PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD JUNE 3, 2021

Chair Dwight Mattingly called the meeting to order at 8:46 AM at 50 S Military Trail, West Palm Beach, FL. The meeting was also held virtually at the following information: https://zoom.us/j/95032495442?pwd=ekUwSEM2REg4OVRWNE9jVXN2TlVYZz09,
Phone: +1(301) 715-8592, Meeting ID 950 3249 5442, Access Code: 962257.
Those persons present included:

TRUSTEES	OTHERS PRESENT
Dwight Mattingly, Chair	Robert Sugarman, Sugarman & Susskind
Marcos Rodriguez	Pedro Herrera, Sugarman & Susskind
Lisa Master	Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
Jeremy Baker	Frank Wan, Burgess Chambers & Associates
	Chad Little, Freiman Little Actuaries
	Mary Shah, Strategic Benefits Advisors
	Magdala St. Fleur, Palm Tran HR
	Johanna Zefra, Palm Tran Payroll
	Masimba Mutamba, Assistant Palm Beach County Attorney
	Brian Liffick, Cherry Bekaert
	Karen Russo, Salem Trust
	Michael Opre, SSI Investments
	James Kowal, SSI Investments
	Rachel Jensen, Robins Geller
	Darren Robbins, Robins Geller
	Andrea Francis, Palm Tran Employee

APPROVAL OF THE AGENDA

Mr. Rodriguez made a motion to approve the Agenda. The motion was seconded by Mr. Baker and approved by the Trustees 4-0.

PUBLIC COMMENT

There was no public comment.

APPROVAL OF THE MINUTES

Mr. Rodriguez made a motion to approve the Minutes for the Quarterly Meeting of March 24, 2021. Mr. Baker seconded the motion, and it was approved by the Trustees 4-0.

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

Mr. Wan presented to the Board the Investment Summary for the period ending March 31, 2021. He first presented a BCA market perspective on crypto currencies. These currencies are seeing a bit of volatility and are a speculative investment in nature. Any investment in digital currencies should be evaluated carefully.

For the quarter, the Fund experienced a market-based gain of $3.3 million or +2.4% (+2.3% net). The three best performing assets were: Fidelity Large Cap Value (+11.2%), Scout Mid Cap Core (+9.0%) and Fidelity Real Estate Index (+9.0%).

For the one-year period, the Fund was up $38.3 million, or +37.1% (+36.6% net), ahead of the strategic benchmark (+36.4%). These results ranked in the top 31st percentile. The three best performing assets were: Scout Mid Cap Core (+86.7%), SPDR Convertibles (+79.6%) and SSI Convertibles (+77.1%).

For the three and five-year periods, the Fund earned +11.3% (+10.9% net) and +11.0% (+10.4% net) per year, respectively.

The Vulcan large-cap value product underperformed the benchmark for the quarter (+7.3% vs. +11.3%), however outperformed for the one-year period (+67.8% vs. +56.1%). One-year results ranked in the top 32nd percentile.

The Scout mid-cap core product beat its benchmark for the quarter (+9.0% vs. +8.1%) and one-year period (+86.7% vs. +73.6%), ranking in the 61st and top 10th percentiles, respectively. Five-year results (+18.3% vs. +14.7%) ranked in the top 13th percentile.

The Cohen & Steers CIT product was behind the benchmark for the quarter (+2.9% vs. +4.3%) and one-year (+23.8% vs. +28.0%), but outperformed the benchmark for the three-year period (+9.1% vs. +8.8%).

Advent convertible bonds underperformed the benchmark for the quarter (+2.5% vs. +3.0%), while SSI achieved the benchmark (+3.0% vs.+3.0%). These results ranked in the top 46th and 42nd percentiles, respectively.

EuroPacific Growth was behind the benchmark for the quarter (-0.3% vs. +3.6%), but was well ahead for all periods with above average rankings.

Baring's private real estate was behind the benchmark for the quarter (+1.8% vs. +2.1%) and one-year period (+1.0% vs. +2.3%). The product averaged +6.2% per year for the last five years.

