Food Employers Labor Relations Association
And United Food & Commercial Workers
Pension Fund

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (410) 683-6500
(800) 638-2972
www.associated-admin.com

8400 Corporate Drive, Suite 430
Landover, Maryland 20785-2361
Telephone: (301) 459-3020
(800) 638-2972
www.associated-admin.com

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE FELRA AND UFCW PENSION FUND VIA VIDEO CONFERENCE OCTOBER 22, 2020

The following Trustees were present:

UNION TRUSTEES

M. Federici - Chairman
D. Blitzstein
T. Hipkins
C. Hoffmann

EMPLOYER TRUSTEES

J. Paradis - Secretary
D. Dosenbach
M. Goble

Also present were:

Y. Anwar - UFCW Local 400
J. Chorpenning - UFCW Local 27
L. DuVall - Associated Administrators, LLC
J. Hack - UFCW Local 27
J. Harrison - UFCW Local 27
D. Jensen - Associated Administrators, LLC
J. Herishen - Calibre CPA Group PLLC
N. Jacobs - UFCW Local 400
G. Kalwarski - Cheiron
M. Kreps - Groom Law Group
C. McDonough - Investment Performance Services
R. McKnight - Associated Administrators, LLC
C. Murphy - Associated Administrators, LLC
S. Sanchez - Slevin & Hart, P.C.
R. Sichel - Investment Performance Services
B. Slevin - Slevin & Hart, P.C.
L. Walsh - Associated Administrators, LLC
M. Wilson - UFCW Local 400
K. Woodrich - Cheiron

I. **CALL TO ORDER**

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

II. **MINUTES**

The Trustees reviewed the minutes of the regular meeting held on July 23, 2020 and the Appeals Committee meeting held on August 12, 2020, which were pre-circulated.

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

> **RESOLVED, that the minutes of the regular meeting held on July 23, 2020 and the Appeals Committee meeting held on August 12, 2020 are approved as presented.**

III. **FINANCIAL REPORT**

A. **PNC Bank**

1. **Summary of Cash Activity Report – June 30, 2020**

Ms. DuVall presented the Summary of Cash Activity Report for the period January 1, 2020 to June 30, 2020 as provided by PNC. Such report indicated a beginning balance of $9,477,868, receipts of $23,810,018, net transfers from managers of $42,346,992, disbursements of $74,156,853, and earnings of $88,988, resulting in a balance of $1,567,014 as of June 30, 2020.

B. **Investment Performance Services**

The Trustees welcomed Mr. Rich Sichel and Mr. Chris McDonough of Investment Performance Services ("IPS") to the meeting.

1. **Master Consulting Report – June 30, 2020**

Mr. Sichel reviewed the Master Consulting Report for the period ending June 30, 2020. Such report indicated a beginning market value of $79,812,842, net cash flow of negative $25,451,087, and a net investment change of $2,213,062, resulting in an ending market value of $56,574,816. The year-to-date performance through June 30, 2020 was 1.8% gross of fees.

2. **Preliminary Performance Update – August 31, 2020**

Mr. Sichel reviewed the Preliminary Performance Report for the period ending August 31, 2020. Such report indicated a beginning market value of $52,486,920, net cash flow of negative $10,709,547, and a net investment change of $52,461, resulting in an ending market value of $41,829,834. The year-to-date performance through August 31, 2020 was 2.2% gross of fees.

3. Preliminary Performance Update – September 30, 2020

Mr. Sichel reviewed the Preliminary Performance Report for the period ending September 30, 2020. Such report indicated a beginning market value of $41,829,834, net cash flow of negative $10,536,217, and a net investment change of $8,812, resulting in an ending market value of $31,302,429. The year-to-date performance through September 30, 2020 was 2.2% gross of fees.

4. Glide Path Analysis

Mr. McDonough presented the glide path analysis. He noted that based on the cash flows submitted by the actuary, in the event the Fund is combined with the Mid-Atlantic UFCW and Participating Employers Pension Fund, the combined Fund would be expected to become insolvent in 2022. He noted that due to the short time frame until the Fund's projected insolvency date and the low level of assets relative to liabilities, the investment return will have a minimal impact on the insolvency date. He said that liquidity will be the primary focus of the investment plan going forward, given the short period of time until the projected insolvency.

