# 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**
**MARCH 11, 2022**

The following Trustees were present:

**UNION TRUSTEES**

M. Federici – Chairman
D. Blitzstein
T. Hipkins
C. Hoffman

**EMPLOYER TRUSTEES**

J. Paradis – Secretary
D. Dosenbach
M. Goble

Also present were:

Y. Anwar – UFCW Local 400
J. Chorpenning – UFCW Local 27
J. Hack – UFCW Local 27
J. Harrison – UFCW Local 27
D. Jensen – Associated Administrators, LLC
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.
A. Sims – Associated Administrators, LLC
B. Slevin – Slevin & Hart, P.C.
L. Walsh – Associated Administrators, LLC
M. Wilson – UFCW Local 400
K. Woodrich – Cheiron
A. Yu – Investment Performance Services

## I. CALL TO ORDER

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

## II. MINUTES

The Trustees reviewed the minutes of the FELRA and UFCW Pension Fund meeting held on December 15, 2021, which were pre-circulated.

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

> **RESOLVED, that the minutes of the FELRA and UFCW Pension Fund meeting held on December 15, 2021 are approved, as presented.**

## III. FINANCIAL REPORT

### A. PNC Bank

**Summary of Cash Activity Report – December 31, 2021**

Ms. Sims presented the Summary of Cash Activity Report for the period January 1, 2021 to December 31, 2021, as provided by PNC. Such report indicated a beginning balance of $3,830,518, receipts of $105,682,526, net transfers from managers of $20,350,317, disbursements of $152,387,709, and an investment gain of $67,261,104, resulting in a balance of $44,736,757 as of December 31, 2021.

### B. Investment Performance Services

The Trustees welcomed Mr. Chris McDonough and Ms. Angela Yu of Investment Performance Services ("IPS") to the meeting.

**1. Master Consulting Report – December 31, 2021**

Mr. McDonough reviewed the report for the period ending December 31, 2021. Such report indicated a beginning market value of $110,999,030, negative net cash flow of $24,349,571, and a net investment gain of $5,306,812, resulting in an ending market value of $91,956,271 for the quarter. The performance for the fourth quarter was 5%, gross of fees.

**2. Preliminary Performance Update – January 31, 2022**

Mr. McDonough reviewed the report for the period ending January 31, 2022. Such report indicated a beginning market value of $91,956,271, net cash flow of negative $7,485,331, and a net investment gain of $3,201,789, resulting in an ending market value of $81,269,152. The year-to-date performance through January 31, 2022 was negative 3.2%, gross of fees.

**3. Glide Path Analysis**

Mr. McDonough reviewed the Glide Path analysis that assumes that the Fund will have assets until the fourth quarter of 2022. The Trustees requested an analysis from Investment Performance Services of the Pension Fund's ability to make all pension benefit payments through October 2022 and any portfolio action and liquidation recommendations that IPS thinks they should consider.

**4. Segall Bryant & Hamill**

The Trustees welcomed Mr. James Dadura, Mr. Gregory Hosbein, and Mr. Clark Koertner of Segall Bryant & Hamill to the meeting.

Mr. Dadura stated his understanding that the Fund intends to apply for PBGC Special Financial Assistance ("SFA") and is interested in considering possible investment strategies for the Fund assuming the receipt of the SFA. Mr. Dadura provided an overview across all maturities of fixed income options available from Segall Bryant and provided forecasts for the estimated life of plan assets. He stated that their models include the assumption that the Fund would segregate the SFA funds into separate investments and use the SFA funds before other plan assets. This allows the unrestricted investment of current plan assets, while investing the SFA funds in permissible investments such as fixed-income securities, mutual funds, or other commingled securities. He stated that the influx of funding allows for benefit and expense payments in the immediate future while the SFA assets potentially earn a lower amount than the unrestricted, current plan assets.

The Trustees thanked the representatives from Segall Bryant & Hamill and they were excused from the meeting.

The Trustees requested that IPS ask Segall Bryant for an updated presentation that includes a stress test and a slide added on the advantages and disadvantages of the strategy of cash matching the early years of benefit payments and why Segall Bryant believes this approach to investing the SFA money is a prudent course of action.

After discussion, the Trustees tabled further consideration of hiring additional investment managers until additional PBGC guidance is released regarding the SFA Program investing guidelines and until the Fund receives a final determination of the amount of SFA funding that the Fund will receive. The Trustees also requested that IPS provide information on other fixed income strategies that could be utilized as investment vehicles for the SFA funds.

