United Food and Commercial Workers Unions
and Participating Employers
Pension Fund

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MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND VIA VIDEO CONFERENCE JULY 13, 2020

The following Trustees were present:

UNION TRUSTEES
Jason Chorpenning – Secretary
Y. Anwar
M. Federici
C. Hoffmann

EMPLOYER TRUSTEE
B. Seehafer – Chairman
J. Born

Also present were:

D. Blitzstein - D. Blitzstein Consulting
H. Burton - Morgan, Lewis, & Bockius LLP
P. Hardcastle - Cheiron
J. Ianniello - Associated Administrators, LLC
J. Kimble - Morgan, Lewis and Bockius LLP
C. McDonough - Investment Performance Services ("IPS")
J. Mink - Investment Performance Services ("IPS")
C. Murphy - Associated Administrators, LLC
S. Sanchez - Slevin & Hart
B. Slevin - Slevin & Hart

I. CALL TO ORDER

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

II. CONSULTANT'S REPORT

The Trustees welcomed Ms. Jennifer Mink and Mr. Chris McDonough from IPS and Mr. Peter Hardcastle from Cheiron to the meeting. Ms. Mink reminded the Trustees that the purpose of the meeting was to review the asset allocation targets under the Fund's Investment Policy and the Fund's assumed rate of return.

The Trustees discussed the Fund's current assumed rate of return of 7.75% in the context of reviewing the asset allocation options presented by IPS.

Ms. Mink and Mr. McDonough reviewed the IPS Preliminary Monthly Performance Update as of April 30, 2020 and presented different asset allocation scenarios and options. Ms. Mink reported that the Fund Investment Policy's current asset allocation targets have an expected rate of return of 7.43%. The Trustees discussed the impact of the plan actuary using a lower assumption rate instead of the current 7.75%. . After discussion,

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

> **RESOLVED, to adopt IPS's recommended Asset Allocation target changes as follows: increase the US large cap equity allocation target to 25%; increase the intermediate fixed income target to 10%; increase the short duration high yield target to 7.5%; decrease the core real estate allocation target to 10%; decrease the opportunistic allocation target to 12.5%; and decrease the private equity allocation target to 5%.**

Mr. Hardcastle reviewed the Cheiron Insolvency Date Projections and noted that the Fund is currently projected to become insolvent in 2034. He stated that the Fund did not make scheduled progress under its Rehabilitation Plan for the first time last year. He stated that if the Fund does not make scheduled progress for three years in a row, the employers are subject to excise tax.

Mr. Seehafer requested an analysis of the Fund's projected income needs for the next 10 years. Mr. Slevin requested information on the impact of alternative contribution rate changes on the Fund's projected insolvency date. Mr. Hardcastle said it would be helpful for Cheiron to receive updated information regarding expected hours worked going forward. Mr. Federici said information about expected hours would be available near the end of 2020. Mr. Blitzstein added that the amount of investment risk also could have an impact on the Fund's insolvency date.

III. <u>ADJOURNMENT</u>

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

Respectfully Submitted,

Jason Chorpenning, Secretary