International Union of Operating Engineers
Local 487 Health & Welfare Fund
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MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
INTERNATIONAL UNION OF OPERATING ENGINEERS
HEALTH & WELFARE FUND
THURSDAY, NOVEMBER 11, 2021
VIA VIDEOCONFERENCE

The following Trustees were present:

LABOR TRUSTEES	**MANAGEMENT TRUSTEES**
M. Schaunaman, Chairman	J. Turk, Secretary-Treasurer
J. Mullen	J. Epperson
S. Singer	F. Villella
W. Utreras	

Also present were:

D. Bellows-Levine - Bellows Associates, LLC
N. Durkin - Associated Administrators, LLC
J. Hart - SEI Global Institutional Group
J. Herron - Associated Administrators, LLC
J. Ianniello - Associated Administrators, LLC
E. Naegele - The Segal Company
K. Phillips - Phillips, Richard & Rind, PA
M. Smith - Apprenticeship Director
B. Sudler - Brown & Brown of Florida, 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 12, 2021, 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 12, 2021 as presented.**

III. INSURANCE REVIEW

The Trustees welcomed Mr. Bob Sudler to the meeting. Mr. Sudler reported that he sold his company, Sudler Insurance Services, Inc. to Brown & Brown of Florida, Inc. ("Brown & Brown") on August 1, 2021. He said that he will serve as Brown & Brown's assigned representative to continue providing consulting services to the Fund. Ms. Phillips said that Trustees were polled and approved the transition between Board meetings. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify the action taken between Board meetings to approve hiring Brown & Brown as insurance consultant and to authorize Brown & Brown to serve as agent of record.**

Mr. Sudler said that he will try to get a renewal rate from United Healthcare that is as close to the current rate as possible. He reported that there is currently a Coronavirus claim in process that could potentially reach 1.5 million dollars, which may impact the renewal. He said he expects to know by January 2022 if it will be necessary to get competitive bids from carriers other than United Healthcare.

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

IV. AUDITOR'S REPORT

The Trustees welcomed Ms. Dina Bellows-Levine from Bellows Associated ("Bellows") to the meeting.

A. Audited Financial Statements for Plan Years Ended March 31, 2021 & 2020

Ms. Bellows-Levine presented a Summary of the draft Audited Financial Statements for Plan years ended March 31, 2021 and 2020, a copy of which is attached to and made a part of these minutes as Exhibit A. She expressed an unmodified (clean) opinion on the Financial Statements, meaning that in her opinion the Financial Statements present fairly, in all material respects, the financial status of the Fund as of March 31, 2021 and 2020. She reviewed the audit and reported that the net assets available for benefits as of March 31, 2021 were $352,847 compared to $1,860,195 as of March 31, 2020, which represented a decrease of $1,507,348. Ms. Bellows-Levine reviewed the Notes to Financial Statements as of years ended March 31, 2021 and 2020.

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

> **RESOLVED to approve the audited Financial Statements for the Plan years ended March 31, 2021 and 2020, as presented.**

B. IRS Form 5500 and Form 990 for Plan Year Ended March 31, 2021

Ms. Bellows-Levine said for the Plan Year ended March 31, 2021, the Form 5500 would be filed before January 15, 2021, and that the Form 990 would be filed before February 15, 2021, under the allowable extensions of time to file.

The Trustees thanked Ms. Bellows-Levine and excused her from the meeting.

V. HEALTH CONSULTANT'S REPORT

The Trustees welcomed Mr. Ernie Naegele from The Segal Company ("Segal") to the meeting.

FASB ASC 965 – Actuarial Valuation

Mr. Naegele reviewed the results of the actuarial valuation of the Fund's postretirement welfare benefits as of March 31, 2021 under FASB Accounting Standards Codification 965, a copy of which is attached to and made a part of these minutes as Exhibit B. Mr. Naegele reported that the accumulated postretirement benefit obligation ("APBO") was $2,482,955 as of March 31, 2021 as compared to $3,080,957 as of March 31, 2020, representing a $598,002 decrease in the APBO.

Ms. Phillips asked Mr. Naegele to discuss the Transparency in Coverage Rules and the Consolidated Appropriations Act, which includes the No Surprises Act, with regard to whether or not they may impact the Fund. Mr. Naegele said that Transparency in Coverage Rules require plans to disclose detailed pricing information to the public and cost-sharing estimates to Plan participants before they receive care. He said that the accuracy of these estimates and cost of potential arbitration may present problems for carriers. He said since this is a fully insured Plan, the burden to comply with the new regulations is likely on United Healthcare. He said that he would check this with Segal's compliance department. He said that costs for carriers to comply with these regulatory changes could result in an uptick in premium rates.

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

VI. ATTORNEY'S REPORT

Ms. Phillips distributed a report titled "Trustees Report" dated November 11, 2021, 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 HJ Foundation Company, Laney Directional Drilling Company, Piling Plus, Inc., and Keller North America, Inc. (See Fund Counsel's Report – attachment D.)

