# 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**
**JUNE 4, 2018**
**LANDOVER, MARYLAND**

The following Trustees were present:

**UNION TRUSTEES**

M. Federici - Chairman
T. Hipkins
C. Hoffmann
G. Murphy, Jr.

**EMPLOYER TRUSTEES**

J. Paradis - Secretary
D. Dosenbach

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
N. Hill - UFCW Local 27
W. Jensen - Associated Administrators, LLC
G. Kalwarski – Cheiron
S. Ridore - Safeway (?)
D. Russell - Investment Performance Services
S. Sanchez - 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.

### A. Proxy

Mr. Jensen noted that Trustee Goble was unable to attend the meeting and had provided his proxy to Trustee Paradis to act in all matters coming before the Trustees.

## II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on March 2, 2018 and the Appeals Committee meeting held on May 2, 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 March 2, 2018 and the Appeals Committee meeting held on May 2, 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 March 31, 2018 as provided by PNC. Such report indicated a beginning balance of $5,392,634, receipts of $32,125,529, net transfers from managers of $9,540,421, disbursements of $37,240,850, and earnings of $40,148, resulting in an ending balance of $9,857,882 as of March 31, 2018.

#### 2. 2018 Management Fee Schedule Change

Mr. Jensen reviewed correspondence from PNC regarding their Treasury Management Fee Schedule for 2018. PNC previously waived fees for the checking account services. Effective July 1, 2018, PNC will implement a credit to offset transaction fees based on balances maintained in the Fund's commercial checking accounts. He noted that there would be no fee increases for PNC Institutional Investment Services (Trust Department) for 2018.

**B. <u>Investment Performance Services</u>**

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

**1. Master Consulting Report – March 31, 2018**

Mr. Russell reviewed the Master Consulting Report for the period ended March 31, 2018. Such report indicated an beginning market value of $298,167,277, net withdrawals of $25,673,057, and Net Investment Change of ($709,162), producing an ending market value of $271,785,057. The performance through March 31, 2018 was -0.4% for the quarter gross of fees. Mr. Russell then reviewed the individual manager summaries and the current asset allocations.

**2. Preliminary Update – April 30, 2018**

Mr. Russell reviewed the Preliminary Performance Report for the period ending April 30, 2018. Such report indicated an ending market value of $262,537,858. The performance through April 30, 2018 was 0.4% gross of fees.

**3. Glidepath Update – April 30, 2018**

Mr. Russell said the rebalancing process outlined in the Glidepath previously approved by the Trustees continued to be implemented. Only Segall Bryant would be retained as a manager after December 31, 2018.

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

## IV. ACTUARY'S REPORT

Mr. Kalwarski reported that the Fund office forwarded the annual actuarial data to Cheiron and reported that Cheirion expects to present the annual valuation at the September Board of Trustees meeting.

Mr. Jensen noted that the Fund office will need guidance from Cheiron and Fund co-counsel on the administrative steps to be taken leading up to the Fund's insolvency. After discussion, the Trustees agreed that the Fund professionals, including co-counsel, the Fund office and the actuary, should meet to discuss the action items for the Fund as it approaches insolvency.

## V. ATTORNEY'S REPORT

### A. Required Beginning Date

Ms. Sanchez reported on the administration of the Plan's required minimum distribution rules, and the benefit calculation rules under the Plan relating to participants continuing in covered employment past age 70.5.

### B. Internal Revenue Service ("IRS") Audit

Ms. Sanchez and Mr. Burton reported that the IRS has completed its investigation of the 2015 Plan Year. Mr. Burton cited the efforts taken by the Fund office to assist in the completion of the investigation.

### C. Department of Labor ("DOL")

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

### D. Pension Benefit Guaranty Corporation ("PBGC") – Request for Information

Ms. Sanchez reported on a request from the PBGC for updated financial data.

### E. G&G Eddies

Ms. Sanchez reported that the Chairman and Secretary approved the settlement of G&G Eddie's outstanding withdrawal liability to the Fund between meetings and a settlement agreement was executed. Payment of the settlement amount was received on May 17, 2018. Ms. Sanchez said that a formal write-off of the amounts owed above the settlement would be appropriate. After discussion,

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

> **RESOLVED that the remainder of the withdrawal liability amounts due from G & G Eddies to the Fund above the settlement amount is written-off.**

**F. <u>SuperValu – Shoppers Withdrawal Liability</u>**

Mr. Jensen reported that his office had received a check in the amount of $35,949.75 representing the initial quarterly payment of SuperValu's withdrawal liability.

**G. <u>Madoff Victim's Fund</u>**

Mr. Jensen reported that the Fund had received $366,809.38 from the Madoff Victim Fund as partial compensation for the financial losses sustained by the Fund relating to the fraud committed by Madoff Securities.

**H. <u>Associated Administrators - Fee Amendment</u>**

Ms. Sanchez presented an amendment to the Fund's agreement with Associated Administrators. The Amendment was executed by Chairman and Secretary.

**I. <u>Segal Bryant & Hamill ("SBH")</u>**

Ms. Sanchez reported that an amendment to the Fund's agreement with SBH was executed between meetings.

**J. <u>Disability Regulations – Summary of Material Modification ("SMM")</u>**

Ms. Sanchez reported on a Summary of Material Modification regarding the Disability Claims Procedures Regulations.

## VI. ADMINISTRATIVE MANAGER'S REPORT

### A. First Quarter 2018 Report

Mr. Jensen presented the Administrative Manager's report for the First Quarter 2018, which had been pre-circulated. Such report indicated contribution income of $11,116,557, interest and dividend income of $727,562, transfers to assets of ($18,278,746), receipt of withdrawal liability payments of $164,645, and miscellaneous income of $40,434, producing total income of ($6,229,548) for the quarter. Total expenses were $37,036,884, producing a net operating deficit of $43,266,432. Mr. Jensen noted that contributions were remitted on behalf of 16,899 Plan participants.

Mr. Jensen reviewed the pension applications contained in the administrative manager's First 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 First Quarter 2018 report are approved for payment.**

## VII. INVOICES

The Trustees reviewed the list of invoices dated June 4, 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 June 4, 2018 are approved for payment.**

## VIII. OTHER FUND BUSINESS

### A. Contribution Increase Allocation Directed By Bargaining Parties

Mr. Jensen said the correspondence from the bargaining parties regarding the contribution increase allocation was in the process of being implemented.

### B. Fiduciary Insurance Renewal

Mr. Jensen discussed the renewal of the fiduciary insurance through Chubb and RLI for the policy period May 29, 2018 through May 29, 2019. He noted that the broker was proposing a renewal of the regular policy for $10 million at a cost of $239,964 and the excess risk policy for $7 million at a cost of $82,721.

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

**RESOLVED to approve the renewal of the fiduciary insurance through Chubb and RLI for the policy period May 29, 2018 through May 29, 2019.**

## IX. NEXT MEETING DATE AND LOCATION

The Trustees noted that their next meeting date was scheduled to be held on September 25, 2018 in the offices of UFCW Local 400 in Landover, Maryland.

## X. ADJOURNMENT

There being no further business to come before the Trustees, the meeting was adjourned.

Respectfully Submitted,

Jason Paradis, Secretary

20646219v1