South Florida Operating Engineers
Apprentice and Training Fund
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**MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
SOUTH FLORIDA OPERATING ENGINEERS
APPRENTICE AND TRAINING FUND
THURSDAY, MAY 22, 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
W. Utreras	F. Villella

Also present were:

R. Dusang – The Segal Company
L. DuVall – Associated Administrators, LLC
D. Haverly – SEI Global Institutional Group
J. Ianniello – Associated Administrators, LLC
J. Johnson – The Segal Company
R. Joyner – The Segal Company
D. McCullers – Apprenticeship Director
K. Phillips – Phillips, Richards, & Rind, PA

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 6, 2014, 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 6, 2014 as presented.**

The Trustees reviewed the minutes of the special meeting held on April 2, 2014 to discuss a recommendation from the Fund's Investment Consultant to increase equity securities in the Fund's portfolio, 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 special Board meeting held on April 2, 2014 as presented.**

III. APPRENTICESHIP DIRECTOR'S REPORT

Mr. Daniel McCullers presented the Director's Report dated May 22, 2014, a copy of which is attached to and made a part of these minutes as Exhibit A. Mr. McCullers reported the following:

A. Apprentices

Mr. McCullers reported that thirteen apprentices joined and five dropped out of the Apprenticeship Program since the last Board meeting. Sixty-one apprentices are enrolled in the Program. He reported that due to limited classroom size, two separate Apprentice classes are offered – first and second year apprentices in one class; third and fourth year apprentices in another.

B. Upgrading the Apprentice Program

Mr. McCullers said that the Apprenticeship Standards that were denied by the State of Florida have been amended with the assistance of the State Regional Representative and the Fund attorney and are ready for re-submittal. He said that the Program is changing from a three-year to a four-year program as soon as the new Collective Bargaining Agreements are signed and the Apprenticeship Standards are approved by the State.

Mr. McCullers reported that he attended Apprentice Day on March 18-19, 2014 in Tallahassee, Florida; the Hiring Our Heroes Job Fair on April 8, 2014 at the National Guard Armory; and the International Training, Safety & Health Regional Conference on April 22-23, 2014 in Atlanta, Georgia. He said that he also planned to attend the NCCCO Overhead Crane Examiner's Workshop on May 28-30, 2014 in Howell, Michigan.

Mr. McCullers said that he would like to attend the 56th Annual Florida Apprentice Conference on July 8-11, 2014 in St. Augustine, Florida. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve for the Fund to pay travel costs not to exceed $1,000 total for Apprentice Director Dan McCullers to attend the 56th Annual Florida Apprentice Conference on July 8-11, 2014 in St. Augustine, Florida.

C. <u>Apprenticeship Classes</u>

Mr. McCullers reported that the Forklift Certification class was held on May 3, 2014 and the NCCCO Practical Test will be given on May 31, 2014 at the Apprenticeship Training Site. He said that he attended a one-day safety training course and offered a crane safety class for the Mechanical Contractors Association at the Pipefitters Local 725 Apprenticeship School. He said five of the Fund's apprentices also received training in other related safety topics.

D. <u>Broward County School Board</u>

Mr. McCullers reported that the Apprentice Program received a check from the School Board on February 13, 2014 in the amount of $51,482.40. He also reported that the Sheridan Technical Center is trying to launch a Heavy Equipment Program that may attract high school graduates to the Apprentice Program.

E. <u>Apprenticeship Council</u>

Mr. McCullers said that he attended the monthly United Joint Apprentice Committee of Miami and Palm Coast Joint Apprentice Committee conference meetings.

F. <u>Equipment Program</u>

Mr. McCullers said that the John Deere Tractor/Backhoe that was on loan to the Apprentice Program was picked up and transported to another Local in Memphis, Tennessee. He reported that the Apprentice mechanic that had been working at the Training Center had been dispatched to Ebsary Foundation.

