UFCW – SAFEWAY
VARIABLE ANNUITY PENSION FUND
BOARD OF TRUSTEES MEETING
JUNE 28, 2023

UFCW AND SAFEWAY
VARIABLE ANNUITY PENSION FUND

AGENDA

JUNE 28, 2023

I. **CALL TO ORDER**

II. **MINUTES – (Pg. 4-10)**

A. REGULAR MEETING – MARCH 7, 2023

III. **INVESTMENT CONSULTANT'S REPORT**

IV. **ACTUARY'S REPORT – (Pg. 12-58)**

V. **ATTORNEYS' REPORT**

VI. **ADMINISTRATIVE MANAGER'S REPORT – (Pg. 60-64)**

VII. **INVOICES – (Pg. 66)**

VIII. **OTHER FUND BUSINESS – (Pg. 68)**

IX. **NEXT MEETING DATE AND LOCATION**

X. **ADJOURNMENT**

MINUTES

UFCW – Safeway Variable Annuity Pension Fund

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MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
UFCW AND SAFEWAY VARIABLE ANNUITY PENSION FUND
VIA VIDEO CONFERENCE
MARCH 7, 2023

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
M. Federici – Chairman	D. Dosenbach – Secretary
J. Chorpenning	W. Wescott
D. Blitzstein (Alternate)	J. Williams (Alternate)

Also present were:

Associated Administrators, LLC	W. Antoshak, D. Jensen, B. Maiorano, R. McKnight, A. Sims, L. Walsh
Cheiron	H. Merlak, K. Woodrich
Investment Performance Services, LLC	C. McDonough
Milliman, Inc.	V. Harte, A. Shapiro
Schulte Roth & Zabel LLP	S. Bernstein, R. Richman
Slevin & Hart, P.C.	A. Dietrich, S. Sanchez

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the minutes of the regular meetings held on December 9, 2022, which were pre-circulated.

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

> **RESOLVED that the minutes of the regular meetings held on December 9, 2022 are approved, as presented.**

III. INVESTMENT CONSULTANT'S REPORT

The Trustees welcomed Chris McDonough from Investment Performance Services ("IPS") to the meeting.

1. Master Consulting Report – December 31, 2022

Mr. McDonough reviewed the Master Consulting Services report from October 1, 2022 through December 31, 2022. Such report indicated a beginning market value of $11,755,332, net cash flow of $3,157,978, and a net investment loss of $34,085, resulting in an ending market value of $14,879,225 as of December 31, 2022. The performance for the period was -0.3%, gross of fees.

2. Preliminary Performance Update – January 31, 2023

Mr. McDonough reviewed the preliminary monthly performance update as of January 31, 2023. Such report indicated a beginning market value of $14,879,225, net cash flow of $1,607,353, and a net investment change of $0, resulting in an ending market value of $16,486,578 as of January 21, 2023.

3. Asset Allocation Review

Mr. McDonough reviewed the current asset allocation policy that reflects an expected return (net of fees) of 6.99% and a risk assessment of 9.34. He presented alternate asset allocation portfolios for the Trustees' consideration, with expected returns ranging from

5.09% to 5.98% while providing lower risk, based on IPS' investment assumptions, ranging from 3.55 to 5.48. He noted the Fund's hurdle rate is 5.50%.

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

> **RESOLVED to adopt Portfolio B which reflects a target of 7.5% to US Large Cap Equity, 5% to US Small/Mid Cap Equity, 5% to International Equity, 52.5% to Intermediate Fixed Income, 7.5% to High Yield Fixed Income, 5% to Global Tactical Asset Allocation, 5% to Real Estate – Core, 7.5% to Real Estate- Value Add, and 5% to Private Equity, with an expected return (net of fees) of 5.98% and a risk assessment of 5.48.**

4. Investment Policy Statement

Mr. McDonough presented the proposed Investment Policy Statement dated March 7, 2023. He highlighted the investment objectives: to seek a long-term rate of return, which meets or exceeds the Hurdle Rate as specified in the Fund's Plan of benefits, while sufficiently diversifying assets to the extent possible to minimize the likelihood of generating annual returns below the Hurdle Rate; to maintain sufficient income and liquidity to fund benefit payments; and to preserve the principal value of the Fund.

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

> **RESOLVED to adopt the Investment Policy Statement dated March 7, 2023, as presented.**

5. Investment Consultant Fee Request

Mr. McDonough presented IPS's letter to the Chair and Secretary dated February 27, 2023, requesting a fee increase. He stated the current agreement has been in place since January 1, 2021 with an annual fee of $50,000. He stated at the inception of the agreement, due to the Fund not having assets at the time and in the interest of helping to minimize the Fund's expenses, IPS agreed to a fee below their normal fee. He stated as a result of the change in the Fund's assets, expected growth of the Fund, and the significant amount of work they have completed during the last year, IPS is requesting an increase in their fee to $110,000 annually. He noted this rate would be effective January 1, 2023 and would remain unchanged for a three-year period.

The Trustees thanked Mr. McDonough for his report and he was excused from the meeting.

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

> **RESOLVED to delegate authority to Chairman and Secretary to review and approve the IPS fee request between meetings.**

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

Mr. Victor Harte and Mr. Aaron Shapiro of Milliman, Inc. were welcomed to the meeting. Mr. Harte presented the Preliminary January 1, 2022 Actuarial Valuation results. He noted that the information contained in Milliman's report has not yet been fully reviewed by Cheiron Inc.

Mr. Harte reported the total participant count as of January 1, 2022 was 5,770, compared to 5,653 as of January 1, 2021. He reported on participant ages and credited service by valuation year. He stated the average age of active participants was 46.3 with 12.1 years credited service as of January 1, 2022 compared to age 45.8 with 12.5 years credit service as of January 1, 2021. He reported the average age of inactive vested participants was 52.1 with 18.1 years credited service as of January 1, 2022.

Mr. Harte reviewed the Plan contribution history, noting that contributions totaled $18,364,247, with four contributions made since September 15, 2022. He reported the

Market Value of Assets ("MVA") for the non-Stabilization Reserve account was $7,054,444 as of January 1, 2022 and the MVA on Stabilization Reserve account was $3,765,041. Mr. Harte reviewed the Plan contributions for the 2023 calendar year, noting a contribution on January 19, 2023 of $1,607,353. He stated that the amount due from Safeway on March 15, 2023 is $2,498,193 which accounts for: the final contribution of $660,274 to satisfy 2022 Plan Year required contributions; January and February 2023 monthly contributions of $1,225,279; and the regular March monthly contribution of $612,640. He noted that, effective April 15, 2023, Safeway's monthly contribution obligation would be $612,640. Mr. Harte reviewed the Funding Target (Liability) Reconciliation which reflects a target of $6,777,441 as of January 1, 2022.

The Trustees and Mr. Harte discussed the designation of provider expenses as "start-up" expenses or regular on-going expenses and the Trustees agreed that all provider expenses incurred prior to March 31, 2021 would be considered "start-up" expenses under the CBA.

The Trustees thanked Mr. Harte and Mr. Shapiro for their presentation and they were excused from the meeting.

V. ATTORNEY'S REPORT

A. Amendment No. 1 to the Plan

Ms. Sanchez reported on Amendment No. 1 to the Plan.

B. Amendment No. 1 to the Stabilization Reserve Policy

Ms. Sanchez reported on Amendment No. 1 to the Stabilization Reserve Policy.

C. Investment Manager Agreements

Ms. Sanchez reported on the Fund's Investment Manager Agreements and the custodial bank agreement with PNC Bank.

D. SECURE Act 2.0

Ms. Sanchez reported on the provisions relating to the SECURE 2.0 Act of 2022 and reviewed various action items for Trustee consideration.

E. Summary Plan Description ("SPD")

Ms. Bernstein reported on the status of the draft SPD.

F. End of the COVID-19 National Emergency

Ms. Sanchez reported on the expected end of the COVID-19 National Emergency.

G. IRS Determination Letter

Ms. Sanchez reported on the Fund's IRS Determination Letter application.

The Trustees thanked Co-Counsel for their report.

VI. ADMINISTRATIVE MANAGER'S REPORT

Ms. Sims presented the Administrative Manager's Report for the fourth quarter 2022. The report indicated regular employer contributions of $6,607,353, interest income of $3,607, and unrealized loss of $36,131, resulting in total income of $6,574,829 for the quarter. Expenses for the fourth quarter 2022 totaled $1,142,258, resulting in a surplus of $5,432,571 for the quarter.

VII. INVOICES

The Trustees reviewed the list of invoices dated March 7, 2023. It was 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 7, 2023 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Calibre - Audit Engagement Letter 2022

Ms. Sims presented the Calibre Audit Engagement Letter for the Plan Year ended December 21, 2022. She noted Calibre is requesting a fee increase of $3,375 for a total estimated annual fee of $25,875.

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

> **RESOLVED to delegate authority to Chairman and Secretary to review and approve the Calibre Audit Engagement Letter and fee increase request between meetings.**

IX. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the next regular Board meeting on June 28, 2023 via video conference.

X. ADJOURNMENT

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

Respectfully submitted,

Mark Federici, Chairman

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ACTUARY'S REPORT

UFCW and Safeway Variable Annuity Pension Plan

January 1, 2022 Actuarial Valuation

Prepared by:

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Principal and Consulting Actuary

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Actuary

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Issued June 20, 2023

January 1, 2022 Actuarial Valuation of the UFCW and Safeway Variable Annuity Pension Plan

The actuarial valuation of the UFCW and Safeway Variable Annuity Pension Plan (the "Plan") for the plan year beginning January 1, 2022 has been completed in accordance with our understanding of the minimum funding requirements under ERISA and the Pension Protection Act of 2006 (PPA) as well as the applicable sections of the Internal Revenue Code (IRC), including all regulations and guidance issued to date. It also has been completed in accordance with our understanding of FASB ASC Topic 960 for determining plan accounting requirements, including any applicable guidance or interpretations provided by the Plan Sponsor or its audit partners. The valuation results contained in this report are based on the principal plan provisions (Appendix A) , and the actuarial methods and assumptions (Appendix B), summarized in the appendices and were developed using models intended for valuations that use standard actuarial techniques. In addition, Appendix C contains information about the Plan's risks.

Purpose of the Valuation

In general, the actuarial valuation determines the current level of employer contributions that, taking into account prior funding and/or existing funding policy, will accumulate assets sufficient to meet benefit payments and administrative expenses when due under the terms of the Plan. More specifically, the valuation determines the Statutory Minimum Required Contribution and Annual Contribution Obligation in accordance with the Collective Bargaining Agreement for the current plan year as well as the Maximum Deductible Contribution for the current tax year.

