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January 1, 2019

Board of Trustees
Industry & Local 338 Welfare Fund
c/o Associated Administrators, LLC
911 Ridgebrook Rd.
Sparks, MD 21152

RE: Consulting Services Agreement (2019 – 2020) – Industry & Local 338 Welfare Fund

Dear Trustees:

This Consulting Services Agreement (“Agreement”) describes the consulting services that The Segal Company Eastern States, Inc. (“Segal Consulting” or “we”) will provide to the Industry & Local 338 Welfare Fund (the “Fund”) on a regular basis and the fees we will charge for these services. It also outlines how we will be compensated for additional work the Board of Trustees (“Trustees”) may ask us to undertake.

This Agreement includes the terms and conditions under which Segal Consulting will provide certain actuarial and consulting services on a regular basis to the Fund that are presented in three separate sections: **PART A. General Consulting Services; PART B. Health Benefit Analytical Services;** and **PART C. Compliance Services.** The Agreement describes the Basic Annual Services and outlines the kinds of additional services that are not routinely required for standard, on-going maintenance and operation of the Fund, but that may be provided as Supplemental or Specialized Consulting Services.

The Agreement also includes the fees that we will charge for Basic Annual Services and outlines how we will be compensated for additional work that the Trustees may ask us to undertake for Supplemental or Specialized Consulting Services. Segal Consulting’s proposed fees are set forth in **PART D. Compensation for Services.**

Finally, this Agreement is subject to the terms specified in **PART E. Miscellaneous.**

It is difficult to predict whether the Fund will encounter complex problems or needs, or the extent to which our assistance will be needed in areas beyond the scope of our Basic Annual Services. Supplemental and Specialized Consulting Services include any other service not specifically described or contemplated as a Basic Annual Service, as well as any new work required after the effective date of this Agreement and any work associated with changes in legislation or regulation. Because such Supplemental and Specialized Consulting Services require expenditures of time and expense not anticipated as a Basic Annual Service, we will advise you when possible of the work involved and provide a fee estimate, upon request. Supplemental and Specialized Consulting Services shall be subject to all of the terms and conditions set forth herein.

Services provided in connection with the Patient Protection and Affordable Care Act (“PPACA” or “ACA”) will be Supplemental or Specialized Consulting Services.

Segal Consulting is being engaged solely to provide the actuarial and consulting services described in this Agreement. We do not provide legal or accounting services, nor do we provide investment consulting or management services, tax advice or act as a plan fiduciary. Any information, suggestions or materials that we provide regarding statutes, regulations or other legal matters, including but not limited to assistance in negotiating vendor/carrier agreements, do not constitute legal advice and are subject to the review and advice of Fund legal counsel. While we will work closely with the Fund staff and your other professionals and outside service providers, Segal Consulting is not responsible for services, information or materials provided to the Fund by individuals or organizations other than Segal Consulting, even if they relate to services that Segal Consulting is providing under this Agreement.

To enable Segal Consulting to perform the Basic Annual Services and any Supplemental or Specialized Consulting Services, the Fund and its administrator, Trustees, employees and agents agree to promptly provide Segal Consulting with such direction, materials, information and access to its representatives as Segal Consulting reasonably requests and all data needed to perform these services. Segal Consulting may rely upon such data and other information provided to it by such parties as being accurate and complete. For example, Segal Consulting may rely upon any information supplied by the Fund and its agents and employees regarding the administration of the Fund, including without limitation information concerning the interpretation of the Fund’s plan documents or matters involving the exercise of discretion by the Fund’s Trustees or administrator. Segal Consulting is not required to verify or audit any data or other information so provided, nor is it liable to the Fund or others if such information is inaccurate, misleading or false. In addition, to enable Segal to assist the Fund in working with life and health insurance carriers on the fund’s behalf, the Fund agrees to designate The Segal Company Eastern States, Inc., as the Fund’s broker of record.

PART A. General Consulting Services

1. Consultation

Basic Annual Services

Segal Consulting will be available for general consultation on Fund operations in such areas as plan design, funding, provider performance, administration, compliance and communications. Segal Consulting will report on the plan's overall progress and development and respond to routine questions and issues regarding the benefit program.

