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

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE FELRA AND UFCW PENSION FUND VIA VIDEO CONFERENCE MARCH 11, 2021

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:

W. Antoshak - Associated Administrators, LLC
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
N. Jacobs - UFCW Local 400
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.
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 FELRA and UFCW Pension Fund regular meeting held on December 14, 2020, the Mid-Atlantic UFCW and Participating Employers Pension Fund regular meeting held on December 14, 2020, the special meeting of the FELRA and UFCW Pension Fund held on December 21, 2020, and the Appeals Committee meeting held on February 8, 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 regular meeting held on December 14, 2020, the minutes of the Mid-Atlantic UFCW and Participating Employers Pension Fund regular meeting held on December 14 2020, the special meeting of the FELRA and UFCW Pension Fund held on December 21, 2020, and the Appeals Committee meeting held on February 8, 2021 are approved, as presented.**

III. FINANCIAL REPORT

A. PNC Bank

1. Summaries of Cash Activity Report – December 31, 2020

Ms. DuVall presented the Summary of Cash Activity Report for the period January 1, 2020 to December 31, 2020, as provided by PNC. Such report indicated a beginning balance of $9,477,868, receipts of $46,832,505, net transfers from managers of $96,003,732, disbursements of $148,574,517, and earnings of $90,930, resulting in a balance of $3,830,518 as of December 31, 2020.

For the former Mid-Atlantic UFCW and Participating Employers Pension Fund ("MAP"), Ms. DuVall presented the Summary of Cash Activity Report for the period January 1, 2020 to December 31, 2020, as provided by PNC. Such report indicated a beginning balance of $123,794,212, receipts of $18,178,543, disbursements of $4,494,025, and earnings of $11,353,612, resulting in a balance of $148,832,342 as of December 31, 2020.

B. Investment Performance Services

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

1. Master Consulting Reports – December 31, 2020

Mr. McDonough reviewed the report for the period ending December 31, 2020. Such report indicated a beginning market value of $31,302,540, net cash flow of negative $25,877,125, and a net investment change of $298,053, resulting in an ending market value of $5,723,469 for the quarter. The performance for the fourth quarter was 0.8%, gross of fees.

For the former MAP Fund, Mr. McDonough reviewed the report for the period ending December 31, 2020. Such report indicated a beginning market value of $134,136,254, net cash flow of $2,782,534, and a net investment change of $11,913,491, resulting in an ending market value of $148,832,279 for the quarter. The performance for the fourth quarter was 8.8%, gross of fees.

2. Preliminary Performance Update – January 31, 2021

Mr. McDonough reviewed the report for the period ending January 31, 2021. Such report indicated a beginning market value of $5,723,469, net cash flow of negative $138,070,640, and a net investment change of negative $352,356, resulting in an ending market value of $143,441,752. The year-to-date performance through January 31, 2021 was negative 0.3%, gross of fees.

3. Glide Path Analysis

Mr. McDonough reviewed the Glide Path Analysis. He noted that the Fund actuary provided data indicating that the Fund will require $24 million of cash outflows per quarter beginning in second quarter 2021. He reviewed a table summarizing the recommended sources of cash to meet the combined Fund's needs, and a table outlining the asset allocation of the combined Fund. Mr. McDonough reported that full redemption requests have been submitted to the Funds' real estate managers. The Trustees discussed with Mr. McDonough whether these redemption requests could be revoked, depending on the timing of when the Fund receives special financial assistance under ARPA. Mr. McDonough advised that he would review this question and report back. Mr. McDonough noted that due to the illiquidity of the asset classes, the combined Fund will likely have allocations to private equity and opportunistic funds remaining when it reaches its projected insolvency date in 2022, absent a secondary sale of those investments. Mr. McDonough reviewed the combined Plan projected asset allocation.

4. Cybersecurity Liability Insurance – Amendment

Ms. DuVall stated that at the December 14, 2020 Board meeting, Mr. Rich Sichel had proposed an Amendment to the Fund's Investment Policy Statement generally requiring the investment managers to maintain a stand-alone cybersecurity liability insurance policy. The Amendment was reviewed by Fund counsel between Board meetings.

