UFCW – Giant Variable Annuity Fund

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MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
UFCW - GIANT VARIABLE ANNUITY FUND
VIA VIDEO CONFERENCE
JUNE 27, 2023

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, C. Murphy, A. Sims
Cheiron	H. Merlak, K. Woodrich
Investment Performance Services, LLC	C. McDonough
Proskauer Rose LLP	J. Alex, J. Rigterink
Slevin & Hart, P.C.	A. Dietrich, 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 March 17, 2023, 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 17, 2023 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 – March 31, 2023

Mr. McDonough reviewed the IPS report for the period ending March 31, 2023. For the fiscal year-to-date, such report indicated a beginning market value of $16,867,349, net cash flow of negative $626,587, and a net investment loss of $32,726, resulting in an ending market value of $16,208,036 as of March 31, 2023.

B. Master Consulting Report – Preliminary Monthly Performance Update – April 30, 2023

Mr. McDonough reviewed the Preliminary Monthly Performance Update for the period ended April 30, 2023. For the fiscal year-to-date, such report indicated a beginning market value of $16,867,349, net cash flow of $2,673,413, and a net investment change of $14,482, resulting in an ending market value of $19,555,244 as of April 30, 2023. He noted that all the investment managers, with the exception of the Real Estate Value Add, were funded as of this date.

C. Asset Allocation Policy Review

Mr. McDonough reviewed IPS's Q1 Master Consulting Report, which was circulated in advance to the Trustees. He noted that allocations are expected to rebalance within policy ranges as the managers continue to be funded in accordance with the revised Investment Policy asset allocation approved by the Trustees on March 17, 2023. Mr. McDonough stated IPS's recommendation that the Trustees consider allocating the available cash (approximately $3.3 million) in accordance with the Investment Policy asset allocation. IPS stated that they would work with the Fund office to determine dollar amounts allocated to each investment manager.

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

> **RESOLVED to invest the cash in accordance with the Investment Policy Statement.**

IV. ACTUARY'S REPORT

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

Mr. Merlak presented the Updated 2022 Valuation Results report dated June 27, 2023, which had been circulated to the Trustees in advance of the meeting. He reported that the bargaining parties had identified a group of participants employed by Giant that were covered by the UFCW Retirement and Savings Plan (the "RSP"), and should have been covered by the Fund since January 1, 2021. Upon review of the Plan document in conjunction with Co-Counsel, it was determined that this group would become eligible for the plan effective January 1, 2021, subject to meeting the Fund's service requirements. Co-Counsel advised that they are working on a plan amendment to reflect the eligibility of these participants retroactively to January 1, 2021, based on any reciprocal service credited under the RSP.

Mr. Merlak then reviewed the impact of including the RSP group on the 2022 and 2023 actuarial valuations for the Fund. For the 2022 valuation, the active counts increased by 154, which increased the normal cost (and minimum required contribution) for the plan year by approximately $50,000. For the 2023 valuation, Cheiron expects a minimal liability increase similar to the change for the 2022 valuation.

Mr. Merlak then presented the updated 2022 actuarial valuation results. He stated that the funded status of the plan remained at 98.59%. He noted that quarterly contributions for the 2023 plan year were required, because the Plan was less than 100% funded as of January 1, 2022. He presented the schedule of anticipated quarterly contributions for the remainder of 2023. He stated that Cheiron did not anticipate that quarterly contributions would be required in 2024.

V. ATTORNEY'S REPORT

A. Investment Manager Agreements

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

B. Custodial Agreement with PNC

Ms. Sanchez reported on the custodial agreement with PNC.

C. Calibre's Side Letter

Ms. Sanchez reported on the agreement and side letter for Calibre.

D. Amendment – Investment Rate of Return Policy

Ms. Sanchez reported on the potential Plan amendment with respect to the Fund's Investment Rate of Return Policy, the subject of which was set for future discussion between the bargaining parties.

E. Investment Policy Statement "IPS"

Ms. Sanchez reported that the amendment (asset allocation and cybersecurity addendum) to the IPS was executed.

F. Intercontinental - Most Favored Nations Forms

Ms. Sanchez reported on Intercontinental's Most Favored Nations election form.

G. Cyber Security Request for Proposal ("RFP")

Ms. Sanchez reported on the status of the cybersecurity questionnaires and addenda sent to service providers on behalf of the Plan.

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 select a cyber consultant.**

H. Stabilization Reserve Policy

Ms. Sanchez reported on the Stabilization Reserve Policy, which had been circulated to the Trustees in advance of the meeting. On Motion made and seconded, the Trustees:

> **RESOLVED to adopt the Stabilization Reserve Policy.**

I. <u>Summary Plan Description</u>

Ms. Sanchez reported on the current status of the Summary Plan Description.

J. **<u>Benefit Application Forms</u>**

Ms. Sanchez reported on the benefit application forms and Plan Highlights documents.

K. **<u>Required Minimum Distributions and Lump Sum Cash Outs</u>**

Ms. Sanchez reported on the Fund's rules relating to required minimum distributions and lump sum cash outs.

L. **<u>SECURE Act 2.0</u>**

Ms. Sanchez reported on the provisions of the SECURE Act 2.0.

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

> **RESOLVED to amend the Plan document to increase the Required Beginning Date, for Participants attaining age 72 after December 31, 2022, to April 1 of the calendar year following the later of the calendar year in which the Employee attains age seventy-three (73) or the calendar year in which the Employee retires.**

The Trustees thanked Ms. Sanchez for her report.

VI. ADMINISTRATIVE MANAGERS REPORT

Ms. Sims presented the Administrative Managers Report for the first quarter 2023. The report indicated total employer contributions and other income of negative $30,272 and total expenses of $296,689 for a deficit of $326,961 for the year-to-date through March 31, 2023. The stabilization reserve balance was $5,692,780.39.

VII. INVOICES

The Trustees reviewed the list of invoices dated June 27, 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 June 27, 2023 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. <u>Annual Funding Notice</u>

Ms. Sims reported that the Annual Funding notice was mailed to participants, participating employer and unions, and the Pension Benefit Guaranty Corporation.

B. <u>Cheiron Fee Increase</u>

Ms. Sims presented Cheiron's retainer fee request for 2023. She stated that Cheiron proposed a retainer fee of $81,900 ($6,825 per month), which represents an increase of approximately 5%, with the non-retainer fees ranging from $165 to $525 per hour for 2023.

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

> **RESOLVED, to approve Cheiron's 2023 engagement proposal as presented.**

C. <u>Fiduciary Liability Policy</u>

Ms. Sims presented the Fiduciary Liability quote from Segal Select dated June 23, 2023. She noted Segal is recommending renewing with the incumbent Chubb and further recommends giving consideration to increasing the limit of liability to $7.5 million by adding an additional excess policy with Ullico/Markel. The premium for Chubb is $15,028 (0.5% increase from the prior year) and $6,873 for Ullico/Markel.

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

RESOLVED to approve Segal Select's recommendation to renew coverage with Chubb and increase the limits to $7.5 million with the $2.5 million excess policy with Ullico/Markel.

IX. NEXT MEETING DATE AND LOCATION

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

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