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 25, 2014 LANDOVER, MARYLAND

The following Trustees were present:

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

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

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
L. DuVall – Associated Administrators, LLC
M. DeLancey – Dickstein Shapiro, LLP
M. Herwig – PNC Bank, NA
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 5, 2014.

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 5, 2014 were approved as presented.

III. FINANCIAL REPORT

The Trustees welcomed Mr. Michael Herwig of PNC Bank, NA, and Mr. Rich Sichel of Investment Performance Services (IPS) to the meeting.

A. Custodian Bank – PNC Bank, NA

Mr. Herwig distributed copies of the Summary of Activity report for the period January 1, 2014 through June 30, 2014. Such report indicated a beginning market value of $165,778,842, receipts of $2,313,152, gains of $8,726,230, and disbursements of $9,357,929, producing an ending market value of $167,460,295.

B. Investment Consultant – Investment Performance Services, LLC

1. Master Consulting Report

a. 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, 2014 to June 30, 2014 was 5.5% gross of fees.

b. Asset Allocation

Mr. Sichel reviewed the Fund's asset allocation as of June 30, 2014: U.S. Equities 40.3%, International Equities 9.1%, Fixed Income Core 6.9%, Fixed Income High Yield 8.6%, Real Estate 15.4%, Hedge Fund of Funds 8.0%, Global Tactical Asset Allocation 10.8%, and cash .8%. He noted that all allocations were within the Fund's targeted ranges.

2. **Investment Manager – Performance Review**

Mr. Sichel presented the individual investment manager performance reviews. He stated that this section of the report also identifies investments and situations that do not comply with the specific parameters of the Fund's Investment Policy Statement.

a. **Johnston International Equity**

Mr. Sichel stated the manager's poor performance during 2013 and the first two quarters of 2014 was due to the significant amount of volatility in emerging markets. He recommends continuing to monitor performance.

b. **Acadian Asset Management**

Mr. Sichel reiterated his comments from the last meeting stating the manager's poor performance during 2013 was due to the significant amount of volatility in emerging markets. He said the manager's performance year to date has improved, however he recommends continuing to monitor performance.

3. **Quarterly Performance Report**

Mr. Sichel presented the preliminary quarterly performance report for the period ended June 30, 2014. He noted the assets held by the investment managers on June 30, 2014 were as follows: Rothschild – LCV held $16,312,029; Westfield Capital Management held $16,006,317 Johnston Asset Management held $17,903,156; Atlanta Capital held $17,249,544; Johnston International Equity held $7,394,995 Acadian held $7,909,681; C.S. McKee held $10,973,977; C.S. McKee transition $603,157; Penn Core held $14,461,581; PRISA III held $18,395,542; American Core Realty Fund held $7,474,040; Multi-Employer Property Trust held $12,990,658; Meridian Special Investments held $381,727; BlackRock Financial Management held $18,018,736; and the cash account held $1,385,155. Mr. Sichel reviewed the summary of investment results for the period ended June 30, 2014, including trailing quarter, trailing year-to-date, and trailing one, three and five-year periods.

The Trustees thanked Mr. Herwig and Mr. Sichel for their reports and they were excused from the meeting.

IV. COUNSEL REPORT

Mr. DeLancey reported an issue with the recent payroll audit for employer Adams Burch. He stated the employer has been uncooperative in providing certain payroll records for 2010. Mr. DeLancey said he has been working with the employer's attorney and the Fund auditor to obtain the necessary paperwork to complete the audit.

Ms. Cochran said that the Fund auditor sent an email requesting approval to bill at their standard billing rates for all hours going forward, as they have accumulated over $4,000 in work in progress. Mr. DeLancey said the Fund auditor will no longer communicate regarding the audit until an arrangement is made for payment of hours going forward.

