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
DECEMBER 14, 2016
LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
T. Richardson – Chairman	M. Bull – Secretary
R. Brooks	J. Paradis
R. Johnson	L. Johnson
A. Smith – Alternate	B. Pounds – Alternate

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
L. DuVall – Associated Administrators, LLC
R. Sichel – Investment Performance Services, LLC

I. CALL TO ORDER

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

II. TRUSTEE APPOINTMENT

Ms. Cochran reported that a letter was sent to participating employers on November 11, 2016 regarding the nomination of Billye Pounds as an alternate Employer Trustee. Ms. Cochran said no responses were received to the nomination.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on October 6, 2016.

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 October 6, 2016 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

Ms. Cochran said a copy of the PNC Summary of Activity report for the period January 1, 2016 through September 30, 2016 is contained in the meeting booklet.

B. Master Consulting Report

1. 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, 2016 to September 30, 2016 was 7.2% gross of fees.

2. Asset Allocation

Mr. Sichel reviewed the Fund's asset allocation as of September 30, 2016: U.S. Equities 26.4%, U.S. Small/Mid Cap 9.6% International Equities 8.6%, Fixed Income Core 3.9%, Fixed Income High Yield 7.4%, Real Estate 26.0%, Hedge Fund of Funds 7.4%, Global Tactical Asset Allocation 10.5%, and cash 0.3%.

C. Quarterly Performance Report

Mr. Sichel presented the preliminary quarterly performance report for the period ended September 30, 2016. He noted the assets held by the investment managers on September 30, 2016 were as follows: Rothschild – LCV held \$12,673,055; Westfield Capital Management held \$13,420,856; Johnston Asset Management held \$15,751,836; Atlanta Capital held \$15,208,458; Johnston International Equity held \$6,185,778; Acadian held \$7,437,186; C.S. McKee held \$6,154,424; Penn Core held \$11,759,731; PRISA III held \$28,911,454; American Core Realty Fund held \$12,278,937; Mesirow Institutional Multi-Strategy Fund, L.P. held \$11,485,107; MDF Special Investments SPC, Ltd. held \$191,222; BlackRock Financial Management held \$16,645,302; and the cash account held \$538,391. Mr. Sichel reviewed the summary of investment results for the period ended September 30, 2016, including trailing quarter, trailing year-to-date, and trailing one, three and five-year periods.

D. Investment Manager Presentations

At the October 6, 2016 Board of Trustees meeting, the Trustees discussed eliminating the Global Tactical and Hedge Fund of Funds asset allocations. Mr. Sichel gave an overview of the three investment managers that would be presenting at this meeting.

1. **<u>Corbin Capital Partners, L.P. – Opportunistic Investing</u>**

The Trustees welcomed Ms. Gwen Gold and Mr. John Cocke of Corbin Capital Partners, L.P. to the meeting. They distributed copies of their presentation materials. Mr. Cocke provided an organizational review of the firm and examples of credit investments. Ms. Gold discussed the fee options, 1) a flat management fee of 125 bps, 2) a management and incentive fee which is 85% management, 5% incentive, subject to a 5% hurdle which is charged on all net profits once the 5% hurdle is reached, and 3) founders class fee which is 75 basis points with a two year soft lock for clients indicating an investment by December 31, 2016 and funding by April 1, 2017.

The Trustees thanked Ms. Gold and Mr. Cocke for their presentation and they were excused from the meeting.

2. **<u>Grosvenor Capital Management – Opportunistic Investing</u>**

The Trustees welcomed Mr. Edward Patchett and Mr. Thomas Rowland to the meeting. They distributed copies of their presentation materials. Mr. Patchett provided an organizational review of the firm and reviewed a list of representative clients. He also discussed illustrative trade examples and the firm's strategic approach of investing in areas where banks may not be investing. Mr. Rowland discussed the management fee schedule, based on the amount contributed. He said the fee for assets below $25 million is 80 basis points.

The Trustees thanked Mr. Patchett and Mr. Rowland for their presentation and they were excused from the meeting.

3. **<u>Hamilton Lane Advisors, LLC – Private Equity</u>**

The Trustees welcomed Mr. Steven Lane of Hamilton Lane Advisors, LLC to the meeting. He distributed copies of his presentation materials. Mr. Lane provided an organizational review of the firm and discussed the private equity class asset allocation. He discussed the private equity process noting the capital commitment, investment period and harvesting period. Mr. Lane said the largest capital call would be approximately two to three million dollars. Mr. Lane concluded his presentation, stating private equity would allow the Fund access to a private, less efficient market, exposure to efficiently structured companies with strong corporate governance, and long-term historical out-performance versus the public markets.

The Trustees thanked Mr. Lane for his presentation and he was excused from the meeting.

