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 14, 2016 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
R. Brooks – Chairman	J. Paradis – Secretary
F. Myers	L. Johnson
T. Richardson	F. Stegman
R. Essex – Alternate	B. Pounds – Alternate

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
L. DuVall – Associated Administrators, LLC
R. Sichel – Investment Performance Services, LLC

I. CALL TO ORDER

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

II. TRUSTEE APPOINTMENT

Ms. Cochran reported that a letter was sent to participating employers on November 11, 2016 regarding the nomination of Billye Pounds as an alternate Employer Trustee. Ms. Cochran said no responses were received to the nomination.

III. MINUTES

The Trustees reviewed the minutes of the last regular meeting held October 6, 2016.

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 October 6, 2016 are approved as presented.**

IV. FINANCIAL REPORT

The Trustees welcomed Mr. Rich Sichel of Investment Performance Services (IPS) to the meeting.

A. Custodian Bank – PNC Bank, NA

Ms. Cochran said a copy of the PNC Summary of Activity report for the period January 1, 2016 through September 30, 2016 is contained in the meeting booklet.

B. Investment Performance Services

1. Investment Performance

Mr. Sichel distributed his report titled, "Investment Performance Analysis – September 30, 2016." Mr. Sichel reported that the total market value of assets as of September 30, 2016 was $7,134,938.

2. **<u>Asset Allocation</u>**

Mr. Sichel reported that as of September 30, 2016 the Fund held 44.5% in Investment Grade Fixed Income, 38.0% in short duration high yield, 10.7% in real estate, and 6.9% in cash equivalents. He noted Wedge Capital held $3,172,225; American Realty Advisors held $759,918; Chartwell held $2,709,071; there was $493,724 in the cash account.

Mr. Sichel said that the balance in the short duration high yield asset allocation was low and that the Trustees may want to consider liquidating the portfolio for future cash needs. Ms. Cochran said that the Fund has not recently needed additional funding over the income generated by employer contributions. After a discussion,

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

> **RESOLVED to give Chairman and Secretary the authority to take action to submit a redemption request from the short duration high yield asset allocation if additional cash is needed to pay expenses.**

The Trustees thanked Mr. Sichel for his report and he was excused from the meeting.

V. <u>COUNSEL REPORT</u>

Mr. DeLancey reviewed the status of subrogation matters under collection as of December 14, 2016. He reported that there were four open cases, no closed cases, and no new cases opened since the last Board of Trustees meeting on October 6, 2016.

Mr. DeLancey stated that there were no other cases requiring Trustee action at this time.

Mr. DeLancey and Mr. Burton reported that there were no other legal matters pending before the Board of Trustees at this time.

VI. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the third quarter 2016. Such report showed employer contributions of $1,174,393, interest and dividend income of $70,826, and miscellaneous income of $118,256, producing a total income of $1,363,475 for the quarter. Expenses included $1,999,643 of benefit expenses and $63,644 of operating expenses, producing a total expense of $2,063,287. This produced a total deficit of $699,812 for the quarter ended September 30, 2016. Ms. Cochran noted that contributions were made on behalf of 424 Plan participants.

VII. INVOICES

Ms. Cochran presented a list of invoices dated December 14, 2016 for Trustee review. It was noted that 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 14, 2016 are approved for payment as presented.**

XI. OTHER FUND BUSINESS

A. Payroll Audit Status Report – Giant Recycling and Warehouse

Ms. Cochran reported that the auditor had found certain hours had been truncated during the payroll audit performed for the period January 1, 2013 through December 31, 2015. She stated that the discrepancy was identified for the period January 1, 2013 through June 30, 2013. Ms. Cochran said that the Trustees had directed the Administrative Manager to review the prior payroll audit for the period January 1, 2010 through December 31, 2012 to determine an amount due for truncated hours for the period January 1, 2013 through June 30, 2013 to avoid the expense of the auditor reviewing full payroll records charged at its hourly rates. Ms. Cochran explained the methodology used to determine the amount due for the six month period. She said the methodology was reviewed by Fund Counsel. Ms. Cochran said the total amount due for the period January 1, 2013 through June 30, 2013 is $39,151.25. Ms. Cochran said the auditor confirmed that the issue regarding truncated hours had been corrected in July 2013.

