

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
AUGUST 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
 Lisa Darnall - LYNX Appointee

Others Present

Nick Schiess - Plan Administrator
 Robert Sugarman – Plan Attorney
 Brian Anderson – LYNX Liaison
 Burgess Chambers - Investment Consultant
 Norm Audet – Union President

Agenda Item	Discussion	Decision	Status	Follow-up
1.	The meeting was called to order at 10:32 A.M. in the Board Room, Lynx Central Station, 455 N. Garland Av. Orlando, FL 32801.			
2.	Frank Luna requested clarification on the fulfillment of public records requests and a discussion arose regarding the extent of information that must be provided under the Sunshine Law. It was noted that because the Plan was a governmental pension plan, all information except social security numbers and medical records is considered public record. And while it was confirmed that all other information must be provided if requested, requests for more personal information such as dates of birth or beneficiary information must be very specifically requested identified in order to provide that information.	The Board determined that procedure for public records request must be in writing and notification provided to the Chairperson of the Board.	Closed	None
3.	Burgess Chambers provided a report on the investment performance of the portfolio for the quarter ending June 30, 2011. The investment return for the quarter was 0.8% versus 1.0% for the index, and for the fiscal year-to-date was 12.2% versus 10.9% for the index. Mr. Chambers reviewed the compliance checklist and performance of		Closed	None

	<p>the individual investment products in great detail, noting all was satisfactory except for the large cap value comingled fund managed by Westwood Holdings Group and the large cap growth mutual fund managed by American Funds. He reported that the underperformance of the American Funds product was attributable to unfavorable sector allocation weightings. Mr. Chambers noted that the firm was a very good company with an excellent historical track record whose investment strategy was generally more conservative than their peers. He recommended careful monitoring of their performance over the next quarter and he reported that his office had already begun a search for a possible replacement if performance does not improve. Mr. Chambers reported that the prior underperformance of the fund managed by Westwood Capital Management was attributable to the high quality bias of the holdings during a period in which the market favored lower quality equities. However, the market favor had shifted to higher quality equities as the market cycle had matured and since the manager had been outperforming their respective benchmark.</p> <p>Mr. Chambers discussed market and economic conditions, noting that tremendous volatility since the last quarter ending June 30, 2011 has reduced most of the investment gains for the fiscal year-to-date. He attributed the volatility to excessive trading and market irrationality and not a market correction for overvalued securities. Mr. Chambers was questioned regarding the effects of the reduction in the United States credit rating had upon the portfolio and he responded that no effects have yet been observed.</p> <p>Mr. Chambers reviewed the asset allocation, noting all was satisfactory.</p>			
4.d.	<p>A discussion arose regarding payment by the Plan to Nadine Schall for services rendered in conjunction with the development of the restated and amended Plan Document. An opinion was expressed that Ms. Schall's</p>			

	<p>involvement was beneficial to the production of the document and helped meet the deadline for submission to the Internal Revenue Service. Other opinions were expressed that Ms. Schall is engaged by LYNX in the best interests of the plan sponsor and the fees for her services in this circumstance were not pre-approved by the Board. Edward Johnson noted that the exact charges were being extracted from Ms. Schall's invoice and should be available for consideration at the next meeting. It was noted that the Board could not issue payment to Ms. Schall directly and any payment, if approved, must be issued to LYNX as a reimbursement.</p>	<p>The Board tabled consideration of the matter until the next meeting.</p>	<p>Open</p>	<p>Board</p>
	<p>The meeting adjourned at 12:22 P.M. for lunch and reconvened at 12:47 P.M.</p>			
<p>4.a.</p>	<p>The Board reviewed the actuarial experience study presented at a prior meeting and discussed in great detail at the very last meeting. The Trustees were in general agreement to adopt all the assumption changes recommended by the Actuary with the exception of the investment return and salary growth assumptions, which were then discussed at great length.</p> <p>Burgess Chambers recommended the retention of the current 7.5% annual investment return assumption, despite the 7.0% rate proposed by the Actuary, noting that the current rate is well within average and below the Florida Retirement System's rate of 7.75%.</p> <p>A very lengthy discussion arose regarding the salary growth assumption. Norm Audet reported that collective bargaining had not yet been completed so the contracted salary growth rate had not yet been established. He expressed that the current salary assumption was unwarranted and recommended deferring consideration of this assumption until after the conclusion of collective bargaining. It was noted that additionally there were new restrictions on pensionable compensation recently established by State Law that would affect salary growth.</p>	<p>Tom Lapins made a motion to produce the 2011 Actuarial Valuation based upon the revised actuarial assumptions proposed by the Actuary within Exhibit 2 of the alternative assumption sets dated July 27, 2011 prepared by Gabriel Roeder Smith. Lisa Darnall seconded the motion, approved by the Trustees 5-1 with Frank Luna dissenting.</p>	<p>Closed</p>	<p>None</p>

	<p>Bert Francis recommending proceeding with the revising the salary growth assumption because even the revised assumption would still likely be very conservative. A lengthy discussion ensued regarding whether to defer revising the salary growth assumption until after the completion of collective bargaining, and it was noted that the assumption could be revised again afterwards if necessary.</p> <p>It was noted that the net effect of the revised assumptions was calculated to reduce pension cost by 0.84% of payroll. It was also noted that, as dictated by established procedure, the Actuary must prepare the three alternatives for the disposition of the cost savings for consideration at the next meeting.</p>		Open	Gabriel Roeder Smith Board
4.b.	<p>The Board discussed the status of proposed Amendment Six, noting that it still had not been addressed in collective bargaining. It was noted that LYNX was evaluating and researching alternative insurers for the disability coverage, which might affect proposed Amendment Six since the provisions were integrated with the disability insurance.</p> <p>Robert Sugarman advised that proper procedure had been followed in providing both the Union and LYNX the opportunity to consider proposed Amendment Six in collective bargaining; however, neither party has raised the matter within collective bargaining proceedings. He advised that given the great length of time that the matter has been open, a recommendation will likely be forthcoming at the next meeting for the Board to determine that bargaining on this matter has been abandoned and therefore waived. The Administrator was directed to draft a notification to both parties for consideration at the next meeting.</p>	Consideration of proposed Amendment Six was tabled until the next meeting.	Open	Board PRC
4.c.	Nick Schiess announced that he had completed the instructional educational video on the benefits of the Plan and it was ready for dissemination.		Closed	None

