School Cafeteria Employees UNITEHERE Local No. 634
Health & Welfare Fund
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Minutes of the Meeting of the Board of Trustees
Held on Thursday, January 19, 2023
Via Zoom

Present Were:	Nicole Hunt, Antoinette Ford, and Warren Heyman – Union Trustees
	Lisa Norton and Marissa Quinn – Management Trustees
Also Present Were:	Deborah R. Willig, Esq. and Wendy Pongracz, Esq. of Willig, Williams & Davidson – Legal Counsel; Frank Iannucci of Summit Actuarial Services – Fund Consultant; Kathleen Jackson of Novak Francella – CPA; Alicia Cochran of Associated Administrators, LLC – Administrative Manager; Matt Walker[1] of The Philadelphia Trust Company

The meeting was called to order at 10:02 a.m. with Ms. Hunt presiding as Chairperson. Notice of this meeting was communicated prior to the date of the meeting. A quorum was present.

I. **Investment Manager's Report.** Mr. Walker presented the Investment Manager's report and stated the following: As of December 31, 2022, the total assets held in the discretionary account were $932,764.37 with a gain of 2.40% for the quarter and a loss of 5.21% for the year to date. Assets in the discretionary account were allocated 67.70% to fixed income, 24.90% to equities, 7.40% to cash and equivalents and 0.00% to other assets. Total assets held in the non-discretionary account were $9,564.80.

[1] Present for the investment report only.

Mr. Walker reviewed new holdings within the portfolio and said his firm continues to monitor inflation, international tension, and the recovery of the economy related to the pandemic.

II. The Minutes of the meeting of the Board of Trustees held on October 17, 2022 were discussed.

MOTION was made and seconded to adopt the Minutes of the meeting of the Board of Trustees held on October 17, 2022.

UNANIMOUSLY ADOPTED

III. **Fund Auditor's Report.** Ms. Jackson reviewed the draft of the audited financial statements for the Plan Year ended August 31, 2022. She noted that the net assets available for benefits on August 31, 2022 were $1,379,677 compared to 1,695,842 on August 31, 2021. She presented a draft Form 990 for the Plan year ended August 31, 2022. She noted that the Fidelity Bond coverage amount was $200,000 and recommended that the coverage amount be increased to at least $330,000. Ms. Cochran confirmed the coverage amount was increased to $500,000 effective December 11, 2022, with the most recent policy.

MOTION was made and seconded to accept the draft financial statements and Form 990 for Plan year ended August 31, 2022.

UNANIMOUSLY APPROVED

Ms. Jackson presented a payroll engagement letter for the audit of the School District's payroll records for 2022 and 2023. The purpose of the audit is to confirm the accuracy of contribution payments to the School District's payroll records.

MOTION was made and seconded to engage Novak Francella to conduct a payroll audit of the Philadelphia School District for 2022 and 2023.

UNANIMOUSLY ADOPTED

IV. **Fund Consultants' Report.** Mr. Iannucci distributed the COBRA rates, to be effective February 1, 2023 and reported an 11% increase based on the increase in prescription costs. He noted that due to the termination of the Philadelphia City Health Centers Agreement, there are no longer two sets of rates.

MOTION was made and seconded to approve COBRA rates effective February 1, 2023 as presented.

UNANIMOUSLY APPROVED

Mr. Iannucci reviewed the Fund's reserves. He stated that the Fund's balance needs to be approximately $1,200,000 in order to maintain a 6-month reserve. Mr. Iannucci stated that the current contribution rate would not be sufficient, especially as expenses continue to increase. He said one of the main factors for the increase in benefit expenses is the increase in prescription utilization since COVID-19 in 2020. He said according to his review of the Fund's financials, he estimates the Fund will need a lump sum payment of $900,000 - $1,000,000 from the School District in order to maintain a 6-month reserve.

Ms. Willig requested Mr. Iannucci submit the information regarding the Fund's reserve to the School District. Mr. Iannucci confirmed he would submit a recommendation within the following week.

The Trustees scheduled a follow up meeting on January 25, 2023 to discuss the recommendation from Mr. Iannucci.

V. **Administrative Manager's Report.** Ms. Cochran presented an unaudited statement of cash receipts and cash disbursements for fiscal year 2022-2023, as of November 30, 2022 with a comparative report for fiscal year 2021-2022. Receipts and disbursements for the period were reviewed, with the Fund experiencing a deficit of $121,678.43 compared to a surplus of $5,120.43 for the prior period.

A report was presented indicating the total Fund balance through November 30, 2022 was $1,145,525.85.

A report was presented detailing the number of eligible employees as of November 11, 2022 - 707 Cafeteria Workers and 815 Student Climate Staff for a total of 1,522 employees.

A COBRA report was presented for September 1, 2022 through August 31, 2023 showing a total of 33 COBRA notices sent, with one COBRA payee in the month of November.

A dental claims report for Cafeteria Workers and Student Climate Staff for September 1, 2022 through November 30, 2022 was presented. Payments totaled $34,715.50 on 708 claims for Cafeteria Workers and $15,363.12 on 247 claims for Student Climate Staff.

A report of orthotic claims paid for the period September 1, 2022 through November 30, 2022 was presented. Orthotic claims paid to date for Cafeteria Workers totaled $0.00 and $0.00 for Student Climate Staff.

A report of wig claims paid for the period September 1, 2022 through November 30, 2022 was presented. Wig claims paid to date for Cafeteria Workers totaled $0.00. Claims paid to date for Student Climate Staff totaled $0.00.

VI. **Fund Counsel's Report.** Ms. Pongracz reviewed the Prescription Drug Reporting & HealthCare Spending requirements under the Consolidated Appropriations Act 2021. She said that Ms. Cochran confirmed with BeneCard that the filing was submitted to Health & Human Services on behalf of the Fund.

VII. **Other Business.** Ms. Cochran reported the following: The Summary of Material Modifications notice related to the termination of benefits through Philadelphia City Health Centers was mailed to participants on December 29, 2022.

Ms. Cochran reported that the Fund received the 2022-2023 Fidelity Bond renewal. The policy was renewed for the period December 11, 2022 through December 11, 2023 with a premium of $475.00.

Ms. Cochran reported that the Recovery Service Agreement and Business Associate Agreement between the Fund and Schwarz & Schwarz was executed by Associated. She said Fund Counsel recommended Associated execute the Agreement in order to meet the filing timeline for the Mallinckrodt opioid litigation.

Ms. Cochran reported that in order to cover benefit expenses, the Fund requested $100,000.00 from investments held at The Philadelphia Trust Company. The transfer was requested on December 21, 2022.

VIII. The date of the next regular Board meeting was scheduled for April 25, 2023. The meeting will convene at 10:00 a.m. and the location will be determined at a later date.

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

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Union Trustee

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School District Trustee