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 UNION OF OPERATING ENGINEERS
HEALTH & WELFARE FUND
THURSDAY, NOVEMBER 10, 2016
MIAMI LAKES, FLORIDA**

The following Trustees were present:

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

Also present were:

D. Clutts – Associated Administrators, LLC
L. DuVall – Associated Administrators, LLC
J. Hart – SEI Global Institutional Group (via teleconference)
D. McCullers – Apprenticeship Director
E. Naegele – The Segal Company
K. Phillips – Phillips, Richard & 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 August 11, 2016, 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 August 11, 2016 as presented.

III. INVESTMENT CONSULTANT'S REPORT

The Trustees welcomed Mr. John Hart from SEI Global Institutional Group to the meeting via teleconference.

Performance Report

Mr. Hart discussed SEI's investment management report dated November 10, 2016, a copy of which is attached to and made a part of these minutes as Exhibit A. Mr. Hart stated that the market value of the Fund assets in the total portfolio as of September 30, 2016 was $3,659,645.31. The fiscal year-to-date net return was 3.84% compared to the total index return of 3.53%. The Fund's total portfolio had a net return of 5.58% compared to the total index return of 4.62% for the period June 1, 2010 to September 30, 2016. The asset allocation was 75% in fixed income and 25% in equity.

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

IV. ACTUARY'S REPORT

The Trustees welcomed Mr. Ernie Naegele from The Segal Company ("Segal") to the meeting.

Segal Consulting Updates

Mr. Naegele distributed and reviewed a Segal Consulting Update titled "New Rule Requires Many Plan Sponsors to Cover Transgender Services" dated June 23, 2016, a copy of which is attached to and made a part of these minutes as Exhibit B. Mr. Naegele discussed the Patient Protection and Affordable Care Act ("ACA") Section 1557 non-discrimination guidelines related to transgender surgery and follow up care. Mr. Naegele stated that Section 1557 has non-discrimination communication requirements for plans receiving Federal money, such as retiree drug subsidy rebates. Mr. Naegele said that since this Fund does not receive any Federal funding, it is not required to comply with the ACA Section 1557 requirements; however, the Fund may want to consider including non-discrimination language on future COBRA offerings. Ms. DuVall stated that Aetna had confirmed that it is in compliance with ACA Section 1557.

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

V. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled "Trustees Report" dated November 10, 2016, a copy of which is attached to and made a part of these minutes as Exhibit C.

A. Delinquency and Collections

Ms. Phillips provided an update on the delinquency and collection matter involving Amquip Crane Rental.

Ms. Phillips reported that Amquip requested a waiver of service fees in the amount of $543.75 for the untimely payment of contributions for one participant. The Fund's Collection Committee reviewed the request and granted the waiver in accordance with the Fund's Audit policy. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive service fees in the amount of $543.75, in accordance with the Fund's Audit and Collections Procedures.**

B. Payroll Audits

Ms. Phillips provided the following payroll audit status report:

Berkel & Company Contractors ("Berkel")

Berkel was advised on September 21, 2016 that the random audit of Berkel had revealed deficiencies in the amount of $5,372.24. Berkel provided additional documentation to the auditor, resulting in a reduction of the total delinquent contributions to $401.02. On October 19, 2016, a letter was sent to Berkel requesting a total of $901.02, which included $500 attorney fees. The employer was advised that in accordance with the Fund's Collection and Audit Procedures, the auditor fees of $2,179.50 would be waived if the full amount of the delinquency plus attorney fees was remitted within thirty days. Berkel remitted $901.02 to the Fund Office on October 26, 2016.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for September 2016, a copy of which is attached to and made a part of these minutes as Exhibit D. She reported total assets for the month of September 2016 were $4,866,648.08 compared to $4,395,522.28 for September 2015. She reported that for the month of September 2016, the Fund had total receipts of $588,987.25 and total expenses of $558,277.49, resulting in a surplus of $30,709.76. Ms. DuVall presented a Comparative Income Statement for the twelve months ended September 30, 2016.

A discussion ensued regarding postage expenses for sending COBRA offerings via certified mail. Fund Counsel stated that the Fund is not required to send the COBRA offering via certified mail and regular U.S. mail. Ms. Duvall confirmed that the Fund Office systematically records COBRA offerings and notices.

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

> **RESOLVED to discontinue sending COBRA offerings via certified mail effective November 10, 2016 and to send them via regular U.S. mail only.**

B. <u>Disbursements</u>

Ms. DuVall presented the expense check register for September 2016, which indicated total disbursements of $559,139.22.

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. <u>Health and Welfare Account Balance</u>

Ms. DuVall reported that the Fund's account at Sun Trust Bank had a balance of $673,411.95 as of September 30, 2016 to pay benefits and expenses.

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

> **RESOLVED to transfer $200,000 to the Fund's investment portfolio managed by SEI.**

Ms. DuVall will work with SEI to accomplish the transfer of funds from Sun Trust Bank to SEI.

D. Death Benefits – Retired Employees Report

The Death Benefits - Retired Employees Report for the period of September 1, 2016 to November 1, 2016 was reviewed by the Trustees.

VII. OTHER FUND BUSINESS

Ms. DuVall reported the following:

A. Form 5500

The Fund auditor filed Form 5558 with the IRS to extend the reporting deadline to January 17, 2017 for the Fund's Form 5500 for Plan year ended March 31, 2016.

B. Form 990

The Fund auditor confirmed that the Form 990 for the Plan year ended March 31, 2016 was filed on November 7, 2016, under the allowable extension of time to file.

C. Medical Loss Ratio Rebates

Medical loss ratio rebate checks totaling $24,565.62 were received on September 13, 2016 from Coventry. The rebate checks were deposited into the Fund checking account.

D. Summary of Material Modifications ("SMM")

A SMM regarding the Plan change in health care providers to Aetna, self-payments after termination of COBRA continuation coverage, and death benefits eligibility for retired employees was mailed to Plan participants on September 13, 2016.

E. Mutual of Omaha Summary Plan Description ("SPD")

The Fund office mailed a revised Mutual of Omaha SPD to Plan participants in September 2016.

F. Annual Notice of Creditable Coverage

The Fund Office mailed the Medicare Part D Notice of Creditable Coverage to Plan participants on September 1, 2016.

G. Notice of Availability of Privacy Practices

The Fund office mailed the Notice of Availability of Privacy Practices to Plan participants on September 1, 2016.

H. Shop Audits

The Fund office notified the auditor on September 12, 2016 that the following contractors had been selected for shop audits: Alberici Constructors, Inc., Amquip Crane Rental, LLC, Day & Zimmerman/NPS Energy Service (two locations), Ebsary Foundation Company, Maxim Crane Works, and RW Harris.

VIII. NEXT MEETING DATE AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, February 9, 2017 at 10:00 a.m. in Miami Lakes, Florida. The remaining regular Board meetings were scheduled for May 11, August 10, and November 9, 2017.

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: SEI Investment Management Report, November 10, 2016
Exhibit B: Segal Consulting Update dated June 23, 2016
Exhibit C: Trustees' Report from Fund Counsel, November 10, 2016
Exhibit D: Income and Expense Statement, September 30, 2016