

**ATU LOCAL 1696 PENSION FUND
MINUTES OF MEETING HELD
December 12, 2007**

Board Members Present:

Robert Doane – Chairman, Union Appointee
Frank Luna – Union Appointee
Blanche Sherman – Secretary, LYNX Appointee
Bert Francis - LYNX Appointee
MaryAnn Taylor - Union Appointee
Lisa Darnall - LYNX Appointee

Others Present

Nick Schiess - Plan Administrator
Jill Hanson - Plan Attorney
Joyce Baldi – LYNX
Burgess Chambers & Sidney Taylor – Investment Consultant
Paul Wilson – Union President
Frank Lacock - Visitor

Agenda Item	Discussion	Decision	Follow-up
1.	Meeting called to order at 9:15 A.M.		None
2.	The Trustees reviewed the minutes of the meeting held August 24, 2007.	Bert Francis made a motion to approve the minutes of the meeting held August 24, 2007. MaryAnn Taylor seconded the motion, approved by the Trustees 6-0.	None
3.b	The Board was presented unaudited statements of the balance sheet and income and expense for the fiscal year through September 30, 2007. It was noted that the year-to-date total information in the Statement of Income & Expense appeared to be incorrect. The Board discussed the necessity of a budget noting that while most of the operating expenses were determined by contractual agreements it would be beneficial for the Board to develop a budget. The Trustees discussed the budget developed by the Administrator and determined that it was insufficient. Nick Schiess agreed to substitute any replacement budget format provided by the Board that was more suitable.	Bert Francis agreed to provide the Administrator with a replacement budget format to include on the Statement of Income & Expense.	Bert Francis PRC
3.a.	The Trustees reviewed the list of disbursements presented for approval. Frank Luna advised against approval of the disbursements with the incorrect totaling on the Statement of	Blanche Sherman made a motion to approve the disbursements as presented. Bert Francis seconded the motion. approved by the Trustees	None

	Income & Expense. It was again noted that nearly all the Plan's expenses were determined by contractual agreement and the Financial Statements were merely reporting a reporting tool.	5-1 with Frank Luna dissenting.	
4.a.	<p>The Trustees reviewed the list of retirement benefit approvals and refunds of pension contributions provided by the Administrator.</p> <p>Nick Schiess reported that the person within LYNX responsible for the transmission of payroll data had passed away and the Administrator had not received data since the payroll period ending August 18, 2007. He advised that the Administrator was therefore unable to process new retirements and refunds of contributions. He reported that Annibal Feliciano and Gregorio Carrero had retired effective October 1, 2007 and were receiving estimated payments until the matter was resolved. He advised that the situation might necessitate the payment of estimated benefits to other new retirees and the Board agreed.</p>	Blanche Sherman made a motion to approve the retirement benefits and refunds of contributions as presented. Frank Luna seconded the motion, approved by the Trustees 6-0.	None
4.b.	Nick Schiess reported conducting an audit of employee contribution rates and discovering discrepancies between the actual and intended contribution rates for the several tiers of enhanced benefits. He advised that the depth of the issue was anticipated to be greater than originally expected and therefore additional time was required to complete the research.		PRC
7.b.	<p>Bob Doane discussed the timing of the distribution of the Annual Benefit Statements noting that several educational workshops had also been scheduled on the same dates.</p> <p>Pursuant to the Board's request at the last meeting, Nick Schiess provided the Board with a proposal for the conversion of the educational workshops to an electronic format for internet distribution and hosting on the Administrator's website. The Board discussed the content, timing, cost, and distribution of the presentation.</p>	MaryAnne Taylor made a motion to authorize the Administrator to prepare an electronic presentation for active members at a cost not to exceed \$1200. Blanche Sherman seconded the motion, approved by the Trustees 6-0.	PRC
4.	Nick Schiess reported that active member David Sewell had passed away without a nomination of beneficiary. He advised that an estate had not been established and the Board discussed the disposition of Mr. Sewell's death benefits.	Frank Luna made a motion that David Sewell's death benefits must be payable to his estate and for the Attorney to provide notification to that effect to his family. Blanche Sherman seconded the motion, approved by the Trustees 6-0.	Jill Hanson

