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
OCTOBER 22, 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
A. Hanson - UFCW Local 400
J. Harrison - UFCW Local 27
J. Herishen - Calibre CPA Group PLLC
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
J. Nazario - UFCW Local 27
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 July 23, 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 July 23, 2020 are approved as presented.

III. FINANCIAL REPORT

A. PNC Bank

1. Summary of Activity – June 30, 2020

Ms. DuVall presented the PNC Summary of Activity Report for the period January 1, 2020 through June 30, 2020. Such report indicated a beginning balance of $123,794,212, losses of $6,584,629, receipts of $9,499,201, and disbursements of $1,749,268, producing an ending balance of $124,959,517 as of June 30, 2020.

B. Investment Performance Services

The Trustees welcomed Mr. Rich Sichel and Mr. Chris McDonough of Investment Performance Services to the meeting.

1. Master Consulting Report – June 30, 2020

Mr. Sichel reviewed the Master Consulting Report for the period ending June 30, 2020. Such report indicated a beginning market value of $109,454,504, net cash flow of $3,567,459, and a net investment change of $11,937,269, resulting in an ending market value of $124,959,232. The year-to-date performance through June 30, 2020 was negative 5.2%, gross of fees.

2. Preliminary Performance Update – August 31, 2020

Mr. Sichel reviewed the Preliminary Performance Report for the period ending August 31, 2020. Such report indicated a beginning market value of $131,062,077, net cash flow of $731,598, and a net investment change of $4,514,787, resulting in an ending market value of $136,308,461. The year-to-date performance through August 31, 2020 was 1.1%, gross of fees.

3. Preliminary Performance Update – September 30, 2020

Mr. Sichel reviewed the Preliminary Performance Report for the period ending September 30, 2020. Such report indicated a beginning market value of $136,323,778, net cash flow of $212,559, and a net investment change of negative $2,343,246, resulting in an ending market value of $134,193,091. The year-to-date performance through September 30, 2020 was negative 0.6%, gross of fees.

4. Glide Path Analysis

Mr. McDonough presented the Glide Path Analysis. He noted that based on the cash flows submitted by the actuary, in the event the Fund is combined with the FELRA & UFCW Pension Fund, the combined Fund would be expected to become insolvent in 2022. He noted that due to the short time frame and low level of assets relative to liabilities, the investment return will have a minimal impact on the insolvency date. He said that liquidity should be the primary focus of the investment plan going forward, given the short period of time until the projected insolvency, in the event the aforementioned combination occurs. He recommended that to improve liquidity, full redemptions be requested for investments in the American Core Realty Fund, the Intercontinental U.S Real Estate Fund and the Corbin ERISA Opportunity Fund. After discussion,

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

> **RESOLVED, to terminate the Fund's investments in the American Core Realty Fund, the Intercontinental U.S. Real Estate Fund, and the Corbin ERISA Opportunity Fund.**

Mr. Sichel reported on the liquidity of the Fund's other investments. After discussion, the Trustees directed IPS to discuss liquidity options with the Fund's private equity manager, Grosvenor.

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

C. Auditor's Report

The Trustees welcomed Mr. Joseph Herishen of Calibre CPA Group ("Calibre") to the meeting.

1. Financial Statements – December 31, 2019

Mr. Herishen presented the Financial Statements for the period ended December 31, 2019. He stated that the auditor's opinion is unmodified and the financial statements were in conformity with generally accepted accounting principles.

Mr. Herishen reported that total assets as of December 31, 2019 were $128,050,813 and total liabilities were $154,408, producing net assets available for benefits of $127,896,405. Mr. Herishen reviewed the Notes to Financial Statements, Schedule of Assets Held for Investment Purposes, Schedule of Employer Contributions, and Schedule of Administrative Expenses.

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

> **RESOLVED, to accept the Auditor's 2019 Financial Statements as presented.**

The Trustees thanked Mr. Herishen 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 based on a potential combination of this Fund with the FELRA and UFCW Pension Fund effective January 1, 2021, the combined Fund's projected insolvency date is September 2022.

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 negotiations among the collective bargaining parties, the Fund, the FELRA & UFCW Pension Fund, and the PBGC.

B. Fiduciary Insurance Renewal

Ms. Sanchez reported on the fiduciary liability renewal proposal prepared by Segal Select. After discussion,

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

> **RESOLVED, to accept the fiduciary liability renewal quote presented by Segal Select and renew the Fund's fiduciary insurance policies through Chubb and RLI; and**
>
> **FURTHER RESOLVED to enter into a Non-Disclosure agreement with Segal Select.**

C. Cowen Commission Recapture Agreement

Ms. Sanchez reported on the commission recapture agreement between the Fund and Cowen.

D. 2019 Annual Audit and Tax Filings

Ms. Sanchez reported on the Fund's Form 5500 and financial statements.

E. Required Minimum Distributions ("RMD")

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

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Second Quarter 2020 Report

Ms. DuVall presented the Administrative Manager's Report for the Second Quarter 2020, which was pre-circulated. Such report indicated contribution income of $4,335,297 and interest and dividend income of $561,129, resulting in a total income of $4,896,426. Total expenses were

$964,654, producing a surplus of $3,931,772 for the Second Quarter 2020. Ms. DuVall reported that contributions were remitted on behalf of 14,937 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 Second Quarter 2020 report are approved for payment.**

Ms. DuVall presented a snapshot of Fund work performed by Associated Administrators during the Second 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. Giant and Safeway Memorandums 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. 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 adjusted findings to Safeway for review and response. Mr. Dosenbach confirmed that Safeway is in the process of reviewing the findings.

C. Miscellaneous Correspondence

1. PBGC Premium Filing

Ms. DuVall reported that the Fund's 2020 Comprehensive Premium Filing was completed on October 9, 2020 and payment of premiums totaling $675,630 was made by the Fund.

IX. NEXT MEETING DATE AND LOCATION

The Trustees noted that their next regular meeting was scheduled for December 14, 2020 via video conference immediately following the meeting of the FELRA and UFCW Pension Fund.

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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