Industry And Local 338
Welfare Fund

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Minutes of the Meeting of the Board of Trustees

Held on January 14, 2016
at
Renaissance Westchester Hotel
White Plains, New York

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
Barry Russell	Chris Palmer
Sandy Shaddock – via conference call	JoEllen Vavasour

Also present were:

Alicia Cochran – Associated Administrators, LLC
Brian Davis – Associated Administrators, LLC
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP
Russell Bley – The Segal Company
Michael Tesoriero – The Segal Company

Also present for a portion of the meeting were:

Pat Blizzard – SEI Institutional Group
Peter Murray – Schultheis & Panettieri, LLP

I. CALL TO ORDER

The meeting was called to order at 12:36 p.m.

II. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI Institutional Group was invited into the meeting. Mr. Blizzard distributed and reviewed the SEI report for the period ending December 31, 2015. 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 $6,618,450 as of December 31, 2015, and its fiscal year-to-date rate of return was -0.51%, compared to the -0.24% return for the index. Since inception with SEI (01/31/11), the rate of return was 5.05%, compared to the 4.15% return for the index. The asset allocation is 9.00% Large Cap Fund, 1.90% Small Cap Fund, 2.70% World Equity – US, 3.00% Dynamic Asset Allocation Fund, 35.00% Core Fixed Income Fund, 30.30% Limited Duration Fund, 1.90% High Yield Bond Fund, 10.10% Ultra Short Duration, 5.00% Opportunistic Income Fund, 0.90% Emerging Markets Debt Fund, 0% cash and equivalents.

Mr. Blizzard referred to the Plan's portfolio which showed the current asset allocations along with a recommended portfolio for the Trustees' consideration. Mr. Blizzard said that, after a discussion with Fund's Consultant and a review of the market, he is recommending eliminating the Large Cap Fund and World Equity allocations, and placing the assets in two new strategies, US Managed Volatility and Global Managed Volatility, in order to provide more protection on the downside.

After discussion,

MOTION was made, seconded and unanimously adopted to accept SEI's recommendation to revise the Investment Manager Agreement and add US Managed Volatility and Global Managed Volatility to the Equities asset allocation class according to the percentages contained in the revised portfolio to be distributed to the Trustees following the meeting.

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

III. AUDITOR'S REPORT

The Trustees welcomed Mr. Peter Murray from Schultheis & Panettieri, LLP ("S&P") to the meeting.

Mr. Murray distributed the Financial Statements for years ended June 30, 2015 and 2014, copies of which are attached hereto as Exhibit "A". He confirmed that the financial statements, in S&P's opinion, present fairly, in all material respects, the financial status of the Fund. Mr. Murray reviewed the audit report in detail. He reported that the Forms 990, 5500 and Financial Statements would be filed timely. He noted S&P's satisfaction with Associated's internal controls.

Mr. Murray was thanked for his presentation and excused from the meeting.

IV. APPROVAL OF MINUTES

The minutes of the meeting held on September 17, 2015 which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on September 17, 2015.

V. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

Ms. Cochran submitted the Cash Operating Statement from July 1, 2015 through September 30, 2015. 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 2015. 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 2015 through September 2015. The report is attached hereto as Exhibit "D."

D. Employer Contribution Rate Report

Ms. Cochran reviewed this 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 memo 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
M15/112-9413 Exhibit “H”	Hospital/Medical – Emergency Services	Denied

H. Payroll Audits

Ms. Cochran provided an update regarding the employers previously selected for payroll audits by the Fund auditor, Schultheis & Panettieri, LLP. Ms. Cochran reported that the First Student audit for the period January 1, 2012 through December 31, 2013 reflected findings of $111,193.23 which included interest through August 10, 2015, and that full payment was received on January 6, 2016. She said a demand letter for the remaining interest of $1,308.65 due for the period of August 11, 2015 through December 31, 2015 would be sent to the employer. Ms. Cochran said that Fund Counsel and the Administrative Manager have been in discussions with Culinart regarding an interpretation issue with the Collective Bargaining Agreement related to a portion of the payroll audit findings. The payroll audit reflected findings of $6,992.19 for the period September 1, 2012 through December 31, 2013.