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

> **RESOLVED, to approve the proposed cyber insurance Amendment to the Fund's Investment Policy Statement, as presented.**

5. Segall Bryant & Hamill – Assignment of Ownership to CI Financial Corporation

Mr. McDonough reported that on January 25, 2021, CI Financial Corporation entered into an agreement to acquire 100% of the business of Segall Bryant & Hamill, LLC ("SBH"). He stated that this transaction, which will result in the assignment of the investment advisory agreement with the Fund, requires investor consent. He stated that the acquisition of SBH will not affect the Fund's relationship with the manager, where the Fund's investments are held, the nature of the investment services provided by the manager, or the terms of the Fund's investment advisory agreement with the manager.

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

> **RESOLVED, to consent to the assignment of the Fund's investment advisory agreement with Segall Bryant & Hamill, LLC to CI Financial Corporation, as recommended by IPS.**

The Trustees thanked Mr. McDonough 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 at the December 14, 2020 Board meeting, Cheiron presented the 2020 Actuarial Valuation Results. He noted that the full valuation report was available on the Trustee Web Portal.

A. <u>Cheiron – 2021 Retainer Fee</u>

Mr. Woodrich presented Cheiron's 2021 fee request for actuarial services for the Fund. He stated that Cheiron is proposing a retainer fee of $102,000 ($8,500 per month), with non-retainer fees ranging from $150 to $515 per hour for 2021. Mr. Woodrich explained that in addition to inflation of 1.4% based on the increase in the CPI-U, this amount reflects the additional work necessary to perform the valuation due to the combining of the MAP Fund into this Fund on December 31, 2020, as well as preparation of its final Schedule MB for the 2020 Plan year. Ms. Woodrich added that Cheiron no longer has a separate fee agreement for the MAP Fund. He noted that the total 2020 retainer fee for both this Fund and the MAP Fund combined was $122,436, compared to the proposed fee of $102,000 for 2021.

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

> **RESOLVED, to approve Cheiron's 2021 engagement proposal, as presented.**

B. <u>American Rescue Plan Act of 2021</u>

Mr. Woodrich reported on the American Rescue Plan Act of 2021 ("ARPA") enacted on March 11, 2021

The Trustees discussed the potential impact of ARPA on the Fund and requested some preliminary data from Cheiron on this subject. Mr. Woodrich noted that the Fund may receive financial assistance of between $1.1 and $1.4 billion, depending on how the assistance amount is calculated.

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

> **RESOLVED, to delegate Trustees Federici, Chorpenning, Paradis and Dosenbach authority to take actions between Board meetings to enable the Fund to apply for financial assistance under the American Rescue Plan Act of 2021.**

FURTHER RESOLVED, to authorize Cheiron to complete the actuarial work necessary to prepare the Fund's application for financial assistance under the American Rescue Plan Act of 2021.

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

V. ATTORNEY'S REPORT

A. Agreement with the PBGC

Mr. Slevin reported on the December 31, 2020 Agreement among the collective bargaining parties, the Fund, the MAP Fund, and the PBGC.

B. Fiduciary Liability Insurance Policy

Ms. Sanchez reported on the fiduciary liability insurance options for the former MAP Fund.

C. COVID-19 Deadline Extensions

Ms. Sanchez reported on guidance relating to the COVID-related extension of claims and denied appeal deadlines.

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

RESOLVED, to retain the current deadline extension until sixty days after the end of the COVID-19 National Emergency.

D. Calculation of Post-70.5 Benefits

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

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

RESOLVED, to file a VCP application to correct the calculation of post-70.5 benefits and to authorize Chairman and Secretary to take action necessary between Board meetings to complete the VCP application.

E. Required Minimum Distribution ("RMD")

Ms. Sanchez reported on the Plan Amendment and Summary of Material Modification regarding the change to the RMD date under the Plan.

