

**ATU LOCAL 1596 PENSION FUND  
MINUTES OF QUARTERLY MEETING  
August 22, 2017**

**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 & Tom Lapins, Plan Administrator (Resource Centers)  
Pedro Herrera, Counsel (Sugarman & Susskind)  
Burgess Chambers & Frank Wan, Consultant (Burgess Chambers & Assoc.)  
Paul Wilson  
Mike May, HR Director

<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 9:12 AM in the Second Floor Board Room at Lynx Central Station, 455 N. Garland Avenue, Orlando, FL 32801.		Closed	None
2.	<b>Public Notice of Meeting:</b>  Confirmation was given that the Meeting had been properly noticed to the public.		Closed	None
3.	<b>Chairman's Comments:</b>  Chair Ronald Morgan addressed the pending audited financial statement for the fiscal year ending September 30, 2016.	Although Chair Morgan noted that scheduling conflicts and a pending confirmation from Vanguard delayed presentation of the audit report, he stressed the importance to keep the Plan to a timely reporting schedule.	Closed	PRC CBH
4.	<b>Approval of Agenda:</b>  The Trustees reviewed the Agenda for the Meeting.	Donna Tefertiller made a motion to approve the Agenda as submitted. Frank Luna seconded the motion, passed 6-0.	Closed	None
5.	<b>Public Comments</b>  No members of the public had any comment.		Closed	None
6.	<b>Minutes:</b>  The Trustees received the clean copies of the Minutes for December 6, 2016, and December 15, 2016,	Donna Tefertiller corrected the spelling of her name in the Minutes of February 28. The	Closed	

	<p>previously approved by the Board. The Trustees reviewed redline and clean copies of the draft Minutes for February 28, 2017; May 23, 2017; and July 11, 2017.</p>	<p>administrator also corrected a sentence broken caused by page formatting. Blanche Sherman made a motion to approve the Minutes for February 28, 2016 as corrected. Ismael Rivera seconded the motion, passed 6-0.</p> <p>The Trustees made minor corrections to the Minutes for the Quarterly Meeting of May 23, 2017. Blanche Sherman made a motion to approve the Minutes for May 23, 2017 as revised. Ismael Rivera seconded the motion, passed by the Trustees 6-0.</p> <p>In addition to minor corrections, the Board directed the administrator to include the entire "Waiver of Collective Bargaining" in the Minutes. Blanche Sherman made a motion, seconded by Bert Francis, to approve the Minutes as amended. On further discussion regarding the "Waiver of Collective Bargaining", Frank Luna made a motion to table seconded by Ismael Rivera.</p>	<p>Closed</p> <p>Open</p>	<p>PRC</p>
<p>7.</p> <p>7a.</p>	<p><b>Reports:</b></p> <p>Actuary Report: Jeff Amrose (Gabriel Roeder Smith)</p> <p>Jeff Amrose reported that the contribution requirement for October 1, 2017 would increase by 0.62%, 0.42% for the employer and 0.2% for the employees, unless an agreement exists to cap member contributions at 5.7%. With a 5.7% cap on member contributions, the employer contribution increases to 13.3%.</p>	<p>Bob Sugarman attempted to clarify the "5.7% maximum" contribution with both parties to bargaining. Frank Luna reviewed a recording of the bargaining session that established the language in the contract. The Trustees considered the issues for the Plan created in bargaining. Ron Morgan noted the Valuation required approval to fund the Plan properly as of October 1, considering the delays implementing the contribution requirements from the 2016 Valuation. Blanche Sherman proposed a joint meeting between the Board, management, and the union to consider bargaining issues. The Trustees observed that Amendment 1 appeared similar to the issue of Plan closure, where both parties disagreed whether they reached an agreement in bargaining. Realizing the Board</p>	<p>Open</p>	<p>Board LYNX Local 1596 Counsel</p>