C. <u>Auditor's Report</u>

The Trustees welcomed Mr. Joseph Herishen of Calibre CPA Group ("Calibre") to the meeting.

1. Financial Statements – December 31, 2019

Mr. Herishen presented the Financial Statements for the period ended December 31, 2019. He stated that the auditor's opinion was unmodified and the financial statements were in conformity with generally accepted accounting principles.

Mr. Herishen reported that total assets as of December 31, 2019 were $129,701,493 and total liabilities were $169,238, producing net assets available for benefits of $129,532,255. Mr. Herishen reviewed the Notes to Financial Statements, Schedule of Assets Held for Investment Purposes, Schedule of Employer Contributions, and Schedule of Administrative Expenses.

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

RESOLVED, to accept the Auditor's 2019 Financial Statements as presented.

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

IV. ACTUARY'S REPORT

The Trustees welcomed Mr. Gene Kalwarski and Mr. Kevin Woodrich of Cheiron to the meeting.

Mr. Woodrich stated that based on the September 30, 2020 market value of assets, the Fund is projected to become insolvent as of March 2021. Mr. Woodrich reported that, in the event the Fund is combined with the Mid-Atlantic UFCW and Participating Employers Pension Fund, the projected insolvency date for the combined Fund would be September 2022.

The Trustees thanked the representatives of Cheiron and IPS for their reports and they were excused from the meeting.

V. ATTORNEY'S REPORT

A. Memoranda of Agreement ("MOA")

Mr. Slevin reported on status of negotiations among the collective bargaining parties, the Fund, the Mid-Atlantic Pension Fund, and the Pension Benefit Guaranty Corporation ("PBGC").

B. Department of Labor ("DOL") Investigation

Ms. Sanchez reported on the status of the DOL's ongoing audit of the Fund.

C. Required Minimum Distributions ("RMD")

Ms. Sanchez reported on the calculation of pension benefits for participants who work past age 70.5.

D. 2019 Tax Audit Documents

Ms. Sanchez reported on the Fund's Form 5500 and financial statements.

E. Calibre Cybersecurity Risk Assessment Updated Memorandum

Mr. Kreps reported on Calibre's Memorandum dated October 15, 2020 detailing a third-party audit of Calibre's cyber security measures, which was pre-circulated.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Second Quarter 2020 Report

Ms. DuVall presented the Administrative Manager's report for the Second Quarter 2020, which had been pre-circulated. Such report indicated contribution income of $11,075,889, interest and dividend income of $737,185, transfers from assets of $18,500,840, receipt of withdrawal liability payments of $188,208, and miscellaneous income of $185,852, producing total income of $30,687,974 for the quarter. Total expenses were $37,171,268, producing a net operating deficit of $6,483,294. Ms. DuVall noted that contributions were remitted on behalf of 15,466 Plan participants.

Ms. DuVall reviewed the pension applications contained in the Administrative Manager's Second Quarter 2020 Report.

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.**

Ms. DuVall presented a snapshot of Fund work performed by Associated Administrators during the Second Quarter 2020.

VII. INVOICES

The Trustees reviewed the list of invoices dated October 22, 2020. It was noted 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 October 22, 2020 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Acme Delinquent Contributions

Ms. DuVall reported that Acme continues to contribute at incorrect contribution rates. Mr. Dosenbach stated that Acme is in the process of rectifying the contribution rate issue.

B. **Safeway Payroll Audit – 2014 – 2017**

Ms. DuVall reported that Calibre CPA Group, PLLC notified the Fund office that it completed the 2014-2017 payroll audit of Safeway and submitted adjusted findings to Safeway for review and response. Mr. Dosenbach confirmed that Safeway is in the process of reviewing the findings.

C. **International Foundation of Employee Benefit Plans ("IFEBP)**

Ms. DuVall reported that the Fund's membership in the IFEBP had been renewed for 2021.

D. **PBGC Premium Filing**

Ms. DuVall reported that the Fund's 2020 Comprehensive Premium Filing was completed on October 9, 2020 and payment of premiums totaling $1,498,740 was made by the Fund.

E. **Visium Fair Fund**

Ms. DuVall reported that on July 27, 2020 the Fund received a distribution from the Visium Fair Fund in the amount of $86.81.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected December 14, 2020 as their next meeting date to be held via teleconference.

X. ADJOURNMENT

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

Respectfully Submitted,

Jason Paradis, Secretary

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