International Union of Operating Engineers
Local 487 Pension Fund
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MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL 487 PENSION FUND SEPTEMBER 10, 2013 VIA TELECONFERENCE

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:

N. Durkin – Associated Administrators, LLC
L. DuVall – Associated Administrators, LLC
R. Joyner – The Segal Company

I. CALL TO ORDER

A quorum being present, Chairman Schaunaman called the meeting to order for the purpose of discussing a possible merger of the International Union Local 487 Pension Fund ("Fund") and the Central Pension Fund of the International Union of Operating Engineers and Participating Employers ("CPF").

II. ACTUARY'S REPORT

The Trustees welcomed Mr. Rocky Joyner of the Segal Company to the meeting. Mr. Joyner said that he had contacted the CPF actuary, Mr. Stanley Goldfarb, as directed by the Trustees at the September 4, 2013 Special Board Meeting, to ask questions about a possible merger. He reported that Mr. Goldfarb stated that based on his review of the Fund's actuarial valuation, the Fund is a reasonable candidate for a merger with the CPF.

Mr. Goldfarb said that he was not aware of any mergers where the CPF imposed bonding requirements on employers for the merging fund's unfunded vested benefit liabilities. Mr. Goldfarb stated that he is not 100% sure that the CPF would not request bonding but that bonding is not typically a condition for merger.

Mr. Joyner stated that Mr. Goldfarb reported that the CPF's biggest concern was if the Fund is a solid, ongoing Plan why the Board was interested in merging with the CPF. In essence, how does it benefit the Fund? Mr. Joyner said he provided Mr. Goldfarb with three reasons for the Fund's interest in merging with the CPF: (1) half of the Local 487 members already participate in the CPF, (2) reduction in administrative fees and expenses so more Plan assets are available for benefits, and (3) easier to get other IUOE Union members to work in Local 487 Union's geographic jurisdiction. Mr. Goldfarb also reported that the CPF Trustees questioned the Fund's projection for increasing active workers from 261 to 400 over the next five years. Mr. Joyner said that he explained to Mr. Goldfarb that based on a historical review, the number of active employees had increased from approximately 350 to 550 during a ten-year period and that participation is expected to increase as the economy returns to pre-2008 norms. Mr. Joyner said that Mr. Goldfarb stated that these were good reasons for the Fund's interest in the merger. Mr. Joyner stated that this was Mr. Goldfarb's initial reaction and that further study would be required for the CPF to fully assess the potential for merger.

Ms. DuVall stated that in a letter dated June 26, 2013 from the CPF's Chief Executive Officer Michael Fanning, it was estimated to cost the Fund $25,000 to $40,000 for the CPF actuary to perform the merger study. Mr. Joyner stated that in his professional opinion the quoted cost was reasonable for the actuarial work that would be required to complete the merger study.

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

> **RESOLVED to approve the Central Pension Fund merger study at a cost to the Fund of $25,000 to $40,000.**
>
> **RESOLVED to authorize Segal to provide the Central Pension Fund actuary with information, as requested, to complete the CPF merger study.**

Ms. DuVall said that she would work with Fund counsel to notify Mr. Fanning of the Board's decision to move forward with the CPF merger study.

III. ADJOURNMENT

With no further business to come before the Trustees, the meeting was adjourned.

Respectfully submitted,

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Jonathan Turk, Secretary

These Minutes were adopted on ________________________________, 2013.