Warehouse Employees Union Local No. 730
Health and Welfare Trust Fund

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (800) 730-2241
www.associated-admin.com

8400 Corporate Drive, Suite 430
Landover, Maryland 20785-6102
Telephone: (800) 730-2241
www.associated-admin.com

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE WAREHOUSE EMPLOYEES UNION LOCAL NO. 730 HEALTH AND WELFARE TRUST FUND MARCH 13, 2024 VIA ZOOM

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
W. Davis – Secretary	J. Paradis – Chairman
R. Brooks	F. Stegman
F. Myers	M. Goble – Alternate

Also present were:

A. Cochran – Associated Administrators, LLC
T. George – The Segal Company
R. Grant – Associated Administrators, LLC
J. Kimble – Morgan, Lewis & Bockius, LLP
J. Mink – Investment Performance Services, LLC
J. Mitchell – The Segal Company
B. Saindon – Mooney, Green, Saindon, Murphy & Welch, P.C.
J. Timm – The Segal Company

I. CALL TO ORDER

A quorum being present, the meeting was called to order.

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held December 1, 2023.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED that the minutes of the last regular meeting held on December 1, 2023 are approved as presented.**

III. FINANCIAL REPORT

A. Investment Performance Services, LLC ("IPS")

The Trustees welcomed Ms. Jennifer Mink of IPS to the meeting.

Ms. Mink distributed her report titled, "Master Consulting Services Report – December 31, 2023." She reviewed the financial markets generally. Ms. Mink reported that the Fund's total market value of assets as of December 31, 2023 was $23,340,249, and its year-to-date return is 4.8%, compared to the 5.7% return for the index.

B. Quarterly Performance Report

Ms. Mink reported that as of December 31, 2023 the Fund held 36.8% in Investment Grade Fixed Income, 41.7% in Short Duration High Yield, 5.7% in Real Estate – Core, 6.6% in Real Estate – Value Add, and 9.3% in cash equivalents. She noted Wedge Capital held $8,578,717, Chartwell Investment held $9,731,110, ARA Core Property Fund L.P. held $1,330,360, Boyd Watterson held $1,532,444, and there was $2,167,618 in the cash account.

C. Asset Allocation

Ms. Mink directed the Trustees to the asset allocation chart, which listed three potential asset allocations for the Trustees' consideration. She reviewed the scenarios and recommended Portfolio C, which would increase Fixed Income High Yield from 35.0% to 37.5%, increase Short Duration High Yield Fixed Income from 40.0% to 42.5%, decrease Real Estate Core Value from 10.0% to 7.5%, and decrease Real Estate Value Add from 10.0% to 7.5%.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to accept the recommendation of IPS to adopt Portfolio C, increasing Fixed Income High Yield from 35.0% to 37.5%, increasing Short Duration High Yield Fixed Income from 40.0% to 42.5%, decreasing Real Estate Core Value from 10.0% to 7.5%, and decreasing Real Estate Value Add from 10.0% to 7.5%.**

The Trustees thanked Ms. Mink for her report and she was excused from the meeting.

IV. COUNSEL REPORT

A. Subrogation Report

Ms. Saindon reviewed the status of the subrogation matters as of March 13, 2024. She reviewed the current cases and stated that there are no cases requiring Trustee action at this time. She reported on the Wilmot case, noting that her firm was working with Giant Food's workers compensation carrier for reimbursement for claims paid by the Fund Office.

B. Auditor Engagement Letter

Mr. Kimble reported that Novak Francella had agreed to co-counsels' edits to Novak's engagement letter for the 2023 Plan year audit. Ms. Cochran said she would circulate the engagement letter for Trustee signature.

V. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the fourth quarter 2023. The report showed contributions of $1,371,832, interest and dividend income of $206,925, COBRA payments of $1,834, self-payments of $0, and miscellaneous income of $1,108, producing a total income of $1,581,699 for the quarter. Expenses included $719,049 of benefit expenses and $88,461 of operating expenses, producing a total expense of $807,510. This produced a surplus of $774,189 for the quarter ended December 31, 2023. Ms. Cochran noted that contributions were made on behalf of 310 Plan participants.

VI. INVOICES

Ms. Cochran presented a list of invoices dated March 13, 2024 for the Trustees' review. It was noted that there were no additions, deletions, or changes to the list.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED that the invoices on the list dated March 13, 2024 are approved for payment as presented.**

VII. PROVIDER REPORT – Segal Consulting

A. Mental Health Parity and Addiction Equity Act ("MHPAEA")

The Trustees welcomed Jamaca Mitchell from Segal Consulting to the meeting.

Mr. Mitchell presented a report titled "MHPAEA Requirements" which summarized the requirements of the Mental Health Parity and Addiction Equity Act. He discussed the information Segal reviewed for its Non-quantitative treatment limitations ("NQTL") report and summarized the contents of the proposed regulations issued on July 25, 2023. He noted that once the regulations are final, there will likely be additional compliance measures that need to be taken.

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

B. <u>Dental Request for Proposal (“RFP”)</u>

The Trustees welcomed Mr. Josh Timm and Ms. Toyin George from Segal Consulting to the meeting.

Mr. Timm reviewed the Segal Memorandum related to the Proposal to Provide Dental Benefits Procurement Services which was provided to the Trustees prior to the meeting. He noted that the fee for assisting the Fund with evaluating potential dental vendors and the Fund’s dental benefits’ funding, administrative, and network arrangement options would be $32,000.

