Mid-Atlantic UFCW and Participating Employers Pension Fund

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MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF TRUSTEES OF THE
MID-ATLANTIC UFCW AND PARTICIPATING EMPLOYERS
PENSION FUND
JULY 13, 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
D. Dosenbach
W. Meisen

Also present were:

R. Anderson - Giant Food, LLC
Y. Anwar - UFCW Local 400
J. Beloff - Intercontinental Real Estate Corp.
H. Burton - Morgan, Lewis & Bockius, LLP
J. Chorpenning - UFCW Local 27
R. Cuite - EntrustPermal
A. Clancy - Corbin Capital Partners
M. Cullinan - Rothschild Asset Management
L. DuVall - Associated Administrators, LLC
P. Gerbracht -Portfolio Advisors
J. Hack - UFCW Local 27
A. Hanson - UFCW Local 400
J. Harrison - UFCW Local27
N. Hill - UFCW Local 27
N. Jacobs - UFCW Local 400
W. Jensen - Associated Administrators, LLC
C. Keenan - EntrustPermal
J. Notte - Great Lakes Advisors
E. Patchett - GCM Grosvenor
P. Palandjian - Intercontinental Real Estate Corp.

J. Quigley - Great Lakes Advisors
S. Ridore - Safeway
D. Russell - Investment Performance Services
S. Sanchez - Slevin & Hart, P.C.
R. Sichel - Investment Performance Services
B. Sullivan – GCM Grosvenor
J. Thomas - Rothschild Asset Management
E. Thunem - Portfolio Advisors
R. Vesami - Corbin Capital Partners
L. Walsh - Associated Administrators, LLC

I. CALL TO ORDER

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

II. RATIFICATION OF JULY 12, 2017 DECISIONS

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

RESOLVED that the motions approved at the July 12, 2017 Board meeting are ratified by a quorum of the Board of Trustees.

III. INVESTMENT PERFORMANCE SERVICES ("IPS")

The Trustees welcomed Mr. Richard Sichel and Mr. David Russell of IPS to the meeting. Mr. Sichel said that IPS had reviewed recommendations to diversify the portfolio by using new asset classes at the May 31, 2017 special meeting. The Trustees had approved interviews of potential managers at this meeting as part of that process.

A. Preliminary Update – May 31, 2017

Mr. Sichel reviewed the Preliminary Performance Report for the period ending May 31, 2017. Such report indicated an ending market value of $70,103,820. The year-to-date performance through May 31, 2017 was 6.3% gross of fees.

B. Asset Allocation Review

Mr. Sichel then reviewed the asset allocation as of May 31, 2017. He noted that the Fund held 24.9% in Large Cap Equity, 9.7% in Short Duration High Yield Fixed Income, 9.5% in Real Estate, 51.2% in GTAA and 4.6% in cash. Mr. Sichel outlined several asset allocation alternatives with greater diversification. The Trustees are considering a diversification strategy because total assets have increased.

Mr. Sichel discussed IPS's recommendation to further diversify the portfolio into Small/MidCap Equity, Real Estate, Opportunistic Investing and Private Equity asset classes, while reducing exposure to the Global Tactical Asset Allocation (GTAA) class.

1. Small/Mid Cap Equity Proposals ("SMID")

a. Great Lakes Advisors

The Trustees welcomed Mr. Jon Quigley and Ms. Jenny Notte of Great Lakes Advisors to the meeting. Mr. Quigley noted that the firm was established in 1981 and has over $7.9 billion in assets under management. He noted that his firm provides actively managed equity, fixed income and alternative strategies for a diverse group of clients. Great Lakes' goal is to deliver superior performance while maintaining a conservative risk profile and to deliver more consistent excess returns. Mr. Quigley noted their headquarters are in Chicago, Illinois with an office in Tampa, Florida. Fees for services are 55 basis points for the first $50 million, 45 basis points for the next $50 million and 35 basis points over $100 million. The fees do not include custody or transaction costs.

Performance for the 12 months ended May 31, 2017 for the SMID product was 17.50%, gross of fees.

The Trustees thanked the representatives from Great Lakes for their presentation and they were excused from the meeting.

b. Rothschild Asset Management

The Trustees welcomed Mr. John C. Thomas and Ms. Mary Jane Cullinan of Rothschild Asset Management to the meeting. Rothschild is a family controlled firm. Rothschild has 2,800 global financial specialists. The firm has three complementary centers of expertise: Active/Conviction, Open Architecture Investment Solutions, and Risk-Based Investment Solutions. The firm's investment goal is to consistently outperform their benchmarks, as well as to offer protection in down markets with a controlled level of risk.

Fees for the separate account are 85 basis points on the first $10 million, 70 basis points on the next $40 million, 67 basis points on the next $50 million and 50 basis points on the balance. For the commingled account, the standard fee would be 100 basis points.

