Food Employers Labor Relations Association
And United Food & Commercial Workers
Pension Fund

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MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
FELRA AND UFCW PENSION FUND
MAY 23, 2013 IN
LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
M. Federici - Chairman
D. Blitzstein
G. Murphy, Jr.
J. Slivosky

EMPLOYER TRUSTEES
W. Kraemer – Secretary
J. Champion
D. Gillis
F. Stegman

Also present were:

M. Boyle – UFCW Local 400
H. Burton – Morgan, Lewis & Bockius, LLP
N. Calabrese – Windhaven Investment Management
M. Demos – Foundry Partners
B. Henze – Wellington Management
B. Kee – Putnam Investments
W. Jensen – Associated Administrators, LLC
E. Masten – UFCW Local 27
M. McMenamy - Wellington Management
C. Murphy – Associated Administrators, LLC
S. Murphy – Foundry Partners
J. Paradis – Ahold USA
D. Russell – Investment Performance Services
R. Sichel – Investment Performance Services
L. Silk – Putnam Investments
B. Slevin – Slevin & Hart, P.C.
L. Walsh – Associated Administrators, LLC
K. Woodrich - Cheiron

The Chairman called the meeting to order.

I. TRUSTEE APPOINTMENT

Mr. Jensen reported that he had received correspondence dated January 28, 2013 from Mr. Frank Stegman appointing Mr. Jeffrey Champion as a Trustee to fill the vacancy left by the resignation of Donna Gwin. The Trustees welcomed Mr. Champion to the Board of Trustees.

II. MINUTES

The Trustees reviewed the minutes of the appeals meeting held on December 13, 2012, the regular meeting held on December 19, 2012, the regular meeting held on December 20, 2013, the special meeting held on February 1, 2013 and the special meeting held on March 11, 2013, which were pre-circulated, and

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

> **RESOLVED that the minutes of the appeals meeting held on December 13, 2012, the regular meeting held on December 19, 2012, the regular meeting held on December 20, 2013, the special meeting held on February 1, 2013 and the special meeting held on March 11, 2013, were approved as presented.**

III. FINANCIAL REPORT

A. PNC Report

The Trustees welcomed Mr. Michael Herwig of PNC Bank to the meeting. He presented a summary of activity report for the period ending March 31, 2013. Such report indicated a beginning balance of $1,615,196, receipts of $22,679,223, transfers from managers of $14,076,209, disbursements of $37,027,555, and earnings of $788, resulting in an ending balance of $1,343,861 as of March 31, 2013.

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

B. Investment Consultant's Report (Investment Performance Services)

1. Master Consulting Report

The Trustees welcomed Mr. Richard Sichel and Mr. David Russell of Investment Performance Services to the meeting. Mr. Sichel reviewed the Master Consulting Report for the period ended March 31, 2013. Such report indicated an ending market value of $608,246,166 for the period ended March 31, 2013. The year-to-date performance was 4.4%.

2. Investment Manager Presentations

Mr. Sichel said that Windhaven, Wellington, Putnam and Foundry were in attendance at the meeting to present their reports.

Windhaven Investment Management

The Trustees welcomed Ms. Nicole Calabrese of Windhaven Investment Management to the meeting. She reported that the market value of assets as of March 31, 2013 was $68,845,678. The portfolio earned 3.4% in the first quarter of 2013 and 10.8% in 2012 net of fees.

The Trustees thanked Ms. Calabrese for her report and she was excused from the meeting.

Wellington Management

The Trustees welcomed Mr. Matthew McMenamy and Mr. Brian Henze of Wellington Management to the meeting. They presented their report as of the period ended April 30, 2013. Performance year-to-date was 3.7% and 14.4% for 2012. The market value of assets as of April 30, 2013 was $58,603,972.

The Trustees thanked the representatives from Wellington Management for their report and they were excused from the meeting.

