International Union of Operating Engineers
Local 487 Health & Welfare Fund
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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS HEALTH & WELFARE FUND THURSDAY, NOVEMBER 12, 2020 VIA WEBEX CONFERENCE

The following Trustees were present:

LABOR TRUSTEES	MANAGEMENT TRUSTEES
M. Schaunaman, Chairman	J. Turk, Secretary
J. Mullen	J. Epperson
S. Singer	M. Harrison
W. Utreras	F. Villella

Also present were:

D. Bellows-Levine – Bellows Associates, LLC
D. Clutts - Associated Administrators, LLC
N. Durkin - Associated Administrators, LLC
L. DuVall - Associated Administrators, LLC
J. Hart - SEI Global Institutional Group
J. Ianniello - Associated Administrators, LLC
D. McCullers - Apprenticeship Director
E. Naegele - Segal Consulting
K. Phillips - Phillips, Richard & Rind, PA
B. Sudler - Sudler Insurance Services, Inc.

I. CALL TO ORDER

A quorum being present, Chairman Schaunaman called the meeting to order. Ms. Clutts introduced Mr. Jeff Ianniello of Associated Administrators, LLC.

II. <u>MINUTES</u>

The Trustees reviewed the minutes of the regular meeting held on August 13, 2020, which were circulated to the Trustees in advance of the meeting. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the minutes of the regular Board meeting held on August 13, 2020 as presented.**

Ms. Clutts said that the Self-Pay and COBRA rates in the May 14, 2020 minutes did not reflect the United Health Care ("UHC") rate increases as of June 1, 2020. She presented the updated Self-Pay and COBRA rate chart, effective June 1, 2020, to replace the chart on page 6 of the May 14, 2020 minutes:

Self-Pay and COBRA Rates for Medical, Dental, and Vision Coverage Effective June 1, 2020 through March 31, 2021:

UHC SELF PAY RATES:

NHP HMO Plan with Dental HMO and Vision

Employee Only	**$630.85**
Employee Plus One	**$1,322.41**
Family	**$1,863.21**

UHC HMO Plan with Dental PPO and Vision

Employee Only	**$871.29**
Employee Plus One	**$1,826.97**
Family	**$2,581.82**

UHC POS Plan with Dental PPO and Vision

Employee Only	**$871.29**
Employee Plus One	**$1,826.97**
Family	**$2,581.82**

COBRA RATES:

NHP HMO Plan with Dental PPO and Vision

Employee Only	**$643.47**
Employee Plus One	**$1,348.86**
Family	**$1,900.47**

UHC HMO Plan with Dental PPO and Vision

Employee Only	**$888.72**
Employee Plus One	**$1,863.51**
Family	**$2,633.46**

<u>UHC POS Plan with Dental PPO and Vision</u>

Employee Only	**$888.72**
Employee Plus One	**$1,863.51**
Family	**$2,633.46**

After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the Self-Pay and COBRA rates, effective June 1, 2020 and amend the minutes of the regular Board meeting held on May 14, 2020 to reflect the updated rates, as presented above.**

III. INSURANCE REVIEW

The Trustees welcomed Mr. Bob Sudler from Sudler Insurance Services, Inc. to the meeting.

Mr. Sudler presented a report to the Trustees dated November 1, 2020, containing United Healthcare ("UHC") monthly claims data, COVID-19 claims data, and information about UHC's cost waiver extension for COVID-19 tests and treatments. A copy is attached to and made a part of these minutes as Exhibit A. Mr. Sudler reported that UHC will waive testing cost sharing through January 21, 2021. The cost sharing waiver related to COVID-19 treatment for in-network care expires on December 31, 2020 and the cost sharing waiver related to COVID-19 treatment for out-of-network care expired on October 22, 2020. He said the Fund's year-to-date claims experience is running well, with a medical loss ratio of 82%.

The Trustees discussed the financial status of the Fund. The Trustees reviewed the 12 month rolling Income Statement contained in the Administrative Managers Report, which confirmed that the Fund's expenses continue to be substantially higher than its income. Although the Union took steps to increase the hourly contribution rate to $6.30 per hour, given the impact of the pandemic and subsequent drop in construction, the drop in hours worked and contributions received has adversely affected the financial health of the Fund.