Performance returns were 21.9% for the one year period ending March 31, 2017.

The Trustees thanked the representatives of Rothschild Asset Management for their presentation and they were excused from the meeting.

2. Value Added/Core Plus Real Estate Proposal

Intercontinental Real Estate Corporation

The Trustees welcomed Mr. James Beloff and Mr. Peter Palandjian of Intercontinental Real Estate Corporation to the meeting. Mr. Beloff noted that his firm was established in the 1960's. Intercontinental's core business is private equity real estate investment management and advisory services. He said that they currently have $6.4 billion in assets under management. His firm has 102 employees with offices in Boston, New York, Orlando, Denver, Los Angeles, Atlanta and Minneapolis. Intercontinental is a SEC registered investment advisor and a Qualified Professional Asset Manager. He noted that his firm has developed, built, managed and owned more than $10 billion in commercial real estate properties.

Mr. Beloff said that fees are 110 basis points on investments up to $25 million, 100 basis points on investments from $25 million to $50 million, 85 basis points on investments from $50 million to $100 million, 75 basis points on investments over $100 million. He noted that the annual management fee is paid on drawn capital. A performance fee would only be earned in years returns are in excess of 8%.

Performance returns were 13.53% for the one year period ended March 31, 2017.

The Trustees thanked the representatives from Intercontinental Real Estate Corporation and they were excused from the meeting.

3. Opportunistic Investment Proposals

a. Corbin Capital Partners

The Trustees welcomed Adrianne Clancy and Ralph Vesami of Corbin Capital Partners to the meeting. Mr. Vesami said the firm was established in 1984. It is a private, owner-operated firm with over $4.8 billion dollars in assets under management. There are 41 employees, with 22 investment personnel. Corbin said it has a big firm's capacity with a smaller firm's agility and responsiveness, including 15 years of experience in alternative credit investments. Fees are 125 basis points or a management fee plus incentive fee option of 85 basis points or an incentive fee option of 85 basis points management fee, plus a 5% incentive fee subject to a 5% hurdle. He noted that the incentive fee is charged on all net profits once the 5% hurdle is reached. A minimum subscription is $5 million.

Performance returns were 2.65% year to date ending May 31, 2017.

The Trustees thanked the representatives of Corbin Capital Partners for their presentation and they were excused from the meeting.

b. EntrustPermal

The Trustees welcomed Mr. Richard Cuite and Mr. Chris Keenan of Entrust Permal to the meeting. Entrust Permal has $24.4 billion in assets under management, and 43 investment professionals located in 11 offices worldwide, and over 100 active manager relationships. The fee is a fixed management fee equal to 0.125% of the net asset value of capital drawn and invested. Their incentive allocation is 10% of the increase in net asset value, subject to an annual hurdle rate of 7.5%.

The Special Opportunities Fund IV has a planned launch in the third quarter 2017. Entrust has three years to submit capital calls for investments in the product.

The Trustees thanked the representatives of EntrustPermal for their presentation and they were excused from the meeting.

4. Private Equity Proposals

a. Portfolio Advisors, LLC

The Trustees welcomed Mr. Eric L. Thunem and Mr. Patrick Gerbracht of Portfolio Advisors to the meeting. Portfolio Advisors is an independent, employee-owned investment firm founded in 1994. The firm currently has $37.1 billion in assets managed by over 90 professionals. Their focus is investing in private markets, private real estate and private credit products. They are a SEC-registered investment advisor and a Qualified Professional Asset Manager. Their fees are 1.25%. Portfolio Advisors Secondaries Fund III (PASF III) has a target size of $1 Billion. It launched in the fourth quarter of 2015. $215 million has been committed to date.

The Trustees thanked the representatives of Portfolio Advisors, LLC for their presentation and they were excused from the meeting.

b. GCM Grosvenor

The Trustees welcomed Mr. Ed Patchett and Mr. Brian Sullivan of CM Grosvenor to the meeting. Grosvenor was founded in 1971, and has $49.2 billion in assets under management. The firm has 456 employees and 129 investment professionals. Grosvenor has global investment expertise that spans alternative asset classes, including hedge funds, private equity, infrastructure, real estate and strategic Investments. Mr. Patchett proposed a private equity product called The Special Opportunities Fund. Fees would be 1% per annum. There is a three year commitment period.

The Trustees thanked the representatives of CM Grosvenor for their presentation and they were excused from the meeting.

Discussion

The Trustees discussed the presentations and asked IPS to prepare a summary report with detailed allocation recommendations to be reviewed in a special meeting to be held via teleconference on July 19, 2017.

IV. ADJOURNMENT

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

Respectfully Submitted,

Jason Paradis, Secretary

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