

**ATU LOCAL 1596 PENSION FUND
MINUTES OF QUARTERLY MEETING
February 27, 2018**

Board Members Present:

Ronald Morgan – Chairman, Union Appointee
Bert Francis – Secretary, LYNX Appointee
Brian Anderson - LYNX Appointee
Frank Luna - Union Appointee
Donna Tefertiller – LYNX Appointee

Others Present:

Scott Baur & Tom Lapins, Plan Administrator (Resource Centers)
Pedro Herrera, Counsel (Sugarman & Susskind)
Frank Wan, Consultant (Burgess Chambers & Assoc.)
Shalesha Edwards, HR Coordinator

Agenda Item	Discussion	Decision	Status	Follow-up
1.	Chair Ron Morgan called the meeting to order at 9:15 AM in the Second Floor Board Room at Lynx Central Station, 455 N. Garland Avenue, Orlando, FL 32801.		Closed	None
2.	Public Notice of Meeting: Confirmation was given that the Meeting had been properly noticed to the public.		Closed	None
3.	Chairman's Comments: Chair Ronald Morgan provided the Board with a handout.		Closed	None
4.	Approval of Agenda: Donna Tefertiller commented that some items appearing on the Agenda did not have backup materials. Brian Anderson noted that issues for Other Business, "Interest on Member Contributions" and "Extending DROP Participation Ages", required collective bargaining and therefore cannot be resolved by the Board.	Mr. Baur confirmed that not all Agenda items included backup materials. Donna Tefertiller made a motion to approve the Agenda, seconded by Brian Anderson, and passed by the Trustees 6-0 with voting parity. Maria Carrera was not present at the meeting.	Closed	None
5.	Public Comments No members of the public had any comment.		Closed	None

6.	<p>Minutes:</p> <p>The Board reviewed the Minutes for the Quarterly Meeting on November 28, 2017.</p>	<p>The Trustees noted some minor corrections. Frank Luna stated that interest on refunded contributions, the disability provisions, and the intent of a 5.7% contribution limit all remain open items. The Board concluded that the current bargaining agreement renders moot any issues regarding a possible 5.7% cap on member contributions.</p> <p>The Trustees then reviewed the summary of discussion as the Board passed Amendment 4 closing the Plan, even though the related Closure Resolution failed to pass without a unanimous vote by the Trustees. Chair Ronald Morgan explained that the Board cannot compel an individual Trustee to relinquish his or her fiduciary responsibilities by a majority vote of the other Trustees.</p> <p>Bert Francis made a motion to table approval of the Minutes for November 28, 2017, pending the requested corrections. Brian Anderson seconded the motion, approved by the Trustees 6-0 with voting parity.</p>	Open	PRC
7a. 7a-1.	<p>Reports: Investment Consultant: Frank Wan, BCA</p> <p>Mr. Wan reported excellent results for the quarter ending December 31, 2017. He also noted that the investments produced greater returns with less risk than the benchmark for the trailing 5 years, generating positive alpha for the portfolio. The investments gained an additional 1.4% of return over the benchmark for each unit of risk for the trailing 3 years as well.</p> <p>As of December 31, 2017, the Plan had \$148,038,068 of total invested assets, an increase of \$52,000,000 over the past 5 years. The portfolio gained 3.6% for the quarter ending December 31, 2017, compared to a return of 4.1% for the benchmark. The investments gained 15.2% for calendar year 2017, beating the benchmark return of 13.3%. Mr. Wan reviewed</p>	<p>Mr. Wan recommended rebalancing \$2M from domestic equity to the Longview Core Bond portfolio. Bert Francis made a motion to move \$1,000,000 from Eagle and \$1,000,000 from Voya to the Longview fixed income. Brian Anderson seconded the motion, approved by the Trustees 6-0 with voting parity.</p> <p>The Board discussed the recent presentation by DePrince, Race, & Zollo, a value equity manager. The Board also considered tracking error between Exchange Traded Fund (ETF) index holdings and the underlying market indices.</p>	Closed	None

