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 JANUARY 26, 2017 LANDOVER, MARYLAND

The following Trustees were present

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

EMPLOYER TRUSTEES
J. Paradis - Secretary
S. Brown

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
J. Herishen - Salter & Company
N. Hill - UFCW Local 27
W. Jensen - Associated Administrators, LLC
E. Masten - UFCW Local 27
S. Ridore - Safeway
S. Sanchez - Slevin & Hart, P.C.
R. Sichel - Investment Performance Services
B. Slevin - Slevin & Hart, P.C.
L. Walsh - Associated Administrators, LLC
K. Woodrich - Cheiron

I. CALL TO ORDER

A quorum being present, the Chairman called the meeting to order.

A. PROXY

Mr. Jensen stated that Trustee Meisen had provided his proxy to Trustee Paradis to act on his behalf in all matters coming before the Trustees. Mr. Jensen stated that Trustee Dosenbach had provided his proxy to Trustee Brown to act on his behalf in all matters coming before the Trustees.

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on April 28, 2016, 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 28, 2016 are approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

Mr. Jensen presented the PNC Summary of Activity Report for the period January 1, 2016 through December 31, 2016. Such report indicated a beginning balance of $38,221,408, receipts of $18,831,002.38, disbursements of $2,459,575.34, and earnings of $4,709,777.82, producing an ending balance of $59,302,613 as of December 31, 2016.

B. Investment Performance Services ("IPS")

The Trustees welcomed Mr. Rich Sichel of IPS to the meeting. Mr. Sichel reviewed the Preliminary Performance Report for the period ending December 31, 2016. Such report indicated an ending market value of $59,362,070. The year-to-date performance through December 31, 2016 was 10.3% gross of fees.

Mr. Sichel reviewed the Master Consulting Report for the period ended September 30, 2016. Such report indicated an ending market value of $55,580,311. The year to date performance through September 30, 2016 was 8.9% gross of fees. Mr. Sichel reviewed the individual manager summaries. Mr. Sichel recommended that the Fund use incoming cash to increase the First Eagle allocation up to the target level for GTAA investments. After discussion,

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

> **RESOLVED to approve IPS's recommendation to use incoming cash to increase the First Eagle allocation up to the Investment Policy target.**

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

C. <u>Auditor's Report</u>

1. Financial Statements – December 31, 2015

The Trustees welcomed Mr. Joe Herishen of Salter & Company to the meeting. Mr. Herishen presented the Independent Auditor's Report for the period ended December 31, 2015. He noted that the opinion was unmodified and the financial statements were in conformity with generally accepted accounting principles.

Mr. Herishen reported that total assets were $43,005,825, and total liabilities were $41,684 producing net assets available for benefits of $42,964,141. Mr. Herishen reviewed the Notes to Financial Statements, Schedule of Assets Held for Investment Purposes, Schedule of Employer Contributions, and Schedule of Administrative Expenses.

2. Fee Request

Mr. Herishen stated that the estimated retainer fees for the 2016 audit would not exceed $27,940, which reflects an increase of $10,440 compared to the prior year. Non-retainer fees would range from $70.00 to $240.00 per hour.

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

After discussion,

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

> **RESOLVED to approve the 2016 audit fee proposal from Salter & Company.**

IV. ACTUARY'S REPORT

The Trustees welcomed Mr. Kevin Woodrich of Cheiron to the meeting.

A. Withdrawal Liability Rules

Mr. Woodrich reported on the Fund's inclusion of the qualified pre-retirement survivor annuity in when calculating employer withdrawal liability.

B. November 2016 Memorandum of Understanding

Mr. Jensen discussed the Memoranda of Understanding between Giant Food and the Local Unions and Safeway and the Local Unions.

C. Discount Rate

Mr. Woodrich advised the Trustees that the discount rate for the Mid-Atlantic UFCW and Participating Employers Pension Fund would remain at 8% for the January 1, 2016 valuation report.

D. Proposed Experience Study

The Trustees tabled consideration of Cheiron's proposed experience study.

E. <u>2017 Contract Renewal</u>

Mr. Woodrich presented Cheiron's retainer fee request for 2017. He noted that Cheiron proposed a retainer fee of $51,339 ($4,278 per month), with the non-retainer fees ranging from $165 to $475 per hour. After discussion,

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

> **RESOLVED to approve the 2017 Cheiron retainer as presented.**

F. <u>Actuarial Data Request from Albertsons</u>

Mr. Woodrich reported that Cheiron had received a request from Deloitte Consulting, the actuary representing Albertson's, for actuarial information relating to the Fund. The Trustees discussed the request and the related costs that may be incurred as a result of the request. After discussion,

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

> **RESOLVED to approve the distribution to Deloitte of the requested information, based on the agreement of Albertson's representatives that Albertsons will pay for any costs in connection with preparing the requested information.**

G. <u>2016 Actuarial Valuation</u>

Mr. Woodrich distributed and presented Cheiron's 2016 Actuarial Valuation Results report dated January 26, 2017. He stated that the Fund was 101.5% funded as of January 1, 2016.

