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 JULY 7, 2016 LANDOVER, MARYLAND

The following Trustees were present:

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

EMPLOYER TRUSTEES
J. Paradis – Secretary
L. Johnson
F. Stegman

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
L. DuVall – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
B. Hicks – Investment Performance Services, LLC
D. Lott – United Healthcare
B. Pounds – Giant Food Landover, Distribution

I. CALL TO ORDER

A quorum being present, the meeting was called to order.

II. TRUSTEE APPOINTMENT

Ms. Cochran said in accordance with the Trust Agreement, Fund Counsel will send a letter to the participating Employers for a vote regarding the nomination of Ms. Pounds.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on April 25, 2016.

Trustee Stegman noted two corrections needed: (1) the dollar amount in the Dental Health Centers report that members are receiving compared to the premium paid, and (2) the Memorandum of Agreement (MOA) for Eight O'Clock Coffee to reflect hours worked as written in the MOA.

Trustee Brooks stated that the MOA calls for a 10% increase in the last year of the Agreement.

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 April 25, 2016 are approved as written with the above noted changes.**

IV. FINANCIAL REPORT

The Trustees welcomed Mr. Brian Hicks 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, 2016 through March 31, 2016 is contained in the meeting booklet.

B. Investment Performance Services

Mr. Hicks distributed his report titled, "Investment Performance Analysis – March 31, 2016." Mr. Hicks reported that the total market value of assets as of March 31, 2016 was $8,926,275.

1. Asset Allocation

Mr. Hicks reported that as of March 31, 2016, the Fund held 54.8% in domestic fixed income, 18.0% in short duration high yield, 8.3% in real estate, and 18.9% in cash equivalents. He noted that Wedge Capital held $4,888,761; Chartwell held $1,606,937; American Realty Advisors held $741,053; and there was $1,689,523 in the cash account.

2. Chartwell Investment Partners – Short Duration High Yield

The Trustees noted the manager's performance against the benchmark and asked Mr. Hicks if Chartwell is currently on IPS' approved manager listing. Mr. Hicks confirmed Chartwell is on IPS' approval list. The Trustees requested a report to show the performance of other managers in the Short Duration High Yield structure and the performance against the benchmark.

Mr. Hicks said IPS would prepare a report with the requested information.

The Trustees thanked Mr. Hicks 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 July 7, 2016. He reported that there were four open cases, one closed case, and no new cases opened since the last Board of Trustees meeting on April 25, 2016.

Mr. DeLancey stated that there were 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 REPORT

A. First Quarter 2016 Report

Ms. Cochran presented the Administrative Manager Report for the first quarter 2016. Such report showed employer contributions of $1,180,526, interest and dividend income of $73,428, and miscellaneous income of $400, producing a total income of $1,254,354 for the quarter. Expenses included $2,151,344 of benefit expenses and $120,758 of operating expenses, producing a total expense of $2,272,102. This produced a total deficit of $1,017,748 for the quarter ended March 31, 2016. Ms. Cochran noted that contributions were made on behalf of 443 Plan participants.

B. Patient Protection and Affordable Care Act (PPACA) Invoice

Ms. Cochran reviewed an invoice dated July 7, 2016 for the administrative services provided as the result of PPACA changes for Trustee approval. The invoice contained a list of the Administrative Manager's employees and their hours spent working specifically on healthcare reform for the Warehouse Employees Union

Local No. 730 Health and Welfare Trust Fund, in accordance with the contractual addendum for these services.

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

RESOLVED that the invoice for healthcare reform dated July 7, 2016 be approved for payment as presented.

VII. INVOICES

Ms. Cochran presented a list of invoices dated July 7, 2016 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 July 7, 2016 are approved for payment as presented.

VIII. PROVIDER REPORT – UNITED HEALTH CARE

The Trustees welcomed Ms. Diana Lott, of United Healthcare (UHC), to the meeting. Ms. Lott distributed a worksheet showing the proposed monthly rate increase for the active Class C participants Health Maintenance Organization (HMO) for the period August 1, 2016 through July 31, 2017.

Ms. Lott reviewed UHC's renewal with a proposed rate increase of 15%. She noted the large increase was due to the termination of the retiree plan. Mr. Lott said that UHC had agreed to extend the current retiree plan at the current premium for the month of August 2016. Ms. Lott also noted an additional option listed on her

worksheet which reflected a 9% increase in premium. She said this option would maintain the same level of benefits, with a smaller network of providers.