Garcia Hamilton's fixed income product achieved the benchmark for the quarter (-3.4% vs. -3.4%) and was ahead for the one-year period (+0.9% vs. +0.7%).

In January, the annual contribution in the amount of $6,268,796 was deposited. The contribution was allocated as follows: $1 million to the American Funds EuroPacific Growth Fund, $3 million to the Fidelity US Bonds Index, $ 1 million to GHA fixed income, and the remainder was left in cash to cover upcoming expenses and benefit payments.

In March, the Fund was rebalanced as follows: $2 million was raised from Fidelity Large Cap Growth and $1.5 million from SPDR convertibles. $500K of the proceeds were allocated to cash, $1.5 million to GHA fixed income and $1.5 million to the Cohen & Steers Global Infrastructure CIT.

On May 14th, the Fund was rebalanced to raise cash to cover upcoming expenses and fund a portion of the commitment made to the BNY Mellon CIT. $1 million raised from the Fidelity Large Cap Growth Index and $500K was raised from the Fidelity Large Cap Value Index. $1 million of the proceeds was allocated to the BNY Mellon CIT and the remaining $500K was left in cash to cover expenses and benefits.

On May 26th, $750K was raised from the Fidelity Large Cap Growth Index and $750K from the Fidelity Large Cap Value Index. $1 million of the proceeds was allocated to the BNY Mellon CIT and the remaining $500K was left in cash to cover expenses and benefits.

Chairman Mattingly asked what the difference is between the actuary's return and what historical investment returns produce. Mr. Wan responded to think of this as a timing difference. If you would capture historical returns a year ago, then the 10-year average return would be less than 8.0%. The current year return of 36.0% has a big impact in affecting the 10-year average return. Mr. Baker commented that you cannot make a 36% return forever. There is an expectation that there would be a negative offset.

Mr. Wan noted page 19 of the presentation that compares net cash flow to investment build-up. Mr. Wan further commented that interest rates go up as inflation goes up. As we look forward, we must make sure enough cash is raised. BCA is working with SBA and Salem Trust to make sure enough cash is raised for the quarter. Each quarter, approximately $2.1 million is need in cash to pay benefits and expenses. Because contributions are no longer being made quarterly, there are additional needs to raise cash.

Mr. Wan spoke briefly about the convertibles market. SSI had a return of 76% which was largely driven by Tesla performance. Tesla went up by 700% and had a 10% weight in the portfolio. Mr. Wan noted that 2021 continues to see a record number of new convertible issues.

Mr. Wan commented on Domestic Equities that continue to be strong as the U.S. opens up borders. The U.S. is ahead of other countries as far as opening up borders.

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

SSI CONVERTIBLES: JAMES KOWAL AND MICHAEL OPRE

Mr. Kowal started the presentation by noting that SSI last presented 18-months ago. What stood out is that Chairman Mattingly expressed concern to look at long-term protection of assets and to spread risk. Mr. Kowal pointed out that SSI convertibles protected the portfolio in March 2020 by 100 bps vs. the benchmark.

Mr. Kowal went through the presentation and summarized SSI's convertible investment strategy and the philosophy and team structure. He reviewed 2020 performance of 46% return where underlying equities were up 56%. He reviewed the downside protection in Q1 where only 69% of the downside was captured while 145% of the upside was captured for the remainder of the year. He also commented on the record number of new issuances. The overall market is the largest since 2008.

Mr. Kowal noted two major themes that drive outperformance: growth and cyclical recovery. Growth incorporates digitization of the economy, genomics and biotech M&A, 5G build out, and work from home technology.

The outlook for 2021 still remains favorable due to fiscal stimulus and centralized banks keeping interest rates low. SSI went over the performance of the plan's portfolio: 1-year return of 61.46% vs. benchmark of 60.79% and year-to-date return of 5.35% vs. 5.52%. The highest performers were in high growth and retail. The bottom performer was biotech industry and SSI sold out of this. Tesla was the biggest sell since there was a big issue that matured.