The valuation also includes:

- Operational information that is required for inclusion in financial statements and in forms to be filed with regulatory governmental agencies.
- A review of the Plan's experience for the prior plan year.
- An assessment of the funded position of the Plan comparing assets and liabilities.
- The FASB ASC Topic 960 Present Value of Accumulated Plan Benefits.

This report does not constitute the actuarial certification for the current plan year of the Plan's Adjusted Funding Target Attainment Percentage, which was provided in a separate communication in the letter dated December 29, 2022. This valuation is consistent with that certification.

Limited Distribution

Milliman's work is prepared solely for the internal business use of the Plan's Board of Trustees (the "Plan Sponsor") and may not be provided to third parties without our prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a release, subject to the following exceptions:

- The Plan Sponsor may provide a copy of Milliman's work, in its entirety, to the Plan's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Plan.
- The Plan Sponsor may distribute certain work product that Milliman and the Plan Sponsor mutually agree is appropriate as may be required by the Pension Protection Act of 2006.

Any third party recipient of this work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

Reliance

In preparing this report, we relied, without audit, on information (both written and oral) supplied by Associated Administrators, LLC and Plan counsel. This information includes, but is not limited to, plan documents and summaries, participant data, and financial information. We have not audited the information provided to us, but have reviewed it for general reasonableness. Our review of the participant data shows it to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is incomplete or inaccurate, our results may be different and our calculations may need to be revised. Likewise, the report may also need to be revised if there is any subsequent change in legislation or regulation.

Limited Use

Actuarial computations for purposes other than determining the contribution requirements for an ongoing plan (such as for assessing benefit security upon potential plan termination) may yield significantly different results from those shown in this report.

This report includes assessments of the Plan's funded status under ERISA and IRC requirements and plan accounting requirements, as well as any other purposes that may be described above, based on asset and liability measurements using the actuarial assumptions and methods for each measurement. These measurements are summarized in the relevant sections of this report. Funded status measurements provided for the purpose of complying with accounting requirements may not be appropriate for assessing the need for, or the amount of, future plan contributions. Likewise, the funded status measurements under ERISA and IRC requirements may not be appropriate for assessing the sufficiency of the Plan's assets to cover the estimated cost of settling the Plan's obligations, and these values could also change if there is any change in the Plan's assets.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from outcomes anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on plan funded status); and changes in plan provisions or applicable law. Except for the information provided in the Risk Disclosure section of the Executive Summary and in Appendix C, due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment, or accounting counsel.

Certification

In our opinion, each assumption used, other than those assumptions mandated directly by the IRC and regulations thereon, is individually reasonable (taking into account the experience of the Plan and reasonable expectations) and, in combination, such other assumptions offer our best estimate of anticipated experience under the Plan.

On the basis of the foregoing, we hereby certify that to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States promulgated by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

This report was fully reviewed by Cheiron.

Respectfully submitted,

Victor P. Harte, EA, MAAA
Principal and Consulting Actuary
Enrolled Actuary Number 23-04649

Hoon H. Lee, ASA, EA, MAAA
Actuary
Enrolled Actuary Number 23-08354

June 20, 2023

Date

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Executive Summary

A. Summary of Key Valuation Results

	Actuarial Valuation for Plan Year Beginning	
	1/1/2021 [1]	1/1/2022
Contributions		
Statutory Minimum Required Contribution [2]	$7,041,770	$3,262,482
Annual Contribution Obligation in Accordance with the CBA	7,041,770	6,870,819
Maximum Deductible Contribution	7,045,913	10,607,353
Assets		
Fair Value plus Receivable Contributions		
Accrued Benefits Account	$0	$7,358,329
Stabilization Reserve Account	0	3,765,041
Total	0	11,123,370
Market Value (Actuarial Value) [3]		
Accrued Benefits Account [4]	0	7,054,444
Stabilization Reserve Account	0	3,608,337
Total [5]	0	10,662,781
Rate of Investment Return in Prior Year	N/A	0.00%
Prefunding Balance	$0	$0
Minimum Contribution Liabilities and Funded Status		
Applicable Funding Target	$0	$6,777,441
Effective Interest Rate	5.84%	5.64%
Applicable Target Normal Cost	$7,041,770	$7,147,822
Funded Percentage – Accrued Benefits Account	100.00%	104.08%
Funded Percentage – Total Assets	100.00%	157.32%
Participant Data		
Active Participants	5,653	5,441
Participants with Deferred Benefits	0	329
Participants in Pay Status	0	0
All Participants	5,653	5,770

[1] *Results presented for the plan year beginning January 1, 2021 are from Cheiron's January 1, 2021 actuarial valuation report dated October 3, 2022.*

[2] *Payable as of the beginning of the plan year before the application of any Prefunding Balance, interest, or penalties.*

[3] *Includes discounted receivable contributions.*

[4] *Used for calculationg the Annual Contribution Obligation in accordance with the Collective Bargaining Agreement (CBA).*

[5] *Used for calculating the Statutory Minimum Required Contribution.*

B. Minimum and Maximum Contributions for the 2022 Plan Year

The Statutory Minimum Required Contribution as of January 1, 2022, the Annual Contribution Obligation in accordance with the Collective Bargaining Agreement (CBA) as of January 1, 2022, and the Maximum Deductible Contribution for the tax year beginning in 2022 are shown below.

Statutory Minimum Required Contribution	$3,262,482
Annual Contribution Obligation in Accordance with the CBA	6,870,819
Maximum Deductible Contribution	10,607,353

The Statutory Minimum Required Contribution for the 2022 plan year (determined as of January 1, 2022) is $3,262,482, which is lower than the Statutory Minimum Required Contribution for the prior plan year of $7,041,770. The decrease is primarily due to the Plan's Excess Asset Credit. The following table displays the components of the Statutory Minimum Required Contribution for the 2021 and 2022 plan years.

	2021 Plan Year	2022 Plan Year
1. Applicable Target Normal Cost	$7,041,770	$7,147,822
2. Shortfall Amortizations	0	0
3. Excess Asset Credit (using Total Actuarial Value of Assets)	0	3,885,340
4. Statutory Minimum Required Contribution [(1) + (2) - (3)]	7,041,770	3,262,482

To determine whether the Statutory Minimum Required Contribution for the 2022 plan year is satisfied, all contributions for the plan year must be discounted at the Effective Interest Rate (currently 5.64% per year) from the actual dates paid to January 1, 2022.

The Annual Contribution Obligation in accordance with the CBA for the 2022 plan year (determined as of January 1, 2022) is $6,870,819, which is lower than the Annual Contribution Obligation for the prior plan year of $7,041,770. The following table displays the components of the Annual Contribution Obligation for the 2021 and 2022 plan years.

	2021 Plan Year	2022 Plan Year
1. Applicable Target Normal Cost	$7,041,770	$7,147,822
2. Shortfall Amortizations	0	0
3. Excess Asset Credit (using Accrued Benefits Account assets only)	0	277,003
4. Annual Contribution Obligation in Accordance with the CBA [(1) + (2) - (3)]	7,041,770	6,870,819

Details of the Statutory Minimum Required Contribution and Annual Contribution Obligation in accordance with the CBA can be found on page 19.

Details of the Maximum Deductible Contribution can be found on page 23.

C. Risk Disclosure

The Plan's risk is the potential that future actuarial measurements will differ from the current measurements presented in this report because future experience is different than expected. Risks include investment risk, asset / liability mismatch risk, interest rate risk, longevity and other demographic risks, and contribution risk. As required by Actuarial Standard of Practice No. 51 *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*, Appendix C provides information on the Plan's risks.

D. Plan Experience

"Experience" encompasses the performance of the Plan's assets during the year and changes in the Plan's participant demographics that impact liabilities.

Change in Demographics

From January 1, 2021 to January 1, 2022, the number of active participants in the Plan changed from 5,653 to 5,441, while the total number of participants changed from 5,653 to 5,770.

Change in Funding Target

Under the Unit Credit actuarial cost method prescribed for funding purposes, and prior to reflecting any plan or assumption changes, liability experience for the 2021 plan year was less favorable than expected, generating a net liability increase. The key components were:

- Changes in participant demographics resulted in a liability increase of approximately $224,000.
- Changes in the mortality assumption resulted in a liability increase of approximately $21,000.
- Changes in the statutory funding rates did not result in a liability increase or decrease due to the nature of the variable annuity benefit design. The Effective Interest Rate changed from 5.84% for 2021 to 5.64% for 2022.
- The actual 2021 investment return was 0.00%. Due to the Plan's Variable Annuity formula, this would have resulted in a liability decrease of approximately $353,000. However, due to Plan Amendment No. 1 adopted by the Trustees, the actual investment return for the 2021 and 2022 plan years is deemed to be 5.50%, so there is no liability increase or decrease based on investment return. Please note that the amendment requires that this $353,000 impact will be covered by future employer contributions instead of being paid by the Stabilization Reserve.

E. Statutory Funded Status

As of January 1, 2022, the Funding Target was less than the Market Value of Assets. With an unadjusted Funding Target Attainment Percentage (FTAP) of 157.32% (including Stabilization Reserve assets), the Plan is considered to be funded over the critical thresholds. There are several variations on how the FTAP is calculated and each is used for a different purpose. The important FTAPs are as follows:

	2022 FTAP	Passing Threshold
Benefit restrictions for 2022:		
▪ Benefit restrictions exemption test	157.32%	100%
▪ Benefit restrictions level, if not exempt (AFTAP = Adjusted Funding Target Attainment %)	157.32%	80% / 60%
Prefunding Balance availability test for 2023 *	157.32%	80%
Quarterly contribution test for 2023 *	157.32%	100%
At-Risk test for 2023* (At-Risk status if both tests fail):		
▪ Using Standard Assumptions	157.32%	80%
▪ Using At-Risk Assumptions	N/A	70%

** 2023 test is based on 2022 FTAP.*

Benefit Restrictions

The Plan is not subject to any restrictions in 2022 since the FTAP used for the benefit restrictions exemption is at least 100%. This exemption from restrictions will be in effect until September 30, 2023 by which time the Plan's 2023 Adjusted Funding Target Attainment Percentage (AFTAP) must be certified.

A plan is considered underfunded and thus subject to benefit restrictions if the AFTAP is less than 80%. Benefit restrictions include limitations on lump sum distributions, annuity purchases, and plan amendments that improve benefits. Additional restrictions apply if the AFTAP is less than 60%.

Quarterly Contributions

The Plan will not be required to satisfy quarterly contribution requirements for the 2023 plan year since the 2022 FTAP used for the quarterly contribution test is at least 100%.

