**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 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

## 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.

Financial Statements

Mr. Diaz discussed with the Trustees the Financial Statements for Plan years ended March 31, 2012 and 2011, a copy of which is attached to and made a part of these minutes as Exhibit A. Mr. Diaz expressed an unqualified opinion on the financial statements, meaning that in his opinion, the financial statements present fairly, in all material respects, the financial status of the Fund as of March 31, 2012 and 2011. Mr. Diaz reported that the net assets as of March 31, 2012 were $50,969,763 compared to $51,107,348 as of March 31, 2011, which represented a decrease of $137,585 in net assets. Mr. Diaz reviewed with the Trustees the Notes to Financial Statements as of and for the years ended March 31, 2012 and 2011.

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

> **RESOLVED to accept the Auditor's Financial Statement as presented.**

The Trustees questioned why the contributions to the Pension Fund went up while contributions to the Apprenticeship and Training Fund went down during the Plan year ended March 31, 2012. Mr. Diaz said that he would need to review the supporting documents and would then report his findings.

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

## IV. 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

$49,372,756. The asset allocation was 45.5% in US equity, 41.3% in fixed income, 8.1% in the SEI World Equity x-U.S. Fund and 5.1% in real estate/property.

Mr. Haverly stated that the Fund's portfolio had a net return of 9.99% compared to the Total Index of 9.44% for the period June 1, 2010 to October 31, 2012. He said that the fiscal year-to-date net return was 2.04% compared to the Total Index of 2.44%.

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.

## V. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statements

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 $49,371,687.29. She said the Fund had total income for the month of September 2012 of $1,450,642.52 and total expenses of $433,784.49, resulting in a net income of $1,016,858.03 for September 2012. She reviewed the income and expenses on the twelve-month rolling Comparative Income Statement.

B. Disbursements

Ms. DuVall presented the check register for September 2012, which indicated total disbursements of $11,331.67.

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 1 through September 30, 2012. 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 D. After discussion and on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

**RESOLVED to approve the pension applications for Carl Coster and Frank Haupt.**

## VI. ATTORNEY'S REPORT

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. Amendment No. 1 to the Plan (Article 3, Vesting Credits, Section 3-4, Paid Vesting Credits)

Ms. Phillips presented for signature Amendment No. 1 to the Plan to modify partial vesting credit accruals effective December 1, 2012. After discussion and on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

**RESOLVED that Amendment No. 1 to the Plan was adopted.**

The Amendment was signed during the meeting.

B. Central Pension Fund (“CPF”) of the International Union of Operating Engineers

Ms. Phillips stated that as directed by the Board at the August 23, 2012 Board meeting, Fund documents were provided to the CPF to initiate a preliminary evaluation of a potential merger of the Fund into the CPF.

C. IRS Determination – Cycle E Filing

Ms. Phillips stated that no response had been received from the IRS in response to the Fund’s January 2011 application for Determination of Tax Qualification. She said that her office is monitoring the IRS website and that the IRS is backlogged in its reviews.

D. 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 in accordance with the collection and audit rules.**

Ms. Phillips to 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.

E. Lambe v. Penland – Writ of Garnishment

Ms. Phillips reported that in the matter of Stacy Lambe v. William E. Penland, Sr., involving a Writ of Garnishment, the Fund's motion for summary judgment was granted.

## VII. 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. 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. After discussion and 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.**

Ms. DuVall thanked the Trustees on behalf of Associated and said that she would prepare an addendum to the current contract for signatures 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. Campaign to Increase Electronic Funds Transfer ("EFT")

Ms. DuVall reported mailing EFT authorization forms with the September pension checks to encourage the pensioners to enroll for direct deposit of their monthly pension benefit payments.

D. IRS Forms 5500 for Plan Year Ended March 31, 2012

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

E. Pension Benefit Guaranty Corporation ("PBGC") Premium Increase

Ms. DuVall stated that the PBGC premium rate would increase from $9.00 to $12.00 per participant effective January 1, 2013.

F. ERISA Section 408(b)(2) Fee Disclosure

Ms. DuVall provided the Trustees with copies of the fee disclosure responses received from the Fund's service providers.

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.

## VIII. 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.

## 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: Financial Statements for Plan Years Ended March 31, 2012 and 2011
Exhibit B: SEI Investment Management Report dated November 29, 2012
Exhibit C: Income and Expense Statement for September 2012
Exhibit D: Pension Applications Submitted for Approval, July 1 through September 30, 2012
Exhibit E: Trustees' Report from Fund Counsel dated November 29, 2012