

IBEW LOCAL 332 PENSION PLAN, PART B

Meeting Minutes

January 28, 2016

A meeting of the Board of Trustees of the IBEW Local 332 Defined Contribution Pension Trust Fund was held on Thursday, January 28, 2016 at the NECA Office in San Jose, California.

1. CALL TO ORDER

The meeting was called to order by Gerald Pfeiffer.

2. Roll Call

Union Trustees

Gerald Pfeiffer
Pete Reyes, Jr.
Larry Vasquez
Alan Wieteska

Management Trustees

Tom Barrow
Vic Castello
Bill Pfeiffer

Also in Attendance:

Doug Lung, NECA
Sue Campbell, Collection Attorney
Joseph P. Herrle, J.H. Herrle and Associates
Michael Lyons, The Marco Consulting Group
George Kraw and Katherine McDonough, Kraw Law Group
Sid Kaufmann and Marci Vukson, Kaufmann and Goble
Michael Vukson, Wells Fargo Advisors
Judy Sargent, Sandy Stephenson, Debbie Wolfe and Alison Humphrey, Administrative Office

3. MINUTES

Following review of the Minutes, it was **M/S/C** to approve the December 2, 2015 Minutes as presented.

4. CORRESPONDENCE

A. Ferguson Wellman

The investment manager sent a copy of its *Outlook 2016* newsletter, as well as a copy of its Proxy Voting Report for the Fourth Quarter of 2015.

5. DISBURSEMENTS AND RECIPROCITY REPORTS

The Trustees reviewed checks 1185-1209. It was M/S/C to approve the paid bills as presented. Next, the Trustees reviewed the outgoing reciprocity reports for the months of September, October and November of 2015. The Trustees reviewed the incoming reciprocity reports for October, November and December of 2015. Also reviewed was a Master List of Locals.

6. FINANCIAL STATEMENTS

The Trustees reviewed the financial statement for the months of October and November of 2015. It was **M/S/C** to approve the financial statements as presented.

7. REPORT BY INVESTMENT CONSULTANT

A. Performance Update

Mr. Vukson reviewed his report. He reported that as of December 31, 2015, the balance in the Defined Contribution Plan was \$436,085,378.15.

B. Educational Workshops

Mr. Vukson reported that two educational workshops have been scheduled for 2016 as follows: Thursday, May 12, 2016 from 6:00 p.m. to 7:30 p.m. and on Saturday, November 5, 2016 from 9:00 a.m. to 10:30 a.m. at the Union Hall.

C. Considerations

Mr. Vukson informed the Trustees that an evaluation should be conducted for the share classes for all funds. He said it would be prudent to have a process in place on why we have certain share classes. After discussion, the Trustees scheduled a meeting to discuss this issue on Thursday, February 18th at 10:00 a.m. at the JATC. UAS was requested to be present to take notes at this meeting.

8. REPORT BY ADMINISTRATOR

A. Mandatory Distributions

None for this meeting.

B. Liquidated Damages Memo

The Trustees reviewed a memo from the Administrator's office to the Trustees regarding the collection of liquidated damages and also noted the Trust Fund's charges for liquidated damages of 10% or \$60.00, whichever is greater, when an employer becomes delinquent. The memo reviews the costs resulting from delinquencies and reconfirms that the liquidated damages are a reasonable approximation of the actual costs. These costs are reviewed on an annual basis.

Legal Counsel reviewed the percentage being charged for liquidated damages under its report later in the meeting. No changes were required to the Liquidated Damages Memo.

C. Educational Meetings

Educational meetings for 2016 will be held on Thursday, May 12th from 6:00 p.m. to 7:30 p.m. and on Saturday, November 5, 2016 from 9:00 a.m. to 10:30 a.m. at the Union Hall.

D. Summary Annual Report

The Trustees reviewed the Summary Annual report for calendar year 2014 that was mailed to all participants.

E. Travelers Update

The Trustees reviewed three items: A summary of a Special Enrollment for Local 332 Pension Plans for the period of August 31, 2015 to December 31, 2016; a list of Contractors with Travelers and a list of Travelers employed by Contractors along with Travelers from Participating Locals. It was reported that 73 Travelers have submitted forms to change their fund designations. Trustee Barrow said another mailing might be needed.

F. Bill Paying Procedures

The Trustees reviewed a summary of the bill paying process for the Trust Fund, as well as UAS' administrative controls, UAS' internal auditing controls, controls by external auditors, Trustees' responsibilities in reviewing the paid bills and Trustee expenses.

9. REPORT BY KRAW LAW GROUP, ATTORNEYS

A. Collection Procedures

The Trustees reviewed the revised Collection Procedures for the Trust Fund. Ms. McDonough said during review of the document, it was noted that the fund calls for a 10% charge for liquidated damages. The Collective Bargaining Agreement says 15%. After discussion, the Trustees decided to leave the fee at 10% for liquidated damages. It was **M/S/C** to adopt the Collection Procedures.

