

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
SEPTEMBER 26, 2008**

Board Members Present:

Robert Doane – Chairman, Union Appointee
 Frank Luna – Union Appointee
 Blanche Sherman – Secretary, LYNX Appointee (Via Teleconference 11:10 AM)
 Bert Francis - LYNX Appointee (Via Teleconference 3:36 P.M.)
 Frank Lacock - Union Appointee
 Lisa Darnall - LYNX Appointee

Others Present

Nick Schiess - Plan Administrator
 Jill Hanson - Plan Attorney
 Joyce Baldi – LYNX
 Sidney Taylor – Investment Consultant
 Howard Rew & Rowana Filtran – Auditor
 Theora Braccialarghe – Actuary

Agenda Item	Discussion	Decision	Status	Follow-up
1.	Meeting called to order at 10:32 A.M. in Room B241, 2500 LYNX Lane Building B, Orlando, FL 32805.		Closed	None
4.	<p>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 June 30, 2008. He discussed market and economic factors and attributed the recent market downturn to a crisis within the credit markets and irrational market behavior. The investment performance for the quarter was -5.1%, which was exceptional on a relative basis in comparison to the index and rankings for the returns of other pension plans.</p> <p>Mr. Taylor reviewed the asset allocation and advised that allocations were within specifications and no changes were recommended until after the market settled. He then reviewed the compliance checklist noting that all items were within compliance.</p> <p>Mr. Taylor was questioned regarding further diversification of the portfolio and he responded that the portfolio was already very well diversified but the addition</p>		Closed	None

	<p>of a small cap equity allocation should be considered after the market settled. Mr. Taylor was questioned regarding whether concerns existed regarding any aspect of the portfolio and he responded that his office had no concerns. He was then questioned whether the actuarial assumption of a 7.5% investment return was still appropriate and he responded that this anticipated return was attainable long-term.</p> <p>Blanche Sherman joined the meeting via teleconference.</p>			
3.	<p>Howard Rew & Rowana Filtran appeared before the Board on the behalf of Cherry, Bekaert & Holland LLP to present the Plan's financial statements for the fiscal year ending September 30, 2007. Net Plan assets had increased to \$68,530,089 from the prior year amount of \$55,753,761, which was primarily attributable to investment income.</p> <p>Mr. Rew provided and reviewed a Management Discussion and Analysis, which was a detailed analysis of financial activity including assets, liabilities, income, expenses including benefit payments, and other important factors regarding the financial activity for the fiscal year. Mr. Rew discussed new requirements under SAS 61 in which he must disclose to the Board that his office had drafted the financial statements. He explained that his office had assembled the various information and then drafted the financial statements, which was not a significant issue provided that it was disclosed to the Trustees.</p> <p>Mr. Rew advised that the firm had issued an opinion that the financial statements are presented fairly in all material respects in accordance with Government Auditing Standards. He noted that no material weaknesses in the financial statements had been discovered. Mr. Rew reported also that no deficiencies were identified with internal controls and procedures.</p>		Closed	None

	Nick Schiess presented a Management Representation Letter to the Board for execution and the matter was deferred until later in the meeting.			
2.	The Board reviewed the minutes of the meeting held on May 14, 2008 and May 15, 2008 and a correction was noted.	Frank Lacock made a motion to approve the minutes of the meeting held on May 14, 2008 and May 15, 2008 as corrected. Lisa Darnall seconded the motion, approved by the Trustees 5-0.	Closed	None
5.	<p>Theora Braccialarghe appeared before the Board on behalf of Gabriel, Roeder, Smith & Company to present the Actuarial Valuation for the fiscal year ending September 30, 2007. Ms. Braccialarghe reported that for the 2009 fiscal year, the recommended funding requirements for the Agency was 10.74% and for the Participants was 5.78%, 8.28%, and 10.78% for the standard, enhanced, and second tier enhanced benefits respectively, which represents a .032% decrease in funding requirements for Participants and an .059% decrease for the Agency. She noted that since the end of the fiscal year, the market value of the assets had decreased significantly with the recent market volatility, which would, of course, negatively impact the funding of the Plan. She explained that funding requirements would most certainly increase next year as a result and offered to explore alternatives with the Board to possibly amend the recommended funding requirements this next year to lessen the expected increase the following years.</p> <p>Ms. Braccialarghe discussed the experience of the Plan and explained that the decrease in contribution rates was attributable to the higher than expected investment returns offset by the final conversion to the 1994 Group Annuity Mortality Table. She then reviewed in great detail the development of the funding requirements of the Plan. The value of the funding standard account increased from \$1,134,799 to \$1,374,355. Ms. Braccialarghe was questioned whether the actuarial assumption of a 7.5% investment return was attainable. She reviewed the</p>	<p>Blanche Sherman made a motion to accept the Actuarial Valuation. Frank Lacock seconded the motion, approved by the Trustees 5-0.</p>	None	Closed

