

**ATU LOCAL 1596 PENSION FUND  
MINUTES OF WORKSHOP  
Tuesday, February 18, 2003**

**Board Members Present:**

Thomas Lapins- Chairman  
Edward Johnson- LYNX Appointee  
Blanche Sherman- LYNX Appointee  
Mike Donnelly- Union Appointee  
Frank Lacock- Union Appointee  
Brian Anderson- Secretary

**Others Present**

Scott Baur & Nick Schiess- Fund Administrator  
Jill Hanson- Fund Attorney

<b>Agenda Item</b>	<b>Discussion</b>	<b>Decision</b>	<b>Follow-up</b>
1.	Meeting called to order.	1:10 PM	
2.	The Board reviewed the Minutes from meeting of January 21,2003. The Trustees noted a spelling correction and requested that the Minutes reflect that Desna Hunte attended the meeting.	Edward Johnson made a motion to approve the minutes as amended, seconded by Mike Donnelly, and approved by the Trustees 6-0.	None Required.
3.	The Board noted that Cherry Bekaert & Holland had not yet completed the annual audit due to missing information on the share accounts. The Board discussed how contributions will be credited to the Share and DROP accounts. Scott Baur noted that LYNX must provide the contribution information for the Share accounts, while the DROP participant receives credits to the DROP account from the plan assets.	The administrator will reschedule the presentation by the auditor for the next meeting. Blanche Sherman will help the Pension Resource obtain the missing information.	Blanche Sherman
*	The Board then discussed the amount of vacation time (maximum of 5 weeks accumulation from one year to the next) and sick time (170 days) that an employee may accumulate toward the final average salary when retiring. The Trustees considered the impact that retirement date might have on the final average salary calculation, based on the plan year (fiscal year) definition of compensation contained in the plan document.	The Board will add the final average salary calculation to the agenda for further discussion with the actuary. The Board tentatively set the date for the next meeting/ workshop for April 7 <sup>th</sup> or 15 <sup>th</sup> , to include a morning session prior to a break for lunch.	

4.	The Trustees deferred the report by Merrill Lynch until later in the meeting.		
5.	Jill Hanson, attorney for the Pension Fund, presented an Amendment to extend the buy back period from five to seven years from the date of refund. Hector Matos had not yet been provided with the amount he must repay to the plan, since the administrator was still researching the original amount of the refund paid to Mr. Matos. The Board noted that either the old minutes or account statements with Suntrust might contain the information. The Trustees also discussed the different methods to notify the participants of the Amendment.	<p>The Trustees signed the amendment. Notice of the amendment needs to be publicly posted and forwarded to the union president.</p> <p>Edward Johnson made a motion to give Hector Matos 30 days to complete the buyback following notification of the amount that he must repay. Brian Anderson seconded the motion, approved by the Trustees 6-0.</p>	Tom Lapins Pension Resource Center
*	Jill Hanson addressed questions regarding the maintenance and accessibility of public records maintained by the Pension Plan. The administrator currently acts as the records custodian on behalf of the Pension Plan, although the offices of PRC are located in Palm Beach Gardens. LYNX has no space for the Pension Plan to maintain records, although the Trustees noted that the plan document requires LYNX to provide space.	Jill Hanson will incorporate discussion on maintenance and availability of public records in her presentation on Sunshine Law.	Jill Hanson
7 a)	Tom Lapins reported on a meeting with management regarding participation in the Pension Plan by bargaining unit employees promoted to management. Lee Ricci, Desna Hunte, Bill Schneeman, Tom Lapins, Scott Baur and Nick Schiess participated in the meeting. Bill Schneeman expressed concerns that continued participation in the bargaining unit pension plan by participants promoted to management may create an issue at bargaining, since LYNX contributes 12% of payroll to the management plan and 9.85% of payroll to the bargaining unit pension plan.	The Board noted that the pension became a major issue for some trainers that recently declined promotions based on the perceived loss of pension benefits that would accompany the promotions. LYNX has not yet made a decision to allow bargaining unit employees to continue participating in the ATU Local 1596 Pension Plan following promotion to management.	
6.	The administrator had no additional report, since many of the administrative issues appeared elsewhere on the agenda.		

