

**IBEW LOCAL 332 PENSION PLAN, PART B**  
**Meeting Minutes**  
**April 28, 2016**

A meeting of the Board of Trustees of the IBEW Local 332 Defined Contribution Pension Trust Fund was held on Thursday, April 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  
Tim Daniels  
Bill Pfeiffer

Also in Attendance:

George Kraw and Katherine Roselin, Kraw Law Group  
Sid Kaufmann and Marci Vukson, Kaufmann and Goble  
Sue Campbell, Collection Attorney  
Joseph P. Herrle, J.H. Herrle and Associates  
Michael Lyons, The Marco Consulting Group  
Michael Vukson, Wells Fargo Advisors  
Donna Rios, Sandy Stephenson and Alison Humphrey, Administrative Office

3. MINUTES

Following review of the Minutes, it was **M/S/C** to approve the March 29, 2016 Minutes as presented.

4. CORRESPONDENCE

A. Ferguson Wellman – The manager sent a copy of its proxy voting report, 1<sup>st</sup> Quarter 2016, which is on file in the Administrative office.

5. DISBURSEMENTS AND RECIPROCITY REPORTS

The Trustees reviewed checks 1231-1240. It was **M/S/C** to approve the paid bills as presented. Next, the Trustees reviewed the incoming reciprocity reports for the months of January, February and March of 2015. The Trustees reviewed the outgoing reciprocity reports for December 2015, January and February 2016. Also reviewed was a Master List of Locals.

6. FINANCIAL STATEMENT

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

7. REPORT BY INVESTMENT CONSULTANTS – WELLS FARGO ADVISORS

A. Performance Update

Mr. Vukson reviewed his report. He reported that as of April 28, 2016 the balance in the Defined Contribution Plan was \$434,830,576.66. He gave an overview of the market environment and said that things are improving on a very slow basis. Included in his report is an Investment Manager Update, Mr. Vukson noted that MainStay Large Cap Growth Fund has been removed from the Watch List. He also mentioned that the first of two educational workshops will be held at the Union Hall on Thursday, May 12, 2016.

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

8. REPORT BY ADMINISTRATOR

A. 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.

B. Mandatory Distributions

None for this meeting.

C. 70½ Required Minimum Distributions

Ms. Rios reported that there was only one (1) member that received a required minimum distribution.

D. Travelers Report

The Trustees reviewed a current list of travelers. Ms. Stephenson noted that three (3) more travelers have decided to leave their pensions with the local.

E. Update on the Workshop

Ms. Stephenson provided survey results from the Educational Workshop that was held on April 23, 2016. 146 members were in attendance. The Trustees reviewed the classes offered and survey given to members.

9. REPORT BY KRAW LAW GROUP, ATTORNEYS

A. Non-Bargaining Unit Alumni Participation in the Plan

Ms. Roselin asked the Trustees if the Amendment allowing non-bargaining unit alumni to participate in the Plan that was approved in Part A pension plan would be approved

for Part B as well. The Trustees had a brief discussion and decided that it would not be approved in Part B. No action was needed.

B. Department of Labor Conflicts of Interest Rule

Ms. Roselin gave the Trustees a brief explanation of the Department of Labor Fiduciary Rule that addresses conflicts of interest; she stated that this does not apply to the Plan as the investment consultants have already agreed to be fiduciaries. The education provided to the participants is general in nature and does not provide individualized recommendations to participants.

10. REPORT BY ACTUARY AND CONSULTANT

A. Participant Activity Report – April 28, 2016

Ms. Vukson reviewed the report for April 2016 in detail.

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 Wednesday, May 25, 2016 immediately following the Defined Benefit Meeting.

There being no further business, the meeting was adjourned.

Respectfully submitted,



Alison Humphrey  
Recording Secretary



Michael J. Vukson, CFP®, AIF®  
First Vice President - Investments  
CA Insurance Lic #0B88615

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To: Trustees of I.B.E.W Local 332  
From: Michael Vukson  
Date: April 28, 2016  
Re: I.B.E.W. Local 332 Trustee Meeting

## Defined Contribution Plan Balance as of March 31, 2016 - \$434,830,576.66

Investment performance for the period ending 03-31-2016 is attached.