At-Risk Status

The January 1, 2022 FTAP is used to determine whether the Plan will be in At-Risk status for the 2023 plan year.

- For 2022: The Plan was not in At-Risk status since the Plan was effective as of January 1, 2021, and the FTAP was deemed to be 100% as of that date.
- For 2023: The Plan will not be in At-Risk status since the 2022 FTAP exceeds the pass threshold for at least one test.

For At-Risk plans, the Funding Target and Target Normal Cost must be determined using more conservative assumptions, which consequently results in higher contribution requirements. In addition, sponsors with At-Risk plans may face certain restrictions on executive compensation.

F. Changes in Actuarial Methods and Assumptions

The actuarial methods and assumptions used in this valuation are the same as those used in the prior valuation except as follows:

- Mortality was updated to the IRS 2022 static mortality table.
- All active participants age 70+ are assumed to retire in the middle of the upcoming year.
- Disability rates were adjusted to only apply through age 59 for Tier 1 and age 64 for Tier 2. Previously these rates applied through age 70.
- 100% of terminated vested participants are assumed to retire at their earliest unreduced retirement age.
- The administrative expense load component of the Target Normal Cost was updated from $850,000 to $1,200,000.
- The statutory segment interest rates for determining minimum funding requirements were changed from 4.75%, 5.36%, and 6.11% to 4.75%, 5.18%, and 5.92%.
- Statutory interest rates for maximum purposes were changed from 1.75%, 3.04%, 3.65% to 0.88%, 2.61%, 3.27%.

Please see Appendix B for a summary of the actuarial methods and assumptions used in this valuation.

G. Changes in Plan Provisions

The valuation reflects the plan provisions in effect on January 1, 2022, including the following:

- An increase in the IRC Section 401(a)(17) compensation limit from $290,000 to $305,000.
- An increase in the annual benefit limit under IRC Section 415(b) from $230,000 to $245,000.
- Plan Amendment No. 1, as adopted by the Plan Trustees, which states that the actual investment return for the 2021 and 2022 plan years is deemed to be 5.50%.

Please see Appendix A for a summary of plan provisions.

Exhibits

Exhibit 1

Fair Value of Assets

The change in the Fair Value of Assets from January 1, 2021 to January 1, 2022 is shown below.

	Accrued Benefits Account	Stabilization Reserve Account	Total Assets
1. Fair Value of Assets as of January 1, 2021	$0	$0	$0
2. Income			
a. Employer contributions (including receivables)	7,756,894	4,000,000	11,756,894
b. Net investment income	0	0	0
c. Total	7,756,894	4,000,000	11,756,894
3. Disbursements			
a. Administrative expenses (accounts payable and accrued expenses)*	398,565	234,959	633,524
b. Total	398,565	234,959	633,524
4. Asset transfer for benefit stabilization	0	0	0
5. Net increase / (decrease) [(2c) - (3b) + (4)]	7,358,329	3,765,041	11,123,370
6. Fair Value of Assets as of January 1, 2022 [(1) + (5)]	7,358,329	3,765,041	11,123,370
7. Actual investment rate of return [2 x (2b) / {(1) + (6) - (2b)}]	0.00%	0.00%	0.00%

** In accordance with agreements from the bargaining parties and trustees, expenses relating to the establishment of the Plan prior to March 31, 2021 will be charged against the Stabilization Reserve. However, the expenses of each co-counsel firm will be limited to $50,000.*

Exhibit 2

Market Value of Assets (Actuarial Value of Assets)

The Market Value of Assets is equal to the Fair Value of Assets plus discounted receivable employer contributions. Receivable employer contributions made in the current plan year for the prior plan year are discounted back to the current valuation date using the prior plan year's Effective Interest Rate. The Market Value of Assets as of January 1, 2022 is determined below. The prior plan year's Effective Interest Rate was 5.84% per year.

Accrued Benefits Account			
1. Fair Value of Assets (without receivable contributions) as of January 1, 2022			($398,565)
2. Receivable employer contributions			
	Date of Contribution	Contribution Amount	Discounted Value as of 1/1/2022
	a. September 15, 2022	$7,756,894	$7,453,009
	b. Total	7,756,894	7,453,009
3. Market Value of Assets (Accrued Benefits Account) as of January 1, 2022 [(1) + (2b)]			7,054,444
Stabilization Reserve Account			
1. Fair Value of Assets (without receivable contributions) as of January 1, 2022			($234,959)
2. Receivable employer contributions			
	Date of Contribution	Contribution Amount	Discounted Value as of 1/1/2022
	a. September 15, 2022	$4,000,000	$3,843,296
	b. Total	4,000,000	3,843,296
3. Market Value of Assets (Stabilization Reserve Account) as of January 1, 2022 [(1) + (2b)]			3,608,337
Total Market (Actuarial) Value of Assets as of January 1, 2022			**$10,662,781**

Exhibit 3

Employer Contributions for Prior Plan Year

The employer contributions for the prior plan year ending December 31, 2021 were paid or are payable on the dates and in the amounts shown below. The prior plan year's Effective Interest Rate of 5.84% per year is used to discount contributions back to January 1, 2021. Contributions (or portions of contributions) made after the due date for a quarterly required contribution are penalized an additional 5% per year during the late period. Contributions made solely to avoid the application of benefit restrictions cannot be considered in determining excess contributions.

Date	Contribution Amount	Discounted Value as of 1/1/2021 without Penalty	Penalty Amount	Discounted Value as of 1/1/2021 with Penalty
Accrued Benefits Account				
September 15, 2022	$7,756,894	$7,041,770	$0	$7,041,770
Subtotal	$7,756,894	$7,041,770	$0	$7,041,770
Stabilization Reserve Account				
September 15, 2022	$4,000,000	$3,631,232	$0	$3,631,232
Subtotal	$4,000,000	$3,631,232	$0	$3,631,232
Total	**$11,756,894**	**$10,673,002**	**$0**	**$10,673,002**

Exhibit 4

Statistical Minimum Required Contribution for Prior Plan Year

The Statutory Minimum Required Contribution can be met by making contributions to the Plan and, if the Plan meets the Prefunding Balance availability threshold, any Prefunding Balance may be used to offset the Statutory Minimum Required Contribution. The Statutory Minimum Required Contribution for the prior plan year ending December 31, 2021 has been met as shown below. The excess, if any, of discounted employer contributions plus any applied Prefunding Balance over the Statutory Minimum Required Contribution can be used to establish or increase the Prefunding Balance as of the end of the plan year.

1.	Statutory Minimum Required Contribution as of January 1, 2021	
	a. Applicable Target Normal Cost	$7,041,770
	b. Shortfall Amortizations	0
	c. Excess Asset Credit	0
	d. Statutory Minimum Required Contribution [(a) + (b) - (c)]	7,041,770
2.	Offset to Statutory Minimum Required Contribution due to Prefunding Balance usage as of January 1, 2021	0
3.	Discounted employer contributions as of January 1, 2021	10,673,002
4.	Unpaid Statutory Minimum Required Contribution as of January 1, 2021 [(1d) - (2) - (3), but not < $0]	0
5.	Excess contributions as of January 1, 2021 [(3) - {(1d) - (2)}, but not < $0]	3,631,232
6.	Portion of excess contributions due to actual contributions [(3) - (1d), but not < $0]	3,631,232
7.	Portion of excess contributions due to balance usage [(5) - (6)]	0

Exhibit 5

Prefunding Balance

The Prefunding Balance as of January 1, 2022 is determined below. The actual rate of return on the Fair Value of Assets for the prior plan year ending December 31, 2021, which is used to bring forward the Prefunding Balance below, was 0.00%. The prior plan year's Effective Interest Rate was 5.84% per year.

1.	Prefunding Balance as of January 1, 2021	$0
2.	Amount applied to Statutory Minimum Required Contribution for plan year ending December 31, 2021	0
3.	Remaining Prefunding Balance as of January 1, 2021 [(1) - (2)]	0
4.	Interest on remaining amount at 0.00%	0
5.	Excess contributions for plan year ending December 31, 2021 over Statutory Minimum Required Contribution	
	a. Excess contributions as of January 1, 2021	3,631,232
	b. Portion due to actual contributions	3,631,232
	c. Interest on (b) at 5.84%	212,064
	d. Portion due to balance usage	0
	e. Interest on (d) at 0.00%	0
	f. Excess contributions as of December 31, 2021 [(b) + (c) + (d) + (e)]	3,843,296
	g. Portion of (f) to add to Prefunding Balance	0
6.	Preliminary Prefunding Balance as of January 1, 2022 [(3) + (4) + (5g)]	0
7.	Mandatory reduction as of January 1, 2022	0
8.	Voluntary reduction as of January 1, 2022	0
9.	Prefunding Balance as of January 1, 2022 [(6) - (7) - (8)]	0

Exhibit 6

At-Risk Status

A plan with more than 500 participants (determined on a controlled-group basis) must meet or exceed either the Funding Target Attainment Percentage (FTAP) using Standard Assumptions threshold or the FTAP using At-Risk Assumptions threshold in order to avoid At-Risk status and mandated phase-in of the increase from Standard to At-Risk values. The Plan's At-Risk status for the plan year beginning January 1, 2022 is determined below.

1.	Adjusted assets as of January 1, 2021	
	a. Market Value of Assets	$0
	b. Prefunding Balance	0
	c. Adjusted assets [(a) - (b)]	0
2.	FTAP using Standard Assumptions as of January 1, 2021	
	a. Funding Target using Standard Assumptions	0
	b. FTAP using Standard Assumptions [(1c) ÷ (a)]	100.00%
	c. FTAP using Standard Assumptions threshold	80%
	d. Does FTAP meet or exceed threshold?	Yes
3.	FTAP using At-Risk Assumptions as of January 1, 2021	
	a. Funding Target using At-Risk Assumptions	N/A
	b. FTAP using At-Risk Assumptions [(1c) ÷ (a)]	N/A
	c. FTAP using At-Risk Assumptions threshold	70%
	d. Does FTAP meet or exceed threshold?	N/A
4.	At-Risk status as of January 1, 2022 [At-Risk status if both (2d) and (3d) are No]	Not At-Risk

Exhibit 7

Funding Target and Normal Cost using Standard Assumptions

The Funding Target and Normal Cost measured using Standard Assumptions for the plan years beginning January 1, 2021 and January 1, 2022 are shown below.

