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

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (410) 683-6500
(800) 638-2972
www.associated-admin.com

8400 Corporate Drive, Suite 430
Landover, Maryland 20785-2361
Telephone: (301) 459-3020
(800) 638-2972
www.associated-admin.com

MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
FELRA AND UFCW PENSION FUND
MARCH 2, 2018
HANOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
M. Federici - Chairman	J. Paradis - Secretary
T. Hipkins	D. Dosenbach
C. Hoffmann	M. Goble

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
A. Hanson - UFCW Local 400
J. Harrison - UFCW Local 27
N. Hill - UFCW Local 27
G. Hosbein - Segall, Bryant & Hamill
W. Jensen - Associated Administrators, LLC
G. Kalwarski - Cheiron
C. Koertner - Segall Bryant and Hamill
S. Sanchez - Slevin & Hart, P.C.
R. Sichel - Investment Performance Services
B. Slevin - Slevin & Hart, P.C.
M. Wilson - UFCW Local 27
K. Woodrich - Cheiron

I. CALL TO ORDER

The Chairman called the meeting to order.

A. Appointment of Trustee

Mr. Jensen reported that he had received correspondence from the Food Employers Labor Relations Association appointing Michael Goble as a Trustee on the Fund, replacing Trustee Meisen who had retired.

B. Proxy

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

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on January 10, 2018, the Appeals Committee meeting held on January 3, 2018, and the Appeals Committee meeting held on February 1, 2018, 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 10, 2018, the Appeals Committee meeting held on January 3, 2018, and the Appeals Committee meeting held on February 1, 2018 are approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

Mr. Jensen presented the Summary of Activity Report for the period January 1, 2018 to January 31, 2018 as provided by PNC. Such report indicated a beginning balance of $5,392,634, receipts of $1,872,189, net transfers from managers of $14,745,617, disbursements of $12,423,423, and earnings of $14,488, resulting in an ending balance of $9,601,505 as of January 31, 2018.

B. Investment Performance Services

The Trustees welcomed Mr. Richard Sichel of Investment Performance Services to the meeting.

1. Master Consulting Report – December 31, 2017

Mr. Sichel reviewed the Master Consulting Report for the period ended December 31, 2017. Such report indicated an ending market value of $298,187,342. The year-to-date performance through December 31, 2017 was 3.2% for the quarter gross of fees. Mr. Sichel then reviewed the individual manager summaries and the current asset allocations.

2. Preliminary Update – January 31, 2018

Mr. Sichel reviewed the Preliminary Performance Report for the period ending January 31, 2018. Such report indicated an ending market value of $295,670,052. The year-to-date performance through January 31, 2018 was 2.7% gross of fees.

3. Segall, Bryant & Hamill ("SBH")

The Trustees welcomed Greg Hosbein and Clark Koertner of SBH to the meeting. They presented SBH's Short-Term Duration Fixed Income strategy. Mr. Hosbein said that the Short Term portfolio is designed to provide income and liquidity without taking significant interest rate risk. He noted that SBH's philosophy is to focus on high-quality, short-maturity securities that are overlooked by traditional short-duration strategies; build diversified portfolios of high-quality, SEC-registered securities with a duration of 2 years or less; and focus on fundamental analysis and disciplined risk controls rather than market timing. Mr. Hosbein discussed a range of short-term solutions. Mr. Koertner reviewed the proposed short-term portfolio and estimated that the yield to maturity would be 2.63%. He reviewed the remainder of the report in detail.

Mr. Koertner noted that if the Fund were to invest in SBH's Short Duration Fixed Income strategy, this investment would be documented in an addendum to the Fund's current contract with SBH and would result in a fee reduction from 20 basis points to 15 basis points.

The Trustees thanked the representatives of SBH for their presentation and they were excused from the meeting.

Mr. Sichel noted that SBH's Short Duration Fixed Income strategy uses the 1-3 year government credit benchmark and he recommended that the Fund move its current investment in SBH to the Short Duration Fixed Income strategy, due to rising interest rates, the favorable fee reduction and the Fund's glidepath.

The Trustees discussed the SBH proposal and,

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

> **RESOLVED to adopt Mr. Sichel's recommendation to move the Fund's SBH investment to the Short Duration Fixed Income Strategy at a fee of 15 basis points.**

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

IV. ATTORNEY'S REPORT

A. Required Beginning Date

Mr. Slevin reported on the administration of the required minimum distribution rules and benefit calculation rules under the Plan relating to participants continuing in covered employment past age 70.5.

