

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
NOVEMBER 27, 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
Ken Nostro & David Spika– Westwood Holdings Group
Edward Johnson, LYNX
Ronald Morgan, Incoming Trustee

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 noted that it was Robert Doane's last meeting to serve as Trustee and expressed gratitude to him for his years of faithful service to the Plan and membership.			
3.	Ken Nostro and portfolio manager David Spika 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, 2012. Mr. Nostro discussed the firm, noting no organizational changes had occurred. Mr. Spika reviewed performance, reporting that the investment return for the year was 13.0% versus 16.9% versus the index with the underperformance attributable 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. Spika discussed the challenges within the recent market environment market including		Closed	None

	<p>negative market sentiment and fear. He advised that most firms employing fundamental analysis have just not performed well in this environment. He discussed historical performance and advised that the portfolio was well positioned for when market reverts to normalcy and fundamental analysis prevails again. Mr. Nostro was questioned whether the firm had been impacted by negative outflows from the underperformance and he reported that the firm had not been terminated by any institutional clients. The Board recognized the product's considerable down market protection was but Mr. Nostro was questioned regarding an increased beta which indicated additional risk. Mr. Spika responded that the increased beta was function of market irrationality and fear. A question arose whether it would be prudent to index the manager's allocation given that the index had outperformed most managers for the last two years. Mr. Nostro advised that the product had outperformed the index long-term and indexing does not provide down market protection. Mr. Spika reviewed the holdings and sector allocations within the fund. He then discussed market and economic conditions and anticipated measured growth.</p>			
4.	<p>The Board interviewed two investment managers as a possible replacement for Westwood Holdings Group.</p> <p>John Johnson appeared before the Board on behalf of Eagle Capital Management to provide a presentation on the firm's large cap value domestic equity product. He discussed the firm's qualifications and experience and then thoroughly reviewed the investment strategy and process, historical performance, risk controls and measurements and other factors. Mr. Johnson noted the firm managed and excelled at this one and only strategy with the results of superior risk adjusted return for all time periods.</p> <p>Michael Stanley appeared before the Board on behalf of Fiduciary Management Inc. to provide a presentation on the firm's large cap value domestic equity product. He discussed the firm's qualifications and experience and</p>			

	<p>then reviewed in thorough investment strategy and process, historical performance, risk controls and measurements and other factors. Mr. Stanley noted the product would be closed to new investors very soon.</p> <p>Frank Wan provided a comparative analysis of the performance and risk measurements for Eagle Capital Management and Fiduciary Management Inc noting the minimum investment was \$5M and \$2M respectively and the performance and other measurements exceeded those of Westwood Holdings Group. The respective fees of 75 and 60 basis points were comparable to the 75 basis point fee for Westwood Holdings Group. A lengthy discussion arose regarding the termination of Westwood Holdings Group and engagement of their replacement.</p>	Bert Francis made a motion to liquidate the Plan's shares of the large cap value fund managed by Westwood Holdings Group and fund separate accounts managed by Eagle Capital Management and Fiduciary Management Inc. with their minimum required investment contingent upon the successful negotiation of an agreement by the Plan's attorney with the Chairman authorized to execute the agreements upon completion. Robert Doane seconded the motion, approved by the Trustees 6-0.	Open	Sugarman & Susskind PRC
	The meeting adjourned at 11:45 P.M. for lunch and reconvened at 1:35 P.M.			
5.	<p>Frank Wan provided a report on the investment performance of the portfolio for the period ending September 30, 2012. The investment return for the quarter was 4.6% versus 4.5% for the index and for the fiscal year was 17.5% versus 20.1% for the index, which ranked returns in the 30th percentile among the peer group.</p> <p>Mr. Wan reviewed the individual investment products in great detail and the then reviewed the compliance checklist.</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>		Open	BCA
6.a.	Robert Sugarman recapped the progress of proposed Amendment Six, noting that the final adoption of the matter came to a tie vote at the last meeting. He explained that the matter of the tie vote could be resolved by calling another vote, table consideration to the next			

