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
VIA VIDEO CONFERENCE
MARCH 19, 2025
(DRAFT)

The following Trustees were present:

UNION TRUSTEES
J. Chorpenning- Secretary
D. Blitzstein
M. Federici
C. Hoffman

EMPLOYER TRUSTEES
W. Seehafer - Chairperson
P. Lin

Also present were:

B. Antoshak – Associated Administrators, LLC
A. Dietrich - Slevin & Hart P.C.
P. Hardcastle - Cheiron
J. Herron - Associated Administrators, LLC
J. Ianniello - Associated Administrators, LLC
J. Kimble - Morgan, Lewis and Bockius, LLP
C. Koertner – Segall Bryant & Hamill*
J. Maiette – MacKay Shields*
C. McDonough - Investment Performance Services
B. McKiver – Local 400
C. Mepham – MacKay Shields*
C. Murphy - Associated Administrators, LLC
R. Murray – Cheiron
M. Petrovic - Morgan, Lewis and Bockius, LLP
S. Sanchez - Slevin & Hart P.C.
A. Sims - Associated Administrators, LLC
B. Warren - Cheiron

*Present for part of the meeting

I. CALL TO ORDER

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

A. Appointment of Trustee

Mr. Ianniello reported that the Fund office received correspondence from Shoppers appointing: (a) Mr. John Nesse as an Employer Trustee, replacing Valerie Marsh; and (b) Ms. Leticia Howard as an alternate Employer Trustee, effective March 19, 2025.

II. MINUTES

Mr. Ianniello presented the minutes of the regular meeting held on December 5, 2024, which were previously circulated. Trustee Lin requested certain revisions to the draft minutes.

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

> **RESOLVED, that the minutes of the regular meeting held on December 5, 2024, are approved as revised.**

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 December 31, 2024. He reviewed the cash flow for the fourth quarter of 2024, noting a beginning market value of \$95,829,841, investment gains of \$677,856, contributions of \$4,377,480, and withdrawals of \$8,568,652. This produced a negative net cash flow of \$4,191,172, for an ending value of \$92,316,525. The Fund's gross return as of December 31, 2024 was 8.1% (7.5% net). He noted that all asset allocations are within range under the Fund's Investment Policy.

Mr. McDonough reviewed the Fund's performance by manager. He presented an updated Investment Policy addendum for Corbin, reflecting an update to the benchmark for this manager. Mr. McDonough noted that IPS has removed Hardman Johnston from its watch list due to the manager's strong performance in 2024.

B. Asset Allocation Change

Mr. McDonough discussed the current asset allocations under the Fund's Investment Policy. He stated that IPS recommends reducing the US SMID allocation from 7.5% to 5.0%, increasing US Large Cap equity allocation by raising the target from 22.5 to 25%; decreasing the Short Term Government Credit allocation from 12.5% to 7.5%, increasing the Fixed Income Intermediate allocation from 5% to 7.5%, and increasing the Short Duration High Yield from 5% to 7.5%.

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

> **RESOLVED, to approve the asset allocation target changes described above, as recommended by IPS.**

C. Acquisition relating to Segall Bryant & Hamill

Mr. McDonough reported that in November 2024, Segall Bryant & Hamill's ("SBH") parent company, CI Financial, a publicly traded Toronto-based asset management and advisory firm, would be acquired by Accelerate Holdings Corp., an affiliate of Mubadala Capital, and would become a privately held company. He noted that the transaction is expected to close in the second quarter of 2025. Mr. McDonough explained that this acquisition will result in a change in the assignment but not the terms, of the investment agreement between SBH and the Pension Fund but is not expected to have a material impact on the operations of SBH. He said CI Financial will continue to be led by CEO Kurt MacAlpint and Accelerate Holdings Corp. will be majority-owned and controlled by Mubadala Capital, the alternative asset management subsidiary of Mubadala Investment Company, a $302 billion global sovereign investor headquartered in the UAE. Mr. McDonough reported that SBH had sent a letter requesting the Fund's consent to assign its agreement with SBH by March 31, 2025. He stated that IPS recommends that the Trustees consent to the assignment of the advisory agreement, subject to Counsel's review, as this transaction is not expected to have an immediate impact on the SBH investment team or strategies, and the Pension Fund is invested in a separate account. The Trustees discussed this acquisition and agreed to execute the consent form, subject to IPS continuing to monitor this portfolio and providing alternative investment options for the

Trustees' consideration at the next meeting. Mr. Seehafer asked that co-counsel review what impact, if any, SBH's parent having sovereign ownership could have on the Fund.

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

RESOLVED, to approve and execute the SBH consent form.

D. <u>High Yield Manager Presentations</u>

Mr. McDonough provided an overview of Mackay Shields and Segall Bryant & Hamill ("SBH"), two high-yield managers, who would be presenting their high-yield strategies. He stated that while MacKay has more assets and a more diversified portfolio than SBH, both managers have strong upside and downside performance. He stated that MacKay's fees are 37 bp and SBH's fees are 40 bp.

1. <u>MacKay Shields</u>

The Trustees welcomed Craig Mepham and Joseph Maietta from MacKay Shields to the meeting.

Mr. Mepham and Mr. Maietta provided an overview of MacKay Shields, noting the manager's focus on High Yield since its inception in 1991. The current High Yield team has an average of 25 years of investment experience across senior investment professionals and is supported by generalist analysts and dedicated high yield traders.

Mr. Maietta presented the portfolio construction and explained that every security is categorized into a risk group based on the strength of asset coverage and potential default. He emphasized the strategy's opportunistic approach, constantly considering risk and reward rather than having a structurally defensive or offensive positioning.

The Trustees thanked Mr. Mepham and Mr. Maietta for their report and excused them from the meeting.

