

**ATU LOCAL 1596 PENSION FUND
MINUTES OF WORKSHOP
May 13, 2003**

Board Members Present:

Thomas Lapins- Chairman
Edward Johnson- LYNX Appointee (2:15 PM)
Blanche Sherman- LYNX Appointee (2:15 PM)
Mike Donnelly- Union Appointee
Frank Lacock- Union Appointee
Brian Anderson- Secretary

Others Present

Scott Baur & Nick Schiess- Fund Administrator
Jill Hanson- Fund Attorney
Peter Alfele – Auditor (2:15 PM)
Mike Callaway- Investment Monitor (2:15 PM)
Joyce Baldi – Lynx Human Resources
Desna Hunte – Lynx (2:15 PM)

Agenda Item	Discussion	Decision	Follow-up
1.	Meeting called to order.	11:07 AM	
2.	<p>Jill Hanson delivered a presentation on the Sunshine Law specifically addressing the rules and regulations relating to public pension plans' records and open meetings. Ms. Hanson delivered materials produced by the FPPTA and Hanson, Perry, & Jensen and discussed examples of compliance and violations of the law.</p> <p>Ms. Hanson explained that with regards to public records law, all records of any type must be made available for public inspection and copying. All documents including notes and personnel records are considered public records with the exception of Social Security Numbers and medical records. The law also requires a record keeping policy and allows reimbursement of up to \$.15 per page for copying records for record requests.</p> <p>With regards to meetings, a primary requirement of the law is that the meeting must be in a location that is available to the public. Ms. Hanson advised that decisions made by the Pension Board must be made in these open meetings however subcommittees may meet outside the meetings for the purpose of research, evaluation, and formulating proposals as long as recommendations or decisions are not made. Another requirement is that notices of the meetings are</p>	Tom Lapins requested a procedure for the posting of meeting notices.	PRC

	properly posted in a location where participants of the plan can view it and to allow the public a reasonable opportunity to attend. The Board discussed the current practice of posting notices. It is not required that the meetings be recorded but Minutes must be written. The Board cannot prevent the audio or video taping of the meeting by any attendee.		
*	(The meeting adjourned for lunch at 12:10 and reconvened at 2:15 PM)		
3.	The Trustees reviewed the Minutes for the meeting of April 13, 2003.	Edward Johnson made a motion to approve the Minutes for April 13, 2003, seconded by Mike Donnelly, and approved by the Trustees 6-0.	None Required
7.	<p>Peter Alfele of Cherry, Bekaert, & Holland delivered to the Board a presentation of the Audit for the Plan year ending September 31, 2002. Mr. Alfele explained that the Audit was in accordance with Governmental Auditing Standards and the opinions are limited to general financial statement tests for internal controls and compliance and that there were no material weaknesses found. Mr. Alfele reported the net assets for the Plan as of September 31, 2002 was \$ 28,026,767. Added to the Audit for this year, were DROP plan descriptions and Share Accounts. Mr. Alfele explained the reporting on investments and noted that two investments (FNMA & FHLM) may exceed the 5% limitation of the Investment Policy. The Audit report continued with the explanation of the actuarial information and assumptions, trends, funding, and changes in benefits.</p> <p>Mr. Alfele concluded the report requesting the Board maintain several internal controls: procedures for the proper recording of Share Account data is needed; checking and investment accounts should be reconciled monthly; alerts are needed to identify deceased participants; and terminated employees need to be notified of benefits under the Plan. A subsequent discussion determined that there is no mechanism in place to notify the Administrator of terminated employees.</p> <p>Mr. Alfele concluded his report noting that the Auditor is independent of the Plan as required. The Board thanked Mr. Alfele who departed the meeting at 3:30 PM.</p>	<p>Blanche Sherman will determine whether or not LYNX makes contributions for employees in a probationary period.</p> <p>Edward Johnson made a motion to approve the Minutes for February 18, 2003, as amended, seconded by Frank Lacock, and approved by the Trustees 6-0.</p>	Blanche Sherman