4.e.	As a follow up to the last meeting wherein a discussion of the production of a newsletter to LYNX Board Members and other interested parties on the Plan occurred, Tom Lapins expressed that producing the newsletter on a recurring basis was not feasible.		Closed	None
4.f.	The Trustees reviewed the final edited version of the Trustee Travel Expense Policy as revised at the last meeting.	Edward Johnson made a motion to adopt the revised Trustee Travel Expense Policy. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
5.	The Board reviewed the minutes of the meetings held on May 24, 2011 and July 15, 2011.	Robert Doane made a motion to approve the minutes of the meeting held on May 24, 2011. Bert Francis seconded the motion, approved by the Trustees 6-0. Edward Johnson made a motion to approve the minutes of the meeting held on July 15, 2011. Lisa Darnall seconded the motion, approved by the Trustees 6-0.	Closed	None
6.a.	Nick Schiess reported that he had been requested to research alternative DROP distribution options and advised that adding a monthly or quarterly option created no additional administrative burden or fees. Robert Sugarman recommended retaining only the current options because retaining investment responsibility for the retirees' DROP accounts represented a fiduciary liability to the Plan and therefore it was beneficial to issue DROP disbursements as soon as possible. A lengthy discussion arose.	The Board decided that the current DROP distribution options were adequate.	Closed	None
6.b.	The Board considered the Application for Disability Benefits received from Anthony Salary and it was noted that he was awarded disability benefits from the Social Security Administration.	Edward Johnson made a motion to approve disability benefits for Anthony Salary. Lisa Darnall seconded the motion, approved by the Trustees 6-0.	Closed	None
6.c.	The Board considered the Application for Disability Benefits received from Nelson Rosario and it was noted that he was awarded disability benefits from the Social Security Administration.	Edward Johnson made a motion to approve disability benefits for Nelson Rosario. Robert Doane seconded the motion, approved by the Trustees 6-0.	Closed	None
6.d.	The Board considered the Application for Disability Benefits received from Leo Peralta and it was noted that	Robert Doane made a motion to approve disability benefits for Anthony Salary. Lisa	Closed	None

	he was awarded disability benefits from the Social Security Administration.	Darnall seconded the motion, approved by the Trustees 6-0.		
6.e.	The Board was presented with an Audit Engagement Letter with incumbent auditor Cherry Bekaert & Holland for the preparation of the audit of the Plan's financial statements for the fiscal year ending September 30, 2011. The cost of the audit was not to exceed \$12,500 and the Letter had already been reviewed and approved by the Plan's attorney.	Robert Doane made a motion to execute the Audit Engagement Letter. Lisa Darnall seconded the motion, approved by the Trustees 6-0.	Closed	None
6.	A discussion arose whether the 5% interest rate on refunds of contributions to non-vested members was appropriate.	The Administrator was requested to solicit the Actuary's opinion on whether the 5% interest rate was appropriate or standard practice among governmental pension plans.	Open	Gabriel Roeder Smith Board
6.	A discussion arose regarding LYNX's re-employment policy for DROP members who separate from service. It was noted that DROP participants may return to service part-time after the end of their DROP participation period; however, they must start as newly hired employees and lose their seniority and pay rate. A discussion arose whether to amend the DROP Application to provide a notification of LYNX's re-employment policy.	Tom Lapins made a motion to include language within the DROP Application of LYNX's re-employment policy. Robert Doane seconded the motion, approved by the Trustees 6-0.	Open	PRC
7.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
7.b.	Un-audited statements of the balance sheet and income and expense were provided to the Board.	The Trustees received and filed the financial statements.	Closed	None
8.	Robert Sugarman discussed Trustee educational opportunities. Mr. Sugarman reported receiving an inquiry regarding whether DROP participants were eligible to also participate in the optional share account. He advised that it was unclear within the Plan Document whether this was specifically permissible or prohibited and therefore was a matter to be determined by the Board.	Robert Doane made a motion to interpret the Plan Document to allow new or the continuation of share account participation for DROP participants. Tom Lapins seconded the motion, approved by the Trustees 6-0.	Closed	None

	Mr. Sugarman discussed the changes that recently adopted Senate Bill 1128 has on public pension plans within the State. He explained the limitations on the amount of overtime and accrued leave payouts that could be used for the determination of benefits for all pension plans, noting that the changes become effective upon the ratification of the very next collective bargaining agreement. He explained that the legislation also required the preparation of an additional disclosure by the actuary within actuarial valuations and plan sponsors must contribute at least the normal cost of the Plan.			
9.a.	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
10.	The Trustees discussed the annual holiday dinner. A discussion arose whether it was a legitimate expense of the Plan and Robert Sugarman confirmed that it was a legitimate expense. Edward Johnson recommended that each person pay for their own meals to avoid any negative publicity and the Trustee agreed.		Closed	None
13.	The next quarterly meeting was scheduled for November 29, 2011.		Open	All
	The meeting adjourned at 4:17 P.M.		Closed	None

Respectfully submitted,

Secretary

