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 OPERATING ENGINEERS LOCAL 487 HEALTH & WELFARE FUND
THURSDAY, FEBRUARY 6, 2014
MIAMI LAKES, FLORIDA

The following Trustees were present:

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

Also present were:

L. DuVall – Associated Administrators, LLC
B. Garrison – United Healthcare
A. Golemi – United Healthcare
D. Haverly – SEI Global Institutional Group
P. Joseph – Coventry Health Care of Florida
L. Joyner – The Segal Company
D. McCullers – Apprenticeship Director
K. Phillips – Phillips, Richards, & Rind, PA
R. Robertelli – Coventry Health Care of Florida
R. Sudler – Sudler Insurance Services, Inc.

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 November 21, 2013, 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 November 21, 2013 as presented.

III. <u>INSURANCE BROKER'S REPORT</u>

The Trustees welcomed Mr. Robert Sudler of Sudler Insurance Services, Inc. to the meeting. Mr. Sudler presented a report containing the Fund's claims experience and the results of a Health and Welfare Insurance Renewal and Request for Proposal ("RFP"), a copy of which is attached to and made a part of these minutes as Exhibit A. Mr. Sudler said that he conducted an RFP after Coventry Health Care of Florida ("Coventry") quoted a 12% rate increase with a decrease in benefits. He said that Coventry and United Healthcare provided competitive quotes as shown in the Quote Activity Report. Mr. Sudler reported that Coventry had reduced its renewal quote to a 7.1% increase in premium rates for the Plan year beginning April 1, 2014. He said that Coventry had also included enhanced benefits in the renewal coverage for the HMO and PPO Plans. He stated that the quote from United Healthcare offered two comparable HMO Plans at an 8% increase over the current Coventry HMO and PPO rates. He stated that the renewal quotes received from Coventry and United Healthcare was inclusive of his 3.5% broker commission. Mr. Sudler said that representatives from Coventry and United Healthcare were present to discuss their quotes and respond to questions.

<u>United Healthcare</u>

The Trustees welcomed Mr. Brian Garrison and Mr. Angelo Golemi of United Healthcare to the meeting. Mr. Garrison stated that United Healthcare proposed a one-year contract renewal offering two options for HMO Plans that include dental and vision coverage at an 8% rate increase. He said that the HMO Plans excluding dental and vision coverage were available at a 4.5% increase. He said that the quotes included a 3% increase to cover federal taxes imposed by the Affordable Care Act ("ACA"). The Trustees thanked Mr. Garrison and Mr. Golemi for their presentation and excused them from the meeting.

<u>Coventry Health Care of Florida</u>

The Trustees welcomed Mr. Peter Joseph and Ms. Rosanne Robertelli of Coventry Health Care of Florida to the meeting. Mr. Joseph stated that Coventry proposed a one-year contract with an 7.1% overall increase in premium rates, which included a 3% increase on the renewal coverage, plus a 4% increase to cover federal taxes imposed by ACA and was offering the following enhanced benefits in its renewal proposal for the HMO and PPO Plans:

- Medical Out-of-Pocket Maximum of $1,500 per individual ($3,000 per family) per contract year. The out-of-pocket maximum includes all medical copays, deductibles and coinsurance. Once the Medical Out-of-Pocket Maximum is reached, there would be no additional medical copays, deductibles or coinsurance for the remainder of the contract year.
- Out-of-Pocket Maximum for Prescription Drug Copays of $1,500 per individual ($3,000 per family) per contract year. Once the Prescription Drug Out-of-Pocket Maximum is reached, there would be no additional prescription drug copays for the remainder of the contract year.
- $3.00 prescription drug copays for specific tier-one generic drugs.
- Participants ages 18 and above are eligible for an annual $50 VISA gift card. To earn the gift card, participants must visit their primary care physician for their annual no co-pay wellness exam and recommended lab work.

The Trustees thanked Mr. Joseph and Ms. Robertelli for their presentation and excused them from the meeting.

Trustee Discussion

Mr. Sudler recommended that the Fund remain with Coventry given the enhanced benefits in the renewal coverage for the HMO and PPO Plans After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve a one-year contract renewal from April 1, 2014 through March 31, 2015 with Coventry Health Care of Florida for the existing HMO and PPO plans that include the enhanced benefits listed above at the following monthly premium rates:

HMO Rates:
Employee Only $366.69
Employee Plus One $770.10
Employee Plus Family $1,081.76

PPO Rates:
Employee Only $497.99
Employee Plus One $1,045.80
Employee Plus Family $1,469.10

Mr. Sudler stated that he would prepare a document detailing the benefits and premiums for the Trustees and Fund Counsel to review and would work with the Administrative Manager to prepare for open enrollment during March 2014 for an April 1, 2014 effective date.

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

IV. INVESTMENT CONSULTANT'S REPORT

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

Performance Report

Mr. Haverly distributed SEI's investment management report dated February 6, 2014, a copy of which is attached to and made a part of these minutes as Exhibit B. He reported that the Fund assets in the total portfolio had a market value of $2,964,534 as of December 31, 2013. He said that the fiscal year-to-date net return was 4.02% compared to the total index return of 2.91%. He stated that the portfolio had a net return of 7.68% compared to the total index return of 6.04% for the period June 1, 2010 to December 31, 2013. The asset allocation was 74.6% in fixed income, 20.4% in U.S. equity, and 5.0% in World equity.

