South Florida Operating Engineers
Apprentice and Training Fund
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DRAFT

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE SOUTH FLORIDA OPERATING ENGINEERS APPRENTICE AND TRAINING FUND THURSDAY, MAY 31, 2012 MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES	MANAGEMENT TRUSTEES
M. Schaunaman, Chairman	R. Ebsary, Assistant Secretary
J. Mullen	J. Epperson, Jr.
S. Singer	F. Villella
W. Utreras	

Also present were:
L. DuVall – Associated Administrators, LLC
D. Haverly – SEI Global Institutional Group
L. Joyner – The Segal Company
J. McCann – Thistle Asset Consulting, Inc.
D. McCullers – Apprentice & Training Director
K. Phillips – Phillips, Richards, & 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 23, 2012, 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 February 23, 2012 as presented.**

III. INVESTMENT EVALUATION CONSULTANT'S REPORT

The Trustees welcomed Mr. John McCann of Thistle Asset Consulting, Inc. ("Thistle") to the meeting.

Mr. McCann distributed an Executive Summary as of March 31, 2012, a copy of which is attached to and made a part of these minutes as Exhibit A. He discussed the performance evaluation of the IUOE Pension Fund, Health and Welfare Fund and the South Florida Operating Engineers Apprentice and Training Fund for the Plan year ended March 31, 2012.

Mr. McCann distributed an Asset Allocation Analysis dated May 31, 2012, a copy of which is attached to and made a part of these minutes as Exhibit B. Mr. McCann stated that the overall rate of return for the 12-month period ended March 31, 2012 was 8.61% under the Funds current investment policy compared to a projected 8.72% rate of return based on the asset allocation illustrated in his report. Mr. McCann stated that when evaluating the performance of investments, it is important to compare it against an appropriate benchmark. After discussion, the Trustees directed that Mr. McCann perform further research to determine if SEI Global Institutional Group ("SEI") was using the appropriate benchmarks. Mr. McCann stated that Thistle would charge approximately $2,000 total for the combined health and welfare, pension and apprenticeship funds to do the work necessary to make that determination. The Board agreed and requested that Mr. McCann report his findings to the Trustees at the next Board meeting.

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

IV. APPRENTICE & TRAINING DIRECTOR'S REPORT

Mr. Daniel McCullers distributed a Director's Report dated May 31, 2012, copy of which is attached to and made a part of these minutes as Exhibit C. Mr. McCullers reported the following:

A. Apprentices

Five apprentices graduated, six apprentices joined, and five dropped out of the Apprentice Program since the last Board meeting. Thirty-three apprentices are registered in the Program.

B. Upgrading Program

The Apprentice Program is currently undergoing a Florida State Compliance Review. The Excess Property Assessment has been paid to the International Union for the leased equipment. The Property Tax renewal for 2012 has been submitted. The Foundation contractor contributions to the Apprentice and Training Fund will increase from $0.25 to $0.30 per hour effective July 1, 2012 in accordance with the collective bargaining agreements. Planned classes for the upcoming quarter include OSHA 10 Hour Class on July 7 and 8 and Union History/Stewards Class on August 4, 2012.

C. Broward County School Board

The Broward County School Board held a Coordinators meeting on February 24, 2012. The School Board of Broward County contract was renewed for the period July 1, 2012 through June 31, 2015. The new contract increased hourly contributions from $0.85 to $0.90 per hour for each apprentice. On March 19, 2012, the Apprentice Program received $21,996.30 from the School Board of Broward County.

D. Apprenticeship Council

The Apprenticeship Directors meeting was held on May 15, 2012.

E. Equipment Program

The boom cylinders on the Badger excavator were rebuilt; the outrigger solenoid on the P & H TC430 crane was repaired; miscellaneous repairs to the Badger excavator were completed; the hydraulic backhoe control valve body on the John Deere backhoe was rebuilt; the stick cylinder on the John Deere backhoe was rebuilt; and the outrigger beam cylinder on the Grove TS300 crane was rebuilt.

F. Training Center Site

The apprentice graduation picnic was held March 17, 2012. Anthony Electric installed power to storage containers that were moved adjacent to the other storage containers. Ryan Lee was hired as a new Apprentice Instructor effective May 10, 2012. Repairs were made to the office trailer roof after leaks appeared due by heavy rains. The Minolta copier was replaced with a Canon 2525 digital copier.

V. ADMINISTRATIVE MANAGER'S REPORT

A. Disbursements

Ms. DuVall presented the expense check register for March 2012, which indicated total disbursements of $20,160.33. She reviewed the payroll check register for March 2012, which indicated total payroll of $12,283.52.

B. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for March 2012, copy of which is attached to and made a part of these minutes as Exhibit D. She said total assets for the month of March 2012 were $2,189,340.55. She said the Fund had total income for the month of March 2012 in the amount of $72,127.05 and total expenses in the amount of $33,168.75 resulting in a total net income of $38,958.30 for the month of March 2012. Ms. DuVall reviewed the income and expenses on the twelve-month rolling Comparative Income Statement.

