UFCW – SAFEWAY
VARIABLE ANNUITY PENSION FUND
BOARD OF TRUSTEES MEETING
MARCH 5, 2024

UFCW AND SAFEWAY VARIABLE ANNUITY PENSION FUND

AGENDA

MARCH 5, 2024

I.	**CALL TO ORDER**
II.	**MINUTES (Pg. 4-10)** **A. REGULAR MEETING – DECEMBER 4, 2023**
III.	**INVESTMENT CONSULTANT'S REPORT**
IV.	**ACTUARY'S REPORT**
V.	**ATTORNEYS' REPORT**
VI.	**ADMINISTRATIVE MANAGER'S REPORT (Pg. 12-16)**
VII.	**INVOICES (Pg. 18-19)**
VIII.	**OTHER FUND BUSINESS (Pg. 21-43)**
IX.	**NEXT MEETING DATE AND LOCATION**
X.	**ADJOURNMENT**

MINUTES

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (410) 683-6500
(800) 638-2972
www.associated-admin.com

8400 Corporate Drive, Suite 430
Landover, Maryland 20785-2361
Telephone: (301) 459-3020
(800) 638-2972
www.associated-admin.com

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE UFCW AND SAFEWAY VARIABLE ANNUITY PENSION FUND VIA VIDEO CONFERENCE DECEMBER 4, 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, C. Murphy, A. Sims
Cheiron	J. Runkel, K. Woodrich
Investment Performance Services, LLC	C. McDonough
Milliman, Inc.	V. Harte, A. Shapiro
Schulte Roth & Zabel LLP	S. Niver, 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 meeting held on September 15, 2023, which were pre-circulated. In response to a question raised by Trustee Blitzstein, Ms. Sims said the minutes need to be revised to reflect the following: “Mr. McDonough reported that $1.5 million was allocated to short term investment grade income at the beginning of August 2023."

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

> **RESOLVED that the minutes of the regular meeting held on September 15, 2023 are approved, as revised.**

III. INVESTMENT CONSULTANT'S REPORT

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

A. Master Consulting Report – September 30, 2023

Mr. McDonough reviewed the Master Consulting Services report as of September 30, 2023. Such report indicated a beginning market value of $20,621,772, net cash flow of $1,560,685, and a net investment loss of $119,018, resulting in an ending market value of $22,063,439 as of September 30, 2023. He reviewed the different sectors of the market and performance of each manager.

B. Preliminary Performance Update – October 31, 2023

Mr. McDonough reviewed the preliminary monthly performance update as of October 31, 2023. Such report indicated a beginning market value of $22,063,439 net cash flow of negative $186,610, and a net investment loss of $156,558, resulting in an ending market value of $21,720,271 as of October 31, 2023.

C. Asset Allocation Review

Mr. McDonough reviewed IPS's Q3 Master Consulting Report, which was circulated in advance to the Trustees. Mr. McDonough reported that at the Trustee meeting held on

September 15, 2023, the Trustees elected to rebalance $1.77 million in excess cash to investment grade fixed income, which was completed on September 22, 2023. Mr. McDonough said that IPS recommends rebalancing the short-term investment grade fixed income closer to Policy by transferring a total of $1 million as follows: 500,000 to high yield (MacKay Shields), $150,000 to US Large Cap Growth (Northern Trust Growth Index), $150,000 to US large cap value (Northern Trust Growth Index), and $200,000 to International Equity (Northern Trust EAFE Index). Mr. McDonough noted the allocations are expected to rebalance the Fund's asset allocations closer to Policy targets as the real estate-value add (Intercontinental) allocation is funded.

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

> **RESOLVED, as recommended by IPS, to transfer $1 million from the short term investment grade fixed income portfolio as follows: $500k to high yield (MacKay Shields), $150k to US large cap growth (Northern Trust Growth Index), $150k to US large cap value (Northern Trust Value Index) and $200k to international equity (Northern Trust EAFE Index).**

D. <u>Proxy Voting</u>

Mr. McDonough reported that the U. S. Department of Labor ("DOL") recently adopted rules regarding proxy voting that apply to commingled funds with ERISA plan investors. He explained under the new DOL regulation, a commingled fund with more than one ERISA plan investor can only follow its own proxy voting policy if: (i) there is no conflict between the proxy voting policies of any of the investing ERISA plans or (ii) the ERISA plan investors have accepted the proxy voting policy of the commingled fund manager. Mr. McDonough noted the Funds Investment Policy Statement delegated the duty to vote proxies to the investment managers or a qualified third party and acknowledges the ability to utilize commingled funds as investment vehicles. He stated that this means there should be no conflict with an investment manager's proxy voting policy and, therefore, it is permissible for the investment manager to follow its own proxy policy. Mr. McDonough noted that some Investment managers may issue correspondence on this subject and, if the Fund does receive correspondence from an investment manager that requires affirmative acceptance of the manager's proxy policy, IPS recommends that the Fund affirmatively accept, subject to review and approval by Fund counsel.

The Trustees thanked Mr. McDonough for his report.

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

Mr. Kevin Woodrich and Mr. Justin Runkel of Cheiron were welcomed to the meeting.