	meeting or any Trustee can call for a deadlock and the matter would go before arbitration for settlement. Mr. Sugarman discussed the lengthy and expensive process of resolving the matter through arbitration. Edward Johnson expressed confidence that the matter would be addressed soon between the Union and LYNX. Frank Luna requested arbitration on the matter. It was noted that while a considerable amount of time had already been extended, a lengthy discussion ensued regarding establishing a firm deadline for resolution and approval by LYNX and the Union given the considerable expense of arbitration.	Bert Francis made a motion to authorize Robert Sugarman to file for arbitration on behalf of the Board unless provided by close of business day on January 17, 2013 with an agenda of the LYNX Board meeting indicating that Amendment Six is under consideration	Open	Sugarman & Susskind Board
6.b.	The Board discussed the recommendation sent to the bargaining parties to eliminate interest on refunds of contributions for members. A discussion arose whether to eliminate interest altogether or amend it to a more conservative rate. It was confirmed that when questioned, the Plan's actuary advised that most public pension plans do not apply interest at all on refunds of contributions and those that do have far less than the current 4% interest credited by the Plan.	Robert Doane made a motion to amend the Plan effective March 1, 2013 to reduce the interest rate on refunds of contributions to members to a rate equivalent to the same money market fund used for the money market option in the Plan's DROP account. The Trustees directed the Plan Administrator to send notice of the Board's decision to LYNX and the Union and if an objection is expressed or another rate is suggested by either party before the February 19, 2013 meeting then the Board will reconsider the matter. Bert Francis seconded the motion, approved by the Trustees 6-0.	Open	Board
6.c.	The Board tabled the periodic service review of the relationship with the Plan's custodian and attorney until the next meeting.		Open	Board
6.d.	Nick Schiess reported that notifications had been sent to active and retired members regarding the ramifications of HB401 that invalidated spousal beneficiary and joint annuitant designations upon divorce under most circumstances.		Closed	None
6.e.	Nick Schiess provided a report on the enrollment for the enhanced benefit and share accounts.		Closed	None

6.f.	<p>The Trustees reviewed the recently adopted revised Collective Bargaining Agreement, specifically the provision to close the Plan to new entrants. Robert Sugarman explained that the Board has joint responsibility for benefit changes and is the party responsible for amending the Plan Document. He also advised that new entrants should not be excluded until the amendment is adopted. Mr. Sugarman advised that the amendment of the Plan Document requires the Trustees to educate themselves on the ramifications of closing the Plan, an actuarial analysis to determine any cost impact and also he must draft a plan amendment that ultimately must be approved by the Board. Mr. Sugarman further explained that the language within the Collective Bargaining Agreement did not sufficiently address all the details of closing the Plan to new entrants so therefore additional information was needed.</p> <p>A discussion arose regarding the Board's authority in this matter and whether the stipulation of settlement that initially created the Plan specifically required that all future employees be part of the current defined benefit Plan. Mr. Sugarman explained that the Board's responsibility was indeed established in this matter per the settlement and section 16.01 of the Trust Agreement as the Trustees must ultimately approve the revision of the Plan Document and can vote for either approval or disapproval. A lengthy discussion ensued regarding the exclusion of future workers and Mr. Sugarman suggested that one way to establish the original intent was to hear from the parties involved with the stipulation of settlement. Mr. Sugarman mentioned that another issue also existed of whether to collect the employer and employee contributions for new hires in the interim.</p> <p>A lengthy discussion continued and considered was conducting a special workshop with all parties involved.</p>	<p>Bert Francis, emphasizing that the matter had been agreed upon during collective bargaining, made a motion to amend that Plan in accordance to what was agreed upon within collective bargaining and set forth in the new collective bargaining agreement. Lisa Darnall seconded the motion, not approved by the Trustees 3-3 with Robert Doane, Tom Lapins and Frank Luna dissenting.</p> <p>Robert Sugarman was directed to draft proposed language regarding the closure of the Plan to new entrants and a special meeting for further consideration of the matter was scheduled for December 18, 2012.</p>	Open	Board Robert Sugarman
7.	The Board tabled the approval of the minutes held August 21, 2012 until the next meeting.		Open	Board

8. a.	Nick Schiess reported that employee workshops were scheduled for January 15-16, 2013 and the annual benefit statements would be mailed beforehand in accordance with the new procedure adopted by the Board.		Open	PRC
8. b	Nick Schiess presented quotes for the renewal of the fiduciary liability insurance.	Bert Francis made a motion to approve the renewal of the fiduciary liability insurance through State National Insurance Company for the annual premium of \$9,762.88. Lisa Darnall seconded the motion, approved by the Trustees 6-0.	Closed	None
8. c	The Board considered an application for disability benefit received from Felicia Harp. It was noted that Ms. Harp had been awarded disability benefits from the Social Security Administration and met the service requirements to qualify for disability benefits.	Lisa Darnall made a motion to award Felicia Harp disability benefits based upon the award of disability benefits from the Social Security Administration. Tom Lapins seconded the motion, approved by the Trustees 6-0.	Closed	None
9.a.	The Trustees tabled approval of disbursements until the next meeting. The Board directed the renewal of the 2013 annual membership with the Florida Public Pension Trustees Association.		Open	Board
9.b.	The Trustees tabled review of the un-audited statements of the balance sheet and income and expense until the next meeting.		Open	Board
11.a.	The Trustees tabled approval of the benefit approvals until the next meeting.		Open	Board
12.	There were no additional Board member comments.		Closed	None
13.	Nick Schiess reported that Union had appointed Ronald Morgan as Trustee. Bert Francis agreed to continue to serve until LYNX either reappoints him or appoints his replacement.		Closed	None
14.	The quarterly meetings for next year were scheduled for February 19, May 14, August 20 and November 19, 2013.		Open	All
	The meeting adjourned at 5:35 P.M.		Closed	None

Respectfully submitted,

Secretary