

**ATU LOCAL 1596 PENSION FUND  
MINUTES OF QUARTERLY MEETING (MORNING SESSION)  
December 15, 2016**

**Board Members Present:**

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

**Others Present:**

Scott Baur, Plan Administrator (Resource Centers)  
Pedro Herrera, Counsel (Sugarman & Susskind)  
Tom Zehnder & Fritz Wermuth (King, Blackwell, Zehnder, & Wermuth)  
Jeff Amrose, Actuary (Gabriel Roeder Smith)  
Lisa Smith, Court Reporter

<b>Agenda Item</b>	<b>Discussion</b>	<b>Decision</b>	<b>Status</b>	<b>Follow-up</b>
1.	Chair Ron Morgan called the meeting to order at 9:17 AM in the Second Floor Board Room at Lynx Central Station, 455 N. Garland Avenue, Orlando, FL 32801.		Closed	None
2.	Mr. Baur confirmed that the Special Meeting had been properly noticed to the public.		Closed	None
3.	The Trustees reviewed the Agenda for the Meeting. Ron Morgan read a memo dated May 22, 2013 when the Board officially eliminated interest on refunds of contributions to members, based on action taken by the Board in 2012. The Board referred the matter back to collective bargaining during the cure process, but the union and the authority have not addressed the issue.	The Board discussed and agreed to add the issue of interest on refunds of contributions to members as a new Item 12 on the Agenda. Bert Francis made a motion to accept the Agenda as modified. Frank Luna seconded the motion, approved by the Trustees 6-0.	Closed	None
4.	No members of the public had any comment.		Closed	None
5a.	Jeff Amrose addressed the Actuarial Equivalency based on the impact statement that he prepared for the prior Amendment 3 to the Plan. The definition of actuarial equivalence contained in the Plan Document determines the amounts for optional forms of benefit payment available to members of the Plan. Since the Board updated the Plan assumptions for interest to 7.5% and mortality based to the RP-2000 tables, he recommended that the Board update the equivalence as well. The recommended change does not have any impact to the Plan. GRS has already produced new calculations based on the updated definition of equivalence following adoption of the prior Amendment 3.	Jeff Amrose explained that the proposed change to the definition of actuarial equivalence had no impact on the Plan for funding purposes; rather, the amendment brought the definition in line with current assumptions to avoid an impact. Tom Zehnder clarified that the Board is actually curing the motion to authorize the work by considering that motion anew, since the Board already considered and accepted anew the results of the actuary's work at a prior cure meeting. Blanche Sherman made a motion to commission GRS to provide an impact	Closed	None

		statement for the definition of actuarial equivalence. Donna Tefertiller seconded the motion, approved by the Trustees 6-0.		
5b-1.	<p>The Board considered invoices to the actuary for work completed in 2015 pending approval and payment. To briefly review the process to approve and pay invoices, Blanche Sherman explained that the Resource Centers receives invoices from the service providers. Blanche Sherman then reviews and approves invoices for payment between meetings. Finally, the Board ratifies the payments of invoices at regularly scheduled meetings of the Trustees.</p> <p>Jeff Amrose stated that he valued the relationship that GRS had with the Board; however, his firm needs to get paid timely for work completed. Invoice 418441 dated December 11, 2015 details work completed at the direction of prior Chair Tom Lapins. Historically, GRS took direction from individual Trustees on such items as the Funding Standard Account and payment for services had never become an issue. Blanche Sherman responded that the Union or the Authority should pay for work related to topics of bargaining between the parties. Furthermore, the Trustees recently took action to stipulate that the Board should not pay for third parties such as the actuary providing information for a Board arbitration. Chair Ron Morgan believes that the items detailed by the actuary on Invoice 418441 related to bargaining, but the request by the Chair properly conformed to the Board procedures in place at the time.</p>	<p>The Board considered the authority of the Chair to initiate work that the Chair deems necessary, in light of the role that the Trustees have as fiduciaries to only use Plan assets to pay benefits and proper expenses of the Plan. The bargaining process has a direct impact on the operation of the Plan, and the invoice notes that the Chair merely asked the actuary to review and respond regarding the impact of the proposed Collective Bargaining Agreement (CBA) on the Plan. Jeff Amrose stated that GRS had no indication previously that the Chair might lack the proper authority to request work from the actuary. Donna Tefertiller asked if the Trustees received any documents or comments from the actuary related to the CBA for review. The Trustees also noted that Tom Lapins was not part of the bargaining process at the time he requested the review by GRS.</p> <p>Frank Luna made a motion to pay Invoice 418441 dated December 11, 2015 to GRS. Ismael Rivera seconded the motion. The motion failed by a vote of 3-3, with Bert Francis, Donna Tefertiller, and Blanche Sherman voting against the motion.</p> <p>The Board further discussed payment of the Invoice following the vote. The Union is not a client of GRS, and GRS has no contractual</p>	Open	Board

