

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
May 14, 2013**

Board Members Present:

Frank Luna – Chairman, Union Appointee
Blanche Sherman – Secretary, LYNX Appointee
Tom Lapins - Union Appointee
Donna Tefertiller - LYNX Appointee
Bert Francis - LYNX Appointee
Ronald Morgan – Union Appointee

Others Present:

Nick Schiess - Plan Administrator
Robert Sugarman – Plan Attorney
Burgess Chambers & Karla Engard - Investment Consultant
Norm Audet – Union President
Jim Goldsmith, Akerman Senterfitt LLP – LYNX Attorney
Jeff Amrose – Actuary
James Burdick, Plan Auditor, Cherry Bekaert & Holland

Agenda Item	Discussion	Decision	Status	Follow-up
1.	The meeting was called to order at 9:10 A.M. in the Board Room, Lynx Central Station, 455 N. Garland Av. Orlando, FL 32801.			
2.	Chairman Frank Luna expressed discontent with delays in scheduling this meeting.			
3.	<p>The Board noted that Blanche Sherman was appointed by LYNX to serve the remainder of Lisa Darnall's term as Trustee.</p> <p>It was noted than Ms. Darnall was the former Secretary of the Board.</p> <p>It was noted that a consensus rule on any Board actions had been previously established because a full Board was not expected for this meeting. With the appointment of Ms. Sherman, a full Board was present. Chairman Luna declared that the consensus rule be withdrawn unless there was any objection.</p>	<p>Bert Francis made a motion to seat Blanche Sherman as Trustee. Ronald Morgan seconded the motion, approved by the Trustees 6-0.</p> <p>Tom Lapins made a motion to elect Blanche Sherman as Secretary. Donna Tefertiller seconded the motion, approved by the Trustees 6-0.</p> <p>With there being no objection, the previously established consensus rule was withdrawn for the meeting.</p>	Closed	None
9.	Robert Sugarman discussed the various issues encountered with the closure of the Plan to new entrants pursuant to recently adopted Collective Bargaining			

	<p>Agreement. He explained that the Agreement was ambiguous and incomplete, lacking sufficient specificity regarding the details of closing the Plan. This placed the Board in the predicament of making determinations and policies that really should be addressed by the collective bargaining parties. Furthermore, he explained that there now appears to be disagreement between the parties on some of the issues. And he reminded the Board that the Trustees had become deadlocked on implementing the Plan closure, which had resulted in pending arbitration. Mr. Sugarman concluded that too many outstanding issues existed for the Board to proceed with implementing the closure of the Plan. He recommended that the Trustees withdraw from arbitration and refer the matter back to the collective bargaining parties to resolve the outstanding issues and details of closing the Plan. He suggested that the bargaining parties collaborate with the Plan's Actuary to develop a comprehensive list of outstanding issues to be resolved by the parties, not the Board.</p> <p>It was noted that all new hires had been placed in the Plan and it had been suggested that perhaps LYNX might request their contributions returned for placement in the new Plan once the plan closure was complete. A discussion arose regarding the legality of returning contributions as well as the market risk while these contributions remained with the Plan. Additionally, it was noted that the fiscal year ended September 30, 2013 and it was imperative to determine which plan the newly hired employees belonged in because this affects the actuarial valuation and audit.</p> <p>Tom Lapins requested payment of pre-arbitration legal expenses.</p>	<p>Donna Tefertiller withdrew her request for arbitration on closing the Plan to new entrants.</p> <p>The Board, by consensus and upon recommendation of legal counsel, determined that outstanding issues on closing the Plan were best settled by the collective bargaining parties. Tom Lapins made a motion to authorize the Plan's Actuary, at a cost capped at \$1,500, to assist the Union and LYNX in the development of a comprehensive list of the outstanding issues and considerations of closing the Plan to new entrants. Bert Francis seconded the motion, approved by the Trustees 6-0.</p> <p>Consideration of pre-arbitration legal expenses was deferred to the next meeting.</p>	<p>Closed</p> <p>Open</p> <p>Open</p>	<p>None</p> <p>All</p> <p>Board</p>
4.a.	<p>Burgess Chambers and Karla Engard provided a report on the investment performance of the portfolio for the period ending March 31, 2013. The investment return for the quarter was 1.9% versus -0.1% for the index and for</p>			

