Warehouse Employees Union Local No. 730
Pension Trust Fund

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DRAFT

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE WAREHOUSE EMPLOYEES UNION LOCAL NO. 730 PENSION TRUST FUND MARCH 14, 2022 VIA TELECONFERENCE

The following Trustees were present:

UNION TRUSTEES
R. Brooks - Chairman
J. Lacy
T. Richardson – Alternate

EMPLOYER TRUSTEES
M. Bull – Secretary
J. Paradis
H. Sebhat
M. Goble – Alternate

Also present were:

A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
M. Deveney – Cheiron
P. Hardcastle – Cheiron
R. Grant – Associated Administrators, LLC
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. MINUTES

The Trustees reviewed the minutes of the last regular meeting held December 17, 2021.

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 December 17, 2021 are approved as presented.**

III. FINANCIAL REPORT

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

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, 2021 to December 31, 2021 the Fund's total investment return was 19.6%, gross of fees.

B. Asset Allocation

Mr. Sichel reviewed the Fund's asset allocation as of December 31, 2021: U.S. Equities 32.7%, U.S. Small/Mid Cap 11.2%, International Equities 8.4%, Fixed Income Core 1.2%, Fixed Income High Yield 7.3%, Real Estate 20.0%, Opportunistic Strategies 8.1%, Global Tactical Asset Allocation 4.8%, Private Equity 4.4% and cash 1.9%.

C. Quarterly Performance Report

Mr. Sichel presented the preliminary quarterly performance report for the period ended December 31, 2021. He noted the assets held by the investment managers on December 31, 2021 were as follows: Rothschild – Hardman Johnston Global Advisors held $19,257,020; Northern Trust held $21,523,189; Great Lakes Advisors held $17,925,054; Atlanta Capital held $20,132,588; Hardman Johnston International

Equity held $7,524,415; Acadian held $7,569,223; JPMCB Global Allocation Fund held $8,649,512; C.S. McKee held $2,193,846; Loomis Sayles held $13,076,583; PRISA III held $29,736,371; Boyd Watterson $6,191,969; Corbin ERISA Opportunity Fund held $14,489,006; Hamilton Lane $7,871,168; and the cash account held $3,499,040. Mr. Sichel reviewed the summary of investment results for the period ended December 31, 2021 including trailing quarter, trailing year-to-date, and trailing one, three and five-year periods.

D. <u>Asset Allocations</u>

Mr. Sichel directed the Trustees to the asset allocation chart in the meeting booklet which listed three scenarios for the Trustees' consideration. Mr. Sichel reviewed the scenarios and recommended Portfolio C, which would reduce the Fixed Income High Yield from 7.5% to 5.0% and increase the Opportunistic Strategies from 7.5% to 10.0%.

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

> **RESOLVED to accept the recommendation of IPS to adopt Portfolio C, reducing the Fixed Income High Yield from 7.5% to 5.0% and increasing the Opportunistic Strategies from 7.5% to 10.0%.**

E. <u>Private Equity Pacing Analysis</u>

Mr. Sichel directed the Trustees to the report titled "Private Equity Pacing Analysis." He stated as of December 31, 2021, the Fund had a 4.4% allocation to private equity versus the policy of 5.0%. He noted the Trustees committed $10,000,000 to the investment manager Hamilton Lane and that $4,100,000 still remains to be called. Mr. Sichel said that Hamilton Lane is seeking to raise $5 billion for the Hamilton Lane Secondary Fund VI, L.P. He said Hamilton Lane has been investing in secondary vehicles since 2005 and has been approved by the IPS investment committee for use in client portfolios which includes a private equity allocation. Mr. Sichel said that IPS is recommending to commit $8,250,000 to the Hamilton Lane Secondary Fund VI, L.P.

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

> **RESOLVED to approve the recommendation of IPS to fund the Hamilton Lane Secondary Fund VI, L.P. in the private equity allocation, with $8,250,000.**

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

IV. ACTUARY REPORT

The Trustees welcomed Mr. Matt Deveney and Mr. Peter Hardcastle of Cheiron to the meeting. Mr. Deveney and Mr. Hardcastle reviewed the report titled "2021 Valuation Results" which was provided prior to the meeting.

Mr. Deveney reviewed the Valuation report and provided a historical review of the assets and liabilities, minimum funding, participant counts, and annual cash flows. He discussed the 2021 actuarial valuation results including a summary of key results and Plan year experience.

Mr. Hardcastle reviewed the report "Actuarial Presentation" dated March 14, 2022. He reported the Plan is expected to remain in Critical and Declining Status. He said the PPA Certification is due March 31, 2022 but needs Trustee guidance for industry activity and expected changes in employment or contribution levels. Trustee Brooks stated there are no expected changes in employment or contribution levels.

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

V. COUNSEL REPORT

Mr. Kimble reported that the national emergency declaration due to COVID-19 has been extended. He said that the national emergency declaration allows the extension of certain deadlines, including the time period to file an appeal.

VI. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the fourth quarter 2021. The report showed contribution income of $1,319,821, miscellaneous income of $758, interest and dividend income of $454,432, and withdrawal liability payments of $165,919, producing a total income of $1,940,930. Expenses included $5,225,582 of pension benefit expense and $485,817 of operating expense, producing a total expense of $5,711,399 for the quarter. This resulted in a net deficit of $3,770,469 for the quarter. Ms. Cochran noted that contributions were made on behalf of 292 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 fourth quarter 2021 report are approved for payment as presented.**

VII. INVOICES

Ms. Cochran presented a list of invoices dated March 14, 2022. 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 March 14, 2022 are approved for payment as presented.**

VIII. OTHER FUND BUSINESS

A. Cheiron Engagement Letter

Ms. Cochran reviewed the 2022 Engagement letter, a copy of which was distributed prior to the meeting. She reported Cheiron is requesting a 5.0% increase for retainer services from the prior year and non-retainer services rates that will range between $111 and $525 per hour.

The Trustees requested Ms. Cochran provide a counter proposal of a 5.0% increase for Plan Year 2021, and 3% increases for Plan Year 2022 and 2023.

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

> **RESOLVED to approve the engagement letter from Cheiron with the 5.0% increase for Plan Year 2021 and propose a 3.0% increase for Plan Years 2022 and 2023.**

B. 2022 Auditor Engagement Letter

Ms. Cochran reported receipt of the 2022 Auditor Engagement Letter for the 2021 Plan year with a 3.0% increase at an annual fee of $16,200.

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

> **RESOLVED to approve the 2022 Auditor Engagement Letter for the 2021 Plan year with a 3.0% increase at an annual fee of $16,200.**

C. Ahold, USA Withdrawal Liability Estimate Request

Ms. Cochran reported that the Fund received a request for a withdrawal liability estimate from Ahold, USA. The employer paid the required fee for the actuarial calculation of the estimate and the estimate was provided to Ahold, USA on January 10, 2022.

D. Form 1099NEC

Ms. Cochran reported that Associated mailed the 1099NEC Forms to participants on January 21, 2022.

E. Form 1099R

Ms. Cochran reported that Associated mailed the 1099R Forms to participants on January 28, 2022.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected June 6, 2022 as their next regular meeting date immediately following the companion Legal Fund meeting via teleconference.

X. ADJOURNMENT

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

Respectfully submitted,

Michael Bull

Secretary