UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND

BOARD OF TRUSTEES MEETING

SEPTEMBER 18, 2013

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
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4301 Garden City Drive, Suite 201
Landover, Maryland 20785-6102
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AGENDA

SEPTEMBER 18, 2013

1:00 P.M.

I. CALL TO ORDER
   A. TRUSTEE RESIGNATION/APPOINTMENT

II. MINUTES (pg. 1 – 11)
   A. REGULAR MEETING – JULY 2, 2013
   B. APPEAL COMMMITTEE MEETING – JUNE 11, 2013

III. FINANCIAL REPORT
   A. PNC BANK
   B. INVESTMENT PERFORMANCE SERVICES
   C. INVESTMENT MANAGER PRESENTATIONS
      1. AMERICAN REALTY ADVISORS
      2. WESTFIELD CAPITAL MGMT. CO.
      3. WEDGE CAPITAL MGMT. CO.
      4. JOHNSTON ASSET MANAGEMENT
      5. SEGALL BRYANT & HAMILL

IV. ACTUARY'S REPORT

V. ATTORNEY'S REPORT (pg. 12 – 13)

VI. ADMINISTRATIVE MANAGER'S REPORT - 2Q13 (pg. 14 – 28)

VII. INVOICES (pg. 29 – 32)

VIII. OTHER FUND BUSINESS (pg. 33 – 38)
   A. MISCELLANEOUS CORRESPONDENCE
   B. STATUS OF COLLECTION OF GIANT FOOD CONTRIBUTIONS

IX. NEXT MEETING DATE AND LOCATION

X. ADJOURNMENT

MINUTES

United Food and Commercial Workers Unions and Participating Employers Pension Fund

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SPARKS, MARYLAND 21152-9451
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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND JULY 2, 2013 IN TYSONS CORNER, VIRGINIA

The following Trustees were present:

UNION TRUSTEES
G. Murphy - Secretary
J. Chorpenning
M. Federici
J. Slivosky
C. Wiszynski

EMPLOYER TRUSTEES
A. Samad-Salameh – Chairperson
D. Gwin
S. Habermehl
S. Loeffler
D. Whitney

Also present were:

G. Anderson - Kroger
H. Burton – Morgan, Lewis, & Bockius LLP
M. Eubank – UFCW Local 27
M. Harris – UFCW Local 400
M. Herwig – PNC Bank
W. Jensen – Associated Administrators, LLC
C. Mietlicki – Cheiron
J. Sears – Associated Administrators, LLC
B. Slevin – Slevin & Hart, P.C.

I. CALL TO ORDER

Noting the presence of a quorum, the meeting was called to order.

II. TRUSTEE APPOINTMENTS

Mr. Sears reported that George Murphy and Jason Chorpenning have been appointed as Union Trustees, replacing Harry Manley and Thomas Hipkins, effective December 17, 2012.

A. Appointment of Secretary

Mr. Sears noted that a new Secretary would need be to be appointed. Trustee Federici nominated Trustee Murphy as Fund Secretary, replacing Harry Manley.

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

> **RESOLVED to appoint George Murphy as Secretary of the UFCW Unions and Participating Employers Pension Fund.**

III. MINUTES

The Trustees reviewed the minutes of the regular meeting of December 11, 2012 and the special meetings of December 27, 2011 and December 29, 2011, which were pre-circulated. After discussion,

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

> **RESOLVED that the minutes of the December 11, 2012 regular meeting and the December 27, 2011 and December 29, 2011 special meetings were approved as presented.**

IV. FINANCIAL REPORT

A. PNC Bank

The Trustees welcomed Mr. Michael Herwig of PNC Bank to the meeting. Mr. Herwig presented a summary of activity report for the period January 1, 2013 through March 31, 2013. Such report indicated a beginning market value of $87,685,300, receipts of $1,483,717, expenses of $2,877,583, and investment return of $4,951,646, producing an ending market balance of $91,243,080 as of March 31, 2013.

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

B. Investment Consultant's Report

Representatives from Investment Performance Services ("IPS") were unable to attend the meeting. Mr. Sears noted that Jennifer Mink of IPS forwarded the "Master Consulting Report" dated March 31, 2013 and that it was posted to the Trustee Web

Portal for review. He said the report showed the 2012 return was 14.1% gross of fees, and that the year to date return through May 31, 2013 was 8.1% gross of fees.

V. ACTUARY'S REPORT

The Trustees welcomed Mr. Chris Mietlicki from Cheiron to the meeting.

A. 2013 Engagement Letter

Mr. Mietlicki presented an engagement letter for the 2013 plan year, which reflected a 1.7% increase in the annual retainer from $36,000 to $36,636. After discussion,

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

> **RESOLVED to approve the 2013 Cheiron engagement request of an annual retainer of $36,636.**

B. Withdrawal Liability – Chessie, KELCO, and First Peoples Federal Credit Unions

Mr. Mietlicki said that letters were received from Chessie, KELCO, and First Peoples Federal Credit Unions offering settlement offers on their withdrawal liability assessments.

Chessie offered to pay $470,000 in a lump sum to settle their liability. They previously paid $240,000 in 2012. The total liability provided by Cheiron, to be paid in 72 quarterly payments, was $962,992.

KELCO offered to pay $180,000 in a lump sum to settle their liability. The total liability provided by Cheiron, to be paid in 80 quarterly payments, was $233,637.

First Peoples offered to pay $500,000 in a lump sum to settle their liability. The total liability provided by Cheiron, to be paid in 79 quarterly payments, was $660,440.

Trustee Murphy stated that the settlement offers were made since the final liability assessments were higher than the estimates originally sent to each employer. He said financial concerns as to whether these employers would pay the complete payment schedule would justify accepting less than the full amount due in a lump sum. The

Trustees agreed that there should be an analysis performed of the financial status of the employers in considering the offers.

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

> **RESOLVED to have the Fund make inquiries regarding the financial status of Chessie, KELCO, and First Peoples Federal Credit Unions which will be reviewed by the Chairman and Secretary. The Chairman and Secretary were authorized to act upon the settlement offers provided by the three employers.**

C. <u>Magruder's Withdrawal Liability</u>

Mr. Mietlicki said an updated withdrawal liability calculation was performed on June 27, 2013 for Magruder's, showing the liability to be $1,980,709. This estimate is based on a 2012 withdrawal and updates the estimate that was performed on March 4, 2013.

Mr. Slevin reported on the issues related to Magruder's withdrawal liability.

