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

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (800) 730-2241
www.associated-admin.com

8400 Corporate Drive, Suite 430
Landover, Maryland 20785-6102
Telephone: (800) 730-2241
www.associated-admin.com

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE WAREHOUSE EMPLOYEES UNION LOCAL NO. 730 HEALTH AND WELFARE TRUST FUND JUNE 8, 2018 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
R. Brooks – Chairman
J. Lacy
F. Myers
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
T. Geiman – Novak Francella LLC
M. Pascal – Novak Francella LLC
B. Robertson – NFP
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, rescinding the request to replace Employer Trustee Lynell Johnson. Ms. Johnson will remain an Employer Trustee.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on March 5, 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 March 5, 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 Report

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.

2. Fees

Ms. Cochran reviewed a letter received from PNC Bank notifying the Trustees of Treasury Management fee increases related to the operating account. The letter noted that the reason for the fee increase was due to investing in new technology and innovative cash management tools. PNC Bank prepared a comparison of average pricing for 2017 pricing calculated on the services used and related transaction volumes for the month of February 2018. The average fee in 2017 was $43.13 per month and the February 2018 fee which includes the fee increase would be $209.76. The estimated impact would be $166.63 per month. The Trustees directed the Administrative Manager to invite PNC to attend the next meeting to discuss the proposed fees.

B. Investment Performance Services

1. Investment Performance

Mr. Sichel distributed his report titled, "Master Consulting Services Report – March 31, 2018." Mr. Sichel reported that the total market value of assets as of December 31, 2017 was $6,969,047.

2. Asset Allocation

Mr. Sichel reported that as of March 31, 2018 the Fund held 48.6% in Investment Grade Fixed Income, 39.2% in short duration high yield, 5.5% in real estate, and 6.6% in cash equivalents. He noted Wedge Capital held $3,388,686; American Realty Advisors held $385,889; Chartwell held $2,734,093; there was $460,378 in the cash account.

Mr. Sichel noted that the cash allocation is within the targeted policy range, but based on the current cash needs, the Trustees may want to consider allocating $300,000 into fixed income. Ms. Cochran said that based on recent cash flow needs, the transfer of $300,000 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 $200,000 with Wedge Capital and $100,000 with Chartwell.

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

RESOLVED to approve the recommendation of IPS to distribute $200,000 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. AUDITOR REPORT

The Trustees welcomed Mr. Tyler Geiman and Ms. Marcella Pascal of Novak Francella LLC to the meeting.

Ms. Pascal reviewed the draft Financial Statements for the year ended December 31, 2018. She said this audit reflects an unmodified opinion, in all material respects, of the financial status of the Fund. The total assets as of December 31, 2017 were $7,334,746, accounts payable were $75,199 and benefit obligations totaled $1,979,601. She noted total additions for the year ended December 31, 2017 were $4,623,459, and total deductions were $4,639,632, resulting in Net Assets Available for Benefits of $7,256,116 as of December 31, 2017. She also reviewed the notes to the financial statements, the schedule of administrative expenses, the schedule of employer contributions, the schedule of assets held for investment purposes, and the schedule of reportable (5%) transactions.

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

VI. COUNSEL REPORT

Mr. DeLancey reviewed the status of subrogation matters under collection as of June 8, 2018. He reported that there are four open cases and no closed or new cases opened since the last Board of Trustees meeting on March 5, 2018.

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

Mr. DeLancey stated that Blank Rome has not been successful in finding a collector to pursue collecting the amounts owed related to the open cases. He said that if no collectors are willing to take the open cases, his firm would recommend writing off the charges.

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

VII. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the first quarter 2018. Such report showed employer contributions of $1,115,001, interest and dividend income of $54,553, and miscellaneous income of $58,027, producing a total income of $1,227,581 for the quarter. Expenses included $782,736 of benefit expenses and $53,365 of operating expenses, producing a total expense of $836,101. This produced a total surplus of $391,480 for the quarter ended March 31, 2018. Ms. Cochran noted that contributions were made on behalf of 374 Plan participants.

VIII. INVOICES

Ms. Cochran presented a list of invoices dated June 8, 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 June 8, 2018 are approved for payment as presented.**

IX. PROVIDER REPORT – NFP

The Trustees welcomed Ms. Beth Robertson from NFP (the Meltzer Group) to the meeting. Mr. Robertson distributed her report titled, "The Warehouse Employees Union Local 730: Benefit Renewals Aug 2018."

