

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
MAY 24, 2011**

Board Members Present:

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

Others Present

Nick Schiess - Plan Administrator
Robert Sugarman – Plan Attorney
Jeff Amrose – Plan Actuary
Brian Anderson – LYNX Liaison
Burgess Chambers - Investment Consultant
James Burdick – Auditor

Agenda Item	Discussion	Decision	Status	Follow-up
1.	The meeting was called to order at 8:36 A.M. in Conference Room 637, Lynx Central Station, 455 N. Garland Av. Orlando, FL 32801.			
2.	Frank Luna discussed his due diligence visit to the office of Burgess Chambers & Associates conducted along with several other Trustees.		Closed	None
3.	Robert Sugarman reviewed the restated and amended Plan Document and thoroughly discussed all the revisions therein. Mr. Sugarman was questioned whether it was prudent to refrain from adopting the restated and amended Plan Document until after the status of pending State legislation containing proposed sweeping changes to governmental pension plans was known. Mr. Sugarman reviewed in great detail the proposed legislation, noting that the substantive changes would likely not become effective until after the next Collective Bargaining Agreement is adopted. He recommended proceeding with adoption of the restated and amended Plan Document.	Robert Doane made a motion to adopt the restated and amended Plan Document. Tome Lapins seconded the motion, approved by the Trustees 5-0.	Closed	None

4.	<p>James Burdick appeared before the Board on the behalf of Cherry, Bekaert & Holland LLP to present a draft of the Plan's financial statements for the fiscal year ending September 30, 2010. He advised than only the reconciliation of contributions with the employer remained outstanding and the final audit will be issued for the next meeting with no changes to the financial statements expected.</p> <p>Net Plan assets had increased to \$78,106,701 from the prior year amount of \$67,752,174, which was primarily attributable to investment gains.</p> <p>Mr. Burdick 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.</p> <p>Mr. Burdick 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. Burdick reported also that no deficiencies were identified with internal controls and procedures.</p>		Open	CBH Board
5.	<p>Jeff Amrose presented and reviewed an experience study of the Plan for the last ten years ending September 30, 2010. He explained that the goal was to align the assumptions as closely as possible to the actuarial experience of the Plan in order that contributions are in line with the costs of the Plan both in amount and timing. Mr. Amrose explained that the groundwork for the 2010 Actuarial Valuation had already been completed and was awaiting the Board's selection of assumptions to be finalized.</p> <p>Mr. Amrose reviewed in great detail each of the assumptions and actual experience for investment return,</p>			

	<p>retirements, terminations, disability retirements, salary scale and mortality.</p> <p>Mr. Amrose provided the Board with an economic forecasting model indicating probabilities attaining the current 7.5% annual investment return assumption and a 7.0% annual investment assumption, which he recommended instead. A very lengthy discussion ensued. It was noted that the Florida State Retirement System had an even greater investment return assumption of 7.75%. Burgess Chambers discussed the expected investment return noting that empirical evidence, absent recent outlying events, supported the current assumption and he recommended the retention of the 7.5% assumption rate for investment returns.</p> <p>Mr. Amrose reviewed the salary scale assumption and actual experience from the years 2000 through 2010 by years of service, noting that actual experience supports lowering the current salary scale by 1%. He suggested that the salary scale be revisited after the negotiation of the next Collective Bargaining Agreement.</p> <p>Mr. Amrose reviewed the assumption for retirement age, noting that the actual experience supports extending the retirement rates beyond age 65. He then reviewed the assumption for disability retirements, noting that the actual experience supports lower rates based upon age. Mr. Amrose reviewed the assumption for termination rates, noting that the actual experience supports higher rates. He discussed the current mortality table and recommended revising the current 1994 Group Annuity Mortality Table to the more current RP-2000 Generational Mortality Table. Mr. Amrose provided detailed information on the effects of each individual assumption on the recommended contributions rates for the Plan.</p>	<p>The Board deferred consideration of the actuarial assumptions until the next meeting.</p>	Open	Board
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6.	<p>Burgess Chambers provided a report on the investment performance of the portfolio for the quarter ending March 31, 2011. The investment return for the quarter was 4.2% versus 3.8% for the index, and for the fiscal year-to-date was 11.3% versus 9.8% for the index.</p> <p>Mr. Chambers reviewed the performance of the individual investment products in great detail noting all was satisfactory.</p> <p>Mr. Chambers requested the Board's favorable consideration of a fee increase from \$25K annually to \$30K annually, noting that he last increase was four years ago and since then the costs of conducting business has increased.</p>	Robert Doane made a motion to honor Mr. Chambers' request for a fee increase for investment consulting fees to \$30K annually. Bert Francis seconded the motion, approved by the Trustees 5-0.	Closed	None
7.a	The Board tabled approval of the Summary Plan Description to the next meeting.		Open	Board
7.b.	Nick Schiess reported that the vested deferred benefit of James Williams had been computed through recently discovered sources of historical archived information from LYNX and the prior plan administrator.		Closed	None
7.c.	The Board noted that proposed Amendment Six had not been adopted or had been addressed yet in collective bargaining. It was hoped that the Amendment would be addressed in collective bargaining.		Open	Board
7.d.	As a follow up to the last meeting, Nick Schiess announced that the educational video on the benefits of the Plan had been completed but there existed unforeseen expenses for web hosting services and other modifications requested by several Trustees. He requested approval for an additional \$500 in fees to cover these additional costs.	Robert Doane made a motion to authorize an additional \$500 in fees for the preparation of the educational video on the Plan. Tom Lapins seconded the motion, approved by the Trustees 5-0.	Open	Nick Schiess
7.e.	The Board tabled a report from the committee on the agreement with the Plan Administrator to the next meeting.		Open	Board

