

**ATU LOCAL 1596 PENSION FUND  
MINUTES OF MEETING HELD  
JUNE 23, 2015**

**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  
Tangee Mobley - LYNX Appointee

**Others Present:**

Nick Schiess - Plan Administrator  
Robert Sugarman – Plan Attorney  
Frank Wan - Investment Consultant  
Brian Anderson - Liaison  
Robert Doane - Visitor  
Theora Braccialarghe – Plan Actuary  
James Burdick - Plan Auditor, Cherry Bekaert & Holland

Agenda Item	Discussion	Decision	Status	Follow-up
1.	The meeting was called to order at 8:32 A.M. in the Board Room, Lynx Central Station, 455 N. Garland Av. Orlando, FL 32801.			
2.	During public comment Aldaberto Ruiz expressed the financial hardship he suffered under the post Amendment One disability benefits. He requested the Board's favorable consideration for immediate payment of disability benefits.  Robert Sugarman noted that an identical action had previously deadlocked and was undergoing arbitration.	Tom Lapins made a motion to extend the effective date of Amendment One to October 1, 2013. Frank Luna seconded the motion, which was not passed 3-3 with Blanche Sherman, Donna Tefertiller and Tangee Mobley dissenting.	Open	All
3.	There were not any Chairman's comments.		Closed	None
4.	Frank Wan provided a report on the investment performance of the portfolio for the period ending March 31, 2015. The investment return for the quarter was 2.8% and for the trailing year was 7.2%.  Mr. Wan reviewed the individual investment products in great detail, noting all was satisfactory.			

	<p>Mr. Wan was questioned about negative publicity regarding a prospective catastrophic economic downturn. He discussed market and economic fundamentals, noting that while there was a general expectation of a pullback within the investment market, he anticipated it would not be significant or severe. He was questioned whether the Plan's assets would be protected by at least a partial conversion of the investment portfolio to gold or other precious metal, he advised that commodities were generally speculative investments with much volatility in pricing and unworthy of an allocation within the portfolio.</p> <p>Mr. Wan was questioned regarding modelling of cash flows to meet demands of future benefit payments. He agreed to review the matter and report back to the Board.</p> <p>Mr. Wan concluded his report with a review of the asset allocation, risk indices and long-term performance.</p>		Open	BCA
5.	<p>James Burdick appeared before the Board on behalf of Cherry, Bekaert &amp; Holland LLP to present a draft of the Plan's financial statements for the fiscal year ending September 30, 2014. Net Plan assets had increased to \$122,212,958 from the prior year amount of \$112,099,585, 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 weaknesses in the financial statements had been discovered. Mr. Burdick reported also that no deficiencies were identified with internal controls and procedures. He reviewed new disclosures required under GASB. Mr. Burdick explained that the final audit cannot be released until a few outstanding audit confirmations were received along with a management representation letter.</p>	<p>Donna Tefertiller made a motion to accept the final auditor's report and financial statements for the 2014 fiscal year contingent upon final approval of Blanche Sherman. Blanche Sherman seconded the motion approved by the Trustees 6-0. Tangee Mobley made a motion to execute the management representation letter to Cherry Bekaert contingent upon final approval of Blanche Sherman. Donna Tefertiller seconded the motion approved by the Trustees unanimously.</p>	<p>Closed</p> <p>Open</p>	<p>None</p> <p>CBH Blanche Sherman</p>

	<p>Mr. Burdick advised that the new master limited partnership investments had generated K-1 tax reporting forms but any required filings would not be required until next year. Bob Sugarman advised that the Plan might be responsible for unrelated business income tax but the year was a loss in market value regardless. Fran Wan advised that potential unrelated business income taxes had already been evaluated and were expected to be minimal.</p>			
6.a	<p>Theora Braccialarghe appeared on behalf of Gabriel, Roeder, Smith &amp; Company to present the Actuarial Valuation for the fiscal year ending September 30, 2014. She reviewed the actual Plan experience versus assumptions, asset smoothing methodology, funding standard account and the costing of the Plan in great detail. Ms. Braccialarghe noted that the funding ratio of the Plan had increased to 100%, which was exceptionally high and among the very best of governmental pension plans within Florida. It was noted that the Actuarial Valuation was based upon a draft audit and financial statements, which must be approved before the Valuation. Additionally, the results of pending arbitrations might affect the Valuation.</p> <p>Ms. Braccialarghe reviewed the new disclosures required under GASB. She reported that recent State legislation required the Plan to adopt the same mortality table utilized by the Florida Retirement System, which was more conservative and would result in increased funding requirements.</p> <p>Ms. Braccialarghe discussed measures considered within the actuarial community to more conservatively fund pension plans and protect from volatility within the investment market. She suggested that the Board study lowering the investment return, redefining investment return to net returns and reducing amortization periods from 30 years plus the effects on funding of the new required mortality assumption.</p>	<p>Blanche Sherman made a motion to authorize Gabriel Roeder &amp; Smith to prepare the study recommended by the Actuary. Donna Tefertiller seconded the motion approved by the Trustees unanimously.</p>	Open	Board GRS

