International Union of Operating Engineers
Local 487 Pension Fund

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DRAFT

MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
INTERNATIONAL UNION OF OPERATING ENGINEERS
LOCAL 487 PENSION 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 check register for March 2012, which indicated total disbursements of $11,337.82.

B. Income and Expense Statements

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 $51,013,841.33. She said the Fund had total income for the month of March 2012 of $1,379,773.38 and total expenses of $434,163.71, resulting in a net income of

($945,609.67) 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.**

C. Pension Benefit Report

Ms. DuVall presented the pension benefit report for the period January 1 through March 31, 2012. She reviewed the pension roll, applications approved for payment, new administrative holds, reinstatements, pending administrative holds, and deceased retirees.

Ms. DuVall presented a list of pension applications submitted for the Trustees' approval, a copy of which is attached to and made a part of these minutes as Exhibit D. Ms. DuVall provided the Trustees with a copy of each pension calculation worksheet prepared by the Fund Office for each pension application being submitted for their approval. After discussion and on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the pension applications for Joseph Gonzalez, Marc Langevin, and Leroy Holt.**

V. 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 May 31, 2012, a copy of which is attached to and made a part of these minutes as Exhibit E. He reported that the Fund assets in the total portfolio as of April 30, 2012 had a market value of $49,678,488. The asset allocation was 45.8% in fixed income, 45.2% in U.S. equity, 7.8% in International equity, and 1.1% in Auction Rate Securities. He stated that the total portfolio net return was 8.73% compared to the Total Index of 10.00% for the period June 1, 2010 to April 30, 2012.

Mr. Haverly reported that the SEI managed portion of the Fund's portfolio had a market value of $49,117,762 as of April 30, 2012. He stated that for the SEI portion of the Fund's portfolio, the net return was 11.51% compared to the Total Index of 10.68% for the period June 1, 2010 to April 30, 2012. He stated that the SEI managed portion of the Fund's portfolio for the fiscal year-to-date net return was -0.10% compared to the Total Index of 0.04%.

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.

B. Asset Allocation

Mr. Haverly reviewed with the Trustees potential changes to the Fund's asset allocation taking into consideration the $7.7 million received in January 2012 from the Ullico Separate Account J redemption. Mr. Haverly recommended that the Trustees consider adding a real estate asset to the Fund's portfolio by the end of 2012. Ms. Phillips confirmed that inclusion of a real estate asset would comply with the Fund's existing Investment Policy Statement. Mr. Haverly stated that he would make an asset allocation recommendation to the Trustees at the next Board meeting.

C. SEI Core Property Fund ("CPF")

Mr. Haverly provided an overview of the SEI CPF, a Fund of funds investing in direct commercial property funds primarily in the United States. He explained that the CPF is a collective trust that is 100% invested in private equity real estate funds investing in office, retail, industrial, and multi-family properties. He provided several examples of SEI CPF investments. He stated that he expected the CPF to return 8-12% over time. Mr. Haverly stated that there would be no problem getting in or out of the SEI CPF, as there is no lock-up period.

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

VI. ACTUARY'S REPORT

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

A. Certificate of Actuarial Valuation as of April 1, 2011

Mr. Joyner reviewed a revised Certificate of Actuarial Valuation dated May 30, 2012, a copy of which is attached to and made a part of these minutes as Exhibit F.

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

Mr. Joyner distributed a memorandum from Segal dated May 30, 2012 summarizing the information needed by Segal to complete the 2012 zone certification required by PPA. He noted the zone status would be determined based on the April 1, 2011 actuarial valuation, adjusted for updated asset information, as well as other information requested by Segal. He said that the certification filing deadline was June 29, 2012.

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 2012 zone certification. After the discussion, on motion made and seconded, the Trustees voted unanimous approval of the follow resolution:

RESOLVED to authorize Segal to use the 2011 assumptions to prepare the Fund's 2012 Zone Certification.

VII. 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 G.

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. 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.

D. Lambe v. Penland Writ of Garnishment

Ms. Phillips reported that, in the matter of Stacy Lambe v. William E. Penland, Sr., regarding a Writ of Garnishment, the Judge provided Ms. Lambe with additional time to produce documentation. After the additional time has expired, the Judge will rule on the Fund's Motion for Summary Judgment.

E. Central Pension Fund ("CPF")

Ms. Phillips reported that she had been requested by a trustee to determine whether the Board was interested in the Fund merging with the CPF. She stated that the Board previously discussed a possible merger. She distributed copies of letters dated September 8, 2005 and March 23, 2006 regarding the issue.

Ms. Phillips asked Mr. Joyner from the Segal Company for his comments on considering a merger with the CPF. Mr. Joyner stated that the Pension Protection Act of 2006 ("PPA") significantly impacted Pension Funds. He said that if the Board so directed Segal could perform a merger analysis, which would cost the Fund $1,000 to $1,500. He offered to send a letter of inquiry to the CPF. The Board agreed. Mr. Joyner stated that between Board meetings, he would draft a letter for the Trustees to review and for discussion at the next Board meeting.

D. Partial Vesting Credit

Ms. Phillips discussed a modification to the Pension Plan that would increase partial vesting credit accruals. After the discussion, the Trustees asked Ms. Phillips to draft an Amendment to the Plan for further discussion at the next Board meeting.

VIII. OTHER FUND BUSINESS

A. 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 web portal cost would not be charged to the Fund. However, Ms. DuVall indicated that the plan would be to phase out hard copy documents at each Board meeting.

B. 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 $8,900 did not represent an increase over the prior year. The Trustees approved the engagement. Chairman Schaunaman signed the letter on behalf of the Board.

C. 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 and also from Ullico that the Separate Account J was not subject to FBAR filing.

D. Revised Summary Plan Description ("SPD")

Ms. DuVall reported that a copy of the revised SPD was mailed to each Plan participant on February 27, 2012.

E. Estimated Premium Filing with Pension Benefit Guaranty Corporation ("PBGC")

Ms. DuVall stated that the Fund's annual Estimated Premium Filing with PBGC for the Plan year beginning April 1, 2012 was completed on May 28, 2012 and that payment in the amount of $12,681 was mailed to the PBGC.

F. Letters Regarding Pension Credits

Ms. DuVall reported that as directed by the Board at the February 23, 2012 meeting, letters were mailed on April 13, 2012 to twenty-five inactive deferred vested participants requesting that they provide a copy of their Social Security Administration Earnings Statement to verify if they have sufficient vested credits to be entitled to a pension benefit from the Fund.

G. SunTrust Bank Signatures

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.

H. Thistle Asset Consulting, Inc. Agreement

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.

I. ERISA 408(b)(2) Communications

Ms. DuVall reported that on April 20, 2012 the Fund Office mailed a letter to each of the Fund's service providers requesting a response to the Fund regarding the ERISA 408(b)(2) fee disclosures.

IX. NEXT MEETING DATE

The next quarterly Board meeting was scheduled for Thursday, August 23, 2012 at 10:00 a.m. in Miami Lakes, Florida.

X. ADJOURNMENT

There being no further business to come before the Board of Trustees, the meeting adjourned.

Respectfully submitted,

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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: Pension Applications Submitted for Approval, January 1 to March 31, 2012
Exhibit E SEI Investment Management Report dated May 31, 2012
Exhibit F: Revised Certificate of Actuarial Valuation dated May 30, 2012
Exhibit G: Trustees' Report from Fund Counsel dated May 31, 2012