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 SEPTEMBER 14, 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
B. Pounds
F. Stegman

Also present were:

C. Allebach – Group Vision Services
D. Burton – Cigna
H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
C. Davis-Alpis – Cigna
M. DeLancey – Blank Rome LLP
D. Dubbs – Associated Administrators, LLC
R. Sichel – Investment Performance Services, LLC
J. Webb – Cigna

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 June 8, 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 June 8, 2018 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

Ms. Cochran noted a copy of the PNC Summary of Activity report for the period January 1, 2018 through June 30, 2018 as contained in the meeting booklet.

B. PNC Bank Letter

Ms. Cochran reviewed a revised letter contained in the meeting booklet from PNC Bank regarding the Treasury Management fee increases related to the operating account. The revised letter provided a detailed outline of the banking services and fees provided by PNC. Ms. Cochran noted that PNC was invited to attend the meeting, however, due to a scheduling PNC conflict was

unable to attend. The Trustees directed the Administrative Manager to invite PNC to attend the next meeting to discuss the proposed fees.

C. Investment Performance Services

1. Investment Performance

Mr. Sichel distributed his report titled, "Master Consulting Services Report – June 30, 2018." Mr. Sichel reported that the total market value of assets as of June 30, 2018 was $7,362,232.

2. Asset Allocation

Mr. Sichel reported that as of June 30, 2018, the Fund held 48.8% in Investment Grade Fixed Income, 38.7% in short duration high yield, 5.3% in real estate, and 7.2% in cash equivalents. He noted Wedge Capital held $3,589,672; Chartwell held $2,848,396; American Core Realty held $392,871; there was $531,293 in the cash account.

Mr. Sichel noted that the cash allocation is at the high end of the targeted policy range and that the Trustees may want to consider allocating $350,000 to fixed income. Ms. Cochran said that based on recent cash flow needs, the transfer of $350,000 would still provide the Fund with adequate cash to pay expenses. She confirmed with Mr. Sichel that if the Fund needs cash, a redemption request can be submitted to the fixed income managers and liquidity would not be an issue. Mr. Sichel said IPS recommends investing $200,000 with Wedge Capital and $150,000 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 $150,000 to Chartwell from the cash account.

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

3. PNC Fees – Custodian Accounts

Mr. Sichel said that IPS reviewed the fees associated with the PNC custodian accounts. He reiterated that these accounts are separate from the operating accounts and fees discussed earlier in the meeting. After a negotiation with PNC, the fees associated with the custodian accounts were revised, resulting in a savings of approximately $10,000. Mr. Sichel noted that the savings applies to all custodian accounts associated with the Warehouse Local 730 Funds. He said the revised PNC fees are effective October 1, 2018 but that IPS requested a retroactive effective date of July 1, 2018.

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

RESOLVED that the revised fees associated with the PNC custodian accounts are approved effective October 1, 2018 pending the discussion of a retroactive July 1, 2018 effective date.

IV. COUNSEL REPORT

Mr. DeLancey reviewed the status of subrogation matters under collection as of September 14, 2018. He reported that there are four open cases and no closed or new cases opened since the last Board of Trustees meeting on June 8, 2018.

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.

V. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the second quarter 2018. Such report showed employer contributions of $1,171,212, interest and dividend income of $71,622, and miscellaneous income of $0, producing a total income of $1,242,834 for the quarter. Expenses included $845,296 of benefit expenses and $54,339 of operating expenses, producing a total expense of $899,635. This produced a total surplus of $343,199 for the quarter ended June 30, 2018. Ms. Cochran noted that contributions were made on behalf of 363 Plan participants.

VI. INVOICES

Ms. Cochran presented a list of invoices dated September 14, 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 September 14, 2018 are approved for payment as presented.

VII. PROVIDER REPORT – CIGNA

The Trustees welcomed Mr. Jason Webb, Ms. Caroline Davis-Alpis and Mr. David Burton of Cigna to the meeting. Mr. Webb distributed his report titled, "Savings Summary/Member Engagement/Pharmacy Utilization."

