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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 17, 2012
LANDOVER, MD

The following persons were in attendance:

UNION TRUSTEES

Edward Williams - Secretary
Richard Anckner
William Tull

EMPLOYER TRUSTEES

Michele Cirrincione - Chairperson
David Ashton
David King

Also present were:

Daina Cabezas – Associated Administrators, LLC
Paul Green – Mooney, Green, Saindon, Murphy & Welch, P.C.
Janine Hill – Kaiser Permanente
Andrew Lin – Mooney, Green, Saindon, Murphy & Welch, P.C.
Leonard Phillips – Kaiser Permanente
Joseph Sears – Associated Administrators, LLC
James Webb – Capital Financial, LLC

I. CALL TO ORDER

A quorum being present, Chairperson Cirrincione called the meeting to order.

II. MINUTES – BOARD MEETING HELD ON JULY 18, 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 July 18, 2012 are approved as written.**

III. FINANCIAL REPORT

A. Financial Statement

Mr. Sears reviewed the unaudited financial statements for the plan year beginning March 1, 2012 through August 31, 2012. During this period, the Fund had total income of $1,090,756 versus total expenses of $1,342,371 for a loss of $251,614.

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

RESOLVED to accept and approve the financial statement as of August 31, 2012.

At the last meeting, a discrepancy of $7,639 had been noted in the 2011-12 financial statement and listed as a Miscellaneous Expense. Mr. Lin reported that he had worked with both FCE Benefits ("FCE") and Associated to resolve the matter. In the end, the discrepancies were determined to have been attributable either to deposits that had been recorded into the wrong account or into the Fund's ledger twice by FCE during the transition of administrators from Carday to FCE in 2010.

B. Capital Financial, LLC Report

The Trustees welcomed Mr. James Webb of Capital Financial, LLC to the meeting.

Mr. Webb reviewed the account statements from Capital Financial, LLC for the months of July, August, and September 2012. The statements showed a balance of $1,585,953.96 as of September 30, 2012. This total included a money market holding of $397,001.60 and Certificates of Deposit ("CDs") of $1,188,952.36.

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 July, August, and September 2012.

At the last meeting, Mr. Webb discussed the current market for buying CDs and recommended utilizing M&T Bank ("M&T") as the custodian of the CDs instead of having the Fund buy the CDs directly. Mr. Lin had been concerned with an indemnification clause in the M&T contract, but, following consultation with the Trustees and Administrator, Mr. Webb had concluded that it was unnecessary to enter into the offensive agreement. Unfortunately, subsequent to the last Trustees' Meeting, M&T substituted new versions of all of its contracts, which included a number of problematic provisions. In particular, the revised agreements included indemnification provisions even more onerous than the one in the earlier contract. Messrs. Lin and Green recommended not agreeing to the changes. The Trustees agreed with this conclusion.

Mr. Webb recommended another option for buying CDs by opening a brokerage account. He said this would provide more opportunities than the Fund currently has, although not as many as the M&T option. He further stated that the fees are comparable to the M&T option. He noted that this method will still be within the current investment policy statement. Mr. Webb provided documents regarding the brokerage account to Counsel for review.

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

IV. HEALTH PROVIDER REPORT – KAISER PERMANENTE

The Trustees welcomed Ms. Janine Hill and Mr. Leonard Phillips of Kaiser Permanente ("Kaiser") to the meeting.

Ms. Hill gave an update of Kaiser's ongoing expansion plans and recent press articles discussing Kaiser's standing in the market. She noted that new medical centers had opened in Gaithersburg and Tysons Corner, and the Largo facility had been expanded, which will be helpful for the Fund's participants living in those areas.

Mr. Phillips reviewed a report dated October 12, 2012 detailing the Fund's claims experience for the period July 2010 through June 2012, demographic data, and rate renewal proposal effective March 1, 2013. Mr. Phillips noted that enrollment has dropped 22% during the past two years, and claims have increased 14% during that time. He said that Kaiser's renewal formula gives 50% credibility to the group's claims experience. He noted that the proposed 13.5% rate increase called for in the report reflects Kaiser's capped renewal but will not be their final offer.

