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 SEPTEMBER 25, 2019 LANDOVER, MARYLAND

The following Trustees were present:

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

Also present were:

Y. Anwar - UFCW Local 400
J. Chorpenning - UFCW Local 27
A. Hanson - UFCW Local 400
D. Jensen - Associated Administrators, LLC
W. Jensen - Associated Administrators, LLC
N. Jacobs - UFCW Local 400
G. Kalwarski – Cheiron
M. Kreps – Groom Law Group
E. Masten - UFCW Local 27
C. McDonough - Investment Performance Services
R. McKnight - Associated Administrators, LLC
R. Richman - Schulte, Roth & Zabel
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 27
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 18, 2019 and the Appeals Committee meeting held on June 13, 2019, 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 18, 2019 and the Appeals Committee meeting held on June 13, 2019 are approved as presented.**

III. **FINANCIAL REPORT**

A. **PNC Bank**

1. **Summary of Activity Report**

Mr. Jensen presented the Summary of Activity Report for the period January 1, 2019 to June 30, 2019 as provided by PNC. Such report indicated a beginning balance of $3,299,967, receipts of $23,563,690, net transfers from managers of $51,752,716, disbursements of $75,368,465, and earnings of $155,364, resulting in an ending balance of $3,403,272 as of June 30, 2019.

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 – June 30, 2019**

Mr. Sichel reviewed the Master Consulting Report for the period ended June 30, 2019. The report indicated a beginning market value of $170,826,184, net cash flow of negative $18,391,427, and Net Investment Change of $3,651,995, producing an ending market value of $156,086,751. The performance through June 30, 2019 was 2.1% for the quarter gross of fees. Mr. Sichel then reviewed the individual manager summaries and the current asset allocations.

Mr. Sichel noted the previous recommendations by IPS to liquidate domestic equities and GTAA had been deferred. He summarized the glide path recommendations concerning liquidation of the current portfolios to reduce overall risk given cash flow needs. He recommended liquidation of Wedge, Vanguard and First Eagle. Excess proceeds would be allocated to Segall, Bryant and Hamill's fixed income portfolio. After discussion,

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

> **RESOLVED to approve IPS's recommendation to liquidate the Wedge, Vanguard and First Eagle portfolios over the next five months for cash flow needs, with any excess assets from the liquidation going to the Segall Bryant and Hamill portfolio.**

2. FELRA Pension Fund – Investment Managers

Mr. McDonough informed the Trustees that LumX received an offer from a buyer for the remaining illiquid portion of the Fund's investment interest in LumX's Hedge Fund of Funds portfolio. This holding is the residual from an investment with EIM. Mr. McDonough reported that IPS recommends liquidating this portfolio pursuant to the terms of the proposal provided to LumX. Mr. Slevin discussed the fiduciary responsibility issues in connection with the decision.

Mr. McDonough provided an update regarding the remaining position in EnTrust Capital Diversified Peru Class X. Per EnTrust, arbitration is scheduled for February 2020 over the value of the holding. The underlying manager is pursuing resolution alternatives prior to the arbitration date. IPS will advise the Fund if there is a change in status.

3. FELRA Pension Fund – Investment Policy

Mr. Sichel recommended amending the Fund's asset allocation range for domestic equity investments to be 0% - 40%. After discussion, On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve changing the Investment Policy allocation range for Domestic Equity to 0 – 40%.

The Trustees thanked Mr. Sichel and Mr. McDonough 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 said that Cheiron is working on the January 1, 2019 valuation.

The Trustees thanked the representatives of Cheiron and they were excused from the meeting.

V. ATTORNEY'S REPORT

A. Appointment of Fund Co-Counsel

Mr. Slevin reported that, between meetings, the Trustees had terminated Morgan, Lewis and Bockius as Fund Co-Counsel and had hired Groom Law Group ("Groom") as Fund Co-Counsel. The Groom Law Group executed an engagement letter with the Fund. The Trustees welcomed Mr. Michael Kreps to the Fund.

B. Insolvency

Mr. Slevin reported on the Fund's projected insolvency and the upcoming meeting with the PBGC relating to the same.

C. Acme Delinquent Contributions

Mr. Slevin reported on Acme's contribution delinquency.

The Trustees asked the Albertson's Trustees to be excused. The remaining Trustees and Co-Counsel discussed the process to correct Acme's ongoing contribution deficiencies.

The Albertson's Trustees were invited to return to the meeting.

D. <u>Age 70.5 Required Minimum Distributions</u>

Mr. Slevin reported on the Plan's required minimum distribution rules.

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

Mr. Slevin reported on the DOL's ongoing investigation of the Fund.

F. <u>Calibre Data Breach</u>

Mr. Slevin reported on a data breach disclosed by the Fund's Auditor, Calibre. Calibre notified the Fund on July 26, 2019 that a data breach had occurred during the period of March 11, 2019 through May 7, 2019. Mr. Jensen noted that such breach included Social Security numbers and names. The Trustees requested that co-counsel review the actions taken by Calibre in notifying the participants and appropriate government entities to verify such actions were legally sufficient. The Trustees also requested that representatives of Calibre attend the December Board meeting to provide further detail on this data breach to the Trustees.

G. <u>Participant Litigation</u>

Mr. Slevin reported on the resolution of the litigation brought against the Fund by Participant Fisher-Smith.

VI. <u>ADMINISTRATIVE MANAGER'S REPORT</u>

A. <u>Second Quarter 2019 Report</u>

Mr. Jensen presented the Administrative Manager's report for the Second Quarter 2019, which had been pre-circulated. Such report indicated contribution income of $11,165,489, interest and dividend income of $1,116,586, transfers from assets of

$25,340,749, receipt of withdrawal liability payments of $188,208, and miscellaneous income of $71,243, producing total income of $37,882,275 for the quarter. Total expenses were $37,523,543, producing a net operating surplus of $358,732. Mr. Jensen noted that contributions were remitted on behalf of 16,418 Plan participants.

Mr. Jensen reviewed the pension applications contained in the Administrative Manager's Second Quarter 2019 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 2019 report are approved for payment.**

Mr. Jensen presented a snapshot of Fund work performed by Associated Administrators during the second quarter 2019.

VII. INVOICES

The Trustees reviewed the list of invoices dated September 25, 2019. 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 September 25, 2019 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Miscellaneous Correspondence

1. Giant Payroll Audit

Mr. Jensen reported that Calibre had completed a payroll audit of Giant Food, LLC for the period 2011-2013, resulting in a contribution deficiency of $182,460.43. Such deficiency was paid on September 19, 2019.

2. Madoff Victim Fund

Mr. Jensen reported that the Fund had received a check in the amount of $249,430.38 as a result of the Fund's claim filed with the Madoff Victim Fund.

IX. NEXT MEETING DATE AND LOCATION

The Trustees noted that their next regular meeting was scheduled for December 13, 2019 in Landover, Maryland beginning at 9:30 a.m.

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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