**INDUSTRY AND LOCAL NO. 338**
**PENSION AND WELFARE FUNDS**

Minutes of the Meeting of the Board of Trustees

Held on
June 19, 2014
at
Renaissance Westchester Hotel
White Plains, New York

The following Trustees were present:

| **UNION TRUSTEES** | **EMPLOYER TRUSTEES** |
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| Roberta Dunker | Theresa Bresten - via teleconference |
| Adrian Huff | Chris Palmer |
| Mickey Smith | JoEllen Vavasour |

Also present were:

Alicia Cochran – Associated Administrators, LLC
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP
Anne-Marie Sims – Associated Administrators, LLC
John Urbank – The Segal Company

Also present for a portion of the meeting was:

Adam Levine – SEI Investments

## I. CALL TO ORDER

The meeting was called to order at 10:22 a.m.

## II. FUND INVESTMENT CONSULTANT'S REPORT

Mr. Adam Levine of SEI Institutional Group was invited into the meeting. Mr. Levine distributed and reviewed the SEI report for the period ending May 31, 2014.

Mr. Levine discussed the firm's investment outlook and provided an overview of the capital markets.

For the Pension Fund, Mr. Levine reported that the ending market value as of May 31, 2014 was $90,133,461 and the fiscal year-to-date total rate of return was 14.80% compared to 13.22% for the index. Since inception with SEI (01/31/2011), the rate of return was 10.12%, compared to the 8.83% return for the index for that period. The current portfolio allocation as of May 31, 2014 is 38.6% US equity, 33.0% fixed income, 18.0% World equity - US, 3.7% hedge funds, 5.2% real estate, 1.1% other and 0.4% cash and equivalents.

Mr. Levine reported that the Welfare Fund's market value of assets was $5,590,408 as of May 31, 2014, and its fiscal year-to-date rate of return was 7.74%, compared to the 6.51% return for the index. Since inception with SEI (01/31/11), the rate of return was 6.81%, compared to the 5.52% return for the index. The asset allocation is 81.9% fixed income, 14.8% US equity, 3.3% international equity and 0% cash and equivalents.

Following extensive questions and answers, Mr. Levine was thanked for his report and excused from the meeting.

## III. <u>TRUSTEE APPOINTMENT</u>

Ms. Sims noted receipt of letters designating Ms. Roberta Dunker, Mr. Mickey Smith and Mr. Chris Palmer Trustees of the Funds. The Funds also received from all Trustees Acceptances of Trusteeship.

The Trustees welcomed Ms. Dunker, Mr. Smith and Mr. Palmer to the meeting. Ms. Sims said new Trustee packets containing the pertinent documents for the Pension and Welfare Funds and IFEBP publications on trustee responsibilities would be mailed to the new Trustees. She then provided an overview of Associated Administrators and the services the Administrative Manager provides to the Funds. Mr. Urbank and Ms. O'Leary also provided an overview of their services to the Funds during their presentations. In addition, it was noted that Trustee Vavasour, Trustee Bresten, and Ms. O'Leary had reviewed with Trustee Palmer prior to today's meeting the overall operations of the Funds and the issues facing the Funds, and that Ms. O'Leary had provided a broad overview of ERISA's requirements. Ms. O'Leary added that she had met with Trustee Dunker and Trustee Smith this morning and given a similar presentation. It was further noted that additional Trustee training is available through the IFEBP.

## IV. APPROVAL OF MINUTES

### A. April 24, 2014 meeting

The minutes of the meeting held on April 24, 2014, which were previously distributed, were reviewed. With Trustee Dunker, Trustee Smith and Trustee Palmer abstaining,

**MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on April 24, 2014.**

### B. May 22, 2014 meeting

The minutes of the meeting held on May 22, 2014, which were previously distributed by electronic mail, were reviewed. With Trustee Dunker, Trustee Smith and Trustee Palmer abstaining,

**MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on May 22, 2014.**

## V. ASSOCIATED ADMINISTRATORS, LLC REPORT

### A. Cash Operating Statements

Ms. Sims submitted the Cash Operating Statements for the Pension and Welfare Funds from July 1, 2013 through March 31, 2014. These reports are attached hereto as Exhibit "A".

**B. Disbursement Report**

Ms. Sims referred to the Authorization for Disbursements reports for the Pension and Welfare Funds for the months of July 1, 2013 through April 30, 2014. The reports are attached hereto as Exhibit “B”.

**MOTION was made, seconded and unanimously adopted authorizing the disbursements listed in Exhibit "B.”**

**C. Active Members & Retirees Receiving Benefits**

Ms. Sims referred to the report for the period from December 2013 through April 2014. The report is attached hereto as Exhibit “C”.

**D. Employer Contribution Rate Report**

Ms. Sims referred to the report in the meeting booklet and reviewed this report in detail. The report is attached hereto as Exhibit “D”.

**E. Delinquency Report (Welfare and Pension)**

Ms. Sims referred to the report in the meeting booklet and reviewed the report in detail. The report is attached hereto as Exhibit “E”.

**F. Withdrawal Liability (Pension)**

Ms. Sims referred to the report in the meeting booklet and reviewed the report in detail. The report is included at the bottom of Exhibit “E”.

**G. Authorized Signers (Pension and Welfare)**

Ms. Sims said that, due to the recent change in the Trustees, the authorized signers for Amalgamated Bank and SEI need to be updated. She requested that the Chief Executive Officer of Associated Administrators, Laura Walsh, be added as the authorized signer in order to simplify the invoice payment process. The Trustees requested that the Administrative Manager send an e- mail to all Trustees requesting approval to make payments prior to any invoice payment. They noted that if a response has not been received from all Trustees within three business days, the Trustees authorize issuing payment with the approval of two Union Trustees and two Employer Trustees.

