Warehouse Employees Union Local No. 730
Pension Trust Fund

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

4301 Garden City Drive, Suite 201
Landover, Maryland 20785-6102
Telephone: (800) 730-2241
www.associated-admin.com

DRAFT

**MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
WAREHOUSE EMPLOYEES UNION LOCAL NO. 730
PENSION TRUST FUND
OCTOBER 6, 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	

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
B. Davis – 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.

II. TRUSTEE APPOINTMENT

Ms. Cochran reported receipt of a letter from Giant nominating Billye Pounds as an alternate Employer Trustee. Ms. Cochran said in accordance with the Trust Agreement the Administrative Manager will send a letter to all 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 July 7, 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 July 7, 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 noted a copy of the PNC Summary of Activity report for the period January 1, 2016 through June 30, 2016 as 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 June 30, 2016 was 3.5% gross of fees.

2. Asset Allocation

Mr. Sichel reviewed the Fund's asset allocation as of June 30, 2016: U.S. Equities 35.8%, International Equities 8.3%, Fixed Income Core 4.3%, Fixed Income High Yield 7.3%, Real Estate 25.9%, Hedge Fund of Funds 7.3%, Global Tactical Asset Allocation 10.2%, and cash 0.8%.

C. Quarterly Performance Report

Mr. Sichel presented the preliminary quarterly performance report for the period ended June 30, 2016. He noted the assets held by the investment managers on June 30, 2016 were as follows: Rothschild – LCV held $12,608,862; Westfield Capital Management held $12,958,949; Johnston Asset Management held $14,965,078; Atlanta Capital held $15,562,958; Johnston International Equity held $5,637,285; Acadian held $7,362,055; C.S. McKee held $6,642,664; C.S. McKee transition held $142,069; Penn Core held $11,433,323; PRISA III held $28,535,986; American Core Realty Fund held $12,091,388; Mesirow Institutional Multi-Strategy Fund, L.P. held $11,245,792; MDF Special Investments SPC, Ltd. held $235,951; BlackRock Financial Management held $15,952,818; and the cash account held $1,259,600. Mr. Sichel reviewed the summary of investment results for the period ended June 30, 2016, including trailing quarter, trailing year-to-date, and trailing one, three and five-year periods.

Mr. Sichel noted a recommendation to monitor Westfield Capital Management due to the overall lack of performance. He discussed indexing the proceeds in a fund benchmarked to the Russell 1000 Growth. Based on its history of poor performance, the Trustees discussed terminating the manager and selecting a fund benchmarked to the Russell 1000 Growth.

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

> **RESOLVED, to terminate Westfield Capital Management subject to the selection of a fund benchmarked to the Russell 1000 Growth and approval of the manager's agreement by Fund Counsel.**

The Trustees directed Mr. Sichel to provide a recommendation on managers to replace Westfield Capital Management prior to the next meeting.

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, 2015. 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, 2015 were $11,321,950 and total deductions were $17,966,567, resulting in a net decrease of Net Assets Available for Benefits of $6,644,617. As of December 31, 2015 net assets available for benefits were $166,624,984. 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.

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

VI. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the second quarter 2016. Such report indicated contribution income of $924,885, miscellaneous income of $825, interest and dividend income of $655,745 and withdrawal liability payments of $165,919, producing a total income of $1,747,374. Expenses included $4,269,068 of pension benefit expense and $340,533 of operating expense, producing a total expense of $4,609,601 for the quarter. This resulted in a net deficit of $2,862,227 for the quarter. Ms. Cochran noted that contributions were made on behalf of 398 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 2016 report were approved for payment as presented.**

VII. INVOICES

Ms. Cochran presented a list of invoices dated October 6, 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 October 6, 2016 are approved for payment as presented.**

VIII. OTHER FUND BUSINESS

A. Rehabilitation Plan (RP) Update

Ms. Cochran reported that the updated RP had been mailed to participating employers on August 5, 2016.

B. Washington Food Supply, Inc. - Abatement Agreement

Ms. Cochran said that the Abatement Agreement, approved in interim action, and extended until September 1, 2016, had expired. Trustee Brooks said the Employer has a new facility but is waiting on obtaining the permits required for operation. Trustee Johnson said he would contact the employer and ask that a request for an extension be submitted to the Trustees for approval.

C. Payroll Audit Status Report – Giant Recycling and Warehouse

Ms. Cochran reported that the auditor had found a truncating hours issue during the payroll audit performed for the period January 1, 2012 through December 31, 2014. She stated the discrepancy related to truncating hours was identified for the period January 1, 2012 through June 30, 2013. Ms. Cochran said that the

Trustees had accepted a Memorandum of Agreement (MOA) between the Bargaining Parties and the Union as a result of a truncating hours issue that was noted in the prior payroll audit. The MOA called for the truncating hours issue to be corrected with contributions effective January 1, 2013. The Trustees discussed using the findings in the prior audit to determine an estimated amount due for the truncated hours for the period January 1, 2013 through June 30, 2013 rather than having the auditor complete a full audit of the payroll records for that period, noting the expense of the auditor to review full payroll records charged at the firms' hourly rates.

The Trustees directed the Administrative Manager and Fund Counsel to review the prior audit to determine an estimated amount due for the period January 1, 2013 through June 30, 2013.

D. <u>2016 Retiree Information Form (RIF)</u>

Ms. Cochran reported that the first request for RIF responses were mailed to retirees on July 14, 2016.

E. <u>Fiduciary Liability Insurance Renewal and Waiver of Recourse Premiums</u>

Ms. Cochran noted interim action regarding the renewal of the Fiduciary Liability policy with CHUBB, through the broker The McLaughlin Company. She said the annual premium with an increase of $2,997.00 was approved by the Trustees in an electronic poll conducted in July 2016.

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

F. **International Brotherhood of Teamsters Data Request**

Ms. Cochran reported receipt of the annual data request. The Trustees approved sending the requested information normally sent on an annual basis and publically available.

G. ***For Your Benefit* Newsletter**

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

IX. **NEXT MEETING DATE AND LOCATION**

After discussion, the Trustees selected December 14, 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