Mr. Woodrich presented the Actuarial Valuation Report prepared by Cheiron as of January 1, 2023 which had been circulated to the Trustees prior to the meeting. Mr. Woodrich reviewed the valuation highlights, noting the Minimum Required Contribution ("MRC") is $3,943,743 for 2023. He reported that the contribution requirement under the Collective Bargaining Agreement is $7,218,533 for 2023. He stated the funded status of the plan based upon the adjusted funding target attainment percentage ("AFTAP) decreased to 123.75% as of January 1, 2023 from 157.32% as of January 1, 2022. Mr. Woodrich reminded the Trustees that the Board amended the Plan to deem the investment rate of return to be 5.50% for the 2022 plan year for purposes of determining the Annual Adjustment Rate. As a result, although the investment rate of return for 2022 is -0.78%, the 2022 Annual Adjustment Rate is 1.0 and there would be no adjustment to benefits effective January 1, 2024.

Mr. Woodrich reported that in accordance with the Collective Bargaining Agreement, Safeway's contributions are made on a monthly basis. He reviewed a contribution schedule that assumes a contribution of $678,293 will be made by December 15, 2023 to satisfy the 2023 contribution obligation under the collective bargaining agreement, and reported that monthly contributions of $617,383 will be due commencing January 2024.

Mr. Harte stated that Milliman is in agreement with Cheiron's Actuarial Valuation as presented.

The Trustees thanked Mr. Woodrich and Mr. Runkel for their presentation.

V. ATTORNEY'S REPORT

A. Required Minimum Distribution ("RMD") - Voluntary Correction Program ("VCP")

Ms. Sanchez reported on the required minimum distribution rules under the Fund and discussed the option to correct any late distributions using the IRS VCP program. Ms. Niver stated that the only way to eliminate excise taxes on participants is to utilize the VCP program.

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

> **RESOLVED, to delegate authority to Chairman and Secretary the authority to decide how to correct past due required minimum distributions.**

B. Cybersecurity Contract Addendum and Questionnaires

Ms. Sanchez reported on the cybersecurity questionnaires and addendums that the Fund office had sent to Fund service providers on behalf of the Fund.

C. Cybersecurity Consulting Work

Ms. Sanchez reported on Cybersecurity consultant options. The results of an RFP for another retail food industry fund were included in the materials for the Trustees. Upon discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED, to select Segal as the Fund's cybersecurity consultant to review the completed cybersecurity questionnaire responses**

received from the Fund's providers, at a rate not to exceed $650, per vendor.

D. Summary Plan Description/Application and Election Forms

Ms. Sanchez reported on the status of the Summary Plan Description and benefit application and election forms.

E. Annual Adjustment Rate

Ms. Sanchez reported that the Annual Adjustment Rate for 2022 is 1.0 and no adjustments to benefits are due.

F. Department of Treasury

Ms. Sanchez reported on IRS guidance regarding mandatory electronic filing of certain tax forms

VI. ADMINISTRATIVE MANAGER'S REPORT

Ms. Sims presented the Administrative Manager's Report for the third quarter of 2023. She reported regular employer contributions of $1,839,042, interest gain of $52,556, realized loss of $567 and unrealized loss of $103,959, resulting in total income of $1,787,072 for the quarter. Expenses for the third quarter 2023 totaled $345,676, resulting in a gain of $1,441,396 for the quarter. Discussion was tabled for executive session.

VII. INVOICES

The Trustees reviewed the list of invoices dated December 4, 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 December 4, 2023 are approved for payment.

VIII. OTHER FUND BUSINESS

A. Associated Administrators Administrative Services Agreement Renewal

Ms. Sims presented and summarized Associated's renewal proposal for 2024, 2025 and 2026. The proposal requests increases in the monthly administrative services fee by 3% in 2024 for a monthly fee of $5.57 per member, 3% in 2025 for a monthly fee of $5.74 per member and 3% in 2026 for a monthly fee of $5.91 per member.

B. Form 5500

Ms. Sims reported the Form 5500 was timely filed for the Plan Year 2022.

C. PBGC Premium Filing – 2023

Ms. Sims reported the PBGC premium had been timely filed for Plan Year 2023 totaling $586,176.00.

IX. EXECUTIVE SESSION

The Trustees and Co-Counsel went into an executive session after reviewing the meeting dates and agreed to adjourn the meeting after the executive session.

X. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the next regular Board meetings for the following:

March 5, 2024 at 10AM

June 11, 2024 at 10AM

September 16, 2024 at 10AM

December 9, 2024 at 10AM

XI. ADJOURNMENT

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

Respectfully submitted,

Mark Federici, Chairman

Ufcwsfwayvap12042023draft

23030192v1

ADMINISTRATIVE MANAGER’S REPORT

`

UFCW AND SAFEWAY

VARIABLE ANNUITY PENSION FUND

FOURTH QUARTER 2023

ADMINISTRATIVE MANAGER'S REPORT

2023 QUARTERLY RECAPS

	FIRST 2023	SECOND 2023	THIRD 2023	FOURTH 2023	TOTAL
CONTRIBUTIONS *	$0	$4,339,947	$1,839,042	$1,904,321	$8,083,310
STABILIZATION RESERVE	$0	$0	$0	$0	$0
INTEREST ON RETROACTIVE CONTRIBUTIONS **	$0	$19,747	$0	$0	$19,747
INTEREST INCOME	$3,946	($7,233)	$52,556	$128,894	$178,163
REALIZED G/L	($4,120)	$3,445	($567)	$6,952	$5,710
UNREALIZED G/L	($18,391)	($118,736)	($103,959)	$372,476	$131,390
MISCELLANEOUS	$0	$0	$0	$0	$0
TOTAL INCOME	($18,565)	$4,237,170	$1,787,072	$2,412,643	$8,418,320

