South Florida Operating Engineers
Apprentice & Training Fund
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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE SOUTH FLORIDA OPERATING ENGINEERS APPRENTICE AND TRAINING FUND THURSDAY, FEBRUARY 14, 2019 MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES	MANAGEMENT TRUSTEES
M. Schaunaman, Chairman	M. Harrison
J. Mullen	
W. Utreras	

Also present were:

D. Bellows-Levine – Bellows Associates, PA
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. He noted that a quorum of Trustees was not present and indicated that any items voted on at the meeting would need to be ratified at a later Board meeting or for those items requiring immediate action, an electronic poll would need to be conducted.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on November 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 November 15, 2018 as presented.

III. INVESTMENT CONSULTANT'S REPORT

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

A. Performance Report

Mr. Hart discussed SEI's investment management report dated February 14, 2019, 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 Fund assets in the total portfolio as of January 31, 2019 was $1,148,390. The fiscal year-to-date net return was 0.73% compared to the total index return of 1.43%. The Fund's total portfolio had a net return of 4.06% compared to the total index return of 3.29% for the period June 1, 2010 to January 31, 2019. Mr. Hart informed the Trustees about investment manager changes.

B. Asset Allocation

Mr. Hart reviewed the Fund's current asset allocation, noting all allocations are within investment policy target ranges. He reviewed proposed asset allocation changes. Mr. Hart recommended increasing equity investments by 2% to 32% by adding a large cap index fund to the portfolio and decreasing the Fund's bond investments by 2% to 68%. After discussion, the Trustees agreed with Mr. Hart's recommendations, noting that the investment allocation changes are within the scope of the Fund's current investment policy.

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

IV. AUDITOR'S REPORT

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

A. Form 990

Ms. Bellows-Levine confirmed that the Form 990 for the Plan year ended March 31, 2018 was filed on February 13, 2019 under the allowable extension of time to file.

B. Audited Financial Statements for Plan Year Ended March 31, 2018

Ms. Bellows-Levine reviewed the Financial Statements for the Plan years ended March 31, 2018 and 2017, a copy of which is attached to and made a part of these minutes as Exhibit B. She expressed an unmodified (clean) opinion on the Financial Statements, meaning that in her opinion the Financial Statements present fairly, in all material respects, the financial status of the Fund as of March 31, 2018 and 2017. She reviewed the audit and reported that the net assets available for benefits as of March 31, 2018 were $3,102,002 compared to $2,649,205 as of March 31, 2017, which represented an increase of $452,797. Ms. Bellows-Levine reviewed the Notes to Financial Statements as of years ended March 31, 2018 and 2017. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to accept the audited Financial Statements for the Plan years ended March 31, 2018 and 2017, as presented.**

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

V. DIRECTOR'S REPORT

Mr. Daniel McCullers presented the Director's Report dated February 14, 2019, a copy of which is attached to and made a part of these minutes as Exhibit C. He reported the following:

A. Apprentices

Five apprentices joined and seven apprentices terminated since the last Board meeting. Sixty-nine apprentices are enrolled in the Program.

B. Upgrading the Apprenticeship Program

Mr. McCullers attended the monthly United Joint Apprentice Council and Palm Coast Joint Advisory Council ("PCJAC") conference meetings. He attended the Institute for Apprenticeship, Training and Education Programs on January 14-16, 2019 in Miami, Florida. He attended the North America's Building Trades Unions Training Conference on November 26-28, 2018 in Ann Arbor, Michigan. He participated in the Cooper City High School Annual College and Career Fair on February 12, 2019, and he has been asked to participate in the Dillard High School Career Fair on March 13, 2019.

C. Apprenticeship Classes

A certification sign-up sheet is available to apprentices. Class dates will be announced when the number of apprentices signing up is sufficient to offer forklift, signaling, and rigging classes. The NCCCO Certification and General Knowledge Core Review was held on January 20, 2019; the Swing/Fixed Cab Large and Small Hydro refresher class was held on January 27, 2019; the Lattice Boom Crawler and Lattice Boom Truck refresher class was held on February 3, 2019; the Tower Crane refresher class was held on February 10, 2019; and the Mobile Review Class is scheduled for February 17, 2019. Mr. McCullers has been working with Chairman Schaunaman and Trustee Singer to administer preparatory classes for the NCCCO test on February 23 and 24, 2019. Two days of testing have been scheduled due to a high volume of test applicants. The total cost of the Educational Testing Service study guides distributed to apprentices at the NCCCO classes was $6,157.79.

Chairman Schaunaman said that at an upcoming Board meeting, he would like to discuss the Fund providing reimbursement to Union members for the expense of the $200 NCCCO examination certification fee.

D. School Board of Broward County ("SBBC")

Mr. McCullers attended the National Apprenticeship Appreciation Luncheon on November 16, 2018 at the Atlantic Technical College.

E. Equipment

Batteries, hoses, and hydraulic cylinder packing kits continue to be the most frequent repairs on equipment. Mr. McCullers continues to monitor the military surplus program. The tower crane trolley motor was repaired. Morrow Equipment Company, LLC ("Morrow") provided a technician to tighten the trolley cable and the tower crane now meets standards. The total cost for the repairs from Morrow was $14,797.53. An itemized invoice from Morrow was attached to the Director's Report. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve expense of $14,797.53 for repairs to the tower crane trolley cable.

