

**ATU LOCAL 1596 PENSION FUND  
MINUTES OF MEETING HELD  
JULY 10, 2014**

**Board Members Present:**

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

**Others Present:**

Nick Schiess - Plan Administrator (Via SKYPE)  
Robert Sugarman – Plan Attorney  
Joshua Rubich - Gallagher Benefit Services  
Burgess Chambers & Mitchel Brennan, Investment Consultant  
Brian Anderson – Liaison

<b>Agenda Item</b>	<b>Discussion</b>	<b>Decision</b>	<b>Status</b>	<b>Follow-up</b>
1.	The meeting was called to order at 1:03 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.	As a follow up to the last meeting, the Trustees continued their discussion on the new disability provisions of the Plan. Robert Sugarman discussed in detail the Plan benefits and costs of both the prior and new disability provisions. He then discussed the unforeseen and unintended consequences of revising the disability provisions of the Plan. The Trustees discussed the negative financial impact on new disability pension recipients. A lengthy discussion ensued regarding revising the employer provided disability insurance payment level to compensate for the lesser level of benefits from the Plan under the new provisions and the Trustees reviewed revised quotes from the disability insurer requested at the last meeting. The Board also considered reinstating the prior disability provisions, noting that such change was subject to collective bargaining upon the request of either LYNX or the Union. A lengthy discussion ensued regarding funding the	Blanche Sherman made a motion to commission the Plan Actuary to prepare an actuarial cost analysis on the revised disability benefit provisions based upon the 2013 Fiscal Year Actuarial Valuation once completed. Bert Francis seconded the motion, approved by the Trustees 6-0.	Open	All

	reinstatement of the prior disability provisions and it was noted that the original actuarial impact statement on revising the disability provisions was based upon the actuarial valuation for the 2009 fiscal year.			
4.a.	Nick Schiess reported that recent retiree Adel Guerges' benefits have been overpaid the total amount of \$1,892.88 due to a clerical error. He reported that Mr. Guerges has proposed a repayment schedule of \$60 monthly to be deducted from his pension check. The Trustees discussed repayment options, including recoupment of the overpayment from the Pension Resource Center and allowing Mr. Guerges repay the firm but it was noted that this method would subject Mr. Guerges to unfavorable tax consequences.	Blanche Sherman made a motion, in order to avoid unfavorable tax consequences to Mr. Guerges, to accept his proposal for a deduction of \$60 monthly from his pension benefits for the repayment of overpayments in the amount of \$1,892.88. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
4.b	Nick Schiess provided and reviewed a full administrative report regarding Rosenda Palacio, who terminated employment on November 17, 2013 and submitted an application for early retirement benefits effective December 1, 2013. Mr. Schiess reported that Mr. Palacio had not returned his Benefit Election Form despite numerous requests. He reported that he had later discovered on June 23, 2014 that Mr. Palacio had been re-employed on March 31, 2014 and had since worked part-time averaging about 30 hours a week. Mr. Schiess explained that because Mr. Palacio was less than normal retirement age, his employment was limited to just 20% of his previous historical service in order for him to be eligible to receive pension benefits while still being employed by LYNX. He reported that both the service limitations and necessity of returning the Benefit Election Form had been discussed via telephone with Mr. Palacio on the date of July 10, 2014, who was advised of and invited to this special meeting in which the Board of Trustees would be addressing this matter. Robert Sugarman discussed the unique facts and circumstances of this case and a lengthy discussion ensued regarding the possible remedies to this matter.	Bert Francis made a motion to deny Rosenda Palacio's application for retirement benefits for failure to cooperate with the Plan Administrator and suspend benefits if he continues to serve on a part-time basis. Donna Tefertiller seconded the motion, approved by the Trustees 6-0. After further consideration and to afford Mr. Palacio one last opportunity to remedy the matter, Blanche Sherman tabled the matter until the next meeting. Donna Tefertiller seconded the motion, approved by the Trustees 6-0.	Open	Board
5.	Burgess Chambers recapped master limited partnerships as a potential new investment product. He discussed the			

	<p>recent technological developments that have dramatically improved the recovery of domestic oil and natural gas. Mr. Chambers explained that this increased recovery has resulted in an investment opportunity for holdings of those firms who provide the shipping infrastructure from the production fields to the refineries. And these holdings receive transportation revenues that have tax advantages granted under federal energy policy.</p> <p>Stephanie Geller appeared before the Board on behalf of Miller Howard to present the firm's master limited partnership investment product. She discussed her firm's qualifications and experience, investment strategy, portfolio construction, investment management team and historical performance in great detail along with the market outlook for this investment class. It was noted that this was a separately managed account with a management fee of 0.75%.</p> <p>David Hicks and Ted Gardner appeared before the Board on behalf of Salient Partners to present the firm's master limited partnership investment product. Mr. Hicks and Mr. Gardner discussed their firm's qualifications and experience, investment strategy, portfolio construction, investment management team and historical performance in great detail along with the prospective market outlook for this investment class. It was noted that this was also a separately managed account with a management fee of 0.75%.</p> <p>Kim Calhoun appeared before the Board on behalf of Westwood Holdings to present the firm's master limited partnership investment products. She discussed her firm's qualifications and experience, investment strategy, portfolio construction, investment management team and historical performance in great detail. Ms. Calhoun offered both a separately managed account with a management fee of 1.0% or a commingled fund with a management fee of 0.95%.</p>			
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	<p>Burgess Chambers reviewed the presentations from the managers and discussed in great detail their respective qualifications and experience, historical performance and risk profiles. A lengthy discussion ensued and a recommendation was requested from Mr. Chambers who ultimately recommended splitting the proposed 5% overall allocation between Miller Howard and Salient Partners based upon their complementary return/risk profiles, fees and his experience with both firms. It was noted that this asset class would generate K-1 tax reporting forms, which would be provided to the Plan Administrator.</p> <p>Mr. Chambers recommended a proposed revised Investment Policy Statement containing provisions to permit the addition of master limited partnerships as an asset class, updating the international equity benchmark, increasing exposure to emerging market equities and special authorization on a case by case basis to permitting exceeding the 8% maximum limitation as requested by the new managers.</p>	<p>Based upon the recommendation of the Burgess Chambers, Bert Francis made a motion to engage the investment management services of Miller Howard and Salient Partners to split the 5% overall allocation to master limited partnerships contingent upon the successful negotiation of Agreements by the Plan's Attorney. Blanche Sherman seconded the motion, approved by the Trustees 6-0.</p> <p>Based upon the recommendation of the Burgess Chambers, Bert Francis made a motion to approve the revised Investment Policy Statement. Ronald Morgan seconded the motion, approved by the Trustees 6-0.</p>	<p>Open</p> <p>Closed</p>	<p>Bob Sugarman Nick Schiess</p> <p>None</p>
6.	There were no Board member comments.		Closed	None
7.	The next meeting was scheduled for August 19, 2014.		Open	All
	The meeting adjourned at 4:42 P.M.			

Respectfully submitted,

Secretary