South Florida Operating Engineers
Apprentice and 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 22, 2013
MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES	MANAGEMENT TRUSTEES
M. Schaunaman, Chairman	J. Turk, Secretary
J. Mullen	J. Epperson
W. Utreras	F. Villella

Also present were:

L. DuVall – Associated Administrators, LLC
E. Feld – S I Gordon & Company, PA
S. Gordon – S I Gordon & Company, PA
D. Haverly – SEI Global Institutional Group
J. Johnson – The Segal Company
D. McCullers – Apprenticeship 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 May 23, 2013, 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 23, 2013 as presented.**

III. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for June 30, 2013, a copy of which is attached to and made a part of these minutes as Exhibit A. She reported that total assets for the month of June 2013 were $2,115,086.04. She reported that the Fund had total income for the month in the amount of $12,305.77 and total expenses in the amount of $27,214.18, resulting in a total net income of ($14,908.41) for the month of June 2013. Ms. DuVall reviewed the income and expenses on the twelve-month rolling Comparative Income Statement.

B. Disbursements

Ms. DuVall presented the expense check register for June 2013, which indicated total disbursements of $17,186.41. She reviewed the payroll check register for June 2013, which indicated total payroll of $12,127.23.

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

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

IV. AUDITOR'S REPORT

The Trustee's welcomed Mr. Steven I. Gordon and Mr. Eric Feld from the CPA firm of S I Gordon & Company, PA to the meeting.

V. Financial Statements

Mr. Gordon presented the Financial Statements for Plan years ended March 31, 2013 and 2012, a copy of which is attached to and made a part of these minutes as Exhibit B. Mr. Gordon expressed an unqualified opinion on the financial statements, meaning that in his opinion, the financial statements present fairly, in all material respects, the financial status of the Fund as of March 31, 2013 and 2012. Mr. Feld reported that the net assets as of March 31, 2013 were $1,782,041 compared to $1,740,411 as of March 31, 2012, which represented an increase of $41,630 in net assets. Mr. Feld reviewed with the Trustees the Notes to Financial Statements as of and for the years ended March 31, 2013 and 2012.

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

> **RESOLVED to accept the Auditor's Financial Statement as presented.**

A. Form 990 for Plan Year Ended March 31, 2013

Mr. Gordon confirmed that the Form 990 for the Plan year ended March 31, 2013 was filed on August 19, 2013, under the allowable extension of time to file.

The Trustees thanked Messrs. Gordon and Feld and they were excused from the meeting.

VI. INVESTMENT CONSULTANT'S REPORT

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

A. Performance Report

Mr. Haverly distributed SEI's investment management report dated August 22, 2013, a copy of which is attached to and made a part of these minutes as Exhibit C. Mr. Haverly stated that the Fund's total portfolio had a net return of 5.41% compared to the total index return of 3.81% for the period June 1, 2010 to July 31, 2013. He said that the fiscal year-to-date net return was -0.35% compared to the total index return of -0.13%. Mr. Haverly stated that the asset allocation was 87.1% in fixed income, 10.5% in U.S. equity and 2.4% in World equity. Mr. Haverly recommended reducing investments in the Core Fixed Income Fund. He stated that no Board action was needed, given that such change is within the scope of the investment manager's discretion.

B. Investment Policy Statement

Mr. Haverly stated the Investment Policy Statement ("IPS") document that was adopted by the Trustees at the February 7, 2013 Board meeting contained a typographical error in the asset allocation percentages. Ms. DuVall said the corrected IPS was ready for signature. The Chairman and Secretary signed the IPS during the meeting.

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

VII. APPRENTICESHIP DIRECTOR'S REPORT

Mr. Daniel McCullers distributed a Director's Report dated August 22, 2013, a copy of which is attached to and made a part of these minutes as Exhibit D. Mr. McCullers reported the following:

A. Upgrading the Apprenticeship Program

On August 8, 2013 the Apprenticeship Program Standards were submitted to the Florida Department of Education for review and approval. Mr. McCullers requested that the Trustees consider extending the Apprenticeship Program from a three-year to a four-year program for apprentices who enroll in the Program on or after July 1, 2013. He said that if the Trustees agree to extend the Program to four years, the apprentices currently enrolled in the Program would be grandfathered with the same remaining time in the Program as they have under the current three-year program. Apprentices working for contractors whose collective bargaining agreements still provide for a three-year program will remain in the same periods until such time as the contractor renews its collective bargaining agreement.