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

V. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for December 2013, a copy of which is attached to and made a part of these minutes as Exhibit C. She reported total assets for the month of December 2013 were $3,811,061.87. She said the Fund had total income for the month in the amount of $319,017.36 and total expenses in the amount of $304,236.23, resulting in a net income of $14,781.13 for the month of December 2013. Ms.DuVall reviewed the income and expenses on the twelve-month rolling Comparative Income Statement.

B. Disbursements

Ms. DuVall presented the expense check register for December 2013, which indicated total disbursements of $302,962.81.

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

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

VI. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled Trustees' Report dated February 6, 2014, a copy of which is attached to and made a part of these minutes as Exhibit D.

A. Delinquency and Collections

Ms. Phillips provided an update on delinquency and collection matters involving Beyel Brothers, Inc., Bunnell, Little Steve Florida, LLC, Powermix Industries, Seaward Services, Inc. and Zeiger Crane Rental, Inc.

Bunnell Foundation, Inc. ("Bunnell")

Ms. Phillips said that Bunnell had been delinquent in payment of contributions since October 2013. Chairman Schaunaman stated that he had spoken with the bookkeeper at Bunnell and she promised that Bunnell would issue payment today for all contributions due the Fund. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to authorize Fund Counsel to file legal action against Bunnell unless Bunnell issues payment today for at least three months of contributions owed to the Fund.**

Powermix Industries ("Powermix")

Ms. Phillips stated that in November 2012, Powermix requested a full waiver of service fees in the amount of $5,104.09 due to its inability to pay. In accordance with instructions from the Trustees at the November 2012 Board meeting, the request from Powermix was to be re-evaluated in a year. She reported that Powermix remains an active corporation with the Florida Division of Corporations, but it is not employing operating engineers. She said the Union had advised that Powermix is an active corporation and is believed to be leasing its yard to B&M Foundation. She recommended that efforts be made to collect the delinquent service fees. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to authorize Fund counsel to send a demand letter to Powermix Industries to collect $5,104.09 in service fees owed to the Fund, in accordance with the Fund's Audit and Collection Procedures.**

Seaward Services, Inc. ("Seaward")

Ms. Phillips recommended waiving service fees in the amount of $267.80 incurred by Seaward for late payment of contributions for September 2013, given that it only employed operating engineers in September 2013, the project was complete, and the costs of collection would likely exceed that which is collectable. She said that the Fund's Audit and Collection Procedures provide for waivers once in a three-year rolling period and for no more than a two-month consecutive period; therefore, Seaward is eligible for a waiver. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

> **RESOLVED to write off service fees incurred by Seaward Services, Inc. in the amount of $267.80 for the month of September 2013, in accordance with the Fund's Audit and Collection Procedures.**

B. Provision (e) Terminations

Ms. Philips reviewed the history of the provision (e) termination clause stated in the Summary Plan Description ("SPD"), which provides that eligibility for benefits terminates the last day of the third month after which a participant ceases employment with a contributing employer and who is unavailable for work in covered employment. She stated that based on discussions with Chairman Schaunaman about the problem with enforcing provision (e) terminations, she recommended that it be eliminated. Chairman Schaunaman stated that he concurred. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED that provision (e) be eliminated from the Summary Plan Description effective February 6, 2014.

VII. OTHER FUND BUSINESS

A. Fiduciary Liability Insurance Renewal

Ms. DuVall reported that the Fund's Fiduciary Liability insurance policy had been renewed for the policy period January 1, 2014 to January 1, 2015.

B. Audit Engagement for Plan Year Ending March 31, 2014

Ms. DuVall presented an audit engagement letter from S I Gordon & Company ("SI Gordon"), which was reviewed by Fund counsel, a copy of which is attached to and made a part of these minutes as Exhibit E. She stated that SI Gordon was asking for a $375 fee cap increase over the prior year's audit fee, raising the fee cap to $8,200. She noted that a review of Fund records indicated that the existing audit engagement fee had been unchanged since 2009. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

RESOLVED to approve the audit engagement of S I Gordon & Company for the Plan year ending March 31, 2014 as presented.

The SI Gordon audit engagement letter was signed by Board Chairman and Secretary.

C. Summary Annual Report

Ms. DuVall reported that the Summary Annual Report for the Plan year ended March 31, 2013 had been mailed to participants on January 14, 2014.

VIII. NEXT MEETING DATE AND LOCATION

The next quarterly Board meeting is scheduled for Thursday, May 22, 2014 at 10:00 a.m. in Miami Lakes, Florida. The remaining 2013 quarterly meetings are scheduled for August 21 and November 20, 2014.

IX. 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

These Minutes were adopted on ______________________________________.

Attachments:

Exhibit A: Sudler Insurance Services, Inc. Health and Welfare Insurance Renewal and Request for Proposal dated February 6, 2014
Exhibit B: SEI Investment Management Report dated February 6, 2014
Exhibit C: Income and Expense Statement, December 31, 2013
Exhibit D: Trustees' Report from Fund Counsel dated February 6, 2014