Industry And Local 338
Welfare Fund

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Minutes of the Meeting of the Board of Trustees

Held on March 30, 2017
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	

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
John Urbank – The Segal Company

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 12:23 p.m.

II. INVESTMENT CONSULTANT REPORT

Mr. Pat Blizzard distributed and reviewed the SEI report for the period ending February 28, 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 $7,005,984 as of February 28, 2017, and its fiscal year-to-date rate of return was 2.47%, compared to the 1.28% return for the index. Since inception with SEI (01/31/11), the rate of return was 5.08%, compared to the 4.11% return for the index. The asset allocation is 2.00% Small Cap Fund, 5.20% World Equity Ex-US Fund, 3.10% Large Cap Fund, 4.20% Large Cap Index Fund, 3.10% Dynamic Asset Allocation Fund, 29.9% Core Fixed Income Fund, 29.6% Limited Duration Fund, 2.10% High Yield Bond Fund, 9.90% Ultra Short Duration, 9.90% Opportunistic Income Fund, 1.00% Emerging Markets Debt Fund, 0% Daily Income Government Fund, and 0% cash and equivalents.

Mr. Urbank noted the Fund's significant level of reserves and suggested that the Fund's current asset allocation be reviewed to determine whether any changes, such as possibly taking on additional risk in return for higher expected returns, might be considered. Mr. Blizzard agreed to review this matter and report back to the Trustees although he expressed hesitation about adding an allocation to alternative investments given the size of the Fund and lock up periods.

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

III. APPROVAL OF MINUTES

The minutes of the meeting of the Board of Trustees held on December 7, 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 on December 7, 2016.

IV. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2016 through December 31, 2016. The report is attached hereto as Exhibit "A."

B. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for the months of October, November, and December 2016. The reports are attached hereto as Exhibit "B."

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

C. Delinquency Report

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

D. Employer Contribution Rate Report

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

E. 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 "E."

F. Administrative Manager's Report

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

G. Summary Annual Report ("SAR")

Ms. Cochran reported that the SAR was mailed to Plan participants on March 28, 2017.

H. Trustee Resignation

Ms. Cochran reported that a Trustee resignation letter was received from Ms. Jo Ellen Vavasour noting her resignation as of January 1, 2017. She reported that Ms. Vavasour advised that her employment with the College of New Rochelle was ending on December 31, 2016 and, at that time, she would no longer be affiliated with a participating employer. Ms. Cochran said that letters were sent to Culinart, Inc., Paraco Gas Corporation, and Mondelez Global, LLC regarding the Employer Trustee vacancy. She said that no responses have been received from the employers. Trustee Palmer advised that he spoke with Paraco and that it may be interested in nominating a Trustee.

I. Payroll Audits

Ms. Cochran provided an update regarding the employers audited by the Fund auditor, Schultheis & Panettieri, LLP. Ms. Cochran reported that (a) the Mondelez Global LLC audit for the period from January 1, 2014 through December 31, 2015 reflected findings of $1,970.49 and that full payment was received, (b) the L. P. Transportation, Inc. audit for the period from January 1, 2014 through December 31, 2015 reflected findings of $13,382.16 and that full payment was received, and (c) the Paraco Gas Corporation audit for the period from January 1, 2014 through December 31, 2015 reflected findings of $6,408.40 and that full payment was received.

J. Patient Protection and Affordable Care Act of 2010 (ACA): Reporting Requirements

Ms. Cochran reported that ACA Sections 6055 and 6056 require self-insured multiemployer plans and applicable large employers to report information related to health care coverage of covered individuals by filing Form 1094 or 1095-B, or Form 1094 or 1095-C with the IRS and to furnish a statement to each responsible individual for health coverage provided in 2016. She said the Form 1095-B was mailed to Plan participants on February 2, 2017.

V. CONSULTANT REPORT

A. COBRA Rates

Mr. Bley distributed and reviewed the COBRA rates for the year beginning April 1, 2017. The individual Core rate increased from $489.14 to $493.86, while the individual Non-Core rates (with dental and optical) increased from $503.08 to $510.42. The family Core and Non-Core rates increased from $1,220.61 to $1,232.77 and from $1,258.26 to $1,277.48, respectively. Following discussion,

MOTION was made, seconded and unanimously adopted approving the above COBRA rates effective April 1, 2017.

