Industry And Local 338
Welfare Fund
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Minutes of the Meeting of the Board of Trustees

Held on September 22, 2021
Via
WebEx

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEE**
Dan Maldonado	Chris Palmer
Lori Polesel	

Also present were:

Pat Blizzard – SEI Institutional Group
Alicia Cochran – Associated Administrators, LLC
Rachel Grant – Associated Administrators, LLC
Peter Murray - Schultheis & Panettieri, LLP
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP
John Urbank – The Segal Company

I. CALL TO ORDER

The meeting was called to order at 10:02 a.m.

II. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI reviewed SEI's report. He led a conversation regarding SEI's OCIO model and the services provided by SEI to the Fund, including thorough due diligence and monitoring of sub-advisors, and decision- making over public fund manager selections and terminations. He then provided commentary on the market.

Mr. Blizzard reported the Plan has outperformed its benchmark for every annualized time period and every calendar year with the exception of 2018. He reviewed the Plan objectives to achieve risk adjusted returns in excess of 2% to improve liquidity, and he noted the Fund's 10-year return of 5.5%. He stated that the well-diversified positioning within the Fixed Income allocation helped minimize the impact of the Bloomberg Barclays US Aggregate Bond Index which was down by 0.70% year to date through August 31, 2021.

Mr. Blizzard reported that the Fund's market value of assets was $8,323,310 as of August 31, 2021 and its fiscal year-to-date rate of return is 27.00%, compared to the 20.40% return for the index. Mr. Blizzard reviewed the Fund's asset allocation: 9.00% World Equity Ex-US Fund, 6.10% US Equity Factor Allocation Fund, 6.10% Large Cap Index Fund, 36.80% Core Fixed Income Fund, 17.00% Limited Duration Fund, 2.00% High Yield Bond Fund, 18.00% Ultra Short Duration, 3.00% Opportunistic Income Fund, and 2.00% Emerging Markets Debt Fund. He then reported on the performance of each asset class.

Trustee Maldonado discussed the possibility of a merger with another Welfare Fund, given the size of this Fund and current assets. Ms. O'Leary said that, although there have been informal discussions, the Plan professionals would need direction from the Trustees to explore this option formally. Mr. Murray said that the Fund's administrative expenses are in line with other health funds of this size. The Trustees reviewed the Fund's administrative costs. It was noted that the transition to a third-party administrator in 2013 resulted in significant cost-savings, and that there does not appear to be additional opportunities for other administrative cost savings within the current structure. Ms. Cochran said she would send the Trustees the financial statements for the past three years which list the administrative expenses. Ms. O'Leary suggested the Plan professionals have a meeting to discuss what information would be needed to discuss a merger, with a special meeting of the Trustees to be scheduled following the Plan professionals meeting. The Trustees agreed with this suggestion.

The Trustees thanked Mr. Blizzard for his report.

III. AUDITOR REPORT

Mr. Peter Murray of Schultheis & Panettieri, LLP ("S&P") stated that he anticipated the year-end audit will be completed by the next meeting of the Trustees.

Mr. Murray referred the Trustees to S&P's Payroll Audit Engagement Letter which was distributed electronically prior to the meeting. The report is attached hereto as Exhibit "A." He noted the payroll audit agreement expired on July 1, 2021. He reviewed the current rates and new proposed rates, noting that they reflect a blended increase of 1.20%, which, if approved, S&P would agree to maintain until 2023. The Trustees stated that they would review this request later in the meeting.

IV. APPROVAL OF MINUTES

The minutes of the meeting held on June 15, 2021 were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on June 15, 2021.

V. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

Ms. Cochran reviewed the Cash Operating Statement from July 1, 2020 through June 30, 2021. The report is attached hereto as Exhibit "B."

B. Claims Paid Detail Report

Ms. Cochran reviewed a report detailing medical claims paid by type of benefit from April 1, 2021 through June 30, 2021, January 1, 2021 through March 31, 2021, October

1, 2020 through December 31, 2020, and July 1, 2020 through September 30, 2020. The report showed paid claims by the following categories: anesthesia, COVID-19 testing, COVID-19 treatment, hospital, laboratory and x-ray, medical and surgery. The report also indicated claims paid in network and out of network. The report is attached hereto as Exhibit "C."

C. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for April, May, and June 2021. The reports are attached hereto as Exhibit "D."

MOTION was made, seconded and unanimously adopted authorizing the disbursements listed in Exhibit "D."

D. Delinquency Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "E."

E. Withdrawal Liability

Ms. Cochran reviewed the report in detail. The report is included at the bottom of Exhibit "E."

F. Employer Contribution Rate Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "F."

G. Active Members and COBRA Participants Receiving Benefits

Ms. Cochran referred to the report for the period from January 2021 through June 2021. The report is attached hereto as Exhibit "G."

