

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
FEBRUARY 15, 2011**

Board Members Present:

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

Others Present

Nick Schiess & Scott Baur - Plan Administrator
Robert Sugarman – Plan Attorney
Nadine Schaal - Attorney for LYNX
Brian Anderson – LYNX Liaison
Frank Wan & Burgess Chambers - Investment Consultant
Jeff Amrose – Plan Actuary
Norm Audet – Active Member

Agenda Item	Discussion	Decision	Status	Follow-up
1.	The meeting was called to order at 10:31 A.M. in the Board Room, Lynx Central Station, 455 N. Garland Av. Orlando, FL 32801.			
2.	Frank Luna did not express any Chairman's comments.			
3.e.	Jeff Amrose appeared before the Board on behalf of Gabriel, Roeder, Smith, & Company to provide a proposal to perform an actuarial experience study for a fee of \$14,500, which is an evaluation of the actual experience of the Plan versus the Plan assumptions. He advised that it was best practice to perform the study every five years and the last one was performed in the year 2003. He explained that the objective was to align the assumptions as closely as possible to actual experience in order that the contributions to the Plan are properly timed.			

	<p>A lengthy discussion arose the salary growth assumption and it was noted that due to economic conditions, past salary growth would not likely be predictive of the future salary growth rate. Mr. Amrose agreed to survey each Trustee individually for their expectation of the future salary growth rate for development of the salary scale assumption.</p> <p>A discussion arose regarding the necessity of the study and it was noted that the experience study was a necessary and reasonable expense of the Plan.</p> <p>It was noted that a Collective Bargaining Agreement was under negotiation and the salary scale assumption might require revision afterwards. A question arose whether the cost of this revision would be included with the fee for the experience study. Mr. Amrose was unable to commit to whether the fee included any further revision without consulting with his office first.</p>	<p>Edward Johnson made a motion to authorize the preparation of the proposed experience study based upon the recommendation of the Plan's Actuary for a fee of \$14,500 with the study to be revised after the completion of the Collective Bargaining Agreement with the fee to include the revision subject to the approval of Theora Braccialarghe of Gabriel, Roeder, Smith, & Company. Bert Francis seconded the motion, approved by the Trustees 6-0.</p>	Open	Gabriel, Roeder, Smith, & Company
3.f.	<p>As requested, Jeff Amrose presented three alternatives to changing the contribution rates for the fiscal year beginning October 1, 2011 based upon the Actuarial Valuation for the fiscal year ended September 30, 2009. He explained in detail the options of: decreased contribution rates for employees and employer; then present contribution rates with a statement on the impact upon the funding of the Plan; and then present contribution rates with .05% of payroll available for benefit improvements, which was enough to increase the base accrual rate from 2.13% to 2.18%.</p> <p>It was noted that the Collective Bargaining Agreement specified that the minimum funding requirements were 9.75% and 5.25% of payroll for the employer and employees respectively. And any additional funding is shared prorata 65% and 35% for the employer and employees respectively. It was also noted that the Board</p>			

	<p>has the authority to change the contribution rates.</p> <p>It was noted that the Board had already approved lowering the contribution rates for the employer and employee so first that prior decision must be overturned in order to proceed with either of the other two alternatives. A lengthy discussion ensued.</p> <p>It was noted that the past practice was to adopt revised funding rates along with the adoption of the actuarial valuations. Mr. Amrose agreed to provide the three alternatives every year along with the Actuarial Valuation.</p> <p>It was then noted that the past practice was to adopt the revised recommended contribution rates in conjunction with the adoption of the annual Actuarial Valuation.</p>	<p>Robert Doane made a motion to rescind the prior decision to reduce funding requirements and instead return the contribution rates to their prior level and increase the benefit accrual rate to 2.18%. The motion died for a lack of a second. Edward Johnson made a motion to table the matter, which also died for a lack of a second. The Board concluded that no change in prior action was supported and the 2010 Actuarial Valuation would be completed and presented soon.</p> <p>The Board determined that prospectively the actuarial valuations will be adopted separately from the revised funding requirements.</p>	Closed	None
8.b.	The Board noted that the Summary Plan Description must be updated as is required every two years. A very lengthy discussion arose regarding which service provider should prepare the document. Jeff Amrose offered to revise the document using the current formatting style for a fee of \$1,500.	Robert Doane made a motion to engage Gabriel, Roeder, Smith, & Company to revise the Summary Plan Description for a fee not to exceed \$1,500. Tom Lapins seconded the motion, approved by the Trustees 6-0.	Open	Gabriel, Roeder, Smith, & Company
3.a.	Robert Sugarman reported that medical records were still being gathered on Vernita Quinones in conjunction with her Application for Disability Benefits. It was noted that she had not been awarded Social security disability benefits, which necessitated the gathering of her medical records.		Open	Robert Sugarman
3.d.	Robert Sugarman reported that the application for a favorable determination letter to Internal Revenue Service had been filed. He advised that the restated Plan Document would be substituted after Board approval, which was not anticipated to be an issue.		Open	Robert Sugarman

