Industry and Local 338
Welfare Fund
911 Ridgebrook Road
Sparks, MD 21152-9451
Telephone No. (855) 412-3797 (toll free)
www.associated-admin.com

Minutes of the Meeting of the Board of Trustees

Held on January 26, 2024
at
Teamsters Local 445 Union Office
Rock Tavern, New York

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
Kayla Davis – The Segal Company
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 12:22 p.m.

II. AUDITOR REPORT

Mr. Murray distributed the Financial Statements for the Plan years ended June 30, 2023 and 2022, which are attached hereto as Exhibit "A." He confirmed that the Financial Statements, in the opinion of Schultheis & Panettieri, LLP ("S&P"), present fairly, in all material respects, the financial status of the Fund. Mr. Murray reviewed the Form 5500 in detail, including Schedule C, and reported that, without an extension, Form 5500 must be filed by January 31, 2024. He stated that the Fund's administrative expenses are reasonable and that the Plan continues to operate efficiently. He noted S&P's satisfaction with Associated Administrator's internal controls.

Mr. Murray reviewed the Form 990 in detail with the Trustees.

Mr. Murray was excused from the meeting.

III. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard distributed and reviewed the SEI report for the period ending December 31, 2023. He led a conversation regarding SEI's Outsourced Chief Investment Officer ("OCIO") model and SEI's services. He provided commentary on market conditions and economic trends, including inflation and Federal fund rates. He also discussed the market performance across different asset classes.

Mr. Blizzard reported that the Fund's market value of assets was $6,645,393 as of December 31, 2023, and its fiscal year-to-date rate of return is 4.60%, compared to the 4.35% index return. Mr. Blizzard reviewed the Fund's asset allocation: 9.40% World Equity Ex-US Fund, 6.30% US Equity Factor Allocation Fund, 6.30% Large Cap Index Fund, 16.40% Core Fixed Income Fund, 40.10% Limited Duration Fund, 3.00% High Yield Bond Fund, 7.80% Real Return Fund, 3.10% Emerging Markets Debt Fund, and 7.60% Multi Asset Real Return Fund. He then reported on the performance of each asset class.

Mr. Blizzard said that SEI has no recommendations at this time.

IV. APPROVAL OF MINUTES

The minutes of the meeting held on October 20, 2023 were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on October 20, 2023.

V. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

Ms. Cochran reviewed the Cash Operating Statement from July 1, 2023 through September 30, 2023. 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 July 1, 2023 through September 30, 2023. The report showed paid claims by the following categories: anesthesia, COVID-19 testing, hospital, laboratory and x-ray, medical, surgery, and COVID-19 treatment. The report also indicated claims paid in network and out-of-network (“OON”). The report is attached hereto as Exhibit “C.”

C. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for July, August and September 2023. 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 showing the status of withdrawal liability payments owed to the Pension Fund by the Welfare Fund in connection with the 2013 closing of the former Fund Office. 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 2023 through December 2023. The report is attached hereto as Exhibit "G."

H. 2024 Summary of Benefits and Coverage ("SBC")

Ms. Cochran reported that the SBC for the period January 1, 2024 through December 31, 2024 was mailed to participants on November 22, 2023.

I. Notice of Privacy Practices Availability

Ms. Cochran reported that the Notice of Privacy Practices Availability was mailed to participants on November 22, 2023.

J. Subrogation Report

Ms. Cochran stated that, according to Anthem, there are no open cases.

K. Consolidated Appropriations Act ("CAA") – Gag Clause

Ms. Cochran reported the CAA's Gag Clause Attestation was successfully filed by Associated on behalf of the Fund.

VI. CONSULTANT'S REPORT

A. Amalgamated Disability Benefit Law ("DBL") and Paid Family Leave ("PFL") Policy Renewal

Ms. Davis reviewed Segal's December 14, 2023 memorandum regarding the renewal. She stated that Amalgamated Life proposed maintaining the current rate for the Basic Life, Accidental Death and Dismemberment (AD&D), and Enhanced NY DBL (Disability Benefit Law) coverage effective January 1, 2024.

Ms. Davis reported that, based on the total participant count, the Basic Life estimated total annual premium is $4,464, the AD&D annual premium is $781, and the Enhanced NY DBL estimated annual premium is $10,100. Ms. Davis noted that these rates have been guaranteed for two years through December 31, 2025.

