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
SEPTEMBER 27, 2021

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
M. Federici - Chairman	J. Paradis - Secretary
D. Blitzstein	D. Dosenbach
	M. Goble

Also present were:

W. Antoshak - Associated Administrators, LLC
Y. Anwar - UFCW Local 400
J. Chorpenning - UFCW Local 27
J. Hack - UFCW Local 27
J. Harrison - UFCW Local 27
D. Jensen - Associated Administrators, LLC
G. Kalwarski - Cheiron
M. Kreps - Groom Law Group
C. McDonough - Investment Performance Services
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
G. Kalwarski - Cheiron
A. Yu - Investment Performance Services

I. CALL TO ORDER

A quorum being present, the Chairman called the meeting to order.

A. Proxy

Ms. Sims reported that Trustee Hipkins was unable to attend the meeting and had provided his proxy to Trustee Blitzstein to act on all matters coming before the Trustees.

II. MINUTES

The Trustees reviewed the minutes of the FELRA and UFCW Pension Fund meeting held on June 22, 2021 and the Appeals Committee meetings held on July 6, 2021, August 13, 2021 and September 2, 2021 which were pre-circulated.

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

> **RESOLVED, that the minutes of the FELRA and UFCW Pension Fund meeting held on June 22, 2021 and the Appeals Committee meetings held on July 6, 2021, August 13, 2021 and September 2, 2021 are approved, as presented.**

III. FINANCIAL REPORT

A. PNC Bank

1. Summaries of Cash Activity Report – June 30, 2021

Ms. Sims presented the Summary of Cash Activity Report for the period January 1, 2021 to June 30, 2021, as provided by PNC. Such report indicated a beginning balance of $3,830,518, receipts of $52,534,462, net transfers from managers of $68,987,993, disbursements of $75,857,351, and an investment gain of $6,712,841, resulting in a balance of $56,208,464 as of June 30, 2021.

B. Investment Performance Services

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

1. Master Consulting Report – June 30, 2021

Mr. McDonough reviewed the report for the period ending June 30, 2021. Such report indicated a beginning market value of $148,853,764, negative net cash flow of $23,524,636, and a net investment gain of $7,359,490, resulting in an ending market value of $132,688,619 for the quarter. The performance for the second quarter was 5.2%, gross of fees.

2. Preliminary Performance Update – July 31, 2021

Mr. McDonough reviewed the report for the period ending July 31, 2021. Such report indicated a beginning market value of $132,688,619, net cash flow of negative $7,361,772, and a net investment gain of $1,198,787, resulting in an ending market value of $126,525,634. The year-to-date performance through July 31, 2021 was 10.5%, gross of fees.

3. Asset Allocation

Mr. McDonough presented options for changes to the Fund's asset allocations in light of the Fund's expected receipt of special financial assistance (SFA) under ARPA and also discussed possible investment options for the SFA, once received.

C. <u>Auditor's Report</u>

The Trustees welcomed Mr. Joseph Herishen of Calibre CPA Group ("Calibre") to the meeting.

1. Financial Statements – December 31, 2020

Mr. Herishen presented the Financial Statements for the period ended December 31, 2020. He stated that the auditor's opinion was unmodified and the financial statements were in conformity with the generally accepted accounting principles.

Mr. Herishen reported that total assets as of December 31, 2020 were $28,653,278 and total liabilities were $379,852, producing net assets available for benefits of $28,273,426. Mr. Herishen reviewed the Notes to the Financial Statements, Schedule of Assets Held for Investment Purposes, Schedule of Employer Contributions, and Schedule of Administrative Expenses.

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

RESOLVED, to accept the Auditor's 2020 Financial Statements as presented.

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

IV. <u>ACTUARY'S REPORT</u>

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

Mr. Woodrich presented an asset projection model for the Fund reflecting the estimated amount of special financial assistance ("SFA") that would be required for the Fund to continue to make all benefit payments due under the Plan through 2051. Cheiron estimates that remaining Fund liability as of 2052 would be $328 million, using a 3% discount rate. He stated that the projected insolvency date for the

Fund, without taking into account the expected SFA, is December 2022. Taking into account the expected SFA, as calculated based on the PBGC's current guidance, the Fund's projected insolvency date is 2048.