4. Trustees Discussion

The Trustees discussed the presentations and Mr. Sichel reviewed the current investment policy targets in accordance with the Fund's Investment Policy Statement. Mr. Sichel reviewed several scenarios modifying the policy targets to include allocations for opportunistic and private equity investments. He said IPS' recommendation is Scenario 1-C which does not eliminate any current investment managers, but reallocates the targets to include both the opportunistic and private equity allocations.

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

> **RESOLVED to approve the recommendation of IPS to adopt Scenario 1-C, adding opportunistic and private equity to the asset allocations and amending the investment policy statement.**

V. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the third quarter 2016. Such report indicated contribution income of $936,418, miscellaneous income of $2,370, interest and dividend income of $648,466 and withdrawal liability payments of $165,919, producing a total income of $1,753,173. Expenses included $4,371,690 of pension benefit expense and $289,248 of operating expense, producing a total expense of $4,660,938 for the quarter. This resulted in a net deficit of $2,907,765 for the quarter. Ms. Cochran noted that contributions were made on behalf of 390 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 third quarter 2016 report are approved for payment as presented.**

VI. INVOICES

Ms. Cochran presented a list of invoices dated December 14, 2016. 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 December 14, 2016 are approved for payment as presented.

VII. OTHER FUND BUSINESS

A. Payroll Audit Status Report – Giant Recycling and Warehouse

Ms. Cochran reported that the auditor had found certain hours had been truncated during the payroll audit performed for the period January 1, 2013 through December 31, 2015. She stated that the discrepancy was identified for the period January 1, 2013 through June 30, 2013. Ms. Cochran said that the Trustees had directed the Administrative Manager to review the prior payroll audit for the period January 1, 2010 through December 31, 2012 to determine an amount due for truncated hours for the period January 1, 2013 through June 30, 2013 to avoid the expense of the auditor reviewing full payroll records charged at its hourly rates. Ms. Cochran explained the methodology used to determine the amount due for the six month period. She said the methodology was reviewed by Fund Counsel. Ms. Cochran said the total amount due for the period January 1, 2013 through June 30, 2013 is $33,737.00. Ms. Cochran said the auditor confirmed that issue regarding truncated hours had been corrected in July 2013.

After discussion, the Trustees voted approval of the following resolution by majority, with Trustee Paradis abstaining.

RESOLVED to accept the methodology presented to determine an amount due for the truncated hours for the period January 1, 2013 through June 30, 2013. The Administrative Manager was directed to send a demand letter for $33,737.00. Once payment is received, the audit will be considered complete.

B. International Foundation of Employee Benefit Plans – Annual Membership

Ms. Cochran reported receipt of the Fund's 2017 membership renewal invoice for the International Foundation of Employee Benefit Plans. The renewal fee is $1,105.00.

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

> **RESOLVED to approve the Fund's 2017 renewal with the International Foundation of Employee Benefits Plans at a fee of $1,105.00.**

C. **Summary Plan Information Report for the Plan Year Ended December 31, 2015**

Ms. Cochran reported that the 104(d) Multiemployer Plan Summary Report was mailed to participating employers on November 15, 2016.

D. **Pension Benefit Guarantee Corporation (PBGC) 2016 Comprehensive Filing**

Ms. Cochran stated that the 2015 Comprehensive Filing with the PBGC was made on October 13, 2016. The Fund paid a premium of $56,835.00.

E. **Adams Burch Withdrawal Liability Estimate Request**

Ms. Cochran reported a request for a withdrawal liability estimate from Adams Burch. She noted that the required fee for the actuarial calculation of the estimate was paid and the estimate was provided to the employer on November 29, 2016.

F. **Giant Recycling, Giant Warehouse, and Union Staff Contribution Increase Letters**

Ms. Cochran said contribution rate increase letters were mailed to the employers on November 30, 2016.

G. **Participant Appeal – Interim Action**

Appeal Number	Issue	Board Decision
P16/153-9204	Eligibility and Vesting	Denied

H. ***For Your Benefit* Newsletter**

Ms. Cochran stated that the Fund Office mailed the July 2016 *For Your Benefit* newsletter to Plan participants.

I. **Participant Letter**

Ms. Cochran reported that a letter was received from a participant requesting vesting credits for time worked at the Maryland and Virginia Dairy for the years 1983 to 1989. Trustee Brooks excused himself during the review and discussion of the participant's request. The Trustees reviewed the letter and requested additional information from the Administrative Manager. The participant's request was tabled.

VIII. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected March 16, 2017 as their next regular meeting date immediately following the companion Legal Fund meeting in Landover, Maryland.

IX. ADJOURNMENT

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

Respectfully submitted,

Michael Bull
Secretary