	historical returns of the Plan noting that the return for the prior ten years had averaged 7.1%.			
*	The meeting recessed at 11:58 P.M. for lunch and reconvened at 12:45 P.M.		Closed	None
6.a.	The Trustees reviewed the list of disbursements presented for approval. It was noted that warrant number 2286 was erroneous and Nick Schiess agreed to reverse the disbursement.	Lisa Darnall made a motion to approve the disbursements as amended. Frank Luna seconded the motion, approved by the Trustees 5-0.	Open	Nick Schiess
7.a.	<p>The Trustees reviewed the list of benefit approvals presented for approval.</p> <p>A discussion arose whether members promoted to management are eligible for a refund of contributions or whether such distribution constituted an in-service distribution prohibited by the Internal Revenue Service. It was noted that Gerald Ocacio was promoted to management and was issued a refund of contributions as a rollover. However, the transaction was not completed because the receiving entity had contacted LYNX and advised that the transaction was an in-service distribution. Jill Hanson reminded the Trustees that the matter had been previously addressed by the Board at a prior meeting wherein she had issued a legal opinion that distributions to participants promoted to management were not considered as in-service distributions. Blanche Sherman reported that the attorney for LYNX had advised that the transaction was an in-service distribution. Ms. Hanson agreed to provide the original memorandum issued by her office concerning this matter and advised that Mr. Ocacio is entitled to a refund of his contributions to the Plan.</p>	<p>Blanche Sherman made a motion to approve the benefit approvals as presented. Frank Luna seconded the motion, approved by the Trustees 5-0.</p>	<p>Closed</p> <p>Open</p>	<p>None</p> <p>Jill Hanson</p>
8.a.	Jill Hanson provided the final draft of the revised Pension Reference Guide inclusive of the revisions to the document provided by the Trustees at the last meeting. A discussion arose regarding duplication of the Pension			

	<p>Reference Guide or the pension handbooks containing additional information. It was noted that a significant period had elapsed since the printing and distribution of the pension handbooks and the information within the current handbooks was outdated. A discussion arose regarding the number of handbooks to duplicate for not only current but prospective members of the Plan and the Board agreed that 900 handbooks should be printed unless a significant price break could be obtained with printing 1000 handbooks. A discussion ensued regarding distribution of the handbooks and it was noted that they could be easily distributed along with Annual Benefit Statements in December 2008. Another discussion arose regarding the final approval on the content and style of the revised handbooks and the Board selected dark blue as the color for binding to contrast with the current handbooks. It was noted that the logo and content had changed and final approval would be required of the draft handbook prior to the next meeting in order to meet the distribution deadline.</p>	<p>Frank Lacock made a motion to reprint the pension handbooks. Lisa Darnall seconded the motion, approved by the Trustees 5-0.</p> <p>Frank Lacock made a motion to authorize Frank Luna to approve the content and expense of duplication of the revised pension handbooks. Blanche Sherman seconded the motion, approved by the Trustees 5-0.</p>	<p>Open</p> <p>Open</p>	<p>PRC</p> <p>PRC Frank Luna</p>
8.b.	<p>Jill Hanson provided the Board with an update on the status of Amendments Seven and Eight. She reported that for Amendment Seven a replacement actuarial impact statement had been obtained from the Actuary, was executed by Bob Doane, and had been subsequently submitted to LYNX.</p> <p>Ms. Hanson provided and reviewed correspondence dated September 22, 2008 to LYNX addressing concerns that the Agency had expressed regarding Amendment Eight. She then provided to the Trustees draft correspondence to the Florida State Attorney General requesting determination of the status on Amendment Eight if LYNX refuses to execute the Amendment. A discussion arose whether the correspondence should contain reference to the Collective Bargaining Agreement</p>	<p>Lisa Darnall agreed to follow up with Linda Watson on the execution of Amendment Seven.</p> <p>Frank Luna made a motion to send the correspondence amended to include reference of the Collective Bargaining Agreement and a copy of the Agreement itself to the Attorney General. Frank Lacock seconded the motion, approved by the Trustees 5-0.</p>	<p>Open</p> <p>Open</p>	<p>Lisa Darnall</p> <p>Jill Hanson</p>
8.	As a follow up to the last meeting, Jill Hanson reported that notification had been sent to Jason Kasalap		Closed	None

