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

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE WAREHOUSE EMPLOYEES UNION LOCAL NO. 730 HEALTH AND WELFARE TRUST FUND SEPTEMBER 1, 2020 VIA TELECONFERENCE

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
R. Brooks – Chairman	J. Paradis – Secretary
J. Lacy	H. Sebhat
F. Myers	F. Stegman
T. Richardson – Alternate	M. Goble – Alternate

Also present were:

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

I. CALL TO ORDER

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

II. **MINUTES**

The Trustees read the minutes of the last regular meeting held on June 18, 2020.

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 June 18, 2020 are approved as written.**

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, 2020 through June 30, 2020 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 – June 30, 2020." Mr. Sichel reported that the total market value of assets as of June 30, 2020 was $11,153,989. Mr. Sichel distributed his report titled, "Preliminary Monthly Performance Analysis – July 31, 2020." He reported that the total market value of assets as of July 31, 2020 was $11,408,289.

2. **Asset Allocation**

Mr. Sichel reported that as of June 30, 2020, the Fund held 46.3% in Investment Grade Fixed income, 36.8% in Short Duration High Yield, 7.4% in Real Estate, and 9.4% in cash equivalents. He noted Wedge Capital held $5,168,204, Chartwell Investment held $4,109,431, American Core Realty held $829,040, and there was $1,047,313, in the cash account.

Mr. Sichel noted that the cash allocation is within the targeted policy range, however based on the current cash needs, he recommended the Trustees consider reallocating as follows: 1) $250,000 from the cash account to Chartwell Investment (Short Duration High Yield) and 2) $250,000 from the cash account to Wedge Capital Management (Investment Grade Fixed Income).

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

> **RESOLVED to follow IPS' recommendation to rebalance by allocating funds as follows: 1) $250,000 from the cash account to Chartwell Investment, 2) $250,000 from the cash account to Wedge Capital Management.**

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 under collection as of September 1, 2020. He stated that there was one lien for which the Fund received full reimbursement, one for which he recommend writing off as further collection efforts would not be prudent, and one where he was in negotiation with the participant's attorney. Mr. DeLancey said he would put his recommendations in writing via email to the Trustees so that formal action could be taken prior to the next Trustees' meeting.

B. <u>IRS Letter Regarding Sick Pay</u>

Mr. Kimble reported that in 2019 the IRS issued a Notice of Intent to Levy to the Fund for failing to pay taxes on sick pay benefits the Fund paid in 2018. Mr. Kimble reported that his firm sent the IRS a letter in October 2019 which explained that the Fund is not liable for the taxes because it provides payment as a third party payer under a benefit plan, and is not an agent of the employers. Mr. Kimble said he received a letter from the IRS on July 30 advising that IRS had reprocessed the claim and apologized for any inconvenience.

C. <u>Patient-Centered Outcomes Research Institute (PCORI)</u>

Mr. Kimble reported that he filed a protective claim for a refund with the IRS for PCORI fees the Fund paid from 2017 – 2020. He explained that the Supreme Court is scheduled to hear arguments in a case challenging the constitutionality of the Affordable Care Act ("ACA"). If the Court rules that the ACA in its entirety is unconstitutional, and if the ruling is applied retroactively, the Fund could be entitled to a refund of the 2017 – 2020 PCORI fees.

D. <u>Purdue Pharma, L.P.</u>

Mr. Kimble reported that the Fund filed a proof of claim in the Purdue Pharma L.P. bankruptcy in the event the Fund is determined to have an unsecured claim for claims/treatment related to Purdue's production, marketing, and sale of certain opioid medications.

Mr. DeLancey and Mr. Kimble said there were no other legal matters pending before the Board of Trustees at this time.

V. ADMINISTRATIVE MANAGER'S REPORT

A. Second Quarter 2020

Ms. Cochran presented the Administrative Manager's Report for the second quarter 2020. Such report showed contributions of $1,366,022, interest and dividend income of $99,128, and miscellaneous income of $0.00, producing a total income of $1,465,468 for the quarter. Expenses included $653,231 of benefit expenses and $67,084 of operating expenses, producing a total expense of $720,315. This produced a total surplus of $745,153 for the quarter ended June 30, 2020. Ms. Cochran noted that contributions were made on behalf of 342 Plan participants.

B. Administrative Services Contract Renewal

Ms. Cochran distributed and reviewed her letter dated September 1, 2020 which noted that the administrative services contract between the Fund and Associated Administrators, LLC will expire on December 31, 2020 and provides detailed information in support of the request for a three-year renewal. The Trustees tabled the request for action after a discussion to be held after the meeting.

