



**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, MAY 9, 2019
MIAMI LAKES, FLORIDA**

The following Trustees were present:

LABOR TRUSTEES

M. Schaunaman, Chairman
J. Mullen
S. Singer

MANAGEMENT TRUSTEES

J. Turk, Secretary
J. Epperson
M. Harrison
F. Villella

Also present were:

D. Clutts – Associated Administrators, LLC
J. Hart – SEI Global Institutional Group (via teleconference)
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 February 14, 2019, which were circulated to the Trustees in advance of the meeting. Given that a quorum was not present at the prior meeting, Motions passed at that meeting need to be ratified, in accordance with the Fund's Restated Agreement and Declaration of Trust. The Trustees reviewed the Motions set forth in the minutes of February 14, 2019. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolutions:

RESOLVED to ratify motions passed as set forth in the minutes of the regular Board meeting held on February 14, 2019.

RESOLVED to approve the minutes of the regular Board meeting held on February 14, 2019 as presented.

III. INVESTMENT CONSULTANT'S REPORT

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

Performance Report

Mr. Hart discussed SEI's Quarterly Investment Performance Review First Quarter 2019 dated May 9, 2019, a copy of which is attached to and made a part of these minutes as Exhibit A. He stated that the market value of Fund assets in the total portfolio as of March 31, 2019 was \$1,173,255. The fiscal year-to-date net return was 2.91% compared to the total index return of 3.43%. The Fund's total portfolio had a net return of 4.24% compared to the total index return of 3.46% for the period June 1, 2010 to March 31, 2019. Mr. Hart informed the Trustees about investment manager changes.

Asset Allocation

Mr. Hart reviewed the Fund's current asset allocation, noting all allocations are within the Fund's investment policy target ranges. The asset allocation was 73.1% in fixed income and 26.9% in equity. He said that the asset allocation changes recommended at the prior Board meeting had been implemented. Mr. Hart did not recommend any further changes.

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

IV. DIRECTOR'S REPORT

Mr. Daniel McCullers presented the Director's Report dated May 9, 2019, a copy of which is attached to and made a part of these minutes as Exhibit B. He reported the following:

A. Apprentices

Nine apprentices joined, four apprentices terminated, and two apprentices graduated since the last Board meeting. Seventy apprentices are enrolled in the Program.

B. Upgrading the Apprenticeship Program

Mr. McCullers attended the monthly United Joint Apprentice Council ("UJAC") and Palm Coast Joint Advisory Council ("PCJAC") conference meetings. He participated in the UJAC Career Fair at Dillard High School on March 13, 2019. He participated as a guest speaker in the Multiple Pathways to the American Dream Parent Expo on April 13, 2019 at the Arthur Ashe Campus. Mr. McCullers requested authorization to attend the 61st Annual Florida Apprenticeship Conference on July 9 – 12, 2019 in Daytona Beach, Florida, at a cost not to exceed \$900. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve expenses not to exceed \$900 for the Apprenticeship Director to attend the 61st Annual Florida Apprenticeship Conference on July 9 – 12, 2019 in Daytona Beach.

Mr. McCullers requested authorization to attend the Hoisting and Portable Equipment Training Conference at the International Training and Education Center on July 16 -18, 2019 in Crosby, Texas, at no cost to the Fund. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to authorize the Apprenticeship Director to attend the Hoisting and Portable Equipment Training Conference at the International Training and Education Center on July 16 -18, 2019 in Crosby, Texas, at no cost to the Fund.

Mr. McCullers requested authorization to attend the OSHA 502 Update for Construction on August 13 – 15, 2019 in Crosby, Texas, at no cost to the Fund. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to authorize the Apprenticeship Director to attend the OSHA 502 Update for Construction on August 13 – 15, 2019 in Crosby, Texas, at no cost to the Fund.

Mr. McCullers requested authorization to attend the Members Assistance Program/Lifestyle Awareness course on August 19 – 22, 2019 in Crosby, Texas, at no cost to the Fund. He said the class will provide training related to recognizing addiction and depression. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to authorize the Apprenticeship Director to attend the Members Assistance Program/Lifestyle Awareness class on August 19 – 22, 2019 in Crosby, Texas, at no cost to the Fund.

