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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 15, 2018 MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES	MANAGEMENT TRUSTEES
M. Schaunaman, Chairman	J. Epperson
J. Mullen	M. Harrison

Also present were:

D. Clutts – Associated Administrators, LLC
L. DuVall – Associated Administrators, LLC
J. Hart – SEI Global Institutional Group (via tele conference)
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 9, 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 August 9, 2018 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 its renewal on April 1, 2018, as detailed in a letter to the Board dated November 14, 2018 from Sudler Insurance Services, Inc., a copy of which is attached to and made a part of these minutes as Exhibit A. Mr. Sudler said complaints regarding the benefits have primarily been about the prescription drug formulary and coordination issues between medical and prescription. UHC's medical loss ratio for the current Plan year is 101%, due to several shock claims. Mr. Sudler said he anticipates a difficult renewal with UHC because of Plan experience. Mr. Sudler recommended the Plan conduct a Request for Proposal, and consider UHC's renewal proposal along with other health care company bids. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve a Request for Proposal for the Plan's health insurance to be conducted by Sudler Insurance Services in December 2018.**

The Fund Office will provide Mr. Sudler with census data needed for the Request for Proposal. The Trustees thanked Mr. Sudler for his report and excused him from the meeting.

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 15, 2018, 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 September 30, 2018 was $3,393,983. The fiscal year-to-date net return was 1.21% compared to the total index return of 1.35%. The Fund's total portfolio had a net return of 5.28% compared to the total index return of 4.47% for the period June 1, 2010 to September 30, 2018. The asset allocation was 72.7% in fixed income and 27.3% in equity. Mr. Hart informed the Trustees about investment manager changes. Mr. Hart said there were no asset allocation changes recommended at this time.

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

V. 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, 2018 under FASB Accounting Standards Codification 965, a copy of which is attached to and made a part of these minutes as Exhibit C. Mr. Naegele reported that the accumulated postretirement benefit obligation ("APBO") was $4,002,668 as of March 31, 2018 as compared to $4,368,909 as of March 31, 2017, representing a $366,241 decrease in the APBO.

B. Segal Consulting Updates

Mr. Naegele distributed and reviewed a Segal Consulting Data report titled "Increases in Medical and Rx Costs Projected to Be Lower for 2019" for Fall 2018 and a Segal Consulting "Trends News for Multiemployer Health Plans" for the Fourth Quarter 2018, copies of which are attached to Exhibit C.

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

VI. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled "Trustees Report" dated November 15, 2018, a copy of which is attached to and made a part of these minutes as Exhibit D.

Delinquency and Collections

Ms. Phillips provided an update on delinquency and collection matters involving American Empire Builders.

Florida Rigging & Crane Co. ("Florida Rigging")

Ms. Phillips said that Florida Rigging requested a waiver of service fees totaling $6,546.61 for the untimely payment of its June 2018 contributions received on July 25, 2018. 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 Florida Rigging in the amount of $6,546.61 in accordance with the Fund's Audit and Collections Procedures.**

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. Clutts reviewed the Income and Expense Statement for September 30, 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 September 2018 were $4,165,368.19 compared to $4,822,970.34 for September 2017. She reported that for the month of September 2018, the Fund had total receipts of $702,429.25 and total expenses of $690,191.97, resulting in a surplus of $12,237.28. Ms. Clutts presented a Comparative Income Statement for the twelve months ended September 30, 2018.

B. Disbursements

Ms. Clutts presented the expense check register for September 2018, which indicated total disbursements of $689,964.84.

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 Benefit Claims Report

Ms. Clutts reported that there were no death claims paid during the period of August 2018 to November 2018.

D. Retirees Who Qualified for Free Life Insurance Report

Ms. Clutts reviewed a list of Central Pension Fund retirees who qualified for free life insurance coverage under the Health & Welfare Plan.

VIII. 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, 2019 for the Fund's Form 5500 for Plan year ended March 31, 2018.

B. Form 990

The Fund auditor filed Form 8868 with the IRS to extend the reporting deadline to February 15, 2019 for the Fund's Form 990 for Plan year ended March 31, 2018.

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

The Fund Office mailed the annual NCC to Plan participants on September 17, 2018.

D. Medical Loss Ratio Rebates from Aetna

A medical loss ratio rebate check of $482.94 was received from Aetna on September 4, 2018. A medical loss ratio rebate check of $4,644.73 was received from UHC on October 13, 2018. The rebate checks were deposited into the Fund's checking account.

E. Fidelity Bond Renewal

The Fidelity Bond renewal application for the policy period December 1, 2018 to December 1, 2021 was submitted with a request to bind coverage at a cost of $1,895, the same premium as the expiring policy. The premium will be split with 80% paid by the Health and Welfare Fund and 20% paid by the Apprentice and Training Fund.

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

The Fund's IFEBP membership renewal notice was received at a cost of $1,245 for 2019. 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 $1,245 with $996 to be paid by the Health & Welfare Fund and $249 to be paid by the Apprenticeship Fund (80%/20% split).**

G. IUOE Healthcare Initiatives Conference

A Trustee poll was taken between Board meetings to pay costs not to exceed $1,000 each for Trustee Mark Schaunaman and Administrative Manager Deborah Clutts to attend the IUOE Healthcare Initiatives Conference held on September 25 and 26, 2018 at the IUOE Training and Conference Center in Crosby, Texas. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify action taken by the Trustees between Board meetings to approve travel expenses not to exceed $1,000 each for Trustee Schaunaman and Administrative Manager Clutts to attend the IUOE Healthcare Initiatives Conference held September 25 and 26, 2018 in Crosby, Texas.**

H. Administrative Services Contract Renewal

Ms. DuVall stated that the Fund's administrative services contract with Associated Administrators, LLC ("Associated") will expire on December 31, 2018. She presented a letter from Associated dated November 15, 2018 proposing a three-year contract renewal for the period of January 1, 2019 through December 31, 2021, a copy of which is attached to and made a part of these minutes as Exhibit F. She discussed the justification for the requested fee increases. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve a three-year extension of the administrative services contract between the Fund and Associated Administrators, LLC for the period January 1, 2019 through December 31, 2021 as presented.**

IX. MEETING DATE AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, February 14, 2019 at 10:00 a.m. in Miami Lakes, Florida. The remaining 2019 meetings were scheduled for May 9, August 15, and November 14, 2019.

X. 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: Sudler Insurance Services, Inc. Letter, November 14, 2018

Exhibit B: SEI Investment Management Report, November 15, 2018

Exhibit C: FASB ASC 965 Actuarial Valuation, October 19, 2018 and Segal Consulting Updates

Exhibit D: Trustees Report from Fund Counsel, November 15, 2018

Exhibit E: Income & Expense Statement, September 30, 2018

Exhibit F: Associated Administrative Services Contract Renewal, November 15, 2018