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

> **RESOLVED to extend the Apprenticeship Program to a four-year program for apprentices who enroll on or after July 1, 2013.**

B. Apprentices

One apprentice graduated to journeyman, five apprentices joined and three dropped out of the Apprenticeship Program since the last Board meeting. Thirty-seven apprentices are enrolled in the Program.

C. Apprenticeship Classes

Mr. McCullers reported that the CCO Tower Written Study class was given August 3, 2013; CCO Tower Practical was given on August 17, 2013; the CCO Tower Written Test is scheduled for September 7, 2013; the CCO Practical is scheduled for September 21, 2013; the OSHA 10 Hour class is scheduled for October 12 and 13, 2013; and the Forklift class is scheduled for November 2, 2013. Mr. McCullers stated that if the work situation improves, as is anticipated, he will need to go back to two separate apprenticeship classes, with the first and second-year apprentices in one class and the third and fourth-year apprentices in another class.

D. Broward County School Board

Mr. McCullers said that a check in the amount of $7,515.45 was received on August 8, 2013 from the Broward County School Board and that it represented $0.95 per hour for on-the-job training and $0.95 cents per hour for related instruction for the summer session.

E. Apprenticeship Council

Mr. McCullers reported that he attended the UJAC and PCJAC conference meetings, the PCJAC conference on June 25–28, 2013, the FAC conference meeting on July 9–12, 2013. He stated that he attended the SAC/FACTE meeting on July 30, 2013 in Jacksonville, Florida. While in Jacksonville, he picked up from the IUOE Local 673 JATC two simulators, a bulldozer, and a grader on loan from the IUOE International.

F. Equipment Program

Mr. McCullers said that the Mechanic Daily Activity Log is available at the training center site.

G. Training Center

Mr. McCullers said that Michael Smith is the new Apprenticeship training instructor. He reported that 22 journeymen and apprentices received their Rigging/Signaling cards on June 8 and June 9, 2013.

Mr. McCullers reported that on August 10, 2013 the Training Center installed the NCCCO practical exam course concrete slab at a total cost of $2,799.92. He stated that another concrete slab is needed to further meet the NCCCO requirements. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve a budget up to $3,000 to install a concrete slab at the Training Center site to meet the NCCCO practical exam course requirements.**

The Trustees agreed that if additional funds were needed to complete the concrete slab, Fund counsel would poll the Trustees between Board meetings for a vote to increase the $3,000 budget.

VIII. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled Trustees' Report dated August 22, 2013, a copy of which is attached to and made a part of these minutes as Exhibit E.

A. Restated Collection and Audit Procedures ("Procedures")

Ms. Phillips distributed copies of the restated Collection and Audit Procedures, a copy of which are attached to and made a part of these minutes as Exhibit F. She said that the procedures had been reviewed by the Fund's Collection Committee, Auditor and Administrative Manager. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

> **RESOLVED to adopt the restated Collection and Audit Procedures as presented.**

B. Payroll Audits

Ms. Phillips provided the following payroll audit status report:

Betancourt Construction

Ms. Phillips said that a random audit of Betancourt Construction found that it complied with the Collective Bargaining Agreement during the period January 1, 2012 through June 1, 2013 as it related to fringe benefit contribution requirements.

Commonwealth Contractors

Ms. Phillips said that the random audit of Commonwealth Contractors was in process.

Fred Teitelbaum Construction

The random audit of Fred Teitelbaum Construction found that it had not complied with the Collective Bargaining Agreement during the period November 1, 2012 through April 30, 2013 as it related to fringe benefit requirements. She said that the audit revealed delinquencies in the amount of $579.67, plus liquidated damages in the amount of $57.97, and interest in the amount of $2.31 totaling $639.95.

Little Steve Florida, LLC

Ms. Phillips said that Little Steve Florida, LLC was not cooperating with the audit. In the course of seeking to obtain compliance with the audit, she found that Little Steve Florida is a limited liability corporation of which Stephen Brady is the sole officer and, therefore, is not eligible to participate in the Plan. A letter was sent on August 16, 2013 advising Mr. Brady that his participation in the Plan would be terminated unless he is able to provide documents to the contrary within ten days of the date of the letter.

Pre-Con Construction, Inc.

Ms. Phillips said that a random audit of Pre-Con Construction, Inc. found that it complied with the Collective Bargaining Agreement during the period June 1, 2011 through June 1, 2013 as it related to fringe benefit contribution requirements.

