FELRA & UFCW Health & Welfare Plan
A Plan of the Food Employers Labor Relations Association
and United Food and Commercial Workers
VEBA Fund

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 FELRA AND UFCW VEBA FUND APRIL 12, 2017 LINTHICUM, MARYLAND

The following Trustees were present:

Union Trustees	Employer Trustees
M. Federici - Secretary	J. Paradis - Chairman
J. Chorpenning	D. Dosenbach
A. Hanson	W. Meisen

Also present were:

Y. Anwar - UFCW Local 400
M. Bramstaedt - The Segal Company
H. Burton - Morgan, Lewis & Bockius, LLP
L. DuVall - Associated Administrators, LLC
J. Hack – UFCW Local 27
N. Hill - UFCW Local 27
C. Hoffmann - UFCW Local 400
N. Jacobs - UFCW Local 400
W. Jensen - Associated Administrators, LLC
G. Murphy - UFCW Local 27
S. Ridore - Safeway, Inc.
D. Russell - Investment Performance Services
S. Sanchez – Slevin & Hart, P.C.
B. Slevin - Slevin & Hart, P.C.
J. Timm - The Segal Company
L. Walsh – Associated Administrators, LLC

I. CALL TO ORDER

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

A. Proxy

Mr. Jensen reported that Trustee Masten had given his proxy to Trustee Chorpenning to act in all matters coming before the Trustees.

B. Trustee Resignation and Appointment

Mr. Jensen reported that he had received correspondence from Stacey Brown dated February 10, 2017 resigning as a Trustee on the Fund. Mr. Jensen further reported that Trustee Boyle had retired and therefore was removed as a Trustee effective March 2, 2017. Alan Hanson was appointed as his replacement effective immediately.

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on January 27, 2017 and the Appeals Committee meetings held on January 31, 2017 and March 17, 2017, 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 meeting held on January 27, 2017, and the Appeals Committee meetings held on January 31, 2017 and March 17, 2017 are approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

Mr. Jensen presented the Summary of Activity report for the period January 1, 2017 through March 31, 2017. Such report indicated a beginning market value of $64,366,170, earnings of $1,022,545.11, receipts of $14,160,368.34, and disbursements of $34,915,221.04, producing an ending market value of $44,633,862 as of March 31, 2017.

B. Investment Performance Services ("IPS")

The Trustees welcomed Mr. David Russell of Investment Performance Services to the meeting. He presented the Master Consulting Report for the quarter ending December 31, 2016. Such report indicated a beginning market value for the Fourth Quarter 2016 of $59,690,677, withdrawals of $1,725,378, and investment earnings of $314,779, producing an ending market value of $58,280,078.

Mr. Russell presented the Preliminary Performance update as of February 28, 2017. He noted that the beginning market value as of January 1, 2017 was $56,809,571, net withdrawals were $3,049,570, and investment earnings were $588,918, producing an ending market value as of February 28, 2017 of $60,448,059. The year-to-date performance was 1.9%. Mr. Russell reviewed the performance of the individual managers for all the Fund.

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

IV. CONSULTANT'S REPORT

A. The Segal Company

Mr. Jensen reported that due to the change in meeting date, representatives from Segal were unable to attend. He reported that the Medical Services Request for Proposal (RFP) was still outstanding. The Trustees asked Mr. Jensen to direct Segal to request a Best and Final Offer from CareFirst PPO for review by the Trustees via a conference call between meetings.

V. ATTORNEY'S REPORT

A. Plan XL Giant Employees

Mr. Slevin asked about the eligibility rule changes in the November 2016 MOA between Giant and Locals 27 and 400. The bargaining parties reported that, consistent with the MOA's changes to the eligibility rules under Plan XXX, the eligibility rules under Plan XL should be revised to provide that employees hired after November 16, 2016 will be eligible for coverage if they work an average of 30 or fewer hours per week during the applicable measurement period. After discussion,

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

> **RESOLVED to approve the Plan XL eligibility rule change directed by the bargaining parties relating to Giant employees hired after November 16, 2016.**

B. <u>Express Scripts, Inc. (“ESI”) Arbitration</u>

Mr. Slevin reported on the results of the recently concluded PBM audit of ESI.

C. <u>CIPRO Class Action</u>

Mr. Slevin reported on the CIPRO class action.

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

> **RESOLVED not to participate in the CIPRO class action due to the costs involved with such participation and the minimal size of the Fund’s potential claim.**

D. <u>ACA Non Discrimination Section 1557</u>

Mr. Slevin reported on Section 1557 of the ACA and the regulations thereunder. Ms. Walsh reported that the Fund office has trained its staff to be able to identify and respond to requests for special accommodations and seek appropriate guidance as needed.

E. <u>Contract Amendments</u>

Mr. Slevin presented a fee amendment to the Fund’ agreement with Cheiron. It was executed by the Trustees.

