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Local 487 Health & Welfare Fund
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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL 487 HEALTH & WELFARE FUND THURSDAY, NOVEMBER 21, 2013 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. Harris
W. Utreras	F. Villella

Also present were:

L. DuVall – Associated Administrators, LLC
D. Haverly – SEI Global Institutional Group
R. Joyner – The Segal Company
D. McCullers – Apprenticeship Director
K. Phillips – Phillips, Richards, & Rind, PA
R. Sudler – Sudler Insurance Services, Inc. (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 August 22, 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 August 22, 2013 as presented.

III. HEALTH INSURANCE BROKER'S REPORT

The Trustees welcomed Mr. Robert Sudler of Sudler Insurance Services, Inc. to the meeting via teleconference.

A. Aetna/Coventry Purchase Update

Mr. Sudler stated that the purchase of Coventry by Aetna was finalized in June 2013 and that they will operate as two companies until January 2015. The purchase of Coventry by Aetna will not have any effect on the benefits currently being offered to the Fund until the April 1, 2014 renewal. At that time, the benefits will change to be fully compliant with the Affordable Care Act ("ACA"). He stated that many of the ACA changes have already been put into effect for the Fund, including no annual maximums on benefits offered to the members; minimum value of 60% coverage; all copays and deductibles paid by members (including Rx copays) accumulate toward out-of-pocket maximum; preventive care covered at 100%; maximum 90-day waiting period; and maximum out-of-pocket expense limits ($6,350 for self-only coverage and $12,700 for family coverage).

B. Aetna/Coventry Personnel Changes

Mr. Sudler reported the following personnel changes affecting the Fund: Cathy Aguirre, Vice President of Account Management, and Mercy Del Castillo, Senior Account Manager, have taken other positions within the organization. Odalys Hechavarria left the company. Rosanne Robertelli will be the new Account Manager assigned to Fund effective January 1, 2014. He stated that Peter Joseph will remain as Vice President of Service/Sales.

C. Health Insurance Contract Renewal

Mr. Sudler stated that prior to the April 1, 2014 insurance contract renewal, he will analyze the Fund's claims data and negotiate with Coventry/Aetna. If the Coventry/Aetna renewal is unfavorable to the Fund, he will send a request for proposal ("RFP") to solicit bids from other health insurance carriers. He stated that ACA taxes (Patient-Centered Outcomes Research Institute Fee, Annual Health Insurance Fee, Risk Adjustment Program and Fee, and the Marketplace User Fees) will impact the rate renewal by 3% to 4%. Mr. Sudler said that he will present his findings and recommendations to the Board at the February 6, 2014 Board meeting.

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

IV. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for September 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 September 2013 were $3,609,423.17. She reported that the Fund had total income for the month in the amount of $310,626.91 and total expenses in the amount of $307,053.35, resulting in a total net income of $3,573.56 for the month of September 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 September 2013, which indicated total disbursements of $306,766.11.

C. Provision (e) Terminations

Ms. DuVall reviewed a list of participants whose benefit coverage terminated since April 1, 2013 in accordance with paragraph (e) in the "Termination" section of the Summary Plan Description. The Plan states that eligibility for benefits will terminate on the last day of the third month after which the participant has ceased employment, except for unavailability due to disability or retirement.

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

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

V. 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 November 21, 2013, a copy of which is attached to and made a part of these minutes as Exhibit B. Mr. Haverly reported that the Fund assets in the total portfolio had a market value of $2,929,962 as of

October 31, 2013. He said that the fiscal year-to-date net return was 2.78% compared to the total index return of 2.23%. Mr. Haverly stated that the portfolio had a net return of 7.69% compared to the total index return of 6.13% for the period June 1, 2010 to October 31, 2013. The asset allocation was 73.4% in fixed income, 21.1% in U.S. equity and 5.5% in World equity.

B. Auction Rate Securities

Mr. Haverly reported that the remaining Auction Rate Securities ("ARS") in the Fund's portfolio were sold on August 29, 2013 at par values between $69 and $74 per share. He stated that the sale proceeds in the amount of $182,250 were reinvested in accordance with the Fund's target allocations.

C. Investment Policy Statement

Mr. Haverly presented a revised Investment Policy Statement ("IPS") dated November 12, 2013, a copy of which is attached to and made a part of these minutes as Exhibit C. He said that the IPS had been revised so that rebalancing among funds may occur on a quarterly rather than monthly basis to ensure that the target asset allocation specified in the IPS would be maintained within acceptable ranges. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to adopt the revised Investment Policy Statement dated November 12, 2013 as presented.

The Chairman signed the revised IPS on behalf of the Board.

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

VI. CONSULTANT'S REPORT

The Trustees welcomed Mr. Rocky Joyner from The Segal Company to the meeting.

