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 SEPTEMBER 14, 2018 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
T. Richardson – Chairman	M. Bull – Secretary
R. Brooks	L. Johnson
R. Johnson	J. Paradis
A. Smith – Alternate	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
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 June 8, 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 June 8, 2018 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 noted a copy of the PNC Summary of Activity report for the period January 1, 2018 through June 30, 2018 as contained in the meeting booklet.

B. PNC Bank Letter

Ms. Cochran reviewed a revised letter contained in the meeting booklet from PNC Bank regarding the Treasury Management fee increases related to the operating account. The revised letter provided a detailed outline of the banking services and fees provided by PNC. Ms. Cochran noted that PNC was invited to attend the meeting, however, due to a scheduling conflict PNC was unable to attend. The Trustees directed the Administrative Manager to invite PNC to attend the next meeting to discuss the proposed fees.

C. Master Consulting Report

1. **<u>Investment Performance</u>**

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 June 30, 2018 was 2.9%, gross of fees.

2. **<u>Asset Allocation</u>**

Mr. Sichel reviewed the Fund's asset allocation as of June 30, 2018: U.S. Equities 26.5%, U.S. Small/Mid Cap 10.1%, International Equities 10.7%, Fixed Income Core 2.5%, Fixed Income High Yield 7.0%, Real Estate 26.4%, Hedge Fund of Funds 2.4%, Opportunistic Investments 5.4%, Global Tactical Asset Allocation 5.7%, Private Equity 2.5% and cash 0.8%.

i. **<u>Hamilton Lane</u>**

Mr. Sichel noted that the Trustees had committed $10 million to the private equity investment manager Hamilton Lane and that $6.1 million still remains to be called. He recommended that the Trustees fund the next $1 million capital call from Black Rock, but advised that the proceeds for future capital calls should come from Hedge Fund of Funds manager, Mesirow Institutional Multi-Strategy Fund, L.P.

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

RESOLVED to approve the recommendation of IPS to fund Hamilton Lane with $1 million from Black Rock and to fund the remaining capital calls from Mesirow.

ii. PRISA III Fund LP (PRISA III)

Mr. Sichel noted that the current allocation is within the targeted range of the Investment Policy, however IPS recommends that future gains received from the manager be distributed to Rothschild Asset Management – LCV (Rothschild) and Hardman Johnston Asset Management (Hardman Johnston) – LCC to keep the real estate allocation within the targeted range.

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

> **RESOLVED to approve the recommendation of IPS to distribute the future gains earned from PRISA III to Rothschild and Hardman Johnston to keep the Real Estate asset allocation within the targeted policy range.**

D. Quarterly Performance Report

Mr. Sichel presented the preliminary quarterly performance report for the period ended June 30, 2018. He noted the assets held by the investment managers on June 30, 2018 were as follows: : Rothschild – LCV held $12,919,076; Hardman Johnston Asset Management held $15,110,080; Northern Trust $14,928,693; Atlanta Capital held $16,361,576; Hardman Johnston International Equity held $8,104,241; Acadian held $9,232,035; C.S. McKee held $4,118,793; Penn Core held $11,412,228; PRISA III held $30,338,866; American Core Realty Fund held $12,483,215; Mesirow Institutional Multi-Strategy Fund, L.P. held $3,812,567; Corbin ERISA Opportunity Fund held $8,813,423; BlackRock Financial Management held $9,279,412; Hamilton Lane $4,011,547; MDF Special

Investments SPC, Ltd. held $99,713; and the cash account held $1,283,002. Mr. Sichel reviewed the summary of investment results for the period ended June 30, 2018, including trailing quarter, trailing year-to-date, and trailing one, three and five-year periods.

E. **PNC Fees – Custodian Accounts**

Mr. Sichel said that IPS reviewed the fees associated with the PNC custodian accounts. He reiterated that these accounts are separate from the operating accounts and fees discussed earlier in the meeting. After a negotiation with PNC, the fees associated with the custodian accounts were revised, resulting in a savings of approximately $10,000. Mr. Sichel noted that the savings applies to all custodian accounts associated with the Warehouse Local 730 Funds. He said the revised PNC fees are effective October 1, 2018 but that IPS requested a retroactive effective date of July 1, 2017.

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

> **RESOLVED that the revised fees associated with the PNC custodian accounts are approved effective October 1, 2018 pending the discussion of a retroactive July 1, 2018 effective date.**

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 said that the 2018 Valuation is in process. He also noted that the lump sum withdrawal liability payment from Adams Burch slightly postponed insolvency.

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

V. COUNSEL REPORT

Mr. DeLancey noted a presentation titled, "Portfolio Monitoring & Loss Recovery Services, Levi & Korsinsky LLP" as contained in the meeting booklet. He said this firm monitors pension fund portfolios for potential securities class action recoveries. Mr. DeLancey said that the firm is requesting an opportunity to represent the Fund if it wants to appoint counsel in such a case. Mr. Sichel was requested by the Trustees to join the meeting for this discussion. Mr. Sichel noted that it is unlikely the Fund will encounter this type of situation, noting that if it did occur, IPS has procedures in place to monitor class action recoveries.

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

RESOLVED to decline the proposal of Levi & Korsinsky LLP.

VI. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the second quarter 2018. Such report indicated contribution income of $951,332, miscellaneous income of $2,278, interest and dividend income of $312,037 and withdrawal liability payments of $165,919, producing a total income of $1,431,566. Expenses included $4,883,926 of pension benefit expense and $276,893 of operating expense, producing a total expense of $5,160,819 for the quarter. This resulted in a net deficit of $3,729,253 for the quarter.

Ms. Cochran noted that contributions were made on behalf of 364 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 second quarter 2018 report are approved for payment as presented.**

VII. INVOICES

Ms. Cochran presented a list of invoices dated September 14, 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 the invoices on the list dated September 14, 2018 are approved for payment as presented.**

VIII. OTHER FUND BUSINESS

A. 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 on July 26, 2018.

B. **2018 Retiree Information Form (RIF)**

Ms. Cochran reported that the second request for RIF responses was mailed to 244 retirees on August 13, 2018.

C. **Interim Action – Fiduciary Liability Insurance Renewal**

Ms. Cochran noted interim action regarding the renewal of the Fiduciary Liability policy for the period July 26, 2018 through July 26, 2019 with Markel, through the broker NFP Property & Casualty Service, Inc. She said that the annual premium decreased by $428.00. She said the renewal was approved by the Trustees in an electronic poll conducted in July 2018.

D. **Adams Burch – Withdrawal Liability Payment**

Ms. Cochran said that the lump sum payment of $1.7 million to satisfy the employer's unfunded vested benefits obligation was received on July 27, 2018 in accordance with the Settlement Agreement and General Release.

E. ***For Your Benefit* Newsletter**

Ms. Cochran stated that the Fund Office mailed the September 2018 *For Your Benefit* newsletter to Plan participants.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected December 20, 2018 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