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

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

VI. INVESTMENT CONSULTANT'S REPORT

The Trustees welcomed Mr. Donald Haverly from SEI Global Institutional Group ("SEI") to the meeting.

Performance Report

Mr. Haverly distributed SEI's investment management report dated May 31, 2012, a copy of which is attached to and made a part of these minutes as Exhibit E. He reported that the Fund assets in the total portfolio as of April 30, 2012 had a market value of $600,905. The asset allocation was 86.5% in fixed income and 13.5% in U.S. equity.

Mr. Haverly stated that the Fund's portfolio had a net return of 6.38% compared to the Total Index of 4.75% for the period June 1, 2010 to April 30, 2012. He said that the fiscal year-to-date net return was 0.62% compared to the Total Index of 0.69%.

VII. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled Trustees' Report dated May 31, 2012, copy of which is attached to and made a part of these minutes as Exhibit G.

A. Delinquency and Collection Matters

Ms. Phillips provided an update on delinquency and collection matters involving Bunnell, Nicholson Construction, and Pre-Con Construction of Tampa, Florida.

B. Payroll Audits

Ms. Phillips provided the payroll audit status report from the CPA firm of Stephen I. Gordon indicating that Jimmy's Equipment Rental had remitted five payments in accordance with a promissory note in the amount of $2,951, plus interest at 4.75%. She said that the balance owed in the amount of $498.42 due May 28, 2012 remained outstanding.

C. Purchase of New Copier for Training Center

Ms. Phillips stated that between Board meetings the Trustees were polled and approved purchasing a Canon 2525 copier for the Training Center. She stated that a resolution was needed to ratify that action. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify the actions taken by the Trustees between Board meetings to purchase a Canon 2525 digital copier for the Training Center.**

D. Conflict of Interest and Whistleblower Policy – Annual Certifications

Ms. Phillips distributed to the Trustees a copy of the Funds' Conflict of Interest and Whistleblower Policy. She provided each Trustee with a Conflict of Interest and Whistleblower Policy Certificate form to complete and sign. Each Trustee in attendance completed and signed a Certificate. It was noted that newly appointed Trustees Jonathan Turk and Wally Utreras recently signed a Certificate.

VIII. OTHER FUND BUSINESS

A. Trustee Web Portal

Ms. DuVall provided an overview of the new Trustee Web Portal created by Associated Administrators, LLC. She explained that a secure portion of Associated's website had been established to allow Trustees and Fund counsel to access meeting materials in advance of scheduled meetings and to reduce the amount of paper used. The Trustees and Fund counsel expressed interest in utilizing the Trustee Web Portal. It was confirmed that the portal costs would not be charged to the Fund. However, Ms. DuVall indicated that the plan would be to phase out hard copy documents at each meeting.

B. Audit and Tax Engagement Letter

Ms. DuVall presented an audit and tax engagement letter from Steven I. Gordon, CPA for the Plan year ended March 31, 2012 for Trustee approval. She stated that the proposed fee for services in the amount of $6,435 did not represent an increase over the prior year. The Trustees approved the engagement. Chairman Schaunaman signed the letter on behalf of the Board.

C. Form 990 (Return of Organization Exempt from Income Tax)

Ms. DuVall reported that Form 990 for the Plan year ended March 31, 2011 was electronically filed with the Internal Revenue Service on March 2, 2012 by Fund auditor Steven I. Gordon following an initial delay due to system and programming changes to the IRS website. Ms. DuVall stated that the Fund Office received a letter from the IRS confirming that Form 990 was received on time.

D. SunTrust Bank Signatures

Ms. DuVall said that the SunTrust Bank signatory change forms had been completed and the Fund checks now bear the signatures of Mark Schaunaman, as Chairman of the Board, and Jonathan Turk, as Secretary/Treasurer of the Board.

E. Thistle Asset Consulting, Inc. Agreement

Ms. DuVall stated that the Agreement with Thistle for investment evaluation consulting services for the review period April 1, 2011 to March 31, 2012 was executed by Fund Chairman and Secretary between Board meetings.

IX. NEXT MEETING DATE

The next quarterly Board meeting was scheduled for Thursday, August 23, 2012 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 adjourned.

Respectfully submitted,

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Jonathan Turk, Fund Secretary

These Minutes were adopted on ________________________________, 2012.

Attachments:
Exhibit A: Thistle Report as of March 31, 2012
Exhibit B: Thistle Asset Allocation Analysis dated May 31, 2012
Exhibit C: Apprentice & Training Director's Report dated May 31, 2012
Exhibit D: Income and Expense Statement, March 2012
Exhibit E: SEI Investment Management Report dated May 31, 2012
Exhibit G: Trustees' Report from Fund Counsel dated May 31, 2012