

**IBEW LOCAL 332 PENSION PLAN, PART B**  
**Meeting Minutes**  
**May 25, 2016**

A meeting of the Board of Trustees of the IBEW Local 332 Defined Contribution Pension Trust Fund was held on Wednesday, May 25, 2016 at the NECA Office in San Jose, California.

1. CALL TO ORDER

The meeting was called to order by Alan Wieteska.

2. ROLL CALL

Union Trustees

Larry Vasquez  
Alan Wieteska

Management Trustees

Tom Barrow  
Vic Castello  
Tim Daniels

Also in Attendance:

Doug Lung, NECA  
George Kraw and Katherine McDonough, Kraw Law Group  
Melissa Ramos and Brad Gates, Kaufmann and Goble  
Sue Campbell, Collection Attorney  
Alex Miller and Melissa Evjenth, Auditors, Hemming Morse, LLP  
Joseph P. Herrle, J.H. Herrle and Associates  
Michael Lyons, The Marco Consulting Group  
Michael Vukson, Wells Fargo Advisors  
Donna Rios, Sandy Stephenson and Debbie Wolfe, Administrative Office

2A. AUDITOR'S REPORT – ALEX MILLER AND MELISSA EVJENTH

A. Review of Financial Audit

Alex Miller from Hemming Morse reviewed a draft of the financial audit for the fiscal plan years ending December 31, 2015 and 2014, respectively in detail. He said it was a clean "unqualified" opinion. Investments totaled \$438,258,455 in 2014 and they were \$436,788,069 in 2015. Under Receivables, Mr. Miller noted that employer contributions increased from \$1,323,830 in 2014 to \$1,752,201 in 2015. Total assets for 2015 were \$443,779,939 compared to \$444,185,020 in 2014. Net Assets Available for Benefits totaled \$442,584,708 in 2015 compared to \$443,510,419 in 2014. Mr. Miller said realized and unrealized gains (losses) on investments totaled \$(6,797,058) in 2015 compared to \$11,201,633 in 2014.

Next, the Notes to the financial statements were reviewed.

It was **M/S/C** to approve the draft of the financial audit as of December 31, 2015 as presented.

3. MINUTES

Following review of the Minutes, it was **M/S/C** to approve the April 28, 2016 Minutes as presented.

4. CORRESPONDENCE

- A. Kaufmann and Goble sent a check in the amount of \$26,554.94 for fund fee recoveries. The Trustees reviewed a reconciliation by Mutual Fund, as well as Kaufmann and Goble's billing.

5. DISBURSEMENTS AND RECIPROCITY REPORTS

The Trustees reviewed checks 1241-1256. It was **M/S/C** to approve the paid bills as presented. Next, the Trustees reviewed the outgoing reciprocity reports for the months of January, February and March of 2016. The Trustees reviewed the incoming reciprocity reports for February, March and April of 2016. Also reviewed was a Master List of Locals.

6. FINANCIAL STATEMENT

The financial statement for the month of March of 2016 was reviewed. It was **M/S/C** to approve the financial statement as submitted.

7. REPORT BY ADMINISTRATOR

A. Mandatory Distributions

None for this meeting.

B. 70½ Required Minimum Distributions

Ms. Rios reported that there were two (2) members that received a required minimum distribution during the month of May 2016.

C. Travelers Report

The Trustees reviewed a current list of travelers. Ms. Stephenson noted that the total number of travelers who decided to leave their pensions with the local is 93.

D. 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.

8. REPORT BY INVESTMENT CONSULTANT – WELLS FARGO ADVISORS

A. Performance Update

Mr. Vukson reviewed his report. He reported that as of April 30, 2016 the balance in the Defined Contribution Plan was \$435,566,352.81. He gave an overview of the market environment.

Mr. Vukson reported on the workshop that was held on May 12<sup>th</sup>.

Updates were provided on PIMCO and on INVESCO.

Mr. Vukson's report will be attached to these Minutes.

9. REPORT BY KRAW LAW GROUP, ATTORNEYS

No report for this meeting.

10. REPORT BY ACTUARY AND CONSULTANT

No reports for this meeting.