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

> **RESOLVED to authorize Chairman and Secretary to act on the Magruder's withdrawal liability claim.**

D. <u>Withdrawal Liability Estimates Requested</u>

Mr. Mietlicki said withdrawal liability estimates were requested by Metropolitan Poultry, SuperValu, Giant of Maryland LLC, and WEPCO.

E. <u>Redacted</u>

F. <u>Kroger Richmond/Tidewater Contributions</u>

Trustees Loeffler and Federici said the bargaining parties have discussed the contribution rates that apply and are working towards a resolution. They requested more time to resolve the issue.

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

> **RESOLVED to allow the bargaining parties until the next Board meeting to resolve the Kroger Richmond/Tidewater contribution rate and effective date.**

G. Zone Certification

Mr. Mietlicki said the 2012 zone certification was completed on March 29, 2013 and the Fund is still in critical condition.

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

VI. ATTORNEY'S REPORT

A. Forum Selection and Statute of Limitations

Mr. Slevin discussed the jurisdiction for legal proceedings and the statute of limitations.

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

> **RESOLVED to designate Maryland as the jurisdiction for any legal proceedings against the Fund and adopt a three year statute of limitations to bring such actions.**

B. PNC Custody Agreement

Mr. Slevin discussed the PNC contract.

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

> **RESOLVED to amend the PNC Bank custody agreement as may be appropriate to authorize the Board of Trustees to choose the fund for short term cash.**

C. Trustee Expenses

Mr. Slevin discussed recent DOL guidance on Trustee expenses.

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

RESOLVED to adopt Amendment Number 1 to the Trustee Expense Policy.

The Trustees executed the amendment.

D. <u>Fiduciary Liability Insurance Broker</u>

Mr. Slevin discussed the broker for the Fund's fiduciary liability insurance.

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

RESOLVED to designate Segal Select as the broker of record.

E. <u>Cost Sharing</u>

Mr. Slevin presented a new cost sharing agreement between the Fund, the UFCW Unions and Participating Employers Pension Fund, the FELRA and UFCW Health and Welfare Fund, the FELRA and UFCW Pension Fund and Mid Atlantic and Participating Employers Pension Fund ("MAP").

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

RESOLVED to approve the cost sharing agreement between the Fund, the UFCW Unions and Participating Employers Health and Welfare, the FELRA and UFCW Pension Fund, the FELRA and UFCW Health and Welfare Fund, and the Mid-Atlantic and Participating Employers Pension Fund ("MAP").

F. <u>A. M. Briggs</u>

Mr. Slevin discussed the A. M. Briggs request for Fund documents

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

RESOLVED to deny providing A.M. Briggs with the requested Fund documents.

G. Partial Withdrawals

Mr. Slevin discussed whether partial withdrawals had taken place.

H. Syms Bankruptcy

Mr. Slevin discussed the Syms bankruptcy.

I. Delinquency – Bestway

Mr. Slevin discussed the delinquency for Bestway. The Trustees agreed that the amount was too small to be worth pursuing.

J. DOL Survey – Alternative Investments

Mr. Slevin discussed the request from the DOL Inspector General's office to respond to a survey regarding alternative investments.

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Fourth Quarter 2012 and First Quarter 2013 Reports

Mr. Sears presented the administrative manager's reports for the fourth quarter of 2012 and the first quarter of 2013, which had been pre-circulated to the Trustees.

The fourth quarter 2012 report indicated contribution income of $1,250,799, miscellaneous income of $8,818, and interest and dividend income of $279,652, producing total income of $1,539,269. Expenses totaled $2,624,115, producing a net deficit of $1,084,846 for the quarter ended December 31, 2012. He noted that contributions were made on behalf of 6,339 active plan participants.

For the year ending December 31, 2012, the report indicated contribution income of $4,888,205, miscellaneous income of $17,311, and interest and dividend income of $1,065,531, producing total income of $5,971,047. Expenses totaled $10,922,285, producing a net deficit of $4,951,238 for the year ended December 31, 2012. He noted that contributions were made on behalf of an average of 6,722 active plan participants.

For the first quarter 2013, contribution income was $1,294,571, miscellaneous income was $184, and interest and dividend income was $240,285, producing total income of $1,535,040. Expenses totaled $2,921,507, producing a net deficit of $1,386,467 for the year through March 31, 2013. He noted that contributions were made on behalf of an average of 6,755 participants.

B. Fourth Quarter 2012 and First Quarter 2013 Pension Applications

Mr. Sears reviewed the list of pension applications.

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 2012 and first quarter 2013 reports were approved for payment.**

VIII. INVOICES

Mr. Sears presented a list of invoices dated July 2, 2013. He noted there were no additions, deletions, or changes to the list and that all invoices represented proper Fund expenses.

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

> **RESOLVED that the list of invoices dated July 2, 2013 was approved for payment.**

IX. OTHER FUND BUSINESS

A. Giant of Maryland LLC Refund Request

Mr. Sears said a letter was received from Giant of Maryland LLC requesting a refund of $24,538.56 for contributions inadvertently paid to the Fund.

After discussion, on Motion made and seconded, the Trustees voted approval of the following resolution:

> **RESOLVED to table the refund request from Giant of Maryland LLC.**

Trustee Murphy abstained from the voting.

B. Annual Funding Notice and Notice of Critical Status

Mr. Sears said the Annual Funding Notice and Notice of Critical Status were mailed to 14,600 participants on April 29, 2013.

C. Canada Dry - Withdrawal Liability Payments

Mr. Sears said quarterly payments of $17,251 were received from Canada Dry in January and April, 2013.

D. Payroll Audit – Magruder's

Mr. Sears said the payroll audit for Magruder's for the period January 1, 2012 through January 17, 2013 found no discrepancies.

E. Fiduciary Liability Waiver of Recourse

Mr. Sears that invoices for the fiduciary liability waiver of recourse premiums were mailed to Trustees.

F. PBGC Estimated Premium

Mr. Sears said an estimated premium of $176,820 was paid to the PBGC in February.

X. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the following dates for the next meeting:

September 18, 2013 – location to be determined

XI. ADJOURNMENT

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

Respectfully submitted,
George Murphy - Secretary

United Food and Commercial Workers Unions
and Participating Employers
Pension Fund

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**APPEALS EMAILED AND RESOLVED
BY THE APPEALS SUBCOMMITTEE OF THE
BOARD OF TRUSTEES OF THE
UCFW UNIONS & PARTICIPATING EMPLOYERS
PENSION FUND ON JUNE 11, 2013**

The following Trustees made determinations on the appeals:

UNION TRUSTEES
C. Wiszynski

EMPLOYER TRUSTEE
D. Gwin

Also present was:
E. Novak - Associated Administrators, LLC.

