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, AUGUST 10, 2017 MIAMI LAKES, FLORIDA

The following Trustees were present:

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

Also present were:

D. Bellows-Levine – Bellows Associates P.A.
D. Clutts – Associated Administrators, LLC
L. DuVall – Associated Administrators, LLC
J. Hart – SEI Global Institutional Group
D. McCullers – Apprenticeship Director
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 May 11, 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 May 11, 2017 as presented.**

III. AUDITOR'S REPORT

Ms. Phillips said that between meetings, the Trustees reviewed requests for proposals submitted by three audit firms, seeking to perform audit work for the Fund, including Bellows Associates, P.A. ("Bellows"), Steven D. Eisenberg, P.A., and Catarina and Givens, P.A. The Trustees voted unanimously to hire Bellows to replace the current Fund auditor, Kabat, Schertzer, DeLaTorre, Taraboulos and Company ("KSDT"). On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify the action taken by the Trustees to approve hiring Bellows Associates P.A. as Fund auditor for the IUOE Local 487 Health & Welfare Fund for the fiscal years ended March 31, 2017, March 31, 2018 and March 31, 2019 at a cost of $9,000 for fiscal year ended March 31, 2017, and an increase of 3% annually for each of the remaining two fiscal years.**

The Trustees welcomed Ms. Dina Bellows-Levine from Bellows to the meeting. Ms. Bellows-Levine thanked the Trustees for engaging Bellows. She reported that Bellows staff had performed fieldwork for the annual audit of the Fund at the Administrative Manager's offices in Sparks, Maryland, on July 17, 18 and 19, 2017. Ms. Bellows-Levine stated that Bellows will file an extension by August 15, 2017 for the IRS Return of Organizations Exempt from Income Taxes Form 990 for the Plan year ended March 31, 2017.

Ms. Bellows-Levine presented engagement letters for the annual audit, the preparation of IRS Form 5500, the preparation of IRS Form 990, and for the performance of payroll audits, copies of which are attached to and made a part of these minutes as Exhibit A. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the engagement of Bellows Associates, P.A. to perform the annual audit and tax preparation for the Fund as proposed in the engagement letters dated June 5, 2017, and to perform payroll audits for the Fund as proposed in the engagement letter dated June 20, 2017.**

Chairman Schaunaman signed the engagement letters on behalf of the Board during the meeting. The Trustees thanked Ms. Bellows-Levine for her report and excused her from the meeting.

IV. INVESTMENT CONSULTANT'S REPORT

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

Performance Report

Mr. Hart discussed SEI's investment management report dated August 10, 2017, a copy of which is attached to and made a part of these minutes as Exhibit B. Mr. Hart stated that the market value of the Fund assets in the total portfolio as of June 30, 2017 was $4,014,128. The fiscal year-to-date net return was 4.07% compared to the total index return of 3.89%. The Fund's total portfolio had a net return of 5.55% compared to the total index return of 4.65% for the period June 1, 2010 to June 30, 2017. The asset allocation was 73.2% in fixed income and 26.8% in equity. Mr. Hart informed the Trustees about investment manager changes, including the terminations of Brown Investment Advisory, Inc. and Ivy Investments, and the hiring of Coho Partners and Fiera Capital Inc. Mr. Hart reviewed asset investment change recommendations with the Trustees. After discussion, the Board agreed that asset investment changes are to be determined by SEI within the asset allocation guidelines set forth in the Fund's Investment Policy Statement.

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

V. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled "Trustees Report" dated August 10, 2017, 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 delinquency and collection matters involving Pre-Con Construction, Inc., Lexington Design & Fabrication, Inc., Sims Crane & Equipment Company Inc., and Zeiger Crane Rental, Inc.

Lexington Design & Fabrication, Inc. ("Lexington")

Ms. Phillips said that Lexington owes service fees of $619.49 for late payments of its March, April, May, June, August and September 2016 contributions. The employer is no longer in business and the bonding company had to finish this employer's last job. Ms. Phillips recommended writing off the service fees of $619.49 as uncollectable, in accordance with the Fund's Collection and Audit Procedures.

