South Florida Operating Engineers
Apprentice and Training Fund
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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE SOUTH FLORIDA OPERATING ENGINEERS APPRENTICE AND TRAINING FUND THURSDAY, NOVEMBER 20, 2014 MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES	**MANAGEMENT TRUSTEES**
M. Schaunaman, Chairman	J. Epperson
J. Mullen	M. Harrison
S. Singer	F. Villella

Also present were:

L. DuVall – Associated Administrators, LLC
D. Haverly – SEI Global Institutional Group
J. Ianniello – Associated Administrators, LLC
R. Joyner – The Segal Company
D. McCullers – Apprenticeship Director
K. Phillips – Phillips, Richard & 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 August 21, 2014, 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 August 21, 2014 as presented.**

III. APPRENTICESHIP DIRECTOR'S REPORT

Mr. Daniel McCullers presented the Director's Report dated November 20, 2014, a copy of which is attached to and made a part of these minutes as Exhibit A. He reported the following:

A. Apprentices

Ten apprentices joined and eleven dropped out of the Apprenticeship Program since the last Board meeting. Sixty-nine apprentices are enrolled in the Program.

B. Upgrading the Apprentice Program

The Apprenticeship Standards that were resubmitted to the State of Florida were approved and are ready to be signed. The Trustees signed the Apprenticeship Standards at the meeting.

He participated in Career Day on October 14, 2014 at the IBEW Union Hall and the Dade County Youth Fair Career Day on October 30, 2014 in Miami, Florida. He attended the monthly United Joint Apprentice Committee and Palm Coast Joint Apprentice Committee conference meetings.

Mid-Winter Florida Apprenticeship Conference

The Trustees were polled between Board meetings and approved travel costs of approximately $522.13 plus tax for Apprentice Director Dan McCullers to attend the Mid-Winter Florida Apprenticeship Conference for Directors on December 5, 2014 in Crystal River, Florida. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify the Board's approval for the Fund to pay travel costs of approximately $522.13 plus tax for Apprentice Director Dan McCullers to attend the Mid-Winter Florida Apprenticeship Conference on December 5, 2014 in Crystal River, Florida.**

Apprentice Director and Instructor Rate of Pay

Ms. Phillips stated that a resolution was needed to ratify action taken effective July 1, 2014 to increase the rate of pay for the Apprentice Director in accordance with the pertinent employment contracts to $31.30 per hour and to increase the rate of pay for the Apprentice instructor to $30.30 per hour, per the wage rates reflected in the 2013-2016 Crane Rental

CBA. On Motion made and seconded, Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify the action taken by the Trustees to adopt the Apprentice Director hourly wage rate effective July 1, 2014, to be paid in accordance with the current Crane Rental Collective Bargaining Agreement at $31.30 per hour.**
>
> **RESOLVED to ratify the action taken by the Trustees to adopt the Apprentice instructor hourly wage rate effective July 1, 2014, to be paid in accordance with the current Crane Rental Collective Bargaining Agreement at $30.30 per hour.**

C. <u>Apprenticeship Classes</u>

Eight members received Forklift Certification on November 1, 2014. A Backhoe Certification class is scheduled for November 15, 2014 and an OSHA 10 Hour class is scheduled for March 7-8, 2015. All apprentices are given the opportunity to take any certification classes offered.

D. <u>Broward County School Board</u>

The Apprentice Program received a check from the School Board on October 31, 2014 in the amount of $43,439.70. The Atlantic Technical College, administrative agent for the School Board, is in the process of changing to a new paperless system.

E. <u>Equipment</u>

There is no mechanic working in the yard since the Apprentice mechanic left to work for an employer.

<u>Repair of RT48 Fixed Cab Crane ("RT48")</u>

The RT48 engine has been rebuilt and is being prepared for installation. The Trustees were polled between Board meetings and approved rebuilding the RT48 engine at a cost of up to $2,514.66. Actual costs are expected to exceed that amount. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify action taken by the Trustees to approve costs of up to $2,514.66 to rebuild the RT48 Fixed Cab Crane engine and to allow for expenses of up to an additional $500.00 to cover costs that exceed the original quote.**

The hydraulic oil cooler for the RT48 that was repaired by the pipefitters at no charge will need to be replaced. Estimates for a new hydraulic oil cooler are being sought.

Repair of Liebherr 132HC Tower Crane

The Trustees were polled between Board meetings and approved replacement of a Slipring CPL Kraus ("Slipring") in the tower crane at a cost of up to $4,327.96 for parts. The new Slipring has now been installed. New resisters were also installed because it was necessary to test pending tower crane operators. The crane is working adequately but will need rehabilitation in the near future. To date, $4,899.38 has been billed for the repairs. Invoices received exceed the amount quoted by $571.42 due to the additional parts needed, freight and handling fees. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify action taken by the Trustees to approve costs of up to $4,327.96 to rebuild the Liebherr 132HC tower crane and to pay the additional cost of $571.42 for parts, freight and handling fees.**

The Apprentice Program is experiencing a recent surge and demand for tower crane operators.

F. Training Site

Instructor Michael Smith returned as a part-time instructor after working in New York. It may be necessary to bring in another part-time instructor when Mr. Smith is scheduled to teach classes.

A steady flow of covered employees has been coming to the training site periodically to practice and take practical exams. Nine tower crane practical exams have been administered and five have passed. Three lattice boom practical tests have been administered and three passed. One small hydro practical exam and one large hydro practical exam have been administered and both passed. Thirty-two potential candidates tried out on the backhoe and ten have been recommended for operator status. Forty-three CCO training packets of written exam materials (tower, mobile and/or overhead) have been distributed to members. Due to the increase in demand for apprentices, an advertisement has been placed on Monster.com. The response has been positive.