I. APPEALS

The following appeals were reviewed by the Trustees:

May/June 2013

P13/111-2262	Early Deferred Vested Pension	Denied

Respectfully submitted,

Emily Novak

ufcw\Pension\min6\2013

ATTORNEY'S REPORT

CHESSIE
FEDERAL CREDIT UNION

P.O. Box 689 Cumberland, MD 21501-0689 Phone (301) 777-1781

August 26, 2013

Associated Administrators, LLC
4301 Garden City Dr., Suite 201
Landover, MD 20785

Dear Trustees:

Chessie Federal Credit Union hereby offers to pay to the Fund a lump sum of $595,000.00 ($835,000.00 minus $240,000.00 paid in September 2012), in full satisfaction of its withdrawal liability obligation. This lump sum settlement would eliminate the Funds' risk of possible non-payment in the future.

Please advise me of whether this offer is acceptable to the Fund.

Sincerely,

Richard A. Daugherty
President

KELCO Federal Credit Union

321 GREENE STREET • CUMBERLAND, MARYLAND 21502 • TELEPHONE 301-777-8100

August 26, 2013

Board of Trustees
UFCW Pension Fund
911 Ridgebrook Road
Sparks, Maryland 21152

Reference: Pension Fund withdrawal liability

Dear Trustees,

This is in response to the December 27, 2012 letter we received from the UFCW Unions and Participating Employers Pension Fund assessing withdrawal liability against Kelco Federal Credit Union in the total amount of $233,637.00 payable in 80 quarterly payments of $5,247.00.

Kelco Federal Credit Union hereby offers to pay to the Fund a lump sum of $200,000.00 in full satisfaction of its withdrawal liability obligation. This lump sum settlement would eliminate the Fund's risk of possible non-payment in the future.

Please advise me of whether this offer is acceptable to the Fund.

Sincerely,

J C Soulsby

James C. Soulsby
Chairman of the Board
Kelco Federal Credit Union
August 26, 2013

AUG 28 2013
AA LLC

ADMINISTRATIVE MANAGER'S REPORT

UFCW UNIONS AND PARTICIPATING

EMPLOYERS PENSION FUND

SECOND QUARTER 2013

ADMINISTRATIVE MANAGER'S REPORT

SECOND QUARTER 2013
CONTRIBUTIONS

COMPANY	RATE	PARTICIPANTS	HOURS	CONTRIBUTIONS
ALLEGANY COUNTY	0.16	76	33,666	$5,387
ASSOCIATED ADMINISTRATORS	1.07	79	34,177	36,569
ASSOCIATED ADMINISTRATORS	.69	67	29,574	20,406
BESTWAY PINEY BRANCH-400	.605	2	759	463
COMMODORE HOMES	.79	73	34,791	27,485
DELMARVA 27	1.20	2	1,040	1,248
EDDIES ST. PAUL 27	.73	3	1,412	1,030
EDDIES ST. PAUL 27	.53	3	1,344	712
GIANT 400	.33	29	12,008	3,962
KROGER TIDEWATER[1]	.20	1,755	703,042	436,860
KROGER 400	.165	0	0	0
KROGER 400	.35	87	34,411	12,044
LION'S MANOR[2]	.25	83	36,993	9,248
METRO/BASICS 27	.49	445	176,775	86,620
METRO/BASICS 27	.57	70	35,088	20,000
METRO/BASICS 27	.71	202	92,853	65,926
METRO/BASICS 27	1.11	129	60,454	67,104
SHOPPERS 27	.71	33	18,909	13,425
SHOPPERS 400	.44	475	161,777	71,182
SHOPPERS 400	.69	1,749	768,240	530,086
UFCW LOCAL 27	1.21	45	23,396	28,309
UFCW LOCAL 400	1.08	53	27,815	30,041
UFCW LOCAL 400 TEMPS	1.08	0	0	0
UFCW LOCAL 400 TEMPS	1.12	0	0	0
UFCW LOCAL 400 TEMPS	1.13	0	0	0
UNION LEADER 400	.99	0	0	0
WEPCO F.C.U. 27	.44	2	876	385
WEPCO F.C.U. 27	.88	30	13,730	12,082
AM BRIGGS	247.50	49	0	36,630
BOAR'S HEAD PROVISIONS JARRAT	28.00	387	0	32,536
BOAR'S HEAD PROVISIONS PETERSBURG	30.01	225	0	20,227
FRESH & GREEN	80.00	6	0	1,440
FRESH & GREEN	40.00	33	0	3,880
METROPOLITAN POULTRY[3]	198.08	33	0	19,610
TOTAL		6,225	2,303,130	$1,594,897
		AVERAGE MONTHLY HOURS		123.33

[1]RATE INCREASE AS OF 1/1/12. INCLUDES RETRO PAYMENT OF $296,252.39 FOR 1/12-6/13

[2]INCLUDES ADJUSTMENT FOR PRIOR MONTHS WITH PRIOR RATES

[3]RATE INCREASE AS OF 4/1/13

SECOND QUARTER 2013 EXPENSES

BENEFIT EXPENSES

CATEGORY	AMOUNT	AVG. HOURLY COST	PERCENTAGE
PENSION BENEFITS	$2,319,446	$1.007	84.78%
SUBTOTAL	$2,319,446	$1.007	84.78%

OPERATING EXPENSES

CATEGORY	AMOUNT	AVG. HOURLY COST	PERCENTAGE
ADMINISTRATION	$164,675	$0.072	6.02%
MISCELLANEOUS	251,665	0.109	9.20%
SUBTOTAL	$416,340	$0.181	15.22%
TOTAL EXPENSES	$2,735,786	$1.188	100.00%

MISCELLANEOUS

CATEGORY	AMOUNT	AVG. HOURLY COST	PERCENTAGE
ACCURINT	118	0.000	0.004%
ACTUARIAL & CONSULTING	11,835	0.005	0.433%
AM. STABLE VALUE	17,283	0.008	0.632%
ENTRUST CAP	47,980	0.021	1.754%
FIDUCIARY LIAB. INS.	25,905	0.011	0.947%
IPS	18,750	0.008	0.685%
JOHNSTON INTERNATIONAL	14,759	0.006	0.539%
LEGAL	27,022	0.012	0.988%
LOOMIS SAYLES	28,124	0.012	1.028%
MEETING	834	0.000	0.030%
PNC	924	0.000	0.034%
POSTAGE	11,717	0.005	0.428%
PRINTING	367	0.000	0.013%
SEGALL BRYANT & HAMILL	3,043	0.001	0.111%
TELEPHONE	40	0.000	0.001%
WEDGE CAPITAL	12,884	0.006	0.471%
WELLINGTON TRUST	21,923	0.010	0.801%
WESTFIELD CAPITAL	8,157	0.004	0.298%
SUBTOTAL	$251,665	$0.109	9.20%