H. Administrative Manager's Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "H."

I. Coordination of Benefits ("COB") Mailing

Ms. Cochran reported the COB form was mailed to 115 participants on August 23, 2021, and that 13 forms were returned with no other coverage listed for participants or dependents. After discussion of the low response rate, the Trustees requested that Ms. Cochran provide the employers with the COB form to distribute to participants. Trustee Polesel and Trustee Maldonado requested Ms. Cochran send the current list of participants who have responded. The form is attached hereto as Exhibit "I."

J. Subrogation

Ms. Cochran reported that, as of June 1, 2021, Anthem Blue Cross Blue Shield is handling subrogation claims through the Anthem Subrogation Program. She said that Joe Bruzzo reported there are currently no files open.

K. American Rescue Plan Act of 2021 ("ARPA") COBRA Subsidy

Ms. Cochran reported one Expiration of Subsidy Notice was mailed on September 14, 2021. She noted the ARPA COBRA subsidy expires on September 30, 2021.

L. Patient-Centered Outcomes Research Institute ("PCORI") Fee

Ms. Cochran said the Trustees approved the snapshot method for the July 31, 2021 filing to determine the average number of covered lives under the Plan. She said the fee is $2.45 multiplied by the average number of covered lives under the Plan. Ms. Cochran said the auditor prepared the Form 720 and payment in the amount of $938.35 was mailed to the IRS on July 27, 2021.

M. <u>2022 COBRA Rate Change Letter</u>

Ms. Cochran stated that COBRA rate change letters were mailed to participants currently on COBRA and those for whom COBRA has been offered within 60-days on June 24, 2021.

VI. <u>CONSULTANT'S REPORT</u>

A. <u>Amalgamated Insurance Policy Renewal</u>

Mr. Urbank reported that the Fund's life, AD&D, disability and paid family leave insurance policy renews on January 1, 2022. He stated that Segal will obtain and review the renewal, which is usually issued 60 days prior to the effective date, and provide updates when available.

B. <u>COVID-19 Public Health Emergency Extension</u>

Mr. Urbank reported that, effective July 20, 2021, the federal government extended the COVID-19 public health emergency for at least an additional 90 days, until October 18, 2021. He stated that this is the sixth extension of the emergency, with the first declared on January 31, 2020 (retroactive to January 27, 2020). He explained that the government could terminate the public health emergency earlier than October 18, 2021 or extend it again. He explained that the public emergency declaration is important to health plan sponsors because it determines the period of time during which group health plans and insurers must pay for COVID-19 tests and related services without charging cost sharing as well as the amount of time non-grandfathered plans must cover vaccines on an out-of-network basis.

C. <u>No Surprises and Transparency Rules</u>

Mr. Urbank reported that the DOL, HHS and Treasury issued guidance for the No Surprises and Transparency Rules regulations that delayed the compliance requirements for the prescription drug cost information from December 27, 2021 to December 27, 2022 and the advanced EOB requirement showing an estimate of charges when medical appointments are made until the final rules are issued.

He stated that there is a deferred enforcement for machine readable files applicable to medical for in and out-of-network services from January 1, 2022 to July 1, 2022 for group health plans with plan years beginning before July 1, 2022. He explained that, for plans with plan years that begin on or after July 1, 2022, such as this Fund, the effective date is unchanged and therefore the effective date for this Fund is July 1, 2022. Mr. Urbank further stated that the requirement for an internet-based, self-service price comparison tool is deferred until plan years beginning on or after January 1, 2023.

Ms. Cochran stated that Associated is having weekly meetings to discuss compliance with these new obligations and implementation issues.

VII. PAYROLL AUDIT FEE DISCUSSION

The Trustees excused Mr. Murray from the meeting. They discussed the payroll audit fee request, noting that the fees have not increased since 2018, that the Trustees are satisfied with S&P's services, and that the proposed increase in reasonable. Ms. O'Leary stated that, based on her experience with other clients and accounting firms, the proposed rates are very reasonable.

After discussion,

MOTION was made, seconded and unanimously adopted to approve the rate increase request for Schultheis & Panettieri, LLP as listed in Exhibit "A" effective July 1, 2021 through December 31, 2021.

VIII. NEXT MEETING DATE/ADJOURNMENT

The next regular meeting of the Board of Trustees date is to be determined. The Trustees agreed to have a special meeting on October 29, 2021 at 10:00 a.m. to discuss the possibility of a merger. With no further business to come before the Board, the meeting was adjourned at 11:05 a.m.

Exhibits

A – Payroll Audit Engagement Letter

B – Cash Operating Statement

C – Claims Paid Detail Report

D – Authorization for Disbursements

E – Delinquency Report and Withdrawal Liability Report

F – Employer Contribution Report

G – Active Members and COBRA Participants Receiving Benefits

H – Administrative Manager's Report

I – Coordination of Benefits Form