# United Food and Commercial Workers Unions and Participating Employers Pension Fund

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**MINUTES OF THE MEETING OF THE**
**BOARD OF TRUSTEES OF THE**
**UFCW UNIONS AND PARTICIPATING EMPLOYERS**
**PENSION FUND**
**APRIL 11, 2018**
**LANDOVER, MARYLAND**

The following Trustees were present:

| **UNION TRUSTEES** | **EMPLOYER TRUSTEE** |
|---|---|
| J. Chorpenning - Secretary | D. Gwin - Chairperson |
| M. Federici | J. Born |
| | W. Seehafer |

Also present were:

H. Burton - Morgan, Lewis, & Bockius LLP
D. Clutts - Associated Administrators, LLC
A. Hanson - UFCW Local 400
P. Hardcastle - Cheiron
T. Hipkins - UFCW Local 27
W. Jensen - Associated Administrators, LLC
M. Jones - PNC Institutional Asset Management
M. Li - Cheiron
R. Murray - Cheiron
D. Russell - Investment Performance Services, LLC
S. Sanchez - Slevin & Hart, P.C.
B. Slevin - Slevin & Hart, P.C.
L. Walsh - Associated Administrators, LLC
M. Wilson - UFCW Local 400

## I. CALL TO ORDER

A quorum being present, Chairperson Gwin called the meeting to order. Ms. Clutts reported that she had received correspondence from Trustee Murphy giving his proxy vote to Secretary Chorpenning to act in all matters coming before the Trustees.

## II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on December 6, 2017, 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 6, 2017 are approved as presented.**

## III. FINANCIAL REPORT

### A. PNC Report

The Trustees welcomed Ms. Mary Jones of PNC Institutional Asset Management to the meeting. Ms. Jones presented the PNC Summary of Activity report for the period January 1, 2018 to February 28, 2018. Such report indicated a beginning market value of $119,010,518, receipts of $1,595,064, disbursements of $2,289,000, and investment returns of $1,042,627, producing an ending market value of $119,359,208 as of February 28, 2018.

Mr. Jensen said that PNC is changing its fee structure for its commercial banking clients. PNC will present its fee proposal for the Fund at the August 15, 2018 Board meeting. Ms. Jones confirmed that the PNC Trust division was not altering its fees at this time.

The Trustees thanked Ms. Jones for her report and she was excused from the meeting.

### B. Investment Performance Services (“IPS”)

The Trustees welcomed Mr. David Russell of IPS to the meeting.

#### 1. Master Consulting Report

Mr. Russell distributed the Master Consulting Report for the period ended December 31, 2017. Such report indicated a market value of assets of $119,010.518. The total portfolio had a 3.4% return gross of fees for the fourth quarter 2017, and a 15.7% return gross of fees for the calendar year 2017.

**2. Manager's Review**

Mr. Russell reviewed each investment manager's performance. Mr. Russell said that the asset class of Hedge Fund of Funds underperformed the HFRI Fund of Funds Composite Index. IPS is monitoring EnTrust Capital Diversified Fund's performance for improvement. Chartwell Investment Partners is acquiring Columbia Partners, an investment management firm. Mr. Russell said that he did not anticipate the acquisition having any effect on the Fund's investment with Chartwell.

**3. Asset Allocation**

Mr. Russell had no recommendations for asset allocation changes.

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

## IV. ACTUARY'S REPORT

The Trustees welcomed Mr. Peter Hardcastle, Mr. Robert Murray, and Mr. Matthew Li from Cheiron to the meeting.

### A. Valuation

Mr. Hardcastle presented the final Actuarial Valuation Report as of January 1, 2017. Cheiron received information from the Consolidated Pension Fund, regarding the pension transfers that occurred during 2016, which was needed to finalize the valuation.

### B. 2018 PPA Zone Certification

Cheiron conducted insolvency tests, as required under the Pension Protection Act and IRC Section 431(d) for Plans in the red zone. Mr. Hardcastle said that the Fund remains in critical status and is making scheduled progress under its Rehabilitation Plan to emerge from critical status at a later date.

### C. Annual Funding Notice

Mr. Jensen stated that the Annual Funding Notice and Notice of Critical Status will be mailed to Plan participants at the end of April, 2018. The Fund Office is working with Withum, Smith & Brown PC ("Withum") to finalize the participant notifications.

**D. Lion's Center**

Mr. Jensen reported that the Fund office received a withdrawal liability settlement offer from the Lion's Center, proposing to settle its withdrawal liability for a lump sum payment of $336,600. After discussion,

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

> **RESOLVED to accept a lump sum of $336,600 in full settlement of Lion's Center's remaining withdrawal liability obligation to the Fund.**

The Trustees thanked Mr. Hardcastle, Mr. Murray, and Mr. Li for their report and excused them from the meeting.