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

> **RESOLVED to approve a committee of two Union Trustees, two Employer Trustees, and Fund Counsel to discuss the administrative services contract presented by Associated Administrators during a separate conference call to be held after this meeting.**

VI. INVOICES

Ms. Cochran presented a list of invoices dated September 1, 2020 for Trustee 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 September 1, 2020 are approved for payment as presented.**

VII. OTHER FUND BUSINESS

A. Group Vision Services (GVS) Report

Ms. Cochran referred to the proposal provided by GVS regarding the contract renewal for vision services that expires December 31, 2020. The renewal is for a two-year period from January 1, 2021 through December 31, 2022. She noted that the proposed renewal does not provide for an increase in premium.

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

> **RESOLVED to renew GVS' contract for vision benefit services the rate proposed premium of $5.90 per member per month for January 1, 2021 through December 31, 2022.**

B. **Cigna PPO Savings Report**

Ms. Cochran noted a copy of the savings report for the period January 1, 2020 through June 30, 2020 is contained in the meeting booklet.

C. **Fiduciary Liability Insurance Renewal and Waiver of Recourse Premiums – INTERIM ACTION**

Ms. Cochran noted interim action the Trustees took to renew the Fiduciary Liability policy for the period July 26, 2020 through July 26, 2021 with the incumbent carrier, Markel American Insurance Company/Ullico ("Ullico"), through the broker NFP Property & Casualty Service, Inc. She said that there was no increase in the annual premium. She reported that the Trustees approved the renewal via an electronic poll conducted in June 2020.

Ms. Cochran advised the Trustees that letters regarding their required payment of the Waiver of Recourse premium of $25 were emailed on July 13, 2020.

D. **Fidelity Bond Renewal – INTERIM ACTION**

Ms. Cochran noted interim action the Trustees' took to renew the Fidelity Bond policy for the period July 11, 2020 through July 11, 2023 with the incumbent carrier, Fidelity and Deposit Company of Maryland, through the broker NFP Property & Casualty Service, Inc. She said that there was no increase in the annual premium. She reported that the Trustees approved the renewal via an electronic poll conducted in July 2020.

E. **Form 5500 and Form 990**

Ms. Cochran reported that the Fund's Auditor, Novak Francella, filed the Form 5500 and the Form 990 on July 14, 2020

F. **International Foundation of Employee Benefit Plans – Annual Membership**

Ms. Cochran reported receipt of the Fund's 2021 membership renewal invoice for the International Foundation of Employee Benefit Plans. The renewal fee is $1,265.00.

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

> **RESOLVED to approve the Fund's 2021 renewal with the International Foundation of Employee Benefit Plans at a fee of $1,265.00.**

G. **2019 Summary Annual Report**

Ms. Cochran reported the 2019 Summary Annual Report was mailed to Plan participants on August 4, 2020.

H. **Patient Centered Outcomes Research Institute (PCORI)**

Ms. Cochran stated the PCORI fee, imposed by the Affordable Care Act for self-insured group plans, was mailed by July 31, 2020. The amount paid was $1,986.28.

I. **Telehealth Office Visits**

Ms. Cochran reported that the Trustees took interim action to approve coverage of telehealth visits during the period of the national emergency related to COVID-19. Coverage will be provided on the same level that applies to regular office visits per plan guidelines.

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

RESOLVED to extend telehealth office visits through December 31, 2020 and to have Segal look at the cost of providing coverage for telehealth services on a permanent basis.

J. **Coverage of Hearing Aids**

Ms. Cochran reported that she was asked to obtain information regarding the cost of providing coverage for hearing aids. She advised that she requested information from the Fund's optical provider, Group Vision Services. She noted that the benefit is provided by EPIC Hearing Healthcare (EPIC), an affiliate of Group Vision Services. Ms. Cochran said the benefit would be administered in an ASO arrangement and the cost would be $0.29 per member per month. The benefit allows for a specific payment, not to exceed $2,500 every five years.

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

RESOLVED to amend the Plan to provide coverage of hearing aids effective November 1, 2020 with a cost of $0.29 per member per month, up to $2,500 per every five years.

VIII. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected December 10, 2020 as their next regular meeting date immediately following the companion Pension Fund meeting via teleconference.

IX. ADJOURNMENT

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

Respectfully submitted,

Jason Paradis
Secretary