

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
JANUARY 8, 2014**

Board Members Present:

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

Others Present:

Nick Schiess - Plan Administrator
Robert Sugarman – Plan Attorney
John Lewis - LYNX
Carolyn Kershner – LYNX Attorney
Brian Anderson - Liaison
Norm Audet – ATU Local 1596
Jeff Amrose – Plan Actuary
Peter Dowd – Union Attorney (Via SKYPE)

Agenda Item	Discussion	Decision	Status	Follow-up
1.	The meeting was called to order at 1:30 P.M. in the Board Room, Lynx Central Station, 455 N. Garland Av. Orlando, FL 32801.			
2.	There were no public comments.		Closed	None
3.	<p>Robert Sugarman discussed the recent revision of the Plan's disability benefits, noting that the intent of revising the benefits was to improve benefits to members and reduce costs. He then discussed an unforeseen and unintended consequence of the revision, which under certain circumstances could negatively impact disabled members. Mr. Sugarman advised that the correction of the deficiency might involve a reversion back to the previous disability provisions.</p> <p>A discussion arose regarding the protocol to reinstate previous disability provisions and it was determined that a Plan Amendment and actuarial cost study would have to be commissioned by the Board and submitted to LYNX and the Union for consideration.</p>	Blanche Sherman made a motion to authorize an actuarial cost study for a proposed Amendment revising the disability provisions to be prepared by Robert Sugarman after the meeting. Bert Francis seconded the motion, approved by the Trustees 6-0.	Open	All

	<p>The Board and other parties present reviewed an excerpt of an actuarial cost study commissioned by LYNX on the closure of the Plan. Jeff Amrose reviewed the cost study and discussed various factors considered in costing the Plan. He noted that the cost study did not consider decreasing payroll over time and discussed the factors that would actually cause the payroll to decrease as the Plan aged. And therefore the cost of the Plan expressed as a percentage of payroll would increase over time, which he recommended should be researched further and was a very important consideration.</p> <p>Mr. Amrose reviewed his presentation dated December 18, 2012, which illustrated the considerations of closing a plan including actuarial methodology changes and the amortization of unfunded liability and actuarial losses. He explained that the amortization of the unfunded liability of the Plan represents a cost of 12% as expressed as a percent of payroll. And since the payroll of a closed plan would diminish over time, then the same amount to be amortized would then represent an ever increasing cost as expressed in a percent of payroll. The primary concern would be for the remaining active members who, because of the cost sharing arrangement, would be subject to ever increasing employee contributions.</p> <p>Carolyn Kershner reviewed the Collective Bargaining Agreement, noting that the additional costs of the Plan resulting from the closure of the Plan to new entrants would be borne by LYNX. John Lewis expressed that the intent during collective bargaining was that LYNX would be responsible for these increased costs.</p> <p>Peter Dowd noted that the Collective Bargaining Agreement also provided for the use of the actuarial assumptions used to prepare the 2012 Actuarial Valuation for establishing a baseline. He expressed that the Plan assumptions would likely change over time. And Jeff Amrose expressed that the Plan assumptions would likely require change as direct result of the Plan closure.</p>	<p>It was noted that in the interest of time and in order for Mr. Amrose to be prepared for this meeting, he was granted pre-authorization to review the actuarial cost study commissioned by LYNX. Frank Luna made a motion to authorize the expense for the Plan's Actuary to review the actuarial cost study commissioned by LYNX. Ronald Morgan seconded the motion, approved by the Trustees 6-0.</p>	Open	All
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	<p>Norm Audet expressed that the Collective Bargaining Agreement provided for a 5.70% maximum employee contribution rate, which he understood in collective bargaining to be an absolute cap on employee contributions. A very lengthy discussion ensued whether this maximum rate was established as a baseline similar and subject to the same cost sharing arrangement that is currently in place but excluding those costs as a result of Plan closure. Robert Sugarman explained to the Trustees that the maximum contribution rate question must be settled between the Union and LYNX.</p> <p>Jeff Amrose recommended the preparation of an actuarial cost study to estimate the increase in costs directly attributable to the Plan closure. He suggested that the study should consider the lowering of the investment return assumption because when the Plan ages the investment strategy would likely become more conservative. Mr. Amrose discussed various actuarial cost methods and suggested consideration of closing of the period for the amortization of the unfunded actuarial liability.</p> <p>Carolyn Kershner presented and reviewed a proposed Trust Agreement and Plan Document for the new defined contribution pension plan.</p>	<p>Ronald Morgan made a motion to authorize the Plan's Actuary to prepare an actuarial cost study to identify the specific costs attributable as a direct result of closing the Plan to new entrants. Bert Francis seconded the motion, approved by the Trustees 6-0. The Board directed the Plan Administrator to schedule a special meeting for the review of the cost study</p>	Open	All
4.	The meeting adjourned at 7:30 P.M.			

Respectfully submitted,

Secretary