INDUSTRY AND LOCAL NO. 338
PENSION AND WELFARE FUNDS

Minutes of the Meeting of the Board of Trustees

Held on
September 11, 2014
at
Renaissance Westchester Hotel
White Plains, New York

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
Roberta Dunker	Theresa Bresten
Adrian Huff	Chris Palmer
Mickey Smith	JoEllen Vavasour

Also present were:

Alicia Cochran – Associated Administrators, LLC
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP
Anne-Marie Sims – Associated Administrators, LLC
John Urbank – The Segal Company

Also present for a portion of the meeting were:

Pat Blizzard – SEI Investments
Shardul Patel – Express Scripts
Beth Robinson – Express Scripts

I. CALL TO ORDER

The meeting was called to order at 10:10 a.m.

II. APPROVAL OF MINUTES

The minutes of the meeting held on June 19, 2014, which were previously distributed, were reviewed. The Trustees requested that a typographical error on page 6 of the minutes be corrected.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on June 19, 2014, as corrected.

Per the Trustees' request, it was agreed that going forward the minutes will include as exhibits any consultant reports discussed at the meeting.

III. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Pension Applications – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll sent on August 19, 2014, approved four (4) pension applications as per the report of September 11, 2014, annexed hereto as Exhibit "A".

MOTION was made, seconded and unanimously to ratify the interim action of the Trustees to approve the four (4) pensions listed on Exhibit "A".

B. Pension Benefits Applications

Ms. Cochran requested the Trustees' approval of two (2) pension applications. The pension applications, per the report of September 11, 2014, are annexed hereto as Exhibit "B".

MOTION was made, seconded and unanimously adopted to approve the two (2) pension listed on Exhibit "B".

C. Pension and Welfare Benefit Design Issues

The Trustees discussed in detail the current benefits offered by the Pension Fund and the possibility of changing certain benefits, specifically eligibility for service pensions with respect to age requirements, in order to improve the financial viability of the Pension Fund. Ms. O'Leary and Mr. Urbank reported on certain restrictions, such as ERISA's anti cut-back rule, on the Trustees' ability to make certain changes. After discussion, the Trustees requested that Counsel prepare a memo reviewing the applicable legal restrictions in this area.

The Trustees further requested that the Administrative Manager prepare benefit summaries for the Welfare and Pension Funds, intended for Trustee use only.

Discussion ensued regarding the current welfare benefit plan design, specifically retiree coverage. The Trustees requested that Associated provide Segal a claim utilization report so that Segal can update its prior comparison of the retiree premiums paid versus the retiree utilization costs.

D. H. P. Hood Bargaining Request

Trustee Smith reported that Local 693 and H.P. Hood, LaFargeville are currently bargaining. He provided an overview of benefits and costs for a different plan, the Upstate New York Welfare Plan, noting that the members have expressed a preference to participate in the Upstate New York Welfare Plan. Trustee Smith requested that Fund census data be provided for the H. P. Hood LaFargeville group to the Union and H.P. Hood to assist in determining which plan would be more cost effective for this group. The Trustees approved this request and discussed the contribution rate requirements previously provided by Segal for the Welfare and Pension Funds. Mr. Urbank said that Segal would review the updated data, including claims experience, demographics and administrative expenses, and provide updated required contributions rates.

The Union Trustees reported that participants appear to be unsatisfied with the level of benefits provided by the Welfare Fund and cited, in particular, reports about dissatisfaction with deductibles. It was acknowledged, however, that members' perspective on the quality of coverage was very much influenced by his/her prior coverage experience. Trustees Vavasour and Huff expressed an interest in conducting a participant survey to better identify the participants' concerns. The Trustees requested that the issue of a participant survey be placed on the agenda for the next meeting.

E. Cash Operating Statements

Ms. Cochran submitted the Cash Operating Statements for the Pension and Welfare Funds from July 1, 2013 through June 30, 2014. These reports are attached hereto as Exhibit “C”.

F. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for the Pension and Welfare Funds for the months of May and June 2014. The reports are attached hereto as Exhibit “D”.

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

G. Active Members & Retirees Receiving Benefits

Ms. Cochran referred to the report for the period from January 2014 through July 2014. The report is attached hereto as Exhibit “E”.

H. Employer Contribution Rate Report

Ms. Cochran referred to the report in the meeting booklet and reviewed this report in detail. The report is attached hereto as Exhibit “F”.

I. Delinquency Report (Welfare and Pension)

Ms. Cochran referred to the report in the meeting booklet and reviewed the report in detail. The report is attached hereto as Exhibit “G”.

J. Withdrawal Liability (Pension)

Ms. Cochran referred to the report in the meeting booklet and reviewed the report in detail. The report is included at the bottom of Exhibit "G".

