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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 31, 2018 MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES

M. Schaunaman, Chairman
J. Mullen
W. Utreras

MANAGEMENT TRUSTEES

J. Epperson, Assistant Secretary-Treasurer
M. Harrison
F. Villella

Also present were:

D. Clutts – Associated Administrators, LLC
L. DuVall – Associated Administrators, LLC
J. Hart – SEI Global Institutional Group
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 15, 2018, 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 15, 2018 as presented.

III. INVESTMENT CONSULTANT'S REPORT

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

A. Performance Report

Mr. Hart discussed SEI's Quarterly Investment Review First Quarter 2018 dated May 31, 2018, 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, 2018, was $3,903,270.93. The fiscal year-to-date net return was -0.35% compared to the total index return of -0.43%. The Fund's total portfolio had a net return of 5.46% compared to the total index return of 4.59% for the period June 1, 2010 to March 31, 2018. The asset allocation was 71.7% in fixed income, 25.7% in equity, and 2.6% in cash and equivalents.

B. SEI Institutional Investments Trust

Mr. Hart reviewed the SEI Institutional Investments Trust letter of March 27, 2018, a copy of which is attached to and made a part of these minutes as Exhibit B. The letter detailed changes to SEI's World Equity Ex-US Fund's lineup of sub-advisors.

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

IV. HEALTH CONSULTANT'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 Report – Fiscal Year Ending 2019," a copy of which is attached to and made a part of these minutes as Exhibit C. Mr. Naegele reviewed specific information contained in the report for the Fund's fiscal year ending March 31, 2019 as it pertains to the Fund's experience and budget projections. The United HealthCare ("UHC") premium rates for the fiscal year beginning April 1, 2018 are 17.9% higher than the health benefit rates for the prior year. 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 5.2 months for Plan year ending March 31, 2019. Segal is projecting the health care premium rates to increase by 6.9% for fiscal years 2019 and 2020, based on standard trend factors.

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 31, 2018, a copy of which is attached to and made a part of these minutes as Exhibit D.

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 delinquency and collection matters involving North American Crane & Rigging, LLC and Pre-Con Construction, Inc.

HJ Foundation Company ("HJ Foundation")

Ms. Phillips said that HJ Foundation requested a waiver of service fees in the amount of $7,434.10 for the untimely payment of its January 2018 contributions. 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 owed by HJ Foundation in the amount of $7,434.10, in accordance with the Fund's Audit and Collections Procedures.**

C. Payroll Audits

Ms. Phillips provided the following payroll audit status report:

Amquip Crane Rental, LLC ("Amquip")

Ms. Phillips said that she has been working with the Fund auditor to finalize a payroll audit report on Amquip Crane Rental, LLC ("Amquip"). She said that the random audit of Amquip found that it complied with the Collective Bargaining Agreement during the period October 1, 2014 through September 30, 2016 as it related to fringe benefit contribution requirements.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. Clutts reviewed the Income and Expense Statement for March 2018, 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 March 2018 were $5,132,848.10 compared to $5,506,758.51 for March 2017. She reported that for the month of March 2018, the Fund had total receipts of $1,136,492.06 and total expenses of $624,694.38, resulting in a surplus of $511,797.68. Ms. Clutts presented a Comparative Income Statement for the twelve months ended March 31, 2018.

B. Disbursements

Ms. Clutts presented the expense check register for March 2018, which indicated total disbursements of $612,218.21.

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 March 1, 2018 to May 31, 2018 was reviewed by the Trustees.

VII. OTHER FUND BUSINESS

Ms. Clutts reported the following:

A. COBRA and Self-Pay Rates

The COBRA and Self-Pay rates were provided to the Fund Office by Segal and were distributed to the Trustees and approved by a poll between Board meetings. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to ratify the Self-Pay and COBRA rates for medical, dental and vision coverage effective April 1, 2018 through March 31, 2019, as follows:

UHC SELF PAY RATES:

<u>Neighborhood Health Partnership Plan with Dental HMO and Vision</u>

Employee Only	**$513.39**
Employee Plus One	**$1,075.60**
Family	**$1,516.91**

<u>UHC HMO Plan with Dental HMO and Vision</u>

Employee Only	**$702.41**
Employee Plus One	**$1,472.55**
Family	**$2,074.52**

<u>UHC HMO/POS with Dental PPO and Vision</u>

Employee Only	**$708.04**
Employee Plus One	**$1,484.12**
Family	**$2,100.22**

COBRA RATES:

<u>Neighborhood Health Partnership Plan with Dental HMO and Vision</u>

Employee Only	**$523.66**
Employee Plus One	**$1,097.11**
Family	**$1,547.25**

<u>UHC HMO Plan with Dental HMO and Vision</u>

Employee Only	**$716.46**
Employee Plus One	**$1,502.00**
Family	**$2,116.01**

<u>UHC HMO/POS with Dental PPO and Vision</u>

Employee Only	**$722.20**
Employee Plus One	**$1,513.80**
Family	**$2,142.22**

B. <u>Creditable Coverage Filing with Centers for Medicare and Medicaid ("CMS")</u>

The Fund's required Creditable Coverage Disclosure was filed with CMS on May 11, 2018.

C. <u>Open Enrollment</u>

Open enrollment materials were mailed to Plan participants on March 2, 2018.

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

The annual WHCRA Notice was mailed to the Plan participants with open enrollment materials on March 2, 2018.

E. Summary Annual Report

The annual Summary Annual Report was mailed to Plan participants with open enrollment materials on March 2, 2018.

F. Cash Disbursements from SEI

Cash disbursements from SEI totaling $450,000 were transferred to the Fund's operating account from February 21, 2018 through April 25, 2018 to pay Fund expenses.

G. UHC Lab Services

The Fund Office received notification from UHC that the lab benefit may be expanding to include Quest Laboratories as a participating provider. UHC is researching to determine if this benefit enhancement will be available to the NHP HMO participants and, if so, what will be the effective date.

VIII. MEETING DATES AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, August 9, 2018 at 10:00 a.m. in Miami Lakes, Florida. The remaining regular Board meeting is scheduled for November 15, 2018.

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 Quarterly Investment Review First Quarter 2018, May 31, 2018
Exhibit B: SEI Institutional Investments Trust, March 27, 2018
Exhibit C: Segal Health Benefits Report for Fiscal Year Ending 2019
Exhibit D: Trustees Report from Fund Counsel, May 31, 2018
Exhibit E: Income and Expense Statement, March 31, 2018