

**ATU LOCAL 1596 PENSION FUND  
MINUTES OF MEETING HELD  
SEPTEMBER 15, 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  
Pedro Herrera – Plan Attorney  
Frank Wan - Investment Consultant  
Brian Anderson - Liaison  
Ismael Rivera – ATU 1596 Union  
Jeff Amrose – Plan Actuary

Agenda Item	Discussion	Decision	Status	Follow-up
1.	The meeting was called to order at 8:40 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 not any Chairman's comments.		Closed	None
4.	<p>Frank Wan provided a report on the investment performance of the portfolio for the quarter ending June 30, 2015. The net investment return for the quarter was -0.24% versus the benchmark of -0.50%. He discussed market and economic conditions, noting the recent volatility was largely driven by market sentiment. Mr. Wan reviewed the individual investment products in great detail, noting all was satisfactory. He concluded his report with a review of the asset allocation, risk indices and long-term performance.</p> <p>Mr. Wan provided and reviewed in great detail an analysis requested at the last meeting on investment strategy based upon cash flows necessary to fund future benefit payments for a closed pension plan. Mr. Wan was</p>		<p>Closed</p> <p>Open</p>	<p>None</p> <p>All</p>

	questioned regarding the timing of portfolio reconstruction in the event the Plan closure to new entrants proceeded after being settled in pending arbitration. He responded that the portfolio would be reconstructed over time to diminish risk but initially considerable duration remained and there would not be any immediate changes recommended.			
5.a.	<p>Jeff Amrose appeared on behalf of Gabriel, Roeder, Smith &amp; Company to present and review in great detail an analysis on the effects on funding requirements of the Plan by lowering the investment return assumption, revising the mortality table to the table prescribed by recent State legislation and shorten amortization periods from thirty to twenty five years. He advised that the proposed changes would serve to implement a more conservative methodology for the long-term funding of the Plan.</p> <p>Mr. Amrose discussed the effects of investment risk on a closed pension plan.</p>	Blanche Sherman made a motion to adopt the mortality table prescribed by State legislation, reduce amortization periods to 25 years and reduce the investment return assumption to 7.25% net of investment related expenses. Donna Tefertiller seconded the motion, approved by the Trustees unanimously. It was noted that the changes were determined to be independent of and not in response to the still unresolved but pending closure of the Plan to new entrants.	Closed	None
6.a.	Pedro Herrera discussed the status of the two deadlocked issues before the Board, noting that the arbitration for the contribution rate issue was scheduled for February 2-3, 2016 and for the effective date of the new disability provisions was scheduled for January 19-20, 2016.		Open	All
6.b.	The Board discussed revising the Summary Plan Description, noting that the content of the document might be subject to substantive revision depending on the outcome of pending arbitrations. Nick Schiess advised that the document was required to be revised every two years and he suggested publishing an interim document to the Plan's website advising members of its availability and then publish and disseminate the final version after the resolution of the pending arbitrations.	The Board deferred consideration of the Summary Plan Description until after the pending arbitrations.	Open	Board
6.c.	The Board resumed the periodic service provider review for the relationship with the Plan's attorney. The committee tasked to review the proposals for legal	Frank Luna made a motion to retain the legal services of Sugarman & Susskind. Ronald Morgan seconded the motion	Closed	None

