International Union of Operating Engineers
Local 487 Pension Fund
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MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
INTERNATIONAL UNION OF OPERATING ENGINEERS
LOCAL 487 PENSION 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. 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 A. She reported that total assets for March 2014 were $57,205,640.46, compared to $53,486,766.60 for March 2013. She reported that for March 2014, the Fund had total receipts of $733,290.46 and total expenses of $444,961.89, resulting in a surplus of $288,328.57 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 $17,042.85.

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. Pension Benefit Report

Ms. DuVall presented the pension benefit report for the period January through March 2014. She reviewed the pension roll, applications approved for payment, changes and adjustments, reinstatements, administrative holds, and deceased retirees.

Ms. DuVall presented a list of pension applications submitted for Trustee approval, a copy of which is attached to and made a part of these minutes as Exhibit B. After discussion and on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED that the pension applications for Charles Bessenbacher, Kenneth Dupree, Robert McRoy, Michael Neuzil, Wilfred Peat, Judith Davis, Robert Ralls, and Kenneth Wells were approved as presented.**

IV. 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 $56,146,761. He stated that the Fund's SEI only portfolio had a net return of 11.44% compared to the total index return of 10.56% for the period June 1, 2010 to March 31, 2014. He said that the fiscal year-to-date net return was 12.04% compared to the total index return of 11.37%. Haverly stated that the asset allocation was 38.3% In U.S. equity, 35.7% in fixed income, 15.9% in the World Equity Ex-US Fund and 10.1% in real estate.

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.

V. ACTUARY'S REPORT

The Trustees welcomed Mr. Rocky Joyner from The Segal Company to the meeting.

Central Pension Fund of the IUOE and Participating Employers ("CPF")

Mr. Joyner reviewed a merger study dated February 11, 2014 prepared by the CPF's Actuarial firm Horizon Actuarial Services, LLC, a copy of which is attached to and made a part of these minutes as Exhibit D. He stated that there are differences in assumptions between the two Funds. He said that from a financial standpoint, the merger makes economic sense but that the Trustees will need to consider additional factors, depending on the merger options offered by the CPF. He said that the CPF Board of Trustees is scheduled to meet on June 10, 2014.

The Trustees thanked Mr. Joyner 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 E.

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 Collections 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. Mr. Joyner stated that Bunnell may be obligated to pay withdrawal liability to the Fund. He said that he would need to review the CBA that expired on April 30, 2014 with respect to calculating withdrawal liability. Mr. Joyner estimated that the calculations would cost the Fund approximately $2,000. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to authorize The Segal Company to perform the necessary calculation to determine any withdrawal liability obligation to the Fund by Bunnell Foundation, Inc.**

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.**

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. Little Steve is requesting the Board's consideration in returning the mistaken pension contributions. Ms. Phillips advised that ERISA allows for reimbursement of mistaken contributions. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to reimburse Little Steve Florida, LLC for mistaken contributions to the Fund, less applicable attorney and audit fees.**

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 tax-qualified pension plans are not required to apply the Windsor decision before June 26, 2013.

E. IRS Determination – Second Cycle D Filing

Ms. Phillips stated that she would work with Segal to file by January 31, 2015 a second Cycle D filing for a renewed determination of the Plan's qualified status under the Internal Revenue Code.

VII. APPEAL

Ms. DuVall presented, for consideration by the Trustees, participant appeal #P14/112-8169 relating to recoupment of a benefit overpayment. Ms. Phillips stated that Department of Labor Advisory Opinion 77-08 specifically authorizes a plan administrator or Trustee to consider the hardship of a participant when deciding whether or not to recoup an overpayment. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve Appeal #P14/112-8169 and to reinstate the participant's non-reduced monthly pension benefit payment effective July 2014, on a non-precedent setting basis.

VIII. OTHER FUND BUSINESS

Ms. DuVall reported the following:

A. Annual Retiree Certification

A retiree certification form was mailed on May 9, 2014 to each pension recipient under the age of 75, as previously directed by the Board. A notice to each pension recipient age 75 and older was mailed on May 12, 2014 as a reminder of the right to change tax withholdings.

B. Amendment No. 1 Renumbered

Amendment No. 1 to the Pension Plan, which was adopted by the Board at the February 6, 2014 Board meeting, was renumbered to be Amendment No. 2.

IX. 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 is scheduled for November 20, 2014.

X. 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: Income and Expense Statement, March 31, 2014
Exhibit B: Pension Applications Submitted for Approval, January through March 2014
Exhibit C: SEI Investment Management Report, May 22, 2014
Exhibit D: Horizon Actuarial Services, LLC Merger Study dated February 11, 2014
Exhibit E: Trustees' Report from Fund Counsel, May 22, 2014