Ms. Hill discussed the plan designs that the Fund is offering to participants. Participants are permitted to choose from the Signature HMO and two Select HMO products. Participants who are out of the area may select from two Out-of-Area PPO plans. She recommended the elimination of one Select HMO program and one Out-of-Area program, and the addition of a new lower-cost HMO program that includes an upfront deductible. Ms. Hill said that she would provide revised rates and the new plan designs to the Administrative Manager in the upcoming weeks. Mr. Sears stated that he would provide the Trustees with a spreadsheet of the options for discussion before the next meeting.

The Trustees thanked Ms. Hill and Mr. Phillips for their report and they were excused from the remainder of the meeting.

V. COUNSEL REPORT

A. Craftsman Press Bankruptcy

Mr. Lin reminded the Trustees that they had previously approved a settlement with Craftsman that would include the entry of a stipulated judgment, along with a demonstration from Craftsman that it has no assets. He reported that Craftsman had recently received approximately $22,000 in proceeds from its equipment auction, but that the amounts had all been spent on shut-down costs. Mr. Lin concluded that it is unlikely that any money will be recovered. The Trustees reiterated their support for the proposed settlement.

B. Summary of Benefits and Coverage Requirement

Mr. Green noted that the new health care laws require that the Fund provide a "Summary of Benefits and Coverage" to all new plan participants, as well as to all plan participants and beneficiaries during the open enrollment period in February. Kaiser has stated they will prepare these documents.

VI. ADMINISTRATIVE MANAGER REPORT

A. Benefit Continuation

Mr. Sears reported that there are several participants enrolled in the dental program who are neither active nor retired members of the Fund. It appears that they have been self-paying for ten or more years. He stated that, after consulting with Trustee Williams and Counsel, he had learned that prior to 2003, the Fund had permitted employees to continue to self-pay indefinitely. At that time, the Board limited the length of time participants could self-pay, but had grandfathered a group of participants who were self-paying at the time. The number of people in the group had dropped over the years, so that there are now only two left. The Board confirmed that this practice should be continued.

B. Payroll Audits

Mr. Sears said that Calibre CPA Group recently performed payroll audits on Doyle Printing, Mosaic, and Mosaic Learning and reported that no payments are due from any of the companies.

C. 2013 Retiree Rates

Mr. Sears said the 2013 rates for the Kaiser Medicare plans and the Graphic Communications National Plan would be received within the next few weeks. He said he would prepare a spreadsheet of the rates and send them to the Trustees for review upon receipt. Revised contribution rates for these plans would need to be sent to retirees in December for a January 1, 2013 effective date.

D. February 2013 Open Enrollment

Mr. Sears said that once the renewal rates from Kaiser and Group Dental Service were received, the final 2013-14 contribution rates could be set by the Trustees. He said these should be ready at the next meeting in January. He noted that rates from National Vision Administrators and Mutual of Omaha are locked in until 2014. Because of the changes in the plans being offered, the Trustees directed that new enrollment applications be requested from each participant.

E. Notice of Privacy Practices

Mr. Sears reported that a Notice of Privacy Practices was sent to 209 Fund participants in October. This notice is mailed every three years and will be mailed again in 2015.

F. Fiduciary Liability Insurance

Mr. Sears said the fiduciary liability insurance premium of $3,450 was paid in October after consultation with Chair and Secretary, and that invoices for the waiver of recourse premiums would be sent to Trustees. On Motion made and seconded, the Trustees unanimously voted approval of the following resolution:

> **RESOLVED to approve the premium of $3,450 for the Fiduciary Liability insurance policy for the period October 16, 2012 through October 15, 2013.**

G. Life Insurance Beneficiary Cards

Mr. Sears reported that, at the Board's direction, the Fund Office mailed beneficiary cards to all participants eligible for life insurance and asked that they execute and return new forms. He noted that 99 of the 240 forms were returned. He said additional copies of the beneficiary form will be included in the 2013 open enrollment packet.

VII. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the next Board meeting to be held January 9, 2013 at the conference room of Associated Administrators in Landover, Maryland, commencing at 10:00 A.M.

VIII. ADJOURNMENT

There being no further business, the meeting was adjourned.

Respectfully submitted,

Edward Williams, Secretary

JMS