ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
November 9, 2004

Board Members Present:
Thomas Lapins - Chairman
Brian Anderson - LYNX Appointee
Blanche Sherman - LYNX Appointee (10:25 A.M.)
Edward Johnson - LYNX Appointee
Frank Lacock - Union Appointee
Tom Fagen – Union Appointee

Others Present
Scott Baur and Nick Schiess - Fund Administrator
Jill Hanson - Fund Attorney
Joyce Baldi – LYNX
Theora Braccialarghe – Actuary (11:13 A.M.)
Maryann Taylor, Member
Joe White, Milberg Weiss Bershad & Schulman LLP
Jeff Swanson, Merrill Lynch Consulting Services (2:30 P.M.)

Agenda Item	Discussion	Decision	Follow-up
1.	Meeting called to order at 10:15 AM.		None
2.	The Trustees reviewed the minutes of the meetings held August 10, 2004 and October 12, 2004.	Brian Anderson made a motion to approve the minutes of the meetings held August 10, 2004 and October 12, 2004, seconded by Tom Fagen, and approved by the Trustees 5-0.	None
3.a.	The Trustees reviewed the list of disbursements presented for approval. A question arose regarding check # 2017 issued to Pension Resource Center. Scott Baur reported that in addition to the monthly administrative fees for October and November 2004, the Plan was invoiced for seven additional meetings in the 2004 fiscal year at $350.00 per meeting. He explained that pursuant the Agreement, the Plan was entitled to six meetings per year, however, thirteen meetings were scheduled and attended.	Frank Lacock made a motion to approve the disbursements, seconded by Edward Johnson, and approved by the Trustees 5-0.	None
3.b.	The Board was presented the statement of income and expense, along with the balance sheet for the Plan for the period ending September 30, 2004. Blanche Sherman entered the meeting.	Brian Anderson made a motion to receive and file the financial statements, seconded by Edward Johnson, and approved by the Trustees 6-0.	None

3.c.	The Board was presented with signature authorizations for the custodial account with Salem Trust Company and checking account with Bank of America. It was noted that two Trustee signatures or the Administrator's signature was required as authorization for each account. It was also noted that it was important to maintain updated signature authorizations.	Frank Lacock made a motion to update the signature authorizations, seconded by Blanche Sherman, and approved by the Trustees 6-0.	None
3.d.	The Trustees review the list of retirement benefit approvals and refunds of pension contributions provided by the Administrator. A question arose whether Preston Hunt's pension benefit was subject to the provisions of Settlement A or Settlement B. Scott Baur noted that Mr. Hunt's benefits were subject to the provisions of Settlement B and therefore his benefits were properly calculated. Nick Schiess reported that proper procedure had been followed in the processing of the benefits including the confirmation of hire and termination dates by LYNX.	Brian Anderson made a motion to approve the retirement benefits and refunds of contributions as presented by the Administrator, seconded by Frank Lacock, and approved by the Trustees 6-0.	None
4.	Joe White appeared before the Board on behalf of Milberg Weiss Bershad & Schulman LLP, which provides shareholder class action lawsuit services without any initial cost. The law firm would research the individual securities within the Plan's investment portfolio and notify the Board of any pending litigation and then file a lawsuit on behalf of the Board for a contingency fee. Mr. White was questioned regarding the amount of the contingency fee and he advised that the Court determined fees and the typical fee was 33 1/3%. Mr. White was questioned regarding the names of other Plans in Florida that were clients, whether attorney-client privilege was established, and the reason that the Plan should consider the services offered by the firm. Mr. White discussed the other clients in Florida, advised that attorney-client privilege was established, and noted that recovery of proceeds was statistically higher that without the services. Theora Braccialarghe entered the meeting.	Blanche Sherman recommended attaining the advice of the Investment consultant before further consideration of shareholder class action lawsuit services offered by Milberg Weiss Bershad & Schulman LLP.	Board Jeff Swanson
2.	Blanche Sherman readdressed the approval of the minutes of the meeting held October 12, 2004 noting that there was confusion regarding the cost of providing the benefit a correction regarding the discussion surrounding the adoption of the Plan Amendment providing for a .1 benefit increase for	Brian Anderson made a motion to approve the minutes of the meeting held October 12, 2004 as corrected, seconded by Tom Fagen, and approved by the Trustees 6-0.	None