IV. INVESTMENT CONSULTANT'S REPORT

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

Performance Report

Mr. Haverly distributed SEI's investment management report dated November 20, 2014, a copy of which is attached to and made a part of these minutes as Exhibit B. Mr. Haverly stated that the market value of the Fund assets in the total portfolio as of October 31, 2014 was $561,509.70. He said that the fiscal year-to-date net return was 2.37% compared to the total index return of 2.10%. Mr. Haverly stated that the Fund's total portfolio had a net return of 5.17% compared to the total index return of 3.68% for the period June 1, 2010 to October 31, 2014. Mr. Haverly stated that the asset allocation was 74.5% in fixed income and 25.5% in equity.

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

V. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled Trustees' Report dated November 20, 2014, a copy of which is attached to and made a part of these minutes as Exhibit C.

A. Delinquency and Collections

Ms. Phillips provided an update on the delinquency and collection matter involving Powermix Industries.

B. Payroll Audits

Ms. Phillips provided the following payroll audit status report received from the CPA firm of S I Gordon & Company:

Barcelona Equipment, Inc. ("Barcelona")

The random audit of Barcelona found that it had not complied with the Collective Bargaining Agreement ("CBA") during the period February 12, 2012 through February 28, 2014 as it relates to fringe benefit contribution requirements. Payment in the full amount of $711.72 was received by the Fund office on August 26, 2014.

Kelley Equipment of Florida, Inc. ("Kelley")

The random audit of Kelley found that it had not complied with the CBA during the period February 12, 2012 through February 28, 2014 as it relates to fringe benefit contribution requirements. The audit revealed delinquencies in the sum of $6,463.60. A demand letter was sent to Kelley on October 14, 2014, which included the amount of the delinquencies, plus liquidated damages of $646.36, interest of $390.60, audit fees of $1,680.00, and attorney fees of $175.00. By letter dated November 13, 2014, Kelley offered $8,964.96 to settle the matter. Ms. Phillips recommended accepting Kelley's settlement offer. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to write off interest in the amount of $390.60 and to accept $8,964.96 from Kelly Equipment of Florida, Inc., in accordance with the Fund's Audit and Collections Procedures.**

Ms. Phillips will respond to Kelley confirming the action of the Board.

L & R Structural Corporation, Inc. ("L&R")

The random audit of L&R found that it had not complied with the CBA during the period March 1, 2013 through February 28, 2014 as it relates to fringe benefit contribution requirements. The audit revealed delinquencies in the sum of $3,309.44. A demand letter was sent to L&R August 29, 2014, which included the amount of the delinquencies, plus liquidated damages of $330.00, audit fees of $1,605.00, and attorney fees of $175.00. L&R remitted payment of $5,443.66. By letter dated August 28, 2014, L&R requested reimbursement in the amount of $2,110.94, representing $330.94 in liquidated damages, $1,605.00 in audit fees and $175.00 in attorney fees. Ms. Phillips stated that the Fund's Audit and Collections Procedures provide for waivers of service fees once in a three-year rolling period and that L&R is eligible for a waiver. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to write off liquidated damages in the amount of $330.94, audit fees in the amount of $1,605.00, and attorney fees in the amount of $175.00, in accordance with the Fund's Audit and Collections Procedures.**

Ms. Phillips will respond to L&R confirming the action of the Board.

Zeiger Crane Rental, Inc. ("Zeiger")

In follow up to the Trustee discussion at the last Board meeting, a list was provided to the Union identifying members that Zeiger asserted were the workers covered under the CBA. The Union confirmed that the list of employees provided by Zeiger was correct.

Precision Surveillance

The random audit of Precision Surveillance has been temporarily delayed.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for September 30, 2014, a copy of which is attached to and made a part of these minutes as Exhibit D. She reported total assets for the month of September 2014 were $2,135,394.91, compared to $2,093,991.87 for September 2013. She reported that for the month of September 2014, the Fund had total receipts of $21,630.44 and total expenses of $24,037.10, resulting in a deficit of $2,406.66. Ms. DuVall presented a Comparative Income Statement for the twelve months ended September 30, 2014.

B. Disbursements

Ms. DuVall presented the expense check register for September 2014, which indicated total disbursements of $15,806.45. She reviewed the payroll check register for September 2014, which indicated total payroll of $8,514.25.

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to accept the Administrative Manager's Report as presented.**

VII. OTHER FUND BUSINESS

Ms. DuVall reported the following:

A. Form 990 for Plan Year Ended March 31, 2014

The Form 990 for the Plan year ended March 31, 2014 was filed on October 23, 2014, under the allowable extension of time to file.

B. Workers Compensation Audit

A workers compensation audit was performed on September 24, 2015 at the request of Hartford Insurance Company, the Fund's workers compensation insurance provider. The audit resulted in a premium adjustment of $33.00, increasing the annual premium to $3,582.98.

VIII. NEW BUSINESS

Rate Renewal - Phillips, Richard and Rind, PA

Ms. Phillips proposed an increase to Phillips, Richard and Rind's fee arrangement with the Fund. Ms. Phillips was excused from the meeting during the Trustees' discussion. She was called back into the meeting after the Trustees concluded their discussion. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve Phillips, Richard and Rind's proposed fee increase to $250 per hour effective December 1, 2014.**

IX. NEXT MEETING DATE AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, February 12, 2015 at 10:00 a.m. in Miami Lakes, Florida. The remaining quarterly meetings were scheduled for May 21, August 20 and November 19, 2015.

X. 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 ______________________________.

Attachments:

Exhibit A: Apprenticeship Director's Report dated November 20, 2014
Exhibit B: SEI Investment Management Report, November 20, 2014
Exhibit C: Trustees' Report from Fund Counsel, November 20, 2014
Exhibit D: Income and Expense Statement, September 30, 2014