

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
AUGUST 21, 2012**

Board Members Present:

Frank Luna – Chairman, Union Appointee
Lisa Darnall – Secretary, 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
Jeff Amrose, Plan Actuary
Edward Johnson, LYNX

Agenda Item	Discussion	Decision	Status	Follow-up
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.	Chairman Frank Luna introduced the court reporter who was engaged to record only the beginning of the meeting and discussion of the implications of closing the Plan.			
2.	<p>Jeff Amrose appeared before the Board to discuss the actuarial aspects of closing the Plan, which was under consideration within collective bargaining.</p> <p>Robert Sugarman advised that while the closure of the Plan to new members is legally simple, the actuarial impact is of great significance. He reminded the Trustees that the Board does not have a role in collective bargaining. However, the closure of the Plan was the Board's concern because there would certainly be an actuarial impact and it was important to recognize the changes and increased costs identified by the Plan's Actuary.</p> <p>Mr. Amrose provided and reviewed information regarding the ramifications of closing the Plan to new entrants. He explained that the investment horizon would be shorter for a Plan with a limited lifetime and he would therefore</p>		Closed	None

	<p>recommend lowering the investment return assumption as the investment strategy would likely become more conservative with less risk and volatility. He advised that the amortization of the unfunded liability of the Plan must also occur over a shorter horizon. He explained that within an open Plan, payroll generally increases over time from pay increases and new entrants. He added that another danger was that new actuarial losses must be amortized over a shorter period of time. Mr. Amrose advised that each of these factors will increase the funding requirements of the Plan. Additionally, new entrants usually also replace payroll that was lost when members retired. Therefore the unfunded liability is spread over an ever increasing payroll, which serves to lower funding requirements as a percent payroll. But with a closed Plan, there are not any new entrants and payroll decreases over time. With the unfunded liability being now spread over diminishing payroll, the funding requirements of the Plan increase as a percent of payroll.</p> <p>Mr. Amore then discussed the ramifications of closing a Plan with a cost sharing mechanism. He explained that as there becomes fewer remaining participants in the Plan, the funding requirements become higher as percent of payroll and will inevitably reach the point of un-affordability.</p> <p>Mr. Amrose provided alternative Plan designs that would reduce costs including a hybrid plan.</p> <p>It was noted that one proposal included the provision that LYNX would become responsible for any increase in costs attributable to closing the Plan. Mr. Amrose discussed the intricacies of determining the direct costs of closing the Plan. A discussion arose regarding the process of implementing the proposed closure and it was noted that the Plan's Actuary must inevitably prepare an actuarial impact statement for submission to the State. A discussion arose regarding making the Plan's Actuary available to the bargaining parties and a question arose regarding the confidentiality of any studies produced. Bob Sugarman recommended making the Actuary available to</p>			
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	all parties under the condition that any studies be disseminated to all parties simultaneously, and the Board agreed.			
	The meeting adjourned at 12:10 P.M. for lunch and reconvened at 12:35 P.M.			
5.	<p>Frank Wan provided a report on the investment performance of the portfolio for the quarter ending June 30, 2012. The investment return for the quarter was -2.4% versus 0.8% for the index and for the fiscal year-to-date was 12.4% versus 14.9% for the index.</p> <p>Mr. Wan reported that the transition from the American Funds Large Cap Growth Fund to the ING Large Cap Growth Fund was completed.</p> <p>Mr. Wan reviewed the individual investment products in great detail. He then reviewed the compliance checklist and discussed the unattained performance objective by the Westwood Holdings Group large cap value equity product. Mr. Wan provided and reviewed a manager search containing potential replacements for the product and recommended finalists Eagle Capital Management and Fiduciary Milwaukee Trust.</p> <p>A discussion arose regarding the consideration of the inclusion of hedge funds within the portfolio and Frank Wan agreed to bring information regarding hedge fund products to the next meeting.</p> <p>As a follow up to the last meeting wherein a question arose regarding whether the Plan was subject to the Florida Uniform Prudent Management Institutional Funds Act, Mr. Wan reported that the act was not applicable to governmental pension plans.</p> <p>It was reported that a class action lawsuit had been filed with the Plan as one of many named defendants who had realized an investment gain from the holding of the Tribune Company during a period in which fraudulent</p>	<p>Bert Francis made a motion, based upon the recommendation of the investment consultant, to interview Eagle Capital Management and Fiduciary Milwaukee Trust at the next meeting. Robert Doane seconded the motion, approved by the Trustees 6-0.</p> <p>Bert Francis made a motion to authorize Sugarman & Susskind to defend the Tribune Lawsuit as efficiently as possible.</p>	<p>Open</p> <p>Open</p> <p>Closed</p> <p>Open</p>	<p>Board</p> <p>BCA</p> <p>None</p> <p>Sugarman & Susskind</p>