2. Segall Bryant & Hamill

The Trustees welcomed Clark Koertner from Segall Bryant & Hamill to the meeting.

Mr. Koertner provided an overview of Segall Bryant & Hamill, noting that the manager's Fixed-Income team averages 23 years of experience among Portfolio Managers and includes 13 Chartered Financial Analysts (CFAs). He stated that the team manages over $13 billion in fixed-income assets and has a diverse client list.

Mr. Koertner explained that Segall Bryant & Hamill focuses on cash-pay corporate bonds, adding value through independent, bottom-up credit analysis and stress testing for issuers. The manager prioritizes fundamental analysis and disciplined risk controls over market timing.

The Trustees thanked Mr. Koertner for his report and excused him from the meeting.

The Trustees discussed the manager's presentations. Mr. McDonough noted that IPS recommends a 5% allocation (approximately $4 million) to the selected manager.

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

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

The Trustees thanked Mr. McDonough for his report and excused him from the meeting.

IV. ACTUARY'S REPORT

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

A. Special Financing Assistance Update

Mr. Hardcastle reported that Cheiron expects the Fund's window to submit its SFA application to open on March 26, 2025. He noted that the application will be ready to file upon the completion of a few documents that require the Trustees' signature. Mr. Hardcastle stated that the Fund will be applying for approximately $170 million in SFA and Cheiron projects that this amount of SFA will cover Plan expenses through 2036.

B. PPA Certification

Mr. Hardcastle provided an update on the annual PPA certification and stated that Cheiron would file the certification by March 31, 2025.

C. Annual Funding Notice

Mr. Hardcastle reported that the Department of Labor ("DOL") recently issued updated guidance related to certain modifications made by the Secure 2.0 Act of 2022 to the 2024 PY Annual Funding notice ("AFN") requirements applicable to defined benefit plans. He noted that the DOL may also provide updated model notices for single-employer and multi-employer defined benefit plans. He noted that the Annual Funding Notice must be sent to participants by April 30, 2025.

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

V. ATTORNEYS' REPORT

A. SFA Application

Ms. Sanchez reported on the SFA application process.

B. Rehab Plan Amendment

Ms. Sanchez reported that the previously adopted Rehabilitation Plan Amendment was executed between meetings.

C. Cybersecurity Update

Ms. Sanchez reported on the Fund providers' cybersecurity questionnaire responses and contract addenda.

D. Associated Administrators, LLC Renewal

Ms. Sanchez reported on Associated Administrators LLC's contract amendment.

E. Fiduciary Liability Application

Ms. Sanchez reported on the Fund's fiduciary insurance renewal application.

F. Loomis Sayles – SFA Manager Documents

Ms. Sanchez reported on co-counsel's review of the Loomis Sayles investment manager documents.

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

A. Fourth Quarter 2024 Report

Mr. Ianniello presented the Administrative Manager's Report for the Fourth Quarter of 2024, which had been pre-circulated. The report indicated total income of $1,434,911 and total expenses of $4,738,747, resulting in a net deficit of $3,303,836 for the quarter. He noted that the Fund received contributions on behalf of 1,518 Plan participants. Next, he reviewed the Stipend Income & Expenses, which displayed stipend income of $41,850 and stipend expenses of $42,105 for 31 Plan participants.

Mr. Ianniello reported no delinquencies for the fourth quarter of 2024.

B. Pension Applications

Mr. Ianniello presented the list of pension applications submitted for approval during the Fourth 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 Fourth Quarter of 2024 are approved for payment.**

C. Invoices

Mr. Ianniello presented a list of pre-circulated invoices dated March 19, 2025. 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 March 19, 2025, are approved for payment.**

VII. OTHER FUND BUSINESS

A. TD Recapture

Mr. Ianniello reported that the Fund received a $37.44 check from TD Securities recapture services. Mr. Ianniello also noted that TD Securities Plan Sponsor Services has signed an agreement to transfer its Plan Sponsor Services business to Capital Institutional Services, INC. (“CAPIS”).

B. Fiduciary Liability Renewal

Mr. Ianniello reported on the proposed renewal of the Fund’s fiduciary insurance, which includes a $5M limit of liability under the primary policy with Chubb and a $5M limit under the excess policy with Ulico/Markel. These are the same limits and terms as the previous policy.

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

> **RESOLVED to renew the Fund's fiduciary policies with Chubb and Ulico/Markel at $5 million limits of liability each and pay the Fiduciary Liability Policy premiums of $62,197 for the period of 3/30/2025 through 3/30/2026.**

C. Cyber Liability Renewal

Mr. Ianniello presented the proposed Cyber Liability Insurance renewal with Travelers/Tokyo Marine HCC for a $2 million limit of liability, with a premium of $6,755.00 split between the Pension, Health & Welfare, and Legal Funds.

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

> **RESOLVED, to renew the Fund's Cyber Liability Insurance Policy at a limit of liability of $2 million and a premium of $6,755.00 with Travelers/Tokyo Marine for the period of 6/8/2025 through 6/8/2026, with the premium and liability limits split among the Pension, Health & Welfare, and Legal Funds.**

D. Ratify Loomis Sayles as SFA Manager

Mr. Ianniello reported thatthe Board approved hiring Loomis Sayles as the Special Financing Assistance Manager via an email poll conducted between meetings.

E. Pension Appeal – P24/112-4725

The Trustees reviewed appeal P24/112-4725 and the related file.

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

> **RESOLVED, that appeal P24/112-4725 is tabled for further review and information.**

VIII. 2025 MEETING DATES & LOCATIONS

The next regular Board meeting is scheduled via Zoom on June 25, 2025.

IX. ADJOURNMENT

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

Respectfully Submitted,

Jason Chorpenning, Secretary