3.c.	<p>Robert Sugarman provided and reviewed the restated Plan Document in great detail.</p> <p>It was noted that the State of Florida does not recognize same sex or common law marriages, which should be noted on the Designation of Beneficiary Form.</p>	<p>The Board discussed and approved minor revisions to language within the Plan Document with the final draft to be approved at the next meeting.</p>	<p>Open</p> <p>Open</p>	<p>Robert Sugarman</p> <p>PRC</p>
*	The meeting recessed at 12:05 P.M. for lunch and reconvened at 12:27 P.M.			
3.b.	As a follow up to the last meeting, Nick Schiess reported that historical wage information necessary to compute the vested deferred benefit of James Williams had been obtained from LYNX. He reported that a new source of older historical information had been discovered within the archived data records at LYNX, which should facilitate the resolution of similar situations prospectively.		Closed	None
3.g.	Edward Johnson reported that the meeting within LYNX for the consideration of revising proposed Amendment Six had not occurred, however, the matter should be considered during the current negotiation of a new Collective Bargaining Agreement.	The Board concluded that it had exhausted every available measure and considerable resources over the period of many years to proceed with the adoption of Amendment Six and ultimately it has become a matter for collective bargaining.	Open	Board
3.h.	As a follow up to the last meeting, Nick Schiess announced that the educational video on the benefits of the Plan had been completed and submitted individually to the Trustees for review.		Open	Board Nick Schiess
3.i.	Scott Baur discussed the assumptions used to formulate the projected estimated benefits within the Annual Benefit Statements for active members. He explained that the basis for the final average salary component used to be just an average of the highest five years of service, regardless of age or service, which would most likely underestimate benefits for members with many years of service left before retirement. However, this basis had evolved over the last few years to utilize just the highest year of earnings for those with five or more years of service before retirement in consideration of natural			

	<p>salary increases. Mr. Baur made the changes to method as a normal part of the overall process to update and improve the benefit projections underlying the statements, and he apologized for failing to adequately explain the changes to the Trustees when he issued the statements to the members.</p> <p>A lengthy discussion arose regarding which methodology to use for the determination of final average salary within the Annual Benefit Statements.</p> <p>It was noted that many of the 2010 Annual Benefit Statements had been personally distributed but most had not yet been mailed and a discussion arose whether to revise these Statements using the new methodology.</p>	<p>Edward Johnson made a motion to adopt the new methodology for the estimation of benefits within the Annual Benefit Statements provided that the methodology was adequately described within the Statements. Bert Francis seconded the motion, which did not pass 3-3.</p> <p>The Board concluded that it was in the best interest of the members to provide conservative estimates on their projected retirement benefits. Tom Lapins made a motion to revert back to the prior methodology of using a true average of highest five years of service in the production of Annual Benefit Statements and revise the 2010 Annual Benefit Statements accordingly to be distributed via regular mail. Edward Johnson seconded the motion, approved by the Trustees 6-0.</p>	<p>Closed</p> <p>Open</p>	<p>None</p> <p>PRC</p>
8.	Charlie Plum appeared before the Board to report that his service represented on his last few Annual Benefit Statements was incorrect.	Nick Schiess agreed to research Mr. Plum's history and provide him with a corrected Annual Benefit Statement.	Open	PRC
3.i.	<p>Committee members Robert Doane and Edward Johnson provided a report on the their service provider review of Plan Administrator and Investment Consultant noting favorable experience and considerable satisfaction with both providers.</p> <p>A discussion arose whether to amend the responsibilities of the Plan Administrator.</p>	<p>Edward Johnson made a motion to retain the services of Burgess Chambers & Associates. Lisa Darnall seconded the motion, approved by the Trustees 6-0. Edward Johnson made a motion to retain the services of the Pension Resource Center. Lisa Darnall seconded the motion, approved by the Trustees 6-0.</p> <p>Frank Luna re-tasked the committee to review the responsibilities of the Plan Administrator and provide a report at the next meeting.</p>	<p>Closed</p> <p>Open</p>	<p>None</p> <p>Robert Doane Edward Johnson</p>