	1/1/2021 *	1/1/2022
1. Funding Target using Standard Assumptions for inactive participants		
a. Participants with deferred benefits	$0	$429,298
b. Participants in pay status	0	0
c. Total	0	429,298
2. Funding Target using Standard Assumptions for active participants		
a. Retirement	0	5,126,546
b. Termination	0	938,023
c. Death	0	39,698
d. Disability	0	243,876
e. Total	0	6,348,143
3. Total Funding Target using Standard Assumptions		
a. Vested portion	0	6,084,377
b. Non-vested portion	0	693,064
c. Total [(a) + (b) and (1c) + (2e)]	0	6,777,441
4. Normal Cost using Standard Assumptions		
a. Retirement	4,837,209	4,759,694
b. Termination	985,977	912,787
c. Death	42,029	37,983
d. Disability	326,555	237,358
e. Total	6,191,770	5,947,822
5. Loading for expenses	850,000	1,200,000
6. Applicable Target Normal Cost [(4e) + (5)]	7,041,770	7,147,822

* *Results presented for the plan year beginning January 1, 2021 are from Cheiron's January 1, 2021 actuarial valuation report dated October 3, 2022.*

Exhibit 8

Change in Funding Target

The change in the Funding Target measured using Standard Assumptions from January 1, 2021 to January 1, 2022 is shown below.

Changes in Funding Target using Standard Assumptions		
January 1, 2021 Funding Target		$0
Value of benefit accruals during 2021 plan year	6,191,770	
Interest	340,547	
Expected change		6,532,317
Demographic (Gain)/Loss	223,705	
Impact of Variable Annuity benefits due to asset return	(353,326)	
Plan amendments	353,326	
Assumption changes	21,419	
Impact of changes		245,124
January 1, 2022 Funding Target		6,777,441

Exhibit 9

Funding Target Attainment Percentages

Funding Target Attainment Percentages (FTAPs) are measures of a plan's progress toward various PPA Funding Targets. The Funding Target Attainment Percentages as of January 1, 2021 and January 1, 2022 are determined below. Other exhibits in this report will show the implications of the FTAPs to their respective thresholds.

	1/1/2021 *	1/1/2022
1. Funding Target using Standard Assumptions		
a. Funding Target	$0	$6,777,441
b. First Segment Rate	4.75%	4.75%
c. Second Segment Rate	5.36%	5.18%
d. Third Segment Rate	6.11%	5.92%
e. Effective Interest Rate	5.84%	5.64%
2. Vested Funding Target for PBGC Variable Rate Premium		
a. Funding Target using Standard Assumptions	$0	$6,093,134
b. First Segment Rate	N/A	1.16%
c. Second Segment Rate	N/A	2.72%
d. Third Segment Rate	N/A	3.10%
e. Effective Interest Rate	N/A	2.93%
3. Prefunding Balance	$0	$0
4. Assets		
a. Accrued Benefits Account	0	7,054,444
b. Stabilization Reserve Account	0	3,608,337
c. Total Market Value of Assets [(4a) + (4b)]	0	10,662,781
d. Annuity purchases for non-highly compensated employees in prior two years	0	0
5. Funding Target Attainment Percentages		
a. Prefunding Balance availability and FTAP using Standard Assumptions [{(4c) - (3)} ÷ (1a)]	100.00%	157.32%
b. 60% / 80% Benefit restrictions test [{(4c) - (3) + (4d)} ÷ {(1a) + (4d)}]	100.00%	157.32%
c. Benefit restrictions exemption test [{(4c) + (4d)} ÷ {(1a) + (4d)}]	100.00%	157.32%
d. Benefit restrictions level [If (5c) ≥ 100%, (5c); otherwise, (5b)]	100.00%	157.32%
e. Quarterly contributions test [{(4c) - (3)} ÷ (1a)]	100.00%	157.32%
f. PBGC Variable Rate Premium Test [(4c) ÷ (2a)]	100.00%	174.99%

* *Results presented for the plan year beginning January 1, 2021 are from Cheiron's January 1, 2021 actuarial valuation report dated October 3, 2022.*

Exhibit 10

Shortfall Amortization Exemption and Elimination

A plan with a Shortfall Amortization Exemption Funding Target Attainment Percentage (FTAP) of less than 100% is required to set up a funding schedule, or Shortfall Amortization, to attain that target in fifteen years. A plan with a Shortfall Amortization Elimination FTAP of at least 100% eliminates all existing prior Shortfall Amortizations, if any. Details of these calculations for the plan year beginning January 1, 2022 are shown below for purposes of calculating both the Annual Contribution Obligation in accordance with the Collective Bargaining Agreement (CBA) and the Statutory Minimum Required Contribution.

	Annual Contribution Obligation in Accordance with the CBA	Statutory Minimum Required Contribution
1. Applicable Funding Target	$6,777,441	$6,777,441
2. Adjusted assets		
a. Market (Actuarial) Value of Assets *	7,054,444	10,662,781
b. Prefunding Balance	0	0
c. Adjusted assets [(a) - (b)]	7,054,444	10,662,781
3. Shortfall Amortization Exemption		
a. Will Plan Sponsor use Prefunding Balance to offset Statutory Minimum Required Contribution for current plan year?	No	No
b. Shortfall Amortization Exemption FTAP [If (a) is Yes, (2c) ÷ (1); otherwise, (2a) ÷ (1)]	104.08%	157.32%
c. Exempt or not exempt from establishing a Shortfall Amortization? [Exempt if (b) ≥ 100%]	Exempt	Exempt
4. Shortfall Amortization Elimination		
a. Shortfall Amortization Elimination FTAP [(2c) ÷ (1)]	104.08%	157.32%
b. Eliminate or retain prior Shortfall Amortizations? [Eliminate if (a) ≥ 100%]	Eliminate	Eliminate

* *Market Value of Assets for Annual Contribution Obligation in accordance with the CBA excludes assets in the Stabilization Reserve Account.*

Exhibit 11

Shortfall Amortization

The amount needed to amortize the Funding Shortfall to the Applicable Funding Target for the plan year beginning January 1, 2022 is determined below. The Funding Shortfall is amortized in fifteen level payments using the interest rates for determining the Applicable Funding Target for the current plan year. Details of these calculations for the plan year beginning January 1, 2022 are shown below for purposes of calculating both the Annual Contribution Obligation in accordance with the Collective Bargaining Agreement (CBA) and the Statutory Minimum Required Contribution.

		Annual Contribution Obligation in Accordance with the CBA	Statutory Minimum Required Contribution
1.	Applicable Funding Target	$6,777,441	$6,777,441
2.	Market (Actuarial) Value of Assets less Prefunding Balance*	7,054,444	10,662,781
3.	Funding Shortfall [(1) - (2), but not < $0]	n/a	n/a
4.	Amortization factor	n/a	n/a
5.	Shortfall Amortization for current plan year [(3) ÷ (4)]	Exempt	Exempt

* *Market Value of Assets for Annual Contribution Obligation in accordance with the CBA excludes assets in the Stabilization Reserve Account.*

Exhibit 12

Annual Contribution Obligation and Statutory Minimum Required Contribution

The Annual Contribution Obligation in accordance with the Collective Bargaining Agreement (CBA) and the Statutory Minimum Required Contribution as of January 1, 2022 are determined below. If the Plan meets the Prefunding Balance availability threshold, any Prefunding Balance may be used to offset the Statutory Minimum Required Contribution.

	Annual Contribution Obligation in Accordance with the CBA	Statutory Minimum Required Contribution
1. Adjusted assets		
a. Market (Actuarial) Value of Assets *	$7,054,444	$10,662,781
b. Prefunding Balance	0	0
c. Adjusted assets [(a) - (b)]	7,054,444	10,662,781
2. Funding Target using Standard Assumptions	6,777,441	6,777,441
3. Applicable Funding Target	6,777,441	6,777,441
4. Eligible to use Prefunding Balance?	N/A	Yes
5. Prefunding Balance available to offset Statutory Minimum Required Contribution [(1b) if eligible]	N/A	$0
6. Adjusted assets in excess of Applicable Funding Target [(1c) - (3), but not < $0]	277,003	3,885,340
7. Required Contribution as of January 1, 2022		
a. Applicable Target Normal Cost	7,147,822	7,147,822
b. Shortfall Amortizations	0	0
c. Excess Asset Credit [minimum of (6) and (7a)]	277,003	3,885,340
d. Required Contribution [(a) + (b) - (c)]	6,870,819	3,262,482

* *Market Value of Assets for Annual Contribution Obligation in accordance with the CBA excludes assets in the Stabilization Reserve Account.*

Exhibit 13

Quarterly Required Contribution

If a plan had a Funding Shortfall for the prior plan year, quarterly contributions are required for the current plan year. The Quarterly Required Contribution is the amount that must be made by the fifteenth day after the end of each quarter of the plan year to avoid an interest penalty. The Quarterly Required Contribution for the plan year beginning January 1, 2022 is determined below. Depending on the amount and timing of contributions, quarterly cash contributions may or may not be required. Please note that the figures shown below are calculated on a statutory basis only and may be satisfied by the contributions made towards the Annual Contribution Obligation in accordance with the Collective Bargaining Agreement.

1. Applicable Funding Target as of January 1, 2021	$0
2. Adjusted assets as of January 1, 2021	
a. Market Value of Assets	0
b. Prefunding Balance	0
c. Adjusted assets [(a) - (b)]	0
3. Funding Shortfall as of January 1, 2021 [(1) - (2c), but not < $0]	0
4. Statutory Minimum Required Contribution at beginning of prior plan year (without reflecting Prefunding Balance)	7,041,770
5. Statutory Minimum Required Contribution at beginning of current plan year (without reflecting Prefunding Balance)	3,262,482
6. Preliminary quarterly required contribution for current plan year [25% × min {(4), 90% × (5)}]	734,058
7. Quarterly Required Contribution for current plan year [Exempt if (3) = $0; otherwise (6)]	Exempt

Exhibit 14

Impact of Segment Rate Stabilization

The Infrastructure Investment and Jobs Act enacted on November 15, 2021 extended the segment rate stabilization originally contained in the Moving Ahead for Progress in the 21st Century Act. The segment rates used to determine the Plan's liabilities for minimum funding and benefit restriction purposes must be within a 5% corridor of a 25-year average value for that segment for the 2022 plan year. In addition, each 25-year average rate may not be less than 5% prior to application of the corridor. Starting with the 2031 plan year, the corridor widens by 5% each year until reaching 30% for the 2035 and later plan years. Segment rate stabilization does not apply to the determination of the Maximum Deductible Contribution or the ERISA Section 4010 reporting requirement.

The following table shows the impact of segment rate stabilization on the Plan's Effective Interest Rate, liabilities, funded status, and Statutory Minimum Required Contribution as of January 1, 2022.