Mr. Slevin presented an amendment to the Fund's agreement with Marco. It was executed by the Trustees.

Mr. Slevin reported that an amendment to the Fund's agreement with ESI was executed by Chairman and Secretary between meetings.

F. Meridian

Mr. Slevin reported on the class action against Meridian and on the Fund's Madoff Victims Fund claim.

G. Subrogation

Mr. Jensen stated that Slevin & Hart has reported on subrogation recoveries of $52,613.73 in the fourth quarter 2016.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. 4Q16 – Combined Fund Recap

Mr. Jensen presented the Administrative Manager's Report for the Fourth Quarter 2016. For the combined VEBA Fund, Active and Retiree Plans, total income was $32,632,566. Expenses totaled $34,668,887, producing a net deficit of $2,036,321 for the Fourth Quarter 2016. Mr. Jensen noted that contributions were made on behalf of 16,422 active Plan participants.

VII. INVOICES

The Trustees reviewed the list of invoices for the Active Plan, Retiree Plan, and Non-ERISA Retiree Assistance Program, dated April 12, 2017. It was noted there were no additions, deletions or changes to the lists.

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

RESOLVED that the invoices on the lists dated April 12, 2017 for the Active Plan, Retiree Plan and Non-ERISA Retiree Assistance Program are approved for payment.

VIII. <u>OTHER FUND BUSINESS</u>

A. <u>Retiree Assistance Program ("RAP")</u>

Mr. Dosenbach reported that Safeway and the Unions, in their role as bargaining parties, have adopted the same rule as adopted by Giant and the Unions relating to the impact of a retiree's return to employment on the continuation of the stipend available under the RAP program. Specifically, a retiree may continue to receive a stipend under the RAP upon a return to employment except that if the retiree returns to covered employment and again becomes eligible for medical coverage under the Fund as an active participant, the retiree must choose whether to receive such medical coverage or continue to receive the stipend. After discussion,

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

RESOLVED to approve the change directed by the bargaining parties relating to the continuation of a Safeway retiree's RAP stipend upon a return to employment.

Mr. Jensen said the revised RAP booklet would be finalized and sent to the participants, given that the remaining issue was resolved.

B. <u>Safeway Overpayment Credit</u>

Mr. Jensen reported that the overpayment referenced in the Safeway MOA relates to contributions that appear to have been paid in error by Safeway at the Plan XX MOB rate on behalf of the employees participating under Plan XXX or Plan XL. The Fund has not yet received a report from Safeway describing the overpayment or requesting a credit.

C. Dependent Audit

Mr. Slevin reported on the dependent eligibility reinstatement proposal relating to the proposed Secova dependent audit agreement. The Trustees tabled discussion of the dependent audit reinstatement procedures.

D. Maintenance of Benefits ("MOB") Rates

Mr. Jensen reported he had developed draft MOB rates and had forwarded them to Fund counsel for review. He advised that the bargaining parties may need to discuss the allocation of retiree expenses as outlined in the Giant Food MOA. He contacted Cheiron for a revised allocation over certain active plans. Mr. Jensen said he would forward an adjusted draft MOB report once Cheiron has supplied its allocation. The Trustees tabled the MOB rates until a revised report could be reviewed.

E. Miscellaneous Correspondence

1. Reserve Adjustment

Mr. Jensen reported the Safeway and the Giant reserve adjustments are being processed.

2. Contributions and Expenses for Education

Mr. Jensen reported that, as of February 1, 2017, the Fund had received contributions for retiree transition educational activities of $449,345.99, and had incurred retiree education expenses of $309,507.20, resulting in a balance of $139,838.79.

3. New York Public Goods Pool

Mr. Jensen reported that the Fund paid the New York Public Goods Pool $1,932.00 in January 2017.

4. Retiree Drug Subsidy ("RDS")

Mr. Jensen reported that Associated had completed the 2015 application filing by the deadline of March 31, 2017, and the Fund obtained $1,011,602.99 in RDS reimbursements.

F. Safeway Courtesy Clerk Contributions

Mr. Jensen reported that Safeway had not remitted contributions on behalf of Courtesy Clerks working an average of 30 hours or more per week. Mr. Dosenbach advised that Safeway will begin to contribute to the Fund on behalf of such courtesy clerks on a prospective basis.

IX. ADOPTION OF COMMITTEE RECOMMENDATIONS

After review of the recommendations made by the Severance, Legal and Scholarship Committees during their meetings,

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

> **RESOLVED that the recommendations made by the Severance, Legal and Scholarship Committees are adopted.**

X. NEXT MEETING DATE AND LOCATION

The Trustees noted that July 13, 2017 had been selected as their next meeting date to be held at the offices of UFCW Local 400.

XI. ADJOURNMENT

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

Respectfully submitted,

Mark Federici, Secretary

20520554v1