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
JULY 18, 2012 IN
LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
T. McNutt – Chairman	W. Kraemer – Secretary
D. Blitzstein	D. Gillis
M. Federici	F. Stegman
T. Goins	

Also present were:

M. Boyle – UFCW Local 400
H. Burton – Morgan, Lewis & Bockius, LLP
S. Goodman – Slevin & Hart, P.C
S. Halpern – Gallagher Fiduciary Services
T. Hipkins – UFCW Local 27
W. Jensen – Associated Administrators, LLC
I. Kress – Giant Food, LLC
L. Madert – Safeway, Inc.
E. Masten – UFCW Local 27
J. Paradis – Ahold USA
R. Sichel – Investment Performance Services
B. Slevin – Slevin & Hart, P.C.
M. Sullivan – NEPC
L. Walsh – Associated Administrators, LLC
D. White – Giant Food, LLC

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

I. MINUTES

The Trustees reviewed the minutes of November 30, 2011, December 1, 2011, December 21, 2011, January 12, 2012, April 5, 2012, April 6, 2012, and April 26, 2012, which had been previously circulated.

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

> **RESOLVED that the minutes of November 30, 2011, December 1, 2011, December 21, 2011, January 12, 2012, April 5, 2012, April 6, 2012, and April 26, 2012, were approved as presented.**

II. FINANCIAL REPORT

PNC

The Trustees welcomed Mr. Michael Herwig of PNC Bank to the meeting. He presented the summary of activity report for the period ended June 30, 2012. Such report indicated a beginning balance as of January 1, 2012 of $1,325,781, receipts of $35,718,727, transfers from managers of $37,841,601, disbursements of $73,368,754, and earnings of $894, producing an ending market value of $1,518,249 as of June 30, 2012.

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

III. ATTORNEY'S REPORT

A. A & P Bankruptcy

Ms. Goodman presented a status report on the Fund's appeal of the Bankruptcy Court's decision regarding the A & P withdrawal liability assessment.

B. Participant Lawsuit

Ms. Goodman reviewed the claim made against a Fund office employee related to the retiree's pension benefits.

C. Capital Management Associates ("CMA") Litigation

Ms. Goodman provided a status on the litigation against CMA.

D. Meridian Class Action

Ms. Goodman provided a status report on the Meridian Class Action litigation.

E. Section 408(b)(2)

Ms. Goodman discussed Section 408(b)(2) reporting. The Board agreed to treat the Trustees as if they are providers, consider providers with no term contracts to have a term of the Plan Year, and amend provider contracts as they renew to reflect the requirements. Mr. Jensen noted that all Trustees had responded to the 408(b)(2) notice.

F. Department of Labor ("DOL") Review

Ms. Goodman and Mr. Burton provided a status report on the DOL review.

G. AQR Side Letter

Ms. Goodman presented the AQR side letter for execution. Such letter was executed at the meeting.

H. InvestorForce Service

Ms. Goodman discussed the IPS agreement relating to InvestorForce and NEPC's position.

I. Local 400 Withdrawal Assessment

Ms. Goodman provided a status report with regard to the Local 400 withdrawal liability assessment. Cheiron was in the process of re-calculating the assessment.

J. Wurts and Associates Confidentially Agreement

Ms. Goodman discussed the confidentially agreement had been executed by Wurts.

K. Wellington Contract

Ms. Goodman reported on the status of the Wellington contract.

L. Foreign Bank and Financial Accounts Reporting ("FBAR")

Ms. Goodman reported on the FBAR reporting requirements for this Fund.

M. Pension Protection Act

Mr. Burton discussed the legislative proposals regarding the Act.

IV. ADMINISTRATIVE MANAGER'S REPORT

Mr. Jensen presented the administrative manager's report for the first quarter 2012. Such report indicated contribution income of $16,650,539, interest and dividend income of $2,567,717, transfers from assets of $18,102,096, withdrawal liability contributions of $152,258, and miscellaneous income of $10,953, producing a total income of $37,483,563. Expenses totaled $36,701,948, producing a net surplus of $781,615 for the quarter. Mr. Jensen noted that contributions were made on behalf of 19,866 plan participants.

Mr. Jensen then reviewed the pension applications contained in the administrative manager's first 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 first quarter report were approved for payment.**

V. INVOICES

The Trustees reviewed the list of invoices dated July 18, 2012. 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 July 18, 2012 were approved for payment.**

VI. OTHER FUND BUSINESS

A. Gallagher Fiduciary Advisors

The Trustees welcomed Mr. Samuel Halpern of Gallagher Fiduciary Advisors to the meeting. He presented a proposal to complete a request for proposal ("RFP") service to the Board for an outsourced chief investment officer ("OCIO") for investment management of the Fund's portfolio. The OCIO would be a discretionary fiduciary charged with managing the ongoing investment decisions. Mr. Halpern noted that there are many investment firms currently offering OCIO services and different roles that a OCIO could serve for the Fund. He noted that his own firm had experience in this capacity, but would not be a candidate included in the RFP. He outlined the RFP services to be offered, including meetings with potential vendors and the Board of Trustees. He proposed a project fee of $50,000 for the first phase, plus any reasonable out-of-pocket expenses, with $20,000 due upon the contract execution and the balance on the delivery on the final summary analysis of the proposed candidates.

The Trustees discussed the proposal after Mr. Halpern absented himself from the meeting.

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

RESOLVED to hire Gallagher Fiduciary Advisors to conduct an RFP for an outsourced chief investment officer at a total cost of $50,000.

It was noted that Co-Counsel would work with GFA to refine the RFP. The Trustees agreed to review the RFP prior to it being circulated among the candidates.

The Trustees thanked Mr. Halpern for his presentation and he was excused from the meeting.

B. <u>Miscellaneous Correspondence</u>

1. Qwest Communications Settlement

Mr. Jensen reported that the Fund had received $141.42 as its share of the Qwest victim's remission fund regarding the case the *United States v. Joseph P. Nacchio* as authorized by the U.S. Department of Justice.

2. AOL/Time Warner Securities Litigation Settlement

Mr. Jensen noted the Fund had received $232.97 as its share of the third distribution of the settlement funds obtained as the result of the Department of Justice related settlement with the AOL/Time Warner Securities and ERISA litigation.

3. Fiduciary Insurance – Elimination of Recourse Premium

Mr. Jensen said that his office had distributed the elimination of recourse premium invoices on May 8, 2012.

VII. <u>ADJOURNMENT</u>

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

Respectfully submitted,

Ward Kraemer