3. j.	Nick Schiess provided the Board with a schedule of disability pension recipients and documentation of continued disability from the recipients who are under normal retirement age. He advised that documentation had not been received from William Perez despite several requests and he recommended that a final request for documentation be sent including notice that failure to respond might result in the suspension of benefits.	Tom Lapins made a motion to approve the continuing disability benefits to John Pratt and Julian Galindo and issue a final request for documentation of disability to William Perez. Robert Doane seconded the motion, approved by the Trustees 6-0.	Open	PRC
3.k.	The Board noted that the Union had rescinded the prior appointment of Norm Audet to the Board who was replaced by Tom Lapins. Additionally, Lisa Darnall had been formally re-appointed by the LYNX Board as Trustee.		Closed	None
4.	The Board reviewed the minutes of the meeting held on November 30, 2010 and corrections were noted.	Lisa Darnall made a motion to approve the minutes of the meeting held on November 30, 2010 as amended. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
5. a.	The Trustees reviewed the list of disbursements presented for approval.	Edward Johnson made a motion to approve the disbursements as presented. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
5. b.	Un-audited statements of the balance sheet and income and expense were provided to the Board. A question arose regarding the activity in Dividend and Interest Income Account.	The Trustees received and filed the financial statements. Nick Schiess agreed to research the activity within Dividend and Interest Income Account and report back to the Trustees after the meeting.	Open	PRC
6.	The Trustees reviewed the list of benefit approvals presented for approval.	Tom Lapins made a motion to approve the benefit approvals as presented. Edward Johnson seconded the motion, approved by the Trustees 6-0.	Closed	None
7.	As a legislative update, Robert Sugarman discussed the substantial pension reform legislation under consideration by the State. He then discussed the ramifications of the Dodd-Frank Wall Street Reform and Consumer Protection Act.		Closed	None

	Mr. Sugarman discussed upcoming educational conferences.			
8.d.	Mr. Sugarman discussed trends for defined benefit pension plans, which are under great political and financial pressures.		Closed	None
8.a.	Nick Schiess provided a report on active and retired participants who missed service while out on worker's compensation during the 2010 fiscal year noting that the past practice was to conduct a mailing advising them of their option to purchase service credit in the Plan.	The Board directed the Administrator to conduct a mailing to the affected members advising them of their option to purchase service credit in the Plan.	Open	PRC
9.	<p>Burgess Chambers and 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, 2010. The investment return for the quarter was 6.8% versus 5.8% for the index and for the calendar year was 13.9% versus 12.1% for the index. Mr. Wan reviewed the performance of the individual investment products in great detail.</p> <p>Mr. Chambers discussed economic and market conditions and advised that fixed income performance was expected to be very poor prospectively. He reviewed the asset allocation and despite the expected low returns from bonds, recommended rebalancing the portfolio back to the target allocation, which required reallocation from well performing equities back into bonds. A lengthy discussion arose regarding whether the target allocations within the Investment Policy Statement were appropriate and ultimately Mr. Chambers recommended the retention of the current guideline for a 70% maximum allocation in equities. He advised that the reallocated amount would likely be used to purchase Treasury Income Protected Securities.</p> <p>It was noted that the Investment Consultant was already granted the authority to rebalance the portfolio between meetings.</p>		Closed	None

8.c.	The Trustees discussed the Board's procedure of the periodic review of service providers, noting that it was time again to review the relationships with the Auditor and Actuary. It was noted that past practice dictated that a committee be formed to review the relationships and then provide recommendations to the Board.	Bert Francis and Tom Lapins agreed to form the committee to review the relationships with the Auditor and Actuary and provide a report to the entire Board at the next meeting.	Open	Bert Francis Tom Lapins
8.	Edward Johnson advised that that an invoice was expected from Nadine Schaal for her involvement review and comment on the restated Plan Document.		Open	Board
10.	The next meeting was scheduled for May 24, 2011.		Closed	None
	The meeting adjourned at 3:30 P.M.		Closed	None

Respectfully submitted,

Secretary