SSI closed the presentation with the make-up of the convertible investment strategy. A key measure for convertibles is Delta which measures equity sensitivity. Currently the portfolio has had a higher Delta level (meaning that performing more like equity) but these levels are coming down.

AUDITOR: CHERRY BEKAERT

Brian Liffick presented the year-end audit results as of December 31, 2020. There were no material weaknesses or non-compliance items found in the audit. He also reported there were no unauthorized transactions. Mr. Liffick said that they consider any estimates for fair value of assets not readily marketable and that they agreed with the net pension liability.

Mr. Liffick went through a summary of the plan's financials and showed the year over year trends. He presented a snapshot of the financials and noted the only differences in interim reporting were due to some receivables. He took a deeper dive into the plan's expenses. He noted there was an increase in legal expenses but this was due to some special policy work being done in 2020. The trustee conference and education expenses went down due to COVID and the investment expenses were spot on. There was an increase in employee contributions, however, Mr. Liffick noted that the average pay had remained the same. He did comment that there had been a substantial increase in headcount.

Mr. Little commented that the total valuation salary had increased by $1 million and this would equate to a $30,000 annual increase in employee contributions. The contribution increase made sense to him.

Mr. Rodriguez made a motion to adopt the auditor's report, seconded by Ms. Master, approved by the Trustees 4-0.

Mr. Sugarman advised the trustees to keep a copy of the audit report in their papers in case you are ever sued.

CUSTODIAN REPORT: SALEM TRUST

Karen Russo of Salem Trust presented an update on recent activities to the Board. Ms. Russo discussed a letter that was recently sent to the Board informing them of the closing of the Hollywood office. The closing of this office should not have any impact on operations as most operations have been moved to Tampa. Ms. Russo will continue to be the relationship manager for this plan.

Ms. Russo noted that Salem Trust would be attending the FPPTA Annual Conference and will have a booth.

Chairman Mattingly asked about securities monitoring and coordination with firms. Ms. Russo replied that they have online access and handle the processing of class actions. Chairman Mattingly asked about the reporting of settlements. Ms. Russo has provided an ad hoc report of settlement claims to SBA to present to the Board, but will prepare this report on a quarterly basis going forward.

Ms. Shah noted that the interim financials have a line item for settlements that would show the money being collected on a monthly basis.

ACTUARY REPORT: CHAD LITTLE

Mr. Little presented the actuarial valuation report. Mr. Little note the following items about the results:

- The contribution increased from $6.268 million to $6.39 million and the plan's funded status improved from 82.52% to 84.68%.
- Payroll increased from $31.395 million to $32.525 million, a 3.6% increase.

- Smoothed value of assets had a return of 16.41% for 2020.
- The assumed rate of return decreased from 7.5% to 7.25%. This assumption change was approved in March.
- The ratio of benefit payments to contributions is now over 1 which means there is a negative cash flow position. Asset returns must fund a portion of benefit payments which is normal for a mature plan.

Mr. Little made some comments responding to some recent press about pension plans being underfunded. He gave a mortgage example where someone owes 80% of the value of their home and are continuing to make their loan payments on time. No one is going to foreclose and take their house away if the loan is being repaid according to schedule. Pension plans have a similar concept. This plan is 84.68% funded and the employer is continuing to make its actuarially determined contributions on a timely basis.

Mr. Sugarman noted that an 80% to 90% funded pension plan is great. We all have our credit card debt and make timely payments. Question is not about the plan being underfunded but do you have money coming to cover obligations.

Mr. Little commented that there is not a set standard for funded percentage, but the rules are designed to get the plan 100% funded over time.

Ms. Jensen noted that, in Florida, the state will step in and take over the county's finances if the County cannot pay its obligations.

Mr. Rodriguez made a motion to adopt the valuation report and declare the expected rate of return of 7.25%, seconded by Mr. Baker, approved by the Trustees 4-0.

