United Food and Commercial Workers Unions and Participating Employers Pension Fund

911 RIDGEBROOK ROAD
SPARKS, MARYLAND 21152-9451
TELEPHONE: (410) 683-6500
(800) 638-2972

4301 GARDEN CITY DRIVE
SUITE 201
LANDOVER, MARYLAND 20785-6102
TELEPHONE: (301) 459-3020

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND DECEMBER 15, 2016 NATIONAL HARBOR, MARYLAND

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
G. Murphy, Jr. - Secretary	D. Gwin - Chairperson
Y. Anwar	J. Born
J. Chorpenning	S. Loeffler
M. Federici	B. Seehafer
C. Hoffmann	

Also present were:

M. Bramstaedt - The Segal Company
M..Buckberg - Bond Beebe
H. Burton - Morgan, Lewis, & Bockius LLP
D. Clutts - Associated Administrators, LLC
M. Eubank - UFCW Local 27
C. Heppner - The Segal Company
M. Harris - UFCW Local 400
J. Harrison - UFCW Local 27
T. Hipkins - UFCW Local 27
J. Ianniello - Associated Administrators, LLC
W. Jensen - Associated Administrators, LLC
A. Leech - Bond Beebe
J. Mink - Investment Performance Services, LLC
S. Sanchez - Slevin & Hart, P.C.
B. Slevin - Slevin & Hart, P.C.
J. Timm - The Segal Company
L. Walsh - Associated Administrators, LLC

I. CALL TO ORDER

A quorum being present, the meeting was called to order. Mr. Loeffler offered his resignation as a Trustee from the Fund effective December 15, 2016. The Trustees thanked him for his service to the Fund, and he was excused.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on September 27, 2016 which were pre-circulated.

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

> **RESOLVED that the minutes of the regular meeting held on September 27, 2016 are approved as presented.**

III. FINANCIAL REPORT

A. PNC Report

Mr. Jensen presented the PNC Summary of Activity report for the period January 1, 2016 to November 30, 2016. Such report indicated a beginning market value of $100,582,345, receipts of $11,847.545, disbursements of $12,468,941, and investment returns of $5,584,893, producing an ending market value of $105,545,841 as of November 30, 2016.

B. Auditor’s Report

The Trustees welcomed Mr. Mark Buckberg and Mr. Albert Leech of Bond Beebe to the meeting.

Mr. Buckberg and Mr. Leech presented a copy of the Fund’s Financial Statements for the year ended 2015. Net Assets Available for Benefits on December 31, 2014 were $105,783,632. Total additions for the year ended December 31, 2015 were $10,636,323. Total deductions were $12,152,279. The decrease of Net Assets Available for Benefits on December 31, 2015 was $1,515,956. Mr. Buckberg reviewed the Notes to Financial Statements and the Schedule of Employer Contributions. Mr. Buckberg noted that this was an unmodified opinion, previously referred to as an “unqualified” opinion.

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

RESOLVED to accept the Auditor's report as presented.

The Trustees thanked Mr. Buckberg and Mr. Leech for their report and they were excused from the meeting.

C. Investment Performance Services ("IPS")

The Trustees welcomed Ms. Jennifer Mink of IPS to the meeting.

1. Master Consulting Report

Ms. Mink distributed the Master Consulting Report for the period ended September 30, 2016. Such report indicated a market value of assets of $106,510,100. The total portfolio had a 4.2% return gross of fees in the third quarter 2016, and a 5.5% return gross of fees year to date 2016.

2. Manager's Review

Ms. Mink reviewed each investment manager's performance. Westfield Capital Management Fund's ("Westfield") performance continues to lag behind the Russell 1000 Growth Index. Ms. Mink stated IPS will monitor Westfield's performance for improvement. Entrust Multi Strategy Fund of Funds ("Entrust") performance continues to lag behind the hedge fund of funds composite index. Entrust also had an ownership change during 2016. Ms. Mink stated IPS will monitor Entrust's performance for improvement.

In keeping with the decision the Trustees made at the September 27, 2016 meeting, IPS communicated to Entrust that the Fund would be redeeming $6 million of their portfolio to fund another manager. IPS recently received notice from EnTrust that it would need to liquidate an investment in Peruvian bonds that have limited liquidity in order to distribute the balance of the requested redemption. IPS recommended that the Fund temporarily put a hold on its redemption request to the extent that request would require the immediate liquidation of the Peruvian bonds because those bonds currently are the subject of an arbitration proceeding regarding valuation of the bonds. The Fund's pro rata share of the Peruvian bonds is being held separately, pending the outcome of the arbitration. The Trustees discussed the fees charged to the segregated account in which the Fund's assets are being held. Ms. Mink advised that the fee Entrust will charge is 50 basis points. The Trustees requested that IPS determine whether any additional fees would be charged.

After discussion, the Trustees voted approval of the following resolution:

RESOLVED to approve the recommendation of IPS, as stated above, subject to confirmation that the applicable fees on the assets under management by EnTrust will not exceed 50 basis points.

3. Private Equity Secondary Investment

Ms. Mink discussed the private equity secondary market as an investment option for the Trustees' consideration. Ms. Mink stated this would further diversify the Fund's investments to meet targeted returns.