## V. ATTORNEY'S REPORT

**A. Actuarial Increase Amendment**

Mr. Slevin presented a proposed Plan amendment regarding benefits accrued after normal retirement age. After discussion,

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

> **RESOLVED to adopt the amendment, with revised language discussed by the Trustees.**

**B. Benefits Accrued Post 70.5**

Mr. Slevin reported on the Fund's rules relating to the calculation of benefits earned after age 70.5 and on the Fund's rules relating to required minimum distributions.

**C. Consolidated Fund Information Request**

Mr. Slevin reported that the Consolidated Pension Fund has raised question relating to the calculation of post-normal retirement age benefits for participants who were transferred from the Fund to the Consolidated Fund. Mr. Slevin noted that Slevin & Hart recused itself since it has a potential conflict relating to this subject because it also represents the Consolidated Fund. Consequently, Mr. Slevin and Ms. Sanchez left the meeting and Mr. Burton reported on this issue to the Board.

At the conclusion of Mr. Burton's report, Mr. Slevin and Ms. Sanchez returned to the meeting.

**D. Magruder Withdrawal Liability Litigation**

Mr. Slevin reported on the Fund's pending withdrawal liability litigation against Magruder and two potential controlled group members.

**E. Withdrawal Liability and Delinquent Contributions**

Mr. Slevin reported on the Fund's withdrawal liability assessments related to the following employers: Bestway, Delmarva and G&G Eddies. Bestway has paid the full withdrawal liability settlement amount agreed upon by the Trustees.

**F. UFCW Locals 27 and 400 Participation Agreements**

Mr. Slevin reported on the status of the Participation Agreements between Locals 400 and 27 and the Fund. Mr. Slevin also reported on the Locals' contribution history. The Trustees directed Cheiron and the Fund Office to research the contribution rate history of the Locals and the Fund's contributing employers under the Fund's Rehabilitation Plan.

Secretary Chorpenning requested the Fund Office provide Local 27 with a withdrawal liability estimate as of December 31, 2017, including a lump sum calculation.

**G. 2017 Rehabilitation Plan**

Mr. Slevin reported on the 2017 Rehabilitation Plan update.

**H. Chartwell Investment Partners Acquisition**

Mr. Slevin reported on the Chartwell acquisition of Columbia Investment Partners.

### I. Entrust Special Opportunities Fund IV

Mr. Slevin reported that the side letter between the Entrust Special Opportunities Fund IV and the Fund was executed between meetings.

### J. Benchmark Antitrust Litigation

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

### K. Convergex Merger with Cowan

Mr. Slevin reported that the amendment reflecting Cowen's assumption of Convergex's agreement with the Fund was executed between meetings.

## VI. Associated Administrators Administrative Contract

Mr. Jensen stated that Associated Administrators' contract will expire May 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 representatives from Associated Administrators, LLC were excused from the meeting.

The Trustees discussed the contract renewal and tabled same pending further discussion.

The Trustees invited the representatives from Associated to rejoin the meeting and they were advised of the Trustees' decision.

## VII. ADMINISTRATIVE MANAGER'S REPORT

Ms. Clutts reviewed the Administrative Manager's Report for the fourth quarter 2017. The fourth quarter Administrative Manager's Report indicated total income of $2,328,596 and total expenses of $3,915,558, producing a net deficit of $1,586,962. Ms. Clutts reported that contributions were remitted on behalf of 3,386 Plan participants. Ms. Clutts noted that page 12 of the Administrative Manager's Report is a report requested by the Trustees titled "Stipend Income & Expenses." The report indicated stipend income of $74,700 and stipend expenses of $75,115 paid to 55 Plan participants.

Ms. Clutts reviewed a list of pension applications submitted for approval during the fourth quarter of 2017.

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.**

**VIII. <u>INVOICES</u>**

Ms. Clutts presented a list of invoices dated April 11, 2018. She 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 April 11, 2018 are approved for payment.**

**IX. <u>OTHER FUND BUSINESS</u>**

Ms. Clutts reported the following:

**A. <u>Fiduciary Liability Policy</u>**

The fiduciary liability insurance for the policy period March 30, 2018 to March 29, 2019 was renewed through Chubb. The individual Waiver of Recourse premium invoices were sent to the Trustees on March 14, 2018.

### B. Westfield Capital Management and Boyd Watterson Asset Management

The Fund Office received correspondence from Westfield Capital Management and Boyd Watterson Asset Management related to disclosure updates and privacy notices. The correspondence was sent to Mr. Albert Leech at Withum for review.

### C. SuperValu's Withdrawal Liability

Trustee Seehafer requested an estimate of SuperValu's withdrawal liability from the Fund on October 4, 2017. The withdrawal liability estimate was provided to SuperValu on February 7, 2018.

## X. NEXT MEETING DATES AND LOCATIONS

After discussion, the Trustees selected the following dates and meeting locations for 2018:

August 15, 2018 – 9:00 a.m. – UFCW Local 400, Landover, Maryland
November 14, 2018 – 9:30 a.m. – location to be determined

## XI. ADJOURNMENT

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

Respectfully submitted,

Jason Chorpenning, Secretary