G. <u>Training Site</u>

Mr. McCullers reported that the NCCCO Practical Exam Courses for the small and large Hydro should be completed on or about May 22, 2014. Ms. DuVall reported that between Board meetings, the Trustees were polled and approved a budget of up to $3,000 to install a third concrete slab. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve a budget of up to $3,000 to install the third concrete slab at the Training Center site to meet the NCCCO practical exam course requirements.**

Mr. McCullers said that the Annual Union Picnic was held on March 23, 2014. He reported that instructor Michael Smith will not be working at the Training Center for the next few months.

IV. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for March 31, 2014, a copy of which is attached to and made a part of these minutes as Exhibit B. She reported total assets for the month of March 2014 were $2,133,693.97, compared to $2,180,129.07 for March 2013. She reported that for the month of March 2014, the Fund had total receipts of $106,623.72 and total expenses of $30,951.39, resulting in a surplus of $75,672.33. Ms. DuVall presented a Comparative Income Statement for the Twelve Months Ended March 31, 2014.

B. Disbursements

Ms. DuVall presented the expense check register for March 2014, which indicated total disbursements of $22,013.95. She reviewed the payroll check register for March 2014, which indicated total payroll of $11,006.83.

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

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

V. INVESTMENT CONSULTANT'S REPORT

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

A. Performance Report

Mr. Haverly distributed SEI's investment management report dated May 22, 2014, a copy of which is attached to and made a part of these minutes as Exhibit C. Mr. Haverly stated that the market value of the Fund assets in the total portfolio as of March 31, 2014 was $548,417. Mr. Haverly stated that the Fund's total portfolio had a net return of 5.34% compared to the total index return of 3.68% for the period June 1, 2010 to March 31, 2014. He said that the fiscal year-to-date net return was 2.80% compared to the total index return of 1.93%. Mr. Haverly stated that the asset allocation was 87.7% in fixed income, 9.9% in U.S. equity and 2.4% in the World Equity Ex-US.

B. Foreign Bank and Financial Accounts Reporting ("FBAR")

Mr. Haverly reported that the Fund had no investment holdings subject to FBAR.

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

VI. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled Trustees' Report dated May 22, 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 Bunnell Foundation, Inc., 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 totaling approximately $8,500 and owes service fees in excess of $10,000. She said that Bunnell has an active Federal tax lien filed against it in the amount $66,730.21. Ms. Phillips reported that Bunnell's Collective Bargaining Agreement ("CBA") was not renewed by the Union due to Bunnell's poor financial condition and its failure to pay contributions to the Fund. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to authorize Fund counsel to discontinue efforts to collect unpaid contributions and service fees

from Bunnell Foundation, Inc., in accordance with the Fund's Audit and Collection Procedures.

Mr. Harrison asked that fund counsel confirm that Bunnell owned no property, the value of which exceeded the tax lien and penalties being assessed.

Powermix Industries ("Powermix")

Ms. Phillips said that a demand letter was sent to Powermix on March 19, 2014 for outstanding service fees totaling $5,104.09. Powermix responded requesting a full waiver of the assessed service fees and advised that it does not have money to pay. Powermix further responded that it is no longer doing business, is still active for legal reasons only, and when the 2013 tax return is filed, the corporation will be terminated. Ms. Phillips recommended that efforts be continued 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 pursue a judgment against Powermix Industries for collection of service fees owed to the Fund in the amount of $5,104.09.**

Zeiger Crane Rental, Inc. ("Zeiger")

Ms. Phillips said that a demand for service fees in the amount of $11,380.95 was sent to Zeiger on April 18, 2014 for the untimely remittance of contributions for the period September 2013 through February 2014. She stated that a waiver of service fees was previously granted to Zeiger for untimely remittance of September and October 2012 contributions and, as such, Zeiger is not eligible for a waiver at this time. Ms. Phillips said that the amount owed through April 2014 is $14,328.90. Zeiger's attorney proposed that the Board consider resolving the matter by accepting a lump sum payment of $10,000.00 or three months to pay $14,324.00 ($4,774.66 due on the 23rd of each month in May, June, and July 2014). After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to accept from Zeiger Crane Rental, Inc. service fee payments in three monthly installments in the amount of $4,774.66 due on the 23rd of each month in May, June, and July 2014.**

B. Payroll Audits

Ms. Phillips provided the following payroll audit status report from the CPA firm of SI Gordon & Company, PA:

Harmon, Inc.