F. Training Center

Fifteen NCCCO practical exams were administered during the fourth quarter 2018. Nine apprentices passed and six failed. Mr. Tim Schmitt began working at the Training Center in

January 2019 as a yard mechanic. Thirty-four visitors signed the on-site visitor list during the fourth quarter 2018. Training materials continue to be available to apprentices via email; however, apprentices continue to request a large number of paper copies. A field crew was at the Training Center on February 8, 2019 and for the following three days to complete field work. The annual Apprenticeship picnic is scheduled for March 10, 2019.

G. Florida State Standards

Mr. McCullers said he will be updating the SFOE-ATF's Standards of Apprenticeship for submission to the State of Florida to reflect the current wage rates for the apprentices. Fund Counsel will review the updated standards prior to submission.

VI. ATTORNEY'S REPORT

As relates to the Training Center facility project and possible financing of project expenses, Ms. Kathleen Phillips suggested that the Trustees consider hiring an attorney experienced in real estate and building construction. She said she would present resumes of attorneys with building construction experience at the next Board meeting for the Trustees' consideration.

Ms. Phillips distributed a report titled "Trustees Report" dated February 14, 2019, 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 American Empire Builders, Florida Rigging and Crane Company, and Sarens USA, Inc.

B. Payroll Audits

Ms. Phillips provided the following payroll audit status report:

Enterprise Construction ("Enterprise")

Ms. Phillips reported that Enterprise had been randomly selected for a payroll audit and had not complied with the auditor's request for documents. She said that Enterprise has been reporting and paying contributions for him based on 100 hours per month as the only employee of Enterprise. She estimated the amounts owed in delinquent contributions and service fees to this Fund and the Local 487 Health & Welfare Fund to be $4,467.10 combined. Two demand letters were sent to Enterprise regarding the estimated amounts owed and noncompliance with the payroll audit. She said that a final demand letter will be sent to Enterprise. She requested authorization to file suit in the event that Enterprise does not comply with the final demand. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to authorize Fund counsel to file suit against Enterprise Construction if Enterprise does not comply with the final demand.

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. Clutts reviewed the Income and Expense Statement for December 31, 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 December 31, 2018 were $3,472,133.67 compared to $3,195,808.83 in December 2017. Ms. Clutts presented a Comparative Income Statement for the twelve months ended December 31, 2018. She reported that for the month of December 2018, the Fund had total receipts of $53,977.01 and total expenses of $24,420.89, resulting in a surplus of $29,556.12.

B. Disbursements

Ms. Clutts presented the expense check register for December 2018, which indicated total disbursements of $9,066.52. She reviewed the payroll check register for December 2018, which indicated total payroll of $13,787.02. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to accept the Administrative Manager's Report as presented.

VIII. OTHER FUND BUSINESS

Ms. Clutts reported the following:

A. Union Liability Policy Renewal

Two options were quoted by the insurance broker for renewal of the Union Liability policy for the period March 1, 2019 to March 1, 2020. Both options include a new Wage and Hour Claim Expenses coverage sub-limit of $100,000. Ms. Clutts said that the insurance broker shopped the coverage with other carriers who also quoted policies that excluded Wage and Hour Claims. Option A includes a premium of $5,100 with the same coverage as the current policy, except for the sublimit on Wage and Hour Claims. Option B includes a premium of $5,259, which offers the same coverage as Option A and adds endorsements for a policy renewal guarantee and expanded employee definition. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to renew the Union Liability policy for the period March 1, 2019 to March 1, 2020 at the premium of $5,259 including the additional endorsements for renewal guarantee and expanded employee definition.**

B. Fiduciary Liability Policy Renewal

The Fund's Fiduciary Liability insurance policy was renewed for the policy period of January 1, 2019 to January 1, 2020, at a cost of $9,388.80. The policy renewal was $26 over the prior policy premium. The premium was split with 20% paid by the Apprentice and Training Fund and 80% paid by the Health and Welfare Fund. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve renewal of the Fiduciary Liability policy for the period January 1, 2019 to January 1, 2020.**

C. Fidelity Crime Bond Renewal

The Fund office renewed the Fidelity Crime Bond policy effective December 1, 2018 for a three-year policy period at a premium of $1,895, the same premium as the expiring policy. The premium was split with 20% paid by the Apprentice and Training Fund and 80% paid by the Health and Welfare Fund. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve renewal of the Fidelity Crime Bond policy for the period December 1, 2018 to December 1, 2021.**

D. Administrative Services Contract Addendum

Ms. Clutts presented a contract Addendum reflecting the agreed-upon fee increases to the Fund's administrative services contract with Associated Administrators, LLC. Chairman Schaunaman signed the Addendum on behalf of the Board.

IX. MEETING DATE AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, May 9, 2019 at 10:00 a.m. in Miami Lakes, Florida. The remaining 2019 meetings were scheduled for 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 ______________________________.

Exhibit A: SEI Investment Management Report, February 14, 2019
Exhibit B: Audited Financial Statements for Plan Years Ended March 31, 2018 and 2017
Exhibit C: Director's Report, February 14, 2019
Exhibit D: Trustees Report from Fund Counsel, February 14, 2019
Exhibit E: Income and Expense Statement, December 31, 2018