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

OPERATING EXPENSES					
ADMINISTRATION	$90,601	$87,355	$87,220	$87,377	$352,553
OTHER	$256,323	$1,468	$258,456	$794,984	$1,311,231
SUBTOTAL	$346,924	$88,823	$345,676	$882,361	$1,663,784
TOTAL EXPENSES	$346,924	$88,823	$345,676	$882,361	$1,663,784

TOTAL INCOME	($18,565)	$4,237,170	$1,787,072	$2,412,643	$8,418,320
TOTAL EXPENSES	$346,924	$88,823	$345,676	$882,361	$1,663,784
SURPLUS (DEFICIT)	($365,489)	$4,148,347	$1,441,396	$1,530,282	$6,754,536

Operating Cash Balance as of 12/31/23: ($2,272,128.34)

Stabilization Reserve as of 12/31/23: $3,796,290.75

* Includes $661,863.00 in contributions for 2022

** Includes $4,493.00 in interest for 2022

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

FOURTH QUARTER 2023
EXPENSES

BENEFIT EXPENSES

CATEGORY	AMOUNT
PENSION BENEFITS	$0
SUBTOTAL	$0

OPERATING EXPENSES

CATEGORY	AMOUNT
ADMINISTRATION	$87,377
ACCOUNTING	$23,055
ACCURINT	
ACTUARIAL & CONSULTING	$71,093
BONDING & INSURANCE	
CONFERENCE	
FIDUCIARY LIABILITY INSURANCE	
I.F.E.B.P.	
INV PERFORMANCE	$30,000
LEGAL	$75,973
MEETING	
OFFICE SUPPLIES	
PBGC	$586,176
PNC	
POSTAGE	
PRINTING	$199
UPS EXPENSE	
SEGALL BRYANT & HAMILL	
STATUTORY REP	
TELEPHONE	
ASSET MANAGEMENT FEE	$8,488
SUBTOTAL	$882,361
TOTAL EXPENSES	$882,361

PENSION ROLL
FOURTH 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

MARCH 5, 2024

1. Associated Administrators, LLC

11/01/2023	October 2023 Admin Fees	$	28,819.07
12/01/2023	November 2023 Admin Fees	$	29,327.61
01/01/2024	December 2023 Admin Fees	$	29,230.23

2. Calibre

11/29/2023	Billing for Year End 12/31/2022 Audit Services	$	3,375.00

3. Chartwell

12/31/2023	Investment Management Fee for period ending Dec. 31, 2023-#797	$	4,848.96
12/31/2023	Investment Management Fee for period ending Dec. 31, 2023-#798	$	3,476.86

4. Cheiron

01/04/2024	Non-Retainer Services – November 2023	$	710.00
01/04/2024	Retainer Services – December 2023	$	6,825.00
01/15/2024	Non-Retainer Services – December 2023	$	3,837.50
01/15/2024	Retainer Services – January 2024	$	6,825.00

5. Investment Performance Services

12/08/2023	Professional Services rendered through 12/31/2023	$	22,500.00

6. Milliman

12/04/2023	Services rendered for the period 10/01/2023 through 10/31/2023	$	12,622.02
12/14/2023	Services rendered for the period 11/01/2023 through 11/30/2023	$	13,994.17
01/29/2024	Services rendered for the period 12/01/2023 through 12/31/2023	$	1,527.61
02/16/2024	Services rendered for the period 1/1/2024 through 1/31/2024	$	2,632.38

7. Northern Trust

12/31/2023	Services rendered for the period 10/01/2023 through 12./31/2023	$	443.82

8. Schulte Roth & Zabel LLP

12/06/2023	Professional Services rendered through November 30, 2023	$	4,802.50
01/26/2024	Professional Services rendered through December 31, 2023	$	5,470.50

9. Slevin & Hart, P.C.

12/21/2023	Professional Services rendered through November 30, 2023	$	12,985.00
01/22/2024	Professional Services rendered through December 31, 2023	$	5,122.50

OTHER FUND BUSINESS

UFCW and Safeway Variable Annuity Pension Fund

Cyber Liability Insurance

February 22, 2024

Segal

333 West 34th Street
New York, NY 10001-2402
T 212.251.5000
212.251.5490
segalco.com
CA License No. 0I06323

Memorandum

To: Anne-Marie Sims
Fund Administrator

From: Eric Lambert
Associate Consultant

Date: February 22, 2024

Re: **Cyber Liability Insurance**
UFCW and Safeway Variable Annuity Pension Fund

Thank you for the opportunity to provide a Cyber Liability quotation for the Trustees' consideration.

Travelers quoted a $2,000,000 limit and is unable to quote a higher limit for this Fund. If there is interest in higher limits, a $1,000,000 or $2,000,000 limit excess policy quote can be provided over Travelers' $2,000,000 limit policy.

Our recommendation is to bind the $2,000,000 limit quote now, and if there is interest in higher limits, an excess policy quote will be provided. Our recommendation is based on broad scope of coverage, retentions and premiums which are competitive in this current market.

Please note, the quote is <u>not</u> bindable until Travelers' receipt and satisfactory review of the items listed in the "Subjectivities" section on page 5.

