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 29, 2023

(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:

B. Antoshak - Associated Administrators, LLC
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
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
L. Walsh - 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.

A. Appointment of Trustee

Mr. Ianniello reported receiving correspondence from Shoppers appointing Ms. Elizabeth Fiergola as an Employer Trustee, replacing John Ferrer, effective December 1, 2022.

II. MINUTES

Mr. Ianniello presented the minutes of the regular meeting held on December 1, 2022, 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 1, 2022, are approved as presented.**

III. FINANCIAL REPORT

A. PNC BANK

Mr. Ianniello reviewed the PNC Summary of Activity report for the period January 1, 2022, through December 31, 2022, which had been previously circulated. The report showed a beginning market value of $110,179,128, receipts of $13,677,143.67, disbursements of $18,301,811, and an investment loss of $2,720,548.51, producing an ending market value of $102,833,913 as of December 31, 2022.

B. INVESTMENT PERFORMANCE SERVICES ("IPS")

The Trustees welcomed Jennifer Mink from IPS to the meeting.

1. Market Index Report

Ms. Mink reviewed the Market Index Report. She noted the impact of the U.S. Federal Reserve increasing the Fed Fund Rate from 4.25% to 4.50% by the end of 2023. Ms. Mink reported that the Fund had zero exposure to the failed banks in March.

2. Master Consulting Services Report – December 31, 2022

Ms. Mink reviewed the Master Consulting Report as of December 31, 2022, which had been pre-circulated. The report indicated a beginning market value of $103,266,940, negative cash flow of $3,945,243, and net investment return of $3,512,215, making the ending market value $102,833,913 on December 31, 2022.

Trustee Seehafer asked a question regarding the difference between the IPS totals and PNC totals. Mr. Ianniello said he would research this after the meeting and report to Mr. Seehafer.

3. Asset Allocation

Ms. Mink reported that the Fund's allocations were within allowable ranges, per the Investment Policy Statement. She noted that value-add real estate is above target. She also stated that the Fund has a $3 million partial redemption request pending with Intercontinental Real Estate and a $1 million redemption request pending with the Corbin Opportunistic Fund. Proceeds from Corbin are expected in May. Ms. Mink reported that the Fund has $6 million in outstanding private equity commitments to Hamilton Lane. Ms. Mink reviewed IPS's recommendation that the Fund request income distributions, instead of reinvesting the income, from all of the Fund's real estate managers: (1) Boyd Watterson, GSA, (2) Boyd Watterson State, (3) Intercontinental U.S. Real Estate, and (4) Principal.

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

> **RESOLVED, to transition from reinvesting the income from the Fund's real estate managers to receiving such income in cash, as recommended by IPS.**

Ms. Mink reported on the amendment to the Boyd Watterson Subscription Agreement that was approved by the Trustees between meetings. She also reported that as of February 28, 2023, the Fund's ending market value was $103.9 million, with a year-to-date return of 2.9%.

Ms. Mink and the Trustees discussed investment strategy options for the period until the Fund receives its expected SFA payment from the federal government. The Trustees expressed the importance of the Fund having sufficient assets to maintain solvency prior to, and after, receiving the expected SFA amount. Mink said IPS, at this time, is not recommending a change to the Fund's investment policy or asset allocation. After further discussion, the Trustees requested that IPS prepare a report on various investment allocation options and scheduled a special meeting for May 15, 2023 to discuss these options. The Trustees also asked Cheiron to review and provide information on solvency projections based on various investment return expectations.

IV. ACTUARY'S REPORT

A. Special Financial Assistance ("SFA") Assets

The Trustees and the Fund providers discussed the Fund's SFA application, waitlist position, and the estimated timing of receiving a decision from PBGC on the application. Mr. Hardcastle reported that the Fund is currently 72nd on the PBGC's SFA application waiting list and Cheiron estimates, based on PBGC's past record of reviewing SFA applications, that it could be mid-2024 before the Fund will be eligible to submit its SFA application. Trustee Blitzstein noted that if SFA funds were distributed approximately 150 days after the approval of the application submission, the Fund may not receive its SFA payment until the fall of 2024 or the spring of 2025.

The Trustees discussed their decision to lock-in a December 31, 2022 measurement date and Mr. Warren noted that the majority of Cheiron's other clients who are in the same SFA group as the Fund have chosen to lock in the December 31, 2022 measurement date as well. Mr. Kimble stated that the same was true for his firm's clients. Mr. Hardcastle stated that interest rates likely would not go lower than they were in December 2022, which supports a decision to lock in a December 31, 2022 measurement date. The Trustees confirmed their prior decision to lock in a 12/31/2022 measurement date.

B. Pension Protect Act ("PPA") Certification

Mr. Hardcastle noted that Cheiron has drafted the PPA Certification for the Fund and will file it on March 31, 2023. The Certification reflects that the Fund is in Critical Status and is making scheduled progress under its Rehabilitation Plan. He noted that the Internal Revenue Service ("IRS) has a new form for filing the PPA Certification.

