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 25, 2019 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
J. Chorpenning - Secretary
Y. Anwar
M. Federici
C. Hoffmann

EMPLOYER TRUSTEE
D. Gwin - Chairperson
J. Born

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
S. Sanchez - Slevin & Hart, P.C.
B. Slevin - Slevin & Hart, P.C.
L. Walsh - Associated Administrators, LLC
R. Wildt - UFCW Local 27
M. Wilson - UFCW Local 400

I. CALL TO ORDER

A quorum being present, Chairperson Gwin called the meeting to order.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on December 4, 2018, the Appeals Committee meeting held on December 17, 2018, and the Appeals Committee meeting held on March 28, 2019, which were pre-circulated. After discussion, the Trustees amended the minutes of the December 4, 2018 meeting, by: (a) changing “a” to “and” in the third paragraph of Section II; and (b) revising Section VII A to state, “This matter is pending with Chairperson and Secretary.”

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 4, 2018, as amended, the Appeals Committee minutes of December 17, 2018, and the Appeals Committee minutes of March 28, 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 March 31, 2019. Such report indicated a beginning market value of $110,133,332, receipts of $1,952,347, disbursements of $3,602,764, and investment returns of $2,979,026, producing an ending market value of $111,461,941 as of March 31, 2019. The report noted a $6,000,000 cash call on April 1, 2019 to fund the Intercontinental U.S. Real Estate Fund investment.

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 December 31, 2018. Such report indicated a market value of assets of $110,126,445. The total portfolio had a -7.1% return gross of fees for the fourth quarter 2018, and a -1.5% return gross of fees for the calendar year 2018. Ms. Mink said that the Fund returns have consistently been in the top 25th percentile of returns for like Taft Hartley funds. The Fund return for the first quarter of 2019 was 7.5%.

2. Manager Reviews

Ms. Mink reviewed each investment manager's performance. She said that Intercontinental U.S. Real Estate likely will have another $3,000,000 capital call to fund the investment in July 2019. Funding will come from other real estate investments in the portfolio. Ms. Mink reported that Corbin ERISA Opportunity Fund continues to have strong returns, with a net return of 4.6% for 2018. Ms. Mink advised that she had no recommended investment management changes at this time.

Ms. Mink presented Investment Policy addenda for Intercontinental U.S. Real Estate and Hamilton Lane for the Trustees' review.

3. Asset Allocation

Ms. Mink said that the asset allocation policy changes adopted at the prior Board meeting were being implemented. The expected annual portfolio return is 7.5%. Ms. Mink did not recommend any further asset allocation changes. She noted that the revised Asset Allocation Policy was in the IPS Master Consulting Report distributed to the Trustees, reflecting the previously approved changes she had recommended.

4. IPS Engagement Letter

Ms. Mink presented an IPS engagement letter for 2019, including a proposed increase in the annual retainer from $75,000 to $85,000. Ms. Mink noted that IPS has not requested a fee increase since 2012. Chairperson Gwin informed Ms. Mink that the Trustees would consider the requested increase.

The Trustees thanked Ms. Mink for her report and she was excused from the meeting. The Trustees discussed the IPS engagement letter and fee proposal, and requested that Mr. Jensen engage IPS in further discussion regarding the requested fee increase. The Chairperson and Secretary were authorized to review and act on a revised fee proposal between meetings.

IV. ACTUARY'S REPORT

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

A. <u>2019 PPA Zone Certification</u>

Mr. Hardcastle reported that Cheiron issued the annual certification as required under the Pension Protection Act and IRC Section 431(d). Mr. Hardcastle said that Cheiron has certified the Fund as remaining in critical status for the Plan Year beginning January 1, 2019. Mr. Hardcastle reported that Cheiron projects that the Fund will emerge from critical status in 2042.

B. <u>Annual Funding Notice and Notice of Critical Status</u>

Ms. Clutts said the Annual Funding Notice and Notice of Critical Status were drafted and reviewed by Fund counsel. They will be mailed to Plan participants by April 30, 2019.

C. <u>Withdrawal Liability</u>

Mr. Hardcastle said that Trustee Seehafer had requested an updated withdrawal liability estimate for UNFI/SuperValu. Mr. Hardcastle said the calculation would depend on whether the potential withdrawal was a regular withdrawal or a mass withdrawal.

The Union Trustees questioned whether the Trustees appointed by UNFI/SuperValu would have a conflict of interest in the context of decisions relating to a withdrawal, sale, or similar circumstance involving UNFI/SuperValu. The Trustees discussed a procedure for appointment of a non-conflicted Employer Trustee if that situation were to occur.

