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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 13, 2020 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
N. Durkin - Associated Administrators, LLC
J. Hart - SEI Global Institutional Group
D. McCullers - Apprenticeship Director
E. Naegele - The Segal Company
K. Phillips - Phillips, Richard & Rind, PA
K. Rosenthal - Rosenthal Rosenthal Rasco, LLC (via teleconference)

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 November 14, 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 November 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.

A. Performance Report

Mr. Hart discussed SEI's Quarterly Investment Review Fourth Quarter 2019 dated February 13, 2020, 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 January 31, 2019 was $2,106,655. The fiscal year-to-date net return was 6.84% compared to the total index return of 7.17%. The Fund's total portfolio had a net return of 4.58% compared to the total index return of 3.89% for the period June 1, 2010 to January 31, 2020.

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 72.3% in fixed income and 27.7% in equity.

Mr. Hart recommended changing investments in the fixed income and equity asset classes to allow additional cash to be available for the Fund's capital building project. Mr. Hart reviewed the suggested changes to the Fund's investment portfolio. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to adopt the model portfolio recommended by SEI to move $700,000 of the Fund's investments into a cash account.**

Ms. Phillips said that she would work with Mr. Hart to draft a revised Investment Policy Statement that will be presented to Trustees at the next Board meeting.

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. Audited Financial Statements for Plan Year Ended March 31, 2019

Ms. Bellows-Levine reviewed the Financial Statements for the Plan years ended March 31, 2019 and 2018, 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, 2019 and 2018. She reviewed the audit and reported that the net assets available for benefits as of March 31, 2019 were $3,700,576 compared to $3,102,002 as of March 31, 2018, which represented an increase of $598,574. Ms. Bellows-Levine reviewed the Notes to Financial Statements as of years ended March 31, 2019 and 2018.

Ms. Clutts said that an electronic poll of the Board of Trustees was unanimously approved between Board meetings to accept the audited Financial Statements for the Plan years ended March 31, 2019 and 2018. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify action taken between Board meetings to approve the audited Financial Statements for the Plan years ended March 31, 2019 and 2018, as presented.**

Ms. Phillips requested that Bellows Associates, PA present the audited Financial Statements for the Plan years ended March 31, 2020 and 2019 at the Board meeting scheduled for November 12, 2020.

B. Form 990

Ms. Bellows-Levine confirmed that the Form 990 for the Plan year ended March 31, 2019 has been filed on February 13, 2020 under the allowable extension of time to file. Trustee Schaunaman signed the Form 990 during the meeting.

C. Payroll Audits

Ms. Bellows-Levine discussed the status of payroll audits in process on Central Maintenance & Welding, Inc., M.J. Harrison Leasing, Inc., Morrow Equipment Company, LLC, and Sarens U.S.A.

D. Engagement Letters

Ms. Bellows-Levine presented engagement letters for the annual audit and preparation of the IRS Form 990, copies of which are attached to and made a part of these minutes as Exhibit C. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the engagement of Bellows Associates, PA to perform the annual audit and preparation of the IRS Form 990 for the Plan years ending March 31, 2020, March 31, 2021, and March 31, 2022, as presented in engagement letters dated December 20, 2019.**

Chairman Schaunaman signed the engagement letters on behalf of the Board during the meeting. The Trustees thanked Ms. Bellows-Levine for her report.

V. DIRECTOR'S REPORT

Mr. McCullers presented the Director's Report dated February 13, 2020, a copy of which is attached to and made a part of these minutes as Exhibit D. He reported the following:

A. Apprentices

Six apprentices joined, two apprentices graduated, and six apprentices terminated from the Apprenticeship program since the last Board meeting. Seventy-two 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 ("PJAC") conference meetings. He attended the Mid-Winter Board of Directors meeting for the Florida Apprenticeship Conference on December 5 – 7, 2019 in Clearwater Beach, Florida. He has been asked to participate in the Palm Beach Gardens High School Career Day on February 19, 2020. He has been asked by the IUOE Training Center to teach a Soft Skills presentation class at the Facility Management Seminar on February 24 – 28, 2020 in Crosby, Texas.

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. The NCCCO Written Certification and General Knowledge class was held on January 19, 2020; the NCCCO Fixed/Swing Cab written training was held on January 26, 2020; the NCCCO Lattice Boom written training was held on February 2, 2020; the NCCCO Tower Crane written training was held on February 9, 2020; the NCCCO written training of all Mobile Cranes will be held on February 16, 2020; and the NCCCO written test is scheduled to be held on February 23, 2020 at the Union Hall.

