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 1, 2020 VIA TELECONFERENCE

The following Trustees were present:

UNION TRUSTEES
R. Brooks – Chairman
F. Myers
T. Richardson

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
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 ARCHIE SMITH

Trustee Richardson spoke of the recent passing of Trustee Archie Smith. He noted Mr. Smith's many contributions to the Fund and the important role he played over many years. The Trustees expressed their profound gratitude for Mr. Smith's service and condolences over his loss.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on June 18, 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 June 18, 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 June 30, 2020 is contained in the meeting booklet.

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

1. Investment Performance

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

Mr. Sichel reviewed the overall performance of the Fund's investment managers. He noted that for the period January 1, 2020 to June 30, 2020 the Fund's overall investment performance was -2.8%, gross of fees.

2. **Asset Allocation**

Mr. Sichel reviewed the Fund's asset allocation as of June 30, 2020: U.S. Equities 29.7%, U.S. Small/Mid Cap 9.7%, International Equities 8.1%, Fixed Income Core 0.8%, Fixed Income High Yield 6.8%, Real Estate 25.7%, Opportunistic Strategies 8.2%, Global Tactical Asset Allocation 5.3%, Private Equity 5.1% and cash 0.5%.

3. **Quarterly Performance Report**

Mr. Sichel presented the preliminary quarterly performance report for the period ended June 30, 2020. He noted the assets held by the investment managers on June 30, 2020 were as follows: Rothschild – Hardman Johnston Global Advisors held \$14,423,435; Northern Trust held \$17,544,448; Great Lakes Advisors held \$12,221,883; Atlanta Capital held \$14,449,733; Hardman Johnston International Equity held \$6,678,339; Acadian held \$5,364,474; JPMCB Global Allocation Fund held \$7,881,542; C.S. McKee held \$1,241,096; Penn Core held \$10,194,262; PRISA III held \$30,538,412; American Core Realty Fund held \$7,788,674; Corbin ERISA Opportunity Fund held \$12,218,844; Hamilton Lane \$7,524,180; and the cash account held \$750,420. Mr. Sichel reviewed the summary of investment results for the period ended June 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 10.5%, vs. the benchmark return of 8.4%.

4. **Rebalancing Recommendation**

Mr. Sichel noted that the International Equity 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 said IPS recommended transferring \$1,000,000 from Hardman Johnston to the Investment Grade

Fixed Income allocation. He recommended transferring $500,000 to Acadian and $500,000 to CS McKee.

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

> **RESOLVED, to accept the recommendation of IPS to transfer 1) $500,000 from Hardman Johnston to Acadian and 2) $500,000 from Hardman Johnston to CS McKee.**

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

V. <u>ACTUARY REPORT</u>

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 the MPRA suspension process as well as potential benefit reductions that might be sought under a MPRA application. They explained that the Fund would have to demonstrate the suspensions were equitable if there were different suspensions for different groups of participants. Currently, they are contemplating a benefit suspension for employees of current contributing employers of a certain percentage, with employees of withdrawn employers receiving the maximum cut. Mr. Hardcastle said that additional data would be needed from the Administrative Manager in order to complete the application.

The Trustees thanked Mr. Hardcastle and Mr. Deveney for their report and instructed Cheiron to proceed with the preparation and submission of a MPRA application. Mr. Hardcastle and Mr. Deveney were excused from the meeting.

VI. COUNSEL REPORT

A. Investment Manager – Boyd Watterson Asset Management, LLC (Boyd Watterson)

Mr. Kimble reported that the documents relating to the new investment with Boyd Watterson are complete and ready for Trustee signature.

B. MPRA Application

Mr. Kimble and Mr. DeLancey reported on the procedural requirements for filing a MPRA application. They noted that ERISA and Internal Revenue Code require the Trustees to determine that the Fund will not remain solvent if benefits are not suspended. After discussion of the Fund's Critical and Declining status,

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

> **The Trustees determined under Section 305(e)(9) (C)(ii) of ERISA and 432(e)(9)(C)(ii) of the Code, after a review of all available information and possible Plan changes, that the Plan is not projected to avoid insolvency if benefits are not suspended, even though the Trustees have taken all reasonable measures to avoid insolvency.**

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. Second Quarter 2020

Ms. Cochran presented the Administrative Manager's Report for the second quarter 2020. Such report indicated contribution income of $1,115,418, miscellaneous income of $64,407, interest and dividend income of $440,563, and withdrawal liability payments of $165,919, producing a total income of $1,7,86,307. Expenses included $5,237,704 of pension benefit expense and $357,560 of operating expense, producing a total expense of $5,595,264 for the quarter. This resulted in a net deficit of $3,808,957 for the quarter. Ms. Cochran noted that contributions were made on behalf of 301 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 second quarter 2020 report are approved for payment as presented.**

B. **Administrative Services Contract Renewal**

Ms. Cochran distributed and reviewed her letter dated September 1, 2020 which noted that the administrative services contract between the Fund and Associated Administrators, LLC will expire on December 31, 2020 and provides detailed information in support of the request for a three-year renewal. The Trustees tabled the request for action after a discussion to be held after the meeting.

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

> **RESOLVED to approve a committee of two Union Trustees, two Employer Trustees, and Fund Counsel to discuss the administrative services contract presented by Associated**

Administrators during a separate conference call to be held after this meeting.

VIII. INVOICES

Ms. Cochran presented a list of invoices dated September 1, 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 September 1, 2020 are approved for payment as presented.

IX. OTHER FUND BUSINESS

A. Fiduciary Liability Insurance Renewal and Waiver of Recourse Premiums – INTERIM ACTION

Ms. Cochran noted interim action the Trustees took to renew the Fiduciary Liability policy for the period July 26, 2020 through July 26, 2021 with the incumbent carrier, Markel American Insurance Company/Ullico ("Ullico"), through the broker NFP Property & Casualty Service, Inc. She said that there was no increase in the annual premium. She said the Trustees approved the renewal via an electronic poll conducted in June 2020.

Ms. Cochran advised the Trustees that letters regarding their required payment of the Waiver of Recourse premium of $25 were emailed July 13, 2020.

B. Fidelity Bond Renewal – INTERIM ACTION

Ms. Cochran noted interim action the Trustees took to renew the Fidelity Bond policy for the period July 11, 2020 through July 11, 2023 with the incumbent carrier, Fidelity and Deposit Company of Maryland, through the broker NFP

Property & Casualty Service, Inc. She said that there was no increase in the annual premium. She said the Trustees approved the renewal via an electronic poll conducted in July 2020.

C. International Foundation of Employee Benefit Plans – Annual Membership

Ms. Cochran reported receipt of the Fund's 2021 membership renewal invoice for the International Foundation of Employee Benefit Plans. The renewal fee is $1,265.00.

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

> **RESOLVED to approve the Fund's 2021 renewal with the International Foundation of Employee Benefit Plans at a fee of $1,265.00.**

D. Eight O'Clock Coffee Withdrawal Liability Estimate Request

Ms. Cochran reported that the Fund received a request for a withdrawal liability estimate from Eight O'Clock Coffee. She noted that the required fee for the actuarial calculation of the estimate was paid and the estimate was provided to Eight O'Clock Coffee on August 20, 2020.

E. 2020 Retiree Information Form (RIF)

Ms. Cochran reported that the first request for RIF responses was mailed to retirees on July 17, 2020.

F. Pension Statements

Ms. Cochran reported that Annual Pension Statements were mailed to participants on June 22, 2020.

X. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected December 10, 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