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MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES OF THE
LITHOGRAPHERS AND PHOTOENGRAVERS LOCAL 285 WELFARE FUND
HELD ON OCTOBER 25, 2017
LANDOVER, MARYLAND

The following persons were in attendance:

UNION TRUSTEES	EMPLOYER TRUSTEES
William Tull – Secretary	David Ashton
Barry English	David King
	Tom Labadie

Also present were:
Arthur Budich – Calibre CPA Group PLLC
Ed Chicoski – Lakeshore Benefit Group Insurance Brokerage, LLC
Alicia Cochran – Associated Administrators, LLC
Brian Davis – Associated Administrators, LLC
Sean Jenkins – Charles Schwab
Andrew Lin – Mooney, Green, Saindon, Murphy & Welch, P.C.
Betty Marshall-Thomas – Kaiser Permanente
Olga Thall – Mooney, Green, Saindon, Murphy & Welch, P.C.
Leonard Phillips – Kaiser Permanente
Shaun Williams – Charles Schwab

I. CALL TO ORDER

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

II. MINUTES – MEETING OF JULY 19, 2017

Ms. Cochran 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 regular Board meeting held July 19, 2017 are approved as written.

III. FINANCIAL REPORT

Ms. Cochran reviewed the unaudited Financial Statements for the second quarter of the Plan year March 1, 2017 through August 31, 2017. The Fund had total income of $898,235 and total expenses of $906,174. The Fund operated in the second quarter with a deficit of $7,938.

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

RESOLVED to accept and approve the Financial Statements for March 1, 2017 through August 31, 2017.

IV. CHARLES SCHWAB

The Trustees welcomed Sean Jenkins and Sean Williams of Charles Schwab to the meeting.

Mr. Jenkins reviewed an account statement as of August 31, 2017, which showed a total account value of $1,448,786.56. He noted three Certificates of Deposit (“CDs”), Worlds Foremost Bank in the amount of $249,000, CIT Bank in the amount of $155,000 and CIT Bank in the amount of $130,000 that are not listed on the statement as they are direct CDs and therefore will remain in the possession of the bank(s) until maturity.

Mr. Jenkins then discussed the Fund's Investment Policy Statement and the asset allocation options that may be available other than the current investments which are in the form of CDs only. He reviewed information regarding a Schwab subsidiary, Windhaven Investment Management, which offers three different investment strategies in the fixed income and equities asset allocation. Trustee Ashton asked if Mr. Jenkins had other clients, similar in size and assets, which operated with investment policies of 70% CDs and 30% fixed income and equities. Mr. Jenkins confirmed that in his opinion the Fund's asset allocation is appropriate and in line with other similarly situated clients. Mr. Jenkins noted that the minimum investment amount with Windhaven is $100,000. He stated the Diversified Conservative Wrap Composite option is most conservative and may be the most appealing given the Fund's conservative investment strategy. He investment options other than Windhaven and discussed the fees associated with each.

Ms. Cochran noted the CD with Wells Fargo Bank NA in the amount of $50,000 matured on October 20, 2017 and the funds were placed in the money market account pending the Trustees' discussion at this meeting. The Trustees discussed the minimum Windhaven investment amount and the need to have cash available for the potential future investment with Windhaven. Ms. Cochran noted that the CD with American Express Centurion Bank in the amount of $249,000 would mature on December 18, 2017.

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

> **RESOLVED to direct Charles Schwab to keep the proceeds of $50,000 from the Wells Fargo CD in the money market account and upon maturity, to deposit the proceeds of $249,000 from the American Express Centurion Bank CD in the money market account for the potential**

investment in a Windhaven Investment Management account.

Fund Counsel noted that if the Trustees elect to invest in an asset allocation other than CDs it will require a separate agreement with Charles Schwab in which the firm would accept fiduciary responsibility on behalf of the Fund as an Investment Consultant.

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

RESOLVED to retain Charles Schwab as the Investment Consultant on behalf of the Fund.

The Trustees thanked Mr. Jenkins and Mr. Williams for their report and they were excused from the meeting.

V. <u>AUDITOR REPORT</u>

The Trustees welcomed Arthur Budich of Calibre CPA Group PLLC to the meeting.

Mr. Budich reviewed a draft of the annual audit for the Plan year March 1, 2016 through February 28, 2017 and said it included an unmodified opinion. Such report showed employer contributions of $175,131 and other receivables of $2,024 during the 2016-2017 Plan year. Net assets available for benefits were $2,432,180 on February 28, 2017 compared to $2,326,135 on February 29, 2016.

