

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
AUGUST 19, 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
Robert Sugarman – Plan Attorney
Frank Wan - Investment Consultant
Brian Anderson - Liaison
Jeff Amrose – Plan Actuary (Via SKYPE)

Agenda Item	Discussion	Decision	Status	Follow-up
1.	The meeting was called to order at 10:03 A.M. in the Board Room, Lynx Central Station, 455 N. Garland Av. Orlando, FL 32801.			
2.	There were no public comments.		Closed	None
3.	There were no Chairman's comments.		Closed	None
5.	<p>Frank Wan provided a report on the investment performance of the portfolio for the period ending June 30, 2014. The investment return for the quarter was 3.5% versus the benchmark of 4.0% and for the fiscal year-to-date was 9.6% versus 12.5% for the index. Mr. Wan was questioned regarding the underperformance and explained that it was attributable to differences between the comparative benchmark and the composition of the portfolio and also unfortunate timing. Mr. Wan further explained that the recent transition of custodian required divestiture of four investment funds, which resulted in non-participation in the market during a four day period of extraordinary growth in the domestic equity market.</p> <p>Mr. Wan reported that the newly engaged master limited partnership investment managers Salient Partners and</p>		Closed	None

	<p>Miller/Howard have requested revision of the restriction within the Investment Policy Statement limiting exposure to any single holding to 8% of their portfolio Mr. Wan explained that the universe for this mandate was small and he recommended permitting investment in a single holding up to 120% of the index allocation by means of an addendum to the Investment Policy Statement.</p> <p>Mr. Wan reviewed the individual investment products in great detail, noting all were satisfactory. He then reviewed the asset allocation, risk indices and long-term performance.</p>	<p>Frank Luna made a motion to execute Addendums to the Investment Policy Statement permitting Salient Partners and Miller/Howard investment in a single holding up to 120% of the index allocation. Bert Francis seconded the motion, approved by the Trustees 6-0. It was noted that this exception only affected the investment managers of master limited partnership.</p>	Closed	None
4.a.	<p>As a follow up to the pending closure of the Plan to new entrants, Robert Sugarman announced that arbitration between the Union and LYNX was scheduled for September 11, 2014. He mentioned that an option existed to join in on a joint arbitration to resolve the Board's deadlock on the same issue. But he noted that there was probably not sufficient time to prepare for arbitration.</p> <p>Mr. Sugarman advised that the Trustees should not make settlement proposals or demands to either party, but instead function as a resource. It was noted that Jeff Amrose had been contacted by LYNX for consulting on the matter. A lengthy discussion ensued regarding the conditions of extending the use of service providers to the arbitrating parties.</p>	<p>The Board decided to make service providers available to the Union or LYNX in a joint setting and at their expense.</p>	Open	All

4.b.	<p>As a follow up to the last meeting, the Trustees continued their discussion on the new disability provisions of the Plan. Robert Sugarman reminded the Trustees of the unforeseen and unintended consequences of revising the disability provisions of the Plan and the negative short-term financial impact on new disability applicants.</p> <p>A lengthy discussion ensued regarding revising the employer provided disability insurance payment level to compensate for the reduction in benefits from the Plan and the Trustees reviewed revised quotes from the disability insurer requested at the last meeting. The Board also discussed repealing Amendment One to restore the prior disability provisions. A discussion then ensued about the employer savings from revising the disability provisions, which were originally estimated at \$203K back in the year 2009 and then \$182K more recently on the impact statement prepared in 2013. Mr. Amrose noted that the amount of savings was reduced because of the impact of the Board revising actuarial assumptions after the experience study.</p> <p>Aldaberto Ruiz appeared before the Board to discuss the financial impact of the revised disability provisions as well as difficulties encountered with the disability insurer.</p>	Further consideration of the revised disability provisions was deferred until the next meeting when the 2013 Actuarial Valuation will be presented.	Open	All
4.f.	<p>Jeff Amrose reviewed the actuarial equivalency factors used to determine survivorship benefits for retirees and beneficiaries. He recommended that the factors be updated to mirror the assumptions used to develop the funding requirements of the Plan. He then provided an actuarial analysis on revising the factors that was requested by the Board at the last meeting. It was noted that revising the factors was observed to result in an increase in the survivorship benefits as a derivative from accrued benefits. Mr. Amrose explained while the accrued benefit remained the same, the increase was attributable to the discount rate used to derive the survivorship benefits along with extending the payments over longer expected mortality.</p>			