Mr. Joyner distributed a report titled Health Benefits Reports – Fiscal Year Ending 2014, a copy of which is attached to and made a part of these minutes as Exhibit D. Mr. Joyner reviewed specific information contained in the Report for the fiscal year ending March 31, 2014 as it pertains to the Fund's financial experience and budget projections. Based on current income and expense calculations and Segal's standard forecasting assumptions, the

Fund is estimated to have sufficient income and assets to meet current obligations through the fiscal year ended March 31, 2016.

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

VII. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled Trustees' Report dated November 21, 2013, a copy of which is attached to and made a part of these minutes as Exhibit E.

A. Delinquency and Collections

Ms. Phillips provided an update on delinquency and collection matters involving A1 Crane & Rigging, Beyel Brothers, Bunnell, Commonwealth Contractors, Fred Teitelbaum Construction, Little Steve Florida, Paladin Crane Service, Pre-Con Construction, R.W. Harris, Seaward Services, and Sims Crane.

Paladin Crane Service, Inc.

Ms. Phillips recommended waiving service fees in the amount of $339.42 incurred by Paladin Crane for late payment of contributions for April and May 2010, given that it is not operating in the area and has no current Collective Bargaining Agreement and the costs of collection would likely exceed that which is collectable. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

> **RESOLVED to write off service fees incurred by Paladin Crane Service, Inc. in the amount of $339.42 for the months of April and May 2010, in accordance with the Fund's Audit and Collection Procedures.**

B. Payroll Audit

The random audit of Stone & Webster found that it complied with the Collective Bargaining Agreement during the period August 1, 2011 through June 1, 2013 as it relates to fringe benefit contribution requirements.

C. Potential Impact of the Supreme Court's Windsor Decision

Ms. Phillips distributed a memorandum dated November 21, 2013 regarding the potential impact of the Supreme Court decision in *United States v. Windsor* ("Windsor"), a copy of which is attached to and made a part of these minutes as Exhibit F. She stated that as a

result of the Windsor decision, same-sex couples who marry in a state that recognizes same-sex marriage are entitled to certain rights and benefits regardless of the state in which they reside. She stated that although the full implications of the Windsor decision are not yet known, it is important to be aware of some of the major issues. Despite some areas of uncertainty, plan documents and policies should be reviewed and potentially updated to ensure compliance with the law. She said she would continue to monitor and update the Trustees as the law and guidance on this issue evolve.

VIII. OTHER FUND BUSINESS

A. Form 5500

Ms. DuVall said that the Fund auditor provided confirmation that the Form 5500 for the Plan year ended March 31, 2013 had been electronically filed on September 19, 2013.

B. Notice of Creditable Coverage

Ms. DuVall reported that the Fund Office mailed a Medicare Part D Notice of Creditable Coverage to Plan participants on September 24, 2013.

C. Notice of Availability of Privacy Practices

Ms. DuVall reported that the Fund Office mailed a Notice of Availability of Privacy Practices to Plan participants on September 24, 2013.

D. Notices Regarding the Affordable Care Act ("ACA") Health Insurance Marketplace

Ms. DuVall stated that, as directed by the Trustees at the August 22, 2013 Board meeting, the Fund Office mailed a notice to the Fund's participating employers on September 6, 2013 to remind them of their responsibility to provide notice to their employees and to provide them with information relative to the Fund's coverage. Also, as directed by the Trustees at the August 22, 2013 Board meeting, the Fund Office mailed a letter on September 10, 2013 to the Plan participants to inform them of the notice they may receive from their employers and to provide them with information relative to the Fund's coverage in the context of the individual mandate under ACA.

E. Enrollment for Plan Coverage

Ms. DuVall reported that, as directed by the Board, the Fund Office mailed another enrollment packet to seventeen Local 487 members who had earned eligibility for benefits but failed to complete the enrollment process.

F. Fiduciary Liability Insurance Renewal

Ms. DuVall stated that an application form had been completed and sent to Fund counsel for review to renew the Fund's fiduciary liability insurance for the policy period January 1, 2014 through January 1, 2015. The Trustees directed that the application to renew the Fund's fiduciary liability policy be submitted to United Members Insurance, Inc.

IX. MEETING DATE

The next quarterly Board meeting was scheduled for Thursday, February 6, 2014 at 10:00 a.m. in Miami Lakes, Florida. The remaining quarterly meetings were scheduled for May 22, 2014, August 21, 2014 and November 20, 2014.

X. ADJOURNMENT

There being no further business to come before the Board of Trustees, the meeting was adjourned.

Respectfully submitted,

_____

Jonathan Turk, Fund Secretary

These Minutes were adopted on _____

Attachments:
Exhibit A: Income and Expense Statement, September 30, 2013
Exhibit B: SEI Investment Management Report, November 21, 2013
Exhibit C: Investment Policy Statement dated November 12, 2013
Exhibit D: Segal's Health Benefits Reports – Fiscal Year Ended 2014
Exhibit E: Trustees' Report from Fund Counsel, November 21, 2013
Exhibit F: Fund Counsel Memorandum dated November 21, 2013, Potential Impact of Supreme Court's Windsor Decision on Pension and Health and Welfare Plans