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, 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:

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

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. INVESTMENT CONSULTANT'S REPORT

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

A. 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. 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. Notice of Change in Name of the Enhanced LIBOR Opportunities Fund

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.

C. Performance Report

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 C. He reported that the Fund assets in the total portfolio as of December 31, 2012 had a market value of $50,313,925. The asset allocation was 44.9% in fixed income, 40.9% in U.S. equity, 8.1% international equity, 5.0% in real estate, and 1.1% in Auction Rate Securities ("ARS"). He stated that the total portfolio net return was 7.99% compared to the total index return of 9.07% for the period June 1, 2010 to December 31, 2012. Mr. Haverly reviewed a list of remaining ARS. He stated that 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 SEI-only portion of the Fund's portfolio had a market value of $49,751,833 as of December 31, 2013. He stated that for the SEI portion of the Fund's portfolio, the net return was 10.03% compared to the total index return of 9.37% for the period June 1, 2010 to December 31, 2012. The asset allocation was 45.4% in fixed income, 41.4% in U.S. equity, 8.2% in international equity, and 5.0% in real estate as of December 31, 2012.

Mr. Haverly discussed portfolio changes to reduce the Fund's investment in the Core Fixed Income Fund from 31% to 16% and to move 10% to the SEI Opportunistic Income Fund and 5% to the SEI Core Property Fund. He noted that the Fund invested 5% in the SEI Core Property Fund in October 2012 and that this recommendation, if adopted, would increase the Core Property Fund to 10%. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to increase the Fund's investment in the SEI Core Property Fund to 10%.

D. Investment Policy Statement

Mr. Haverly presented an Investment Policy Statement ("IPS") dated February 5, 2013, a copy of which is included in Exhibit C referenced above. Mr. Haverly stated that the IPS was revised primarily to reflect the sale of ULLICO J for Jobs. 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.

V. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statements

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 D. She reported total assets were $50,654,604.82. She said the Fund had total income for the month of November 2012 of $608,959.85 and total expenses of $514,903.00, resulting in a net income of $94,056.85 for November 2012. She reviewed the income and expenses on the twelve-month rolling Comparative Income Statement.

B. Disbursements

Ms. DuVall presented the check register for November 2012, which indicated total disbursements of $15,757.57.

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 October through December 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 E. Ms. Phillips said that Mr. Stephen Post, an applicant for a disability pension, had previously applied for a disability pension in June 2007 although it was denied because he did not provide proper proof of the disability. He submitted confirmation of a Social Security disability pension award with his current application. Ms. Phillips recommended that the Trustees approve his application for a disability pension effective January 1, 2013, retroactive to the date his current application was received by Fund Office.

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

> **RESOLVED to approve the pension applications for David Hogan, Stephen Post, Harley Napier, Michael Thomas and Nathaniel Green.**

VI. ACTUARY'S REPORT

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

A. Actuarial Valuation and Review as of April 1, 2012

Mr. Joyner reviewed the Actuarial Valuation and Review as of April 1, 2012, establishing the funding status requirements for the current year and analyzing the preceding year's experience, a copy of which is attached to and made a part of these minutes as Exhibit F. He stated that the report summarized the actuarial data and included the certification required to be filed with the Fund's Form 5500.

B. Pension Protection Act of 2006 ("PPA") Zone Certification

Mr. Joyner stated that for the April 1, 2012 zone certification, the Plan was classified in the Green Zone (i.e., neither endangered nor critical) because the Plan's funded percentage was 82.4% and the credit balance in the Funding Standard Account was projected to be positive for at least seven years. He said that the PPA zone rules are scheduled to expire for plan years beginning after December 31, 2014. However, if a pension plan is operating under a Funding Improvement Plan ("FIP") or a Rehabilitation Plan ("RP") for the last plan year beginning in 2014 that FIP or RP would remain in effect. Mr. Joyner said that he will need updated assets information and Trustee input on industry activity to complete the April 1, 2013 zone certification.

C. Withdrawal Liability

Mr. Joyner discussed a recent court ruling that requires that withdrawal liability be based on the actuary's best estimate interest rate assumptions. After discussion, and Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to authorize Segal to calculate withdrawal liability based on its best estimate interest rate assumptions.**

D. Potential Merger with the I.U.O.E Pension Fund ("CPF")

Mr. Joyner discussed a comparison in key funding elements between the Fund and the CPF, cost savings in administrative expenses, and a higher accrual rate for Fund participants. Mr. Joyner will draft a letter to the CPF for Fund counsel's review.

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

VII. ATTORNEY'S REPORT

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. IRS Determination – Cycle E Filing

Ms. Phillips stated that there was no response from the IRS concerning the Fund's January 2011 application for re-determination of tax qualification. She said that her office continues to monitor the IRS website.

D. 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.

VIII. APPEAL

Ms. DuVall presented participant appeal #P12/123-0091 for review by the Trustees. After discussion and on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED that appeal #P12/123-0091 is denied.

IX. OTHER FUND BUSINESS

A. Administrative Services Contract Addendum

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

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

C. Pension Benefit Guaranty Corporation ("PBGC") Filing

Ms. DuVall stated that the PBGC comprehensive filing for Plan year beginning April 1, 2012 had been filed and paid on time on January 14, 2013.

D. Fiduciary Liability 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.

E. New Financial Accounting Standards Board ("FASB") Rules for Employers

Ms. DuVall reported that the Fund Office received requests from two employers seeking certain information to comply with new rules for disclosure by employers that contribute to multiemployer pension plans. Ms. Phillips stated that Ms. DuVall had provided her with a copy of the requests and that the employers had requested the same information. After discussion, the Board asked Ms. DuVall to draft a general fact sheet for Fund counsel's review.

F. Summary of Material Modifications ("SMM")

Ms. DuVall said that a draft SMM regarding the change to pension vesting credit was under review by Fund Counsel and, when finalized, will be distributed to the Plan participants.

G. Summary Information Report ["ERISA 104(d) Notice"]

Ms. DuVall said that a draft of the annual ERISA 104(d) Notice was under review by Fund Counsel. The Notice will be distributed to contributing employers and the Union by February 15, 2013.

X. MEETING DATES

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 dated December 21, 2012 from Richard Ebsary
Exhibit B: Trustee Acceptance Form signed by Michael Harrison on February 7, 2013
Exhibit C: SEI Investment Management Report dated February 7, 2013
Exhibit D: Income and Expense Statement for November 2012
Exhibit E: Pension Applications Submitted for Approval, October through December 2012
Exhibit F: Segal Actuarial Valuation and Review as of April 1, 2012
Exhibit G: Trustees' Report from Fund Counsel dated February 7, 2013
Exhibit H. Statement of Policy on Payment and Reimbursement of Trustee Expenses