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
SEPTEMBER 22, 2021
VIA VIDEO CONFERENCE

The following Trustees were present:

UNION TRUSTEES

J. Chorpenning- Secretary
Y. Anwar
M. Federici
C. Hoffman
R. Wildt

EMPLOYER TRUSTEES

W. Seehafer - Chairperson
J. Born
J. Ferrer
V. Marsh

Also present were:

A. Hanson- UFCW Local 400
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
P. Lin- UNFI
C. Murphy- Associated Administrators, LLC
J. Mink- Invested Performance Services
R. Murray- Cheiron
S. Sanchez- Slevin & Hart P.C.
A. Simms- Associated Administrators, LLC
B. Slevin- Slevin & Hart P.C.
L. Walsh- Associated Administrators, LLC
M. Wilson- UFCW Local 400
B. Warren- Cheiron

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on June 14, 2021, which were previously circulated.

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

> **RESOLVED, that the minutes of the last regular meeting held on June 14, 2021 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 June 30, 2021 which had been previously circulated. The report showed a beginning market value of $125,490,709, receipts of $8,383,902, disbursements of $10,746,097 and an investment gain of $12,058,196, producing an ending market balance of $130,302,722 as of June 30, 2021.

B. Investment Performance Services ("IPS")

The Trustees welcomed Jennifer Mink of IPS to the meeting.

1. Master Consulting Services Report- June 30, 2021

Ms. Mink reviewed the Master Consulting Report for the period ended June 30, 2021, which had been pre-circulated. The report indicated a beginning market value of $127,765,423, a negative net cash flow of $3,136,755 and a net investment change of $5,674,054, producing an ending market value of $130,302,722 for the second quarter of 2021.

2. August Performance Update- August 31, 2021

Ms. Mink reviewed the Preliminary Performance Update for the period ended August 31, 2021, which had been pre-circulated. The report showed the Fund had a beginning market value of $130,730,541 on July 31, 2021, a negative net cash flow of $982,283 and net investment change of $2,215,680, producing an ending market value of $131,963,938 on August 31, 2021. The year-to-date return as of August 31, 2021 was 12.5% gross of fees.

Ms. Mink provided an overview of the current financial market performance, noting that growth investment returns are expected to remain elevated in the upcoming quarters. She noted the double digit return on the equity investments and their continued ascent for the fifth positive quarter in a row. Real estate was also up 4.2% for the second quarter. Ms. Mink said that interest rates have not risen as quickly as expected. Ms. Mink reviewed the Plan's current asset allocations and noted that they all are within range. She reported that the Fund's value-add real estate portfolio was below the target allocation but noted that the Fund currently has a $7 million commitment to Boyd Watterson, a value-add real estate manager, and a capital call would be issued by this manager in October for $1.7 million. The value-add real estate allocation will rebalance closer to the policy target when this capital call is made. The Trustees thanked Ms. Mink for her report and she was excused from the meeting.

IV. <u>ACTUARY'S REPORT</u>

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

A. <u>Valuation Results</u>

Mr. Warren reviewed the 2021 Preliminary Actuarial Valuation Results. Mr. Warren reported that there were 2,256 active participants, 6,430 terminated vested participants, and 3,423 participants in pay status, resulting in a total of 12,109 participants as of January 1, 2021. Mr. Warren stated that the market value of the assets was $126,026,445, the actuarial value of the assets was $119,175,509, and the present value of accrued benefits and accrued liability was $227,993,800. The Pension Protection Act ("PPA") funding ratio was 52.3%.

B. <u>American Rescue Plan Act ("ARPA")</u>

Mr. Hardcastle presented an asset projection model for the Fund reflecting the estimated amount of special financial assistance that would be required for the Fund to continue to make all benefit payments due under the Plan through 2051. He provided an overview of the special financial assistance application process and projections and noted that the current insolvency date for this Plan is projected to be 2034. Mr. Hardcastle stated that the Fund should be able to make its application for ARPA funds in early 2023.

