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 JUNE 8, 2023

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
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.

II. MINUTES

Mr. Ianniello presented the minutes of the regular meeting held on March 29, 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 March 29, 2023, are approved as presented.**

III. FINANCIAL REPORT

A. PNC BANK / IPS REPORTING DISCUSSION

Mr. Ianniello noted that as a result of the discrepancies between the PNC and IPS reports as discussed at the March 29, 2023 meeting, Investment Performance Services ("IPS") would prepare a separate cash flow summary and include it in their quarterly reports to the Trustees. The Trustees agreed that the PNC report was no longer needed, and the format of the IPS report was discussed.

B. INVESTMENT PERFORMANCE SERVICES ("IPS")

1. Market Index Report

Ms. Mink reviewed the Market Index Report. Ms. Mink reported that the Fund had zero exposure to the regional banks that failed in March 2023. She noted that the Fund's overall market returns have been higher than the Fund's cash outflow year to date.

2. Master Consulting Services Report – March 31, 2023

Ms. Mink reviewed the Master Consulting Report as of March 31, 2023, which had been pre-circulated. The report indicated a beginning market value of $102,712,711, a negative net cash flow of $1,954,563, and a net investment return of $3,235,485, making the ending market value $103,993,633 on March 31, 2023, with a gross return of 3.2%.

3. Asset Allocation

Ms. Mink reported that IPS, in conjunction with Fund Counsel, is drafting an Investment Policy amendment reflecting the previously approved change to the asset allocation. The amendment will be circulated for approval and signatures upon completion.

Ms. Mink stated that, at the December 8, 2022 meeting, the Trustees approved redeeming $3.0M from real estate. She noted that Intercontinental implemented a withdrawal queue effective December 31, 2022 and that, to date, the Fund has received only a small redemption distribution from Intercontinental, which will be used for the Fund's cash needs. Ms. Mink reviewed the Fund's unfunded capital commitments and reviewed each manager's performance.

Trustees thanked Ms. Mink for her report and excused her 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. Special Financial Assistance ("SFA") Application

Mr. Hardcastle provided an update on the current status of the Fund's SFA application. He reported that the PBGC is currently conducting death audits on funds that have applied for or received SFA funding to determine whether deceased participants were included in the data supporting the SFA application.

The Trustees discussed options for death audit services.

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

> **RESOLVED, to delegate authority to Chair and Secretary to evaluate options and make a decision regarding a death audit search.**

Mr. Hardcastle reported that the PBGC has also questioned the assumptions utilized for the Contributions Base Units ("CBUs") hours reported on several funds' SFA applications.

B. <u>ACTUARIAL VALUATION UPDATE</u>

Mr. Warren reported that he expected to receive the 2022 data file in the coming days and Cheiron would be completing the 2023 Valuation.

The Trustees thanked the Cheiron representatives, and they were excused from the meeting.

V. <u>ATTORNEYS' REPORT</u>

A. <u>Investment Policy Statement ("IPS") Amendment</u>

Ms. Sanchez reported on the IPS amendment.

B. <u>Segall Bryant Agreement</u>

Ms. Sanchez reported on the Segall Bryant Agreement.

C. <u>Cybersecurity Consultant Request For Proposal ("RFP")</u>

Ms. Sanchez reported on the results of the Cybersecurity Consultant RFP. After discussion,

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

RESOLVED, to engage Segal as the Fund's cybersecurity consultant.

D. <u>Cybersecurity Contract Addenda</u>

Ms. Sanchez reported on the Cybersecurity questionnaires and addenda that were sent to all service providers.

E. <u>Secure Act 2.0</u>

Ms. Sanchez reported on the provisions of SECURE Act 2.0.

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

> **RESOLVED to amend the Plan document to change the Required Beginning Date to April 1 of the calendar year following the later of the calendar year in which the Employee attains age seventy-three (73) or the calendar year in with the Employee retires, effective for participants who reach age 72 after December 31, 2022.**

F. <u>Cyber Liability Insurance</u>

Mr. Timm summarized the cyber liability insurance proposals received by Segal Select on the Fund's behalf and stated that the Fund could bind an individual policy, covering just the Pension Fund, or could bind an "umbrella" policy, covering the Pension Fund and its sister Health and Legal Funds. The Trustees discussed the quotes presented, including the coverage amounts.

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

> **RESOLVED, to bind cyber liability coverage with Travelers under the "Umbrella" option with a $2 million limit, covering Legal Fund, the Health Fund and the Pension Fund under the same policy; and**
>
> **FURTHER RESOLVED to delegate to the Chair and Secretary the authority to determine whether to bind an excess cyber liability insurance policy.**

G. <u>Intercontinental Most Favored Nation</u>

Ms. Sanchez reported on the Intercontinental Most Favored Nation election options form.

H. <u>Shoppers Information Request</u>

Ms. Sanchez reported on Shoppers' request for documents.

I. Cheiron Amendment

Ms. Sanchez reported on the Cheiron renewal agreement.

J. Rehabilitation Plan

Ms. Sanchez reported on the 2021 and 2022 Rehabilitation Plan Updates.

K. Annual Funding Notice & Critical Status Notices

Ms. Sanchez reported on the Annual Funding Notice.

L. W-4P

Ms. Sanchez reported on the updated Form W-4P.

Trustee Seehafer suggested that the Trustees learn more about the Fund's potential exposures in light of the recent regional bank failures and the questions they should be asking to properly assess any risks to the Fund and take action to minimize such risks in the event of any future bank failures. He asked the Fund's providers to coordinate on providing this information.

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

A. First Quarter 2023 Report

Mr. Ianniello presented the Administrative Manager's Report for the First Quarter of 2023, which had been pre-circulated. The report showed a total income of $1,431,582 and total expenses of $4,267,747, producing a net deficit of $2,836,165 for the quarter. He noted that the Fund received contributions on behalf of 1,544 Plan participants. Next, he reviewed the Stipend Income & Expenses, which showed a stipend income of $65,250 and stipend expenses of $65,595 for 42 Plan participants.

Mr. Ianniello reported no delinquencies for the first quarter of 2023.

B. Pension Applications

Mr. Ianniello presented the list of pension applications submitted for approval during the first 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 first quarter 2023 are approved for payment.**

C. Invoices

Mr. Ianniello presented a list of invoices dated June 8, 2023, which were pre-circulated. 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 June 8, 2023, are approved for payment.**

VI. OTHER FUND BUSINESS

A. Cowan Recapture

Mr. Ianniello reported that the Fund had received checks for $247.88 from Cowan commission recapture services.

VII. 2023 MEETING DATES & LOCATIONS

The next regular Board meeting is scheduled via Zoom on September 20, 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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