Via Electronic Mail

January 5, 2022

Ms. Alicia Cochran
Associated Administrators, LLC
911 Ridgebrook Road
Sparks, MD 22102

Re: Warehouse Employees' Union Local No. 730 Pension Trust Fund
Withdrawal Liability Information for Giant Food, Inc. (covering Warehouse and Recycling contracts)

Dear Alicia:

As requested, we have calculated Giant Food, Inc.'s allocation of unfunded vested benefits to be $100,794,364 based on a 2021 complete withdrawal from the Warehouse Employees' Union Local No. 730 Pension Trust Fund. We have also determined that Giant Food's quarterly Withdrawal Liability payment amounts to $811,893.60, and these payments would be payable for 80 quarters. The payments are not sufficient to pay down the allocated unfunded vested benefits within the 20 years provided by law. The information supporting our calculations is included in this letter.

The underlying calculation of this assessment of unfunded vested benefits was based on the presumptive method of allocation. Under this method, individual "pools" of unfunded vested benefits along with reallocation pools are established each year and allocated to a withdrawing employer based on a series of ratios. The numerator of the ratios is the withdrawing employer's contributions summed over the five years preceding the date of establishment of the "pool," and the denominator is the total fund contributions summed over the same five-year periods. Previously withdrawn employers are excluded from total fund contributions in the summations made for pools established after such employer withdrew. Any surcharges imposed by the Pension Protection Act are to be excluded from the employer contributions for the purposes of calculating the allocation fractions. We understand that the Fund has not explicitly identified surcharges for all employers and so we determined certain employers surcharge for each year by a calculation. The calculation was to multiply the actual total contributions for the year by the average surcharge rate and then divide the result by the average total contribution rate for the year. If the actual contribution amounts excluding surcharges become available, please provide details so that we can reflect them in the calculations. In addition, following passage of the Multiemployer Pension Reform Act, all contribution increases required under a Rehabilitation Plan after December 31, 2014 that are not used to increase benefit accruals are not taken into account for Withdrawal Liability purposes. This affects the highest hourly rate of contribution used to determine the quarterly payments and the allocation fractions.

The Annual Payment is determined by multiplying the highest three-year average contribution base units over the prior 10 years by the highest contribution rate for the 10-year period through the date of withdrawal. In particular, please note that we used a $5.43 hourly rate (the December 31, 2014 contribution rate) as the highest contribution rate for determining the Annual Payment.

The liability figures used in the calculation are based on the same assumptions and methods used in each year's actuarial valuation report. This includes an investment return / discount assumption of 7% per year. Assets are based on market value. The following tables set out the asset, liability, UVB, and contribution information used by year. Note that there are no initial pools for unfunded vested benefits prior to December 31, 2002. For that reason, historical information not required for the calculation has been excluded. Also, we accepted prior unfunded vested benefit amounts and contribution information provided by the prior actuary for December 31, 2004 and earlier.

The liability and asset values and contribution histories used in this calculation are shown in the following tables:

Table of Unfunded Vested Benefits

December 31,	Market Value of Assets	Value of Vested Benefits	Unfunded Vested Benefits
2002	$126,974,940	$127,640,611	$665,671
2003	152,893,620	139,975,720	0
2004	168,058,775	152,556,973	0
2005	179,645,009	167,578,447	0
2006	195,518,517	175,576,072	0
2007	202,246,338	181,216,068	0
2008	137,120,104	193,878,646	56,758,542
2009	143,477,643	204,845,026	61,367,383
2010	154,767,359	221,913,837	67,146,478
2011	146,288,457	246,353,319	100,064,862
2012	150,745,446	252,681,929	101,936,483
2013	166,422,122	257,306,090	90,883,968
2014	165,942,917	260,803,599	94,860,682
2015	159,926,899	264,933,669	105,006,770
2016	157,775,289	268,691,744	110,916,455
2017	167,271,666	270,920,799	103,649,133
2018	153,296,273	272,863,143	119,566,870
2019	161,910,558	288,102,507	126,191,949
2020	166,447,419	287,371,773	120,924,354

Table of Contributions (excluding PPA surcharges)

