Food Employers Labor Relations Association
And United Food & Commercial Workers
Pension Fund

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (410) 683-6500
(800) 638-2972
www.associated-admin.com

8400 Corporate Drive, Suite 430
Landover, Maryland 20785-2361
Telephone: (301) 459-3020
(800) 638-2972
www.associated-admin.com

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES
OF THE FELRA AND UFCW PENSION FUND
VIA VIDEO CONFERENCE
DECEMBER 12, 2022

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
M. Federici – Chairman	J. Paradis – Secretary
D. Blitzstein	D. Dosenbach
C. Hoffmann	M. Goble

Also present were:

W. Antoshak – Associated Administrators, LLC
Y. Anwar – UFCW Local 400
J. Hack – UFCW Local 27
N. Hill – UFCW Local 27
D. Hope – Investment Performance Services
D. Jensen – Associated Administrators, LLC
G. Kalwarski – Cheiron
R. Kamp – Ryan ALM, Inc.
M. Kreps – Groom Law Group
B. Maiorano – Associated Administrators, LLC
B. McKiver – UFCW Local 400
R. McKnight – Associated Administrators, LLC
C. Murphy – Associated Administrators, LLC
J. Nazario – UFCW Local 27
R. Ryan – Ryan ALM, Inc.
S. Sanchez – Slevin & Hart, P.C.
R. Sichel – Investment Performance Services
A. Sims – Associated Administrators, LLC
B. Slevin – Slevin & Hart, P.C.
L. Walsh – Associated Administrators, LLC
M. Wilson – UFCW Local 400
K. Woodrich – Cheiron

I. CALL TO ORDER

A quorum being present, the Chairman called the meeting to order. It was noted that Trustee Tom Hipkins gave his proxy to Trustee David Blitzstein.

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on September 15, 2022, and the Appeals Committee meeting held on October 12, 2022, 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 September 15, 2022, and the Appeals Committee meeting held on October 12, 2022, are approved, as presented.**

III. FINANCIAL REPORT

A. PNC Bank

Summary of Cash Activity Report – September 30, 2022

Ms. Sims presented the Summary of Cash Activity Report for the period January 1, 2022 to September 30, 2022, as provided by PNC. Such report indicated a beginning balance of $44,736,757, receipts of $1,320,838,376, disbursements of $1,292,187,114, and an investment gain of $4,032,763, resulting in a balance of $77,420,782 as of September 30, 2022.

B. Investment Performance Services

The Trustees welcomed Mr. Rich Sichel and Mr. Danny Hope of Investment Performance Services ("IPS") to the meeting.

1. Master Consulting Report – September 30, 2022 – Combined

Mr. Sichel reviewed the IPS report for the period ending September 30, 2022. Such report indicated a beginning market value of $91,926,567, net cash flow of $1,173,667,307, and a net investment loss of $7,167,624, resulting in an ending market value of $1,258,426,250 as of September 30, 2022. The performance for the third quarter was -2.9%, gross of fees.

2. Preliminary Performance Update – October 31, 2022 – Combined

Mr. Sichel reviewed the IPS report for the period ending October 31, 2022. Such report indicated a beginning market value of $91,926,567, net cash flow of $1,167,185,872, and a net investment loss of $10,343,708, resulting in an ending market value of $1,248,768,730. The year-to-date performance through October 31, 2022 was negative 3.2%, gross of fees.

3. Investment Manager Review

Mr. Hope provided an update on the status of the contracts for the new investment managers selected for the non-SFA portfolio. He reported that the contracts with Wedge (Domestic Large Cap Equity – Value) , Northern Trust Russell 1000 Growth Index Fund (Domestic Large Cap Equity – Growth), Earnest SMID Core Fund (Domestic Small/Mid Cap Equity) and McKay Shields High Yield Fund (High Yield Fixed Income) were under review by Co-Counsel. Mr. Hope reported on the performance of the Fund's other managers, including Intercontinental (Real Estate – Value Add), Entrust (Opportunistic) and GCM Grosvenor Secondary Opportunities Feeder Fund (Private Equity). Mr. Hope noted that the Segall Bryant Hamill Investment Grade Fixed Income contract had been executed and funding was completed in December in the amount of $52,000,000. He noted that as additional monthly withdrawal liability payments are received, they would be allocated to the investment managers to balance the Fund's asset allocation in accordance with the Investment Policy targets.

