# 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 JULY 18, 2019 LANDOVER, MARYLAND

The following Trustees were present

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

**EMPLOYER TRUSTEES**
J. Paradis - Secretary
D. Dosenbach
M. Goble

Also present were:

Y. Anwar - UFCW Local 400
S. Brennan - Hamilton Lane
K. Brittain - Hamilton Lane
H. Burton - Morgan, Lewis & Bockius, LLP
J. Chorpenning - UFCW Local 27
L. DuVall - Associated Administrators, LLC
A. Hanson - UFCW Local 400
J. Herishen - Calibre
N. Hill - UFCW Local 27
N. Jacobs - UFCW Local 400
W. Jensen - Associated Administrators, LLC
G. Kalwarski - Cheiron
E. Masten - UFCW Local 27
R. McKnight - Associated Administrators, LLC
R. Sichel - Investment Performance Services
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 December 12, 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 December 12, 2018, are approved as presented.**

## III. FINANCIAL REPORT

### A. PNC Bank

#### 1. Summary of Activity – May 31, 2019

Mr. Jensen presented the PNC Summary of Activity Report for the period January 1, 2019 through May 31, 2019. Such report indicated a beginning balance of $91,996,742, receipts of $8,080,730, disbursements of $1,244,440, and earnings of $5,950,654, producing an ending balance of $104,783,686 as of May 31, 2019.

### B. Investment Performance Services

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

#### 1. Master Consulting Report – December 31, 2018

Mr. Sichel reviewed the Master Consulting Report for the period ended December 31, 2018. Such report indicated a beginning market value of $96,445,039, net cash flow of $3,753,114 and a net Investment change of negative $8,208,063, producing an ending market value of $91,990,909 for the fourth quarter 2018. The performance for the fourth quarter 2018 was negative 8.2% gross of fees. Mr. Sichel then reviewed the individual manager summaries.

#### 2. Master Consulting Report – March 31, 2019

Mr. Sichel reviewed the Master Consulting Report for the period ended March 31, 2019. Such report indicated a beginning market value of $91,942,000, net cash flow of $3,543,008 and a net Investment gain of $7,835,700, producing an ending market value of $103,320,708 for the first quarter 2019. The performance for the first quarter 2019 was 8.6% gross of fees. Mr. Sichel then reviewed the individual manager summaries.

### 3. Preliminary Performance Report – May 31, 2019

Mr. Sichel reviewed the Master Consulting Report for the period ended May 31, 2019. Such report indicated a beginning market value of $105,821,782, net cash flow of $2,895,825 and a net Investment change of negative $3,942,096, producing an ending market value of $104,775,511 for the period ending May 31, 2019. The performance was 7% gross of fees. Mr. Sichel then reviewed the individual manager summaries.

Mr. Sichel said the Trustees previously approved a review of private equity by Hamilton Lane.

### 4. Private Equity Presentation

The Trustees welcomed Mr. Stephen Brennan and Mr. Keith Brittain of Hamilton Lane Advisors to the meeting to present the Hamilton Lane Secondary Fund V product to the Trustees. Mr. Brennan said that Hamilton Lane has been building private market portfolios since 1999. Hamilton Lane has more than 176 Taft-Hartley clients, representing 23% of their client base, with total private markets commitments of approximately $11.8 billion. He noted that the target size for the Secondary Fund V is $3.0 billion. The minimum commitment required for the Secondary Fund V product is $5M, with a commitment period of three years. The management fees would be 1.00% for a commitment of under $50 million, 0.90% for a commitment of $50M – $99M, 0.825% for a commitment of $100M to $149M, and for commitments over $150M the management fee would be 0.75%. He noted that IPS clients would receive a 10% discount on management fees during the investment period.

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

The Trustees tabled discussion regarding the proposed private equity portfolio for a future meeting.

### 5. <u>Commission Recapture</u>

Mr. Sichel recommended that the Trustees consider hiring Cowen to provide commission recapture services to the MAP Fund. After discussion, On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

**RESOLVED to hire Cowen to provide Commission Recapture services to the MAP Fund, subject to negotiation of an acceptable contract.**

The Trustees thanked Mr. Sichel 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. Employer Bargaining Related Data Requests

Mr. Kalwarski reviewed the data requests sent by Mercer and Deloitte, on behalf of Giant Food and Safeway, respectively. He said that Cheiron has sent the requested data to the respective actuaries. Deloitte also sent a request for projected funding on July 17, 2019. Mr. Kalwarski noted that Cheiron consulted with the Fund office and Co-Counsel in the context of responding to Mercer's and Deloitte's data requests.

### B. Contribution Information for Bargainers

Mr. Kalwarski said Cheiron sent the Union and Management bargainers a report on allocation options for the collectively bargained six cent contribution rate increase, and other concomitant rate increases, due November 1, 2018 for Safeway and April 1, 2019 for Giant. Per request, Cheiron provided multiple allocation options between this Fund and the Mid Atlantic UFCW Pension Fund (MAP). Mr. Slevin noted that the matter was pending with the bargaining parties.

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

## V. ATTORNEY'S REPORT

### A. 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. Fourth Quarter 2018 Report

Mr. Jensen presented the Administrative Manager's Report for the Fourth Quarter 2018, which was pre-circulated. Such report indicated contribution income of $4,851,815 and interest and dividend income of $416,228, resulting in a total income of $5,268,043. Total expenses were $801,016, producing a surplus of $4,467,027 for the fourth quarter 2018. Contributions were remitted on behalf of 15,985 Plan participants.

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

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

### B. First Quarter 2019 Report

Mr. Jensen presented the Administrative Manager's Report for the First Quarter 2019, which was pre-circulated. Such report indicated contribution income of $4,315,204 and interest and dividend income of $424,237, resulting in a total income of $4,739,441. Total expenses were $729,803, producing a surplus of $4,009,638 for the first quarter 2018. Contributions were remitted on behalf of 16,036 Plan participants.

Mr. Jensen reviewed the pension applications contained in the Administrative Manager's First Quarter 2019 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 2019 report are approved for payment.**

Mr. Jensen then presented a snapshot of Fund work performed by Associated Administrators during the first quarter 2019.

## VII. INVOICES

The Trustees reviewed the list of invoices dated July 18, 2019. 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 July 18, 2019 are approved for payment.**

## VIII. OTHER FUND BUSINESS

### A. Annual Funding Notice

Mr. Jensen reported that the Annual Funding Notice had been send to 14,815 Participants on April 26, 2019.

### B. Professionals Meeting

Ms. Walsh reviewed a memorandum to the Trustees from Associated Administrators regarding administrative matters relating to implementation of the make-up payments under the MAP Fund upon the insolvency of the FELRA Pension Fund. She stressed how complex the process will be, including requiring close coordination with the Fund actuary. She said that any make-up benefits would need to be automated to the extent possible, given the size of the current pensioner population. Ms. Walsh said that Associated is considering hiring additional personnel and planning to rent additional space in connection with this project. She provided examples of pension calculations that cannot be automated and noted that the make-up benefits of pensioners with changed spousal situations may need to be paid under different benefit forms. Ms. Walsh noted that under the best of circumstances, the project will take six to eight months and said Associated strongly recommends implementation as quickly as feasible. Associated continues to work with the Fund Actuary reviewing the pensioner files.

## IX. NEXT MEETING DATES AND LOCATIONS

The Trustees noted that the next regular meeting is scheduled for September 25, 2019 in 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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