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

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DRAFT

MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
WAREHOUSE EMPLOYEES UNION LOCAL NO. 730
HEALTH AND WELFARE TRUST FUND
DECEMBER 3, 2019
LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
R. Brooks – Chairman
J. Lacy

EMPLOYER TRUSTEES
J. Paradis – Secretary – via conference call
H. Sebhat
F. Stegman

Also present were:

K. Barshinger – Associated Administrators, LLC
A. Cochran – Associated Administrators, LLC
H. Burton – Morgan, Lewis & Bockius, LLP – via conference call
M. DeLancey – Blank Rome LLP
J. Kimble – Morgan, Lewis & Bockius, LLP – via conference call
B. Robertson – NFP (Meltzer Group)
R. Sichel – Investment Performance Services, LLC
M. Vallero – NFP (Meltzer Group)

I. CALL TO ORDER

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

II. TRUSTEE APPOINTMENT

Ms. Cochran noted receipt of a letter dated November 14, 2019 from Trustee Billye Pounds in which she submitted her resignation as alternate Employer Trustee for the Warehouse Employees Union Local No. 730 Health and Welfare Trust Fund effective immediately.

A letter was received from Giant Food, Inc. on November 14, 2019 nominating Mr. Michael Goble as a replacement Trustee. In accordance with the Trust Agreement, a letter was mailed to participating employers on November 25, 2019 regarding the replacement nomination of Mr. Michael Goble of Giant Food, Inc.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on September 11, 2019.

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 11, 2019 are approved as written.**

IV. FINANCIAL REPORT

A. Custodian Bank – PNC Bank, NA

Ms. Cochran noted a copy of the PNC Summary of Activity report for the period January 1, 2019 through September 30, 2019 is contained in the meeting booklet.

B. **<u>Investment Performance Services, LLC ("IPS")</u>**

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

The Trustees welcomed Mr. Rich Sichel of IPS to the meeting.

Mr. Sichel distributed his report titled, "Master Consulting Services Report – September 30, 2019." Mr. Sichel reported that the total market value of assets as of September 30, 2019 was $9,571,604. Mr. Sichel distributed his report titled, "Preliminary Monthly Performance Analysis – October 31, 2019." He reported that the total market value of assets as of October 31, 2019 was $9,511,339.

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

Mr. Sichel reported that as of September 30, 2019, the Fund held 46.3% in Investment Grade Fixed income, 36.4% in Short Duration High Yield, 8.6% in Real Estate, and 8.7% in cash equivalents. He noted Wedge Capital held $4,431,945, Chartwell Investment held $3,481,976, American Core Realty held $827,590, and there was $830,094 in the cash account.

Mr. Sichel noted that the current cash allocation is on the high end of the targeted policy range of the Investment Policy Statement. In order to rebalance assets closer to the policy targets, he said IPS recommended the following transfers: 1) $250,000 from the cash account to Chartwell Investment, 2) $250,000 from the cash account to Wedge Capital.

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

RESOLVED, to accept the recommendation of IPS

to transfer $250,000 from the cash account to Chartwell Investment and $250,000 from the cash account to Wedge Capital.

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

V. COUNSEL REPORT

Mr. DeLancey reviewed the status of subrogation matters under collection as of December 3, 2019. He stated that there are no cases requiring Trustee action at this time.

Mr. DeLancey and Mr. Burton reported that there are 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 2019. Such report showed contributions of $1,313,402, interest and dividend income of $71,259, and miscellaneous income of $85,219 producing a total income of $1,469,880 for the quarter. Expenses included $1,042,654 of benefit expenses and $79,943 of operating expenses, producing a total expense of $1,122,597. This produced a total surplus of $347,283 for the quarter ended September 30, 2019. Ms. Cochran noted that contributions were made on behalf of 350 Plan participants.

VII. INVOICES

Ms. Cochran presented a list of invoices dated December 3, 2019 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 3, 2019 are approved for payment as presented.**

VIII. PROVIDER REPORT – NFP (Meltzer Group)

The Trustees welcomed Ms. Beth Robertson and Mr. Matt Vallero of NFP (Meltzer Group) to the meeting. They distributed their report titled, "The Warehouse Employees Union Local 730 – 2020 Stop Loss Renewal." Ms. Robertson noted that the current stop loss policy will expire December 31, 2019 and although the market did not produce competitive rates, Ullico proposed a 4.5% increase for the contract year January 1, 2020 through December 31, 2020, while the current stop loss trend renewal rate is running at a 15-18% increase in premium. She said the stop loss specific level of $500,000 is appropriate given the Plan's past years of claim experience. Ms. Robertson recommended that the Trustees accept the Ullico proposal at a 4.5% 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 4.5% for the period January 1, 2020 through December 31, 2020.**

The Trustees thanked Ms. Robertson and Mr. Vallero for their report and they were excused from the meeting.

