Industry And Local 338
Welfare Fund

911 Ridgebrook Road
Sparks, MD 21152-9451
Telephone No. (855) 412-3797 (toll free)
www.associated-admin.com

Minutes of the Meeting of the Board of Trustees

Held on December 7, 2016
at
Teamsters Local 445 Union Office
Rock Tavern, New York

The following Trustees were present:

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

Also present were:

Russell Bley – The Segal Company
Alicia Cochran – Associated Administrators, LLC
Brian Davis – Associated Administrators, LLC
Adam Levine – SEI Institutional Group
Peter Murray – Schultheis & Panettieri, LLP
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP

I. CALL TO ORDER

The meeting was called to order at 1:35 p.m.

II. AUDITOR'S REPORT

The Trustees welcomed Mr. Peter Murray from Schultheis & Panettieri, LLP ("S&P") to the meeting.

Mr. Murray distributed the Financial Statements for years ended June 30, 2016 and 2015, copies of which are attached hereto as Exhibit "A". He confirmed that the financial statements, in S&P's opinion, present fairly, in all material respects, the financial status of the Fund. Mr. Murray reviewed the audit report in detail. He reported that the Form 5500 and Financial Statements would be filed timely. He noted S&P's satisfaction with Associated's internal controls.

Mr. Murray was thanked for his presentation and excused from the meeting.

III. INVESTMENT CONSULTANT REPORT

Mr. Adam Levine distributed and reviewed the SEI report for the period ending October 31, 2016. Mr. Levine discussed the firm's investment outlook and provided an overview of the capital markets.

Mr. Levine reported that the Welfare Fund's market value of assets was $6,880,063 as of October 31, 2016, and its fiscal year-to-date rate of return was 0.58%, compared to the 0.03% return for the index. Since inception with SEI (01/31/11), the rate of return was 5.03%, compared to the 4.12% return for the index. The asset allocation is 2.20% Small Cap Fund, 6.50% U.S. Managed Volatility Fund, 6.20% Global Managed Volatility Fund, 3.20% Dynamic Asset Allocation Fund, 30.00% Core Fixed Income Fund, 29.0% Limited Duration Fund, 2.20% High Yield Bond Fund, 9.70% Ultra Short Duration, 9.90% Opportunistic Income Fund, 1.10% Emerging Markets Debt Fund, 0% cash and equivalents.

Mr. Levine referred to the Welfare Plan's strategic portfolios which showed the current asset allocations and he recommended adding an additional 5% allocation to the Large Cap Fund allocation.

After a discussion,

MOTION was made, seconded and unanimously adopted to accept SEI's recommendation to add an additional 5% to the Large Cap Fund allocation and to rebalance the policy according to Portfolio A as contained in SEI's report.

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

IV. APPROVAL OF MINUTES

The minutes of the meeting of the Board of Trustees held via conference call on August 19, 2016, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting of the Board of Trustees held via conference call on August 19, 2016.

V. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

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

B. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for the months of July, August, and September 2016. The reports are attached hereto as Exhibit "C."

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

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

Ms. Cochran referred to the report for the period January 2016 through December 2016. The report is attached hereto as Exhibit "D."

D. **Employer Contribution Rate Report**

Ms. Cochran reviewed this report in detail. The report is attached hereto as Exhibit "E."

E. **Delinquency Report**

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

F. **Administrative Manager's Report**

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "G."

G. **L.P. Transportation Memorandum of Agreement ("MOA")**

Ms. Cochran reported the receipt of an MOA between L.P. Transportation and Teamsters Local Union 445 for the period from August 16, 2016 through August 15, 2019. Ms. Cochran referred to a letter received from the employer requesting a credit for contributions overpaid for the period August and September 2016 due to the reduction in the contribution rate per the recent MOA. Trustee Palmer recused himself from this discussion and decision. After discussion, the Trustees approved the request of the employer for a contribution credit of $5,520.80.

MOTION was made, seconded and unanimously adopted to approve the above-stated request for a contribution credit.

