate was provided to the employer's consultant on May 25, 2017.

E. **Pension Statements**

Ms. Cochran reported that the 2015 Annual Pension Statements were mailed to Plan participants on June 24, 2017.

F. **Employer Contribution Rate Letters**

Ms. Cochran said contribution rate increase letters were mailed to Adams Burch and Eight O'Clock Coffee on May 30, 2017 for rate changes effective July 1, 2017.

G. **Cyber Liability Policy**

Ms. Cochran said that updated applications were submitted to the broker on June 20, 2017. She said proposals had not yet been received.

H. *For Your Benefit* Newsletter

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

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected September 29, 2017 as their next regular meeting date immediately following the companion Legal Fund meeting in Landover, Maryland.

X. ADJOURNMENT

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

Respectfully submitted,

Michael Bull
Secretary