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
DECEMBER 15, 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:

P. Agrawal – Loomis Sayles (for part of the meeting)
W. Antoshak – Associated Administrators, LLC
Y. Anwar – UFCW Local 400
J. Chorpenning – UFCW Local 27
S. DeVito – Ryan ALM Asset/Liability Management (for part of the meeting)
J. Hack – UFCW Local 27
J. Harrison – UFCW Local 27
D. Jensen – Associated Administrators, LLC
R. Kamp – Ryan ALM Asset/Liability Management (for part of the meeting)
G. Kalwarski – Cheiron
M. Kreps – Groom Law Group
C. McDonough – Investment Performance Services
R. McKnight – Associated Administrators, LLC
M. Monteagudo – Ryan ALM Asset/Liability Management (for part of the meeting)
C. Murphy – Associated Administrators, LLC
R. Ryan – Ryan ALM Asset/Liability Management (for part of the meeting)
S. Sanchez – Slevin & Hart, P.C.
J. Siegel – Loomis Sayles (for part of the meeting)
A. Sims – Associated Administrators, LLC
B. Slevin – Slevin & Hart, P.C.
J. Teman – Loomis Sayles (for part of the meeting)
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.

II. MINUTES

The Trustees reviewed the minutes of the FELRA and UFCW Pension Fund special meeting held on July 20, 2021 and the regular meeting held on September 27, 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 special meeting held on July 20, 2021 and the regular meeting held on September 27, 2021 are approved, as presented.**

III. FINANCIAL REPORT

A. PNC Bank

Summary of Cash Activity Report – September 30, 2021

Ms. Sims presented the Summary of Cash Activity Report for the period January 1, 2021 to September 30, 2021, as provided by PNC. Such report indicated a beginning balance of $3,830,518, receipts of $66,954,292, net transfers from managers of $37,663,835, disbursements of $113,134,235, and an investment gain of $62,495,909, resulting in a balance of $57,810,319 as of September 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 – September 30, 2021

Mr. McDonough reviewed the report for the period ending September 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 third quarter was 5.2%, gross of fees.

2. Preliminary Performance Update – October 31, 2021

Mr. McDonough reviewed the report for the period ending October 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 October 31, 2021 was 10.5%, gross of fees.

3. Chartwell Ownership Change

Mr. McDonough reported that on October 20, 2021, Chartwell announced an ownership change and noted that IPS recommends the Board consent to the ownership change.

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

RESOLVED, to consent to Chartwell's ownership change, as recommended by IPS.

4. Investment Manager Presentations

The Trustees welcomed Mr. Ron Ryan, Mr. Steve DeVito, Ms. Martha Monteagudo and Mr. Russel Kamp of Ryan ALM Asset/Liability Management, and Mr. Jonathan Siegel, Mr. Justin Teman and Ms. Pramila Agrawal of Loomis Sayles, to the meeting.

A. Ryan ALM Asset/Liability Management

Mr. Ryan stated his understanding that the Fund intends to apply for PBGC Special Financial Assistance ("SFA") and is interested in considering possible investment strategies for the Fund assuming the receipt of the SFA. He discussed insurance annuities or cash flow driven investments (CDI) with bonds. Mr. Ryan provided an overview of CDI investments, explaining that these are structured bond portfolios. He reviewed the possible benefits of CDI investments and stated that Ryan ALM partners with Loomis Sayles on implementation of a client's initial portfolio construction, execution, portfolio monitoring and rebalancing, as well as client reporting.

B. Loomis Sayles

Mr. Siegel provided an overview of Loomis Sayles, noting that it has been serving Taft-Hartley Trust Funds since 1962 with $21.5 billion in Taft-Hartley assets under management, 374 multi-employer accounts and an experienced team of relationship professionals focused exclusively on multiemployer trust funds. He stated that proprietary investment research is integral to the Loomis investment process, with $109 million committed to proprietary research in 2021. Mr. Siegel said that the Loomis and Ryan multiemployer SFA program presents an opportunity for the Fund to use a cash flow matching structure designed to increase the Fund's ability to meet its near-term benefit payment obligations.

Ms. Agrawal provided an overview of the different fixed income styles managed by Loomis including passive, active, low turnover, cash flow-matched and buy-and-maintain. Ms. Agrawal reviewed four hypothetical portfolios and noted that, assuming the Fund has $150 million in legacy assets and receives $1 billion in SFA, Loomis recommends that the Fund invest $300 million to $500 million in cash flow matching to cover the next three to five years of the Fund's net cash flow needs, with the Fund's remaining assets invested in other fixed income. Mr. Siegel presented the proposed fee schedule of 0.14% on the first $250 million and 0.10% on the value over $250 million with a minimum annual fee of $70,000.

The Trustees thanked the representatives from Ryan and Loomis and they were excused from the meeting.

After discussion, the Trustees tabled further consideration of these managers until additional guidance is released regarding the SFA Program under the American Rescue Plan Act and a final determination of the exact SFA amount to be received by the Fund is made. The Trustees requested that IPS provide information on other fixed income strategies that could be used as investment vehicles for the SFA funds.

