Warehouse Employees Union Local No. 730
Health and Welfare Trust Fund

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE WAREHOUSE EMPLOYEES UNION LOCAL NO. 730 HEALTH AND WELFARE TRUST FUND DECEMBER 20, 2013 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
T. Richardson – Chairman
R. Brooks
R. Essex
R. Johnson – Alternate

EMPLOYER TRUSTEES
J. Paradis – Secretary
L. Johnson
F. Stegman

Also present were:

S. Binder – Columbia Partners
H. Burton – Morgan, Lewis & Bockius, LLP
K. Cicero – CIGNA Healthcare
A. Cochran – Associated Administrators, LLC
G. Dickinson – Columbia Partners
L. DuVall – Associated Administrators, LLC
B. Gorlin – Dickstein Shapiro, LLP
M. Herwig – PNC Bank, NA
J. Mink – Investment Performance Services, LLC
M. Robinson – Wedge Capital Management
J. Webb – CIGNA Healthcare
J. Womack – Atlanta Capital Investment Managers

I. CALL TO ORDER

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

II. MINUTES

The Trustees read the minutes of the last regular meeting held on August 29, 2013.

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

RESOLVED that the minutes of the last regular meeting held on August 29, 2013 are approved as written.

III. FINANCIAL REPORT

The Trustees welcomed Mr. Michael Herwig of PNC Bank, NA and Ms. Jennifer Mink of Investment Performance Services (IPS) to the meeting.

A. Custodian Bank – PNC Bank, NA

Mr. Herwig distributed the Summary of Activity report for the period January 1, 2013 through September 30, 2013. Such report indicated a beginning market value of $17,344,684. Contribution income totaled $4,400,086, disbursements totaled $6,158,511 and investment earnings totaled $319,138, producing an ending market value of $15,905,397.

B. Investment Performance Services

1. Investment Performance

Ms. Mink distributed her report titled, "Investment Performance Analysis – September 30, 2013." Ms. Mink reported that the total market value of assets as of September 30, 2013 was $15,905,398.

2. Asset Allocation

Ms. Mink reported that as of September 30, 2013 the Fund held 49.8% in domestic fixed income, 6.1% in domestic equities, 12.5% in domestic fixed high yield, 20.2% in short duration high yield, 7.1% in real estate, and 4.4% in cash equivalents. She noted the SSGA S&P Index Fund held $970,619; Atlanta Capital held $7,914,093; American Realty Advisors held $1,125,752; Penn Core held $1,984,831; Chartwell held $3,213,969; there was $696,133 in the cash account. She noted the asset allocations are not within the targeted ranges. Ms. Mink recommended utilizing investment grade fixed income (Atlanta Capital) as a source for the Fund's cash needs and to fund the real estate manager (American Core Realty) with $300,000 and fund the high yield fixed income manager (Penn Capital) with $400,000 to rebalance closer to targets.

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

RESOLVED to approve the recommendation of IPS and utilize proceeds from Atlanta Capital for the Fund's cash needs and to fund American Core Realty with $300,000 and to fund Penn Capital with $400,000 to rebalance closer to the asset allocation targets.

3. Investment Manager Presentations – Intermediate Fixed Income

Ms. Mink distributed her report titled, "Investment Manager Review Intermediate Fixed Income Style For the Period Ending September 30, 2013." She noted that Atlanta Capital continues to perform below its benchmark. At the August 29, 2013 Board of Trustees meeting, IPS recommended interviewing the current manager, Atlanta Capital, and two additional managers, Columbia Partners and Wedge Capital Management. Ms. Mink stated that the IPS report contains information on each of the managers to be interviewed.

i. Atlanta Capital

The Trustees welcomed Mr. Jim Womack of Atlanta Capital Management Co., LLC to the meeting. He distributed a copy of his presentation materials. Mr. Womack began by discussing the investment philosophy and process. He discussed his firm's conservation approach to capital appreciation and preference to protect against downside risk. Mr. Womack stated the current fee on assets is 15 basis points which he said is very competitive. He concluded his presentation stating that the relationship with the Fund is greatly valued.

