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 4, 2024 (DRAFT)

The following Trustees were present:

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

EMPLOYER TRUSTEES
W. Seehafer - Chairperson
L. Fiergola
P. Lin
V. Marsh

Also present were:

A. Dietrich – Slevin & Hart P.C.
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 - UFCW Local 400
J. Mink – Investment Performance Services
C. Murphy - Associated Administrators, LLC
R. Murray - Cheiron
S. Sanchez - Slevin & Hart P.C.
A. Sims - Associated Administrators, LLC
B. Warren - Cheiron
M. Wilson – UFCW Local 400

I. CALL TO ORDER

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

II. MINUTES

Mr. Ianniello presented the minutes of the regular meeting held on December 12, 2023, which were previously circulated. On Motion made and seconded, the Trustees voted approval of the following resolution:

> **RESOLVED, that the minutes of the regular meeting held on December 12, 2023, are approved as presented.**

III. FINANCIAL REPORT

The Trustees welcomed Ms. Jennifer Mink and Mr. Chris McDonough from IPS to the meeting.

A. Cash Flow Summary

Ms. Mink presented the Master Consulting report as of December 31, 2023. She reviewed the cash flow for the fourth quarter of 2023, noting a beginning market value of $98,459,413, investment gains of $3,198,243, contributions of $4,861,406, and withdrawals of $8,365,480, producing a negative net cash flow of $3,504,073, for an ending value of $98,153,583. Ms. Mink also reviewed the Fiscal Year to Date, noting a beginning market value of $102,712,711, investment gains of $7,542,794, contributions of $41,750,561, and withdrawals of $53,852,483, producing a negative net cash flow of $12,101,922 and an ending value of $98,153,583.

B. Master Consulting Services Report – December 31, 2023

Mr. McDonough provided an update on market performance, noting that the stock and bond markets had positive returns for the year. Real estate, however, was negative for the first year since 2009. Ms. Mink noted that all investments were within the allowable ranges provided in the current asset allocation policy.

Ms. Mink reviewed each manager's investment performance. She noted that the Fund has an outstanding withdrawal request pending with Intercontinental. She also stated that the Fund has $6.4 million in unfunded commitments to private equity but it is unlikely that this capital will be called by the managers. Ms. Mink reported that IPS continues to monitor Loomis and Corbin for performance issues.

C. Asset Allocation

Mr. McDonough reviewed the current asset allocation targets under the Fund's Investment Policy. He reviewed a comparison of several other portfolio mixes to the Fund's current portfolio and presented IPS's recommendation that the Fund adopt proposed Portfolio F, reflecting: an increased allocation to large-cap equity of 22.5%, an increase in SMID-cap equity of 7.5%, an increase in opportunistic high-yield fixed income to 10%, an increase in value-add real estate to 5%, a decreased allocation to Short-term Credit to 12.%, a decrease in SDHY Fixed Income to 5%, and a decrease in core plus real estate to 5%. After Discussion,

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

> **RESOLVED, to adopt Portfolio F, with the transition to take place as soon as feasible.**

Ms. Mink said the IPS would work to update the Investment Policy to reflect these changes. She finished her report by reminding the Trustees about the upcoming IPS conference in May.

The Trustee thanked IPS for their report and excused them from the meeting.

IV. ACTUARY'S REPORT

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

A. Pension Protect Act ("PPA") Certification

Mr. Hardcastle reported that Cheiron is working on the annual PPA certification. He requested Trustee input on the appropriate hours assumptions to use for purposes of the certification. He noted that the previous assumption reflected a 2% increase in UNFI hours for 2024 and no change in hours for all other employers.

Trustee Marsh said the re-opening of certain UNFI stores has been challenging and that a flat assumption for Shoppers/UNFI would be more appropriate. Mr. Hardcastle said he would adjust the assumptions accordingly.

Trustee Seehafer asked about when the Fund could be expected to receive the Special Funding Assistance and Mr. Hardcastle said he estimated it would be at the end of 2025.

