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
March 5, 2018
LANDOVER, MARYLAND

The following Trustees were present:

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

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
R. Cohen – Dental Health Centers & Associates
M. DeLancey – Blank Rome LLP
D. Dubbs – 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 RESIGNATION/APPOINTMENT

Ms. Cochran reported that a letter was received from Eight O'Clock Coffee, a participating employer, regarding replacing Employer Trustee Lynell Johnson due to a restructuring of the company. Ms. Cochran said in accordance with the Trust Agreement, a letter will be sent to all Participating Employers regarding the nomination of a replacement Employer Trustee.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on December 12, 2017.

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 December 12, 2017 are approved as written.**

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 noted a copy of the PNC Summary of Activity report for the period January 1, 2017 through December 31, 2017 as contained in the meeting booklet.

B. Investment Performance Services

1. Investment Performance

Mr. Sichel distributed his report titled, "Master Consulting Services Report – December 31, 2017." Mr. Sichel reported that the total market value of assets as of December 31, 2017 was $6,818,560.

2. Asset Allocation

Mr. Sichel reported that as of December 31, 2017 the Fund held 48.6% in Investment Grade Fixed Income, 38.7% in short duration high yield, 5.6% in real estate, and 7.2% in cash equivalents. He noted Wedge Capital held $3,315,850; American Realty Advisors held $378,506; Chartwell held $2,636,189; there was $488,014 in the cash account.

Mr. Sichel noted that the cash allocation is within the targeted policy range, however based on the current cash needs, the Trustees may want to consider allocating $200,000 into the fixed income allocation. Ms. Cochran said that based on recent cash flow needs, the transfer of $200,000 would still provide the Fund with adequate cash to pay expenses. She confirmed with Mr. Sichel that if the Fund needed cash, a redemption request could be submitted to the fixed income managers and that liquidity would not be an issue. Mr. Sichel said IPS recommends investing $100,000 to Wedge Capital and $100,000 to Chartwell.

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

> **RESOLVED to approve the recommendation of IPS to distribute $100,000 to Wedge Capital and $100,000 to Chartwell from the cash account.**

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 March 5, 2018. He reported that there are four open cases and no closed and one new case opened since the last Board of Trustees meeting on December 12, 2017.

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

Mr. DeLancey stated that Blank Rome is still investigating if a collector will pursue collecting the amounts owed related to the open cases.

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

A. Fourth Quarter 2017

Ms. Cochran presented the Administrative Manager's Report for the fourth quarter 2017. Such report showed employer contributions of $1,101,297, interest and dividend income of $64,043, and miscellaneous income of $0, producing a total income of $1,165,340 for the quarter. Expenses included $1,071,626 of benefit expenses and $64,309 of operating expenses, producing a total expense of $1,135,935. This produced a total surplus of $29,405 for the quarter ended December 31, 2017. Ms. Cochran noted that contributions were made on behalf of 369 Plan participants.

VII. INVOICES

Ms. Cochran presented a list of invoices dated March 5, 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 March 5, 2018 are approved for payment as presented.**

VIII. PROVIDER REPORT – DENTAL HEALTH CENTERS AND ASSOCIATES, LLC (DHC)

The Trustees welcomed Dr. Robert Cohen from Dental Health Centers and Associates, LLC (DHC) to the meeting. Dr. Cohen distributed his 2017 annual dental services report. The report indicated the total yearly premium paid for dental coverage was $140,026.81. The dollar value of dentistry performed at the average “usual and customary” fees in 2017 was $167,810.00. Dr. Cohen said the report indicates that for each $1.00 in premiums paid, the members are receiving $1.20 of dental services based on “usual and customary” values.

The Trustees thanked Dr. Cohen for his report and he was excused from the meeting.

VIII. OTHER FUND BUSINESS

A. 2018 Auditor Engagement Letter

Ms. Cochran reported receipt of the 2018 Auditor Engagement Letter requesting a three-year renewal for the Plan years 2017, 2018 and 2019 at an annual fee of $14,700 with payroll audit work charged at hourly rates. She said the proposal reflects a 5% increase the first year with 0% percent increases in the remaining two years.

