FELRA & UFCW Health & Welfare Plan

A Plan of the Food Employers Labor Relations Association
and United Food and Commercial Workers
VEBA Fund

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MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE FELRA AND UFCW VEBA FUND VIA VIDEO CONFERENCE OCTOBER 20, 2022

The following Trustees were present:

Union Trustees	**Employer Trustees**
M. Federici – Secretary	J. Paradis – Chairman
J. Chorpenning	D. Dosenbach
M. Wilson	M. Goble

Also present were:

N. Eid – Confidio
D. Jensen – Associated Administrators, LLC
M. Kreps – Groom Law Group
B. Maiorano – Associated Administrators, LLC
C. McDonough – Investment Performance Services
R. McKnight – Associated Administrators, LLC
C. Murphy – Associated Administrators, LLC
S. Sanchez – Slevin & Hart, P.C.
A. Sims – Associated Administrators, LLC
B. Slevin – Slevin & Hart, P.C.
J. Timm – The Segal Company

I. CALL TO ORDER

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

II. CONSULTANT'S REPORT

Mr. Josh Timm of The Segal Company presented a Reserve Analysis report dated October 19, 2022. Mr. Timm stated that the analysis illustrates the financial performance of the Welfare Fund. He noted that the analysis illustrates the Fund's income, expenses, and reserve levels for each quarter from January 1, 2019 through June 30, 2022. Mr. Timm reported that per the collective bargaining agreement, the Fund spent down reserves to 2.0 months, effective December 1, 2020.

Mr. Timm reported that a decrease in total Fund income and an increase in total Fund expenses in the last six months has resulted in an operating deficit of approximately $8.6 million. Mr. Timm reviewed the total income and expenses during the same period and noted the operating deficit for the first two quarters of 2022 was notably higher than during the prior year due to a large number of high-dollar claims.

Mr. Timm reviewed a summary of the historical contribution rates from November 1, 2018 through the present that were calculated by applying trends to actual Fund expenses for the previous four quarters. He noted that while this is an acceptable methodology for calculating contribution rates, it did not account for the high-dollar claims that the Fund experienced in the first two quarters of 2022. Mr. Timm reported that the July 1, 2022 contribution rates result in per capita contributions lower than the 12-months of per capita expenses and do not reflect the additional amount needed to get to 2.0 months of reserves. Reserves as of June 30, 2022 were $11.6 million and below the 2.0 months.

The Trustees discussed the possible savings to be achieved from the Payer Matrix specialty drug program in the event the Board elects to proceed with that program. Co-counsel reported on their review of the Payer Matrix program.

The Trustee discussed different options for achieving and maintaining a two month reserve. After discussion,

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

> **RESOLVED to increase all current contribution rates by 3%, effective for hours worked on and after November 1, 2022.**

The Trustees thanked Mr. Timm and Ms. Sims for their reports.

III. <u>ADJOURNMENT</u>

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

Respectfully submitted,

Mark Federici, Secretary

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