After discussion, the Trustees voted approval of the following resolution by majority, with Trustee Paradis abstaining.

> **RESOLVED to accept the methodology presented to determine an amount due for the truncated hours for the period January 1, 2013 through June 30, 2013. The Administrative Manager was directed to send a demand letter for $39,151.25. Once payment is received, the audit will be considered complete.**

B. Transitional Reinsurance Program Fee (TRP)

Ms. Cochran discussed the TRP fee. She explained that the Patient Protection and Affordable Care Act ("ACA") requires the Welfare Fund to participate in financing a temporary reinsurance fund to stabilize premiums in the individual market. Ms. Cochran said that, per Trustee directive by interim action on November 2, 2016, the application, enrollment count, and fee installments for

2016 had been filed on time. The amount of the first fee installment is $17,366.40 and scheduled for payment by wire transfer on January 10, 2017.

C. Health Care Cost Containment Corporation (HCCCC) – Annual Renewal

Ms. Cochran reported receipt of the annual renewal for the Fund's participation in the HCCCC for the 2017 calendar year. The annual fee is $700.00.

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

> **RESOLVED to approve the renewal for the Fund's participation in the HCCCC for the 2017 calendar year at a fee of $700.00.**

D. International Foundation of Employee Benefit Plans – Annual Membership

Ms. Cochran reported receipt of the Fund's 2017 membership renewal invoice for the International Foundation of Employee Benefit Plans. The renewal fee is $1,105.00.

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

> **RESOLVED to approve the Fund's 2017 renewal with the International Foundation of Employee Benefits Plans at a fee of $1,105.00.**

E. Life Insurance/AD&D – Voya

Ms. Cochran directed the Trustees to the Voya renewal contained in the meeting booklet. She said the renewal is for a one-year period, January 1, 2017 through December 31, 2017, with no increase in premium for life insurance and AD&D benefits. Ms. Cochran said she requested a reduction in the premium based on the Fund's experience over the past three years. She said Voya was not willing to decrease the premium and that the current amounts are $0.179 per $1,000 for life insurance and $0.03 per $1,000 for AD&D benefits.

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

> **RESOLVED to approve a one-year agreement with Voya, under a pooled contract, at $0.179 per $1,000 in life insurance coverage and $0.03 for $1,000 in AD&D coverage, effective January 1, 2017.**

The Trustees directed the Administrative Manager to send a Request For Proposal (RFP) for the life insurance and AD&D benefits prior to the next renewal with Voya.

F. <u>Group Vision Services (GVS) Renewal</u>

Ms. Cochran reported the Fund's optical provider GVS' counter proposal for a four-year renewal for both plans at no increase. For the fully-insured plan (Plan 1), for Giant and the Union Staff participants, the current premium is $6.23 per member per month for the period January 1, 2017 through December 31, 2020. For the fully-insured plan (Plan 2), for Adams Burch, Eight O'Clock Coffee, and Washington Food participants, the current premium is $3.10 per member per month for the period January 1, 2017 through December 31, 2020.

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

> **RESOLVED to approve a four-year agreement with GVS to**

provide optical benefits, for Plan 1 at $6.23 per member per month, and for Plan 2 at $3.10 per member per month effective January 1, 2017 through December 31, 2020.

G. United Healthcare (UHC) – Information Request

Ms. Cochran stated the Trustees had asked the Administrative Manager to request a scorecard from UHC in order to review the claims history for the active Class C participants. Per UHC, she said that the provider is not able to provide claims utilization data with dollar amounts to any client with less than 100 subscribers. The Trustees directed the Administrative Manager to send the contract between the Fund and UHC to Fund Counsel for review. The Trustees also requested that the Administrative Manager review the fee proposals submitted with the prior RFP for fully-insured services for the active Class C participants.

H. COBRA Rates

Ms. Cochran reported the 2017 COBRA rates were calculated and reviewed by Fund Counsel. She said a copy of the updated rates was contained in the meeting booklet for Trustee review.

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

RESOLVED to approve the 2017 COBRA rates as contained in the meeting booklet.

I. For Your Benefit Newsletter

Ms. Cochran stated that the Fund Office mailed the October 2016 *For Your Benefit* newsletter to Plan participants.

XII. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected March 16, 2017 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