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 MARCH 3, 2022 VIA VIDEO CONFERENCE

The following Trustees were present:

UNION TRUSTEES

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

EMPLOYER TRUSTEES

W. Seehafer - Chairperson
J. Ferrer
P. Lin
V. Marsh

Also present were:

B. Antoshak - Associated Administrators, LLC
Y. Anwar – UFCW Local 400
P. Hardcastle - Cheiron
A. Hanson – UFCW Local 400
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
B. Slevin - Slevin & Hart P.C.
L. Walsh - Associated Administrators, LLC
B. Warren - Cheiron

I. CALL TO ORDER

A quorum being present, the meeting was called to order.

II. MINUTES

Mr. Ianniello presented the minutes of the regular meeting held on December 7, 2021, and the Appeals Committee meeting on January 4, 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 7, 2021, and the Appeals Committee meeting on January 4, 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, 2021, through December 31, 2021, which had been previously circulated. The report showed a beginning market value of $125,949,902, receipts of $7,115,750, disbursements of $22,602,461 and an investment return of $21,752,784, producing an ending market value of $132,215,975 as of December 31, 2021.

B. Investment Performance Services ("IPS")

The Trustees welcomed Jennifer Mink from ("IPS") to the meeting.

1. Master Consulting Services Report – December 31, 2021

Ms. Mink reviewed the Master Consulting Report as of December 31, 2021, which had been pre-circulated. The report indicated a beginning market value of $125,061,708, negative cash flow of $3,333,037 and investment earnings of $4,679,825 making the ending market value $132,215,975 on December 31, 2021.

Ms. Mink reported that stocks performed well during 2021, certain bond categories were negative for the year and core real estate experienced an annual return of 21.9%. Ms. Mink stated IPS's recommendation that the Fund redeem $3 million from its Opportunistic Strategies portfolio to rebalance that portfolio closer to the Investment Policy's target allocation and to supply the Fund's cash needs, noting that the next opportunity to do so would be June 30, 2022. After discussion,

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

> **RESOLVED, to redeem $3 million from the Fund's Opportunistic Strategies portfolio to rebalance that portfolio and supply the Fund's cash needs.**

Ms. Mink reviewed the Master Consulting Services report by asset class. Trustee Blitzstein asked if IPS had suggestions for how to safeguard the Fund against future inflation. The Trustees also discussed options for investing the Special Financial Assistance assets that the Fund expects to receive after submitting its application in 2023. After discussion, Ms. Mink agreed to provide proposed dates for a special Board meeting to discuss the Fund's investment strategy after the expected receipt of the SFA and the prospect of future inflation. .

Mr. Warren reported that Cheiron is reducing the Fund's assumed rate of return to 7% for purposes of the January 1, 2021 actuarial valuation. . Ms. Mink stated that IPS would prepare a proposed amendment to the Fund's Investment Policy, reflecting a 7% investment return assumption.

2. <u>IPS Fee Increase</u>

Ms. Mink presented IPS's proposed fee increase effective April 1, 2022, to $90,000, annually. She noted that IPS would guarantee this fee for three years. After discussion,

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

> **RESOLVED, to approve IPS's fee increase to $90,000 annually, effective 4/1/2022.**

The Trustees thanked Ms. Mink for her report and she was excused from the meeting.

IV. ACTUARY'S REPORT

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

A. Retainer Fee

Mr. Hardcastle presented Cheiron's proposed annual fee increase for its 2022 retainer services to $42,230.00 ($3,519.16 per month). After discussion,

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

> **RESOLVED, to approve Cheiron's annual retainer service fee of $42,230.00 for 2022.**

B. PPA Certification

Mr. Hardcastle reported on the PPA Certification, due by March 31, 2022. He noted that the hours reported for 2021 were lower than expected. Mr. Hardcastle stated that Cheiron will certify in the 2022 PPA Certification that the Fund is "making scheduled progress" under its Rehabilitation Plan.

C. SuperValu Estimated Withdrawal Liability Calculation

Mr. Hardcastle stated that Cheiron will provide Associated Administrators, LLC with an estimated withdrawal liability calculation for Shoppers and will prepare the estimate two reflect two alternative calculations, as directed by the Trustees.

V. ATTORNEY'S REPORT

A. Rehabilitation Plan ("RP")

Mr. Slevin reported on the Fund's Rehabilitation Plan.

B. SFA Notice

Mr. Slevin reported on the notice sent to the Fund's participating employers and unions regarding the Board's intent to apply for special financial assistance.

C. Contribution Rate Increases

Mr. Slevin reported on the contribution rate increase notices to participating employers.

D. Shoppers Contribution Delinquency

Mr. Slevin reported on the Fund's delinquency lawsuit against Shoppers Food and Pharmacy.

E. Department of Labor ("DOL") Cybersecurity Best Practices

Ms. Sanchez reported on the DOL guidance related to cybersecurity best practices.

F. Eligible Rollover Distributions

Ms. Sanchez reported on the administration of eligible rollover distributions.

VI. ADMINISTRATIVE MANAGER'S REPORT –Fourth Quarter 2021 Report

A. Fourth Quarter 2021 Report

Mr. Ianniello presented the Administrative Manager's Report for the fourth quarter of 2021, which had been pre-circulated. The report showed a total income of $1,451,993 and total expenses of $4,601,650, producing a net deficit of $3,149,657 for the quarter. He noted that the Fund received contributions on behalf of 1,605 Plan participants. He reviewed the Stipend Income & Expenses, which showed stipend income of $95,850 and stipend expenses of $96,378 for 64 Plan participants.

Mr. Ianniello reported that there were no delinquencies for the Fourth Quarter of 2021.

B. Pension Applications

Mr. Ianniello presented the list of pension applications submitted for approval during the fourth quarter of 2021.

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 2021 are approved for payment.**

C. INVOICES

Mr. Ianniello presented a list of invoices dated March 3, 2022. He 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 March 3, 2022, are approved for payment.**

VII. OTHER FUND BUSINESS

A. FIDUCIARY LIABILITY APPLICATION

Mr. Ianniello reported that the Fiduciary Liability application had been submitted to the broker on January 10, 2022.

B. Pension Benefit Guarantee Corporation ("PBGC") Letters

Mr. Ianniello reported that letters were sent to all participating employers and unions on January 26, 2022 regarding the intent of the Fund to submit an application to PBGC for Special Financial Assistance under the American Rescue Act of 2021 when it is permitted to do so.

C. Cowan Recapture

Mr. Ianniello reported that the Fund had received checks totaling $1,044.39 from Cowan commission recapture services.

D. Administrative Services Contract Renewal

Mr. Ianniello stated that Associated Administrators, LLC's contract renewal proposal was presented at the previous meeting and the Trustees requested a meeting with the CEO of Harbor Benefit Holdings prior to making a decision regarding this proposal. That meeting was held on January 11, 2022. After discussion, On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED, to approve the 3-year renewal with Associated Administrators LLC, as presented.**

VIII. NEXT MEETING DATE AND LOCATION

The next Board meeting is scheduled for June 9, 2022, via Zoom.

IX. ADJOURNMENT

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

Respectfully Submitted,

William Seehafer, Chairman