

**ATU LOCAL 1696 PENSION FUND
MINUTES OF MEETING HELD
FEBRUARY 21, 2008**

Board Members Present:

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

Others Present

Nick Schiess - Plan Administrator
Jill Hanson - Plan Attorney
Joyce Baldi & Desna Hunte– LYNX
Burgess Chambers – Investment Consultant
Paul Wilson – Union President

Agenda Item	Discussion	Decision	Status	Follow-up
1.	Meeting called to order at 9:40 A.M.		Closed	None
2.	The Trustees reviewed the minutes of the meeting held December 12, 2007 and a correction was noted. Frank Luna requested that the minutes be reformatted to include indication of the status of agenda items.	Blanche Sherman made a motion to approve the minutes of the meeting held December 12, 2007 as a corrected. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
3.	<p>Burgess Chambers 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 December 31, 2007.</p> <p>The market value of the portfolio for the quarter ending December 31, 2007 was the amount of \$68,211,740. Investment losses were the amount of \$1.1M, which represented an investment return of –1.6%. The best performing investments were the ICC fixed income portfolio with a 2.7% return, JP Morgan real estate fund with a 2.8% return, and the EuroPacific international mutual fund with a 1.4% return. Mr. Chambers discussed market conditions and attributed the negative earnings to</p>			

	<p>a market downturn primarily caused by uncertainty in the credit markets. Mr. Chambers then discussed economic conditions and anticipated a downturn in the economy and a reduction in interest rates by the Fed. A lengthy discussion ensued regarding the positioning of the portfolio in anticipation of an economic downturn and Mr. Chambers advised that the portfolio was structured appropriately. He further advised that instead of attempting to time the market it was far more prudent to remain invested and structure the portfolio to reduce risk. Mr. Chambers discussed alternative products. A discussion arose regarding the merit of bonds within the portfolio given the barely modest returns in this allocation in the last years and Mr. Chambers explained that the fixed income allocation was important for diversification, preservation of capital, and it's negative correlation to equity returns.</p> <p>Mr. Chambers reviewed the compliance checklist noting that all items were within compliance and the solution for the performance objectives that have not been attained was implemented through the portfolio reconstruction.</p> <p>Jill Hanson provided the Board with an update on the status of the Agreements with prospective investment managers Westwood Capital Management and Bank of New York. She reported that the Agreement with Westwood Capital Management was successfully negotiated, however, there were several outstanding issues with the Agreement with Bank of New York. She explained that the primary unresolved issue was that the firm was reluctant to complete a public entity crimes disclosure required under Florida Law. She further explained that the reluctance was likely attributable to the firm's large size and that the Board had very little bargaining power in this matter. Ms. Hanson identified and thoroughly discussed other provisions of interest within the Agreement to the Trustees. Mr. Chambers addressed each individual provision in question. A very lengthy discussion ensued regarding various provisions of the Agreement. The Trustees expressed their reliance on the Attorney and Investment Consultant's professional</p>			
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	<p>judgement in proceeding with the Agreement. Mr. Chambers recommended proceeding with the Agreement noting that the firm was very large and reputable and the terms of the Agreement were standard for this type of arrangement and the firm's other clients. Ms. Hanson advised that all the provisions identified and discussed were essentially a business decision with the exception of the public entity crimes disclosure required under Florida Law, which was a necessity. The lengthy discussion regarding the agreement continued.</p> <p>Mr. Chambers recommended the execution of the Westwood Capital Management Agreement and immediate funding with a 10% of the total portfolio allocation with proceeds from the partial liquidation of the AllianceBernstein large cap portfolio.</p> <p>Burgess Chambers presented a revised Investment Policy Statement with the changes proposed at the last meeting.</p>	<p>Frank Luna made a motion to direct Jill Hanson and Burgess Chambers to resolve the outstanding contractual issues with the Bank of New York with the outcome to be discussed at a special meeting. Blanche Sherman seconded the motion, approved by the Trustees 6-0.</p> <p>Frank Lacock made a motion to execute the Westwood Capital Management Agreement and fund the mandate pursuant to the recommendation of the Investment Consultant. Blanche Sherman seconded the motion, approved by the Trustees 6-0.</p> <p>Bert Francis made a motion to adopt the revised Investment Policy Statement dated February 21, 2008. Frank Lacock seconded the motion, approved by the Trustees 6-0.</p>	<p>Open</p> <p>Closed</p> <p>Closed</p>	<p>Jill Hanson Burgess Chambers</p> <p>None</p> <p>None</p>
	The meeting recessed at 11:55 P.M. for lunch and reconvened at 12:50 P.M.		Closed	None
4.b	The Board was presented unaudited statements of the balance sheet and income and expense for the fiscal year through December 31, 2007.	Bert Francis made a motion to receive and file the unaudited financial statements. Frank Lacock seconded the motion, approved by the Trustees 6-0.	Closed	None
4.a.	The Trustees reviewed the list of disbursements presented for approval.	Blanche Sherman made a motion to approve the disbursements as presented. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
4.c.	Nick Schiess reported that the creation of the internet based educational presentation of the provisions of the Plan was far more involved than anticipated and additional time was required for the completion of the project.		Open	PRC
5.a.	The Trustees reviewed the list of retirement benefit approvals and refunds of pension contributions provided	Bert Francis made a motion to approve the retirement benefits and refunds of	Closed	None

