

**ATU LOCAL 1596 PENSION FUND  
MINUTES OF MEETING HELD  
MAY 15, 2012**

**Board Members Present:**

Frank Luna - Union Appointee  
Lisa Darnall - LYNX Appointee  
Tom Lapins - Union Appointee  
Donna Tefertiller - LYNX Appointee  
Bert Francis - LYNX Appointee  
Robert Doane – Union Appointee

**Others Present**

Nick Schiess - Plan Administrator  
Robert Sugarman – Plan Attorney  
Brian Anderson – LYNX Liaison  
Frank Wan - Investment Consultant  
Norm Audet – Union President  
James Burdick, Plan Auditor, Cherry Bekaert & Holland  
Edward Johnson, LYNX

<b>Agenda Item</b>	<b>Discussion</b>	<b>Decision</b>	<b>Status</b>	<b>Follow-up</b>
1.	The meeting was called to order at 10:11 A.M. in the Board Room, Lynx Central Station, 455 N. Garland Av. Orlando, FL 32801.			
2.	Frank Luna apologized for missing the last meeting due to unavoidable circumstances.		Closed	None
3.	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, 2011. Net Plan assets had increased to \$81,128,883 from the prior year amount of \$78,106,701, which was primarily attributable to investment gains. 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. 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			

	<p>were identified with internal controls and procedures.</p> <p>He advised that 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>Mr. Burdick was questioned whether the Plan was in compliance with the Florida Uniform Prudent Management Institutional Funds Act. Frank Wan and Robert Sugarman agreed to research the matter and report back to the Board.</p>		<p>Open</p> <p>Open</p>	<p>CBH Board</p> <p>Frank Wan Robert Sugarman</p>
4.	<p>Frank Wan provided a report on the investment performance of the portfolio for the quarter ending March 31, 2012. The investment return for the quarter was 8.3% versus 7.5% for the index.</p> <p>Mr. Wan reviewed the rebalancing of the portfolio that occurred between meetings. He reported that the transition from the American Funds Large Cap Growth Fund to the ING Large Cap Growth Fund was nearly completed with funding expected to occur within a week.</p> <p>Mr. Wan was questioned regarding the underperformance versus the benchmark for the trailing one-year period. He responded it was an anomaly primarily attributable to the fact that the benchmark, comprised of a 60/40% percent split of equities to fixed income, did not contain a allocation to international equities.</p> <p>Mr. Wan discussed market conditions and economic outlook anticipating poor performance from bonds. He was questioned regarding lowering the allocation to bonds in response to meet the benchmark returns. Mr. Wan advised against lowering the allocation to bonds further, noting that the investmentent policy should remain intentionally more conservative than the index.</p>		Closed	None

	<p>Mr. Wan reviewed the individual investment products in great detail, noting all was satisfactory. He reported that the performance of the fund managed by the Westwood Holdings Group continues to improve as their high-quality style is back in market favor. Mr. Wan concluded his report with a review of the asset allocation and compliance checklist, noting all was satisfactory.</p> <p>Mr. Wan was questioned whether a portfolio adjustment was prudent in response to the financial crisis within Europe and he responded that his office has the authority to rebalance between meetings if necessary and also it was best to remain steadfast to the long-term investment strategy.</p>			
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.	Frank Luna passed the gavel and made a motion to defer consideration of the matter until the next meeting. Tom Lapins seconded the motion, approved by the Trustees 6-0.	Open	Board
5.b.	Robert Sugarman recapped the progress of proposed Amendment Six, noting that LYNX had reserved the right to collective bargaining. Norm Audet confirmed that the matter had not been brought up within collective bargaining. Edward Johnson reported the insurance premiums for long-term disability coverage would increase due to the shifting of costs from the Plan to the long-term disability insurer. It was then noted that the proposed increase was far less than the 1.17% as a percent of payroll cost savings projected by the Plan's Actuary. A lengthy discussion ensued.	The Board tabled the matter until the next meeting and directed the Administrator to resend a copy of proposed Amendment Six along with the actuarial cost study. The Trustees request that Actuary be available to discuss the development of the cost savings for the proposed Amendment.	Open	Board PRC
5.c.	The Board discussed the recommendation sent to the bargaining parties to eliminate interest on refunds of contributions for non-vested members. It was noted that			

