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
JUNE 22, 2021

The following Trustees were present:

UNION TRUSTEES

M. Federici - Chairman
D. Blitzstein
T. Hipkins

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.
R. Sichel – Investment Performance Services
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.

A. PROXY

Ms. DuVall reported that Trustee Hoffmann was unable to attend the meeting. He provided his proxy to Trustee Federici to act in all matters coming before the Trustees.

II. MINUTES

The Trustees reviewed the minutes of the FELRA and UFCW Pension Fund meeting held on March 11, 2021 and the Appeals Committee meeting held on May 5, 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 March 11, 2021 and the Appeals Committee meeting held on May 5, 2021 are approved, as presented.**

III. FINANCIAL REPORT

A. PNC Bank

1. Summaries of Cash Activity Report – March 31, 2021

Ms. DuVall presented the Summary of Cash Activity Report for the period January 1, 2021 to March 31, 2021, as provided by PNC. Such report indicated a beginning balance of $3,830,518, receipts of $22,439,581, net transfers from managers of $68,977,941, disbursements of $37,349,207, and earnings of $1,939,645, resulting in a balance of $59,838,478 as of March 31, 2021.

B. Investment Performance Services

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

1. Master Consulting Report – March 31, 2021

Mr. Sichel reviewed the report for the period ending March 31, 2021. Such report indicated a beginning market value of $5,726,908, net cash flow of $135,266,912, and a net investment change of $5,362,546, resulting in an ending market value of $146,356,366 for the quarter. The performance for the first quarter was 3.6%, gross of fees.

2. Preliminary Performance Update – April 30, 2021

Mr. Sichel reviewed the report for the period ending April 30, 2021. Such report indicated a beginning market value of $146,356,366, net cash flow of negative $7,512,435, and a net investment change of $4,391,381, resulting in an ending market value of $143,235,312. The year-to-date performance through April 30, 2021 was 6.7%, gross of fees.

3. Glide Path Analysis

Mr. Sichel noted that based on cash flows provided by the Actuary, the Fund is expected to become insolvent during 2022. Mr. Kalwarski reported that the Fund's projected insolvency date now is November 2022. Cash flows from the Actuary indicate that the Pension Plan has $24 million of cash outflows per quarter. Mr. Sichel said that, based on the Fund's projected insolvency date, IPS has begun to explore options for a secondary market sale of the three illiquid investments held by the Fund that represent approximately 4.3% of total Fund assets. The Trustees discussed the likelihood that the Fund would receive financial assistance under the American Rescue Plan Act of 2021 ("ARPA") prior to its projected insolvency date and agreed to reconsider in early 2022 whether to seek a secondary market sale of the illiquid investments. Mr. Sichel said that due to the illiquidity of the asset classes, the Fund likely still would have allocations to private equity and opportunistic remaining at its projected November 2022insolvency date, absent a secondary market sale of those investments.

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

Mr. Sichel noted CI Financial Corporation's acquisition of Segall Bryant &Hamill has been completed.

The Trustees thanked the representatives of IPS for their report and they were 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 provided an overview of ARPA. He noted that the Act was signed into law on March 11, 2021 and provides for financial assistance to troubled multiemployer plans. He said that ARPA is designed to provide eligible plans with financial assistance to pay full benefits through 2051. Mr. Woodrich reported that the Fund meets the eligibility criteria for financial assistance under ARPA. . He noted that the Fund is likely to qualify for priority consideration of its application under ARPA. Mr. Woodrich provided an overview of the special financial assistance application process and projections of the potential financial assistance to be provided to the Fund based on various interpretations of the law. He also reviewed the projected financial outlook for the Fund.

The Trustees requested that a conference call be scheduled for July 20, 2021 at 2.00 p.m. to discuss the Fund's ARPA special financial assistance application based on the PBGC guidance that is expected to be issued on July 9, 2021.

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

V. <u>ATTORNEY'S REPORT</u>

A. <u>Letters to the PBGC</u>

Mr. Slevin reported on the Fund's May 26, 2021 letter to the PBGC regarding the Special Financial Assistance Program under ARPA.

Mr. Slevin also reported on a letter sent to PBGC relating to the settlement agreement between PBGC, the Fund, the former Mid-Atlantic UFCW Unions and Participating Employers Pension Fund ("MAP Fund") and the bargaining parties.