Supplemental Services

Examples include:

- Analysis of possible changes in funding methods; for example, an evaluation of whether the Fund should consider insurance versus self-insurance.
- Special studies on plan redesign and the resulting cost implications.
- Consultation on the design and implementation of a flexible benefit plan.
- Consultation on cost containment and managed-care, including selection or development of provider networks.

2. Negotiations with Vendors

Basic Annual Services

In the context of a routine renewal, we will negotiate with insurance companies, managed-care organizations, and other third party providers on their renewal rates and charges. This will include reviewing year-end settlements. Segal Consulting will assist and respond to routine dispute resolution with a vendor over claims administration. To the extent that the dispute is not routine, it will be considered a Supplemental Service.

Supplemental Services

Example include:

- Preparation and solicitation of competitive bids from insurance companies, managed-care organizations or other types of service providers and the related analyses.
- Initial contract negotiations with a new service provider or where there is a significantly revised relationship with an existing service provider.

3. Meetings

Basic Annual Services

Segal Consulting will attend meetings of the Board of Trustees, Trustees committee meetings and meetings with the professional advisors of the Fund, as part of our Basic Annual Services. If we are requested to attend more than 4 meetings in a year, we will do so for an additional fee based on our time, travel and other expenses. We will bill for our time and travel and other expenses for meetings held in a location other than in the New York City Metropolitan and Newburgh, N.Y. areas.

4. Minutes

Basic Annual Services

Segal Consulting will prepare a draft of Segal's reporting and provide such to the Fund Administrator to incorporate into the complete draft full minutes. Segal will review the complete draft based on our understanding of the events at the meetings.

5. Trends in Legislation, Benefits, and Plan Design

Basic Annual Services

By means of our publications and advisory reports, we will continue to keep you apprised of new developments in the employee benefits field. Questions regarding the interpretation and application of laws, regulations, rulings and court decisions are legal matters, subject to Fund legal counsel's advice.

Supplemental Services

Examples include:

- Work required by new legislation or regulations.
- Analysis, specific guidance or recommendations on compliance and implementation issues relating to new legislation or regulations.
- Surveys conducted for the Fund of benefit practices within a geographical area or industry.

6. Specialized Consulting and Other Supplemental Services

Examples of Specialized Consulting that we provide as a Supplemental Service include:

- **Mergers, Spin-offs, New Groups and Plan Terminations:** Consultation, actuarial calculations and preparation of special reports on plan mergers, spin-offs, new groups or plan terminations.
- **Compliance:** A compliance and operational review of the Fund.
- **Communications:** Specialized participant communications, including strategic communications planning, concept development, writing, benefit statements, media selection

(including Internet usage and Website development) and production oversight for graphic design, print and other media.

- **Investment Consulting Services:** Investment advisory consulting services through Segal Marco Advisors, Segal Consulting’s investment consulting affiliate, which shall be governed by a separate written agreement between the Fund and Segal Marco Advisors.
- **Administration and Technology Consulting Services:** The Administration and Technology Consulting (ATC) Practice provides clients with solutions that help them address their benefits administration and technology needs. ATC’s services support plan sponsors’ efforts to reduce administrative expenses, improve the quality of services delivered to their members and participants, and increase productivity.
- **Specialized Insurance Services:** Specialized insurance brokerage services (e.g., fiduciary liability insurance, fidelity bond insurance, cyber liability insurance, etc.) through Segal Select Insurance Services, Inc., our property casualty licensed insurance brokerage affiliate, which shall be memorialized in a separate written instrument (e.g., a broker of record letter) signed by the Trustees or Plan Administrator on behalf of the Plan.
- **Procurement of Stop Loss Insurance:** Services relating to the procurement of stop-loss insurance.
- **Legal Proceedings:** For assistance or participation in actual or anticipated disputes, investigations, arbitrations, litigation or other dispute resolution proceedings (collectively, “Legal Proceedings”). Examples of this type of Supplemental Service include (but are not limited to):
 1. Assisting Fund legal counsel in the analysis and development of the Fund’s legal position for Legal Proceedings.
 2. Preparing for, or testifying at, depositions, court hearings, proceedings conducted by the U.S. Department of Labor (the “DOL”), the Internal Revenue Service (the “IRS”), the Department of Health and Human Services (“HHS”), and similar Legal Proceedings.
 3. Responding to requests for documents and information in connection with Legal Proceedings to which the Fund is a party.

