

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD DECEMBER 2, 2021**

Chair Dwight Mattingly called the meeting to order at 8:34 AM at 100 N Congress Avenue, Delray Beach, FL. The meeting was also held by communications media technology using the following information: <https://us06web.zoom.us/j/84113437746>, Phone: +1(301) 715-8592, Meeting ID 841 1343 7746.

Those persons present included:

TRUSTEES

Dwight Mattingly, Chair
Marcos Rodriguez
Lisa Master
Jeremy Baker

OTHERS PRESENT

Robert Sugarman, Sugarman & Susskind, via CMT
Bonni Jensen, Klausner, Kaufman, Jensen & Levinson, via CMT
Frank Wan, Burgess Chambers & Associates
Chad Little, Freiman Little Actuaries, via CMT
Mary Shah, Strategic Benefits Advisors, via CMT
Stephanie Atli, Strategic Benefits Advisors, via CMT
Betty Garrett, Palm Tran HR
Masimba Mutamba, Assistant Palm Beach County Attorney, via CMT
David Hulme, Advent Capital, via CMT
Devin Sullivan, TA Realty, via CMT
Jake Maliel, TA Realty, via CMT
David Boies, Boies Schiller, via CMT

APPROVAL OF THE AGENDA

Mr. Baker made a motion to approve the Agenda. The motion was seconded by Ms. Master and approved by the Trustees 3-0.

PUBLIC COMMENT

There was no public comment.

APPROVAL OF THE MINUTES

Ms. Master made a motion to approve the Minutes for the Quarterly Meeting of September 2, 2021. Mr. Baker seconded the motion, and it was approved by the Trustees 3-0.

Mr. Baker made a motion to approve the Minutes for the Special Meeting of September 28, 2021. Ms. Master seconded the motion, and it was approved by the Trustees 3-0.

INVESTMENT CONSULTANT: FRANK WAN (BURGESS CHAMBERS & ASSOC. (BCA))

Mr. Wan presented to the Board the Investment Summary for the period ending September 30, 2021. Over the 1-year trailing period the Plan earned 20.2% which is highly favorable, finished ahead of the 35/15/50 benchmark, and was in line with the strategic benchmark. Most managers scored well on the Investment Policy Checklist; however, Advent Capital, Barings, and GHA are trailing their benchmarks.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD DECEMBER 2, 2021**

Chairman Mattingly and Mr. Wan pointed out to the Board that the Plan's Investment Policy requires the Plan to be ranked in the top 50th percentile over the three-year and five-year periods. Mr. Wan added that BCA's goal is to make sure each piece of the portfolio outperforms.

Mr. Wan reported that in the 3rd quarter the value sector continued to disappoint which he stated is not normal and that we are starting to see seismic cracks due to overpriced stocks like Peloton and Zoom which are overvalued and have gone down significantly recently. Mr. Wan reported that the portfolio is moving toward a central tendency rather than being overweight anywhere. He pointed out that Vulcan, BNY Mellon, Cohen & Steers, Advent, and American Funds did well in the 3rd quarter, while Barings and Garcia Hamilton (GHA) underperformed.

BCA recommends the Plan move to an equal position between GHA and Fidelity U.S. Bond Index Fund.

Chairman Mattingly asked if that recommendation was in line with the Investment Policy and Mr. Wan confirmed that it was.

Mr. Baker made a motion to accept the recommendation of the Investment Consultant to move to an equal position between GHA and the Fidelity U.S. Bond Index Fund, seconded by Ms. Master, approved by the Trustees 4-0.

Chairman Mattingly asked if BCA had any proposals on alternatives to GHA. Mr. Wan shared that BCA is still hoping that GHA will rebound from this poor performance and is therefore not recommending to change managers right now. Chairman Mattingly asked when it was that GHA performed well since they have performed poorly over the three-year period. Mr. Wan shared that when the Plan invested in GHA in 2018 it ranked in the 1st percentile but then went down to the 99th percentile; it bounced back up since then but has gone down again.

Mr. Baker made a motion to accept the Investment Consultant's report, seconded by Ms. Master, approved by the Trustees 4-0.

ADVENT CAPITAL: DAVID HULME

David Hulme presented to the Board on behalf of Advent Capital. He shared that Advent Capital has \$11 billion in assets under management and is one of the largest managers of convertible bonds. He provided a brief update on the convertibles market noting a pick-up in global issuance due to the pandemic and businesses needing to raise capital. Advent anticipates additional growth.

Chairman Mattingly asked Mr. Hulme to explain to the Board the difference between a regular bond and a convertible bond so Mr. Hulme explained that a bond is a way for a company to finance themselves. They issue a coupon with an interest rate (for example, 4%) and a maturity date, and you would expect to earn that 4% each year. A convertible bond has the same maturity date but a lower coupon (so 1% or 2% for example) and you would have the option of converting the bond to stock.