The random audit of Harmon, Inc. found that it complied with the Collective Bargaining Agreement during the period September 3, 2013 through January 28, 2014 as it relates to fringe benefit contribution requirements.

Little Steve Florida, LLC ("Little Steve")

Ms. Phillips stated that after review by the Fund auditor in connection with the compliance audit, it was found that Little Steve has no employees except the owner. She said that the owner does not receive a paycheck but paid contributions to the Fund based on 40 hours per week. She said that Little Steve was advised that the Fund is unable to accept contributions on behalf of the owner.

Mardant Electrical Construction Company, Inc. ("Mardant")

The random audit of Mardant found that it complied with the Collective Bargaining Agreement during the period October 30, 2013 through February 16, 2014 as it relates to fringe benefit contribution requirements.

Tripleye, Inc.

The random audit of Tripleye, Inc. found that it complied with the Collective Bargaining Agreement during the period November 1, 2013 through February 28, 2014 as it relates to fringe benefit contribution requirements.

C. Conflict of Interest and Whistleblower Policy – Annual Certification

Ms. Phillips distributed to the Trustees a copy of the Fund's Conflict of Interest and Whistleblower Policy. She provided each Trustee with a Conflict of Interest and Whistleblower Certificate form to complete and sign.

D. Apprenticeship and Training Program

Ms. Phillips provided a status report on the Apprenticeship standards.

E. Apprenticeship Director and Instructor Pay

Ms. Phillips discussed the fact that, in addition to a weekly salary (based on 40 hours per week), the Apprenticeship Director receives an hourly rate of pay when performing instructor work at the Training Site.

VII. OTHER FUND BUSINESS

Ms. DuVall reported the following:

A. Apprentice Selection Insurance Coverage

Between Board meetings, the Trustees were polled and approved purchasing an Apprentice Selection Insurance Policy with a liability limit of $500,000 and deductible of $5,000. She said that the policy had been written for the period March 1, 2014 to March 1, 2015 with a premium cost of $3,344. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify purchasing the Apprentice Selection Insurance Policy with a liability limit of $500,000 and deductible of $5,000 for the period March 1, 2014 to March 1, 2015.**

B. State Apprenticeship Advisory Council ("SAAC") Meeting

Between Board meetings, the Trustees were polled and approved up to $1,000 in travel costs for Apprentice Director Dan McCullers to attend the SAAC meeting on March 18-19, 2014 in Tallahassee, Florida. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify the Board's approval for the Fund to pay travel costs not to exceed $1,000 total for Apprentice Director Dan McCullers to attend the SAAC meeting on March 18 - 19, 2014 in Tallahassee, Florida.**

C. International Training, Safety & Health Regional Conference

Between Board meetings, the Trustees were polled and approved costs not to exceed $700 for Apprentice Director Dan McCullers to attend the mandatory International Training, Safety & Health Regional Conference in Atlanta, Georgia on April 23, 2014. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify the Board's approval for the Fund to pay costs not to exceed $700 total for Apprentice Director Dan McCullers to attend the mandatory International Training, Safety & Health Regional Conference in Atlanta, Georgia on April 23, 2014.**

D. NCCCO Overhead Crane Examiner's Workshop

Between Board meetings, the Trustees were polled and approved costs not to exceed $1,600 for Apprentice Director Dan McCullers to attend the NCCCO Overhead Crane Examiner's Workshop to be held May 28 through May 31, 2014 in Howell, Michigan. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify the Board's approval for the Fund to pay costs not to exceed $1,600 total for Apprentice Director Dan McCullers to attend the NCCCO Overhead Crane Examiner's Workshop to be held May 28 through May 31, 2014 in Howell, Michigan.**

VIII. NEXT MEETING DATE AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, August 21, 2014 at 10:00 a.m. in Miami Lakes, Florida. The remaining quarterly meeting was scheduled for 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: Apprenticeship Director's Report dated May 22, 2014
Exhibit B: Income and Expense Statement, March 31, 2014
Exhibit C: SEI Investment Management Report, May 22, 2014
Exhibit D: Trustees' Report from Fund Counsel, May 22, 2014