Carrier	Premium & Named Insured	Limit of Liability	Retentions	Renewal Summary
Travelers	$4,108	$1-million Response + 100,000 Notifications + $2-million Aggregate	$0 Investigation 100 Notifications $2,500 All Other Coverages	Key decision variables: broad scope of coverage, market competitive premium and retention levels.

In addition, the following carriers were approached, below find their responses:

Carrier	Market Response
AIG	No response to date
Chubb	No response to date
Hartford	No response to date

Additional information is available in the attached sections. If you would like samples of any quoted policy forms or endorsements, please let us know and we will provide them to you.

Please provide binding instructions within 30 days. Binding instructions received after this date may result in changes or withdrawal of the quoted terms. Once quotations have been released, if we have not received contrary instructions from you by the expiration date, we will bind coverage with the recommended insurer in order to avoid a lapse in coverage. Please note that insurance coverage cannot be bound or via email, voicemail, text, or fax unless confirmed by a licensed broker.

If you have any questions, please contact our client team:

- **Broker:**
  Eric Lambert
  Associate Consultant
  959.895.0094
  elambert@segalco.com

- **Lead Regional Consultant:**
  Christian N. Hesse
  Senior Consultant
  212.251.5218
  chesse@segalco.com

Table of Contents

Premium & Coverage Summary 1
Travelers 1

Policy Analyses 3
Scope of Coverage 3
Limit of Liability 3
Premium 3
Continuity 4
Carrier Services 4
Surplus Lines Disclosure 4

Subjectivities 5

Supplemental Information & Disclosures 6
Notice of incident, claim or circumstances 6
Extended reporting period 6
Insured's obligation to notify the insurer 6
Insurance carrier ratings 7
Proposal advisory 7

Premium & Coverage Summary[1]

Travelers

	Quote
Description	**Travelers**
Policy Summary	
Policy Period	12 months
Pending & Prior Litigation Date	At inception
Knowledge Date	At inception
Retroactive Date	Full Prior Acts Coverage
Admitted Status	Admitted
Basic Premium	$4,108
1st Party Expense & 3rd Party Liability	
Aggregate Limit of Liability[2]	$2-million
Retention	$2,500
Waiting Period	8 hours
• Accounting Costs Coverage	✓ $25,000 sublimit
• Additional Response Costs	✓
• Betterment Coverage	✓ $100,000 sublimit, 50% Coinsurance
• Blanket Additional Insured	✓
• Business Interruption	✓
• Computer Fraud Coverage	✓ $250,000 Sublimit
• Consequential Reputational Loss	✓ $250,000 Sublimit
• Contingent Bodily Injury carveback	✓
• Contingent Business Interruption Loss – Malicious Acts	✓ $100,000 Sublimit
• Contingent Business Interruption Loss – Non-Malicious Acts	✓ $100,000 Sublimit
• Criminal Reward Coverage	✓ $25,000 sublimit, $0 retention
• Data Protection	✓

1 These policy summaries are not an exhaustive list and are not legal interpretations of coverage. Insurance policies are legal contracts that counsel should review.

2 This limit can also apply as excess over the first party response and/or breach notification limits.

	Quote
Description	**Travelers**
• Funds Transfer Fraud	✓ $250,000 Sublimit
• GDPR Coverage	✓
• Media Liability	✓
• No ERISA Exclusion	✓
• Non-Panel Service Provider	×
• Personal Device Coverage	✓
• PCI Fines & Penalties	✓
• Public Relations and Crisis Management	✓
• Ransomware/Extortion	✓
• Regulatory Defense/Penalties	✓
• Security & Privacy Liability	✓
• Social Engineering Fraud Loss	✓ $250,000 Sublimit
• State Amendatory Endorsement(s)	✓
• System Failure	✓
• Telecommunication Fraud	✓ $250,000 Sublimit
• Vendor/Client Payment Fraud Endorsement	✓ $250,000 Sublimit
First Party Response – Legal/Forensics	
• Aggregate Limit of Liability	$1-million
• Retention	$0
• Forensics	✓
• Legal Expenses	✓
Breach Notification Services	
• Aggregate Limit of Liability	100,000 Notifications
• Retention/Threshold	Required notification of 100 individuals
• Call Center Services	✓
• Required Notifications	✓
• Credit/Identity Monitoring	✓
• Voluntary Notifications	✓

Policy Analyses

Scope of Coverage

Cyber Liability offers many insuring agreements, each of which should be reviewed as they provide specific types of coverage. Many policies include incident response services and expenses (first party) and coverage for liability claims that may subsequently arise (third party), but significant differences exist between insuring agreements.

Travelers provides a broad scope of coverage, including but not limited to:

- Sub-limited Social Engineering Fraud, Computer Fraud, and Funds Transfer Fraud coverages;
- GDPR coverage for non-compliance with obligations under the EU General Data Protection Regulation (or legislation in the relevant jurisdiction implementing this Regulation);
- Accounting Costs coverage provides a $25,000 sublimit. Provides coverage for reasonable fees or costs of a forensic accounting firm, incurred by the Insured Entity, to calculate Income Loss, even if such calculation shows there has been no Income Loss;
- Betterment Costs coverage, which provides a $100,000 sublimit subject to a 50% co-participation clause. Provides coverage for reasonable costs incurred and paid by the Insured, with the Insurer’s written consent, for hardware or software to improve a Computer System after a Security Breach;
- Criminal Reward coverage, subject to a $25,000 sublimit;
- Additional Response Costs coverage, which allows the third party limit of liability to apply excess over the breach response and/or notification limits should those be exhausted by a covered incident;
- Personal Device Coverage, which provides coverage for breaches incurred via an insured person’s personal device, rather than a fund-owned device, in the course of transacting business on behalf of the Insured Organization.