	service of 2500 hours or more.		
*	The meeting adjourned at 11:25 A.M. and reconvened at 11:50 A.M.		
5.	Theora Braccialarghe appeared before the Board on behalf of Gabriel, Roeder, Smith, & Company. She provided the Board with an experience study dated November 8, 2004, which was an evaluation the actual experience of the Plan over the past five years versus the assumptions used for the costing of the Plan. She then reviewed the individual components of the experience study. Ms. Braccialarghe reported that the actual rate of salary increase was less than expected and she recommended the reduction of the salary increase assumption from 6.5% to 5.0%, which would decrease the cost of the Plan 1.44% of payroll. She reviewed termination rates of vested and non-vested Participants and recommended revised decrement tables for termination from employment, which would increase cost of the Plan .01% of payroll. Ms. Braccialarghe reported that the experience of Participants retiring at their earliest normal retirement age was less than expected as Participants are working past their normal retirement age and recommended revising the assumption accordingly, which would decrease the cost of the Plan .54% of payroll. She recommended technical changes in the valuation procedure, which would increase the cost of the plan .16% of payroll. She discussed the investment return assumption and recommened decreasing the assumption from 8% to 7.5%, which would increase the cost of the Pan 1.97% of payroll. Ms. Braccialarghe recommended replacing the 1983 Group Mortality Table with the 1994 Group Mortality Table, which would increase the Plan cost .61% of payroll. A lengthy discussion arose regarding the selection of the group mortality table. Ms. Braccialarghe was questioned regarding the actuarial experience versus the current mortality table and she replied that there was not enough significant experience within the Plan to be valid. Ms. Braccialarghe was questioned regarding whether there was a State requirement regarding the mortality table and she replied that the State did not require that a specific mortality table be used and the 1983 Group Mortality Table was not considered outdated, however, the		

	1994 Group Mortality Table was becoming the standard. Ms. Braccialarghe explained that all or a portion of the recommended assumption changes could be adopted and the total net change for the adoption of all the assumption changes would increase the cost of the Plan .15% of payroll.		
*	The meeting adjourned for lunch at 12:40 P.M. and reconvened at 1:35 P.M.		
6.a.& c.	The Board continued the discussion on the proposed changes in actuarial assumptions. Theora Braccialarghe noted that the 2003 Valuation used for funding the 2005 fiscal year funding requirement was based upon the current assumptions and any changes in the assumptions would affect the 2004 Valuation and the funding requirements for the 2006 fiscal year. She advised that the deadline for any changes in the assumptions to be included in the 2004 valuation was January 2005. Frank Lacock noted that it was important to use accurate assumptions for future funding of the plan including the most applicable mortality table. A question arose as to the predominant mortality table used by pension plans. Scott Baur noted that many plans have already either adopted or are considering the adoption of the 1994 mortality table. Ms. Braccialarghe discussed a letter dated August 31, 2004 regarding employer and employee contributions to the Plan for the 2005 fiscal year. It was noted that the contribution rates had remained unchanged since the beginning of the fiscal year on October 1, 2004, however, must be increased for the fiscal year pursuant to the Board's approval of the funding. The letter outlined the 65/35% split in the respective employer and employee contributions required above the 9.75% employer contributions pursuant to the new contract resulting in the employer and employee contribution rate of 11.04% and 5.95% of payroll respectively. A discussion arose regarding the application of the Funding Standard Account towards funding for additional contributions. Ms. Braccialarghe explained that the Funding Standard Account held a reserve of $1.3 million as of September 30, 2003 that could be applied towards funding. Brian Anderson		

