Lithographers & Photoengravers
Local 285 Welfare Fund
911 Ridgebrook Road
Sparks, MD 21152-9451
Phone: (866) 559-6512
www.associated-admin.com

MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES OF THE
LITHOGRAPHERS AND PHOTOENGRAVERS LOCAL 285 WELFARE FUND
HELD ON JANUARY 9, 2013
LANDOVER, MD

The following persons were in attendance:

UNION TRUSTEES	EMPLOYER TRUSTEES
William Tull - Chairman	Michele Cirrincione - Secretary
Issiah Thompson	David Ashton
Eric Wilfong	Tom Labadie
Edward Williams	

Also present were:

Daina Cabezas – Associated Administrators, LLC
Ethan Foxman – Group Dental Services
Paul Green – Mooney, Green, Saindon, Murphy & Welch, P.C.
Shawn Miller – Calibre CPA Group
Joseph Sears – Associated Administrators, LLC

I. CALL TO ORDER

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

II. NEW TRUSTEE

Mr. Green reported that Richard Anckner had resigned from the Board, and that Issiah Thompson had been appointed by the Union Trustees to fill the vacancy. Mr. Green presented Mr. Thompson with the Trustee Acceptance form, which he signed and returned. The Trustees welcomed Mr. Thompson to the Board.

III. CHAIRMAN/SECRETARY

In accordance with the Trust Agreement, the Chairman and Secretary for the Board of Trustees changes on an annual basis.

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

RESOLVED to name William Tull as the Chairman of the Board of Trustees and Michele Cirrincione as the Secretary.

IV. MINUTES – BOARD MEETING HELD ON OCTOBER 17, 2012

Mr. Sears confirmed that there were no changes to the final draft of the subject minutes, circulated prior to this meeting. The Trustees reviewed the draft and,

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

RESOLVED that the minutes of the Board meeting held October 17, 2012 are approved as written.

V. FINANCIAL REPORT

A. Financial Statement

Mr. Sears reviewed the unaudited financial statements for the plan year beginning March 1, 2012 through November 30, 2012. During this period, the Fund had total income of $1,694,033 versus total expenses of $1,918,930 for a loss of $224,897.

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

RESOLVED to accept and approve the financial statement as of November 30, 2012.

B. Capital Financial, LLC Report

Mr. Sears reviewed the account statements from Capital Financial, LLC for the months of October, November, and December 2012. The statements showed a balance of $1,588,427.11 as of December 31, 2012. This total included a money market holding of $498,474.75 and Certificates of Deposit (“CDs”) of $1,089,952.36.

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

RESOLVED to accept and approve the Capital Financial, LLC reports for October, November, and December 2012.

At the last few meetings, there has been discussion regarding alternative methods for buying CDs and the consensus was that opening a brokerage account was the best option. Capital Financial forwarded documents for Counsel to review.

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

RESOLVED to approve the utilization of a brokerage account for the purchase of CDs.

VI. AUDITOR REPORT – CALIBRE CPA GROUP

The Trustees welcomed Mr. Shawn Miller of Calibre CPA Group to the meeting.

Mr. Miller reviewed the IRS Form 990, which had been reviewed by Counsel prior to the meeting. He explained that it is an informational return for tax exempt entities, including Health and Welfare plans. The form is due January 15, 2013. Chairman Tull executed the document on behalf of the Board.

Mr. Miller also said the IRS Form 5500 was filed timely in December.

The Trustees thanked Mr. Miller for his report and he was excused from the remainder of the meeting.

VII. COUNSEL REPORT

A. Craftsman Press Bankruptcy

Mr. Green said that Craftsman has provided records of both its financial condition and its employment during its final months for review, as required by the settlement agreement, and the parties are preparing a stipulated judgment. Counsel reiterated that no additional money is expected to be received.

B. Non Collectively-Bargained Employees

Mr. Green reminded the Trustees that Raff Embossing had requested approval to enroll its non-collectively bargained employees in the Fund effective January 1, 2013, and that the Board had unanimously approved the request for a one-year period in a Board Poll on December 19, 2012, with Trustee Labadie having recused himself from voting and Trustee Wilfong having abstained. Mr. Green noted that the reason for the request was that the industry health fund that had previously covered Raff's employees had terminated effective December 31, 2012. He advised the Trustees that, under the current Trust Agreement, the only non-bargained employees permitted to participate are the employees of the Union. In order to allow other non-collectively bargained employees to enroll in Fund coverage, the trust agreement would need to be modified. Mr. Green presented the Trustees with the Third Amendment to the Trust Indenture making this change. He explained that enrollment would not be automatic, but would be subject to review by the Trustees on a case-by-case basis and negotiation of an acceptable participation agreement.

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

> **RESOLVED to approve the Third Amendment to the Trust Indenture, allowing non-collectively bargained employees of participating employers to enroll in Fund coverage.**

Trustee Labadie recused himself from consideration of the motion. The Trustees signed the Third Amendment, and it will be filed by the Administrative Manager in the Fund records.

Mr. Green then presented a Participation Agreement between the Fund and Raff Embossing effective for the period from January 1, 2013 through December 31, 2013.

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

> **RESOLVED to approve the Participation Agreement between the Fund and Raff Embossing allowing non-collectively bargained employees to enroll in Fund coverage.**

Trustee Labadie recused himself from the vote and Trustee Wilfong abstained.

Trustees Tull and Cirrincione executed the document on behalf of the Board and Trustee Labadie executed the document on behalf of Raff Embossing.