IV. ACTUARY'S REPORT

The Trustees welcomed Mr. Ernie Naegele from The Segal Company ("Segal") to the meeting.

Mr. Naegele said he had been requested to update the Fund's health benefits actuarial projections to capture the activity that has occurred this year. He reviewed a "Health Benefits Report, Fiscal Year Ending 2021" dated November 12, 2020, a copy of which is attached to and made a part of these minutes as Exhibit B. Although Mr. Naegele had projected a break-even contribution rate of $6.17 per hour in the previous Health Benefits Report presented to the Trustees at the February 13, 2020 Board of Trustees meeting, the significant drop in work hours and contributions this year has resulted in a projected break-even contribution rate of $6.99 through the end of the current fiscal year. The Fund has negative reserves, and is facing a cash crisis. Mr. Naegele projected an operating deficit of $1,183,660 for fiscal year 2022, assuming a rebound in work hours and an increase in health care cost trend of 7.9%. This would result in a break-even contribution rate of $7.09 per hour.

The Trustees discussed Mr. Naegele's projections, as well as possible plan design changes and other measures that may need to be taken to assure the solvency of the Fund. A Special Board Meeting was scheduled for December 3, 2020, to discuss the Fund's finances and possible measures that need to be taken. Mr. Sudler was requested to speak with UHC about relief measures, and also to bring alternative health benefit plan options to the meeting. Mr. Naegele will work with Mr. Sudler to provide additional financial projections for the Trustees' review. Ms. Clutts will schedule a WebEx meeting and send out a meeting notice to the Trustees.

The Trustees thanked Mr. Sudler and Mr. Naegele for their reports and excused them from the meeting.

V. <u>INVESTMENT CONSULTANT'S REPORT</u>

The Trustees welcomed Mr. John Hart from SEI Global Institutional Group ("SEI") to the meeting.

<u>Performance Report</u>

Mr. Hart discussed SEI's Quarterly Investment Review Third Quarter 2020 dated November 12, 2020, a copy of which is attached to and made a part of these minutes as Exhibit C. He stated that the total portfolio value of the Fund assets as of September 30, 2020 was $192,749. The fiscal year-to-date net return was 0.04% compared to the total index return of 0.06%.

The Trustees discussed the need to cash out this investment and use the funds for operating expenses. Mr. Hart said the portfolio is in cash and cash equivalents, and can be liquidated quickly.

The Trustees thanked Mr. Hart for his report and excused him from the meeting.

VI. AUDITOR'S REPORT

The Trustees welcomed Ms. Dina Bellows-Levine from Bellows Associated ("Bellows") to the meeting.

A. Audited Financial Statements for Plan Year Ended March 31, 2020

Ms. Bellows-Levine reviewed the draft Financial Statements for the Plan years ended March 31, 2020 and 2019, a copy of which is attached to and made a part of these minutes as Exhibit D. She expressed an unmodified (clean) opinion on the Financial Statements, meaning that in her opinion the Financial Statements present fairly, in all material respects, the financial status of the Fund as of March 31, 2020 and 2019. She reviewed the audit and reported that the net assets available for benefits as of March 31, 2020 were $1,860,195 compared to $4,028,805 as of March 31, 2019, which represented a decrease of $2,168,610. Ms. Bellows-Levine reviewed the Notes to Financial Statements as of years ended March 31, 2020 and 2019.

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

> **RESOLVED to approve the audited Financial Statements for the Plan years ended March 31, 2020 and 2019, as presented.**

B. IRS Form 5500 and Form 990 for Plan Year Ended March 31, 2020

Ms. Bellows-Levine said for the Plan Year ended March 31, 2020, the Form 5500 would be filed before January 15, 2021, and that the Form 990 would be filed before February 15, 2021, under the allowable extensions of time to file.

The Trustees thanked Ms. Bellows-Levine and excused her from the meeting.

VII. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report entitled "Trustees Report" dated November 12, 2020, a copy of which is attached to and made a part of these minutes as Exhibit E.

A. Delinquency and Collections

Ms. Phillips provided an update on delinquency and collection matters involving HJ Foundation Company, BluRoc, LLC, and Ebsary Foundation.

