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
DECEMBER 12, 2018
LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES

M. Federici - Chairman
T. Hipkins
C. Hoffmann

EMPLOYER TRUSTEES

J. Paradis - Secretary
D. Dosenbach
M. Goble

Also present were:

Y. Anwar - UFCW Local 400
H. Burton - Morgan, Lewis & Bockius, LLP
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
N. Hill - UFCW Local 27
W. Jensen - Associated Administrators, LLC
G. Kalwarski - Cheiron
S. Ridore - Safeway
S. Sanchez - Slevin & Hart, P.C.
R. Sichel - Associated Administrators, LLC
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 September 25, 2018, which were pre-circulated, and

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

> **RESOLVED that the minutes of the regular meeting held on September 25, 2018 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, 2018 to September 30, 2018 as provided by PNC. Such report indicated a beginning balance of $5,392,634, receipts of $101,517,942, net transfers from managers of $9,188,702, disbursements of $113,401,877, and earnings of $129,795, resulting in an ending balance of $2,827,196 as of September 30, 2018.

B. Investment Performance Services

The Trustees welcomed Mr. Rich Sichel of Investment Performance Services ("IPS") to the meeting.

1. Master Consulting Report – September 30, 2018

Mr. Sichel reviewed the Master Consulting Report for the period ended September 30, 2018. Such report indicated a beginning market value of $250,957,604, net withdrawals of $27,227,771, and Net Investment Change of $7,582,457, producing an ending market value of $231,312,290. The performance through September 30, 2018 was 3.1% for the quarter gross of fees. Mr. Sichel then reviewed the individual manager summaries and the current asset allocations.

The Trustees thanked Mr. Sichel for his report and he was excused from the meeting.

2. Asset Allocation and Glide Path Report

Mr. Sichel presented a draft Asset Allocation and Glide Path report with recommendations for target allocations and future cash flow projections. After discussion,

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

> **RESOLVED to liquidate the Fund's investment in Chartwell as of February 28, 2019 and liquidate the Fund's investment in Templeton as of January 31, 2019, as recommended by IPS.**

C. Auditor's Report

The Trustees welcomed Mr. Joseph Herishen of Calibre (formerly Salter & Company) to the meeting. Mr. Herishen reported that Salter & Company has merged into Calibre but the merger will not impact the fees chargeable to the Fund and Mr. Herishen will remain the account executive responsible for providing services to the Fund.

Mr. Herishen presented the audit report for the year ended December 31, 2017. He said it was an unmodified opinion, the highest level of opinion by an auditor, previously known as an unqualified opinion. Mr. Herishen reviewed the Statement of Assets Available for Benefits. Total assets were $322,267,898 and total liabilities were $1,486,901, producing Net Assets Available for Benefits of $320,780,997 as of December 31, 2017. Mr. Herishen then reviewed the Statement of Changes in Net Assets. Total investment income was $35,111,194, contribution income was $45,998,807, and other income totaled $325,165, producing total additions of $81,435,166. Total deductions were $151,772,664, producing a net decrease in assets available for benefits of $70,337,498.

Mr. Herishen reviewed the Notes to the Financial Statement, the Schedule of Assets Held for Investment Purposes, the Schedule of Reportable (5%) Transactions, the Schedule of Employer Contributions, and the Schedule of Expenses for the Fund.

Mr. Herishen reported that Calibre currently is conducting payroll audits of both Giant and Safeway, in accordance with the Fund's payroll audit policy.

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.

A. 2018 Preliminary Actuarial Valuation Results

Mr. Woodrich reviewed the 2018 Preliminary Actuarial Valuation Results. He said that there were 11,229 active participants, 14,100 terminated vested participants and 18,415 beneficiaries in pay status, producing a total of 43,744 participants. The market value of assets as of January 1, 2018 was $341,959,087, compared to the actuarial value of assets of $351,793,767. The present value of accrued benefits was $1,692,540,419.

B. 2019 Contract Renewal

Mr. Woodrich presented Cheiron's retainer fee request for 2019. He noted that Cheiron proposed a retainer fee of $66,828 ($5,569 per month), with the non-retainer fees ranging from $150 to $507 per hour.

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

After discussion,

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

RESOLVED to approve the 2019 Cheiron retainer as presented.

V. ATTORNEY'S REPORT

A. Acme Contributions

Mr. Slevin reported on a review of Acme's contribution history.

B. Age 70.5 Required Minimum Distributions

Mr. Slevin reported on the Plan's required minimum distribution rules . Mr. Burton said the subject was under review by the Employer Trustees.

C. 2018 Updated Rehabilitation Plan

Mr. Slevin presented the Rehabilitation Plan update for the Trustees to review. After discussion,

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

RESOLVED to adopt the 2018 Rehabilitation Plan update as presented.

Thereafter, the document was executed by Chairman and Secretary.

D. Porsche Class Action

Mr. Slevin reported on the Porsche Class Action litigation.

E. Department of Labor ("DOL")

Ms. Sanchez reported on the DOL's ongoing investigation of the Fund.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Third Quarter 2018 Report

Mr. Jensen presented the Administrative Manager's report for the Third Quarter 2018, which had been pre-circulated. Such report indicated contribution income of $10,933,210, interest and dividend income of $793,228, transfers from assets of $16,856,756, receipt of withdrawal liability payments of $188,208, and miscellaneous income of $14,227, producing total income of $28,785,629 for the quarter. Total expenses were $38,610,026, producing a net operating deficit of $9,824,397. Mr. Jensen noted that contributions were remitted on behalf of 16,688 Plan participants.

Mr. Jensen reviewed the pension applications contained in the Administrative Manager's Third Quarter 2018 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 Third Quarter 2018 report are approved for payment.**

Mr. Jensen then presented a snapshot of Fund work performed by Associated Administrators during the third quarter 2018.

VII. INVOICES

The Trustees reviewed the list of invoices dated December 12, 2018. 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 December 12, 2018 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Albertson's Controlled Group – Withdrawal Liability Estimate

Mr. Jensen noted that the Withdrawal Liability Estimate for the Albertson's Controlled Group had been sent to Mr. Dosenbach on November 19, 2018.

B. Forged Checks

Mr. Jensen reported that two forged pension checks had been presented for payment, but were rejected and not paid because the Fund's positive pay program had captured them.

IX. NEXT MEETING DATES AND LOCATIONS

The Trustees discussed the 2019 meeting dates. After discussion, the Trustees selected the following meeting dates and locations for 2019:

April 16, 2019 - UFCW Local 400, Landover, Maryland

July 18, 2019 – UFCW Local 400, Landover, Maryland

September 25, 2019 – UFCW Local 400, Landover, Maryland

December 12, 2019 – UFCW Local 400, Landover, Maryland.

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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