Ms. Davis stated that the New York Department of Financial Services announced that the Paid Family Leave (PFL) rate per $10 of weekly benefit will reduce from $0.2943 in 2023 to $0.2412 in 2024, which is an approximate 18% reduction; that the maximum annual premium contribution per participant will decrease by 16.6% from $399.43 in 2023 to $333.25 in 2024; and that the maximum weekly benefit will increase from $1,131.09 to $1,151.16, or by 1.8%. She advised that the annual cost of the NY PFL policy will be $41,323 based on a rate of $333.25 per participant for 124 participants, which amounts to a maximum decrease of $66.18 per participant annually. She stated that, based on 124 participants, the annual premium reduction will total $8,206.

Following discussion,

MOTION was made, seconded and unanimously adopted to approve the above-described Amalgamated policy renewals effective January 1, 2024.

B. <u>Financial Experience and Budget Projections Report</u>

Mr. Urbank reviewed the Financial Experience and Budget Projections Report for the fiscal year ended June 30, 2024. He commented that the report is based on two years of audited data through 2022 and unaudited cash flows provided by Associated for the year ended June 30, 2023. He explained that the three years of projected income and expenses begin July 1, 2024. Mr. Urbank reported that, for fiscal year 2023, total expenses of $2,430,153 exceeded total income of $2,153,028, thereby resulting in an operating deficit of $277,125. He stated that, after adjusting for the unrealized gain on investments of $8,366, the Fund experienced a total addition to net assets of $268,759. He noted that, as of June 30, 2023, net assets, excluding Incurred but Not Reported ("IBNR") claims reserves, totaled $6,393,902, for a reserve of 28.1 months down from 32.9 months in the prior year.

Mr. Urbank stated that, with regard to the projections, employer contributions are based on 40 hours worked per week and known contribution rates over the three years, resulting in average weekly contribution rates of $317.60, $323.62 and $324.60 for fiscal years ending June 30, 2024, 2025 and 2026, respectively. He stated that total income is projected to fall short of the projected total expenses each year, resulting in projected operating deficits of $435,900, $611,600 and $838,700 in the years ended June 2024, 2025 and 2026, with net assets declining to $5,958,002 as of June 30, 2024, for a reserve of 24.5 months if the projections reach fruition.

Mr. Urbank reviewed the different contribution rates for the employers, noting that if the four employers with the lowest rates contributed at the average composite higher rate of the remaining employers, the Fund would realize additional income of $325,000 in fiscal year 2024.

Discussion ensued regarding the logistics of increasing contribution rates, especially that of Precast Concrete which is contributing under an expired Collective Bargaining Agreement ("CBA") with the Union. After discussion, it was agreed that Ms. O'Leary will draft a letter regarding the expired CBA and the need for a higher contribution rate to Precast and the Union for the Trustees' review and approval.

C. Fidelity Bond Coverage

Mr. Urbank reviewed a memorandum summarizing Fidelity Bond Insurance Coverage proposals from the incumbent Chubb, as well as from Zurich and Encore/Hudson. Ms. Cochran stated that the Pension Fund Trustees previously voted in favor of Chubb. The Trustees agreed to approve coverage from Chubb. She noted that the premium will be allocated between the Pension and Welfare Funds.

MOTION was made, seconded and unanimously adopted to approve the Chubb Fidelity Bond Policy.

VII. COUNSEL

A. Draft Amended and Restated Agreement and Declaration of Trust

Ms. O'Leary distributed binders with the current Trust Agreement and Amendments and a draft updated Trust Agreement. She explained that the draft incorporates all Amendments adopted to date. She reviewed the other proposed changes in the Trust Agreement, including, but not limited to, (1) removal of certain references to the Union and Contributing Employers; (2) updating the document to reflect that the Fund has retained a third-party administrator; (3) broadening the deadlock arbitration provisions; (4) updating provisions regarding procedures for Trustees' decisions; (5) adding the power to merge as a specific power of the Trustees; (6) specifying the Trustees' powers with respect to contributions and the issuance of rules applicable to Employers; (7) deletion of the requirement that the Fund provide short-term disability benefits; and (8) adding in a provision specifying that, except as otherwise provided, all actions taken by Trustees shall be considered fiduciary actions. The Trustees and counsel discussed the impact of the proposed updates. It was agreed that a final draft will be adopted at an upcoming meeting.

VIII. NEXT MEETING DATE/ADJOURNMENT

It was agreed that the next regular meeting of the Board of Trustees was scheduled for April 19, 2024 immediately following the Pension Fund meeting via WebEx. With no further business to come before the Board, the meeting was adjourned at 1:30 p.m.

Exhibits

A – Financial Statements

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