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, rigging, and other classes. Chairman Schaunaman, Trustee Singer, and Mr. McCullers offered the NCCCO Written Prep course for five Sundays beginning January 20 through February 17, 2019 at the Union Hall. The Written NCCCO exam was held on February 23 – 24, 2019. Eighty-two members took the exam.

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

A check in the amount of \$62,703.80 dated February 14, 2019 was received from the SBBC for the period January 2, 2019 through June 28, 2019 and was forwarded to the administrator.

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 P & H 430-TC has been repainted. The Lorain RT-180 is being refurbished, but will remain operational for apprentices that need to test for the swing cab.

F. Training Center

Twenty-one NCCCO practical exams were administered during the first quarter of 2019. Sixteen apprentices passed and five failed. Thirty-three visitors signed the on-site visitor list during the first quarter 2018. Training materials continue to be available to apprentices via email; however, apprentices continue to request a large number of paper copies. The annual Apprenticeship picnic was held on March 10, 2019, with over 500 participants and their families attending.

Mr. McCullers distributed copies of proposals from GSD Contracting, LLC ("GSD") and Itasca Construction Associates, Inc. ("Itasca") for construction of a new Training Center, copies of which are attached to and made a part of these minutes as Exhibits C and D respectively. Discussion ensued. It was requested that an estimate for double tee roof construction be obtained. Mr. McCullers said that additional construction bids are being requested from other contractors, and he will keep the Trustees updated on progress. Mr. McCullers reviewed blueprints for a site plan received from the architect at Arcwerks, Inc.

Mr. McCullers distributed copies of an Agreement for Professional Services ("Agreement") from Carnahan Proctor and Cross, Inc. to provide engineering design plans based on the site plan developed by the architect. A copy of the Agreement is attached to and made a part of these minutes as Exhibit E. He said that the Agreement sets a fixed fee of \$39,800 for labor to include conceptual engineering design, photometric lighting plan, site plan processing assistance, civil engineering construction documents, government approvals and permitting, and construction phase services. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve the Agreement for Professional Services from Carnahan Proctor and Cross, Inc. in the amount of \$39,800.

The Trustees discussed seeking an attorney experienced in construction projects to represent the Fund with regard to the building project. Ms. Phillips said that she would research and seek proposals.

V. ATTORNEY'S REPORT

Ms. Phillips distributed a report titled "Trustees Report" dated May 9, 2019, a copy of which is attached to and made a part of these minutes as Exhibit F.

A. Delinquency and Collections

Ms. Phillips provided an update on delinquency and collection matters involving American Empire Builders, LM Heavy Civil Construction, LLC, and Sarens USA, Inc.

LM Heavy Civil Construction, LLC ("LM Heavy Civil")

Ms. Phillips reported that LM Heavy Civil has been working on a bonded project at S-140 Pump Station Improvements in Broward County, Florida. She said LM Heavy Civil has been experiencing financial difficulties and the bonding company has taken over responsibility for paying contributions and reporting hours worked. Although contributions for January through March 2019 were paid by the bonding company, service fees are owed for the late payment of December 2018 and January, February, and March 2019 in the respective sums of \$217.11, \$172.12, \$183.43, and \$249.67, totaling \$822.33. Because of procedures related to the payment by the bonding company, Ms. Phillips recommended that LM Heavy Civil's service fees be waived. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to waive service fees due from LM Heavy Civil Construction, LLC in the amount of \$822.23 in accordance with the Fund's Audit and Collections Procedures.

It was further agreed that the Fund auditor would be directed to cease efforts to conduct a payroll audit of LM Heavy Civil.

