

**U.A. Local 467
Health & Welfare Trust Fund
Board of Trustees Meeting
December 11, 2012**

Minutes

1. Call to Order

The regular meeting of the Board of Trustees U.A. Local 467 Health & Welfare Trust Fund was called to order by Chairman Gary Saunders at the U.A. Local 467 Union Hall, 1519 Rollins Road, Burlingame, California. A quorum was present.

2. Roll Call

The following Trustees were present:

Employee

Gary Saunders, Chairman
Mike Swanson
Mark Burri
Pete Dufault

Employer

Scott Strawbridge, Co-Chairman
Dan Larratt
Michael Vlaming
Ken Westphal

Also Present

Marci Vukson and Sid Kaufmann; Kaufmann and Goble
Dick Grosboll; Neyhart, Anderson, Flynn & Grosboll
Steven Callow; New Century Partners
Alex Miller; Hemming Morse Inc.
James Bishop; White Star Advisors
Jean Sukovez, Judy Sargent and Debbie Wolfe; United Administrative Services

Daniel Larratt, owner of DLI Mechanical was seated as an employer Trustee on the Health & Welfare Fund.

3. Minutes

A. September 11, 2012

The Trustees reviewed the Minutes. Following review, it was **M/S/C** to approve the Minutes as presented.

4. Communications

A. Trustee Appointment

Roger Klingen, GBA president sent the Trustees a letter dated November 5, 2012 appointing Daniel Larratt of DLI Mechanical as an employer Trustee on the Health and Welfare Fund.

5. Delinquency Report

Trustee Swanson distributed the Delinquency Report as of December 11, 2012 relating to several delinquent contractors for the payment of October fringe benefits due by November 20, 2012. He noted that three (3) contractors were 30 days or more past due and he continues to work closely with them to ensure payment. Further, he reported on two (2) contractors that were turned over to the collections attorney. Mr. Swanson said the contractors are experiencing cash flow issues.

The following contractors are 30 days or more past due:

- 1) Pacific Plumbing owes September and October 2012.
- 2) Pro-Plumbing owes August, September and October 2012.
- 3) Roberts Firestop owes July, August, September and October 2012.

Questions were raised about a few of the delinquencies and the follow-up action to be taken. It was noted that the number of late contractors had decreased since the last meeting.

Contractors referred for Collections:

- 1) Cal Pacific Plumbing. Legal Counsel reported that Ben Lunch in his office is pursuing a Default Judgment against Cal Pacific as the employer did not respond to the Complaint. It was reported that there are no jobs to lien.
- 2) So. City Refrigeration & Air Conditioning. Legal Counsel said his office is seeking to enforce the Judgment. The last attempt on their bank account yielded no funds. The Company may have a new alias. An investigator may be used to elicit more information.

6. Report by Dick Grosboll, Counsel

A. Summary of Benefits Coverage

Mr. Grosboll distributed a draft of a summary of benefits provided by the Fund that is required by the Department of Labor pursuant to the new Health Care Law. He indicated that he wanted to give the Trustees an idea of the nature of this summary. He said he is working with the Administrator and with the Consultant on the summary. Mr. Grosboll reported that the summary of benefits and coverage must be sent to all Participants. He said the goal is to mail the summary by the first week of January 2013 at the latest but most likely in late December. It was reported that the Summary of Benefits Coverage could be included in the Summary Plan Description. The Trustees previously authorized revising the Summary Plan Description which will happen in 2013. It was **M/S/C** to authorize the professionals to distribute the Summary of Benefits Coverage.

Counsel reported that changes relating to the Mental Health Parity Act will be included in the revised SPD and the Plan. In response to a Trustee question about the number of times a member can go into rehab, Mr. Grosboll said with limits, the benefits need to be similar to the limits on the Plan's regular benefits.

7. Report by Steven Callow, New Century Partners

Mr. Callow distributed and reviewed New Century Partners Notice of Privacy Policy, its Guide to Services and Compensation and distributed a report on performance. It was reported that New Century Partners receives an annual payment of 12.5 basis points based on the market value of the investments under its management in accordance with its written agreement with the Plan.

The Trustees reviewed the quarterly report as of November 30, 2012. He reported that the portfolio was doing well. As of November 30, 2012, the total market value for the Health & Welfare Trust Fund portfolio was \$13,630,413, with \$6,619,803 held in Mutual Funds, \$0 held in the MetLife Stable Value Funding Contract, and \$290. in Cash and Equivalents. At the last meeting, Mr. Callow suggested moving funds from the MetLife Stable Value Funding Contract which matured and investing in two other MetLife Contracts which mature on 9/11/14 and 9/11/15 for a total of \$7 million. Those investments were valued at \$7,010,321 as of November 30th. A total of \$1.2 million went into Vanguard's Total Stock Market Index.

Mr. Callow provided the Fund Office with a copy of its Form ADV Part 2A.

8. Report by Kaufmann & Goble

A. Claims Experience 2012 and 2011

Ms. Vukson distributed and summarized the 2012 and 2011 Claims Experience report for information. She reported that there were large claims in August and September 2012 Active claims, up 19% over last year. Ms. Vukson said last year that claims were down by about 20% compared to the prior year. Prescription drugs increased by about 12% compared to the prior year. Ms. Vukson said her office would continue to monitor prescription drug costs.

