

**U.A. Local 467
Defined Benefit Plan Trust Fund
Board of Trustees Meeting**

September 10, 2013

Minutes

1. Call to Order

The regular meeting of the Board of Trustees for the U.A. Local 467 Defined Benefit Plan Trust Fund was called to order by Chairman Mike Swanson at the U.A. Local 467 Union Hall, 1519 Rollins Road, Burlingame, California. A quorum was present.

2. Roll Call

The following Trustees were present:

Employee

Mike Swanson, Chairman
Mark Burri
Chris Collins
Gary Saunders

Employer

Dan Larratt, GBA
Michael Vlaming, Industrial Contractors, UMIC, Inc.
Ken Westphal, ACCOES
Bill Whitney, Northern Calif. MCA

Also Present

Marci Vukson and Sid Kaufmann; Kaufmann and Goble
Dick Grosboll; Neyhart, Anderson; Flynn & Grosboll
Steven Callow; New Century Partners
Alex Miller; Hemming Morse, Inc.
James Bishop, WhiteStar
Pam Barrett, Judy Sargent and Debbie Wolfe; UAS

3. Minutes

A. June 11, 2013

The Trustees reviewed the Minutes. Following review, a change was requested on Page 2 changing Dinelli Electric to Dinelli Plumbing in the Collections section of the Minutes. It was **M/S/C** to approve the Minutes of June 11, 2013 as revised.

4. Communications

None.

5. Delinquency Report – Mike Swanson

Chairman Swanson distributed the Delinquency Report as of September 10, 2013 relating to three (3) contractors who were 30 days or more past due and he continues to work closely with them to ensure payment.

- 1) Ayoob Mechanical owes June and July 2013.
- 2) Peninsula Air Conditioning Co. owes June and July 2013.
- 3) Robert's Fire Stop owes June and July 2013.

Contractors referred for Collections:

- 1) South City Refrigeration & Air Conditioning. South City is on a Payment Plan of \$750.00 per week.

It was reported that Cal Air sent a check for \$1,000 since the last meeting to clean up 2012 discrepancies and is current on principal. The employer currently owes for 2013 on benefits. The members were shorted about 80 hours.

6. Report by Legal Counsel - Dick Grosboll

A. Summary Plan Description

Mr. Grosboll distributed a draft of the Summary Plan Description, including a cover memo dated September 10, 2013, summarizing the key changes (which are noted in red in the draft SPD). Changes were requested by October 15, 2013. Mr. Grosboll said he would work with Chairman Swanson to set up a meeting to review the draft SPD. Mr. Grosboll anticipated that the document will be able to be published and distributed in early 2014.

B. Same Sex Marriage Supreme Court Decisions.

Legal counsel summarized his memorandum on the impact of the United States Supreme Court same-sex marriage cases on the Plan. He emphasized the same-sex spouses are to be treated the same as opposite-sex spouses for purposes of the joint and survivor annuity, pre-retirement survivor annuity and spousal consent requirements.

7. Investment Consultant Report, New Century Partners - Steven Callow

Mr. Callow distributed portfolio appraisals as of August 31, 2013. He reviewed the economic market report and noted that the economy is still sluggish. Mr. Callow reported that Syria is a concern, as is the debt ceiling. He reported that the stock market should be able to continue its upward momentum.

Discussion took place about ValueAct Capital. A question was raised about Value Act Capital and its role with MicroSoft. Mr. Callow acknowledged that that was an unusual

situation, which is why he highlighted it in his report. He reminded the Trustees that ValueAct has provided excellent yield to the Plan and continues to perform well. The Trustees reviewed Madison Dearborn, too, for the second quarter of 2013. Madison sold Bway at 1.75 times the invested capital.

Mr. Callow reported that Alger Capital was sold out of the portfolio for a realized profit of \$1,062,351. He said he is starting to receive some IPO stock distributions.

Relating to the DB Plan Portfolio, Mr. Callow reported that there had not been much change in the portfolio since the last meeting.

The total market value as of August 31, 2013 was \$282,380,258; \$791,241 in Common Stock; \$170,710,582 in Mutual Funds, Real Estate Secured Notes & Bonds, \$11,081,831; Real Estate Loans totaled \$18,814,465, \$7,090,898 in Real Estate Partnerships; \$12,988,311 in Venture Capital Partnerships, \$55,155,351 in Private Equity Partnerships, and \$5,747,598 in Cash & Equivalents.

