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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, NOVEMBER 9, 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 (via teleconference)
D. McCullers – Apprenticeship Director
E. Naegele – The Segal Company
K. Phillips – Phillips, Richard & Rind, PA
R. Sudler – Sudler Insurance Services, Inc.

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 10, 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 August 10, 2017 as presented.**

III. HEALTH INSURANCE BROKER'S REPORT

The Trustees welcomed Mr. Robert Sudler of Sudler Insurance Services, Inc. to the meeting.

Mr. Sudler reviewed United HealthCare's ("UHC") performance since it was hired effective April 1, 2017. Mr. Sudler said there had been few complaints regarding the implementation process or the benefits, with the exception of the prescription drug formulary limitations on opioid prescriptions. UHC's medical loss ratio, since inception, is 70%. Mr. Sudler said he anticipates a favorable renewal with UHC, but UHC will not present a renewal offer until there are at least six months of claims experience. Mr. Sudler said that he hopes to obtain a renewal quote from UHC by December 31, 2017.

IV. 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 9, 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 September 30, 2017 was $4,093,900. The fiscal year-to-date net return was 6.14% compared to the total index return of 5.76%. The Fund's total portfolio had a net return of 5.64% compared to the total index return of 4.74% for the period June 1, 2010 to September 30, 2017. The asset allocation was 74.6% in fixed income and 25.4% in equity. Due to higher health care costs, the Trustees discussed the Fund's cash flow trend and the possible need, going forward, to move money into the Fund's operating account. The Trustees will re-evaluate cash flow needs at the February 2018 Board meeting.

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

V. AUDITOR'S REPORT

The Trustees welcomed Ms. Dina Bellows-Levine from Bellows Associates ("Bellows") to the meeting.

A. Financial Statement

Ms. Bellows-Levine reviewed the draft Financial Statement for Plan years ended March 31, 2017 and 2016. Ms. Bellows-Levine expressed an unmodified (clean) opinion on the financial statements, meaning that in her opinion, the financial statements presented fairly, in all material respects, the financial status of the Fund as of March 31, 2017 and 2016. Ms. Bellows-Levine reviewed the draft audit and reported that the net assets as of March 31, 2017 were $5,625,663 compared to $5,041,946 as of March 31, 2016, which represented an increase of $583,717 in net assets. Ms. Bellows-Levine reviewed the Notes to Financial Statements as of years ended March 31, 2017 and 2016. Ms. Bellows-Levine said that Bellows would finalize the Financial Statements and file the Form 5500 by January 15, 2018 under the extension of time to file.

B. Payroll Audits

Ms. Bellows-Levine provided a status report on the payroll audit of Amquip Crane Rental, LLC ("Amquip"). Bellows made an initial request for records. Due to Amquip's lack of response, Fund Counsel sent a letter to Amquip requesting its cooperation. Ms. Bellows-Levine said that Bellows has since received the records and the payroll audit is in process.

The Trustees thanked Ms. Bellows-Levine for her report and excused her from the meeting.

VI. ACTUARY'S REPORT

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

A. FASB ASC 965 – Actuarial Valuation

Mr. Naegele reviewed the results of the actuarial valuation of the Fund's postretirement welfare benefits as of March 31, 2017 under FASB Accounting Standards Codification 965, a copy of which is attached to and made a part of these minutes as Exhibit B. Mr. Naegele reported that the accumulated postretirement benefit obligation ("APBO") was $4,368,909 as of March 31, 2017 as compared to $4,383,275 as of March 31, 2016, representing a $14,366 decrease in the APBO.

B. Segal Consulting Updates

Mr. Naegele distributed and reviewed a Segal Consulting Update titled "Trump Administration's Latest Executive Actions on Health Care" dated October 25, 2017, a Segal Consulting Data report titled "High Rx Cost Trends Projected to Be Lower for 2018" for Fall 2017 and a Segal Consulting "Trends for Multiemployer Health Plans" for the Fourth Quarter 2017, copies of which are attached to and made a part of these minutes as Exhibit C.

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

VII. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled "Trustees Report" dated November 9, 2017, 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 Pre-Con Construction, Inc., Sims Crane & Equipment Company Inc., Structural Steel/ADF International, and Zeiger Crane Rental, Inc.

Pre-Con Construction, Inc. ("Pre-Con")

Ms. Phillips said that Pre-Con was sent demands on July 24, 2017, June 1, 2017 and October 30, 2017 for ongoing delinquent contributions, service fees and attorneys' fees. Pre-Con continues to remit untimely contributions and has failed to pay accrued service fees and attorneys' fees. Ms. Phillips will continue to pursue payment of these delinquencies.

Sims Crane & Equipment Co. ("Sims")

Sims requested a waiver of service fees totaling $917.76 for the late remittance of January through May 2017 contributions. Ms. Phillips recommended the Fund grant the requested waiver of these service fees as Sims provided self-corrected reports for the underreporting or misreporting of hours after having timely paid their contributions of January through May 2017 to the Fund. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve Sims' request for waiver of service fees in the amount of $917.76 in accordance with the Fund's Audit and Collections Procedures. However, due to the unique circumstances of self-correction, the waiver will not prejudice any future request that may be made by Sims.

