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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 21, 2014 MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES	MANAGEMENT TRUSTEES
M. Schaunaman, Chairman	J. Turk, Secretary
J. Mullen	J. Epperson
S. Singer	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.**

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 $57,488,738. He stated that the Fund's SEI only portfolio had a net return of 11.58% compared to the total index return of 10.76% for the period June 1, 2010 to June 30, 2014. He said that the fiscal year-to-date net return was 3.27% compared to the total index return of 3.31%. Mr. Blizzard stated that the asset allocation was 38.6% In U.S. equity, 35.1% in fixed income, 16.2% in the World Equity Ex-US Fund and 10.1% in real estate.

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

IV. AUDITOR'S REPORT

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

Financial Statements

Mr. Gordon presented the Financial Statements for Plan years ended March 31, 2014 and 2013, a copy of which is attached to and made a part of these minutes as Exhibit B. Mr. Gordon expressed an unmodified (clean) 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, 2014 and 2013. Mr. Gordon reviewed the audit report in detail.

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 Mr. Gordon for his report and excused him from the meeting.

V. ACTUARY'S REPORT

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

A. Bunnell Foundation, Inc ("Bunnell")

Mr. Joyner reported that Segal is in the process of calculating an estimate of Bunnell's withdrawal liability obligation to the Fund based on the Plan year ended March 31, 2014. Given that Bunnell's effective withdrawal date was April 30, 2014, the amount of withdrawal liability obligation will need to be re-calculated next year based on the Plan year ending March 31, 2015.

B. Central Pension Fund of the IUOE and Participating Employers ("CPF")

Mr. Joyner reported that his discussions with the CPF actuaries have been positive and that the next CPF Board of Trustees meeting is scheduled on October 21, 2014. He expects to have details to report to the Trustees at the November Board meeting.

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

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 C.

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.

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.

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. Little Steve Florida, LLC ("Little Steve")

Ms. Phillips reported that as directed by the Board, a check in the amount of $16,235.50 was mailed to Little Steve to reimburse it for mistaken contributions paid to the Fund, less applicable attorney and audit fees.

D. Plan's Cycle E Restatement and Internal Revenue Service ("IRS") Determination

Ms. Phillips stated that the Plan received a favorable Determination Letter dated March 26, 2014 from the IRS, a copy of which is attached to and made a part of these minutes as Exhibit D.

E. Plan's Second Cycle E Restatement and Application for IRS Determination

Ms. Phillips stated that she will work with Segal to complete by January 31, 2015 a second Cycle E filing for a renewed determination of the Plan's qualified status under the Internal Revenue Code.

F. Temporary Waiver of Suspension of Benefits

Chairman Schaunaman discussed an increased demand for trained and skilled workers. He proposed that the Board consider waiving the suspension of benefits Plan rule to allow the Plan's retirees to return to work without having their pension benefit payments suspended. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to adopt effective August 21, 2014, a temporary waiver of the Plan's Suspension of Benefits rule for participants with a retirement date on or before September 1, 2014 who work more than 40 hours per month in covered employment for a signatory contractor with the IUOE Local 487 during the period from August 21, 2014 through March 31, 2015.**

Ms. Phillips said that she will work with Ms. DuVall to prepare a notice to advise the Plan's retirees of the temporary waiver.

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 E. She reported that total assets for June 2014 were $58,254,860.45, compared to $52,600,926.80 for June 2013. She reported that for June 2014, the Fund had total receipts of $1,148,470.41 and total expenses of $432,304.47, resulting in a surplus of $716,165.94 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 $10,873.15.

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

> **RESOLVED that the pension applications for Keith Tucker, Ivan Allbritton, and Delbert Mason were approved as presented.**

VIII. OTHER FUND BUSINESS

Ms. DuVall reported the following:

A. Pension Protection Act ("PPA") Zone Certification as of April 1, 2014

On June 19, 2014, Segal filed the Plan's actuarial status certification with the IRS, as required by the Employee Retirement Income Security Act ("ERISA"). The Plan is in neither critical status nor endangered status; it is in the Green Zone.

B. Annual Funding Notice ("AFN")

The Fund's AFN for the Plan year beginning April 1, 2013 and ending March 31, 2014 was filed with the Pension Benefit Guaranty Corporation on July 27, 2014. A copy of the AFN was mailed to the Plan participants, beneficiaries, participating union, and contributing employers on July 28, 2014.

C. Summary of Material Modification ("SMM") Regarding Plan Amendment No. 2

The SMM regarding Amendment No. 2 to the Plan, adopting changes requested by the IRS during the review of the Plan's application for a favorable determination letter, was mailed to Plan participants on July 28, 2014.

D. Annual Pension Benefit Statements

Pension Benefit Statements were mailed on July 1, 2014 to active and deferred vested Plan participants.

IX. NEXT MEETING DATE AND LOCATION

The next quarterly Board meeting was 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 ______________________________

Attachments:
Exhibit A: SEI Investment Management Report, August 21, 2014
Exhibit B: Financial Statements for Plan Years Ended March 31, 2014 and 2013
Exhibit C: Trustees' Report from Fund Counsel, August 21, 2014
Exhibit D: IRS Determination Letter dated March 26, 2014
Exhibit E: Income and Expense Statement, June 30, 2014
Exhibit F: Pension Applications Submitted for Approval, April through June 2014