	Without Segment Rate Stabilization	With Segment Rate Stabilization
First Segment Rate	0.88%	4.75%
Second Segment Rate	2.61%	5.18%
Third Segment Rate	3.27%	5.92%
Effective Interest Rate	2.97%	5.64%
Applicable Funding Target (AFT)	$6,829,692	$6,777,441
Applicable Target Normal Cost	7,182,315	7,147,822
Market Value of Assets (MVA)	10,662,781	10,662,781
Prefunding Balance (PFB)	0	0
Funding Shortfall [AFT - (AVA - PFB)]	0	0
Funded percentage [(AVA - PFB) ÷ AFT]	156.12%	157.32%
Statutory Minimum Required Contribution	$3,349,226*	$3,262,482

Due to the Plan's Variable Annuity design, liability is generally unaffected by interest rate changes. However, the first segment rate without regard to segment rate stabilization is below the Plan's 2% floor rate, generating a liability increase.

** The Statutory Minimum Required Contribution without segment rate stabilization was determined based on the guidance in the Department of Labor Field Assistance Bulletin 2013-1, and may be disclosed in the Annual Funding Notice for the Plan required under ERISA Section 101(f). The Plan Sponsor is not required to contribute this amount.*

Exhibit 15

Contribution Schedule

Final 2022 Plan Year Requirements

In general, plans with a Funding Target Attainment Percentage (FTAP) less than 100% are required to make quarterly contributions in the following plan year.

As of January 1, 2021, the Plan's FTAP was equal to 100%, so the Plan is not subject to quarterly contribution requirements for the 2022 plan year.

While there are no quarterly contribution requirements, the plan sponsor has opted to make contributions as per the following schedule to meet the Annual Contribution Obligation in accordance with the Collective Bargaining Agreement (CBA) and the Statutory Minimum Required Contribution:

Due Date	Contribution Amount
December 29, 2022	$5,000,000
January 19, 2023	1,607,353
May 17, 2023	666,356

Preliminary 2023 Plan Year Requirements

The applicable funded percentage as of January 1, 2022 was greater than 100%, so the Plan is not subject to quarterly contribution requirements for the 2023 plan year.

While there are no quarterly required contributions, the plan sponsor has elected to meet the Annual Contribution Obligation in accordance with the CBA by making monthly contributions. The following is an estimated monthly contribution schedule for 2023. The 2023 Annual Contribution Obligation in accordance with the CBA has been assumed to be equal to the 2022 Applicable Target Normal Cost, and the 2023 effective interest rate has been assumed to equal the 2022 effective interest rate of 5.64%. Contribution amounts will be trued up once the January 1, 2023 actuarial valuation is completed.

Due Date	Monthly Contribution Amount
May 17, 2023	$3,080,324*
June 15, 2023	613,014
July 15, 2023	613,014
August 15, 2023	613,014
September 15, 2023	613,014
October 15, 2023	613,014
November 15, 2023	613,014
December 15, 2023	613,014

** Comprised of monthly payments attributable to January 15, February 15, March 15, April 15, and May 15, 2023.*

Exhibit 16

Maximum Deductible Contribution

The Maximum Deductible Contribution is the amount necessary to fund the Applicable Funding Target, Applicable Target Normal Cost, and a cushion amount. The cushion amount is 50% of the Applicable Funding Target plus the increase in the Funding Target using Standard Assumptions attributable to future compensation increases. The Applicable Funding Target, Applicable Target Normal Cost, and cushion amount are not permitted to reflect segment rate stabilization. The Maximum Deductible Contribution for the tax year beginning February 27, 2022 is determined below.

1.	Applicable Funding Target	$6,829,682
2.	Applicable Target Normal Cost	7,182,315
3.	Cushion amount	
	a. Funding Target using Standard Assumptions	6,829,682
	b. Funding Target using Standard Assumptions with future compensation increases	6,829,682
	c. Cushion amount [(b) - (a) + 50% × (1)]	3,414,841
4.	Market (Actuarial) Value of Assets for IRC Section 404 purposes as of January 1, 2022	6,819,485 *
5.	Maximum Deductible Contribution [(1) + (2) + (3c) - (4), but not < $0]	10,607,353

* *Excludes discounted value of the $4,000,000 receivable contribution made on 9/15/2022 towards the stabilization reserve. Such contribution has been designated towards the 2022-2023 tax year.*

Note: There are alternative calculations of the Maximum Deductible Contribution that may produce a different amount than illustrated above. Please consult your tax advisor regarding the deductibility of cash contributions.

Exhibit 17

Present Value of Accumulated Plan Benefits

Accumulated Plan Benefits are benefits earned to date, based on pay history and service rendered to date, expected to be paid in the future to active participants, participants with deferred benefits, and participants in pay status. The Present Value of Accumulated Plan Benefits (determined on a plan-continuation basis in accordance with FASB ASC Topic 960) as of January 1, 2021 and January 1, 2022 is shown below.

	1/1/2021 *	1/1/2022
1. Present Value of vested Accumulated Plan Benefits		
a. Active participants	$0	$5,646,541
b. Participants with deferred benefits	0	429,298
c. Participants in pay status	0	0
d. Total	0	6,075,839
2. Present Value of non-vested Accumulated Plan Benefits	0	701,602
3. Present Value of all Accumulated Plan Benefits [(1d) + (2)]	0	6,777,441
4. Fair Value of Assets plus receivable contributions	0	11,123,370
5. Funded percentage		
a. Vested benefits [(4) ÷ (1d)]	100.00%	183.07%
b. All benefits [(4) ÷ (3)]	100.00%	164.12%

** Results presented for the plan year beginning January 1, 2021 are from Cheiron's January 1, 2021 actuarial valuation report dated October 3, 2022.*

Exhibit 18

Change in Present Value of Accumulated Plan Benefits

The change in the Present Value of Accumulated Plan Benefits (determined on a plan-continuation basis in accordance with FASB ASC Topic 960) from January 1, 2021 to January 1, 2022 is shown below.

1.	Present Value of all Accumulated Plan Benefits as of January 1, 2021 *	$0
2.	Changes due to	
	a. Reduction in discount period	0
	b. Benefits accumulated plus Actuarial (gain) / loss	6,402,696
	c. Benefit payments	0
	d. Plan amendments	353,326
	e. Change in assumptions	21,419
	f. Total	6,777,441
3.	Present Value of all Accumulated Plan Benefits as of January 1, 2022 [(1) + (2g)]	6,777,441

* *Results presented for the plan year beginning January 1, 2021 are from Cheiron's January 1, 2021 actuarial valuation report dated October 3, 2022.*

Exhibit 19

Summary of Participant Data

A summary of participant data for the plan years beginning January 1, 2021 and January 1, 2022 is shown below.

	1/1/2021	1/1/2022
1. Active participants		
a. Count	5,653	5,441
b. Average age	45.8	46.3
c. Average credited service	12.5	12.1
2. Participants with deferred benefits		
a. Count	0	329
b. Average age	0.0	52.1
c. Total annual benefits	$0	$55,968 *
d. Average annual benefit	0	170
3. Participants in pay status		
a. Count	0	0
b. Average age	0.0	0.0
c. Total annual benefits	$0	$0
d. Average annual benefit	0	0

** Includes actuarial increases for participants beyond their Normal Retirement Date.*

Exhibit 20

Change in Participant Counts

The change in participant counts from January 1, 2021 to January 1, 2022 is shown below.

	Active Participants	Participants with Deferred Benefits	Participants In Pay status	Total
As of 1/1/2021	5,653	0	0	5,653
Retired	0	0	0	0
Received lump sum distribution	0	0	0	0
Terminated non-vested	(980)	0	0	(980)
Terminated vested	(329)	329	0	0
Disabled	0	0	0	0
Died with beneficiary	0	0	0	0
Died without beneficiary	0	0	0	0
Rehired	0	0	0	0
New during plan year	1,097	0	0	1,097
Net data adjustments	0	0	0	0
As of 1/1/2022	5,441	329	0	5,770

Exhibit 21

Active Participants by Age and Service – Tier I

The number of active participants, summarized by attained age and years of credited service as of January 1, 2022, is shown below. Past service under the FELRA & UFCW Pension Fund is permissible towards benefit eligibility and therefore reflected below.

	Years of Credited Service										
Age	**0**	**1–4**	**5–9**	**10–14**	**15–19**	**20–24**	**25–29**	**30–34**	**35–39**	**40+**	**Total**
0–24	-	-	-	-	-	-	-	-	-	-	-
25–29	-	-	-	-	-	-	-	-	-	-	-
30–34	-	-	-	-	-	-	-	-	-	-	-
35–39	-	-	-	-	-	-	-	-	-	-	-
40–44	-	-	-	-	-	-	-	-	-	-	-
45–49	-	-	-	-	-	-	-	-	-	-	-
50–54	-	-	-	-	-	-	-	-	-	-	-
55–59	-	-	-	-	-	-	1	9	34	11	55
60–64	-	-	-	-	-	1	1	2	16	60	80
65–69	-	-	-	-	-	-	-	3	2	29	34
70+	-	-	-	-	-	-	-	-	-	26	26
Total	-	-	-	-	-	1	2	14	52	126	195

Exhibit 22

Active Participants by Age and Service – Tier II

The number of active participants, summarized by attained age and years of credited service as of January 1, 2022, is shown below. Past service under the FELRA & UFCW Pension Fund is permissible towards benefit eligibility and therefore reflected below.

	Years of Credited Service										
Age	**0**	**1–4**	**5–9**	**10–14**	**15–19**	**20–24**	**25–29**	**30–34**	**35–39**	**40+**	**Total**
0–24	271	427	19	-	-	-	-	-	-	-	717
25–29	51	198	126	15	-	-	-	-	-	-	390
30–34	23	121	104	131	12	-	-	-	-	-	391
35–39	38	101	60	94	112	23	-	-	-	-	428
40–44	23	99	63	66	95	83	14	-	-	-	443
45–49	31	103	57	65	64	76	75	16	-	-	487
50–54	36	139	67	75	97	70	42	101	26	-	653
55–59	34	152	77	81	98	77	40	77	53	-	689
60–64	29	116	68	83	104	78	32	53	31	-	594
65–69	21	69	38	26	27	34	28	26	10	-	279
70+	13	64	18	18	34	4	9	12	3	-	175
Total	570	1,589	697	654	643	445	240	285	123	-	5,246

Appendices

Appendix A – Summary of Principal Plan Provisions

The actuarial valuation was prepared in accordance with the provisions of the plan, a summary of which is presented below. The summary describes the principal provisions only and is not intended to be authoritative. For questions about specific benefits, please refer to the plan document. This summary of plan provisions is intended to only describe the essential features of the plan.