I. Patient Protection and Affordable Care Act (“ACA”) of 2010: Reporting Requirements

Ms. Cochran reported that, as previously discussed, 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 2015. She said the Fund will be required to mail the Form 1095-B to each individual offered coverage under the Plan during 2015 by March 31, 2016 and to file the Form 1094-B and copies of the Form 1095-B with the IRS by June 30, 2016. Ms. Cochran said that Associated will program the data required to produce the Form 1095-B and will mail the forms to covered individuals in advance of the March 31, 2016 deadline. Additionally, on behalf of the Fund, Associated will file the 1094-B with the IRS, including copies of the 1095-B forms in advance of the extended deadline of June 30, 2016.

Ms. Cochran said that Fund Counsel had provided a Memorandum to participating employers, attached hereto as Exhibit "I." which provided the Plan information needed concerning coverage for the reporting requirements. She stated that for Applicable Large Employers the employer is responsible for distributing the Form 1095-C to each full-time employee, as defined by the ACA, employed during 2015.

J. Transitional Reinsurance Program Fee ("TRP")

Ms. Cochran discussed the TRP fee. She explained that the ACA requires the Welfare Fund to participate in financing a temporary reinsurance fund to stabilize premiums in the individual market. Ms. Cochran said that, per Trustee directive at the September 17, 2015 Board of Trustees meeting, the application, enrollment count and fee for 2015 had been filed timely. The amount of the fee is $19,272.00.

K. Notice of Creditable Coverage

Ms. Cochran reported that the Notice of Creditable Coverage had been mailed to participants on September 22, 2015.

L. 2016 Summary of Benefits and Coverage

Ms. Cochran reported that the 2016 Summary of Benefits and Coverage Notice was mailed to participants on November 25, 2015.

M. Women's Health and Cancer Rights Act ("WHCRA")

Ms. Cochran reported that the WHCRA notice had been mailed to participants on September 22, 2015.

N. L.P. Transportation Credit Request

Ms. Cochran referred to a letter received from the employer requesting a credit for contributions paid on behalf of a terminated participant for the month of October 2015. She explained that the employer remitted contributions for the month of October 2015 which were not required under the collective bargaining agreement, thus resulting in a credit in the amount of $1,107.20. Trustee Palmer recused himself from this discussion and decision. After discussion, the Trustees approved the request of the employer for a contribution credit of $1,107.20.

O. International Foundation of Employee Benefit Plans – Annual Membership

Ms. Cochran reported receipt of the 2016 membership with the International Foundation of Employee Benefit Plans. She said the fee is $1,105.00 which includes the membership for the Pension Fund Trustees. The Trustees approved the renewal of the 2016 membership, with the cost to be pro-rated between the Trustees that sit on the Pension and Welfare Funds. The Welfare Fund will pay the entire cost for the Welfare only Trustee.

VI. CONSULTANT REPORT

A. Collective Bargaining Negotiations

Trustee Vavasour reported that the College of New Rochelle is still in negotiations with the Union. She referenced an e-mail from Mr. Urbank dated November 18, 2015 addressing the required contribution rates and the option of removing the dental and optical coverage, which are priced at approximately $0.18 and $0.02, respectively. The Trustees discussed whether to carve out the dental and optical coverage however no decision was made during the meeting. Mr. Tesoriero reiterated that, prior to the reduction in the size of the group, a contribution rate in the $7.25 range would have been sufficient based on the benefit program and provisions. He noted that, since the contraction, a contribution rate in the $7.00 range appears to be sufficient. There was a discussion as to whether the $7.00

would be applicable to existing employer contracts and for contracts that will renew. Trustee Russell stated that the Trustees will need to know the required contribution rate going forward since contracts are coming up. The Trustees asked Segal to model the cost impact to the Fund if all employers had a $7.00 per hour contribution rate. It was noted that the Fund is projected to have a small surplus position in fiscal years 2016 and 2017.

