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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 UNION OF OPERATING ENGINEERS HEALTH & WELFARE FUND THURSDAY, MAY 11, 2017 MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES	**MANAGEMENT TRUSTEES**
M. Schaunaman, Chairman	J. Epperson
S. Singer	M. Harrison
J. Mullins	F. Villella
W. Utreras	

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 February 9, 2017, 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 9, 2017 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 May 11, 2017, 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 March 31, 2017 was $3,943,915. The fiscal year-to-date net return was 6.05% compared to the total index return of 5.51%. The Fund's total portfolio had a net return of 5.49% compared to the total index return of 4.57% for the period June 1, 2010 to March 31, 2017. The asset allocation was 73.5% in fixed income and 26.5% 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 Health Benefit Report

Mr. Naegele reviewed the "Health Benefits Reports – Fiscal Year Ending 2018," a copy of which is attached to and made a part of these minutes as Exhibit B. Mr. Naegele reviewed specific information contained in the report for the Fund's fiscal year ending March 31, 2018 as it pertains to the Fund's experience and budget projections. The United HealthCare ("UHC") premium rates for the fiscal year beginning April 1, 2017 are 9.9% higher than the prior year health benefit rates. 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 for 9.5 months. Segal is projecting 6.9% health care premium increases for fiscal years 2018 and 2019.

Mutual of Omaha Insurance Renewal

Mr. Naegele reviewed the Mutual of Omaha ("Omaha") Life and Accidental Death and Dismemberment ("AD&D") Insurance renewal with an effective date of August 1, 2017, a copy of which was pre-circulated and is made a part of these minutes as Exhibit C. He said that the quote from Omaha presented two renewal options. The first renewal option would maintain the premium of $18.00 per member per month with a 24-month rate guarantee. An alternate renewal option would decrease the premium from $18.00 to $17.10 per member per month with a 24-month rate guarantee, provided the Fund Office would print copies of Omaha's Summary of Coverage which contains the certificate of insurance for distribution to Plan participants. The alternate renewal option would reduce the annual premium total by $7,960 per year. Mr. Naegele recommended the alternate renewal proposal. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the Mutual of Omaha Life and AD&D insurance alternate renewal proposal at a premium rate of $17.10 per member per month for the period August 1, 2017 to August 1, 2019 as presented.**

Segal Consulting Updates

Mr. Naegele also distributed and reviewed a Segal Consulting "Trends News for Multiemployer Health Plans" for the second quarter 2017, a copy of which is attached to and made a part of these minutes as Exhibit D. Mr. Naegele said that Segal's prediction is that the potential changes to the Affordable Care Act ("ACA") will not negatively impact multiemployer funds.

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 May 11, 2017, a copy of which is attached to and made a part of these minutes as Exhibit E.

A. 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. Each Trustee present at the meeting completed and signed a Certificate during the Board meeting.

B. Delinquency and Collections

Ms. Phillips provided an update on the delinquency and collection matters involving Pre-Con Construction, Inc., Betancourt Construction, Inc., Day & Zimmermann, Inc., DLS Prestressed, Inc., HJ Foundation Company, JAM Shell Builders, Inc., Lexington Design & Fabrication, Inc., Liberty Equipment and Supply, LLC, and Zeiger Crane Rental, Inc. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the waiver of prior service fees for employers with no waiver requests in the past three years, in accordance with the Delinquency & Collections policy, from the date the service fees were incurred.**

Betancourt Construction, Inc. ("Betancourt")

Ms. Phillips reported that Betancourt requested a waiver of service fees in the amount of $216.78 for the untimely payment of its January 2017 contributions. Ms. Phillips stated that the Fund's Audit and Collections Procedures provide for waivers of service fees once in a three-year rolling period and that Betancourt is eligible for a waiver. 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 $216.78, in accordance with the Fund's Audit and Collections Procedures.**

Day & Zimmermann, Inc. ("Day & Zimmermann")

Ms. Phillips reported that Day & Zimmermann requested a waiver of service fees in the amount of $282.73 for the untimely payment of July 27, 2015 through July 31, 2015 contributions. Ms. Phillips stated that the Fund's Audit and Collections Procedures provide for waivers of service fees once in a three-year rolling period and that Day & Zimmermann is eligible for a waiver. 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 $282.73, in accordance with the Fund's Audit and Collections Procedures.

DLS Prestressed, Inc. ("DLS")

Ms. Phillips reported that DLS requested a waiver of service fees in the amount of $372.99 for the untimely payment of its December 2015 contributions. Ms. Phillips stated that the Fund's Audit and Collections Procedures provide for waivers of service fees once in a three-year rolling period and that DLS is eligible for a waiver. 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 $372.99, in accordance with the Fund's Audit and Collections Procedures.

HJ Foundation Company ("HJ Foundation")

Ms. Phillips reported that HJ Foundation requested a waiver of service fees in the amount of $5,279.36 for the untimely payment of its January 2017 contributions. Ms. Phillips stated that the Fund's Audit and Collections Procedures provide for waivers of service fees once in a three-year rolling period and that HJ Foundation is eligible for a waiver. 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 $5,279.36, in accordance with the Fund's Audit and Collections Procedures.

Liberty Equipment and Supply, LLC ("Liberty")

Ms. Phillips reported that Liberty requested a waiver of service fees in the amount of $1,333.62 for the untimely payment of its July 2015 contributions. Ms. Phillips stated that the Fund's Audit and Collections Procedures provide for waivers of service fees once in a three-year rolling period and that Liberty is eligible for a waiver. 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 $1,333.62, in accordance with the Fund's Audit and Collections Procedures.**

C. Payroll Audits

Ms. Phillips provided the following payroll audit status report:

Alberici Constructors, Inc. ("Alberici")

The random audit of Alberici found that it complied with the Collective Bargaining Agreement as it related to fringe benefit contribution requirements.