	matters have been alleged.			
4.c.	The Board resumed the periodic service review of the relationship with the Plan's custodian. Frank Wan provided the Board with detailed information on the fee structure of the current custodian, BNY/Mellon Asset Management, as well as fees from other companies. He noted that the bundled custody fees of only 13 basis points were very favorable and recommended the retention of the current custodian. Nick Schiess circulated the new Service Provider Review Survey Form, which the Trustees agreed to complete and submit for consideration at the next meeting.		Open	Board
4.a.	<p>Robert Sugarman recapped the progress of proposed Amendment Six, noting that the matter had not been considered during recent collective bargaining. He advised that given the great length of time and opportunity for the collective bargaining parties to consider the matter, the Board had the right but not the obligation to proceed with the final adoption of Amendment Six. A lengthy discussion ensued. Lisa Darnall advised that the matter was mentioned at collective bargaining just before negotiations went to impasse and believed the matter should be addressed by the special magistrate along with other issues.</p> <p>Mr. Sugarman discussed the process after a deadlock, noting that the matter would go to arbitration if requested by any one Trustee.</p>	<p>Frank Luna passed the gavel and made a motion to proceed with the implementation of Amendment Six effective August 30, 2012. Robert Doane seconded the motion, not approved by the Trustees 3-3 with Lisa Darnall, Bert Francis and Donna Tefertiller dissenting.</p> <p>With no request for Arbitration, the matter was to be placed upon the agenda for the next meeting for consideration.</p>	Open	Board
4.b.	The Board discussed the recommendation sent to the bargaining parties to eliminate interest on refunds of contributions for non-vested members.	The matter was tabled until the next meeting	Open	Board
4.c.	The Board resumed the periodic service review of the relationship with the Plan's attorney.	The Board directed the Plan Administrator to redistribute the new Service Provider Review Survey Form on the relationship with the Attorney, which the Trustees agreed to complete and submit for consideration at the next meeting.	Open	PRC Board

4.d.	Mr. Sugarman reported many unsuccessful attempts had been made to recover one month benefit overpayments from the estate of Sandra Mantalas after her death in the amount of \$838.28. Among the attempts were one demand letter from his office and several requests from the Plan Administrator. He explained that further recovery efforts would result in costs in excess of the recoverable amount.	Tom Lapins made a motion to abandon further recovery efforts for the overpayment of \$838.28 from the estate of Sandra Mantalas because the costs would exceed the recoverable amount. Donna Terfertiller seconded the motion, approved by the Trustees 6-0.	Closed	None
6.	The Board reviewed the minutes of the meeting held on May 15, 2012 and June 11, 2012.	Lisa Darnall made a motion to approve the minutes of the meeting held on May 15, 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 June 11, 2012. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
7.a.	Robert Sugarman reviewed recently adopted State legislation, which invalidated spousal beneficiary and joint annuitant designations upon divorce under most circumstances. He reviewed drafts of separate notifications to active and retired members along with a request for the legislature to consider affording the Plan the same exemption afforded to members of the Florida Retirement System.	Robert Doane made a motion to send notifications to the retirees and active members as well as the request to the State for exemption. Donna Tefertiller seconded the motion, approved by the Trustees 6-0.	Open	PRC
9.	Robert Sugarman announced that court had approved the settlement of the class action lawsuit against Merrill Lynch Consulting Services. It was noted that the claim form had already been submitted and the Plan was awaiting its prorated share of the proceeds.		Closed	None
7.d.	The Board was presented with an Audit Engagement Letter with incumbent auditor Cherry Bekaert & Holland for the audit of the Plan's financial statements for the fiscal year ending September 30, 2012. The cost of the audit was not to exceed \$13,000 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

7. b.	The Board discussed plans for the annual holiday dinner.	The Board delegated the selection of a location to Bert Francis.	Closed	None
7.d.	The Board reviewed the enrollment information for the annual enrollment in the share accounts and enhanced benefits.	The Board approved the enrollment information and direct mailing to active participants for the annual enrollment in the share accounts and enhanced benefits.	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
10.a.	<p>The Trustees reviewed the list of benefit approvals presented for approval. Tom Lapins briefly departed the meeting and the Board considered the approval of retirement benefits for Tom Lapins. Tom Lapins re-entered the meeting and the Board considered the remainder of the benefit approvals.</p> <p>A discussion arose regarding the effective date for the disability benefits of Charles Matos. It was noted that Mr. Matos was not present and Nick Schiess reported that Mr. Matos had been notified that this matter would be addressed at this meeting and he was invited to attend. It was noted that Mr. Matos had amended his original application on February 14, 2012 to include a second medical condition that ended up being the basis for the determination of disability.</p>	<p>Lisa Darnall made a motion to approve the retirement benefit of Tom Lapins. Donna Tefertiller seconded the motion, approved by the Trustees 5-0. Bert Francis made a motion to approve the remainder of the benefit approvals as presented. Lisa Darnall seconded the motion, approved by the Trustees 6-0.</p> <p>The Board determined that Charles Matos' disability benefits should commence the first of the month following the amendment of his application for the medical condition that was the basis for the determination of disability, which was March 1, 2012.</p>	Closed	None
11.	A discussion arose regarding the fees for the court reporter present during the discussion on closing the Plan and whether to order a transcription of the proceedings.	Robert Doane made a motion to approve the cost of the court reporter but not order a transcription unless later determined necessary by the Board. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
12.	The next quarterly meeting was scheduled for November 27, 2012.		Open	All
	The meeting adjourned at 3:42 P.M.		Closed	None

Respectfully submitted,

Secretary