Limit of Liability

Travelers aggregates their First Party and Third Party Coverages together, provides coverage for 100,000 Notifications on a second limit, and a $1-million limit for Legal Expenses/Forensics on a third. These limits are separate and do not dilute each other. In addition, with Travelers’ Additional Response Costs enhancement, unused Third Party Liability limits may be used as excess over the First Party Response and/or Notification limits.

Premium

Travelers’ quote is competitive in the current market.

Continuity

Continuity is a concept addressing the scope of coverage provided by a renewal policy from the incumbent carrier or a new policy from a new carrier. The policy in force when a claim is made will determine whether coverage is or is not provided. When renewing coverage with the incumbent or moving coverage to a new carrier, the insured should determine whether the renewal (or new) policy will provide at least the same scope of coverage as the expiring policy. In particular, a new carrier may wish to limit coverage in some fashion.

To maintain continuity, any additional policy exclusions, new Pending & Prior Litigation dates, and/or new Prior Acts dates should be reviewed.

Carrier Services

Cyber Liability Insurance carriers may also provide various pre- and post-breach services to their policyholders. While these services vary between carriers and may be subject to separate, discounted rates, they can include:

- Online Cyber Security Education including Security Awareness Basics and Security Awareness for Information Technology;
- Network Vulnerability Scans;
- Password Defense services;
- Phishing simulations to test your workforce with a simulated email attack;
- Online portal for policyholders with additional services and information;
- 24-hour hotline and email to report potential breach events.

Surplus Lines Disclosure

Insurance may not be available in the admitted insurance marketplace which requires Segal to obtain proposals from non-admitted carriers. These policies may be available on an excess and surplus lines basis in states pursuant to applicable insurance laws governing the placement of these policies with non-admitted insurers.

The premium would be subject to a state surplus lines, excise or other taxes and/or fees. The carrier may impose an agency policy fee. Segal will invoice for these payment requirements when required to do so. When a policy is available only on an excess and surplus lines basis, the insured has no recourse with the state's insurance guarantee funds in the event the surplus lines carrier should become insolvent or if there are any disputes with the carrier.

For more information, please visit or Services and Compensation page here.

Subjectivities

This section summarizes the additional information the carrier will require in order to bind coverage. All subjectivities must be received and accepted by the carrier before coverage can be bound.

Travelers

- Travelers will waive the MFA attestation if all three questions below are answered 'No' i.e.:
  1. Does the Fund have any employees?
  2. Does the fund have an email system of its own? (i.e. not trustees' personal email.)
  3. Does the fund manage its own network either on-premises or cloud-based?

- Completed, signed and dated Social Engineering Fraud Application.

Supplemental Information & Disclosures

While many insurance policies may follow a similar format, substantial differences exist between carriers. Segal recommends Insureds familiarize themselves with the policy's basic coverage features, especially those that require action on their part, and that legal counsel review all insurance policies.

Notice of incident, claim or circumstances

Please carefully review any incident reporting instructions. Failure to timely and properly report a claim may jeopardize coverage for expenses or claims. In addition, you should retain copies of all insurance policies and coverage documents as well as incident reporting instructions after termination of the policies because in some cases you may need to report an incident after termination of a policy.

Disclosure in an application does not meet these terms and conditions. All regulatory audits or investigations should be treated as a claim and noticed to the insurance carrier as soon as the first written communication from a regulatory agency is received.

Notice must be in accordance with the policy's terms and conditions and must be sent to a designated address. All electronic claim notifications to be processed by Segal must be sent to claims@segalco.com. Please copy your broker team on any notification, but Segal is not responsible for the processing of any electronic claim notification if it is not addressed to claims@segalco.com.

Extended reporting period

Should consideration be made to move coverage from one carrier to another, or there is a material change in terms and conditions, the Insured may also consider purchasing an Extended Reporting Period (ERP), commonly known as "Tail Coverage." An ERP provides the Insured additional time to report claims or circumstances that occurred up to the date of the policy's expiration. This coverage is available for an additional premium and period to be determined by the carrier. Some policies may also offer an automatic ERP for no additional premium. Please review your policy for specific terms and conditions.

Insured's obligation to notify the insurer

In addition to an obligation to notice the insurer of any claim or circumstance as soon as practicable, the policy will, or may, obligate the Insured to provide notice to the insurer in other instances.

Insurance carrier ratings

Insurance brokers rely on financial rating services such as A.M. Best and Standard & Poor's. All financial ratings are subject to periodic review and therefore, it is important to obtain ratings from each service. If you need information about the financial statements of any of the insurance companies being proposed so you can make your own assessment of the financial strength of the companies being offered in this proposal, please contact us.

Both A.M. Best and Standard & Poor's websites can provide the publicly available information collected to enable you to make an informed decision to accept or reject a particular carrier. To learn more, please visit them at www.ambest.com and www.spglobal.com.