D. Equipment

Batteries, hoses, and hydraulic cylinder packing kits continue to be the most frequent repairs on equipment. No further information regarding the Military Surplus Equipment Program has been received. A mechanic, Mr. Edward Garrison, has been working at the Training Center.

E. Training Center

Twenty-three NCCCO practical exams were administered during the fourth quarter of 2019. Eighteen apprentices passed and five apprentices failed. Twenty-five visitors signed the on-site visitor list during the fourth quarter of 2019. The Fund is close to breaking ground for the new Training Center. The architect is working closely with the mechanical, electrical, plumbing, and structural engineers to prepare for the Development Review Committee and will be working closely with Mr. McCullers on construction of the building. Mr. McCullers is also working closely with the civil and landscape engineers in preparation for the Development Review Committee.

F. Rosenthal Rosenthal & Rasco, LLC

Ms. Phillips said Mr. Kerry Rosenthal of Rosenthal Rosenthal & Rasco, LLC was available to report to the Board of Trustees via teleconference regarding real estate matters and the construction of a new training facility. The Trustees welcomed Mr. Rosenthal to the meeting.

Mr. Rosenthal said that he was in the process of negotiating a contract with Arcwerks, Inc. He said that the building contractor will also review the contract and negotiations will continue until a reasonable agreement is reached for the construction of the new training facility. Mr. Rosenthal reported that he is preparing loan documents for financing of the project. Discussion ensued regarding the contract and the loan documents. Ms. Phillips requested that Mr. Rosenthal address the architect's fees. He said that the architect's contract would include fees for two engineers and for the architect's performance of the construction management function. Mr. Rosenthal said that additional work such as change orders would be charged at hourly rates. He said that the architect's initial fee for services is $27,500. Ms. Phillips said that this contract, when completed, is recommended for signing.

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

Discussion ensued. Trustee Turk asked if this is a lump sum contract. Ms. Phillips telephoned Mr. Rosenthal and he rejoined the Board meeting. Mr. Rosenthal confirmed that it is a lump sum contract. The Trustees thanked Mr. Rosenthal 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 enter into an agreement with Arcwerks, Inc. at an initial cost of $27,500 when the contract is finalized by Mr. Rosenthal and reviewed by Fund counsel.**

Ms. Phillips said that Mr. Rosenthal will be invited to attend the next Board meeting.

G. New Sign for the Training Center

Ms. Phillips presented an invoice and plans for a new sign to be installed at the site of the Training Center. She said that the total cost for the sign is $14,538 including installation. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the purchase and installation of a new sign at the Training Center in the amount of $14,538.**

VI. ATTORNEY'S REPORT

Ms. Phillips distributed a report titled "Trustees Report" dated February 13, 2020, a copy of which is attached to and made a part of these minutes as Exhibit E.

Delinquency and Collections

Ms. Phillips provided an update on delinquency and collection matters involving Superior Rigging & Erecting Company, Florida Rigging & Crane Company, United Excavations, Inc., Merrick Industrial Management Corporation, and LM Heavy Civil Construction, LLC.

Merrick Industrial Management Corporation ("Merrick")

Ms. Phillips said that demand letters for service fees totaling $254.73 were sent to Merrick for the late payment of its July 2019 contributions. Merrick requested a waiver of the service fees. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive service fees owed by Merrick Industrial Management Corporation in the amount of $254.73 in accordance with the Fund's Audit and Collections Procedures.**

United Excavations, Inc.

Ms. Phillips said that United Excavations, Inc. requested a waiver of service fees totaling $799.57 for the late payment of its September 2019 contributions. The Fund's Collections Committee reviewed the request and granted the waiver in accordance with the Fund's Audit Policy. A letter to United Excavations, Inc. was sent on January 6, 2020 notifying it of the Committee's decision. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive service fees due from United Excavations, Inc. in the amount of $799.57 in accordance with the Fund's Audit and Collections Procedures.**

A. Payroll Audits

Ms. Phillips provided the following payroll audit status report:

Island Seawall & Demolition, LLC ("Island Seawall")

Ms. Phillips said that Island Seawall paid contributions and reported 160 hours per month on one owner-operator for the period October 2018 through October 2019. She said that Island Seawall failed to provide payroll records requested by the Fund auditor, indicating that it had none. After discussion, it was agreed that Island Seawall is not in compliance with its

Collective Bargaining Agreement ("CBA") and that further efforts to conduct a payroll audit be terminated. It was noted that the contract as well as coverage would terminate effective March 31, 2020.

