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 SEPTEMBER 16, 2019 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
Y. Anwar
M. Federici
C. Hoffmann

EMPLOYER TRUSTEE
D. Gwin - Chairperson
J. Born
B. 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
J. Ianniello - Associated Administrators, LLC
N. Jacobs - UFCW Local 400
W. Jensen - Associated Administrators, LLC
J. Mink - Investment Performance Services, LLC
R. Murray - Cheiron
B. Slevin - Slevin & Hart, P.C.
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 Chorpenning giving his proxy vote to Trustee Federici to act in all matters coming before the Trustees.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on April 25, 2019, 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 April 25, 2019 are approved.**

III. FINANCIAL REPORT

A. PNC Report

Ms. Clutts presented the PNC Summary of Activity report for the period January 1, 2019 to June 30, 2019. Such report indicated a beginning market value of $110,133,332, receipts of $3,739,587, disbursements of $7,129,318, and investment returns of $12,344,549, producing an ending market value of $119,088,150 as of June 30, 2019.

B. Investment Performance Services ("IPS")

The Trustees welcomed Ms. Jennifer Mink of IPS to the meeting.

1. Master Consulting Services Report

Ms. Mink distributed the Master Consulting Services Report for the period ended June 30, 2019. Such report indicated a market value of assets of $119,088,151. The total portfolio had a 2.9% return gross of fees for the second quarter 2019 and an 11.1% return gross of fees year to date 2019. The Fund's return for the first quarter 2019 was 8%.

2. Manager Reviews

Ms. Mink reviewed each investment manager's performance. She said that the investment class of Private Equity is currently under allocated, pending capital calls by Hamilton Lane. The Fund's Private Equity investments have had a 22% net return since inception in July 2017. Ms. Mink reported that IPS had no recommended investment management changes at this time.

3. Asset Allocation

Ms. Mink said the asset allocation policy changes adopted at the prior Board meeting were being implemented. She had no recommendations for changes to the Fund's asset allocation at this time.

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

IV. ACTUARY'S REPORT

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

A. Draft Valuation

Mr. Hardcastle reviewed the draft actuarial valuation results as of January 1, 2019. The draft reflected an 8.6% decrease in the market value of assets, no increase in the actuarial value of assets and a 3.5% increase in Fund liabilities. The funding ratio declined from 58.9% to 56.7%. The Fund's credit balance decreased from ($1,300,000) to ($7,600,000).

B. Rehabilitation Plan ("RP")

Mr. Hardcastle stated that contributions from participating employers were down due to a decrease in hours worked from January 1, 2018 to January 1, 2019. Mr. Hardcastle reported that Cheiron projects that the Fund will emerge from critical status in year 2047.

C. Withdrawal Liability

Mr. Hardcastle said that Trustee Seehafer had requested Cheiron calculate an updated withdrawal liability estimate for UNFI/SuperValu. He said Cheiron is working with the Fund Office to obtain all pertinent data to complete the calculation. Mr. Hardcastle noted that SuperValu would have an estimated $10 million annual withdrawal liability payment.

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

V. ATTORNEY'S REPORT

A. Post Age 70.5 Participants

Mr. Slevin reported on pension calculations for post age 70.5 Plan participants who continued to work after normal retirement age.

B. Independent Fiduciary

Mr. Slevin reported on proposed procedures for appointment of an independent Trustee, if necessary. After discussion,

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

> **RESOLVED that the Fund Chairperson and Secretary are delegated authority to approve a procedure for appointment of independent Trustees.**

C. Consolidated Fund

Mr. Slevin reported on the Plan's suspension of benefits rules.

After discussion and on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to amend the Plan to eliminate the suspension of benefits rules applicable to Plan participants who formerly were participants in the UFCW Consolidated Pension Fund.**

D. Magruders Withdrawal Liability Lawsuit

Mr. Slevin reported on the resolution of the Fund's lawsuit relating to Magruder's withdrawal liability obligation.

E. UFCW Locals 27 and 400 Participation Agreements

Mr. Slevin presented updated Local 27 and Local 400 Participation Agreements. The Trustees executed the Participation Agreements.

F. <u>Withum, Smith and Brown PC ("Withum") Engagement Letter</u>

Mr. Slevin reported on the audit engagement letter presented by Withum. The Trustees executed the engagement letter.

VI. <u>ADMINISTRATIVE MANAGER'S REPORT</u>

A. <u>First Quarter 2019 Report</u>

Ms. Clutts presented the Administrative Manager's Report for the first quarter 2019, which had been pre-circulated. The report indicated total income of $2,228,575 and total expenses of $3,665,282, producing a net deficit of $1,436,707 for the period. Ms. Clutts noted that contributions were remitted on behalf of 2,945 Plan participants. Page 13 of the Administrative Manager's Report is a section requested by the Trustees titled "Stipend Income & Expenses." The report shows stipend income of $110,700 and stipend expenses of $111,247 paid to 71 Plan participants.

B. <u>Second Quarter 2019 Report</u>

Ms. Clutts presented the Administrative Manager's Report for the second quarter 2019, which had been pre-circulated. The report indicated total income of $2,286,020 and total expenses of $3,539,047, producing a net deficit of $1,253,027 for the period. Ms. Clutts noted that contributions were remitted on behalf of 2,864 Plan participants. Page 33 of the Administrative Manager's Report is a section requested by the Trustees titled "Stipend Income & Expenses." The report shows stipend income of $103,950 and stipend expenses of $104,502 paid to 71 Plan participants. Ms. Clutts reviewed the Work Snapshot 2019 Report which details work processed by Associated Administrators on behalf of the Fund for the first and second quarters of 2019.

C. <u>Pension Applications</u>

Ms. Clutts reviewed a list of pension applications submitted for approval during the first and second quarters of 2019.

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 and second quarter 2019 reports are approved for payment.

VII. INVOICES

Ms. Clutts presented a list of invoices dated September 16, 2019. 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 September 16, 2019 are approved for payment.

VIII. OTHER FUND BUSINESS

Ms. Clutts reported the following:

A. Information Request

The Fund Office received an information request from Trustee Seehafer on August 5, 2019. The information requested and provided to Trustee Seehafer included investment balances as of December 31, 2018, contribution recaps by quarter for 2018, and income and expense quarterly summaries for 2018.

B. Cowen Commission Recaptures

The Fund received commission recapture payments from Cowen of $472.62 on April 18, 2019 and $312.83 on July 22, 2019.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected the following date and meeting location:

December 3, 2019 – 9:00 a.m. – Annapolis, Maryland

X. ADJOURNMENT

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

Respectfully submitted,

Donna Gwin, Chairperson