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 12, 2017
LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES

M. Federici - Chairman
C. Hoffmann
G. Murphy, Jr.

EMPLOYER TRUSTEES

J. Paradis - Secretary
W. Meisen

Also present were:

R. Anderson - Giant Food, LLC
Y. Anwar - UFCW Local 400
H. Burton - Morgan, Lewis & Bockius, LLP
J. Chorpenning - UFCW Local 27
L. DuVall - Associated Administrators, LLC
J. Hack - UFCW Local 27
A. Hanson - UFCW Local 400
J. Harrison - UFCW Local 27
N. Hill - UFCW Local 27
N. Jacobs - UFCW Local 400
W. Jensen - Associated Administrators, LLC
G. Kalwarski - Cheiron
S. Ridore - Safeway, Inc.
S. Sanchez - Slevin & Hart, P.C.
L. Walsh - Associated Administrators, LLC
R. Wildt - UFCW Local 27
M. Wilson - UFCW Local 27
K. Woodrich - Cheiron

I. CALL TO ORDER

The Chairman called the meeting to order. Mr. Jensen noted the absence of a quorum. Mr. Jensen noted that Trustee Dosenbach was unable to attend the meeting. The Chairman advised that all actions taken at the meeting would be reviewed and ratified as needed at a subsequent meeting.

A. PROXY

Mr. Jensen reported that Trustee Hipkins was unable to attend the meeting and had provided his proxy to Trustee Murphy to act in all matters coming before the Trustees.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on April 12, 2017, the special meeting held on May 31, 2017 and the Appeals Committee meeting held on May 25, 2017, 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 regular meeting held on April 12, 2017, the special meeting held on May 31, 2017, and the Appeals Committee minutes of May 25, 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 to May 31, 2017 as provided by PNC. Such report indicated a beginning balance of $2,112,439, receipts of $21,470,464.26, net transfers from managers of $41,172,629.36, disbursements of $63,540,202.89, and earnings of $11,545.60, resulting in an ending balance of $1,226,876 as of May 31, 2017.

Mr. Jensen also presented the Summary of Activity Report for the period January 1, 2017 to June 30, 2017 as provided by PNC. Such report indicated a beginning balance of $2,112,439, receipts of $23,240,283, net transfers from managers of $52,172,799, disbursements of $76,300,239, and earnings of $16,738, resulting in an ending balance of $1,242,019 as of June 30, 2017.

IV. ACTUARY'S REPORT

The Trustees welcomed Mr. Gene Kalwarski and Mr. Kevin Woodrich of Cheiron to the meeting. Mr. Kalwarski said that as of January 1, 2016, Cheiron had modified the Fund's discount rate to 7%. Mr. Woodrich said that as a result of that determination, Cheiron would finalize the January 1, 2016 valuation report. He estimated that the total liability would increase from $1.05 billion to $1.19 as a result of the change in the discount rate.

The Trustees thanked Mr. Kalwarski and Mr. Woodrich for their report.

V. ATTORNEY'S REPORT

A. Withdrawal Liability Rules

Ms. Sanchez reported on the Fund's withdrawal liability rules.

The Trustees discussed the changes to the Fund's withdrawal liability rules bargained by Giant, Safeway and the Locals in 2012 and clarified their intent that these bargained changes apply only to Giant and Safeway.

B. Department of Labor ("DOL")

Ms. Sanchez reported on the DOL's on-going investigation of the Fund.

C. PBGC Data Request

Ms. Sanchez reported on the Fund's response to the PBGC's data request.

D. Department of Labor ("DOL") Fiduciary Rule

Ms. Sanchez discussed the DOL Fiduciary Rule which went into effect on June 9, 2017.

E. Porsche Group Action

Ms. Sanchez reported on the Porsche group action litigation.

F. Treasury Wine Class Action

Ms. Sanchez reported on the class action litigation concerning Treasury Wine Estates.

G. Information Request

Ms. Sanchez reported on the information request received from Trustee Dosenbach for a copy of the Giant Food Collective Bargaining Agreement ("CBA"). Counsel forwarded a copy of the CBA to Mr. Dosenbach.

H. Meridian Class Action

Ms. Sanchez reported on the Meridian class action settlement.

I. Madoff Victim Fund

Ms. Sanchez reported that the Fund received a final determination from the Madoff Victim Fund that the Fund's loss petition was approved in the amount of $2,229,449. The actual proceeds to be disbursed by the Victim Fund on a pro rata basis likely would be substantially less than the Fund's approved loss, given the large total number of the claims submitted to the Victim Fund.

J. Gottex

Ms. Sanchez reported on the liquidation of the investment under management by Gottex. Ms. Sanchez also reported that Gottex is changing its name to Lumx

K. G&G Eddies

Ms. Sanchez reported on G&G Eddies' contribution delinquency.

L. J.P. Morgan

Ms. Sanchez reported on changes to the J.P. Morgan investment.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. 1Q17 Report

Mr. Jensen presented the administrative manager's report for the First Quarter 2017, which had been pre-circulated. Such report indicated contribution income of $10,661,303, interest and dividend income of $608,017, transfers from assets of $15,216,989, withdrawal liability payments of $164,645, and miscellaneous income of $6,409, producing total income of $26,656,363 for the quarter. Total expenses were $37,866,351, producing a net operating deficit of $11,209,988. Mr. Jensen noted that contributions were remitted on behalf of 16,963 Plan participants.

Mr. Jensen reviewed the pension applications contained in the administrative manager's First Quarter 2017 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 2017 report are approved for payment.**

VII. INVOICES

The Trustees reviewed the list of invoices dated July 12, 2017. 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 12, 2017 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Annual Funding Notice Inquiries

Mr. Jensen reported that the Fund office had received several letters from Plan participants regarding the Annual Funding Notice, which was distributed on April 27, 2017. Counsel previously drafted a template response to be used for such inquiries. The Fund office was using that template. The Trustees asked that the Fund office send copies of the individual letters to the Trustees. Mr. Jensen said the letters would be sent to all Trustees.

B. Fiduciary Insurance/Elimination of Recourse

Mr. Jensen reported that the fiduciary insurance through Chubb and the excess policy through the Hartford had been renewed for the period May 29, 2017 – May 29, 2018. He further noted that the recourse invoices were mailed to the Trustees on May 4, 2017.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected November 15, 2017 as their meeting date at the offices of UFCW Local 400 commencing at 9:30 a.m.

X. ADJOURNMENT

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

Respectfully Submitted,

Jason Paradis, Secretary

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