International Union of Operating Engineers
Local 487 Health & Welfare Fund
911 Ridgebrook Road
Sparks, MD 21152-9451
Phone: 877-291-2387
www.associated-admin.com

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS HEALTH & WELFARE 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
K. Phillips – Phillips, Richard & Rind, PA
B. Sudler - Sudler Insurance Services, Inc.

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. HEALTH INSURANCE BROKER'S REPORT

The Trustees welcomed Mr. Robert Sudler of Sudler Insurance Services, Inc. to the meeting.

A. Aetna/Coventry Purchase Update

Mr. Sudler reported that the Coventry anticipates transitioning to the Aetna name and platform during the first quarter of 2015.

B. Health Insurance Contract Renewal

Mr. Sudler stated that prior to the April 1, 2015 insurance contract renewal, he will analyze the Plan's claims data and negotiate with Aetna. If the Aetna renewal is unfavorable to the Fund, he will send a request for proposal to solicit bids from other insurance carriers and will present his findings and recommendations to the Board at the February 12, 2015 Board meeting. Ms. DuVall noted that if a new carrier is selected, a minimum of 90 days would be needed for a smooth transition.

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

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 A. Mr. Haverly stated that the market value of the Fund assets in the total portfolio as of October 31, 2014 was $3,273,455.52. He said that the Fund's total portfolio had a net return of 7.05% compared to the total index return of 5.68% for the period June 1, 2010 to October 31, 2014. He said that the fiscal year-to-date net return was 3.67% compared to the total index return of 3.20%. 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 B.

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.

C. Death Benefit for Retired Employees

Ms. Phillips said that the Summary Plan Description ("SPD") states that a retired employee may be eligible for death benefits if he is retired under the Local 487 Pension Plan. Ms. Phillips suggested that given the proposed Local 487 Pension Plan merger with the I.U.O.E. Central Pension Fund ("CPF"), the Health & Welfare Plan be amended to state that a retired employee may be eligible for death benefits if he is retired under the Local 487 Pension Plan or its successor plan. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to amend the Health & Welfare Plan to state that a retired employee may be eligible for death benefits if he is retired under the Local 487 Pension Plan or its successor plan.

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 C. She reported total assets for the month of September 2014 were $4,146,857.04, compared to $3,580,423.17 for September 2013. She reported that for the month of September 2014, the Fund had total receipts of $363,057.60 and total expenses of $378,089.30, resulting in a deficit of $15,031.70. 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 $377,803.03.

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. FASB ASC 965 Actuarial Valuation

The Trustees were polled between Board meetings and approved the actuarial valuation of the Fund's postretirement welfare benefits as of March 31, 2014 under FASB Accounting Standards codification 965. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to ratify the Board's approval of the FASB ASC 965 Actuarial Valuation as of March 31, 2014.

B. Form 5500

The Auditor confirmed that Form 5500 for the Plan year ended March 31, 2014 had been electronically filed on time on October 21, 2014 and an amended Form 5500 had been electronically filed on November 10, 2014.

C. Form 990 for Plan Year Ended March 31, 2013

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.

D. Annual Notice of Creditable Coverage

The Fund office mailed the Medicare Part D Notice of Creditable Coverage to Plan participants on September 23, 2014.

E. HIPAA Certificate of Creditable Coverage

The Board agreed that effective January 1, 2015 the Fund no longer needs to provide the HIPAA Certificate of Creditable Coverage, given that pre-existing exclusions no longer apply under Healthcare Reform.

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, 2015, August 20, 2015 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: SEI Investment Management Report, November 20, 2014
Exhibit B: Trustees' Report from Fund Counsel, November 20, 2014
Exhibit C: Income and Expense Statement, September 30, 2014