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

Held on August 1, 2024
Via
Zoom

The following Trustees were present:

UNION TRUSTEES
Dan Maldonado
Lori Polesel

EMPLOYER TRUSTEE
Chris Palmer

Also present were:

Daniel Cappell– SEI Institutional Group
Alicia Cochran – Associated Administrators, LLC
Kayla Davis – The Segal Company
Rachel Grant – Associated Administrators, LLC
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP
Jacob Pine– The Segal Company

I. CALL TO ORDER

The meeting was called to order at 10:08 a.m.

II. INVESTMENT CONSULTANT REPORT

Mr. Daniel Cappell reviewed the SEI report for the period ending June 30, 2024. Mr. Cappell 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. Cappell reported that the Fund's market value of assets was $6,097,398 as of June 30, 2024, and its fiscal year-to-date rate of return is 8.12%, compared to the 7.52% index return. Mr. Cappell reviewed the Fund's asset allocation: 7.90% World Equity Ex-US Fund, 7.00% US Equity Factor Allocation Fund, 6.00% Large Cap Index Fund, 26.00% Core Fixed Income Fund, 20.10% Limited Duration Fund, 3.00% High Yield Bond Fund, 8.00% Real Return Fund, 3.00% Emerging Markets Debt Fund, and 8.00% Multi Asset Real Return Fund. He then reported on the performance of each asset class.

The Trustees thanked Mr. Cappell for his report, and Mr. Cappell left the meeting.

III. APPROVAL OF MINUTES

The minutes of the meeting held on April 19, 2024 were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on April 19, 2024.

IV. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

Ms. Cochran reviewed the Cash Operating Statement from July 1, 2023 through June 30, 2024. The report is attached hereto as Exhibit "A."

B. Claims Paid Detail Report

Ms. Cochran reviewed a report detailing medical claims paid by type of benefit from July 1, 2023 through March 31, 2024. The report showed paid claims by the following categories: anesthesia, COVID-19 testing, hospital, laboratory and x-ray, medical, surgery, and COVID-19 vaccine. The report also indicated claims paid in network and out-of-network ("OON"). The report is attached hereto as Exhibit "B."

C. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for January, February, and March 2024. The reports are attached hereto as Exhibit "C."

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

D. Delinquency Report

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

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 "D."

F. Employer Contribution Rate Report

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

G. Active Members and COBRA Participants Receiving Benefits

Ms. Cochran referred to the report for the period from January 2024 through December 2024. The report is attached hereto as Exhibit "F."

H. Subrogation Report

Ms. Cochran stated that Anthem has reported that there are no open cases.

I. Summary Annual Report ("SAR")

Ms. Cochran reported that the SAR for Plan year ending June 30, 2023 was mailed to participants on May 23, 2024.

J. Auditor Engagement Letter

Ms. Cochran reported receipt of the auditor engagement letter for the 2023 Plan year, which reflects an annual fee of $36,000 with no increase from the previous year. She also reviewed the payroll audit engagement letter, which reflects a 3% increase in hourly fees. Ms. Cochran stated that the annual audit engagement letter would be distributed for Trustee signature. Trustee Palmer requested a report with the past payroll audit fee increases. Ms. Cochran said she would provide the information at the next meeting.

K. Patient - Centered Outcomes Research Institute ("PCORI") Fee – INTERIM ACTION

Ms. Cochran reviewed the PCORI fee imposed by the Affordable Care Act for self-insured group plans. She stated that the Trustees approved using the snapshot method and engaging Schultheis & Panettieri, LLP ("S&P") to prepare the Form 720. She reviewed the calculation of the PCORI fee ($3.00 multiplied by the average number of lives covered under the Plan for that Plan year) and stated that the total PCORI fee owed was $843.00. Ms. Cochran reported that the Form 720 was mailed on July 19, 2024.

L. Fiduciary Liability Policy – INTERIM ACTION

Ms. Cochran reported that the Fiduciary Liability policy was renewed on June 10, 2024. She stated that, via email poll and based upon Segal's recommendation, the Trustees voted to renew coverage with the incumbent carrier, Ullico/Markel, for the two-year period from June 10, 2024 through June 10, 2026. She stated that Segal confirmed all Waiver of Recourse fees were received for the period from June 10, 2024 through June 10, 2025.

M. First Student, Kingston Collective Bargaining Agreement ("CBA")

Ms. Cochran report that the new CBA for First Student, Kingston was received from the Union for the period from September 1, 2024 through August 31, 2027. She stated that the CBA included a 7% contribution increase for each year of the contract.

V. CONSULTANT'S REPORT

Mr. Jacob Pine was introduced to the Board as the new Lead Consultant, and it was acknowledged that this change was due to the retirement of the previous Lead, Mr. John Urbank.

Ms. Davis reviewed the COBRA rates for the year beginning July 1, 2024. She said the rates reflect the April 1, 2024 stop loss rate renewal and the revised May 1, 2024 Empire JAA fee renewal rates, while the Hospital, Medical, Prescription Drug, Dental and Optical claims costs are based on the projections by benefit for the fiscal year beginning July 1, 2024. Ms. Davis reported that the core rates are decreasing -0.2% to $1,049.49 for individuals and -0.8% to $2,540.53 for families, respectively. The core plus non-core rates are remaining flat at $1,065.74 for individuals and decreasing -0.7% to $2,584.41 for families, respectively.

MOTION was made, seconded and unanimously adopted to ratify Trustee approval of the proposed COBRA rates between meetings, effective July 1, 2024.

Ms. Davis and Mr. Pine left the meeting.

VI. COUNSEL

A. CSEA Westchester Local 860 Payroll Audit

Ms. O'Leary reported that CSEA Westchester Local 860 has paid the outstanding disputed audit findings.

VII. OTHER MATTERS

With the recent retirement of the Fund's long-time consultant, it was agreed that this would be an appropriate time to conduct a Request for Proposals ("RFP") for consulting services. It was agreed that Ms. Cochran and Ms. O'Leary would handle the RFP and present the proposals to the Trustees for their consideration 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 November 7, 2024 immediately following the Pension Fund meeting via Zoom. With no further business to come before the Board, the meeting was adjourned at 10:41 a.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