Food Employers Labor Relations Association
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Health & Welfare Fund

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE FELRA & UFCW HEALTH AND WELFARE FUND HELD DECEMBER 18, 2013 IN LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
M. Federici - Secretary	J. Paradis – Chairman
M. Boyle	J. Champion
J. Chorpenning	F. Stegman
	S. Stoner

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
S. Goodman – Slevin & Hart, P.C.
J. Herishen – Salter & Company
M. Herwig – PNC Bank
T. Hipkins – UFCW Local 27
W. Jensen – Associated Administrators, LLC
C. Murphy – Associated Administrators, LLC
G. Murphy, Jr. – UFCW Local 27

I. CALL TO ORDER

Noting the presence of a quorum, the Chairman called the meeting to order.

A. Proxy

Mr. Jensen reported that Trustee Masten had submitted his proxy to Trustee Chorpenning to act in all matters coming before the Trustees.

II MINUTES

The Trustees reviewed the minutes of the appeals subcommittee meeting held on September 17, 2013, which were pre-circulated.

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

> **RESOLVED that the minutes of the appeals subcommittee held on September 17, 2013 were approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

The Trustees welcomed Mr. Michael Herwig of PNC Bank to the meeting. He presented the summary of activity report for the period January 1, 2013 through October 31, 2013. Such report indicated a beginning market value of $38,832,559, earnings of $2,309,603, receipts of $129,411,628, and disbursements of $123,609,581, producing an ending market value of $46,944,209 as of October 31, 2013.

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

B. Investment Performance Services – Transition.

Mr. Sichel provided a status update on the transfer of investment consulting duties from NEPC to IPS.

Mr. Sichel said that Segal, Bryant and Hamill ("SBH") had been sold. SBH requested that the Trustees consent to the change in ownership and assignment of the SBH contract. Mr. Sichel recommended that the Trustees approve an assignment of the contract as requested. After discussion,

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

> **RESOLVED to accept the advice of the investment consultant, by consenting to the assignment of the SBH contract as requested.**

C. Auditor's Report

The Trustees welcomed Mr. Joseph Herishen of Salter & Company to the meeting. He presented the audit report for the period ending December 31, 2012. He noted that the report was an unqualified opinion.

Mr. Herishen reported that contribution income totaled $119,869,316. Investment income totaled $5,169,701. Other income totaled $34,569, producing total additions to the Fund of $125,073,856. Total deductions amounted to $167,966,071, producing a net decrease in the assets of $42,892,485, resulting in net assets at the end of the year of $70,832,429. Mr. Herishen reviewed the Notes to the Financial Statements, the Schedule of Assets held for Investment Purposes, the Schedule of Reportable Transactions, and the Schedule of Employer Contributions.

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

IV. ATTORNEY'S REPORT

A. Memorandum of Agreement ("MOA")

Mr. Jensen said a Memorandum of Agreement ("MOA") was reached between Safeway, Giant and UFCW Local's 400 and 27. Mr. Jensen noted that the MOA called for changes to the active and retiree benefit plans offered through the Fund.

Ms. Goodman noted that a meeting was necessary to discuss issues not addressed in the MOA.

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

> **RESOLVED to approve the Memorandum of Agreement and appoint a subcommittee of Trustees Paradis, Stegman, Federici and Murphy to discuss and resolve issues not addressed in the MOA and to handle all aspects of the Affordable Care Act.**

B. A & P/Superfresh

Ms. Goodman reviewed the status of the A & P/Superfresh litigation.

C. Meridian Litigation

Ms. Goodman discussed the status of the Meridian class action litigation.

D. Carrey Lawsuit

Ms. Goodman reported that the Carrey lawsuit was dismissed.

E. Defense of Marriage Act ("DOMA")

Ms. Goodman discussed the Supreme Court decision in the Windsor case.

F. Active Plan and Retiree Plan

Ms. Goodman discussed separate Trust Agreements for the Active and Retiree Plans. After discussion,

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

> **RESOLVED to adopt the separate Trust Agreements for the Active and Retiree Plans.**

G. Transitional Reinsurance Fee

Ms. Goodman discussed the Transitional Reinsurance Fee.

H. Medco Formulary Program

Ms. Goodman discussed the Medco formulary program. She noted that Medco proposed excluding 48 drugs from their formulary list.

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

> **RESOLVED to approve the changes to Medco's formulary list.**

I. Madoff Fund

Ms. Goodman discussed the Madoff Victim Fund.

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

> **RESOLVED to d**elegate to Chairman and Secretary the authority over the proof of claim with the Madoff Victim Fund.

J. Restated Trust Agreement.

Ms. Goodman presented the Restated Trust Agreement. The Trustees signed the Trust Agreement.

K. Cost Sharing Agreement.

Ms. Goodman discussed the draft restated cost-sharing agreement.

L. IPS

Ms. Goodman reviewed the investment consulting agreement with IPS. The Trustees signed the agreement and directed that IPS restate the Fund's investment policy.

M. Changes to COBRA Notifications.

Ms. Goodman discussed the revised Fund's COBRA election notice.

N. 2013 Annual Limit Waiver Update.

Ms. Goodman discussed the HHS's annual limit waiver program. The Fund Office is drafting the update now and will submit to HHS before the end of the year.