A. PPO Savings Report

Mr. Webb reviewed the CIGNA PPO savings report for the period January 1, 2018 through August 31, 2018. The PPO network savings, meaning the billed amount less the network allowed amount, equaled $1,722,076. This represents an overall PPO savings of 59.2% for the period January 1, 2018 through August 31, 2018. Mr. Webb reviewed the out-of-network savings results for the period January 1, 2018 through August 31, 2018 noting a savings of 26.1%.

B. Pharmacy Report

Mr. Burton reviewed the updated pharmacy utilization for the period January 1, 2018 through August 31, 2018. He reviewed the key indicator summary, pharmacy snapshot and top drugs by plan spend and by volume. He then discussed the Formulary Changes beginning January 1, 2019 that will continue to reflect Cigna's low net drug cost approach and proven utilization management strategies. Mr. Burton noted that as of August 31, 2018 Cigna identified three members that will be impacted by the formulary change.

The Trustees thanked Mr. Webb, Ms. Davis-Alpis and Mr. David Burton for their presentation and they were excused from the meeting.

C. PROVIDER REPORT – GROUP VISION SERVICES (GVS)

The Trustees welcomed Mr. Craig Allebach of Group Vision Services to the meeting. Mr. Allebach distributed reports for the periods January 1, 2017 through December 31, 2017 and January 1, 2018 through June 30, 2018. He reviewed these reports in detail.

Mr. Allebach reviewed a revised benefit proposal for the Plan 1 level of benefits, which is included in the presentation materials. The proposal includes the same level of benefit but at a reduced rate of $5.90 per member per month. The current Plan 1 rate is $6.23 per member per month. The Trustees discussed the differences between the cost and plan design of the Plan 1 and Plan 2 level of benefits. The Plan 1 level of benefits is provided to the Giant employees and Local 730 Staff. The Plan 2 level of benefits is provided to the Adams Burch, Eight O'Clock Coffee and Washington Food employees.

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

> **RESOLVED to eliminate the Plan 2 level of benefits, moving all participants into the Plan 1 level of benefits effective November 1, 2018 and to accept the Plan 1 rate proposal of $5.90 per member per month for the duration of the current agreement through December 31, 2019.**

The Trustees thanked Mr. Allebach for his presentation and he was excused from the meeting.

VIII. OTHER FUND BUSINESS

A. Patient- Centered Outcomes Research Institute (PCORI) Fee

Ms. Cochran stated the Administrative Manger provided the information to the Fund auditor needed to prepare and file the Form 720 associated with the Affordable Care Act PCORI fee. The form was filed on July 27, 2018 for the 2016 Plan Year. The total amount paid on behalf of the Fund was $1,756.65.

B. Memorandum of Agreement (MOA) - Adams Burch

Ms. Cochran reported the receipt of a newly negotiated MOA between the Union and Adams Burch for the period July 1, 2018 through June 30, 2023. The MOA calls for all participants to move to the Class E level of benefits with a 5% increase in the first year and a 10% increase in the following three years. The increases are consistent with future contribution increases in previously bargained contracts.

C. United Healthcare Termination

Ms. Cochran reported a letter was mailed to the provider regarding the termination as of August 1, 2018 for the active Class C participants.

D. Class E Welcome Letter – Adams Burch

Ms. Cochran reported that a welcome letter was mailed to the Adams Burch participants regarding the change to the Class E level of benefits effective August 1, 2018. The mailing included a welcome letter, temporary Cigna ID card, Summary Plan Description (SPD), Class E Summary of Benefits and Coverage (SBC) and Coordination of Benefits (COB) Form.

E. Stop Loss Policy - Ullico

Ms. Cochran reported the Fund received the dividend in the amount of $3,423 for the August 1, 2017 to July 31, 2018 policy year. The rebate is 5% of the plan's specific gross stop loss premium.

F. Fiduciary Liability Insurance Renewal and Waiver of Recourse Premiums

Ms. Cochran noted interim action regarding the renewal of the Fiduciary Liability policy for the period July 26, 2018 through July 26, 2019 with Markel, through the broker NFP Property & Casualty Service, Inc. She said that the annual premium decreased by $505.00. She said the renewal was approved by the Trustees in an electronic poll conducted in July 2018.

G. *For Your Benefit*

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

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected December 20, 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