Hamilton Lane Investors

Mr. Steve Brennan from Hamilton Lane Investors made a presentation to the Trustees on the Hamilton Lane Secondary Fund IV. Hamilton Lane was founded in 1991 and has over $30 billion in private equity assets under management. Taft-Hartley clients represent 28% of their investments. Mr. Brennan stated that Hamilton Lane's private equity portfolios have had an annualized return over the past ten years of 9.8%. The Hamilton Lane Secondary Fund IV is a fund of private equity funds and is presently accepting new investors for a ten year fund term and a $5 million minimum investment.

The Trustees thanked Mr. Brennan for his report and excused him from the meeting. Ms. Mink recommended investing $7.5 million in the Hamilton Lane Secondary Fund IV, drawn from the current portfolio of U.S. equities, and real estate.

After further discussion, the Trustees voted approval of the following resolution:

RESOLVED to hire Hamilton Lane Investors as a fund of private equity funds investment manager for the Fund with a $7.5 million investment in the Hamilton Lane Secondary Fund IV, upon execution of an acceptable contract. The Hamilton Lane investment is to be funded by liquidation of U.S. equity investments and a call of $1 million from Principal Real Estate.

4. Asset Allocation

Ms. Mink reviewed the Fund's current asset allocation, noting all allocations are within investment policy target ranges. Ms. Mink presented proposed asset allocation adjustment options for the Trustees' review.

After further discussion, the Trustees voted approval of the following resolution:

RESOLVED to adopt the following asset allocation changes recommended by IPS: decrease the U.S. large cap equity allocation target to 22.5%; decrease the multi-strategy hedge fund of fund allocation target to 5%; increase the opportunistic hedge fund of fund allocation target to 15%; add a 5% private equity target; and eliminate the GTAA allocation target.

Ms. Mink recommended redemption of $1 million from Principal Real Estate Trust to allow for full funding of the Corbin Hedge Fund of Funds investment effective February 1, 2017. The Trustees thanked Ms. Mink for her report and she was excused from the meeting.

After further discussion, the Trustees voted approval of the following resolution:

RESOLVED to approve the redemption of $1 million from the Fund's investment with Principal.

IV. ATTORNEY'S REPORT

A. Required Beginning Date

Mr. Slevin discussed administration of the Plan's required beginning date rules.

After further discussion, the Trustees voted approval of the following resolution:

RESOLVED to delegate to the Chairman and Secretary the authority to make any necessary decisions relating to administration of the Plan's required beginning date rules.

B. Withdrawal Liability

Mr. Slevin discussed the status of the withdrawal liability assessments relating to the following employers: Metropolitan Poultry & Seafood, Commodore Homes, Delmarva, Perdue and Bestway.

C. Contribution Delinquencies

Mr. Slevin reported on Bestway's and G & G Eddie's contribution delinquencies.

D. Magruder's Lawsuit

Mr. Slevin reported on the Fund's pending withdrawal liability lawsuits against Magruder and against a Magruder control group member.

E. Insolvency Test

Mr. Slevin reported on ERISA's insolvency test requirement for pension plans in critical status.

F. Rehabilitation Plan

Mr. Slevin reported that the Rehabilitation Plan Committee met on December 14, 2016. The Committee delegated authority to the Fund Chairperson and Secretary to adopt the Rehabilitation Plan update for the Pension Fund by December 31, 2016.

G. SEI

Mr. Slevin reported on SEI's annual request for certification of the Fund's multiemployer status. Mr. Jensen reported that the certification was sent by the Fund office to SEI.

V. ADMINISTRATIVE MANAGER'S REPORT

Mr. Jensen reviewed the Administrative Manager's Report for the third quarter 2016. Such report indicated total income of $2,214,902 and total expenses of $3,377,960, producing a net deficit of $1,163,058. Mr. Jensen reported that contributions were remitted on behalf of 3,391 Plan participants. Mr. Jensen noted that page 12 of the Administrative Manager's Report is a new report requested by the Trustees titled "Stipend Income & Expenses." This report indicated stipend income of $81,450 and stipend expenses of $81,903 for 60 Plan participants.

Mr. Jensen reviewed a list of pension applications submitted for approval during the third quarter of 2016.

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 third quarter 2016 report are approved for payment.**

VI. INVOICES

Mr. Jensen presented a list of invoices dated December 15, 2016. He 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 December 15, 2016 are approved for payment.**

VII. OTHER FUND BUSINESS

Mr. Jensen reported the following:

A. Convergex

The Fund received a payment of $421.92 from Convergex for the second quarter 2016 commission rebate recapture.

B. UFCW International Union-Industry Pension Fund ("National Fund")

Mr. Jensen reported that per the Chairperson and Secretary's request on October 21, 2016, he sent a letter to the UFCW National Fund, inquiring about the possibility of a merger, asset transfer, or other arrangement between the Non-Food Pension Fund and the National Fund. No response has been received to date.

VIII. NEXT MEETING DATES AND LOCATIONS

After discussion, the Trustees selected the following dates and meeting locations:

April 19 – 20, 2017 - 9:30 a.m. – Hanover, Maryland
September 14, 2017 – 9:30 a.m. – Annapolis, Maryland
December 6-7, 2017 - 9:30 a.m. – National Harbor, Maryland

IX. ADJOURNMENT

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

Respectfully submitted,

George Murphy, Jr., Secretary