Mr. Hulme pointed out that Advent has lagged the benchmark due to the benchmark being more sensitive to equities which have performed so well.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD DECEMBER 2, 2021**

TA REALTY: DEVIN SULLIVAN AND JAKE MALIEL

Devin Sullivan and Jake Maliel presented to the Board on behalf of TA Realty. Mr. Sullivan shared that TA Realty has \$6 billion in assets under management and that the Palm Tran Plan is invested in the Core Property Fund (CPF).

Mr. Maliel informed the Board that the CPF is perfectly positioned—underweight to brick and mortar, overweight to industrial, under to office and retail, over to multi-family, over to the South and West geographically and under to the North and East. The retail in the CPF is top-tier grocery-anchored retail not malls. The industrial properties are distribution centers (for example, Amazon and Walmart) not manufacturing centers.

Mr. Baker made a motion to amend the agenda to hear the securities litigation update before the actuary report, seconded by Ms. Master, approved by the Trustees 4-0.

SECURITIES LITIGATION UPDATE: DAVID BOIES

Robert Sugarman informed the Board that Boies Schiller has been approved by the court to represent Palm Tran in the Grupo Televisa Case. David Boies provided an update on behalf of Boies Schiller. Mr. Boies reported that since retained Boies Schiller has been working to get up to speed on the case. Fortunately, they have been able to build on some prior work. Mr. Boies informed the Board that the defendant made a motion to decrease the class period, Boies Schiller filed a response, and that deposition will presumably take place but is not currently scheduled. Boies Schiller will report back to the Board via Mr. Sugarman. Mr. Boies shared that discovery will likely take place in the first half of 2022, expert discovery in the second half of 2022, then a summary judgment motion before the scheduling of the trial.

ACTUARY REPORT: CHAD LITTLE

Mr. Little reported that the GASB 68 exhibits (for County accounting) were delivered and used a 6.5% Assumed Rate of Return (ARR). While it is not yet time for the Board to vote on the ARR that will be used in the 1/1/2022 valuation report, Mr. Little reminded the Board that the Plan's current ARR is 7.25% which is a decrease from the 7.5% used in the previous year. Mr. Little informed the Board that the Florida Retirement System is currently at a 6.8% ARR so it would be reasonable for the Board to go down to 7% for the next actuarial valuation. Mr. Little stated that he is advising his clients to move toward a 6% ARR.

Mr. Baker requested the valuation report be delivered as early as possible since the County uses it for budgeting purposes. Chairman Mattingly asked that Mr. Little and Ms. Shah work with the auditor to shorten the timeline of the audit so that the valuation report can be completed and provided to the County as early as possible.

Chairman Mattingly asked Mr. Little if the changes made to the Plan in 2013 will make a significant impact on the valuation. Mr. Little explained that it is tough to say but that it will continue to shift as more people move into Tier 4.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD DECEMBER 2, 2021**

ATTORNEY REPORT: BONNI JENSEN AND ROBERT SUGARMAN

Ms. Jensen presented revised language for the death benefits section of the Summary Plan Description (SPD). Chairman Mattingly asked that Mr. Little's changes regarding changing a beneficiary also be incorporated in the 2022 SPD.

Ms. Jensen informed the Board that an attorney has been selected and retained to handle the 2018 IRS Issue for Plan participants who are still being pursued by the IRS. A letter has been drafted to send to participants to provide them the retained attorney's contact information. Ms. Jensen has also spoken with Scott Baur of Pension Resource Center (PRC) and sent him a letter requesting that PRC reimburse the expenses the Plan and its participants have incurred and are incurring as a result of PRC's erroneous reporting to the IRS in 2018.

Mr. Sugarman reported on the activities of Sugarman & Susskind since the last Board meeting--met with SBA regarding cyber security, worked on the securities litigation, and reviewed disability applications.

ADMINISTRATOR REPORT: MARY SHAH

Ms. Shah provided an update on cyber security. All affected Palm Tran participants were sent a letter providing them access to two years of free credit monitoring through Experian. The participants should have received the letter in October and have until the end of the year to register for the free credit monitoring.

Chairman Mattingly asked if there had been any adverse activity on the participant data that was accessed during the cyber attack. Ms. Shah reported that SBA has not heard anything from participants and that there are several experts working with SBA to closely monitor SBA's cyber security.

Ms. Shah presented the report on retirements in progress with SBA. Ms. Shah also presented disability applications for Loretha Berry and Eddie Chaney. Both applications had been previously reviewed and approved for trustee consideration by Sugarman & Susskind.

Mr. Rodriguez made a motion to approve the disability application of Loretha Berry, Mr. Baker seconded, approved by the Trustees 4-0.

Chairman Mattingly asked about Eddie Chaney's service since he was gone from Palm Tran for a period of time. Ms. Atli reported that while Mr. Chaney terminated from Palm Tran in 2014 he did not take a refund of contributions for that first period of service so when he was rehired his second period of service was able to be combined with his first period of service under Tier 1 which provided him the ten years of service he needed in order to qualify for a disability retirement.