Calendar Year	Giant Food	All Employers *
1998	$4,772,671	$5,107,346
1999	4,516,508	4,870,905
2000	4,658,959	5,056,505
2001	4,836,909	5,285,472
2002	4,569,661	5,112,268
2003	4,439,392	5,085,360
2004	4,463,574	5,045,473
2005	4,515,026	5,177,810
2006	3,600,024	4,309,906
2007	4,107,147	4,937,348
2008	4,085,237	4,966,877
2009	4,536,974	5,623,993
2010	4,796,239	5,941,735
2011	3,153,033	5,940,276
2012	2,679,542	4,494,667
2013	2,931,044	3,577,570
2014	3,020,113	3,616,621
2015	2,893,384	3,517,999
2016	2,831,219	3,433,088
2017	2,637,274	3,186,618
2018	2,693,903	3,140,998
2019	2,670,134	3,091,554
2020	2,955,777	3,402,451

* The column All Employers' Contributions excludes four employers who contributed in 1998, 1999, 2000 and/or 2001, but had withdrawn before 2002, the year the first pool is established.

In 2012, two employers withdrew and are therefore excluded from the five-year summation of All Employers' Contribution for the purposes of allocating the Unfunded Vested Benefit pools after 2011. In 2018, one employer withdrew and is similarly excluded from the five-year summation for allocating pools after 2017. The amount of contribution excluded for allocating the 2012 pool (2008 – 2012) is $4,619,061, for the 2013 pool (2009 – 2013) $4,215,530, for the 2014 pool (2010 – 2014) $3,709,383, for the 2015 pool (2011 – 2015) $3,212,865, for the 2016 pool (2012 – 2016) $1,139,702, for the 2018 pool (2014 – 2018) $533,871, for the 2019 pool (2015 – 2019) $421,032, and for the 2020 pool (2016 – 2020) $297,032.

An employer's allocated share of the Unfunded Vested Benefit (UVB) can be reduced or eliminated if it is smaller than the De Minimis Reduction defined in §4209 of ERISA. The De Minimis Reduction is defined to be the lesser of $50,000 or 0.75% of the fund's UVB, less the amount of the employer's allocated share of the UVB that exceeds $100,000. The De Minimis Reduction did not apply for this calculation. The law also limits Withdrawal Liability to the first 20 Annual Payments, which applied to this assessment.

Starting with the plan year beginning January 1, 2009, the Fund was determined to be in Critical status as defined by the Pension Protection Act of 2006 and a Rehabilitation Plan was adopted that removed some Adjustable Benefits. This reduction was recognized in the valuation of vested benefits as of December 31, 2009 and so an addition to the allocated unfunded vested benefits is required to be made in accordance with the law. For the purpose of allocating the reduction in vested liability due to the removal of adjustable benefits PBGC issued guidance in the form of PBGC Technical Update 10-3 – "Simplified Methods for Applying the Requirement to Disregard Benefit Reductions in Determining Withdrawal Liability." This technical update proposes amortizing the value of the reduction in vested liability due to the removal of adjustable benefits over 15 years from the point the reduction is recognized, using an amortization schedule with interest at the Fund's assumed rate, and then allocating the remaining balance at the end of the plan year prior to withdrawal using the contribution-based allocation ratio. The unamortized balance of the affected benefits was $144,550 as of December 31, 2020.

Based upon our understanding of the Multiemployer Pension Reform Act, any increase in the contributions as required by the Rehabilitation Plan are disregarded in determining the allocation of unfunded vested benefits and the highest contribution rate for all plan years on or after January 1, 2015. Therefore, in determining the annual payment we used the contribution rate in effect on December 31, 2014.

The following tables set out the allocation of unfunded vested benefits, the allocation of the liability for adjustable benefits, and the calculation of the quarterly payment and payment schedule.

