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

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES
OF THE FELRA AND UFCW PENSION FUND
VIA VIDEO CONFERENCE
MARCH 17, 2023

The following Trustees were present:

UNION TRUSTEES

M. Federici – Chairman
D. Blitzstein
T. Hipkins
C. Hoffmann

EMPLOYER TRUSTEES

J. Paradis – Secretary
D. Dosenbach
M. Goble

Also present were:

W. Antoshak – Associated Administrators, LLC
A. Dietrich – Slevin & Hart, P.C.
J. Hack – UFCW Local 27
J. Harrison – UFCW Local 27
D. Jensen – Associated Administrators, LLC
G. Kalwarski – Cheiron
M. Kreps – Groom Law Group
B. Maiorano – Associated Administrators, LLC
C. McDonough – Investment Performance Services
B. McKiver – UFCW Local 400
R. McKnight – Associated Administrators, LLC
C. Murphy – Associated Administrators, LLC
S. Sanchez – Slevin & Hart, P.C.
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.

II. MINUTES

The Trustees reviewed the minutes of the special meetings held on September 6, 2022 and November 2, 2022, the last regular meeting held on December 12, 2022, and the Appeals Committee meeting held on November 30, 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 special meetings held on September 6, 2022 and November 2, 2022, the last regular meeting held on December 12, 2022, and the Appeals Committee meeting held on November 30, 2022, were approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

Summary of Cash Activity Report – December 30, 2022

Ms. Sims presented the Summary of Cash Activity Report for the period January 1, 2022 to December 30, 2022, as provided by PNC. Such report indicated a beginning balance of $44,736,757, receipts of $1,374,453,543, disbursements of $1,386,359,135, and an investment gain of $4,601,990, resulting in a balance of $37,433,154 as of December 30, 2022.

B. Investment Performance Services

The Trustees welcomed Mr. Chris McDonough of Investment Performance Services ("IPS") to the meeting.

1. Master Consulting Report – December 31, 2022 – Combined

Mr. McDonough reviewed the IPS report for the period ending December 31, 2022. Such report indicated a beginning market value of $91,926,567, net cash flow of $1,145,916,579, and a net investment gain of $25,244,616, resulting in an ending market value of $1,263,087,761 as of December 31, 2022. Mr. McDonough noted that, of this total, the Fund's non-SFA assets totaled $98,634,442 and its SFA assets totaled $1,164,453,319. The total year-to-date performance through December 31, 2022 was -0.4%, gross of fees.

2. Preliminary Performance Update – January 31, 2023 – Combined

Mr. McDonough reviewed the IPS report for the period ending January 31, 2023. Such report indicated a beginning market value of $1,263,087,761, net cash flow of $117,680,578, and a net investment gain of $32,994,685, resulting in an ending market value for the SFA and non-SFA assets of $1,413,763,024. The total year-to-date performance through January 31, 2023 was 2.6%, gross of fees.

3. Asset Allocation Policy Review

Mr. McDonough reviewed IPS's updated capital market assumptions for various asset classes and annualized expected returns over the next 10-20 years which had been revised by the IPS Investment Committee as of January 2023. He noted that IPS develops and utilizes capital market assumptions for various asset classes to help determine the optimal mix of assets for the investment portfolio. Based on these changes in assumptions, Mr. McDonough provided an overview of the current Investment Policy allocations and presented alternative portfolio options for the Trustees' consideration, as detailed in the IPS Q4 Master Consulting Report. He noted that the long-term rate of return that would allow the Fund to satisfy all benefit payments and other obligations after the Fund's Special Financial Assistance ("SFA") proceeds are exhausted is currently estimated by the Fund's actuary to be 5.5%. Mr. McDonough stated the Fund's current asset allocation policy has an expected return of 5.56% with a risk assessment of 4.35.

After discussion, the Trustees elected not to make any changes to the Fund's investment allocations at the current time and to continue to monitor the market and updated asset allocation comparisons at future meetings.

4. Investment Manager Funding

Mr. McDonough stated the non-SFA ("Legacy") account is net cash-flow positive and receiving monthly withdrawal liability income. He noted IPS's suggestion that the Board authorize IPS and the Fund office to transfer the Legacy account's cash to the Board approved Legacy investment managers, in accordance with the Investment Policy Statement, between meetings. He stated this process will allow funds to be invested expeditiously.

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

> **RESOLVED to authorize IPS and Associated Administrators, LLC to transfer Legacy account cash to the Legacy investment managers between meetings, in accordance with the Fund's Investment Policy, as recommended by IPS.**

5. Investment Policy Statement

Mr. McDonough presented the draft restated Investment Policy Statement which reflects updated provisions addressing the investment of SFA assets and non-SFA assets that were previously approved by the Trustees. He stated that, as reflected by the Policy, the Fund's investment objective is to maintain a portfolio with an asset allocation and investment strategy that has a high probability of allowing the Fund to satisfy all remaining benefit payment and other obligations while taking as little risk as reasonably possible and complying with all restrictions on the investment of SFA proceeds under applicable law, and to maintain sufficient liquidity to fund benefit payments. He noted the policy has been reviewed by Co-Counsel.