O. HIPAA Privacy and Security

Ms. Goodman discussed the updated HIPAA Notice of Privacy Practices.

P. Form 5500 for Retiree Plan.

Ms. Goodman discussed the Form 5500 and financial statement.

Q. Subrogation Report

Mr. Jensen presented the subrogation report for the third quarter of 2013. He noted that $157,810.68 was collected, $89,942.91 was compromised, with $39,452.67 payable to Slevin & Hart.

V. ADMINISTRATIVE MANAGER'S REPORT

A. 2Q13 - Combined Fund Recap

Mr. Jensen presented the administrative manager's report for the second quarter 2013. Such report indicated employer contributions of $28,460,367, retiree contributions of $6,424,403, employee contributions of $2,260,988, interest and dividends for the active plan of $88,599, interest and dividends for the retiree plan of $22,773, and miscellaneous income of $2,052, producing total income of $37,259,182. Expenses totaled $37,137,715, producing a net surplus of $121,467 as of the second quarter 2013. Mr. Jensen noted that contributions were made on behalf of 18,554 active plan participants.

B. 3Q13 - Combined Fund Recap

Mr. Jensen presented the administrative manager's report for the third quarter 2013. Such report indicated employer contributions of $31,420,683, retiree contributions of $7,112,608, employee contributions of $2,224,678, interest and dividends for the active plan of $90,537, interest and dividends for the retiree plan of $23,576, and miscellaneous income of $2,588, producing total income of $40,874,670. Expenses totaled $35,780,107, producing a net surplus of $5,094.563 as of the third quarter 2013. Mr. Jensen noted that contributions were made on behalf of 18,306 active plan participants.

VI. INVOICES

The Trustees reviewed the list of invoices for the active and retiree plans dated December 18, 2013, as well as the PPACA invoice for the third quarter 2013. It was noted there were no additions, deletions or changes to the lists.

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

> **RESOLVED that the invoices on the lists dated December 18, 2013 for the active plan and the retiree plan, including the PPACA invoice submitted by Associated, were approved for payment.**

VII. OTHER FUND BUSINESS

A. Miscellaneous Correspondence

1. Medicare Deductible and Co-Insurance Rates – 2014

Mr. Jensen presented a memorandum regarding the Medicare Part A and Part B premium deductible and co-insurance rates for 2014. He noted that previously, the Trustees had approved Medicare reimbursements annually based on the deductible and co-insurance rates on a non-precedent setting basis.

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

> **RESOLVED to approve processing of Medicare secondary claims in accord with the 2014 deductibles and co-insurance rates published by the Centers for Medicare and Medicaid services, on a non-precedent setting basis.**

2. ING

Mr. Jensen reported that he had received correspondence from ING notifying the Fund that the premium rates for 2014 would remain the same as the prior year. The Trustees noted review of these rates could be performed by a fund consultant.

3. IPS Appointment

Mr. Jensen noted that a letter had been sent to all Fund investment managers on December 2, 2013 notifying them of the appointment of IPS as the investment consultant.

4. Kaiser Permanente Medicare Rates – 2014

Mr. Jensen presented the Kaiser Permanente Medicare Rates for 2014.

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

> **RESOLVED that the Kaiser Permanente Medicare premiums for 2014 were approved as presented.**

5. ACA Compliance

Mr. Jensen reviewed a summary of ACA related matters to be decided by the Trustees effective January 1, 2014. After discussion,

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

> **RESOLVED to direct such PPACA compliance matters to the committee of Trustees appointed during this meeting to review ACA compliance.**

6. Participant Appeal

Mr. Jensen reviewed an appeal, which was forwarded by the appeal subcommittee, to the full Board for resolution. He noted that the participant was requesting coverage of Gardisil for her son.

The Trustees reviewed the appeal, but tabled same pending further investigation.

7. CRNA discussion

The Trustees discussed the Carefirst proposal regarding coverage of Certified Registered Nurse Anesthetists ("CRNA").

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

RESOLVED to table the discussion of the coverage of CRNA's until the next meeting.

8. Women's Health and Cancer Rights Act ("WHCRA")

Mr. Jensen noted that the WHCRA notices had been printed in the December "For Your Benefit' newsletter.

9. Health Consultant

The Trustees discussed the desirability of having a health consultant, as well as reviewing the Pharmacy Benefit plan and related vendor contract. It was noted that Ms. Nancy Eid had directed the prior Request for Proposal ("RFP") for Pharmacy Benefit Manager ("PBM") services for the Fund. After discussion,

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

RESOLVED to issue a Request for Proposal for health consultant services. It was further RESOLVED to request a proposal from Ms. Nancy Eid for review of the Pharmacy Benefit Plan and related PBM vendor services.

VIII. ADOPTION OF COMMITTEE RECOMMENDATIONS

After review of the minutes of the recommendations made by the Legal, Severance and Scholarship Committees during their meetings,

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

RESOLVED that the recommendations made by the Committees are adopted by the Trustees of the Health and Welfare Fund.

IX. NEXT MEETING DATE

After discussion, the Trustees left the date and location of the next meeting to the call of the Chairman.

X. ADJOURNMENT

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

Respectfully submitted,

Mark Federici, Secretary

FW12/18/13 (orig : 03/17/14)(Rev:03/26/14sg))