International Union of Operating Engineers
Local 487 Health & Welfare Fund
911 Ridgebrook Road
Sparks, MD 21152-9451
Phone: 877-291-2387
www.associated-admin.com

MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
INTERNATIONAL UNION OF OPERATING ENGINEERS
LOCAL 487 HEALTH & WELFARE FUND
THURSDAY, MAY 23, 2013
MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES
M. Schaunaman, Chairman
J. Mullen
S. Singer
W. Utreras

MANAGEMENT TRUSTEES
J. Turk, Secretary
M. Harrison
F. Villella

Also present were:

L. DuVall – Associated Administrators, LLC
D. Haverly – SEI Global Institutional Group
L. Joyner – 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 February 7, 2013, which were circulated 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 7, 2013 as presented.**

III. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for March 2013, a copy of which is attached to and made a part of these minutes as Exhibit A. She reported total assets were $3,904,763.14. She said the Fund had total income for the month in the amount of $601,110.14 and total expenses in the amount of $341,410.12, resulting in a net income of $259,700.62 for March 2013. She reviewed the income and expenses on the twelve-month rolling Comparative Income Statement.

B. Disbursements

Ms. DuVall presented the general check register for March 2013, which indicated total disbursements of $339,647.83.

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. Invoice from S I Gordon & Company ("SIG")

Ms. DuVall presented an invoice received from SIG in the amount of $140.00 for assistance with the Summary Annual Report ("SAR"). She said that Mr. Gordon reviewed the financial data in the SAR before distribution to the Plan participants. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve payment of invoice from S I Gordon & Company in the amount of $140.00.**

D. Provision (e) Terminations

Ms. DuVall reported that there had been three participants whose benefit coverage had terminated since April 1, 2013 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.

IV. CONSULTANT'S REPORT

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

Life and Accidental Death and Dismemberment ("AD&D") Insurance

Mr. Joyner reported that Segal received the August 1, 2013 Life and AD&D renewal proposal from the Mutual of Omaha Insurance Company to continue the current rates for an additional 24 months. He recommended accepting the proposal. After discussion, on motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED, to renew the Fund's policy with Mutual of Omaha to provide Life and AD&D insurance coverage at the current rates from August 1, 2013 to August 1, 2015.**

Chairman Schaunaman signed, on behalf of the Board, the Mutual of Omaha acceptance letter, which is attached to and made a part of these minutes as Exhibit B.

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

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 May 23, 2013, a copy of which is attached to and made a part of these minutes as Exhibit C. He reported that the Fund assets in the total portfolio as of April 30, 2013 had a market value of $2,900,227. He said that the fiscal year-to-date net return was 1.10% compared to the total index return of 1.04%. He stated that the total portfolio net return was 5.40% compared to the total index return of 6.59% for the period June 1, 2010 to April 30, 2013. The asset allocation was 69.7% in fixed income, 18.7% in U.S. equity, 4.7% in World equity and 6.9% in Auction Rate Securities ("ARS"). Mr. Haverly reviewed a list of remaining ARS. He recommended holding the ARS through the summer and then discussing at the next Board meeting whether to cash out and invest the money elsewhere.

Mr. Haverly reported that the Fund assets in the SEI-only portion of the portfolio as of April 30, 2013 had a market value of $2,700,227. He said that the fiscal year-to-date net return was 1.18% compared to the total index return of 1.04%. Mr. Haverly stated that the portfolio had a net return of 8.43% compared to the total index return of 6.79% for the period June 1, 2010 to April 30, 2013. The asset allocation was 74.9% in fixed income, 20.1% in U.S. equity and 5.1% in World equity.

Trustee Turk inquired about the SEI Stable Asset Fund. Mr. Haverly said that he would research the SEI Stable Asset Fund and present scenarios to the Trustees at the next Board meeting. Ms. Phillips asked Mr. Haverly to include the Fund's investment guidelines in SEI's future performance reports and to provide the reports in advance of the Board meetings to allow the Trustees time to review before the meeting. Mr. Haverly agreed.

