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 3, 2014 IN LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
M. Federici – Chairman
T. Hipkins
G. Murphy, Jr.
J. Slivosky

EMPLOYER TRUSTEES
W. Kraemer – Secretary
J. Champion
J. Paradis
F. Stegman

Also present were:

M. Boyle – UFCW Local 400
H. Burton – Morgan, Lewis & Bockius, LLP
J. Chorpenning – UFCW Local 27
G. Gatewood – UFCW Local 27
T. Goins – UFCW Local 27
J. Harrison – UFCW Local 27
M. Herwig - PNC Bank
W. Jensen – Associated Administrators, LLC
G. Kalwarski – Cheiron
J. Lewis – UFCW Local 400
E. Masten – UFCW Local 27
C. Murphy – Associated Administrators, LLC
D. Russell – Investment Performance Services
B. Slevin – Slevin & Hart, P.C.
D. White – Giant Food
C. Wiszynski – UFCW Local 400
K. Woodrich – Cheiron

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

I. RESIGNATION/APPOINTMENT OF TRUSTEE

Mr. Jensen reported that he had received correspondence from David Gillis resigning his position as a Trustee effective January 21, 2014. He further reported that he had received correspondence from the Food Employers Labor Relations Association appointing Jason Paradis as a successor Trustee effective the same date. The Trustees welcomed Mr. Paradis to the Board.

II. MINUTES

The Trustees reviewed the minutes of the regular meetings held on August 27, 2013 and December 18, 2013, 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 meetings held on August 27, 2013 and December 18, 2013 were approved as presented.**

III. FINANCIAL REPORT

A. PNC Report

The Trustees welcomed Mr. Michael Herwig of PNC Bank to the meeting. He presented a summary of activity report for the period January 1, 2014 to February 28, 2014. Such report indicated a beginning balance of $1,816,847, receipts of $11,936,319, transfers from managers of $13,000,000, disbursements of $24,191,151, and earnings of $309, resulting in an ending balance of $2,562,324, as of February 28, 2014.

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

B. Investment Consultant's Report (Investment Performance Services)

1. Master Consulting Report

The Trustees welcomed Mr. David Russell of Investment Performance Services to the meeting. Mr. Russell reviewed the Master Consulting Report for the period ended December 31, 2013. Such report indicated an ending market value of $594,793,801 and the year-to-date performance was 14.9%.

2. Performance Summary

Mr. Russell reviewed the performance of each manager. He recommended that Foundry Partners, Chartwell and Putnam be monitored, to proceed with the termination of NWQ and invest the proceeds in the Vanguard Total US Stock Market index, and to terminate Windhaven and AQR and transfer the proceeds to the PIMCO Unconstrained Bond CIT commingled fund. Mr. Russell said the investment committee had approved IPS's recommendations. He said the next meeting of the committee was scheduled for April 28, 2014.

The Trustees thanked Mr. Russell for this 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 discussed the impact of investment experience on the Fund. He estimated that the Fund would experience insolvency in July 2022, given current assumptions.

A. 2014 Engagement Letter

Mr. Kalwarski presented Cheiron's engagement letter for the 2014 plan year. He requested a retainer fee of $61,920, an increase of 1.5% or $920.00 from their 2013 fee. Non-Retainer fees would range between $144 and $465 per hour. After discussion,

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

> **RESOLVED to approve the 2014 Cheiron engagement request of an annual retainer of $61,920 and non-retainer fees of $144.00 to $465.00 per hour.**

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

V. ATTORNEY'S REPORT

A. Windsor Case

Mr. Slevin discussed the Windsor case and the joint and survivor options. After discussion, On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the recognition of same sex marriages for all purposes under the Plan.**

B. <u>A & P Litigation</u>

Mr. Slevin discussed the status of the A & P litigation for withdrawal liability.

C. <u>2013 Rehabilitation Plan</u>

Mr. Slevin discussed the updated 2013 Rehabilitation Plan. The document was executed.