Basic Information

Plan Name: UFCW and Safeway Variable Annuity Pension Plan

Effective Date of Plan: January 1, 2021.

Effective Date of Last Amendment: January 1, 2021.

Plan Year: January 1 through December 31.

Eligibility: An employee is any person employed by Safeway and covered by bargaining units represented by either of Locals No. 400 or 27 of the UFCW, AFO-CIO, or their successors.

Any employee who is eligible to participate as described above in the FELRA & UFCW Pension Fund (Prior Plan) immediately prior to the Effective Date became a Participant as of the Effective Date. Any employee who was not eligible to participate in the FELRA & UFCW Pension Fund immediately prior to the Effective Date shall become a Participant following the completion of twelve months of Covered Employment.

Future Service Credit: On and after January 1, 2021, future service credit earned by a Participant under the Plan is described below.

Tier I Participants (those for whom contributions are made at a monthly rate) are granted one month of Future Service Credit for each month of employment or during which he is reported as being in the military service of the United States and returns to covered employment within the period for protection of his statutory rights to re-employment.

Tier II Participants (those for whom contributions are made at an hourly rate) are granted Future Service Credit as follows:

Full-Time Service		Part-Time Service	
Hours	Service Credit (yrs)	Hours	Service Credit
1,600 or more	1.00	800 or more	1.00
1,200 – 1,599	0.75	600 – 799	0.75
800 – 1,199	0.50	400 – 599	0.50
400 – 799	0.25	200 – 399	0.25
Under 400	0.00	Under 200	0.00

Accrued Monthly Pension Benefit

An employee's Accrued Monthly Pension is determined as the Variable Income Benefit earned by a Participant. The Variable Income Benefit is computed as follows:

A Participant's Accrued Benefit for the initial Plan Year is equal to the Participant's Annual Credit for that Plan Year (defined below). For the following year, the Participant's Accrued Benefit is equal to the Annual Credits Earned by the Participant in the initial Plan Year, multiplied the Annual Adjustment Rate (defined below) plus the Annual Credit earned in that Plan Year. For each year thereafter, a Participant's Accrued Benefit will consist of the Accrued Benefit earned as of the end of the prior Plan Year multiplied by the Annual Adjustment Rate and then added to the Annual Credit earned in the current Plan Year.

The Annual Credit is defined as follows:

- Tier I Full-Time (Monthly): $47.00
- Tier I Part-Time (Monthly): $32.00
- Tier II (Hourly):
  - Safeway: $25.00 FT, $15.00 PT
  - Safeway Service Clerks-L.27: $15.00 FT, $10.00 PT

Notwithstanding the rates outlined above, for Plan Years in which a Tier I Participant has combined benefit service in excess of 30 years, the Annual Credit for each year of service beyond 30 years is $54 for Full-Time and $37 for Part-Time service.

The Annual Adjustment Rate is defined as follows:

- The Hurdle Rate is 5.50%. The Annual Adjustment Rate is defined as: (1+ Actual Investment Return for the Prior Plan Year) divided by (1 + Hurdle Rate)). Note the Actual Investment Return has a minimum value in this formula of 2.00% (Floor Rate) assuming the Stabilization Reserve is utilized and a maximum value of 9.00% (Ceiling Rate).

Per Amendment No. 1 adopted by the Plan's Trustees, the Actual Investment Return for the 2021 and 2022 plan years is deemed to be 5.50%.

Normal Retirement

Normal Retirement Date: Later of the last day of the month in which a participant attains age 65 or the fifth anniversary of participation in the Plan.

Normal Retirement Benefit: The Accrued Monthly Pension determined as of the participant's Normal Retirement Date.

Early Retirement

Eligibility: Attainment of age 55 with 15 years of Combined Benefit Service. Tier II participants are also eligible if attained age 62 with 10 years of Combined Benefit Service.

Benefit: For Tier I participants, benefits are actuarially reduced to the actual commencement age from age 60. For Tier II participants, benefits are actuarially reduced to the actual commencement age from age 65.

Special Early Retirement for Tier I Participants

Eligibility:

i. Attainment of age 60 with 5 years of Combined Benefit Service and be classified as a Tier I Participant at retirement; or

ii. Completion of at least 30 years of Combined Benefit Service with a majority of Benefit Service as a Tier I Participant.

Benefit: Accrued Benefit without reduction.

Disability Retirement

Eligibility: A participant who becomes totally and permanently disabled (according to Social Security criteria) after completion of at least 10 years of Combined Benefit Service is entitled to a Disability Retirement pension.

Benefit: Accrued benefit to date of disability without actuarial reduction, commencing on the first day of the month coinciding with or next following the establishment of the disability to the satisfaction of the Trustees and completion of a six-month waiting period.

Deferred Vested Pension

A participant or former participant who has completed at least (5) years of Vesting Service, but who is not eligible for a Normal, Early, or Disability Pension shall be eligible to commence Accrued Benefits on his or her Normal Retirement Date.

Pre-Retirement Surviving Spouse Coverage

Eligibility: Each participant who is vested under the Plan is provided with pre-retirement spouse's pension coverage, whereby if the participant's death occurs before benefit commencement, the spouse will receive a lifetime pension from the Plan. The benefit will be payable as of the later of the earliest date the participant could have elected to commence benefits or the participant's death.

Benefit: 50% of the amount that would have been payable to the participant if benefits had commenced on the date of the start of the spouse's pension and had elected a Joint and 50% Survivor option.

Death Benefit

Upon the death of a pensioner, other than pensioners receiving Deferred Vested Pensions, a lump sum death benefit will be paid to the employee's designated beneficiary. The amount is $500, $750, $1,000, $1,750, or $2,500 depending on the Accrual Rate and the Full-Time/Part-Time service history applicable to the participant. This benefit will be coordinated with the FELRA & UFCW Pension Fund and the UFCW Giant-Safeway Excess Supplemental Benefit Pension Plan such that the participant's beneficiary only receives a benefit in the event the participant is ineligible from receiving this death benefit from either of the aforementioned pension plans.

Forms of Payment

Normal Form of Benefit: Single Life Annuity for an unmarried employee with 60 months certain. The normal form payable to a married employee is an actuarially equivalent 50% joint and survivor annuity.

Automatic Post-Retirement Surviving Spouse Pension: Unless elected otherwise in writing at retirement, a married participant will receive benefits as an actuarially equivalent 50% joint and survivor annuity with the spouse as contingent beneficiary.

Reciprocity

An employee covered by this Plan may transfer to (or from) the UFCW and Participating Employers' Pension Fund without loss of pension credits. Upon eventual retirement, each Fund will pay the benefit for service accrued under that Fund, according to the benefit rate in effect under that Fund, at the time of retirement. Reciprocity also has been authorized between this Plan and certain other collectively bargained plans in the retail food industry, under which payment of benefits from each Fund is made according to the benefit rate in effect at the end of covered employment under each Fund.

Appendix B – Summary of Actuarial Methods and Assumptions

Actuarial Cost Method

The actuarial cost method used in the valuation is the accrued benefit (unit credit) cost method as prescribed by PPA. In this method, the regular plan cost arises from two sources: a Normal Cost and an amortization payment for the Funding Target Shortfall.

The Funding Target is determined as the actuarial present value of benefits as of the valuation date. The Shortfall is equal to the Funding Target less the Plan Assets (with adjustments for credit balances). The amortization payment for a plan year is the aggregate total of the Shortfall Amortization payments, which are based on amounts necessary to amortize the additional Shortfall of each year in level annual installments over a 15-year period beginning with such year.

The Target Normal Cost is the actuarial present value of benefits expected to accrue during the valuation year plus anticipated administrative expense, if any.

Asset Valuation Method

The asset valuation technique determines valuation assets as the market value of assets.

Variable Annuity Benefit Liability Calculation Method

The “single assumption” approach is used to value the liability and for the indexation of the future benefits for the purposes of generating cash flows associated with the plan’s variable annuity benefit. As the PPA segment interest rates are prescribed and there is no applicable independent assumption for expected return on assets, the prescribed segment rates are deemed equivalent to expected return on assets. The resultant liability is mathematically equivalent to the liability valued at the Plan’s Hurdle Rate. This approach produces the funded status consistent with the trustee’s intention with respect to the plan design and the funding goal and policy.

The “single assumption” approach is one of the two approaches discussed in the Single-Employer Private Sector Funding section of “A Public Policy Practice Note for Variable Annuity Plans,” published by the American Academy of Actuaries in November 2019.

Valuation of Provisions Difficult to Measure

The Plan’s variable annuity benefit formula includes “floor” and “cap” on annual benefit adjustments, which is discussed as “plan provisions that are difficult to measure” under Actuarial Standard of Practice (ASOP) No. 4.

For the purposes of this valuation, we have measured the Plan’s liability under the variable annuity benefit formula without regard to the cap feature. In our professional judgement, this is appropriate and consistent with the guidance in the ASOPs. Specifically:

- The ASOPs allow for assumptions that include a provision for adverse deviation. Disregarding the floor and/or cap represents an intentional provision for adverse deviation that is consistent with the Trustees’ funding goals and the purpose of the measurement.

- In our professional judgment, the provisions for adverse deviation that arises from disregarding the cap is reasonable and not excessive.

- For measuring the benefit obligation reflecting the discount rate at which the benefit obligation could be effectively settled, we believe it is inappropriate to reflect the potential for limited adjustment in benefits. Adjustments to projected benefit payments due to returns differing from the Hurdle Rate should not be reflected until those returns are realized.

Regarding the “floor” feature, to the extent “floor” benefits are deemed applicable and payable through the Plan’s benefit stabilization policy up until each valuation date, the impact to the plan liability from such feature is measured and included in the liability. Since the Plan trustees established a stabilization policy and made a cash contribution to provide a downside protection through “floor” benefit provision for the near term, it is our professional judgement that this approach is reasonable.

Actuarial Assumptions

Economic Assumptions

Interest Rates:

The current funding and PBGC interest rates are as follows. The funding interest rates are prescribed under IRS regulations based on the Plan Sponsor’s interest rate election. The PBGC interest rates are based on the Plan Sponsor’s elected method for determining the premium funding target.

	Minimum Funding	Maximum Deductible	PBGC Vested
Segment 1 (0–5 years)	4.75%	0.88%	1.16%
Segment 2 (5–20 years)	5.18%	2.61%	2.72%
Segment 3 (20+ years)	5.92%	3.27%	3.10%
Effective Interest Rate	5.64%	2.97%	2.92%

For ERISA minimum funding purposes: Segment rates (based on statutory rates in effect at the beginning of plan year, limited by segment rate stabilization) of 4.75% per year for first 5 years, 5.18% per year for next 15 years, and 5.92% per year thereafter.