B. Investment Policy Statement

Ms. DuVall stated the February 5, 2013 Investment Policy Statement ("IPS") adopted by the Trustees at the February 7, 2013 Board meeting was ready for signatures. The Chairman and Secretary signed the IPS during the meeting.

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

Mr. Haverly reminded the Trustees that SEI would present an educational symposium on June 12-14, 2013 at its corporate headquarters in Pennsylvania. He said that the symposium agenda was included in the SEI investment management report that he distributed.

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

VI. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled Trustees' Report dated May 23, 2013, a copy of which is attached to and made a part of these minutes as Exhibit D.

A. Delinquency and Collections

Ms. Phillips provided an update on delinquency and collection matters involving Bechtel, Bunnell, Central Maintenance Welding, East Coast Hoist, Nicholson Construction, Paladin

Crane Service, Pre-Con Construction, Powermix, Sims Crane, Stone & Webster Construction and Zeiger Crane.

Central Maintenance Welding, Inc.

Ms. Phillips recommended waiving a service fee in the amount of $29.29 incurred by Central Maintenance Welding, Inc. for late payment of January 2010 contributions. This employer is no longer working in the area and has no current Collective Bargaining Agreement. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to write off service fees in the amount of $29.29 for Central Maintenance Welding, Inc. for late payment of contributions for the month of January 2010.**

East Coast Hoist, Inc.

Ms. Phillips recommended waiving a service fee in the amount of $24.35 incurred by East Coast Hoist, Inc. for late payment of August 2010 contributions. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to write off service fees in the amount of $24.35 for East Coast Hoist, Inc. for late payment of contributions for August 2010.**

Paladin Crane Service, Inc.

Ms. Phillips said that Paladin Crane Service incurred a service fee in the amount of $339.42 for late payment of contributions for April and May 2010. Given that Paladin Crane Service is not currently operating in the area and does not have a current Collective Bargaining Agreement, she recommended tabling collection of the service fee for a period of six months pending further review. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to table collection of service fees in the amount of $339.42 from Paladin Crane Service, Inc. for late payment of contributions for April and May 2010 pending further review in six months.**

Pre-Con Construction, Inc.

Ms. Phillips said that Pre-Con Construction, Inc. incurred service fees totaling $1,374.63 for late payment of contributions for January 2012 and July 2012 through January 2013. She recommended a demand letter be sent to Pre-Con. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to authorize Fund Counsel to send a demand letter to Pre-Con Construction, Inc. for service fees in the amount of $1,374.63 for late payment of contributions for January 2012 and July 2012 through January 2013.**

<u>Sims Crane</u>

Ms. Phillips said that Sims Crane incurred service fees in the amount of $5,975.57 for late payment of contributions for August 2010. She recommended that a demand letter be sent. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to authorize Fund Counsel to send a demand letter to Sims Crane for service fees in the amount of $5,975.57 for late payment of contributions for August 2010.**

<u>Stone & Webster</u>

Ms. Phillips said that Stone & Webster incurred service fees in the amount of $359.76 for late payment of contributions for August 2011, December 2011, and January through March 2012. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to authorize Fund Counsel to send a demand letter to Stone & Webster for service fees in the amount of $359.76 for August 2011, December 2011, and January through March 2012.**

B. <u>Conflict of Interest and Whistleblower Policy – Annual Certification</u>

Ms. Phillips distributed to the Trustees a copy of the Fund's Conflict of Interest and Whistleblower Policy. She provided each Trustee with a Conflict of Interest and Whistleblower Certificate form to complete and sign. Each Trustee in attendance completed and signed a Certificate.

C. <u>Insurance Broker Fee Arrangement</u>

Ms. Phillips said that the Coventry Health Care ("Coventry") renewal rates had included an increase in the insurance broker fee bringing commissions to 4.5% effective April 1, 2013. Ms. Phillips reported that she had discussed the commissions with Mr. Sudler who agreed to reduce the previously approved commission to 3.5%. As a result, the monthly premiums were reduced to reflect this change.