C. Retainer Fee Increase

Mr. Hardcastle presented Cheiron's fee request, noting that the hourly rates for projects is not increasing; only the annual retainer fee is increasing.

The Trustees thanked Mr. Peter Hardcastle, Mr. Brett Warren, and Mr. Robert Murray, and they were excused from the meeting.

V. ATTORNEYS' REPORT

A. Rehabilitation Plan Updates

Ms. Sanchez reported on the Rehabilitation Plan Updates for Plan Years 2021 and 2022. Mr. Ianniello said he would circulate both documents to Chair and Secretary.

B. Secure Act 2.0

Ms. Sanchez reviewed the Secure Act 2.0. She provided an overview of the action items for Trustee consideration.

The Trustees discussed the SECURE 2.0 Act, including the provisions on the required minimum distribution age, and the optional increase in lump sum payouts. After discussion,

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

> **RESOLVED, to amend the Plan to increase the lump sum cash-out limit for pensions from $5,000 to $7,000, effective 1/1/2024.**

C. Covid-19 National Emergency Update

Ms. Sanchez reported on the expected end of the COVID National Emergency.

D. Cybersecurity Consultant Request for Proposal

Ms. Sanchez reported on the Fund's cybersecurity questionnaires and provider contract addenda and on the cyber consultant request for proposal.

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

RESOLVED, to delegate to Chairman and Secretary the authority to select a cyber consultant after reviewing the cybersecurity consulting bids.

E. Cybersecurity Insurance Coverage

Ms. Sanchez reported on Segal Select's review of cyber liability insurance coverage options.

F. Financial Statement

Ms. Sanchez reported on the amended 2022 Financial Statement and 5500.

VII. ADMINISTRATIVE MANAGER'S REPORT – Fourth Quarter 2022 Report

A. Fourth Quarter 2022 Report

Mr. Ianniello presented the Administrative Manager's Report for the Fourth Quarter of 2022, which had been pre-circulated. The report showed a total income of $1,519,355 and total expenses of $4,794,269, producing a net deficit of $3,274,914 for the quarter. He noted that the Fund received contributions on behalf of 1,495 Plan participants. Next, he reviewed the Stipend Income & Expenses, which showed a stipend income of $61,200 and stipend expenses of $61,562 for 44 Plan participants.

Mr. Ianniello reported no delinquencies for the Fourth Quarter of 2022.

B. Pension Applications

Mr. Ianniello presented the list of pension applications submitted for approval during the Fourth Quarter of 2022.

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 2022 are approved for payment.

C. Invoices

Mr. Ianniello presented a list of invoices dated March 29, 2023, which were pre-circulated. He noted there was an addition to the pre-circulated list. Mr. Seehafer requested a change to the format of Slevin & Hart's invoices and Ms. Sanchez stated that Slevin & Hart would prospectively implement the requested change. Trustee Lin raised a question regarding invoices related to the litigation between the Fund and Shoppers. The Trustees agreed to table consideration of those invoices.

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

> **RESOLVED, the invoices dated March 29, 2023, including the additions and excluding the Shoppers litigation-related invoices, are approved for payment.**

VI. OTHER FUND BUSINESS

A. Cheiron Increase Proposal

The Trustees discussed Cheiron's renewal proposal and asked Mr. Ianniello to propose a multi-year retainer agreement to Cheiron.

B. Pension Appeals

Appeal #1 P23/103-2706 (Deferred Vested Pension Benefit Amount) - Denied on procedural (late appeal) and substantive grounds, in accordance with the terms of the Plan.

C. Cowan Recapture

Mr. Ianniello reported that the Fund had received checks for $509.28 from Cowan commission recapture services.

D. Trustee Resolutions

Between meetings, the Trustees approved a resolution to delegate authority to Trustees Seehafer and Hoffman to make any necessary decisions relating to implementation of the new Memorandum of Agreement between the Unions and Shoppers.

E. 2023 Withum Engagement letter increase

The Trustees discussed Withum's engagement letter, noting the amount of the proposed increase for performing the 2023 audit.

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

> **RESOLVED, approve Withum's proposal for audit services for the 2023 Plan Year.**

F. Fiduciary Liability Renewal

Mr. Ianniello reported on the proposed renewal of the Fund's fiduciary insurance at the same limits and on the same terms.

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

> **RESOLVED to approve the Fiduciary Liability Policies' renewal at a premium of $60,849 for the period of 3/30/2023 through 3/30/2024.**

VII. 2023 MEETING DATES & LOCATIONS

The next regular Board meeting is scheduled via Zoom on June 8, 2023.

VIII. ADJOURNMENT

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

Respectfully Submitted,

Jason Chorpenning, Secretary

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