HJ Foundation Company ("HJ Foundation")

Ms. Phillips said that HJ Foundation requested a waiver of service fees totaling $12,699.22 for the late payment of its April and May 2020 contributions. She recommended granting the waiver in accordance with the Fund's Collection and Audit Procedures, which allow for current economic conditions to be considered with respect to waiver requests. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive service fees due from HJ Foundation Company in the amount of $12,699.22 in accordance with the Fund's Collection and Audit Procedures.**

Ebsary Foundation

Ms. Phillips said that Ebsary Foundation requested a waiver of service fees totaling $3,653.56 for the late payment of its June 2020 contributions. She recommended granting the waiver in accordance with the Fund's Collection and Audit Procedures. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive service fees due from Ebsary Foundation Company in the amount of $3,653.56 in accordance with the Fund's Collection and Audit Procedures.**

VIII. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. Clutts reviewed the Income and Expense Statement for September 2020, a copy of which is attached to and made a part of these minutes as Exhibit F. She reported total assets for the month of September 2020 were $1,281,199.07 compared to $2,339,137.73 for September 2019. For the month of September 2020, the Fund had total receipts of $680,905.78 and total expenses of $775,801.39, resulting in a deficit of $94,895.61. Ms. Clutts presented a Comparative Income Statement for the twelve months ended September 30, 2020.

B. <u>Disbursements</u>

Ms. Clutts presented the expense check register for September 2020, which indicated total disbursements of $775,669.91.

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

> **RESOLVED to accept the Administrative Manager's Report as presented.**

C. <u>Death Benefits Claims Report</u>

Ms. Clutts reported that there was one death benefit claim paid to a beneficiary for the period of August 2020 to November 2020.

D. <u>Retirees Who Qualified for Free Life Insurance Report</u>

Ms. Clutts reported there was one participant who qualified for free life insurance coverage under the Health & Welfare Plan from August 2020 to November 2020.

IX. OTHER FUND BUSINESS

Ms. Clutts reported the following:

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

A quote was received for renewal of the Fiduciary Liability Policy for the policy period January 1, 2021 to January 1, 2022. The premium for the renewal was $12,010 with a base policy premium of $11,785 and waiver of recourse premiums of $225, representing a total increase of $49 (less than 1%). The quote includes a Renewal Guarantee Endorsement for 2022 and 2023. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve renewal of the fiduciary liability insurance policy for the period of January 1, 2021 to January 1, 2022, at a premium of $12,010 ($11,785 base premium and $225 waiver of recourse premium), with**

$9,428 to be paid by the Health & Welfare Fund and $2,357 to be paid by the Apprentice and Training Fund (80/20% split).

B. International Foundation for Employee Benefit Plans ("IFEBP") Membership

The Fund's IFEBP membership renewal invoice was received listing dues at a cost of $1,265 for 2021. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to renew the IFEBP membership at a cost of $1,265 with $1,012 to be paid by the Health & Welfare Fund and $253 to be paid by the Apprentice and Training Fund (80/20% split).

C. Form 5500

The Fund auditor filed Form 5558 with the IRS to extend the reporting deadline to January 15, 2021 for the Fund's Form 5500 for Plan year ended March 31, 2020.

D. Form 990

The Fund auditor filed Form 8868 with the IRS to extend the reporting deadline to February 15, 2021 for the Fund's Form 990 for Plan year ended March 31, 2020.

E. Annual Notice of Creditable Coverage ("NCC")

The Fund Office mailed the annual NCC to Plan participants on September 29, 2020.

X. MEETING DATES AND LOCATION

After discussion, the Trustees selected the following date and location for the next Board meeting:

- February 11, 2021 – 10 a.m. – location to be determined

The remaining 2021 quarterly Board meeting dates were scheduled for:

- May 13, 2021
- August 12, 2021
- November 11, 2021

XI. ADJOURNMENT

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

Respectfully submitted,

____

Jonathan Turk, Fund Secretary

These Minutes were adopted on ____________________________________.

Attachments:

Exhibit A: Report from Sudler Insurance Services, Inc., November 1, 2020
Exhibit B: Health Benefits Report, Fiscal Year Ending 2021, November 12, 2020
Exhibit C: SEI Quarterly Investment Review Third Quarter 2020, November 12, 2020
Exhibit D: Audited Financial Statements for Plan Year Ended March 31, 2020 and 2019
Exhibit E: Trustees Report from Fund Counsel, November 12, 2020
Exhibit F: Income and Expense Statement, September 30, 2020