	services provided a report on the qualifications, fees and experience of the respondents. The Trustees then expressed their individual opinions on the services provided by the incumbent attorney as well as recommendations on any alternate candidates to interview. A suggestion was made to interview an alternative candidate in order to avoid complacency. Multiple concerns were expressed over retaining continuity of legal services amongst many outstanding and complicated issues. It was noted that the Plan itself was very complex to administer and the incumbent attorney's vast experience with the Plan would not be immediately replaceable.	approved by the Trustees unanimously.		
7.	The Board reviewed the minutes of the meeting held on June 23, 2015 and workshops conducted on August 25, 2015 and September 8, 2015.	Blanche Sherman made a motion to approve the minutes of the minutes of the meeting held on June 23, 2015 and workshops conducted on August 25, 2015 and September 8, 2015. Donna Tefertiller seconded the motion, approved by the Trustees unanimously.	Closed	None
8.a.	The Board considered proposed Amendment Five. Mr. Herrera explained that the proposed Amendment only clarified past practice of reemployment after retirement and did not alter any current provisions of the Plan. A discussion arose regarding the treatment of bargaining unit members that were promoted to management and then returned to the bargaining unit afterwards. It was noted that the proposed Amendment did not provide for consideration of members returning back to service after the pending Plan closure.	The Board tabled the consideration of Amendment Five until after the arbitration on Plan closure was settled.	Open	All
8.b.	The Board discussed approving Trustees to become notary publics to assist with the execution of forms by active members during open enrollment and other service events. Frank Luna expressed an interest in becoming a notary public.	Ronald Morgan approved the expense for Frank Luna to become a notary public. Blanche Sherman seconded the motion, approved by the Trustees unanimously.	Open	Frank Luna
8.c.	The Board initiated a periodic review of disability pension recipients to determine whether they were still eligible for benefits from the Plan. The past practice of excluding recipients of normal retirement age was affirmed as	The Board requested the Plan Administrator to request documentation from disability benefit recipients under normal retirement age issued by the Social	Open	Nick Schiess Board

	reasonable because these recipients would now be eligible for the same level of benefits regardless. It was noted that all the remaining disability recipients had been approved for disability benefits from the Plan based upon the award of disability benefits from the Social Security Administration. It was also noted that the Social Security Administration conducts periodic medical reviews and a discussion arose regarding acquiring documentation from each recipient confirming that they were still receiving these benefits.	Security Administration affirming that they are still receiving disability benefits.		
8.d.	The Board discussed the venue of the traditional annual holiday luncheon held in gratitude for service to the Board and Plan members.	The Board authorized Blanche Sherman to arrange the venue for the annual holiday luncheon.	Open	Blanche Sherman
8.e.	The Board reviewed the proposed engagement letter from Cherry Bekaert to perform auditing services for the fiscal year ending September 30, 2015 for a fee of \$16,900.	Blanche Sherman made a motion to execute the engagement letter from Cherry Bekaert to perform auditing services for the fiscal year ending September 30, 2015. Donna Tefertiller seconded the motion, approved by the Trustees unanimously.	Closed	None
	The meeting adjourned at 11:50 AM for lunch and resumed at 12:10 PM			
8.f.	The Board discussed the process for the solicitation of proposals for service providers and the scope of potential candidates. Nick Schiess explained that generally proposals were requested from service providers that specialized in governmental pension plans within Florida with the field of potential candidates cross referenced against the associate membership roster of the Florida Public Pension Trustees' Association. A discussion arose whether this scope of candidates was sufficient or should be expanded to include general advertising. A concern was expressed that not expanding the field might result in unwarranted criticism from potential vendors that were not included. It was further noted that the field of potential candidates with the experience and qualifications to serve governmental pension plans was very limited and these candidates were generally associate members of the Florida Public Pension Trustees' Association.	The Board determined that the process and scope for solicitation of proposals from potential service providers was sufficient provided that proposals were solicited from members of the Florida Public Pension Trustees Association.	Closed	None

