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
JUNE 10, 2022

The following Trustees were present:

UNION TRUSTEES
M. Federici – Chairman
D. Blitzstein
C. Hoffman

EMPLOYER TRUSTEES
J. Paradis – Secretary
D. Dosenbach
M. Goble

Also present were:

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
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
R. Wildt – UFCW Local 27
M. Wilson – UFCW Local 400
K. Woodrich – Cheiron

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. He provided his proxy to Trustee Blitzstein to act in all matters coming before the Trustees.

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on March 11, 2022, and the Appeals Committee meetings held on February 18, 2022 and March 14, 2022, all of 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 March 11, 2022, and the Appeals Committee meetings held on February 18, 2022 and March 14, 2022, are approved, as presented.**

III. FINANCIAL REPORT

A. PNC Bank

Summary of Cash Activity Report – March 31, 2022

Ms. Sims presented the Summary of Cash Activity Report for the period January 1, 2022 to March 31, 2022, as provided by PNC. Such report indicated a beginning balance of $44,736,757, receipts of $14,346,588, disbursements of $36,945,646, and a loss on investments of $3,028,625, resulting in a balance of $19,109,073 as of March 31, 2022.

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 – March 31, 2022

Mr. McDonough reviewed the IPS report for the period ending March 31, 2022. Such report indicated a beginning market value of $91,926,567, negative net cash flow of $22,598,143, and a net investment gain of $3,696,525, resulting in an ending market value of $65,631,898 for the quarter. The performance for the fourth quarter was negative 3.5%, gross of fees.

2. Preliminary Performance Update – April 30, 2022

Mr. McDonough reviewed the IPS report for the period ending April 30, 2022. Such report indicated a beginning market value of $65,631,898, negative net cash flow of $7,607,395, and a net investment gain of

$4,024, resulting in an ending market value of $58,028,527. The year-to-date performance through April 30, 2022 was negative 3.5%, gross of fees.

3. Use of SFA Assets

Mr. McDonough reported the Fund had received the Special Financial Assistance ("SFA") funding on May 27th, 2022. He explained that ARPA and PBGC guidance require the SFA assets to be invested in specific types of investments. After discussion,

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

> **RESOLVED that all benefits and expenses payable from the Fund subsequent to the Fund's receipt of the SFA assets are to be paid using the SFA assets until such time as the SFA assets have been exhausted; and**
>
> **FURTHER RESOLVED that the Fund's accounting records will be updated to reflect that the June 2022 pensions were paid from the SFA assets.**

4. Asset Allocation for Non-SFA Assets

Mr. McDonough presented IPS's recommended asset allocations for the Fund's non-SFA assets. Mr. McDonough presented a comparison of asset allocation options with varying risk and rates of return. After discussion, and

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

> **RESOLVED to amend the Investment Policy Statement to adopt asset allocation Portfolio D, as reflected in IPS's report.**

5. Non-SFA Assets Manager Searches

Mr. McDonough provided an executive summary of IPS's manager search process relating to the Fund's non-SFA assets, which includes assisting the Trustees in evaluating the characteristics of the investment managers that will satisfy the needs of the Fund within the scope of the newly adopted asset allocations. Taking into consideration the asset allocation, Mr. McDonough presented a list of investment managers recommended by IPS, including: : (a) U.S. Large Cap Value – Wedge QVM Large Cap Value; (b) U.S. Large Cap Growth - NT Russell 1000 Growth Index - Non Lending; (b) International Equity Growth - Hardman Johnston International Equity: (c) International Equity Value - RBC Polaris International Equity; (d) Global

Tactical Asset Allocation - First Eagle Global Value; (e) Real Estate Value Add - Intercontinental U.S. REIF; and (f) Opportunistic – Corbin ERISA Opportunity Fund.

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

> **RESOLVED, to hire the investment managers recommended by IPS for the following asset classes: U.S. Large Cap Value – Wedge QVM Large Cap Value; U.S. Large Cap Growth - NT Russell 1000 Growth Index - Non Lending; International Equity Growth - Hardman Johnston International Equity; International Equity Value - RBC Polaris International Equity; Global Tactical Asset Allocation - First Eagle Global Value; Real Estate Value Add - Intercontinental U.S. REIF; and Opportunistic – Corbin ERISA Opportunity Fund.**

For the remaining asset classes, Mr. McDonough presented two options for each investment strategy.