	the recommendation was mentioned during the collective bargaining process but not had been incorporated into any proposal within collective bargaining. A discussion ensued on whether to proceed with creating a proposed Amendment and a question arose whether a vote of the Plan membership was required.	The Board determined that the best course of action was to defer the matter due to the ongoing collective bargaining negotiations and the matter was tabled until the next meeting	Open	Board
	The meeting adjourned at 12:10 P.M. for lunch and reconvened at 12:45 P.M.			
5.d.	The Board discussed the potential changes to the Plan considered within collective bargaining including a proposal for closing the Plan to new members. Robert Sugarman discussed collective bargaining under Florida's Public Employees Relations Act	The Board tabled the matter until the next meeting	Open	Board
5.e.	As a follow up to the last meeting, the matter of dual office holding was readdressed. It was noted that to resolve any potential conflict Lisa Darnall, Bert Francis and Donna Tefertiller had resigned from the other boards on which they served.		Closed	None
5.f.	The Board reviewed a survey form developed by the Plan Administrator to be used for the periodic review of service providers.	The Board approved the new survey form developed by the Plan and tabled the periodic review of service providers until the next meeting.	Open	Board
5.g.	The Board considered Tom Lapin's recommendation to revise the process of the distribution of annual benefit statements by mailing the annual benefit statements out in advance of the employee workshops.	The Board decided to revise the process of annual benefit statement distribution as recommended by Tom Lapins.	Closed	None
6.	The Board reviewed the minutes of the meeting held on February 14, 2012 and March 12, 2012.	Lisa Darnall made a motion to approve the minutes of the meeting held on February 14, 2012. Bert Francis seconded the motion, approved by the Trustees 6-0. Lisa Darnall made a motion to approve the minutes of the meeting held on March 12, 2012. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
7.a.	Robert Sugarman presented a proposal for a settlement of the Plan's interests in a class action lawsuit against			

	<p>Merrill Lynch Consulting Services, The Plan's share of the lawsuit resulted in a settlement of approximately \$142K net of a 25% contingency fee charged by the group of law firms that prosecuted the case on behalf of the class on a contingency fee basis. Mr. Sugarman disclosed that his firm, Sugarman and Susskind, was a part of that group of attorneys that negotiated the settlement and would receive compensation. He explained that the Board could either participate in the class settlement or reject the settlement and pursue its own individual action against Merrill Lynch Consulting Services. He discussed initiating an individual action. A lengthy discussion ensued whether to proceed with opting out of the class or filing a claim as part of the class. Mr. Sugarman advised the trustees that they could seek an independent legal opinion concerning this matter as well as the 25% contingency fee that the law firms are seeking, since his firm negotiated the settlement and will receive part of that fee. It was noted that an individual action would involve out of pocket expenses perhaps in the hundreds of thousand dollars with no guarantee of a favorable action.</p>	<p>Robert Doane made a motion to participate in the settlement of the class action against Merrill Lynch Consulting Services and authorize the Chairperson to execute the settlement documents between meetings. Lisa Darnall seconded the motion, approved by the Trustees 6-0.</p>	Closed	None
7.b.	<p>Robert Sugarman presented and reviewed an opinion letter on whether DROP participants should be permitted to continue DROP participation after a transfer from bargaining unit into a non-bargaining unit position. A lengthy discussion ensued and it was noted that the circumstance was not addressed within the collective bargaining agreement because a transferred member ceases to be a bargaining unit member.</p>	<p>Donna Tefertiller made a motion to permit DROP participation after transition from a bargaining unit position but not longer than the same five year participation period afforded to bargaining unit members. Robert Doane seconded the motion, approved by the Trustees 6-0.</p>	Closed	None
9.	<p>Robert Sugarman reported that the State legislation session had closed without passing any legislation that affected governmental pension plans.</p> <p>Mr. Sugarman reported that Charles Matos had been scheduled for a secondary independent medical examination.</p> <p>Mr. Sugarman reminded the Trustees to file their annual Statement of Financial Interests.</p>		<p>Closed</p> <p>Open</p> <p>Closed</p>	<p>None</p> <p>Robert Sugarman</p> <p>None</p>

	<p>Mr. Sugarman reported that a demand letter was sent to the estate of Sandra Mantalas for the recovery of one month of benefit overpayment after her death.</p> <p>Mr. Sugarman reported that his office had successfully negotiated an agreement with new investment manager ING Investment Management.</p>		Open	PRC
			Closed	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 the Trustees 6-0.	Closed	None
10. b.	Nick Schiess requested the Board's favorable consideration for an increase in administration fees from \$4,048 monthly to \$4,250 monthly effective June 1, 2012 along with a 3.5% annual cost-of-living adjustment. A discussion arose regarding the proposed cost-of-living adjustment and it was noted that the current cost-of-living adjustment was 2% annually.	Robert Doane made a motion to approve an increase in administration fees from \$4,048 monthly to \$4,250 monthly effective June 1, 2012 plus retain the current 2% annual cost-of-living adjustment. Tom Lapins seconded the motion, approved by the Trustees 6-0.	Closed	None
10.	Mr. Schiess reported that non-vested active member Robert Green had passed away without a designation of beneficiary. He advised that Mr. Green was unmarried and survived by four children. Robert Sugarman recommended the distribution of Mr. Green's pension contributions equally among his children.	The Board agreed with Robert Sugarman's recommendation for the distribution of Mr. Green's pension contributions equally among his children.	Closed	None
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
12.	The next quarterly meeting was scheduled for August 21, 2012 and a special meeting was scheduled for June 11, 2012.		Open	All
	The meeting adjourned at 2:22 P.M.		Closed	None

Respectfully submitted,

Secretary