For Maximum Deductible Contribution purposes: Segment rates (based on statutory rates in effect at the beginning of plan year, not limited by segment rate stabilization) of 0.88% per year for the first 5 years, 2.61% per year for the next 15 years, and 3.27% per year thereafter.

For PBGC Vested Liability purposes: Segment rates (based on statutory rates in effect at the beginning of plan year, not limited by segment rate stabilization) of 1.16% per year for the first 5 years, 2.72% per year for the next 15 years, and 3.10% per year thereafter.

For FASB ASC Topic 960 purposes: Discount rate of 5.50% per year.

Rationale for assumption: This assumption was developed based on the Plan’s investment policy, asset allocation, and Milliman’s capital market assumptions.

Administrative Expense:

Assumption: $1,200,000 as of the beginning of the year for the 2022 plan year.

Rationale for assumption: The amount represents anticipated fees expected to be incurred by the Plan for professional and administrative services for the Plan operation, and the PBGC premium estimate.

Demographic Assumptions

Rationale for assumptions: Unless otherwise specified, assumptions are based on the latest experience study review performed in 2007 for the predecessor plan (FELRA and UFCW Pension Fund) as stated in Cheiron's January 1, 2021 actuarial valuation report for the Plan. The assumptions continue to be closely monitored.

Mortality:

Funding and FASB ASC Topic 960 Assumption: The 2022 Static Mortality Tables that are prescribed in IRS Notice 2020-85 for defined benefit plans with respect to valuation dates occurring during 2022.

Rationale for assumption: The plan is not large enough to develop a credible mortality table based exclusively on plan experience. We have relied on the above mentioned published mortality tables in which credible mortality experience was analyzed. We believe the mortality assumption selected is reasonable for the contingency it is measuring and is not anticipated to produce significant cumulative actuarial gains or losses over the measurement period.

Withdrawal:

Assumption: Terminations are assumed to occur according to the following table:

Service	Termination Rate		Service	Termination Rate
0	40.0%		12	8.0%
1	22.0%		13	8.0%
2	18.0%		14	7.0%
3	15.0%		15	7.0%
4	13.0%		16	7.0%
5	12.0%		17	5.0%
6	11.0%		18	5.0%
7	10.5%		19	5.0%
8	9.0%		20	4.0%
9	9.0%		21	3.0%
10	9.0%		22+	2.5%
11	8.0%			

Disability:

Assumption: The assumed rate of incidence of disability are in accordance with 50% of the Group Long-Term Disability Insurance Crude Rates of Disablement for males published in the Transactions of the Society of Actuaries, 1979. Illustrative rates are shown below:

Age	Rate
25	0.03%
30	0.03%
35	0.04%
40	0.07%
45	0.14%
50	0.27%

Retirement:

Assumption for active participants: Age-related rates of retirement. Rates are illustrated below:

Age	Tier I – Less than 30 Years of Service	Tier I – Over 30 Years of Service	Tier II
50	0.0%	20.0%	0.0%
51	0.0%	20.0%	0.0%
52	0.0%	20.0%	0.0%
53	0.0%	20.0%	0.0%
54	0.0%	20.0%	0.0%
55	8.5%	20.0%	7.5%
56	8.5%	20.0%	7.5%
57	8.5%	20.0%	7.5%
58	8.5%	20.0%	7.5%
59	8.5%	20.0%	7.5%
60	15.0%	20.0%	10.0%
61	15.0%	25.0%	10.0%
62	30.0%	35.0%	15.0%
63	20.0%	40.0%	12.5%
64	20.0%	40.0%	15.0%
65	30.0%	40.0%	20.0%
66	30.0%	40.0%	20.0%
67	20.0%	40.0%	20.0%
68	20.0%	40.0%	20.0%
69	20.0%	40.0%	20.0%
70+	100.0%	100.0%	100.0%

Assumption for terminated vested participants: Employees who leave employment with entitlement to a deferred vested pension are assumed to commence receipt of their pension when first eligible for unreduced benefits.

Marriage Assumption:

Assumption: 80% of participants are assumed to be married with males assumed to be three years older than their female spouses.

Form of Payment:

Assumption: 56% of retirees are assumed to elect the 50% joint and survivor option. The remainder are assumed to elect a single life annuity.

Other Applicable Assumptions

Pension Credit Assumption:

Assumption: All employees are assumed to accrue a full year of pension credit during the valuation year regardless of tier or employment status, either full-time or part-time.

Indexation of Future Benefits for Determining Effective Interest Rate:

Assumption: Future benefits are assumed to be indexed with the same fixed income assets used to determine the segment rates. The benefit streams are adjusted to reflect the spread between the Hurdle Rate and the segment rates. Segment rates are considered as a series of compound annual returns through each year instead of successive annual returns that would have been produced by converting each segment rate to an equivalent forward rate.

Rationale: This methodology is consistent with one of the generally acceptable options discussed in the Expected Return and Discount Rate Are a Single Assumption section in “A Public Policy Practice Note for Variable Annuity Plans,” published by the American Academy of Actuaries in November 2019.

Changes in Actuarial Methods and Assumptions

The actuarial methods and assumptions used in this valuation are the same as those used in the prior valuation except as follows:

- The statutory segment interest rates for determining minimum funding requirements were changed from 4.75%, 5.36%, and 6.11% to 4.75%, 5.18%, and 5.92%.
- Statutory interest rates for maximum purposes were changed from 1.75%, 3.04%, 3.65% to 0.88%, 2.61%, 3.27%.
- Mortality was updated to the IRS 2022 static mortality table.
- All active participants age 70+ are assumed to retire in the middle of the upcoming year.
- Disability rates were adjusted to only apply through age 59 for Tier 1 and age 64 for Tier 2. Previously these rates applied through age 70.
- 100% of terminated vested participants are assumed to retire at their earliest unreduced retirement age.
- The administrative expense load component of the Target Normal Cost was updated from $850,000 to $1,200,000.

Appendix C – Risk Disclosure

The purpose of this appendix is to identify, assess, and provide illustrations of risks that may be significant to the UFCW and Safeway Variable Annuity Pension Plan (the "Plan") and in some cases to the Plan's participants.

The results of the actuarial valuation are based on one set of reasonable assumptions. However, it is almost certain that future experience will not exactly match the assumptions. As an example, investments may perform better or worse than assumed in any single year and over any longer time horizon. It is therefore important to consider the potential impacts of these likely differences when making decisions that may affect the future financial health of the Plan, or of the Plan's participants.

In addition, as plans mature they accumulate larger pools of assets and liabilities. This increases the potential risk to plan funding and the finances of those who are responsible for plan funding. As an example, it is more difficult for a plan sponsor to deal with the effects of a 10% investment loss on a plan with $1 billion in assets and liabilities than if the same plan sponsor is responsible for a 10% investment loss on a plan with $1 million in assets and liabilities. Since pension plans make long-term promises and rely on long-term funding, it is important to consider how mature the Plan is today, and how mature it may become in the future.

Actuarial Standard of Practice No. 51 (ASOP 51) addresses these issues by providing actuaries with guidance for assessing and disclosing the risk associated with measuring pension liabilities and the determination of pension plan contributions. Specifically, it directs the actuary to:

- Identify risks that may be significant to the Plan.
- Assess the risks identified as significant to the Plan. The assessment does not need to include numerical calculations.
- Disclose plan maturity measures and historical information that are significant to understanding the Plan's risks.

ASOP 51 states that if in the actuary's professional judgment, a more detailed assessment would be significantly beneficial in helping the individuals responsible for the Plan to understand the risks identified by the actuary, then the actuary should recommend that such an assessment be performed.

This appendix uses the framework of ASOP 51 to communicate important information about: significant risks to the Plan and the Plan's maturity.

DEFINITION AND IDENTIFICATION LANGUAGE FOR EACH POTENTIAL RISK

Liquidity Risk

Definition: This is the potential that assets must be liquidated at a loss earlier than planned in order to pay for the Plan's benefits and operating costs. This risk is heightened for plans with negative cash flow, in which contributions do not exceed annual benefit payments plus expenses.

Identification: This Plan will have substantial contributions in excess of benefit payments and expenses.

Assessment: The Plan has substantial positive cash flow and a low allocation to illiquid assets such as real estate and private equity. As a result, there is a minimal risk that assets may need to be liquidated at a loss before planned in order to pay benefits and expenses.

Inflation Risk

Definition: This is the potential of a pension to lose purchasing power over time due to inflation.

Identification: The participants of pension plans without fully inflation-indexed benefits are subject to the risk that their purchasing power will be reduced over time due to inflation.

Assessment: The Plan's variable annuity benefit formula provides participants with some protection against the inflation risk through its mechanism of adjusting benefit amounts annually based on asset performance over the 5.50% Hurdle Rate.

Maturity Risk

Definition: This is the potential for total plan liabilities to become more heavily weighted toward inactive liabilities over time.

Identification / Assessment: The Plan is subject to maturity risk. As it is fairly new, most of the liability is attributable to active participants. This will shift to inactive liability over time.

Retirement Risk

Definition: This is the potential for participants to retire and receive subsidized benefits more valuable than expected.

Identification: This Plan provides valuable early retirement benefits to Tier I participants. If participants retire at earlier ages than anticipated by the actuarial assumptions, it is expected that additional funding will be required.

Assessment: We will continue to monitor our assumption for the retirement contingency being measured for Tier I participants and recommend changes when warranted.

Business Risk

Definition: This is the possibility that a company suffers a financial setback, which impairs its ability to fulfill contribution obligations.

Identification: If contribution obligations are not fully satisfied, the Plan's funded status may deteriorate.

Assessment: The Plan Sponsor operates within the supermarket (grocery) industry, which is highly exposed to macroeconomic cycles, as recently witnessed with COVID-19 impacts. However, as the employer will be making contribution on a monthly basis, this risk has been greatly mitigated.

Investment Risk

Definition: The potential that investment returns will be different than expected.

Identification: To the extent that actual investment returns differ from the assumed investment return, the Plan's future assets, funding contributions, and funded status may differ significantly from those presented in this valuation. Because of the Plan's design, the participants' benefit amounts can increase or decrease with investment performance.

Assessment: The Plan implemented the variable annuity feature in order to mitigate Investment Risk bourne by the Plan Sponsor. It also implemented "cap" and "floor" features to smooth out the variable annuity benefit movement.

Interest Rate Risk

Definition: The potential that interest rates will be different than expected.

