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
APRIL 12, 2017
LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
M. Federici - Chairman
T. Hipkins
C. Hoffmann
G. Murphy, Jr.

EMPLOYER TRUSTEES
J. Paradis - Secretary
D. Dosenbach
W. Meisen

Also present were:

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
N. Hill - UFCW Local 27
W. Jensen - Associated Administrators, LLC
G. Kalwarski - Cheiron
S. Ridore - Safeway, Inc.
D. Russell – Investment Performance Services
S. Sanchez - Slevin & Hart, P.C.
B. Slevin - Slevin & Hart, P.C.
L. Walsh - Associated Administrators, LLC
R. Wildt - UFCW Local 27
K. Woodrich - Cheiron

I. CALL TO ORDER

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

A. RESIGNATION OF TRUSTEE

Mr. Jensen reported that he had received correspondence dated February 10, 2017 from Stacey Brown resigning her position as a Trustee.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on January 26, 2017, and the Appeals Committee meetings held on March 17, 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 January 26, 2017 and the Appeals Committee minutes of 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 to March 31, 2017 as provided by PNC. Such report indicated a beginning balance of $2,112,439, receipts of $6,615,078.98, and net transfers from managers of $30,379,611.09, disbursements of $37,871,576.22, and earnings of $4,988.17, resulting in an ending balance of $1,240,541 as of March 31, 2017.

B. Investment Consultant's Report

1. Master Consulting Report

The Trustees welcomed Mr. David Russell of Investment Performance Services ("IPS") to the meeting. He presented the Master Consulting Report as of December 31, 2016. Such report indicated a beginning market value as of October 1, 2016 of $375,236,931, net withdrawals of $16,095,723, and investment earnings of $8,021,326, producing an ending market value of $367,162,534 as of December 31, 2016. The total Fund had a gross return of 8.1% in 2016. Mr. Russell noted that the Trustees have temporarily suspended the asset allocation targets and ranges outlined in the investment policy statement, pending further review of IPS's glide path recommendations.

Mr. Russell then reviewed the Preliminary Performance for the period ending February 28, 2017. The beginning market value was $365,524,400 as of January 1, 2017. There were $9,254,567 in withdrawals. Investment earnings totaled $6,311,932, producing an ending market value of $362,581,765 as of February 28, 2017. Mr. Russell said that such results were preliminary because of the normal delay in reporting the real estate portfolio's performance.

After discussion, the Trustees selected May 31, 2017 for a special meeting beginning at 10:00 a.m. to be held in the offices of UFCW Local 400 for review of the glide path recommendations, including asset allocation targets.

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

IV. ACTUARY'S REPORT

The Trustees welcomed Mr. Gene Kalwarski and Mr. Kevin Woodrich of Cheiron to the meeting.

Mr. Woodrich reported that Cheiron had completed the 2017 Critical Status Certification and had reviewed and updated the Annual Funding Notice.

Mr. Kalwarski reported that Cheiron has not yet finalized the January 1, 2016 Valuation due to the possibility of additional relevant information regarding the interest rate assumption becoming available in the near future as a result of the Trustees' consideration of a revision to the Investment Policy.

The Trustees thanked Mr. Kalwarski and Mr. Woodrich for their report and they were excused from the meeting.

V. ATTORNEY'S REPORT

A. Pension Benefit Guaranty Corporation ("PBGC")

Mr. Slevin reported on a request for documents received by the Fund from the PBGC.

B. Department of Labor ("DOL") Investigation

Mr. Slevin reported on a request for documents received by the Fund from the DOL.

C. Department of Labor ("DOL") Participant Inquiries

Mr. Slevin reported on inquiries made to the Fund by the DOL on behalf of certain participants.

D. Meridian

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

E. Cheiron Amendment No. 4 to Consulting Agreement

Mr. Slevin presented Amendment No. 4 to Cheiron's Consulting Agreement with the Fund. The amendment was executed by the Trustees.

