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**Pension Fund**

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# MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE FELRA AND UFCW PENSION FUND JUNE 20, 2014 IN LANDOVER, MARYLAND

The following Trustees were present:

**UNION TRUSTEES**
M. Federici – Chairman
G. Murphy, Jr.

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

Also present were:

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

## I. CALL TO ORDER

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

## II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on April 3, 2014, the policy committee minutes of April 28, 2014, and the appeal committee minutes of March 18, 2014, 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 3, 2014, the policy committee minutes of April 28, 2014 and the appeal committee minutes of March 18, 2014 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 March 31, 2014. Such report indicated a beginning balance of $1,816,847, receipts of $12,681,230, transfers from managers of $23,000,000, disbursements of $36,405,476, and earnings of $594, resulting in an ending balance of $1,093,195, as of March 31, 2014.

Mr. Herwig next presented a summary of activity report for the period January 1, 2014 to May 31, 2014. Such report indicated a beginning balance of $1,816,847, receipts of $24,646,754, transfers from managers of $37,000,000, disbursements of $61,166,877, and earnings of $717, resulting in an ending balance of $2,297,441, as of May 31, 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. Richard Sichel of Investment Performance Services to the meeting. Mr. Sichel reviewed the Master Consulting Report for the period ended March 31, 2014. Such report indicated an ending market value of $583,463,445 and a year-to-date performance of 2.1%.

### 2. Performance Summary

Mr. Sichel reviewed the performance of each manager. He recommended that Foundry Partners and Chartwell be monitored. He recommended termination of Windhaven, Putnam, and AQR and transfer the proceeds of those portfolios to First Eagle and global fixed income manager Franklin Templeton, and to reduce the Wellington investment to approximately $30M and reallocate to First Eagle and Franklin Templeton. He noted that NWQ had been terminated and the proceeds were transferred to Vanguard Total US Stock Market Index Fund on May 16, 2014.

The Board discussed the Investment Committee and agreed that it will no longer be utilized and the Board of Trustees will make investment decisions.

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

## IV. ATTORNEY'S REPORT

### A. Cycle D Filing of Plan Document to IRS

Mr. Slevin discussed the filing requirement of the restated Plan Document with the IRS under the Cycle D schedule. After discussion,

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

> **RESOLVED to authorize the Chairman and Secretary to take all action necessary in connection with the request for a determination of tax qualification.**

### B. PNC Agreement

Mr. Slevin presented the PNC amendment for execution by the Trustees. The document was signed.

### C. Fiduciary Insurance – Appeals

Mr. Slevin discussed the appeals process.

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

> **RESOLVED to designate the appeals committee as the named fiduciaries for the purpose of deciding appeals.**

**D. Contribution Increase**

The Trustees discussed the April 1, 2014 contribution increase and how it will be allocated between this Fund and the MAP Fund based on direction from the bargaining parties.

**E. Defense of Marriage Act ("DOMA")**

Mr. Slevin reviewed the DOMA guidance with the Trustees. The Board agreed to retain the residence rule for the period June 26 – September 15, 2013.

**F. A & P Litigation**

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

**G. Meridian Class Action Litigation and Segregated Portfolio**

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

**I. Jones Litigation**

Mr. Slevin discussed the Jones benefit claim litigation.

**J. Madoff Fund**

Mr. Slevin discussed the Madoff Victim Fund.

**K. Eddies**

Mr. Slevin discussed Eddies' partial withdrawal liability assessment. Cheiron was instructed to re-calculate the withdrawal liability based on the information that G & G and Eddies Eager Street are two separate entities.

### L. Investment Contracting

Mr. Slevin discussed Putnam's change regarding administrative expenses being charged to the collective trust. He also discussed the status of contracting with First Eagle and Franklin Templeton.

### M. Safeway Data Request

Mr. Slevin discussed the Safeway data request

### N. Withdrawal Liability Rules

Mr. Slevin discussed the withdrawal liability rules, which were pending with co-counsel.

### O. Non-Discrimination Forms

Mr. Slevin noted discussed non-discrimination testing.

## VI. ADMINISTRATIVE MANAGER'S REPORT

### A. 1Q14

Mr. Jensen presented the administrative manager's report for the first quarter 2014, which had been pre-circulated. Such report indicated contribution income of $12,976,028, interest and dividend income of $1,553,629, transfers from assets of $22,206,850, withdrawal liability payments of $166,678 and miscellaneous income of $23,397, producing total income of $36,926,582. Total expenses were $36,672,658, producing a net operating surplus of $253,924 for the first quarter 2014. Contributions were remitted on behalf of 18,406 plan participants.

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

## VI. INVOICES

The Trustees reviewed the list of invoices dated June 20, 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 June 20, 2014 were approved for payment.**

## VII. OTHER FUND BUSINESS

### A. Miscellaneous Correspondence

### 1. Fiduciary Insurance – Elimination of Recourse

Mr. Jensen said that the Waiver of Recourse invoices for the fiduciary insurance had been sent to the Trustees on June 2, 2014.

### 2. Class Action Settlement

Mr. Jensen said that the Fund had received $3,810.02 as settlement in the Motorola Securities Litigation.

## VIII. NEXT MEETING DATE AND LOCATION

The Trustees noted that their next regular meeting was scheduled for September 18, 2014 commencing at 9:00 a.m. in the Landover office of Associated Administrators, LLC

## IX. ADJOURNMENT

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

Respectfully submitted,

Ward Kraemer, Secretary