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

> **RESOLVED to adopt the restated Investment Policy Statement as presented.**

6. Investment Consultant Fee Request

Mr. McDonough presented IPS's fee increase request letter, dated February 27, 2023, that previously was sent to Chairman and Secretary for consideration. He reported that the current agreement/fee of $138,500 between IPS and the Fund has been in place since July 1, 2021. Mr. McDonough noted that IPS is requesting an increase in its fee to $250,000, effective January 1, 2023, for a three year period.

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

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

> **RESOLVED to propose an amended fee structure to IPS that reflects an increase to $200,000 for the 2023 Plan Year, $225,000 for the 2024 Plan Year, and $250,000 for the 2024 Plan Year.**

IV. ACTUARY'S REPORT

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

Mr. Woodrich presented a report titled "Monitoring Projections" dated March 17, 2023. The report compares Cheiron's September 2022 projections regarding the projected depletion date for the Fund's SFA assets. Mr. Woodrich noted that while Cheiron originally projected that the SFA assets would be depleted in April 2033, the Fund's experience to date and the reports provided by Ryan ALM have caused Cheiron to change this projection to November 2033. Mr. Woodrich stated that with the supplemented SFA received by the Fund, the Fund is projected to remain solvent beyond 2074.

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 receipt of supplemented SFA in the amount of $125,747,248.09.

B. Annual Statement of Compliance Regarding SFA

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

C. PBGC Inspector General Request

Ms. Sanchez reported on the PBGC Inspector General’s request for information to Cheiron.

D. Investment Manager Contracts

Ms. Sanchez reported on the Fund’s investment manager agreements.

E. SECURE Act 2.0

Ms. Sanchez reported on the provisions relating to the SECURE 2.0 Act of 2022, including action items for the Trustees’ consideration.

F. COVID-19 National Emergency Ending

Ms. Sanchez reported on the expected termination of the COVID-19 National Emergency.

G. Cybersecurity Request for Proposal (“RFP”) Status

Ms. Sanchez reported on the RFP for a cybersecurity consultant.

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

> **RESOLVED to delegate to Chairman and Secretary the authority to select a cyber consultant for the Fund based on a review of the RFP responses.**

H. Voluntary Correction Program (“VCP”)

Ms. Sanchez reported on the Fund’s VCP filing.

I. ACME Contributions

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

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Fourth Quarter 2022 Report

Ms. Sims presented the Administrative Manager's Report for Fourth Quarter 2022, which had been pre-circulated. Such report indicated interest and dividend income of $11,777,357, transfers from assets of $0, receipt of withdrawal liability payments of $14,188,209, and miscellaneous income of $171,485, producing total income of $26,137,051 for the quarter. Total expenses were $41,117,251, producing a deficit of $14,980,200.

Ms. Sims reviewed the pension applications contained in the Administrative Manager's Fourth 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 Fourth Quarter 2022 report are approved for payment.**

VII. INVOICES

The Trustees reviewed the list of invoices dated March 17, 2023. 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 March 17, 2023 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Calibre - Audit Engagement Letter 2022

Ms. Sims presented the Calibre Audit Engagement Letter for the Plan Year ended December 21, 2022. She noted Calibre is requesting a fee increase of $4,300 which represents a 6% increase, for a total estimated annual fee not to exceed $76,300.

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

RESOLVED to approve the Calibre - Audit Engagement Letter for the Plan Year ended December 31, 2022 for a fee that will not exceed $76,300.

B. <u>Miscellaneous Correspondence</u>

1. <u>Big Lots Settlement</u>

Ms. Sims reported that the Fund received a check in the amount of $238 as a result of the Fund's claim filed in the Big Lots Litigation Settlement.

2. <u>Citigroup Settlement</u>

Ms. Sims reported that the Fund received a check in the amount of $43 as a result of the Fund's claim filed in the Citigroup Litigation Settlement.

3. <u>Madoff Victim Fund</u>

Ms. Sims reported that the Fund received a check in the amount of $171,178 from the Madoff Victim Fund.

4. <u>United Rentals Settlement</u>

Ms. Sims reported that the Fund had received a check in the amount of $26 as a result of the Fund's claim filed in the United Rentals Litigation Settlement.

IX. <u>NEXT MEETING DATE AND LOCATION</u>

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

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. <u>ADJOURNMENT</u>

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

Respectfully Submitted,

Jason Paradis, Secretary

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