F. Deloitte Non-Disclosure Agreement ("NDA")

Mr. Slevin presented a non-disclosure agreement between Deloitte and the Fund. The agreement was executed by the Trustees.

G. Marco Proxy Voting Services Agreement

Mr. Slevin presented Amendment No. 1 to the Marco Proxy Voting Services Agreement, which reflects the purchase of certain business assets of Marco by Segal Advisors effective January 3, 2017. The Amendment was executed by the Trustees.

H. IRS Determination Letter Program

Mr. Slevin reported on changes to the IRS determination letter program.

I. Annual Funding Notice ("AFN") and Critical Status Notice

Mr. Slevin reported on the 2017 AFN and Critical Status Notice.

J. G&G Eddies – Default Schedule

Mr. Slevin reported on the application of the Rehabilitation Plan's default schedule to G & G Eddies.

K. G&G Eddies Total Withdrawal

Mr. Slevin reported on G&G Eddie's possible complete withdrawal from the Fund. After discussion,

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

> **RESOLVED to authorize Chairman and Secretary to issue an estimated withdrawal liability demand upon G&G Eddie's complete withdrawal from the Fund.**

The Trustees discussed the application of the withdrawal liability rules changes bargained by Giant, Safeway, Local 27 and Local 400 in 2012 and requested information from Cheiron on the financial impact of those changes.

L. PNC – Foreign Tax Recovery

Mr. Slevin reported on PNC's contractual obligation to recover foreign taxes withheld from international investments on the Fund's behalf.

M. Shoppers Withdrawal Liability Demand

Mr. Slevin reported on the complete withdrawal of Shoppers Food Warehouse. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to authorize Chairman and Secretary to review and approve a withdrawal liability demand after resolution of the outstanding questions relating to application of the withdrawal liability rules changes.

N. EIM/Gottex

Mr. Slevin reported on the side letter relating to an investment liquidation by Gottex.

O. Treasury Wine Class Action

Mr. Slevin reported on the class action litigation concerning Treasury Wine Estates. After discussion,

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

RESOLVED to authorize joining the Treasury Wine Estates class action.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. 4Q16 Report

Mr. Jensen presented the administrative manager's report for the Fourth Quarter 2016, which had been pre-circulated. Such report indicated contribution income of \$11,563,465, interest and dividend income of \$1,180,386, transfers from assets of \$24,007,916, withdrawal liability payments of \$164,645, and miscellaneous income of \$49,644, producing total income of \$36,966,056 for the quarter. Total expenses were \$38,848,233, producing a net operating deficit of \$1,882,177. Mr. Jensen noted that contributions were remitted on behalf of 17,057 Plan participants.

Mr. Jensen reviewed the pension applications contained in the administrative manager's Fourth Quarter 2016 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 2016 report are approved for payment.

VII. INVOICES

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

VIII. OTHER FUND BUSINESS

A. Department of Labor (DOL) Inquiries

Mr. Jensen discussed the recent increase in the number of DOL inquires on behalf of participants. He reported that it appears the DOL is sending correspondence to deferred vested participants relating to their pension benefits and when these participants have contacted the DOL, the DOL sends certified letters to the Fund requesting pension information on behalf of such participants. The Fund has responded to the DOL's requests for information. In each case, the participants had been sent a prior estimate of their benefits. Many are not eligible to collect a benefit as they have not attained the minimum retirement age.

B. Pension Benefit Guaranty Corporation ("PBGC") Document request

Mr. Jensen discussed the PBGC document request, noting his office is compiling the documents requested by the PBGC.

C. G&G Eddies

Mr. Jensen reported that G&G Eddies was remitting partial withdrawal liability payments per the schedule.

D. Annual Funding Notice and Critical Status Notice

Mr. Jensen reported that both the Annual Funding Notice and Critical Status Notice would be sent by April 29, 2017. He said that as in past years, the Fund Office had trained its staff on responses to participant inquiries.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected July 12, 2017 as their meeting date at the offices of UFCW Local 400.

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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