10. REPORT BY ACTUARY AND CONSULTANT

A. Fiduciary Liability Renewal Proposal

The Trustees reviewed the Fiduciary Liability Insurance renewal proposal from Travelers Casualty & Surety Company for the policy period of January 15, 2016/17 which provides coverage for both the Part A and Part B pension plans. The Trustees also reviewed a ten-year historical summary of the annual premium rates and the basic financial underwriting factors used in the development of each year's premium. Mr. Herrle recommended approval. Following review, it was **M/S/C** to renew the Fiduciary Liability Insurance Policy with Travelers Casualty & Surety Company effective January 15, 2016/2017 with a \$10 million insurance limit and an annual premium of \$131,730., an increase of \$3,056. in premium cost vs. the expiring policy period's annual premium of \$128,674.

Mr. Kaufman reported that there was a requirement with the renewal for his office to provide the Plan's zone status, which was Green.

B. ERISA Fidelity Bond Renewal

Mr. Herrle informed the Trustees that the Pension Part B Plan's ERISA required fidelity bond has been renewed with Travelers Casualty and Surety Company of America effective January 1, 2016. He said the renewal policy is now written for a three year, prepaid premium term versus the expiring policy which was written on an annual policy period. The limit of insurance provided (\$500,000.) and a premium of \$2,137 was proposed. It was **M/S/C** to approve the renewal of the Fidelity Bond effective January 1, 2016 for a 3-year term expiring

C. Participant Activity Report

Ms. Vukson distributed the Participant Activity Report dated January 28, 2016.

In response to a question from Chairman Barrow about how many members went from the \$6.00 to \$8.00 rate, Ms. Stephenson said she just received the changes from the members that were made during Open Enrollment. Trustee Barrow questioned why the number is dropping. Ms. Vukson said this could be researched.

After review, it was **M/S/C** to accept the Participant Activity Report as presented. A summary of the report is attached to these Minutes.

11. OLD BUSINESS

A. Schedule Date for Educational Workshop

The educational workshop was scheduled for April 23, 2016.

B. Payroll Audits

Ms. Stephenson reported that Hemming Morse completed three payroll audits and all three were clean audits. Trustee Barrow asked Ms. Stephenson to send copies of the payroll audits to him and to Trustee Pfeiffer for review. The Trustees requested that a summary of the completed payroll audits be included in future meeting packets.

12. NEW BUSINESS

None.

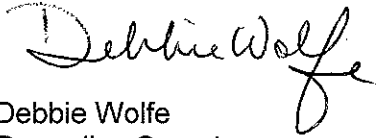
13. NEXT MEETING DATE

A. Next Meeting Date

The next meeting of the Board of Trustees will be held on Thursday, February 25, 2016 at 5:00 p.m. at the NECA Office in San Jose, California immediately following the Defined Benefit meeting.

There being no further business, the meeting was adjourned.

Respectfully submitted,



Debbie Wolfe
Recording Secretary

Overview

Plan Balance

1. The total plan balance as of 12/31/2015 has increased \$9,486,810 since 09/30/2015 for an ending balance of \$436,169,548. This is a 2.2% increase for the quarter.
2. The highest participant balance as of 12/31/2015 is up 3.5% from 09/30/2015 at \$1,421,353.
3. 3,428 out of 3,518 members are reported with a date of birth. Of those 3,428 members, the average age is 50.4 years. The average age for the 1,784 participants who have worked within the last 12 months and reported with a date of birth is 44.4 years.
4. Members who do not make an election are defaulted to the Conservative Model. 950 members have elected to invest in other than the Conservative Model only.
5. The age group with the most members is age 50 - 55 with 504 participants which is 14.7% of total participants. The average account balance for that age group is \$154,459.
6. The age group with the highest percentage of members with balances only in the default fund is members under 30 at 86.4%.
7. A total of \$11,461,608 was moved in exchanges by members during the last quarter.

Contributions

8. Total contribution hours reported for hours worked January through November of 2015 are 10.5% higher than the same period of the prior year.
9. Overall, 74.6% of contributions are being invested into the Conservative Model for contributing members in 2015 year to date.
10. Contributions for hours worked in August of 2015 are the highest of the year to date at \$2,193,840.

Distributions

11. Total distributions reported for 2015 are 43.6% higher than total distributions reported for 2014.
12. Distributions for October of 2015 are the highest of the year at \$3,955,420.
13. For 2015, 157 members received a monthly periodic distribution. The average amount requested per month was \$1,791 per member. This is 5.2% lower than 2014.

Other

14. SubTA revenue collected for 4Q 2015 generated a \$44,992 credit to the Plan. 2015 total credit to the plan (SubTA revenue collected greater than K&G fees) is \$186,647.
15. Over the last quarter, 363 members visited the K&G participant website.