B. <u>G&G Eddies</u>

Mr. Slevin reported that G&G Eddie's had proposed to settle its withdrawal liability obligation for a lump sum of $125,000. Mr. Slevin also reported on G&G Eddie's contribution delinquency. After discussion,

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

> **RESOLVED to authorize settlement of G&G Eddie's outstanding withdrawal liability obligation and delinquent contributions to the Fund for no less than $125,000, payable in a lump sum; and**
>
> **FURTHER RESOLVED to delegate to Chairman and Secretary the authority to take any action necessary to complete the settlement of G&G Eddie's withdrawal liability and contribution delinquency in accordance with the foregoing.**

C. <u>Internal Revenue Service ("IRS") Audit</u>

Mr. Slevin reported on the IRS investigation of the 2015 Plan Year. Mr. Jensen said the next appointment with the IRS agent was scheduled for February 21, 2018.

D. <u>Department of Labor ("DOL")</u>

Mr. Slevin reported on the DOL's ongoing investigation of the Fund.

E. <u>Plan Amendment – Disability Pension Regulations</u>

Mr. Slevin reported on the final DOL regulations regarding disability claims and appeals procedures effective April 1, 2018.

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

> **RESOLVED to adopt Plan Amendment 1 regarding the final disability claims procedures regulations effective April 1, 2018.**

The Amendment was executed by the Trustees.

F. Pension Benefit Guaranty Corporation ("PBGC") Data Request

Mr. Slevin reported on the PBGC's request for information.

G. Benchmark Class Actions

Mr. Slevin reported on several benchmark-related class actions, noting that PNC stated it would file any applicable claims on the Fund's behalf.

H. Meridian Diversified ERISA Fund ("MDEF")

Mr. Jensen reported that Meridian will issue a compulsory redemption payment to the Fund from the MDEF Segregated Portfolio for both the June 2011 and December 2011 shares effective December 31, 2017. The June 2011 shares are in the amount of $85,323.58 and the December 2011 shares are in the amount of $16,549.86. PNC should receive the redemptions via wire transfer during the week of March 5, 2018.

I. Treasury Wine Estates Class Action

Mr. Jensen reported that the Fund received $7,970.07 from the Treasury Wine Estates Class Action settlement.

J. Investment Policy Amendment

Mr. Slevin reported on an Amendment to the Investment Policy.

The Trustees executed the Amendment.

K. Shoppers Withdrawal Liability Demand

Mr. Jensen noted that the Shoppers Withdrawal Liability demand had been sent February 28, 2018.

L. Cheiron Amendment

Mr. Slevin presented an Amendment to Cheiron's retainer agreement.

V. ADMINISTRATIVE MANAGER'S REPORT

A. Fourth Quarter 2017 Report

Mr. Jensen presented the Administrative Manager's report for the Fourth Quarter 2017, which had been pre-circulated. Such report indicated contribution income of $11,196,293, interest and dividend income of $501,208, transfers from assets of $62,002,062, receipt of withdrawal liability payments of $164,645, and miscellaneous income of $828,763, producing total income of $74,692,971 for the quarter. Total expenses were $38,558,592, producing a net operating surplus of $36,134,379. Mr. Jensen noted that contributions were remitted on behalf of 16,834 Plan participants.

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

B. Administrative Services Contract Renewal

Mr. Jensen stated that Associated Administrators' contract will expire March 31, 2018. He presented a request for a three-year extension of the contract and reviewed justification for a fee increase, including new legislation that has significantly affected benefits processing, implementation of the new eligibility rule changes and regulatory changes, ongoing information technology investment for mandated security and compliance, and more involvement with government agencies, such as the Department of Labor.

Mr. Jensen and Ms. DuVall were excused from the meeting.

The Trustees discussed the contract renewal and, On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the three-year extension of the administrative services contract at a fee increase of 3% per year effective April 1, 2018, in addition to the proposed hourly rates for implementing new regulatory changes and new vendor implementations.**

Mr. Jensen and Ms. Duvall were invited to return to the meeting and they were advised of the Trustees' decision.

VI. INVOICES

The Trustees reviewed the list of invoices dated March 2, 2018. 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 March 2, 2018 are approved for payment.**

VII. OTHER FUND BUSINESS

A. Contribution Increase Allocation Directed By Bargaining Parties

The Trustees advised that the bargaining parties recently directed a two cent increase, effective April 1, 2018 for Giant and November 1, 2017 for Safeway, in Giant's and Safeway's Tier 2 contribution rate to the Fund, with concomitant increases to Giant's and Safeway's other contribution rates.

B. ERISA Pension Investment Conference ("EPIC")

Mr. Jensen noted that Investment Performance Services was holding its EPIC conference from April 24 – April 27, 2018 in South Carolina.

VIII. NEXT MEETING DATE AND LOCATION

The Trustees noted that their next meeting date was scheduled to be held on June 28, 2018 in the offices of UFCW Local 400 in Landover, Maryland.

IX. ADJOURNMENT

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

Respectfully Submitted,

Jason Paradis, Secretary

20622721v1