RETIREES	2,528	AVG. MTH. PAYOUT	$305.83

SECOND QUARTER 2013
QUARTERLY RECAP

	FIRST 2013	SECOND 2013	THIRD 2013	FOURTH 2013	TOTAL
CONTRIBUTIONS	$1,294,571	$1,594,897	$0	$0	$2,889,468
MISCELLANEOUS[1]	184	6,151	0	0	6,335
INTEREST & DIVIDENDS	240,285	263,686	0	0	503,971
TOTAL INCOME	$1,535,040	$1,864,734	$0	$0	$3,399,774
BENEFIT EXPENSES					
PENSION BENEFITS	$2,332,199	$2,319,446	$0	$0	$4,651,645
OPERATING EXPENSES					
ADMINISTRATION	$161,337	$164,675	$0	$0	$326,012
MISCELLANEOUS	427,971	251,665	0	0	679,636
SUBTOTAL	$589,308	$416,340	$0	$0	$1,005,648
TOTAL EXPENSES	$2,921,507	$2,735,786	$0	$0	$5,657,293

TOTAL INCOME	$1,535,040	$1,864,734	$0	$0	$3,399,774
TOTAL EXPENSE	$2,921,507	$2,735,786	$0	$0	$5,657,293
SURPLUS (DEFICIT)	**($1,386,467)**	**($871,052)**	**$0**	**$0**	**($2,257,519)**

TOTAL PARTICIPANTS	6,755	6,225			6,490

[1]LITIGATION SETTLEMENTS - $5,151.00
WITHDRAWAL LIABILITY CALCULATION PAYMENT - $1,000.00

2012
QUARTERLY RECAP

	FIRST 2012	SECOND 2012	THIRD 2012	FOURTH 2012	TOTAL
CONTRIBUTIONS	$1,188,813	$1,172,890	$1,275,703	$1,273,616	$4,911,022
MISCELLANEOUS[1]	4,375	258	3,860	8,818	17,311
INTEREST & DIVIDENDS	171,633	199,275	414,971	279,652	1,065,531
TOTAL INCOME	$1,364,821	$1,372,423	$1,694,534	$1,562,086	$5,993,864

BENEFIT EXPENSES					
PENSION BENEFITS	$2,228,349	$2,243,203	$2,260,950	$2,256,267	$8,988,769

OPERATING EXPENSES					
ADMINISTRATION	$154,011	$157,734	$163,004	$161,604	$636,353
MISCELLANEOUS	371,519	345,270	374,130	206,244	1,297,163
SUBTOTAL	$525,530	$503,004	$537,134	$367,848	$1,933,516

TOTAL EXPENSES	$2,753,879	$2,746,207	$2,798,084	$2,624,115	$10,922,285

TOTAL INCOME	$1,364,821	$1,372,423	$1,694,534	$1,562,086	$5,993,864
TOTAL EXPENSE	$2,753,879	$2,746,207	$2,798,084	$2,624,115	$10,922,285
SURPLUS (DEFICIT)	**($1,389,058)**	**($1,373,784)**	**($1,103,550)**	**($1,062,029)**	**($4,928,421)**

TOTAL PARTICIPANTS	7,011	6,790	6,746	6,724	6,818

[1]LITIGATION SETTLEMENTS - $7,818.00
WITHDRAWAL LIABILITY CALCULATION PAYMENT - $1,000.00

BESTWAY SUPERMARKETS

INTEREST OF $1.08 OWED FOR 4/13-6/13 CONTRIBUTION PAYMENT RECEIVED LATE.

UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
APPLICATIONS SUBMITTED FOR APPROVAL
SECOND QUARTER 2013

STATUS	NAME	AGE	EMPLOYER	LOCAL	EFFEC DATE	TYPE	RECIP	FULL TIME YEARS	PART TIME YEARS	J&S	PENSION AMOUNT
FT	BUSSARD, ANNA - BENEFICIARY	80	METRO/BASICS	27	02/01/13	J					220.21
FT	CARON, JAMES	63	METRO/BASICS, MAGRUDERS	400	02/01/13	EN		27.25		100	584.57
FT	CASTRO, RUSSELL	68	SYMS	400	01/01/12	NR		18.75			377.44
FT	FORREST, NOREEN	67	SHOPPERS	400	06/01/11	NR		24.75	1.75		669.57
PT	JOHNSON, NATHANIEL	65	SHOPPERS	400	10/01/12	VNR			4.50		58.77
FT	KELLER, DON	56	SHOPPERS	400	01/01/13	E		16.75	4.75		387.28
PT	MILES, JAMES	61	SHOPPERS	400	02/01/13	EN		11.50	12.25	100	343.93
FT	ORELLANA, EDGAR	62	MAGRUDERS	400	02/01/13	EN		27.00			759.51
FT	ORELLANA, ROSABEL	62	MAGRUDERS	400	02/01/13	EN		23.00	1.75		671.60
FT	PALMER, RABIEB	63	SHOPPERS	400	05/01/11	EN		28.00	2.50		764.29
PT	PFAFF, PATRICIA	63	GIANT	27	01/01/13	EN			21.00		118.02
PT	RICHARDSON, MOLLIE	55	METRO/BASICS	27	02/01/13	X		8.75	19.00		600.43
PT	SEASAY, FATMATA	59	SHOPPERS	400	03/01/10	D			23.00	50	275.15
FT	WILSON, YVONNE - BENEFICIARY	67	COMMODORE HOMES	27	02/01/13	J					302.63
PT	ANZALONE, GIOVANNI	71	SHOPPERS	400	05/01/13	NA			6.00	50	95.53
FT	BRIDENDOLPH, NATHAN	59	ASPLUNDH TREE PRESERVATION	27	04/01/13	X		17.50		100	353.56
FT	COX, SHIRLEY - BENEFICIARY	70	KROGER	400	01/01/11	P					45.19
PT	CUMMINGS, VICKY	48	METRO/BASICS	27	11/01/11	D		5.75	8.75	100	124.48
PT	DU, MICHAEL	65	SYMS	400	05/01/13	V			5.75		57.85
PT	ELLINGTON, DORIS	66	SHOPPERS	400	02/01/13	NR			9.00		117.54
PT	FLETCHER, BERTHA	60	MAGRUDERS	400	12/01/09	V			17.25	50	222.16
PT	GARRETT, MARION	65	KROGER	400	10/01/12	NR			9.50		95.57
PT	HARLEE, RUBY	62	GIANT	27	05/01/13	EN	Y		5.75		32.32
FT	IVEY, JOHN	59	BOARS HEAD	400	04/01/13	E		10.60		50	58.78
PT	NEUHAUSER, JEANETTE	61	METRO/BASICS	27	05/01/11	EN			15.75		175.14
FT	POUNDER, ROGER	68	SYMS	400	05/01/13	NA		26.50	2.75		648.22
FT	RICH, JUNE - BENEFICIARY	79	FRESH VALUE	400	02/01/13	J					133.24
FT	RICHARDSON, BETTY LUE - BENEFICIARY	72	ALBERT BRIGGS	400	01/01/13	G					454.86
PT	SHERMAN, MARY	65	GIANT EAGLE	27	02/01/12	VNR			13.00	75	134.61
PT	SWIFT, YVONNE	65	GIANT	27	03/01/13	V			6.00		33.72
PT	VANBENS, ALVITA	48	SHOPPERS	400	01/01/13	D			24.75		323.24
PT	WOODS, GWENDOLYN	65	SHOPPERS	400	05/01/13	V			7.00		70.42
FT	CABRERA, ALEXANDER	65	MAGRUDERS	400	12/01/09	NR		7.75	5.75		298.85
PT	CASSELL, PATRICIA	63	SAFEWAY FOOD BARN	400	03/01/13	EN	Y		6.50		60.78
PT	CODDINGTON, BEULAH	65	SHOPPERS	400	05/01/13	V		2.75	3.25		97.33
FT	CORPUS-PAREDES, PEDRO - BENEFICIARY	36	GIANT	27	10/01/12	PE					123.95
FT	EASTERDAY, MARIA	60	SHOPPERS	400	09/01/12	EN		16.75	4.00		489.92

