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, 2018
LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
R. Brooks – Chairman
J. Lacy
T. Richardson – Alternate

EMPLOYER TRUSTEES
J. Paradis – Secretary
L. Johnson
F. Stegman
B. Pounds – Alternate

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
D. Dubbs – Associated Administrators, LLC
B. Hicks – Investment Performance Services, LLC
B. Robertson – NFP (Meltzer Group)

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 September 14, 2018.

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 September 14, 2018 are approved as written.**

III. FINANCIAL REPORT

The Trustees welcomed Mr. Brian Hicks of Investment Performance Services (IPS) to the meeting.

A. Custodian Bank – PNC Bank, NA

1. **Summary of Activity – September 30, 2018**

   Ms. Cochran noted a copy of the PNC Summary of Activity report for the period January 1, 2018 through September 30, 2018 as contained in the meeting booklet.

2. **Fee Request**

   Ms. Cochran reviewed the letters contained in the meeting booklet from PNC Bank regarding the Treasury Management fee increases related to the operating account.

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

> **RESOLVED to approve the PNC Bank fee proposal for the operating accounts effective January 1, 2019.**

B. **<u>Investment Performance Services</u>**

Mr. Hicks reported on the following:

1. **<u>Investment Performance</u>**

Mr. Hicks distributed his report titled, "Master Consulting Services Report – September 30, 2018." Mr. Hicks reported that the total market value of assets as of September 30, 2018 was $7,953,110. Mr. Hicks distributed his report titled, "Preliminary Monthly Performance Analysis – November 30, 2018." He reported that the total market value of assets as of November 30, 2018 was $8,308,011.

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

Mr. Hicks reported that as of September 30, 2018, the Fund held 47.8% in Investment Grade Fixed income, 38.2% in Short Duration High Yield, 5.0% in Real Estate, and 9.0% in cash equivalents. He noted Wedge Capital held $3,798,868, Chartwell Investment held $3,040,586, American Core Realty held $400,379, and there was $713,277 in the cash account.

Mr. Hicks noted that the current cash allocation exceeds the targeted policy range of the Investment Policy Statement.

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

> **RESOLVED to revise the Investment Policy Statement allocations as follows: Investment Grade Fixed Income 40% - 55%, Short Duration High Yield Fixed Income 30% - 45% and cash 0% - 20%, noting the Real Estate allocation will remain the same at 0% - 10%.**

The Trustees thanked Mr. Hicks for his reports and he was excused from the meeting.

IV. COUNSEL REPORT

Mr. DeLancey reviewed the status of subrogation matters under collection as of December 20, 2018. He reported that there are four open cases and no closed or new cases opened since the September 14, 2018 Board of Trustees meeting.

Mr. DeLancey stated that there are no 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.

V. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the third quarter 2018. Such report showed employer contributions of $1,230,448, interest and dividend income of $57,779, and miscellaneous income of $115,471, producing a total income of $1,403,698 for the quarter. Expenses included $634,244 of benefit expenses and $77,676 of operating expenses, producing a total expense of $711,920. This produced a total surplus of $691,778 for the quarter ended September 30, 2018. Ms. Cochran noted that contributions were made on behalf of 357 Plan participants.

VI. INVOICES

Ms. Cochran presented a list of invoices dated December 20, 2018 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 20, 2018 are approved for payment as presented.

VII. <u>PROVIDER REPORT – NFP (MELTZER GROUP)</u>

The Trustees welcomed Ms. Beth Robertson of NFP (Meltzer Group) to the meeting. Ms. Robertson distributed her report titled, "The Warehouse Employees Union Local 730 – Stop Loss Marketing 1/1/19." She noted that the current stop loss policy will expire December 31, 2018 and although the market did not produce competitive rates, Ullico proposed a 6% increase for the contract year January 1, 2019 through December 31, 2019, while the current stop loss trend renewal rate is running at a 16-19% increase in premium. She said the stop loss specific level of $500,000 is appropriate given the Plan's past two years of experience. She noted there would be a significant increase in premium with a specific deductible level less than $500,000. Ms. Robertson recommended that the Trustees accept the Ullico proposal at a 6% premium increase.