The Trustees thanked Mr. Womack for his presentation and he was excused from the meeting.

ii. Columbia Partners

The Trustees welcomed Mr. Steve Binder and Mr. Gary Dickinson of Columbia Partners to the meeting. They distributed a copy of their presentation materials. Mr. Binder began by providing an organizational review of the firm and the product, stating they have a comprehensive and consistent process to identify opportunities and enhance returns. Mr. Dickinson said the fee on assets is 20 basis points, but the manager is willing to reduce the fee to 15 basis points.

The Trustees thanked Mr. Binder and Mr. Dickinson for their presentation and they were excused from the meeting.

iii. Wedge Capital Management

The Trustees welcomed Mr. Martin Robinson of Wedge Capital Management to the meeting. He distributed a copy of his presentation materials. Mr. Robinson began by providing an overview of the manager's strategy, noting the ability to provide a diversified equity and fixed income investment. He discussed his

firm's approach to capital appreciation in which they strive to achieve the optimum balance between risk and reward. Mr. Robinson stated the fee on assets is 30 basis points and is not negotiable.

The Trustees thanked Mr. Robinson for his presentation and he was excused from the meeting.

iv. Trustee Discussion

The Trustees discussed the investment manager presentations with Ms. Mink. Ms. Mink noted that Wedge consistently outperforms the other managers against the benchmark but other important factors should be considered. She noted the Fund's negative cash flow and the need for liquidity of assets. Ms. Mink stated Atlanta Capital has a much shorter duration than the other two investment managers.

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

RESOLVED to table the decision for six months and to re-evaluate the current manager, Atlanta Capital, at the June 2014 Board of Trustees meeting.

The Trustees thanked Mr. Herwig and Ms. Mink for their reports and they were excused from the meeting.

IV. COUNSEL REPORT

A. Subrogation Report

Ms. Wylin reviewed the status of subrogation matters currently under collection as of December 20, 2013. She reported that there were two open cases, two closed cases, and no new cases opened since the last Board of Trustees meeting

on August 29, 2013. She stated that there were no cases requiring Trustee action at this time.

B. Lien Reduction Request

Ms. Wylin reported interim action that was taken regarding a lien reduction request from a participant's attorney. A letter was received dated November 7, 2013 requesting a reduction in the amount owed to the Fund. Fund Counsel recommended the request be denied as the offer is not in the best interests of the Fund. Based on the recommendation of Fund Counsel, the Trustees were polled by electronic mail and voted to deny the lien reduction request.

C. United States v. Windsor

Mr. Burton reported that the Treasury Department and Internal Revenue Service had released guidance implementing, for federal tax purposes, United States v. Windsor (Windsor). He stated that as a result of the Windsor decision, same-sex couples who marry in a State that recognizes same-sex marriage are entitled to certain rights and benefits. Mr. Burton stated that although the full implications of the Windsor decision are not yet known for health and welfare plans, Fund Counsel would continue to monitor and update the Trustees as the law and guidance on this issue evolve.

V. ADMINISTRATIVE MANAGER REPORT

Ms. Cochran presented the Administrative Manager Report for the third quarter 2013. Such report showed Employer contributions of $1,297,084, interest and dividend income of $46,515, and miscellaneous income of $0, producing a total income of $1,343,599 for the quarter. Expenses included $1,865,173 of benefit expenses and $98,061 of operating expenses, producing a total expense of $1,963,234. This produced a total deficit of $619,635 for the quarter ended September 30, 2013. Ms. Cochran noted that contributions were made on behalf of 504 Plan participants. She noted there were no contribution delinquencies to report.

VI. INVOICES

Ms. Cochran presented a list of invoices dated December 20, 2013 for Trustee review. It was noted that there were no deletions or changes to the list.

