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, AUGUST 15, 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
W. Utreras	F. Villella

Also present were:

D. Bellows-Levine – Bellows Associates, PA
D. Clutts – Associated Administrators, LLC
J. Hart – SEI Global Institutional Group (via teleconference)
E. Naegele – The Segal Company
K. Phillips – Phillips, Richard & Rind, PA
K. Rosenthal – Rosenthal Rosenthal Rasco, LLC

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 May 9, 2019, 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 May 9, 2019 as presented.**

III. ATTORNEY'S REPORT

Rosenthal Rosenthal Rasco, LLC

Ms. Phillips said that Kerry Rosenthal, Esq., a board-certified real estate attorney from Rosenthal Rosenthal Rasco, LLC, was present to discuss the Training Center building project and respond to questions. The Trustees welcomed Mr. Rosenthal to the meeting.

Mr. Rosenthal distributed an outline of his presentation on the new Training Center building and construction project, a copy of which is attached to and made a part of these minutes as Exhibit A. He discussed his experience in real estate and construction law. His presentation covered due diligence, plans and specifications, construction, evidence of required permits and approvals, and the mortgage loan. He said that his hourly rate is $550, although he will consider a blended hourly rate since certain aspects of the work may be billed at a lower rate. He advised that a performance bond be required from the general contractor. He further advised that a builder's risk insurance policy be purchased by the Fund. Discussion ensued.

The Trustees thanked Mr. Rosenthal for his presentation and he was excused from the meeting.

After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to hire Kerry Rosenthal, Esq. at a blended hourly rate of $350 to perform real estate law functions related to the new Training Center building and construction project.**

Ms. Phillips said that she will draft a contract for Mr. Rosenthal's engagement.

Ms. Phillips distributed a report titled "Trustees Report" dated August 15, 2019, a copy of which is attached to and made a part of these minutes as Exhibit B.

A. Delinquency and Collections

Ms. Phillips provided an update on delinquency and collection matters involving Equipment Inspection Services, Inc., Sims Crane & Equipment Company, and LM Heavy Civil Construction, LLC.

B. National Training Fund ("NTF")

Ms. Phillips said that the NTF proposed a Contribution Collection and Cost Sharing Agreement ("Agreement") to contract with the Fund for collection of contributions in the amount of $0.05 per hour to be paid by participating employers effective July 1, 2019. In accordance with the proposed Agreement, the Fund shall be entitled to reimbursement for the costs associated with collecting contributions for and transmitting reports and contributions to the NTF in the amount of $625 per month plus a one-time $1,000 reprogramming start-up fee. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to adopt a Contribution Collection and Cost Sharing Agreement between the National Training Fund and the SFOE Apprentice & Training Fund, pending Fund counsel revising the Agreement and subject to confirming that the National Training Fund will reimburse the Fund for costs associated with implementing and administering the Agreement; and**
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> **RESOLVED to amend the Addendum to Agreement between the SFOE Apprentice & Training Fund and Associated Administrators, LLC to include an additional monthly administrative fee of $625 plus a one-time $1,000 reprogramming start-up fee, subject to confirming that the National Training Fund will reimburse the Fund for costs associated with implementing and administering the Agreement.**

IV. AUDITOR'S REPORT

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

Ms. Bellows-Levine distributed copies of the Agreed-Upon Procedures regarding payroll audit findings for ADF International, Inc., Equipment Inspection Services, Inc., Florida Rigging & Crane Company, Inc., LM Heavy Civil Construction, LLC, and Sevenson, copies of which are attached to and made a part of these minutes as Exhibit C. She said the employers were in compliance with the accurate submission of fringe benefit contributions.

Ms. Phillips said she will send a letter notifying each employer of the payroll audit findings.

Ms. Bellows-Levine stated that Midwest Steel, Inc., North American Crane & Rigging, LLC, and United Excavations have not complied with requests for information to determine compliance. Chairman Schaunaman and Ms. Phillips said they will assist with getting the information requested by the Fund auditor for the payroll audits.

Ms. Bellows-Levine reported that auditors from Bellows conducted the annual field audit at the Fund office on August 12-14, 2019.

The Trustees thanked Ms. Bellows-Levine for her report.

V. INVESTMENT CONSULTANT'S REPORT

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

A. Performance Report

Mr. Hart discussed SEI's Quarterly Investment Performance Review Second Quarter 2019 dated August 15, 2019, a copy of which is attached to and made a part of these minutes as Exhibit D. He stated that the market value of Fund assets in the total portfolio as of June 30, 2019 was $2,019,247. The fiscal year-to-date net return was 2.40% compared to the total index return of 2.70%. The Fund's total portfolio had a net return of 4.39% compared to the total index return of 3.67% for the period June 1, 2010 to June 30, 2019.