### Economic Overview 1<sup>st</sup> Quarter 2016:

- U.S. gross domestic product (GDP) for the fourth quarter was revised upwards to 1.4 percent annualized. Personal consumption was revised up to 2.4 percent from 2.0 percent. Business investment weakened, but residential investment and government expenditures increased. Corporate profits were down 7.8 percent in the quarter and 11.5 percent from a year ago. Profits have declined in four of the last five quarters.
- Headline inflation fell for the month, with the Consumer Price Index (CPI) down 0.2 percent in February and only up 1.0 percent from a year ago.
- March's U.S. employment report surprised to the upside, with 215,000 net positions added. Wages beat expectations to increase 0.3 percent in the month and are up 2.3 percent over the last twelve months.
- Housing starts were up 5.2 percent, but building permits declined 3.1 percent in February. Housing permits remain near post-recession highs. New home sales picked up 2.0 percent for the month to a seasonally-adjusted annual rate of 512,000 units.
- The recovery in oil and a depreciating U.S. dollar helped investors shake off pessimism and gain confidence in the market. Large-cap U.S. stocks gained 6.8 percent in March, bringing the quarter's return to 1.3 percent. Mid-cap stocks rallied, rising 8.2 percent. Small-cap stocks gained 8.0 percent for the month.
- Treasury securities rose by 0.2 and 3.2 percent, respectively, for the month and quarter, while TIPS delivered respective returns of 1.8 and 4.5 percent on higher core inflation.
- Measures of economic activity in China were mixed in March. Growth in exports contracted sharply and industrial production activity slowed during the month of February. China's services sector showed signs of slowing during the first quarter of this year. One bright spot in China's economy continues to be housing with major Chinese cities reporting an increase in existing residential apartment prices in February.

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## **Investment Manager Update:**

### **JPMorgan Core Bond Fund (PGBCX)**

- The Fund modestly underperformed the Barclays U.S. Aggregate Bond Index for the first quarter 2016. Having less duration compared to the Index had a negative impact on relative performance. Security selection within agency-issued mortgage-backed securities was beneficial to relative performance.
- Owning Zero-Coupon Treasuries in lieu of conventional Treasury Notes had a positive impact on relative performance.
- We maintain a Watch rating reassessing our conviction in the Fund following key personnel departures.

### **MainStay Large Cap Growth Fund (MLAIX)**

- The Fund underperformed the benchmark Russell 1000 Growth Index in the first quarter 2016.
- Information technology and consumer discretionary stocks selection detracted from relative returns due in large part to the funds overweight to internet software and services and internet catalog retail names, which meaningfully underperformed in the quarter. The Fund's overweight to these areas is consistent with the number of active managers that have been overweight to these high-growth, high-priced multiple areas, which performed well in 2015, but sharply corrected in January and February of this year.
- The Fund implements a dynamic approach to investing, which allows the investment team to shift between more aggressive and more stable growing companies, based on where the team is finding opportunities. Unfortunately the team was not able to take advantage of the most recent market environment, which abruptly shifted from favoring high-growth, momentum names to punishing them.
- We find the Fund a suitable investment as a core large-cap value growth holding. The Fund is removed from the Watch List.

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

- The Fund underperformed benchmark Barclays U.S. Aggregate Index for the first quarter 2016.
- One of the negative impacts on relative return came from the Fund having less duration.
- Owning Treasury Inflation Protected Securities (TIPS) as a substitute for nominal Treasuries detracted from relative returns as inflation expectations decline for the quarter.
- We maintain a Watch Rating, primarily due to continued asset outflows and their potential to negatively impact the resources available to the Fund. The securities currently being used in the Fund are within our expectations. We note that the Fund is expressing a bold, directional view in anticipation for a strong U.S. economy and inflation, which has been resulting in greater volatility than we might normally expect.

## **2016 Educational Workshops**

Two Educational Workshops have been scheduled for 2016. The first of the two meetings will be taking place at the Union Hall on Thursday, May 12, 2016 from 6:00 to 7:30 pm.