Ms. Vukson said her office would provide a large claims report for 2012 at the next meeting. It was reported that 2013 will be the last year with a cap. The fund will need to look at purchasing stop loss insurance because of unlimited potential benefits due to having no cap. It was reported that \$25,000 per month is being set aside for this. This total will be converted to cents per hour. Mr. Grosboll said the \$2 million annual limit for 2013 was added to the revised Summary of Benefits and Coverage.

B. Group Health Systems

The Trustees reviewed a letter to Kaufmann and Goble dated November 4, 2012 in which Group Health Systems provided written notice of termination of the Laboratory PPO services contract. Group Health is dissolving the Laboratory PPO effective at midnight on December 31, 2012.

It was reported that the Blue Cross JAA is being implemented and it will replace Group Health Systems. The consultant's recommended that because of the Blue Cross JAA the Fund should continue to cover PPO claims at 100%. It was **M/S/C** that lab work through the PPO be paid through the Blue Cross JAA at 100% as a replacement for Group Health Systems. Discussion took place about retirees and their coverage.

It was reported that Blue Cross will hold its current rate, not including the JAA with no increase. The rate will increase when the JAA is implemented and the fee will be an additional \$1.85 per member per month; however, it was noted that the savings generated by the JAA will exceed the additional fee.

C. Truveris, Inc. Proposal

A proposal from Truveris, Inc. was distributed and reviewed. This company is proposing to run the Plan's bidding and selection process for pharmacy benefits. Truveris obtains bids from several PBM's which are then reviewed by the Trustees. Truveris' process would enable the Plan to complete a pharmacy RFP in thirty days. The Trustees reviewed Truveris' proposed advantages and reviewed the RFP Process, Compliance and Audit, Service fee (a flat one-time fee of \$12,000 and an ongoing bill review fee of \$1,000 per month.

It was reported that the Plan currently utilizes Envision as its Pharmacy Benefits Manager and the contract has not been updated for several years.

Following review and discussion, it was **M/S/C** to go out to bid on a new Pharmacy Benefits Manager and to hire Truveris, Inc. to obtain the bids.

D. CRX International

The Trustees reviewed a draft notice dated December 12, 2012 introducing the members to CRX International, the voluntary cost saving mail order program for prescription brand name drugs. It was reported that the notice was approved by the Chair and Co-Chair prior to today's meeting. Trustees Saunders and Swanson will contact the consultants prior to the Christmas holiday with any additional changes so the letter can go out and members can start using this benefit after the first of the year. It was reported that a website has been set up. Members can call in their prescriptions or they can mail or fax in their order.

9. Report by Administrator

A. Annual Notices

The Trustees reviewed copies of the Notices that were sent to all members as required on an annual basis.

B. IFEBP Membership Dues – 2013

It was reported that the 2013 annual IFEBP membership dues were approved by a phone poll at a cost of \$880., an increase of \$30 compared to the prior year.

C. Proposed 2013 Meeting Schedule

The Trustees scheduled Trust Meetings for 2013 as follows:

Tuesday, March 12, 2013

Tuesday, June 11, 2013

Tuesday, September 10, 2013 and

Tuesday, December 10, 2013

It was **M/S/C** to approve the 2013 trust meeting dates.

D. Business Associate Agreement, CRX International, Inc.

The Trustees reviewed an executed copy of the Business Associate Agreement between U.A. Local 467 and CRX International, Inc. It was reported that the Agreement was reviewed and approved by Legal Counsel.

E. Update on Appeal

Ms. Sukovez said she heard from all but one Trustee regarding a poll about an appeal. The vote was to deny the claim appeal consistent with Plan rules, but that he could utilize the out of network benefit at an out of pocket cost of 40% plus any charges in excess of the UCR rate.

10. Assets and Expenses

A. Financial Statements

Following review of the July, August and September 2012 financial statements it was **M/S/C** to accept the financial statements as presented.

B. Payments of Bills

The Trustees reviewed and discussed the itemized bills. It was **M/S/C** to accept the payment of bills, checks 4894 - 4947 as presented.

11. Old Business

There was no old business.

12. New Business

A. Change in Chairman

Mr. Saunders announced that this would be his last meeting as Chairman of the U.A. Local 467 Health & Welfare Trust Fund. He said he would remain as a Trustee on the Fund. It was noted that Mr. Saunders was Chairman of this Fund for 24 years and he was a Trustee for 32 years. Chairman Saunders was thanked for his many years of service and for his efficient running of the trust meetings over the years.

Mr. Saunders announced that Mike Swanson will be the new Chairman.

B. Trustee Resignation

It was announced that Pete Dufault was resigning as a Trustee on the Fund. Mr. Saunders announced that when he resigns as a Trustee, Mr. Dufault will take his place as a Trustee on this fund.

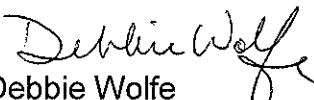
13. Next Meeting Date

The next regular meeting is scheduled on Tuesday, March 12, 2013 at 9:30 a.m. at the U.A. Local 467 Union Hall.

14. Adjournment

There being no further business, it was **M/S/C** to adjourn the Board of Trustees Health & Welfare Trust Fund meeting.

Respectfully submitted,


Debbie Wolfe
Recording Secretary