

**ATU LOCAL 1596 PENSION FUND  
MINUTES OF SPECIAL MEETING  
September 25, 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

**Others Present:**

Scott Baur & Tom Lapins, Plan Administrator (Resource Centers)  
Pedro Herrera, Counsel (Sugarman & Susskind)  
Neal Renuart, Auditor (Cherry, Bekaert, & Holland)

<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 9:24 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 stated that Ismael Rivera resigned from the Board. Mr. Rivera appointed Maria Carrera to fill the position that he vacated, so Chair Morgan welcomed Maria Carrera to the Board. Ismael Rivera, President of Local 1596, also reappointed Frank Luna to serve another term on the Board as well.		Closed	None
4.	<b>Approval of Agenda:</b>  The Trustees reviewed the Agenda for the Meeting. Chair Morgan indicated that Jeff Amrose would attend the meeting by phone.	Bert Francis made a motion to approve the Agenda as submitted, seconded by Frank Luna. The motion passed 6-0 based on voting parity.	Closed	None
5.	<b>Public Comments</b>  No members of the public had any comment.		Closed	None
6.	<b>Reports:</b>			
6a.	Auditor: Neal Renuart (Cherry, Bekaert, & Holland)			

6b.	<p>Neal Renuart, auditor for the Plan, addressed the Board. He reported no issues with the audit process for the fiscal year ending September 30, 2017. The Plan has no material weaknesses and no reportable conditions, so once the Board approves the draft, the auditor will issue the final audit with an unqualified (clean) opinion. Mr. Renuart noted that accounting standards now require additional investment disclosures included in the footnotes.</p> <p>Per the financial statement, the Plan had strong gains from investments of \$11,523,579 net of expenses for the fiscal year ending September 30, 2016. The Plan had total assets of \$130,924,844. The net position increased by \$9,560,289 from \$121,364,555 the prior year. The employer used the funding standard account to complete the required contribution for the year. On the summary of administrative expenses, Mr. Renuart noted the substantial increase in legal expenses for the year.</p> <p>Actuary: Jeff Amrose (Gabriel, Roeder, Smith)</p> <p>Actuary Jeff Amrose joined the Meeting by phone. He reviewed the Valuation for October 1, 2016, which determines the contribution requirements for the fiscal year ending September 30, 2018. Mr. Amrose explained the old Amendment 1 provisions reduced the disability benefits payable from the Plan. In the absence of the Amendment 1 disability provisions, the contribution requirements for the year starting October 1, 2017 increase to 12.73% for the employer and 6.27% for the employee. With the Amendment 1 disability provisions, the contribution requirements increase to 12.31% for the employer and 6.07% for the employee. If the members have a 5.7% maximum contribution, then employer contributions increase to 13.3% of covered payroll.</p>	<p>The Trustees questioned the 10.43% expected return on MLP investments provided by the Investment Consultant, as well as the 0% target allocation to hedge fund investments. With plan assets nearly equal to the liabilities, the Trustees considered the longer-term impact of the Plan closure on both covered payroll and the allocation of assets to investments. The Board reviewed the possible impact of a 1% increase or a 1% decrease on projected investment returns to the funding requirements, the funded ratio, and the Plan liabilities over longer periods. Bert Francis made a motion to accept the audited Financial Statement as of September 30, 2016, seconded by Blanche Sherman, and approved by the Trustees 6-0.</p> <p>The Trustees pondered the proper interpretation of the October 1, 2011 Bargaining Agreement that references a 5.7% maximum employee contribution rate along with related language that addresses closure of the Plan. Mr. Amrose confirmed that all costs related to the Plan closure are borne by the employer. He reviewed the method for attributing the cost attributed to closure, by comparing the dollar contribution requirements to covered payroll for active members of the Plan to the total payroll that includes employees hired after the March 1, 2014 closure date. The proposed Valuation still includes the Amendment 1 disability provisions, while a separate impact statement identifies the cost alternatives without Amendment 1.</p> <p>The LYNX Board adopted Amendment 1, while the Pension Board did not. Amendment 1A does not include the disability provisions or eliminate</p>	Open	Consultant
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		<p>interest on refunds of contributions. LYNX has not provided any documentation to the Board, however, showing these issues resolved through collective bargaining. Chair Ron Morgan stated that only the Board can amend the Plan Document. The disability benefits to Aldaberto Ruiz and Jean Gilbert, meanwhile, were resolved without prejudice.</p> <p>Frank Luna made a motion to approve the valuation with a 5.7% maximum, member contribution, but the motion died for lack of a second. Blanche Sherman noted the Board passed the valuation for the prior year by unanimous vote without capping member contributions at 5.7%. Unfortunately, the bargaining parties failed to clarify the benefit issues for the Board. Mr. Herrera advised that the Board must give direction to the actuary how to value the Plan. Chair Morgan passed the gavel to Frank Luna and made a motion to recommend the pre-Amendment 1 contribution rate alternative with contingency language, lacking evidence for either Amendment 1 disability provisions or a 5.7% maximum member contribution. Maria Carrera seconded the motion. After further debate, acting Chair Frank Luna called the question. The motion failed on a 3-3 vote, with management Trustees Bert Francis and Blanche Sherman voting against the motion by voting parity. Blanche Sherman made a motion to approve the October 1, 2016 Valuation as presented without taking a position on closure of the Plan, the status of the old Amendment 1 disability provisions, or the intended interpretation of the 5.7% maximum contribution rate for members, until the Board gets clarification from the union and management on these issues through bargaining. Bert Francis seconded the motion. The Trustees considered whether the motion violated the provisions of the Plan Document, which includes pre-Amendment 1 disability provisions. Chair Ron Morgan</p>	Closed	None
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		<p>stressed the importance to properly fund the Plan, knowing that contribution rates will ultimately increase based on any of the possible funding alternatives. The motion passed on a 4-2 vote, with Trustees Frank Luna and Maria Carrera voting against the motion.</p> <p>The Board directed the administrator to notify HR Director Mike May and Brian Anderson of the new member contribution rates effective October 1, 2017. The Trustees continued to debate the Plan provisions and funding requirements, with no progress or clarification evident from bargaining.</p>	Open	PRC
7.	<p><b>Next Quarterly Meeting:</b></p> <p>The Board previously scheduled the next Quarterly Meeting for Tuesday, November 28, 2017. The November 28 Meeting includes the annual holiday lunch.</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.	Closed	None
12.	<b>Adjournment.</b>	There being no further business, the Chair adjourned the Meeting at 12:40 PM.	Closed	None

Respectfully Submitted,

Secretary