In the event that Segal Consulting is requested or compelled to participate in Legal Proceedings on behalf of the Fund, the Fund will pay all reasonable costs and fees that Segal Consulting incurs for such services, including attorney’s fees that Segal Consulting incurs in connection with Segal Consulting’s requested or compelled participation in Legal Proceedings on behalf of the Fund.

PART B. Health Benefit Analytical Services

1. Regular Annual Reporting

Basic Annual Services

Segal Consulting will prepare regular and routine information about the Fund for the Trustees. This information will include budget projections for upcoming years and will contain basic information on the Fund’s financial position. We will review contributions, other income,

expenses and the Fund's reserve position. We will provide information data on claims experience and other benefit-related expenditures and will review insurance carrier and other provider renewal proposals, as applicable. For insured benefits, Segal Consulting will also report on insurance carrier experience accountings and policy settlement analyses.

Supplemental Services

Examples include:

- Revised budget projections for evaluating major changes in the plan of benefits or eligibility rules.
- Detailed examination of claims experience for particular benefits.
- Studies of managed-care plans relating to reimbursement methodologies, network adequacy, cost management techniques or quality issues.
- Consultation regarding service provider profile and performance, predictive modeling, disease management, and integrated medical management.
- Detailed comprehensive reserve analysis.
- Analyses and calculations required by the ACA (calculations of minimum value, determination of affordability, etc.).
- Projecting the excise ("Cadillac") Tax under the ACA and developing strategies and approaches to avoid or mitigate the impact of the Excise Tax.
- Assistance with employer reporting requirements under the ACA.

2. Self-Insured Benefits

Basic Annual Services

If the Fund provides some or all of its benefits through self-funding, Segal Consulting will calculate the appropriate costs, reserves and claims trend factors that should be taken into account for sound plan financing and policy determinations.

Supplemental Services

Examples include:

Calculations related to the initial establishment of new self-insured benefits.

3. Data Request and Review.

Basic Annual Services

The review of contribution and reserve requirements, experience/rate setting and other analyses described above will require extensive data. Segal Consulting will prepare a detailed data request outlining what is necessary to perform these services and provide such request to the Fund administrator. We will also request the financial data required from the Fund's auditor and any other data or information required to complete our analysis, including where we do not prepare plan amendments, copies of the up-to-date plan and plan amendments.

Upon receipt of these data, Segal Consulting will examine them to determine whether, based solely on a review of the data, there appears to be missing information or internal consistency.

Supplemental Services

Examples include:

- Converting data from the format presented to the format requested.
- Reconciling data that contains errors, duplicate records or missing information.

4. COBRA

Basic Annual Services

Segal Consulting will calculate recommended amounts for premiums for COBRA coverage to be charged to former participants and family members who elect to continue the Fund's benefits. We will provide technical expertise on general COBRA administration questions, but Segal Consulting will not administer COBRA.

Supplemental Services

Examples include:

- Preparation of revisions to COBRA Notices and forms, including updates.
- Preparation of COBRA manuals.
- Review of COBRA procedures and report regarding the operational issues with COBRA administration.

5. Annual Government Filings and Audits

Basic Annual Services

Segal Consulting will supply information that is reasonably available to us for the Annual Return/Report (Form 5500). Segal Consulting will not be responsible for preparation of the Form 5500 as a basic service but will review portions of the Form 5500 as prepared by the Fund administrator or auditor that relate to Segal Consulting's services. Segal Consulting will have no

responsibility for certifying or validating any numbers, costs or figures prepared by the Fund's auditor or Fund administrator.

