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
DECEMBER 14, 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:

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
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 October 22, 2020 and the Appeals Committee meeting held on October 14, 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 October 22, 2020 and the Appeals Committee meeting held on October 14, 2020 are approved, as presented.**

III. FINANCIAL REPORT

A. PNC Bank

1. Summary of Cash Activity Report – September 30, 2020

Ms. DuVall presented the Summary of Cash Activity Report for the period January 1, 2020 to September 30, 2020 as provided by PNC. Such report indicated a beginning balance of $9,477,868, receipts of $35,208,281, net transfers from managers of $68,347,029, disbursements of $111,052,149, and earnings of $90,431, resulting in a balance of $2,071,460 as of September 30, 2020.

B. Investment Performance Services

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

1. Master Consulting Report – September 30, 2020

Mr. Sichel reviewed the Master Consulting Report for the period ending September 30, 2020. Such report indicated a beginning market value of $56,574,816, net cash flow of negative $25,496,118, and a net investment change of $223,731, resulting in an ending market value of $31,302,429. The performance for the third quarter was 0.4%, gross of fees.

2. Preliminary Performance Update – October 31, 2020

Mr. Sichel reviewed the Preliminary Performance Report for the period ending October 31, 2020. Such report indicated a beginning market value of $31,302,429, net cash flow of negative $11,967,229, and a net investment change of $19,062, resulting in an ending market value of $19,354,262. The year-to-date performance through October 31, 2020 was 2.2% gross of fees.

3. Glide Path

Mr. Sichel reviewed the Glide Path Analysis. He presented IPS's recommended asset allocation changes. After discussion,

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

> **RESOLVED, to adopt the following changes to the Fund's investment allocation targets effective upon the Fund's combination with the Mid-Atlantic UFCW and Participating Employers Pension Fund, as recommended by IPS:**

Domestic Large Cap Equity:	7.5%
Investment Grade Fixed Income:	50%
Short Duration High Yield:	20%
Core Real Estate:	7.5%
Opportunistic Strategies:	5%
Private Equity:	5%
Cash:	5%

4. Cyber Liability Insurance Coverage – Proposed Amendment

Mr. Sichel said that IPS is proposing that the Fund amend its Investment Policy Statement to generally require investment managers to have cybersecurity insurance. He said that cyberattacks are a growing threat in today's environment and one that IPS takes seriously. Mr. Sichel said that IPS provided a proposed Investment Policy amendment regarding cybersecurity insurance coverage to Fund counsel for review.

IV. ACTUARY'S REPORT

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

Mr. Woodrich presented the 2020 Actuarial Valuation Results. Mr. Woodrich reported that there were currently 10,420 actives, 14,335 Terminated Vesteds, and 18,539 participants in pay status, for a total of 43,294 participants. Mr. Woodrich reported that the total market value of assets was $149,154,758 as of January 1, 2020 and the total actuarial value of assets was $152,761,091. The actuarial liability was $1,605,104,647. The Funding ratio was 9.5% compared to 15.3% in 2019.

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. Required Minimum Distribution ("RMD")

Mr. Slevin reported on the SECURE Act provisions regarding required minimum distributions. After discussion.

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

> **RESOLVED, to approve amending the Plan to provide that the Required Minimum Distribution age is 72, effective January 1, 2021, as permitted under the SECURE Act.**

The age 72 rule will be implemented but the written plan amendment will await further guidance from the IRS on the implementation details of the later age.

C. 2020 Rehabilitation Plan

Mr. Slevin reported on the proposed 2020 Rehabilitation Plan update.

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

> **RESOLVED, to adopt a 2020 Rehabilitation Plan update reflecting the expected combination of the Fund and the Mid-Atlantic UFCW and Participating Employers Pension Fund by December 31, 2020 and reflecting that the continued goal of forestalling insolvency; and**
>
> **FURTHER RESOLVED, to authorize Chairman and Secretary to approve and execute the language of the updated 2020 Rehabilitation Plan, as prepared by Fund counsel.**

D. Department of Labor ("DOL") Investigation

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

E. Calculation of Post-70.5 Benefits

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

F. Boral Limited Securities Litigation

Ms. Sanchez reported on the Boral Limited Securities Litigation claim filed on behalf of the Fund by PNC.

G. Fiduciary Liability Insurance Renewal

Ms. Sanchez reported on the Fund's fiduciary insurance policy.

H. Report of Summary Plan Information - 104(d) Notice

Ms. Sanchez reported on the annual 104(d) Notice.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Third Quarter 2020 Report

Ms. DuVall presented the Administrative Manager's report for the Third Quarter 2020, which had been pre-circulated. Such report indicated contribution income of $10,953,659, interest and dividend income of $473,994, transfers from assets of $26,000,037, receipt of withdrawal liability payments of $188,208, and miscellaneous income of $955, producing total income of $37,616,853 for the quarter. Total expenses were $36,935,120, producing a net operating surplus of $681,733. Ms. DuVall noted that contributions were remitted on behalf of 15,755 Plan participants.

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

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

VII. INVOICES

The Trustees reviewed the list of invoices dated December 14, 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 December 14, 2020 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. ACME Markets ("ACME") Delinquent Contributions

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

B. Safeway Payroll Audit – 2014–2017

Ms. DuVall reported that Calibre advised the Fund office that the payroll audit findings were finalized and a letter will be sent to Safeway requesting payment of the contributions owed. The Trustees directed that, in accordance with the Fund's Policy for Collection of Delinquent Contributions, interest will be assessed if Safeway does not make payment within fifteen days after the auditor's final letter is issued to Safeway.

C. Report of Summary Plan Information - 104(d) Notice

Ms. DuVall said that the 104(d) notice for the 2019 Plan Year was sent to the Participating Employers and Unions on November 9, 2020.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected March 11, 2021, June 22, 2021, September 2, 2021, and December 15, 2021 as their next meeting dates. The location of the meetings will be determined based on the status of the COVID-19 pandemic.

X. ADJOURNMENT

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

Respectfully Submitted,

Jason Paradis, Secretary

20944455v1