Small/Mid Cap Core Equity

Mr. McDonough provided an overview of EARNEST Partners, LLC and Segall Bryant & Hamill, including information on each firm and its investment strategy and terms. He noted that EARNEST Partners, LLC offered daily liquidity with a $10 million minimum investment and a management fee of 95 basis points ("bps") on the first $15 million, 85 bps on the next $20 million, 75 bps on the next $25 million, and 65 bps thereafter. Segall Bryant & Hamill proposed a minimum investment of $1 million with daily liquidity and a discounted management fee of 45 bps.

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

> **RESOLVED, to hire EARNEST Partners, LLC as the Small/Mid Cap Core Equity Index Manager, subject to negotiation of an acceptable contract.**

High Yield Fixed Income

Mr. McDonough provided an overview of MacKay Shields LLC and Segall Bryant & Hamill, including information on each firm and its investment strategy and terms. He noted that MacKay Shields LLC offered daily liquidity with a $50 million minimum investment and a management fee of 50 bps. Segall Bryant & Hamill proposed a minimum investment of $5 million with daily liquidity and a management fee of 40 bps.

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

> **RESOLVED, to hire MacKay Shields LLC as the High Yield Fixed Income Index Manager, subject to negotiation of an acceptable contract.**

Private Equity

Mr. McDonough provided an executive summary of the newly launched Hamilton Lane Private Asset Fund. He stated that the Private Asset Fund is a diversified private equity evergreen vehicle that will provide exposure to secondary purchases, co-investments, and direct credit through a single allocation while offering limited quarterly liquidity. He stated that the minimum investment is $1 million with a management fee of 1.5%.

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

> **RESOLVED, to hire Hamilton Lane Private Asset Fund, L.P. as the Private Equity Manager, subject to negotiation of an acceptable contract.**

6. SFA Assets Investment

Mr. McDonough reported on the results of IPS's review of the 3-year cash match versus 5-year cash match options for the Fund's Loomis Sayles investment. After discussion, On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED, to approve the three year cash flow match portfolio as presented by Loomis Sayles.**

The Trustees thanked Mr. McDonough 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 a projection of assets for the Fund that included the SFA assets and the Legacy assets. With an assumed rate of return of 6.50% on the Legacy assets and taking into account projections from newly hired manager Loomis Sayles for the SFA assets, Mr. Woodrich reported that Cheiron projects the Fund's date of insolvency to be September 2052.

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

V. ATTORNEY'S REPORT

A. Loomis Sayles Contract and Ryan ALM Contract

Ms. Sanchez reported on the contracts for Loomis Sayles and Ryan ALM.

B. PBGC Reporting Requirements

Ms. Sanchez reported on the annual PBGC reporting requirements.

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

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

D. ACME Contributions

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

E. Calibre Agreement

Ms. Sanchez reported on Calibre's agreement with the Fund.

F. Annual Funding Notice

Ms. Sanchez reported on the Fund's Annual Funding Notice.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. First Quarter 2022 Report

Ms. Sims presented the Administrative Manager's Report Fourth Quarter 2022, which had been pre-circulated. Such report indicated interest and dividend income of $443,237, transfers from assets of $21,781,622, receipt of withdrawal liability payments of $14,188,209, and miscellaneous income of $1,036, producing total income of $36,414,104 for the quarter. Total expenses were $36,561,516, producing a deficit of $147,412.

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

VII. INVOICES

The Trustees reviewed the list of invoices dated June 10, 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 June 10, 2022 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Special Financial Assistance

Ms. Sims reported that the Special Financial Assistance Funding in the amount of $1.2billon was received on May 26, 2022.

B. Annual Funding Notice

Ms. Sims reported that the Annual Funding Notice had been sent to all eligible participants, Pension Benefit Guaranty Corporation and participating employers and Unions in a timely fashion.

C. Fiduciary Liability Policy Renewal

Ms. Sims reported the fiduciary liability renewal had been approved by Chairman and Secretary between meetings for an effective date of May 29, 2022

D. Miscellaneous Correspondence

1. BNYM Settlement

Ms. Sims reported that the Fund had received a check in the amount of $737.00 as a result of the Fund's claim filed in the BNYM Litigation Settlement.

2. Facebook Settlement

Ms. Sims reported that the Fund had received a check in the amount of $75.00 as a result of the Fund's claim filed in the Facebook Litigation Settlement.

3. Household Settlement

Ms. Sims reported that the Fund had received a check in the amount of $170.00 as a result of the Fund's claim filed in the Household Litigation Settlement.

4. Trinity Settlement

Ms. Sims reported that the Fund had received a check in the amount of $54.00 as a result of the Fund's claim filed in the Trinity Litigation Settlement.

IX. NEXT MEETING DATE AND LOCATION

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

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