

**U.A. Local 467
Health & Welfare Trust Fund
Board of Trustees Meeting
June 12, 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
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

3. Minutes

A. March 14, 2012 Minutes

It was **M/S/C** to approve the March 14, 2012 Minutes presented.

4. Communications

None.

5. Delinquency Report

Trustee Swanson distributed the Delinquency Report as of June 12, 2012 relating to several delinquent contractors for the payment of April fringe benefits due by May 20, 2012. He noted that five (5) contractors were 30 days or more past due and he continues to work closely with them to ensure payment. Further, he reported on one (1) contractor that was turned over to the collections attorney.

The following contractors are 30 days or more past due:

- 1) Dinelli Plumbing owes March and April 2012.
- 2) Pro Plumbing owes January, February, March and April 2012. Chairman Saunders said if the employer does not pay, benefits for the owner should not be provided.
- 3) Regina Plumbing owes March and April 2012. Mr. Kaufmann said this employer could be reviewed for possible withdrawal liability; however the Trustees indicated that the amount would probably be de minimis.
- 4) Roberts Firestop owes February, March and April 2012.
- 5) Synergy Mechanical owes for July and August 2011. Mr. Grosboll reported that this employer made some payments, but has stopped making payments. He said there is a judgment.

Contractor referred for Collections:

- 1) So. City Refrigeration & Air Conditioning

6. Report by Dick Grosboll, Counsel

A. New Health Care Law Fee on Health Care Plan (IRS Regulation)

The Trustees reviewed Mr. Grosboll's memo dated June 12, 2012. Mr. Grosboll said the new health care law establishes a fee on health care plans to fund the Patient-Centered Outcomes Research Institute created to collect, organize and distribute research comparing the costs and benefits of various medical treatment options. Fees apply to policy or plan years ending after October 1, 2012 and before October 1, 2019 when the regulations are set to expire. Hearings are scheduled for August 2012 on the proposed regulations, which means there could be a few changes. Mr. Grosboll said fees for the first year are based on the average number of covered lives under the Plan times \$1.00. Fees in subsequent years will increase, but they will not exceed \$5,000 per year. The first fee for this Plan will be due by July 2013. Counsel said he would provide an update if there are any new developments. He acknowledged that this is not much of a cost to the Plan.

B. Department of Labor – New COBRA Rules

Mr. Grosboll said the Fund Office's COBRA rules continue to be monitored. After further review, early next year, he and the Fund Office will present to the Trustees the procedures which will confirm that the Administrator's Office is following the COBRA procedures.

In response to a Trustee question, Mr. Grosboll confirmed that the PPA Affordable Care Act is found to be unconstitutional, that some parts of the Act

would not be implemented. It was noted that extended coverage for dependents has been positive and that it likely would remain in place.

Mr. Grosboll said the Summary Plan Description is due for revision. The Fund is at the five-year revision limit this year. Mr. Grosboll said the review process could begin later in 2012 so the document could be finalized and printed in 2013. The Trustees concurred.

C. New Summary of Benefits Coverage

Mr. Grosboll said the new summary of benefits could be included at the beginning of the revised Summary Plan Description. He said he would provide a draft summary for review at the next or following meeting.

D. Mental Health Parity Act

Mr. Grosboll said his office may provide some recommended language relating to the Mental Health Parity Act. He will work with the Plan Consultant.

7. Report by Steven Callow, New Century Partners

Mr. Callow distributed and reviewed the New Century Partners quarterly report dated June 12, 2012. As of May 31, 2012, the total market value for the Health & Welfare Trust Fund portfolio was \$13,145,829, with \$4,775,774 held in Mutual Funds, \$8,368,553 held in a MetLife Stable Value Funding Contract, and \$1,502 in Cash and Equivalents.

The MetLife Contract matures on September 11, 2012, and Mr. Callow will report at the next quarterly meeting the details of how those funds will be reinvested.

8. Report by Kaufmann & Goble

A. Claims Experience 2011 and 2010

Ms. Vukson distributed and summarized the 2012 and 2011 Claims Experience report for information. She reported that claims in all categories in 2012 were down significantly compared to 2011.

B. Delta Dental Renewal

The Trustees reviewed Delta Dental's renewal effective August 1, 2012. It was reported that the renewal guaranteed the rates for two years. The current administrative charge is 6.90% and the renewal was unchanged. After review, it was **M/S/C** to accept Delta Dental's renewal as proposed effective August 1, 2012.

C. Kaiser Renewal

The Trustees reviewed Kaiser's premium rate renewal effective September 1, 2012. For Actives and Retirees, the current rate is \$1,147.51 and Kaiser proposed an increase of 9.09%, or \$1,251.79. This represents an annual cost of \$425,216 or \$0.39 per hour.

Relating to the Residential Classifications, Kaiser proposed a 10.09% increase for Single, Two-Party and for Family coverage. The Trustees reviewed a history of Kaiser Rates for 2002-2012.

Chairman Saunders requested demographics on the Residentials. He asked if the Residentials could be rolled into the whole plan to reduce costs. Ms. Vukson said she would follow-up with Mr. Saunders on this. The Consultant recommended renewal as proposed. It was **M/S/C** to concur with the Consultant's recommendation to approve Kaiser's renewal at 9.09% for Actives and Retirees.

9. Report by Administrator

A. Estimate of Programming Costs

The Trustees reviewed an estimate of the Administrator's programming costs to allow members to view their Extended Reserve information online. The total costs would be 8.0 hours at \$150.00 per hour or a total of \$1,200.00. Ms. Sukovez said there would be no ongoing costs outside of the programming cost. It was **M/S/C** to approve the Programming Costs up to \$1,200.00.

Ms. Sukovez said that his can be implemented for the members by July 31, 2012.

10. Assets and Expenses

A. Financial Statements

After a review and answer to a question about a negative dividend shown on the December 2011 financial statement, it was **M/S/C** to accept the financial statements for December 2011 and January, February and March 2012 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 4792-4843 as presented.

11. Old Business

There was no old business.

12. New Business

A. Review of Financial Audit

Mr. Miller distributed and reviewed the financial audit for the years ending December 31, 2011 and 2010. He said the audit was an unqualified opinion. He highlighted key elements of the report including the Assets, Liabilities, Total Benefit Obligations, Employer Contributions, the Summary of Significant Accounting Policies and Footnotes.

In response to a question from Chairman Saunders about why the Fund pays disability taxes, Mr. Miller said he would provide Mr. Saunders with an answer to that question following the meeting. In response to another question about the difference between the two years in the Incoming Security Account (\$36,565 in 2011 and \$155,069 in 2010), Mr. Miller said this was due to the account being set up in the prior year. It was reported that there is approximately \$190,000 currently in that account. This is an income account. Mr. Miller said the \$36,565 is the amount of funds that went into the account in 2011. He said the entire balance is shown on the Balance Sheet.

Following discussion, it was **M/S/C** to accept the Hemming Morse, Inc. U.A. Local No. 467 Health and Welfare Trust Fund Independent Auditor's Report and Financial Statements for December 31, 2011 and 2010 and to authorize the timely electronic filing of the Form 5500 and filing of the 990. The Auditor confirmed that the reports would be timely filed and available for review by all Trustees.

The Independent Auditor's Report and Financial Statements are on file with the Administrator's Office.

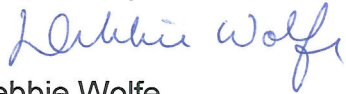
13. Next Meeting Date

The next regular meeting is scheduled on Tuesday, September 11, 2012 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