Proposal advisory

This quote memo is a summary of coverage forms, limits of insurance, endorsements and other terms and conditions of the carrier quotations. Please review quotes and policies with legal counsel for specific terms, conditions, limitations, exclusions or the calculation of premiums that will govern in the event of a loss.

This quote memo does not amend, or otherwise affect, the provisions of coverage of any resulting insurance policy issued by any insurance company to you. It is your responsibility to check the policy or policies being purchased for accuracy.

This proposal is not a representation that coverage does or does not exist for any particular claim or loss under any policy. Coverage depends on the applicable provisions of the actual policy issued, the facts and circumstances involved in each claim or loss, and any applicable law.

You, the proposed Insured, represent and warrant that the information provided by you in connection with the application for insurance is complete and accurate through the later of the date that (1) coverage is bound or (2) coverage becomes effective. You agree to immediately notify Segal, in writing, if any of the information included in the application changes between the date the application for quotation/insurance coverage is submitted and the later of (1) the date of the quotation or the date coverage is bound or (2) the effective date of coverage. You understand and acknowledge that the quoting insurance carriers may reserve the right to withdraw or amend any outstanding quotations based upon such changes and that Segal will not have any liability whatsoever for the decisions of any quoting insurance carriers based on any such changes.

Your Organization May Need a Range of Insurance Coverage

Type of Insurance	Protection
Fiduciary liability coverage	Allegations of breach of fiduciary duty and administrative errors
Cyber liability coverage	Data incidents, breach events, ransomware or malware attacks and social engineering fraud at your organization or at one of your vendors
Employment practices liability	Allegations of harassment or discrimination in employment made by an employee or a third party (non-employee)
Fidelity bond (mandated by ERISA or LMRDA)	Losses related to employee to fraud, dishonesty, and/or third-party crime
Crime coverage	Losses related to theft and forgery, such as fraudulent electronic funds transfer coverage, manipulation of computer systems, including by employees and third-party losses, such as social engineering fraud
Educators' liability coverage	Allegations of improper or insufficient training or hiring practices including libel, slander, plagiarism and trademark/copyright violations
Directors' and officers' or union liability coverage	Allegations of malpractice (wrongful errors and omissions, fair representation or personal injury) against a board of directors or union officers, respectively
Employed lawyers coverage	Allegations of legal malpractice by in-house attorneys and legal assistants, including when "moonlighting" and providing pro bono legal services
Medical professional coverage	Allegations of wrongful medical professional practices and services including exposures to HIPAA proceedings
Errors and omissions (E&O) or managed care E&O coverage	Protection for acts of your professional services specifically tailored to meet the client services provided
Media insurance	Coverage for traditional electronic and print media as well as coverage crafted for social media, including defamation and copyright infringement
Student accident	Injury of students, volunteers or other participants in formal instruction or training programs
Travel accident coverage	Accidental death and dismemberment during business travel or available to students learning on the job
Workplace violence/ active shooter coverage	Indemnify for specific expenses, business interruption and third-party legal liability for a covered event
Business property coverage	Structural damage to owned, leased or rented property from fire, vandalism or theft
Business personal property coverage	Office equipment resulting from a covered loss on or off premises
Business income/ extra expense coverage	Forced closure due to direct physical loss or damage to premises resulting from a covered cause of loss
Business liability coverage	Business found legally responsible for causing injuries or damages to third parties
Business auto coverage	Owned or leased vehicles used for business purposes
Non-owned auto coverage	Employees using their personal vehicles for business purposes

Hired auto coverage	Autos leased, hired or borrowed by employees in the short term for business purposes
Umbrella liability coverage	Liability coverage in excess of primary liability policies including customized coverage
Flood and earthquake coverage	Property damage from a flood resulting from hurricanes, tropical storms and heavy rains as well as natural disasters such as earthquakes
Equipment breakdown coverage	Equipment failure due to a breakdown
Employee tools and equipment coverage	Tools and equipment used for training or business
Event cancellation	Unforeseen losses related to hosting cancelled or postponed covered events to protect your investment

CALIBRE
CPA GROUP
7501 WISCONSIN AVENUE | SUITE 1200 WEST
BETHESDA, MD 20814
202.331.9880 PHONE | 202.331.9890 FAX

Board of Trustees
UFCW and Safeway Variable Annuity Pension Fund
c/o Associated Administrators, LLC
8400 Corporate Drive, Suite 430
Landover, MD 20785

March 5, 2024

DECEMBER 31, 2023 – AUDIT ENGAGEMENT LETTER

We are pleased to confirm our understanding of the services we are to provide for the UFCW and Safeway Variable Annuity Pension Fund (the Fund) for the year ending December 31, 2023, in connection with its annual reporting obligation under the Employee Retirement Income Security Act of 1974 (ERISA).

Audit Scope and Objectives

We will audit the financial statements of the UFCW and Safeway Variable Annuity Pension Fund, which comprise the statement of net assets available for benefits for the year ending December 31, 2023, and the related statement of changes in net assets available for benefits for the year then ended, and the disclosures (collectively, the "financial statements"), and report on the supplemental schedules of the Fund for the year ending December 31, 2023. Also, the following supplementary information accompanying the financial statements, as applicable, will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS), and we will report on whether the information is fairly stated in all material respects in relation to the financial statements as a whole in a separate written report accompanying our auditor's report on the financial statements:

1) Assets (Held at End of Year) and Assets (Acquired and Disposed of Within Year).
2) Loans or Fixed Income Obligations in Default or Classified as Uncollectible.
3) Leases in Default or Classified as Uncollectible.
4) Reportable Transactions.
5) Nonexempt Transactions.

