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Local 487 Health & Welfare Fund
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DRAFT

**MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE INTERNATIONAL OPERATING ENGINEERS LOCAL 487 HEALTH & WELFARE FUND**
**THURSDAY, NOVEMBER 29, 2012**
**MIAMI LAKES, FLORIDA**

The following Trustees were present:

| LABOR TRUSTEES | MANAGEMENT TRUSTEES |
|---|---|
| M. Schaunaman, Chairman | J. Turk, Secretary |
| J. Mullen | R. Ebsary |
| S. Singer | J. Epperson |
| | F. Villella |

Also present were:

J. Allbritton – Former Trustee
I. Diaz – CPA Firm of Steven I. Gordon
N. Durkin – Associated Administrators, LLC
L. DuVall – Associated Administrators, LLC
D. Haverly – SEI Global Institutional Group
D. McCullers – Apprenticeship Director
K. Phillips – Phillips, Richards, & Rind, PA
R. Sudler – Sudler Insurance Services, Inc.

## 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 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 August 23, 2012 as presented.**

## III. AUDITOR'S REPORT

The Trustees welcomed Mr. Israel Diaz from the CPA firm Steven I. Gordon to the meeting.

Mr. Diaz stated that the Financial Statements for the year ended March 31, 2012 were in progress and would be completed and provided to Trustees before the January 15, 2013 filing deadline.

The Trustees thanked Mr. Diaz and he was excused from the meeting.

## IV. INSURANCE BROKER'S REPORT

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

### A. Aetna Acquisition of Coventry Health Care, Inc. ("Coventry")

Mr. Sudler distributed a news release titled Aetna Enters into Agreement to Acquire Coventry Health Care, Inc. ("Agreement"), a copy of which is attached to and made a part of these minutes as Exhibit A. He said that details regarding how Coventry will operate under the terms of the Agreement have not been confirmed, so it was not yet known what, if any, impact there could be on the Plan as a result of the acquisition. He stated that he doesn't think the acquisition will adversely affect the Plan.

### B. Coventry Contract

Mr. Sudler said that the Fund's current contract with Coventry was in effect until March 31, 2013. He said that he would negotiate contract renewal terms with Coventry for an effective date of April 1, 2013, with the goal of securing a zero premium increase, or better, and possibly an 18-month rate guarantee. He stated that he would seek quotes from other carriers for comparison purposes. Mr. Sudler said that would present the two most favorable bids to the Trustees at the next Board meeting. The Board agreed.

Ms. DuVall stated that, administratively, a minimum of 90 days was needed for a smooth transition of vendors.

The Trustees thanked Mr. Sudler and he was excused from the meeting.

## V. INVESTMENT CONSULTANT'S REPORT

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

### A. Performance Report

Mr. Haverly distributed SEI's investment management report dated November 29, 2012, a copy of which is attached to and made a part of these minutes as Exhibit B. He reported that the Fund assets in the SEI only portfolio as of October 31, 2012 had a market value of $2,579,581. The asset allocation was 75.2% in fixed income and 24.8% in U.S. equity.

Mr. Haverly stated that the Fund's portfolio had a net return of 8.25% compared to the Total Index of 6.73% for the period June 1, 2010 to October 31, 2012. He said that the fiscal year-to-date net return was 3.39% compared to the Total Index of 2.73%.

Mr. Haverly reviewed a list of remaining Auction Rate Securities and stated that they would be sold per the prior instructions of the Board and rules thereon.

### B. SEI Rebate Program

Mr. Haverly discussed changes to the SEI rebate program. He stated that while the rebated fee amount decreased, the overall total payment to SEI is unchanged. He explained that to prevent the Fund from paying over and above the agreed upon investment management fees set forth in Schedule C of the Investment Management Agreement, the total investment management fee is decreased by the amount of fees paid within the Fund via the rebate program. He stated that taken as a whole, the fee arrangement did not change.

### C. SEI Taft-Hartley Client Symposium on June 12-14, 2013

Mr. Haverly announced that SEI would present an educational symposium on June 12-14, 2013 at its corporate headquarters in Pennsylvania. He encouraged the Trustees to attend.

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

## VI. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for September 2012, a copy of which is attached to and made a part of these minutes as Exhibit C. She reported total assets were $3,527,767.04. She said the Fund had total income for the month of September 2012 in the amount of $338,408.34 and total expenses in the amount of $335,786.07, resulting in a net income of $2,622.27 for September 2012. She reviewed the income and expenses on the twelve-month rolling Comparative Income Statement.

B. Disbursements

Ms. DuVall presented the general check register for September 2012, which indicated total disbursements of $335,506.11.

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. ATTORNEY'S REPORT

*[The following was presented at the Board of Trustees meeting of the IUOE Local 487 Pension Fund held after this meeting and is recorded in these minutes because it also applies to this Fund.]*

Ms. Kathleen Phillips distributed a report titled Trustees' Report dated November 29, 2012, a copy of which is attached to and made a part of these minutes as Exhibit D.

A. Delinquency and Collection Matters

Ms. Phillips provided an update on delinquency and collection matters involving Bunnell, Powermix Industries, Nicholson Construction and Zeiger Crane Rental.

