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
MARCH 2, 2018
HANOVER, 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
N. Hill - UFCW Local 27
W. Jensen - Associated Administrators, LLC
G. Kalwarski - Cheiron
S. Sanchez - Slevin & Hart, P.C.
R. Sichel - Investment Performance Services
B. Slevin - Slevin & Hart, P.C.
R. Wildt - UFCW Local 27
M. Wilson - UFCW Local 400
K. Woodrich - Cheiron

I. CALL TO ORDER

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

A. Trustee Appointment

Mr. Jensen noted that he had received correspondence from the Food Employers Labor Relations Association appointing Mr. Michael Goble as a Trustee, replacing Trustee Meisen who had retired.

B. Proxy

Mr. Jensen reported that Trustee Murphy was unable to attend the meeting and had provided his proxy to Trustee Hipkins to act in all matters coming before the Board.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on January 10, 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 January 10, 2018, were approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

Mr. Jensen presented the PNC Summary of Activity Report for the period January 1, 2018 through January 31, 2018. Such report indicated a beginning balance of $82,153,873, receipts of $568,742, disbursements of $184,277, and earnings of $2,495,664, producing an ending balance of $85,034,002 as of January 31, 2018.

B. Investment Performance Services

The Trustees welcomed Mr. Richard Sichel of Investment Performance Services to the meeting.

1. Master Consulting Report – December 31, 2017

Mr. Sichel reviewed the Master Consulting Report for the period ended December 31, 2017. Such report indicated an ending market value of $82,153,873. The performance for the fourth quarter 2017 was 3.5% gross of fees. Mr. Sichel then reviewed the individual manager summaries. Mr. Sichel also reviewed the current asset allocations.

2. Preliminary Update – January 31, 2018

Mr. Sichel reviewed the Preliminary Performance Report for the period ending January 31, 2018. Such report indicated an ending market value of $85,034,002. The performance through January 31, 2018 was 3.0% gross of fees.

Mr. Sichel reviewed the Fund's asset allocations and recommended moving $2.5 million of the Fund's assets from cash to the Fund's investment portfolios with American Realty and Corbin. After discussion,

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

> **RESOLVED to adopt IPS's recommendations to move $1.5 million from cash to American Realty and to move $1 million from cash to Corbin; and**
>
> **FURTHER RESOLVED to delegate to the Chairman and Secretary the authority to take any actions necessary to implement the foregoing.**

3. ERISA Pension Investment Conference ("EPIC")

Mr. Sichel noted that IPS's annual EPIC conference would be held April 25 – April 27, 2018 in Hilton Head, South Carolina.

4. Chartwell Acquisition

Mr. Sichel discussed Chartwell's acquisition of Columbia Partners. There is no action to be taken by the Trustees, but IPS will continue to monitor the manager.

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

IV. <u>ATTORNEY'S REPORT</u>

A. <u>Required Beginning Date</u>

Mr. Slevin reported on the administration of the required minimum distribution rules and benefit calculation rules under the Plan relating to participants continuing in covered employment past age 70.5.

B. **Department of Labor ("DOL") Final Regulations Regarding Claims and Appeals Procedures for Disability Benefits**

Mr. Slevin reported on the final DOL regulations regarding disability claims and appeals procedures, effective April 1, 2018.

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

> **RESOLVED to adopt Plan Amendment 2 regarding the new DOL disability regulations effective April 1, 2018.**

C. **Benchmark Class Actions**

Mr. Slevin reported on several benchmark-related class actions, noting that PNC stated it would file any applicable claims on the Fund's behalf.

D. **Pension Benefit Guaranty Corporation ("PBGC") Request**

Mr. Slevin reported on the PBGC's request for information.

E. **Cheiron Amendment**

Mr. Slevin presented an Amendment to Cheiron's retainer agreement.

V. ADMINISTRATIVE MANAGER'S REPORT

A. **Fourth Quarter 2017 Report**

Mr. Jensen presented the Administrative Manager's Report for the Fourth Quarter 2017, which was pre-circulated. Such report indicated contribution income of $4,135,943 and interest and dividend income of $256,140, resulting in a total income of $4,392,083. Total expenses were $1,240,847, producing a surplus of $3,151,236 for the fourth quarter 2017. Contributions were remitted on behalf of 16,296 Plan participants.

Mr. Jensen reviewed the pension applications contained in the administrative manager's Fourth Quarter 2017 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 Fourth Quarter 2017 report are approved for payment.**

B. <u>Administrative Services Contract Renewal</u>

Mr. Jensen stated that Associated Administrators' contract will expire March 31, 2018. He presented a request for a three-year extension of the contract and reviewed justification for a fee increase, including new legislation that has significantly affected benefits processing, implementation of the new eligibility rule changes and regulatory changes, and ongoing information technology investment for mandated security and compliance. The Trustees discussed the contract renewal and,

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

> **RESOLVED to approve the three-year extension of the administrative services contract at a fee increase of 3% per year effective April 1, 2018, plus the proposed hourly rates for implementing new regulatory changes and new vendor implementation.**

VI. INVOICES

The Trustees reviewed the list of invoices dated March 2, 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 March 2, 2018 are approved for payment.**

VII. OTHER FUND BUSINESS

A. Contribution Increase Allocation Directed by Bargaining Parties

The Trustees advised that the bargaining parties recently directed a four cent increase, effective April 1, 2017 for Giant and November 1, 2017 for Safeway, in Giant's and Safeway's Tier 2 contribution rate for the Fund, with concomitant increases to Giant's and Safeway's other contribution rates.

VIII. MEETING DATE AND LOCATION

It was noted that the next regular meeting was scheduled for June 28, 2018 in the offices of UFCW Local 400 in Landover, Maryland.

IX. ADJOURNMENT

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

Respectfully Submitted,

Jason Paradis, Secretary

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