F. Notarization Waiver

Ms. Sanchez reported on the IRS's temporary waiver of physical presence requirements for notarization of certain pension plan elections.

G. 2020 Rehabilitation Plan ("RP")

Ms. Sanchez reported on the Fund's 2020 RP.

H. Department of Labor ("DOL") Investigation

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

I. Investment Policy Statement

Ms. Sanchez reported on the amendment to the Fund's investment policy statement.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Fourth Quarter 2020 Report (FELRA Pension)

Ms. DuVall presented the Administrative Manager's report for the Fourth Quarter 2020 for the FELRA and UFCW Pension Fund, which had been pre-circulated. Such report indicated contribution income of $11,395,310, interest and dividend income of $334,562, transfers from assets of $26,520,903, receipt of withdrawal liability payments of $188,208, and miscellaneous income of $156,799, producing total income of $38,595,782 for the quarter. Total expenses were $37,635,208, producing a net operating surplus of $960,574. Ms. DuVall noted that contributions were remitted on behalf of 16,194 Plan participants.

Ms. DuVall reviewed the pension applications contained in the Administrative Manager's Fourth 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 Fourth Quarter 2020 report are approved for payment.

B. Fourth Quarter 2020 Report (MAP)

Ms. DuVall presented the Administrative Manager's report for the Fourth Quarter 2020 for the former MAP Fund, which had been pre-circulated. Such report indicated contribution income of $4,436,667, and interest and dividend income of $612,866, producing total income of $5,049,533 for the quarter. Total expenses were $1,721,725, producing a net operating surplus of $3,327,808. Ms. DuVall noted that contributions were remitted on behalf of 15,706 Plan participants.

Ms. DuVall reviewed the pension applications contained in the Administrative Manager's Fourth 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 Fourth Quarter 2020 Report are approved for payment.

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

C. Administrative Manager's Contract Renewal

Mr. Walsh stated that Associated Administrators' contract will expire March 31, 2021. She reported that Associated's contract renewal letter was posted to the Trustee web portal for consideration. She offered to review the proposal with a subcommittee or any Trustee upon request and prior to April 1, 2021.

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

RESOLVED, to appoint a subcommittee of Trustees Federici, Chorpenning, Paradis and Dosenbach authority to decide Associated Administrators' contract renewal.

VII. INVOICES

The Trustees reviewed the list of invoices dated March 11, 2021. 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, 2021 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. ACME Markets ("ACME") Delinquent Contributions

Ms. DuVall reported that ACME continues to contribute incorrect contribution amounts at incorrect rates. Mr. Kreps stated that he and the Fund office were working together to resolve the issue.

B. Safeway Payroll Audit – 2014–2017

Ms. DuVall reported that that Calibre CPA Group informed the Fund office that the payroll audit of Safeway for the period of 2014-2017 had been finalized with both sides agreeing that the amount owed to the Fund is $99,857.91. The Fund office will send Safeway a request for payment.

C. MAP Investment Managers

Ms. DuVall reported that correspondence had been sent to the former MAP Fund's investment managers regarding the combination of the MAP Fund into this Fund and requesting any forms required to effectuate the change.

D. Madoff Victim Fund

Ms. DuVall reported that the Fund had received payment in the amount of $156,505.33 on December 18, 2020 from the Madoff Victim Fund.

E. 2020 Rehabilitation Plan

Ms. Duvall reported that the 2020 Rehabilitation Plan had been provided to the Participating Employers on January 5, 2021.

IX. NEXT MEETING DATE AND LOCATION

The Trustees noted that their next regular meeting was scheduled for June 22, 2021 and will be held via video conference.

Ms. DuVall reported that the pre-selected September 2, 2021 Board meeting date was too early in the month for the Fund office to be able to produce the second quarter Administrative Manager's Report. After discussion, the meeting date was changed to September 23, 2021. It was noted that the September meeting will be held at the offices of UFCW Local 400, if COVID-19 restrictions are lifted to allow in-person meetings.

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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