	<p>informing him of the Board's decision regarding the status of his contributions owed to the Plan and the options provided to him to resolve the matter and also the appeal procedure should he decide to contest the Trustee's decision.</p>			
8.	<p>As was directed by the Trustees at the last meeting, Jill Hanson provided and reviewed a revised DROP Application to include language that a participant's eligibility for employment after DROP participation might be affected by the Collective Bargaining Agreement. A discussion arose on the provisions within the Collective Bargaining Agreement regarding mandatory participation in the Plan, whether that was applicable to DROP Participants after termination, and also whether they could be re-employed at all, even on a part-time basis. A very lengthy discussion ensued and it was noted that the Collective Bargaining Agreement was ambiguous in this regard and interpretation of the Agreement was needed.</p>	<p>Further consideration of this matter was tabled until the next meeting.</p>	Open	Board
9.a.	<p>The Board considered the Application for Disability Benefits submitted by vested deferred member Earl Gaston. It was noted that Mr. Gaston had terminated employment on April 25, 2000. Jill Hanson advised although the language within the Plan Document is unclear, the Board's interpretation has been that a requirement of being awarded disability benefits is being employed at the date of the disability and language within the Plan Document clearly defines a participant as an employee. She noted that this was among many other items that were clarified within proposed Amendment Six.</p> <p>It was noted that Mr. Gaston had terminated employment on April 25, 2000 and was eligible to commence an early vested retirement. Nick Schiess agreed to provide notification of the Board's decision to Mr. Gaston and with the appeals procedure, should he decided to contest the matter, along with an application for retirement benefits.</p> <p>Bert Francis joined the meeting via teleconference.</p>	<p>Frank Lacock made a motion to deny the Application for Disability Benefits submitted by Earl Gaston. Lisa Darnall seconded the motion, approved by the Trustees 5-0.</p>	<p>Closed</p> <p>Open</p>	<p>None</p> <p>Nick Schiess</p>

9.e.	Nick Schiess provided an update on the status of the active Participants that had enrolled in the enhanced benefit option with incorrect contribution rates. He provided the Board with the responses received from affected members regarding their selection of an option of either repayment of the missing contributions and credit for the additional enhanced benefits or release from participation in the enhanced benefits and the associated additional contributions. Mr. Schiess reported that several members had not submitted a response.	Frank Luna made a motion to send another notification via registered mail, return receipt requested, to the Participants who had not submitted a response. Lisa Darnall seconded the motion, approved by the Trustees 6-0.	Open	Nick Schiess
9.f.	Bob Doane expressed concerns over the potential loss of e-mail correspondence regarding pension related business since his transition from the training department. He reported being advised by the IT Department that his e-mail account would be discontinued and Lisa Darnall suggested that an investigation be made into whether the IT Department could save and preserve Mr. Doan's e-mail.		Open	Bob Doane
9.g.	The Trustees discussed attending the upcoming Trustees' School sponsored by the Florida Public Pension Trustees' Association.		Closed	None
9.	Ms. Hanson reported that vested deferred member Edgardo Figueroa had submitted an application for the distribution of his share account balance, however, the request was denied by the Administrator as the Plan Provisions only provide for this distribution upon retirement. She presented and reviewed an appeal filed by Mr. Figueroa wherein he requested the Board's favorable consideration of the distribution of his share account balance. Ms. Hanson reviewed the relevant provisions within the Plan Document noting that no provisions existed for a distribution of share accounts to vested deferred members.	Blanche Sherman made a motion to deny the appeal filed by Edgardo Figueroa for the distribution of his share account balance as the distribution was not authorized within the provisions of the Plan Document. Frank Lacock seconded the motion, approved by the Trustees 6-0.	Closed	None
6.b	The Board was presented un-audited statements of the balance sheet and income and expense for the fiscal year through July 31, 2008.	The Trustees received and filed the un-audited statements of the balance sheet and income and expense.	Closed	None

9.c.	<p>The committee appointed to review the responses to the request for proposals for auditing services and recommended the retention of the incumbent auditing firm Cherry, Bekaert, & Holland. Jill Hanson reported that the proposed Audit Engagement Letter had been reviewed for legal sufficiency and was acceptable.</p> <p>The Board reviewed the Management Representation Letter prepared in conjunction with the completion of the audit for the 2007 fiscal year. Ms. Hanson reported that the Management Representation Letter had been reviewed for legal sufficiency and was acceptable.</p>	<p>Frank Luna made a motion to execute the Audit Engagement Letter from Cherry, Bekaert & Holland for auditing services for the fiscal year ending September 30, 2008 contingent upon the final review and approval of Blanche Sherman. Blanche Sherman seconded the motion, approved by the Trustees 6-0.</p> <p>Frank Luna made a motion to execute the Management Representation Letter for the 2007 fiscal year audit. Lisa Darnall seconded the motion, approved by the Trustees 6-0.</p>	Closed	None
7.	Nick Schiess advised that the biweekly payroll data received from LYNX was corrupted and replacement data would be required. He advised that once the replacement data was received, the record keeping systems must be corrected, which would result in an additional expense that would be passed through to the Plan.		Closed	None
7.	Nick Schiess discussed the internet based educational presentation of the provisions of the Plan and an alternate version and agreed to bring a proposal to the Board at the next meeting.		Open	Nick Schiess
10.	The next meeting was scheduled for December 12, 2008.		Closed	None
11.	The meeting adjourned at 4:16 P.M.		Closed	None

Respectfully submitted,

Secretary

