**United Food and Commercial Workers Unions
and Participating Employers
Pension Fund**

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND DECEMBER 6, 2017 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
J. Chorpenning – Secretary
Y. Anwar
M. Federici
C. Hoffmann

EMPLOYER TRUSTEE
D. Gwin - Chairperson
J. Born
B. Seehafer

Also present were:

H. Burton - Morgan, Lewis, & Bockius LLP
D. Clutts - Associated Administrators, LLC
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
B. Slevin - Slevin & Hart, P.C.
L. Walsh - Associated Administrators, LLC
M. Wilson - UFCW Local 400

I. CALL TO ORDER

A quorum being present, Chairperson Gwin called the meeting to order.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on October 10, 2017, 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 October 10, 2017 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 September 30, 2017. Such report indicated a beginning market value of $108,041,610, receipts of $10,039,252, disbursements of $12,707,552, and investment returns of $11,588,029, producing an ending market value of $116,961,337 as of September 30, 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 September 30, 2017. Such report indicated a market value of assets of $116,961,337. The total portfolio had a 3.8% return gross of fees in the third quarter 2017, and an 11.9% return gross of fees for year to date 2017.

2. Manager's Review

Ms. Mink reviewed each investment manager's performance. Ms. Mink said that the current investment contract with EnTrust Permal Special Opportunities Fund IV has been finalized and is ready for Trustee signature.

She noted the large cap domestic equity investment manger, Winslow Large Cap Growth Fund ("Winslow"), had been underperforming in its asset class and was terminated as of December 5, 2017. The proceeds have been invested in the Northern Trust Collective Russell 1000 Growth Index Fund.

IPS continues to monitor the performance of Westfield Capital Management and EnTrust Capital Diversified Fund QP, Ltd. and they have shown improvement in their returns. Ms. Mink discussed the investment strategy of hedge funds of funds. She will provide the Board with a full evaluation of the Entrust investment at the next Board meeting.

On January 2, 2018, Wellington Trust Opportunistic Investment Allocation will be terminated. Proceeds will be transferred to the Fund's cash reserve account and utilized for capital calls and cash needs.

Ms. Mink said that IPS is studying the advisability of the Fund's ongoing participation in the commission recapture program managed by Cowen. She will share the research results with the Trustees and make a recommendation in 2018.

3. Asset Allocation

Ms. Mink had no recommendations for asset allocation changes.

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. Draft Valuation and Contribution Credits

Mr. Hardcastle said there was no change in the draft valuation results as of January 1, 2017 that were presented at the October 10, 2017 Board meeting. Cheiron is waiting for information from the Consolidated Pension Fund regarding the pension benefit transfers that occurred during 2016 to finalize the valuation.

B. Rehabilitation Plan

Mr. Hardcastle reviewed the Rehabilitation Plan projections. The projections showed improvement in the projected funded status with the recently negotiated Shoppers and Associated Administrators contribution rate increases. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to update the Rehabilitation Plan to adopt the contribution rate increases and methodology in the Shoppers and Associated Administrators collective bargaining agreements. Board Chairperson and Secretary are authorized to review and execute the updated Rehabilitation Plan.**

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

C. Cheiron Engagement Letter

Mr. Jensen reported receipt of Cheiron's 2018 retainer fee agreement. Cheiron requested an annual retainer fee of $39,244.80, a 2.2% increase over the 2017 retainer fee. Cheiron requested no change in billing rates for special consulting projects, with a range of $102 to $496 per hour.

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

> **RESOLVED to approve and sign the 2018 retainer fee agreement between the Fund and Cheiron at the annual fee of $39,244.80.**

V. ATTORNEY'S REPORT

A. Post Retirement Date Pensions

Mr. Slevin reported on issues relating to the commencement of pensions after normal retirement age and the 70.5 required minimum distribution rules. Fund Counsel will be reporting back to the Trustees.

B. Fiduciary Rule

Mr. Slevin reported on correspondence from investment managers relating to the U.S. Department of Labor's fiduciary regulation.

C. Appeals

Mr. Slevin reported on a case recently decided by the Second Circuit relating to appeals procedures.

D. Withdrawal Liability and Delinquent Contributions

Mr. Slevin reported on the Fund's withdrawal liability assessments related to the following employers: Magruders, Bestway, Delmarva and G & G Eddies. Mr. Slevin discussed the status of Lion's Manor. After discussion and,

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

> **RESOLVED that Fund Chairperson and Secretary are authorized to pursue delinquent contributions and/or withdrawal liability as appropriate.**

Mr. Slevin reported on issues relating to Allegany County's compliance with the Rehabilitation Plan. The actuary, counsel and the Fund Office will review and report at the next meeting.

E. UFCW Locals 27 and 400 Participation Agreements

Mr. Slevin reported on the Locals 27 and 400 Participation Agreements.

F. Summary Plan Description ("SPD")

Mr. Slevin reported on the status of the draft SPD.

G. Contracts

Mr. Slevin reported on the Entrust SDF IV agreement and the Northern Trust investment documents.

VI. ADMINISTRATIVE MANAGER'S REPORT

Ms. Clutts reviewed the Administrative Manager's Reports for the third quarter 2017. The third quarter Administrative Manager's Report indicated total income of $2,456,921 and total expenses of $3,466,893, producing a net deficit of $1,009,972. Ms. Clutts reported that contributions were remitted on behalf of 3,367 Plan participants. Ms. Clutts noted that page 16 of the Administrative Manager's Report is a report requested by the Trustees titled "Stipend Income & Expenses." The report indicated stipend income of $73,800 and stipend expenses of $74,210 paid to 52 Plan participants.

Ms. Clutts reviewed a list of pension applications submitted for approval during the third quarter of 2017.

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 2017 report are approved for payment.**

VII. INVOICES

Ms. Clutts presented a list of invoices dated December 6, 2017. She 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 6, 2017 are approved for payment.**

VIII. OTHER FUND BUSINESS

Ms. Clutts reported the following:

A. Associated Administrators Memorandum of Agreement

The Fund Office received a Memorandum of Agreement dated November 2, 2017 between Associated Administrators, LLC and UFCW Locals 400 and 27. The

Memorandum of Agreement details the negotiated change in Pension contributions for Associated Administrators employees, effective November 1, 2017. Associated Administrators agreed to contribute to the Plan at the composite contribution rate determined by the Fund actuary.

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

> **RESOLVED to accept the Memorandum of Agreement between Associated Administrators and UFCW Locals 400 and 27.**

B. G & G Eddies

The Fund Office received a check in the amount of $2,353 from G & G Eddies on November 14, 2017 for a withdrawal liability payment.

C. Section 104(d) Notice

The Section 104(d) Notice, Report of Summary Plan Information, was mailed to Trustees, Counsel, and Participating Employers on October 31, 2017.

D. Cowen

A payment of $376 was received from Cowen on October 23, 2017 for commission rebate recaptures for the third quarter 2017.

IX. NEXT MEETING DATE AND LOCATIONS

After discussion, the Trustees selected the following dates and meeting locations for 2018:
April 11, 2018 - 9:30 a.m. – Landover, Maryland
August 15, 2018 – 9:30 a.m. – Location TBD
November 14, 2018 – 9:30 a.m. – Location TBD

X. ADJOURNMENT

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

Respectfully submitted,
Jason Chorpenning, Secretary