B. Life Insurance, AD&D and DBL Renewal

Mr. Tesoriero distributed and reviewed an updated memo on the Basic Life, AD&D, and Enhanced DBL renewal, effective January 1, 2016. He noted that Amalgamated Life is requesting an increase of $0.06 per 1,000 to the current life rate and no changes to the AD&D and Enhanced DBL rates. Mr. Tesoriero explained that, based on Amalgamated Life's experience report, the Basic Life has had a 100% claims to premium ratio over the most five-year period and the Enhanced DBL has had a 72% claims to premium ratio over the most recent 3-year period. The annual increase requested for all lines of coverage is $1,500 annually and Segal finds the renewal proposal fair and reasonable. He noted that, after further negotiation prompted by an inquiry from Trustee Vavasour, Amalgamated Life agreed to a two-year rate guarantee through December 31, 2017 for the Basic Life and AD&D coverages. However, the Enhanced DBL rates are guaranteed for one year through December 31, 2016.

Following discussion,

MOTION was made, seconded and unanimously adopted approving the Amalgamated Life revised renewal as presented.

C. New York Labor Healthcare Coalition Prescription Drug Plan

Mr. Tesoriero distributed and reviewed a spreadsheet pertaining to Express Scripts ("ESI") and the savings analysis versus Optum Rx. He noted that the coalition negotiated an updated offer from ESI, and the estimated savings are 10%. Mr. Tesoriero recommended that the Trustees remain with ESI under the updated contract.

Following discussion,

MOTION was made, seconded and unanimously adopted approving the ESI contract as presented.

Mr. Tesoriero noted that he would advise Peter Beerman, of Optum Rx, of the Trustees' decision.

The Trustees requested that Express Scripts provide additional information regarding the step therapy program and any member disruption if the program were to be implemented.

Mr. Tesoriero reported on a new program offered by Express Scripts, called Safeguard Rx. He noted that it is a four-part program designed to reduce costs in the following areas:

1. Hepatitis-C Cure Value;
2. Cholesterol Care Value
3. Indication – Based Management for Oncology drugs
4. Inflation protection

Mr. Tesoriero stated that there was no cost to the Fund for opting into the program and that the Fund has already been participating in the Hepatitis C and Cholesterol Care programs.

Following discussion,

MOTION was made, seconded and unanimously adopted approving to opt-in to the SafeGuard Rx program offered by ESI.

VII. COUNSEL REPORT

Ms. O'Leary reported that the legal services agreement between Kauff McGuire & Margolis LLP ("KMM") and the Board of Trustees was prepared in April of 2012 at which time the Pension and Welfare Funds had the same Board of Trustees, and the agreement provided for a $65,000 annual retainer to be allocated between the Pension and Welfare Funds based on the shared expense allocation then in effect and as periodically updated. She noted that the Pension and Welfare Funds no longer have the same Board of Trustees, and that the shared expense allocation is no longer relevant because the transition to Associated Administrators has resulted in essentially entirely separate administration of the Pension and Welfare Funds. Based on these changes, she stated that she is recommending that the Trustees of each Fund enter into separate legal services agreements with KMM, and she proposed that the Welfare Fund's annual retainer be reduced to $28,500 per year. She noted that the transition to Associated is completed and that, given the capabilities of Associated, the hours she has worked on the Fund has decreased. The Trustees were amenable to this approach. Ms. O'Leary stated that she would prepare an updated legal services agreement for the Trustees' review.

VIII. NEXT MEETING DATES/ADJOURNMENT

The next regular meetings of the Board of Trustees are scheduled for Thursday, March 24, 2016, Tuesday, June 21, 2016, Thursday, September 29, 2016 and Wednesday, December 7, 2016. The meetings will commence immediately following the Pension Fund meetings scheduled to commence at 10:00 a.m. With no further business to come before the Board, the meeting was adjourned at 2:50 p.m.

___________________________ Union Trustee

___________________________ Employer Trustee

___________________________ Union Trustee

___________________________ Employer Trustee

Exhibits

A – Financial Statement July 1, 2015 Plan year

B – Cash Operating Statement

C – Disbursement Report

D – Active Members Report

E – Employer Contribution Report

F – Delinquency Report

G – Administrative Manager's Report

H – M15/112-9413

I – ACA Reporting Requirements Memorandum