North American Crane & Rigging, LLC ("North American")

Ms. Phillips reported that North American's CBA continues to be open and it continues to send no-man reports. She said that she has been working with the auditor and the Union to confirm the status of two employees who appear on the company's Florida Department of Revenue Quarterly Reports (RT-6). Upon conferring internally on the matter, it was determined that the two employees are covered in other locals.

K & J Crane Service, LLC ("K & J Crane")

Ms. Phillips reported that a payroll audit of K & J Crane was being conducted for the period June 2017 through May 2019. K & J Crane's owner advised the Fund auditor that it had no payroll records for the requested period. Ms. Phillips said that as of September 2019, K & J Crane's CBA terminated and was not renewed. It was agreed that the auditor cease work on K & J Crane's payroll audit.

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. Clutts reviewed the Income and Expense Statement for December 31, 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 December 31, 2019 were $4,209,231.30 compared to $3,472,133.67 in December 2018. Ms. Clutts presented a Comparative Income Statement for the twelve months ended December 31, 2019. She reported that for the month of December 2019, the Fund had total receipts of $157,347.92 and total expenses of $31,043.57, resulting in a surplus of $126,304.35.

B. Disbursements

Ms. Clutts presented the expense check register for December 2019, which indicated total disbursements of $16,587.75. She reviewed the payroll check register for December 2019, which indicated total payroll of $15,254.13. 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

A quote was received from the insurance broker for renewal of the Union Liability policy for the period March 1, 2020 to March 1, 2021 with the same premium as the expiring policy, and including the addition of a Modification Endorsement, Duty to Defend Endorsement, Amend Defense and Settlement Endorsement – Hammer Clause. Fund counsel reviewed the renewal policy quote and new endorsements and directed that a Florida Amendatory Endorsement replace the Maryland Amendatory Endorsement. This change did not affect the premium quoted. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve renewal of the Union Liability policy for the period March 1, 2020 to March 1, 2021.

B. Fiduciary Liability Insurance Policy

The Fund's fiduciary liability insurance policy was renewed for the policy period January 1, 2020 to January 1, 2021, with the same premium as the expiring policy. The premium was split with 20% paid by the Apprentice & Training Fund and 80% paid by the Health & Welfare Fund. On Motion made and seconded the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve renewal of the fiduciary liability insurance policy for the period January 1, 2020 to January 1, 2021.

C. NCCCO Practical Examiner Certification Workshop

A Trustee poll was taken between Board meetings approving expenses not to exceed $3,000 for part-time instructor Mr. Michael Smith to attend the NCCCO Practical Examiner Certification Workshop on January 12 -17, 2020 in Disputanta, Virginia. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to ratify the action taken between Board meetings to approve expenses not to exceed $3,000 for part-time instructor Mr. Michael Smith to attend the NCCCO Practical Examiner Certification Workshop on January 12 - 17, 2020 in Disputanta, Virginia.

D. Excavator Purchase

A Trustee poll was taken between Board meetings approving the purchase of a 2011 John Deere 120 Excavator at a cost of $63,000 plus ground transportation at a cost of $2,300, and including a donation of $60,000 from the IUOE Operating Engineers Local 487. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to ratify the action taken between Board meetings to approve the purchase of a 2011 John Deere 120 Excavator at a cost of $63,000 plus ground transportation at a cost of $2,300, and accept a donation of $60,000 from the IUOE Operating Engineers Local 487.

E. IUOE National Training Fund ("NTF")

The Contribution Collection and Cost Sharing Agreement between the NTF and the Fund was signed between Board meetings by the NTF Executive Director, Mr. Jeffrey Vincent and Trustee Schaunaman.

F. Tax Filing Exemption

A tax filing Form 5500 exemption notice was filed by the Fund auditor on behalf of the Fund on December 17, 2019.

IX. MEETING DATES AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, May 14, 2020 at 10:00 a.m. in Miami Lakes, Florida. The remaining 2020 meetings are scheduled for August 13, 2020 and November 12, 2020.

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 Quarterly Investment Review Fourth Quarter 2019, February 13, 2020
Exhibit B: Financial Statements for Plan years ended March 31, 2019 and 2018
Exhibit C: Bellows Engagement Letters for Plan years ending 2020, 2021, and 2022
Exhibit D: Director's Report, February 13, 2020
Exhibit E: Trustees Report from Fund Counsel, February 13, 2020
Exhibit F: Income and Expense Statement, December 31, 2019