Supplemental Services

Examples include:

- Procedures, calculations and determinations required for compliance with accounting and auditing standards.
- Preparation of Annual Return/Report (Form 5500). In providing these Supplemental Services, Segal Consulting as noted above, is not responsible for information provided to the Fund by others, and may rely on the accuracy and completeness of information that others provide to Segal Consulting.
- Significant additional filings required by new legislation, or legislation that significantly increases the work required to prepare the current filings.

6. Customized Audits

Supplemental Services

Example include:

- Claims Audits-auditing the accuracy and quality of insurance companies and other third party providers in their payment of claims.
- Evaluating and advising on whether performance and contract guarantees have been met and negotiating adjustments in the charges or services.
- Other audits including eligibility audits, prescription drug plan audits, fraud and abuse audits.
- Medicare Part D creditable coverage testing and Notices of Creditable or Non-Creditable Coverage, filing Notices of Creditable Coverage with CMS.

PART D. COMPLIANCE SERVICES

1. Application and Interpretation of the Plan

Basic Annual Services

Segal Consulting will consult on the cost, administrative and plan design aspects of the Health Plan and questions that arise during the normal course of operation and, as a result, of routine claims and appeals. As noted, however, interpretation of the plan is the responsibility of others to whom that role is entrusted to under the plan and applicable law.

Segal Consulting does not advise on matters regarding medical or scientific judgment, such as questions on the efficacy of medical treatment or medical necessity. However, Segal Consulting will offer general advice on where to find sources of qualified assistance on matters that require medical or other scientific expertise.

Supplemental Services

Examples include:

- Assistance in complying with regulations or other such guidance and with claims or appeals raising complex issues or requiring detailed record searches and review of historical plan provisions.
- Assistance or participation in litigation, arbitration, investigations, administrative proceedings, or the analysis or documentation of claims.

2. Plan Changes

Basic Annual Services

Segal Consulting will provide advice and assistance in evaluating and implementing routine plan changes authorized by the Trustees, including changes in plan cost, changes in premium rates, and changes in benefits.

Supplemental Services

Examples include:

- Drafting or reviewing plan amendments and formal Trustee resolutions to reflect plan interpretations, benefit changes made by the Trustees, new or newly effective tax laws, regulations, judicial precedents, or regulatory or administrative interpretations. Consulting, drafting or reviewing such amendments, restatements, resolutions or other plan documents.
- Any changes to the Plan or work performed in connection with a change in bargaining representation or the collective bargaining agreement.

As noted, Segal Consulting does not provide legal services, and any plan amendment, Trustee resolution or similar documentation that we prepare will be prepared in draft form, subject to the review and approval of Fund legal counsel and will not be considered final until it has received that review and approval.

3. Communication with Participants

Basic Annual Services

Segal Consulting will consult with the Trustees, Fund legal counsel and the Fund office to assist in the preparation of notices to plan participants, including (i) identification of information that will be covered and (ii) review of information prepared by others.

Supplemental Services

Examples include:

- Drafting or coordination of production of a new or revised summary plan description.
- Preparation of notices and other explanatory material.

- Preparation of notices required by regulation.

Any legal notice or similar documentation that we prepare (or assist in preparing) shall be subject to the review and approval of Fund legal counsel and shall not be considered final until it has received that review and approval.

4. Fund Administration Support

Basic Annual Services

Segal Consulting will consult with the Fund administrator as reasonably requested with regard to routine changes in forms and procedures and general recordkeeping questions. Compliance with the recordkeeping requirements of laws or regulations are matters subject to the advice of Fund legal counsel. We will be available to assist Fund legal counsel and for consultation on non-legal issues.

Supplemental Services

Examples include:

- Preparation of and Fund office training on basic forms and administrative procedures.
- Assistance with recruitment and other human resource matters.
- Assistance with qualified medical child support orders and other child and family support issues.
- Review and consulting on Fund office administrative procedures, recordkeeping and information systems, including vendor searches, evaluation and monitoring.

PART D. Compensation for Services

Basic Annual Services

Our annual fee for providing these Basic Annual Services will be \$50,000 for the years commencing January 1, 2019 and January 1, 2020, payable quarterly in advance.

Additional fees may be assessed for premium services such as requests for expedited services.