4. Non-SFA Assets High Yield Short Duration Manager Search

Mr. Sichel provided a summary of IPS's manager search process for a High Yield Short Duration fixed income investment manager to invest a portion of the Fund's non-SFA assets. Taking into consideration the asset allocation, Mr. Sichel presented two investment manager options recommended by IPS: (a) Chartwell Investment Partners ("Chartwell"), and (b) Post Advisory Group LLC., ("Post"). Mr. Sichel noted that Chartwell would utilize the Short BB High Yield Fixed Income Strategy and Post would use the Post Immediate Term High Yield Strategy. The management fee for Chartwell is 50 basis points for the first $20 million, 40 basis points for the next $30 million, and 30 basis points thereafter. Post's management fees are 50 basis points on accounts under $10 million, 48 basis points on accounts $10-25 million, and 45 basis points on accounts over $25 million. He noted both firms have waived their minimum funding requirement.

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

> **RESOLVED, to hire Chartwell Investment Partners as a Short Duration High Yield asset class investment manager, as recommended by IPS.**

5. Investment Grade Fixed Income Duration Analysis

Mr. Sichel reviewed a memo from IPS dated December 12, 2022 that provided analysis regarding the duration of the Investment Grade Fixed Income portfolio. He reported that IPS has capital market assumptions for three investment grade fixed income strategies for use in asset allocation reviews. These include: (a) Short-Term Fixed Income, 1-3 year government and investment grade corporate credit securities, (b) Intermediate Fixed Income, 1-10 year government and investment grade corporate credit securities, and (c) Core Fixed Income, 1-30 year government and investment grade corporate credit securities. Mr. Sichel then reviewed IPS's current long-term capital market assumptions, including the expected return and expected risk and interest rates, against the benchmark for each strategy. He noted that given that the non-SFA portfolio has a small amount of assets relative to the amount that will be received over the next ten years, IPS recommends the Fund continue to utilize the short-term government/credit strategy previously approved by the Trustees and consider other options in early 2023 when IPS updates the capital market assumptions. The Trustees concurred with this recommendation.

6. Asset Allocation for Non-SFA Assets

Mr. McDonough presented a comparison of asset allocation options with varying risk and rates of return for the Fund's non-SFA assets, for illustration and discussion. These options included additional allocations to Opportunistic, Infrastructure, and a combination of both investment strategies, for Trustee consideration.

C. Ryan ALM Report

The Trustees welcomed Mr. Russ Kamp and Mr. Ron Ryan of Ryan ALM, Inc., ("Ryan") to the meeting.

Mr. Ryan reviewed Ryan ALM's month-end report dated November 30, 2022. He provided an overview of the present value of assets versus the future value of assets through the year 2096. Mr. Ryan reviewed the LBP – Cash Flow Summary dated November 30, 2022, showing the total cash flow through July 30, 2032. Mr. Ryan noted that Ryan ALM will provide monthly performance reports to the Fund. The Trustees requested that Ryan present annually, at each December Board of Trustees meeting, to assist the Trustees in monitoring any changes in the long-term strategy being utilized for investment of the Fund's SFA assets.

The Trustees thanked Mr. Ryan and Mr. Kamp for their report and they was excused from the meeting.

IV. ACTUARY'S REPORT

The Trustees welcomed Mr. Gene Kalwarski and Mr. Kevin Woodrich of Cheiron to the meeting.

Mr. Woodrich stated that since the Fund is considered a terminated plan, his firm is working on a Solvency Valuation rather than a Minimum Funding Valuation. He stated Cheiron expects to have a final report completed in January 2023 for Trustee review.

The Trustees thanked Mr. Woodrich and Mr. Kalwarski for their report.

V. ATTORNEY'S REPORT

A. Special Financial Assistance ("SFA")

Ms. Sanchez reported on the Fund's supplemented application for Special Financial Assistance from the Pension Benefit Guaranty Corporation ("PBGC").

B. Loomis Sayles Contract and Ryan ALM Contract

Ms. Sanchez reported on the Fund's contracts with Loomis Sayles and Ryan ALM.

