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 MARCH 26, 2021 VIA TELECONFERENCE

The following Trustees were present:

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

EMPLOYER TRUSTEES
M. Bull – Secretary
J. Paradis
H. Sebhat
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. MINUTES

The Trustees read the minutes of the last regular meeting held on December 10, 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 December 10, 2020 are approved as presented.**

III. FINANCIAL REPORT

A. Custodian Bank – PNC Bank, NA

The Trustees reviewed a copy of the PNC Summary of Activity report for the period January 1, 2020 through December 31, 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 December 31, 2020 the Fund's total investment return was 14.2%, gross of fees.

2. Asset Allocation

Mr. Sichel reviewed the Fund's asset allocation as of December 31, 2020: U.S. Equities 30.7%, U.S. Small/Mid Cap 10.5%, International Equities 8.2%, Fixed Income Core 1.4%, Fixed Income High Yield 6.7%, Real Estate 21.1%, Opportunistic Strategies 8.6%, Global Tactical Asset Allocation 4.7%, Private Equity 4.9% and cash 3.2%.

3. Quarterly Performance Report

Mr. Sichel presented the preliminary quarterly performance report for the period ended December 31, 2020. He noted the assets held by the investment managers on December 31, 2020 were as follows: Rothschild – Hardman Johnston Global Advisors held $16,015,183; Northern Trust held $19,773,187; Great Lakes Advisors held $14,785,679; Atlanta Capital held $17,229,594; Hardman Johnston International Equity held $7,436,308; Acadian held $6,131,822; JPMCB Global Allocation Fund held $7,820,158; C.S. McKee held $2,248,789; Penn Core held $10,975,251; American Core Realty Fund held $5,912,013; PRISA III held $26,929,638; Boyd Watterson $1,987,722 Corbin ERISA Opportunity Fund held $14,221,327; Hamilton Lane $8,118,835; and the cash account held $5,264,326. Mr. Sichel reviewed the summary of investment results for the period ended December 31, 2020, including trailing quarter, trailing year-to-date, and trailing one, three and five-year periods.

4. Rebalancing Recommendation

Mr. Sichel directed the Trustees to the asset allocation chart in the meeting booklet, which listed two scenarios for the Trustees' consideration.

Mr. Sichel reviewed the scenarios and recommended Portfolio C, which would increase the International Equity asset allocation from 7.5% to 10.0% and reduce the Fixed Income Intermediate asset allocation from 5.0% to 2.5%.

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, increasing the International Equity asset allocation from 7.5% to 10.0% and reducing the Fixed Income Intermediate asset allocation from 5.0% to 2.5%.

5. **Investment Manager Presentations – Fixed Income High Yield**

Mr. Sichel said that the Trustees voted at the March 26, 2021 meeting to terminate Penn Capital, Fixed Income High Yield manager, in accordance with IPS' recommendation. He noted that Penn Capital would not be notified of the termination until a replacement manager had been selected and the contract negotiated. Mr. Sichel directed the Trustees to the manager summaries in the meeting booklet. He noted two potential replacement investment managers, Loomis, Sayles and Company, L.P. and Segall Bryant and Hamill. He reviewed each manager in detail, including the minimum investment, liquidity terms, annualized returns, and management fees. Mr. Sichel noted that this is a new commingled fund for Segal Bryant and Hamill.

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

RESOLVED, to engage Loomis, Sayles and Company, L.P. upon Fund Counsel review of a contract and as soon as administratively, to be funded by a full transfer of the assets held by Penn Capital.

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

IV. ACTUARY REPORT

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

A. American Rescue Plan Act of 2021 (ARP)

Mr. Hardcastle and Mr. Deveney provided a summary of the multiemployer pension plan special financial assistance provisions of ARP, noting that PBGC is expected to issue additional guidance by mid-July 2021. Until the guidance is issued, it is unclear exactly how ARP will affect the Fund. Mr. Hardcastle discussed ARP's provisions regarding priority consideration of special financial assistance applications, noting that there is a provision allowing for priority consideration if PBGC "determines it is appropriate based on other similar circumstances." Mr. Hardcastle, Mr. DeLancey, and Mr. Kimble recommended that the Trustees write to PBGC and assert that the Fund should be eligible for special priority consideration because of the Fund's pending MPRA application. The Trustees directed Fund Counsel to prepare and send a letter to the PBGC requesting a determination that the Fund is eligible for priority consideration of an application for special financial assistance under ARP.