	<p>by the Administrator. Nick Schiess reported that transmission of payroll data had resumed and the Administrator was therefore able to process new retirements and refunds of contributions.</p> <p>Nick Schiess requested clarification of whether the 501 hours maximum credit for accrued leave time applied for the determination of benefit credits was credited in the fiscal year of termination or the fiscal year it was received. He explained how the distinction could affect a member's total benefit credits and a discussion ensued.</p>	<p>contributions as presented. Frank Luna seconded the motion, approved by the Trustees 6-0.</p> <p>Frank Lacock made a motion to clarify that the 501 hours maximum credit for accrued leave time applied in the fiscal year of termination. Frank Luna seconded the motion, approved by the Trustees 6-0.</p>	Closed	None
5.b.	<p>Nick Schiess provided the Board with a report containing the results of an audit of employee contribution rates that identified thirteen active participants that had enrolled in the enhanced benefit option but had incorrect contribution rates. The Board reviewed the report and discussed options to resolve the matter including repayment options for the missing contributions or possibly extending the option to forego repayment in exchange for non-participation in the enhanced benefits. The Actuary was contacted via teleconference who explained that permitting members to be released from participation in the enhanced benefit option did not financially impact the Plan. It was noted that one affected participant, Lugenia McCarty, had very recently retired but her benefits had not yet been computed and a lengthy discussion arose whether to require her to pay the missing contributions or instead permit her the option of repayment or release her from participation in the enhanced benefits and the associated additional contributions. Blanche Sherman expressed concerns that permitting the release from participation in the enhanced benefits was contrary to the Plan Document. Jill Hanson assured Ms. Sherman that the Board has the authority and discretion to extend an offer to correct the issue.</p>	<p>Lisa Darnall made a motion to direct the administrator to contact Lugenia McCarty via telephone to inquire whether she preferred either repayment of the missing contributions and the additional enhanced benefits or release from participation in the enhanced benefits and the associated additional contributions. Bert Francis seconded the motion, approved by the Trustees 6-0.</p> <p>The Board directed the administrator to report back on Ms. McCarty's response and update and verify the report for presentation at the pending special meeting.</p> <p>Jill Hanson was requested to provide a written legal opinion on whether permitting the release from participation in the enhanced benefits was contrary to the Plan Document.</p>	Open	<p>PRC</p> <p>PRC</p> <p>Jill Hanson</p>
5.	<p>As a follow up to the last meeting and pursuant to the Board's request, Nick Schiess reported researching the fiduciary liability insurance coverage limits of the administrator's other clients and advised that no other</p>		Closed	None

	clients had coverage limits that exceeded the Board's coverage limits of \$3M.			
6.a.	Jill Hanson presented the final draft of Amendments permitting the change of joint annuitants after retirement and clarifying the commencement date of disability pensions for execution. She also provided an actuarial impact statement from the Plan's Actuary that the Amendments would have no measurable financial impact upon the Plan. A lengthy discussion arose regarding the definition of no measurable financial impact upon the Plan and whether the Agency would execute the Amendments unless a cost was measurable. A subsequent discussion arose regarding the execution of the Amendment given the status of Amendment Six, which remained unexecuted by the Agency.	<p>Frank Luna made a motion to execute Amendment Seven. Frank Lacock seconded the motion, approved by the Trustees 5-1 with Bert Francis dissenting.</p> <p>Frank Luna made a motion to execute Amendment Eight. Frank Lacock seconded the motion, approved by the Trustees 5-1 with Bert Francis dissenting.</p> <p>Jill Hanson agreed to draft correspondence for Bob Doane to submit the executed amendments to the Agency for execution.</p>	Open	Jill Hanson Bob Doane
6.c.	Jill Hanson provided the Board with a final draft of the revised Pension Reference Guide and recommended that it be reviewed by the Trustees and several participants before being finalized.	Frank Luna agreed to poll active participants regarding the contents and readability of the Pension Reference Guide.	Open	Frank Luna
6. b.	Jill Hanson discussed the revised Summary Plan Description and recommended that the proposed amendments to the Plan be omitted from the document and that the document be printed and distributed along with the Pension Reference Guide once finalized.		Open	Board
6.d.	Jill Hanson reported that the status of Disability Amendment Six remain unchanged and the only likely resolution was it being considered at bargaining or a response received from the State Actuary office. A lengthy discussion ensued.		Open	Board
7.a.	Bob Doane reported on his attendance at the recent FPPTA Trustees' School.		Closed	None
7.	The Board discussed the parameters of a Request for Proposals for auditing services and directed the Administrator to send out the request to firms that were known to perform these services for public pension plans		Open	PRC

	and also publicly advertise for proposals.			
8.	The next meeting was scheduled for May 15, 2008.		Closed	None
9.	The meeting adjourned at 4:16 P.M.		Closed	None

Respectfully submitted,

Blanche Sherman, Secretary