The Trustees thanked Mr. Kalwarski and Mr. Woodrich for their report and they were excused from the meeting.

V. ATTORNEY'S REPORT

A. American Rescue Plan Act ("ARPA")

Mr. Slevin reported on the PBGC interim final rule ("Rule") under ARPA published in the Federal Register on July 12, 2021. He also reported on the comments the Fund submitted to PBGC regarding the Rule.

B. PBGC Presentations

Mr. Slevin reported on PBGC's presentations regarding the combination of the MAP Fund into the FELRA Fund.

C. Investment Manager Contracts

Ms. Sanchez reported on the agreements with the former MAP Fund investment managers.

D. Insolvency Notices

Mr. Slevin reported on the notice requirements relating to insolvency.

E. Calculation of Post 70.5 Benefits - Voluntary Correct Program ("VCP") Application

Ms. Sanchez reported the Fund's VCP application regarding the calculation of pension benefits for participants who work past age 70.5.

F. Administrative Services Agreement

Ms. Sanchez reported on the amendment of the Associated Administrators, LLC contract.

G. Auditor Engagement Letter

Ms. Sanchez reported on Calibre's engagement letter.

H. Giant and Safeway Contribution Rates

Ms. Sanchez reported on Giant's and Safeway's pre-Fund termination contribution rates under the bargaining parties CBAs.

I. Corbin ERISA Opportunity Fund – Authorized Signatures

Ms. Sanchez reported on the Fund's Authorized Signatories list for the Corbin Opportunity ERISA Fund investment and on the consent to change in control form relating to this investment.

J. **Physical Presence Requirement Waiver**

Ms. Sanchez reported on the IRS's temporary waiver of physical presence requirements for certain pension-related purposes.

K. **Safeway 2014-2017 Payroll Audit Demand Letter**

Ms. Sanchez reported on Safeway's payroll audit delinquency.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Second Quarter 2021 Report

Ms. Sims presented the Administrative Manager's Report Second Quarter 2021, which had been pre-circulated. Such report indicated interest and dividend income of $452,611, transfers from assets of $19,304,364, receipt of withdrawal liability payments of $14,188,209, and miscellaneous income of $1,194, producing total income of $33,946,378 for the quarter. Total expenses were $38,113,797, producing a net operating deficit of $4,167,419.

Ms. Sims reviewed the pension applications contained in the Administrative Manager's Second Quarter 2021 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 Second Quarter 2021 report are approved for payment.**

VII. INVOICES

The Trustees reviewed the list of invoices dated September 27, 2021. 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 September 27, 2021 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. FELRA/MAP Combination

Ms. Sims provided an update on administrative actions relating to the combination of the FELRA and MAP plans.

B. ACME Pension Contribution Rates

Ms. Sims reported that the ACME delinquent contributions remain unpaid. Mr. Dosenbach stated that he and the Fund office would work together to resolve the matter in the near future.

C. Safeway 2014-2017 Payroll Audit

Ms. Sims reported that Safeway has not remitted payment in the amount of $99,857.91 for the payroll audit conducted by Calibre. Mr. Dosenbach indicated that payment is forthcoming.

D. Miscellaneous Correspondence

1. Class Action

Ms. Sims reported that PNC had filed a class action claim on behalf of the Fund in the Mylan N.V. Securities litigation.

2. Madoff Victim Fund

Ms. Sims reported that the Fund had received a check in the amount of $215,946.68 as a result of the Fund's claim filed with the Madoff Victim Fund.

3. PBGC Comprehensive Filing

Ms. Sims reported that the Fund office will work in conjunction with Fund Counsel to complete the PBGC Comprehensive Premium filing for the Fund.

IX. NEXT MEETING DATE AND LOCATION

The next regular Board meeting is scheduled for December 15, 2021. The meeting 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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