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

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

Mr. Woodrich presented an asset projection model for the Fund reflecting the estimated amount of SFA that would be required for the Fund to continue to make all benefit payments due under the Plan through 2051. He stated that the projected insolvency date for the Fund, absent SFA, is November 2022. Assuming the Fund receives SFA, Cheiron projects that the Fund will become insolvent in 2046. Mr. Woodrich reported that the Fund is in the second priority group for SFA applications and can file its SFA Application with PBGC beginning on December 27, 2021. He provided an overview of assumptions to be used for purposes of the Fund's application and detailed the application process. Mr. Woodrich noted that if the Trustees want to file the application by the end of the year, a September 30, 2021 measurement date would be used and the estimated amount of SFA payable to the Fund would be $1.19 billion. If the application is filed in the first quarter of 2022, a December 31, 2021 measurement date would be used and the estimated SFA amount would be slightly lower. Mr. Woodrich said Cheiron would provide the actuarial documentation required to accompany the SFA application. After discussion, the Trustees directed that the Fund's SFA application be filed based on a September 30, 2021 measurement date and be submitted to the PBGC by December 31, 2021.

V. ATTORNEY'S REPORT

A. Special Financial Assistance Application

Mr. Slevin reported on the Fund's SFA application.

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

> **RESOLVED, to apply to PBGC for SFA and to authorize Trustee Federici and Trustee Paradis to take any and all actions necessary or advisable to complete and submit the Fund's application for SFA by December 31, 2021, including but not limited to adopting or entering into and executing any documents or instruments necessary or required, including but not limited to an amendment to the Fund's Plan of benefits.**

B. Giant and Safeway Contribution Rates

Mr. Slevin reported on Giant's and Safeway's contribution rates.

C. American Rescue Plan Act ("ARPA")

Mr. Slevin reported on ARPA and related guidance issued thereunder.

D. Department of Labor ("DOL") Cybersecurity Best Practices

Ms. Sanchez reported on the DOL's guidance related to cybersecurity best practices.

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

> **RESOLVED, to direct the Fund office to send cybersecurity questionnaires and contract addenda to Fund vendors that receive or maintain financial, personal or otherwise confidential information relating to the Fund.**

E. Eligible Rollover Distributions

Ms. Sanchez reported on the administration of eligible rollover distributions. The Trustees agreed to apply the Internal Revenue Code's definition of required beginning date to eligible rollover distributions.

F. Insolvency Notices

Ms. Sanchez reported on the notice requirements relating to insolvency.

G. Calculation of Post 70.5 Benefits - Voluntary Correction Program ("VCP") Application

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

H. Safeway 2014-2017 Payroll Audit

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

I. Summary Plan Description ("SPD")

Ms. Sanchez reported on the status of the Fund's SPD restatements.

J. Report of Summary Plan Information – 104(d) Notice

Ms. Sanchez reported on the Fund's annual 104(d) Notice.

K. Form 5500 Annual Filing

Ms. Sanchez reported on the Fund's Form 5500.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Third Quarter 2021 Report

Ms. Sims presented the Administrative Manager's Report Third Quarter 2021, which had been pre-circulated. Such report indicated interest and dividend income of $405,263, transfers from assets of $25,477,964, contributions of $389,129, receipt of withdrawal liability payments of $14,188,209, and miscellaneous income of $32,626, producing total income of $40,493,191 for the quarter. Total expenses were $37,183,694, producing a surplus of $3,309,497.

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

Ms. Walsh announced that Harbour Benefit Holdings had purchased Associated Administrators, LLC on November 30, 2021. She explained that Harbour had approached Associated about the transaction, and she reviewed the reasons she believes Associated will be equipped to provide exemplary services to the Fund while having no effect on locations, personnel, or Associated's existing agreements. Associated will continue to be a distinct entity under the Harbour umbrella and its name will not change. Ms. Walsh stated that the CEO of Harbour offered to discuss the acquisition with the Trustees if they so desire. The Trustees said they may wish to meet virtually with the CEO of Harbour Benefit Holdings at a subsequent meeting.

VII. INVOICES

The Trustees reviewed the list of invoices dated December 15, 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 December 15, 2021 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. ACME Pension Contribution Rates

Ms. Sims reported that the ACME delinquent contributions remain unpaid. Mr. Dosenbach stated that he would reach out to the Fund office to resolve this matter.

B. 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.

C. PBGC Comprehensive Filing

Ms. Sims reported that the Fund's 2021 Comprehensive PBGC Premium Filing was completed on October 13, 2021 and payment of premiums totaling $1,579,295.00 was made by the Fund.

D. Miscellaneous Correspondence

1. Form 5500 for the Plan Year Ended December 31, 2020

Ms. Sims reported the timely filing of the Form 5500 for the Plan year ended December 31, 2020.

2. Madoff Victim Fund Payment

Ms. Sims reported that the Fund had received a check in the amount of $31,790 as a result of the Fund's claim filed with the Madoff Victim Fund.

3. Hewlett-Packard Litigation Settlement

Ms. Sims reported that the Fund had received a check in the amount of $233 as a result of the Fund's claim filed with the Hewlett Packard Litigation Settlement.

4. Lehman Litigation Settlement

Ms. Sims reported that the Fund had received a check in the amount of $48 as a result of the Fund's claim filed with the Lehman Litigation Settlement.

5. Merck Litigation Settlement

Ms. Sims reported that the Fund had received a check in the amount of $54 as a result of the Fund's claim filed with the Merck Litigation Settlement.

6. SBIHIC Litigation Settlement

Ms. Sims reported that the Fund had received a check in the amount of $501 as a result of the Fund's claim filed with the SBIHIC Litigation Settlement.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Committee Members noted that the next meetings are scheduled on the following dates:

Friday, March 11, 2022

Friday, June 10, 2022

Thursday, September 15, 2022

Monday, December 12, 2022

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