

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
February 8, 2005**

Board Members Present:

Thomas Lapins - Chairman
Brian Anderson - LYNX Appointee
Blanche Sherman - LYNX Appointee
Edward Johnson - LYNX Appointee
Maryann Taylor- Union Appointee
Tom Fagan – Union Appointee

Others Present

Scott Baur and Nick Schiess - Fund Administrator
Jill Hanson - Fund Attorney
Joyce Baldi – LYNX
Silvia Mendez – LYNX (11:00 A.M.)
Jose Rivera – Participant (1:25 P.M.)

Agenda Item	Discussion	Decision	Follow-up
1.	Meeting called to order at 10:15 AM.		None
2.	<p>The Trustees reviewed the minutes of the meeting held November 9, 2004.</p> <p>Blanche Sherman noted that the increase in the employee contribution rate was to be implemented as soon as possible, not to be effective upon adoption as was indicated in the minutes of the meeting held November 9, 2004</p>	<p>Brian Anderson made a motion to approve the minutes of the meeting held November 9, 2004, seconded by Edward Johnson, approved by the Trustees 6-0.</p> <p>Brian Anderson made a motion to rescind the prior motion to approve the minutes of the meeting held November 9, 2004, seconded by Edward Johnson, approved by the Trustees 6-0. Blanche Sherman made a motion to approve the minutes of the meeting held November 9, 2004 as amended, seconded by Edward Johnson, approved by the Trustees 6-0</p>	None
3.a. &b.	Scott Baur reviewed the history of the inception of the Funding Standard Account noting that the Board must set policy and determine the methodology for the application of the account to offset future employer and employee contributions. It was noted that Funding Standard Account contained a reserve of approximately \$1.2 million.		