Regarding the MPRA application, Mr. Hardcastle and Mr. Deveney confirmed that the application was submitted to the Department of Treasury on February 26, 2021. They said that they do not recommend withdrawing the application at this time

B. Fee Request

Mr. Hardcastle reviewed Cheiron's 2021 fee request letter for services, as contained in the meeting booklet. He said Cheiron is requesting a 1.5% increase for retainer services over the prior year.

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

RESOLVED to approve the 2021 retainer agreement with Cheiron at an annual fee of $20,370.21, with approved non-retainer services to be charged at their hourly rates, which range from $107 to $515 per hour.

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

V. COUNSEL REPORT

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

VI. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the fourth quarter 2020. The report showed contribution income of $1,125,299, miscellaneous income of $1,070, and interest and dividend income of $596,842, producing a total income of $1,723,211. Expenses included $5,187,981 of pension benefit expense and $440,096 of operating expense, producing a total expense of $5,628,077 for the quarter. This resulted in a net deficit of $3,904,866 for the quarter. Ms. Cochran noted that contributions were made on behalf of 293 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 2020 report are approved for payment as presented.

VII. INVOICES

Ms. Cochran presented a list of invoices dated March 26, 2021. 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 26, 2020 are approved for payment as presented.**

VIII. OTHER FUND BUSINESS

A. Blank Rome LLP Fee Request

Ms. Cochran noted receipt of an email dated February 3, 2021 in which Mr. DeLancey is requesting an increase in his hourly rate from $620.00 to $660.00. She said Mr. DeLancey has not had an increase in his hourly rate since March 19, 2015. The request represents an increase of 6.5%. Ms. Cochran noted that Co-Counsel's rate is also $660.00 per hour.

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

> **RESOLVED to approve the Blank Rome LLP hourly rate of $660.00 effective April 1, 2021.**

B. Cyber Liability Policy

The Trustees reviewed the proposal provided by NFP regarding the renewal of the Cyber Liability policy. She noted the original policy expired March 12, 2021 but that the policy was extended until March 31, 2021 so that the Trustees could take action on the renewal at this meeting. There was one proposal from the incumbent carrier, Beazley. Ms. Cochran said there was a 16% increase in the premium due to overall industry losses, market trend inflation in claims adjustment cost and the impact of the pandemic. She said the broker attempted to obtain quotes from three other carriers and all declined to provide proposals.

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

> **RESOLVED to approve the Cyber Liability Policy with Beazley for the period March 5, 2021 through March 5, 2022 with an annual premium of $2,441.10.**

Ms. Cochran advised that the policy covers the Warehouse Local 730 Legal and Health and Welfare Trust Funds and that the premium would be pro-rated as directed by the Fund auditor.

C. <u>Form 1099R</u>

Ms. Cochran reported that Associated mailed the 1099R Forms to participants on January 27, 2021.

D. <u>Eight O'Clock Coffee Credit Request</u>

Ms. Cochran reported that the Fund received a March 5, 2021 letter from Eight O'Clock Coffee requesting a credit for an overpayment of contributions. The employer remitted the wrong contribution rate for the month of February 2021 resulting in an overpayment of $37,306.00.

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

> **RESOLVED to approve the credit request from Eight O'Clock Coffee in the amount of $37,306.00.**

E. **Notice of Proposed Reduction of Benefits**

Ms. Cochran reported that Associated mailed the MPRA-required notices regarding the proposed benefit reductions to participants on March 4, 2021.

F. **2020 Retiree Information Form (RIF)**

Ms. Cochran reported that Associated mailed the second request for RIF responses to retirees on December 10, 2020.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected June 10, 2021 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