		<p>relationship with the Union. Counsel advised that GRS has only a contractual relationship with the Board. The Trustees considered the motivation that Tom Lapin had for requesting the services, and Jeff Amrose stated that he construed the request as made by a fiduciary to the Plan. Frank Luna expressed concern over the limitations placed by the Board on the Chair, while Blanche Sherman defended the proper use of Plan assets. With the Board's consent, Pedro Herrera agreed to interview Tom Lapins regarding Mr. Lapins's motivation for requesting GRS's services, and to discuss issue with Authority's counsel.</p>		
5b-2.	<p>Jeff Amrose addressed Invoice 419841 dated February 5, 2016. The Invoice detailed services provide by the actuary related to the arbitrations. He referred to the February 17, 2015 Record of Board Proceedings that authorized the use of the Plan actuary in the arbitration process.</p>	<p>Blanche Sherman explained any further expenses related to the actuary in an arbitration would get paid by the party requesting services. Chair Morgan stated that action came after the original authorization was granted by the Board. The Board reviewed the action taken by the Board from the June 8, 2016 minutes relating to use of the actuary in a Board arbitration. Tom Zehnder noted that the motion and related discussion appeared to apply prospectively; furthermore, the Board still had a prior motion to specifically authorize the expense. Frank Luna made a motion to pay Invoice 419841 to GRS for \$5,032, seconded by Ismael Rivera.</p> <p>Donna Tefertiller questioned whether the Invoice was part of the cure process, but the Board originally gave the authorization for the expense at an improperly noticed meeting. Bert Francis stated that Lynx and the Union should address any matter with a financial impact in bargaining. Tom Zehnder clarified that the motion by the Board at the June 8, 2016 meeting addressed the use of the actuary but did not revisit the prior Board decision. Bert Francis stated that the Board</p>	Closed	None

		<p>must consider any new and additional information afresh in the cure process.</p> <p>Trustee Luna called for a vote, and a lengthy discussion ensued regarding parliamentary procedure. On a roll call, four of the Trustees present at the June 8, 2016 meeting affirmed that the prior motion addressed only the expense related to use of the actuary in an arbitration prospectively from June 8. The Board considered first submitting the Invoice to the parties in the arbitration to see if they would pay. Pedro Herrera recommended the Board pay the bill for the previously authorized expense. The Board approved the motion on a 5-1 roll call vote with Bert Francis voting against the motion.</p>		
6a.	<p>Jeff Amrose addressed the revisions to the 2015 Valuation requested by the Trustees at the November 28, 2015 Meeting. He explained that the CBA requires Lynx to pay the costs related to closing the Plan above 5.7% on the member contribution. He compared the normal cost and amortization components of the required member contribution to the total payroll including the defined contribution members and determined that the plan closure increased costs by 0.61% of covered payroll. The members therefore do not pay 35% of this amount or 0.21% of pay. GRS amortized payments for experience components over 25 years with a 7.25% investment return assumption net of fees. The employer should contribute 11.69% of pay and the members 5.95% of pay as a result. Payroll volumes are decreasing for the remaining active members of the Plan, increasing dollar contribution requirements expressed as a percent of pay.</p> <p>Jeff Amrose reviewed the impact of the mortality and interest assumption changes next. The changes lowered the overall required contribution, and Jeff Amrose provided a detailed attribution for the various experience components.</p>	<p>Blanche Sherman noted that the bargaining agreement establishes a 5.7% floor on member contributions, meaning the members will not contribute less than 5.7% of covered pay. The parties must ultimately clarify the intended minimum contribution by plan members, if such minimum exists.</p> <p>The Trustees further considered the assumption change. The investment consultant recommended the lower return assumption, while the Florida legislature mandated the mortality changes for the 2016 Valuation. The Board grappled with the increase cost related to the difference between a 7.5% gross earnings assumption and a 7.25% net earnings assumption, since the Plan investment expenses total more than the 25 bp difference. Jeff Amrose believes the net earnings assumption offers greater transparency to the actual costs. He explained that the amortization of future investment expenses as part of the required contribution accounts for the slight increase even in light of the apparently higher overall earnings assumption.</p>	Open	LYNX Board