8. Investment Management Report, WhiteStar Advisors - James Bishop

Mr. Bishop distributed the 2013 Second Quarter Report and reported on the real estate investments and holdings, the cash distributions, principal and interest payments amounts and the market value of the real estate equity. The total estimated market value of the real estate portfolio on August 31, 2013 was \$36,829,997 respectively.

The Executive Summary was reviewed in detail and Mr. Bishop responded to questions of the Trustees. The Summary is attached to the Minutes.

9. Actuary/Consultant Report; Kaufmann and Goble - Sid Kaufmann and Marci Vukson

A. Actuarial Valuation

Mr. Kaufmann reported that preparation of the Actuarial Valuation is in progress and he said it will be reviewed at the next trust meeting. He thanked the Administrator and the Auditor for providing his office with data in a timely manner to aid in preparation of the Actuarial Valuation.

B. Ninth District Court Decision on Plan Assets/Recovery of Unpaid Contributions

A report was given on a recent Ninth District Federal Court Decision holding that contributions payable were not plan assets and thus not recoverable from the business owners. Mr. Grosboll stated that the issue of whether unpaid contributions are "Plan Assets" often hinges on language in a Trust Agreement or Collective Bargaining Agreement. He noted that it has been his intention to raise with the Trustees and bargaining parties that it is time to amend the Trust Agreement. He concurred with Sid Kaufmann that the Trust Agreement could be amended to include language to make it easier to recover funds from individual employers. He said he thought that the bargaining parties had the power to amend

the Trust Agreement and that the Trustees sign off on the document. Mr. Grosboll agreed to provide a report at the next meeting.

There was also a discussion about phased retirement and benefit suspension rules. Mr. Grosboll and Mr. Kaufmann will work on a summary summarizing the rules for phased retirement for review at a future meeting. Also, they will discuss Suspension of Benefit Rules. Mr. Grosboll reminded the Trustees of the United States Supreme Court decision in the Heinz decision that limits the impact of changes in the benefit suspension rules. He will provide a summary of that decision for the next meeting.

10. Administrator's Report, United Administrative Services - Judy Sargent

A. Retirement Report

The first item reviewed was a Retirement Count Report for 2013 which showed that there have been a total of 15 Retirements and 3 Disabilities in 2013. Retirement and Disability Counts for 2012 and 2011 were also reviewed.

The Trustees reviewed the New Retiree List dated September 10, 2013 which included eight (8) retirees. It was **M/S/C** to approve the list as presented. The Retirement List is attached to the Minutes.

Ms. Sargent referenced the Pre- Retirement Death List dated September 10, 2013. The Trustees reviewed the list. It was **M/S/C** to approve as presented. The Retirement List is attached to the Minutes.

Ms. Sargent referenced a revised copy of the Defined Benefits Plan for Ex-Spouses which was distributed at today's meeting. There was one (1) spouse on this list dated September 10, 2013. The Trustees reviewed the list. It was **M/S/C** to approve the list as presented.

B. Administrative Agreement Renewal

The Trustees signed United Administrative Services' Administrative Agreement which was previously approved. Ms. Sargent thanked the Trustees for retaining UAS as the Administrator on this fund.

C. Website Upgrade

It was reported that the Administrator's Office is creating a Trustee Portal for the U.A. Local 467 website. Each Trustee will be provided with a password to a portion of the website that only Trustees can view. Included on the website will be two years of documents including the current Summary Plan Description, Trust Document, Plan Amendments, Legal Reports, Consultants Reports and Investment Reports. These documents will be available for on line review or for printing purposes. After discussion, the Trustees concurred that they did not want documents relating to real

estate to be printable given the confidential nature of such documents and the impact such disclosure might have on the value of the property. The Trustee portal should be up and running by the first half of October 2013.

D. Quarterly Benefit Statements

The quarterly benefit statements were sent to Chairman Swanson last month. Data as of June 30, 2013 is being input now. Statements should be mailed out by the first part of October 2013.

11. Assets and Expenses

A. Financial Statements

After a review and discussion, it was **M/S/C** to accept the financial statements for the months of April, May and June 2013 as presented.

B. Payment of Bills

The Trustees reviewed the itemized bills. Following review, it was **M/S/C** to accept the payment of bills, checks 7112-7149 as presented.

12. Review of Financial Audit – Alex Miller

No report.

13. Old Business

None.

14. New Business

None.

15. Next Meeting Date

The next regular meeting is scheduled on Tuesday, December 10, 2013.

16. Adjournment

There being no further business, it was **M/S/C** to adjourn the Board of Trustees Defined Benefit meeting.

Respectfully submitted,



Debbie Wolfe, Recording Secretary