After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to write off service fees owed by Lexington in the amount of $619.49 as uncollectable, in accordance with the Fund's Collection and Audit Procedures.**

Sims Crane & Equipment Co. ("Sims")

Sims requested a waiver of service fees totaling $564.41 for the late remittance of its January through May 2017 contributions. Ms. Phillips advised that Sims had last received a waiver of service fees in August 2010. In accordance with the Fund's Collection and Audit Procedures, Sims is eligible for a waiver of two consecutive months of service fees.

After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve Sims' waiver of service fees, in accordance with the Fund's Collection and Audit Procedures, for two consecutive months at the company's selection.**

B. 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. A letter was sent to Alberici on June 7, 2017 advising of no delinquency.

Amquip Crane Rental, LLC ("Amquip")

KSDT did not begin work on the payroll audit of Amquip. Therefore, the payroll audit has been reassigned to Bellows. Amquip was notified by letter dated August 9, 2017 of the audit reassignment.

Day & Zimmerman/NPS Energy Source ("Day & Zimmerman")

Day & Zimmerman's payroll audit is in process and will be completed by KSDT.

Maxim Crane Works ("Maxim")

Maxim's payroll audit is in process and will be completed by KSDT.

RW Harris ("Harris")

The random audit of Harris found that it complied with the Collective Bargaining Agreement as it related to fringe benefit contribution requirements. A letter was sent to Harris on June 7, 2017 advising of no delinquency.

C. Summary Plan Description ("SPD")

Ms. Phillips reported that a draft SPD had been rewritten with the assistance of the Administrative Manager, a copy of which is attached to and made part of these minutes as Attachment D. Ms. Phillips reviewed the material changes to the SPD.

After review of the restated SPD draft and ensuing discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve the restated SPD and distribute it to Plan participants by October 28, 2017.

Ms. DuVall discussed the cost of printing the SPDs and the estimated number needed for the initial distribution to Plan participants as well as to newly hired participants over the next five years. The Trustees directed the Fund Office to print 1,500 copies at a cost of approximately $2,045.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. Clutts reviewed the Income and Expense Statement for June 30, 2017, a copy of which is attached to and made a part of these minutes as Exhibit E. She reported total assets for the month of June 2017 were $4,888,387.61 compared to $4,674,315.55 for June 2016. She reported that for the month of June 2017, the Fund had total receipts of $566,462.27 and total expenses of $621,859.92, resulting in a deficit of $55,397.65. Ms. Clutts presented a Comparative Income Statement for the twelve months ended June 30, 2017. The Trustees discussed a possible future need to liquidate assets from the investment manager to fund the healthcare cost increases incurred since April 1, 2017, and determined to review the cash flow needs again at the November 9, 2017 meeting.

B. Disbursements

Ms. Clutts presented the expense check register for June 2017, which indicated total disbursements of $627,763.76.

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 May 2017 to August 2017 was reviewed by the Trustees.

VII. OTHER FUND BUSINESS

Ms. Clutts reported the following:

A. Creditable Coverage Filing with Centers for Medicare and Medicaid ("CMS")

The Fund's required Creditable Coverage Disclosure was filed with CMS on May 21, 2017.

B. Annual Foreign Bank Account Report ("FBAR")

SEI confirmed that none of the investments in the Fund's portfolio were subject to FBAR filing.

C. Participant Request for Waiver of Health Care Benefit

The Trustees and Fund Counsel confirmed that should a participant waive Fund benefits, they are waiving all benefits, including life insurance.

VIII. MEETING DATE~~S~~ AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, November 9, 2017 at 10:00 a.m. in Miami Lakes, Florida.

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

These Minutes were adopted on ______________________________

Attachments:
Exhibit A: Bellows Associates, P.A. Engagement Letters
Exhibit B: SEI Investment Management Report, August 10, 2017
Exhibit C: Trustees Report from Fund Counsel, August 10, 2017
Exhibit E: Income & Expense Statement, June 30, 2017