	<p>Theora Braccialarghe joined the meeting via teleconference at 10:39 A.M.</p> <p>Blanche Sherman questioned Ms. Braccialarghe regarding the State's position on the Funding Standard Account. Ms. Braccialarghe explained that the Actuary determines the funding requirements for the Plan and any shortfalls in funding must be contributed from the Funding Standard Account. She noted that increase in funding was largely as a result of poor investment performance for the 2001 and 2002 fiscal years. It was noted that the Board created the Funding Standard Account several years ago to create a funding cushion in the event of further poor investment performance or other events contributing to unstable funding requirements.</p> <p>Ms. Braccialarghe discussed the recent experience study noting that the adoption of the recommended assumptions therein would help create more stable funding requirements. Tom Lapins questioned Ms. Braccialarghe regarding the correlation of the Plan's investment performance versus other pension plans and Ms. Braccialarghe advised the Plan's investment performance was satisfactory in comparison with other pension plans. A lengthy discussion ensued regarding the Plan assumptions recommended by Ms. Braccialarghe at the last meeting as a result of the experience study. The Board discussed in detail the recommendation for change in mortality table and the option for a phase-in to the mortality table change outlined in a letter dated January 19, 2005 provided by Ms. Braccialarghe. She explained that the change to the 1994 Group Mortality Table would increase funding .61% while the first step on the phase-in to the table would increase funding .23%. Mr. Braccialarghe was questioned when the proposed changes in assumptions would become effective date and Ms. Braccialarghe responded that the assumptions would become effective in the 2004 valuation and be reflected in the funding requirements for the 2006 fiscal year. The Board discussed the assumption for investment earnings and it was noted that the Actuary's recommendation was 7.5%. The Board discussed the salary increase assumption and Ms. Braccialarghe was questioned whether the recommended assumption included</p>	
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	<p>salary progression and she responded that salary progression was in fact included in the assumption.</p> <p>Ms. Braccialarghe departed the meeting.</p> <p>It was noted that the final step of the phase-in to 1994 Group Mortality Table was not automatic and must be revisited and adopted by the Board.</p> <p>Silvia Mendez entered the meeting.</p> <p>The Board discussed the application of the Funding Standard Account. Brian Anderson noted that the original agreement to establish the Funding Standard Account was tied to a benefit improvement and 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 contribution rate was 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. Scott Baur noted that the contract specified that additional contributions would be split and the Funding Standard Account existed because of the past discretion and prudence of the Board.</p> <p>It was noted that the increase in the employer and employee contribution rates had not taken place at the beginning of the 2005 fiscal year resulting in a shortfall of contributions for the period of October 1, 2004 through January 1, 2005. A discussion arose regarding the contributions for this period and whether to recover the retroactive employee contributions. It was noted that the collection of retroactive employee contributions was difficult to administer. Blanche Sherman recommended that since the shortfall was due to the transition to the increased contribution rates that the shortfall for this period should come from Funding Standard Account as had been done with the increase in funding requirement for the prior fiscal year. Edward Johnson agreed with Ms. Sherman's recommendation because the collection of the additional</p>	<p>Blanche Sherman made a motion to adopt the assumption changes recommended by the Actuary as outlined in the experience study along with the first step of the adoption of the 1994 Group Mortality Table. Tom Fagen seconded the motion, approved by the Trustees 6-0.</p> <p>Blanche Sherman made a motion to utilize the Funding Standard Account to fund the employee and employer contribution shortfall for the period of October 1, 2004 through December 31, 2004. Edward Johnson seconded the motion, approved by the Trustees 6-0.</p>	<p>Actuary</p> <p>Actuary</p>
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	contributions would adversely impact both the Participants and LYNX during a budget year.		
	The meeting adjourned at 12:15 P.M. for lunch and reconvened at 1:10 P.M.		
3. b.	The Board continued the discussion regarding the application of the Funding Standard Account towards offsetting future employer and employee contributions. Edward Johnson recommended the application of the Funding Standard Account towards offsetting only future employer contributions as the balance within the account was due to past contributions in excess of the actual funding requirements. Jill Hanson noted that the Funding Standard Account reserve was an asset of the Plan and it was difficult to pinpoint the origin of the funds because all the Plan's funds were commingled and the reserve might be attributable to investment earnings. She also noted that LYNX's contribution rates had been set by the bargaining agreement. Blanche Sherman noted that if contributions were made on the schedule determined by the Actuary then the Funding Standard Account would not have to be used and she recommended that the Funding Standard Account remain intact and held as a reserve for a unforeseen event.	Blanche Sherman made a motion to direct the Funding Standard Account to remain intact until such time as the Plan requires additional funding and at which time the Board would further consider it's application. Maryann Taylor seconded the motion, approved by the Trustees 6-0	None
6.b.	Jose Rivera appeared before the Board to petition the revision of the effective date of his pension benefits from December 1, 2004 to August 1, 2004. He explained that his last date of service was July 16, 2004 and he had mailed his Application for Retirement Benefits to LYNX in July 2004 and had later discovered that his Application was not received. Jill Hanson advised the Board that per the provisions of the Plan, Mr. Rivera's benefits had commenced December 1, 2004, however, the Board could consider the revision of the effective date. She advised the Board to consider the possibility of a failed mail delivery of his Application. She advised that his testimony under oath that the Application was mailed as stated by Mr. Rivera was sufficient evidence under the law to make the presumption that that the Application was in fact mailed in July 2004. Scott Baur swore in Mr. Rivera, who testified under		

	oath that he mailed his Application via regular mail in July 2004. The Board noted that it was important to be consistent in the administration of the Plan. Ms. Hanson advised that it was the Board's discretion to decide in favor of Mr. Rivera's claim or against it. A discussion ensued to the matter of the effective date of Mr. Rivera's pension benefits.	Tom Fagen made a motion to make Jose Rivera's pension benefits effective August 1, 2004. Maryann Taylor seconded the motion, approved by the Trustees 6-0.	PRC
4.b.	The Board was presented the statement of income and expense, along with the balance sheet for the Plan for the period ending December 30, 2004. Blanche Sherman requested additional information regarding the deposit of contributions and investment income. Ms. Sherman questioned the ratio of investment expenses, which Scott Baur noted were slightly above 1% of the Plan's assets and reasonable for the Plan.		PRC
4.a.	The Trustees reviewed the list of disbursements presented for approval. Blanche Sherman noted that invoices from the Pension Resource Center for administrative services contained reimbursement for mailings and meal expenses and she requested that future invoices for administrative services not contain these items, which should be listed separately. She requested a copy of the contract with Pension Resource Center.	Invoices from the Pension Resource Center for items other than the monthly administrative fee should be itemized separately. Edward Johnson made a motion to authorize the disbursements as presented, seconded by Blanche Sherman, and approved by the Trustees 6-0.	PRC
5.	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. Ms. Hanson reported that the Attorney had received a certified document naming his aunt as guardian. She advised the Board that it was the Board's discretion to either issue Mr. Long's pension contributions to his aunt or file an action with the court to determine Mr. Long's estate. Ms. Hanson advised that Patricia Patterson had failed to file an appeal within the required time period to the Board regarding the matter of the survivorship benefits of the deceased Participant Lawrence Patterson. Ms. Hanson reported that she had reviewed the Audit	Tom Fagen made a motion to disburse Terrance Long's pension contributions to his guardian. Edward Johnson seconded the motion, approved by the Trustees 6-0.	PRC