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

RESOLVED to approve the recommendation of NFP and accept the proposed stop loss renewal with Ullico at a premium increase of 6% for the period January 1, 2019 through December 31, 2019.

The Trustees thanked Ms. Robertson for her report and she was excused from the meeting.

VIII. OTHER FUND BUSINESS

A. Memorandum of Agreement (MOA) – Washington Food

Ms. Cochran reported the receipt of a newly negotiated MOA between Washington Food and Local Union No. 730 affiliated with the International Brotherhood of Teamsters (Union) for the period November 1, 2018 to October 31, 2021.

After a discussion and review of the MOA by Fund Counsel, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to accept the MOA between Washington Food and the Union for the period November 1, 2018 to October 31, 2021.**

B. 2019 COBRA Rates

Ms. Cochran reported the 2019 COBRA rates were calculated and reviewed by Fund Counsel. She said a copy of the updated rates is 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 2019 COBRA rates as contained in the meeting booklet.**

C. Cigna

Ms. Cochran presented the report titled, "Warehouse Local 730 Health and Welfare Fund – Savings Results," as contained in the meeting booklet. She reviewed the Cigna PPO savings report for the period January 1, 2018 through September 30, 2018. The PPO network savings, meaning the billed amount less the network allowed amount, equaled $1,932,550.80. This represented an overall PPO savings of 58.2% for the period January 1, 2018 through September 30, 2018. Ms. Cochran reviewed the out-of-network savings results for the period January 1, 2018 through September 30, 2018 noting a savings of 26.2%.

D. **2019 Out-of-Pocket Maximums**

Ms. Cochran reported that according to the Affordable Care Act (ACA), the out-of-pocket maximums are increasing to $7,900 per individual and $15,800 per family for the year 2019. She said there is no requirement to increase the current limits. The Trustees discussed the current financial status of the Plan and decided to not increase the out-of-pocket maximums for the 2019 Plan year.

E. **International Foundation of Employee Benefit Plans – Annual Membership**

Ms. Cochran reported receipt of the Fund's 2019 membership renewal invoice for the International Foundation of Employee Benefit Plans. The renewal fee is $1,245.00.

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

> **RESOLVED to approve the Fund's 2019 renewal with the International Foundation of Employee Benefits Plans at a fee of $1,245.00.**

F. **Kaiser Request for Information**

Trustee Brooks requested that the Fund send data to CLRA Group, a broker, to obtain a proposal for medical and prescription benefits from Kaiser. Ms.

Cochran said the requested data would require a HIPAA Business Associate Agreement (BAA) to exchange information.

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

> **RESOLVED to provide the requested information to the CLRA Group to obtain a proposal from Kaiser, contingent on an executed HIPAA BAA.**

G. Medical Loss Ratio (MLR) Rebate

Ms. Cochran reported that a MLR rebate was received in the amount of $112,048.22 from United Healthcare for the August 1, 2018 policy year. She said the rebate is calculated for each policy as part of a pool which is a combination of policies grouped by insurance license, state and market group size. The rebate is based on premiums and if the MLR target is not met for a particular pool, a rebate is issued. Ms. Cochran said United Healthcare provided benefits for the active Class C participants. Fund Counsel said the rebate is considered a Plan asset. As such, to ensure equal treatment of all participants, the asset can only be used by the Plan for the benefit of all participants. After a discussion, the Trustees agreed, in the interest of the Plan participants, not to issue individual rebates but instead to leave the rebate in the Fund for later use in the Plan participants' interest.

H. Group Vision Service Benefit Letter

Ms. Cochran said that a letter was mailed to participants in the former Plan 2 level of vision benefits notifying of the change to Plan 1 benefits effective November 1, 2018.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected March 27, 2019 as their next regular meeting in Landover, Maryland.

X. ADJOURNMENT

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

Respectfully submitted,

Jason Paradis
Secretary