7b.	<p>Jeff Amrose advised that GRS would charge a new fee starting October 1, 2017 to meet new filing requirements mandated by Florida for the Valuation.</p> <p>Jeff Amrose addressed allowing members to remain in the DROP until full Social Security retirement age. Current Plan provisions do not allow members to remain in the DROP beyond 10 years from original edibility for normal retirement. Mr. Amrose stated that a simple cap limiting members to 5 years in the DROP would not impact funding for the Plan.</p> <p>Frank Wan provided a brief overview of equity value managers making presentations to the Board.</p> <p>DePrince, Race &amp; Zollo: Matt Williams &amp; Randy Renfrow</p> <p>Randy Renfrow serves as co-manager for the DRZ small cap value portfolio. Matt Williams provided an overview and update regarding the firm, which now manages \$5.2 billion in assets. Mr. Williams reviewed the securities selection process, which relies on dividend yields, relative valuations, and identification of a fundamental catalyst. About half of index performance results from dividends, so the portfolio outperforms the Russell 2000 bench over longer time periods.</p> <p>Diamond Hill: Josh Aldeman</p> <p>Mr. Aldeman explained that Diamond Hill is client focused with a repeatable process that puts stewardship</p>	<p>would not approve a valuation at the meeting, the Trustees considered the Special Meeting to clarify the intent of the 5.7% cap on member contributions, the old Amendment 1 disability provisions, and the interest on member contributions.</p> <p>The Board deferred action on the proposed fee since the item did not appear on the Agenda.</p> <p>Mr. Lapins noted that a change to the DROP participation limits may allow some experienced drivers to remain employed at LYNX for a longer time. Ms. Sherman suggested placing the issue on another Agenda with the current Plan language, a proposed amendment, and cost impact. Blanche Sherman made a motion to table the issue, seconded by Bert Francis, and approved by the Board on a 6-0 parity vote with Trustee Donna Tefertiller absent for the vote.</p> <p>Burgess Chambers questioned how the current low yield environment impacts the yield criteria used by DRZ to screen securities. Mr. Williams continued to review portfolio construction, noting the mandate outperformed the benchmark by about 300 bp over 20 years. DRZ would open the portfolio to the Plan with no minimum investment.</p> <p>Diamond Hill closed the portfolio, but the manager would accept an investment by the</p>	<p>Open</p> <p>Open</p>	<p>Board GRS</p> <p>Board PRC GRS</p>
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	<p>ahead of growth. The manager invests firm assets in the portfolios managed by Diamond Hill, which now exceed \$20 billion in total assets. The manager seeks companies trading at a discount to 5-year projected intrinsic value, preferring management teams with an ownership stake. Mr. Aldeman reviewed portfolio construction in greater detail. The manager holds cash at times, and the portfolio has very low turnover.</p> <p>Fiduciary Management: Bladen Burns</p> <p>Mr. Burns stated that he has never seen higher markets in 37 years in the investment industry. The Fiduciary Management small cap portfolio now holds 21% in cash. Mr. Burns reviewed the top holdings in the portfolio, which offer better downside protection in the current markets. He reviewed the historical performance for the portfolio, stressing the risk inherent in the current market.</p> <p>Investment Consultant Report: Burgess Chambers &amp; Frank Wan (Burgess Chambers and Associates):</p> <p>Frank Wan reviewed the market for the quarter ending June 30, 2017. He reported that the assets gained 3% gross for the quarter and 8.4% for the fiscal year to date, compared to gains of 2.4% and 7.6% for the benchmark. The Plan had total assets of \$139,213,322 as of June 30, not including the local operating account.</p>	<p>Plan.</p> <p>The large cap value portfolios outperformed their respect benchmarks over longer periods. Fiduciary Management offered the Board a 5 bp discount on fees.</p> <p>Frank Wan reviewed the presentations. The portfolio managed by DRZ has much greater volatility than the portfolios offered by Diamond Hill and Fiduciary Management. Burgess Chambers explained how a small cap value mandate would fit in the current asset allocation. The Board currently allocates 6% of assets to a small cap index. The Trustees took no action. Blanche Sherman made a motion, seconded by Frank Luna, to maintain the current status quo with respect to the portfolio allocation and manager selection. The Trustees approved the motion 6-0.</p> <p>Mr. Wan provided a rebalance letter or procedure for the custodian to raise or invest available cash. The Board considered the thresholds in the letter to trigger any rebalancing action. Blanche Sherman made a motion to authorize the rebalance procedure letter,</p>	<p>Closed</p> <p>Closed</p>	<p>None</p> <p>None</p>
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	<p>Mr. Wan reviewed individual manager performance, noting that the recent tactical move to reduce the allocation to commercial real estate benefited performance. Mr. Wan then reviewed compliance with the Investment Policy.</p> <p>of \$1.56 million as of 10/01/16. Mr. Amrose stated that the preliminary contributions for the employer would increase to 12.32% for the fiscal year ending September 30, 2018 from 11.13% for the current fiscal year, while member contributions would increase to 6.06%, 8.56% for the Tier 1 enhanced multiplier, and 11.06% for the Tire 2 enhanced multiplier. The Plan has a 97.7% funded ratio, which will vary slightly from year to year.</p>	seconded by Ismael Rivera, and approved by the Trustees 6-0.		
7c.	The Board had no further discussion regarding approval of the Valuation.		Closed	None
7d.	<p>Attorney Report: Pedro Herrera (Sugarman &amp; Susskind)</p> <p>Mr. Herrera had no additional report, having already reviewed issues at collective bargaining.</p>		Closed	None
7e.	<p>Administrator Report: Scott Baur (Resource Centers)</p> <p>Mr. Baur reviewed a proposed fee for continued maintenance of the interim financial statement for the Board. He offered for staff at LYNX to maintain the interim plan financial statement if the Board chose not to continue this particular service through his firm. He explained the substantial increase in allocation of resources internally over time to the maintenance of the interim financial statements and related audits.</p> <p>Mr. Baur provided a signature update for Vanguard, necessary for the auditor to confirm assets held by the manager on behalf of the Plan.</p>	<p>Blanche Sherman requested a detail of the expenses for the Resource Centers related to the maintenance of the interim financial statements. The Board deferred action.</p> <p>Blanche Sherman made a motion to execute the Certificate of Authority update for Vanguard, seconded by Ismael Rivera, and approved by the Trustees 6-0.</p>	Open	PRC Board
8.	<b>Plan Financials:</b>			
8a.	Interim Financial Statement			
	Mr. Baur reviewed the management of cash balances	Bert Francis noted that the interim financial	Closed	None