	<p>Engagement Letter for the 2004 audit received from Cherry, Bekaert, & Holland, LLP and found it acceptable.</p> <p>Ms. Hanson reported that the Internal Revenue Service, in the consideration of the Board's request for a Tax Determination Letter, had questioned circumstances surrounding the adoption of Amendment 1 to the Plan document. She explained that the Board had adopted the amendment on February 18, 2003, and after reexamination, tabled the matter on April 15, 2003 and then subsequently re-executed the Amendment on August 15, 2003. She advised that the Board needed to pass a resolution attesting to the Board's actions on April 15, 2003 and provided the Board with the resolution for execution. Ms. Hanson also reported that the Internal Revenue Service had questioned the absence of QDRO provisions within the Plan. She noted that the Plan was not required to have provisions for QDRO's and would notify the IRS of such.</p> <p>Ms. Hanson provided Amendment 5 adopted at the last meeting for execution.</p> <p>Edward Johnson submitted a letter of resignation from the Board effective March 2005.</p>	<p>Tom Fagen made a motion to execute the Audit Engagement Letter for the 2004 audit received from Cherry, Bekaert, & Holland, LLP, seconded by Edward Johnson, approved by the Trustees 6-0.</p> <p>Tom Fagen made a motion to adopt a resolution attesting to the circumstances behind the adoption of Amendment 1 to be effective February 18, 2003. Edward Johnson seconded the motion, approved by the Trustees 6-0.</p>	Jill Hanson
6.a.	<p>The Trustees review the list of retirement benefit approvals and refunds of pension contributions provided by the Administrator. Nick Schiess confirmed that proper procedure had been followed in the processing of the benefits including the confirmation of hire and termination dates by LYNX. The Board requested that future benefit approvals include information on years of service.</p>	<p>Edward Johnson made a motion to approve the benefits as presented. Tom Fagen seconded the motion, approved by the Trustees 6-0</p>	None
6.c.	<p>Scott Baur reported that recent data problems had been resolved and that notifications to Participants who owed contributions to the Plan would be mailed as soon as possible.</p>		PRC
6.d.	<p>Nick Schiess reported that the pre-plan service credit for Andrew Scott and James Sasser had been calculated with information on service history contained in documents recently</p>		PRC

	<p>provided by Joyce Baldi and their records had been modified accordingly. He provided Board with report of the revised benefit credits for both Participants and a list of the remaining Participants whose pre-plan service credit was still in question. He stated that he would attempt to attain similar information for the remaining Participants from Ms. Baldi to resolve the matter.</p>		
7.	<p>The Board discussed the revision of the Designation of Beneficiary Form to remove the requirement of notarization and provide adequate options for the election of multiple beneficiaries.</p> <p>The Board discussed the securities monitoring program offered by Millberg Wiess. Jill Hanson recommended the retention of the firm as it was becoming a standard for pension plans to retain this type of service.</p> <p>The Board discussed the recent Holiday dinner and it was noted that the purpose of the dinner was to thank the Trustees and service providers for their service to the Plan. It was noted that it was against LYNX's policy to accept gifts over \$25, however, Ms. Hanson noted that the dinner itself was not considered a gift. Edward Johnson, Blanche Sherman, and Tom Fagen requested information regarding the cost of their respective meals and announced their intentions to repay the Plan the cost of their meals at the Holiday dinner.</p> <p>The Board discussed the topics for discussion at a future roundtable meeting with LYNX management.</p>	<p>Scott Baur agreed to provide a draft of the revised Designation of Beneficiary Form at the next meeting.</p> <p>Tom Fagen made a motion to retain the securities monitoring services of Milberg Weiss and commence contract negotiations. Maryann Taylor seconded the motion, approved by the Trustees 6-0.</p> <p>A two-day workshop was scheduled for March 16 -17, 2005.</p>	<p>PRC</p> <p>Jill Hanson</p> <p>PRC</p> <p>Edward Johnson Blanche Sherman Tom Fagen</p>
9.	The meeting adjourned at 4:22 P.M.		None

Respectfully submitted,

Brian Anderson, Secretary