Mid-Atlantic UFCW and Participating Employers Pension Fund

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE MID-ATLANTIC UFCW AND PARTICIPATING EMPLOYERS 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
A. Hanson - UFCW Local 400
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
J. Nazario - UFCW Local 27
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, 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 are approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

1. Summary of Activity - September 30, 2020

Ms. DuVall presented the PNC Summary of Activity Report for the period January 1, 2020 through September 30, 2020. Such report indicated a beginning balance of $123,794,212, losses of $609,395, receipts of $13,839,406, and disbursements of $2,853,222, producing an ending balance of $134,171,002 as of September 30, 2020.

B. Investment Performance Services

The Trustees welcomed Mr. Rich Sichel of Investment Performance Services 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 $124,959,232, net cash flow of $3,237,016, and a net investment change of $5,974,645, resulting in an ending market value of $134,170,893. The year-to-date performance through September 30, 2020 was 5.0%, 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 $134,170,893, net cash flow of $2,327,040 and a net investment change of negative $1,404,076, resulting in an ending market value of $135,093,857. The year-to-date performance through October 31, 2020 was negative 1.1%, gross of fees.

3. Glide Path Analysis

Mr. Sichel reviewed the Glide Path Analysis. He noted that at the last meeting, the Trustees had approved redemptions of American Core Realty, U.S. Real Estate Fund and Corbin ERISA Fund. He said that all three redemptions had been submitted. He noted that ARA has implemented a redemption queue which may continue into 2021 or later. U.S. Real Estate's redemption was submitted effective March 31, 2021 and this manager does not currently have a redemption queue. The redemption was submitted to Corbin ERISA Opportunity Fund effective December 31, 2020. The full redemption will be paid out over four quarters.

Mr. Sichel reported on the Fund's illiquid assets, including $2 million invested with EnTrust and $8 million committed to Grosvenor. The Trustees discussed options for selling the investments on the secondary market, subsequent to the expected combination of the Fund with the FELRA & UFCW Pension Fund. The Trustees directed Mr. Sichel to ask Grosvenor for information about the value of the investment on the secondary market.

Mr. Sichel reviewed the remainder of the report, including the 2021 Policy and Policy Ranges for the combined assets, the Recommended Sources of Cash to Meet Fund needs, and the Pension Market Value Projections. 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 FELRA & UFCW 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 amendment regarding cybersecurity insurance coverage to Fund counsel for review.

The Trustees thanked Mr. Sichel 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 presented the 2020 Actuarial Valuation Results. Mr. Woodrich noted that the Fund was 111.6% funded. Mr. Woodrich reported that the total market value of assets was $127,896,405 as of January 1, 2020 and the total actuarial value of assets was $127,140,811. The actuarial liability was $113,907,699, a decrease of $16,325,665 compared to 2019. The actuarial investment return was 4.65% as of January 1, 2020.

The Trustees thanked the representatives of Cheiron for their report 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 FELRA & UFCW 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. Calculation of Post-70.5 Benefits

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

D. Fiduciary Liability Insurance Renewal

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

E. 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 was pre-circulated. Such report indicated contribution income of $4,242,699 and interest and dividend income of $589,718, resulting in a total income of $4,832,417. Total expenses were $1,096,763, producing a surplus of $3,735,654 for the Third Quarter 2020. Ms. DuVall reported that contributions were remitted on behalf of 15,338 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 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. 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.

A. Giant and Safeway Memoranda of Agreement ("MOA")

Ms. Walsh reported on work that Associated is doing in preparation to implement the changes agreed upon by the bargaining parties, subject to finalization of the Agreement between the bargaining parties, the Fund, the FELRA and UFCW Pension Fund and the PBGC.

B. Miscellaneous Correspondence

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

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

2. Fiduciary Insurance Renewal

Ms. DuVall reported that the Fund's fiduciary insurance had been renewed through Chubb and RLI for the period October 30, 2020 – October 30, 2021 and that the Waiver of Premium invoices were sent to the Trustees on October 30, 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

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