Putnam Investments

The Trustees welcomed Ms. Lauren Silk and Mr. Bob Kee of Putnam Investments to the meeting. They presented their report for the period ending March 31, 2013. Such report indicated the market value of assets is $43,327,582. The return for the portfolio was 3.86% gross of fees for the first quarter 2013. The portfolio earned 13.15% in 2012 gross of fees. Ms. Silk summarized the current fee, which was 50 basis points, plus an assessment related to the performance. She noted the fee in effect was a total of 100 basis points being charged under the current fee basis. She outlined two potential options for the Trustees' consideration. The Trustees tabled consideration of the fee options presented by Putnam.

The Trustees thanked the representatives from Putnam Investments for their report and they were excused from the meeting.

Foundry Partners

The Trustees welcomed Mr. Seamus Murphy and Mr. Mark Demos of Foundry Partners to the meeting. They presented their report for the period ending March 31, 2013. Such report indicated year-to-date returns of 8.1%. The market value as of March 31, 2013 was $24,655,504.

The Trustees thanked the representatives from Foundry Partners for their report and they were excused from the meeting.

3. Investment Committee Report

The Investment Committee summarized their review of the performance of the portfolio with the assistance of the investment consultant.

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

RESOLVED to adopt the investment committee report as presented.

The Trustees thanked the representatives of Investment Performance Services for their report and they were excused from the meeting.

IV. ACTUARY'S REPORT

A. Annual Certification of Plan Status and Solvency Report

The Trustees welcomed Mr. Kevin Woodrich of Cheiron to the meeting. He reported that Cheiron had prepared the Annual Certification of Plan Status as of January 1, 2013.

Mr. Woodrich reviewed the Solvency report requested by the Trustees. The Trustees asked that it be distributed to the investment consultant.

B. Engagement Letter

Mr. Woodrich presented the 2013 engagement proposal to the Trustees. He noted such engagement correspondence included a net reduction in fees to the FELRA and UFCW Pension Fund, taking into account work that they would be performing as well for the Mid-Atlantic UFCW and Participating Employers Pension Fund ("MAP").

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

Cheiron's fee allocation proposal between the FELRA and UFCW Pension Fund and the MAP Fund was discussed by the Trustees. The Trustees requested that Co-Counsel review the cost sharing calculations by Cheiron for the two Funds prior to finalization of the fee arrangement.

V. ATTORNEY'S REPORT

A. Situs and Statute of Limitations

Mr. Slevin discussed the situs for participant lawsuits against the Fund.

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

RESOLVED to amend the Plan so that benefit lawsuits are to be brought by participants in Maryland Federal Court and are subject to a three-year statute of limitations.

B. PNC Contract

Mr. Slevin discussed a possible amendment to the PNC contract.

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

RESOLVED to amend the PNC contract to call for the Trustees to designate the short-term investment fund.

C. Trustee Reimbursement Policy

Mr. Slevin discussed the Trustee Reimbursement Policy.

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

RESOLVED to amend the Trustee reimbursement policy to reflect that reasonable meals at Trustee meetings are covered expenses.

D. Master Trust Agreement

Mr. Slevin reported on the Master Trust Agreement

E. Windhaven and Putnam Fee Amendments

Mr. Slevin discussed the Windhaven and Putnam fee amendments.

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

RESOLVED to adopt the reduced fee amendments proposed by Windhaven and Putnam.

F. Investment Committee Duties

The Trustees discussed the scope of duties of the investment committee.

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

RESOLVED the Board of Trustees shall continue to be the Named Fiduciary with the power and authority to adopt the investment policy statement. The Investment Committee will be the Named Fiduciary with the power and authority to take any and all action relating to investments consistent with the investment policy statement, including terminating and hiring investment-related providers. It was further RESOLVED to appoint

Trustees Kraemer, Champion, Murphy and Blitzstein to the Investment Committee.

It was the consensus of the Trustees that strategic matters, such as the investment policy statement, would remain with the Board of Trustees. A tactical review would be placed with the committee, including investment manager performance.