	A lengthy discussion then ensued whether the revision of factors by the Board could be considered a benefit improvement and therefore subject to collective bargaining. Mr. Amrose advised that it was not an increase in benefits because the accrued benefit remained the same. He confirmed the importance of paying benefits with factors consistent with those used in preparing the actuarial valuation and recommended proceeding. Robert Sugarman also confirmed that revising actual equivalence factors was similar to adjusting other actuarial assumptions which are not subject to collective bargaining.	Bert Francis made a motion to commission an analysis of actuarial gains and losses of implementing the revised actuarial equivalence and also an impact statement that would accompany any proposed Plan Amendment for consideration at the next meeting. Frank Luna seconded the motion, approved by the Trustees 6-0.	Open	Board GRS
	The meeting adjourned for lunch at 12:05 P.M. and resumed at 12:35 P.M.			
4.c.	Nick Schiess reported that the notice regarding pension forfeiture approved at the last meeting had been included in a recent mailing to active participants and also posted on the pension bulletin boards.		Closed	None
4.d.	Robert Sugarman discussed the status of the application for a favorable tax determination letter, noting the Internal Revenue Service has withheld approval for pension plans with a variable DROP earnings election method until it determines whether that specific component should be treated like a defined benefit or defined contribution plan. He confirmed that the Board acted reasonably in the submission of an application in an attempt to secure a favorable tax determination letter as required within the Collective Bargaining Agreement.		Open	All
4.e.	A discussion arose whether Trustees could be compensated from the Plan when conducting business on behalf of the Plan during their days off. Robert Sugarman confirmed that the Plan legally could provide compensation to Trustees and then the details and complications of compensation was considered.	Representatives of LYNX present at the meeting suggested that Trustees might possibly be provided additional days off to compensate them when serving the Plan on their days off and would research the matter further.	Open	Board

6.	The Board reviewed the minutes of the meetings held on May 20, 2014 and July 10, 2014.	Donna Tefertiller made a motion to approve the minutes of the meeting held on May 20, 2014. Ronald Morgan seconded the motion, approved by the Trustees 6-0. Bert Francis made a motion to approve the minutes of the meeting held on July 10, 2014. Frank Luna seconded the motion, approved by the Trustees 6-0.	Closed	None
9.	Robert Sugarman reported that Luis Pacheco had not responded to a demand letter requesting a return of the interest on his refund of pension contributions, which he was not due because of pension forfeiture provisions within State Law. Mr. Sugarman did not recommend further legal action because the cost of attempted recovery would far outweigh the amount owed of \$297.14.	Donna Tefertiller made a motion to not take any further action to recover interest paid to Luis Pacheco because the cost of recovery would exceed the amount of recovery. Blanche Sherman seconded the motion, approved by the Trustees 6-0.	Closed	None
9.	Robert Sugarman reported reviewing the situation of Juan DeLeon who had retired in the year 2006 and had been recently rehired by LYNX in a full-time capacity. Mr. Sugarman issued an opinion that Mr. DeLeon was eligible for rehire without the suspension of his benefits because he was older than the normal retirement age and there had been no prearrangement of reemployment.		Closed	None
7.	A discussion arose regarding the practice of recording Board meetings, which was noted was not legally or otherwise required.	Bert Francis made a motion to not record Board meetings as matter of practice and only record meetings upon request. Blanche Sherman seconded the motion, approved by the Trustees 6-0.	Closed	None
7.a.	Tom Lapins discussed the preparations for the annual enrollment for share accounts and enhanced benefits		Open	Union Trustees
7.	A discussion arose regarding arrangements for the annual holiday lunch.		Open	All
8.a.	The Trustees reviewed the list of disbursements.	Blanche Sherman made a motion to approve the disbursements as presented. Donna Tefertiller seconded the motion, approved by the Trustees 6-0.	Closed	None
8.b.	Un-audited statements of the balance sheet and income	The Trustees received and filed the	Closed	None

	and expense were provided to the Board.	financial statements.		
10.b.	The Trustees reviewed the list of benefit approvals.	Blanche Sherman made a motion to approve the benefit approvals as presented. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
10.	<p>As a follow up to the last meeting, Nick Schiess recapped the situation of Rosenda Palacio who submitted an application for early retirement benefits effective December 1, 2013 but was rehired on March 31, 2014 and then had continued part-time with excess service to be paid his retirement benefits. Additionally he had not submitted his selection for an optional form of payment.</p> <p>Mr. Schiess reported that the situation had been remedied because Mr. Palacio resigned from service altogether from LYNX and had remitted his selection of an optional form of payment. Mr. Schiess reported that Mr. Palacio was issued retroactive benefits for the period in which he did not serve on a part-time basis and resumed recurring benefits effective August 1, 2014.</p>		Closed	None
10.	Nick Schiess reported that his office had received revised payroll data on the active employees for the 2013 fiscal year and the preparation of the annual audit and actuarial valuation had resumed. He provided a report containing several retirees whose benefit calculations were slightly overstated and advised that their benefits would be recalculated and corrected.	The Board decided to schedule a special meeting as soon as possible for the presentation of the audit and actuarial valuation.	Open	All
11.	There were no Board member comments.		Closed	None
12.	The next meeting quarterly meeting was scheduled for November 18, 2014.		Open	All
	The meeting adjourned at 3:42 P.M.			

Respectfully submitted,

Secretary