K. Participant Appeals

a. M14/101-3079 Exhibit "H"

The provider appealed for reconsideration of charges for ambulance services rendered to the participant's spouse on August 13, 2013. The provider states that "An emergency ambulance service is not an elective service for the patient and they have no choice as to what ambulance is dispatched." Fund records indicate that the billed amount was allowed in full and applied to the participant spouse's out-of-network deductible.

Upon consideration of the facts and circumstances of the appeal, the Trustees approved the request, applying the rule below to the appeal. It was noted that the participant has no control over which ambulance is dispatched in an emergency situation.

b. M14/103-1675 Exhibit "I"

The participant's spouse appealed for reconsideration of charges for ambulance services rendered on June 30, 2013 as these services were rendered due to an emergency and, according to the claimant, should be considered in-network. Fund records indicate that the billed amount was allowed in full and applied to the participant spouse's out-of-network deductible.

Upon consideration of the facts and circumstances of the appeal, the Trustees approved the request, applying the rule below to the appeal. It was noted that the participant has no control over which ambulance is dispatched in an emergency situation.

After lengthy discussion regarding the current plan of benefits for ambulance services, the limited number of ambulance providers that are contracted through the Anthem network, and the participant's lack of control over which ambulance is dispatched in an emergency situation, the Trustees agreed upon the following rule with respect to ambulance services.

MOTION was made, seconded and unanimously, effective immediately, approving a change to the current Plan to cover all in and out-of-network ambulance charges at 100%, up to a maximum of $2,000, not subject to the deductible.

The Trustees considered increasing the current co-payment of $75 for emergency room services (waived if admitted to the hospital within 24 hours) to $200. The Trustees agreed to discuss this issue at an upcoming meeting.

L. Transitional Reinsurance Fee ("TRE") fee (Welfare)

Ms. Sims reported that the Department of Health and Human Services ("HHS") had issued the final regulations regarding the Transitional Reinsurance Program ("TRE") fee. She explained that the Patient Protection and Affordable Care Act ("ACA") established this fee, which requires the Welfare Fund to participate in financing a temporary reinsurance fund to stabilize premiums in the individual market. Ms. Sims said that the fee will be imposed over three years: 2014, 2015 and 2016 and health insurance insurers and self-funded group health plans are required to submit an application and annual enrollment count by November 15, 2014. She reported that HHS is offering contributing entities the option to pay: (1) the entire 2014 benefit year contribution in one payment no later than January 15, 2015 reflecting $63.00 per covered life; or (2) in two separate payments for the 2014 benefit year, with the first remittance due by January 15, 2015 reflecting $52.50 per covered life, and the second remittance due by November 15, 2015 reflecting $10.50 per covered life. She stated the fee must be remitted online using www.pay.gov.

Ms. Sims provided an overview of the alternative methods provided in the regulations to determine the average number of covered lives under the Plan. She said that, based on how the Fund's eligibility data is recorded in the system, if approved by the Trustees, the snapshot method would be utilized to determine the average number of lives. Ms. Sims requested Trustee authorization for the Administrative Manager to register on www.pay.gov, submit the required form and enrollment count, and remit the fee on behalf of the Welfare Fund. She further requested direction from the Trustees whether to remit a one-time fee of $63 no later than January 15, 2015 or remit the first payment by January 15, 2015 reflecting $52.50 per covered life, and the second by November 15, 2015 reflecting $10.50 per covered life.

MOTION was made, seconded and unanimously adopted to approve: (1) the Administrative Manager to register on www.pay.gov, submit the required form and enrollment count and remit the fee on behalf of the Plan; (2) utilize the snapshot method for determining the average number of lives covered under the Plan; and (3) remit a one-time fee of $63 no later than January 15, 2015.

IV. PROVIDER REPORT – EXPRESS SCRIPTS

Ms. Beth Robinson and Mr. Shardul Patel of Express Scripts, the Welfare Fund's Pharmacy Benefit Manager (PBM), were invited into the meeting. Ms. Robinson distributed and reviewed reports titled, "2015 National Preferred Formulary Update", "Advanced Utilization Management" and "Your Collaborative Planning Guide". She also distributed a handout titled, "2015 Preferred Drug List Exclusions".

A. 2015 National Preferred Formulary Update

Ms. Robinson confirmed there were no members impacted by the 2015 changes to the preferred drug list that would be effective January 1, 2015.

B. Advance Utilization Management

Ms. Robinson reviewed the Fund's performance for the fiscal years 2012 and 2013, noting an overall decrease in the total plan, gross and member cost over the previous period. She then reviewed the top 25 drugs for the 2013 fiscal year. The Trustees requested additional information concerning one of the top medications, oxycontin. Mr. Patel confirmed he would run a report and provide feedback. Ms. Robinson then provided an overview of the 2014 Clinical Program Additional Estimated Savings Package as contained in the meeting materials. She discussed the advantages of several different utilization management programs and the estimated savings associated with them. The Trustees requested that the PBM provide additional information regarding the step therapy program and member disruption if the process were to be implemented. The Trustees tabled decision for a future meeting on whether to adopt the utilization management programs presented by the PBM.

