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 MEETING OF THE
BOARD OF TRUSTEES OF THE
FELRA AND UFCW VEBA FUND
VIA VIDEO CONFERENCE
JUNE 22, 2021

The following Trustees were present:

Union Trustees
M. Federici – Secretary
J. Chorpenning
A. Hanson

Employer Trustees
J. Paradis – Chairman
D. Dosenbach
M. Goble

Also present were:

W. Antoshak – Associated Administrators, LLC
Y. Anwar – UFCW Local 400
L. DuVall – Associated Administrators, LLC
J. Hack – UFCW Local 27
J. Harrison – UFCW Local 27
T. Hipkins – UFCW Local 27
N. Jacobs – UFCW Local 400
D. Jensen – Associated Administrators, LLC
M. Kreps – Groom Law Group
C. McDonough – Investment Performance Services
R. McKnight – Associated Administrators, LLC
C. Murphy – Associated Administrators, LLC
S. Sanchez – Slevin & Hart, P.C.
R. Sichel – Investment Performance Services
A. Sims – Associated Administrators, LLC
B. Slevin – Slevin & Hart, P.C.
J. Timm – The Segal Company
L. Walsh – Associated Administrators, LLC
M. Wilson – UFCW Local 400
A. Yu – Investment Performance Services

I. CALL TO ORDER

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

A. Proxy

Mr. Jensen reported that Trustee Nazario was unable to attend the meeting and had provided his proxy to Trustee Chorpenning to act in all matters coming before the Trustees.

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on March 11, 2021, and the Appeals Committee meetings of March 10, 2021, April 8, 2021, May 5, 2021 and June 7, 2021, all of which were pre-circulated.

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

> **RESOLVED that the minutes of the regular meeting held on March 11, 2021, and the Appeals Committee Meetings of March 10, 2021, April 8, 2021, May 5, 2021, and June 7, 2021 are approved, as presented.**

III. FINANCIAL REPORT

A. PNC Bank

1. Summary of Activity Report – ERISA Account – May 31, 2021

Mr. Jensen presented the PNC Summary of Activity report for the period January 1, 2021 through May 31, 2021. Such report indicated a beginning market value of $32,607,051, earnings of $465,986, receipts of $39,380,746, and disbursements of $54,769,048, producing an ending market value of $17,684,735 as of May 31, 2021.

2. Summary of Activity Report – Non-ERISA Account DDA – May 31, 2021

Mr. Jensen presented the PNC Summary of Activity report for the Non-ERISA account for the period January 1, 2021 through May 31, 2021. Such report indicated a beginning market value of $7,130,603, no earnings, receipts of $34,424,990, and disbursements of $40,714,013, producing an ending market value of $841,580 as of May 31, 2021.

3. Reserves

Mr. Jensen noted that as of May 31, 2021, the FELRA VEBA Fund had $23,922,551 in reserves, representing 2.25 months of reserves, compared to 2.31 months as of April 30, 2021. The average expense for the four quarters ending March 31, 2021 was $10,649,238.50.

B. Investment Performance Services

The Trustees welcomed Mr. Rich Sichel, Mr. Chris McDonough, and Ms. Angela Yu of Investment Performance Services ("IPS") to the meeting.

1. Master Consulting Report – March 31, 2021

Mr. Sichel reviewed the Master Consulting Report for the period ending March 31, 2021. Such report indicated a beginning market value of $32,606,966, a net cash flow of negative $13,698,952, and a net investment change of $237,416, resulting in an ending market value of $19,145,429. The year-to-date performance through March 31, 2021 was 0.4%, gross of fees.

2. Preliminary Performance Update – April 30, 2021

Mr. Sichel reviewed the Preliminary Performance Report for the period ending April 30, 2021. Such report indicated a beginning market value of $19,145,429, negative net cash flow of $488,482, and a net investment change of $195,142, resulting in an ending market value of $18,852,099. The year-to-date performance was 1.4%, gross of fees.

The Trustees thanked the representatives of Investment Performance Services for their report and they were excused from the meeting.

IV. CONSULTANT'S REPORT

The Trustees welcomed Mr. Josh Timm of The Segal Company ("Segal") to the meeting.

