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, AUGUST 22, 2013
MIAMI LAKES, FLORIDA**

The following Trustees were present:

LABOR TRUSTEES	MANAGEMENT TRUSTEES
M. Schaunaman, Chairman	J. Turk, Secretary
J. Mullen	J. Epperson
W. Utreras	F. Villella

Also present were:

L. DuVall – Associated Administrators, LLC
E. Feld – S I Gordon & Company, PA
S. Gordon – S I Gordon & Company, PA
D. Haverly – SEI Global Institutional Group
J. Johnson – 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 May 23, 2013, 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 May 23, 2013 as presented.**

III. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for June 30, 2013, a copy of which is attached to and made a part of these minutes as Exhibit A. She reported that total assets for the month of June 2013 were $52,600,926.80. She reported that the Fund had total income for the month in the amount of ($674,269.25) and total expenses in the amount of $439,670.56, resulting in a total net income of ($1,113,939.81) for the month of June 2013. Ms. DuVall reviewed the income and expenses on the twelve-month rolling Comparative Income Statement.

B. Disbursements

Ms. DuVall presented the expense check register for June 2013, which indicated total disbursements of $9,513.82.

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 April through June 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 B. After discussion and on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the pension applications for Ronald Bagwell, William Moore, Joseph Nunez, Michael Shane, William Godwin, and Richard Phelps.**

IV. AUDITOR'S REPORT

The Trustee's welcomed Mr. Steven I. Gordon and Mr. Eric Feld from the CPA firm of S I Gordon & Company, PA to the meeting.

Financial Statements for Plan Years March 31, 2013 and 2012

Mr. Gordon presented the Financial Statements for Plan years ended March 31, 2013 and 2012, a copy of which is attached to and made a part of these minutes as Exhibit C. Mr. Gordon 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, 2013 and 2012. Mr. Feld reported that the net assets as of March 31, 2013 were $53,486,769 compared to $50,969,763 as of March 31, 2013, which represented an increase of $2,517,006 in net assets. Mr. Feld reviewed with the Trustees the Notes to Financial Statements as of and for the years ended March 31, 2013 and 2012.

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 thanked Messrs. Gordon and Feld and excused them from the meeting.

V. 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 August 22, 2013, a copy of which is attached to and made a part of these minutes as Exhibit D.

Mr. Haverly reported that the SEI-only portion of the Fund's portfolio had a market value of $52,853,212 as of June 30, 2013. He stated that the SEI portion of the Fund's portfolio had a net return of 10.98% compared to the total index return of 10.28% for the period June 1, 2010 to July 31, 2013. He said that the fiscal year-to-date net return was 3.26% compared to the total index return of 3.32%. Haverly stated that the asset allocation was 44.4% In U.S. equity, 35% in fixed income, 10.6% in world equity x-U.S., and 10.1% in real estate.

Mr. Haverly stated that the Fund assets in the total portfolio as of June 30, 2013 had a market value of $53,436,712 total portfolio had a net return of 9.20% compared to the total index return of 9.94% for the period June 1, 2010 to July 31, 2013. He said that the fiscal year-to-date net return was 3.22% compared to the total index return of 3.32%. Mr. Haverly stated that the asset allocation was 43.9% in U.S. equity, 34.6% in fixed income, 10.4% in world equity x-U.S., 10.1% in real estate, and 1.1% in Auction Rate Securities ("ARS").

B. Auction Rate Securities ("ARS")

Mr. Haverly stated that he sees no value in holding onto the ARS, as issuer redemptions are not on the current horizon and the recent rise in interest rates has further reduced the value of the ARS. He stated that the current bid/ask price on average is approximately 70% of par value. He recommended selling the ARS at between 50-70% of par value. After discussion and on motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to authorize SEI to sell the Fund's Auction Rate Securities at between 50-70% of par value, as recommended by the Fund's Investment Manager.**

Mr. Haverly stated that proceeds from the sale would be allocated based on the SEI-only asset allocation targets.

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

VI. CONSULTANT'S REPORT

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

A. Defense of Marriage Act ("DOMA")

Mr. Johnson reported that the U.S. Supreme Court had recently ruled, in the so-called Windsor Decision, that individuals in legal same-gender marriages are no longer prohibited from being treated as married under federal law. He said that the Court accomplished this by declaring the language that created the prohibition unconstitutional, thereby removing it from DOMA. Ms. Phillips said that the State of Florida does not recognize same-sex marriage so the change to DOMA may not be applicable in Florida. She will review the matter further and report at the next Board meeting.

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

VII. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled Trustees' Report dated August 22, 2013, a copy of which is attached to and made a part of these minutes as Exhibit E.

A. Restated Collection and Audit Procedures ("Procedures")

Ms. Phillips distributed copies of the restated Collection and Audit Procedures, a copy of which are attached to and made a part of these minutes as Exhibit F. She said that the procedures had been reviewed by the Fund's Collection Committee, Auditor and Administrative Manager. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

> **RESOLVED to adopt the restated Collection and Audit Procedures as presented.**

B. Payroll Audits

Ms. Phillips provided the following payroll audit status report:

Betancourt Construction

Ms. Phillips said that a random audit of Betancourt Construction found that it complied with the Collective Bargaining Agreement during the period January 1, 2012 through June 1, 2013 as it related to fringe benefit contribution requirements.

Commonwealth Contractors

Ms. Phillips said that the random audit of Commonwealth Contractors was in process.