8.g.	<p>The Board reviewed a proposed Letter of Understanding to settle the contribution rate deadlock and also a draft Plan Amendment to restore the disability provisions back to the pre-Amendment One level. It was noted the disability related deadlocked matter was specifically for the effective date of Amendment One, not the restoration of pre-Amendment One disability provisions. A lengthy discussion ensued and Tom Lapins expressed for the record great concern for the harm of the unforeseen consequences of Amendment One and the lack of any progress to resolve the matter. He then expressed the need to bring the matter to the collective bargaining parties for resolution.</p>	<p>Tom Lapins passed the gavel and made a motion to restore the disability provisions of the Plan back to the pre-Amendment One level. Frank Luna seconded the motion, which did not pass with Blanche Sherman, Tangee Mobley and Donna Tefertiller dissenting. Tom Lapins demanded arbitration on this new deadlocked matter but with deferral of proceeding until after the next pension board meeting to allow the matter to be addressed by the collective bargaining parties.</p>	Open	All
9.	<p>As a follow up to the last meeting, the Board discussed the issuance of refunds of contributions to bargaining unit members promoted to LYNX management and whether these would be considered in-service distributions by the Internal Revenue Service because the former members were still employed by LYNX. Pedro Herrera explained that refunds of contributions only constituted the return of personal employee contributions, not an employer sponsored benefit, and therefore they would not be considered in-service distributions. A question arose regarding any applicable interest paid on refunds of contributions. Mr. Herrera explained that any interest paid out with the refund when issued as a rollover to the LYNX management plan would be acceptable and agreed to research the potential treatment of interest in the situation if the refund is issued directly to the member.</p> <p>A discussion arose regarding the conditions under which members promoted to management can return to their prior position and resume participation in the Plan. It was noted that the Collective Bargaining Agreement provided a ninety-day window for returning back to the bargaining unit without loss of benefits. It was further noted that it was not in the members' best interest to withdraw their contributions during this ninety-day period if they ultimately returned to the bargaining unit because such</p>	<p>The Board determined that refunds of contributions can be issued to members promoted to management because it constituted a refund of their personal contributions to the Plan and not an employer sponsored benefit.</p> <p>The Board directed the Plan Administrator to amend the refund of contributions application to notify members promoted to management of the ramifications of a refund of contributions with such application to be placed into service once approved individually by Donna Tefertiller, Blanche Sherman and Pedro Herrera.</p>	<p>Open</p> <p>Open</p>	<p>Board</p> <p>Pedro Herrera</p> <p>Nick Schiess</p> <p>Pedro Herrera</p> <p>Blanche Sherman</p>

	withdrawal might result in unnecessary taxes and penalties depending on the method of distribution of the refund.			Donna Tefertiller
10.a.	The Trustees reviewed the list of disbursements.	Blanche Sherman made a motion to approve the disbursements as presented. Tangee Mobley seconded the motion, approved by the Trustees unanimously.	Closed	None
10.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
11.	<p>Nick Schiess provided a status report on the application for disability benefits for Edwin Vasquez. He reminded the Trustees that at the last meeting the Board had requested the performance of an independent medical examination. Mr. Schiess advised the Board despite numerous requests Mr. Vasquez had not returned a completed medical questionnaire, which was a prerequisite to the exam.</p> <p>Mr. Schiess reported the very recent termination of active member Raheem Grant and the Board discussed the facts and circumstances behind his termination to determine whether his benefits were subject to forfeiture under State Law. Nick Schiess explained that Mr. Grant was a non-vested member and therefore only entitled to a refund of contributions. He further noted that any applicable interest on contributions might be subject to forfeiture but there was not any interest credited to his account because interest earnings are tied to a mutual fund that has not yielded any earnings during Mr. Grant's employment. A discussion ensued regarding commencing a forfeiture proceeding and it was noted that his termination was under appeal.</p>	<p>The Board recognized that Edwin Vasquez was responsible to submit required documentation in conjunction with his application for disability benefits.</p> <p>The Board deferred consideration of forfeiture proceedings until after the settlement of Mr. Grant's appeal of termination.</p>	<p>Open</p> <p>Open</p>	<p>Edwin Vasquez</p> <p>Board</p>
11.a.	The Trustees reviewed the benefit approvals.	Blanche Sherman made a motion to approve the benefit approvals as presented. Ronald Morgan seconded the motion, approved by the Trustees unanimously.	Closed	None

12.	There were no Board member comments.		Closed	None
13.	The next meeting was scheduled for December 1, 2015.		Open	All
14.	The meeting adjourned at 3:15 P.M.			

Respectfully submitted,

Secretary