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

RESOLVED that the list of invoices dated December 20, 2013 be approved for payment as presented.

VII. PARTICIPANT APPEALS

Appeal Number	*Issue*	*Board Decision*
E13/128-2035	*Extension of COBRA Coverage*	*Denied*
M13/121-3269	*Routine Services*	*Denied*
Rx13/125-3710	*Oral Contraceptives*	*Approved*

VIII. PROVIDER REPORT – CIGNA PPO

A. CIGNA PPO and Rx

The Trustees welcomed Ms. Kim Cicero and Mr. Jason Webb to the meeting.

1. PPO Savings Report

Mr. Webb distributed a report titled, "Year-to-Date Savings Results." He reviewed the CIGNA PPO savings report for the period January 1, 2013 through November 30, 2013. The PPO network savings, meaning the billed amount less the network allowed amount, equaled $1,990,454. This represented an overall PPO savings of 42.6% for the period of January 1,

2013 through November 30, 2013. He noted that the savings were less than the discount guarantee of 43.2%, however were within the 3.3% corridor.

2. Fee Proposals

Mr. Webb distributed a report titled, "2014 Renewal Proposal & History." He said due to the decline in membership CIGNA was requesting a $2.68 per member per month increase for the 2014 Plan year. Mr. Webb acknowledged there was a fee arrangement in place effective January 1, 2012 – December 31, 2014. He said the request for the fee increase is based on the overall membership decline. Mr. Webb stated the membership had decreased by more than 50% since September 1, 2008.

Mr. Webb then discussed a fee request for Retiree Drug Subsidy (RDS) services. He stated CIGNA has included this service at no cost to the Fund since September 1, 2009. The RDS program allows the Fund to collect a subsidy on prescription drug claims for those retirees age 65 and older. He noted the requested annual fee is $7,000 and that the Fund received approximately $190,000 in subsidy reimbursement during the 2012 Plan year.

The Trustees thanked Mr. Webb and Ms. Cicero for their presentation and they were excused from the meeting.

3. Trustee Discussion

The Trustees discussed the fee proposal for PPO and RDS services. Mr. Burton confirmed the current agreement between CIGNA and the Fund allows for a fee re-evaluation in the event of the Fund's enrollment decreasing by 15% or greater.

The Trustees offered a counter proposal of $2.00 per member per month and CIGNA accepted.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolutions:

RESOLVED to approve the CIGNA fee increase for the period January 1, 2014 through December 14, 2014 of $2.00 per member per month.

RESOVLED to approve an annual fee of $7,000 effective January 1, 2014 for RDS services.

The Trustees discussed engaging Segal to review the current agreement with CIGNA and also to perform a Request for Proposal (RFP) for PPO services.

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

RESOLVED to obtain a quote from Segal to review the current CIGNA PPO arrangement and prepare a RFP for PPO services and to authorize Chairman and Secretary to approve the quote in order to have a report at the March 2014 meeting.

IX. OTHER FUND BUSINESS

A. Form 5500 and Summary Annual Report for the Plan Year Ended December 31, 2012

Ms. Cochran reported the Form 5500 for the plan year ended December 31, 2012 was filed timely and the Summary Annual Report was mailed to participants in a timely manner.

B. Payroll Audit Status Report

Ms. Cochran distributed and reviewed the report from Calibre titled, "Status Report as of December 16, 2013."

1. Eight O'Clock Coffee

Ms. Cochran stated that a payroll audit was scheduled for the employer on December 13, 2013.

2. Adams Burch

Ms. Cochran stated that a payroll audit was scheduled for the employer on November 25, 2013.

3. Giant Warehouse and Recycling

Ms. Cochran reported interim action that the Trustees approved by an electronic mail poll providing for an additional payment to the Fund auditor of $266.67 for the 2012 truncating hours audit.