Warehouse Employees Local No. 730 Pension Fund
Withdrawal Liability Estimate

Employer: Giant Food

31-Dec	Remaining UVB Pool*	Reallocation Pool	5-yr Contributions All Employers	5-yr Contributions Giant Food	Allocation to Giant Food
2002	$ 66,567	$ 0	$ 25,432,496	$ 23,354,708	$ 61,129
2003	(94,858)	0	25,410,510	23,021,429	(85,940)
2004	333	0	25,585,078	22,968,495	299
2005	437	0	25,706,383	22,824,562	388
2006	550	0	24,730,817	21,587,677	480
2007	675	0	24,555,897	21,125,163	581
2008	22,704,225	0	24,437,414	20,771,008	19,297,854
2009	3,352,002	0	25,015,934	20,844,408	2,793,040
2010	4,495,796	0	25,779,859	21,125,621	3,684,135
2011	20,119,252	0	27,410,229	20,678,630	15,178,223
2012	4,417,631	0	22,348,487	19,251,025	3,805,355
2013	(3,375,631)	0	21,362,711	18,096,832	(2,859,573)
2014	6,703,398	0	19,861,486	16,579,971	5,595,863
2015	12,168,354	0	17,934,267	14,677,116	9,958,385
2016	10,239,434	0	17,500,243	14,355,302	8,399,321
2017	222,913	0	17,331,896	14,313,034	184,086
2018	21,114,382	356,465	16,361,453	14,075,893	18,471,546
2019	14,573,744	0	15,949,226	13,725,913	12,542,173
2020	4,215,150	0	15,957,678	13,788,307	3,642,120
Totals	$ 120,924,354		Initial Allocation of Pools		$ 100,669,465

Adjustable Benefit Pools

31-Dec	Remaining Pool**	5-yr Contributions All Employers	5-yr Contributions Giant Food	Allocation to Giant Food
2009	$ 144,550			
2010	0			
2011	0			
2012	0			
2013	0			
2014	0			
2015	0			
2016	0			
2017	0			
2018	0			
2019	0			
2020	0			
Total	$ 144,550	$ 15,957,678	$ 13,788,307	$ 124,899
		Initial Allocated UVB		$ 100,794,364
		De minimis reduction		$ 0
		Final Allocated UVB		**$ 100,794,364**

*Note: There are no UVB pools prior to 12/31/2002
**Note: The adjustable benefit pools are amortized over 15 years

Employer: Giant Food

(a)	Withdrawal liability	$ 100,794,364.00
	Hours of contributions for fiscal years ended December 31:	

2011	719,327	2016	496,901
2012	546,424	2017	460,987
2013	528,490	2018	471,287
2014	558,564	2019	469,631
2015	518,788	2020	513,715

(b)	Highest consecutive three-year average hours in last 10 years prior to the year of withdrawal	598,080
(c)	Highest contribution rate in 10 years ending with year of withdrawal	$ 5.43
(d)	Required annual payment: (b) x (c)	$ 3,247,574.40
(e)	Amortization ratio (annuity certain): (a) / (d)	31.0368
(f)	Number of whole years for value (e), not greater than 20	20
(g)	Annuity certain for number of years in (f):	11.3356
(h)	Amount amortized in (f) years: (d) x (g)	$ 36,813,204.37
(i)	Amount left to amortize: (a) - (h)	N/A
(j)	Amount to amortize in the final year: (i) plus interest for (f) years	N/A
(k)	Quarterly payment: (d) ÷ 4	$ 811,893.60
(l)	Full quarters to pay in final year: (j) ÷ (k)	N/A
(m)	Amount in final quarter: (j) - [(k) x (l)]	N/A

Giant Food payment schedule:
$811,893.60 per quarter for 80 quarters.

In calculating the employer's Withdrawal Liability, we relied on the total fund contributions given to us by the Fund Administrator and the Fund Auditor. Please check the amounts that were used in this calculation. If you discover any questionable items, please report them to us as soon as possible so we can revise our numbers. We have also assumed that the employer is not part of a larger controlled group that contributes to the Fund; or that if the employer is part of a controlled group, the entire controlled group has withdrawn.

In the event Giant Food, Inc. withdraws, a formal Withdrawal Liability calculation and assessment will be performed after all estimated and preliminary amounts have been finalized. The results of the final assessment could vary from the amounts given above. In any communication of this estimate, you should clearly indicate that the final withdrawal liability amount might differ from this estimate.

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. I am not an attorney, and our firm does not provide any legal services or advice.

This Withdrawal Liability calculation was prepared exclusively for the Board of Trustees for the purpose described herein. Other users of this Withdrawal Liability calculation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

Please call me if you have any questions.

Sincerely,
Cheiron

PRHardcastle

Peter R. Hardcastle, CFA, FSA, EA, MAAA
Principal Consulting Actuary

cc: Matt Deveney, Cheiron