<u>Structural Steel/ADF International</u>

Ms. Phillips reported that Structural Steel/ADF International requested a waiver of service fees in the amount of $139.39 for the untimely payment of its May 2017 contributions. Ms. Phillips stated that the Fund's Audit and Collections Procedures provide for a waiver of service fees once in a three-year rolling period and that Structural Steel/ADF International is eligible for a waiver. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve Structural Steel/ADF International's request for waiver of service fees in the amount of $139.39 in accordance with the Fund's Audit and Collections Procedures.

<u>Zeiger Crane Rental ("Zeiger")</u>

Ms. Phillips reported that Zeiger requested a waiver of service fees in the amount of $3,999.60 for the untimely payment of its December 2016 and January 2017 contributions as well as attorneys' fees in the amount of $500.00. After a demand was sent to Zeiger, the employer was delayed in responding due to internet and communication problems as a result of Hurricane Irma. Ms. Phillips stated that the Fund's Audit and Collections Procedures provide for a waiver of service fees once in a three-year rolling period and that Zeiger is eligible for a waiver. Subject to Fund Counsel's verification that Zeiger has not received a waiver of service fees in the last three years, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve Zeiger's request for waiver of service fees in the amount of $3,999.60 and attorneys' fees in the amount of $500.00 in accordance with the Fund's Audit and Collections Procedures, subject to verification that Zeiger has not received a waiver in the past three years.

B. <u>Payroll Audits</u>

Ms. Phillips provided the following payroll audit status report:

Alberici Construction, Inc. ("Alberici")

The random audit of Alberici for the period of October 1, 2014 through September 30, 2016 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")

Bellows has received records from Amquip and the payroll audit is in process.

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

The random audit of Day and Zimmerman for the period of October 1, 2014 through September 30, 2016 found that it complied with the Collective Bargaining Agreement as it related to fringe benefit contribution requirements.

Maxim Crane Works ("Maxim")

The random audit of Maxim for the period of October 1, 2014 through September 30, 2017 found that it complied with the Collective Bargaining Agreement as it related to fringe benefit contribution requirements. Receipt of the auditor's report is pending.

VIII. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. Clutts reviewed the Income and Expense Statement for September 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 September 2017 were $4,822,970.34 compared to $4,866,648.08 for September 2016. She reported that for the month of September 2017, the Fund had total receipts of $638,990.31 and total expenses of $633,097.54, resulting in a surplus of $5,892.77. Ms. Clutts presented a Comparative Income Statement for the twelve months ended September 30, 2017.

B. Disbursements

Ms. Clutts presented the expense check register for September 2017 which indicated total disbursements of $634,028.25.

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 August 2017 to November 2017 was reviewed by the Trustees.

IX. OTHER FUND BUSINESS

Ms. Clutts reported the following:

A. Form 5500

The Fund auditor filed Form 5558 with the IRS to extend the reporting deadline to January 15, 2018 for the Fund's Form 5500 for Plan year ended March 31, 2017.

B. Form 990

The Fund auditor filed Form 8868 with the IRS to extend the reporting deadline to February 15, 2018 for the Fund's Form 990.

C. Summary Plan Description ("SPD")

The Fund Office mailed the restated SPD dated October 2017 to Plan participants on October 2, 2017.

D. Annual Notice of Creditable Coverage ("NCC")

The Fund Office mailed the annual NCC to Plan participants on October 2, 2017.

E. Medical Loss Ratio Rebates from Aetna

Medical loss ratio rebate checks totaling $11,645.40 were received on September 11, 2017 from Aetna. The rebate checks were deposited into the Fund checking account.

F. Fiduciary Liability Policy Renewal

The Fund Office received a quote to renew the Fiduciary Liability insurance for the policy period January 1, 2018 to January 1, 2019. The application form was reviewed by Fund counsel and signed by Chairman Schaunaman on behalf of the Board. The insurance broker quoted no increase in premium and offered two additional endorsements for consideration at an additional cost of $56. After discussion on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the renewal of the Fiduciary Liability policy with the additional endorsements.**

G. International Foundation of Employee Benefit Plans ("IFEBP") Membership

The Fund's IFEBP membership renewal notice was received at a cost of $1,205 for 2018. After discussion on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to renew the IFEBP membership at a cost of $1,205 with $964 to be charged to the Health & Welfare Fund and $241 to be charged to the Apprenticeship Fund (80%/20% split).**

X. MEETING DATE AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, February 15, 2018 at 10:00 a.m. in Miami Lakes, Florida. The remaining 2018 meetings were scheduled for May 10, August 9, and November 15, 2018.

XI. 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 9, 2017
Exhibit B: FASB ASC 965 Actuarial Valuation, October 25, 2017
Exhibit C: Segal Consulting Updates
Exhibit D: Trustees Report from Fund Counsel, November 9, 2017
Exhibit E: Income & Expense Statement, September 30, 2017