**MOTION was made, seconded and unanimously adopted to approve changing the authorized signatory to Laura Walsh, CEO of Associated Administrators, LLC.**

### H. Teamsters Center Services ("TCS") Fund (Welfare)

Ms. Sims referred to the electronic mail dated June 12, 2014 contained in the meeting booklet. She said the TCS Fund is requesting a fee increase of $0.05 per member per month (pmpm) effective July 1, 2014 and $0.10 pmpm effective January 1, 2015. Ms. Sims stated the current rate is $1.70 pmpm. After discussion, the Trustees tabled the fee request pending additional program information from TCS, including a summary of utilization and discounts provided to the Fund.

### I. Fiduciary Liability Renewal (Pension and Welfare)

Ms. Sims reported that the Trustees via interim poll, based on the recommendation from Segal Select, approved the renewal of the Fiduciary Liability policy with Ullico/Alterra for the period June 10, 2014 through June 10, 2015 with a basic premium of $33,809. She said the liability waiver of recourse premium letters were mailed to the Trustees on June 10, 2014. Ms. Sims reported that the Administrative Manager would notify the broker of the newly appointed Trustees and Waiver of Recourse letters will be mailed to those Trustees accordingly.

### J. Patient-Centered Outcomes Research Institute ("PCORI") fee (Welfare)

Ms. Sims reported that the final regulations regarding the Patient Centered Outcomes Research Institute ("PCORI") fee had been released. The fees for self-insured plans must be filed by July 31, 2014 and apply for each Plan year from 2012 through 2018. For the first assessment year, the fee is $1 multiplied by the average number of covered lives. For the second assessment year, the fee increases to $2 multiplied by the average number of covered lives.

Ms. Sims provided an overview of the alternative methods provided in the regulations to determine the average number of lives covered under the Plan. She said that based on how the Fund's eligibility data is recorded in the system, if approved by the Trustees, the snapshot method would be utilized to determine the average number of lives. She noted that, utilizing this method, the count would be 934 and, if approved, the count will be provided to the Fund's Auditor along with a Fund check in the amount of $934 to file along with the Form 720 prior to the July 31, 2014 deadline.

**MOTION was made, seconded and unanimously adopted to approve the snapshot method for determining the average number of lives covered under the Welfare Plan, and to engage the Fund Auditor to assist with the filing of Form 720 and payment of the PCORI fee.**

**K. <u>Summary Annual Report (SAR) (Welfare)</u>**

Ms. Sims referred to the Summary Annual Report contained in the meeting booklet and reported that the notice was mailed timely on May 20, 2014 to Welfare Plan participants.

**L. <u>2014 Plan Year Summary of Benefits and Coverage ("SBC") (Welfare)</u>**

Ms. Sims referred to the SBCs contained in the meeting booklet and said the notices were mailed on June 2, 2014 to Plan participants.

**M. <u>Summary Plan Description ("SPD") (Pension and Welfare)</u>**

Ms. Sims stated that the Administrative Manager is in the process of updating the Fund's current SPD and expects to have a draft copy to the Funds' service providers and Counsel for review by August 2014.

## VI. SEGAL COMPANY REPORT

Mr. Urbank distributed and reviewed a copy of Segal's previously mailed June 19, 2014 memorandum regarding the information requirements for the July 1, 2014 zone certification required under the Pension Protection Act (PPA).

He noted that the Trustees must provide the Industry Activity assumption which, based on the Trustees' knowledge of the industry, is the number of active participants and work hours projected through June 30, 2021. For the 2013 certification, the Industry Activity assumption was that the number of active participants would decline to 316 actives and then remain level and, on average, contributions for 2,000 hours would be made for each active participant for each year. In the June 1, 2013 valuation, the number of actives was 326. Mr. Urbank noted that, according to the Administrator's members report, there were 306 active members in the Pension Fund in the months February through April 2014.

Following discussion,

**MOTION was made, seconded and unanimously adopted approving a projected industry activity assumption for the purposes of preparing the July 1, 2014 PPA zone status certification assuming a population of 306 active participants and an hour level of 2,000 hours per active participant per year**.

## VII. FUND COUNSEL REPORT

### Trust Agreement Amendments

Ms. O'Leary referred the Trustees to the proposed amendments to Article III of the Pension and Welfare Trust Agreements regarding selection of Trustees and related issues. She noted that the proposed amendments had previously been discussed by the Board of Trustees and that they incorporated the suggestions made by the Trustees with respect to the amendments. She added that the proposed amendments had previously been circulated by e-mail. After discussion, the Trustees agreed that the amendments, as presented, were appropriate for adoption.

**MOTION was made, seconded and unanimously adopted approving the amendments to Article III of the Trust Agreements for the Pension and Welfare Funds.**

Copies of the signed amendments to the Trust Agreements are attached hereto as Exhibit "F".

## VIII. NEXT MEETING DATES/ADJOURNMENT

The next regular meetings of the Board of Trustees are scheduled for Thursday, September 11 and Tuesday, November 18 at 10:00 a.m. With no further business to come before the Board, the meeting was adjourned at 12:45 p.m.

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| Employer Trustee | Union Trustee |
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| Employer Trustee | Union Trustee |
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| Employer Trustee | Union Trustee |

Exhibits:

A – Cash Operating Statements

B – Disbursement Report

C – Active Members & Pensioners Receiving Benefits Report

D – Employer Contribution Rate Report

E – Delinquency Report

F – Trust Agreements