UNITE HERE Local 25 and Hotel Association Of Washington, D.C.
Health and Welfare Fund

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DRAFT

MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES OF
UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON, D.C.
HEALTH AND WELFARE FUND
HELD ON OCTOBER 21, 2014
IN WASHINGTON, D.C.

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
John Boardman - Chairman	Solomon Keene
Stephanie Steer	Steve Smith
Linda Martin	Joel Manion

Also present were:

Anne Mayerson - Bredhoff & Kaiser, PLLC
Fredric Singerman - Seyfarth Shaw, LLP
Matthew Jackson – Segal Select (via tele-conference for part of the meeting)
Henry Jaung - Meketa Investment Group
Robert Noble – Segal Select (via tele-conference for part of the meeting)
Anne-Marie Sims - Associated Administrators, LLC
Dawn Welch – Associated Administrators, LLC

I. CALL TO ORDER

A quorum being present, Chairman Boardman called the meeting to order.

II. MINUTES

Board Meeting, July 24, 2014

Ms. Sims reported that she had received no further comments on the draft of the subject minutes which had been circulated prior to this meeting.

On Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED that the minutes of the Board meeting held July 24, 2014 are approved.**

III. INVOICES

Ms. Sims presented a list of invoices dated October 21, 2014. It was noted that there were no additions, deletions or changes to the list.

On Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED that the invoices set forth in the list dated October 21, 2014 are approved for payment.**

V. PAYROLL AUDIT COLLECTIONS REPORT

Ms. Sims referred to the Payroll Audit Collections Report dated September 29, 2014 included in the meeting book. A copy of the report is attached to and made a part of the minutes as Exhibit A. Ms. Sims reviewed the report, which confirmed the results to date of the collection of payroll audit deficiencies after receipt of the audits from Calibre and before referral of unpaid billed deficiencies to the Fund's Collection Counsel.

VI. COLLECTION COUNSEL REPORT

Ms. Sims reported that there were no collection matters requiring Board action.

VII. CO-COUNSEL REPORT

A. Affordable Care Act: Transitional Reinsurance Fee ("TRE")

Ms. Mayerson reported that the Department of Health and Human Services ("HHS") had issued final regulations regarding the Transitional Reinsurance Program ("TRE") fee. She explained that the Patient Protection and Affordable Care Act ("ACA") established this fee, which is levied on employers and insurers to finance a temporary reinsurance fund to stabilize premiums in the individual market. Ms. Mayerson said that the fee will be imposed over three years - 2014, 2015 and 2016 - and health carriers and self-funded group health plans are required to submit an application and an annual enrollment count by November 15, 2014. She confirmed that this fee does not apply to "excepted benefits," such as dental and vision benefits. Ms. Sims reported that she will confirm with Kaiser that Kaiser will be paying the TRE fees with respect to medical coverage provided by the Fund for this Plan year.

B. Kaiser Small Group Discussion

Ms. Mayerson reported that some small employers (including Local 25 and the Hotel Association) provide employer health insurance through a policy issued by Kaiser Permanente as part of a larger group of employers that bargain with UNITE HERE Local 25. Due to a change in DC law, "small group" employers operating in the District are generally required to obtain health insurance through the health care exchange, rather than directly from the insurer. Ms. Mayerson noted that a small-group employer is, in general, one who has fewer than 50 "full time" employees (30 or more hours per week) (or 100 "full-time employees, effective January 1, 2015) with the employer and any affiliated employer, whether or not these employees are eligible under the Kaiser Permanente policy. Kaiser has confirmed that, as a result of the new law, the health coverage of the under-50 small-group employers will be terminated effective December 31, 2014. Kaiser has identified approximately 20 to 21 employers covered under the group policy with 50 or fewer full-time employees, but the number may be less. Of this number, nine employers have 9 or fewer employees, so that the total number of “added” employees would be about 350 employees. The identified small employers include Local 25 and the Hotel Association of Washington, DC.

Ms. Mayerson explained that the Trustees could allow these employers to maintain the same rates and benefits by obtaining coverage under the Fund’s policy with Kaiser that currently covers only A List employees.

