Industry And Local 338
Welfare Fund
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Minutes of the Meeting of the Board of Trustees

Held on January 25, 2018
Via
Conference Call

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
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
Peter Murray – Schultheis & Panettieri, LLP
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP
John Urbank – The Segal Company

I. CALL TO ORDER

The meeting was called to order at 12:00 p.m.

II. AUDITOR REPORT

Mr. Murray reviewed the Financial Statements for the Plan Years ended June 30, 2017 and 2016, copies of which are attached hereto as Exhibit "A." The Financial Statement and upcoming Form 5500 and Form 990 filings had been previously posted to the Trustee Portal. He confirmed that the Financial Statements, in the opinion of Schultheis & Panettieri, LLP ("S&P"), present fairly, in all material respects, the financial status of the

Fund. Mr. Murray reviewed the audit report, Form 5500, and Form 990 in detail. He reported that the Form 5500, Form 990 and Financial Statements would be filed on time. He noted S&P's satisfaction with Associated's internal controls. He also stated that, given the size of the Fund, its administrative expenses compare favorably to industry norms.

Mr. Murray noted that the current annual fee for the annual audit is $36,000 and that he is proposing the fee remain at $36,000 for the audit of the 2017 Plan Year. He then requested an increase in the hourly rates for the payroll audits. Mr. Murray requested that the current hourly rates of $75, $110, and $185 be increased to $85, $125, and $210. He noted that the current rates are intended to result in a blended hourly rate of $85 and that the proposed rates are intended to result in a blended hourly rate of $95. The Trustees reviewed the total payroll audit fees and payroll audit findings. The Trustees inquired whether S&P recommends any changes to the current payroll audit procedures that might achieve efficiencies and cost-savings. They also inquired as to S&P's recommendations regarding the payroll audit cycle. After discussion, it was agreed that Mr. Murray would prepare recommendations regarding the current payroll audit procedures for review with the Trustees. S&P's request for a fee increase was tabled pending discussion of S&P's recommendations.

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

III. INVESTMENT CONSULTANT REPORT

Mr. Blizzard distributed the SEI report for the period ending December 31, 2017. Mr. Blizzard discussed the firm's investment outlook and provided an overview of the capital markets.

Mr. Blizzard reported that the Fund's market value of assets was $7,370,590 as of December 31, 2017, and its fiscal year-to-date rate of return was 3.54%, compared to the 3.03% return for the index. Since inception with SEI (01/31/11), the rate of return was

5.23%, compared to the 4.26% return for the index. The asset allocation is 2.10% Small Cap Fund, 6.50% World Equity Ex-US Fund, 8.60% Large Cap Index Fund, 3.20% Dynamic Asset Allocation Fund, 29.40% Core Fixed Income Fund, 14.60% Limited Duration Fund, 2.00% High Yield Bond Fund, 14.60% Ultra Short Duration, 14.80% Opportunistic Income Fund, 2.00% Emerging Markets Debt Fund, 2.20% Emerging Markets Equity Fund, and 0% cash and equivalents.

Based on the current cash balance, Mr. Urbank recommended that if the Fund's cash flow remains positive, the Trustees consider increasing the allocation of the Fund's investments. Ms. Cochran said that she would monitor the cash flow and report back to the Trustees as appropriate.

Mr. Blizzard requested the permission of the Trustees to include the Fund's name on SEI's client list as well as to provide a description of the services SEI provides to the Fund in sales presentations to prospective clients. He said the consent form was sent to Fund Counsel for review. Elizabeth O'Leary said there were no issues with this request and the Trustees approved the request, noting the first two options, as described, were acceptable to check off on the consent form.

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

IV. APPROVAL OF MINUTES

The minutes of the meeting held on September 18, 2017, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on September 18, 2017.

V. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

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

B. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements report for the months of July, August and September 2017. 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 from January 2017 through December 2017. The report is attached hereto as Exhibit "D."

D. Employer Contribution Rate Report

Ms. Cochran reviewed the 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. Participant Appeal

Ms. Cochran referred the Trustees to the detailed appeal memorandum on the following matter and, after consideration and application of the rules of the Fund to this case, the Trustees made the following decision:

Appeal Number	Issue	Board Decision
M18/100-1675 Exhibit "H"	Hospital/Medical – Excluded Services	Denied

H. Fidelity Bond Renewal

Ms. Cochran referred to a Memorandum provided by Segal Select Insurance ("Segal Select") regarding the Fidelity Bond Renewal. The Memorandum is attached hereto as Exhibit "I." She said that the current bond expires on February 15, 2018. Ms. Cochran noted that Chubb, the current carrier, is requesting a 24% increase in premium for a three-year period, but that Chubb is also awaiting submission of an additional application which may reduce the requested 24% premium increase. Mr. Bley provided an overview of fidelity bonds and the renewal process. After discussion, the Trustees tabled this discussion until a final proposal is available from Segal Select.

I. First Student Credit Request

Ms. Cochran referred to a letter received from First Student requesting a credit for contributions overpaid in error for a participant for the period from June through August 2017. Ms. Cochran confirmed that the contributions were paid in error and that the participant did not have eligibility for the period during which contributions were overpaid. After discussion, the Trustees approved the request of the employer for a contribution credit of $4,082.00.