B. Payroll Audits

Ms. Phillips provided the following payroll audit status report:

Enterprise Construction ("Enterprise")

Ms. Phillips said that demand letters were sent to Enterprise requesting that it comply with a random payroll audit and notifying Enterprise of its obligation to report and pay on all hours worked under the Collective Bargaining Agreement. Despite such efforts, Enterprise did not comply with the Fund auditor's request to provide records needed to conduct the payroll audit. As a result, Enterprise's participation in the SFOE Apprentice & Training Fund and the IUOE Local 487 Health & Welfare Fund was terminated effective April 1, 2019. It was noted there was only one employee working in covered employment. Ms. Phillips said that the amount of contributions estimated to be owed to the Funds was likely uncollectible. She advised that the Fund auditor be directed to cease efforts to conduct the payroll audit. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolutions:

RESOLVED to cease efforts to collect contributions from Enterprise Construction.

It was further agreed that the Fund auditor would be directed to cease efforts to conduct a payroll audit of Enterprise.

Ms. Phillips directed that unallocated funds reported in the Income and Expense Statements for March 2019 in the amount of \$1,009.80 under the SFOE Apprentice & Training Fund and IUOE Local 487 Health & Welfare Fund be allocated to Enterprise's delinquent contributions.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. Clutts reviewed the Income and Expense Statement for March 31, 2019, a copy of which is attached to and made a part of these minutes as Exhibit G. She reported total assets for the month of March 31, 2019 were \$3,768,365.54 compared to \$3,170,557.42 in March 2018. Ms. Clutts presented a Comparative Income Statement for the twelve months ended March 31, 2019. She reported that for the month of March 2019, the Fund had total receipts of \$162,185.90 and total expenses of \$38,825.69, resulting in a surplus of \$123,360.21.

It was noted that the Comparative Balance Sheet for the twelve months ended March 31, 2019 listed a total of \$911,221.28 held in the SunTrust operating account. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to transfer \$800,000 from the SunTrust operating account into the Fund's investment account at SEI Global Institutional Group.

B. Disbursements

Ms. Clutts presented the expense check register for March 2019, which indicated total disbursements of \$23,071.62. She reviewed the payroll check register for March 2019, which indicated total payroll of \$19,544.41. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

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

VII. OTHER FUND BUSINESS

Ms. Clutts reported the following:

A. Reimbursement for NCCCO Exam Expense

Ms. Clutts said that the Trustees were polled between Board meetings and approved the reimbursement of costs not to exceed \$200 per apprentice for those that pass the NCCCO written and practical exam.

RESOLVED to ratify action taken by the Board of Trustees between Board meetings to approve reimbursement of costs not to exceed \$200 per member for those that passed the NCCCO written and practical exam.

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

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

C. Payroll Audits

Ms. Clutts said that the Fund auditor, Bellows Associates, PA, confirmed that payroll audits are in review status for ADF International, Equipment Inspection Services, Florida Rigging & Crane Company, LM Heavy Civil, Severson Environmental Services, and Midwest Steel. She said that the payroll audits of United Excavations ("United") and North American Crane & Rigging ("North American") are pending receipt of documents requested by the Fund auditor from United and North American. Ms. Clutts reported that seven additional employers have been randomly selected for the next round of payroll audits. Ms. Clutts said the Fund office will notify the employers of their selection.

VIII. NEW BUSINESS

Rate Request - Phillips, Richard and Rind, PA

Ms. Phillips proposed an increase to Phillips, Richard and Rind's fee arrangement with the Fund. Ms. Phillips was excused from the meeting during the Trustees' discussion. She was called back into the meeting after the Trustees concluded their discussion. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve Phillips, Richard and Rind's proposed fee increase to \$285 per hour effective May 1, 2019.

IX. MEETING DATE AND LOCATION

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

X. ADJOURNMENT

There being no further business to come before the Board of Trustees, the meeting was adjourned.

Respectfully submitted,

Jonathan Turk, Fund Secretary

These Minutes were adopted on _____.

Exhibit A: SEI Quarterly Investment Performance Review First Quarter 2019, May 9, 2019
Exhibit B: Director's Report, May 9, 2019
Exhibit C: GSD Contracting, LLC Proposal, April 30, 2019
Exhibit D: Itasca Construction Associates, Inc. Proposal, May 8, 2019
Exhibit E: Carnahan Proctor and Cross, Inc. Agreement for Proposal, April 12, 2019
Exhibit F: Trustees Report from Fund Counsel, May 9, 2019
Exhibit G: Income and Expense Statement, March 31, 2019