Fred Teitelbaum Construction

The random audit of Fred Teitelbaum Construction found that it had not complied with the Collective Bargaining Agreement during the period November 1, 2012 through April 30, 2013 as it related to fringe benefit requirements. She said that the audit revealed delinquencies in the amount of $579.67, plus liquidated damages in the amount of $57.97, and interest in the amount of $2.31 totaling $639.95.

Little Steve Florida, LLC

Ms. Phillips said that Little Steve Florida, LLC was not cooperating with the audit. In the course of seeking to obtain compliance with the audit, she found that Little Steve Florida is a limited liability corporation of which Stephen Brady is the sole officer and, therefore, is not eligible to participate in the Plan. A letter was sent on August 16, 2013 advising Mr. Brady that his participation in the Plan would be terminated unless he is able to provide documents to the contrary within ten days of the date of the letter.

Pre-Con Construction, Inc.

Ms. Phillips said that a random audit of Pre-Con Construction, Inc. found that it complied with the Collective Bargaining Agreement during the period June 1, 2011 through June 1, 2013 as it related to fringe benefit contribution requirements.

C. Delinquency and Collections

Ms. Phillips provided an update on delinquency and collections involving Bunnell, Central Maintenance Welding, Inc., East Coast Hoist, Fred Teitelbaum Construction, Pre-Con Construction, Inc., R.W. Harris, Inc, Sims Crane, and Stone & Webster.

R. W. Harris, Inc.

Ms. Phillips presented this employer's request for a waiver of service fees in the amount of $467.61 incurred by R. W. Harris, Inc. for late payment of contributions for January, February, and March 2013. Ms. Phillips said that the Audit and Collection Procedures provide for no more than a two-month consecutive waiver. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive service fees, in accordance with the Audit and Collection procedures, incurred by R.W. Harris in the amount of $275.16 for the months of January and February 2013 and to pursue collection of service fees for March 2013 in the amount of $192.45.**

Sims Crane

Ms. Phillips recommended waiving a service fee in the amount of $5,975.57 incurred by Sims Crane for late payment of contributions for August 2010. The employer had responded to a demand letter with a request for the waiver. The collection committee reviewed the request and granted the waiver based on the Audit and Collection Procedures. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive the service fee, in accordance with the Audit and Collection Procedures, incurred by Sims Crane in the amount of $5,975.57 for the month of August 2010.**

Stone & Webster

Ms. Phillips recommended waiving a service fee in the amount of $71.40 incurred by Stone & Webster for late payment of contributions for August 2011. She said that Stone & Webster had paid service fees totaling $288.36 for late payment of contributions for December 2011, January and March 2012, and had requested a waiver of the August 2011 service fees. After discussion, on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive the service fee, in accordance with the Audit and Collection Procedures, incurred by Stone & Webster in the amount of $71.40 for the month of August 2011.**

D. Potential Merger with the IUOE Central Pension Fund ("CPF")

Ms. Phillips reported that the CPF provided a letter dated June 10, 2013 stating an initial opinion from the CPF's actuary that the Fund represented a reasonable merger candidate and recommending that a merger study be completed at an estimated cost to the Fund of $25,000 to $40,000. Ms. Phillips stated that the Fund would have to spend money to perform its own analysis and due diligence study. The Trustees raised questions about whether the merger would result in benefit changes for the Fund's participants, what happens to the Fund's unfunded liabilities, and whether the CPF would impose any bonding requirements on the Fund's contributing employers in connection with the Fund's unfunded liabilities. Ms. Phillips recommended that the Trustees hold a special Board meeting with Mr. Rocky Joyner, the Fund's actuary. The Trustees agreed to hold a special meeting via teleconference on September 4, 9, or 10, 2013 subject to Mr. Joyner's availability.

VIII. APPEAL

Ms. DuVall presented participant appeal #P13/123-4471 for review by the Trustees. After discussion and on Motion made and seconded, Trustees voted unanimous approval of the following resolution:

> **RESOLVED that Appeal #P13/123-4471 is denied.**

IX. OTHER FUND BUSINESS

A. Audit Engagement Letter

Ms. DuVall presented an engagement letter from S I Gordon & Company, PA for the Plan year ended March 31, 2013 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 and Secretary Turk signed the engagement letter on behalf of the Board.

B. 2013 Zone Certification

On June 28, 2013, Segal filed the Plan's actuarial status certification as of April 1, 2013 with the Internal Revenue Service, as required by ERISA. As of April 1, 2013, the Plan is in neither critical status nor endangered status; it is in the Green Zone.

C. Annual Funding Notice ("AFN")

The AFN for the Plan year beginning April 1, 2012 and ending March 31, 2013 was filed with the Pension Benefit Guaranty Corporation on July 25, 2013. A copy of the AFN was mailed to the Plan participants, beneficiaries, participating union and contributing employers, as required by the Department of Labor, on July 26, 2013.

D. Annual Pension Benefit Statements

Pension Benefit Statements were mailed on July 2, 2013 to active and deferred vested Plan participants.

E. Annual Retiree Certification Forms

Retiree certification forms were mailed on July 2, 2013 to pension recipients under the age of 75, as previously directed by the Board.

X. MEETING DATE

The next quarterly Board meeting is scheduled for Thursday, November 21, 2013 at 10:00 a.m. in Miami Lakes, Florida.

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: Income and Expense Statement, June 30, 2013
Exhibit B: Pension Applications Submitted for Approval, April through June 2013
Exhibit C: Financial Statements for Plan Years Ended March 31, 2013 and 2012
Exhibit D: SEI Investment Management Report, August 22, 2013
Exhibit E: Trustees' Report from Fund Counsel, August 22, 2013
Exhibit F. Restated Collection and Audit Procedures