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

J. Summary of Benefits and Coverage ("SBC") and Summary of Material Modification ("SMM")

Ms. Cochran said that the 2018 SBC and SMM were mailed to Plan participants and beneficiaries on December 11, 2017.

K. 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 October 3, 2017.

L. International Brotherhood of Teamsters Data Request

Ms. Cochran reported receipt of the annual data request. The Trustees approved sending the requested information normally sent on an annual basis and publically available.

VI. CONSULTANT REPORT

A. Basic Life, AD&D, and Enhanced DBL Renewal effective January 1, 2018

Mr. Bley reviewed the Basic Life, AD&D, and Enhanced DBL renewal provided by Amalgamated Life, effective January 1, 2018. He noted that Amalgamated proposed to maintain the current rates as expiring. Based on the Amalgamated Life's experience report, the Basic Life has had a 98% claims to premium ratio and the Enhanced DBL has had a 67% claims to premium ratio over the most recent five-year period. Mr. Bley reported that, while the offer to maintain the Life and AD&D was fair, Segal appealed the Enhanced DBL rate renewal action. After further negotiation, Amalgamated Life has agreed to reduce the Enhanced DBL rate from $10.50 pppm to $9.25 pppm, which amounts to $2,300.00 in annual savings. In addition, Amalgamated proposed a two-year rate guarantee through December 31, 2019 for the Life and AD&D coverages, and a one-year rate guarantee through December 31, 2018 for the Enhanced DBL coverage. Mr. Bley stated that Segal finds the renewal as revised to be acceptable. Following discussion,

MOTION was made, seconded and unanimously adopted approving the Basic Life, AD&D and Enhanced DBL renewal with Amalgamated Life on the above-stated revised terms, effective January 1, 2018.

B. COBRA Rates & Stop Loss

Mr. Urbank reported that the COBRA Rates and Stop Loss renewal, effective April 1, 2018, would be distributed prior to the April 6, 2018 Board of Trustees' meeting. The Trustees' agreed that an email poll would be conducted and the decision would be ratified at the April 6, 2018 meeting.

C. Hourly Contribution Rates

The Union Trustees stated that they understand a $7 hourly contribution rate is sufficient for ongoing and upcoming negotiations. Mr. Urbank responded that based on the current reserve level, a $7 hourly contribution rate is sufficient for the next two years.

Discussion ensued regarding the financial status of the College of New Rochelle ("CNR"), and the potential impact on the Fund if CNR and, by extension, Culinart/Compass ceased participating in the Fund. Mr. Urbank noted that Segal's projections for the next three years will be available in June and that perhaps additional information will be known by then.

VII. COUNSEL REPORT

A. Trust Agreement Amendment

Ms. O'Leary referred the Trustees to the proposed Trust Agreement Amendment which had previously been posted on the Trustee Portal. She stated that the proposed amendment reflects the reduction in Employer Trustees from two Trustees to one Trustee. She noted that the reduction in the number of Employer Trustees does not affect the current block voting procedure in which the Union Trustees and the Employer Trustee each have a single vote. She reviewed the revisions to the procedure for filling an Employer Trustee vacancy and the revisions to the quorum requirement. After discussion, the Trustees approved the Trust Agreement Amendment as presented.

MOTION was made, seconded and unanimously adopted to adopt the Amendment to the Trust Agreement as presented.

Trustee Palmer stated that he may seek to have someone appointed as an alternate Employer Trustee.

B. <u>New York State Paid Family Leave</u>

Ms. O'Leary referred to the Trustees' prior discussions of the New York State Paid Family Leave ("PFL") requirement that became effective on January 1, 2018. She noted that, as required by law, Amalgamated Life has added a PFL rider to the Fund's short-term disability coverage for 2018 for the state-mandated maximum charge of 0.126% of a participant's weekly wage, subject to an annual maximum of $85.56 per participant (assuming the participant earns an amount equal to or greater than the New York State Average Weekly Wage ($1305.92 per week)). Mr. Bley noted that the total additional annual cost is expected to be approximately $13,000, and that, upon the next renewal, Amalgamated will determine if additional charges are needed. Ms. O'Leary noted that at the September 18, 2017 meeting, the Trustees tabled the decision of whether the Fund should collect the premium from participants, which is permissible under the law, or whether the Fund will cover this cost, at least for the first year in which PFL is in effect. She noted that the Trustees had discussed the possibility of having the Welfare Fund absorb the expense for the first year and then revisiting it but had not made a final decision. Following discussion, and based on the minimal cost at issue and the administrative burden of collecting the premium from employee paychecks, the Trustees approved having the Fund pay the cost of PFL coverage for the first year and agreed to revisit the issue upon renewal.

MOTION was made, seconded and unanimously adopted to have the Fund pay the cost of PFL coverage for 2018 and to re-visit whether the Fund should continue to pay the cost in future years.

VIII. NEXT MEETING DATE/ADJOURNMENT

The next regular meeting of the Board of Trustees is scheduled for Thursday, June 7, 2018 at 9:00 a.m. A tentative meeting is scheduled for Friday, April 6, 2017 via conference call. With no further business to come before the Board, the meeting was adjourned at 1:36 p.m.

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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 Report

F – Delinquency and Withdrawal Liability Report

G – Administrative Manager’s Report

H – Participant Appeal

I – Fidelity Bond Renewal