	<p>the calendar year was 12.6% versus 11.4% for the index.</p> <p>Mr. Chambers reviewed the individual investment products in great detail, noting all was satisfactory with the exception of the commingled fund managed by Westwood Capital Management.</p>			
4.b.	<p>Mr. Chambers reviewed and recommended a revised Investment Policy Statement and the proposed changes therein, which were necessitated by the recent addition of active investment managers in the large cap equity allocation. The Trustees made additional revisions to the revised Investment Policy Statement.</p>	Based upon the recommendation of the Investment Consultant, Burgess Chambers, Donna Tefertiller made a motion to adopt the revised Investment Policy Statement as amended. Blanche Sherman seconded the motion, approved by the Trustees 6-0.	Closed	None
4.c.	<p>Karla Engard presented the results of a search for custodial services, which was necessitated by the recent engagement of separate account manager and the prohibitively high minimum fee charged by the current custodian for this type of account. A lengthy and careful discussion ensued regarding the qualifications, experience, fees and other factors of the prospective replacement custodians. Robert Sugarman disclosed that Amalgamated Bank serves as custodian and index fund provider for his firm's small pension fund and Amalgamated Bank' president is a friend of his.</p>	Based upon the recommendation of the Investment Consultant, Burgess Chambers, Tom Lapins made a motion to engage the custodial services of Amalgamated Bank contingent upon the successful negotiation of an agreement. Bert Francis seconded the motion, approved by the Trustees 6-0.	Open	Sugarman & Susskind PRC
5.	<p>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, 2012. Net Plan assets had increased to \$97,501,018 from the prior year amount of \$81,128,883, 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</p>			

	<p>weaknesses in the financial statements had been discovered. Mr. Burdick reported also that no deficiencies were identified with internal controls and procedures.</p> <p>He advised that a few confirmations remained outstanding and the final audit will be issued for the next meeting with no changes to the financial statements expected.</p>		Open	Cherry Bekaert & Holland
6.	<p>Jeff Amrose appeared on behalf of Gabriel, Roeder, Smith & Company to present the Actuarial Valuation for the fiscal year ending September 30, 2012. He reviewed the actual Plan experience versus assumptions, asset smoothing methodology, funding standard account and the costing of the Plan in great detail. He noted that the funding ratio of the Plan was 94.8%, which was exceptionally high and among the very best of governmental pension plans within Florida.</p> <p>A discussion arose regarding the creation and maintenance of the funding standard account, which was noted is a credit balance of the cumulative excess contributions by the employer plus interest.</p> <p>Mr. Amrose presented an analysis dated April 18, 2013 regarding the three alternatives of 1) decrease 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 2012 fiscal year.</p>	<p>Donna Tefertiller made a motion to accept the Actuarial Valuation. Blanche Sherman seconded the motion approved by the Trustees 6-0.</p> <p>The Board requested additional information on the funding standard account for the next meeting.</p> <p>Bert Francis made a motion to decrease the recommended contribution rates for the 2014 fiscal year. Blanche Sherman seconded the motion approved by the Trustees 6-0.</p>	<p>Closed</p> <p>Open</p> <p>Closed</p>	<p>None</p> <p>Board GRS</p> <p>None</p>
9.e.	<p>Nick Schiess presented a request from retiree Paul Helmick to change his joint annuitant to Linda Helmick, noting that he had passed away within a week after the request was received. Mr. Schiess discussed the history of Mr. Helmick's prior request, noting that he had originally requested to change his joint annuitant after his divorce from Judy Helmick back in the year 2004 but was unable to do so because it was not permitted within the Plan Document. Mr. Schiess explained that the Board later amended the Plan Document in the year 2006 to</p>			

