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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 UNION OF OPERATING ENGINEERS HEALTH & WELFARE FUND THURSDAY, AUGUST 13, 2020 VIA WEBEX CONFERENCE

The following Trustees were present:

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

Also present were:

D. Clutts - Associated Administrators, LLC
N. Durkin - Associated Administrators, LLC
L. DuVall - Associated Administrators, LLC
J. Hart - SEI Global Institutional Group
D. McCullers - Apprenticeship Director
E. Naegele - Segal Consulting
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 May 14, 2020, 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 14, 2020 as presented.

III. INSURANCE REVIEW

The Trustees welcomed Mr. Bob Sudler from Sudler Insurance Services, Inc. to the meeting.

Mr. Sudler presented a report to the Trustees dated August 10, 2020, containing United Healthcare ("UHC") monthly claims data, shock claims data, COVID-19 claims data, and information about UHC's cost waiver extension for COVID-19 tests and treatments. A copy is attached to and made a part of these minutes as Exhibit A. Mr. Sudler said that for participants receiving treatment under a COVID-19 admission or diagnosis codes between February 4,2020 and October 22, 2020, UHC will waive cost sharing (co-pays, coinsurance, and deductibles) for the following services: office/telehealth visits, urgent care visits, emergency department visits, observation stays, inpatient hospital episodes, acute inpatient rehab, long-term acute care, and skilled nursing facilities. He said the Fund's year-to-date claims experience is running well. Mr. Sudler indicated he would provide the Trustees with an updated claims trend analysis at the November Board meeting.

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

IV. ACTUARY'S REPORT

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

A. 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, 2020 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 $3,080,957 as of March 31, 2020 as compared to $3,529,572 as of March 31, 2019, representing a $448,615 decrease in the APBO.

The Trustees thanked Mr. Naegele for his report. Mr. Naegele requested to remain in the meeting for the Investment Consultant's report and the Trustees agreed.

V. INVESTMENT CONSULTANT'S REPORT

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

Performance Report

Mr. Hart discussed SEI's Quarterly Investment Review Second Quarter 2020 dated August 2020, a copy of which is attached to and made a part of these minutes as Exhibit C. He stated that the total portfolio value of the Fund assets as of June 30, 2020 was $192,743. The fiscal year-to-date net return was 0.04% compared to the total index return of 0.02%.

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

VI. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report entitled "Trustees Report" dated August 13, 2020, a copy of which is attached to and made a part of these minutes as Exhibit D.

A. Delinquency and Collections

Ms. Phillips provided an update on delinquency and collection matters involving HJ Foundation Company, BluRoc, LLC, Sarens USA, Inc., and Zeiger Crane Rental.

Zeiger Crane Rental, Inc. ("Zeiger")

Ms. Phillips said that Zeiger requested a waiver of service fees totaling $2,692.01 for the late payment of its April 2020 contributions. She recommended granting the waiver in accordance with the Fund's Collection and Audit Procedures. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive service fees due from Zeiger Crane Rental, Inc. in the amount of $2,692.01 in accordance with the Fund's Collection and Audit Procedures.**

B. Payroll Audits

Ms. Phillips provided the following payroll audit status report:

Morrow Equipment Company, LLC ("Morrow")

Ms. Phillips reported that in January 2020 a demand for compliance with the payroll audit was sent to Morrow. On August 7, 2020 another demand letter was sent requesting compliance with the audit and requesting that Morrow contact the auditor's office to make documents available for review.

M.J. Harrison Leasing, Inc.

Ms. Phillips said that the random audit of M.J. Harrison Leasing ("Harrison") found that it complied with the Collective Bargaining Agreement during the period July 1, 2017 through June 30, 2019 as it related to fringe benefit contribution requirements.

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. Clutts reviewed the Income and Expense Statement for June 2020, a copy of which is attached to and made a part of these minutes as Exhibit E. She reported total assets for the month of June 2020 were $1,139,619.53 compared to $2,872,504.71 for June 2019. For the month of June 2020, the Fund had total receipts of $594,191.38 and total expenses of $788,917.03, resulting in a deficit of $194,725.65. Ms. Clutts presented a Comparative Income Statement for the twelve months ended June 30, 2020.

B. Disbursements

Ms. Clutts presented the expense check register for June 2020, which indicated total disbursements of $791,147.61.

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 Benefits Claims Report

Ms. Clutts reported that there were three death benefit claims paid to beneficiaries for the period of June 2020 to August 2020.

D. Retirees Who Qualified for Free Life Insurance Report

Ms. Clutts reported there were three participants who qualified for free life insurance coverage under the Health & Welfare Plan from June 2020 to August 2020.

VIII. OTHER FUND BUSINESS

Ms. Clutts reported the following:

A. Notice from Union to Crane Operators

A notice from the Union dated June 4, 2020 regarding $0.50 wage increase being reallocated to the Fund was included with the July 2020 remittance forms mailed to employers.

B. United Healthcare ("UHC")

A letter was received by the Fund office from UHC dated June 9, 2020 that stated UHC had elected to forgive a percentage of the May 2020 premium payment with a one-time credit. The credit was to take into account the impact of COVID-19 claims. The amount of the credit received on the July 2020 invoice was $43,092.01. UHC confirmed that its rate increase effective June 1, 2020 would be calculated retroactively and billed on the August 2020 invoice.

C. COBRA Model Notices from the Department of Labor ("DOL")

The DOL updated the model General COBRA Notice and model Election Notice. Fund counsel revised the current Election Notice to incorporate the changes and it is being implemented by the Fund office. Fund counsel confirmed that changes to the General COBRA Election Notice are not material, therefore the Fund does need to issue a Summary of Material Modifications to Plan participants.

D. Form 990

The Fund auditor filed the 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, 2020.

E. McDermott International, Inc. Bankruptcy Notice

Notices of a bankruptcy court filing regarding McDermott International, Inc. were forwarded to Fund counsel for review on February 10, 2020 and July 20, 2020.

IX. MEETING DATES AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, November 12, 2020, location to be determined.

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: Report from Sudler Insurance Services, Inc., August 10, 2020
Exhibit B: SEI Quarterly Investment Review Second Quarter 2020, August 2020
Exhibit C: FASB ASC 965 Actuarial Valuation, March 31, 2020
Exhibit D: Trustees Report from Fund Counsel, August 13, 2020
Exhibit E: Income and Expense Statement, June 30, 2020