

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
DECEMBER 3, 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 (10:25 A.M.)

Others Present:

Nick Schiess - Plan Administrator
Robert Sugarman – Plan Attorney
Burgess Chambers & Frank Wan - Investment Consultant
Brian Anderson - Liaison

Agenda Item	Discussion	Decision	Status	Follow-up
1.	The meeting was called to order at 9:13 A.M. in the Board Room, Lynx Central Station, 455 N. Garland Av. Orlando, FL 32801.			
2.	There were not any public comments.		Closed	None
3.	There were not any Chairman's comments. It was noted that due to the absence of Bert Francis, the remaining management Trustees were credited with 1½ votes each.		Closed	None
4.a.	The Board recognized that the 13(c) arbitration between the Union and LYNX regarding the pending closure of the Plan to new entrants had not been rescheduled.		Open	All
4.e.	The Board reviewed documentation confirming that disability pension recipient Mary Robles had been awarded disability benefits from the Social Security Administration. It was noted that the Board's prior approval of her disability benefit was contingent upon review one year later and the Trustees recognized that this documentation satisfied the review.		Closed	None
5.	Frank Wan provided a report on the investment performance of the portfolio for the period ending		Closed	None

	<p>September 30, 2014. The investment return for the quarter was -1.1% versus 0.8% for the index and for the fiscal year was 8.7% versus 13.3% for the index.</p> <p>Burgess Chambers discussed the portfolio managed by new manager Fiduciary Management, noting that their performance had been skewed because one their largest holdings had suffered a significant loss attributable to an outlying event, but that holding had since recovered in value. Mr. Chambers reviewed the individual investment products in great detail, noting all was satisfactory. He discussed the intricacies of comparing performance to the Plan's benchmark, noting that the index was not a blended mix of asset classes like the investment portfolio and also typically contained much more volatility.</p> <p>Mr. Chambers concluded his report with a review of the asset allocation, risk indices and long-term performance.</p>			
6.	The Board reviewed the minutes of the meetings held on August 19, 2014 and October 9, 2014.	<p>Donna Tefertiller made a motion to approve the minutes of the meeting held on August 19, 2014. Ronald Morgan seconded the motion, approved by the Trustees unanimously.</p> <p>The Board determined that the minutes for the meeting held on October 9, 2014 required amendment and deferred approval until the next meeting.</p>	<p>Closed</p> <p>Open</p>	<p>None</p> <p>Board PRC</p>
7.a.	It was noted that the State required that the Board determine on an annual basis the expected investment returns for the future. A lengthy discussion arose regarding the expected rate of investment return. The Investment Consultant was questioned regarding the expected rate of investment returns and Mr. Chambers advised that the current assumption of a 7.5% investment return was attainable and appropriate.	Blanche Sherman made a motion to determine that the total expected annual rate of investment return for the Plan for the next year, next several years, and long-term thereafter, shall be 7.5%, net of investment related expenses. This determination is made in accordance with Section 112.661(9) Florida Statutes. Frank Luna seconded the motion, approved by the Trustees unanimously.	Closed	None
7.b.	Robert Sugarman discussed recent publicity regarding one of the Plan's securities monitoring firms, Robbins	The Board, based upon Robert Sugarman's explanation did not terminate	Closed	None