B. SFA Update – Death Audit

Mr. Hardcastle reported on PBGC's death audit procedures, noting that the Office of Inspector General's investigation of this subject has slowed down the PBGC's review of new SFA applications. Mr. Hardcastle stated that, in response to the Fund's request that PBGC perform a death audit for the Fund, PBGC identified 106 deceased individuals for whom the Fund did not have a record of death. He noted that, if it is correct that these 106 individuals are deceased and do not have a living beneficiary eligible for benefits under the Plan, the impact on the Fund's SFA amount would be roughly $3 million.

Trustee Blitzstein asked about next steps for verifying PBGC's findings. Mr. Ianniello said the Fund office could send letters to the 106 people to ascertain if they are alive and/or if they have a surviving beneficiary. The Trustees agreed with this approach. Trustee Marsh said Shoppers/UNFI would provide any records they could to assist with this process. The Trustees requested that they be updated on the status of the project to verify PBGC's information at the next meeting.

V. ATTORNEYS' REPORT

A. Required Minimum Distributions

Ms. Sanchez reported on the required minimum distribution (RMD) rules for the former Meat and Poultry group.

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

> **RESOLVED, to self-correct the late RMDs applicable to the former Meat and Poultry group.**

B. Cybersecurity

Ms. Sanchez reported on the cybersecurity questionnaires and addenda sent to Fund providers.

C. Cyber Liability Insurance

Ms. Sanchez reported on the Fund's cyber liability insurance policy.

D. Rehab Plan

Ms. Sanchez reported that the updated Rehabilitation Plan was signed between meetings.

E. Data Breach Incident

Ms. Sanchez reported on a possible data breach by a Fund office vendor.

F. Withum Engagement Letter

Ms. Sanchez reported on Withum's proposed 2024 audit engagement letter.

G. W-4P Letter

Ms. Sanchez reported on correspondence to pensioners regarding the updated Form W-4.

VII. ADMINISTRATIVE MANAGER'S REPORT – Fourth Quarter 2023 Report

A. Fourth Quarter 2023 Report

Mr. Ianniello presented the Administrative Manager's Report for the Fourth Quarter of 2023, which had been pre-circulated. The report showed a total income of $1,590,385 and total expenses of $4,612,231, producing a net deficit of $3,021,846 for the quarter. He noted that the Fund received contributions on behalf of 1,646 Plan participants. Next, he reviewed the Stipend Income & Expenses, which showed a stipend income of $42,300 and stipend expenses of $42,552 for 31 Plan participants.

Mr. Ianniello reported no delinquencies for the Fourth Quarter of 2023.

B. Pension Applications

Mr. Ianniello presented the list of pension applications submitted for approval during the Fourth Quarter of 2023.

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 2023 are approved for payment.**

C. Invoices

Mr. Ianniello presented a list of pre-circulated invoices dated March 4, 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 March 4, 2024, are approved for payment.**

VI. OTHER FUND BUSINESS

A. Designating a Trust as a Beneficiary

The Trustees discussed whether it was permissible for a participant to designate a trust as their beneficiary under the Plan's rules.

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

> **RESOLVED, that the Pension Plan rules only permit an individual to be named as a beneficiary.**

B. Cowan Recapture

Mr. Ianniello reported that the Fund had received checks for $74.67 from Cowan commission recapture services.

C. Fiduciary Liability Renewal

Mr. Ianniello reported on the proposed renewal of the Fund's fiduciary insurance, with a $5M limit of liability under the primary policy with Chubb and $5M limit of liability under the excess policy with Ulico/Markel, which 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 $61,555 for the period of 3/30/2024 through 3/30/2025.**

VII. 2024 MEETING DATES & LOCATIONS

The next regular Board meeting is scheduled via Zoom on June 3, 2024.

VIII. ADJOURNMENT

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

Respectfully Submitted,

Jason Chorpenning, Secretary