7 b)	The Trustees discussed reviewing professional service administrator contracts and appointing paired sub-committees of one union representative and one LYNX representative responsible to review each contract. The subcommittee will post notice of a workshop and meet.	The Board appointed Tom Lapins and Edward Johnson to the first service provider review subcommittee. Edward Johnson made a motion to review professional service administrator contracts every three years at the rate of two per year with the following schedule: Year 1: Attorney & Actuary Year 2: Administrator & Monitor Year 3: Auditor & Custodian Mike Donnelly seconded the motion, approved by the Trustees 6-0.	Tom Lapins Edward Johnson
8 a)	The Trustees reported on the process to distribution reference guides and annual benefits statements. Then the Board discussed the plan provisions for vesting, since a participant with 9 years 10 months of service requested a refund of contributions. The plan stipulates that a participant receives a year of vesting for 1000 or more hours of service in a plan year, so the participant with 9 years 10 months of service actually completed a full 10 years of vesting credit. Tom Lapins expressed concerns that participants in the past may have withdrawn contributions with not realizing they had 50% vesting credit. Some past participants with 10 years of vesting credit but less than 10 years of service have also withdrawn contributions.	The Board determined that the participant with 10 years of vesting credit was not eligible to receive a refund of contributions from the plan. Tom wants to identify and contact any participants that took refunds of contributions with 50% vesting credit but less than 5 years service. The Board decided to defer further discussion of the matter to include the actuary at the next meeting.	None Required
8 b)	Participants entering the DROP plan do not receive credit for unused sick and vacation time in the final average salary calculation. Many other public pension plans allow the amounts to be included in the final average salary calculation, and some employers actually pay the accrued amounts when the employee enters the DROP plan.	The Trustees will further discuss the issue with the actuary. The issue may need to be addressed in bargaining	None Required
9.	Frank Lacock asked if the investment policy for the plan should allow for investment in companies with poor labor practices. Jill Hanson said that the Department of Labor has a rule against investments based purely on social issues.	The trustees postponed the discussion until the next quarterly meeting with Jeff Swanson.	None Required
9.	Mike Donnelly noted that the plan rebalanced assets in October, but the equities since experienced further declines. He believes	Jill Hanson recommended the Board further discuss the asset allocation with	None Required

	the plan should maintain a higher allocation of assets to bonds.	Jeff Swanson. She stated that the current guideline only sets limits on exposure to equities, leaving the actual discretion on asset allocation to the investment managers retained by the plan.	
9.	Tom Lapins questioned how Share and Drop Account earnings are calculated, in response to requests for information by some participants. Scott Baur recommended that the plan credit investment earnings quarterly based upon the gain or loss reported by the investment consultant.	The administrator and the actuary will discuss the issue at the next meeting, once the administrator obtains the contribution information for participants currently in the Share account.	PRC
9.	The Board also discussed the potential trade-offs for a participant entering the DROP, as opposed to continuing to accrue a larger benefit under the defined benefit portion of the plan. Jill Hanson added that DROP does make sense in certain circumstances such as someone who is at the top of the pay scale. Tom Lapins recommended that the Board adopt a policy to provide some analysis to the participants.	Blanche Sherman recommended that the Board determine if other public transportation agencies have a DROP plan. Frank Lacock made a motion to adopt a policy to advise participants entering the DROP of potential differences in benefits at the time of application. Edward Johnson seconded the motion, approved by the Trustees 6-0. The administrator will create a generic example for participants entering the DROP plan.	PRC
9.	The Trustees discussed a process to identify those participants now eligible to buy back. Some participants may be eligible to complete a buyback since the Board extended the time from 5 to 7 years, including employees promoted to management who later returned to the bargaining unit. Blanche Sherman suggested that HR could produce a report on employees terminated from management, and Scott Baur added that such a report could then be cross-referenced with current participants.	Once identified, the administrator will submit the information to the actuary to determine the cost of the change in the buyback to the plan. Letters must also be sent to participants eligible to buyback by virtue of the change.	Brian Anderson PRC
10.	The Trustees reviewed the disbursements. The Board requested that GRS itemize billing to provide additional detail on services. Tom Lapins noted that he was due a reimbursement for lunch that had not yet been processed.	Blanche Sherman made a motion to approve disbursements subject to clarification of the description provided for Check #1150, seconded by Edward Johnson, and approved by the Trustees 6-0.	PRC GRS

4.	<p>Jeff Swanson reported positive earnings of \$948,954 for the quarter ending December 31, 2003, bringing the total assets of the Fund to \$29,268,640. The return of 3.4% trailed both the target index and the peer manager group due to an under-allocation in equities. Even still, the equity portfolio and the fixed income portfolio separately both out-performed other plans and managers. The annual return of -4.4% put the plan in the top 7% by performance for the calendar year. Jeff Swanson reported that the bear market, now in 3<sup>d</sup> year, was the worst in a long time. Mike Donnelly questioned when Jeff believed the market would improve, and Jeff replied hopefully next quarter.</p> <p>Jeff Swanson reported that PIMCO under-performed, but the Board should give the manager another three quarters to improve performance before considering a change.</p> <p>Jeff Swanson reviewed the compliance checklist, noting compliance in all areas except for returns not exceeding the actuarial assumption. Mike Donnelly questioned the asset allocation, and Jeff Swanson replied that the Fund should not make any changes since the assets were already positioned conservatively.</p>	The Board will monitor the ongoing performance by Pimco.	Jeff Swanson
11.	No benefit applications were presented at this time.		
12.	The Trustees scheduled the next regular meeting for April 15 <sup>th</sup> 2003 starting at 11:00 A.M.		
13	There being no other business, and the next meeting having been previously scheduled during the meeting, the Trustees adjourned at 4:50 PM.	Blanche Sherman made a motion to adjourn, seconded by Frank Lacock, and approved by the Trustees 6-0.	

Sincerely,

Brian Anderson  
Secretary