	Geller Rudman Dowd. He discussed the circumstances of the sanctioning of the firm by the Court during a case. Mr. Sugarman explained that the firm currently only provided portfolio monitoring at no expense but might propose for the Board to become lead plaintiff in a class action lawsuit. He advised that the sanction did not impact the Plan in any manner and the Board could simply discuss the sanctioning further with the firm if ever requested to become lead plaintiff.	the relationship with Robbins Geller Rudman Dowd		
7.c.	Nick Schiess presented a quote for the renewal of the fiduciary liability insurance. Bert Francis arrived at the meeting	Blanche Sherman made a motion to approve the renewal of the fiduciary liability insurance through Alterra America Insurance Company for the annual premium of \$8,113.18. Donna Tefertiller seconded the motion, approved by the Trustees unanimously.	Closed	None
7.d.	The Board reviewed a proposal from Gabriel Roeder Smith for the actuarial work needed for the implementation of Senate Bill 534 and the preparation of the disclosures required under this new law.	Blanche Sherman made a motion to authorize Gabriel Roeder Smith to prepare the new disclosures required under Senate Bill 534. Bert Francis seconded the motion, approved by the Trustees 6-0.	Closed	None
7. e.	Nick Schiess reported that then active member Alberto Corado incurred a disruption in service in the year 2010 and upon reinstatement his pension contributions were not resumed. As a result contributions totaling \$8,090.38 were not deducted for the 2011-2013 fiscal years. Mr. Schiess explained that Mr. Corado has since terminated and is due a vested deferred pension of \$1,416.58 monthly commencing on August 1, 2016 and the traditional recovery method of payroll deductions would therefore not be a viable option. The Board discussed options presented by the Plan Administrator for Mr. Corado to repay the missing contributions and receive his full vested deferred benefit. Donna Tefertiller departed the meeting.	Frank Luna made a motion to afford Alberto Corado all the options presented by the Plan Administrator plus a fourth additional option of repayment as equal monthly deductions from his first year of retirement benefits and authorize the Plan Actuary to recalculate Mr. Corado's retirement benefit as an actuarial equivalent. Donna Tefertiller seconded the motion, approved by the Trustees 6-0. The Board directed Nick Schiess to provide Robert Sugarman with a draft of the recovery letter to add in recovery of any unpaid contributions from the survivor annuitant in the event a survivorship benefit is selected and Mr. Corado dies before full repayment is made.	Open	Board Nick Schiess Robert Sugarman

	resolution of the disability provisions and closure of the Plan to new entrants. A discussion ensued regarding the anticipated time for the resolution of the outstanding items and then whether to proceed with revising the Summary Plan Description regardless.	requested a draft of the document for consideration at the next meeting. Robert Sugarman was requested to insert disclaimer language regarding the pending outstanding items.		
10.a.	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 unanimously.	Closed	None
	The Board adjourned at 12:00 Noon for the annual holiday luncheon and resumed the meeting at 2:01 PM with all Trustees present.			
7.	<p>Disability pensioner Victor Viera appeared before the Board to introduce new documentation regarding the effective date of his disability benefits from the Social Security Administration. The Board reviewed the document from the Social Security Administration, which represented that Mr. Viera was disabled on the date of February 5, 2013. It was also noted the Board, unaware of this determination, had previously awarded Mr. Viera a disability benefit under Amendment One, which had revised the disability benefits for members who became disabled on or after May 1, 2013.</p> <p>A discussion arose regarding the effective date of Mr. Viera's disability benefits. It was noted prior to Amendment One that disability benefits became effective the first of the month following application for benefits and Mr. Viera's application was submitted on January 10, 2014.</p>	<p>Frank Luna made a motion, based upon the award of disability benefits from the Social Security Administration, to determine the date of Victor Viera's disability as February 5, 2013. Ronald Morgan seconded the motion, approved by the Trustees 6-0.</p> <p>Frank Luna made a motion to commence disability benefits to Victor Viera effective February 1, 2014. Ronald Morgan seconded the motion, approved by the Trustees 6-0.</p>	Closed	None
4.b.	Robert Sugarman recapped the history of Amendment One and restoration of the prior disability benefits. He reminded the Board that at the last meeting the Trustees revised the effective date of Amendment One to October 1, 2013 to maintain consistency with the 2013 Actuarial Valuation. Pursuant to the Board's direction, a revised Amendment One had been sent to the Union and LYNX	Frank Luna made a motion to sign and implement revised Amendment One	Open	Board