B. <u>Department of Labor ("DOL") Investigation</u>

Ms. Sanchez reported on the closure of the Department of Labor investigation of the Fund.

C. <u>Actuarial Valuation and Withdrawal Liability Reporting to the PBGC</u>

Ms. Sanchez reported on notice requirements relating to the Fund's termination.

D. <u>MAP Fiduciary Liability Tail Coverage</u>

Ms. Sanchez reported on the fiduciary liability tail policy for the former MAP Fund.

E. <u>Provider Contracts</u>

Ms. Sanchez reported that Counsel is reviewing provider contracts for any needed revisions due to the combination of the two pension plans and is working with the investment managers on revised agreements and inquiries.

E. Class Actions

Ms. Sanchez reported on the Mylan Class Action. She further reported on a potential Airbus class action. After discussion,

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

> **RESOLVED, to delegate authority to Chairman and Secretary to decide whether to participate in the Airbus Class Action.**

F. Administrative Services Agreement

Ms. Sanchez reported on the Associated Administrators, LLC contract renewal.

G. Fiduciary Insurance

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

H. Annual Funding Notice

Ms. Sanchez reported on the Annual Funding notice and participant inquiries regarding the same.

I. Calibre Engagement Letter

Ms. Sanchez reported on Calibre's proposed engagement letter and side Letter.

J. Safeway 2014-2017 Payroll Audit Demand Letter

Ms. Sanchez on the Safeway payroll audit delinquency.

K. Cheiron Agreement

Ms. Sanchez reported on the Fund's agreement with Cheiron.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. First Quarter 2021 Report

Ms. DuVall presented the Administrative Manager's report for the First Quarter 2021, which had been pre-circulated. Such report indicated Interest and dividend income of $592,738, transfers from assets of $20,135,800, receipt of withdrawal liability payments of $14,188,209, and miscellaneous income of $1,528, producing total income of $34,918,275 for the quarter. Total expenses were $37,904,185, producing a net operating deficit of $2,985,910.

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

Ms. DuVall reviewed Associated's Work Snapshot for the first quarter 2021.

VII. <u>INVOICES</u>

The Trustees reviewed the list of invoices dated June 22, 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 June 22, 2021 are approved for payment.**

VIII. <u>OTHER FUND BUSINESS</u>

A. <u>Memoranda of Agreement ("MOA")</u>

Ms. DuVall reported receipt of the MOAs between Giant, Safeway and UFCW Locals 400 and 27 for the period October 27, 2019 through October 28, 2023.

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

RESOLVED, to adopt the Memoranda of Agreement, as supplemented and modified.

B. Calibre's Plan Year 2020 Engagement Request

Ms. DuVall reviewed Calibre's 2020 Engagement request. She noted that Calibre is requesting a fee of $49,000, with hourly charges for additional services ranging between $90.00 per hour to $345.00 per hour.

Ms. DuVall reviewed Calibre's 2020 Engagement request for the former MAP Fund. She noted that Calibre is requesting a fee of $35,700, with hourly charges for additional services ranging between $90.00 per hour to $345.00 per hour.

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

> **RESOLVED, to delegate authority to Chairman and Secretary to make decisions regarding Calibre's engagement requests.**

C. FELRA/MAP Combination – Status Update

Ms. DuVall provided an update on the combination of the MAP Fund into this Fund, effective December 31, 2020.

D. ACME Markets ("ACME") Delinquent Contributions

Ms. DuVall reported that the ACME delinquent contributions remained unpaid. Mr. Dosenbach stated that he would contact the Fund office to resolve this delinquency in the near future.

E. Safeway 2014-2017 Payroll Audit

Ms. DuVall reported that the Fund office sent a demand letter to Safeway on March 24, 2021 requesting payment of $99,857.91 as a result of the payroll audit conducted by Calibre CPA Group. To date, Safeway has not remitted payment. Mr. Dosenbach stated that payment is forthcoming.

F. Annual Funding Notice

Ms. DuVall reported that the Annual Funding Notice was mailed on April 30, 2021.

IX. NEXT MEETING DATE AND LOCATION

Due to a conflict in Trustee schedules, the next regular Board meeting previously scheduled for September 23, 2021 was changed to September 27, 2021 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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