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

DRAFT

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE WAREHOUSE EMPLOYEES UNION LOCAL NO. 730 HEALTH AND WELFARE TRUST FUND JUNE 10, 2021 VIA TELECONFERENCE

The following Trustees were present:

UNION TRUSTEES
R. Brooks – Chairman
J. Lacy
F. Myers

EMPLOYER TRUSTEES
J. Paradis – Secretary
H. Sebhat
F. Stegman
M. Goble – Alternate

Also present were:

A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
R. Grant – Associated Administrators, LLC
J. Kimble – Morgan, Lewis & Bockius, LLP
R. Sichel – Investment Performance Services, LLC
J. Timm – Segal

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 March 26, 2021.

In order to be consistent with the Pension and Legal minutes, the Trustees requested additional details for the Blank Rome, LLP fee request, including the percentage increase and effective date of the last rate increase.

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 March 26, 2021 are approved as revised to include the above noted changes.**

III. FINANCIAL REPORT

A. Custodian Bank – PNC Bank, NA

Ms. Cochran noted a copy of the PNC Summary of Activity report for the period January 1, 2021 through March 31, 2021 is contained in the meeting booklet.

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

1. Investment Performance

The Trustees welcomed Mr. Rich Sichel of IPS to the meeting.

Mr. Sichel distributed his report titled, "Master Consulting Services Report – March 31, 2021." Mr. Sichel reported that the total market value of assets as of March 31, 2021 was $13,610,265.

2. Asset Allocation

Mr. Sichel reported that as of March 31, 2021, the Fund held 43.5% in Investment Grade Fixed Income, 36.2% in Short Duration High Yield, 5.2% in Real Estate, and 15.2% in cash equivalents. He noted Wedge Capital held $5,919,165, Chartwell Investment held $4,921,511, American Core Realty held $701,554, and there was $2,068,034 in the cash account.

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

IV. COUNSEL REPORT

A. Subrogation Report

Mr. DeLancey reviewed the status of subrogation matters as of June 10, 2021. He stated that there are no cases requiring Trustee action at this time.

B. Mental Health Parity and Addiction Equity Act Memorandum

Mr. Kimble referred to co-counsel's memorandum contained in the meeting booklet regarding the Consolidated Appropriation Act's requirement that the Fund prepare a comparative analysis of the Fund's Non-quantitative treatment limitations (NQTL) for mental health benefits as compared to the Fund's medical/surgical NQTL. Mr. Kimble said that the Department of Labor released guidance on April 2, 2021 which clarified the specifics of the analysis. In co-counsel's view, the analysis is much more detailed that originally thought. Because of the complexity of the analysis, co- counsel suggests retaining a third-party consultant to perform and draft the comparative analysis.

C. Investment Manager – Boyd Watterson Asset Management, LLC (Boyd Watterson)

Mr. Kimble reported that the Adoption Agreement and other documents relating to the new investment with Boyd Watterson were completed and signed.

V. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the first quarter 2021. The report showed contributions of $1,475,302, interest and dividend income of $116,077, and miscellaneous income of $4,625, producing a total income of $1,596,004 for the quarter. Expenses included $518,429 of benefit expenses and $57,855 of operating expenses, producing a total expense of $576,284. This produced a total surplus of $1,019,720 for the quarter ended March 31, 2021. Ms. Cochran noted that contributions were made on behalf of 335 Plan participants.

VI. INVOICES

Ms. Cochran presented a list of invoices dated June 10, 2021 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 June 10, 2021 are approved for payment as presented.**

VII. OTHER FUND BUSINESS

A. Fiduciary Liability Insurance Renewal and Waiver of Recourse Premiums

Ms. Cochran stated the Fiduciary Liability Policy expires July 26, 2021. She requested proposals from NFP and Segal, per Trustee direction. Ms. Cochran reported that the renewal proposals are not yet available but will be distributed for review prior to the next meeting.

