UFCW – Giant Variable Annuity 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
UFCW - GIANT VARIABLE ANNUITY FUND
VIA VIDEO CONFERENCE
DECEMBER 21, 2022

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
M. Federici - Chairman	M. Goble
J. Chorpenning	J. Paradis - Secretary
D. Blitzstein (Alternate)	

Also present were:

Associated Administrators, LLC	W. Antoshak, D. Jensen, B. Maiorano, R. McKnight, C. Murphy, A. Sims
Cheiron	H. Merlak
Investment Performance Services, LLC	C. McDonough
Proskauer Rose LLP	J. Alex, J. Rigterink
Slevin & Hart, P.C.	S. Sanchez

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on September 15, 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 are approved, as presented.

III. INVESTMENT CONSULTANT'S REPORT

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

A. Master Consulting Report – September 30, 2022

Mr. McDonough reviewed the IPS report for the period ending September 30, 2022. Such report indicated a beginning market value of $0, net cash flow of $18,083,100, and a net investment change of $13,339, resulting in an ending market value of $18,096,439 as of September 30, 2022. The performance for the third quarter was 0.1%, gross of fees.

B. Timing of Investment Manager Funding

Mr. McDonough reviewed a memo from IPS dated December 19, 2022, which had been provided to the Trustees in advance of the meeting, addressing the funding timeline for the previously approved investment managers. He stated that the allocation to the Fund's core real estate manager, ARA, was funded on July 1, 2022. Mr. McDonough reported on the status of the agreements for the Fund's other real estate managers (Intercontinental and Boyd Watterson), the private equity manager (Hamilton Lane) and the high yield manager (MacKay). He also reported on the draft custodial agreement with PNC, which is required in order to Fund the investment grade fixed income manager (Chartwell).

Mr. McDonough stated that IPS recommends funding the investments in a manner that maintains a reasonable level of diversification in the portfolio, including funding the liquid asset classes (public equity, GTAA, investment grade fixed income, and high yield) at or around the same time. He stated that the real estate investments will fund via capital call by the selected manager, typically on a quarterly basis. Mr. McDonough reported that the Boyd Watterson State Fund (real estate – value add) currently has an investment queue and it would be beneficial to finalize all paperwork as soon as possible to ensure the Plan's position in the queue. Mr. McDonough stated that IPS recommends that the private equity manager (Hamilton Lane) be funded at the same time as the liquid asset classes, as they accept subscriptions on a monthly basis. After discussion, and

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

> **RESOLVED to accept IPS's recommendations regarding the timing of funding the Fund's investments, as presented.**

The Trustees thanked Mr. McDonough for his report.

IV. ACTUARY'S REPORT

The Trustees welcomed Mr. Heath Merlak of Cheiron to the meeting.

Mr. Merlak presented the Preliminary 2022 Actuarial Valuation Result report dated December 12, 2022. He reviewed the summary of principal results, including the liabilities, assets, funded ratios and minimum required contribution ("MRC"). Mr. Merlak reported that the January 1, 2021 funding target was $0, with an expected change of $11,514,494 (based on normal cost and interest) plus the mandated mortality change of $17,142. Mr. Merlak reviewed the funding target reconciliation, noting an expected January 1, 2022 funding target of $11,531,636, compared to the actual January 1, 2022 funding target of $11,988,869. He stated the cause of this $457,233 increase is related to the effective interest rate decrease from 5.83% to 5.62%, as well as an actuarial loss caused by active participants not retiring as projected. The funded percentage of the Fund as of January 1, 2022, was 98.59%.

Mr. Merlak stated that quarterly contributions are required in 2023 since the plan has a shortfall as of January 1, 2022. He also noted that the 2023 Plan Year contribution amounts will be estimated until the January 1, 2023 valuation is complete. The Trustees requested that Cheiron provide an analysis of payment options for the contributions due in 2023.

Mr. Merlak recommended that the Fund complete an experience study prior to completing the

2023 valuation, to compare actual experience to the actuarial assumptions being used. He stated as best practice, assumptions should be reviewed every five years. After discussion, and

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

> **RESOLVED to delegate authority to Chairman and Secretary to review and approve Cheiron's experience study proposal.**

V. ATTORNEY'S REPORT

A. Investment Policy

Ms. Sanchez reported the Investment Policy has been fully executed.

B. Investment Manager Agreements

Ms. Sanchez reported on the Fund's Investment Manager Agreements.

C. Custodial Agreement with PNC

Ms. Sanchez reported on the custodial agreement with PNC.

D. Stabilization Reserve Policy

Ms. Sanchez reported on the Stabilization Reserve Policy.

E. Determination Letter Application

Ms. Sanchez reported on the Fund's determination letter application.

The Trustees thanked Ms. Sanchez for her report.

VI. ADMINISTRATIVE MANAGERS REPORT

Ms. Sims presented the Administrative Managers Report for the third quarter 2022. The report indicated total employer contributions of $13,342,318 and total expenses of $512,978, for a surplus of $12,829,340 for the year-to-date through September 30, 2022.

VII. INVOICES

The Trustees reviewed the list of invoices dated December 21, 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 21, 2022 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Form 5500

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

B. PBGC Premium Filing – 2021 & 2022

Ms. Sims reported the PBGC premium had been filed for Plan Year 2021 totaling $0 and Plan Year 2022 totaling $ 891,000.

C. Associated Administrators Renewal

Ms. Sims presented Associated's proposal for a one-year contract extension with no change in rates.

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

> **RESOLVED, to approve a one-year extension of Associated Administrator's administrative services agreement, incorporating the cybersecurity addendum circulated to Associated in advance, with no change in rates.**

IX. NEXT MEETING DATE AND LOCATION

The Trustees decided to hold their next regular Board meetings on the following dates:

Friday, March 17, 2023 at 2:30 P.M.

Tuesday, June 27, 2023 at 2:30 P.M.

Wednesday, September 27, 2023 at 2:30 P.M.

Monday, December 11, 2023 at 2:30 P.M.

X. ADJOURNMENT

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

Respectfully submitted,

Jason Paradis, Secretary

21189536v1