These financial statements and supplemental schedules are required to be included in the Fund's Form 5500 filing with the Employee Benefits Security Administration (EBSA) of the Department of Labor (DOL).

Audit Scope and Objectives (continued)

The supplemental schedules are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplementary information required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

The objective of our audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of the accounting records of the Fund and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations, including prohibited transactions with parties in interest or other violations of ERISA rules and regulations, that are attributable to the Fund or to acts by management or employees acting on behalf of the Fund.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements.

However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential and will include prohibited transactions in the supplemental schedule of nonexempt transactions as required by the instructions to Form 5500. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will obtain an understanding of the Fund and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of investments, Fund obligations, and certain other assets and liabilities by correspondence with financial institutions, actuaries and other third parties. We will also request written representations from your attorneys as part of the engagement.

In addition, we will perform certain procedures directed at considering the Fund's compliance with applicable Internal Revenue Service (IRS) requirements for tax exempt status and ERISA plan qualification requirements. However, you should understand that our audit is not specifically designed for and should not be relied upon to disclose matters affecting Fund qualifications or compliance with the ERISA and IRS requirements. If during the audit we become aware of any instances of any such

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

matters or ways in which management practices can be improved, we will communicate them to you.

We will not disclose information regarding the Fund or its participants ("Fund Information") to parties other than the Fund except as necessary to perform services under this Agreement, or as required by law with advance notice to the Fund and consistent with the terms of this letter. We will take all appropriate and reasonable measures to ensure and maintain confidentiality regarding Fund Information and all matters involving the Fund. In the event of any disclosure of Fund Information inconsistent with the preceding sentence, or any unauthorized access by a third party of Fund Information maintained by Calibre, we shall notify the Fund of the disclosure or unauthorized access immediately, and in no event later than ten (10) days after discovery of the disclosure or unauthorized access of Fund Information. Such notice will be in writing and will include all relevant details of the disclosure or unauthorized access, including but not limited to the date on which the disclosure or unauthorized access occurred, the information that was disclosed or accessed, the number of Fund participants and beneficiaries affected, if applicable, the steps being taken to remedy the effects of the disclosure or unauthorized access, and any other information required to be disclosed to the Fund under any applicable state or federal law. We will provide the Fund with new information regarding the disclosure or unauthorized access immediately upon learning or receiving such information. To help respond to the disclosure or unauthorized access of Fund information that was caused by us, we will maintain, in full force and effect, cyber liability insurance in the amount of $5 million that covers costs under applicable state or federal law, including costs for providing notice of the disclosure or unauthorized access to any affected individuals. To the extent the Fund pays any amount, whether characterized as a cost, penalty, fine or otherwise, relating to a disclosure of, or unauthorized access to, Fund Information that was caused by Calibre, Calibre will reimburse the Fund for the full amount of any such expense.

We shall indemnify, defend, and hold harmless the Fund, its Board of Trustees, and agents from and against any and all claims, actions, demands, costs, and expenses, including reasonable attorneys' fees and disbursements, as a result of Calibre CPA Group, PLLC's gross negligence, willful misconduct, or fraud as finally determined by a court of competent jurisdiction, arbitrator, or other trier of fact.

Other Services

We will prepare the Fund's Form 5500, including required schedules, for the year ending December 31, 2023, based on information provided by you. After we have completed the Fund's Form 5500 and required schedules, we will authorize the Fund to include our auditor's report on the financial statements and supplemental schedules with the

Other Services (continued)

Fund's Form 5500 filing. The Form 5500 filing will be electronically filed by Calibre CPA Group, PLLC, in coordination with proper Trustee obtained signing credentials. We will assist the Fund with preparation of the Summary Annual Report (SAR) and the Form 8955 – SSA.

We will assist in preparing the financial statements of the Fund in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and Form 5500 services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to the preparation of the Form 5500, but management must make all decisions with regard to those matters.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for establishing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; for establishing an accounting and financial reporting process for determining appropriate fair value measurements; for the acceptance of the actuarial methods and assumptions used by the actuary and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties, parties in interest, and all related-party and party-in-interest relationships and transactions, and other matters; (2) additional information that we may reasonably request for the purpose of the audit; and (3) unrestricted access to employees of the Fund's third party administrator, from whom we determine it necessary to obtain audit evidence. You are also responsible for maintaining a current plan instrument, including all plan amendments; for administering the plan and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the

Responsibilities of Management for the Financial Statements (continued)

plan's provisions, including maintaining sufficient records with respect to each of the participants to determine the benefits due or which may become due to such participants. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

We will advise management about appropriate accounting principles and their application and, as requested by the Trustees, we will assist in the preparation of the financial statements, but the responsibility for the financial statements remains with management.

We understand that while the Board of Trustees is responsible for the Plan's financial statements, the Trustees have delegated the record keeping tasks, including the establishment and maintenance of adequate records, to a third-party administrator. The third-party administrator is responsible for adjusting the financial statements, to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Fund involving (1) Fund management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Fund received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Fund complies with applicable laws and regulations. You are responsible for the fair presentation of the supplemental schedules and the form and content of the supplemental schedules in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume management responsibilities for the tax services (Form 5500) and any other non-attest services we provide by accepting responsibility for the non-attest services once the services are determined by a designated individual with suitable skill, knowledge and experience evaluating the adequacy of the results of the non-attest services to be true, correct, and complete, to the best of your knowledge.