C. Delinquency and Collections

Ms. Phillips provided an update on delinquency and collections involving Bunnell, Central Maintenance Welding, Inc., East Coast Hoist, Fred Teitelbaum Construction, Pre-Con Construction, Inc., R.W. Harris, Inc, Sims Crane, and Stone & Webster.

R. W. Harris, Inc.

Ms. Phillips presented this employer's request for a waiver of service fees in the amount of $467.61 incurred by R. W. Harris, Inc. for late payment of contributions for January, February, and March 2013. Ms. Phillips said that the Audit and Collection Procedures provide for no more than a two-month consecutive waiver. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive fees, in accordance with the Audit and Collection Procedures, incurred by R.W. Harris in the amount of $275.16 for the months of January and February 2013 and to pursue collection of service fees for March 2013 in the amount of $192.45.**

Sims Crane

Ms. Phillips recommended waiving a service fee in the amount of $5,975.57 incurred by Sims Crane for late payment of contributions for August 2010. The employer had responded to a demand letter with a request for the waiver. The collection committee reviewed the request and granted the waiver based on the Audit and Collection Procedures. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

RESOLVED to waive a service fee, in accordance with the Audit and Collection Procedures, incurred by Sims Crane in the amount of $5,975.57 for the month of August 2010.

Stone & Webster

Ms. Phillips recommended waiving a service fee in the amount of $71.40 incurred by Stone & Webster for late payment of contributions for August 2011. She said that Stone & Webster had paid service fees totaling $288.36 for late payment of contributions for December 2011, January and March 2012, and had requested a waiver of the August 2011 service fees. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

RESOLVED to waive a service fee, in accordance with the Audit and Collection Procedures, incurred by Stone & Webster in the amount of $71.40 for the month of August 2011.

D. Florida Department of Education Compliance Review

Ms. Phillips distributed copies of a letter dated June 18, 2013 from the Florida Department of Education regarding the State Compliance Review, a copy of which is attached to and made a part of these minutes as Exhibit G. She said that the State had determined that the Apprenticeship Program had no major code violations.

E. Florida Department of Education Quality Assessment

Ms. Phillips distributed copies of a letter dated June 18, 2013 from the Florida Department of Education regarding the Quality Assessment that had been completed, a copy of which is attached to and made a part of these minutes as Exhibit H. She said that the Quality Assessment determined that the Fund's Apprenticeship Program met the fundamental requirements for a quality program and conformed to the requirements for registered apprenticeship programs.

F. Apprenticeship and Training Program Selection Criteria and Standards of Apprenticeship

Ms. Phillips distributed copies of the Fund's Selection Criteria and Standards of Apprenticeship ("Standards"), copies of which are attached to and made a part of these minutes as Exhibit I. She said the revisions to the Standards were modeled after the IUOE National Apprenticeship Standards. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

RESOLVED to adopt the amended Selection Criteria and Standards of Apprenticeship as presented.

G. Apprenticeship Director's Salary

Ms. Phillips stated that in accordance with the Apprenticeship Director's Agreement, effective July 1, 2013, the Apprenticeship Director's weekly salary increased to be equivalent to a 40-hour work week at $30.55 per hour (current wage rate for a certified crane operator, plus the master mechanic hourly premium set forth in the in the Collective Bargaining Agreement between IUOE Local 487 and Crane Rental Contractors).

IX. OTHER FUND BUSINESS

Audit Engagement Letter

Ms. DuVall presented an engagement letter from S I Gordon & Company, PA for the Plan year ended March 31, 2013 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 and Secretary Turk signed the engagement letter on behalf of the Board.

X. MEETING DATE

The next quarterly Board meeting is scheduled for Thursday, November 21, 2013 at 10:00 a.m. in Miami Lakes, Florida.

XI. 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 ________________________________, 2013.

Attachments:
Exhibit A: Income and Expense Statement, June 30, 2013
Exhibit B: Financial Statements for Plan Years Ended March 31, 2013 and 2012
Exhibit C: SEI Investment Management Report, August 22, 2013
Exhibit D: Apprenticeship Director's Report, August 22, 2013
Exhibit E: Trustees' Report from Fund Counsel, August 22, 2013
Exhibit F. Restated Collection and Audit Procedures
Exhibit G: June 18, 2013 Florida Department of Education State Compliance Review
Exhibit H: June 18, 2013 Florida Department of Education Quality Assessment
Exhibit I: Apprenticeship and Training Program Selection Criteria and Standards