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

> **RESOLVED to approve the 2018 Auditor Engagement letter for Plan years 2017, 2018 and 2019 at an annual rate of $14,700 and payroll audit work at hourly fees.**

B. <u>Appointment by Ahold USA (Giant) – Jason Paradis</u>

Ms. Cochran reported receipt of an email from Jason Paradis, Twin Circles Consulting, LLC that states he has left his employment with Ahold USA (Giant) however will remain an Employer Trustee as appointed by Ahold USA (Giant).

C. <u>Employer Contribution Rate Letter</u>

Ms. Cochran reported that a contribution rate increase letter was mailed to Eight O'Clock Coffee for rate changes effective February 5, 2018.

D. <u>2018 Summary of Benefits & Coverage</u>

Ms. Cochran reported that the 2018 Summary of Benefits and Coverage Notice for the period January 1, 2018 to December 31, 2018 was mailed to active participants on December 27, 2017.

E. <u>CignaRx - Revised Pharmacy Pricing Proposal</u>

Ms. Cochran reported that in accordance with the Trustees' direction at the last meeting, improved pharmacy pricing was requested from Cigna. She said that

Segal provided Cigna with an outline of pricing adjustments and that Cigna met those pricing adjustments and also provided a detailed listing of specialty drugs and the corresponding discounts for each drug if purchased at a Cigna Specialty Pharmacy. She said according to Segal, these changes will provide the Fund with an annual estimated savings of $82,981. Ms. Cochran noted that Cigna agreed to waive the $2.55 per claim Rx administration which contributes to the estimated savings. Ms. Cochran said additional savings not included in the $82,981 may be available through a retail 90-day option program. She said that the 90-day option allows a participant to go to select retail stores and obtain a 90-day supply at a deeper discount for the Fund. She also noted that the 90-day program allows only for a 30-day or 90-day supply and also includes Walmart as a participating pharmacy. Ms. Cochran said that Segal confirmed that Cigna's improved proposal is a competitive offer.

Ms. Cochran said that Cigna's medical Shared Administration renewal was tabled at the September 29, 2017 meeting until the final pharmacy pricing was provided by Cigna. She said that the renewal offer is for a three-year period effective January 1, 2018 with 2.5% increases in each year.

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

> **RESOLVED to approve the improved CignaRx pharmacy pricing and to have the Administrative Manager request that Cigna exclude Walmart as a participating pharmacy from the 90-day retail program and to have Cigna reduce the medical Shared Administration fee increase from 2.5% to 2.0% for a three-year period.**

F. **<u>Cyber Liability Policy</u>**

Ms. Cochran said that proposals for cyber liability insurance had been provided by Union Insurance Group (UIG) from carriers BCS and Chubb, and by the Meltzer Group from carriers Beazley and CFC. A summary of the proposals was contained in the meeting booklet. The Trustees noted the difference between the carriers in liability limits and premium. Ms. Cochran said that the proposals from the Meltzer Group included coverage for the Legal, Pension and Welfare Funds at one premium while the proposals from UIG included a separate policy and premium for each Fund. Ms. Cochran said that the Meltzer Group recommended the Beazley policy with a $1,000,000 limit of liability at a premium of $2,451 or the CFC policy with a $1,000,000 limit of liability at a premium of $4,220.

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

> **RESOLVED to approve the recommendation of the Meltzer Group and the policy with Beazley at an annual premium of $2,451 to be effective as soon as administratively possible, subject to the approval of the policy with the Pension and Welfare Fund Trustees.**

G. **<u>Patient Protection and Affordable Care Act (ACA) of 2010: Reporting Requirements</u>**

Ms. Cochran reported that ACA Sections 6055 and 6056 require self-insured multiemployer plans and applicable large employers to report information related to health care coverage of covered individuals by filing Form 1094 or 1095-B, or Form 1094 or 1095-C with the IRS and to furnish a statement to each responsible individual for health coverage provided in 2017. She said the Form 1095-B was mailed to participants on January 27, 2018.

H. Annual Creditable Coverage Disclosure to CMS (2018)

Ms. Cochran reported the electronic filing of the Creditable Coverage Disclosure to CMS for 2018 was filed and accepted in a timely manner.

I. Cigna PPO Savings Report

Ms. Cochran noted a copy of the savings report for the period January 1, 2017 through December 31, 2017 as contained in the meeting booklet.

J. For Your Benefit Newsletter

Ms. Cochran stated that the Fund Office mailed the January 2018 *For Your Benefit* newsletter to the Plan participants.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected June 8, 2018 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