B. Segal Proposal

The Trustees welcomed Mr. Josh Timm of Segal to the meeting. Mr. Timm referred to his proposal for conducting the Mental Health Parity NQTL Analysis, and for assisting the Fund with complying with the Transparency Rule and No Surprises Act requirements. He discussed the Mental Health Parity Analysis proposal, explaining Segal's approach to ensuring the Fund is compliant with the new regulations. Mr. Timm said that the proposal is limited to NQTL compliance review. He said the fee for the NQTL review for a comparative analysis is $30,000.

Mr. Timm discussed the No Surprises Act/Transparency Rule proposal, explaining Segal's approach to assisting the Fund with compliance regarding the new regulations. He gave a summary of the No Surprises Act and Transparency Rule, noting three phases. Mr. Timm reported the estimated hourly fees, $5,000 to complete phase 1 and $15,000 to $30,000 to complete phase 2. He noted phase 3 is only necessary if there are additional steps required to assist the plan in achieving compliance. He also stated the work would vary depending on need.

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

RESOLVED to approve Segal's analytical proposals for (1) Mental Health Parity at a fee of $30,000 and (2) No Surprises Act/Transparency Rule at a fee of $5,000 for phase 1 and $15,000 to $30,000 for phase 2.

C. <u>Employer Contribution Rate Letter</u>

Ms. Cochran reported that Associated mailed a contribution rate increase letter to Giant Warehouse and the Union 730 for a rate change effective June 1, 2021.

D. <u>Cigna PPO Savings Report</u>

The Trustees reviewed a copy of the CIGNA PPO Savings Report (Report) for the period January 1, 2020 through December 31, 2020.

The Trustees discussed the Patient Assurance Program which CIGNA was recommended in its Report. The program is designed to set a predictable copay for certain eligible prescription drugs. The Trustees directed Ms. Cochran to ask Segal to review the program.

The Trustees reviewed the lab utilization provided in Cigna's report for the Plan years 2019 and 2020. The report showed utilization for Quest and LabCorp compared to all other labs, along with potential savings for using Quest and LabCorp exclusively. The Trustees directed Ms. Cochran to request a report from Cigna showing the distance between member's zip codes and Quest and LabCorp facilities.

E. <u>2019 Annual Audit</u>

Ms. Cochran reported that Novak Francella performed fieldwork for the audit in the Administrative Manager's office the week of May 24, 2021. Due to the timing of the fieldwork, draft financials are not yet available. She said the auditor expected to file the Form 990 and Form 5500 on time, however the auditor would like to request extensions of the deadlines in case of an unforeseen delay.

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

> **RESOLVED to approve Novak Francella to file an extension for the Form 990 and Form 5500.**

F. **<u>American Rescue Plan Act of 2021 ("ARPA")</u>**

Ms. Cochran reported that Associated mailed COBRA notices related to the ARPA on May 14, 2021. She said a General Notice was mailed to all beneficiaries with a COBRA Qualifying Event (reduction in hours or involuntary termination) between the period April 1, 2021 through September 30, 2021. An Extended Election Notice was mailed to all beneficiaries with a Qualifying Event prior to April 1, 2021 and within the 18-month election period.

G. **<u>Patient Centered Outcomes Research Institute (PCORI)</u>**

Ms. Cochran said the PCORI fee, imposed by the Affordable Care Act for self-insured group plans, must be filed and paid by July 31, 2021. The fee is $2.66 multiplied by the average number of lives covered under the plan for the 2020 plan year. Ms. Cochran said the Board selected the snapshot method for the prior filings to determine the average number of lives covered under the Plan. The Trustees directed the Administrative Manager to engage Novak Francella to file Form 720, which is the tax form to be filed along with the fee payment.

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

RESOLVED to approve the snapshot method for the Plan year ended December 31, 2020 and to engage Novak Francella to file Form 720 at no additional fee.

VIII. <u>NEXT MEETING DATE AND LOCATION</u>

After discussion, the Trustees selected September 1, 2021 as their next regular meeting date immediately following the companion Pension Fund meeting in Landover, Maryland.

IX. <u>ADJOURNMENT</u>

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

Respectfully submitted,

Jason Paradis
Secretary