Ms. Robertson said that the UHC renewal for the period August 1, 2018 through July 31, 2019 for Class C active participants reflected a 4.99% increase. She said that NFP was in negotiations with UHC to reduce the proposed renewal based on the claims experience in the prior year. She noted there were five large claims in 2017 and one in 2018. Ms. Robertson said she would report back to the Administrative Manager the results of the negotiation.

Ms. Robertson said that the current stop loss policy runs on a policy year effective August 1st through July 31st and that the Trustees had requested information on moving to a calendar year policy. She said that if the policy is based on a calendar year, there would be less concern over the impact on the medical deductible and out-of-pocket maximum. Ms. Robertson reviewed the proposed stop loss policy provided by Ullico for a short plan year, August 1, 2018 through December 31, 2018 which included a 3% increase in premium. She noted the renewal for a full policy year included a premium increase of 9%. Ms. Robertson said that the current stop loss trend renewal is running 16 to 19%. Ms. Robertson recommended that the Trustees renew with a short plan year, August 1, 2018 through December 31, 2018, with the intention to begin a calendar year policy effective January 1, 2019. Ms. Robertson also recommended that at the next renewal, January 1, 2019, the Trustees reduce the current specific deductible to an amount more appropriate for the claim experience and size of the Fund.

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

> **RESOLVED to approve the renewal of stop loss insurance with Ullico for the period August 1, 2018 through December 31, 2018 with a 3% premium increase from the prior policy year.**

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

X. <u>OTHER FUND BUSINESS</u>

A. <u>Trustee Expense Report</u>

Ms. Cochran reviewed the 2017 Trustee Expense Report, a copy of which is contained in the meeting booklet.

On MOTION made and seconded, the Trustees voted -- with Trustees Johnson, Lacy and Richardson abstaining -- unanimous approval of the following resolution:

RESOLVED that the 2017 Trustee Expense Report is approved as presented.

B. Employer Contribution Rate Letters

Ms. Cochran said contribution rate increase letters were mailed to Giant Warehouse and the Warehouse Local 730 Union on May 1, 2018 for rate changes effective June 1, 2018. She said a letter was mailed to Giant Recycling on June 1, 2018 for rate changes effective July 1, 2018.

C. Patient-Centered Outcomes Research Institute (PCORI)

Ms. Cochran stated the PCORI fee, imposed by the Affordable Care Act for self-insured group plans, must be filed by July 31, 2018. The fee is $2.39 multiplied by the average number of lives covered under the Plan for the 2017 Plan year. Ms. Cochran said the Board selected the snapshot method for the prior filings to determine the average number of lives covered under the Plan. The Trustees directed the Administrative Manager to engage Novak Francella to file Form 720, which is the tax form to be filed along with the fee payment.

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

RESOLVED to approve the snapshot method for the Plan year ended December 31, 2017 and to engage Novak Francella to file Form 720 at no additional fee.

D. Memorandum of Agreement (MOA) – Giant Recycling

Ms. Cochran reported the receipt of a newly negotiated MOA between the Union and Giant Recycling for the period June 24, 2018 through June 25, 2022.

The MOA calls for 5% contribution rate increases for the first two years and 10% increases for the remaining two years of the MOA.

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 the Union and Giant Recycling for the period June 24, 2018 through June 25, 2022.**

E. **Cigna Rx – Medical Fee and Pharmacy Pricing**

Ms. Cochran said that in accordance with the Trustees' direction at the last meeting, the following requests were made to Cigna: 1) exclude Walmart as a participating pharmacy from the 90-day retail pharmacy program and 2) reduce the medical Shared Administration fee increase proposals from 2.5% to 2.0%. Ms. Cochran said that Cigna was not able to exclude Walmart from the 90-day retail program, however confirmed that Walmart would not be listed as a participating pharmacy in any Cigna communication sent to participants. She said that the improved pharmacy pricing terms were effective May 1, 2018. Ms. Cochran said that Cigna approved the Trustees' counter proposal for a three year agreement with 2% increases in each year effective January 1, 2018.

F. **2016 Retiree Drug Subsidy Reconciliation**

Ms. Cochran reported the successful completion of the 2016 retiree drug subsidy reconciliation. The 2016 reconciliation resulted in an additional subsidy of $58,026.55.

G. **Cigna PPO Savings Report**

Ms. Cochran stated that a copy of the savings report for the period January 1, 2018 through March 31, 2018 is contained in the meeting booklet.

XI. <u>NEXT MEETING DATE AND LOCATION</u>

After discussion, the Trustees selected September 14, 2018 as their next regular meeting in Landover, Maryland.

XII. <u>ADJOURNMENT</u>

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

Respectfully submitted,

Jason Paradis
Secretary