7.a.	<p>Robert Sugarman discussed the status of the two deadlocked issues before the Board. He discussed the arbitration process in detail and advised that the Trustees can discuss the matter with their respective attorneys together in preparation of the case without violating the Sunshine Law. But the Trustees cannot discuss settlement between themselves outside of a public meeting. A discussion arose regarding the Sunshine Law and Mr. Sugarman discussed publications available as a resource for the Trustees.</p> <p>Mr. Sugarman advised that these deadlocked issues could always be settled between the Union and LYNX before the arbitration. He requested that he be included in the process to review any documents for sufficiency before final approval.</p> <p>Mr. Sugarman also advised that Trustees themselves could collaborate towards a settlement. Mr. Sugarman estimated the arbitration costs for both deadlocked issues to range \$200-250K but far less if the matters are settled beforehand.</p> <p>Mr. Sugarman announced that the Authority was considering filing a lawsuit against the Board to prevent proceeding with the arbitrations. He requested that the demand letter be received promptly in order to expedite the process and notify the insurer of fiduciary liability insurance, which will likely cover expenses for legal representation. He also requested that the Board, not the individual Trustees, be named as the recipient of the any lawsuit. Mr. Sugarman was questioned regarding the reasons the Board was in deadlock over these two matters and he responded that the Collective Bargaining Agreement was ambiguous.</p>	<p>Blanche Sherman made a motion to purchase Sunshine Law publications for any Trustee upon request. Donna Tefertiller seconded the motion, approved by the Trustees unanimously.</p>	Open	All
7.b.	<p>The Board reviewed a draft of the revised Summary Plan Description.</p> <p>It was noted that the document might be subject to revision depending on the outcome of pending arbitrations. A discussion arose regarding printing and distribution of possibly just an interim document to the</p>	<p>The Board deferred consideration of the Summary Plan Description until the next meeting to allow the Trustees to send any suggested edits to the Plan Administrator for inclusion in the final draft.</p>	Open	Board PRC

	active membership. Robert Sugarman advised that the minimum distribution effort should be to publish the document on the Plan's website and advise members of its availability and then print and disseminate the final version after the resolution of the pending arbitrations.	The Board requested the Plan Administrator provide notice that the SPD was available on the website along with the mailing for the annual enrollment for share and enhanced benefits.	Open	PRC
	The meeting adjourned at 12:01 PM for lunch and resumed at 12:26 PM			
7.c.	<p>The Board conducted the periodic service provider review for the relationship with the Attorney and Custodian.</p> <p>The Board discussed the relationship with the Custodian, noting that Amalgamated Bank had been recently engaged and the fees evaluated in that process. Frank Wan noted consideration in services and pricing.</p> <p>The Board discussed the periodic service provider for legal services. Mr. Sugarman requested the Board's favorable consideration of a stepped increase in the amount of the retainer for legal service, noting that the current arrangement had been in place for many years already. He discussed the complexity of the services provided, noting that the services required had increased dramatically over the years.</p>	<p>The Board noted satisfaction with the Custodian and determined that the relationship did not require any further review.</p> <p>Donna Tefertiller made a motion to solicit proposals for legal services. Ronald Morgan seconded the motion approved by the Trustees unanimously. Blanche Sherman and Ronald Morgan agreed to form a committee to review the responses and provide a recommendation to the Board at the next meeting.</p>	<p>Closed</p> <p>Open</p>	<p>None</p> <p>All</p>
7.d.	As a follow up to the last meeting, the Board discussed the refund of contributions issued to Videsh Deonarine, who was promoted to LYNX management and whether it was appropriate or instead an in-service distribution given that he was still employed by LYNX. Nick Schiess clarified that the refund was a rollover to the defined contribution plan sponsored by LYNX for the benefit of management employees, a practice which the Board had deemed acceptable in the past. Mr. Sugarman advised that the refund should not be considered an in-service distribution by the Internal Revenue Service because it was rollover to another employer sponsored plan, not a direct distribution to the former member. A lengthy discussion ensued regarding the treatment of refunds to former members promoted to management and whether	Blanche Sherman requested that the matter be deferred to the next meeting and various options regarding treatment be drafted for further consideration.	Open	All