8b-1.	<p>held in the local checking account for payment of benefits and invoices. He also reviewed the accruals on the balance sheet.</p> <p>The Trustees also reviewed the outstanding legal invoices to Mierzwa &amp; Floyd and to Egan, Lev, Lindstrom, &amp; Siwica for representation of the Union Trustees for the arbitration now on hold.</p>	<p>statement presented balances on a modified accrual basis. The Board reviewed the payments for invoices presented on the Statement of Income and Expense, then received and filed the report.</p> <p>The Board considered whether to include expenses to service providers, such as legal counsel or the actuary in the cost of closing the Plan. Frank Luna made a motion to pay the Egan and Mierzwa invoices, seconded by Ismael Rivera. Bert Francis stated the payment should hold for resolution of the pending litigation filed by LYNX against the three union Trustees. The motion failed on a 3-3 deadlock vote, with management Trustees Bert Francis, Blanche Sherman, and Donna Tefertiller voting against the motion.</p>	Open	Board
8b-2.	<p>The Board reviewed the Warrant dated August 22, 2017 for payment of expenses.</p>	<p>The Trustees questioned why King, Blackwell, Zehnder, &amp; Wermuth had two attorneys present at some of the meetings during the Cure process. King, Blackwell, Zehnder, &amp; Wermuth provided counsel to the Trustees individually. The firm provided an explanation of their representation and discounts to charges already applied to the billing. Blanche Sherman made a motion to ratify the expenses on the Warrant dated August 22, 2017, seconded by Donna Tefertiller, and approved by the Trustees 6-0.</p>	Closed	None
9.	<p><b>Benefit Approvals:</b></p> <p>Mr. Baur reported that he would provide updated approvals for benefits at the next quarterly meeting.</p>		Open	PRC
10.	<p><b>Other Business:</b></p> <p>The Trustees considered the interest paid to members receiving refunds of contributions.</p>	<p>Mr. Sugarman previously recommended the Trustees seek clarification regarding the payment of interest from bargaining. The Trustees considered this topic as an additional item for the proposed Special Meeting to include the Board, LYNX, and Local 1596.</p>	Open	Board

	<p>The Board had a prior issue pending related to members promoted to management, with an option to obtain either a refund of contributions or continued participation in the Plan.</p> <p>The Plan has updates pending to the Summary Plan Description.</p>	<p>The Trustees deferred discussion on members of the Plan promoted to management positions.</p> <p>Mr. Sugarman suggested deferring any updates until the Board can seek further clarification of issues in bargaining related to the benefits.</p>	<p>Open</p> <p>Open</p>	<p>Board</p> <p>Board</p>
11.	<p><b>Next Quarterly Meeting:</b></p> <p>The Board previously scheduled the next Quarterly Meeting for Tuesday, November 28, 2017.</p>	<p>The Notice for the Meeting already appears on the LYNX Calendar, the Plan website, and the bulleting board in the lobby at 455 N. Garland.</p>	<p>Closed</p>	<p>None</p>
12.	<p><b>Adjournment.</b></p>	<p>There being no further business, the Meeting adjourned at 3:47 PM.</p>	<p>Closed</p>	<p>None</p>

Respectfully Submitted,

Secretary