

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
NOVEMBER 29, 2011**

Board Members Present:

Robert Doane – Union Appointee
Frank Luna – Chairman, Union Appointee
Tom Lapins - Union Appointee
Donna Tefertiller - 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
Edward Johnson – LYNX
Ken Nostro – Westwood Holdings Group

Agenda Item	Discussion	Decision	Status	Follow-up
1.	The meeting was called to order at 10:10 A.M. in the Board Room, Lynx Central Station, 455 N. Garland Av. Orlando, FL 32801.			
2.	The Board welcomed and acknowledged LYNX's appointment of Donna Tefertiller as Trustee replacing Edward Johnson.	Robert Doane made a motion to seat Donna Tefertiller as Trustee for the remainder of Edward Johnson's term expiring the last meeting in the year 2012. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
3.	Ken Nostro appeared before the Board on behalf of the Westwood Holdings Group to provide report on the large cap value commingled fund for the quarter ending September 30, 2011. Mr. Nostro discussed the firm, noting no organizational changes had occurred. He reported that the investment return for the quarter was -2.45% versus the index of -1.89% and for the fiscal year was -17.32% versus the index of -16.2%. Mr. Nostro attributed the underperformance to the high quality bias of the holdings within the portfolio during a period in which the market favored lower quality equities and recent market uncertainty. Mr. Nostro reported that the performance after the ending of the last quarter was		Closed	None

	<p>13.2% versus the index of 11.5%.</p> <p>Mr. Nostro reviewed the holdings and sector allocations within the fund. He then discussed market and economic conditions and anticipated measured growth. Mr. Nostro was questioned regarding lower than average peer group rankings and he explained that managers with above average rankings and performance exceeding the index had intentionally drifted their investment style to include mid cap equities. He advised that managers remaining true to the large cap style all had relatively lower performance, which was attributable to the market conditions.</p>			
4.	<p>Burgess Chambers provided a report on the investment performance of the portfolio for the quarter ending September 30, 2011. The investment return for the quarter was -10.6% versus -6.8% for the index, and for the fiscal year was 0.3% versus 3.4% for the index.</p> <p>Mr. Chambers was questioned regarding the underperformance of the fund managed by the Westwood Holdings Group. He explained that the firm was an excellent manager with a proven record of consistent outperformance over complete market cycles. Mr. Chambers explained that the market had favored lower quality equities while the investment style of the manager was biased towards higher quality equities. He advised that a shift in market favor to higher quality equities had been anticipated long ago, however, lower quality equities did have an advantage during this prolonged low interest rate environment. A lengthy discussion arose regarding retention of the manager and/or replacing the manager with an index fund. Concerns were expressed regarding investing additional cash into the fund and Mr. Chambers advised that in light of current market conditions that any additional cash would be invested in the large cap growth index fund while keeping all other allocations within investment policy guidelines.</p> <p>Mr. Chambers reviewed the compliance checklist and</p>	<p>The retention of Westwood Holdings Group to be considered at the next meeting.</p>	Open	Board Burgess Chambers

	performance of the individual investment products in great detail. He then reviewed the asset allocation, noting all was satisfactory. Mr. Chambers was questioned regarding the exposure to international equities given the recent publicity on the potential debt crisis within Europe and he responded that the international equity exposure was necessary to remain diversified.			
	The meeting adjourned at 12:24 P.M. for lunch and reconvened at 12:55 P.M.			
5.a.	The Board reviewed an analysis issued by the Plan's Actuary dated September 27, 2011 regarding the three alternatives of 1) decreasing the recommended contribution rates or 2) maintain current funding rates and improve funding or 3) maintain current funding rates and increase benefits all as a result of the actuarial valuation for the 2010 fiscal year. A lengthy discussion ensued and all Trustees expressed their recommendations individually. It was noted that the outcome of collective bargaining might affect contribution rates.	<p>Bert Francis made a motion to decrease the recommended contribution rates and reconsider the matter after the conclusion of collective bargaining. Robert Doane seconded the motion for the purpose of discussion and the motion did not pass 3-3 with Frank Luna, Robert Doane and Tom Lapins dissenting. Bert Francis and Robert Doane withdrew their respective motions.</p> <p>The Trustees requested that the matter be reconsidered at the next meeting and it was noted that the current contribution rates remain in effect.</p>	Open	Board
5.b.	Robert Sugarman reviewed the history of proposed Amendment Six noting that proper procedure had been followed in providing both the Union and LYNX the opportunity to consider the Amendment in collective bargaining; however, neither party had raised the matter within collective bargaining proceedings. He advised that given the great length of time that the matter has been open, the matter could be considered abandoned by the collective bargaining parties and the Board has a basis to implement the Amendment. It was noted that the proposed amendment was just recently raised in collective bargaining, which was currently at impasse. A lengthy discussion ensued and concerns were expressed both that the matter might eventually be resolved through collective bargaining but also the matter has been	<p>Robert Doane made a motion to implement proposed Amendment Six on February 22, 2012 unless the Board is presented a tentative collective bargaining agreement on the date of February 21, 2012. Tom</p>	Open	Board

