ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
DECEMBER 18, 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 (via teleconference)
Ronald Morgan – Union Appointee

Others Present
Nick Schiess - Plan Administrator
Robert Sugarman – Plan Attorney
Edward Johnson - LYNX
Norm Audet – Union President
Robert Doane
Jeff Amrose – Plan Actuary
Frank Wan – Plan Investment Consultant
Brian Anderson – LYNX Liaison

Agenda Item	Discussion	Decision	Status	Follow-up
1.	The meeting was called to order at 1:05 P.M. in the Board Room, Lynx Central Station, 455 N. Garland Av. Orlando, Fl 32801. Bert Francis attended via teleconference and the Trustees identified and authenticated his voice.			
2.	The Trustees recognized that the purpose of the meeting was to become informed of the financial ramifications of closing the Plan to new entrants as set forth in the recently adopted Collective Bargaining Agreement. It was noted that at the last meeting the Trustees came to a 3-3 vote on closing the Plan but no Trustee had requested arbitration of the deadlock since. A discussion arose regarding the procedures for amending the Plan. It was noted that while the Union and Authority had the authority to amend benefits within collective bargaining, the original stipulation of settlement establishing the Plan and section 16.01 of the Trust Agreement also grant authority to and requires action by the Board of Trustees. It was further noted that the Plan Document must be amended and only the Board has the authority to do so.			

	Robert Sugarman provided and reviewed a draft of the Plan Document with amended language for the proposed closure of the Plan to new entrants along with minor revisions to accommodate changes in State Statutes. The Trustees suggested additional revisions which Mr. Sugarman agreed to incorporate into the draft document. It was recognized that the employer funding requirements must be at least the normal cost of the Plan pursuant to State Statutes. Jeff Amrose discussed the differences between costs of funding an open versus a plan closed to new entrants. He then reviewed the ramifications of closing a Plan with cost sharing between the employees and Plan Sponsor, noting that both should expect an increase in the cost as a percent of payroll. And as there become fewer remaining participants in the Plan, a concern exists that the employee contribution rate might inevitably reach the point of un-affordability. He identified and discussed the costs solely attributable to the closing of the Plan. Mr. Amrose discussed the entry age normal cost method used as the actuarial funding methodology. He explained that while the normal cost of the Plan should remain level, the amortization of the unfunded liability must be spread over diminishing payroll resulting in increased funding requirements of the Plan expressed as a percent of payroll. Furthermore, additional actuarial losses must be amortized over a shorter horizon, which would also increase funding requirements as a percent of payroll. Mr. Amrose was questioned regarding how the funding requirements would be affected by investment losses. He responded that investment losses are smoothed or averaged over five years to minimize volatility but a smoothed result lower than the assumption results in an actuarial loss, which results in increasing the funding requirement as a percent of payroll. Mr. Amrose was questioned on the effect of an aging active member base, disability retirements and gradual elimination of refunds of			

	contributions on the funding requirement for a closed plan He responded that these would have a minimal effect. Mr. Amrose was questioned regarding the status of the Funding Standard Account if the Plan was closed. He responded that the account is a credit account for the Plan Sponsor established from the overpayment of funding requirements in prior years and its status would remain unchanged. Frank Wan discussed the effects on closing the Plan to new entrants on the investment strategy. He explained that the investment horizon would be shorter for a closed Plan with a limited lifetime. He would therefore recommend lowering the investment return assumption as the investment strategy would likely become more conservative with less risk and volatility. The result would be increased funding requirements as a percent in payroll. Tom Lapins expressed concerns over possible privatization of the agency and the further possibility that closing the Plan to new entrants might be the first step and facilitate such a move, which might inevitably lead to a total closure of the Plan for all members. Robert Sugarman agreed to research the transference of pension liability in a move to privatization, which is governed under the Urban Mass Transportation Act. Edward Johnson expressed that there was no intent to privatize or outsource employees. Edward Johnson expressed that since the Plan closure was approved through collective bargaining, this subsequent approval was outside the Board's purview especially given that an actuarial firm engaged by LYNX determined that there would be no impact on the Plan members if administered correctly. It was noted that while the Collective Bargaining Agreement stipulated that additional costs attributable to the closure of the Plan to new entrants would be borne by the Plan Sponsor, the language was not specific enough to create an exact	Donna Tefertiller made a motion to amend the Plan in accordance with the new collective bargaining agreement. Bert Francis seconded the motion. A lengthy discussion ensued. Tom Lapins made a motion to table the motion until Robert Sugarman researched and provided an opinion on the legal implication of the transference of liability in privatization and the Trustees have a better understanding of the unforeseen consequences of closing the Plan. Frank Luna seconded the motion to table. The motion passed 4-2 with Lisa Darnall and Donna Tefertiller dissenting.	Tabled	Board Robert Sugarman

	methodology. Mr. Amrose discussed the intricacies of determining the direct costs of closing the Plan. Frank Luna moved to commission an actuarial cost study for a two-tier plan as an alternative to the Plan closure. A lengthy discussion ensued. Jeff Amrose anticipated a cost of approximately $4,500.	The motion did not pass 1-5 with all Trustees except Frank Luna dissenting. The Trustees scheduled a special meeting on January 9, 2013.		
	The meeting adjourned at 4:09 P.M.		Closed	None

Respectfully submitted,

Secretary