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
JUNE 18, 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
A. Smith – 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
D. Melloh – Investment Performance Services, LLC

I. CALL TO ORDER

A quorum being present, the meeting was called to order.

II. TRUSTEE RESIGNATION/APPOINTMENT

Ms. Cochran reported receipt of a letter from Mr. Richard Johnson regarding his resignation as a Union Trustee from the Fund effective May 1, 2020. She reported receipt of an email dated May 4, 2020 from Mr. Ritchie Brooks, President of Warehouse Employees Union Local No. 730, stating that Mr. Frank Myers was replacing Mr. Richard Johnson as a Union Trustee effective immediately. The Trustees welcomed Mr. Myers to the meeting. Ms. Cochran confirmed that she instructed the broker to add Mr. Myers 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 March 3, 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 March 3, 2020 are approved as presented.**

IV. FINANCIAL REPORT

A. Custodian Bank – PNC Bank, NA

Ms. Cochran reported that a copy of the PNC Summary of Activity report for the period January 1, 2020 through March 31, 2020 is contained in the meeting booklet.

B. Tax Reclamation Service Provided by PNC Bank, NA

Ms. Cochran requested Trustee approval to participate in a tax reclamation program provided by PNC Bank, NA. The program allows the Fund to take advantage of a favorable tax rate on a foreign security. She said that the fee for the service through PNC is 4% of the tax savings. She noted that IPS and the Fund Auditor recommended participation, subject to legal review. She reported that

Fund Counsel reviewed the information and recommended participating in the program. Trustee Paradis asked Ms. Cochran to distribute to the Trustees the information provided by PNC regarding the program.

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

> **RESOLVED to approve participation in the PNC tax reclamation service program effective as soon as administratively possible.**

C. <u>Investment Performance Services, LLC ("IPS")</u>

1. <u>Investment Performance</u>

The Trustees welcomed Mr. Dan Melloh of IPS to the meeting.

Mr. Melloh reviewed the overall performance of the Fund's investment managers noting that the investment performance of the total portfolio for the period January 1, 2020 to March 31, 2020 was -12.5%, gross of fees.

2. <u>Asset Allocation</u>

Mr. Melloh reviewed the Fund's asset allocation as of March 31, 2020: U.S. Equities 26.6%, U.S. Small/Mid Cap 8.6%, International Equities 9.2%, Fixed Income Core 0.9%, Fixed Income High Yield 7.1%, Real Estate 28.2%, Opportunistic Strategies 8.2%, Global Tactical Asset Allocation 5.4%, Private Equity 5.3% and cash 0.7%.

3. <u>Quarterly Performance Report</u>

Mr. Melloh presented the preliminary quarterly performance report for the period ended March 31, 2020. He noted the assets held by the investment managers on March 31, 2020 were as follows: Rothschild – LCV held $10,898,837; Hardman Johnston Global Advisors held $11,873,662; Northern Trust $13,734,142; Atlanta Capital held $11,832,059; Hardman Johnston International Equity held $6,411,235; Acadian held $6,244,426; C.S. McKee held $1,195,911; Penn Core held $9,707,949; PRISA III held $30,500,842; American Core Realty Fund held $8,185,718; Corbin ERISA Opportunity Fund held $11,260,235; BlackRock Financial Management held $7,395,592; Hamilton Lane $7,306,209; and the cash account held $908,285. Mr. Melloh reviewed the summary of investment results for the period ended March 31, 2020, including trailing quarter, trailing year-to-date, and trailing one, three and five-year periods.

4. <u>Rebalancing Recommendation – INTERIM ACTION</u>

Ms. Cochran reported that IPS distributed an April 8, 2020 memo, which recommended the Trustees take certain action to rebalance the Fund's investments. She reported that the Trustees approved, via electronic poll and during a conference call on April 10, 2020 the following IPS recommendations: 1) to submit a $2.5 million redemption from core real estate (American Realty Advisors) and $1.5 million redemption from value add real estate (PRISA III) effective June 30, 2020, and 2) to terminate Rothschild Large Cap Value and retain Great Lakes Advisors, an IPS approved manager.