H. Administrative Bank Account

Ms. Cochran said that an administrative bank account had been established during the transition from the prior Fund Office and due to no recent account activity, the Fund auditor had recommended closing the account. She confirmed with the auditor that the account was funded by both the Pension and Welfare Funds. Ms. Cochran said as of November 30, 2016 the account balance was $92,090.66 and that SEI had recommended investing the monies across the respective asset allocation for each Fund. She said the Fund auditor had recommended an allocation specific for each Fund based on the original funding of the account.

MOTION was made, seconded and unanimously adopted to approve the recommendation of the Fund auditor and distribute the monies in the administrative account in accordance with the allocation provided by the Fund auditor.

I. 2017 Summary of Benefits and Coverage

Ms. Cochran reported that the 2017 Summary of Benefits and Coverage was mailed to participants on December 2, 2016.

J. Transitional Reinsurance Program Fee ("TRP")

Ms. Cochran discussed the TRP fee. She explained that the ACA requires the Welfare Fund to participate in financing a temporary reinsurance fund to stabilize premiums in the individual market. Ms. Cochran said that, per interim action on November 7, 2016, the Trustees authorized the Administrative Manager to submit the application, utilize the snapshot method to determine the enrollment count, and remit the fee for 2016 in the amount of the fee is $10,638.00. She said that the application was filed on November 11, 2016.

VI. CONSULTANT REPORT

A. Enhanced DBL Renewal Effective January 1, 2017

Mr. Bley distributed and reviewed the Segal memorandum dated December 7, 2016 regarding the Enhanced DBL Renewal effective January 1, 2017. He reported that Amalgamated Life originally proposed no increase in the premium rate, and that Segal requested that Amalgamated Life provide the Fund's Enhanced DBL experience so that Segal could independently develop an analysis of the renewal action. Mr. Bley reported that, based on the analysis, there was a 72.5% claims to premium ratio over the most recent five-year period. Segal determined that this warranted a 12.5% decrease to the current rate of $12.00 per member per month to $10.50 per member per month. Following negotiations, Amalgamated agreed to the 12.5% reduction in the rate. Following discussion,

MOTION was made, seconded and unanimously adopted to approve the Enhanced DBL renewal effective January 1, 2017 at the 12.5% reduced rate.

B. Financial Experience and Budget Projections (FEBP)

Mr. Bley distributed and reviewed the FEBP Report for the fiscal year ended June 30, 2016. My Bley commented that the report provides three years of audited data through 2016 and three years of projected income and expenses beginning July 1, 2016. Mr. Bley reported that for fiscal year 2016 total income of $2.5 million exceeded the total expense of $1.4 million, thereby generating an operating surplus of $1,032,188. Taking into account the unrealized gain on investments of $43,833, the Fund experienced a total addition to net assets of $1,076.021. As of June 30, 2016, net assets, excluding Incurred but Not Reported (IBNR) claims reserves, totaled $7,544,438 for a reserve of 49.8 months.

Mr. Bley discussed the notable decline in enrollment (approximately 35%). The Fund's average participant count during fiscal 2016 was 145, down from an average enrollment of 222 participants during fiscal 2015. This significant decline in enrollment, along with an increase in run out claims for lives no longer covered by this Fund, has caused the fiscal 2015 Hospital and Medical per capita costs to spike.

Mr. Bley reported that during Fiscal years 2017 through 2019, based on 40 hours worked per week, the projected breakeven contribution hourly rates including margin are $6.19, $6.71 and $7.34 respectively. Mr. Bley concluded that if the projections reach fruition, the Fund will incur operating surpluses of $617,000, $438,300, and $330,500 with the Fund's net assets increasing to $8,161,438, $8,930,238, and $8,930,238 in fiscal years ending June 30, 2017, 2018, and 2019 respectively. The Fund's reserves will be 45.6 months of expenses as of June 30, 2019.

VII. NEXT MEETING DATE/ADJOURNMENT

The next regular meeting of the Board of Trustees is scheduled for Thursday, March 30, 2017. With no further business to come before the Board, the meeting was adjourned at 3:00 p.m.

___________________________	__________________________
Union Trustee	Employer Trustee
___________________________	___________________________
Union Trustee	Employer Trustee

Exhibits

A – Financial Statement

B – Cash Operating Statement

C – Authorization for Disbursements

D – Active Members Report

E – Employer Contribution Rate Report

F – Delinquency Report

G – Administrative Manager's Report