PROPRIETARY INFORMATION: THIS REPORT BELONGS TO UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND.

UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
APPLICATIONS SUBMITTED FOR APPROVAL
SECOND QUARTER 2013

STATUS	NAME	AGE	EMPLOYER	LOCAL	EFFEC DATE	TYPE	RECIP	FULL TIME YEARS	PART TIME YEARS	J&S	PENSION AMOUNT
FT	FARLEY, JOHN	65	METRO/BASICS,SHOPPERS	400	04/01/13	V		5.00			87.64
FT	JACK, MICHAEL	55	METRO/BASICS,SHOPPERS	400	04/01/13	X		19.75			276.75
PT	JORDAN, STANLEY - BENEFICIARY	64	SHOPPERS	400	03/01/13	PV					52.62
FT	LU, ZHUO	64	MAGRUDERS	400	02/01/13	EN		25.50		50	642.21
FT	MARSHALL, APRIL - BENEFICIARY	30	J W TREUTH	400	10/01/12	G					978.77
PT	SENIRES, VIVIAN	59	SHOPPERS	400	11/01/12	D		1.25	14.25		218.77
PT	TAYLOR, DIANE	60	SHOPPERS,FRESH VALUE	27	12/01/11	V			21.00	50	240.50
FT	TUCKER, JAMES	56	BOARS HEAD	400	01/01/13	D		19.50		50	121.88
	REINSTATED - RETURNED RIF										
FT	DAREGO, JENSOMA										371.32

UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
PENSION ADJUSTMENTS
SECOND QUARTER 2013

FT/ PT	NAME	CHANGE	LOCAL	OLD AMOUNT	NEW AMOUNT
FT	MOORE, DANIEL	70 1/2 ADJUSTMENT	400	(107.14)	112.77
FT	HARMON, TERESA	GUARANTEED PAY EXPIRED	400	(675.12)	-
FT	WIERENGA, JOHN	ADJUSTMENT FOR ADDITIONAL BENEFIT CREDIT	27	(173.77)	242.62

UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND SECOND QUARTER 2013 PENSION ROLL			
		PENSIONERS	MONTHLY PAYROLL
Pension Roll As Of	03/01/13	2505	$ 721,212.23
Deletes/Deceased	06/01/13	(17)	$ (3,601.52)
Death Benefit Drops	06/01/13	(10)	$ (1,746.77)
Pensions to be Approved On	06/01/13	45	$ 12,999.80
Pension Reinstatements	06/01/13	1	$ 371.32
Death Benefit Adds	06/01/13	13	$ 3,937.46
Death Benefit Changes	06/01/13	0	$ (562.41)
Adjustments	06/01/13	(1)	$ (600.64)
Pension Roll As Of	06/01/13	**2536**	**$ 732,009.47**

TOTAL PENSIONERS SECOND QUARTER 2013			
Deferred Vested	06/01/13	511	$ 79,543.79
Disability	06/01/13	108	$ 43,280.47
Early	06/01/13	231	$ 82,190.50
Early Deferred Vested	06/01/13	214	$ 46,880.49
Early Non-Reduced	06/01/13	586	$ 246,044.23
Guaranteed Pay	06/01/13	13	$ 4,947.64
Normal	06/01/13	627	$ 189,479.47
Post Retirement J & S	06/01/13	145	$ 23,739.00
Pre Retirement J & S	06/01/13	62	$ 8,589.51
QDRO	06/01/13	7	$ 1,116.72
Seventy 1/2	06/01/13	1	$ 112.77
Death Benefit Annuity	06/01/13	31	$ 6,084.88
TOTAL		**2536**	**$ 732,009.47**

UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
DELETES
SECOND QUARTER 2013

NAME	REASON	BENEFIT AMOUNT	TYPE OF PENSION
BARCZAK, JEAN	DECEASED 03-12-13	(300.00)	EN
FALKENSTEIN, JEROME	DECEASED 02-22-13	(80.99)	E
FLOYD, JEAN	DECEASED 01-08-13	(82.37)	X
HALL, AMY	DECEASED 02-12-13	(270.11)	X
HARRELL, TIM	DECEASED 02-25-13	(358.93)	V
JAY, MARY	DECEASED 02-14-13	(468.09)	J
LEONG, GEORGE	DECEASED 02-18-13	(372.36)	N
MCMASTERS, HELEN	DECEASED 03-03-13	(133.40)	EN
OVERBY, LUMUS	DECEASED 03-04-13	(352.76)	N
RIDDLE, BESSIE	DECEASED 03-08-13	(93.91)	E
DANIELS, ELIZABETH	DECEASED 03-11-13	(313.47)	N
MILLER, SHIRLEY	DECEASED 01-21-13	(87.00)	V
REYNOLD, DONALD	DECEASED 02-01-13	(130.36)	JV
STAAB, BERNARD	DECEASED 03-08-13	(62.87)	DB
WHITE, PHYLLIS	DECEASED 02-24-13	(351.37)	J
HARRELL, CLARENCE	DECEASED 02/13/13	(83.40)	N
TABB, JUSTINE	DECEASED 03/13/13	(60.13)	J

UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
DEATH BENEFITS - TEMPORARY ANNUITY
SECOND QUARTER 2013

RETIREE STATUS	BENEFICIARY NAME	BENEFICIARY AGE	EMPLOYER OF RETIREE	LOCAL	EFFEC DATE	PENSION AMOUNT
FT	BENSON, JAMES	49	ALBERT BRIGGS	400	04/01/13	468.00
FT	BUSSARD, ANNA	80	METRO/BASICS	27	04/01/13	261.44
PT	ELSTS, ETHEL	72	CASABLANCA	400	04/01/13	169.58
PT	JOHNSON, ROBERT	53	CASABLANCA	400	04/01/13	203.79
FT	ROBINSON, VIOLA	61	ALBERT BRIGGS	400	04/01/13	650.00
FT	BARCZAK, MICHAEL	67	AALLC	27	05/01/13	300.00
FT	MANCUSO, LEE ANN	46	METRO/BASICS	27	05/01/13	391.95
FT	RICH, JUNE	79	FRESH VALUE	400	05/01/13	166.07
FT	RICHARDSON, BETTY LUE	72	ALBERT BRIGGS	400	05/01/13	478.80
FT	HOLLAND, JOYCE	69	METRO/BASICS	400	06/01/13	361.67
FT	MCMASTERS, TIMOTHY	46	METRO/BASICS	27	06/01/13	66.70
FT	OVERBY, URSULA	54	METRO/BASICS	27	06/01/13	352.76
FT	TURNER, PAMELA	51	METRO/BASICS	27	06/01/13	66.70

UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
DEATH BENEFIT CHANGES
SECOND QUARTER 2013

RETIREE STATUS	BENEFICIARY NAME	LOCAL	OLD AMOUNT	NEW AMOUNT	EFFECTIVE DATE
FT	ESTATE OF CROSSLEY,THOMAS	400	(239.18)	108.20	04/01/13
FT	MADIGAN, JANICE	400	(215.49)	207.06	04/01/13
PT	WARD, GLORIA	400	(274.32)	128.40	04/01/13
PT	CARTER-ROBERTS, HUNTER	400	(61.37)	27.12	05/01/13
PT	CHANG, TUNG-YANG	400	(150.19)	148.29	05/01/13
PT	PARKS, BARBARA	27	(69.50)	40.50	05/01/13
FT	HOWARD, IRVIN	27	(169.66)	149.76	06/01/13
FT	WARNER, BONNIE	400	(244.73)	52.70	06/01/13

UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
DEATH BENEFIT DROPS
SECOND QUARTER 2013

RETIREE STATUS	BENEFICIARY NAME	BENEFIT AMOUNT	EFFECTIVE DATE
FT	DACRE, EDWARD	(57.50)	04/01/13
FT	KNOWLES, DEBORAH	(549.50)	04/01/13
FT	SABO, ANGELA	(57.50)	04/01/13
FT	WILLARD, DELOIS	(422.70)	04/01/13
FT	CROSSLEY, THOMAS ESTATE OF	(108.20)	05/01/13
FT	MADIGAN, JANICE	(207.06)	05/01/13
PT	WARD, GLORIA	(128.40)	05/01/13
PT	CARTER-ROBERTS, HUNTER	(27.12)	06/01/13
PT	CHANG, TUNG-YANG	(148.29)	06/01/13
PT	PARKS, BARBARA	(40.50)	06/01/13

UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
LUMP SUM CASH OUT
SECOND QUARTER 2013

NAME	GROSS
BUSKER, SHARON	3,446.83
POSTON, ROGER	1,460.28
THOMPSON, PEGGY	3,614.84
MANN-BERG, BARBARA	1,651.11
MCNEY, ALICE	4,100.30
CARTER, STEVEN	2,706.96
HAYES, CHARLOTTE	570.85

INVOICES

UFCW UNIONS & PARTICIPATING EMPLOYERS PENSION FUND

INVOICES

SEPTEMBER 18, 2013

1. **ASSOCIATED ADMINISTRATORS, LLC**

07/02/13	Meeting Expenses – Regular Meeting – July 2, 2013	$	1,578.37
08/01/13	Meeting Expenses – Hotel Deposit – September 18, 2013		375.00
09/04/13	M. Mortensen – Name Plate		5.25

2. **BOND BEEBE**

06/30/13	First progress billing for professional services rendered in connection with the audit of financial statements for the year ended December 31, 2012	$	15,000,00
07/31/13	Second progress billing for professional services rendered in connection with the audit of financial statements for the year ended December 31, 2012	$	15,000.00
09/05/13	Third progress billing for professional services rendered in connection with the audit of the financial statements for the year ended December 31, 2012	$	10,000.00

3. **CHEIRON**

05/30/13	Retainer Services – April 2013	$	3,000.00
06/27/13	Non-Retainer Services – May, 2013	$	9,479.50
06/28/13	Retainer Services – May 2013	$	3,000.00
07/25/13	Retainer Services – June 2013	$	3,000.00
07/25/13	Non-Retainer Services – June 2013	$	2,145.75
08/09/13	Retainer Services – July 2013	$	3,000.00
08/09/13	Non-Retainer Services – July 2013	$	3,343.25

4. COOCH AND TAYLOR

07/09/13	Professional services rendered in June 2013 in connection with the Syms bankruptcy case	$	67.00
08/02/13	Professional services rendered in July 2013 in connection with the Syms bankruptcy case	$	134.00

5. INVESTMENT PERFORMANCE SERVICES

08/06/13	Services rendered for the period ending September 30, 2013	$	18,750.00

6. LOOMIS SAYLES

07/10/13	Investment Management Fee – Acct# CT0099 – 2Q13	$	10,905.33
07/10/13	Investment Management Fee – Acct# CT00392 – 2Q13	$	18,277.46

7. MORGAN, LEWIS & BOCKIUS

05/30/13	Professional Services rendered for the period April 30, 2013	$	137.50
08/13/13	Professional Services rendered for the period May 2013 and June, 2013	$	1,543.00
08/28/13	Professional Services rendered for the period ended July 31, 2013	$	6,788.72

