

**ATU LOCAL 1596 PENSION FUND  
MINUTES OF WORKSHOP  
September 23, 2003**

**Board Members Present:**

Thomas Lapins- Chairman  
Edward Johnson- LYNX Appointee  
Blanche Sherman- LYNX Appointee (11:45 AM)  
Mike Donnelly- Union Appointee  
Frank Lacock- Union Appointee  
Brian Anderson- Secretary

**Others Present**

Scott Baur— Fund Administrator  
Jill Hanson— Fund Attorney  
Phil Ingram— Plan Participant  
Theora Braccialarghe— Actuary (11:00 AM)  
Joyce Baldi – Lynx Human Resources  
Lee Ricci & Lisa Darnell— Lynx Representatives (2 PM)

<b>Agenda Item</b>	<b>Discussion</b>	<b>Decision</b>	<b>Follow-up</b>
1.	Meeting called to order.	9:50 AM	
*	Phil Ingram addressed the Board. He stated that he called Angela at the Pension Resource Center, administrator of the Pension Fund, on August 29 regarding a refund of contributions. Based on his reported conversation with Angela, he resigned from his position at LYNX to obtain a refund of his contributions prior to becoming fully vested with 10 years service. Mr. Ingram had already accumulated more than 10 Benefit Credits, so he was not eligible to receive a refund of contributions from the Pension Fund. As a result of his reliance on the information that he reportedly received from the Pension Resource Center, he also remained out of work for much of September, 2003. He requested that the Board allow him to take a refund of contributions or reimburse him the month of lost pay.	Jill Hanson, Attorney for the Pension Fund, requested additional time to review the matter. The Board noted that Mr. Ingram received a Reference Guide, although he stated that he would normally rely on the advice of the administrator in his situation. Mr. Ingram prepared a written statement for Ms. Hanson. She will report back to the Trustees at the next scheduled meeting, and Mr. Ingram will be invited as well.	Jill Hanson PRC
2.	The terms for Mike Donnelly and Blanche Sherman expire as of October 1, 2003. The Trustees have the following seats and terms on the Board:  (Management Appointees) Edward Johnson (Management Appointee 1) October 1, 2004 Brian Anderson (Management Appointee 2) October 1, 2005 Blanche Sherman (Management Appointee 3) October 1, 2003  (Union Representatives) Frank Lacock (Union Representative 1) October 1, 2004 Tom Lapins (Union Representative 2) October 1, 2005 Mike Donnelly (Union Representative 3) October 1, 2003	The Union did not have a quorum at the last meeting to reappoint Mike Donnelly for another term. LYNX will provide a letter to the Board to reappoint Blanche Sherman to another term. The information regarding the Trustee terms will be added to the Reference Guide.	Union LYNX Jill Hanson

3.	<p>Edward Johnson presented a sample Request for Proposal (RFP) for actuarial services, as well as a list of public pension actuaries from the FPPTA. The Trustees discussed the review process, since the Board did not necessarily want to go out to bid for these services. The actual RFP requires much time to prepare and review.</p>	<p>Jill Hanson suggested that the Board could solicit letters of interest from service providers to simplify the process and determine fees for services. The letter of interest would include a simple description of services, fees, and a representative client list. The Trustees also discussed engaging a secondary provider as a backup for certain critical providers, such as the attorney. Edward Johnson made a motion to table further discussion until a separate workshop to be scheduled after January 1, 2004. Mike Donnelly seconded the motion, approved by the Trustees 5-0.</p>	None.
4.	<p>The Board discussed educational workshops for the participants of the Pension Fund. The Trustees reviewed the many logistical issues, due to the different shifts and working locations for the many employees. Brian Anderson noted that the employees currently complete health insurance enrollments on their own time, although LYNX does coordinate benefit fairs twice each year that some employees attend.</p>	<p>Tom Lapins suggested some additional discussion with representatives of LYNX regarding workshops for participants. The Board also decided to try to coordinate a pension workshop or booth at the benefit fair scheduled for May, 2004. Mike Donnelly added that the Board should determine both the demand and the cost for a workshop or presentation in advance.</p> <p>Jill Hanson and Scott Baur will also assist with the distribution of the Reference Guides and annual benefit statements in December. Tom Lapins noted that the contract for the administrator calls for additional compensation for each meeting or function over six (6) in a year.</p>	Tom Lapins LYNX
12.	<p>Jill presented some information for an upcoming Municipal Police and Fire Conference held annually by the Division of Retirement. She also provided Trustees with copies of a paper entitled "Duties and Responsibilities of Trustees".</p> <p>She then distributed and discussed copies of the current Trustee expense reimbursement policy. Recent legislation allows the Board to adopt a more liberal policy for reimbursement of travel expenses, although the Board currently follows the LYNX policy. Ms. Hanson advised the Trustees that the Board cannot establish reimbursement</p>	<p>Mike Donnelly stated that Trustees should only receive reimbursements after presenting receipts for actual expenses.</p>	None.