Mr. Boardman noted that small-group employers could still maintain specific administrative services, for example payment of invoices to Kaiser, eligibility, HIPAA and COBRA administration in order to minimize the administrative components and costs to the participating employers. However, co-counsel discussed that the Fund would need to reconcile the payments made by the employers to Kaiser for Fund records and auditing purposes. The Trustees requested that Counsel prepare a participation agreement for the small-group employers to enter into and work with the Administrative Manager and Kaiser Permanente to recommend a proposed administrative structure for small group coverage.

After discussion, with Trustees Boardman, Martin, Steer and Keene abstaining from the vote, on motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED to approve moving forward with offering small group employers who would otherwise lose coverage under the Kaiser Plan effective January 1, 2015, the opportunity to obtain coverage as participating employers in the Fund , subject to the execution of a Participation Agreement with the Fund.**

Co-Counsel reported that there were no further legal matters requiring Board action at this time.

VIII. ADMINISTRATIVE MANAGER’S REPORT

Second Quarter 2014 Administrative Manager’s Report

Ms. Sims presented and reviewed the Second Quarter 2014 Administrative Manager's Report, a copy of which is attached to and made a part of these minutes as Exhibit B.

X. OTHER FUND BUSINESS

A. Fiduciary Liability Policy Renewal

Ms. Sims reported that per Trustee directive, via interim poll, the fiduciary liability insurance policy for the period September 1, 2014 through September 1, 2015 had been renewed with Chubb for an annual fee of $12,931.00 and that all Trustees had received their waiver of recourse invoices for payment.

B. Fidelity Bond Policy Renewal

Ms. Sims reported that per Trustee directive, via interim poll, the Fidelity Bond insurance policy for the period October 4, 2014 through October 4, 2017 had been renewed with CHUBB for an annual fee of $1,031.00.

C. Cyber-Liability Insurance Presentation

The Trustees welcomed Mr. Robert Noble and Mr. Matthew Jackson from Segal Select to the meeting via teleconference. Mr. Jackson provided an overview of the cyber-liability insurance options available for Trustee consideration. He explained that Segal would recommend the pricing and scope of coverage offered through the Beazley's Information Security and Privacy Insurance. Mr. Jackson said that this insurance covers the Fund for any third-party claims arising from security breaches and failure to comply with privacy policies. Coverage also includes data breach notification and credit monitoring or identity monitoring services for up to five (5) million affected individuals.

The Trustees thanked Mr. Noble and Mr. Jackson for their presentation and requested that Segal Select solicit quotes from Beazley with $ one (1) million and $ two (2) million limits and circulate a memorandum with additional details for Trustee consideration.

D. Form 5500 for the Plan Year Ended December 31, 2013

Ms. Sims reported the timely filing, under extension, of the Form 5500 for the Plan year ended December 31, 2013.

E. <u>Updated HIPAA Business Associate Agreements ("BAA")</u>

Ms. Sims reported that Co-Counsel had drafted a copy of a revised BAA which had been mailed to service providers for execution.

F. <u>Citibank Closure</u>

Ms. Sims reported that the Fund office had been notified that the Citibank locations that are currently located near the Associated Administrators, LLC Sparks office are closing effective December 15, 2014. She said the nearest location would require that all checks received would need to be couriered to the nearest Citibank location in Beltsville, Maryland. She requested Trustee authorization for the Administrative Manager to close the Citibank account, open a PNC operating/money market account effective December 15, 2014, and transfer all assets from the Citibank accounts as soon as is practicable.

Upon discussion, on Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED to authorize the Administrative Manager to close the Citibank Operating and Money Market accounts, effective December 16, 2014, open a PNC operating/money market account, effective December 15, 2014, and transfer all assets from the Citibank accounts as soon as is practicable thereafter.**

XI. <u>NEXT MEETING DATE AND LOCATION</u>

The Trustees scheduled their next regular Board meeting for Wednesday, February 4, 2015.

XII. <u>ADJOURNMENT</u>

There being no further business, the meeting was adjourned.

Respectfully submitted,
Solomon Keene
Secretary-Treasurer

AMS/dw
(Org. 10-22-14)

Attachments:
Exhibit A: Payroll Audit Collections Report
Exhibit B: Associated Administrators, LLC: Second Quarter 2014 Administrative Manager's Report