9.	<p>Michael Callaway of Merrill Lynch Investment Services delivered the Investment Monitor Report. Mr. Callaway reported that the market value of the Fund as of March 31, 2003 was \$29,425, 480 in comparison to the \$20,122,955 originally invested.</p> <p>Although the Fiscal-Year-to-Date return for the fund was up 1.6%, this last quarter's performance was negative with a -1.7% return. Mr. Callaway further reported that the Fund's losses were less than most plans due to the lower than average asset allocation in equities, which performed poorly.</p> <p>Mr. Callaway advised the Board that the continued performance in the Bond market is unlikely and recommended rebalancing the portfolio with an increased weight in equities. A very lengthy discussion ensued to rebalancing and Mr. Callaway discussed in detail the asset allocation for the Fund, market cycles, and risks and rewards associated with equities and bonds.</p> <p>Mr. Callaway continued the report with the performance returns on the individual Investment Managers noting that the total portfolio was well diversified. A review of the investment policy checklist showed the Fund to be in compliance on all items that are attainable.</p> <p>An additional discussion of rebalancing ensued with Mr. Callaway confirming his prior recommendations.</p> <p>The Board thanked Mike Callaway who departed the meeting at 4:10 PM.</p>	<p>Frank Lacock made a motion to approve the rebalancing of investments according to the recommendations of the Investment Manager, seconded by Brian Anderson, and approved by the Trustees 5-1, with Mike Donnelly dissenting.</p> <p>Rebalance investments to target 60/40.</p>	Mike Callaway
8.	<p>Desna Hunte reported on her research into conducting pre-retirement seminars to educate participants of their benefits under the plan and providing other information relating to retirement. Ms. Hunt recommended using the services of outside speakers such as financial planners and social workers to add depth to the seminar. The Board discussed in great detail possible locations, outside speakers, identification of participants, and the promotion of the event(s).</p>	<p>The Trustees directed Brian Anderson to furnish a report of participants with 18+ years of service.</p> <p>The Trustees directed the Administrator to coordinate with Ms. Hunte on the seminars.</p>	<p>Brian Anderson</p> <p>PRC</p>
4.	<p>The Administrator furnished the Board with a Statement of Income & Expense and Balance Sheet for period ending March 2003 for review</p>	<p>The Board accepted, received, and filed the Financial Statements for period ending March 2003. The Board directed the Administrator to</p>	None Required

	review.	provide a detailed report on the GL code for Miscellaneous expense for the next regularly scheduled meeting.	PRC
5.	The Trustees reviewed the disbursements.	Blanche Sherman made a motion to approve the disbursements presented by the Administrator. Brian Anderson seconded the motion, approved by the Trustees 6-0.	None Required
11.	The Administrator furnished the Board with lists of New Retirement Benefits and refunds of Contributions dating from August 2002 – April 2003. The Administrator noted that benefits have already been paid and the lists were provided for approval after the fact per the prior agreement with the Board. The Administrator also noted the list was inclusive of all benefits paid since the Administrator began service with the Plan. The Trustees reviewed both lists.	Brian Anderson made a motion to approve the Benefit Lists submitted by the Administrator. Frank Lacock seconded the motion, approved by the Trustees 6-0.	None Required
10.	Jill Hanson advised the Board that Financial Disclosure Forms must be filed with the Supervisor of Elections in the County of residence by July1, 2003. Ms. Hanson advised the Board that the State revised the regulations on reimbursement rates travel and meals effective January 2003. Since the Board uses the reimbursement rates for Lynx, Lynx would have to revise it's reimbursement rates to allow a greater reimbursement for meals for the Board.		None Required
12.	The Board discussed the renewal of the Fiduciary Liability Insurance and increasing the policy limits of the respective premiums.	Edward Johnson made a motion to approve the Fiduciary Liability Insurance with a limit of \$3,000,000 with an annual premium of \$11,471.00. Mike Donnelly seconded the motion, approved by the Trustees 6-0. The Board directed the Administrator to obtain the Fiduciary Liability Insurance.	PRC
14.	The Trustees discussed alternative meeting times.	Blanche Sherman made a motion to start Workshops at 11:00 AM and the regular Meetings at 1:00 PM. Mike Donnelly seconded the motion, approved by the	None Required

		Trustees 4-1 with Edward Johnson dissenting.	
13. a) b) & c)	The Trustees discussed the June FPPTA Conference and notified the Administrator who was attending. Vesting examples and procedures for final average salary calculations were tabled until the next regularly scheduled meeting.	The Board directed the Administrator to make the necessary travel arrangements and registrations.	PRC
14 & 15.	There being no other business, and the next meeting having been previously scheduled for Tuesday August 12 at 11 AM, the Trustees adjourned at 5:15 PM.	Brian Anderson made a motion to adjourn, seconded by Frank Lacock, and approved by the Trustees 5-0.	None Required

Sincerely,

Brian Anderson
Secretary