**IV. ACTUARY'S REPORT**

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

Mr. Woodrich stated that the Actuarial Solvency Valuation Report as of December 31, 2020 was finalized and distributed to the Trustees. Mr. Kalwarski reported that Cheiron projects the Fund will remain solvent through October 2022, absent receipt of SFA funds.

The Trustees thanked Mr. Woodrich and Mr. Kalwarski for their report and they were excused from the meeting.

**V. ATTORNEY'S REPORT**

**A. Special Financial Assistance (SFA) Application**

Mr. Slevin reported on the Fund's SFA application.

**B. Plan Amendment**

Mr. Slevin reported on Plan Amendment 3.

**C. PBGC Reporting Requirements**

Mr. Slevin reported on the Fund's annual PBGC reporting requirements.

**D. Mid-Atlantic Pension Fund PBGC Premium**

Mr. Slevin reported on a notice the Fund office received from PGBC regarding the former Mid-Atlantic Pension Fund's 2021 PBGC premium.

**E. Eligible Rollover Distributions**

Ms. Sanchez reported on agency guidance relating to the administration of eligible rollover distributions.

**F. Calibre Audit Engagement Letter**

Ms. Sanchez reported on the Calibre Audit Engagement Letter and side letter for the 2021 Plan Year audit.

**G. Summary Plan Description ("SPD")**

Ms. Sanchez reported on the status of the Fund's SPD restatement.

### H. Former MAP Investment Managers

Ms. Sanchez reported on the transfer documentation relating to the former Mid-Atlantic Pension Fund.

## VI. ADMINISTRATIVE MANAGER'S REPORT

### A. Fourth Quarter 2021 Report

Ms. Sims presented the Administrative Manager's Report Fourth Quarter 2021, which had been pre-circulated. Such report indicated interest and dividend income of $364,713, transfers from assets of $15,890,807, contributions of $373, receipt of withdrawal liability payments of $14,188,209, and miscellaneous income of $4,957, producing total income of $30,449,059 for the quarter. Total expenses were $38,781,442, producing a deficit of $8,332,383.

Ms. Sims reviewed the pension applications contained in the Administrative Manager's Fourth Quarter 2021 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 Fourth Quarter 2021 report are approved for payment.**

## VII. INVOICES

The Trustees reviewed the list of invoices dated March 11, 2022. 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 March 11, 2022 are approved for payment.**

## VIII. OTHER FUND BUSINESS

### A. Safeway 2014-2017 Payroll Audit

Ms. Sims reported that Safeway remitted payment in the amount of $99,857.91 for the payroll audit delinquency identified in the audit conducted by Calibre for the years 2014 through 2017.

**B. Cheiron 2022 Engagement Letter**

Ms. Sims presented Cheiron's retainer fee request for 2022. She stated that Cheiron proposed a retainer fee of $107,508 ($8,959 per quarter), which represented an increase of approximately 5.4%, with the non-retainer fees ranging from $152 to $515 per hour.

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

> **RESOLVED, to approve Cheiron's 2022 engagement proposal, as presented.**

**C. Calibre Engagement Letter – Plan Year 2021**

Ms. Sims presented Calibre's engagement proposal and proposed side letter relating to the 2021 audit, along with Calibre's planning letters relating to the audit. Ms. Sims stated that Calibre proposed a retainer fee not to exceed $72,000, which represented a decrease of approximately 15% from the prior year's fee, with the non-retainer fees ranging from $152 to $515 per hour.

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

> **RESOLVED, to approve of Calibre's 2022 engagement proposal, as presented.**

**D. Miscellaneous Correspondence**

**1. Green Mountain Coffee Settlement**

Ms. Sims reported that the Fund had received a check in the amount of $4,236 as a result of the Fund's claim filed in the Green Mountain Coffee Litigation Settlement.

**2. GSE Settlement**

Ms. Sims reported that the Fund had received a check in the amount of $700 as a result of the Fund's claim filed in the GSE Litigation Settlement.

## IX. NEXT MEETING DATE AND LOCATION

After discussion, the Committee Members noted that the next meetings are scheduled on the following dates:

Friday, June 10, 2022

Thursday, September 15, 2022

Monday, December 12, 2022

The meetings will be held via video conference.

## 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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