11. OLD BUSINESS

None.

12. NEW BUSINESS

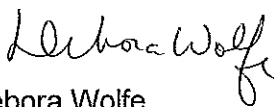
None.

13. NEXT TRUSTEE MEETING DATE

The next regular meeting will be held at the NECA Office on Thursday, June 23, 2016. at the NECA office.

There being no further business, the meeting was adjourned.

Respectfully submitted,

  
Debora Wolfe  
Recording Secretary





Michael J. Vukson, CFP®, AIF®  
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To: **Trustees of I.B.E.W. Local 332**  
From: Michael Vukson  
Date: May 25, 2016  
Re: I.B.E.W. Local 332 Trustee Meeting

## Defined Contribution Plan Balance as of April 30, 2016 - \$435,566,352.81

Investment performance for the period ending 04-30-2016 is attached.

### **Educational Workshop:**

The first Educational Workshop for 2016 was held at the Union Hall on Thursday May 12th. There were 38 members/members' spouses in attendance, and all were provided with educational materials.

- Members were taught general financial concepts, such as risk and return, diversification, dollar cost averaging, compound returns, tax deferred investing, effects of inflation and the historic difference among asset classes.
- We reviewed the importance of estimating future retirement needs, determining investment time horizons and assessing risk tolerance.
- Members were informed about the benefits of Plan participation, increasing Plan contributions, and how the Plan works, as well as the objectives, risk and return characteristics, historical performance and other material information about each investment option under the Plan.
- Social Security benefits are a major part of retirement planning and will continue to be part of the Educational Program for members.

### **Member Communication:**

Members are provided with a toll free number to call with individual questions. I am also available at the Union Hall prior to the Monthly Meeting, from 4 pm to 5:30 pm, for members to stop by with questions or comments.

### **Investment Manager Update:**

#### **PIMCO Total Return (PTTRX)**

Effective May 13, 2016, the PIMCO Total Return Fund is permitted to invest 20% in below investment grade securities, whereas the prior limit was 10%. Securities are considered below investment grade when they are rated lower than the four highest rating categories by nationally recognized statistical rating organizations. The Fund has taken this action so that they have ample flexibility to make tactical investments in high yield corporate bonds, non-agency mortgages, and emerging market bonds.

The prospectus modification change does not materially affect our view of the Fund's investment merits. Investors should take note of that the risk profile of the Fund has increased in recent periods and the prospectus modification adds to that trend.



As previously communicated, the Fund has been volatile in the recent past, particularly relative to their Morningstar Intermediate Term Bond peer group. The Fund's performance ranking within this peer group has been changing frequently, depending on the market environment, because the Fund is tilted heavily toward positions that would benefit from economic growth and inflation.

The increased limit for below investment grade securities is providing further ability for the Fund to invest in riskier securities. The Fund remains a solid option for investors seeking an intermediate term bond fund with a moderate to above average level of risk.

We maintain a Watch Rating due to continued asset outflows, potential for further personnel losses, performance, and headline risk.

### **Invesco Trust Company**

Attached is correspondence regarding to the resolution of the DOL Investigation relating to Invesco Trust Company (ITC):

1. Invesco Trust Company Investor Notice
2. US Labor Department News Release
3. Email from Dee Ross, Sr. Stable Value Strategist, with Invesco

As of April 30, 2016, we have a position of approximately \$70.5 million in the IBEW NECA Stable Value Fund. The total book value of the Fund as of April 30, 2016, was over \$2.8 billion. The Fund in question of the DOL investigation, was the Invesco Short Term Investment Fund (ISTIF), a cash sweep and securities lending collateral reinvestment vehicle sub-advised by an affiliate of the Invesco Trust Company.

"Following discussions with the DOL, and without either admitting or denying the ERISA Violations alleged by the DOL, Invesco Trust Company has agreed with the DOL upon mutually acceptable terms to resolve this matter" (Investor Notice Dated May 2, 2016).

ITC has been forthcoming with all information required by the DOL along with being open to all the Investors regarding this resolution. From our view point this matter has been resolved.