RW Harris

The random audit of RW Harris found that it complied with the Collective Bargaining Agreement as it related to fringe benefit contribution requirements.

Ms. Phillips reported that random payroll audits are in process on Amquip Crane Rental, LLC, Day & Zimmermann/NPS Energy Service (two locations), and Maxim Crane Works.

D. Kabat, Schertzer, De La Torre, Taraboulos & Company ("KSDT") Audit Engagement for Plan Year Ended March 31, 2017

Ms. Phillips said that KSDT provided an engagement letter for the audit of Plan year ended March 31, 2017 for Trustee approval, which included an approximately 3% increase in fees over the prior year. Ms. Phillips noted that there had been a lack of responsiveness on the part of KSDT regarding payroll audits and other issues. After discussion, the Trustees authorized Ms. Phillips to research and prepare a list of three local Florida auditors, to recommend one auditor, and to poll the Trustees between regular Board meetings in order to contract Fund auditing services. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to authorize Fund counsel to research and prepare a list of three local Florida auditors, to recommend one auditor, and to poll the Trustees between regular Board meetings in order to contract Fund auditing services.**

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. Clutts reviewed the Income and Expense Statement for March 31, 2017, a copy of which is attached to and made a part of these minutes as Exhibit F. She reported total assets for the month of March 2017 were $5,506,758.51 compared to $5,012,845.76 for March 2016. She reported that for the month of March 2017, the Fund had total receipts of $1,237,752.65 and total expenses of $577,922.97, resulting in a surplus of $659,829.68. Ms. Clutts presented a Comparative Income Statement for the twelve months ended March 31, 2017.

B. Disbursements

Ms. Clutts presented the expense check register for March 2017, which indicated total disbursements of $1,121,732.76.

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. Death Benefits – Retired Employees Report

The Death Benefits - Retired Employees Report for the period of February 2017 to May 2017 was reviewed by the Trustees.

D. Invoice

Ms. DuVall presented an invoice from Associated Administrators, LLC dated May 11, 2017 in the amount of $5,850.00 for the additional work performed by Associated Administrators in connection with the implementation of the Fund's new health insurance carrier, United Healthcare, effective April 1, 2017.

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

RESOLVED to approve payment of the invoice dated May 11, 2017 from Associated Administrators, LLC in the amount of $5,850.00 for additional work in connection with the implementation of United HealthCare effective April 1, 2017.

E. COBRA and Self-Pay Rates

The UHC premium rates were previously approved at the February 11, 2017 Board meeting, and the COBRA and Self-Pay rates were approved by a Trustee poll between Board meetings. Ms. Clutts stated that two UHC rate changes have taken place since the original proposal was approved. The dental DMO Plan single rate decreased to $12.24 per member per month ("pmpm") and the UHC vision rates decreased to $3.88 pmpm employee, $7.37 pmpm employee plus one, and $10.74 pmpm family. Ms. Clutts reviewed the Segal Consulting letter dated February 28, 2017 and accompanying COBRA and Self-Pay charts, and the UHC Premium Rates effective April 1, 2017 through March 31, 2018, as presented in the meeting book.

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

RESOLVED to approve the revised UHC Premium rates, Self-Pay rates, and COBRA rates for medical, dental and vision coverage effective April 1, 2017 through March 31, 2018, as follows:

UHC PREMIUM & SELF PAY RATES:

Neighborhood Health Partnership Plan with Dental HMO and Vision

Employee Only	**$438.05**
Employee Plus One	**$917.37**
Family	**$1,294.65**

UHC HMO Plan with Dental HMO and Vision

Employee Only	**$598.44**
Employee Plus One	**$1,254.20**
Family	**$1,767.80**

UHC HMO/POS with Dental PPO and Vision

Employee Only	**$604.07**
Employee Plus One	**$1,265.77**
Family	**$1,793.50**

COBRA RATES:

Neighborhood Health Partnership Plan with Dental HMO and Vision	
Employee Only	**$446.81**
Employee Plus One	**$935.72**
Family	**$1,320.54**

UHC HMO Plan with Dental HMO and Vision	
Employee Only	**$610.41**
Employee Plus One	**$1,279.28**
Family	**$1,803.16**

UHC HMO/POS with Dental PPO and Vision	
Employee Only	**$616.15**
Employee Plus One	**$1,291.09**
Family	**$1,829.37**

VII. OTHER FUND BUSINESS

Ms. DuVall reported the following:

A. Women's Health and Cancer Rights Act ("WHCRA") Notice

The annual WHCRA Notice was mailed to the Plan participants on February 27, 2017.

B. Accounting Standards Codification ("ASC") 965 Valuation

Segal requested and was provided data from the Fund Office for the ASC 965 valuation of postretirement welfare benefits.

C. Summary Plan Description ("SPD")

Fund counsel and the administrative manager will work together to restate the Fund's SPD, for review by the Trustees at the August 10, 2017 Board meeting.

VIII. MEETING DATES AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, August 10, 2017 at 10:00 a.m. in Miami Lakes, Florida. The remaining regular Board meeting was scheduled for 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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Jack Epperson

These Minutes were adopted on ______________________________

Attachments:

Exhibit A: SEI Investment Management Report, May 11, 2017
Exhibit B: Segal Health Benefits Reports – Fiscal Year Ending 2017
Exhibit C: Segal Life and AD&D Renewal Letter dated May 5, 2017
Exhibit D: Segal Consulting "Trends News for Multiemployer Health Plans" Q2 2017
Exhibit E: Trustees Report from Fund Counsel, May 11, 2017
Exhibit F: Income & Expense Statement, March 31, 2017