D. COBRA and Self-Pay Rates Effective April 1, 2013

Ms. Phillips stated that between Board meetings, Segal provided the COBRA and self-pay rates for the period April 1, 2013 through March 31, 2014. She stated that the Trustees were polled and approved the rates. 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 action taken by the Trustees to adopt the following COBRA and self-pay rates for the period April 1, 2013 through March 31, 2014:

HMO COBRA Rates: Single $345.14, 2-Party $724.84, Family $1,018.19

PPO COBRA Rates: Single $515.50, 2-Party$1,082.57, Family $1,520.75

HMO Self-Pay Rates: Single $338.37, 2-Party $710.63, family $998.23

PPO Self-Pay Rates: Single $505.39, 2-Party $1,061.34, Family $1,490.93

E. Trustee Education and Travel Expenses

Ms. Phillips announced that International Foundation of Employee Benefits Plans ("International Foundation") was conducting an educational program for new Trustees on June 24-26, 2013 in San Francisco, California. She stated that Trustees interested in attending would need to complete a registration form and send it to the Fund Office to pay the required registration fee. It was discussed that expenses incurred in attending educational programs are reimbursed to the Trustees in accordance with the Fund's Statement of Policy on Payment and Reimbursement of Trustees Expenses. A discussion ensued about the allocation of Trustee expenses among the three Local 487 fringe benefit trust funds. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to allocate Trustee expenses among the three Local 487 fringe benefit trust funds as follows: 45% by the Health and Welfare Fund, 45% by the Pension Fund, and 10% by the Training Fund.

Ms. DuVall reported that between Board meetings, she had provided each Trustee with a copy of the Fund's Statement of Policy on Payment and Reimbursement of Trustees Expenses that was adopted at the February 7, 2013 Board meeting.

VII. OTHER FUND BUSINESS

A. Fiduciary Liability Insurance and Fidelity Bond

Ms. DuVall reported that the Fund's fiduciary liability insurance and fidelity bond carriers were notified that Michael Harrison had replaced Richard Ebsary as a Trustee on the Board effective February 7, 2013.

B. Summary Annual Report ("SAR")

Ms. DuVall reported that the Fund's SAR for the Plan year ended March 31, 2012 was mailed to Plan participants on March 12, 2013.

C. Centers for Medicare and Medicaid Services ("CMS")

Ms. DuVall stated that the Fund's creditable coverage disclosure to CMS for the Plan year beginning April 1, 2013 was electronically filed on May 9, 2013.

D. Coventry Health Care of Florida

Ms. DuVall reported that the Fund's Agreement with Coventry Health Care of Florida for the period April 1, 2013 to April 1, 2014 was signed between Board meetings by Chairman Schaunaman. She reported receiving a bulletin from Coventry announcing that Aetna had successfully completed its acquisition of Coventry, a copy of which was provided to the Trustees between Board meetings.

E. COBRA and Self-Pay Rate Change Notices

Ms. DuVall reported that the COBRA participants and any participants in active COBRA offering status were notified by mail on March 23, 2013 of the COBRA and self-pay rates for the period beginning April 1, 2013 through March 31, 2014. She stated that a revised notice was mailed to the same participants on April 4, 2013 reflecting lower rates from those provided on March 23, 2013, due to no increase in the insurance broker fee as reported earlier in the meeting by Fund counsel.

F. Report of Foreign Bank and Financial Accounts ("FBAR")

Ms. DuVall reported receiving confirmation from SEI that none of the SEI products were subject to FBAR filing.

G. Annual Audit

Ms. DuVall reported that Eric Feld, an auditor from the firm of S I Gordon & Company was scheduled to be at the Fund Office the week of June 10, 2013 to perform the annual audit of the Plan.

VIII. MEETING DATE

The next Board meeting was scheduled for Thursday, August 22, 2013 at 10:00 a.m. in Miami Lakes, Florida.

IX. 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 ________________________________, 2013.

Attachments:
Exhibit A: Income and Expense Statement, March 31, 2013
Exhibit B: Mutual of Omaha Insurance Company Renewal Proposal Dated May 15, 2013
Exhibit C: SEI Investment Management Report dated May 23, 2013
Exhibit D: Trustees' Report from Fund Counsel dated May 23, 2013