Ms. Phillips noted that the suspension of assessment of late fees for delinquent contributions was approved by the Board at the prior meeting to be effective through November 11, 2021. Mr. Ianniello reported that he researched mail delivery times in September and October 2021. Mail delivery averaged six days between postmark dates and received dates; however, there were isolated cases where delivery delays ranged from of 10-14 days, and one delivery delay of 19 days. He said that it is also likely there will be an increase in mail delivery delays over the upcoming holiday season. He suggested that the assessment of late fees could be handled on a case by case basis for employers impacted by significant mail delivery delays, in accordance with the Fund's Collection and Audit Procedures, which allow for consideration to be given to current economic conditions. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to suspend the waiver of late fees effective December 1, 2021.**

Mr. Ianniello said that he would continue to track postmark dates and received dates for this purpose.

B. Payroll Audits

Ms. Phillips provided the following payroll audit status report. (See attachment D.)

Superior Rigging and Erecting Company ("Superior")

The random audit of Superior found that it complied with the Collective Bargaining Agreement for the period July 1, 2017 through June 30, 2019 as it related to fringe benefit contribution requirements.

Random Payroll Audits

Ms. Phillips reported that following employers were referred to Bellows Associates, P.A. for random payroll audits: B&M Marine Construction, Inc., BHI Specialty Services, Bigge Crane & Rigging Company, HJ Foundation Company, DLS Prestressed, Inc., and Malcolm Drilling Company, Inc. The auditor reported that request letters were sent to all employers on October 18, 2021, and employers will be contacted to schedule the field work.

C. Union Loan Addendum

Ms. Phillips reported that, since the Fund was not in a position to begin making payments on the Union Loan effective June 1, 2021, an Addendum to the Agreement has been proposed by the Union, increasing the payout period from 60 months to 90 months and changing the effective date for monthly payments to begin from June 1, 2021 to October 1, 2022. She said that, if approved by the Trustees, the Addendum would be effective upon ratification by the Union. She confirmed that prepayment of the loan is not excluded in the Agreement. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to accept the Addendum as presented.

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Mr. Ianniello reviewed the Income and Expense Statement for September 31, 2021, a copy of which is attached to and made a part of these minutes as Exhibit E. He reported total assets for the month of September 2021 were $1,323,693.65 compared to $1,281,199.07 for September 2020. He reported that for the month of September 2021, the Fund had total receipts of $662,828.27 and total expenses of $708,116.70, resulting in a deficit of $45,288.43.

B. Disbursements

Mr. Ianniello presented the expense check register for September 2021, which indicated total disbursements of $707,814.87.

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. Death Benefit Claims Report

Mr. Ianniello reported that there was one death benefit claim paid to a beneficiary since the previous Board meeting.

D. Retirees Who Qualified for Free Life Insurance Report

Mr. Ianniello said that no Central Pension Fund retirees qualified for free life insurance coverage under the Health & Welfare Plan since the previous Board meeting.

VIII. OTHER FUND BUSINESS

Mr. Ianniello reported the following:

A. Annual Notice of Creditable Coverage ("NCC")

The Fund Office mailed the annual NCC to Plan participants on September 24, 2021.

B. Form 5500

The Fund auditor filed Form 5558 with the IRS to extend the reporting deadline to January 15, 2021 for the Fund's Form 5500 for Plan year ended March 31, 2021.

C. Form 990

The Fund auditor filed Form 8868 with the IRS to extend the reporting deadline to February 15, 2021 for the Fund's Form 990 for Plan year ended March 31, 2021.

D. Fiduciary Liability Insurance Renewal

A quote was received for renewal of the Fiduciary Liability Policy for the policy period January 1, 2022 to January 1, 2023. Since the current policy includes a Renewal Guarantee

Endorsement, there is no increase in premium. The renewal premium is $12,010 with a base policy premium of $11,785 and waiver of recourse premiums of $225. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve renewal of the fiduciary liability insurance policy for the period of January 1, 2022 to January 1, 2023, at a premium of $12,010 ($11,785 base premium and $225 waiver of recourse premium), with $9,428 to be paid by the Health & Welfare Fund and $2,357 to be paid by the Apprentice and Training Fund (80/20% split).**

E. Crime Policy Renewal

A quote in the amount of $1,895 was received for renewal of the Crime Policy for the three-year period December 1, 2021 to December 1, 2024, the same premium as the expiring policy. The premium would be split with 80% paid by the Health and Welfare Fund and 20% paid by the Apprentice and Training Fund. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve renewal of the Crime Policy at a cost of $1,895 for the three-year period December 2021 to December 1, 2024, with $1,516 to be paid by the Health & Welfare Fund and $379 to be paid by the Apprentice and Training Fund (80/20% split).**

F. International Foundation for Employee Benefit Plans (“IFEBP”) Membership

The Fund’s IFEBP membership renewal invoice was received listing dues at a cost of $1,310 for 2022. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to renew the IFEBP membership at a cost of $1,310 with $1,048 to be paid by the Health & Welfare Fund and $262 to be paid by the Apprentice and Training Fund (80/20% split).**

IX. MEETING DATES AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, February 10, 2021 at 9 a.m., via videoconference. The remaining regular Board meetings were scheduled for May 12, August 11, and November 10, 2022.

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: Summary of Financial Statements for Plan Years Ended March 31, 2021 & 2020
Exhibit B: Actuarial Valuation and Review of Postretirement Welfare Benefits as of March 31, 2021
Exhibit C: Trustees Report from Fund Counsel, November 11, 2021
Exhibit D: Fund Counsel Report, November 11, 2021
Exhibit E: Income and Expense Statement, September 30, 2021