C. Compound Management Program

Ms. Robinson discussed a change in Express Scripts' book of business regarding compound drugs. She stated Express Scripts is recommending to all clients the exclusion of compound drugs that are not currently approved by the Federal Drug Administration. Ms. Robinson recommended the Fund adopt a compound management program, as detailed in the report, which excludes compound medication with the exception of certain managed medications. She said Express Scripts identified three members that would be affected by this change. Ms. Robinson reported that Express Scripts would provide a template letter to the Administrative Manager to mail to the affected participants prior to the implementation of this exclusion.

MOTION was made, seconded and unanimously adopted to approve the recommendation of the PBM to adopt the compound management program and exclude compound medication, with the exception of certain managed medications, effective immediately.

Ms. Robinson and Mr. Patel were thanked for their report and excused from the meeting.

V. FUND INVESTMENT CONSULTANT'S 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 August 31, 2014.

Mr. Blizzard discussed the firm's investment outlook and provided an overview of the capital markets.

For the Pension Fund, Mr. Blizzard reported that the ending market value as of August 31, 2014 was $91,494,968 and the fiscal year-to-date total rate of return was 1.22% compared to 0.95% for the index. Since inception with SEI (01/31/2011), the rate of return was 10.24%, compared to the 8.94% return for the index for that period. The current portfolio allocation as of August 31, 2014 is 33.00% Large Cap Fund, 5.00% Small Cap Fund, 18.00% World equity - US, 10.00% Core Fixed Income Fund, 10.00% Limited Duration Fund, 5.00% High Yield Bond Fund, 3.00% Ultra Short Duration, 3.00% Opportunistic Income Fd, 3.00% Emerging Markets Debt Fund, 4.00% Special Situations Fund CIT, 1.00% Structured Credit Collective Fund and 5.00% Core Property Collective Invest TR.

Mr. Blizzard reported that the Welfare Fund's market value of assets was $6,196,595 as of August 31, 2014, and its fiscal year-to-date rate of return was 0.69%, compared to the 0.57% return for the index. Since inception with SEI (01/31/11), the rate of return was 6.69%, compared to the 5.43% return for the index. The asset allocation is 12.00% Large Cap Fund, 2.00% Small Cap Fund, 3.00% World Equity – US, 35.00% Core Fixed Income Fund, 30.00% Limited Duration Fund, 2.00% High Yield Bond Fund, 10.00% Ultra Short Duration, 5.00% Opportunistic Income Fd, 1.00% Emerging Markets Debt Fund, 0% cash and equivalents.

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

VI. FUND COUNSEL REPORT

Suburban Propane – Withdrawal Liability Settlement Offer

Ms. O'Leary reported that Suburban Propane had a withdrawal date from the Pension Fund as of May 22, 2013, that it was assessed withdrawal liability of $333,303 to the Pension Fund and that, if it paid its monthly payments of $2,545.45 over 20 years according to the payment schedule, it would pay a total of $610,908. She noted that Suburban Propane did not dispute its withdrawal liability and has been timely paying its monthly withdrawal liability payments. Ms. O'Leary then referred to an August 27, 2014 letter from Suburban Propane in which the Company offers to settle this matter by a lump sum payment of $334,000 as a complete and final resolution of any present or future claims. She reported that she recently spoke to Sandra Zwickel, the Company's vice president of human resources, who advised that the Company is seeking a release of any future claim that could arise against Suburban Propane in the event of a mass withdrawal. Ms. O'Leary observed that the financial aspect of the settlement was acceptable but that the requested release of any potential future mass withdrawal liability was likely void as against public policy and she recommended that the Trustees reject the proposal for that reason. She noted that, in speaking to Ms. Zwickel, she had expressed her objection to the requested waiver of a release for mass withdrawal, and Ms. Zwickel responded that the Company's only objective in making the offer is to obtain the release for mass withdrawal liability, and that the Company will not pursue settlement at this time without such mass withdrawal liability release. After discussion, and questions from the Trustees,

MOTION was made, seconded and unanimously adopted to reject Suburban Propane's settlement offer.

VII. NEXT MEETING DATES/ADJOURNMENT

The next regular meeting of the Board of Trustees is scheduled for Tuesday, November 18 at 10:00 a.m. With no further business to come before the Board, the meeting was adjourned at 2:45 p.m.

Employer Trustee	Union Trustee
Employer Trustee	Union Trustee
Employer Trustee	Union Trustee

Exhibits:

A – Interim Approval Pension Apps

B – Pension Benefit Applications

C – Cash Operating Statements

D – Disbursement Report

E – Active Members & Pensioners Receiving Benefits Report

F – Employer Contribution Rate Report

G – Delinquency Report

H – Participant Appeal M14/101-3079

I – Participant Appeal M14/103-1675