Powermix Industries (“Powermix”)

Ms. Phillips stated that Powermix is out of business and had requested a waiver of service fees. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to suspend collection efforts against Powermix Industries and to re-evaluate in one year the request for waiver of service fees.**

Nicholson Construction (“Nicholson”)

Ms. Phillips said that Nicholson had requested that contributions to the Apprenticeship and Training Fund and all liquidated damages and interest charges be waived. Discussion ensued. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive liquidated damages and interest provided that Nicholson Construction pays all amounts identified as due and owing in the payroll audit for those employees hired “off the street” inclusive of all three Local 487 Fringe Benefit Trust Fund amounts; pays any other amounts identified for Local 487 members as being due and owing; pays attorneys’ fees; pays audit fees; and executes all documents required by Fund counsel.**

Zeiger Crane Rental (“Zeiger”)

Ms. Phillips stated that Zeiger had requested a waiver of service fees for September and October 2012. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to grant Zeiger Crane Rental a waiver of service fees for September and October 2012.**

Ms. Phillips will send a letter to Zeiger advising that service fees for September and October 2012 were waived by the Board and that no further waivers would be granted for at least three years.

B. Qualified Medical Child Support Orders (“QMCSO”)

Ms. Phillips presented Procedures Relating to Qualified Medical Child Support Orders which formalized procedures already in effect, a copy of which is attached to and made a part of these minutes as Exhibit E. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

**RESOLVED to adopt the Procedures Relating to Qualified Medical Child Support Orders as presented.**

## VIII. OTHER FUND BUSINESS

A. Administrative Services Fee Proposal

Ms. DuVall stated that the expiration date was December 31, 2012 for the Fund's administrative services contract with Associated Administrators, LLC ("Associated"). She presented a letter dated November 27, 2012 proposing a three-year contract for the period January 1, 2013 through December 31, 2015 with annual 4% fee increases, plus hourly rates for the unknown extent of work related to the Patient Protection and Affordable Care Act ("PPACA") compliance and new vendor implementation. She reviewed justification for the requested fee increases. The Trustees called an Executive Session to consider Associated's proposal. Thereafter, the Trustees invited Ms. DuVall and Ms. Durkin back to the Board meeting. The Trustees asked about payments to Associated over the regular monthly service fee. A review of some examples revealed entries that were for cost reimbursements, such as stationery, telephone, postage and printing expenses. Ms. DuVall agreed to provide a breakdown of cost reimbursements to Associated going forward. Ms. DuVall confirmed that with regard to hourly rates for PPACA compliance and new vendor implementation, Associated would outline the additional work and detail the hours spent. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

**RESOLVED to approve a three-year extension of the administrative services contract between the Fund and Associated Administrators, LLC for the period January 1, 2013 through December 31, 2015 with a 4% fee increase effective January 1st of each year of the contract, plus hourly rates related to PPACA compliance and new vendor implementation.**

Ms. DuVall thanked the Trustees on behalf of Associated and said that she would prepare an addendum to the current contract for signature at the next Board meeting.

B. Fidelity Bond Renewal

Ms. DuVall discussed the premium to renew the Fidelity Bond for the three-year policy period from December 1, 2012 to December 1, 2015. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

**RESOLVED to renew the Fund's Fidelity Bond for the three-year policy period beginning December 1, 2012 through December 1, 2015.**

C. Medicare Part D Creditable Coverage Notice

Ms. DuVall reported that Medicare Part D Creditable Coverage Notice was mailed to Plan participants on October 2, 2012.

D. Summary Plan Description ("SPD")

Ms. DuVall reported that the revised SPD was in process of being printed and distributed to Plan participants.

E. IRS Form 5500 for Plan Year Ended March 31, 2012

Ms. DuVall reported that filing the Form 5500 by Fund auditor was on extension until January 15, 2013.

F. IRS Form 990 for Plan Year Ended March 31, 2012

Ms. DuVall stated that filing of Form 990 by Fund auditor was on extension until February 15, 2013.

G. Tablet PC Information

Ms. DuVall distributed pricing information and product descriptions in response to the Trustees' interest in using Tablet PCs, in place of printed materials, at Board meetings. After discussion, the Trustees decided not to use PC Tablets at Board meetings.

## IX. MEETING DATES

The next quarterly Board meeting was scheduled for Thursday, February 7, 2013 at 10:00 a.m. in Miami Lakes, Florida. The remaining quarterly meetings were scheduled for May 23, August 22, and November 21, 2013.

## X. ADJOURNMENT

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

Respectfully submitted,

____________________________________

Jonathan Turk, Fund Secretary

These Minutes were adopted on ________________________________, 2013.

Attachments:
Exhibit A: Aetna Enters into Agreement to Acquire Coventry Health Care, Inc.
Exhibit B: SEI Investment Management Report dated November 29, 2012
Exhibit C: Income and Expense Statement, September 2012
Exhibit D: Trustees' Report from Fund Counsel dated November 29, 2012
Exhibit E: Procedures Relating to Qualified Medical Child Support Orders