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 a non-conflicted Employer Trustee to vote only on those matters with respect to which all of the UNFI/SuperValu Trustees have a conflict of interest.**

Mr. Jensen informed the Trustees of Associated Administrators' request to have Cheiron study the transfer of Associated Administrators' participants from the UFCW Unions and Participating Employers Pension Fund to a different multiemployer pension fund. Associated Administrators would pay Cheiron for such a study.

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

> **RESOLVED that Cheiron is authorized to conduct an asset/liability transfer analysis for informational purposes for Associated Administrators.**

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

V. ATTORNEY'S REPORT

A. Post 70.5 Participants

Mr. Slevin reported on the calculation of benefits for participants who have reached age 70.5 Plan and noted that this matter is pending with the Chairperson and Secretary.

B. Magruder Withdrawal Liability Litigation

Mr. Slevin reported on the litigation against the Magruder controlled group defendants.

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

> **RESOLVED that settlement authority for the Magruder litigation is delegated to the Chairperson and Secretary.**

C. G & G Eddies

Mr. Slevin reported that G&G Eddies is current on its withdrawal liability payments.

D. UFCW Locals 27 and 400 Participation Agreements

Mr. Slevin reported on the contribution rates applicable to Local 27 and Local 400.

E. 2017 & 2018 Rehabilitation Plans

Mr. Slevin reported that the 2017 and 2018 Rehabilitation Plans had been executed by the Chairperson and Secretary between Board meetings.

F. U.S. Real Estate Fund

Mr. Slevin reported that he finalized the Intercontinental real estate investment agreement on the Fund's behalf between Board meetings. The investment agreement was executed by Fund Chairperson and Secretary.

G. Hamilton Lane Secondary Fund V and Intercontinental RE Fund

Mr. Slevin reported that the Hamilton Lane and Intercontinental real estate investment agreements were executed by the Chairperson and Secretary between meetings.

H. Pension Summary Plan Description ("SPD")

Mr. Slevin reported on the draft restated Summary Plan Description. Ms. Clutts said the draft SPD would be distributed to the Trustees for review.

I. Investment Policy Amendment

Mr. Slevin presented an amendment to the Fund's Investment Policy reflecting the previously approved asset allocation changes. The Trustees executed the amendment.

VI. ADMINISTRATIVE MANAGER'S REPORT

Ms. Clutts reviewed the Administrative Manager's Report for the fourth quarter 2018. 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 for the period. Ms. Clutts reported that contributions were remitted on behalf of 3,386 Plan participants. She noted that page 12 of the Administrative Manager's Report is a report requested by the Trustees titled "Stipend Income & Expenses." The report shows stipend income of $74,700 and stipend expenses of $75,115 paid to 55 Plan participants. Ms. Clutts reviewed the Work Snapshot 2018 Report which details work processed by Associated Administrators on behalf of the Fund for the fourth quarter 2018 and for calendar year 2018.

Ms. Clutts reviewed a list of pension applications submitted for approval during the fourth quarter of 2018.

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.

VII. INVOICES

Ms. Clutts presented a list of invoices dated April 25, 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 April 25, 2019 are approved for payment.

VIII. OTHER FUND BUSINESS

Ms. Clutts reported the following:

A. Fiduciary Liability Policy

The fiduciary liability insurance for the policy period March 30, 2019 to March 29, 2020 was renewed through Chubb. The individual Waiver of Recourse premium invoices were sent to the Trustees on March 14, 2019.

B. Department of Labor Inquiry

The Fund Office continues to receive inquiries from the U.S. Department of Labor regarding Plan participant benefit entitlement, precipitated by Social Security Administration mailings to persons applying for Social Security benefits.

C. Shoppers Food Warehouse Payroll Audit

Withum Smith and Brown completed its payroll audit of Shoppers Food Warehouse for the period of January 2015 through December 2017. The audit found no discrepancies in pension contributions.

D. Cowen Commission Recaptures

A commission recapture payment of $515.36 was received from Cowen on January 30, 2019.

E. BNY Class Action

Ms. Clutts reported that the Fund received a class action notice relating to a class action filed against BNY. The Fund office sent the notice to PNC for review and, if applicable to the Fund, completion.

F. Suspension of Benefits

Mr. Jensen raised a question regarding the application of suspension of benefits rules to the group of participants who were transferred to the Fund from the UFCW Consolidated Pension Fund. After discussion,

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

> **RESOLVED to delegate to the Chairperson and Secretary the authority to resolve any questions relating to the application of suspension of benefits rules to this group of participants.**

IX. NEXT MEETING DATES AND LOCATIONS

After discussion, the Trustees selected the following dates and meeting locations for 2019:

August 29, 2019 – 9:00 a.m. – UFCW Local 400, Landover, Maryland
December 3, 2019 – 9:00 a.m. – Location to be determined

X. ADJOURNMENT

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

Respectfully submitted,
Jason Chorpenning, Secretary

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