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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS HEALTH & WELFARE FUND THURSDAY, AUGUST 15, 2019 MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES	MANAGEMENT TRUSTEES
M. Schaunaman, Chairman	J. Turk, Secretary-Treasurer
J. Mullen	J. Epperson
S. Singer	M. Harrison
W. Utreras	F. Villella

Also present were:

D. Bellows-Levine – Bellows Associates, P.A.
D. Clutts – Associated Administrators, LLC
L. DuVall – Associated Administrators, LLC
J. Hart – SEI Global Institutional Group (via teleconference)
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.

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. **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 Second Quarter 2019 dated August 15, 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 June 30, 2019 was $2,029,970. The fiscal year-to-date net return was 2.54% compared to the total index return of 2.70%. The Fund's total portfolio had a net return of 5.32% compared to the total index return of 4.64% 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 73% in fixed income and 27% 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.

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 Environmental Services, Inc., copies of which are attached to and made a part of these minutes as Exhibit B. 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. ATTORNEY'S REPORT

Ms. Kathleen 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 C.

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.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. Clutts reviewed the Income and Expense Statement for June 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 June 2019 were $2,872,504.71 compared to $4,286,336.40 for June 2018. For the month of June 2019, the Fund had total receipts of $668,449.73 and total expenses of $799,851.04, resulting in a deficit of $131,401.31. Ms. Clutts presented a Comparative Income Statement for the twelve months ended June 30, 2019.

B. Disbursements

Ms. Clutts presented the expense check register for June 2019, which indicated total disbursements of $799,615.14.

C. Death Benefit Claims Report

Ms. Clutts reported there were no death benefit claims paid to beneficiaries for the period of May 2019 to August 2019.

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.

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. Summaries of Benefits and Coverage ("SBC")

United Healthcare mailed revised SBCs to Plan participants on July 24, 2019, clarifying there is no charge for physician/surgeon fees for services provided at an ambulatory surgical center or office.

B. Cash Disbursements from SEI

Cash disbursements from SEI totaling $400,000 were transferred to the Fund's operating account from June 27, 2019 through July 29, 2019 to pay Fund expenses.

C. IRS Forms 5500 and 990

The Fund auditor filed forms with the IRS to extend the reporting deadline to January 15, 2020 for the Fund's Form 5500 and to March 31, 2020 for the Fund's Form 990 for the Plan year ended March 31, 2019.

D. Creditable Coverage Filing with Centers for Medicare and Medicaid ("CMS")

The Fund's Creditable Coverage Disclosure was filed with CMS on June 20, 2019.

VIII. 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.

IX. 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: SEI Quarterly Investment Review Second Quarter 2019, August 15, 2019
Exhibit B: Bellows Associates, P.A. Payroll Audit Agreed Upon Procedures
Exhibit C: Trustees Report from Fund Counsel, August 15, 2019
Exhibit D: Income and Expense Statement, June 30, 2019