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 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. Sanchez - Slevin & Hart, P.C.
R. Sichel - L. Walsh - Associated Administrators, LLC
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 September 25, 2018, 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 September 25, 2018, are approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

1. Summary of Activity – September 30, 2018

Mr. Jensen presented the PNC Summary of Activity Report for the period January 1, 2018 through September 30, 2018. Such report indicated a beginning balance of $82,110,513, receipts of $12,701,116, disbursements of $2,518,518, and earnings of 4,139,122, producing an ending balance of $96,432,232 as of September 30, 2018.

B. Investment Performance Services

The Trustees welcomed Mr. Rich Sichel of Investment Performance Services 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 $90,142,035, net cash flow of $3,224,670 and net Investment returns of $3,059,904, producing an ending market value of $96,426,609. The performance for the third quarter 2018 was 3.5% gross of fees. Mr. Sichel then reviewed the individual manager summaries.

Mr. Sichel recommended that the Trustees consider interviewing two potential private equity investment managers at the next meeting. He said private equity anticipated returns could help increase the Fund's return.

After discussion, the Trustees agreed to interview two potential private equity managers at the next meeting, as well as discuss the asset allocation guidelines for the Fund.

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

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.

1. Financial Statements – December 31, 2017

Mr. Herishen presented the Independent Auditor's Report for the period ended December 31, 2017. He noted that the opinion was unmodified (clean) and the financial statements were in conformity with generally accepted accounting principles.

Mr. Herishen reported that total assets were $85,274,456, and total liabilities were $77,313 producing net assets available for benefits of $85,197,143. Mr. Herishen reviewed the Notes to Financial Statements, Schedule of Assets Held for Investment Purposes, Schedule of Employer Contributions, and Schedule of Administrative Expenses.

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 presented the 2018 Preliminary Actuarial Valuation results. He noted that the market value of assets was $85,197,143 as of January 1, 2018. Liabilities were $76,104,834, an increase of $15,448,095 compared to 2017. The investment return was 10.39% as of January 1, 2018.

B. 2019 Contract Renewal

Mr. Woodrich presented Cheiron's retainer fee request for 2019. He noted that Cheiron proposed a retainer fee of $53,676 ($4,473 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 contract renewal as presented.**

V. ATTORNEY'S REPORT

A. Required Minimum Distribution Procedures

Mr. Slevin presented Procedures for Payment of Required Minimum Distributions for the Trustees review. After discussion,

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

> **RESOLVED to approve the Required Minimum Distribution Procedures, as presented.**

Thereafter, the document was executed by the Chairman and Secretary.

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.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Third Quarter 2018 Report

Mr. Jensen presented the Administrative Manager's Report for the Third Quarter 2018, which was pre-circulated. Such report indicated contribution income of $3,873,430 and interest and dividend income of $333,305, resulting in a total income of $4,206,735. Total expenses were $1,311,688, producing a surplus of $2,895,047 for the third quarter 2018. Contributions were remitted on behalf of 16,154 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. Fiduciary Insurance Renewal

Mr. Jensen reported that the Fund's Fiduciary Insurance had been renewed for the period October 30, 2018 – October 30, 2019 and that Individual Waiver of Recourse invoices had been forwarded to the Trustees on October 25, 2018.

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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