

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
APRIL 8, 2010**

Board Members Present:

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

Others Present

Nick Schiess - Plan Administrator
Robert Sugarman - Plan Attorney
Frank Wan – Investment Consultant
Joyce Baldi – LYNX Liaison
Chris Babcock & John Anke, BNY Asset Management

Agenda Item	Discussion	Decision	Status	Follow-up
1.	The meeting was called to order at 10:35 A.M. in the LYNX Boardroom, Lynx Central Station, 455 N. Garland Av. Orlando, FL 32801.			
2.	Frank Luna expressed concerns over the proper posting of meeting agendas.		Closed	None
3.	<p>Chris Babcock & John Anke appeared before the Board on behalf the pension services group of BNY Asset Management. He reported that the sum of the Plan's assets under management was \$43,948,330 as of December 31, 2009.</p> <p>Mr. Anke discussed the securities lending program that permitted the firm to temporally lend securities from within the various funds to other institutions to meet temporary needs and how this program generates revenue for both the firm and clients. He reported receiving a request in advance of the meeting from Burgess Chambers to provide a proposal to remove the securities lending exposure for the Plan. Mr. Anke explained that the securities lending exposure can be removed for the Plan with the result of slightly less return but also diminished</p>			

	<p>risk. He advised that without securities lending, the custodial fee would increase from 10 basis points to 14 basis points. Frank Wan discussed the problematic issues with securities lending noting that the additional return of 4 basis points was not worth the additional risk and he therefore recommended the removal of the securities lending exposure. A lengthy discussion ensued.</p> <p>Mr. Babcock was questioned regarding the use of derivatives within the index funds managed by the firm. He explained that all index fund managers are challenged to match the return of various indexes while at the same time maintaining a pool to meet daily redemption requests. Mr. Babcock further explained that the cash is temporarily invested in futures that purchase the return of an index instead of sitting idle. He discussed the management techniques of these futures noting that they are highly liquid with very low risk .</p> <p>Mr. Babcock advised that his office was contacted by Burgess Chambers to collaborate on the selection of a very low risk vehicle as an alternative for DROP participants as specified in Amendment Nine. He recommended the Dreyfus Treasury Prime Cash Management Fund. Mr. Wan discussed the vehicle noting that it was very safe with low risk.</p>	<p>Bert Francis made a motion that, based upon the recommendation of the Investment Consultant, to remove the securities lending exposure with BNY Asset Management contingent upon the successful amendment of a replacement Agreement by the Plan Attorney. Edward Johnson seconded the motion, approved by the Trustees 6-0.</p>	Open	<p>Robert Sugarman</p> <p>PRC</p>
4.	<p>Frank Wan 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, 2009. The investment return for the quarter was 3.2% versus 3.7% for the index and calendar year return was 18.0% versus 18.4% for the index. Mr. Wan reviewed the performance of the individual investment products in great detail. He reported that the underperformance of the Westwood Capital Management fund was attributable to the high quality bias of the portfolio during a period in which the market favored lower quality equities. Mr. Wan reported that Burgess Chambers had conducted an due diligence visit to the firm and he had concluded that the manager was stable</p>			