	amounts adopted by LYNX.		
5.	<p>(Blanche Sherman at 11:45 AM) The Trustees reviewed the financial statement, the Engagement Letter for the next audit, and the disbursements.</p> <p>The morning session for the meeting ended.</p>	<p>Edward Johnson made a motion to execute the Engagement Letter with Cherry, Bekaert, &amp; Holland, seconded by Blanche Sherman and approved by the Trustees 6-0.</p> <p>The Trustees requested clarification of a \$6,000 payment to the Pension Resource Center in August, 2003. Blanche Sherman made a motion to approve the disbursements, seconded by Edward Johnson, and approved by the Trustees 6-0.</p> <p>The Pension Resource Center will also provide some additional detail from the General Ledger to Blanche Sherman for review prior to the next scheduled meeting.</p>	PRC
6.	<p>The afternoon session for the meeting convened at 1:25 PM.</p> <p>The Trustees reviewed the minutes for the meeting of August 14, 2003.</p>	<p>Edward Johnson made a motion to approve the minutes for August 14, 2003, seconded by Blanche Sherman, and approved by the Trustees 6-0.</p>	None.
7.	<p>Theora Braccialarghe, actuary for the Pension Fund with Gabriel, Roeder, Smith &amp; Company, reviewed the creation of the Funding Standard Account. Prior employer contributions stipulated by the bargaining agreements, in excess of the actuarial required contribution, can be used to create a funding reserve in the Pension Fund. According to Theora, the appropriate use of such a reserve is to maintain a credit balance for smoothing of future employer contributions with changing market conditions. She stated that such a reserve should not be viewed as an offset for normal required employer contributions to the Pension Fund. She also noted that the creation of a reserve will somewhat increase the current liability or funding requirement by setting aside past excess contributions.</p> <p>The employer contributions increased to \$2,497,215 for the current year, or about 10.56% of payroll based on adoption of the Funding Standard Account. Theora estimated this contribution will increase</p>	<p>The Board discussed adoption of the Funding Standard Account. The Division of Retirement will always assume that shortfalls in required employer contributions will automatically come from the account, so long as the funding reserve exists. Theora repeated that the appropriate use for such a reserve is to smooth required employer contributions due to changing market conditions, not replace normal required employer contributions.</p> <p>Jill noted that the Pension Fund could agree to pay for studies related to bargaining proposals. The Board should also receive notification of any such studies and copies of the results requested by LYNX or the bargaining unit. The</p>	GRS