	noted that the original agreement on the Funding Standard Account was to be applied only against future employer funding not split between employer and employee funding. Tom Lapins noted that at the time the Funding Standard Account was adopted, the employee contributions were fixed at 5.25%, however, under the new contract the required funding in excess of 9.75% was to be split 65% employer and 35% employee. It was noted that Mr. Lapins previously proposed that a reserve of $100,000 held for both the employee and employer from Funding Standard Account to be applied towards the additional contributions. Ms. Braccialarghe noted that the funding requirements as set forth in the letter dated August 31, 2004 did not consider the Mr. Lapins proposed reserve of $100,000 to offset contributions or changes in actuarial assumptions. Edward Johnson departed the meeting at 2:00 P.M. Tom Lapins recommended that the discussion on the Funding Standard Account be resumed along with management at a January 2005 workshop. The discussion continued regarding the funding for the 2005 fiscal year. A question arose regarding the effective date of the increased contributions. It was noted that the collection of retroactive employee contributions was difficult to administer.	Blanche Sherman made a motion to accept the employee contribution rate of 5.95% and 11.04% employer contribution rate to be implemented as soon as possible and discuss with management the status of the retroactive employee contributions from October 1, 2004 to present, seconded by Brian Anderson approved by the Trustees 5-0. The Board tabled discussion of items 6.a. discussion regarding actuarial assumptions and 6.c. discussion regarding the repeal of the benefit credit increase until the next meeting.	None Board
8.	Jeff Swanson appeared before the Board on behalf of Merrill Lynch Consulting Services to discuss the performance of the investment portfolio for the period ending September 30, 2004. Mr. Swanson reviewed the recent investment performance. The investment earnings for the quarter ending September 30, 2004 were -$282,774, which represented a -0.7% return versus the index of 0.4% attributable to the underperformance in both the domestic equity and bond portfolio. For the fiscal year ending September 30, 2004, earnings were $3,150,969, which represented a 9.2% return and exceeded the actuarial assumption for investment return. The market value of the Plan's portfolio as of September 30, 2004 was $39,333,210. Mr. Swanson reported that the 60% equity and 40% bond		

	asset allocation was in accordance with the investment policy. He noted that the diversification into small-cap and international equities boosted the performance of the overall portfolio. For the fiscal year ending September 30, 2004, equity performance was 15% versus the index of 14.3%, International equity performance was 21.7% versus the index of 22.5%, and the ICC bond portfolio performance was 2.2% versus the index of 3.3%. Mr. Swanson noted that the ICC bond portfolio had underperformed the index over the last three years due to a defensive posture in the anticipation of rising interest rate. He anticipated that the strategy would succeed but was implemented prematurely. Mr. Swanson concluded his report with a review of the investment manager fees and commission recapture noting that the Investment Consultant fees had decreased since the termination of PIMCO. Mr. Swanson requested to present to the Board at a future meeting recommendations in the asset allocation that would help the Plan achieve the actuarial assumption. Mr. Swanson was requested to comment on the securities monitoring program proposed by Milberg Weiss Bershad & Schulman LLP. He advised that the securities monitoring firms monitor different aspects of securities than does Merrill Lynch Consulting Services and recommended that the Board rely upon the advice of the Attorney in this decision. Mr. Swanson was questioned regarding the anticipated long-term investment return he responded that an 8.0% was an appropriate expectation of future returns. Theora Braccialarghe restated her recommendation to lower the investment return assumption to 7.5% and explained that the basis behind her recommendation was the investment loss of previous years. Mr. Swanson anticipated that conventional investment vehicles would likely not achieve the investment performance equivalent with past performance, however, he would present to the Board alternative investment vehicles. Ms. Braccialarghe questioned Mr. Swanson whether the investment return assumption drives the investment program and Mr. Swanson replied that the target assumption does in fact drive the Investment Consultant's recommendation on asset allocation. Ms. Braccialarghe recommended that Mr.	The Board requested Mr. Swanson to appear before the Board at the January workshop to review and discuss the asset allocation, investment policy, and bond portfolio.	Jeff Swanson