8. SEGALL BRYANT & HAMILL

07/23/13	Investment Management Fee – 2Q13	$	2,979.70

9. SLEVIN & HART, P.C.

06/20/13	Professional Services rendered through May, 2013	$	11,619.09
07/24/13	Professional Services rendered through June, 2013	$	12,889.69
08/27/13	Professional Services rendered through July, 2013	$	22,635.65

10. SUPERVALU

08/14/13	A. Samad-Salameh – Reimbursement of meeting expenses for attendance at the July 2, 2013 Board of Trustees meeting.	$	271.75
08/21/13	D. Whitney – Reimbursement of meeting expenses for attendance at the July 2 2013 Board of Trustees meeting	$	519.76

11. TRUSTEE EXPENSE REIMBURSEMENTS

07/30/13	D. Gwin – Reimbursement of meeting expenses incurred at the July 2, 2013 Board of Trustees meeting	$	89.04
08/12/13	S. Loeffler – Reimbursement of meeting expenses incurred at the July 2, 2013 Board of Trustees Meeting	$	494.57
08/14/13	A. Samad-Salameh – Reimbursement of meeting expenses incurred at the July 2, 2013 Board of Trustees meeting	$	1.75
06/26/13	J. Slivosky – Reimbursement of meeting expenses incurred at the July 2, 2013 Board of Trustees meeting	$	456.06
08/27/13	S. Habermehl – Reimbursement of meeting expenses incurred at July 2, 2013 Board of Trustees Meeting	$	520.38

12. UFCW LOCAL 27

08/12/13	J. Chorpenning– Reimbursement of meeting expenses incurred at July 2, 2013 Board of Trustees meeting.	$	178.08
08/28/13	G. Murphy, Jr. – Reimbursement of meeting expenses incurred at July 2, 2013 Board of Trustees meeting	$	290.64

13. WEDGE CAPITAL MGMT.

08/26/13	Investment Management Fee – 2Q13	$	13,107.46

14. WELLINGTON TRUST COMPANY

07/26/13	Investment Consulting Fee – 2Q13	$	21,949.98

15. WESTFIELD CAPITAL MANAGEMENT

07/23/13	Investment Management Fee – 2Q13	$ 8,441.50

OTHER FUND BUSINESS

8301 Professional Place, Suite 115
Landover, MD 20785

Giant

September 12, 2013

Board of Trustees
UFCW Unions and Participating Employers Pension Fund
c/o Bill Jensen, Associated Administrators
4301 Garden City Drive
Landover, Maryland

Trustees:

I am writing in response to your letter dated July 30, 2013 asserting, among other things, that Giant Food's withdrawal from the fund as to Local 27 participants is effective December 31, 2012, that Giant Food has been placed onto a default contribution schedule retroactive to October 1, 2012, and demanding unspecified retroactive contributions relating to the allegedly delayed withdrawal and the default.

As you know, no mention of or request for increased pension contributions to this fund was made during the Local 27 and Local 400 bargaining that occurred during the early months of 2012. That bargaining culminated in early April, 2012 with a new 19-month agreement that expires October 31, 2013. Some time after bargaining was concluded, in July by our records, Giant was approached by both unions with a request to pay additional contributions to the fund that were not bargained as part of the economic settlement. Giant declined to make additional contributions and offered instead to withdraw from the fund, pay withdrawal liability, and move the affected participants to a defined contribution arrangement. In September, after some negotiation, Local 27 agreed to this approach. While Local 27 agreed to a defined contribution benefit, Local 400 insisted on a defined benefit replacement and Giant and Local 400 agreed that the affected Local 400 participants would participate in the new Mid-Atlantic Plan for future service, which would have resulted in participants being made whole.

As the contributions to the defined contribution arrangement for Local 27 associates were to be tied to rates in the new Mid-Atlantic Plan, the documents memorializing the September agreement between Local 27 and Giant on the withdrawal and defined contribution arrangement were not finalized until December of 2012 when the Mid-Atlantic Plan actuary had finalized rates for that plan. In November of 2012, Tom McNutt, the Local 400 president with whom Giant had reached agreement on the withdrawal and movement of participants to the Mid-Atlantic Plan, stepped down with the agreement still not finalized awaiting Mid-Atlantic Plan rates. Once Mid-Atlantic Plan rates were calculated, the documentation of the Local 27 agreement was completed. This occurred late in December of 2012. At this time, incoming Local 400 president Mark Federici, indicated that he did not feel bound by McNutt's agreement with Giant and refused to consummate the agreement.

8301 Professional Place, Suite 115
Landover, MD 20785

Giant®

The Pension Protection Act, by design, gives employers a minimum of 180 days to bargain over contribution rates and rehabilitation plan schedules before imposing default conditions on bargaining parties. Generally speaking, when the pension contribution rate increases have been requested at any time prior to the expiration of a collective bargaining agreement, the parties will have had more than 180 days to reach agreement on pension terms before default may be imposed. In this case, the pension contribution issue was not raised by Local 27 until July 2013, well after contract expiration. The parties reached agreement on the issue in September and the agreement was documented with rates from the actuary in December 2013. So, the parties reached agreement on the pension withdrawal within about two months and the agreement was documented with rates provided by the Mid-Atlantic Plan actuary in December, less than 180 days after the pension issue was originally raised by the union. Not only was our agreement reached in September, less than 180 days after contract expiration, but our agreement was completely documented within 180 days of bargaining over the issue. Accordingly, Giant should not be moved to default prior to the withdrawal of the Local 27 bargaining unit. By this letter, Giant requests a list of all participating employers who have had pension bargaining extend beyond contract expiration by more than 180 days with those who were not moved to the plan's default schedule identified.

Additionally, the fund is seeking retroactive contributions for a default allegedly occurring in October of 2012, while participants' benefits were not ever reduced to default levels in the case of Local 27 and were reduced nearly a year later in the case of Local 400. Not applying the rehabilitation plan's schedule of benefit reductions and contribution rate increases contemporaneously is inconsistent with the sharing of responsibility contemplated by the Pension Protection Act. No default contributions should be assessed for periods prior to the benefit reductions taking effect. These reductions never occurred for Local 27 participants and occurred August 31, 2013 for Local 400 participants.

It is my understanding that a credit to Giant for contributions made to the fund in error for a group of Local 27 associates is being held back while the fund attempts to collect additional contributions from Giant. As Giant is not, in fact, in arrears, I urge the trustees to process the credit request in a manner consistent with fund policy and practice.