G. A & P Bankruptcy

Mr. Slevin reported on the ongoing A & P bankruptcy litigation status.

H. Meridian Class Action Litigation

Mr. Slevin reported on the status of the Meridian class action.

I. Jones Litigation Status

Mr. Slevin reported on the Jones litigation status.

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

RESOLVED to authorize Chairman and Secretary to offer an additional $25.41 per month on settlement to Ms. Jones, retroactive to the commencement of her benefit.

J. Suspension of Benefits Rule

Mr. Slevin discussed the Suspension of Benefit rule and the change adopted in 2010. The Trustees agreed that the Fund obtain a list of the stores to which the 2010 change applies..

K. Safeway Data Request

Mr. Slevin discussed the Safeway data request. After discussion, it was consensus of the Trustees to provide the data requested.

L. Amendment No. 2 For Freezing of Accruals

Mr. Slevin discussed the plan amendment that had been adopted freezing accruals for Giant and Safeway employees effective December 31, 2012 and adopting reciprocity between this Plan and the Mid-Atlantic Plan.

M. Associated Administrators, LLC Contract Amendment

Mr. Slevin discussed the Associated Administrators, LLC contract amendment.

N. Investment Performance Services Fee Amendment

Mr. Slevin discussed the IPS fee amendment.

O. 408 (b)(2) Disclosures

Mr. Slevin discussed the investment manager disclosures under Section 408(b)(2).

P. Annual Funding Notice

Mr. Slevin reported on the annual funding notice.

Q. Fiduciary Liability Renewal

Mr. Slevin reported on the fiduciary liability policies..

R. Fifth Third Assignment

Mr. Slevin discussed the Foundry contract.

S. 2012 Rehabilitation Plan

Mr. Slevin reported on the 2012 Rehabilitation Plan update.

T. Summary Plan Description

Mr. Slevin discussed the Summary Plan Description.

U. Capital Management Associates ("CMA") Litigation

Mr. Slevin discussed the lawsuit against CMA. The Trustees authorized the retention of a collection attorney in Florida, if it appears there are assets available to satisfy the judgement.

V. Reciprocity Agreement

Mr. Burton reported that the Fund had received a revised reciprocity agreement with the Atlanta Pension Fund, which had merged with other Funds to create Consolidated UFCW Fund. He noted that technically there would be more opportunities for reciprocal benefits being processed.

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

> **RESOLVED to enter into a revised reciprocity agreement with the Consolidated UFCW Fund.**

Mr. Blitzstein abstained from voting on the motion.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. 4Q12

Mr. Jensen presented the administrative manager's report for the fourth quarter 2012, which had been pre-circulated. Such report indicated contribution income of $16,189,092, interest and dividend income of $2,875,632, transfers from assets of $19,611,809, withdrawal liability payments of $152,258 and miscellaneous income of $146,986, producing total income of $38,975,777. Total expenses were $36,534,771, producing a net operating surplus of $2,441,006 for the fourth quarter 2012. Contributions were remitted on behalf of 19,260 plan participants.

Mr. Jensen then reviewed the pension applications contained in the administrative manager's fourth quarter report.

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

> **RESOLVED that the pension applications contained in the administrative manager's fourth quarter report were approved for payment.**

VII. INVOICES

The Trustees reviewed the list of invoices dated May 23, 2013. 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 May 23, 2013 were approved for payment.**

VIII. OTHER FUND BUSINESS

A. Elimination of Recourse Premiums

Mr. Jensen reported that invoices for the Elimination of Recourse premiums had been sent to the Trustees on May 2, 2013.

B. Service Provider Compensation Questionnaire

Mr. Jensen reported that on March 18, 2013, all Fund providers were sent a copy of the Service Provider Compensation Questionnaire for their completion.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected August 27, 2013 as their next meeting date, commencing at 9:30 a.m. in the Landover office of Associated Administrators, LLC

X. ADJOURNMENT

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

Respectfully submitted,

Ward Kraemer, Secretary