		<p>The Board engaged in a detailed discussion regarding the assumption changes. Frank Luna made a motion to adopt the 7.25% net earnings assumption, shorten the amortization for experience components from 30 years to 25 years, and adopt the updated mortality effective with the October 1, 2015 valuation. Ismael Rivera seconded the motion. The Board then considered the impact on changing the required member contributions during the plan year. Bert Francis objected to assumption changes that further increased contributions to an already well-funded plan. Frank Luna withdrew his motion.</p> <p>The Board reviewed the historical context and decided not to change the assumptions. The actuary will need to revise the Valuation accordingly, but Jeff Amrose provided the contribution amounts:</p> <table><tr><td>Employer</td><td>11.13%</td></tr><tr><td>Tier 1 Member</td><td>5.7%</td></tr><tr><td>Tier 2 Member</td><td>8.2%</td></tr><tr><td>Tier 3 Member</td><td>10.7%</td></tr></table> <p>Frank Luna made a motion to approve the employer and employee contribution rates provided by the actuary effective for October 1, 2016. Ismael Rivera seconded the motion.</p> <p>The Trustees considered the timing for the update to member contribution rates. Pedro Herrera advised that the State only requires when contributions get made according to the normal cost for benefits. The Plan must ultimately meet dollar funding requirements, rather than a contribution expressed as a percent of payroll. The basic member contribution increases by 41 bp from 5.29% to 5.7%. Ismael Rivera requested that LYNX simply spread the additional contribution requirement for the members over a</p>	Employer	11.13%	Tier 1 Member	5.7%	Tier 2 Member	8.2%	Tier 3 Member	10.7%		
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		reasonable period of time. The Board approved the motion 6-0. The Actuary will provide the final October 1, 2016 Valuation for Board review and approval.		
7.	Chairman Ron Morgan moved the approval of Minutes to later on the Agenda.		Open	Board
8.	Tom Zehnder reviewed the latest version of the memorandum prepared by KBZW of the Records of Board Proceedings identifying all actions by meeting and tracking the progress of the cure process. He noted that the memo had been revised to include additional matters considered and discussed but not put to a formal vote by the Board during the improperly noticed meetings. Mr. Zehnder then discussed with the Board each of those additional matters, and the Board considered anew those matters which might require Board action as part of the cure process. At the conclusion of that discussion, Mr. Zehnder reported that the Board had addressed all actions taken at the improperly noticed meetings, thereby completing the cure process. Chair Morgan, with the Board's consent, asked Mr. Zehnder to prepare a letter to the Board summarizing the cure process and describing the steps taken by the Board during the cure process.	<p>The Trustees confirmed that the revised forms conformed to the provisions of the Plan Document. Donna Tefertiller made a motion to adopt the revised forms, seconded by Frank Luna, and approved by the Trustees 6-0 based on voting parity. Both Ismael Rivera and Bert Francis departed the meeting prior to the motion.</p> <p>The Board considered the Funding Standard Account from August 20, 2013 onwards. The actuary provides annual updates for the Funding Standard Account to the Board.</p> <p>The Board noted that the Trustees acted by consensus to retain the actuary and the auditor at the Meeting of May 20, 2014. Work and invoices were all subsequently approved.</p> <p>The Board last updated the Summary Plan Description in 2014.</p> <p>The Board reviewed the service provider relationships for the attorney and the custodian at the February 17, 2015 Meeting. No concerns were expressed by the Trustees during the review process. The Trustees appointed a committee to review responses to the Request for Proposal for legal services issued by the Board.</p> <p>At the February 23, 2015 Meeting the Board continued the trust custody relationship with Amalgamated Bank.</p> <p>The Board left a modification to the Application for a Refund of Contributions unfinished at the</p>	Open	Various

		September 15, 2015 Meeting.		
9.	The Board had no other Business to address.	The Trustees did not approve the updated Minutes for the meetings of October 27, 2016 and November 18, 2016. The Trustees did not discuss the issue of interest on refunds of contributions to members.	Open	Board
10.	Fritz Wermuth and Tom Zehnder thanked the Board at the end of a very long meeting and a very long process.		Closed	None
11.	The Board confirmed the quarterly meeting dates for 2017 on February 28, May 23, August 22, and November 28.		Closed	None
12.	The Trustees previously set the next quarterly Meeting for February 28, 2017.		Closed	None
13.	The Special Meeting adjourned at 4:50 PM.		Closed	None

Respectfully Submitted,

Secretary