International Union of Operating Engineers
Local 487 Health & Welfare Fund
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MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
INTERNATIONAL OPERATING ENGINEERS LOCAL 487
HEALTH & WELFARE FUND
THURSDAY, FEBRUARY 7, 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. Harrison
W. Utreras	F. Villella

Also present were:

C. Aguirre – Coventry Health Care of Florida
M. Del Castillo – Coventry Health Care of Florida
L. DuVall – Associated Administrators, LLC
D. Haverly – SEI Global Institutional Group
J. Johnson – The Segal Company
L. Joyner – The Segal Company
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. TRUSTEESHIP

Ms. DuVall presented a Trustee resignation letter dated December 21, 2012 from Mr. Richard Ebsary, a copy of which is attached to and made a part of these minutes as Exhibit A. Chairman Schaunaman stated that the Management Trustees appointed Mr. Michael Harrison from Harrison Crane Service to fill the Trustee vacancy on the Board effective February 7, 2013. Fund counsel presented a Trustee Acceptance Form for Mr. Harrison to sign. Mr. Harrison signed the Form, a copy of which is attached to and made a part of these minutes as Exhibit B. The Trustees welcomed Mr. Harrison.

III. MINUTES

The Trustees reviewed the minutes of the regular meeting held on November 29, 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 November 29, 2012 as presented.**

IV. INSURANCE BROKER'S REPORT

The Trustees welcomed Mr. Robert Sudler of Sudler Insurance Services, Inc. to the meeting. Mr. Sudler distributed a handout containing a Quote Activity Report, RFP Results and Benefit Comparison, Experience Exhibit, and High Cost Claimant Report, a copy of which is attached to and made a part of these minutes as Exhibit C. He said that he conducted an RFP after Coventry quoted a 14% rate increase. He said that quotes solicited from other carriers were not competitive, as shown in the Quote Activity Report. He stated that Coventry has reduced its renewal quote to a 2.5% increase in the rates, inclusive of his 4.5% commission for the HMO and PPO Plans with no change to benefits. Mr. Sudler said that representatives from Coventry were present to discuss the renewal and respond to questions.

The Trustees welcomed Ms. Cathy Aguirre and Ms. Mercy Del Castillo of Coventry Health Care of Florida to the meeting. Ms. Aguirre stated that Coventry proposed a one-year contract renewal with no change in benefits at a 2.5% rate increase effective April 1, 2013. She stated that the proposed increase was necessary for Coventry to pay fees and taxes imposed by the Affordable Care Act ("ACA"). She further stated that upon contract renewal, effective April 1, 2013, the PPO network would be accessible in 50 states and that the HMO service area would be expanded to include four additional counties in Florida.

The Trustees thanked Ms. Aguirre and Ms. Del Castillo and they were excused from the meeting.

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

> **RESOLVED to approve a one-year contract renewal from April 1, 2013 to March 31, 2014 with Coventry Health Care of Florida for HMO and PPO plans, with no changes to benefit coverage, at the following monthly premiums.**
>
> **<u>HMO Rates</u>:**
> **Employee Only $342.37**
> **Employee Plus One $719.01**
> **Employee Plus Family $1,010.00**
>
> **<u>PPO Rates:</u>**
> **Employee Only $511.35**
> **Employee Plus One $1,073.86**
> **Employee Plus Family $1,508.51**

Mr. Sudler stated that he would prepare a document detailing the benefits and premiums for Trustees and Fund Counsel to review and would work with the Administrative Manager to prepare for open enrollment during March 2013 for an April 1, 2013 effective date.

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

V. <u>CONSULTANT'S REPORT</u>

The Trustees welcomed Mr. Jeff Johnson from The Segal Company to the meeting. He distributed the Segal Newsletter Capital Checkup, dated January 25, 2013, a copy of which is attached to and made a part of these minutes as Exhibit D. He reviewed a proposed government rule on the ACA's employer penalty and its application to multiemployer plans. He stated that this is good news in that it is the first time the government has addressed ACA's employer penalty application on multiemployer plans. He stated that the proposed rule recognizes the unique role and structure of multiemployer plans and adopts an approach that should give employers an incentive to continue their contributions to multiemployer plans on behalf of full-time employees.

VI. <u>INVESTMENT CONSULTANT'S REPORT</u>

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

A. <u>SEI Taft-Hartley Client Symposium on June 12-14, 2013</u>

Mr. Haverly reminded the Trustees that SEI would present an educational symposium on June 12-14, 2013 at its corporate headquarters in Pennsylvania. Fund counsel discussed prohibited transactions rules as well as Taft-Hartley issues. She recommended that union Trustees not attend the symposium. Mr. Haverly stated that the symposium is an educational event.

B. <u>Performance Report</u>

Mr. Haverly distributed SEI's investment management report dated February 7, 2013, 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 December 31, 2012 had a market value of $2,803,327. He said that the fiscal year-to-date net return was 3.86% compared to the total index return of 3.36%. He stated that the total portfolio net return was 5.18% compared to the total index return of 6.29% for the period June 1, 2010 to December 31, 2012. The asset allocation was 74.6% in fixed income, 18.2% in U.S. equity, and 7.1% in Auction Rate Securities ("ARS"). Mr. Haverly reviewed a list of remaining ARS. He stated SEI would monitor the ARS during the next six months in anticipation of possible issuer redemptions. If the issuer redemptions do not occur, SEI recommends selling the ARS at the current bid/ask price of 70% par value.