4.	As a follow up to the last meeting, Nick Schiess reporting conducting research into whether Merrill Lynch Consulting Services was receiving 12b-1 fees on the Plan's mutual funds as agent of record after the transfer of custody of mutual funds to the Salem Trust Company. He reported that no entity was receiving 12b-1 fees.		None
7.d.	Jill Hanson presented a draft Amendment to the Plan provisions permitting the change of joint annuitants after retirement. The Board thoroughly discussed the provisions therein and made revisions.	Bert Francis made a motion to authorize Jill Hanson to revise the Amendment pursuant to the changes determined by the Board and proceed with providing the Amendment for execution at the next meeting. MaryAnn Taylor seconded the motion, approved by the Trustees 6-0.	Jill Hanson
	The meeting recessed at 11:55 P.M. for lunch and reconvened at 12:50 P.M.		None
5.	<p>Burgess Chambers and Sidney Taylor appeared before the Board on behalf of Burgess Chambers & Associates to provide a report on the investment performance of the portfolio for the quarter ending September 30, 2007.</p> <p>The market value of the portfolio for the quarter ending September 30, 2007 was the amount of \$68,338,660. Investment earnings were the amount of \$1.5M, which represented an investment return of 2.2%. The best performing investments were international equities with a 5.5% return, JP Morgan real estate fund with a 4.5% return, and the American Funds large cap growth fund with a 4.6% return.</p> <p>Mr. Chambers reviewed the asset allocation noting that all mandates were within policy. He discussed the real estate mandate managed by JP Morgan Institutional Investors and anticipated that the product would soon be subject to unfavorable re-pricing. Mr. Chambers explained that the portfolio was appraised not quarterly but instead 1/12th at a time each month and therefore the full market depreciation of the properties within the portfolio had not been fully realized at this date. He recommended that the 50% of the fund be liquidated and reminded the Board that a cue existed for redemptions. A lengthy discussion arose regarding partial liquidation of the mandate.</p>	Bert Francis made a motion to liquidate 50% of the real estate fund managed by JP Morgan Institutional Investors. Blanche Sherman seconded the motion, approved by the Trustees 6-0.	PRC

	<p>mandate.</p> <p>Mr. Chambers distributed and discussed a proposed revised Investment Policy Statement for adoption. He advised that the Statement included small cap as a separate asset class and also revised the universe as to which performance is evaluated to a much larger universe than before. A lengthy discussion ensued and the Board decided on revisions to the Statement.</p> <p>Sidney Taylor provided an analysis comparing the current investment program with an alternate investment program consisting of primarily index funds and a few active managers. He discussed in great detail the results of an investment manager search with suitable replacements and their investment performance for each asset class currently in the portfolio and also small cap. He advised that the relative outperformance of active managers for most asset classes was generally outweighed by the relatively higher investment management fees thus making the net performance of index funds more favorable. The manager search included several active managers for the large cap mandate and Mr. Chambers recommended the retention of the American Funds mutual funds given their exceptional performance but also diversification with the addition of other managers within the same mandate. The Board discussed the results of the manager search and ultimately decided to retain the American Funds product at 10% allocation, the Westwood Capital Management core commingled fund at a 10% allocation, and a 10% allocation to a large cap core index fund. The Board discussed in great detail the advantages and risk of index funds and the performance and investment management fees of the funds presented by Mr. Chambers. Mr. Chambers was questioned whether the prospective manager Westwood Capital Management or the custodian of the index funds Bank of New York accept fiduciary responsibility and he advised that Westwood Capital Management would accept fiduciary responsibility but that was not extended for index funds. Mr. Chambers advised that the Consultant by recommending the index funds is to some extent extending fiduciary responsibility. Jill Hanson explained that it was important for the Trustees to understand that with the new investment program the Board becoming more involved with the decision making on the</p>	<p>Blanche Sherman made a motion to adopt the proposed revised Investment Policy Statement contingent upon the addition of the changes determined by the Board and final approval of the Statement by the Attorney. MaryAnn Taylor seconded the motion, approved by the Trustees 6-0.</p> <p>Blanche Sherman made a motion to proceed with the implementation of the portfolio reconstruction recommended by the Investment Consultant with the allocations determined by the Board at this meeting contingent upon the successful negotiation of Agreements by the Attorney. MaryAnn Taylor seconded the motion, approved by the Trustees 6-0.</p>	<p>PRC</p> <p>Jill Hanson PRC</p>
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	portfolio with less of the decisions being made by active investment managers.		
7.c.	Nick Schiess presented a quote for the renewal of the Board's fiduciary liability insurance with the Traveler's Insurance Company in the amount of \$13,303.47 for coverage limits of \$3M. A discussion arose regarding the coverage and its necessity. A question arose whether the \$3M coverage limit was sufficient and the Board requested Nick Schiess to research the Administrator's other client's coverage limits and report back to the Board at the next meeting.	Blanche Sherman made a motion to renew the Board's fiduciary liability insurance with the Traveler's Insurance Company. MaryAnn Taylor seconded the motion, approved by the Trustees 6-0.	
6.	Jill Hanson presented a draft Amendment clarifying the commencement date of disability pensions as the earliest of the date the Application was approved by the Board or the first of the month following submission of a completed Application with the date the Application is deemed complete to be determined by the Board.	MaryAnn Taylor made to a motion to amend the draft Amendment with the changes determined by the Board at the meeting and to place the execution of the Amendment on the agenda for the next meeting. Blanche Sherman seconded the motion, approved by the Trustees 6-0.	Jill Hanson Board
6.	Jill Hanson provided the Board with a revised form for the certification of continued disability with the changes requested by the Trustees at the last meeting.	The Board accepted the revised form for the certification of continued disability.	None
6.	Jill Hanson provided the Board with a draft revised Pension Reference Guide for the Trustees' review and consideration at the next meeting. Ms. Hanson then provided the Board with a draft revised Summary Plan Description for the Trustees' review and consideration at the next meeting.		Board
7.g.	Nick Schiess reported that vested deferred Member James McIlenny had requested to enter the DROP and requested that his credited service with the Plan plus his service in management be collectively considered to meet the eligibility requirements to enter the DROP. Jill Hanson advised that the DROP eligibility requirements could only be fulfilled with service as a member of the Plan itself and therefore no provision existed within the Plan that permitted the honoring of Mr. McIlenny's request.	Jill Hanson agreed to correspond with Mr. McIlenny regarding the eligibility requirements for DROP entry.	Jill Hanson
7.f.	Nick Schiess reported the receipt of an Application for a refund of pension contributions for fully vested terminated member David Miller and discussed extenuating circumstances behind	Nick Schiess agreed to correspond with Mr. Miller regarding the provisions of the Plan pertaining to refunds of contributions to fully	PRC