A. The Segal Company

1. Symetra Life and AD & D Renewal

Mr. Timm reviewed the Symetra Life Insurance and AD & D Renewal. He noted that Symetra was proposing no increase in rates for the period July 1, 2021 through June 30, 2023. Mr. Timm noted that this results in $7,600 in annual savings, or a total savings of $15,800 for the two year renewal period, as compared to Symetra's initial renewal proposal. He noted that the proposal appears to be reasonable and competitive. After discussion and, On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the Symetra Life Insurance and AD & D renewal with no increase in rates for a two year period beginning July 1, 2021 through June 30, 2023.**

2. Superior Vision - Renewal

Mr. Timm reviewed a renewal proposal from Superior Vision. He noted that Superior Vision had proposed no increase in rates for the renewal period of August 1, 2021 through July 31, 2023.

After discussion and,

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

> **RESOLVED to delegate authority to Chairman and Secretary to make a decision regarding the Superior Vision renewal.**

V. <u>ATTORNEY'S REPORT</u>

A. <u>BlueCross BlueShield Class Action</u>

Mr. Slevin reported on a class action involving the Blue Cross Blue Shield Association. After discussion, and

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

> **RESOLVED to delegate authority to Chairman and Secretary to make any decisions relating to the Blue Cross Blue Shield class action.**

B. <u>Consolidated Appropriations Act</u>

Ms. Sanchez reported on the Consolidated Appropriations Act ("CAA"), including the No Surprises Act, and the Transparency in Coverage Final Rule.

C. <u>COBRA Subsidy</u>

Ms. Sanchez reported on the temporary COBRA premium subsidy under the American Rescue Plan Act of 2021.

D. <u>Purdue Pharma Bankruptcy</u>

Ms. Sanchez reported on the Purdue Pharma bankruptcy. After discussion, and

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

> **RESOLVED to delegate authority to Chairman and Secretary to make any decisions regarding the Purdue Pharm bankruptcy.**

E. <u>Namenda Class Action</u>

Ms. Sanchez reported on the Namenda class action.

F. <u>Summary Plan Descriptions ("SPD")</u>

Ms. Sanchez reported on the status of the Fund's SPD restatements.

G. <u>Dentegra</u>

Ms. Sanchez reported on the status of the Dentegra Agreement and evidence of coverage documents.

H. <u>Fiduciary Liability Policy</u>

Ms. Sanchez reported on the Fund's fiduciary liability policy.

I. <u>Fidelity Bond</u>

Ms. Sanchez reported on the Fund's fidelity bond.

J. <u>Administrative Services Agreement</u>

Ms. Sanchez reported on the Fund's agreement with Associated Administrators, LLC.

K. Calibre Engagement Letter

Ms. Sanchez reported on Calibre's proposed engagement letter and side letter .

L. Cheiron Agreement

Ms. Sanchez reported on the Fund's agreement with Cheiron.

M. Safeway 2014-2017 Payroll Audit Demand Letter

Ms. Sanchez reported on Safeway's payroll audit delinquency.

N. Subrogation Report

Mr. Jensen stated that Slevin & Hart had reported subrogation recoveries of $43,900.01, with $8,780.00 payable to Slevin & Hart for the first quarter 2021.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. First Quarter 2020 – Combined Fund Recap

Mr. Jensen presented the Administrative Manager's Report for the First Quarter 2021. For the combined VEBA Fund, Active and Retiree Plans, total income was $26,219,455. Expenses totaled $34,083,289, producing a net deficit of $7,863,834 for the First Quarter 2021. Mr. Jensen noted that contributions were made on behalf of 15,858 active Plan participants.

Mr. Jensen presented a snapshot of work performed by Associated Administrators during the First Quarter 2021. The report reflected the processing of 374 accident and sickness claims, 132 appeals, 32,616 participant service calls, the production of 412 COBRA notices, the processing of 85,421 medical claims, and mailings to 68,097 Plan participants.

VII. INVOICES

The Trustees reviewed the lists of invoices for the Active Plan and Retiree Plan dated June 22, 2021. It was noted there was one addition to the list.

Mr. Jensen presented an invoice in the amount of $13,620.00 representing work performed by Associated Administrators for implementation of the Dentegra Dental program that went into effect June 1, 2021. Mr. Jensen noted that this invoice would be deducted from the implementation credit provided to the Fund by Dentegra.

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

RESOLVED that the invoices on the lists dated June 22, 2021 for the Active Plan and Retiree Plan are approved for payment.

FURTHER RESOLVED, to approve payment of Associated's invoice for work performed for the implementation of the Dentegra Dental program.

VIII. OTHER FUND BUSINESS

A. Memoranda of Agreements ("MOA")

Mr. Jensen reported receipt of the MOAs reached between Giant, Safeway and the UFCW Locals 400 and 27 for the period October 27, 2019 through October 28, 2023.

