Warehouse Employees Union Local No. 730
Pension Trust Fund

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

8400 Corporate Drive, Suite 430
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
DECEMBER 10, 2020
VIA TELECONFERENCE

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
R. Brooks – Chairman	M. Bull – Secretary
F. Myers	J. Paradis
T. Richardson	H. Sebhat
J. Lacy – Alternate	M. Goble – Alternate

Also present were:

K. Barshinger – Associated Administrators, LLC
A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
M. Deveney – Cheiron
P. Hardcastle – Cheiron
J. Kimble – Morgan, Lewis & Bockius, LLP
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 she received a letter from Local 730 appointing Mr. Jason Lacy as a Trustee to replace former Trustee Archie Smith. The Trustees welcomed Mr. Lacy to the meeting. Ms. Cochran confirmed that she instructed the broker to add Mr. Lacy to the Fiduciary and Cyber Liability policies along with the Fidelity Bond.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on September 1, 2020. 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 September 1, 2020 are approved as presented.**

IV. FINANCIAL REPORT

A. Custodian Bank – PNC Bank, NA

Ms. Cochran reported that she distributed via email to the Trustees the meeting materials, which included a copy of the PNC Summary of Activity report for the period January 1, 2020 through September 30, 2020.

B. Investment Performance Services, LLC ("IPS")

1. Investment Performance

The Trustees welcomed Mr. Rich Sichel of IPS to the meeting.

Mr. Sichel reviewed the financial markets generally and the investment returns of the Fund's investment managers. He noted that for the period January 1, 2020 to September 30, 2020 the Fund's total investment return was 3.0%, gross of fees.

2. Asset Allocation

Mr. Sichel reviewed the Fund's asset allocation as of September 30, 2020: U.S. Equities 29.9%, U.S. Small/Mid Cap 9.5%, International Equities 8.0%, Fixed Income Core 1.5%, Fixed Income High Yield 6.9%, Real Estate 23.8%, Opportunistic Strategies 8.3%, Global Tactical Asset Allocation 5.0%, Private Equity 5.3% and cash 1.8%.

3. Quarterly Performance Report

Mr. Sichel presented the preliminary quarterly performance report for the period ended September 30, 2020. He noted the assets held by the investment managers on September 30, 2020 were as follows: Rothschild – Hardman Johnston Global Advisors held $14,088,249; Northern Trust held $19,137,555; Great Lakes Advisors held $12,601,973; Atlanta Capital held $14,585,454; Hardman Johnston International Equity held $6,831,445; Acadian held $5,483,501; JPMCB Global Allocation Fund held $7,644,680; C.S. McKee held $2,241,164; Penn Core held $10,495,855; American Core Realty Fund held $6,921,212; PRISA III held $29,519,959; Corbin ERISA Opportunity Fund held $12,736,560; Hamilton Lane $8,062,275; and the cash account held $2,775,926. Mr. Sichel reviewed the summary of investment results for the period ended September 30, 2020, including trailing quarter, trailing year-to-date, and trailing one, three and five-year periods. He noted that over a ten-year period, the Fund had returned 10.3%, vs. the benchmark return of 8.8%.

4. Rebalancing Recommendation

Mr. Sichel noted that the Opportunistic Strategies allocation is on the high end of the targeted policy range of the Investment Policy Statement. In order to rebalance assets closer to the policy targets, he recommended that the Trustees request a redemption of $1.5M from the Corbin ERISA Opportunity Fund and allocate the proceeds to the cash account for future cash needs. He said that the funds would be available in May 2021.

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

> **RESOLVED to accept the recommendation of IPS to submit a redemption request of $1.5M to the Corbin ERISA Opportunity Fund and allocate the proceeds to the cash account.**

5. <u>Cyber Liability Amendment</u>

Mr. Sichel said that IPS is proposing that the Fund amend its Investment Policy Statement to require investment managers to have cybersecurity insurance in place. He said cyberattacks are a growing threat in today's environment. He reported that he sent a memo and draft amendment regarding managers' cybersecurity insurance coverage to Fund Counsel for review. Mr. Kimble and Mr. DeLancey recommended that the Trustees adopt and sign the amendment.

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

> **RESOLVED to adopt the amendment to the Investment Policy Statement.**

6. <u>Boyd Waterson Guidelines</u>

Mr. Sichel reported that, in October, Boyd Waterson requested permission to modify its investment guidelines to allow for larger acquisitions. Currently, the Fund guidelines limit the size of any single investment through a graduated scale that grows with the Boyd Waterson Fund's size until reaching a cap of $150 million. The General Partner recommended changing the maximum single property size limitation of the Boyd Waterson Fund to ten percent (10%) of the gross value of all Partnership Assets and eliminating the cap of $150 million. Boyd Waterson believes the modified investment guidelines will provide better flexibility to take advantage of opportunities that meet the 730 Pension Fund's investment thesis and return profile, while continuing to maintain diversification. Mr. Sichel advised that he had sent a memo recommending that the Trustees consent to the change in investment guidelines and that Fund Counsel had reviewed the proposed amendment, found it acceptable, and the Trustees had signed the amendment.