	<p>permit the change of joint annuitant under certain circumstances and at an actuarial equivalent. A discussion arose regarding the legitimacy of the request, specifically that Mr. Helmick had signed the request with a mark instead of his signature. William Link, attorney for Linda Helmick, appeared before the Board and explained that Mr. Helmick had made his mark because he was unable to sign due to his poor health condition. Judy Helmick appeared before the Board and questioned the validity of the request alleging that Mr. Helmick suffered from a disability. A lengthy discussion arose regarding the validity of the request, Mr. Helmick's mental capacity, Dissolution of Marriage Agreement and other factors. It was noted that Mr. Helmick's intent to change his joint annuitant was evident from history; however, there was not any documentation identifying any specific person as potential replacement joint annuitant. Additionally, it was noted that payment to Judy Helmick might be invalidated by recent State legislation.</p>	<p>The Board tabled the matter until the next meeting and Judy Helmick was advised to retain legal counsel and both parties provided the opportunity to provide additional evidence.</p>	Open	Board
7.a & b.	<p>Robert Sugarman provided for execution proposed Amendment One, which was formerly known as Amendment Six before the recent Plan restatement. He reviewed the revisions within including the elimination of future accrual of interest for refunds of contributions, revised disability provisions and provisions for equal voting powers between the union and management Trustees in the event there are an odd number of Trustees present at a meeting.</p>	<p>Bert Francis made a motion to adopt Amendment One. Blanche Sherman seconded the motion approved by the Trustees 6-0.</p>	Closed	None
9.b.	<p>Nick Schiess reported that recent retiree Felicia Harp passed away after being approved for a disability benefit but before she had the opportunity to select an optional form of payment. He explained that the Plan Document specified that her widower is entitled to a joint and survivorship benefit but did not specify which percentage in this particular circumstance. Mr. Schiess further explained that the spouse of an active vested member is entitled to a 100% joint and survivorship benefit at an actuarial equivalent. A lengthy discussion ensued regarding the level of survivorship benefits payable to Ms.</p>	<p>Bert Francis made a motion to approve a 100% actuarially equivalent joint and survivorship benefit to Herbert Harp. Blanche Sherman seconded the motion approved by the Trustees 6-0.</p>	Closed	None

	Harp's surviving spouse, Herbert Harp.			
9.c.	The Board considered an application for disability benefits received from Susanne Belner who had met the eligibility requirements and had been awarded disability benefits from the Social Security Administration.	Blanche Sherman made a motion to award disability benefits to Susanne Belner. Tom Lapins seconded the motion, approved by the Trustees 6-0.	Closed	None
9.d.	The Board noted that Mary Robles had requested a continuance for the consideration of her application for disability benefits until the next meeting.	The Board tabled consideration of Mary Robles' application for disability benefits until the next meeting.	Open	Board
9.a.	Nick Schiess announced that the provider of the Plan's checking account for payment of benefits and expenses, Bank Atlantic, was acquired in a merger by BB&T. He reported that the new bank was a Qualified Public Depository, the same fee structure was guaranteed for a year and the bank offered many additional locations providing greater access to the membership.	Tom Lapins made a motion to continue with the transitioned banking relationship with BB&T. Blanche Sherman seconded the motion, approved by the Trustees 6-0.	Closed	None
11.	Robert Sugarman provided a legislative update noting that public comments must be added to meeting agendas prospectively.		Closed	None
11. a.	Robert Sugarman reported that the class action lawsuit against Merrill Lynch Consulting Services had been finalized and Nick Schiess confirmed the receipt of \$143,067.84 as the Plan's proceeds.		Closed	None
7. c.	The Trustees reviewed the results of the periodic service review for Attorney and Custodian and survey of fees. It was noted that the relationship with the Custodian had just been changed and therefore that review unnecessary.	Blanche Sherman made a motion to retain the relationship with the Plan's Attorney based upon merit and the results of the service provider review.	Closed	None
8.	The Board reviewed the minutes of the meetings held on August 21, 2012, November 27, 2012, December 18, 2012 and April 18, 2013.	Donna Tefertiller made a motion to approve the minutes of the meetings held August 21, 2012, November 27, 2012, December 18, 2012 and April 18, 2013. Tom Lapins seconded the motion, approved by the Trustees 6-0.	Closed	None
10.a	The Trustees reviewed the list of disbursements dated	Ronald Morgan made a motion to approve	Closed	None

	May 14, 2013 and November 27, 2012 noting that the disbursements dated November 27, 2012 had been tabled until this meeting.	the disbursements dated May 18, 2013 and November 27, 2012 as presented. Bert Francis seconded the motion, approved by the Trustees 6-0.		
10.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.a.	The Trustees reviewed the list of benefit approvals dated May 14, 2013 and November 27, 2012 noting that the benefit approvals dated November 27, 2012 had been tabled until this meeting.	Tom Lapins made a motion to approve the benefit approvals dated May 14, 2013 and November 27, 2012 as presented. Blanche Sherman seconded the motion, approved by the Trustees 6-0.	Closed	None
10.	Nick Schiess presented a proposed revised DROP Application for consideration by the Board.	The Board tabled consideration of the proposed revised DROP Application until the next meeting.	Open	Board
13.	There were no Board member comments		Closed	None
14.	The next quarterly meeting was scheduled for August 20, 2013.		Open	All
	The meeting adjourned at 5:01 P.M.			

Respectfully submitted,

Secretary