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

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 UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND APRIL 19, 2017 LINTHICUM, MARYLAND

The following Trustees were present:

UNION TRUSTEES
J. Chorpenning - Secretary
Y. Anwar
M. Federici
C. Hoffmann
G. Murphy, Jr.

EMPLOYER TRUSTEES
D. Gwin - Chairperson
J. Born (via teleconference)
B. Seehafer

Also present were:

H. Burton - Morgan, Lewis, & Bockius LLP
D. Clutts - Associated Administrators, LLC
M. Collins – UFCW Local 400
A. Hanson - UFCW Local 400
P. Hardcastle - Cheiron
T. Hipkins - UFCW Local 27
J. Ianniello - Associated Administrators, LLC
W. Jensen - Associated Administrators, LLC
J. Mink - Investment Performance Services, LLC
R. Murray - Cheiron
S. Sanchez - Slevin & Hart, P.C.
B. Slevin - Slevin & Hart, P.C.
L. Walsh - Associated Administrators, LLC
M. Wilson - UFCW Local 400

I. CALL TO ORDER

A quorum being present, the meeting was called to order. Trustee Murphy reported that he was resigning as Secretary of the Pension Fund but would remain as a Trustee. Trustee Chorpenning was appointed as Secretary.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on December 15, 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 December 15, 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, 2017 to March 31, 2017. Such report indicated a beginning market value of $108,041,609, receipts of $2,690,869, disbursements of $3,013,679, and investment returns of $3,124,735, producing an ending market value of $110,843,533 as of March 31, 2017.

B. 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 December 31, 2016. Such report indicated a market value of assets of $108,041,610. The total portfolio had a 1.4% return gross of fees in the fourth quarter 2016, and a 7% return gross of fees for calendar year 2016.

2. Manager's Review

Ms. Mink reviewed each investment manager's performance and presented a report titled "Investment Manager Review – Large Capitalization Growth Index Fund Style" to the

Trustees. She noted the large cap domestic equity investors Winslow Large Cap Growth Fund (“Winslow”) and Westfield Capital Management Fund (“Westfield”) were underperforming. Ms. Mink said that IPS has been monitoring both Winslow and Westfield.

Ms. Mink recommended the Trustees consider terminating Winslow and continuing to monitor Westfield or terminating both of these managers and investing in the Northern Trust Global Management commingled index fund, to lower investment fees. After discussion,

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

> **RESOLVED to terminate Winslow and Westfield and invest all of the Westfield proceeds, and all but $1.5 million of the Winslow proceeds, in the Northern Trust Global Management commingled index fund.**

Ms. Mink further recommended rebalancing the Fund’s investments by decreasing the equity allocation and increasing the allocation in the Corbin ERISA Opportunity Trust. After discussion,

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

> **RESOLVED to redeem $1 million from Wedge Capital Management and allocate it to the Corbin ERISA Opportunity Trust, and to allocate $1.5 million of the proceeds from the Winslow liquidation to the Corbin ERISA Opportunity Trust.**

The Trustees discussed the Fund’s assumed rate of return. Ms. Mink presented an Investment Policy Addendum for Hamilton Lane to the Trustees. It was executed.

Ms. Mink presented an amendment to the Fund’s Investment Policy reflecting the investment allocations previously approved by the Trustees. It was executed.

The Trustees thanked Ms. Mink for her report and she was excused from the meeting.

IV. ACTUARY'S REPORT

The Trustees welcomed Mr. Peter Hardcastle and Mr. Robert Murray from Cheiron to the meeting.

A. 2016 Actuarial Valuation Results

Mr. Hardcastle presented the final "2016 Actuarial Valuation Results" dated January 2017. He said the formal Valuation results had not changed from the draft summary presented at the September 27, 2016 meeting. Mr. Hardcastle reported that Cheiron set the Fund's assumed rate of return at 7.75% for the 2016 Valuation.

B. 2017 PPA Zone Certification

Mr. Hardcastle reported that Cheiron had completed the 2017 certification required under the Pension Protection Act and certified that the Fund remains in critical status with a funding level less than 65%. Under the zone certification tests, it is expected to have an accumulated funding deficiency in the current Plan Year and the nine succeeding years.

C. Rehabilitation Plan

After discussion regarding the Plan funding assumptions, the Trustees decided to reconvene the Rehabilitation Plan Sub-Committee. Trustees Gwin, Seehafer, Chorpenning and Federici were appointed to the Rehabilitation Plan Sub-Committee. A meeting was scheduled to take place at Associated's Landover, Maryland office on June 14, 2017, at 9:00 a.m. All Trustees of the Pension Fund were invited to attend.

