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Local 487 Health & Welfare Fund
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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE INTERNATIONAL OPERATING ENGINEERS LOCAL 487 HEALTH & WELFARE FUND THURSDAY, AUGUST 21, 2014 MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES

M. Schaunaman, Chairman
J. Mullen
S. Singer

MANAGEMENT TRUSTEES

J. Turk, Secretary
J. Epperson
M. Harrison
F. Villella

Also present were:

P. Blizzard – SEI Global Institutional Group
L. DuVall – Associated Administrators, LLC
S. Gordon – S I Gordon & Company, PA
J. Ianniello – Associated Administrators, LLC
R. Joyner – The Segal Company
E. Naegele – 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 May 22, 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 May 22, 2014 as presented.**

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III. INVESTMENT CONSULTANT'S REPORT

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

Performance Report

Mr. Blizzard distributed SEI's investment management report dated August 21, 2014, a copy of which is attached to and made a part of these minutes as Exhibit A. Mr. Blizzard stated that the market value of the Fund assets in the total portfolio as of June 30, 2014 was $3,269,592. Mr. Blizzard stated that the Fund's total portfolio had a net return of 7.62% compared to the total index return of 6.07% for the period June 1, 2010 to June 30, 2014. He said that the fiscal year-to-date net return was 2.20% compared to the total index return of 1.74%. Mr. Blizzard stated that the asset allocation was 74.3% in fixed income, 16.4% in U.S. equity, 9.3% in the World Equity Ex-US Fund.

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

IV. AUDITOR'S REPORT

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

Draft Financial Statements

Mr. Gordon reviewed a draft copy of the Financial Statements for Plan years ended March 31, 2014 and 2013. He stated that the Financial Statements would be finalized once Segal provides the Fund's actuarial valuation of postretirement welfare benefits.

The Trustees thanked Mr. Gordon and he was excused from the meeting.

V. CONSULTANT'S REPORT

Mr. Ernest Naegele from The Segal Company introduced himself as replacing Jeff Johnson following Mr. Johnson's retirement from The Segal Company. The Trustees welcomed Mr. Naegele.

A. Actuarial Valuation of the Fund's Postretirement Welfare Benefits

Mr. Naegele stated that Segal is in the process of preparing the Financial Accounting Standards Board Accounting Standards Codification 965, an actuarial valuation of the postretirement welfare benefits as of March 31, 2014. He anticipates completion within 30 days. When completed, the report will be provided to the Fund's Administrative Manager for distribution to the Trustees to seek their adoption of the report between Board meetings so the Fund's Form 5500 can be filed on time.

B. Business Associate Agreement ("BAA")

Mr. Naegele presented Segal's updated BAA. Fund counsel stated that she had reviewed the BAA. Chairman Schaunaman signed the BAA on behalf of the Board.

VI. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled Trustees' Report dated August 21, 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 delinquency and collection matters involving Bunnell Foundation, Inc., Powermix Industries and Zeiger Crane Rental, Inc.

Bunnell Foundation, Inc. ("Bunnell")

Ms. Phillips stated that, as requested by the Trustees at the May 22, 2014 Board meeting, she performed a property and lien search on Bunnell and nothing collectible was discovered.

Powermix Industries ("Powermix")

Ms. Phillips stated that, as directed by Trustees at the May 22, 2014 Board meeting, a complaint against Powermix was filed in the Broward County Court Civil Division for contractually obligated service fees in excess of $5,000.

Zeiger Crane Rental, Inc. ("Zeiger")

Ms. Phillips said that, in accordance with the Trustees' approval at the May 22, 2014 Board meeting, Zeiger had agreed to a three-month plan for payment of service fees. She said that the last of the three payments had been received and the full amount of $14,328.90 in service fees was paid.

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. She said that the audit revealed delinquencies in the amount of $633.89 plus liquidated damages in the amount of $63.39 and interest in the amount of $14.45, totaling $771.72. She said that a demand letter was sent to Barcelona on August 8, 2014 and Barcelona advised that payment was mailed on August 18, 2014.

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

The random audit of L & R Structural 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. She said that the audit revealed delinquencies in the amount of $3,309.44 plus liquidated damages in the amount of $330.94 and interest in the amount of $23.28, totaling $3,663.66. She said that a demand letter requesting a response within ten days was sent to L & R Structural on August 20, 2014 for the total amount of $5,443.66, which represented the delinquency, interest and liquidated damages plus audit fees in the amount of $1,605 and attorney's fees in the amount of $175.