C. Fiduciary Liability Waiver of Recourse Premiums

Ms. Cochran reported that all Trustee Waiver of Recourse Premiums had been paid for the 2013 – 2014 policy.

D. Trustee Expense Policy

Ms. Cochran stated there was a request from Trustee Brooks to discuss the advance stipend amount that Trustees can receive prior to attending the International Foundation of Employee Benefit Plans conferences.

After a discussion, On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED that the amount of the advance stipend in the Trustee Expense Policy shall be increased from $1,500 to $2,500 contingent on Fund Counsel's review.**

E. International Foundation of Employee Benefit Plans – Annual Membership

Ms. Cochran reported that the 2014 membership with the International Foundation of Employee Benefit Plans had been renewed at a fee of $915.00.

F. 2014 COBRA Rates

Ms. Cochran reported the 2014 COBRA rates were calculated and reviewed by Fund Counsel. Participants currently on COBRA and those in active offering status were notified in December 2013 of the rate change.

G. ACA Compliance

1. Employer Obligation to Notify Employees Regarding HealthCare Marketplace letter

Ms. Cochran stated the Employer Obligation letter was mailed timely to participating employers.

2. Summary of Benefits Coverage

Ms. Cochran reported that the 2014 Summary of Benefits and Coverage Notice was mailed to Class E participants and beneficiaries on November 27, 2013.

She stated the 2013 Summary of Benefits Coverage Notice was mailed to Class C participants on September 20, 2013.

3. Comparative Effectiveness Research fee

Ms. Cochran said the Fund received a letter dated November 11, 2013 from the IRS stating no payment was received with the July 2013 filing and the Fund was responsible for a late fee with interest charges in the amount of $1,345.28. A response letter was sent to the IRS with a copy of the cashed check and certified mail slip. The Fund received a letter dated December 9, 2013 from the IRS showing the account was adjusted and the late penalty and interest charges were not owed by the Fund.

H. Business Associate Agreements (BAA)

Ms. Cochran reported the new BAA were mailed to all Fund providers on November 16, 2013. The BAA received to date were presented for Trustee countersignature. She stated the Administrative Manager will continue to monitor the outstanding agreements.

I. 2013 Retiree Drug Subsidy Reconciliation

Ms. Cochran reported receipt of a retiree drug subsidy payment in the amount of $55,417 for the 2013 Plan year.

J. 2014 Retiree Drug Subsidy Application

Ms. Cochran said the application for the 2014 Retiree Drug Subsidy Program had been filed timely on behalf of the Fund.

K. ING Life & Accidental Death & Dismemberment Insurance

Ms. Cochran reported the premium rates for the life and accidental death & dismemberment insurance effective January 1, 2014 were received in the Fund Office. This is the third year of a three-year agreement with ING Employee Benefits.

L. Group Vision Service (GVS) Renewal

Ms. Cochran reported interim action that the Fund's optical provider GVS accepted the Trustees' counter proposal for the 2014 renewal. For the fully-insured Plan, the fee increase will be 0% for the period January 1, 2014 through December 31, 2015. For the self-insured Plan, the increase in administration fees will be 0% along with various increases in the cost per claim for the period January 1, 2014 through December 31, 2015.

M. Retiree FASB ASC 965 Actuarial Valuation (Retiree Benefits)

Ms. Cochran noted receipt of the Actuarial Valuation of retiree benefit liability prepared by Cheiron. The report was provided to the Fund's auditor for

preparation of the financial statements and Form 5500. A copy of the Valuation is filed in the Fund's records.

N. For Your Benefit Newsletter

Ms. Cochran noted the October 2013 *For Your Benefit* newsletter was mailed to participants.

XII. NEXT MEETING DATE AND LOCATION

After discussion the Trustees selected March 14, 2014 as their next regular meeting in Landover, Maryland.

XIII. ADJOURNMENT

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

Respectfully submitted,

Jason Paradis
Secretary