**International Union of Operating Engineers**
**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, MAY 9, 2019**
**MIAMI LAKES, FLORIDA**

The following Trustees were present:

| LABOR TRUSTEES | MANAGEMENT TRUSTEES |
|---|---|
| M. Schaunaman, Chairman | J. Turk, Secretary |
| J. Mullen | J. Epperson |
| S. Singer | 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 to the meeting via teleconference.

### A. Performance Report

Mr. Hart discussed SEI's Quarterly Investment 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 the Fund assets in the total portfolio as of March 31, 2019 was $2,525,544. 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 5.17% compared to the total index return of 4.45% for the period June 1, 2010 to March 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 the Fund's investment policy target ranges. The asset allocation was 73.1% in fixed income and 26.9% in equity investments. He said the asset allocation changes discussed 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. HEALTH CONSULTANT'S REPORT

Ms. Clutts distributed a Memorandum from Mr. Ernie Naegele of the Segal Consulting Company ("Segal") dated May 7, 2019 titled "Life and Accidental Death and Dismemberment Renewal Effective August 1, 2019," a copy of which is made a part of these minutes as Exhibit B.

Mutual of Omaha Insurance Renewal

Ms. Clutts reviewed the Mutual of Omaha Life and Accidental Death and Dismemberment ("AD&D") Insurance renewal proposal with an effective date of August 1, 2019. She said the rates proposed by Mutual of Omaha would decrease the combined premium for Life and AD&D insurance from $17.10 to $15.50 per member per month, representing a 10% reduction in the Life rate, with a 24-month rate guarantee. Segal estimated that the annual premium savings would be $14,592 per year. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the Mutual of Omaha Life and AD&D insurance renewal proposal at a premium rate of $15.50 per participant per month for the period August 1, 2019 to August 1, 2021 as proposed.**

## V. ATTORNEY'S REPORT

Ms. Kathleen 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 C.

### 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 the 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. 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 IUOE Local 487 Health & Welfare Fund and the SFOE Apprentice & Training 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 2019, a copy of which is attached to and made a part of these minutes as Exhibit D. She reported total assets for the month of March 2019 were $4,033,184.51 compared to $5,132,848.10 for March 2018. For the month of March 2019, the Fund had total receipts of $1,190,555.59 and total expenses of $704,504.45, resulting in a surplus of $486,051.14. Ms. Clutts presented a Comparative Income Statement for the twelve months ended March 31, 2019.

B. Disbursements

Ms. Clutts presented the expense check register for March 2019, which indicated total disbursements of $693,198.42.

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 Claims Report

Ms. Clutts reported that there were two death benefit claims paid to beneficiaries for the period of February to May 2019.

D. Retirees Who Qualified for Free Life Insurance Report

Ms. Clutts reported there were no participants who qualified for free life insurance coverage under the Health & Welfare Plan from February to May 2019.

## VII. OTHER FUND BUSINESS

Ms. Clutts reported the following:

A. Open Enrollment

Open enrollment materials were mailed to Plan participants on March 6, 2019.

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

The annual WHCRA Notice was mailed to Plan participants with open enrollment materials on March 6, 2019.

C. Summary Annual Report

The Summary Annual Report was mailed to Plan participants with open enrollment materials on March 6, 2019.

D. Summary of Benefits and Coverage

The Summary of Benefits and Coverage was mailed to Plan participants on March 15, 2019.

E. 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, 2019 through March 31, 2020, as follows:**

**UHC SELF PAY RATES:**

| **Neighborhood Health Partnership Plan with Dental HMO and Vision** | |
|---|---|
| **Employee Only** | **$ 602.08** |
| **Employee Plus One** | **$1,261.99** |
| **Family** | **$1,778.34** |

| **UHC HMO Plan with Dental PPO and Vision** | |
|---|---|
| **Employee Only** | **$831.59** |
| **Employee Plus One** | **$1,743.59** |
| **Family** | **$2,464.70** |

| **UHC POS Plan with Dental PPO and Vision** | |
|---|---|
| **Employee Only** | **$831.59** |
| **Employee Plus One** | **$1,743.59** |
| **Family** | **$2,464.70** |

**COBRA RATES:**

| **Neighborhood Health Partnership Plan with Dental HMO and Vision** | |
|---|---|
| **Employee Only** | **$614.12** |
| **Employee Plus One** | **$1,287.23** |
| **Family** | **$1.813.91** |

| **UHC HMO Plan with Dental PPO and Vision** | |
|---|---|
| **Employee Only** | **$848.22** |
| **Employee Plus One** | **$1,778.46** |
| **Family** | **$2,513.99** |

| **UHC POS Plan with Dental PPO and Vision** | |
|---|---|
| **Employee Only** | **$848.22** |
| **Employee Plus One** | **$1,778.46** |
| **Family** | **$2,513.99** |

F. Foreign Bank and Financial Accounts Reporting ("FBAR")

Mr. Hart confirmed that the Fund does not hold any investments that are subject to FBAR.

G. Payroll Audits

The Fund auditor, Bellows Associates, PA, notified the Fund Office that payroll audits are in review status for ADF International, Equipment Inspection Services, Florida Rigging & Crane Company, LM Heavy Civil Construction, Sevenson 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. The Fund Office will send notice to the selected employers.

H. Notice of Class Action

The Fund Office received notice of a class action settlement from the Bank of New York Mellon. The notice was forwarded to Mr. Hart at SEI for review of any possible claim to pursue on behalf of the Fund.

I. United Healthcare Medical Loss Ratio ("MLR") Rebate

The Fund received a $4,644.73 MLR rebate from United Healthcare in November 2018. At the prior Board meeting, the Trustees questioned why the Fund had received an MLR rebate since the Fund's MLR was 102%. Ms. Clutts reported that United Healthcare researched the MLR rebate and explained the MLR is calculated on the entire Neighborhood Health Partnership Plan block of business, not the experience of a single entity. The entire block's experience was better than expected, resulting in a rebate to the Fund.

J. 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.**

## VIII. MEETING DATES 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 regular Board meeting is scheduled for November 14, 2019.

## IX. 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 ______________________________.

Attachments:

Exhibit A: SEI Quarterly Investment Review First Quarter 2019, May 9, 2019
Exhibit B: Segal "Life and Accidental Death and Dismemberment Renewal Effective August 1, 2019"
Exhibit C: Trustees Report from Fund Counsel, May 9, 2019
Exhibit D: Income and Expense Statement, March 31, 2019