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 27, 2019
LANDOVER, MARYLAND

The following Trustees were present:

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

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

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP, via conference call
A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
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 receipt of a letter dated December 21, 2018 from Thomas Corcoran, USA Country Head and CFO of Tata Global Beverages, requesting to replace Ms. Lynell Johnson with Ms. Hanna Sebhat as an Employer Trustee effective immediately. Ms. Cochran reported that a letter was sent to participating employers on February 5, 2019 regarding the replacement of Lynell Johnson as an Employer Trustee. Ms. Cochran said no responses were received regarding the nomination. Ms. Cochran confirmed that she notified the broker to add Ms. Sebhat to the Fund's Fiduciary and Cyber Liability policies along with the Fidelity Bond.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on December 20, 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 December 20, 2018 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

1. Summary of Activity – December 31, 2018

Ms. Cochran noted a copy of the PNC Summary of Activity report for the period January 1, 2018 through December 31, 2018 as contained in the meeting booklet.

B. Investment Performance Services

Mr. Sichel reported on the following:

1. Investment Performance

Mr. Sichel distributed his report titled, "Master Consulting Services Report – December 31, 2018." Mr. Sichel reported that the total market value of assets as of December 31, 2018 was $8,546,539. Mr. Sichel distributed his report titled, "Preliminary Monthly Performance Analysis – February 28, 2019." He reported that the total market value of assets as of February 28, 2019 was $9,052,861.

2. Asset Allocation

Mr. Sichel reported that as of December 31, 2018, the Fund held 45.2% in Investment Grade Fixed income, 35.3% in Short Duration High Yield, 4.8% in Real Estate, and 14.7% in cash equivalents. He noted Wedge Capital held $3,863,301, Chartwell Investment held $3,019,963, American Core Realty held $407,012, and there was $1,256,263 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. Mr. Sichel recommended that the Trustees rebalance the Fund's cash allocation by re-allocating $1.5 million from the cash account to: 1) $400,000 to American Core Reality (Real Estate), 2) $600,000 Chartwell (Short Duration High Yield) and 3) $500,000 to Wedge Capital Management (Investment Grade Fixed Income).

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

RESOLVED to approve IPS' recommendation and disburse from the cash account to the following investments, 1) $400,000 to American Core Reality (Real Estate), 2) $600,000 Chartwell (Short Duration High Yield) and 3) $500,000 to Wedge Capital Management (Investment Grade Fixed Income).

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 27, 2019. He reported that there are no open cases, two inactive cases, two closed cases and no new cases opened since the December 20, 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.

VI. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the fourth quarter 2018. Such report showed employer contributions of $1,283,793, interest and dividend income of $86,231, and miscellaneous income of $0, producing a total income of $1,370,024 for the quarter. Expenses included $808,832 of benefit expenses and $49,316 of operating expenses, producing a total expense of $858,148. This produced a total surplus of $511,876 for the quarter ended December 31, 2018. Ms. Cochran noted that contributions were made on behalf of 366 Plan participants.

VII. INVOICES

Ms. Cochran presented a list of invoices dated March 27, 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 March 27, 2019 are approved for payment as presented.**

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

Ms. Cochran said a copy of the 2018 Dental Health Centers and Associates, LLC (DHC) report was contained in the meeting booklet. The report indicated the total yearly premium paid for dental coverage was $136,713.74. The dollar value of dentistry performed at the average "usual and customary" fees in 2018 was $186,999.00. Ms. Cochran said the report indicates that for each $1.00 in premiums paid, the members are receiving $1.37 of dental services based on "usual and customary" values.

IX. OTHER FUND BUSINESS

A. Cyber Liability Policy

Ms. Cochran reported interim action that the Trustees approved the renewal of cyber liability insurance with Beazley for the period March 12, 2019 through March 12, 2020. Ms. Cochran said that proposals for cyber liability insurance had been provided by the Meltzer Group from carriers Beazley and Coalition. A summary of the proposals was distributed to the Trustees on March 6, 2019.

Ms. Cochran noted the annual premium of $1,550 which is pro-rated based on participant count between the Legal, Pension and Welfare Funds.

B. **<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, 2019.

C. **<u>2019 Summary of Benefits & Coverage</u>**

Ms. Cochran reported that the 2019 Summary of Benefits and Coverage Notice for the period January 1, 2019 to December 31, 2019 was mailed to active participants on January 9, 2019.

D. **<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 2018. She said the Form 1095-B was mailed to participants on February 26, 2019.

E. **<u>Annual Creditable Coverage Disclosure to CMS (2019)</u>**

Ms. Cochran reported the electronic filing of the Creditable Coverage Disclosure to CMS for 2019 was filed and accepted in a timely manner.

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 2019 calendar year. The 2019 annual fee is $700.

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

> **RESOLVED to approve the 2019 renewal for the Fund's participation in the HCCCC for the 2019 calendar year at an annual fee of $700.00.**

G. **Form 1099MISC**

Ms. Cochran said that the Form 1099MISC was mailed on January 22, 2019.

X. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected June 13, 2019 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