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

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DRAFT
MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE WAREHOUSE EMPLOYEES UNION LOCAL NO. 730 HEALTH AND WELFARE TRUST FUND
SEPTEMBER 1, 2021
VIA TELECONFERENCE

The following Trustees were present:

UNION TRUSTEES
R. Brooks – Chairman
J. Lacy
F. Myers
T. Richardson – Alternate[1]

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
G. Hayes – Cigna
J. Kimble – Morgan, Lewis & Bockius, LLP
G. Kreidler – Cigna
M. Pascal – Novak Francella LLC
R. Sichel – Investment Performance Services, LLC

I. CALL TO ORDER

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

[1] Tyrone Richardson joined the meeting at 10:58 a.m.

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held June 10, 2021.

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 10, 2021 are approved as presented.**

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 June 30, 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 – June 30, 2021". Mr. Sichel reported that the total market value of assets as of June 30, 2021 was $14,437,775.

2. Asset Allocation

Mr. Sichel reported that as of June 30, 2021, the Fund held 41.4% in Investment Grade Fixed Income, 39.0% in Short Duration High Yield, 3.8% in Real Estate, and 15.7% in cash equivalents. He noted Wedge Capital held $5,976,874, Chartwell Investment held $5,634,192, ARA Core Property Fund L.P. held $555,700, and there was $2,271,009 in the cash account.

Mr. Sichel noted that the cash allocation is within the targeted policy range;

however, he recommended the Trustees consider reallocating the assets as follows: 1) $500,000 from the cash account to Wedge Capital Management (Investment Grade Fixed Income), 2) $1,500,000 to Chartwell (Short Duration High Yield Fixed Income) and 3) $150,000 from the cash account to Boyd Watterson (Real Estate – Value Add).

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

RESOLVED to follow IPS' recommendation to rebalance the assets by allocating funds as follows: 1) $500,000 from the cash account to Wedge Capital Management, 2) $1,500,000 from the cash account to Chartwell Investment and 3) $150,000 from the cash account to Real Estate – Value Add.

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

IV. <u>AUDITOR REPORT</u>

The Trustees welcomed Ms. Marcella Pascal of Novak Francella LLC to the meeting.

Ms. Pascal reviewed the draft Financial Statements for the year ended December 31, 2020. She said this audit reflects an unmodified opinion, in all material respects, of the financial status of the Fund. The total assets as of December 31, 2020 were $13,457,305, accounts payable were $38,424 and benefit obligations totaled $1,483,580. She noted total additions for the year ended December 31, 2020 were $6,213,796, and total deductions were $3,278,136, resulting in Net Assets Available for Benefits of $13,416,897 as of December 31, 2020. She also reviewed the notes to the financial statements, the schedule of administrative expenses, the schedule of employer contributions, the schedule of assets held for investment purposes, and the schedule of reportable (5%) transactions.

V. COUNSEL REPORT

A. Subrogation Report

Mr. DeLancey reviewed the status of subrogation matters as of June 10, 2021. He said no cases were closed or opened since the last Board of Trustees meeting on June 10, 2021. Mr. DeLancey stated there is one open case that requires action. Mr. DeLancey noted that the participant's attorney, Snyder Law Group, requested a lien reduction in regard to participant Stefan Mansar. Mr. DeLancey said after deducting the Fund's lien of $27,176.48 (unreduced), the participant's recovery would be $60,175.52. He said Fund Counsel recommends rejecting the lien reduction request and demanding full payment of the Fund's lien.

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

RESOLVED to accept Fund Counsel's recommendation and reject the lien reduction.

B. Cybersecurity Policy

Mr. Kimble said in early April 2021, the Department of Labor issued sub-regulatory guidance regarding best practices for plans with respect to cyber security measures. Included in the meeting booklet is a proposed Cybersecurity Policy and a Questionnaire for the Funds' service providers.

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

RESOLVED to accept Fund Counsel's Cybersecurity Policy and Questionnaire.