Ms. Cochran noted that the Meltzer Group was working with UHC to negotiate the 2016 – 2017 renewal. Trustee Paradis requested the financial exhibit that had been provided at past renewals. Ms. Lott said due to the loss of the retirees, the group size was under 100 and that UHC was not able to provide that report for groups under 100.

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

The Trustees discussed the proposed rate increase and alternatives. They directed the Administrative Manager to continue working with the Meltzer Group to assist with the negotiation of the proposed UHC renewal. The Trustees also requested that the Administrative Manager give Cigna the data needed to produce a quote for the Class C participants in a self-funded ASO arrangement.

After a discussion regarding the renewal and the August 1, 2016 policy year,

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

> **RESOLVED that the Trustees delegate authority to Chairman and Secretary to make a recommendation to the full Board of Trustees regarding the results of negotiation between the Meltzer Group and UHC.**

IX. OTHER FUND BUSINESS

A. Trustee Request – Fund Vendors

Trustee Richardson discussed the recent benefit changes, specifically the elimination of retiree benefits, and requested that the Trustees look at other cost savings, including having one representation by one Fund Counsel instead of two.

On MOTION made and seconded, the Trustees voted three votes to approve and two votes to deny the following resolution:

DEADLOCKED on resolution to retain one firm as Fund Counsel that does not have a conflict of interest with the Fund or participating employers.

Ms. Cochran noted that the Trust Agreement states that the Employer Trustees and Union Trustees vote as a unit with the majority of each side casting three votes regardless of the actual number of voting Trustees.

B. Trustee Expense Report

Ms. Cochran reviewed the 2015 Trustee Expense Report, a copy of which is contained in the meeting booklet.

On MOTION made and seconded, the Trustees voted – with Trustees Johnson, Richardson and Brooks abstaining –approval of the following resolution:

RESOLVED that the 2015 Trustee Expense Report is approved as presented.

C. Payroll Audit Status Report – Giant Food Warehouse and Recycling

Ms. Cochran reported that the additional information requested by the auditor was provided by the employer and that the audit is still in progress.

D. Stop Loss Proposals

Ms. Cochran reviewed the updated stop loss summary sheet distributed to the Trustees during the meeting. She said proposals were received from AIG, Symtera and Ullico. The Trustees reviewed the proposals and discussed in detail Ullico's

Option 1 and Option 2 proposals. They noted Ullico's proposed premium was significantly less than the premiums of AIG and Symtera for similar coverage.

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

RESOLVED to approve the Ullico stop loss proposal, Option 2, at a rate of $16.84 per member per month to be effective as soon as administratively possible.

Mr. Brooks said he would contact the Meltzer Group regarding negotiating a reduction in the proposed per member per month rate.

E. Patient Protection and Affordable Care Act (ACA) of 2010: Reporting Requirements

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 2015. She said the Form 1095-B was electronically submitted to the Internal Revenue Service on June 24, 2016.

F. 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, 2016 for rate changes effective June 1, 2016.

G. Cigna PPO Savings Report

Ms. Cochran reported that a copy of the Cigna PPO Savings report for the period January 1, 2016 through June 30, 2016 is contained in the meeting booklet.

H. Benefit Change Letters

Ms. Cochran stated that letters regarding the benefit changes approved at the special meeting held on May 13, 2016 were mailed to participants on July 1, 2016. She said a copy of the letters is contained in the meeting booklet. Ms. Cochran reported interim action in which the Trustees approved by electronic voting to 1) move the effective date of the benefit changes to September 1, 2016, 2) engage the CLRA Group to assist the retirees with transitioning coverage and pay for the cost of a meeting room for meetings with the retirees, and 3) change the effective date of the annual deductible to January 1, 2017.

I. Compufacts

Ms. Cochran reported that Compufacts, a firm that reviews hospital bills in excess of $18,500 for erroneous charges, is no longer in business. The Trustees directed the Administrative Manager to suggest replacement vendors based on relationships with other clients.

J. Fiduciary Liability Policy

Ms. Cochran reported that the application to renew the policy was submitted to the broker, Union Insurance Group. She said the current policy expires on July 26, 2016.

K. Cyber Liability Policy

Ms. Cochran reported that the application was complete and would be submitted to the broker, Union Insurance Group, for policy proposals.

X. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected October 6, 2016 as their next regular 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