	Swanson discuss risk versus return with the Board at a future meeting. Edward Johnson re-entered the meeting at 3:00 P.M.		
7.	Jill Hanson provided the Board with the revised proposed Amendment on the disability provisions incorporating the Board's recommendations at the last meeting including an own occupation definition, 36 month waiting period, and an outside earnings integration. A lengthy discussion arose regarding the various provisions within the proposed Amendment. Brian Anderson noted that up to 12 Participants were on disability leave and expressed concern that they might become eligible for disability pensions if the proposed Amendment eases the qualifications. After further discussion, Frank Lacock made a motion to adopt the proposed Amendment with the addition of an 18-month waiting period and earnings offset until the age of 62. Tom Fagen seconded the motion. Blanche Sherman recommended additional consideration and discussion of the provisions within the proposed amendment and Edward Johnson recommended that the matter should be discussed further and in great detail at a future workshop. Frank Lacock withdrew the motion.	Consideration of the proposed Amendment on the disability provisions of the Plan was tabled until the next workshop. Brian Anderson agreed to provide the Board with information on the 12 Participants on disability leave.	Board Brian Anderson
9.a.	Jill Hanson provided the Board with an Amendment requiring Participants who elect on optional form of benefit payment that does not provide a survivorship benefit in the event of their death to complete and submit a notarized Spousal Waiver Consent Form. Brian Anderson departed the meeting at 3:35 P.M.	Edward Johnson made a motion to adopt the Amendment requiring Participants who elect on optional form of benefit payment that does not provide as survivorship benefit in the event of their death to complete and submit a notarized Spousal Waiver Consent Form, seconded by Tom Fagen, and approved by the Trustees 6-0.	None
9.b.	Jill Hanson provided the Board with an Amendment that would provide an additional tier to the enhanced benefit option. Theora Braccialarghe was questioned whether the cost of the existing enhanced benefit had changed since the benefit's adoption and Ms. Braccialarghe advised that the cost had not changed since inception and that the additional tier was costed similarly. She noted that the benefit was cost-neutral for the Plan.	Edward Johnson made a motion to adopt the Amendment establishing an additional tier to the enhanced benefit option, seconded by Tom Fagen, and approved by the Trustees 5-0.	None
9.	Jill Hanson reported that active Participant Terrence Long passed away without a named beneficiary and the		

	Administrator had received a written request from Mr. Long's aunt requesting his pension contributions. Maryann Taylor noted that the Union had paid a death benefit for Mr. Long and that he did have an adoptive aunt. Ms. Hanson reported that the Attorney had obtained a copy of a document naming his aunt as guardian and had requested a certified copy of the document, which she would review prior to providing a recommendation to the Board regarding the disposition of Mr. Long's pension contributions. Edward Johnson departed the meeting.		Jill Hanson
11.a.	Scott Baur discussed the recovery of Participant contributions owed to the Plan that were inadvertently not payroll deducted. He provided the Board with a draft notification to be sent the Participants, which included a repayment schedule. Edward Johnson and Brian Anderson re-entered the meeting. Jill Hanson recommended that the notification initially be sent regular mail and then certified mail to those Participants that do not respond to the initial mailing. The Board decided that interest would not be charged upon the unpaid contributions and recommended that the notification reflect this provision.	Blanche Sherman made a motion to send the notification as amended to the Participants that owed contributions to the Plan, seconded by Edward Johnson, and approved by the Trustees 6-0.	PRC
9.	Jill Hanson provided the Board with a memo regarding the fiduciary duty of Trustees.		None
12.	The Board discussed scheduling workshops and the date of the next quarterly meeting.	The next regular meeting was scheduled for February 8, 2005 and workshops were scheduled for January 27, 2005 and January 28, 2005	None
13.	The meeting adjourned at 4:22 P.M.		None