C. <u>Rehabilitation Plan ("RP")</u>

Mr. Hardcastle stated that the Trustees have a requirement to update the RP annually. He reported that in 2021, Cheiron certified that the Plan was in Critical and Declining status and was not making scheduled progress under its Rehabilitation Plan for the second year in a row. Mr. Hardcastle advised that if the Fund receives three consecutive annual certifications that the Fund is not making scheduled progress under the Rehabilitation Plan, the Plan would be treated as having an accumulated funding deficiency at the end of 2022 and the contributing employers could be subject to excise taxes. Mr. Slevin and Mr. Kimble also reported on the Rehabilitation Plan.

After discussion, the Trustees scheduled a Special Pension Board of Trustees meeting on November 4, 2021 at 10:00 a.m. to further discuss the 2021 Rehabilitation Plan update.

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

V. ATTORNEY'S REPORT

A. American Rescue Plan Act ("ARPA")

Mr. Slevin reported on the PBGC interim final rule ("Rule") under ARPA published in the Federal Register on July 12, 2021. He also reported on the comments submitted to the PBGC by the Trustees regarding the Rule.

B. G&G Eddie's Withdrawal Liability

Ms. Sanchez reported on G&G Eddie's proposed lump sum withdrawal liability settlement.

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

> **RESOLVED: to propose a counter settlement offer of $86,000 to G&G Eddie's for lump sum payment of its remaining withdrawal liability.**

C. Delinquency Policy Amendment

Ms. Sanchez reported on an amendment to the Fund's Delinquency Policy.

D. Extension of Physical Presence Waiver

Ms. Sanchez reported on the IRS's extension of the physical presence requirement waiver.

E. Corbin ERISA Opportunity Fund – Authorized Signatures

Ms. Sanchez reported on the Authorized Signatories list and consent form relating to the Fund's Corbin ERISA Opportunity Fund investment.

F. Audit Engagement Letter for Withum

Ms. Sanchez reported on Withum's engagement letter for 2021 audit work.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Second Quarter 2021 Report

Mr. Ianniello presented the Administrative Manager's Report for the second quarter 2021, which had been pre-circulated. The report showed total income of $1,291,405 and total expenses of $4,395,732, producing a net deficit of $3,104,327 for the quarter. He noted that the Fund received contributions on behalf of 1,688 Plan participants. He reviewed the Stipend Income & Expenses, which showed stipend income of $90,000 and stipend expenses of $90,540 for 66 Plan participants.

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

B. PENSION APPLICATIONS

Mr. Ianniello presented a list of pension applications submitted for approval during the second quarter 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 second quarter 2021 are approved for payment.**

VII. INVOICES

Mr. Ianniello presented a list of invoices dated September 22, 2021. 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 September 22, 2021 are approved for payment.

VIII. OTHER FUND BUSINESS

A. Local 400 and Local 27 Contribution Rate

Mr. Ianniello reported that Local 400 and Local 27 have paid the correct pension contribution rates from June 2021 to present but have not paid contribution increases retroactively to the effective dates of the rate changes, January 1, 2020 and January 1, 2021 through May 2021. The Trustees stated they would set up a call to discuss this between meetings.

B. UNFI/Shoppers Contribution Rate

Mr. Ianniello reported that the UNFI/Shoppers CBA is more than 180 days past the expiration date and the Fund sent a notice on ________ to Shoppers of its obligation to increase its contribution rates in accordance with the Fund's Rehabilitation Plan. Shoppers had not responded and had not paid contributions based on the increased rates. Mr. Slevin discussed with the Trustees the issues and options for proceeding. The Trustees agreed to discuss this matter at the special meeting scheduled for November 4, 2021.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees noted that the next special meeting was scheduled for November 4, 2021 via video conference.

X. ADJOURNMENT

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

Respectfully Submitted,

William Seehafer, Chairman

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