The Warehouse Employees Union Local No. 730
Health and Welfare 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 JUNE 8, 2012 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
T. Richardson – Chairman	J. Paradis – Secretary
R. Brooks	J. Navin
R. Johnson	F. Stegman
R. Essex	

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
M. DeLancey – Dickstein Shapiro, LLP
J. Gomes – Calibre CPA Group, PLLC
R. Sichel – Investment Performance Services, LLC
R. Tierney – Associated Administrators, LLC

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 April 13, 2012. Mr. Tierney noted that there was not a quorum present at the April 13, 2012 meeting and the minutes contained motions recommended for approval by the trustees present, which would require approval by the Board today.

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

> **RESOLVED that the minutes of the last regular meeting held on April 13, 2012 be approved as presented and that the MOTIONS recommended in those minutes for minutes, invoices, and a Giant Food contribution request are approved as written.**

III. FINANCIAL REPORT

The Trustees welcomed Mr. Rich Sichel of Investment Performance Services (IPS) to the meeting.

A. Custodian Bank – PNC Bank, NA

Mr. Tierney distributed the Summary of Activity report from PNC Bank for the period January 1, 2012 through March 31, 2012. Beginning market value was $19,394,994. Contribution income totaled $1,921,067, disbursements totaled $2,313,807, and investment earnings totaled $401,392, producing an ending market value of $19,403,646.

B. Investment Performance Services

1. Investment Performance

Mr. Sichel distributed his report entitled, "Investment Performance Analysis – March 31, 2012." Mr. Sichel reported that the total market value of assets as of March 31, 2012 was $19,403,645.

2. Asset Allocation

Mr. Sichel reported that as of March 31, 2012 the Fund held 74.0% in domestic fixed income, 10.8% in domestic equities, 9.3% in domestic fixed high yield, 5.0% in real estate, and 0.9% in cash equivalents. He noted the SSGA S&P Index Fund held $2,096,576; Atlanta Capital held $14,363,865; American Realty Advisors held $967,243; Penn Core held $1,799,400; and there was $176,562 in the cash account.

3. **Investment Consulting Contract Renewal**

Mr. Sichel reviewed his memorandum to Mr. Tierney dated May 10, 2012 in which Investment Performance Services requested an increase in the annual fee from the current $20,000 to $22,500. The proposed new contract would be effective for the two-year period October 1, 2012 to September 30, 2014.

Upon questioning, Mr. Sichel reviewed the services currently provided to the Fund, under the Master Consulting Agreement and additional, upgraded services available from IPS and the associated fees for those products.

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

The Trustees discussed the contract renewal proposal from IPS and the additional levels of service available. They felt that the 12.5% annual fee increase was higher than they were willing to agree to at this time. They also indicated that they did not feel it necessary to engage IPS as a master fiduciary, making investment decisions based on the Fund's Investment Policy Statement, but would like to see IPS provide information and recommendations for investment rebalancing and other changes more often than quarterly, preferably monthly and to expedite manager searches. They directed the Administrative Manager to discuss the Trustees comments and concerns with Mr. Sichel and ask him to provide a modified contract renewal request at the next regularly scheduled meeting.

IV. AUDITOR REPORT

The Trustees welcomed Mr. James Gomes of Calibre CPA Group, PLLC to the meeting.

Mr. Gomes reviewed the draft Financial Statements for the year ended December 31, 2011. He said this audit reflects an unqualified opinion, in all material respects, of the financial status of the Fund. The Net Assets Available for Benefits were $20,401,406 on December 31, 2011. The total assets as of December 31, 2011 were $20,606,043, accounts payable were $202,075, and benefit obligations totaled $3,834,399. He noted total additions for the year ended December 31, 2011 were $11,487,894, and total deductions were $11,728,942, resulting in Net Assets Available for Benefits of $20,401,406 as of December 31, 2011. The Plan's total Benefit Obligations on December 31, 2011 was $3,834,399. He 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. Gomes for his report and he was excused from the remainder of the meeting.