Sincerely,

Steve Stoner
VP, Human Resources and Labor Relations
Giant Food

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
www.associated-admin.com

4301 Garden City Drive, Suite 201
Landover, Maryland 20785-6102
Telephone: (301) 459-3020
(800) 638-2972
www.associated-admin.com

September 5, 2013

Mr. Steve Stoner
Vice President, Giant Landover
Giant Food, LLC
8301 Professional Place, Suite 115
Landover, Maryland 20785

Re: UFCW Unions & Participating Employers Pension Fund Contributions

Dear Mr. Stoner:

Your contributions and remittance report to the UFCW Unions & Participating Employers Pension Fund for the default contributions noted in the attached letter have not been received. To avoid interest charges, penalties and liquidated damages, you must send your contributions immediately. Failure to remit such contributions will result in this matter being referred to counsel for collection action.

If your contributions and report have been mailed, please disregard this notice

Sincerely,

William R. Jensen
President
Associated Administrators, LLC

SLEVIN & HART, P.C.

Attorneys at Law
1625 Massachusetts Avenue, N.W., Suite 450
Washington, D.C. 20036
(202) 797-8700
Fax (202) 234-8231

BARRY S. SLEVIN
Member of the Firm

July 30, 2013

Via Email and Regular Mail

Mr. Steve Stoner
Vice President, Human Resources & Labor Relations
Giant Food of Maryland
8301 Professional Place, Suite 115
Landover, MD 20785

Re: United Food and Commercial Workers Unions and Participating Employers Pension Fund Delinquent Contributions

Dear Mr. Stoner:

This firm is co-counsel to the United Food and Commercial Workers Unions and Participating Employers Pension Fund ("Fund"). The dual purposes of this letter are to advise of the Fund's position regarding Giant Food of Maryland's ("Giant") purported withdrawal of the Local 27 collective bargaining unit from the Fund, and to demand payment of delinquent contributions Giant owes the Fund.

1. Date of Withdrawal of Local 27 Collective Bargaining Unit

The Fund understands that on December 27 and 28, 2012, UFCW Local 27 and Giant executed a side letter ("Side Letter") to their collective bargaining agreement ("CBA") providing that "effective September 1, 2012, [Giant] shall have no further contribution obligation to the [Fund] and shall be considered totally withdrawn from [the] Fund." The Board of Trustees understands that Giant may take the position that there was an earlier, oral agreement to effect such a withdrawal. However, Local 27 advised the Board that, although withdrawal was discussed, there was no final oral agreement and, certainly, the Fund was not advised at the time that there was any such an oral agreement.

As a multiemployer plan, the Fund is permitted to rely on the terms of the parties' CBA as written and Giant "is not permitted to raise defenses that attempt to show that the union and employer agreed to terms different from those set forth in the agreement." *Bakery & Confectionery Union & Indus. Int'l Pension Fund v. Ralph's Grocery Co.*, 118 F.3d 1018, 1021 (4th Cir. 1997). *See also Board of Trs. v. Burton Aluminum Prods.*, 875 F.2d 861 (6th Cir. 1989) (holding that a benefit fund is entitled to enforce the terms of the collective bargaining agreement "without regard to understandings or defenses applicable to the original parties"). Further, the Fund is not required to investigate the existence of potential side agreements. *Nw. Ohio Administrators, Inc. v. Walcher & Fox, Inc.*, 270 F.3d 1018 (6th Cir. 2001). Thus, whether or not there was an earlier oral agreement of which the Fund was not advised, the Side Letter cannot retroactively relieve Giant of its written obligation to contribute to the Fund on behalf of its participants covered by the CBA. Consequently, despite the Side Letter's purported September 1st effective date, Giant continued to participate in the Fund on behalf of its employees covered under the CBA until at least December 31, 2012 and is responsible to the Fund for contributions on work performed at least through that date.

Also, Giant continues to be obligated to contribute to the Fund on behalf of employees covered by the UFCW Local 400 CBA. Therefore, the cessation of Giant's contribution obligation under its CBA with Local 27 does not result in Giant being "totally withdrawn from [the] Fund," as the Side Letter states.

2. Delinquent Contributions

Based on its reporting of hours to the Fund, Giant owes delinquent contributions to the Fund for (a) work performed by its employees covered by Giant's CBA with Local 27 during the months of October through December, 2012 and (b) work performed by its employees covered under its CBA with Local 400 during the months of October 2012 through the present.

Pursuant to the Fund's Rehabilitation Plan ("RP") previously provided to Giant, upon the March, 2012 expiration of Giant's CBAs with Locals 400 and 27, the bargaining parties were required to adopt one of the contribution and benefit schedules described under the RP. Because neither set of bargaining parties adopted such a schedule within 180 days of their CBAs' expiration, federal law and the Fund's RP require that the Default Schedule under the RP be imposed. Pursuant to the Default Schedule, Giant's contribution rate for its participating employees covered by the Local 400 CBA increased effective October 1, 2012. Further, Giant's contribution rate for its participating employees covered by the Local 27 CBA increased per the Default Schedule effective as of the same date. Because Giant continued to pay contributions at the rates established under its expired CBAs, rather than the applicable rates under the Default Schedule, for work performed during the above-described periods it is delinquent in its contributions to the Fund in the amount equal to the difference between the rates at which it contributed to the Fund and the rates at which it was obligated to contribute. This delinquency will increase as long as Giant does not pay based on the correct rate for the Local 400 group.

Giant must pay at the correct rate for the employees covered by the Local 400 CBA and pay all delinquent contributions due the Fund, plus interest. Failure to pay the delinquency may result in the Fund filing suit against Giant pursuant to Section 502(g)(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In such an action, a court must award all of the following:

(a) unpaid contributions;

(b) interest per annum on the unpaid contributions;

(c) liquidated damages equal to the greater of 20% of the unpaid contributions or a (second) computation of interest on the unpaid contributions; and

(d) attorneys' fees and costs of any action necessary to recover the amounts described in (a) through (c).

Therefore, if it becomes necessary for the Funds to file suit to collect the outstanding contributions, Giant's financial obligation will be substantially greater than the amount of the current delinquency. If all amounts due, plus interest, are not received within two weeks, the Fund may take further action to collect the full amount due without further demand.

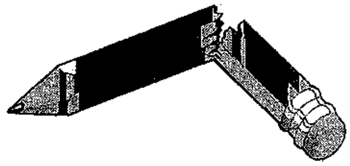
Sincerely,

Barry S. Slevin

BSS:SES:TKE:2551.01

cc: Jason Paradis
William Jensen
Harry Burton, Esq.

20023397v1



MEETING NOTES