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

V. ACTUARY REPORT

The Trustees welcomed Mr. Peter Hardcastle and Mr. Matt Deveney of Cheiron to the meeting.

Mr. Hardcastle and Mr. Deveney reported on the status of the Fund's MPRA application. Mr. Deveney commented on changes to the Treasury's review process, noting that there is particular sensitivity to investment return assumptions. He said that Treasury will want to know what the Trustees' assumptions are regarding future industry activity for the Fund's two largest employers. Mr. Hardcastle said the revised projected application submission date is February 26, 2021, with a benefit suspension effective date of January 1, 2022.

The Trustees thanked Mr. Hardcastle and Mr. Deveney for their report. Mr. Hardcastle and Mr. Deveney were excused from the meeting.

VI. COUNSEL REPORT

Mr. Kimble revisited a discussion held at the March 2020 Trustees' meeting regarding certain provisions of the Setting Every Community Up for Retirement Enhancement Act (SECURE), which was enacted at the end of 2019. Mr. Kimble advised that the SECURE Act allows the Trustees to amend the Plan to change the date by which benefit payments must commence under the Plan to April 1 of the year following the year in which a participant attains age 72, for those participants who were not age 70 ½ as of December 31 2019. Participants who turned age 70 ½ prior to January 1, 2020 would still commence their pension by the April 1 of the year following the year in which the participant attained age 70 ½. He noted the amendment was optional. After a discussion, the Trustees agreed not to amend the Plan for the SECURE Act.

Mr. DeLancey and Mr. Kimble said there were no additional legal matters pending before the Board of Trustees at this time.

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Third Quarter 2020

Ms. Cochran presented the Administrative Manager's Report for the third quarter 2020. The report showed contribution income of $1,135,663, miscellaneous income of $813, interest and dividend income of $323,336, and withdrawal liability payments of $165,919, producing a total income of $1,625,731. Expenses included $5,428,427 of pension benefit expense and $562,109 of operating expense, producing a total expense of $5,990,536 for the quarter. This resulted in a net deficit of $4,364,805 for the quarter. Ms. Cochran noted that contributions were made on behalf of 296 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 2020 report are approved for payment as presented.**

B. **Administrative Services Contract Renewal – INTERIM ACTION**

Ms. Cochran noted that the committee of two Union Trustees and two Employer Trustees approved an extension of the administrative services contract with Associated Administrators, LLC, for the period January 1, 2021 through December 31, 2023, with 2% annual fee increases. Ms. Cochran thanked the Board of Trustees for the contract renewal and said a contractual amendment would be prepared and sent to Counsel for review.

VIII. INVOICES

Ms. Cochran presented a list of invoices dated December 10, 2020. 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 10, 2020 are approved for payment as presented.**

IX. PARTICIPANT APPEAL

Appeal Number	Issue	Board Decision
P20/130-2199	Pension – Not Eligible	Denied

X. OTHER FUND BUSINESS

A. Memorandum of Agreement ("MOA") – Eight O'Clock Coffee

Ms. Cochran reported the receipt of a newly negotiated Memorandum of Agreement between the Union and Eight O'Clock Coffee for the period July 17, 2021 through July 17, 2027.

After discussion and a review of the MOA by Fund Co-Counsel, the Trustees voted -- with Trustee Sebhat abstaining -- approval of the following resolution:

> **RESOLVED to accept the MOA between Eight O'Clock Coffee and the Union for the period July 17, 2021 through July 17, 2027.**

B. Employer Contribution Rate Increase Letters

Ms. Cochran reported contribution rate increase letters were mailed to Giant Recycling, Giant Warehouse, and the Local 730 Staff for rate changes effective January 1, 2021. A rate increase letter was mailed to Washington Food for a rate change effective November 1, 2020.

C. Form 5500 - Plan Year Ended December 31, 2019

Ms. Cochran reported that the Form 5500 for the Plan year ended December 31, 2019 was filed on October 5, 2020.

D. Summary Plan Information Report for the Plan Year Ended December 31, 2019

Ms. Cochran reported that the 104(d) Multiemployer Plan Summary Report was mailed to participating employers, including Local 730 on November 5, 2020.

E. **Pension Benefit Guarantee Corporation (PBGC) 2019 Comprehensive Filing**

Ms. Cochran stated that the 2019 Comprehensive Filing with the PBGC was made on October 13, 2020. The Fund paid a premium of $60,390.

F. **Fidelity Bond Reimbursement**

Ms. Cochran reported that Zurich American Insurance Company, the carrier for Fidelity Bond coverage, submitted a refund in the amount of $190.00 for the July 11, 2017 – July 11, 2020 policy due to a recalculation of the premium rate.

XI. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected March 26, 2021 as their next regular meeting date immediately following the companion Legal Fund meeting via teleconference.

XII. ADJOURNMENT

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

Respectfully submitted,

Michael Bull
Secretary