	<p>and worthy of retention despite their short-term underperformance.</p> <p>Mr. Wan reviewed the asset allocation noting that current allocation was appropriate. He then reviewed the compliance checklist noting that all was satisfactory except some performance objectives had not been met, which was attributable to the recent market downturn.</p> <p>Mr. Wan reported that the firm American Funds had offered a lower cost share class (R6) with a 3 basis point reduction in fees. He recommended proceeding with the conversion of these two funds to the lower cost share class.</p> <p>Mr. Wan was questioned regarding the anticipated returns of various asset classes. He anticipated a 3.5% return in fixed income, 10% return in domestic equities and a 15% return in international equities over the next year. He was questioned whether the asset allocation should be adjusted accordingly and he responded that the current asset allocation was appropriate as the market has not completely settled.</p> <p>A lengthy discussion arose regarding becoming more responsive to the market given that the Board meets only quarterly.</p>	<p>Edward Johnson made a motion based upon the recommendation of the investment consultant to convert the existing share class of the American Funds' Large Cap Growth Fund and also the EuroPacifac Fund to the lower cost R6 share class. Bert Francis seconded the motion, approved by the Trustees 6-0.</p> <p>Bert Francis made a motion to delegate the authority to the chairperson upon the recommendation of the Investment Consultant to switch mutual fund products to similar products with the same investment objective that have less risk or lower expenses or to liquidate any investment managed by any manager for any reason with the allocation placed into an index fund with the same objective provided that the Board be notified immediately and the action was presented for ratification at the next meeting. Edward Johnson seconded the motion, approved by the Trustees 6-0.</p>	<p>Open</p> <p>Closed</p>	<p>PRC</p> <p>None</p>
*	The meeting recessed at 12:06 P.M. for lunch and reconvened at 12:35 P.M.			
5. a.	<p>Robert Sugarman reviewed the history of proposed Amendments Six and Nine, noting that the Board was awaiting the collective bargaining process but neither the Union or LYNX had considered either Amendment during recent collective bargaining.</p> <p>Mr. Sugarman recommended that notification be provided to the Union and LYNX that the Board has been informed that bargaining has not occurred over Amendments Six and Nine and the Trustees will consider this a waiver of</p>	Robert Doane made a motion to provide notification to the Union and LYNX that the Board has been informed that bargaining has not occurred over Amendments Six and Nine and the Trustees will consider this a waiver of bargaining unless the Board receives notice by the deadline of May 10, 2010 that bargaining has occurred and with this waiver of bargaining the Board does have the authority to	Open	Robert Sugarman Board

	bargaining unless the Board receives notice that bargaining has occurred and with this waiver of bargaining the Board does have the authority to implement the Amendments.	implement the Amendments. Frank Lacock seconded the motion, approved by the Trustees 6 - 0.		
5. b.	As a follow up to the last meeting, Nick Schiess reported that he had contacted Jose Rios several times to inquire whether he possessed any records of his earnings for the years 1999 and 1992 in order to complete his earnings history and provide the Board with information necessary to determine service credit. Mr. Schiess reported that Mr. Rios had expressed reluctance to research his files. A discussion arose regarding claims for retirement benefits and it was noted that ultimately the burden of proof is upon the claimant and the Board assists the membership through record keeping. It was noted that Mr. Rios had been terminated and reemployed in the year 1998. Mr. Schiess reported that no records could be located regarding a refund of contributions back in 1998, however, he suggested that Mr. Rios be required to complete an Affidavit attesting that he had not received a refund of contributions.	The Board directed the Administrator to issue a notification to Mr. Rios that he must submit documentation of his earnings in the years 1992 and 1998 in order to receive service credit for those years and the preferential source of earnings being W-2 Tax Reporting forms issued by LYNX and the secondary preference being a report from the Social Security Administration. The Board requested the LYNX Liaison to provide documents pertaining to the reemployment of Mr. Rios.	Open	Board Nick Schiess Lynx Liaison
5. c.	As a follow up to the last meeting, Bert Francis discussed revising the food allowance provision within the Trustee Travel Expense Policy. He recommended utilizing the meal reimbursement rate policy established by the Governmental Services Administration because it took into consideration regional differences in meal costs and was used by LYNX.	Bert Frances made a motion to adopt the LYNX Travel Expense Policy and the meal reimbursement rate policy established by the Governmental Services Administration. Edward Johnson seconded the motion, approved by the Trustees 6-0.	Open	None
5.d.	As a follow up to the last meeting, Nick Schiess provided a report on active participants who have missed service while out on worker's compensation within the last two years look back period.	The Board decided to extend the look back period to at least five years and issue a notification to active participants that they might be eligible to restore service for periods that they were out of service and on worker's compensation.	Open	Nick Schiess Lynx Liaison
5. e.	Nick Schiess provided the history of the Board's request to develop an interactive internet based version of information on the benefits and mechanics of the Plan, noting that the Trustees had previously authorized the		Open	Nick Schiess