Engagement Administration, Fees, and Other

We understand that your third-party administrator – Associated Administrators, LLC – will assist us in preparing schedules, analyses, and confirmations for mailing, as well as assist us in locating any invoices or other documents selected for testing.

The audit documentation for this engagement is the property of Calibre CPA Group, PLLC and constitutes confidential information.

However, we may be requested to make certain audit documentation available to the U.S. Department of Labor pursuant to authority given to it by law. If the Department of Labor asks to review audit documentation relating to the Fund that is the property of Calibre CPA Group, PLLC, we will notify the Fund at least 5 business days in advance of any disclosure to the Department of Labor. Access by the Department of Labor to the aforementioned audit documentation will be provided under the supervision of Calibre CPA Group, PLLC personnel. Calibre CPA Group, PLLC will not provide to the Department of Labor any information that is the property of the Fund unless the Fund has given Calibre express written permission to do so.

Our firm, as well as other accounting firms, participates in the AICPA's peer review program covering our audit and accounting practices. Under this program, our system of quality control is subjected to a peer review by a team of certified public accountants by the state administering entity. As part of this peer review, the team will review a sample of our work. It is possible that the work we perform for you may be selected for their review. If it is, the team is bound by professional standards to keep all information confidential.

Joseph M. Herishen, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report.

Our fee cap for our services under this engagement letter for the year ending December 31, 2023, is $32,000. This is an increase of $6,125, over the prior year fee cap. The noted 2023 fee cap increase is due to the inception of variable annuity pension benefit payments – obligations sampled as part of the annual audit procedures and documentation. The fee cap also accounts for the auditing procedures applied to the December 31, 2023 increased general ledger activity. If actual hours produce a lower fee, we will, of course, bill you for the lesser amount. The fee cap is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

Engagement Administration, Fees, and Other (continued)

Our invoices for these fees may be rendered as work progresses and, to the extent undisputed, are payable within ninety (90) days after presentation. Should the Board of Trustees desire any additional accounting, tax or consulting services rendered outside of the scope of the annual audit, these services will be billed at the appropriate rate for the personnel used for the engagement, as outlined below.

Our professional hourly rate structure for our services under this engagement letter for the Year End December 31, 2023, is as follows:

Partners	$365.00
Managers	$270.00 to $300.00
Staff Accountants	$155.00 to $269.00
Paraprofessionals	$ 90.00

Our fees for these services will be based on the actual time spent at our standard hourly rates, plus out-of-pocket costs. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these services will be rendered as work progresses. We will not subcontract any of our services for this engagement without the written authorization of the Fund's Board of Trustees.

This Engagement Letter will be governed by ERISA, and to the extent not preempted, the laws of the State of Maryland. This Engagement Letter embodies the entire agreement and understanding between the parties hereto and supersedes all prior oral and written communications between them. The terms hereof may be modified or amended only by a written agreement signed by each of the parties hereto. This Engagement Letter may not be assigned without the express advance written approval of each of the parties hereto.

Reporting

We will issue a written report upon completion of our audit of the Fund's financial statements. Our report will be addressed to the Board of Trustees of the UFCW and Safeway Variable Annuity Pension Fund. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph to our auditor's report. If our opinion is other than unmodified, we will discuss the reasons with you in

Reporting (continued)

advance. If, for any reason circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report as a result of this engagement.

We appreciate the opportunity to be of service to the UFCW and Safeway Variable Annuity Pension Fund and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy, and return it to us.

Sincerely,

Calibre CPA Group, PLLC

Calibre CPA Group, PLLC

cc: Susan Bernstein
Sarah Sanchez

RESPONSE:

This letter correctly sets forth the understanding of the UFCW and Safeway Variable Annuity Pension Fund.

Signed: ____________________	Signed: ____________________
Title: ____________________	Title: ____________________
Date: ____________________	Date: ____________________

Via Electronic Mail

January 17, 2024

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

Re: 2024 Fees for Actuarial Services for the UFCW and Safeway Variable Annuity Pension Plan

Dear Trustees:

This letter represents our proposed fees for the year 2024, pursuant to Section 2 of the Consulting Agreement between Cheiron and the UFCW and Safeway Variable Annuity Pension Plan.

A) Retainer – We propose that our annual fee for retainer services effective January 1, 2024 increase of 3.5% from $81,900 ($6,825 per month) to $84,768 ($7,064 per month). Historically our fee increases have been set with reference to the September CPI-U. The most recent increase, from September 2022 to September 2023, was 3.7%.

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 $530 per hour for 2024.

We look forward to working with you and the Trustees during 2024.

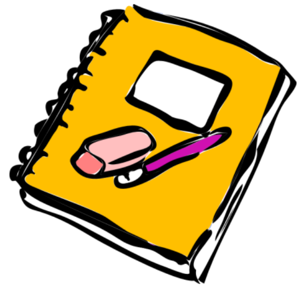
Sincerely,
Cheiron

Kevin J. Woodrich, FSA, EA
Principal Consulting Actuary

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

Accepted and Agreed To:

____________________ ____________________
Signature Date



MEETING NOTES