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
JULY 23, 2020

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
M. Federici - Chairman	J. Paradis - Secretary
D. Blitzstein	D. Dosenbach
T. Hipkins	M. Goble
C. Hoffmann	

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
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. Ridore - Safeway, Inc.
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 April 16, 2020 and the Appeals Committee meeting held on May 7, 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 April 16, 2020 and the Appeals Committee meeting held on May 7, 2020 are approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

1. Summary of Cash Activity Report – March 31, 2020

Ms. DuVall presented the Summary of Cash Activity Report for the period January 1, 2020 to March 31, 2020 as provided by PNC. Such report indicated a beginning balance of $9,477,868, receipts of $12,088,250, net transfers from managers of $17,346,459, disbursements of $36,963,927, and earnings of $68,007, resulting in a balance of $2,016,657 as of March 31, 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 – March 31, 2020

Mr. Sichel reviewed the Master Consulting Report for the period ending March 31, 2020. Such report indicated a beginning market value of $105,667,131, net cash flow of negative $24,855,060, net investment change of negative $999,229, resulting in an ending market value of $79,812,842. The year-to-date performance through March 31, 2020 was negative 1.2% gross of fees.

2. Preliminary Performance Update – May 31, 2020

Mr. Sichel reviewed the Preliminary Performance Report for the period ending May 31, 2020. Such report indicated a beginning market value of $105,667,131, net cash flow of negative $39,209,166, net investment change of negative $891,974, resulting in an ending market value of $67,349,939. The year-to-date performance through May 31, 2020 was 1.4% gross of fees.

3. Asset Allocation

Mr. Sichel reported that the Investment Policy changes that were approved at the September 25, 2019 Board meeting were included in the Master Consulting Report dated March 31, 2020. He stated that with the exception of the EnTrust Capital Diversified Peruvian bond $1.87 million investment, all of the Fund's assets are invested in either investment grade bonds (Segal, Bryant & Hamill) or money market (PNC STIF). He said the Fund's allocation is within the Investment Policy's permitted ranges.

IV. ACTUARY'S REPORT

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

Mr. Woodrich reported that Cheiron is continuing to work on compiling responses to the bargaining parties' data requests relating to the Fund. He stated that the Fund's projected insolvency date, contingent on the finalization of the agreement between the Fund, the Mid-Atlantic UFCW and Participating Employers Pension Fund, the bargaining parties and the Pension Benefit Guaranty Corporation ("PBGC"), is June or July 2022. The Trustees requested month-by-month reporting as the Fund's projected insolvency date approaches.

Mr. Woodrich reported that Cheiron is working with Associated Administrators on the participant categorization project requested by the bargaining parties.

Mr. Woodrich reviewed the January 2019 Actuarial Valuation Report.

The Trustees discussed funding benefit payments, noting the importance of liquidity. The Trustees requested that IPS provide a month-by-month report on Fund investments and liquidity as the Fund approaches its projected insolvency date.

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

V. ATTORNEY'S REPORT

A. Memorandum of Agreement ("MOA")

Mr. Slevin reported on negotiations among the collective bargaining parties, the Fund the Mid-Atlantic Fund and the PBGC.

B. Notice Regarding Temporary COVID-19 Related Deadline Extensions

Mr. Slevin reported on Department of Labor ("DOL") and Internal Revenue Service ("IRS") guidance relating to the extension of certain deadlines applicable to participants and the Fund. The Fund office will include a notice regarding the deadline extensions with any adverse benefit determination sent during the period to which the extension applies.

C. DOL Electronic Disclosure Regulations

Ms. Sanchez reported on the DOL's final electronic disclosure regulations.

D. Physical Presence of Notaries and Plan Representative

Ms. Sanchez reported on IRS guidance temporarily waiving the physical presence requirement relating to the execution of certain Fund-related documents.

E. Supreme Court Case

Ms. Sanchez reported on the U.S. Supreme Court Case of Thole vs. U.S. Bank.

F. Required Minimum Distribution ("RMD")

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

G. Fiduciary Liability Insurance

Ms. Sanchez reported on the renewal of the Fund's fiduciary liability insurance, with coverage of $20 million through multiple carriers.

H. DOL Investigation

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

I. Contract and Investment Policy Amendments

Ms. Sanchez reported on Cheiron's retainer, the Segall Bryant addendum to the Fund's Investment Policy, and the amendment to the Investment Policy.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. First Quarter 2020 Report

Ms. DuVall presented the Administrative Manager's report for the First Quarter 2020, which had been pre-circulated. Such report indicated contribution income of $11,191,755, interest and dividend income of $834,567, transfers from assets of $25,866,930, receipt of withdrawal liability payments of $188,208, and miscellaneous income of $11,748, producing total income of $38,093,208 for the quarter. Total expenses were $36,910,782, producing a net operating surplus of $1,182,426. Ms. DuVall noted that contributions were remitted on behalf of 15,987 Plan participants.

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

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

VII. INVOICES

The Trustees reviewed the list of invoices dated July 23, 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 July 23, 2020 are approved for payment.**

VIII. OTHER FUND BUSINESS

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

Ms. Walsh reported on the 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 Mid-Atlantic Fund and the PBGC. After discussion,

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

> **RESOLVED, to expand the authority of the existing committee appointed to approve the aforementioned proposed PBGC Agreement, comprised of Mr. Federici, Mr. Hipkins, Mr. Paradis, and Mr. Dosenbach, to take any actions necessary to implement the PBGC Agreement.**

B. Acme Delinquent Contributions

Ms. DuVall reported that Acme continues to contribute at incorrect contribution rates. Mr. Dosenbach stated that Acme is communicating with Associated to correct this problem and that Acme currently has a net overpayment of contributions to the Fund.

C. Safeway Payroll Audit 2014-2017

Ms. DuVall reported that Calibre CPA Group, PLLC ("Calibre") notified the Fund office that it completed the 2014 - 2017 payroll audit of Safeway and submitted its findings to Safeway for review and response on July 8, 2020.

D. Calibre – Risk Assessment Memorandum

Ms. DuVall presented a memorandum dated April 17, 2020 from Calibre regarding security measures put in place by Calibre internally to ensure the security of the data in its care. The Memorandum stated that Calibre worked with third-party experts to conduct a risk assessment to identify and eliminate potential risks. After discussion, the Trustees requested that Fund co-counsel ask Calibre for additional information with regard to the third-party experts' findings and recommendations.

E. **<u>Miscellaneous Correspondence</u>**

1. Associated Administrators Security Protections

Ms. DuVall reviewed Associated Administrators, LLC's security protections applicable to the Funds' data held by Associated.

2. Segal Marco Advisors - Proxy Service

Ms. DuVall stated that the Fund notified Segal Marco Advisors that the Fund terminated its proxy voting service, as directed by the Board.

3. Madoff Victim Fund

Ms. DuVall reported that the Fund had received a check in the amount of $166,286.92 as a result of the Fund's claim filed with the Madoff Victim Fund.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected October 22, 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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