B. Stop Loss Insurance

Mr. Urbank distributed and reviewed a memorandum detailing the Fund's stop loss insurance renewal, effective April 1, 2017. He reported that the Fund is currently paying a rate of $56.04 for stop loss coverage with an attachment point of $150,000, through HCC Life. Mr. Urbank reported that, effective April 1, 2017, HCC Life proposed increasing the Fund's specific stop loss rate by 9.14% from $56.04 to $61.16 per participant per month. This increase represents an additional $9,100 in annual premium. As an alternative, if the specific stop loss attachment point was increased from $150,000 to $160,000 per individual, HCC Life would waive the rate increase. This alternative reduces the proposed annual premiums by $9,100, but the Fund would assume an additional risk of $10,000 per individual. Mr. Urbank noted that it is common for specific stop loss renewals to receive "leveraged trend" increases in the range of 13.5% - 24.5%. However, despite the renewal offer being below "leveraged trend" parameters and reasonable, Segal solicited proposals from 18 stop loss carriers. Of the 18 vendors, only HCC Life and Berkeley submitted proposals and the remaining carriers declined to quote indicating they could not be competitive. The Berkeley offer for the same terms as the expiring policy was $286,200, which is

$177,600 higher than HCC Life's quote of $108,600. Therefore, Segal recommends accepting either of the options offered by HCC Life. Following discussion,

MOTION was made, seconded and unanimously adopted approving the specific stop loss insurance renewal proposal of HCC Life at the $160,000 attachment point with no premium increase.

C. **Empire JAA Renewal**

Mr. Urbank reported that Empire proposed a 0.5% increase in the JAA fee and a 6.2% increase in the Healthlink fee for an estimated annual fee increase of $2,200 based on the current covered lives of 393 and 143 contracts (members), respectively.

Mr. Urbank commented that both increases were appropriate and competitive given the size of the group. Following discussion,

MOTION was made, seconded and unanimously adopted accepting the Empire JAA renewal effective May 1, 2017.

VI. COUNSEL REPORT (Revised Legal Services Agreement)

Ms. O'Leary referred to her March 28, 2017 e-mail and her report during the February 16, 2017 conference call in which she advised that she performed significantly less work for the Welfare Fund in 2016 than she has in prior years and she proposed changing from an annual retainer to an hourly rate ($400 for partners/counsel, $325 for associates and $125 for paralegals). She noted that the proposed rates are less than her standard hourly rates. Ms. O'Leary noted that the redlined agreement that she had circulated reflected the suggested revisions. She also stated that the proposed agreement includes an annual maximum equal to the current annual retainer of $28,500, subject to the current exclusion of any litigations or investigations from the retainer. Ms. O'Leary stated that, although not required under the current agreement, she has proposed that her firm's first 30 hours of work for the Welfare Fund beginning on January 1, 2017 be performed at no charge to the Fund in light of the low utilization of legal services in 2016. The Trustees advised that they had reviewed the proposed revised agreement and found it acceptable but requested that billing continue on a quarterly basis rather than the proposed monthly basis. Ms. O'Leary agreed to this change and thanked the Trustees.

MOTION was made, seconded and unanimously adopted to approve the proposed revised legal services agreement, subject to billing on a quarterly basis, effective January 1, 2017.

VII. NEXT MEETING DATE/ADJOURNMENT

The next regular meeting of the Board of Trustees is scheduled for Monday, June 5, 2017 by conference call. With no further business to come before the Board, the meeting was adjourned at 1:20 p.m.

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Union Trustee	Employer Trustee
___________________________	___________________________
Union Trustee	Employer Trustee

Exhibits:

A – Cash Operating Statement

B – Authorization for Disbursements

C – Delinquency Report

D – Employer Contribution Rate Report

E – Active Members & Pensioners Receiving Benefits Report

F – Administrative Manager's Report