Industry And Local 338
Welfare Fund

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Minutes of the Meeting of the Board of Trustees

Held on June 5, 2017
Via
Conference Call

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
Barry Russell	Chris Palmer

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[1]

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 11:15 p.m.

II. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI Institutional Group joined the meeting. Mr. Blizzard referred to the previously distributed SEI report for the period ending April 30, 2017. Mr. Blizzard discussed the firm's investment outlook and provided an overview of the capital markets.

[1]Joined the conference call at 11:52 a.m.

Mr. Blizzard reported that the Welfare Fund's market value of assets was $7,065,550 as of April 30, 2017, and its fiscal year-to-date rate of return was 3.40%, compared to the 2.00% 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, 4.20% Large Cap Index Fund, 3.10% Large Cap Fund, 2.10% High Yield Bond Fund, 3.20% Dynamic Asset Allocation Fund, 29.70% Core Fixed Income Fund, 29.5% Limited Duration Fund, 5.40% World Equity Ex-US Fund, 2.10% High Yield Bond Fund, 9.80% Ultra Short Duration, 9.90% Opportunistic Income Fund, 1.10% Emerging Markets Debt Fund, 0% cash and equivalents.

Mr. Blizzard reviewed the report titled "Advice Study." He discussed indexing the US Large Cap Fundamental Equity. Mr. Blizzard directed the Trustees to the report titled "Modeled Pension Portfolios" which contained the recommended portfolio modifications. He said Portfolio B would eliminate the US Large Cap Fundamental Equity allocation and decrease the Limited Duration Fixed income allocation while adding an Emerging Markets Equity allocation.

After a question and answer session,

MOTION was made, seconded and unanimously adopted to accept SEI's recommendation for Portfolio B as contained in the Asset Allocation Review report, subject to approval from Trustee Polesel.

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

III. APPROVAL OF MINUTES

The minutes of the meeting held via conference call on February 16, 2017, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on February 16, 2017.

The minutes of the meeting held on March 30, 2017, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on March 30, 2017.

IV. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2016 through June 30, 2017. The report is attached hereto as Exhibit "A."

B. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements report for the months of January, February and March 2017. 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. <u>Active Members & Retirees Receiving Benefits</u>

Ms. Cochran referred to the report for the period from January 2017 through June 2017. The report is attached hereto as Exhibit "E."

F. <u>Administrative Manager's Report</u>

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

G. <u>Payroll Audits</u>

Ms. Cochran reported that the Fund auditor, Schultheis & Panettieri, LLP, had conducted payroll audits on the following employers: College of New Rochelle and HP Hood / Crowley Foods Inc. – Binghamton, and that the audits for the period January 1, 2014 through December 31, 2015 reflected no findings.

Mr. Russell reported that First Student lost its bid to supply the driving services and that East End Bus would continue to operate and honor the Collective Bargaining Agreement in place with Teamsters Local 445. The Trustees asked Ms. Cochran to research the last period in which there was a payroll audit to determine the dates of a final payroll audit for First Student.

V. <u>CONSULTANT REPORT</u>

A. <u>Benefit Improvements</u>

Mr. Bley distributed and reviewed a handout reflecting Plan Design Alternatives, effective August 1, 2017. Mr. Urbank noted the projected percent change and cost associated with each design. He explained that the projections in the report are estimates of future costs and are based on the information available to Segal at the time the projections were made. The Trustees discussed the alternatives and were agreeable to several options including:

- Lower the current cost-sharing as follows: $500/$1,250 Deductible, 80% Coinsurance, and $2,500/$6,250 Medical/Hospital Out-of-Pocket Maximum to $250/$500 Deductible, 90% Coinsurance, and $1,500/$3,000 Medical/Hospital Out-of-Pocket Maximum
- Improve X-Ray/Lab Test Coverage at 90% Coinsurance with No Deductible
- Increase Specialty Care Copayment from $20 to $40
- Increase Emergency Room Copayment from $75 to $150

Following discussion, the Trustees approved the benefit improvements, effective January 1, 2018, subject to approval from Trustee Polesel.

B. Fiduciary Liability Insurance

Mr. Bley referred to Segal Select's memorandum dated May 24, 2017, attached hereto as Exhibit "G." reflecting the fiduciary liability insurance renewal for the Welfare Fund, effective June 10, 2017-June 10, 2018. He noted that the current carrier, Ullico/Markel, provided a renewal quote for the $10-million limit with a slight decrease in premium ($102). Mr. Bley further noted that the recommendation is for renewal with Ullico/Markel based on continuity, enhanced scope of coverage and a competitive premium. Following discussion,

MOTION was made, seconded and unanimously adopted approving the recommendation of Segal Select to approve the Ullico/Markel proposal for the period June 10, 2017 through June 10, 2018.

VI. NEXT MEETING DATE/ADJOURNMENT

The next regular meeting of the Board of Trustees is scheduled for Monday, September 18, 2017. With no further business to come before the Board, the meeting was adjourned at 12:08 p.m.

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Union Trustee Employer Trustee

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Union Trustee

Exhibits

A – Cash Operating Statement

B – Authorization for Disbursements

C – Delinquency Report

D – Employer Contribution Rate Report

E – Active Members Report

F – Administrative Manager's Report

G – Fiduciary Liability Memorandum