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 APRIL 3, 2014 IN LANDOVER, MARYLAND

The following Committee Members were present:

Union Committee Members	Employer Committee Members
T. Hipkins – Chairman	J. Champion - Secretary
G. Gatewood	L. Madert
C. Wiszynski	J. Paradis
	F. Stegman

Also present were:

M. Boyle – UFCW Local 400
H. Burton - Fund Co-Counsel
J. Chorpenning – UFCW Local 27
M. Herwig – PNC Bank
W. Jensen - Associated Administrators, LLC
C. Murphy – Associated Administrators, LLC
G. Murphy – UFCW Local 27
J. Paradis – Ahold, USA
B. Slevin - Fund Co-Counsel
L. Walsh – Associated Administrators, LLC

I. CALL TO ORDER

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

A. Resignation/Appointment of Trustee

Mr. Jensen reported that he had received correspondence from David Gillis resigning his position as a Committee Member effective January 21, 2014. He noted that correspondence received from the Food Employers Labor Relations Association appointed Jason Paradis to replace Mr. Gillis effective the same date.

Mr. Jensen noted that Mr. Gillis had been Secretary of the Committee. After discussion, Mr. Champion was appointed Secretary of the Committee.

II. MINUTES

The Committee Members reviewed the minutes of the regular meetings held on August 27, 2013 and December 18, 2013, and the Appeals Committee minutes of December 10, 2013. It was noted that the Appeal Committee minutes should be revised to reflect that the location of the meeting was Landover, Maryland and not Sparks, Maryland as recorded in the minutes.

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

> **RESOLVED that the minutes of the regular meetings held on August 27, 2013 and December 18, 2013 be recommended for approval and that the appeal committee minutes of December 10, 2013 be recommended for approval as corrected.**

III. FINANCIAL REPORT

A. PNC Bank

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, 2014 through February 28, 2014. Such report indicated a beginning market value of $12,650,715, earnings of $261,527, receipts of $8,875, and disbursements of $1,583,228, producing an ending market value of $11,337,889 as of February 28, 2014.

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

B. Investment Performance Services

The Committee Members welcomed Mr. Dave Russell of Investment Performance Services to the meeting. Mr. Russell presented the preliminary investment performance report for the period ending February 28, 2014. Such report indicated the return for February 2014 was 2.3%. The market value of assets as of February 28, 2014 was $11,337,879.

Mr. Russell next reviewed the Master Consulting Report for the period ending December 31, 2013. He noted that the total market value of assets for the Severance Fund was $12,650,715 as of December 31, 2013, with a three-month return of 3.7% and a year-to-date return of 9.4%.

Mr. Russell recommended that the Committee Members review the asset allocation materials and consider the risk/return of alternative asset allocations, for additional diversification and potentially higher returns. He further recommended that the Fund's cash flow needs be closely analyzed to determine the potential allocation to these asset classes.

Mr. Russell then reviewed the performance by individual manager. He recommended that NWQ, Westwood, Windhaven, and Mellon CF Global Expanded Alpha I be terminated. He further recommended that Segall, Bryant and Hamill's benchmark be changed to the Barclays Intermediate Government/Credit Index to shorten the duration of the fixed income portfolio and reduce interest rate risk. He said detailed recommendations would be reviewed with the Trustees in the future.

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

IV. ACTUARY'S REPORT

A. 2014 Fee Request

Mr. Kalwarski presented Cheiron's proposed fees for 2014. He noted that his firm was requesting retainer fees of $38,304 for 2014, an increase of $47.00 per month over the 2013 fee, and non-retainer fees for 2014 ranging between $84.00 and $465.00 per hour.

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

> **RESOLVED to recommend that the retainer and non-retainer fees for Cheiron be approved for the 2014 calendar year.**

V. ATTORNEY'S REPORT

A. Superfresh Litigation

Mr. Slevin discussed the Superfresh contribution litigation.

B. Acme Litigation

Mr. Slevin discussed the Acme contribution litigation.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Fourth Quarter 2013 Report

Mr. Jensen presented the Administrative Manager's Report for the fourth quarter 2013. Such report indicated contribution income of $3,410, and interest income of $115,120, producing a total income of $118,530. Total expenses were $1,647,516, producing a deficit of $1,528,986. He noted that hours were recorded on behalf of 7,434 active plan participants.

Mr. Jensen presented the Severance applications for approval.

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

> **RESOLVED that the Severance applications contained in the fourth quarter 2013 Administrative Manager's Report are recommended for payment.**

VII. INVOICES

Mr. Jensen presented a list of invoices dated April 3, 2014. 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 April 3, 2014 is recommended for approval.**

VIII. OTHER FUND BUSINESS

A. Participant Appeal

The Committee Members reviewed an appeal referred by the Appeals Committee. After discussion, the Committee members referred the appeal to the Policy Committee for resolution.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Committee members selected June 20, 2014, September 18, 2014, and December 11, 2014 as their next meeting dates in Landover, Maryland.

X. ADJOURNMENT

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

Respectfully Submitted,

William R. Jensen

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