Industry And Local 338
Welfare Fund

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Minutes of the Meeting of the Board of Trustees

Held on September 18, 2017
at
Teamsters Local 445 Union Office
Rock Tavern, New York

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
Lori Polesel – via conference call	Chris Palmer
Barry Russell	

Also present were:

Russell Bley – The Segal Company
Alicia Cochran – Associated Administrators, LLC
Brian Davis – Associated Administrators, LLC
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP

Also present for a portion of the meeting was:

Pat Blizzard – SEI Institutional Group

I. CALL TO ORDER

The meeting was called to order at 11:57 a.m.

II. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI Institutional Group joined the meeting. Mr. Blizzard distributed the SEI report for the period ending August 31, 2017. Mr. Blizzard discussed the firm's investment outlook and provided an overview of the capital markets.

Mr. Blizzard reported that the Welfare Fund's market value of assets was $7,223,801 as of September 31, 2017, and its fiscal year-to-date rate of return was 1.4%, compared to the 1.3% return for the index. Since inception with SEI (01/31/11), the rate of return was 5.18%, compared to the 4.21% return for the index. The asset allocation is 2.00% Small Cap Fund, 6.20% World Equity Ex-US Fund, 8.10% Large Cap Index Fund, 3.00% Dynamic Asset Allocation Fund, 29.80% Core Fixed Income Fund, 14.90% Limited Duration Fund, 2.00% High Yield Bond Fund, 14.90% Ultra Short Duration, 15.00% Opportunistic Income Fund, 2.00% Emerging Markets Debt Fund, 2.10% Emerging Markets Equity Fund, and 0% cash and equivalents.

Following discussion, the Trustees thanked Mr. Blizzard for his report and he was excused from the meeting.

III. APPROVAL OF MINUTES

The minutes of the meeting held on June 5, 2017, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on June 5, 2017.

IV. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2016 through June 30, 2017. The report is attached hereto as Exhibit "A."

B. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements report for the months of April, May and June 2017. 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. Cochran referred to the report for the period from January 2017 through December 2017. The report is attached hereto as Exhibit “C.”

D. Employer Contribution Rate Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit “D.”

E. Delinquency Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit “E.”

F. Administrative Manager’s Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit “F.”

G. Patient-Centered Outcomes Research Institute (“PCORI”) fee

Ms. Cochran stated the PCORI fee, imposed by the Affordable Care Act for self-insured group plans, was approved for payment by interim action on July 5, 2017. Ms. Cochran said the Trustees approved the snapshot method for the July 31, 2017 filing to determine the average number of lives covered under the Plan. She said the fee is $2.17 multiplied by the average number of lives covered under the Plan. Ms. Cochran said the auditor prepared the Form 720 and payment in the amount of $883.19 was mailed on July 27, 2017.

H. First Student Payroll Audit

Ms. Cochran reported that the prior First Student payroll audit was for the period January 1, 2012 through December 31, 2013. The Trustees requested that the Fund auditor perform an exit payroll audit for the locations that no longer have Collective Bargaining Agreements with Teamsters Local 445, which include Wallkill and Valley Central. Ms. Cochran said she would notify the Fund auditor.

V. CONSULTANT REPORT

A. Benefit Improvements

Mr. Bley reminded the Trustees that, at the last meeting, the following benefit changes were reviewed and approved, subject to approval from Trustee Polesel:

- Lower the current cost-sharing as follows: $500/$1,250 Deductible, 80% Coinsurance, and $2,500/$6,250 Medical/Hospital Out-of-Pocket Maximum to $250/$500 Deductible, 90% Coinsurance, and $1,500/$3,000 Medical/Hospital Out-of-Pocket Maximum;
- Improve X-Ray/Lab Test Coverage at 90% Coinsurance with No Deductible;
- Increase Specialty Care Copayment from $20 to $40; and
- Increase Emergency Room Copayment from $75 to $150.