	<p>by about ½% of payroll for the next few years assuming we meet the actuarial assumptions in the current year, due to poor market returns in the past couple years. The Board noted that the returns for this Pension Fund far exceeded the average returns provided by the market.</p> <p>The employer contribution would have increased to about 10.05% of payroll in the current year without creation of the Funding Standard Account. Theora reviewed the creation of the account and the current funding requirements for Lee Ricci and Lisa Darnell.</p>	<p>Boar directed Theora to generate three funding projections based on the following assumptions:</p> <ol style="list-style-type: none"> <li>1. Wage freeze and progression freeze.</li> <li>2. Wage freeze and no progression freeze.</li> <li>3. Required funding assuming all actuarial assumptions are met.</li> </ol> <p>Mike Donnelly made a motion to modify the assumption for salary increases to reflect increases stipulated in the current bargaining agreement. The motion included the funding projections requested from the actuary. Brian Anderson seconded the motion, approved by the Trustees 6-0.</p>	
7.	<p>Blanche noted that LYNX must prepare for a potential increase in the required funding to the Pension Fund. Increasing employee contributions does less to meet the funding requirements, since employee contributions have a refund feature if the employee terminates prior to vesting.</p> <p>The Trustees briefly discussed an actuarial cost estimate provided by the actuary to increase benefit credits to 1.3 for more than 2500 hours of service by plan participants in a fiscal year.</p>	<p>Frank Lacock made a motion to adopt the Funding Standard Account, plus the additional 0.1 benefit credits for service above 2500 hours in a fiscal year effective October 1, 2002. The change to the benefit credits would not apply to service completed prior to October 1, 2002. The Trustees noted that the Board, the Union, and LYNX management must all work together. The motion passed 5-1, with Brian Anderson dissenting.</p>	Jill Hanson
7.	<p>Discussion continued regarding the actuarial valuation. The Trustees reviewed the current requirement defining part-time employment as anything less than 30 hours per week. The Board discussed raising the threshold to 34 hours per week, which Theora said would not impact the required funding. Some of the Trustees expressed concern that a change in the definition for part-time employees would create a class of permanent part-time employees at LYNX.</p>	<p>Blanche Sherman made a motion to approve the actuarial valuation for the fiscal year ending September 30, 2003. Mike Donnelly seconded the motion, approved by the Trustees 6-0.</p>	None.
8a.	<p>The Board discussed approval of the amendment previously adopted to increase the amount of time for a participant to pay back refunded pension contributions upon reemployment by LYNX.</p>	<p>The impact statement for the change was not available at the meeting. Theora will provide a copy of the impact statement, which she had previously completed.</p>	GRS

11.	<p>The Board reviewed a list of benefit applications for approval. The Trustees requested that future lists be modified to include the retirement date. The Trustees noted that Mr. Pratt, previously approved for a disability pension at the August 14, 2003 meeting, had not yet resigned his employment at LYNX. He must submit his resignation and proof that he is receiving payments from social security before benefit payments from the Pension Fund commence.</p> <p>The Trustees then reviewed refunds of contributions to participants. The Board requested a detail to the refund list as an attachment for each person withdrawing from the Pension Fund.</p>	<p>Frank Lacock made a motion to approve the benefits subject to additional documentation to be provided by Mr. Pratt. Brian Anderson seconded the motion, carried by the Trustees 6-0. Edward Johnson made a motion to approve the refunds of contributions, seconded by Brian Anderson, and approved by the Trustees 6-0.</p>	PRC
12.	<p>Jill Hanson reported that John Polk did not pick up the certified mail requesting that he return payments to the Pension Fund made prior to his separation from service with LYNX. She will send the same correspondence by regular mail as well. She also advised that Mr. Polk should seek the advice of qualified tax counsel regarding potential penalties for premature distributions on the payments.</p>		None.
13.	<p>Scott Baur updated on the Board regarding data issues. He requested a final report from LYNX on hours worked by participants during the fiscal year. He also needs additional information on the benefit credits for participants who previously elected the enhanced benefit. Lynx is starting to provide a report on the share account contributions by participants.</p>	<p>Jill Hanson may have information on individuals included in the Pension Fund at inception, as an additional review for potential data problems.</p>	<p>PRC LYNX Jill Hanson</p>
13.	<p>Scott Baur advised the Board that participants can now be provided with online benefit calculations.</p>	<p>The Board requested a presentation regarding the website capabilities at the November meeting.</p>	PRC
14.	<p>The Board discussed plans for the annual holiday dinner, as well as the schedule in December for distribution of the Reference Guide and benefit statements.</p>	<p>The Board will have lunch on November 11 from 11 AM until 1 PM, prior to the meeting. Frank Lacock will assist with the arrangements.</p>	Frank Lacock
15. & 16.	<p>There being no other business, and the next meeting having been previously scheduled for Tuesday November 11 at 11 AM (lunch) and 1 PM (meeting) the Trustees adjourned at 4:55 PM.</p>		None.

Sincerely,

Brian Anderson

Secretary