United Food and Commercial Workers Unions
and Participating Employers
Pension Fund

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND LANDOVER, MARYLAND DECEMBER 5, 2024 (DRAFT)

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
J. Chorpenning- Secretary	W. Seehafer - Chairperson
D. Blitzstein	P. Lin
M. Federici	M. Lucki - via telephone
C. Hoffman	V. Marsh

Also present were:

M. Buchenholz – JP Morgan
P. Hardcastle - Cheiron
J. Herron - Associated Administrators, LLC
T. Hipkins - UFCW Local 27
J. Ianniello - Associated Administrators, LLC
J. Kimble - Morgan, Lewis and Bockius, LLP
C. McDonough - Investment Performance Services
B. McKiver – Local 400
C. Murphy - Associated Administrators, LLC
S. Sanchez - Slevin & Hart P.C.
J. Siegel – Loomis Sayles
J. Teman – Loomis Sayles
T. Villanova – JP Morgan
B. Warren - Cheiron

I. CALL TO ORDER

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

A. Appointment of Trustee

Mr. Ianniello reported receiving correspondence from Shoppers appointing Mr. Marty Lucki as an Employer Trustee, replacing Elizabeth Fiergola, effective December 4, 2024.

II. MINUTES

Mr. Ianniello presented the previously circulated minutes of the regular meeting held on September 13, 2024.

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

> **RESOLVED, that the minutes of the regular meeting held on September 13, 2024, are approved as presented.**

III. FINANCIAL REPORT

The Trustees welcomed Mr. Chris McDonough from IPS to the meeting.

A. Cash Flow Summary

Mr. McDonough presented the Master Consulting report as of September 30, 2024. He reviewed the cash flow for the third quarter of 2024, noting a beginning market value of $97,003,410, investment gains of $2,649,896, contributions of $5,262,554, and withdrawals of $8,598,976. This produced a negative net cash flow of $3,336,423, for an ending value of $96,316,884. He noted that all asset allocations are within range under the Fund's Investment Policy.

B. Special Financial Assistance ("SFA") Manager Presentations

Mr. McDonough provided an overview of Loomis Sayles and JP Morgan, two investment managers that would be presenting their firm's strategies for investing the Fund's SFA assets. He noted that while IPS is recommending that the Fund terminate its Loomis Sayles high yield strategy, the Loomis cash match strategy that will be presented today is a completely different strategy with a different investment team and IPS views the Loomis Sayles cash match strategy as an appropriate investment vehicle for the Fund's SFA assets.

1. Loomis Sayles

The Trustees welcomed Mr. Justin Teman and Mr. Jonathan Siegel of Loomis Sayles to the meeting.

Mr. Siegel provided an overview of Loomis Sayles, noting that it has been serving Taft-Hartley Trust Funds since 1962 and manages $35.9 billion in Taft-Hartley assets. Mr. Teman provided an overview of Loomis's Cash Flow Match, Blended Approach, and Total Return investment strategies.

He showed examples of each and noted that cash flow matching has been popular because yields have risen over the past several years, and there is minimal risk to the Fund. He presented a chart showing hypothetical cash flow yields when purchasing different grades of bonds ranging from BBB to US Treasuries.

Mr. Siegel presented projections reflecting Cash Flow Match portfolio returns based on the Fund's expected SFA amount. Based on these projections, Mr. Siegel stated that the Fund's SFA assets are projected to cover 10.3 to 10.5 years of liabilities using a cash match strategy. Mr. Siegel presented Loomis's proposed fee schedule of 0.14% on the first $250 million and 0.10% on the value over $250 million.

The Trustees thanked Mr. Teman and Mr. Siegel for their presentation and excused them from the meeting.

2. J.P. Morgan

The Trustees welcomed Mr. Tom Villianova and Mr. Michael Buchenholz of J.P. Morgan to the meeting.

Mr. Villanova provided an overview of J.P. Morgan, stating that as of June 30, 2024, they manage $35 billion in Taft-Hartley assets and 729 Taft-Hartley Investment Accounts, across 274 total clients.

Mr. Buchenholz provided an overview of the different investment strategies available through J.P. Morgan, including Treasury Ladders and a combination of Treasury Ladders and investment-grade credit.

J.P. Morgan presented projections regarding the Fund's assets based on the Treasury Ladder Portfolio and stated that the Fund's SFA assets are projected to last 9.3 years. Mr. Villanova presented the proposed fee schedule of 0.10% for the Treasury Ladder and 0.15% for the Treasury Ladder and Investment Grade Credit.

The Trustees thanked Mr. Buchenholz and Mr. Villanova for their report and excused them from the meeting.

The Trustees discussed the manager presentations. Mr. Hardcastle noted that the managers used different assumptions to create their projections, which produced the different expectations regarding the amount of time that the SFA assets would last. Trustee Blitzstein noted that he is on another fund that hired Loomis Sayles. After some discussion, the Trustees asked Mr. McDonough to ask Loomis Sayles if Loomis would consider a lower fee. The Trustees also agreed that, once Loomis responded, they would conduct a vote by way of a Trustee poll regarding which manager to hire to manage the Fund's SFA Assets.

C. <u>High Yield Manager Change</u>

Mr. McDonough advised that IPS is recommending that the Fund terminate its investment in Loomis' High-Yield Conservative strategy due to long-term underperformance. He presented seven different high yield Investment Manager options as potential replacements for Loomis. The Trustees asked Mr. McDonough to reach out to MacKay Shields, LLC and Segall Bryant & Hamill and have representatives from each manager attend the next Trustees' meeting in March 2025.