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

V. ATTORNEY'S REPORT

A. Summary of Material Modifications

Mr. Slevin reported on a summary of material modifications to the Fund's SPD.

B. Cheiron Amendment

Mr. Slevin presented Amendment 1 to the Fund's Consulting Agreement with Cheiron . The Chairman and Secretary signed the Amendment during the meeting.

C. Benefit Calculation Rules

Mr. Slevin reported on the application of the rules contained in the Plan document relating to the calculation of post-normal retirement age pension benefits. After discussion,

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

> **RESOLVED to authorize Chairman and Secretary to take any necessary action regarding the administration of the Plan's rules relating to participants with pension effective dates after normal retirement age.**

D. Required Beginning Date

Mr. Slevin reported on the application of the required beginning date rules under the Plan Document. After discussion,

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

> **RESOLVED to authorize Chairman and Secretary to take any necessary action regarding the administration of the Plan's required beginning date rules.**

D. Fidelity Bond Renewal Options

Mr. Slevin and Mr. Jensen reported on the fidelity bond options presented by the Fund's broker, Segal Select. Mr. Jensen reported that Chubb provided a renewal option at the current level of coverage, as well as a renewal option with an enhanced level of coverage for an increased premium. The enhanced coverage included an increase from the $250,000 sub-limit for forgery, computer theft, and Fund transfer fraud coverage to $1,000,000. The policy maximum remained at $1,000,000. After discussion,

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

> **RESOLVED to renew the fidelity bond at the enhanced coverage level offered by Chubb.**

VI. ADMINISTRATIVE MANAGER'S REPORT

A. First Quarter 2016 Report

Mr. Jensen presented the Administrative Manager's Report for the first quarter 2016, which was pre-circulated. Such report indicated contribution income of $4,294,411, interest and dividend income of $152,457, and miscellaneous income of $800, resulting in a total income of $4,447,668. Total expenses were $430,788, producing a surplus of $4,016,880 for the first quarter 2016. Contributions were remitted on behalf of 16,800 Plan participants.

Mr. Jensen reviewed the pension applications contained in the administrative manager's First Quarter 2016 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 2016 report are approved for payment.**

B. Second Quarter 2016 Report

Mr. Jensen presented the Administrative Manager's Report for the second quarter 2016, which was pre-circulated. Such report indicated contribution income of $4,322,203 and interest and dividend income of $186,588, resulting in a total income of $4,508,791. Total expenses were $556,166, producing a surplus of $3,952,625 for the second quarter 2016. Contributions were remitted on behalf of 16,900 Plan participants.

Mr. Jensen reviewed the pension applications contained in the administrative manager's Second Quarter 2016 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 2016 report are approved for payment.**

C. Third Quarter 2016 Report

Mr. Jensen presented the Administrative Manager's Report for the third quarter 2016, which had been pre-circulated. Such report indicated contribution income of $4,162,988 and interest and dividend income of $164,695, resulting in a total income of $4,327,683. Total expenses were $443,189, producing a surplus of $3,884,494 for the third quarter 2016. Contributions were remitted on behalf of 16,763 Plan participants.

Mr. Jensen reviewed the pension applications contained in the administrative manager's Third Quarter 2016 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 2016 report are approved for payment.

VII. INVOICES

The Trustees reviewed the list of invoices dated January 26, 2017. 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 January 26, 2017 are approved for payment.

VIII. OTHER FUND BUSINESS

A. Elimination of Recourse Premium

Mr. Jensen reported that his office sent the Trustees the individual waiver of recourse fiduciary liability insurance premium billings on June 2, 2016.

B. Request for Withdrawal Liability Estimate

Mr. Jensen reported that Dexter Hofing LLC requested an estimate of Albertsons' withdrawal liability. Mr. Jensen stated that he forwarded the request to Cheiron.

IX. MEETING DATES AND LOCATIONS

After discussion, the Committee selected April 12, 2017, July 12, 2017 and November 15, 2017 as their meeting dates during 2017. The Board meetings will be held in Landover at the UFCW Local 400 offices.

X. ADJOURNMENT

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

Respectfully Submitted,

Jason Paradis, Secretary