C. Annual Statement of Compliance re SFA

Ms. Sanchez reported on the PBGC Annual Statement of Compliance regards SFA requirements.

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

> **RESOLVED to delegate authority to Chairman and Secretary to approve and sign the PBGC Annual Statement of Compliance regarding SFA requirements.**

D. Investment Manager Update

Ms. Sanchez reported on the contracts with the investment managers selected by the Trustees at the June 10, 2022 Board of Trustees meeting.

E. Investment Policy Statement

Ms. Sanchez reported on the proposed restated Investment Policy Statement.

F. 2020 Form 5500

Ms. Sanchez reported on an amended Form 5500 for the 2020 Plan Year.

G. Form W-4P

Ms. Sanchez reported on the updated Form W-4P required by the IRS effective, January 1, 2023 and the Form W-4P currently used by the Fund.

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

> **RESOLVED to delegate authority to Chairman and Secretary to approve any outstanding questions regarding the Form W-4P to be used by the Fund.**

H. Associated Administrators, LLC Data Breach

Ms. Sanchez reported on the data breach that occurred at Associated Administrators, LLC.

I. Voluntary Correction Program ("VCP") Application

Ms. Sanchez reported on the Fund's VCP application.

J. Model Rollover Notice

Ms. Sanchez reported on the updated Model Rollover Notice provided to the Fund office.

K. Cheiron Agreement Amendment

Ms. Sanchez reported on an amendment to the Cheiron agreement.

L. ACME Contributions

Ms. Sanchez reported on Acme's pre-withdrawal contributions to the Fund.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Third Quarter 2022 Report

Ms. Sims presented the Administrative Manager's Report for Third Quarter 2022, which had been pre-circulated. Such report indicated interest and dividend income of $5,027,507, transfers from assets of $0, receipt of withdrawal liability payments of $14,188,209, and miscellaneous income of $1,026, producing total income of $19,216,742 for the quarter. Total expenses were $46,159,377, producing a deficit of $26,942,635.

Ms. Sims reviewed the pension applications contained in the Administrative Manager's Third Quarter 2022 Report.

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 Third Quarter 2022 report are approved for payment.**

VII. INVOICES

The Trustees reviewed the list of invoices dated December 12, 2022. It was 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 December 12, 2022 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Form 5500 Filing

Ms. Sims reported the Form 5500 for the 2021 Plan Year was filed timely.

B. PBGC Comprehensive Filing

Ms. Sims reported the PBGC Comprehensive Filing was completed on October 14, 2022 for a total of $1,300,000.

C. Fidelity Bond Renewal

Ms. Sims presented a Fidelity Bond renewal quote provided by Chubb for a policy limit of $1 million, with a premium in the amount of $4,401, for the coverage period of January 1, 2023 through January 1, 2026.

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

> **RESOLVED, to approve the Fidelity Bond renewal with Chubb at a policy limit of $1 million and a premium amount of $4,401, for the coverage period January 1, 2023 through January 1, 2026.**

D. Miscellaneous Correspondence

1. Camping World Holding Settlement

Ms. Sims reported that the Fund had received a check in the amount of $482 as a result of the Fund's claim filed in the Camping World Holding Litigation Settlement.

2. Metlife Settlement

Ms. Sims reported that the Fund had received a check in the amount of $110 as a result of the Fund's claim filed in the Metlife Litigation Settlement.

3. United Rentals Settlement

Ms. Sims reported that the Fund had received a check in the amount of $13 as a result of the Fund's claim filed in the United Rentals Litigation Settlement.

4. Universal Health Services Settlement

Ms. Sims reported that the Fund had received a check in the amount of $421 as a result of the Fund's claim filed in the Universal Health Services Litigation Settlement.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees noted that the next regular Board meetings are scheduled on the following dates:

Friday, March 17, 2023 at 9:30 A.M.

Tuesday, June 27, 2023 at 9:30 A.M.

Wednesday, September 27, 2023 at 9:30 A.M.

Monday, December 11, 2023 at 9:30 A.M.

The meetings will be held via video conference.

X. ADJOURNMENT

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

Respectfully Submitted,

Jason Paradis, Secretary

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