Trustee Blitzstein asked a question about the benchmark used by the Fund for Loomis's high yield portfolio and Mr. McDonough stated that he would review this in more detail.

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

IV. ACTUARY'S REPORT

The Trustees welcomed Mr. Peter Hardcastle and Mr. Brett Warren from Cheiron to the meeting.

A. Special Financing Assistance ("SFA") Update

Mr. Hardcastle reported that Cheiron expects the Fund's window to submit its SFA application will open in early 2025. He noted that the Trustees need to provide direction on certain assumptions that are necessary for completion of the SFA application.

1. Contribution Base Units

Mr. Hardcastle discussed the contribution base unit assumption for the SFA application. After discussion,

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

> **Resolved that the SFA application will use an assumption for UNFI that has 2022 as the base year for projecting CBUs and assumes a 3% annual decline in CBUs for the first 10 years, and a 1% annual decline thereafter. The Board also agreed that there would be no change from the 2020 CBU assumption for all other participating employers.**

2. Administrative Expenses

The Trustees discussed the administrative expense assumption for the SFA application.

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

> **RESOLVED that the SFA application will assume annual administrative expense increases of 2.5%.**

3. Inactive Terminated Vested Participants

The Trustees discussed the inactive terminated vested participants assumption for the SFA application.

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

> **RESOLVED, that the SFA application assumption will exclude inactive terminated vested participants over age 85.**

4. New Entrants and Rehires

The Trustees discussed the new entrants and rehires assumption for the SFA application.

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

> **RESOLVED, that the SFA application assumption for new entrants and rehires will be based on Fund experience.**

5. Mortality Table

The Trustees discussed the mortality table to be used for the Fund's SFA application.

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

> **RESOLVED, to use the PBGC's mortality table for purposes of the SFA application.**

6. Contribution Rates

The Trustees discussed the contribution rate assumption for the SFA application.

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

> **RESOLVED, to disregard contribution rate increases agreed to on or after July 9, 2021, for purposes of the SFA application.**

The Trustees, Cheiron and co-counsel discussed options for a pre-application call with PBGC regarding the Fund's SFA application assumptions.

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

> **Resolved to delegate authority to the Chairman and the Secretary to take any necessary actions with respect to the SFA application, including approving and signing the application.**

The Trustees thanked Cheiron for their report and excused them from the meeting.

V. ATTORNEYS' REPORT

A. PBGC Death Audit

Ms. Sanchez reported on the death audit component of the SFA application.

B. 2024 Rehab Plan Update

Ms. Sanchez reported on the proposed 2024 Rehabilitation Plan update.

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

> **RESOLVED, to delegate authority to adopt the 2024 Rehabilitation Plan update to Chair and Secretary.**

C. Plan Amendment # 9

Ms. Sanchez presented a proposed Plan amendment 9 to the Fund's Plan document.

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

RESOLVED, to adopt Plan Amendment 9, as presented.

D. Cybersecurity Update

Ms. Sanchez reported on Segal's review of the Fund vendors' cybersecurity questionnaire responses.

E. 104(d) Notice

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

VI. ADMINISTRATIVE MANAGER'S REPORT – Third Quarter 2024 Report

A. Third Quarter 2024 Report

Mr. Ianniello presented the Administrative Manager's Report for the Third Quarter of 2024, which had been pre-circulated. The report showed a total income of $1,485,352 and total expenses of $4,599,119, producing a net deficit of $3,113,767 for the quarter. He noted that the Fund received contributions on behalf of 1,425 Plan participants. Next, he reviewed the Stipend Income & Expenses, which showed a stipend income of $44,550 and stipend expenses of $44,811 for 32 Plan participants.

Mr. Ianniello reported no delinquencies for the Third Quarter of 2024.

B. Pension Applications

Mr. Ianniello presented the list of pension applications submitted for approval during the Third Quarter of 2024.

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 Report for the third quarter of 2024 are approved for payment.**

C. Invoices

Mr. Ianniello presented a list of pre-circulated invoices dated December 5, 2024. He noted 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 5, 2024, are approved for payment.**

VII. OTHER FUND BUSINESS

A. Cowen Recapture

Mr. Ianniello reported that the Fund had received a $151.40 check from Cowen commission recapture services.

B. IFEBP Renewal

Mr. Ianniello presented the IFEBP membership renewals.

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

> **RESOLVED, to renew the Fund's membership with IFEBP at a cost of $1,825.00, with the cost to be split between the Pension, Health & Welfare, and Legal Funds.**

C. Associated Administrators Renewal

Mr. Ianniello stated that Associated Administrators, LLC's contract expires on December 31, 2024. He presented a request for a three-year extension of the contract and reviewed the request for renewal.

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

> **RESOLVED to approve the renewal of the three-year contract with Associated Administrators LLC at the following rates per year:**

Pension Fund	Current Fee PMPM	1/1/25 – 12/31/25 PMPM	1/1/26 – 12/31/26 PMPM	1/1/27 – 12/31/27 PMPM
Active and Pensioner	$6.02	$6.20	$6.39	$6.58
Deferred Vested	$3.87	$3.99	4.11	$4.23
RAP (Stipend)	$2.74	2.82	2.91	$2.99

VIII. 2025 MEETING DATES & LOCATIONS

After discussion, The Trustees selected the following dates and meeting locations for 2025:

March 19, 2025 – 10:00 a.m. – Virtual
June 25, 2025 – 10:00 a.m. – Virtual
September 25, 2025 – 9:00 a.m. Landover, Maryland
December 5, 2025 – 10:00 a.m. – Virtual

IX. ADJOURNMENT

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

Respectfully Submitted,

Jason Chorpenning, Secretary