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

> **RESOLVED, to accept the recommendation of IPS to submit a redemption request to American Realty Advisors for $2.5 million and PRISA III for $1.5 million effective June 30, 2020 and to terminate Rothschild Large Cap Value and retain Great Lakes Advisors.**

5. **Investment Manager Fee Reductions**

Mr. Melloh noted that Corbin ERISA Opportunity Fund has advised it will be cutting fees for the months of July through December 2020 by 10%. He also noted that Northern Trust will be reducing its fees from 5 to 3 basis points.

The Trustees thanked Mr. Melloh 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 reviewed their report titled, "MPRA Suspensions." They discussed generally the MPRA suspension application process and timeline, and the statutory and regulatory requirements. They noted that PBGC has recently started to request certain financial information from some applicants' larger contributing employers. The Trustees instructed Cheiron to ask PBGC what type of financial information PBGC might request.

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

> **RESOLVED to move forward with the suspension application, authorizing Cheiron to perform the work associated with the application, to be reviewed by the Trustees before submission to the Secretary of Treasury.**

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

VI. COUNSEL REPORT

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

VII. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the first quarter 2020. Such report indicated contribution income of $1,084,196, miscellaneous income of $3,278, interest and dividend income of $402,872, and withdrawal liability payments of $165,919, producing a total income of $1,656,265. Expenses included $5,185,728 of pension benefit expense and $338,703 of operating expense, producing a total expense of $5,521,431 for the quarter. This resulted in a net deficit of $3,865,166 for the quarter. Ms. Cochran noted that contributions were made on behalf of 304 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 first quarter 2020 report are approved for payment as presented.**

VIII. INVOICES

Ms. Cochran presented a list of invoices dated June 18, 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 June 18, 2020 are approved for payment as presented.

IX. PARTICIPANT APPEAL

Appeal Number	Issue	Board Decision
P20/110-0530	Pension – Early Pension Benefit	Denied

X. OTHER FUND BUSINESS

A. Fiduciary Liability Insurance Renewal and Waiver of Recourse Premiums

Ms. Cochran referred to the proposal provided by NFP regarding the renewal of the Fiduciary Liability policy. There was one proposal from the incumbent carrier, Markel American Insurance Company/Ullico ("Ullico"). There was no increase in premium.

The Trustees requested that the Administrative Manager request proposals for the next renewal from both NFP and Segal Select to obtain more renewal options.

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

RESOLVED to approve the Fiduciary Liability Policy with Ullico for the period July 26, 2020 through July 26, 2021 with an annual premium of $34,020.

Ms. Cochran advised the Trustees that letters regarding their required payment of the Waiver of Recourse premium of $25 would be mailed to them.

B. Fidelity Bond Renewal

Ms. Cochran reported that the Fidelity Bond policy will expire July 11, 2020. She said that she is working with the broker, NFP, regarding renewal proposals. Ms. Cochran said that she would poll the Trustees via email once she received the proposals.

C. 2019 Annual Audit

Ms. Cochran reported that Novak Francella performed fieldwork for the audit in the Administrative Manager's office the week of June 1, 2020. Due to the timing of the fieldwork, draft financials are not yet available. She said the auditor requested approval to file extensions for the Form 990-T and Form 5500 due to information not being available from some of the Fund's investment managers until July 31, 2020.

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

> **RESOLVED to approve Novak Francella to file an extension for the Form 990 and Form 5500.**

D. 2020 PPA Certification

Ms. Cochran reported that Cheiron filed the 2020 PPA Certification on March 30, 2020. The Fund was certified as Critical and Declining.

E. Notice of Critical and Declining Status and Annual Funding Notice

Ms. Cochran reported that Associated mailed copies of the Notice of Critical and Declining Status for the January 1, 2020 Plan Year and Annual Funding Notice for the January 1, 2019 Plan Year to Plan participants and participating employers on April 22, 2020.

F. Employer Contribution Rate Letter

Ms. Cochran reported that Associated mailed a contribution rate increase letter to Eight O'Clock Coffee for the rate changes effective July 1, 2020.

X. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected September 1, 2020 as their next regular meeting date immediately following the companion Legal Fund meeting via teleconference.

XI. ADJOURNMENT

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

Respectfully submitted,

Michael Bull
Secretary