United Food & Commercial Workers and Food Employers Labor Relations Association Severance Fund

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A PROGRAM OF THE
FELRA & UFCW
HEALTH AND WELFARE FUND

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MINUTES OF THE MEETING OF THE COMMITTEE MEMBERS OF THE UFCW & FELRA SEVERANCE FUND HELD ON DECEMBER 20, 2012 IN LANDOVER, MARYLAND

The following Committee Members were present:

Union Committee Members	Employer Committee Members
T. Hipkins – Chairman	I. Kress
J. Freeman	L. Madert
G. Gatewood	F. Stegman
L. Harris	
C. Wiszynski	

Also present were:

M. Boyle – UFCW Local 400
H. Burton - Fund Co-Counsel
M. Federici – UFCW 400
T. Goins – UFCW 27
J. Harrison – UFCW 27
M. Herwig – PNC Bank
W. Jensen - Associated Administrators, LLC
G. Kalwarski – Cherion
G. Murphy – UFCW 27
J. Paradis – Ahold, USA
B. Slevin - Fund Co-Counsel
R. Tierney – Associated Administrators, LLC
L. Walsh – Associated Administrators, LLC
D. White – Ahold, USA
K. Woodrich - Cherion

I. CALL TO ORDER

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

Mr. Tierney then reported on written notification from Mark Federici, Acting President, UFCW Local 400, announcing the removal of Thomas McNutt as a Committee Member effective December 7, 2012. Additionally, Carol Wiszynski and Lavoris “Mikki” Harris were appointed as Committee Members by UFCW Local 400.

Mr. Tierney noted that with the removal of Mr. McNutt, there was an opening for the position of Chairman to the Committee. The Committee approved the nomination of Mr. Hipkins to serve as the Chairman and he accepted.

Mr. Tierney noted that there remains an open Committee Member position for the Employers, to replace Mr. Travers.

II. MINUTES

The Committee Members reviewed the minutes of the regular meeting held on July 18, 2012 and the appeals meeting held on July 20, 2012, which had been pre-circulated.

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

> **RESOLVED that the minutes of the meetings held on July 18, 2012 and July 20, 2012 are approved as presented.**

III. FINANCIAL REPORT

The Committee Members welcomed Mr. Michael Herwig of PNC Bank to the meeting. He presented the Summary of Activity Report for the period January 1, 2012 through October 30, 2012. Such report indicated a beginning market value of $20,882,048, earnings of $1,828,873, receipts of $5,241,847, and disbursements of $9,536,603, producing an ending market value of $18,416,165 as of October 30, 2012.

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

IV. ACTUARY REPORT

The Committee Members welcomed Mr. Gene Kalwarski and Mr. Kevin Woodrich of Cheiron to the meeting.

Mr. Woodrich distributed copies of his report entitled “UFCW and Severance Fund – 2012 Valuation Results: December 20, 2012” and the final version of the “Actuarial Valuation

Report for the UFCW and FELRA Severance Fund as of January 1, 2012". He reviewed the Fund's historical membership counts, contributions, assets, funding status, and baseline projections as contained in his report. Mr. Woodrich noted that, assuming a 7% annual rate of return on investments and no additional contributions, the Fund is projected to exhaust assets in 2018.

The Committee Members thanked Mr. Kalwarski and Mr. Woodrich for their report and they were excused from the meeting.

V. ATTORNEY REPORT

Mr. Slevin provided an update on the Acme delinquency.

On MOTION made and seconded, the Committee Members voted unanimous approval of the following:

> **RESOLVED to recommend the filing of a lawsuit against Acme to collect delinquent contributions in accordance with the provisions of the Collections Policy.**

Mr. Slevin then reviewed the SuperFresh delinquency.

On MOTION made and seconded, the Committee Members voted unanimous approval of the following:

> **RESOLVED to recommend the engagement of outside bankruptcy counsel to assist in the lawsuit against SuperFresh.**

Mr. Slevin presented Plan Amendment #6.

Mr. Slevin presented an updated Domestic Relations Order procedure.

On MOTION made and seconded, the Committee Members voted unanimous approval of the following:

RESOLVED to recommend approval of the Domestic Relations Order procedure.

Mr. Slevin discussed the offset of Severance benefits due to recoup mistaken medical benefits. He will prepare and circulate a draft Amendment for Committee Member review prior to the next meeting.

Mr. Burton and Mr. Slevin reported that there were no other legal matters to report at this time.

VI. ADMINISTRATIVE MANAGER'S REPORT

Mr. Tierney presented the Administrative Manager's Report for the second quarter 2012. Such report indicated contribution income of $5,199,143, and interest income of $134,170, producing a total income of $5,333,313. Total expenses were $1,811,458, producing a surplus of $3,521,855. He noted that hours were recorded on behalf of 8,259 active plan participants.

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

RESOLVED that the Severance applications contained in the second quarter 2012 Administrative Manager's Report are recommended for payment.

Mr. Tierney presented the Administrative Manager's Report for the third quarter 2012. Such report indicated contribution income of $32,024, and interest income of $146,336, producing a total income of $178,360. Total expenses were $1,903,295, producing a deficit of $1,724,935. He noted that hours were recorded on behalf of 8,022 active plan participants.

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

RESOLVED that the Severance applications contained in the third quarter 2012 Administrative Manager's Report are recommended for payment.

VII. INVOICES

Mr. Tierney presented a list of invoices dated December 20, 2012. It was noted there were no additions, deletions or changes to the list.

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

RESOLVED that the list of invoices dated December 20, 2012 is recommended for approval.

VIII. OTHER BUSINESS

A. Life Insurance Renewal – ING Employee Benefits

Mr. Tierney reported renewal of the life insurance policy with ING Employee Benefits for the period January 1, 2013 – December 31, 2013 with no increase in the premium of $0.19 per one thousand dollars in coverage.

IX. NEXT MEETING DATE AND LOCATION

Mr. Tierney noted that the next regular Committee meeting will be held on April 5, 2013 in Landover, Maryland.

X. ADJOURNMENT

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

Respectfully Submitted,

Thomas Hipkins – Chairman

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