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

RESOLVED to adopt the Memoranda of Agreement, as supplemented and modified.

B. Calibre's Plan Year 2020 Engagement Request

Mr. Jensen reviewed Calibre's 2020 engagement proposal. He reported that Calibre was requesting a fee of $82,400, which represents a $2,050 increase over the prior year's fee. He noted that hourly rates for additional services not covered by the agreement would range between $90.00 to $345.00 per hour. After discussion, On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to delegate authority to Chairman and Secretary to make decisions regarding Calibre's 2020 engagement proposal.

C. <u>Giant Food– Contribution Credit</u>

Mr. Jensen noted that Giant Food requested a contribution credit in the amount of $246,960.00 for contributions incorrectly remitted for dependent coverage on behalf of eleven Plan participants. After discussion and,

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

RESOLVED to approve the contribution credit request submitted by Giant Food in the amount of $246,960.00.

Trustees Paradis and Goble abstained from the vote.

D. <u>Maintenance of Benefit ("MOB")</u>

Mr. Jensen noted that the Maintenance of Benefit rates had been approved by the subcommittee between meetings and letters were sent to the Participating Employers on June 18, 2021.

E. <u>COBRA Rates – September 1, 2021</u>

Mr. Jensen discussed the COBRA rates effective September 1, 2021. After discussion,

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

RESOLVED to delegate authority to Chairman and Secretary to approve the COBRA rates.

F. COBRA Premium Subsidy – Status Update

Mr. Jensen noted that COBRA Premium subsidy notices had been sent to 1,635 Plan participants on May 14, 2021.

G. Dentegra Transition – Status Update

Mr. Jensen reported that the Dentegra implementation was complete.

H. COVID-19 Related Claims Processing - Status Update

Mr. Jensen provided a summary of COVID-19 medical claims experience for the period January 1, 2021 through April 30, 2021. He noted that 4,293 tests were paid at a cost of $544,089.61. Treatment was provided to 942 plan participants at a cost of $679,476.16. He noted that there were three COVID claims paid in excess of $50,000. 463 COVID vaccines were paid in the amount of $20,600.31 and 2,513 telehealth claims were paid in the amount of $108,630.23.

I. Safeway Payroll Audit – 2014-2017 – Status Update

Mr. Jensen reported that Safeway had not remitted payment in the amount of $38,141.60 for the payroll audit conducted by Calibre. Mr. Dosenbach indicated that payment is forthcoming.

J. FELRA and UFCW VEBA Fund - Fiduciary Insurance Renewal

Mr. Jensen noted that the Fund's fiduciary insurance had been renewed through Chubb for the period May 29, 2021 through May 29, 2022 and the Individual Waiver of Recourse invoices had been sent to the Trustees on June 2, 2021.

K. FELRA and UFCW Retiree Health and Welfare Fund - Fidelity Bond

Mr. Jensen noted that the FELRA and UFCW Retiree Health Plan's fidelity bond had been renewed through Chubb for the period June 1, 2021 through June 1, 2024.

L. Beacon Health Annual Report

Mr. Jensen noted that Beacon Health had reported an error in their annual report regarding their Telehealth Services and that and a revised report will be sent to the Fund.

M. ESI Rebate Checks

Mr. Jensen reported that the Fund had received a rebate check from ESI for the period January 1, 2020 through December 31, 2020 in the amount of $1,289,451.47. He further noted that the Fund had received EGWP rebates on March 15, 2021 in the amount of $87,856.77, on April 15, 2021 in the amount of $86,086.77, and on May 13, 2021 in the amount of $85,607.18.

N. Segal, Bryant & Hamill

Mr. Jensen reported that the Fund had received notification that the Segal, Bryant and Hamill combination with CI Financial is now complete.

O. Patient Centered Outreach Research Institute ("PCORI")

Mr. Jensen stated that the PCORI filing is due July 31, 2021 and the amount due is $51,580.06.

IX. ADOPTION OF COMMITTEE RECOMMENDATIONS

After review of the recommendations made by the Severance, Legal and Scholarship Committees during their meetings,

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

> **RESOLVED, that the recommendations made by the Severance, Legal and Scholarship Committees are adopted.**

X. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees noted that the next meeting was scheduled for September 23, 2021. However, due to a conflict in Trustee schedules, the meeting is rescheduled for September 27, 2021 and will be held virtually.

XI. ADJOURNMENT

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

Respectfully submitted,

Mark Federici, Secretary

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