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, MAY 23, 2013
MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES	**MANAGEMENT TRUSTEES**
M. Schaunaman, Chairman	J. Turk, Secretary
J. Mullen	M. Harrison
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
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. 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 A. He reported that the Fund assets in the total portfolio as of April 30, 2013 had a market value of $53,064,495. The asset allocation was 43.1% in U.S. equity, 40.4% in fixed income, 10.4% international equity, 5.0% in real estate, and 1.1% in Auction Rate Securities ("ARS"). He stated that the total portfolio net return was 9.45% compared to the total index return of 10.23% for the period June 1, 2010 to April 30, 2013. Mr. Haverly 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 SEI-only portion of the Fund's portfolio had a market value of $52,504,495 as of April 30, 2013. He stated that for the SEI portion of the Fund's portfolio, the net return was 11.30% compared to the total index return of 10.50% for the period June 1, 2010 to April 30, 2013. The asset allocation was 43.6% in U.S. equity, 40.9% in fixed income, 10.5% in international equity, and 5.0% in real estate as of April 30, 2013. 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.

IV. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statements

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 B. She reported total assets were $53,486,766.60. She said the Fund had total income for the month of $1,507,105.00 and total expenses of $442,415.88, resulting in a net income of $1,064,689.12 for March 2013. She reviewed the income and expenses on the twelve-month rolling Comparative Income Statement.

B. Disbursements

Ms. DuVall presented the check register for March 2013, which indicated total disbursements of $15,910.66.

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 January through March 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 C. After discussion and on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the pension applications for Robert Benitez, Bobby Brown, Roy Donovan, James Fritz, Joel Gifft, Harold King, Robert Kovacs, Ernest Messick and James Wood.**

V. ACTUARY'S REPORT

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

A. Retirement Security Review Commission

Mr. Joyner distributed and reviewed with the Trustees a Segal presentation titled Recommendations of the Retirement Security Review Commission dated May 23, 2013, a copy of which is attached to and made a part of these minutes as Exhibit D. Mr. Joyner reviewed the National Coordinating Committee for Multiemployer Plans ("NCCMP") Commission Report: *Solutions Not Bailouts*. He stated that the Commission's recommendations include technical corrections and enhancements to PPA and prior laws, recommendations to strengthen the current system to encourage mergers and alliances, to harmonize normal retirement age with Social Security, additional tools for deeply troubled plans, and new plan design structures.

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

Mr. Joyner distributed a memorandum from Segal dated March 26, 2013 summarizing the information needed by Segal to complete the 2013 zone certification required by the PPA. He noted that the zone status would be determined based on the April 1, 2012 actuarial valuation, adjusted for updated asset information, as well as other information requested by Segal. He said that the certification filing deadline is June 28, 2013.

Mr. Joyner discussed with the Trustees their best estimate regarding potential industry activity. Mr. Joyner conversed with the Trustees about what assumptions to use for the 2013 zone certification. After the discussion, on motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **Resolved to authorize Segal to use the 2012 assumptions to prepare the Fund's 2013 Zone Certification.**

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

The Trustees reviewed a March 22, 2013 letter addressed to Chairman Schaunaman from Michael Fanning, Chief Executive Officer of the CPF, a copy of which is attached to and made a part of these minutes as Exhibit E. The letter stated that no further information is required from the Fund in order for the CPF's actuary to perform a preliminary merger analysis and report to the CPF's Board on June 25, 2013.

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 May 23, 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 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 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.**

<u>Pre-Con Construction, Inc.</u>

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 owes $359.76 in service fees 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. Conflict of Interest and Whistleblower Policy – Annual Certification

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. Qualified Domestic Relations Orders ("QDRO")

Ms. Phillips stated that pension plans are required to establish written procedures for determining whether domestic relations orders are QDROs and for administering distribution of QDROs. She stated that the QDRO procedures administratively in place need to be adopted by the Board. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to adopt the Qualified Domestic Relations Order procedures currently in place.**

D. Plan Amendment No. 1 – Effective Date for Change in Vesting Schedule

Ms. Phillips stated that the Board adopted Amendment No. 1 at the November 29, 2012 Board meeting to be effective prospectively for all persons who retire on or after December 1, 2012. She said that because the effective date did not coincide with the Plan year, it created an administrative issue. She stated that between Board meetings the Trustees were polled and approved to change the effective date to April 1, 2013 to coincide with the Plan year. She stated that a resolution was needed to ratify that action. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify the actions taken by the Trustees between Board meetings to change the effective date to April 1, 2013 for Amendment No. 1 to the Plan.**

E. International Foundation of Employee Benefit Plans ("IFEBP")

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.

<u>International Foundation Membership</u>

Ms. Phillips stated that the International Foundation has discounted registration fees for its educational programs. The member registration fee for the June 24-26, 2013 new Trustee educational program is $200 less per member. She suggested that the Trustees take advantage of the discounted registration fee by becoming members of the International Foundation. Ms. DuVall stated that the annual membership dues for a multiemployer trust fund with seven to ten individuals are $880, with the first-year membership dues prorated for a partial-year membership. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to join the International Foundation of Employee Benefit Plans and to pay annual membership dues.**

Ms. DuVall stated that the she would complete an IFEBP membership application, listing each of the eight Trustees as members, and remit payment of membership dues to the IFEBP.

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 Plan Information Notice 104(d)

Ms. DuVall said that the Summary Plan Information Notice for Plan year beginning April 1, 2012, required by ERISA 104(d), was mailed to participating Employers and Union on February 14, 2013.

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

Ms. DuVall stated that the Fund's Comprehensive Filing with the PBGC for the Plan year beginning April 1, 2012 was completed on March 12, 2013.

D. Summary of Material Modifications ("SMM")

Ms. DuVall said that the SMM regarding the change to vesting credit effective April 1, 2013 was distributed to Plan participants on April 2, 2013.

E. FASB Standard Disclosure Information

Ms. DuVall said that FASB Standard Disclosure Information had been compiled and approved by Fund Counsel. It was provided to Bechtel and Nicholson Construction on March 19, 2013 in response to their requests for the information.

F. Annual Retiree Certification

Ms. DuVall reported that a retiree certification form was mailed on May 1, 2013 to each pension recipient under the age of 75, as previously directed by the Board. A notice to each pension recipient age 75 and older was mailed on May 2, 2013 as a reminder of the right to change tax withholdings.

G. 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.

H. Annual Audit

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

VIII. MEETING DATES

The next quarterly Board meeting is 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,

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Jonathan Turk, Fund Secretary

These Minutes were adopted on ___________________________________, 2013.

Attachments:
Exhibit A: SEI Investment Management Report dated May 23, 2013
Exhibit B: Income and Expense Statement for March 31, 2013
Exhibit C: Pension Applications Submitted for Approval, January through March 2013
Exhibit D: Recommendations of the Retirement Security Review Commission dated May 23, 2013
Exhibit E: Letter from Central Pension dated March 22, 2013
Exhibit F: Trustees' Report from Fund Counsel dated May 23, 2013