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
JULY 7, 2016
LANDOVER, MARYLAND

The following Trustees were present:

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

EMPLOYER TRUSTEES
M. Bull – Secretary
J. Paradis
L. Johnson

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
L. DuVall – Associated Administrators, LLC
B. Hicks – Investment Performance Services, LLC
B. Pounds – Giant Food Landover, Distribution

I. CALL TO ORDER

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

II. TRUSTEE APPOINTMENT

Ms. Cochran said in accordance with the Trust Agreement, Fund Counsel will send a letter to the participating Employers for a vote regarding the nomination of Ms. Pounds.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on April 25, 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 April 25, 2016 are approved as presented.**

IV. FINANCIAL REPORT

The Trustees welcomed Mr. Brian Hicks 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, 2016 through March 31, 2016 is contained in the meeting booklet.

B. Master Consulting Report

1. 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, 2016 to March 31, 2016 was 1.2%, gross of fees.

Mr. Hicks reviewed the Fund's asset allocation as of March 31, 2016: U.S. Equities 36.6%, International Equities 8.2%, Fixed Income Core 4.7%, Fixed Income High Yield 7.2%, Real Estate 25.1%, Hedge Fund of Funds (HFOF) 8.1%, Global Tactical Asset Allocation (GTAA) 10.1%, and cash 0.1%. Mr. Hicks said that IPS had two recommendations in order to keep the allocations within the targeted ranges.

Mr. Hicks said that IPS recommended distributing the income of the real estate managers to the U.S. Large Cap Equity and Small/Mid Cap allocations. Due to the performance of the real estate managers, he said IPS also recommended the expansion of the real estate target range from 25.0% to 27.5%. Mr. Hicks said both of these recommendations would assist in keeping the real estate allocation within its targeted range. He said a change in the allocation range would require a change in the Investment Policy Statement and that IPS would prepare an Addendum.

2. <u>Quarterly Performance Report</u>

Mr. Hicks presented the preliminary quarterly performance report for the period ended March 31, 2016. He noted the assets held by the investment managers on March 31, 2016 were as follows: Rothschild – LCV held $12,984,626; Westfield Capital Management held $13,655,731; Johnston Asset Management held $15,072,546; Atlanta Capital held $15,579,981; Johnston International Equity held $5,571,312; Acadian held $7,250,629; C.S. McKee held $7,188,453; C.S. McKee transition $148,094; Penn Core held $11,245,568; PRISA III held $27,411,511; American Core Realty Fund held $11,974,116; Mesirow Institutional Multi-Strategy Fund, L.P. held $12,392,363;

Meridian Special Investments held $254,012; BlackRock Financial Management held $15,792,578, and the cash account held $97,890.

a. <u>C.S. McKee</u>

Mr. Hicks reiterated that there were two accounts for this manager, the first a transition account necessary because of inherited liquid assets from the previous manager. He said two accounts are no longer needed and IPS recommends consolidating funds into one account.

b. <u>BlackRock Global Allocation</u>

The Trustees discussed the lack of performance of this manager and eliminating the Global Tactical Asset Allocation (GTAA). Mr. Hicks confirmed that BlackRock is still on IPS' approval list. The Trustees requested a comparison of the manager's investment return history to compare other GTAA managers before making any decisions regarding the asset class.

c. <u>Hedge Fund of Funds (HFOF) Asset Allocation</u>

Mr. Hicks said that at the last meeting, the Trustees requested that IPS provide examples of recommended asset allocations if the HFOF allocation is eliminated. He directed the Trustees to the illustrative asset allocation chart in the meeting booklet, which listed three scenarios. Mr. Hicks noted that it was not IPS' recommendation to eliminate the HFOF allocation.

Mr. Hicks reviewed the three illustrative scenarios and discussed the expected risk and return of the current target asset allocation to the Fund's actual allocation as of April 30, 2016. The Trustees requested that IPS provide asset allocation scenarios that represent actual percentages and dollars in place of the target asset allocation.

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

The Trustees discussed the recommendations made by IPS and,

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

RESOLVED 1) to accept the recommendation of IPS to distribute the real estate manager's income to the U.S. Large Cap Equity and U.S. Small/Mid Cap managers, 2) to accept the recommendation of IPS to expand the upper real estate target range of the asset allocation from 25.0% to 27.5%, 3) to consolidate the two C.S. McKee portfolios to one account, and 4) to review updated scenarios eliminating the HFOF asset allocation showing actual percentages and dollars.

V. COUNSEL REPORT

Mr. DeLancey said that the Washington Food Supply, Inc. Abatement Agreement presented at the January 15, 2016 meeting, and extended until July 1, 2016 at the May 25, 2016 meeting, has expired. He said that the Fund has not received any correspondence from the Employer requesting another extension. In accordance with the Agreement, Mr. DeLancey said he would send a demand for payment of Withdrawal Liability to the Employer.

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

VI. ADMINISTRATIVE MANAGER REPORT

Ms. Cochran presented the Administrative Manager Report for the first quarter 2016. Such report indicated contribution income of $931,783, miscellaneous income of $4,022, interest and dividend income of $627,906 and withdrawal liability payments of $165,919, producing a total income of $1,729,630. Expenses included $4,306,125 of pension benefit expense and $373,066 of operating expense, producing a total expense of $4,679,191 for the quarter. This resulted in a net deficit of $2,949,561 for the quarter. Ms. Cochran noted that contributions were made on behalf of 409 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 2016 report are approved for payment as presented.**

VII. INVOICES

Ms. Cochran presented a list of invoices dated July 7, 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 invoices on the list dated July 7, 2016 are approved for payment as presented.**

VIII. OTHER FUND BUSINESS

A. Trustee Expense Report

Ms. Cochran reviewed the 2015 Trustee Expense Report, a copy of which is contained in the meeting booklet.

On MOTION made and seconded, the Trustees voted – with Trustees Johnson, Richardson, Brooks, Smith and Johnson abstaining – approval of the following resolution:

> **RESOLVED that the 2015 Trustee Expense Report is approved as presented.**

B. Payroll Audit Status Report – Giant Food Warehouse and Recycling

Ms. Cochran reported that the additional information requested by the auditor was provided by the employer and that the audit is still in progress.

C. Pension Statements

Ms. Cochran reported that the 2015 Annual Pension Statements were mailed to Plan participants on June 27, 2016.

D. Fiduciary Liability Policy

Ms. Cochran reported that the application to renew the policy was submitted to the broker, Union Insurance Group. She said the current policy expires on July 26, 2016.

E. Cyber Liability Policy

Ms. Cochran reported that the application was complete and would be submitted to the broker, Union Insurance Group, for policy proposals.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected October 6, 2016 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