The Fund may provide incidental meals or refreshments to Segal Consulting staff in connection with Fund meetings and other Fund events.

Routine expenses such as photocopying, telephone calls, facsimiles, mailing costs, and secretarial and word processing services are included in our fees. Unusual or unexpected expenses may be billed separately following consultation with and approval of the Trustees.

In the event we are required to spend significantly more time than anticipated because of circumstances beyond our control, we will inform you and bill separately for those services.

Supplemental and Specialized Consulting Services

Fees for Supplemental Services generally will be charged on a time charge basis or, in some instances, may be charged on a project basis. Specialized Consulting Services are generally charged on a project basis. Supplemental and Specialized Consulting Service charges will be billed monthly in arrears unless agreed to otherwise.

Insurance Commissions

Any commissions Segal Consulting receives for the placement of life and health products (e.g. Stop Loss insurance) directly related to this Agreement will be in addition to the fees described above.

Services provided by and commissions paid to Segal Select Insurance Services, Inc. are not covered by this Agreement.

Supplemental Compensation:

We also participate in supplemental compensation arrangements with some insurance companies that may result in additional compensation payable to us where we are designated as broker of record. Supplemental compensation payments generally are based on volume of new sales of insured business placed with insurance carriers with amounts determined on Segal Consulting's and its affiliates' total book of business. Where the insurance companies allocate and report specific amounts by client and the client has agreed to allow Segal Consulting to accept supplemental compensation payments, allocable amounts earned by Segal Consulting will (i) be reported on Schedule C of the applicable client's Form 5500 and (ii) be used towards research and development costs incurred for the tools and analytics used to support our and our affiliates' client work. In cases where the client explicitly prohibits the participation in any supplemental compensation programs, Segal Consulting will notify the insurance company to withdraw that client from any supplemental compensation program offered by the insurers. In cases where the supplemental compensation received is based on the aggregate results of Segal Consulting and its affiliates without client specific allocations, Segal Consulting and affiliates apply those monies to invest in National Health Practice research and development costs incurred in developing the tools and analytics used to support our and our affiliates' client work.

PART E. Miscellaneous

To assure continuity of services to the Fund, this Agreement will renew automatically at the end of its term, subject to fees negotiated by the parties. It is understood that adjustments to this Agreement upon renewal may be made in any post-Agreement annual period, on a mutually agreed upon basis, and may be reflected in resolutions or motions adopted by the Trustees or in separate correspondence, without formal amendment to this Agreement. This Agreement is subject to cancellation by either party upon 30 days advance written notice.

If this Agreement is terminated on a date other than an anniversary date, Segal Consulting will be reimbursed for all time charges incurred from the beginning of the then current contract year to the date of termination, up to a maximum of the balance of that year's annual fee.

Segal Consulting is not responsible for work or work product developed prior to the date of Segal Consulting's retention as actuary and consultant even if such development is first brought to the attention of the Trustees and Fund professionals as a result of Segal Consulting's provision of services to the Fund.

This Agreement is binding on the parties to it as well as on the participants, beneficiaries, and fiduciaries of the Fund.

Any disputes relating directly or indirectly to this Agreement, or to Segal Consulting's services to the Fund, will be mediated under the auspices of the Judicial Arbitration and Mediation Service ("JAMS") as a condition precedent to the commencement of any legal proceeding regarding such dispute.

All persons bound by this Agreement waive any right to a trial by jury in any action, suit, or proceeding arising out of this agreement, or any other agreement or transaction between the parties.

This Agreement sets forth the entire agreement between the parties as to the subject matter hereof and merges all prior discussions between them. No party is bound by any conditions, definitions, warranties, understandings or representations with respect to such subject matter other than as expressly provided herein, or as set forth in a written amendment to this Agreement that is executed by all parties.

Very truly yours,

Segal Consulting.



John P. Urbank
Vice President/Benefits Consultant

Russell Bley



Benefits Consultant

Agreed to on behalf of the Board of Trustees of the Industry & Local 338 Welfare Fund by:

Union Trustee

Date

Employer Trustee

Date