Mr. Haverly reported that the Fund assets in the SEI-only portion of the portfolio as of December 31, 2012 had a market value of $2,603,327. He said that the fiscal year-to-date net return was 4.30% compared to the total index return of 3.15%. Mr. Haverly stated that the portfolio had a net return of 8.07% compared to the total index return of 6.45% for the period June 1, 2010 to December 31, 2012. The asset allocation was 80.4% in fixed income and 19.6% in U.S. equity. He recommended reducing the Core Fixed Income from 52% to 23%. He stated that no Board action was needed, given that such change is within the scope of the investment manager's discretion.

C. <u>Change in Name of the Enhanced LIBOR Opportunities Fund</u>

Mr. Haverly stated that at a meeting on December 4, 2012, the Board of Trustees of SEI Institutional Investments Trust approved changing the name of the Trust's Enhanced LIBOR Opportunities Fund to the Opportunistic Income Fund effective January 1, 2013.

D. Investment Policy Statement

Mr. Haverly presented an Investment Policy Statement ("IPS") dated February 5, 2013, a copy of which is included in Exhibit E reference above. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to adopt the Investment Policy Statement dated February 5, 2013 as presented.**

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

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for November 2012, a copy of which is attached to and made a part of these minutes as Exhibit F. She reported total assets were $3,492,054.44. She said the Fund had total income for the month of November 2012 in the amount of $324,612.57 and total expenses in the amount of $320,469.36, resulting in a net income of $4,143.21 for November 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 November 2012, which indicated total disbursements of $318,459.45.

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

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

C. Provision (e) Terminations

Ms. DuVall reported that there we no participants whose benefit coverage terminated since April 1, 2012 under 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. Chairman Schaunaman and Ms. DuVall will work together to confirm that the established procedure for notifying the Fund Office of Provision (e) terminations is being followed.

VIII. 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 February 7, 2013, a copy of which is attached to and made a part of these minutes as Exhibit G.

A. Delinquency and Collections

Ms. Phillips provided an update on delinquency and collection matters involving Bunnell and Zeiger Crane.

B. Payroll Audit

Ms. Phillips said that Nicholson had remitted three payments to the Fund totaling $128,181.63, representing what it believed to be the delinquency amount after certain approved adjustments and waivers. A letter was sent to Nicholson on January 28, 2013 confirming that additional payments were owed in the amount of $11,980.63. The Fund Office received the $11,980.63 payment from Nicholson on February 5, 2013.

C. Statement of Policy on Payment and Reimbursement of Trustee Expenses

Ms. Phillips presented an updated Statement of Policy on Payment and Reimbursement of Trustee Expenses, a copy of which is attached to and made a part of these minutes as Exhibit H. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to adopt the Statement of Policy on Payment and Reimbursement of Trustee Expenses as presented.**

The Trustees signed the Statement of Policy on Payment and Reimbursement of Trustee Expenses.

D. COBRA Rates Versus Retiree and Self-Pay Rates

Ms. Phillips stated that Ms. DuVall reached out to her between Board meetings seeking clarification on who qualifies, under what conditions, and for how long to pay retiree or self-pay rates (rates are charged at cost) versus COBRA rates (rates are charged at cost plus 2%). Ms. DuVall stated that a COBRA election notice is issued to each Plan participant and his/her eligible dependents upon a COBRA qualifying event, as required by federal law. After discussion, Fund counsel will research further and provide Ms. DuVall with the applicable Fund rules.

E. Updating Business Associate Agreements ("BAA")

Ms. Phillips stated that Health and Human Services recently issued sample business associate agreement provisions to help covered entities and business associates comply with the business associate requirements under the HIPAA rules and that the Fund's existing BAAs would need to be updated accordingly.

IX. OTHER FUND BUSINESS

A. Administrative Services Fee Proposal

Ms. DuVall presented an Addendum reflecting the agreed-upon fee increases to the Fund's administrative services contract with Associated Administrators, LLC. The Trustees signed the Addendum.

B. Invoice from Associated Administrators, LLC ("Associated")

Ms. DuVall presented an itemized invoice from Associated dated February 7, 2013 in the amount of $58 for services rendered January through December 2012 in connection with Health Care Reform. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the invoice dated February 7, 2013 from Associated Administrators, LLC for Health Care Reform services rendered January through December 2012.**

C. Form 5500 Annual Returns/Reports of Employee Benefit Plan

Ms. DuVall stated that that Form 5500 for the Plan year ended March 31, 2012 was electronically filed by the Fund auditor on January 15, 2013 under the allowable extension of time to file.

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

Ms. DuVall reported that Form 990 for the Plan year ended March 31, 2012 was electronically filed by the Fund auditor on January 10, 2013 under the allowable extension of time to file.

E. Fiduciary Liability Insurance Renewal

Ms. DuVall reported that the Fund's Fiduciary Liability insurance policy had been renewed for the policy period January 1, 2013 to January 1, 2014.

F. Revised Summary Plan Description ("SPD")

Ms. DuVall reported that a copy of the revised SPD was mailed to Plan participants on December 5, 2012.

X. MEETING DATE

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

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: Trustee Resignation letter from Richard Ebsary, dated December 21, 2012
Exhibit B: Trustee Acceptance Form signed by Michael Harrison on February 7, 2013
Exhibit C: Sudler Insurance Services, Inc. report dated February 7, 2013
Exhibit D: Segal Newsletter Capital Checkup dated January 25, 2013
Exhibit E: SEI Investment Management Report dated February 7, 2013
Exhibit F: Income and Expense Statement, November 2012
Exhibit G: Trustees' Report from Fund Counsel dated February 7, 2013
Exhibit H: Statement of Policy on Payment and Reimbursement of Trustee Expenses