Mr. Little discussed the analysis of potentially adding a DROP to the plan. The net result would decrease overall contributions. If this gets approved through negotiations then Mr. Little will need to discuss amortization methods with the Board.

Ms. Shah noted that SBA will send a letter to the State declaring the 7.25% return.

Mr. Little presented a Policy for Changing Payment Option Elections. A change in form of payment (J&S option to another option) would only be permitted if the spouse is still alive. The idea is to prevent selection against the plan. This draft policy has been reviewed by Mr. Jensen's office.

Mr. Little has requested the following confirmation from the Board:

- Allow changes in Form of Benefit except if elected a single life annuity (SLA)
- Spousal consent must be obtained to allow change in election
- For the 10-year certain and continuous option, treat like a life annuity if past the 10-year mark

Chairman Mattingly asked about the 2nd bullet. He understands that if a spouse is deceased we treat the payment to the surviving member like an SLA and you cannot change election. What if the spouse is terminal?

Mr. Little replied that the participant would be allowed to change her or his election in this case. You only need to prove the spouse is alive. We currently don't have a mechanism to prove in good health. Mr. Little also noted that the ability to change the form of payment is already in the plan. This policy is to clarify the administrative procedures.

Mr. Sugarman noted that the genesis of this provision is that a Florida statute requires that a J&S option assume that the survivor annuitant beneficiary is regarded as dead if the participant gets divorced.

Mr. Rodriguez made a motion to adopt this clarification in administrative rules, seconded by Ms. Master, approved by the Trustees 4-0.

Chairman Mattingly noted that we want to either clarify rules upfront or come to the Board for guidance on exceptions or particular issues.

Mr. Little noted that additional optional forms of payment, such as a pop-up J&S option, would be a negotiating item since it is not currently offered by the plan.

ATTORNEY REPORT: BONNI JENSEN AND ROBERT SUGARMAN

Plan Attorney Bonni Jensen presented two items to the Board. The first was a reminder that Form 1 is due July 1 and should be filed with the County in which the trustee resides. Ms. Master said that her County accepted the Form 1 filing by email. Ms. Jensen recommended that the plan administrator be sent a copy of the receipt of the filing.

The second item was a letter from Ms. Jensen's firm confirming registration with the Federal E-verify program. This system will be used to verify the work authorization status of anyone hired after January 1, 2021.

The disability application for Andrea Francis was presented to the Board. This is an application for a member who left service and there are two problems:

1. The applicant became disabled after employment with Palm Tran and
2. The applicant is only entitled to receive one benefit from the plan and the member already chose and received a refund of contributions.

After review of the application, plan's Attorneys do not believe Ms. Francis would be eligible for disability.

Ms. Francis spoke and said that nowhere in the plan does is say you have to become disabled during your employment. Section 4.13 of the plan describes a participant who becomes totally disabled.

The Attorneys will develop an order so that the participant can appeal to meet with the Board with a formal hearing.

Mr. Rodriguez made a motion to deny the disability and the appeal will apply from the time of the signed order, seconded by Ms. Master, approved by the Trustees 4-0.

Chairman Mattingly requested that if there is a disability in the future that this item be put at the beginning of the agenda. SBA is to notify the participant that their disability application will be discussed at the beginning of the meeting.

ADMINISTRATOR REPORT: MARY SHAH

Ms. Shah presented retirements in progress to the Board. There were no questions.

Ms. Shah mentioned that evaluation forms will be sent to the Trustees to evaluate the Auditor and the Attorneys. Ms. Master commented that there was a question on the evaluation form about market competitiveness and she didn't think she had enough information to determine this aspect.

Chairman Mattingly asked besides fees, what is evaluated. Mr. Sugarman responded that an approach may to be to ask if the trustees are currently satisfied with the service provider. The Board could ask that some other providers be asked to provide estimate of what they would charge based on some basic information about the plan.

Chairman Mattingly likes the evaluation form because some people are uncomfortable with giving feedback in a meeting.