Identification: The pension liabilities reported herein have been calculated by computing the present value of expected future benefit payments using the interest rate(s) described in Appendix B. If interest rates in future valuations differ from this valuation, future pension liabilities, funding contributions, and funded status may differ significantly from those presented in this valuation. As a general rule, using a higher interest rate to compute the present value of future benefit payments will result in a lower pension liability, and vice versa. One aspect that can be used to estimate the impact of different interest rates is a plan's duration.

Assessment: The Plan's liability is effectively measured at the Plan's Hurdle Rate at all times, and therefore, is not exposed to Interest Rate Risk. See the "Variable Annuity Benefit Liability Calculation Method" section in Appendix B.

Demographic Risks

Definition: The potential that mortality or other demographic experience will be different than expected.

Identification: The pension liabilities reported herein have been calculated by assuming that participants will follow patterns of demographic experience (e.g., mortality, withdrawal, disability, retirement, form of payment election, etc.) as described in Appendix B. If actual demographic experience or future demographic assumptions are different from what is assumed to occur in this valuation, future pension liabilities, funding contributions, and funded status may differ significantly from those presented in this valuation.

Assessment: Experience different than that assumed can have a significant impact. Demographic loss should continue to be monitored with each valuation. Also, an experience study may provide meaningful information that could help mitigate some of the Demographics Risks. The plan actuary can perform such analysis and recommend new assumption that could lessen the demographic experience deviations.

Asset / Liability Mismatch Risk

Definition: The potential that changes in asset values are not matched by changes in the value of liabilities.

Identification/Assessment: The Plan's variable annuity benefit formula provides protection against Asset / Liability Mismatch Risk, as the asset values will move in tandem with liability values as long as the asset returns experienced by the Plan fall between the 2% Floor Rate and 9% Ceiling Rate. To the extent that the Plan's investment performance falls below 2% without additional contributions to pay for the 2% Floor Rate benefit, the Plan can have an Asset / Liability Mismatch.

ADMINISTRATIVE MANAGER’S REPORT

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UFCW AND SAFEWAY

VARIABLE ANNUITY PENSION FUND

FIRST QUARTER 2023

ADMINISTRATIVE MANAGER'S REPORT

2023
QUARTERLY RECAPS

	FIRST 2023	SECOND 2023	THIRD 2023	FOURTH 2023	TOTAL
CONTRIBUTIONS	$0				$0
STABILIZATION RESERVE	$0				$0
INTEREST INCOME	$3,946				$3,946
REALIZED G/L	($4,120)				($4,120)
UNREALIZED G/L	($18,391)				($18,391)
MISCELLANEOUS	$0				$0
TOTAL INCOME	($18,565)	$0	$0	$0	($18,565)

BENEFIT EXPENSES					
PENSION BENEFITS	$0				$0
SUBTOTAL	$0	$0	$0	$0	$0

OPERATING EXPENSES					
ADMINISTRATION	$90,601				$90,601
OTHER	$256,323				$256,323
SUBTOTAL	$346,924	$0	$0	$0	$346,924

TOTAL EXPENSES	$346,924	$0	$0	$0	$346,924

TOTAL INCOME	($18,565)	$0	$0	$0	($18,565)
TOTAL EXPENSES	$346,924	$0	$0	$0	$346,924
SURPLUS (DEFICIT)	($365,489)	$0	$0	$0	($365,489)

2022
QUARTERLY RECAPS

	FIRST 2022	SECOND 2022	THIRD 2022	FOURTH 2022	TOTAL
CONTRIBUTIONS *	$0	$0	$7,756,894	$6,607,353	$14,364,247
STABILIZATION RESERVE	$0	$0	$4,000,000	$0	$4,000,000
INTEREST INCOME	$0	$0	$0	$3,607	$3,607
REALIZED G/L	$0	$0	$0	$0	$0
UNREALIZED G/L	$0	$0	$0	($36,131)	($36,131)
MISCELLANEOUS	$0	$0	$0	$0	$0
TOTAL INCOME	$0	$0	$11,756,894	$6,574,829	$18,331,723

BENEFIT EXPENSES					
PENSION BENEFITS	$0	$0	$0	$0	$0
SUBTOTAL	$0	$0	$0	$0	$0

OPERATING EXPENSES					
ADMINISTRATION	$92,744	$91,175	$88,535	$90,369	$362,823
OTHER	$276	$297	$179,102	$1,051,889	$1,231,564
SUBTOTAL	$93,020	$91,472	$267,637	$1,142,258	$1,594,387
TOTAL EXPENSES	$93,020	$91,472	$267,637	$1,142,258	$1,594,387

TOTAL INCOME	$0	$0	$11,756,894	$6,574,829	$18,331,723
TOTAL EXPENSES	$93,020	$91,472	$267,637	$1,142,258	$1,594,387
SURPLUS (DEFICIT)	($93,020)	($91,472)	$11,489,257	$5,432,571	$16,737,336

* Contributions received in 3rd quarter apply to 2021

FIRST QUARTER 2023
EXPENSES

BENEFIT EXPENSES

CATEGORY	AMOUNT
PENSION BENEFITS	$0
SUBTOTAL	$0

OPERATING EXPENSES

CATEGORY	AMOUNT
ADMINISTRATION	$90,601
ACCOUNTING	$1,460
ACCURINT	
ACTUARIAL & CONSULTING	$125,019
BONDING & INSURANCE	$755
CONFERENCE	
FIDUCIARY LIABILITY INSURANCE	$6,657
I.F.E.B.P.	
INV PERFORMANCE	$62,500
LEGAL	$58,350
MEETING	
OFFICE SUPPLIES	
PBGC	
PNC	
POSTAGE	
PRINTING	
UPS EXPENSE	$77
SEGALL BRYANT & HAMILL	
STATUTORY REP	
TELEPHONE	
ASSET MANAGEMENT FEE	$1,505
SUBTOTAL	$346,924
TOTAL EXPENSES	$346,924

PENSION ROLL
FIRST QUARTER 2023

PENSION ROLL		RETIREES	MONTHLY PAYOUT
PENSION ROLL AS OF:		0	$0
DEATH AS OF:		0	$0
PEN. APPROVED AS OF:		0	$0
ADJUSTMENTS AS OF:		0	$0
PENSION ROLL AS OF:		0	$0

PENSION DISTRIBUTION	RETIREES	MONTHLY PAYOUT
NORMAL	0	$0
EARLY - NON REDUCED	0	$0
EARLY - REDUCED	0	$0
30 & OUT	0	$0
DISABILITY	0	$0
DEF. VESTED	0	$0
EARLY VESTED	0	$0
PRE-RETIREMENT JOINT & SURVIVOR	0	$0
POST RETIREMENT JOINT & SURVIVOR	0	$0
GUARANTEED PAY	0	$0
ALTERNATE PAYEE - QDRO	0	$0
DEATH BENEFIT ANNUITY	0	$0
	0	
TOTAL	0	$0

INVOICES

UFCW AND SAFEWAY
VARIABLE ANNUITY PENSION FUND

INVOICES

JUNE 28, 2023

1. **Associated Administrators, LLC**

02/01/2023	January 2023 Admin Fees	$	30,999.30
03/01/2023	February 2023 Admin Fees		28,640.54
04/01/2023	March 2023 Admin Fees		30,961.43

2. **Cheiron**

03/20/2023	Retainer Services – February 2023	$	6,500.00
03/20/2023	Non-Retainer Services – February 2023		5,423.75
04/27/2023	Retainer Services – March 2023		6,500.00
04/27/2023	Non-Retainer Services – March 2023		2,292.50
05/30/2023	Retainer Services – April 2023		6,500.00
05/30/2023	Non-Retainer Services – April 2023		1,250.00

3. **Investment Performance Services**

06/10/2023	Fee for professional services for the quarter ending 06/30/2023	$	12,500.00

4. **Milliman**

03/23/2023	Professional Services rendered through February 28, 2023	$	9,679.28
04/28/2023	Professional Services rendered through March 31, 2023		32,379.20
05/24/2023	Professional Services rendered through April 30, 2023		3,379.50

5. **Schulte, Roth & Zabel LLP**

03/15/2023	Professional Services rendered through February 28, 2023	$	4,887.50
04/19/2023	Professional Services rendered through March 31, 2023		9,908.00

6. **Slevin & Hart, P.C.**

03/17/2023	Professional Services rendered through February 28, 2023	$	13,330.00
04/21/2023	Professional Services rendered through March 31, 2023		20,620.00
05/23/2023	Professional Services rendered through April 30. 2023		21,625.00

OTHER FUND BUSINESS

Via Electronic Mail

June 13, 2023

Board of Trustees of the UFCW and Safeway Variable Annuity Pension Fund
c/o Ms. Anne-Marie Sims
Associated Administrators, LLC
911 Ridgebrook Road
Sparks, Maryland 21152

Re: 2023 Fees for Actuarial Services for the UFCW and Safeway Variable Annuity Pension Fund

Dear Trustees:

This letter represents our proposed fees for the year 2023, pursuant to Section 2 of the Consulting Agreement between Cheiron and the UFCW and Safeway Variable Annuity Pension Fund.

A) Retainer – Historically our fee increases have been set with reference to the September CPI-U. The most recent increase, from September 2021 to September 2022, was 8.2%. Recognizing the stress of such an increase we are limiting our requested 2023 fee increase to 5%. We propose that our annual fee for retainer services effective January 1, 2023 increase from $78,000 ($6,500 per month) to $81,900 ($6,825.00 per month). Please note that we also did not increase 2022 fees in line with inflation. The two-year increase in inflation (September 2020 to September 2022) was 14.0%. The combination of our 2022 and proposed 2023 increase is 9.2%. We request that you consider the combined impact of limiting our 2022 and proposed 2023 increases as you review our proposal.

B) Non-Retainer – With respect to special consulting projects, Cheiron's hourly billing rates for our actuarial analysts and consultants will range between $165 and $525 per hour for 2023.

We look forward to working with you and the Trustees during 2023.

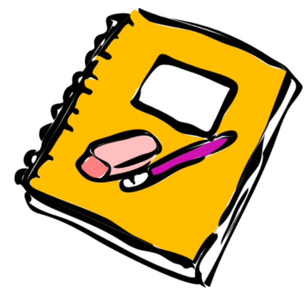
Sincerely,
Cheiron

Kevin J. Woodrich, FSA, EA
Principal Consulting Actuary

cc: Gene M. Kalwarski, Cheiron
Heath Merlak, Cheiron

Accepted and Agreed To:

____________________ ____________________
Signature Date



MEETING NOTES