	deferred for several years.	Lapins seconded the motion, which was not approved 3-3 with Lisa Darnall, Bert Francis and Donna Tefertiller dissenting. Tom Lapins withdrew his motion, Robert Doane did not withdraw his motion therefore the matter remained deadlocked.		
5.c.	As a follow up to the last meeting, Edward Johnson advised that the exact charges were being researched for Nadine Schall's involvement in the revision of the Plan Document and might be presented for consideration at the next meeting.	The Board tabled consideration of the matter indefinitely until the invoice was presented for consideration by LYNX and decided that the matter should not reappear on future agendas.	Closed	None
5.d.	The Board discussed reducing or eliminating the interest that accrues for the refunds of contributions to terminated non-vested or partially vested members. The Plan's Actuary reported that nearly 40% of the other defined benefit pension plans that they serve do not provide interest and of those that do the most common interest rate was only 3%. A lengthy discussion ensued and it was noted that the matter should be considered in collective bargaining and if effective should only be so prospectively.	Tom Lapins made a motion to issue a formal recommendation to the Union and LYNX from the Board for the elimination of interest on refunds of contributions to terminated non-vested and partially vested members. Bert Francis seconded the motion, approved by the Trustees 6-0.	Open	PRC
5.e.	Nick Schiess provided a report on the annual enrollment in the enhanced benefit option and share accounts.		Closed	None
5.f.	Nick Schiess reported that the revised Summary Plan Description and Plan Document had been distributed via regular mail to all active members.		Closed	None
5.g.	Nick Schiess provided the Board with a revised DROP Application amended to include notification of LYNX's re-employment policy.	The Board approved use of the new form.	Closed	None
6.	The Board reviewed the minutes of the meeting held on August 16, 2011 and a correction was noted.	Lisa Darnall made a motion to approve the minutes of the meeting held on August 16, 2011 as corrected. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
7.a	Nick Schiess presented a quote for the renewal of the fiduciary liability insurance for an annual premium of	Bert Francis made a motion to approve the renewal of the fiduciary liability insurance.	Closed	None

	\$11,056.00.	Lisa Darnall seconded the motion, approved by the Trustees 6-0.		
7.b.	A discussion arose regarding proposals presented within collective bargaining including closing the Plan to new members who would instead participate in a defined contribution plan. Robert Sugarman reported that he had reviewed the proposals and barring any caps on contributions there were not any legal issues with the proposed changes. He was questioned regarding a theoretical situation wherein the Board disagrees with a benefit change that resulted from collective bargaining. Mr. Sugarman advised that benefits can be revised either by the Board or collective bargaining and the Board must amend benefits in a prudent manner		Open	Board
7.c.	The distribution of the Annual Benefit Statements was scheduled for January 16 -17, 2012.		Open	PRC
8.a.	The Trustees reviewed the list of disbursements presented for approval.	Tom Lapins made a motion to approve the disbursements as presented. Donna Tefertiller seconded the motion, approved by the Trustees 6-0.	Closed	None
8.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
9.	Robert Sugarman, in response to an inquiry, confirmed that there was not a requirement that a Trustee must be an employee of LYNX. Mr. Sugarman announced that he had discovered that Trustees were also on other Boards, which may constitute dual office holding. He agreed to research the matter and report back to the Board at the next meeting. Mr. Sugarman discussed upcoming educational opportunities for Trustees.		Closed Open Closed	None Robert Sugarman None
10.a.	The Trustees reviewed the list of benefit approvals presented for approval.	Tom Lapins made a motion to approve the benefit approvals as presented. Lisa Darnall seconded the motion, approved by	Closed	None

		the Trustees 6-0.		
10.	Nick Schiess requested direction from the Board for the renewal of various memberships with trade organizations	Robert Doane made a motion to renew the yearly membership with the Florida Public Trustees' Association and National Conference of Public Employee Retirement Systems. Lisa Darnall seconded the motion, approved by the Trustees 6-0.	Closed	None
11.	There were no Board member comments		Closed	None
12.	Nick Schiess reported that LYNX had reappointed Bert Francis and the Union had reappointed Frank Luna as Trustees.	Robert Doane made a motion to reseal Frank Luna as Trustee. Lisa Darnall seconded the motion, approved by the Trustees 5-0. Robert Doane made a motion to reseal Bert Francis as Trustee. Lisa Darnall seconded the motion, approved by the Trustees 5-0. Robert Doane made a motion to reelect Frank Luna as Chairman. Tom Lapins seconded the motion, approved by the Trustees 5-0. Robert Doane made a motion to reelect Lisa Darnall as Secretary. Tom Lapins seconded the motion, approved by the Trustees 5-0.	Closed	None
13.	The next quarterly meeting was scheduled for February 14, 2012.		Open	All
	The meeting adjourned at 4:22 P.M.		Closed	None

Respectfully submitted,

Secretary