Zeiger Crane Rental, Inc. ("Zeiger")

The random audit of Zeiger found that it complied with the CBA during the period August 1, 2012 through February 28, 2014 based on the audit procedures performed. However, Zeiger failed to provide records for non-union employees and subcontractor activity. She said that a letter was sent on August 11, 2014 advising Zeiger that although it had been found to be in compliance with the CBA, there may be amounts owed that have not been determined at this time because of Zeiger's failure to provide all records necessary to complete the audit. Ms. Phillips advised that she would follow up with the union to confirm bargaining unit employees.

Kelly Equipment Rental, Inc.

The Fund auditor is in the process of finalizing the random audit report for Kelly Equipment Rental, Inc.

Precision Surveillance

A random payroll audit of Precision Surveillance has been scheduled to begin in September 2014.

C. Medicare Secondary Payor Debt Collection Notices

During June 2014, the Fund Office received five collection notices from the Department of Treasury in connection with Medicare Secondary Payor ("MSP") debts. The notices were referred to Coventry Healthcare of Florida, Inc. ("Coventry"). Coventry is in the process of researching and responding to the notices. Ms. Phillips will continue to monitor Coventry's efforts to resolve the MSP issues.

D. United Facility Services Corporation, D/B/A Eastco Building Services ("Eastco")

Ms. Phillips reported that the CBA between Eastco and Local 487 covers work performed under the Service Contract Act. The Eastco employees are stationary workers in federal buildings located in Miami, Florida. The CBA stipulates that Health & Welfare contributions be paid to its employees in their paychecks, rather than to the Fund. Thus, the Eastco employees are responsible for making monthly contributions to the Fund if they wish to maintain eligibility for coverage in the Fund's Plan of benefits. Ms. DuVall stated that five of the six Eastco workers had submitted payment for coverage during the month of August 2014. The remaining worker has until August 30, 2014 to make payment to maintain coverage. After discussion, on motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve Eastco Building Services employees to pay contributions on a monthly basis directly to the Health & Welfare Fund to maintain their eligibility for Plan benefits.

The Trustees confirmed that the Eastco employees are to be allowed a 30-day grace period each month to remit their contribution payments. Fund counsel confirmed that failure to make contributions to the Fund would be reason for termination of benefits but would not result in a COBRA qualifying event. In such cases, re-enrollment in the Plan as an active participant would be delayed until the next open enrollment period.

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for June 30, 2014, a copy of which is attached to and made a part of these minutes as Exhibit C. She reported that total assets for June 2014 were $4,124,790.96, compared to $3,633,401.31 for June 2014. She reported that for June 2014, the Fund had total receipts of $395,631.22 and total expenses of $386,333.42, resulting in a surplus of $9,297.80 for the month of June 2014. Ms. DuVall presented a Comparative Income Statement for the twelve months ended June 30, 2014.

B. Disbursements

Ms. DuVall presented the expense check register for June 2014, which indicated total disbursements of $586,058.74.

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

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

VIII. OTHER FUND BUSINESS

Ms. DuVall reported the following:

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

Filing of the Fund's Form 990 by the Fund auditor is on extension until November 15, 2014.

B. Updated Business Associate Agreements ("BAAs")

The Fund Office received signed BAAs from Associated Administrators, S I Gordon & Company; Phillips, Richard and Rind; and Sudler Insurance Services. Fund counsel confirmed that according to applicable law and regulation, no BAA with Coventry is needed.

C. Model COBRA Continuation Coverage General (Initial) Notice

The Department of Labor developed a model COBRA continuation coverage general notice with reference to the Healthcare Insurance Marketplace. To facilitate compliance with the applicable notice requirements, the model general COBRA notice has been printed on Fund stationery and will be included as an insert to the Fund's Summary Plan Description.

IX. NEXT MEETING DATE AND LOCATION

The next quarterly Board meeting is scheduled for Thursday, November 20, 2014 at 10:00 a.m. in Miami Lakes, Florida.

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 ______________________________

Exhibit A: SEI Investment Management Report dated August 21, 2014
Exhibit B: Trustees' Report from Fund Counsel, August 21, 2014
Exhibit C: Income and Expense Statement, June 30, 2014