Following discussion,

> **MOTION was made, seconded and unanimously adopted, to ratify the decision made by the Trustees to approve the above-listed benefit changes, effective January 1, 2018.**

It was noted that a Summary of Material Modification describing these changes will be mailed to participants with the upcoming Summary of Benefits and Coverage.

B. Cyber Liability Proposal

Mr. Bley reviewed the Cyber proposal from Segal Select. He noted that quotes were received from Travelers and Beazley and that Segal Select can support any of the Travelers' quotes based on the option of full prior acts coverage, a competitive retention, and a premium that remains lower than either Beazley quotations. Following discussion,

> **MOTION was made, seconded and unanimously adopted to select the cyber liability policy with Travelers at the $1-million limit of liability.**

C. Express Scripts – Standard Solution

Mr. Bley reported that on November 13, 2016 the United States Preventive Services Task Force (USPSTF) released its final recommendation on the use of statins for the primary prevention of cardiovascular disease (CVD). He noted that statins are a class of drug to help lower cholesterol levels in the blood and that they reduce the risk of heart attack, stroke or death by 25-30%. He reviewed the impact on the Fund to implement the Standard Solution for statins offered through Express Scripts, which is at no cost to the Fund to put into place. He noted that the recommendation goes into effect on November 13, 2017 and impacts any non-grandfathered as of November 13, 2017 or after, and that effective date for this Fund will be July 1, 2018. This topic was tabled.

D. Paid Family Leave (PFL)

There was a discussion on the New York Paid Family Leave Law (PFL). Mr. Bley reported that the New York PFL Law is a wage replacement program that will provide eligible employees with paid leave to (1) bond with a newborn, newly adopted child or new foster child, (2) take care of a family member with a serious medical condition, or (3) address circumstances arising from a family member's call to active duty with the military. All private employers with one or more employees are subject to the law. Ms. O'Leary explained that the law requires all NYS short-term disability insurance policies to automatically add a rider for PFL, effective January 1, 2018. She explained that the Fund could require employee payroll deductions to fund the cost of the PFL coverage, subject to the maximum deductions allowed by law which is currently 0.126% of the employee's weekly wage, up to and not to exceed, the New York State Average Weekly Wage (i.e., currently $1,305.92.) Following discussion, Ms. Cochran stated that she would reach out to Amalgamated Life for the pricing. It was noted that the Trustees may consider absorbing the expense for the first year and then revisit it.

VI. COUNSEL REPORT

A. Trustee Vacancy

Ms. O'Leary noted that, as the Trustees are aware, none of the other Contributing Employers has expressed an interest in serving as an Employer Trustee to fill the vacancy created by Trustee Vavasour's resignation as Trustee. She noted that other options to fill the vacancy are hiring a professional trustee or seeking to have a second Trustee appointed from the company which has appointed the one current Employer Trustee. She also noted that it would be permissible to amend the Trust Agreement to reduce the number of Employer Trustees from two to one, noting that the Trust Agreement provides for block voting and, as such, the Employer and Union Trustees would continue to have one vote each, even if there is an uneven number of Trustees on each side. After discussion, the Trustees agreed that the Trust Agreement should be amended to provide for a total of three Trustees, two of whom shall be Union Trustees and one of whom shall be an Employer Trustee.

MOTION was made, seconded and unanimously adopted to amend the Trust Agreement to provide for a total of three Trustees, two of whom shall be Union Trustees and one of whom shall be an Employer Trustee, effective immediately.

VII. NEXT MEETING DATE/ADJOURNMENT

The next regular meeting of the Board of Trustees is scheduled for Thursday, January 25, 2018 by conference call. With no further business to come before the Board, the meeting was adjourned at 12:28 p.m.

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Union Trustee	Employer Trustee
___________________________	___________________________
Union Trustee	Employer Trustee

Exhibits

A – Cash Operating Statement

B – Authorization for Disbursements

C – Active Members Report

D – Employer Contribution Report

E – Delinquency and Withdrawal Liability Report

F – Administrative Manager's Report