In order to avoid immense legal fees, Mr. DeLancey recommended that the Trustees accept Adams Burch's partial 2010 payroll records on a non-precedent setting basis and notify the employer that going forward full payroll records must be submitted in order to participate in the Fund. He said he would prepare a non-disclosure agreement for execution by the employer. Mr. DeLancey also suggested that the Trustees approve an additional five hours for the Fund auditor to complete the payroll audit.

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

RESOLVED to approve the recommendation of Fund Counsel to approve an additional five hours for the Fund auditor to complete the Adams Burch payroll audit and to accept partial payroll records for the year 2010 on a non-precedent setting basis and to have Fund

Counsel prepare a non-disclosure agreement for the employer regarding compliance with the auditor for ongoing payroll audits.

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

V. ADMINISTRATIVE MANAGER REPORT

A. Second Quarter 2014

Ms. Cochran presented the Administrative Manager Report for the second quarter 2014. Such report indicated contribution income of $933,396, miscellaneous income of $2,072, interest and dividend income of $768,188 and withdrawal liability payments of $165,919, producing a total income of $1,869,575. Expenses included $4,327,019 of pension benefit expense and $380,856 of operating expense, producing a total expense of $4,707,875 for the quarter. This resulted in a net deficit of $2,838,300 for the quarter. Ms. Cochran noted that contributions were made on behalf of 419 active Plan participants.

She 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 second quarter 2014 report were approved for payment as presented.

B. Administrative Services Contract Renewal

Ms. Cochran distributed and reviewed her letter dated September 25, 2014 which noted that the administrative services contract between the Fund and Associated Administrators, LLC will expire on December 31, 2014 and provides detailed information in support of the request for a three-year renewal. The Trustees tabled the request for action at the next regularly scheduled Board meeting.

VI. INVOICES

Ms. Cochran presented a list of invoices dated September 25, 2014. 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 list of invoices dated September 25, 2014 was approved for payment as presented.

VII. OTHER FUND BUSINESS

A. Fiduciary Liability Insurance Renewal and Waiver of Recourse Premiums

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 was approved by the Trustees with an increase of $845 in an electronic poll conducted in July 2014.

Ms. Cochran advised the Trustees that letters regarding their required payment of the Waiver of Recourse premium of $25 had been mailed and that several premiums remain outstanding. Ms. Cochran said she would follow up with those Trustees individually.

B. Auditor (Calibre) Contract Renewal

Ms. Cochran distributed a letter dated September 19, 2014 from Calibre which stated the fee proposal for the annual reporting for the Plan Year 2014. Calibre is requesting a fee of $18,000 for the audit and preparation of the Form 5500 and Form 900.

Due to the significant increase in the fee proposal, the Trustees tabled the request. The Trustees directed the Administrative Manager to ask the auditors who submitted proposals during the 2011 Request For Proposal for updated fees for the 2014 Plan Year. They also requested that fee proposals be obtained from Salter and Company and Legacy Professionals LLC.

C. Adams Burch Contribution Rate Increase

Ms. Cochran said a contribution rate increase letter was mailed to the employer on July 3, 2014.

D. International Brotherhood of Teamsters (IBT) Annual Data Request

Ms. Cochran reported receipt of the annual request for Fund documents and data from the International Brotherhood of Teamsters.

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

> **RESOLVED to provide the documents and data requested by the IBT in accordance with the Fund's past practice.**

E. 2013 Retiree Information Form (RIF)

Ms. Cochran reported that the 3rd request for RIF responses was mailed to 82 retirees on September 12, 2014.

F. Pension Statements

Ms. Cochran reported that Annual Pension Statements were mailed to participants on June 30, 2014.

G. *For Your Benefit* Newsletter

Ms. Cochran stated that the Fund Office mailed the July 2014 *For Your Benefit* newsletter to participants.

A. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected December 4, 2014 as their next regular meeting date immediately following the companion Legal Fund meeting in Landover, Maryland.

B. ADJOURNMENT

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

Respectfully submitted,

Michael Bull
Secretary