V. COUNSEL REPORT

A. Payroll Audit Policy

Mr. DeLancey reported that the Fund's new payroll auditor had raised a question regarding the application of interest on payroll audit findings. At the last meeting he said that the payroll audit policy only allows the assignment of interest and damages if the Employer does not pay the amount due within 10 days of notification, when the matter is referred to Fund Counsel. He reported that he is still working on this matter and will report back to the Board.

B. Subrogation Report

Mr. DeLancey reviewed the status of subrogation matters currently under collection as of June 8, 2012. He reported that there were six open cases, no closed cases, and one case opened since the last Board of Trustees meeting on April 13, 2012. Mr. DeLancey noted no Trustee action was needed at this time for the subrogation 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 REPORT

Mr. Tierney presented the Administrative Manager Report for the first quarter 2012. Such report showed employer contributions of $1,655,070, interest and dividend income of $139,811, and miscellaneous income of $0, producing a total income of $1,794,881 for the quarter. Expenses included $2,177,345 of benefit expenses and $86,871 of operating expenses, producing a total expense of $2,264,216. This produced a total deficit of $469,335 for the quarter ended March 31, 2012. Mr. Tierney noted that contributions were made on behalf of 649 Plan participants. He noted there were no contribution delinquencies to report.

VII. INVOICES

Mr. Tierney presented a list of invoices dated June 8, 2012 for Trustee review. It was noted that there were no deletions or changes to the list.

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

> **RESOLVED that the list of invoices dated June 8, 2012 be approved for payment as presented.**

VIII. PARTICIPANT APPEALS

Appeal Number	*Issue*	*Board Decision*
E11/135-1460	*Dependent Coverage*	*Denied*
E12/113-8144	*Extension of Benefits*	*Denied*
A12/111-6696	*Overpayment*	*Denied*

IX. PROVIDER RENEWAL – UNITED HEALTHCARE HMO

Mr. Michael Sacca of United Healthcare was prepared to present the HMO contract renewal for Class C actives and the pre-Medicare retirees, effective August 1, 2012. However, due to a family emergency, he had to leave the meeting before being able to present. Mr. Tierney said he would present Mr. Sacca's report. He distributed the UHC HMO renewal proposal which contained a rate pass for the upcoming policy year. Mr. Tierney reviewed the underwriting data, noting that the Fund had a "*claims to premium ratio*" for the 12 months in the rate calculation was 56.1%. He noted this was very good experience and reminded the Trustees that the rate increases for the HMO policies over the last two years were 25% and 8.6% respectively. The Trustees felt that with the "*claims to premium ratio"* of 56.1%, UHC should be offering a rate reduction, not just a rate pass.

After discussion, the Trustees voted unanimous approval of the following:

> **RESOLVED to approve the renewal of the United Healthcare HMOs for the Class C actives and pre-Medicare Retirees for the period August 1, 2012 through July 30, 2013, with a premium reduction of 5%, and authorized the Administrative Manager to negotiate this rate reduction with UHC, with the authority to accept, on behalf of the Board of Trustees, an agreement with a rate change from 0% to a 5% reduction**.

Mr. Tierney said he would speak to Mr. Sacca and report back to the Board via electronic mail.

X. OTHER FUND BUSINESS

A. Payroll Audit Status Report

Mr. Tierney reviewed the Auditor's payroll audit status report as of June 4, 2012, as contained in the meeting booklet.

Mr. Tierney reported the payroll audit for Washington Food for the period of July 2008 through December 2008 was complete and a discrepancy of $88.57 was owed to the Welfare Fund. He stated a check from Washington Food was received on May 21, 2012 and the audit is now complete.

Mr. Tierney stated the 2012 payroll audits for Giant Warehouse and Giant Recycling were currently in progress.

Mr. Tierney reiterated an issue discussed at the last meeting concerning the timing of Giant's initial contributions for employees that moved from Vacation Relief to Regular Status. He stated Giant provided a report showing a total of $34,963.52 owed to the Welfare Fund regarding the matter. Mr. Tierney stated the information was reviewed by the Fund Office; however they could not verify all of the information provided because Associated Administrators is not a payroll auditor.