7a-2.	<p>individual manager performance, noting that both Eagle and Fiduciary posted extraordinary results. Competitive retail pricing, meanwhile, appears to be keeping inflation in check.</p> <p>Mr. Wan reported that energy production reached a 47-year high, as the US tapped 7 large reserve basins. The MLP asset class, however, does not really gain with energy since the assets relate more to infrastructure.</p>	<p>Frank Wan recommended de-risking the MLP portfolio holdings, since the beta (a measure of volatility) for the holdings increased from 0.7 prior to investment to 1.5 after the Board invested in the partnerships. He recommended a broader infrastructure holding as a replacement to the MLPs. He suggested that the Board invite 3 infrastructure managers to make presentations to the Board: Cohen & Steers, Lazard, and Legg Mason/Rare.</p>	Open	PRC BCA
7b.	Reports: Attorney Report			
7b-1.	<p>The Board considered the deposit of member contributions, beginning with approval of the 2017 Valuation on September 25, 2017. The Valuation as approved by the Board includes the Plan closure but not the Amendment 1 disability provisions. CEO Edward Johnson responded on October 4 that LYNX would begin to administer the appropriate contribution rates once collective bargaining finished, allowing for resolution of these issues in bargaining. LYNX, however, has yet to implement the new member contribution rates for FY2018.</p>	<p>LYNX and Local 1596 reached a collective bargaining agreement, ratified by the Local in November 2017, without resolving open issues such as the Amendment 1 disability provisions or interest on refunded member contributions. Local 1596 will not return to bargaining, now that the bargaining process has finished. Bert Francis advised that the Board should send a letter requesting clarification regarding the new member contribution rates. Frank Luna made a motion for the Board to write a letter to CEO Edward Johnson giving 30-day notice of default on contributions. Mr. Luna then amended the motion to request clarification from LYNX regarding the implementation of the new member contribution rates for FY2018, requesting a response in 30 days. Bert Francis seconded the motion. The Board in discussion directed that the Chair should sign the letter. The Trustees further considered the fiduciary obligation of the Board to collect any delinquent contributions. Without further clarification, however, no fiduciary breach yet exists. The motion passed 6-0 with voting parity.</p>	Open	Chair PRC
7b-2.	The Board considered Share Account distributions for	Pedro Herrera advised the Plan cannot distribute	Closed	None

	vested deferred members following termination. The Plan does not allow for any Share Account distributions to vested members until the member commences receipt of pension benefits.	Share Account balances to vested member prior to commencement without an amendment to the Plan document, even though such a distribution does not impact the Plan. Non-vested members can take refunds of contributions and distribution of Share Account balances. The Board considered the differences between the Plan provisions and other options available to employees of LYNX such as the 457 deferred compensation accounts. The Board took no action on the matter.		
7b-3&4.	The Board reviewed proposed changes to the Spousal Consent Form for married members taking a benefit other than a 100% Joint & Survivor Option. The Trustees considered whether a 100% Joint & Survivor Option with pop-up feature met the requirements of the Plan document for a married member to take a 100% Joint & Survivor benefit.	Pedro Herrera advised that a 100% Joint & Survivor Option with pop-up feature met the requirement in the Plan document that a married member take a 100% Joint & Survivor benefit unless obtaining a spousal waiver. The Trustees then considered the proposed updates to the Spousal Waiver, ultimately concluding that the language in the proposed form required further clarification. The Board directed counsel to bring an updated version of the proposed form for consideration at the next meeting. In the meantime, members electing any 100% Joint & Survivor benefit do not need to obtain a spousal waiver.	Open	Sugarman PRC
7b-5.	Pedro Herrera updated the Board regarding the two remaining arbitrations, stayed by the arbitrator, with civil litigation still pending against the 3 union trustees. Any other arbitrations between 2012 and 2016 were rendered void since the Board initiated the actions during improperly noticed meetings.	Mr. Herrera advised that the Trustees demanding the arbitration can unilaterally withdraw, but those Trustees no longer serve on the Board. The Board might therefore be able to withdraw those actions now. Mr. Herrera will report back to the Board on options available to the Board on the pending arbitrations.	Open	Sugarman
	Mr. Herrera provided the Board with a brief update on pending legislation during the current session.		Close	None
7c.	Reports: Administrator Report			
7c-1.	Mr. Baur reported that the FY2017 audit had begun and he forwarded the data for the October 1, 2017 Valuation to the actuary.		Open	PRC GRS CBH

