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
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
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
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 April 16, 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 are approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

1. Summary of Activity – March 31, 2020

Ms. DuVall presented the PNC Summary of Activity Report for the period January 1, 2020 through March 31, 2020. Such report indicated a beginning balance of $123,794,212, losses of $18,517,653, receipts of $5,064,432, and disbursements of $881,144, producing an ending balance of $109,459,847 as of March 31, 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 – 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 $123,787,725, net cash flow of $4,200,915, net investment change of negative $18,534,136, resulting in an ending market value of $109,454,504. The year-to-date performance through March 31, 2020 was negative 14.6% 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 $123,787,725, net cash flow of $6,938,933, net investment change of negative $7,668,168, resulting in an ending market value of $123,058,490. The year-to-date performance through May 31, 2020 was negative 6.2% gross of fees.

3. Asset Allocation

Mr. Sichel reported on the Fund's asset allocation. He noted that no change to the asset allocation is required at this time. Mr. Sichel reported that IPS expects the Fund's GTAA allocation to rebalance within the Fund's Policy range as Private Equity capital is called. He reviewed the capital committed and called to date. He noted that the Policy includes a 7.5% allocation target for private equity.

4. Investment Managers

Mr. Sichel reported on the decisions made by the Trustees at the September 2019 meeting regarding asset allocation.

a. Segall, Bryant & Hamill ("SBH")

Mr. Sichel reported that the Fund's SBH investment was funded during the second quarter 2020 in several installments.

b. American Realty Advisors ("ARA")

Mr. Sichel reported that, effective April 1, 2020, ARA called the Fund's remaining $2.0 million commitment. He noted that the Trustees' previously agreed to terminate ARA if the Agreement between the Fund, the FELRA & UFCW Pension Fund, the bargaining parties and the PBGC is finalized, which he understood had not yet occurred. Mr. Sichel noted that ARA does have a withdrawal queue. Mr. Sichel recommended that the Trustees begin to receive income distributions from ARA, rather than reinvesting that income. After discussion,

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

> **RESOLVED, to receive income distributions from ARA, rather than reinvesting such income.**

c. Intercontinental

Mr. Sichel reported that, effective January 9, 2020, Intercontinental called the Fund's remaining $7.0 million commitment. He noted that the Trustees' previously agreed to terminate Intercontinental if the aforementioned PBGC Agreement is finalized. He noted that this manager does not have a withdrawal queue.

d. Rothschild Asset Management

Mr. Sichel recommended termination of Rothschild Asset Management and that the proceeds be allocated to the Vanguard Total Stock Market Index.

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

> **RESOLVED, to terminate Rothschild Asset Management and allocate the proceeds to the Vanguard Total Stock Market Index.**

e. Corbin

Mr. Sichel stated that Corbin had offered a 10% reduction in its fee for the period July 1, 2020 through December 31, 2020.

IV. <u>ACTUARY'S REPORT</u>

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.

Mr. Woodrich reported that Cheiron continues to work with Associated Administrators on the participant categorization project requested by the bargaining parties.

The Trustees discussed funding, noting the importance of liquidity.

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 FELRA & UFCW Pension Fund and the PBGC.

B. Notice Regarding Temporary COVID-19 Related Deadline Extensions

Mr. Slevin reported on the 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. Contract and Investment Policy Amendments

Ms. Sanchez reported on Cheiron's retainer agreement, the Hardman Johnston 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 was pre-circulated. Such report indicated contribution income of $4,412,076 and interest and dividend income of $465,323, resulting in a total income of $4,877,399. Total expenses were $925,490, producing a surplus of $3,951,909 for the First Quarter 2020. Ms. DuVall reported that contributions were remitted on behalf of 15,526 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 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 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. 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.

C. Miscellaneous Correspondence

1. **Associated Administrators, LLC – Security Protections**

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

IX. NEXT MEETING DATE AND LOCATION

The Trustees noted that their next regular meeting was scheduled for October 22, 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 20881131v1