	<p>along with notice that the Board will implement the Amendment at this meeting held today unless a demand for collective bargaining had been requested by either party. Mr. Sugarman reported the receipt of a response from John Lewis to defer action on the matter, but the request was not a demand for collective bargaining that must be made to the Union. He advised that since the response was not specifically for bargaining that the Board had the right to proceed with implementation of revised Amendment One if so desired. A lengthy discussion ensued regarding executing and implementing revised Amendment One immediately.</p> <p>Blanche Sherman noted that at the last meeting the Plan's Actuary had expressed that the change would not have any financial impact. She noted that the Actuary had since revised his opinion to that there was an impact because two disability pensioners would be covered under the old disability provisions and go into immediate pay status. It was further noted that Victor Viera was one of those two disability pensioners and because his effective date was revised earlier this meeting the financial impact would be reduced down to the inclusion of just one additional disability pensioner. She also expressed that the response from John Lewis could be interpreted as a request for collective bargaining.</p>	<p>changing the effective date of the disability benefit changes to October 1, 2013. Ronald Morgan seconded the motion.</p> <p>Blanche Sherman made a motion to table the matter until the next meeting in order to obtain the exact cost of the inclusion of the one disability recipient that would be covered and clarification from John Lewis whether the intent in his response expressed a request for collective bargaining on this matter. Bert Francis seconded the motion to table, which was deadlocked 3-3 with Tom Lapins, Frank Luna and Ronald Morgan dissenting.</p> <p>Because tabling the matter was not approved, the vote on the original motion to sign and implement revised Amendment One was held, which was deadlocked 3-3 with Blanche Sherman, Donna Tefertiller and Bert Francis dissenting.</p> <p>Tom Lapins requested arbitration on Frank Luna's original motion to sign and implement revised Amendment One changing the effective date of the disability benefit changes to October 1, 2013 and requested that a special meeting be scheduled next month to either execute revised Amendment One or commence with the arbitration proceedings.</p> <p>Blanche Sherman made a motion to authorize a cost study for the impact of the inclusion of disability pensioner Aldaberto Ruiz under the prior disability provisions of the Plan. Frank Luna seconded the motion, approved by the Trustees 6-0.</p>		
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7.d.	<p>The Board resumed discussion on the Plan Actuary's presentation of the three alternatives for setting the funding requirements for the 2015 fiscal year. Robert Sugarman advised that the Board has the affirmative duty to adopt an option presented within the analysis and set the employer and employee contribution rates. He explained that the contribution rates are not set automatically by the actuarial valuation, but instead separately by the Trustees. Mr. Sugarman further explained that the Plan's Trust Agreement dictates the collection of contributions as defined by the Collective Bargaining Agreement but the Collective Bargaining Agreement omitted the schedule of contributions. Mr. Sugarman advised that the Trustees are responsible for setting the contribution rates annually, which has been the practice since the year 2011. He advised that the annual required contribution represented within the actuarial valuation is just the minimum contribution but the Board has the legal right to set the contribution rates higher. A lengthy discussion ensued. Frank Luna expressed support for the option to increase benefits.</p> <p>Robert Sugarman discussed recent issues that have resulted in a deadlock, noting that most are attributable to a lack of specificity within the Collective Bargaining Agreement on exactly how these matters are to be handled. He recommended that a meeting be scheduled with the collective bargaining parties to explain the deficiencies within the Collective Bargaining Agreement and discuss corrective measures.</p>	Bert Francis made a motion to lower the employer contribution rate beginning October 1, 2014 from 10.49% to 10.22% with a commensurate reduction in employee contribution rates based upon the minimum required contribution rate in the 2013 FY Actuarial Valuation. Blanche Sherman seconded the motion, which was deadlocked 3-3 with Tom Lapins, Frank Luna and Ronald Morgan dissenting.	Open	Board
4.3.	As a follow up to the last meeting, the Board considered execution of proposed Amendment Three revising the actuarial equivalency factors used to determine survivorship benefits for retirees and beneficiaries. It was noted that the revision was recommended by the Plan's Actuary. It was also noted that LYNX had been informed of the Board's intent to revise the factors and had not expressed any objection. Robert Sugarman also confirmed that the change did not constitute a benefit improvement and was therefore not subject to collective	Donna Tefertiller made a motion to adopt Amendment Three. Ronald Morgan seconded the motion, approved by the Trustees 6-0.	Closed	None

	bargaining.			
13.	There were no Board member comments.		Closed	None
14.	The next meetings were scheduled for February 17, 2015, May 19, 2015 and August 18, 2015.		Open	All
	The meeting adjourned at 4:07 P.M.			

Respectfully submitted,

Secretary