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

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MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF TRUSTEES OF THE
FELRA AND UFCW PENSION FUND
JULY 19, 2012 IN
LANDOVER, MARYLAND

The following Trustees were present:

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

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Dudley – Putnam Investments
J. Getson – AQR Capital Management
S. Goodman – Slevin & Hart, P.C
P. Heffernam – Putnam Investments.
M. Hughes – AQR Capital Management
W. Jensen – Associated Administrators, LLC
J. Paradis – Ahold USA
R. Sichel – Investment Performance Services
L. Silk – Putnam Investments
B. Slevin – Slevin & Hart, P.C.
M. Sullivan – NEPC

The Chairman called the meeting to order.

I. INVESTMENT CONSULTANTS' REPORT

A. Master Consulting Report/Preliminary Performance Summary

The Trustees welcomed Mr. Rich Sichel of Investment Performance Services and Mr. Michael Sullivan of NEPC to the meeting. Mr. Sichel noted that the risk parity managers had been invited to present a summary of their performance at today's meeting.

B. Overview of First Quarter 2012 Performance

Mr. Sichel distributed the first quarter 2012 Master Consulting Report. Such report indicated an ending market value of $633,428,386. Performance for the first quarter was 6.8%. Mr. Sullivan distributed a preliminary performance summary as of June 30, 2012. Such report indicated a market value of assets of $599,223,149. Year-to-date performance was 5.1%.

C. Risk Parity Manager Presentations

1. AQR

The Trustees welcomed Ms. Masie Hughes and Mr. Jeremy Getson of AQR Capital Management to the meeting. They presented the performance report for the AQR Global Risk Premium Strategy Fund. Performance net of fees was 6.1% in 2011.. Year-to-date performance through June 30, 2012 was 5.1% net of fees. Trustee Blitzstein asked if AQR had products other than the 10% volatility product utilized by the Fund. Mr. Getson noted that other products range from 12% up to 25% volatility.

Mr. Getson described exposure to leverage in the portfolio. Mr. Getson also noted that the Global Risk Premium fund was closed to new investors. Existing investors could still add assets if so desired. Mr. Paradis asked if the volatility metric was updated periodically. Mr. Getson noted that it was updated daily.

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

2. Putnam Total Return

The Trustees welcomed Mr. Andrew Dudley, Mr. Paul Heffernan and Ms. Lauren Silk of Putnam Investments to the meeting. They presented the performance report for the Putnam Total Return product. Ms. Silk noted that performance in 2011 was 4.91%. The year-to-date return as of June 30, 2012 was 5.17%. The market value of assets as of June 30, 2012 was $38,777,550 under management by Putnam. Mr. Dudley noted that their product had no constraints concerning capacity at this time and could accept new funding.

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

D. Review of Individual Manager Performance

Mr. Sichel noted that his firm continued to monitor NWQ for improvement of its performance. The Trustees requested that future reporting from the consultants include the date that a manager was placed on the watch list for performance monitoring.

The consultants reviewed the IRM transition account history. The Trustees discussed the timing of the termination of the account and selling the proceeds to take advantage of any market opportunities. They asked the consultants to advise regarding possible termination and re-investment. The consultants agreed to send a recommendation to the Trustees.

Mr. Sichel noted that IPS continued to monitor Lazard's performance. It was noted that Lazard utilized lower risk securities in its portfolio. The higher quality securities held by Lazard did not perform as well as risky securities comprising the benchmark. The Trustees requested the consultants prepare a list of managers as the initial search for a replacement for Lazard, if performance does not improve.

Trustee Paradis noted that hedge funds were considered "absolute return" strategies. He asked the consultants for the expectation of the returns versus the hedge fund benchmark. Mr. Sullivan advised that his firm expected 6.5% returns out of hedge fund of funds. Mr. Sichel noted that his firm's expectation was 7%. Mr. Sullivan noted that hedge funds were designed to limit losses in declining markets. He noted that during the recent market decline, hedge funds outperformed the equity markets. Mr. Paradis asked if hedge funds should continue to be maintained in the Fund's asset allocation on a long term basis. Mr. Sullivan and Mr. Sichel confirmed that they recommend maintaining hedge fund of funds in the asset allocation.

Mr. Sullivan noted that real estate had gained 5.5% year-to-date.

The Trustees further reviewed NWQ's underperformance. Mr. Sichel advised that he would not recommend termination of NWQ at this time. He noted that the NWQ portfolio underperformed because it holds financial securities in its portfolio, which had underperformed recently.

The Trustees entered into Executive Session and excused the consultants.

Upon resumption of the meeting, the Chairman informed the consultants that the Board of Trustees had agreed to conduct a search for an Outsourced Chief Investment Officer (OCIO). The request for proposals would be managed by Gallagher Fiduciary Associates ("GFA"). He said that the consultants should recognize this potential change in the context of overall changes they may recommend for the portfolio.

II. NEXT MEETING DATES AND ADJOURNMENT

After discussion, the Trustees selected October 19, 2012 and December 19, 2012 as their next meeting dates subject to confirmation that all Trustees would be available.

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

Respectfully submitted,

Ward Kraemer, Secretary