International Union of Operating Engineers
Local 487 Pension 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 LOCAL 487 PENSION 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, 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 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. 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 $57,132,388.34. He said that the fiscal year-to-date net return was 3.70% compared to the total index return of 4.20%. Mr. Haverly stated that the Fund's total portfolio had a net return of 10.71% compared to the total index return of 10.12% for the period June 1, 2010 to October 31, 2014. Mr. Haverly stated that the asset allocation was 48.4% in equity, 40.8% in fixed income and 10.8% in real estate/property.

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

IV. ACTUARY'S REPORT

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

A. Proposed Merger with the Central Pension Fund of the IUOE and Participating Employers ("CPF")

Mr. Joyner reported that a proposed merger agreement was received from the CPF and that based on his review there were no immediate red flags. He stated that he thought that the CPF was looking at an April 1, 2015 merger date, but that it could be July 1, 2015, given the amount of work to be accomplished. He stated that Fund counsel and the administrative manager would need to be engaged three to six months after the agreed-upon merger date to complete the required work.

B. Actuarial Valuation and Review as of April 1, 2014 ("Valuation")

Mr. Joyner reported that Segal was in the process of preparing the Valuation. He stated that the Valuation would be distributed to the Trustees by the end of December 2014 or the first part of January 2015. He asked the Trustees for approval to provide the CPF with a copy of the Valuation when completed. The Board agreed.

C. Bunnell Foundation, Inc ("Bunnell")

Mr. Joyner stated that the final calculation of Bunnell's withdrawal liability obligation to the Fund will be done once the Valuation is completed.

The Trustees thanked Mr. Joyner 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.

<u>L & R Structural Corporation, Inc. ("L&R")</u>

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.

<u>Precision Surveillance</u>

The random audit of Precision Surveillance has been temporarily delayed.

C. <u>Plan Amendments No. 3 and No. 4</u>

Ms. Phillips presented Pension Plan Amendments No. 3 and No. 4, copies of which are attached to and made a part of these minutes as Exhibit C. Ms. Phillips stated that it is necessary to adopt these Amendments in connection with the Plan restatement and submission to the Internal Revenue Service ("IRS") for determination of the Plan's continuing tax-qualified status. After discussion, on Motions made and seconded, the Trustees voted unanimous approval of the following resolutions:

RESOLVED to adopt Plan Amendment No. 3.

RESOLVED to adopt Plan Amendment No. 4.

The Trustees signed Plan Amendments No. 3 and No. 4.

D. Plan Restatement and Submission to IRS

Ms. Phillips discussed the requirement to file a restated Plan, along with a copy of the Fund's Trust Agreement, by January 31, 2015, under IRS Cycle D. Ms. Phillips presented IRS Form 2848, which assigns Power of Attorney to Fund counsel to submit the Plan restatement on behalf of the Board. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to adopt the restated Plan as presented, to assign Power of Attorney to Fund counsel, and to authorize Fund counsel to submit the required Pension Plan documents to the IRS under Cycle D.

The Trustees signed the restated Plan and IRS Form 2848.

Ms. Phillips stated that in connection with the IRS Cycle D filing, a Notice to Interested Parties will be mailed by the Fund office during the first week of December 2014 to the actively-working Plan participants.

E. Proposed Agreement and Plan of Merger with CPF ("Merger Agreement")

Ms. Phillips distributed a proposed Merger Agreement received from the CPF's Fund counsel, a copy of which is attached to and made a part of these minutes as Exhibit D. She said that the proposed Merger Agreement requires that by the closing date of the merger, pension benefit calculations are to be provided for active and deferred vested participants. Ms. DuVall stated that the Fund office would need time to complete the required accrued benefit calculations. Ms. Phillips stated that there can be no diminution of pension benefits for the Plan participants as of the day after a merger. Ms. Phillips stated that the Pension Benefit Guaranty Corporation had been notified of the proposed merger.

Ms. DuVall discussed with the Trustees computer programming time and cost (1) to rectify certain incorrect historic contribution rates contained in the existing database and (2) to furnish data files in the file format and record layout specified by the CPF. The Trustees directed that Ms. DuVall provide an estimate of the computer programming time and cost for each of the two items.

Ms. Phillips said that the CPF requested certain preliminary data files and participant information that is confidential and proprietary to the Fund. She presented a Confidential Disclosure Agreement between the CPF and the Fund regarding the transfer of data that had been requested prior to finalizing the Merger Agreement. The Trustees agreed and executed the Confidential Disclosure Agreement, a copy of which is attached to and made a part of these minutes as Exhibit E.

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 F. She reported that total assets for September 2014 were $57,305,981.92, compared to $54,555,361.39 for September 2013. She reported that for September 2014, the Fund had income of ($916,749.32) and expenses of $434,808.81, resulting in a deficit of $1,351,558.13 for the month of September 2014. 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 $15,699.70.

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 July 1 through September 30, 2014. 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 G. After discussion and on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED that the pension applications for Clyde Black, Ralph Bailey, James Bronson, Hans Hauss, James Hegner, Nicholas Marciniak, Timothy Price and Thomas Shell were approved as presented.**

VII. OTHER FUND BUSINESS

Ms. DuVall reported the following:

A. Form 5500

The Fund auditor provided confirmation that the Form 5500 for the Plan year ended March 31, 2014 was electronically filed on October 23, 2014.

B. Form 8955-SSA

The Fund's Form 8955-SSA was mailed to the IRS on October 23, 2014.

C. Notice to Summary Plan Information Notice 104(d)

The Summary Plan Information Notice for Plan year beginning April 1, 2014, required by ERISA 104(d), was mailed to the participating Employers and Union on November 12, 2014.

D. Retirees – Temporary Waiver of Suspension of Benefits

The Notice regarding a temporary waiver of the suspension of benefits was mailed on September 9, 2014 to retirees with an effective date of retirement on or before September 1, 2014.

E. Class Action Securities Litigation Settlements

Checks were received from Regions Bank in the amounts of $357.38, $239.10 and $691.76 as a result of class action securities litigation settlements.

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,

____

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: Plan Amendments No. 3 and No. 4
Exhibit D: Proposed Agreement and Plan of Merger
Exhibit E: Confidential Disclosure Agreement
Exhibit F: Income and Expense Statement, September 30, 2014
Exhibit G: Pension Applications Submitted for Approval, July through September 2014