D. <u>Amendment – Forum and Statute of Limitation</u>

Mr. Slevin discussed an Amendment to the Plan regarding the statute of limitations.

E. <u>DOL Correspondence</u>

Mr. Slevin discussed the DOL correspondence regarding Leonard Ragland.

G. <u>Meridian Class Action Litigation and Segregated Portfolio</u>

Mr. Slevin discussed the Meridian Class Action litigation and segregated portfolio.

H. <u>Jones Litigation</u>

Mr. Slevin discussed the Jones benefit claim litigation.

J. <u>Eddies</u>

Mr. Slevin discussed Eddies' partial withdrawal liability assessment sent by the Fund.

K. <u>Madoff Fund</u>

Mr. Slevin discussed the Madoff Victim Fund.

L. <u>Giant Information Request</u>

Mr. Slevin discussed the information request submitted by Dexter Hofing on behalf of Ahold.

M. Salter Engagement Letter

Mr. Jensen presented the audit engagement letter for the year ending December 31, 2013. He noted that Salter was requesting fees not to exceed $70,200.

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

> **RESOLVED to approve the audit engagement fee request not to exceed $70,200 for the year ending December 31, 2013.**

N. Putnam Fee Letter

Mr. Slevin reviewed the Putnam fee letter.

O. PNC Short Term Investment Fund ("STIF")

Mr. Slevin discussed the PNC Short Term Investment Fund.

P. Supervalu Withdrawal Liability

Mr. Slevin discussed the Supervalu withdrawal liability questionnaire sent to the employer.

Q. Cheiron Retainer

Mr. Slevin discussed the Cheiron retainer agreement.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. 4Q13

Mr. Jensen presented the administrative manager's report for the fourth quarter 2013, which had been pre-circulated. Such report indicated contribution income of $13,305,492, interest and dividend income of $1,676,095, transfers from assets of $23,527,154, withdrawal liability payments of $152,258 and miscellaneous income of $46,185, producing total income of $38,707,814. Total expenses were $34,734,659, producing a net operating surplus of $1,972,525 for the fourth quarter 2013. Contributions were remitted on behalf of 18,520 plan participants.

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

VII. INVOICES

The Trustees reviewed the list of invoices dated April 3, 2014. 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 3, 2014 were approved for payment.**

VIII. OTHER FUND BUSINESS

A. Miscellaneous Correspondence

1. Contribution Transfer and Refund

Mr. Jensen presented a request for a transfer and refund for plan participant Larry Cease. Mr. Jensen noted that contributions were remitted on behalf Mr. Cease under FELRA Tier I from 10/2010 to 01/2011 in the amount of $4,085.36. He was employed by UFCW Local 400 from 10/11/10 to 01/09/12. Contributions in the amount of $1,942.27 should have been remitted to the UFCW Unions and Participating Employers Pension Fund.

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

> **RESOLVED to approve the transfer of contributions from the FELRA and UFCW Pension Fund to the UFCW Unions and Participating Employers Pension Fund.**

The Local 400 Trustees abstained from voting on the motion.

B. Manager Confirmations

Mr. Jensen reported that confirmations were mailed to the investment managers on March 17, 2014.

C. Class Action Settlement

Mr. Jensen reported that the Fund had received a check in the amount of $28.14 as a result of the SEC v. Robert S. Woodruff class action settlement.

D. Acme Information Request

Mr. Jensen reported that an information request regarding withdrawal liability had been sent to Acme and that such information had been received and referred to Fund Counsel for review.

E. SuperValu, Inc.

Mr. Jensen reported that information had been provided to SuperValu, Inc. in response to their January 27, 2014 request.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected June 20, 2014, September 18, 2014, and December 11, 2014 as their next meeting dates, commencing at 9:00 a.m. in the Landover office of Associated Administrators, LLC

X. ADJOURNMENT

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

Respectfully submitted,
Ward Kraemer, Secretary