7c-2.	Mr. Baur explained the difficulties reconciling member data for the current Valuation, since the data provided by LYNX included all employees and not just members of the Plan.	Mr. Baur advised that he would request some data file modifications from payroll staff at LYNX. Brian Anderson asked that Mr. Baur to copy him on any correspondence with Denise Callahan.	Open	PRC LYNX
7c-3.	Mr. Baur reported that the 2017 Annual Benefit Statements were mailed to all the active members of the Plan.		Closed	None
7c-4.	Mr. Baur suggested offering workshops to the active members of the Plan now that the bargaining parties resolved issues related to the Plan closure.	Mr. Baur established a schedule with Donna Tefertiller for two days of educational workshops for members of the Plan. He will finalize and confirm the schedule with LYNX staff following the meeting.	Open	PRC LYNX
7c-5.	Mr. Baur provided new signature authorization forms to the Board for Amalgamated Bank, custodian for the Plan.	The Board updated the signature authorizations on file.	Closed	PRC
7c-6.	The Board considered the service provider review process, suspended during the cure meetings. The Trustees last reviewed the attorney and custodian relationships in 2015. Previously, the Board reviewed all service providers on a 3-year rotation. Brian Anderson explained that one union and one administration Trustee would form a subcommittee to facilitate the review process and make recommendations to the full Board.	The Board decided to complete the service provider review with input from all 6 Trustees. The Trustees decided to review the Administrator and Investment Consultant relationships next. The Board considered how to compare fees and evaluate the service providers. The Trustees will complete the evaluation forms in advance of the next meeting for discussion on the May agenda.	Open	Board
7c-7.	Mr. Baur provided the Board with a list of upcoming conferences and educational opportunities.	Donna Tefertiller, Frank Luna, Brian Anderson, Maria Carrera, and Ronald Morgan indicated that they would attend the Annual FPPTA Conference in June.	Open	PRC
8.	Plan Financials			
8a.	The Trustees reviewed the interim financial statement through January 2017.	The Trustees requested clarification of the Liberty Lilac Group, held by Eagle Asset Management, and deemed "void and worthless" on January 8, 2018. The Board received and filed the interim financial statement.	Open	PRC Eagle BCA
8b-1.	Mr. Baur reported that the premium for the fiduciary	The broker attributed the premium increase to	Open	PRC

	liability insurance with Ulico doubled from \$8,104 to \$16,717 on renewal. The Chair authorized the policy renewal, and the broker will continue to search for policy options at the next renewal. The broker was not able to provide any alternative policies for this renewal.	both recent and ongoing claims. The Board requested an updated claim loss run report.		PRM
8b-2.	The Board reviewed the procedure for processing and payment of invoices between meetings.	The Board confirmed that the administrator should continue the current review process with Bert Francis as Secretary.	Closed	None
8b-3.	The Board reviewed the Warrant dated February 27, 2018 for payment of Plan expenses.	The Trustees questioned the per diem rate provided to Trustees attending conference, since the rate used did not appear consistent with Florida reimbursement rates customarily used by LYNX. The administrator will review the rates and reimbursements issued to the Trustees and report at the next meeting. Donna Tefertiller made a motion to table the Warrant dated November 28, 2017, pending clarification of the per diem expense reimbursements for Trustee travel. Frank Luna seconded the motion, approved 6-0 with voting parity.	Open	PRC
8b-4&5.	The Trustees reviewed the paid and pending invoices on the Warrants dated February 27, 2018.	Frank Luna made a motion to ratify the paid Warrant dated February 27, 2018, seconded by Donna Tefertiller. The motion passed 6-0 on voting parity. Brian Anderson made a motion to approve the payment of the invoices on the pending Warrant dated February 27, 2018. Frank Luna seconded the motion, passed 6-0 with voting parity, Trustees Bert Francis and Maria Carrera not present for the vote.	Closed	None
9.	Benefit Approvals The Board reviewed the Benefit Approvals for new retirements and noted an issue with one of the date fields on the approval form.	Mr. Baur will review the process for the erroneous date field. Bert Francis made a motion to table the Benefit Approval, seconded by Brian Anderson, and approved by the Board 6-0 with voting parity.	Open	PRC
10.	Other Business			
10a.	The Board discussed interest on member contribution balances, since the Board failed to cure this part of the	Chair Ronald Morgan stated that he would continue this item on the Agenda until resolved.	Open	Counsel

10b.	<p>old Amendment 1.</p> <p>The Board considered the time that some members can participate in the DROP. The Plan currently limits participation to 5 years but not to extend beyond 10 years from the earliest early retirement date. The 10-year limitation effectively prevents many members from staying in the DROP past age 65, even though the members do not reach normal Social Security retirement age at this point.</p>	<p>Brian Anderson observed that resolution, since the Board stopped accumulating further interest on member contribution balances in 2013, benefited both LYNX and the Plan. Bert Francis requested that the Board notify the bargaining parties in an effort to achieve closure on the issue.</p> <p>The Board discussed the Plan provisions and personnel policies for LYNX. Both the Union and the Authority appointees acknowledged that removal of the 10-year limitation on participation in the DROP would benefit both LYNX and the Plan members. The actuary confirmed that removing the limitation would not have any cost impact to the Plan. Despite the agreement on the issue, the Trustees do not foresee the ability to initiate a change to the Plan through bargaining. Frank Luna made a motion to table the issue, seconded by Bert Francis, and approved by the Trustees 6-0 with voting parity.</p>	Closed	None
11.	<p>Next Quarterly Meeting:</p> <p>The Board previously scheduled the next Quarterly Meeting for Tuesday, May 22, 2018.</p>		Closed	None
13.	<p>Adjournment.</p>	<p>There being no further business, the Chair adjourned the Meeting at 6:22 PM.</p>	Closed	None

Respectfully Submitted,

Secretary