IX. OTHER FUND BUSINESS

A. Life Insurance and AD&D Renewal

Ms. Cochran directed the Trustees to the Voya renewal contained in the meeting booklet. She said the renewal is for a two-year period, January 1, 2020 through December 31, 2021, with no increase in premium for life insurance and AD&D benefits. The current amounts are $0.21 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 two-year agreement with Voya at $0.21 per $1,000 in life insurance coverage and $0.03 for $1,000 in AD&D coverage, effective January 1, 2020.**

B. Memorandum of Agreement ("MOA") – Giant Warehouse Employees

Ms. Cochran reported the receipt of a newly negotiated Memorandum of Agreement between the Union and Giant Warehouse for the period May 17, 2015 through May 15, 2027. The rates are in accordance with the negotiated MOA through May 2022. Ms. Cochran noted the MOA states if the reserve amount report indicates less than 15 months reserve, the parties agree that the employer's contribution rate to the Fund shall increase by $.50 per hour for the period of 12 months and the increase will be effective for contributions due for the month of June.

After discussion and a review of the MOA by Fund Co-Counsel, the Trustees voted –with Trustee Paradis abstaining -- approval of the following resolution:

RESOLVED to accept the MOA between Giant Warehouse and the Union for the period May 17, 2015 through May 15, 2027.

C. 2018 Summary Annual Report

Ms. Cochran reported that the 2018 Summary Annual Report was mailed to Plan participants on September 30, 2019.

D. 2020 COBRA Rates

Ms. Cochran reported the 2020 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 2020 COBRA rates as contained in the meeting booklet.

E. Medical Loss Ratio (MLR) Rebate

Ms. Cochran reported that a MLR rebate was received in the amount of $85,218.97 from United Healthcare for the 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. If the MLR target is not met for a particular pool, a rebate is issued. Ms. Cochran noted that Class C terminated with United Healthcare on July 1, 2018.

F. 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 2020 calendar year. The 2020 annual fee is $700.

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

> **RESOLVED to approve the 2020 renewal for the Fund's participation in the HCCCC for the 2020 calendar year at an annual fee of $700.**

G. International Foundation of Employee Benefit Plans – Annual Membership

Ms. Cochran reported receipt of the Fund's 2020 membership renewal invoice for the International Foundation of Employee Benefit Plans. The renewal fee is $1,265.00.

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

> **RESOLVED to approve the Fund's 2020 renewal with the International Foundation of Employee Benefit Plans at a fee of $1,265.00.**

H. Calibre Data Incident – INTERIM ACTION

Ms. Cochran said that an email was sent to the Trustees regarding a data breach by the former auditor, Calibre. She said Calibre indicated the breach may impact sixteen Fund participants. She noted interim action in which the Trustees approved sending addresses to Calibre so that a notification letter, reviewed by Fund Counsel, could be provided by Calibre.

I. **Payroll Audit Status – Eight O' Clock Coffee**

Ms. Cochran reported that the audit for period January 1, 2015 through December 31, 2017 is complete and there were no exceptions noted.

J. **International Brotherhood of Teamsters Annual Data Request**

Ms. Cochran reported receipt of the annual data request. The Trustees approved sending the requested information normally sent on an annual basis and publically available.

K. **NFP Broker Record of Authorization Form**

Ms. Cochran noted that a broker of record letter was needed in order for the Trustees to obtain a proposal from Kaiser. She said the Trustees approved obtaining a proposal from Kaiser in December 2018.

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

> **RESOLVED that NFP be named on the broker of record authorization form retroactively to December 2018 in order to work with Kaiser to obtain a proposal.**

L. **Notice of Creditable Coverage**

Ms. Cochran reported that the Notice of Creditable Coverage was mailed to Plan participants on October 7, 2019.

M. Stop Loss Policy – Ullico

Ms. Cochran reported the Fund received the dividend in the amount of $1,733 for the August 1, 2018 to July 31, 2019 policy year. The rebate is 5% of the plan's specific gross stop loss premium.

X. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected March 3, 2020 as their next regular meeting date immediately following the companion Pension Fund meeting in Landover, Maryland.

XI. ADJOURNMENT

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

Respectfully submitted,

Jason Paradis
Secretary