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

DRAFT

MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
INTERNATIONAL OPERATING ENGINEERS LOCAL 487
HEALTH & WELFARE FUND
THURSDAY, MAY 31, 2012
MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES	MANAGEMENT TRUSTEES
M. Schaunaman, Chairman	R. Ebsary, Assistant Secretary
J. Mullen	J. Epperson, Jr.
S. Singer	F. Villella
W. Utreras	

Also present were:
L. DuVall – Associated Administrators, LLC
D. Haverly – SEI Global Institutional Group
L. Joyner – The Segal Company
J. McCann – Thistle Asset Consulting, Inc.
D. McCullers – Apprentice & Training 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 Board meeting held on February 23, 2012, which had been circulated to the Trustees in advance of the meeting. After discussion and 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 23, 2012 as presented.

III. INVESTMENT EVALUATION CONSULTANT'S REPORT

The Trustees welcomed Mr. John McCann of Thistle Asset Consulting, Inc. ("Thistle") to the meeting.

Mr. McCann distributed an Executive Summary as of March 31, 2012, a copy of which is attached to and made a part of these minutes as Exhibit A. He discussed the performance evaluation of the IUOE Pension Fund, Health and Welfare Fund and the South Florida Operating Engineers Apprentice and Training Fund for the Plan year ended March 31, 2012.

Mr. McCann distributed an Asset Allocation Analysis dated May 31, 2012, a copy of which is attached to and made a part of these minutes as Exhibit B. Mr. McCann stated that the overall rate of return for the 12-month period ended March 31, 2012 was 8.61% under the Funds current investment policy compared to a projected 8.72% rate of return based on the asset allocation illustrated in his report. Mr. McCann stated that when evaluating the performance of investments, it is important to compare it against an appropriate benchmark. After discussion, the Trustees directed that Mr. McCann perform further research to determine if SEI Global Institutional Group ("SEI") was using the appropriate benchmarks. Mr. McCann stated that Thistle would charge approximately $2,000 total for the combined health and welfare, pension and apprenticeship funds to do the work necessary to make that determination. The Board agreed and requested that Mr. McCann report his findings to the Trustees at the next Board meeting.

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

IV. ADMINISTRATIVE MANAGER'S REPORT

A. Disbursements

Ms. DuVall presented the general check register for March 2012, which indicated total disbursements of $302,321.84.

B. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for March 2012, a copy of which is attached to and made a part of these minutes as Exhibit C. She reported total assets were $3,797,892.85. She said the Fund had total income for the month of March 2012 in the amount of $637,700.87 and total expenses in the amount of $306,883.55, resulting in a net income of $330,817.32 for March 2012. She reviewed the income and expenses on the twelve-month rolling Comparative Income Statement.

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. Donald Haverly and SEI Global Institutional Group ("SEI") to the meeting.

Performance Report

Mr. Haverly distributed SEI's investment management report dated May 31, 2012, a copy of which is attached to and made a part of these minutes as Exhibit D. He reported that Fund assets in the total portfolio as of April 30, had a market value of $2,677,492. The asset allocation was 65.4% in fixed income, 28.0% in U.S. equity, and 6.5% in Auction Rate Securities ("ARS").

Mr. Haverly stated that the SEI managed portion of the Fund's portfolio had a market value of $2,502,273 as of April 30, 2012. He stated that the portfolio's net return was 8.79% compared to the total index of 7.27% for the period June 1, 2010 to April 30, 2012. He stated that the fiscal year-to-date net return was 0.33% compared to the Total Index of 0.42% for the SEI managed portion of the Fund's portfolio.

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

VI. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled Trustees' Report dated May 31, 2012, copy of which is attached to and made a part of these minutes as Exhibit E.

A. Delinquency and Collection Matters

Ms. Phillips provided an update on delinquency and collection matters involving Bunnell, Nicholson Construction, and Pre-Con Construction of Tampa, Florida.

B. Payroll Audits

Ms. Phillips reported that Jimmy's Equipment Rental had remitted five payments in accordance with a promissory note in the amount of $2,951, plus interest at 4.75%. She said that the balance owed in the amount of $498.42 due May 28, 2012 remained outstanding.