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 72.9% in fixed income and 27.1% in equity.

C. SEI 401(k) Lawsuit

Mr. Hart reported a lawsuit was filed against SEI's 401(k) Plan for self-dealing. He said that SEI is co-settling the lawsuit but has admitted no wrongdoing. Ms. Phillips said that she will discuss the matter in executive session with the Trustees.

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

Executive Session

Ms. Phillips discussed the settlement and the allegations involved in the SEI lawsuit. She suggested hiring an outside investment monitor or consultant to provide a review of SEI's performance results either annually or on an ongoing basis. After discussion, the Trustees agreed to review SEI's performance over the next quarter before considering the hiring of an investment monitor or consultant.

VI. DIRECTOR'S REPORT

Ms. Clutts distributed the Director's Report dated August 15, 2019, a copy of which is attached to and made a part of these minutes as Exhibit E.

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. Clutts reviewed the Income and Expense Statement for June 30, 2019, a copy of which is attached to and made a part of these minutes as Exhibit F. She reported total assets for the month of June 30, 2019 were $3,820,998.29 compared to $3,186,330.60 in June 2018. Ms. Clutts presented a Comparative Income Statement for the twelve months ended June 30, 2019. She reported that for the month of June 2019, the Fund had total receipts of $119,927.74 and total expenses of $44,792.28, resulting in a surplus of $75,135.46.

B. Disbursements

Ms. Clutts presented the expense check register for June 2019, which indicated total disbursements of $36,487.43. She reviewed the payroll check register for June 2019, which indicated total payroll of $17,354.77. 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. Form 990

The Fund auditor filed the Form 8868 with the IRS to extend the reporting deadline to February 15, 2020 for the Fund's Form 990 for Plan year ended March 31, 2019.

B. SEI Transfer

Per direction of the Board of Trustees at the prior meeting, $800,000 was transferred to SEI on May 20, 2019 for investment in the Fund's account.

C. Fiduciary Liability Policy

Apprenticeship Director McCullers was added to the Fund's fiduciary liability coverage for the policy period January 1, 2019 to January 1, 2020. The base premium did not increase as a result of this change. Director McCullers paid $25 for the waiver of recourse premium.

D. Workers Compensation Insurance Premium Audit

The Hartford Group performed a workers compensation insurance premium audit on June 18, 2019. Results of the audit have not yet been received.

E. Apprenticeship Director Wage Rates

A letter dated July 19, 2019 was received by the Fund office from Chairman Schaunaman at the IUOE Local 487 Union indicating that the Apprenticeship Director's wage rate under the Crane Rental Contractors Collective Bargaining Agreement increased effective July 1, 2019 and will increase annually thereafter for a period of three years. The letter also confirmed that the Director's wage rate for instructor time increased effective July 1, 2019 and will increase annually thereafter for a period of three years. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to adopt wage rates paid to the Apprenticeship Director:
Effective July 1, 2019 to $36.50 per hour
Effective July 1, 2020 to $37.00 per hour
Effective July 1, 2021 to $38.00 per hour

RESOLVED to adopt wage rates paid to the Apprenticeship Director as an instructor:
Effective July 1, 2019 to $35.50 per hour
Effective July 1, 2020 to $36.00 per hour
Effective July 1, 2021 to $37.00 per hour

F. Apprenticeship Instructor Wage Rates

A letter dated July 10, 2019 was received by the Fund office from Chairman Schaunaman at the IUOE Local 487 Union indicating that the wage rate paid to apprenticeship instructors under the current negotiated rates for certified crane operators increased effective July 1, 2019 and will increase annually thereafter for a period of three years. The amount of hourly fringe benefit contributions that would have been paid to the IUOE Local 487 Health and Welfare Fund and the Central Pension Fund are added to the base rate of pay, per the direction of the Board. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to adopt hourly wage rates paid to apprentice instructors:**
> **Effective July 1, 2019 to $45.30 per hour**
> **Effective July 1, 2020 to $46.30 per hour**
> **Effective July 1, 2021 to $47.30 per hour**

IX. MEETING DATE AND LOCATION

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

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: Rosenthal Rosenthal Rasco Presentation on New Building/Construction Project
Exhibit B: Trustees Report from Fund Counsel, August 15, 2019
Exhibit C: Bellows Associates, PA - Agreed-Upon Procedures
Exhibit D: SEI Quarterly Investment Performance Review Second Quarter 2019, August 15, 2019
Exhibit E: Director's Report, August 15, 2019
Exhibit F: Income and Expense Statement, June 30, 2019