	production of the program for a fee of \$1,200. Mr. Schiess explained that his firm specialized in pension administration and the development of this program was outside the scope of the services provided by the firm. He advised that to accommodate the Board's request, he would personally and not as an employee of Pension Resource Center develop the program for the Trustees. Mr. Schiess was questioned on the anticipated timing of the completion of the project and he anticipated that he would start the project in late summer after the completion of the actuarial valuation and audit as these required considerable effort.			
6.	The Board reviewed the minutes of the meeting held on November 27, 2009 and a correction was noted.	Lisa Darnall made a motion to approve the minutes of the meeting held on November 27, 2009 as corrected. Robert Doane seconded the motion, approved by the Trustees 6-0.	Closed	None
7.a.	The Trustees reviewed the list of disbursements presented for approval.	Robert Doane made a motion to approve the disbursements as presented. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
7.b.	Un-audited statements of the balance sheet and income and expense were provided to the Board. A discussion arose regarding the effective management of the checking account maintained on behalf of the Plan for the payment of benefits and operational expenses.	The Trustees received and filed the financial statements. Robert Doane made a motion for Bert Francis to oversee the cash management of the Plan. Lisa Darnall seconded the motion, approved by the Trustees 6-0.	Open	PRC Bert Francis
8. a.	The Trustees reviewed the list of benefit approvals presented for approval.	Lisa Darnall made a motion to approve the benefit approvals as presented. Robert Doane seconded the motion, approved by the Trustees 6-0.	Closed	None
8.	Nick Schiess reported that 2009 fiscal year data, records, and financial statements have been provided to the Actuary and Auditor and the preparation of the actuarial valuation and audit has commenced.		Open	Board
9.	Robert Sugarman reported that as a follow up to the last meeting his office had negotiated the necessary changes		Closed	None

	<p>to the Audit Engagement Letter proposed by the auditing firm Cherry Bekaert & Holland.</p> <p>Mr. Sugarman reviewed a memorandum received from JP Morgan Asset Management regarding exempt transactions and advised that the matter was of no material impact and did not require Board action.</p> <p>Mr. Sugarman reported that as a follow up to the last meeting his office had reviewed the Fiduciary Liability Insurance policy and determined it acceptable.</p>			
9. b.	Robert Sugarman presented and discussed a proposal for an all-inclusive retainer as had been requested by the Board at the last meeting. The proposed monthly retainer was \$1,667 monthly through September 30, 2010, \$1,850 monthly through September 30, 2011 and \$2,000 monthly starting October 1, 2011. A Trustee objected to retainer arrangements on a general basis.	Robert Doane made a motion to approve the retainer proposal from Sugarman & Susskind PA. Frank Lacock seconded the motion, approved by the Trustees 4-2 with Edward Johnson and Bert Francis dissenting.	Closed	None
10. a.	The Board reviewed an Application for Disability Benefits received from Mary Betsy. It was noted that the requirements of at least ten benefit credits and the award of disability benefits from the Social Security had been met.	Robert Doane made a motion to award disability benefits to Mary Betsy. Edward Johnson seconded the motion, approved by the Trustees 6-0.	Closed	None
10. b.	Nick Schiess reported that the Plan's Actuary had inquired whether the Board would prefer to issue a lump-sum payment for vested deferred benefits with a present day value of less than \$6,000 as this option existed within the Plan Document. Mr. Schiess explained that was rare occurrence and the option existed as an alternative to the administration of small monthly benefits. A lengthy discussion ensued.	The Trustees noted that the primary advantage of the Plan was providing a lifetime annuity to members and not mandating or even offering a lump-sum payout was consistent with the spirit of the Plan and in the best interests of the members.	Closed	None
10.	The Trustees discussed posting of meeting agendas and other pension related information more effectively. Consideration was given to the purchase of dedicated bulletin boards.	The matter was tabled in order for the Human Resource Department to research whether existing bulletin boards had sufficient space and could be utilized to the Trustees' satisfaction.	Open	LYNX Liaison
11.	The next meetings were scheduled for May 25, August 24, and November 30, 2010.		Closed	None

	The meeting adjourned at 3:23 P.M.		Closed	None
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Respectfully submitted,

Secretary