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 6, 2018
Via
Conference Call

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEE**
Lori Polesel	Chris Palmer
Barry Russell	

Also present were:

Russell Bley – The Segal Company
Pat Blizzard – SEI Institutional Group
Alicia Cochran – Associated Administrators, LLC
Deborah Dubbs – Associated Administrators, LLC
Ritu Kaur - Schultheis & Panettieri, LLP
Peter Murray – Schultheis & Panettieri, LLP
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP
Angelos Poulos – Schultheis & Panettieri, LLP

I. CALL TO ORDER

The meeting was called to order at 9:06 a.m.

II. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI referred the Trustees to the SEI report which was distributed electronically prior to the conference call.

Mr. Blizzard discussed SEI's investment outlook and provided an overview of the capital markets.

Mr. Blizzard reported that the Fund's market value of assets was $7,308,788 as of October 31, 2018, and its fiscal year-to-date rate of return was -0.70%, compared to the -0.73% return for the index. Since inception with SEI (01/31/11), the rate of return was 4.56%, compared to the 3.67% return for the index. The asset allocation is 1.00% Small Cap Fund, 5.60% World Equity Ex-US Fund, 5.00% US Equity Factor Allocation Fund, 4.10% Large Cap Index Fund, 3.00% Dynamic Asset Allocation Fund, 29.80% Core Fixed Income Fund, 15.20% Limited Duration Fund, 2.00% High Yield Bond Fund, 15.20% Ultra Short Duration, 15.30% Opportunistic Income Fund, 2.00% Emerging Markets Debt Fund, 1.80% Emerging Markets Equity Fund, and 0% cash and equivalents.

The Trustees thanked Mr. Blizzard for his report.

III. <u>AUDITOR REPORT</u>

Mr. Peter Murray of Schultheis & Panettieri, LLP ("Schultheis") referred the Trustees to the Payroll Audit Status Report which was distributed electronically prior to the conference call, a copy of which is attached hereto as Exhibit "A."

Mr. Poulos reviewed the report in detail which provided the status of all payroll audits performed by Schultheis. Mr. Poulos requested clarification of the provision in the Culinart Collective Bargaining Agreement ("CBA") regarding the contribution obligation. Trustee Polesel stated that she is familiar with the CBA and that the parties' intention was that employer contributions are required for employees who work 35 hours or more a week or employees who work 1,000 hours or more in a year.

Mr. Murray noted that the June 30, 2018 year end annual audit will be presented at the next meeting. Ms. O'Leary asked Mr. Murray to address the audit requirements going forward if the number of participants decline to fewer than 100. Mr. Murray stated that, subject to certain other requirements being satisfied, the requirement under ERISA to have an annual audit of plan financial statements by an independent qualified accountant only applies to plans with 100 or more eligible participants at the beginning of a plan year. He noted that plans with fewer than 100 participants, referred to as “small plans,” are still subject to reporting and disclosure obligations and stated that a more detailed review about whether to utilize the small plan waiver exemption should be had in the event of a decline in participants below 100.

The Trustees thanked Messrs. Murray, Poulos and Kaur for their report.

IV. APPROVAL OF MINUTES

The minutes of the meeting held on September 13, 2018, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on September 13, 2018.

V. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2018 through September 30, 2018. The report is attached hereto as Exhibit “B.”

B. Claims Paid Detail Report

Ms. Cochran reviewed a new report that provided the detail of medical claims paid by benefit from July 1, 2018 through September 30, 2018. The report showed paid claims by the following categories: anesthesia, hospital, in-patient substance abuse, laboratory and x-ray, medical and surgery. The report also indicated claims paid in-network and out-of-network. The report is attached hereto as “Exhibit C.”

C. <u>Disbursement Report</u>

Ms. Cochran referred to the Authorization for Disbursements report for the months of July, August and September 2018. The reports are attached hereto as Exhibit "D."

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

D. <u>Active Members and COBRA Participants Receiving Benefits</u>

Ms. Cochran referred to the report for the period from January 2018 through September 2018. The report is attached hereto as Exhibit "E."

E. <u>Employer Contribution Rate Report</u>

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

F. <u>Delinquency Report</u>

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

G. <u>Withdrawal Liability</u>

Ms. Cochran reviewed the report showing the Welfare Fund's withdrawal liability payments to the Pension Fund, noting that 55 out of 240 payments of $1,479.58 have been made as of September 30, 2018. The report is included at the <u>bottom</u> of Exhibit "G."

H. Administrative Manager's Report

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

I. Culinart Credit Request

Ms. Cochran referred to a letter received from the employer requesting a credit for contributions overpaid in error for a participant for the month of August 2018. Ms. Cochran confirmed that the participant did not have eligibility for the month in question. After discussion, the Trustees approved the request of the employer for a contribution credit of $1,160.00.

MOTION was made, seconded and unanimously adopted to approve the employer's credit request of $1,160.00.

J. Notice of Medicare Part D Creditable Coverage and Women's Health and Cancer Rights Act ("WHCRA")

Ms. Cochran said that the Notice of Creditable Coverage and WHCRA Notice were mailed to Plan participants and beneficiaries on September 26, 2018. The notices are attached hereto as Exhibit "I."

VI. CONSULTANT REPORT

A. Amalgamated Life Renewal Effective January 1, 2019

Mr. Bley reviewed the Segal memorandum regarding the Amalgamated Life Renewal, effective January 1, 2019, which includes Short-Term Disability ("Enhanced DBL") and New York State Paid Family Leave ("NYS PFL"). He noted that Amalgamated Life originally proposed to maintain the current rates for the Enhanced DBL coverage. However, based on the experience report, Segal appealed the renewal rate action and was successful in having Amalgamated agree to reduce the current Enhanced DBL rate from $9.25 to $7.00 per person per month, which amounts to $4,200 (24.3%) in annual savings. Mr. Bley reported that Amalgamated also proposed to increase the

NYS PFL from 0.126% to 0.153% of covered payroll. He noted that, although there have been no claims for this coverage to date, Amalgamated Life was not able to reduce the renewal rate since it is the state-mandated rate. Following discussion,

MOTION was made, seconded and unanimously adopted approving the Amalgamated Life Renewal, effective January 1, 2019.

B. Out-of-Pocket Maximum Limits

Mr. Bley next reported that effective January 1, 2019 the out-of-pocket limits ("OOP Max") under the Affordable Care Act are increasing to $7,900 for individual and $15,800 for family for in-network benefits only. He noted that the current OOP Max is set at $6,150 for an individual and $11,050 for family and reported that no participants have come close to reaching the OOP Max except on the prescription drug coverage. Ms. O'Leary explained that it is up to the Trustees whether to increase the Plan's OOP Max, stating that the Trustees have the option to increase the OOP Max to the amount set by law or to maintain a lower OOP Max.

Following discussion,

MOTION was made, seconded and unanimously adopted to keep the OOP Max at the current limits of $6,150 individual / $11,050 family and to continue to monitor the limits annually.

C. NEXT MEETING DATE/ADJOURNMENT

The next regular meeting of the Board of Trustees is scheduled for Thursday, March 7, 2019 by conference call. With no further business to come before the Board, the meeting was adjourned at 10:02 a.m.

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Union Trustee Employer Trustee

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Union Trustee

Exhibits

A – Employer Payroll Status Report

B – Cash Operating Statement

C – Claims Paid Detail Report

D – Authorization for Disbursements

E – Active Members Report

F – Employer Contribution Report

G – Delinquency and Withdrawal Liability Report

H – Administrative Manager's Report

I – Notice of Medicare Part D Creditable Coverage and Women's Health and Cancer Rights Act ("WHCRA")