7.f.	The Board tabled a report from the committee on the periodic review of service providers to the next meeting.		Open	Board
7.g	The Board tabled approval of the periodic disability review to the next meeting.		Open	Board
7.h.	Nick Schiess reported that a mailing had been completed to active and retired participants who missed service while out on worker's compensation during the 2010 fiscal year advising them of their option to purchase service credit in the Plan.		Closed	None
8.a.	Nick Schiess reported that active member Stanley Maxwell had passed away without designating a beneficiary with the Plan or even his life insurance through LYNX. He reported that Mr. Maxwell's son had requested a refund of Mr. Maxwell's contributions to the Plan and he alleged that he was the sole surviving heir. Mr. Schiess advised that past practice in this situation was to permit the distribution upon receipt of an Affidavit from the claimant attesting that he was the sole heir. Robert Sugarman advised that this action was a legally acceptable remedy.	The Board agreed that the Mr. Maxwell's contributions should be returned to his heir according to past practice and contingent upon the receipt of an Affidavit attesting that he is the sole heir.	Closed	None
8.b.	Nick Schiess discussed the implementation of the money market fund DROP earning election method. He advised that in the event of a switch from the market rate of return to the money market fund, a delay occurs in the determination in the value of the account. He explained that about a week delay occurs in receiving the earnings information at quarter end for all the assets except for the real estate fund, which can take up to a month. Because of this delay, there is a short period in which it is unknown how much to purchase of the money market fund. It was noted that the alternative earnings election method was to be of no financial impact to the fund.	The Board determined that in the event of a switch from the market rate of return to the money market fund, an initial purchase of the money market fund will be done and as soon as possible based upon the earnings information as it becomes available for the prior quarter on a prorated basis for all assets except the real estate fund. Then an additional amount would be purchased afterwards for the remaining prorated amount for the real estate fund once the earnings information is available.	Closed	None
9.	The Board reviewed the minutes of the meetings held on February 25, 2011 and May 18, 2011 and corrections were noted.	Edward Johnson made a motion to approve the minutes of the meeting held on February 25, 2011 as amended. Robert Doane seconded the motion, approved by the Trustees 5-0. Edward Johnson made a	Closed	None

		motion to approve the minutes of the meeting held on May 18, 2011. Robert Doane seconded the motion, approved by the Trustees 5-0.		
10.	The Board tabled approval of disbursements and review of the unaudited financial statements to the next meeting.		Open	Board
11.	Robert Sugarman reviewed the Sunshine Law governing public meetings. A discussion arose whether meeting agendas had been properly posted. Mr. Sugarman advised that the legal requirement was to post meeting agendas in public places where LYNX has posted other notices.		Close	None
12.	Nick Schiess reported that the 2010 Annual Benefit Statements had been revised and distributed via regular mail. Mr. Schiess provided the Board with copies of the previously revised and adopted travel expense policy. He reported that he had researched the employment history of Charlie Plum and issued a revised Annual Benefit Statement reflective of his actual service credit. The Trustees tabled approval of disbursements to the next meeting.		Closed Open	None Board
13.	The next quarterly meeting was scheduled for August 16, 2011 and a special meeting was requested for the consideration of items tabled at this meeting along with consideration of actuarial assumptions.		Open	All
	The meeting adjourned at 12:17 P.M.		Closed	None

Respectfully submitted,

Secretary