D. Cheiron Retainer Fee

Mr. Hardcastle presented Cheiron's engagement letter for 2017. It included a 1.45% increase in the retainer from $37,836 to $38,400. The non-retainer hourly charges would also increase by 1.45%. After discussion,

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

> **RESOLVED to approve Cheiron's 2017 engagement letter with an annual retainer fee of $38,400 and the proposed non-retainer rates.**

The Trustees thanked Mr. Hardcastle and Mr. Murray for their report and excused them from the meeting.

V. ATTORNEY'S REPORT

A. Withdrawal Liability

Mr. Slevin reported on the Fund's withdrawal liability assessments related to the following employers: Bestway, Metropolitan Poultry & Seafood, Commodore Homes, Delmarva, and Perdue.

Mr. Slevin reported on G & G Eddies' notification to the Fund Office of its intent to withdraw from the Fund. After discussion,

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

> **RESOLVED that, if G & G Eddie's actually withdraws, the Fund will send it an estimated demand for withdrawal liability, with a final demand to be made once all data is available from the Fund actuary.**

B. Delinquent Contributions

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

C. Magruder Lawsuit

Mr. Slevin reported on the Fund's pending withdrawal liability collection litigation against Magruder and Fanaroff & Steppa, a Magruder controlled group member.

D. IRS Determination Letter

Mr. Slevin reported on the changes to the IRS's determination letter process.

E. UFCW 400 & 27 Participation Agreements

Mr. Slevin reported on the draft restated Participation Agreements between the Fund and UFCW Locals 400 and 27, respectively. Mr. Jensen stated he shared the drafts with the Local Unions for review.

F. Rehabilitation Plan Update

Mr. Slevin reported that the 2016 Rehabilitation Plan update had been executed between meetings, effective December 31, 2016.

G. Bond Beebe

Mr. Slevin reported on Bond Beebe's engagement letter for 2017.

H. Associated Administrator's Agreement Amendments

Mr. Slevin reported on amendments to Associated Administrator's Agreement. The amendments were executed.

VI. ADMINISTRATIVE MANAGER'S REPORT

Mr. Jensen reviewed the Administrative Manager's Report for the fourth quarter 2016. Such report indicated total income of $4,326,215 and total expenses of $3,827,433, producing a net surplus of $498,782. Mr. Jensen reported that contributions were remitted on behalf of 3,386 Plan participants. Mr. Jensen noted that page 11 of the Administrative Manager's Report is a report requested by the Trustees titled "Stipend Income & Expenses." This report indicated contribution income of $76,950 and expenses of $77,378 relating to 57 Plan participants.

Mr. Jensen reviewed a list of pension applications submitted for approval during the fourth 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 fourth quarter 2016 report are approved for payment.**

VII. INVOICES

Mr. Jensen presented a list of invoices dated April 19, 2017. 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 April 19, 2017 are approved for payment.**

VIII. OTHER FUND BUSINESS

Mr. Jensen reported the following:

A. Consolidated Fund Final Reconciliation

The asset and liability transfers between the UFCW Consolidated Pension Fund and the Fund were completed in June 2016. However, each Fund paid the July 2016 pension benefit payments of the participants transferred to the other Fund, due to the timing of the transfer. The net balance owed to the UFCW Consolidated Pension Fund by the Fund is $20,456.34, applicable to the July 2016 pension payments made by the Consolidated Fund to participants who were transferred to the Fund as of July 1, 2016.

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

> **RESOLVED to approve payment of $20,456.34 to the UFCW Consolidated Pension Fund, in complete reconciliation of the July 2016 pension payments made by the Consolidated Fund to participants transferred to the Fund effective July 2016.**

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

The Fund Office received a letter dated January 23, 2017 from the UFCW National Fund in response to the Fund's inquiry on October 21, 2016 about the possibility of a merger, asset transfer, or other arrangement between the Funds. The National Fund declined to consider a merger or transfer of assets and liabilities but advised that it would consider accepting the Fund's participants on a future service only basis.

C. Ahold Withdrawal Liability

The Fund received a payment of $134,639.75 from Ahold Financial Services for the fourth quarter 2016 payment of withdrawal liability of Giant Food.

D. Convergex

The Fund received a payment of $477 from Convergex for the fourth quarter 2016 commission rebate recapture.

E. Department of Labor ("DOL")

The Fund Office is receiving an increased number of inquiries from the DOL relating to the pension benefits of deferred vested participants.

F. Rehabilitation Plan

The Rehabilitation Plan adopted by the Trustees on December 15, 2016 was distributed to participating employers on January 5, 2017.

G. SuperValu Request for Information

SuperValu requested and was provided benefit plan information from the Fund Office for their participating employees.

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IX. NEXT MEETING DATES AND LOCATIONS

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

October 10, 2017 - 9:30 a.m. – Landover, Maryland

December 6-7, 2017 - 9:30 a.m. – National Harbor, Maryland

X. ADJOURNMENT

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

Respectfully submitted,

Jason Chorpenning, Jr., Secretary

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