C. COBRA and Self-Pay Rates Effective April 1, 2012

Ms. Phillips stated that between Board meetings, Segal provided the COBRA and self-pay rates for the period April 1, 2012 through March 31, 2013 and the Trustees were polled and approved the rates. She said 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, 2012 through March 31, 2013:**
>
> > **HMO COBRA Rates: single $340.70; two party $715.49; family $1,005.09**
> >
> > **PPO COBRA Rates: single $508.86; two party $1,068.62; family $1,501.15**
> >
> > **HMO Self-Pay Rates: single $334.02; two party $701.46; family $985.38**
> >
> > **PPO Self-Pay Rates: single $498.88; two party $1,047.67; family $1,471.72**

D. IUOE Health Care Initiatives Educational Conference

Ms. Phillips stated that between Board meetings the Trustees were polled and approved Trustee Schaunaman and Administrative Manager Linda DuVall to attend an educational conference concerning health care initiatives sponsored by the IUOE on June 20 and 21, 2012 in Washington, DC. 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 Board's approval for Mark Schaunaman and Linda DuVall to attend the IUOE Health Care Initiatives Conference in Washington, DC on June 20 and 21, 2012 and that their travel expenses would be**

reimbursed in accordance with the Fund's travel reimbursement policy.

E. Summary Plan Description ("SPD")

Ms. Phillips stated that an updated SPD had been drafted and was in the process of being reviewed by Segal and Associated.

F. Conflict of Interest and Whistleblower Policy

Ms. Phillips distributed to the Trustees a copy of the Funds' Conflict of Interest and Whistleblower Policy. She provided each Trustee with a Conflict of Interest and Whistleblower Policy Certificate form to complete and sign. Each Trustee in attendance completed and signed a Certificate. It was noted that newly appointed Trustees Jonathan Turk and Wally Utreras recently signed a Certificate.

VII. OTHER FUND BUSINESS

A. Audit and Tax Engagement Letter

Ms. DuVall presented an audit and tax engagement letter from Steven I. Gordon, CPA for the Plan year ended March 31, 2012 for Trustee approval. She stated that the proposed fee for services in the amount of $7,825 did not represent an increase over the prior year. The Trustees approved the engagement. Chairman Schaunaman signed the letter on behalf of the Board.

B. Trustee Web Portal

Ms. DuVall provided an overview of the new Trustee Web Portal created by Associated Administrators, LLC. She explained that a secure portion of Associated's website had been established to allow Trustees and Fund counsel to access meeting materials in advance of scheduled meetings and to reduce the amount of paper used. The Trustees and Fund counsel expressed interest in utilizing the Trustee Web Portal. It was confirmed that the portal costs would not be charged to the Fund. However, Ms. DuVall indicated that the plan would be to phase out hard copy documents at each meeting.

C. Disclosure to 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, 2012 was electronically filed on May 25, 2012.

D. <u>Summary Annual Report ("SAR")</u>

Ms. DuVall reported that the Fund's SAR for the Plan year ended March 31, 2011 was mailed to Plan participants on March 9, 2012.

E. <u>Annual Open Enrollment</u>

Ms. DuVall said that open enrollment materials were mailed to Plan participants on March 1, 2012. She reported that four 19-26 year-old dependents were enrolled under PPACA rules during open enrollment.

F. <u>Women's Health and Cancel Rights Act ("WHCRA") Notice</u>

Ms. DuVall reported that the Fund's WHCRA Notice was mailed to Plan participants on March 1, 2012.

G. <u>Notice of COBRA Rates Effective April 1, 2012</u>

Ms. DuVall reported that the COBRA participants and any participants in active COBRA offering status were notified by mail on March 9, 2012 of the new COBRA rates effective April 1, 2012.

H. <u>Notice of Self-Pay Rates Effective April 1, 2012</u>

Ms. DuVall reported that the self-pay participants were notified by mail on March 9, 2012 of the new self-pay rates effective April 1, 2012.

I. <u>SunTrust Bank Signatures</u>

Ms. DuVall said that the SunTrust Bank signatory change forms had been completed and the Fund checks now bear the signatures of Mark Schaunaman, as Chairman of the Board, and Jonathan Turk, as Secretary/Treasurer of the Board.

J. <u>Thistle Asset Consulting, Inc. Agreement</u>

Ms. DuVall stated that the Agreement with Thistle for investment evaluation consulting services for the review period April 1, 2011 to March 31, 2012 was executed by Fund Chairman and Secretary between Board meetings.

VIII. NEXT MEETING DATE

The next quarterly Board meeting was scheduled for Thursday, August 23, 2012 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 adjourned.

Respectfully submitted,

____

Jonathan Turk, Fund Secretary

These Minutes were adopted on ______________________________, 2012.

Attachments:
Exhibit A: Thistle Report as of March 31, 2012
Exhibit B: Thistle Asset Allocation Analysis dated May 31, 2012
Exhibit C: Income and Expense Statement for March 2012
Exhibit D: SEI Investment Management Report dated May 31, 2012
Exhibit E: Trustees' Report from Fund Counsel dated February 23, 2012