After a discussion, on MOTION made and seconded, the Trustees voted unanimous approval, with Trustee Paradis abstaining, of the following resolution:

> **RESOLVED to engage Calibre CPA Group, PLLC to audit Giant Food for the period of 2001 – 2005 regarding the issue of contributions on employees transferring from Vacation Relief to Regular status and to additionally examine this issue in the current audit of contributions for the period 2009 through 2011, to confirm the matter is being properly handled.**

The Trustees directed the Administrative Manager to request an estimate from Calibre for this special payroll audit and report it via electronic mail for approval.

Mr. Tierney asked the Trustees if the payroll auditor should conduct an exit audit of Jessup Logistics, an employer that participated in the Fund for only a few months in 2011. The Trustees said that an exit should be performed by the Fund's payroll auditor, Calibre.

B. TeamsterRx Program

Mr. Tierney reported receipt of a letter from the International Brotherhood of the Teamsters (IBT) which announced the agreement with Prescription Solutions, now OptumRx, for a TeamsterRx program. This program is open to all IBT and IBT affiliated health and welfare plans.

The Trustees discussed the performance of the Fund's current PBM, CIGNARx, and the large number of mergers occurring in the PBM industry, which could lead to more competitive pricing in the marketplace.

After discussion, the Trustees voted unanimous approval of the following:

> **RESOLVED to engage the Segal Company to conduct a Request for Proposal (RFP) for Pharmacy Benefit Manager services at a fee not to exceed $30,000. The TeamsterRx program, as well as the current PBM, CIGNARx, and the preferred provider of the Health Care Cost Containment Coalition (HCCCC), should be considered in the RFP process.**

C. Health Care Cost Containment Coalition (HCCCC)– Annual Renewal

Mr. Tierney reported interim action since the last meeting in which the Trustees considered the annual renewal of participation in the HCCCC for the 2012 calendar year. The 2012 annual fee of $360 was approved via electronic poll conducted in May, 2012.

D. Life Insurance – Refund and Interest

Mr. Tierney reported that in addition to the Fund receiving an $80,000 rebate check from ING, the Fund's life insurance vendor, for the last year under the experience rated contract, but that the Fund was also able to obtain interest of 1.2% on the last rebate payment. An interest check for $997.33 was received and deposited into the operating account.

E. ***For Your Benefit* Newsletter**

Mr. Tierney noted the April 2012 *For Your Benefit* newsletter was mailed to participants.

F. **Contribution Credit Request – Giant Warehouse**

Mr. Tierney reported receipt of a letter from Giant Warehouse regarding a credit of $58,419.60 approved at the last meeting. He stated the letter dated April 30, 2012 indicated that due to a transposed number, the credit request approved at the last meeting was understated by $30.00. Giant Warehouse is requesting an additional credit in the amount of $30.00. Mr. Tierney said the Fund Office reviewed the corrected request and verified the amount.

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

RESOLVED to approve the credit request of Giant Warehouse in the amount of $30.00.

G. **Mental Health Parity and Equality Act Compliance – Segal Recommendations**

Mr. Tierney reported that CIGNA and the Administrative Manager had additional questions regarding the implementation of the Mental Health Parity and Equality Act (MHPAEA). The questions were referred to the Segal Company, the consultant the Fund hired to provide guidance on compliance with the Act. He directed the Trustees to the questions and responses from Segal outlined in the meeting booklet. The Trustees reviewed the information and agreed with the Segal recommendations that the benefit plan did not require modification and the plan should continue to be administered consistent with the plan rules, past policy and practice.

H. **2012 Retiree Drug Subsidy Payment**

Mr. Tierney reported receipt of the retiree drug subsidy payment in the amount of $45,037.85 for the 2012 plan year.

XI. NEXT MEETING DATE AND LOCATION

After discussion the Trustees elected September 6, 2012 as their next regular meeting in Landover, Maryland.

XII. ADJOURNMENT

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

Respectfully submitted,

Jason Paradis
Secretary