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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, 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.**

III. INVESTMENT CONSULTANT'S REPORT

The Trustees welcomed Mr. Donald 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 A. Mr. Haverly stated that the market value of the Fund assets in the total portfolio as of March 31, 2014 was $3,003,005. Mr. Haverly stated that the Fund's total portfolio had a net return of 7.52% compared to the total index return of 6.00% for the period June 1, 2010 to March 31, 2014. He said that the fiscal year-to-date net return was 5.38% compared to the total index return of 4.29%. Mr. Haverly stated that the asset allocation was 74.3% in fixed income, 16.2% in U.S. equity, 9% in the World Equity Ex-US Fund, and 0.5% in cash & equivalents.

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

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

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

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 that total assets for March 2014 were $4,329,637.33, compared to $3,904,763.14 for March 2013. She reported that for March 2014, the Fund had total receipts of $752,022.33 and total expenses of $329,197.91, resulting in a surplus of $422,824.42 for the month of March 2014. 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 $324,680.82.

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

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

C. Invoice from Associated Administrators, LLC ("Associated")

Ms. DuVall presented an itemized invoice from Associated dated May 22, 2014 in the amount of $100 for services rendered January through December 2013 in connection with Health Care Reform. After discussion, on motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the invoice dated May 22, 2014 from Associated Administrators, LLC for Health Care Reform services rendered January through December 2013.**

D. SunTrust Bank Account Balance

Ms. DuVall stated that the Fund's account at SunTrust Bank had a balance of $672,000.00 as of May 20, 2014 to pay benefits and expenses. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to transfer $200,000 to the SEI Health & Welfare portfolio.**

Ms. DuVall will work with Mr. Haverly to accomplish the transfer of funds from SunTrust Bank to SEI.

V. CONSULTANT'S REPORT

The Trustees welcomed Mr. Jeff Johnson and Ms. Robin Dusang from The Segal Company to the meeting.

A. Health Benefits Report

Mr. Johnson distributed a report titled Health Benefits Report – Fiscal Year Ending 2015, a copy of which is attached to and made part of these minutes as Exhibit C. Mr. Johnson reviewed specific information contained in the report for the fiscal year ending March 31, 2015 as it pertains to the Fund's experience and budget projections. Based on current income and expense calculations and Segal's standard forecasting assumptions, the Fund is estimated to have sufficient income and assets to meet current obligations through the fiscal year ended March 31, 2017.

B. Updated COBRA Notice

Mr. Johnson said that the Department of Labor had published a new COBRA election model notice. He said that the new model notice reflects that the Healthcare Insurance Marketplace is now open and describes how the Marketplace interacts with COBRA. The Trustees directed that the Fund's COBRA election notice be updated to conform to the model language.

The Trustees thanked the Segal representatives for their report and excused them 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, 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 tax lien filed against it in the amount $66,730.21. Ms. Phillips reported that Bunnell's CBA ("CBA") was not renewed by the Union due to its financial condition and failure to pay contributions. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED not to legally pursue collection of unpaid contributions and service fees from Bunnell Foundation,**

Inc., as it is unlikely that the Fund would be successful in pursuing collection efforts further.

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 fees and further advising that it does not have money to pay the service fees. It stated 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, in accordance with the Fund's Audit and Collection Procedures.

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 CBA 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 CBA 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 CBA 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. United States v. Windsor ("Windsor")

Ms. Phillips stated that she reviewed the Fund's documents and determined that no amendments or updates are necessary for spouses of participants in legal same-gender marriages to be treated as spouses for all required purposes under the Plan. She stated that on April 4, 2014, the Internal Revenue Service issued Notice 2014-19 clarifying that taxqualified pension plans are not required to apply the Windsor decision before June 26, 2013.

E. <u>Revising Business Associate Agreements ("BAA")</u>

Ms. Phillips said that she is in the process of securing updated BAAs with the Fund's service providers. The deadline is September 23, 2014.

VII. OTHER FUND BUSINESS

Ms. DuVall reported the following:

A. <u>Centers for Medicare and Medicaid Services ("CMS")</u>

The Fund's creditable coverage disclosure to CMS for the Plan year beginning April 1, 2014 was electronically filed May 8, 2014.

B. <u>Annual Open Enrollment</u>

Open enrollment materials were mailed by Coventry to Plan participants in February 2014.

C. <u>Women's Health and Cancer Rights Act ("WHCRA") Notice</u>

The WHCRA Notice was mailed to Plan participants in February 2014.

D. <u>Summary of Benefits and Coverage ("SBCs")</u>

Coventry mailed the SBCs for the HMO and PPO plans to participants on April 17, 2014.

E. <u>COBRA & Self-Pay Rates Effective April 1, 2014</u>

Between Board meetings, Segal provided the COBRA and self-pay rates for the period April 1, 2014 through March 31, 2015 to the Fund office. The Trustees were polled and approved the rates. Ms. DuVall said that a resolution was needed to ratify that action. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify the action taken by the Trustees to adopt the following COBRA and self-pay rates for the period April 1, 2014 through March 31, 2015:**
>
> **HMO COBRA Rates: Single $374.02, 2-Party $785.50, Family $1,103.39**

PPO COBRA Rates: Single $507.94, 2-Party $1,066.71, Family $1,498.48

HMO Self-Pay Rates: Single $366.69, 2-Party $770.10, Family $1,081.76
PPO Self-Pay Rates: Single $497.99, 2-Party $1,045.80, Family $1,469.10

F. Eastco Building Services – New Contributing Employer

Eastco Building Services ("Eastco") has been set up as a new contributing employer and Eastco employees completed the required enrollment process. Eastco employees will be eligible for benefits effective June 1, 2014 in accordance with the Plan rule providing for immediate eligibility for employees of a new employer.

VIII. NEXT MEETING DATE AND LOCATION

The next quarterly Board meeting is scheduled for Thursday, August 21, 2014 at 10:00 a.m. in Miami Lakes, Florida. The remaining quarterly meeting is 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,

____

Jonathan Turk, Fund Secretary

These Minutes were adopted on ____.

Attachments:
Exhibit A: SEI Investment Management Report dated May 22, 2014
Exhibit B: Income and Expense Statement, March 31, 2014
Exhibit C: Health Benefits Report – Fiscal Year Ending 2015
Exhibit D: Trustees' Report from Fund Counsel dated May 22, 2014