Ms. Master pointed out that cost and how the current provider compares to others are harder things for her to evaluate since she is relatively new to the Board.

Another suggestion was to add the following question: "Is there something you would like to see from the service provider?"

Next step is for Ms. Shah to send everyone a copy of the evaluation form and they will submit suggested modifications.

The next topic discussed was the 2018 IRS reporting issue. Ms. Shah reported that approximately 63 participants had reported being notified by the IRS of a problem with their 2018 taxes. Ms. Shah explained that SBA sends the participant a letter explaining the IRS reporting mistake by Pension Resource Center (PRC). With that letter, SBA also attaches a copy of the corrected 1099R from PRC showing $0 paid for 2018. Ms. Shah explained that we don't know how many of these cases have actually been resolved. SBA knows of one case that is going to court.

Ms. Jensen reported that she is in the process of reaching out to a local government representative to see if they can help with this situation. Ms. Jensen will report back to the Board on any progress.

The Board gave Ms. Shah permission to work with participants in getting documentation of costs incurred dealing with the IRS in settling this matter so that they can be reimbursed.

PLAN FINANCIALS

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

Mr. Rodriguez made a motion to ratify the Warrants dated June 3, 2021, seconded by Ms. Master, and approved by the Trustees 4-0.

Ms. Master made a motion to accept the Benefit Approvals dated June 3, 2021, Mr. Rodriguez seconded the motion, approved by the Trustees 4-0.

Chairman Mattingly asked if any other Boards sent sympathy cards after notification of death. Ms. Jensen reported that some Boards do.

Ms. Shah is to send notification to Palm Tran of deaths of retirees.

SECURITIES LITIGATION: ROBINS GELLER

Rachel Jensen and Darren Robins from Robins Geller gave an update to the Board on the Grupo Televisa Case. Ms. Jensen reminded the Board of the actions that have happened and spoke about the recent developments by the Court. Ms. Jensen has led the litigation team for the past 3 years in the Grupo Televisa case. She wants to be careful not to share any litigation strategy in this summary. The litigation strategy would be appropriate to be discussed in a Shade (closed) meeting.

The issue is about FIFA selection of venue for 2018 World Cup. The case was originally led by another pension fund. Robins Geller defeated the defendant's motion to dismiss the case. The defendant's legal team figured the best defense would be an offensive approach and challenged the Canadian pension fund that was lead plaintiff since they were also short in this stock. In June 2020, the court ruled that the Canadian pension fund was not appropriate as a lead plaintiff.

On June 22, 2020, Robins Geller made a motion for Palm Tran ATU 1577 Pension Plan to be lead plaintiff and Robins Geller would be lead counsel.

The defense attorney made a motion that Palm Tran shouldn't be lead plaintiff. Robins Geller was able to demonstrate that proper steps were taken in securing Palm Tran plan as lead plaintiff. On May 19, 2021, the motion was denied to remove Palm Tran plan as lead plaintiff, however, Robins Geller could not proceed as lead counsel since they did not disclose the hedge fund investment of the Canadian pension fund.

The defense counsel's strategy was to get rid of Robins Geller as lead counsel. Robins Geller doesn't agree with the court's decision and recommends moving forward with an appeal of the order removing RG as lead counsel. There will be no additional cost to the plan.

Chairman Mattingly clarified to other Board members that Robins Geller needs Board approval to move forward with appeal and request a stay while court is deciding the appeal.

Ms. Master made a motion to accept the Security Litigation Counsel's recommendation to request a stay for 30 days and appeal the May 19, 2021 court decision, Mr. Rodriguez seconded the motion, approved by the Trustees 4-0.

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BOARD COMMENTS

There were no comments from the Board.

ADJOURNMENT

There being no further business and the next Quarterly Meeting being scheduled for Thursday, September 2nd, **Mr. Baker made a motion to adjourn the Meeting at 12:58 PM, seconded by Ms. Master, and approved by the Trustees 4-0.**

Secretary

12/2/2021
Date