C. Transparency in Coverage and Consolidated Appropriations Act

Mr. Kimble said on August 20, 2021 the Departments of Labor, Health and Human

Services, and Treasury announced their intention to exercise enforcement discretion with respect to portions of the Transparency in Coverage and Consolidated Appropriations Act. He noted the delayed deadline for plans and issuers to publish machine-readable files relating to prescription drug pricing and monthly in-network and allowed-amount machine-readable files. The original effective date of December 27, 2021 was delayed until December 27, 2022. Mr. Kimble said that the Department of Labor, Health and Human Services and the Treasury Department are now encouraging plans to make good faith, reasonable interpretations regarding the Health Insurer and ID Cards and Provider Directories while the implementation guidance is developed. Mr. Kimble additionally noted the Plan is waiting for additional regulations and rules in regard to the Advance Explanation of Benefits.

VI. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the second quarter 2021. The report showed contributions of $1,521,815, interest and dividend income of $96,206, and miscellaneous income of $0, producing a total income of $1,622,569 for the quarter. Expenses included $747,318 of benefit expenses and $80,423 of operating expenses, producing a total expense of $827,741. This produced a total surplus of $794,828 for the quarter ended June 30, 2021. Ms. Cochran noted that contributions were made on behalf of 336 Plan participants.

VII. INVOICES

Ms. Cochran presented a list of invoices dated September 1, 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 September 1, 2021 are approved for payment as presented.**

VIII. PROVIDER REPORT – CIGNA

The Trustees welcomed Mr. Graham Hayes and Ms. Greta Kreidler of Cigna to the meeting.

A. PPO Savings Report

Mr. Hayes reviewed the CIGNA PPO savings report for the period January 1, 2021 through July 31, 2021. The PPO network savings, meaning the billed amount less the network allowed amount, equaled $1,122,386. This represents an overall PPO savings of 46.5% for the period January 1, 2021 through July 31, 2021. Mr. Hayes reviewed the out-of-network savings results for the period January 1, 2021 through July 31, 2021 noting a savings of 51.9%.

B. Laboratory Analysis Report

Mr. Hayes presented a Cigna Network Analysis Report as of June 2021. He noted 315 participants live within a 5-mile radius of a LabCorp facility and 60 members within a 5 mile radius to a Quest facility. The Trustees discussed the benefits of LabCorp and Quest being the exclusive laboratory facilities, noting Cigna's estimated savings to the Fund of $44,511 for a six-month period.

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

> **RESOLVED to make LabCorp and Quest the exclusive laboratory facilities effective January 1, 2022.**

Fund Counsel noted that participants will need 60-day advance notice of this change. Ms. Cochran said she would work with Cigna to prepare a letter to participants.

IX. OTHER FUND BUSINESS

A. Employer Contribution Rate Letter

Ms. Cochran reported that Associated mailed a contribution rate increase letter to Adams Burch and Giant Recycling on June 4, 2021 for a rate change effective July 1, 2021.

B. Fiduciary Liability Policy

Ms. Cochran noted interim action the Trustees took to renew the Fiduciary Liability policy for the period July 26, 2021 through July 26, 2022 with the incumbent carrier, Markel American Insurance Company/Ullico ("Ullico"), through the broker NFP Property & Casualty Service, Inc. ("NFP"). She said there was a decrease in the annual premium of $1,910. She reported that the Trustees approved the renewal via an electronic poll conducted in August 2021.

Ms. Cochran advised the Trustees that letters regarding their required payment of the Waiver of Recourse premium of $25 were emailed on August 26, 2021.

Ms. Cochran noted that the Trustees had requested the Administrative Manager to work with Segal as a broker to obtain proposals in addition to NFP. She said she was advised by Segal that they were not able to obtain proposals as the carriers will only work with one broker per renewal.

Trustee Brooks said he would speak with NFP regarding the time frame the Trustees expect to have the proposals in advance of the policy expiration date. Ms.

Cochran said each year she has expressed the Trustees expectations to have the proposals well in advance of the expiration date.

C. 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, 2021. The amount paid was $1,984.36.

D. Summary Plan Description (SPD)

Ms. Cochran stated a draft revised version of the SPD is currently under review by Fund Counsel.

E. Life Insurance Benefit

Trustee Brooks requested that the Administrative Manager solicit proposals from Voya, the current life insurance provider, for increasing the life insurance benefit from $45,000 to $50,000 and $55,000.

X. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected December 17, 2021 as their next regular meeting date immediately following the companion Pension Fund meeting via teleconference.

XI. ADJOURNMENT

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

Respectfully submitted,

Jason Paradis
Secretary