	the request. A question arose regarding the reason that Mr. Miller did not file an Application for Disability Benefits and it was noted that he became disabled after separation from service. The Board noted that under no circumstances do the provisions of the Plan permit a refund of contributions to a fully vested member.	vested members.	
7.a.	The Board noted that the status of Disability Amendment Six remain unchanged and there had been no response from the State Actuary office regarding the matter.		Board
4.	Nick Schiess reported that the Agreement was under negotiation with the Attorney for the Pension Resource Center to custody the Plan's mutual funds in a third party custody arrangement with Schwab.		PRC
7.e.	The Board discussed the periodic service provider review for Custodian and Auditor. It was noted that with the alternate investment portfolio adopted by the Board the duties of the Custodian would be instead be performed by the custodian Bank of New York and therefore further review of the Custodian relationship was irrelevant. The committee tasked to review the relationship with the auditor recommended that a request for proposal be advertised.	Blanche Sherman made to extend a request for proposal for Auditor. MaryAnn Taylor seconded the motion, approved by the Trustees 6-0. The Board decided that the advertising for the proposals would be same as the recent advertising for auditors for LYNX.	PRC
8.	<p>The Board welcomed new Union Trustee Frank Lacock and it was noted that LYNX had re-appointed Lisa Darnall to the Board.</p> <p>It was noted that the Board Officers must be reappointed.</p> <p>Bob Doane expressed the Board's gratitude to MaryAnn Taylor for her service to the Board and Participants.</p>	<p>Frank Luna made a motion to nominate Bob Doane as Chairperson. Frank Lacock seconded the motion, approved by the Trustees 6-0.</p> <p>Frank Luna made a motion to nominate Blanche Sherman as Secretary. Frank Lacock seconded the motion, approved by the Trustees 6-0.</p>	None
9.	The meetings for the year 2008 were scheduled on the dates of February 21, 2008, May 15, 2008, and August 21, 2008, December 4, 2008.		None
10.	The meeting adjourned at 4:16 P.M.		None

Respectfully submitted,

Blanche Sherman, Secretary