Mr. Budich reported that the 2016 Form 5500 will be due on December 15, 2017 and the 2016 Form 990 will be due on January 15, 2018.

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

VI. COUNSEL REPORT

Counsel presented the revised expense policy that was circulated at the July meeting. Following discussion and on Motion made and seconded, the Trustees unanimously:

RESOLVED to adopt the revised expense policy as presented.

Counsel reported on a letter received from Peake Delancey, confirming that unsecured creditors and priority benefit claims would receive no recovery from the liquidation of the company. Counsel had previously submitted a claim for $50,054 in contributions, late fees, and interest, including amounts pursuant to the audit performed by Calibre. Following discussion, the Trustees agreed to halt further collections efforts.

VII. KAISER PERMANENTE

The Trustees welcomed Ms. Betty Marshall-Thomas and Mr. Leonard Phillips of Kaiser Permanente to the meeting.

Mr. Phillips reviewed the “Rate Proposal” report dated October 23, 2017 detailing Kaiser’s renewal proposal effective March 1, 2018. The report was broken out by plan. The original renewal proposal reflected a 15% increase in premiums, however was reduced to a 9.8% increase in premiums for all plans. Mr. Phillips reviewed the Fund’s claims experience for the past year, including high-cost claimants and prescription utilization.

At the request of the Trustees, Mr. Phillips said he would discuss reducing the 9.8% increase with his underwriting team and report back to the Administrative Manager.

Mr. Chicoski requested that Kaiser provide a revised proposal with the elimination of the Flex Choice plan to see if there are any significant cost savings associated with this change.

The Trustees thanked Ms. Marshall-Thomas and Mr. Phillips for their report, and they were excused from the meeting.

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

> **RESOLVED to engage Lakeshore Benefit Group Insurance Brokerage, LLC to 1) perform a Request For Proposal for medical and prescription services and 2) assist the Fund with negotiating a counter proposal with Kaiser.**

VIII. OTHER FUND BUSINESS

A. Associated Administrators Renewal

Ms. Cochran distributed and reviewed her letter dated October 25, 2017, which noted that the administrative services contract between the Fund and Associated Administrators, LLC will expire on November 30, 2017 and provided detailed information in support of the request for a three-year renewal. Ms. Cochran and Mr. Davis were excused from the room for further discussion. Following discussion, Ms. Cochran and Mr. Davis were invited back to the meeting, and the Trustees proposed a counter offer, which Ms. Cochran said she would review with Associated's Chief Executive Officer and respond to the Trustees as soon as possible.

B. Retirees – Medicare Rates

Ms. Cochran reported receipt of the Medicare rates for Kaiser effective January 1, 2018. She said the rates reflect a 3.0% increase in the premium from the prior year. Ms. Cochran said the Graphic Communications National Plan reflected a 3.9% increase in the premium for the 2018 calendar year. She said notification letters of the change in premiums will be mailed to all retirees buying health coverage through the Fund.

C. National Vision Administrators (NVA)

Ms. Cochran reviewed a renewal proposal from National Vision Administrators ("NVA") effective March 1, 2018. The renewal called for no increase in the current rate of $6.95 per employee per month. She said the proposed renewal was for a four-year period ending February 28, 2022.

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

> **RESOLVED to approve the proposed renewal from National Vision Administrators at the current rate of $6.95 per employee per month for the period March 1, 2018 through February 28, 2022.**

D. Fiduciary Liability Renewal

Ms. Cochran reported interim approval by the Trustees of the Fiduciary Liability Renewal policy with Chubb, through the broker Eberts & Harrison, Inc. for the period October 16, 2017 through October 16, 2018. She said the premium had no increase from the prior policy year.

E. McArdle Printing

Ms. Cochran reported that the employer McArdle Printing closed operations on September 30, 2017. She said that COBRA notices were mailed to employees.

F. International Foundation of Employee Benefit Plans

Ms. Cochran reported receipt of the 2018 membership with the International Foundation of Employee Benefit Plans. She said the annual fee is $1,205.

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

> **RESOLVED to approve the 2018 renewal with the International Foundation of Employee Benefits Plans at a fee of $1,205.**

G. Kelly Press Payroll Audit

Ms. Cochran reported that Kelly Press, after sending the updated demand letter, remitted payment for contributions of $840.00. She also reported that a letter was sent to the employee for the employee portion of the contributions in the amount of $55.12.

IX. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the next regular Board meeting to be held January 24, 2018, commencing at 10:00 A.M. in the conference room of Associated Administrators in Landover, Maryland.

X. **ADJOURNMENT**

There being no further business, the meeting was adjourned.

Respectfully submitted,

William Tull, Secretary