C. <u>Benefit Cost Study</u>

Mr. Timm presented two options for the benefit improvement study requested by the Trustees. The first option is for a “full study,” the cost of which would be $30,000. He said that a full study would include establishing a baseline of claims expenses and the preparation of a budget that could be updated annually. The second option would not include a budget and would merely rely on financial information from the Administrative Manager’s report. Mr. Timm said the fee for the second option would not exceed $5,000.

The Trustees thanked Mr. Timm and he was excused from the meeting.

After discussion of the dental RFP proposal, on MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to engage Segal to perform the dental RFP for a fee not to exceed $32,000.

After discussion of the benefit study review, on MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to engage Segal to perform a benefit study analysis for a fee not to exceed $5,000.

The Trustees requested the benefit study information to be available and presented at the next Board meeting.

VIII. OTHER FUND BUSINESS

A. Cigna PPO Savings Report

The Trustees reviewed a copy of the CIGNA PPO Savings Report for the period January 1, 2023 through December 31, 2023.

B. 2024 Summary of Benefits & Coverage ("SBC")

Ms. Cochran reported that Associated mailed the 2024 SBC Notice for the period January 1, 2024 through December 31, 2024 to active participants on January 8, 2024.

C. Auditor Engagement Letter

Ms. Cochran reported receipt of the auditor engagement letter for the 2023 Plan year, which reflects an annual fee of $17,200, an increase of 5% from the previous year.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the auditor engagement letter for the 2023 Plan Year with an annual fee of $17,200.**

D. <u>Auditor Quality of Audit Work Memorandum</u>

Ms. Cochran noted a Quality of Audit Work Memorandum from the auditor was included in the meeting booklet.

E. <u>Cybersecurity report</u>

Ms. Cochran reported that the revised cybersecurity report titled "Vendor Due Diligence Assessment" was received from PFK O'Connor Davies. According to the report, 9 vendors were assessed with high maturity, meaning it meets all the security requirements specified by the DOL. She stated the one vendor without high maturity, Dental Health Centers, is working with an Information Technology consultant to upgrade its security measures.

Ms. Cochran noted the Cybersecurity Questionnaire. She said that the questionnaire will be sent to new providers and current providers that do not meet the high maturity level of cybersecurity.

F. <u>Health Care Cost Containment Corporation ("HCCCC") – Annual Renewal</u>

Ms. Cochran reported receipt of the annual renewal for the participation in the HCCCC for the 2024 calendar year. She noted the 2024 membership did not include a fee.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve the 2024 HCCCC membership renewal without a fee.

G. **Fidelity Bond Enhanced Coverage – INTERIM ACTION**

Ms. Cochran noted interim action regarding the current Fidelity Bond policy. The Trustees approved Segal's recommendation to approve enhanced coverage, which extends coverage to losses caused by outside parties who handle plan assets including forgery, funds transfer fraud and Social Engineering Fraud. She noted the coverage was effective January 8, 2024 through July 11, 2026 for an additional premium of $1,320.

H. **Stop Loss Renewal – INTERIM ACTION**

Ms. Cochran noted interim action the Trustees took to renew the Stop Loss policy with the incumbent carrier, Ullico for period January 1, 2024 through December 31, 2024. She said the fee is $28.38 per member per month, which reflects a 3.2% increase in premium from the prior year.

I. **Life Insurance Renewal – INTERIM ACTION**

Ms. Cochran noted interim action the Trustees took to renew the Life Insurance and Accidental Death and Dismemberment policy with the incumbent carrier, MetLife for period January 1, 2024 through December 31, 2024. She said there was no increase in the premium.

J. **Laboratory Corporation of America Holdings and Quest Diagnostics Exceptions**

Ms. Cochran reviewed report titled "Laboratory and Pathology Services" included in the meeting booklet. She noted the amount of claims billed, paid, and denied for the period January 1, 2022 through December 31, 2023 in regard to the rule that all lab testing be conducted at a Quest Diagnostic and/or Laboratory Corporation of America Holdings facility. The Trustees asked Ms. Cochran to provide a report at the next meeting with current utilization.

K. Consolidated Appropriations Act (“CAA”)

Ms. Cochran reported that Associated filed the Consolidated Appropriation Act’s Gag Clause Attestation on behalf of the Fund.

L. Change Healthcare Cybersecurity Incident

Ms. Cochran informed the Trustees that Associated was notified of a potential cybersecurity incident incurred by Change Healthcare. Change Healthcare is a vendor that prints member Explanation of Benefits, issues out-of-network payments and member reimbursements. She stated that Fund Counsel was informed by Associated’s Privacy Officer and that Change Healthcare has not determined whether a breach actually occurred.

M. Form 1099NEC

Ms. Cochran reported that Associated mailed the Form 1099NEC to participants on January 26, 2024.

N. Form 1099MISC

Ms. Cochran reported that Associated mailed the Form 1099MISC to participants on January 29, 2024.

O. No Surprises Act and Transparency Rule

Ms. Cochran provided a demonstration on the Price Comparison Tool which allows members to obtain real-time estimates of their potential cost-sharing liability covered items and services. The Trustees requested more detail on how the website operates. Ms. Cochran said she would work with Fund Counsel and Greenlight to provide additional information.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected June 27, 2024 as their next regular meeting date immediately following the companion Pension Fund meeting via Zoom.

X. ADJOURNMENT

There being no further business to come before the Trustees, the meeting was adjourned.

Respectfully submitted,

William Davis
Secretary