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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, MAY 13, 2021
VIA ZOOM CONFERENCE

The following Trustees were present:

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

Also present were:

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 - The Segal Company
K. Phillips - Phillips, Richard & Rind, PA
M. Smith - Apprenticeship Director in Training

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on February 11, 2021, 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 February 11, 2021 as presented.

III. HEALTH CONSULTANT'S REPORT

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

A. Segal Health Benefits Report

Mr. Naegele reviewed the "Financial Experience and Budget Projections," a copy of which is attached to and made a part of these minutes as Exhibit A. Mr. Naegele noted that fiscal 2021 projections were updated to include a contribution increase to $6.65 per hour, effective May 2021 for the Foundation employers and July 2021 for the Crane employers.

Mr. Naegele reviewed information contained in the report pertaining to the Fund's experience and budget projections. Based on current income and expense calculations and Segal's standard forecasting assumptions, the increase in contributions results in deficits for the years ending March 31, 2022 and March 31, 2023. Fund assets are projected to be depleted before March 31, 2023.

Mr. Naegele calculated a break-even Health & Welfare contribution rate of $7.00 for fiscal year 2022, and $7.54 for fiscal year 2023.

B. Mutual of Omaha Policy Renewal

Mr. Naegele reviewed the Life and Accidental Death and Dismemberment Renewal Effective August 1, 2021, a copy of which is attached to and made a part of these minutes as Exhibit B. Segal negotiated a 5% reduction to the Life rate, with two options offered by Mutual of Omaha. In Option A, the Life insurance rate for actives would decrease to $13.90 per employee per month ("PEPM") while the Life rate for retirees would remain at $14.90 PEPM, with premium savings of approximately $6,588 annually. In Option B, the Life rate of $14.10 PEPM would apply to both Actives and Retirees, with savings of approximately $6,826 annually. The current Life rate is $14.90 PEPM. The current Accidental Death and Dismemberment ("AD&D") rate for Actives would remain at $0.60 PEPM in both options. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the Mutual of Omaha renewal option B effective August 1, 2021, including a Life insurance rate of $14.10 PEPM and an AD&D insurance rate of $0.60 PEPM.**

C. Transparency in Coverage and No Surprises Act

Mr. Naegele discussed the Transparency Rules that require extensive disclosures of cost sharing and pricing information by non-grandfathered group health plans and health insurance group issuers to participants, beneficiaries and enrollees upon request. He also discussed that the No Surprises Act imposes a number of new coverage and disclosure obligations on insured and self-insured plans. He noted that the Final Rule will be implemented in phases, beginning with the Plan year starting on or after January 1, 2022. Mr. Naegele noted that he would have more information at the August meeting.

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

IV. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled "Trustees Report" dated May 13, 2021, a copy of which is attached to and made a part of these minutes as Exhibit C.

A. Delinquency, Collections and Service Fees

Ms. Phillips provided an update on delinquency and collection matters involving HJ Foundation Company, Laney Directional Drilling Company, Piling Plus, Inc., Keller North America, Inc., and North American Crane & Rigging, LLC.

Ms. Phillips noted that the suspension of assessment of late fees for delinquent contributions was approved by the Board at the prior meeting to be effective through May 13, 2021. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to continue to suspend the assessment of late fees for delinquent contributions received through August 12, 2021, in accordance with the Fund's Collection and Audit Procedures, which allow for consideration to be given to current economic conditions.**

V. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Mr. Ianniello reviewed the Income and Expense Statement for March 2021, a copy of which is attached to and made a part of these minutes as Exhibit D. He reported total assets for the month of March 2021 were $1,889,196.21 compared to $1,807,733.78 for March 2020. He reported that for the month of March 2021, the Fund had total receipts of $1,306,230.87 and total expenses of $619,460.38, resulting in a surplus of $686,770.49.

B. Disbursements

Mr. Ianniello presented the expense check register for March 2021, which indicated total disbursements of $615,468.93.

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. Death Benefit Claims Report

Mr. Ianniello reported that there were no death benefit claims paid to beneficiaries to report.

D. Retirees Who Qualified for Free Life Insurance Report

Mr. Ianniello reviewed a list of Central Pension Fund retirees who qualified for free life insurance coverage under the Health & Welfare Plan.

E. Hours and Contribution Report

Mr. Ianniello presented the Hours and Contributions Report for the period of April 2020 through March 2021, a copy of which is attached to and made a part of these minutes as Exhibit E. The report revealed a total of 101,126 hours were reported and a total of $637,094.43 in contributions were paid for the month of March 2021.

VI. OTHER FUND BUSINESS

Mr. Ianniello reported the following:

A. Open Enrollment

Open enrollment packets were mailed to Plan participants on March 16, 2021, for an effective date of coverage of April 1, 2021.

B. Creditable Coverage Disclosure

Creditable Coverage Disclosure was filed with the Centers for Medicare & Medicaid Services on May 6, 2021.

C. Women's Health and Cancer Rights ("WHCRA") Notice

The WHCRA notice was mailed to participants on March 16, 2021.

D. Form 990

The Fund auditor filed the Form 990 on February 11, 2021.

E. Regions Bank

Regions Bank notified the Fund office of an uncashed check in the amount of $282.73. The check was reissued then deposited.

F. American Rescue Plan ("ARP") Act of 2021 COBRA Subsidy

The Federal Government will reimburse the Fund for 100% of COBRA premiums for six months (April 1, 2021 – September 30, 2021) on behalf of eligible Plan participants whose benefits terminated because of an involuntary reduction of hours.

VII. MEETING DATES AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, August 12, 2021 at 9 a.m., via videoconference. The remaining regular Board meetings were scheduled for November 11, 2021.

VIII. ADJOURNMENT

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

Respectfully submitted,

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Jonathan Turk, Fund Secretary

Attachments:
Exhibit A: Financial Experience and Budget Projections – Segal, May 2021
Exhibit B: Life and Accidental Death and Dismemberment Renewal
Exhibit C: Trustees Report from Fund Counsel, May 13, 2021
Exhibit D: Income and Expense Statement, March 31, 2021
Exhibit E: Contribution and Hours, March, 2021