C. Local 285 – Non-Collectively Bargained Employees

Mr. Green said the Fund has always allowed Local 285 to enroll its non-collectively bargained employees in the Fund. He reiterated that the Trust Agreement permits such coverage. He noted, however, that no participation agreement specifying the terms of the Union's participation could be located. Consequently, Mr. Green presented a participation agreement specifying the terms of Local 285's participation.

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

> **RESOLVED to approve the Participation Agreement between the Fund and Local 285 allowing non-collectively bargained employees to enroll in Fund coverage.**

Trustee Tull abstained from the vote.

Trustee Cirrincione executed the document on behalf of the Board, and Trustee Tull executed the document on behalf of Local 285.

D. GCN National Health Fund

Mr. Green said a letter was received from the GCN National Fund regarding the liability that would be imposed on employers that terminate coverage from the plan. He said he did not believe it affected this Fund since the Fund's only participants in the GCN National Fund are retirees.

E. Request for Waiver of Late Fee - Doyle Printing & Offset

Mr. Green said that Doyle Printing & Offset ("Doyle") had requested a waiver of a late fee being charged for a contribution due in December 2012. He said that Doyle had reported that the check had been timely posted and must have been lost in the mail and the missing check was replaced as soon as Doyle was notified that no payment had been received. Furthermore, the company had no history of being late with its payments.

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

RESOLVED to waive the late fee charged to Doyle Printing & Offset for the December 2012 contribution.

VIII. VENDOR PRESENTATION – GROUP DENTAL SERVICE

The Trustees welcomed Mr. Ethan Foxman of Group Dental Service of Maryland ("GDS") to the meeting.

Mr. Foxman reviewed a report dated January 2013. The report showed 2012 utilization for the Fund included 825 provider visits and a value to cost ratio of 1.98. The cost of care for 2012 was 96.8% of the premiums paid, based on $103,026 in premiums and $99,742 in claims paid.

Mr. Foxman stated that the high ratio of premiums to cost of care meant that GDS was losing money because it did not account for administrative and other expenses. He indicated that company policy was to try to keep the ratio in the high seventy percentage range. Consequently, he presented a renewal proposal calling for a 7.5% increase for the plan year beginning March 1, 2013, which is only projected to bring the cost ratio down to approximately 90%. The Trustees discussed this request, and countered with an offer of 4.5%. Mr. Foxman declined this offer, but countered with an increase of 6.0%, increasing the monthly rate from $33.83 to $34.86 per employee per month ("pepm"). The Trustees accepted this proposal.

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

> **RESOLVED to approve the Group Dental Service rate increase to $34.86 per employee per month for the period March 1, 2013 through February 28, 2014.**

IX. <u>ADMINISTRATIVE MANAGER REPORT</u>

A. <u>Kaiser Permanente – Renewal Rates</u>

Mr. Sears reviewed the renewal rates from Kaiser Permanente ("KP"). Based upon the discussions at the Board meeting in October, KP provided proposals for the continuation of the Signature HMO, Select HMO High Option, and Out-of-Area Low Option. The current Select HMO Standard option will be replaced with a new Select HMO with an upfront deductible ("DHMO"), and the current Out-of-Area High Option will be eliminated.

Under KP's renewal proposals effective March 1, 2013, the Signature HMO will increase 6% to $942.37 pepm. The Select HMO High Option will increase 8.5% to $1,047.21 pepm. The Select DHMO option will have a rate of $837.16 pepm. The Out-of-Area option will increase 8.5% to $1,002.31 pepm.

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

> **RESOLVED to approve Kaiser Permanente rates of $942.37 pepm for Signature HMO, $1,047.21 pepm for Select HMO High, $837.16 pepm for Select DHMO, and $1,002.31 pepm for Out-of-Area for the period March 1, 2013 through February 28, 2014.**

B. <u>Open Enrollment – 2013-14 Plan Year</u>

Mr. Sears reviewed the renewal rates from each carrier. These rates included the new rates for KP and GDS effective March 1, 2013, National Vision Administrators ("NVA") rates, and Mutual of Omaha ("MOO") rates. He noted that NVA and MOO rates were not subject to change until March 1, 2014.

Mr. Sears also reviewed the operating expense load that would be added to the carrier costs to determine the total rate to be charged. Based upon his calculations, he said a load of approximately $55.07 pepm would be required to be added to the rates for active employees. Due to increasing costs from the carriers, the Trustees discussed waiving all or a portion of the operating expense load for the upcoming year and using plan reserves and additional amounts received from employers due to members who opted out of coverage to fund the costs.

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

> **RESOLVED to waive the operating expense load for the 2013-14 plan year.**

Mr. Sears said he would recalculate the rates and send them to the Trustees after the meeting.

Mr. Sears said he would prepare new rate letters for each employer based upon their collective bargaining agreements, a benefit selection form, benefit summary, open enrollment meeting notice, and open enrollment memo. An open enrollment meeting will be held on February 9, 2013 at the Local 285 office. It was decided that a mailing to all participants notifying them of the meeting, along with the other forms, would be worthwhile.

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

> **RESOLVED to approve the mailing of the open enrollment notice and forms to participants.**

X. OTHER FUND BUSINESS

Mr. Sears said a letter was sent to all retirees with GCN National Fund coverage notifying them of the change to their premium effective January 1, 2013 to $432.81 per month. He noted that a letter was also sent to retirees with Kaiser and their rates did not change. Payment coupons were included with the mailing.

XI. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the next Board meeting to be held April 17, 2013 at the conference room of Associated Administrators in Landover, Maryland, commencing at 10:00 A.M.

XII. ADJOURNMENT

There being no further business, the meeting was adjourned.

Respectfully submitted,

Michele Cirrincione, Secretary

JMS (rev 3/18/13 pg)