	to provide the same treatment as to terminated employees.			
8.b.	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. Wan 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 was made in accordance with Section 112.661(9) Florida Statutes. Frank Luna seconded the motion, approved by the Trustees unanimously.	Closed	None
8.c	Nick Schiess discussed a request from one Trustee to procure a portable internet hotspot to improve accessibility for the electronic tablets used for pension fund business. He anticipated the costs to be approximately \$45 monthly.	Blanche Sherman made a motion to approve the expense for a portable internet hotspot for any Trustee upon request. Ronald Morgan seconded the motion, approved by the Trustees unanimously.	Closed	None
8.d	The Board considered the Application for Disability Benefits from Edwin Vasquez. It was noted that Mr. Vasquez was a vested deferred member who separated from service in April 15, 2009 and was awarded disability benefits by the Social Security Administration effective April 11, 2008. A lengthy discussion ensued regarding eligibility, the delay in application for benefits and proof of continued disability.	Donn Tefertiller made a motion, pursuant to section 11.01(D) of the Plan Document, to require proof of disability in the form of a physician's opinion issued after conducting an independent medical examination on Edwin Vasquez. Frank Luna seconded the motion, approved by the Trustees unanimously.	Open	All
8.e	Nick Schiess provided the Board with the recalculation of benefits and notices of benefit corrections to recent retirees Reginald Jackson and Francisco Velasquez, whose benefits had been slightly overstated due to a payroll data anomaly.		Closed	None
8.f.	Robert Sugarman discussed the ramifications of service past the maximum DROP participation period. He explained that essentially all benefits are suspended if DROP participants continue employment past their participation period.	Tom Lapins requested the DROP Application be modified to include the ramifications of service past the maximum DROP participation period.	Open	PRC

8.g.	Mr. Sugarman discussed a complaint received by an active member regarding the revision of the interest crediting on employee contributions for refunds of contributions to partially and non-vested members. He explained that the change had been adequately communicated to the Union and also the active members in an announcement and separate posting.		Closed	None
8.h.	Nick Schiess reviewed the payroll history of active member Jeff Rushing who was awarded retroactive pay for service which accrued in the prior year. He advised that it was customary to apply payroll in year that it accrued regardless of when actually paid and the distinction was important for the purpose of determining benefits.	Ronald Morgan made a motion to correct the payroll record of Jeff Rushing and other similar situations in the future. Blanche Sherman seconded the motion, approved by the Trustees unanimously.	Closed	None
9.	Robert Sugarman discussed State Statues regarding pension forfeiture and the circumstances under which a Plan member could lose their pension. He then discussed the facts and circumstances of the recent termination of employment of James Gibbs, noting that there was not a basis to pursue pension forfeiture proceedings.  Mr. Sugarman discussed the Internal Revenue Service guidelines for re-employment after retirement, noting that a retiree can engage in part-time service after the age of sixty-two and continue to receive retirement benefits. He recommended consideration of a Plan Amendment to codify this practice.	The Board directed Mr. Sugarman to prepare an Amendment to clarify the practice of reemployment after retirement.	Closed	None
9.a.	Robert Sugarman announced that the Internal Revenue Service had finally released long awaited rulings on the treatment of DROP accounts. He discussed the regulations, noting that the provisions for the Plan's DROP account did not require modification for compliance.		Closed	None
10.	The Board reviewed the minutes of the meeting held on February 17, 2015.	Blanche Sherman made a motion to approve the minutes of the meeting held on February 17, 2015. Donna Tefertiller seconded the motion, approved by the Trustees unanimously.	Closed	None

11.a.	The Trustees reviewed the list of disbursements.	Blanche Sherman made a motion to approve the disbursements as presented. Frank Luna seconded the motion, approved by the Trustees unanimously.	Closed	None
11.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.	<p>As a follow up to the last meeting, Nick Schiess reported that vested deferred participant Aldaberto Corado had returned his selection of a method for repayment for the pension contributions owed to the Plan.</p> <p>Nick Schiess reported that DROP Participant Raymond Mieles had expressed dissatisfaction with the provisions defining his DROP participation period, claiming that he would have not entered the DROP if the restrictions were known. Mr. Schiess reviewed the DROP entry process, noting that the maximum DROP participation was identified and communicated to new entrants on three separate stages throughout the process. He reported that he had instructed Mr. Mieles to petition the Board for consideration in this matter should he desire to do so.</p>		Closed	None
12.a.	The Trustees reviewed the benefit approvals.	Blanche Sherman made a motion to approve the benefit approvals as presented. Frank Luna seconded the motion, approved by the Trustees unanimously.	Closed	None
13.	There were no Board member comments.		Closed	None
14.	The next meeting was scheduled for September 1, 2015.		Open	All
15.	The meeting adjourned at 3:30 P.M.			

Respectfully submitted,

Secretary