International Union of Operating Engineers
Local 487 Pension Fund
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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL 487 PENSION 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

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.

The Trustees reviewed the minutes of the special meetings held on September 4 and September 10, 2013 to discuss a potential merger with the Central Pension Fund of the IUOE and Participating Employers ("CPF"), 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 special Board meetings held on September 4 and September 10, 2013 as presented.

III. 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 $54,195,361.39. She reported that the Fund had total income for the month in the amount of $1,568,534.36 and total expenses in the amount of $430,500.92, resulting in a total net income of $1,138,033.44 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 $12,148.63.

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. Pension Benefit Report

Ms. DuVall presented the pension benefit report for the period July through September 2013. She reviewed the pension roll, applications approved for payment, changes and adjustments, reinstatements, administrative holds, and deceased retirees.

Ms. DuVall presented a list of pension applications submitted for Trustee approval, a copy of which is attached to and made a part of these minutes as Exhibit B. After discussion and on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the pension applications for Lynda Brewer, Nancy Velardo, James MacKenzie and Charles White.**

IV. 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 C. Mr. Haverly stated that the market value of the Fund assets in the total portfolio as of October 31, 2013 was $54,865,159. He stated that the Fund's portfolio had a net return of 11.55% compared to the total index return of 10.69% for the period June 1, 2010 to October 31, 2013. He said that the fiscal year-to-date net return was 7.43% compared to the total index return of 7.25%. Haverly stated that the asset allocation was 44.9% In U.S. equity, 34.6% in fixed income, 10.4% in world equity x-U.S. and 10.1% in real estate.

B. Auction Rate Securities

Mr. Haverly reported that the remaining Auction Rate Securities 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 $576,200 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 D. 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.

V. ACTUARY'S REPORT

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

A. Actuarial Valuation and Review as of April 1, 2013

Mr. Joyner reviewed with the Trustees a Segal memorandum dated November 21, 2013 summarizing preliminary results of the Actuarial Valuation and Review as of April 1, 2013, a copy of which is attached to and made a part of these minutes as Exhibit E. He stated that the results are considered preliminary because they have not yet been through Segal's report quality control procedures and review and, therefore, were subject to change.

B. Merger Study

Mr. Joyner reported that all information requested by the Central Pension Fund of the IUOE and Participating Employers ("CPF") in connection with a potential merger with the Fund had been provided to the CPF actuarial firm, Horizon Actuarial Services, LLC. He stated that the initial response was positive.

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

VI. 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 F.

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 G. 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, including qualified retirement plan 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.

D. IRS Determination – Cycle E Filing

Ms. Phillips reported that a letter from the IRS was received on November 18, 2013 requesting additional information concerning the Fund's January 2011 application for re-determination of tax qualification.

VII. OTHER FUND BUSINESS

A. Form 5500

Ms. DuVall reported 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. Form 8955-SSA

Ms. DuVall said that the Fund's Form 8955-SSA was mailed to the IRS on October 18, 2013.

C. Update on Annual Retiree Certifications

Ms. DuVall reported that one member's pension had been suspended pending receipt of his Annual Retiree Certification form. She said that the member had been out of the United States, but the Fund Office had been in contact with the retiree in an effort to resolve this matter.

D. Trustee Education

Ms. DuVall stated that the next International Foundation of Employee Benefit Plans Trustee Educational Institute is scheduled for February 17-19, 2014 in Orlando, Florida.

E. 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.

VIII. 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.

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 _____

Attachments:
Exhibit A: Income and Expense Statement, September 30, 2013
Exhibit B: Pension Applications Submitted for Approval, July through September 2013
Exhibit C: SEI Investment Management Report, November 21, 2013
Exhibit D: Investment Policy Statement dated November 12, 2013
Exhibit E: Segal Preliminary Valuation Participant Data and Asset Information as of April 1, 2013
Exhibit F: Trustees' Report from Fund Counsel, November 21, 2013
Exhibit G: Fund Counsel Memorandum dated November 21, 2013, Potential Impact of Supreme Court's Windsor Decision on Pension and Health and Welfare Plans