Mr. Baker made a motion to approve the disability application of Eddie Chaney, Ms. Master seconded, approved by the Trustees 4-0.

Ms. Atli presented the appeal letter submitted by recent retiree Charles Sterrantino requesting to change his form of payment from a Single Life Annuity to a Joint & Survivor Annuity. The Board

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD DECEMBER 2, 2021**

requested to hold an appeal hearing at the March 3rd Board meeting and asked Ms. Jensen to advise Mr. Sterrantino of his right to appear at the hearing on March 3rd.

Ms. Atli presented the letter submitted by recent retiree David Mathew who is legally married but who has no contact with his spouse and claims he will not be able to locate her to sign the spousal consent form that would allow him to select a payment option other than a Joint & Survivor option with her as the joint annuitant. Ms. Jensen informed the Board that the Plan language mirrors IRS language and states that if a spouse cannot be located to the satisfaction of the Board, spousal consent is not required. Ms. Jensen recommended that the participant complete an affidavit stating the measures he has taken and attesting to the claim that he cannot locate her. Mr. Sugarman stated that Mr. Mathew could also appear before the Board on March 3rd if he so desired.

Ms. Shah presented the receipts that Nabil Rezk provided to SBA for reimbursement of 2018 IRS Issue-related expenses.

Mr. Rodriguez made a motion to approve the reimbursement of 2018 IRS Issue expense submitted by Nabil Rezk, Ms. Master seconded, approved by the Trustees 4-0.

Ms. Master questioned why the Board needed to approve this reimbursement when it had voted at the previous meeting to reimburse participants immediately for receipts they submitted. Ms. Shah explained that SBA wanted to get guidance from the Board on what expenses to reimburse right away and what to get approved first since some people may submit significant expenses if they have hired an attorney. There was consensus from the Board that they may reimburse attorney fees that were incurred prior to the Plan retaining an attorney to represent participants. Ms. Jensen suggested reimbursing minor expenses and bringing before the Board anything that is questionable.

Ms. Shah presented membership renewals for approval—FPPTA, NCPERS and IFEBP.

Mr. Baker made a motion to approve membership renewals for FPPTA, NCPERS and IFEBP, Mr. Rodriguez seconded, approved by the Trustees 4-0.

Chairman Mattingly requested that Ms. Shah make sure the current trustees will receive the IFEBP newsletter and also that CPPT is renewed.

Ms. Shah presented the proposed meeting dates for 2022.

Mr. Rodriguez made a motion to approve the proposed meeting dates for 2022, Ms. Master seconded, approved by the Trustees 4-0.

Ms. Shah informed the Board that for Salem Trust all of the trustees as well as herself and Ms. Atli are authorized signers but that for other investments Dwight is currently the only authorized signer.

Mr. Baker made a motion to authorize Ms. Master as an authorized signer for the Plan, Mr. Rodriguez seconded, approved by the Trustees 4-0.

Ms. Shah informed the Board that SBA would work with Sugarman & Susskind to document Ms. Master as an additional authorized signer.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD DECEMBER 2, 2021**

Ms. Shah informed the Board that the Cherry Bekaert auditor engagement letter is ready for signature.

Ms. Shah reported that class action proceeds will only show up on the report from Salem Trust if there are proceeds for that quarter. This was in response to a question from the Board at the September meeting. Chairman Mattingly asked for an annual report of settlement claims.

PLAN FINANCIALS

Mr. Rodriguez made a motion to receive and file the Interim Financials, Mr. Baker seconded, approved by the Trustees 4-0.

Mr. Rodriguez made a motion to ratify the Warrants dated December 2, 2021, seconded by Mr. Baker, approved by the Trustees 4-0.

Ms. Master made a motion to accept the Benefit Approvals dated December 2, 2021, seconded by Mr. Rodriguez, approved by the Trustees 4-0.

BOARD COMMENTS

There were no Board comments.

OTHER BUSINESS

Mr. Wan reported back to the Board regarding their question of which investment managers were following the AFL-CIO proxy voting guidelines. He reported that only one manager has agreed to follow the guidelines. Mr. Sugarman advised Mr. Wan to have the investment managers send a letter either stating that they are complying, or if they are not, that they are following other guidelines. He asked Mr. Wan to advise him if any amendments would be needed to any of the investment manager agreements.

Chairman Mattingly stated that an election of Chair and Secretary was needed at this meeting.

Ms. Master nominated Chairman Mattingly for Chair.

Mr. Baker nominated Ms. Master for Secretary.

The election was held and the nominations were approved by the Trustees 4-0.

PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD DECEMBER 2, 2021

ADJOURNMENT

There being no further business and the next Quarterly Meeting being scheduled for Thursday, March 3rd, Mr. Rodriguez made a motion to adjourn the Meeting at 1:05 PM, seconded by Ms. Master, and approved by the Trustees 4-0.



Secretary

3/3/22

Date