

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD MARCH 3, 2022**

Chair Dwight Mattingly called the meeting to order at 8:33 AM at 100 N Congress Avenue, Delray Beach, FL. The meeting was available by communications media technology (CMT) using the following information:

<https://us06web.zoom.us/j/81708009482?pwd=S002WE41amlrVi94M1dmL1R3T2REQT09>,

Phone: +1(312) 626-6799, Meeting ID 817 0800 9482, Passcode 567210.

Those persons present included:

TRUSTEES

Dwight Mattingly, Chair
Marcos Rodriguez
Lisa Master
Jeremy Baker

OTHERS PRESENT

Robert Sugarman, Sugarman Susskind Braswell & Herrera
Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
Frank Wan, Burgess Chambers & Associates
Chad Little, Freiman Little Actuaries, via CMT
Paula Freiman, Freiman Little Actuaries, via CMT
Stephanie Atli, Strategic Benefits Advisors
Terrie James, Palm Tran HR
Susy Iglesias, Palm Tran HR
Masimba Mutamba, Assistant Palm Beach County Attorney, via CMT
Matthew Stuart, Scout Investments
Bob Tarcza, Tarcza & Associates, via CMT
Charles Sterrantino, Retiree
David Mathew, Retiree

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 4-0.

APPROVAL OF THE MINUTES

Ms. Master noted that Jeremy Baker's name appeared as Jeremy 'Davis' in the Minutes for the Quarterly Meeting of December 2, 2021, and requested that that be corrected. Ms. Master made a motion to approve the Minutes with that correction. Mr. Baker seconded the motion, and it was approved by the Trustees 4-0.

PUBLIC COMMENT

Plan retiree Charles Sterrantino appeared before the Board to request to change his elected form of payment from a Life Only Annuity to a 100% Joint & Survivor Annuity. He stated that he made a mistake electing the Life Only Annuity and that the right option to protect his family was the 100% Joint & Survivor Annuity. He also stated that he is in good health and has documentation from his personal doctor that he has not been diagnosed with anything terminal, and he provided a folder of medical records to the Chairman.

Ms. Jensen informed the Board that the Plan Document does not allow plan participants to change their optional form of payment once they have begun to receive benefit payments. Since Mr. Sterrantino requested this change on 8/12/21 after receiving his first benefit payment on 8/1/21, he is not permitted to make the change.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD MARCH 3, 2022**

The Board discussed with Counsel and the Actuary potential options for permitting the change but ultimately decided to follow the Plan Document and deny Mr. Sterrantino's request.

Upon the recommendation of Counsel, Ms. Master made a motion to deny Mr. Sterrantino's request to change his optional form of payment from a Life Only Annuity to a 100% Joint & Survivor Annuity. Mr. Baker seconded the motion, and it was approved by the Trustees 4-0.

Mr. Mattingly asked Ms. Jensen to send a denial letter to Mr. Sterrantino. Mr. Sterrantino will have the option to request a formal appeal hearing where both parties could have attorneys present.

Plan retiree David Mathew appeared before the Board to attest to not being able to locate his spouse. He completed an Affidavit of Diligent Search and Inquiry and submitted it to the Plan on January 5, 2022. Ms. Jensen informed the Board that the Participant must establish to the satisfaction of the Board that the consent of the Spouse cannot be obtained because they cannot be located or because of extenuating circumstances, as provided by IRS regulations. Mr. Mathew informed the Board that his Spouse left the country in 2018 and never returned. The last time they spoke was in 2019. In addition to the numerous attempts to locate her documented in the affidavit, he tried calling her in 2021 and her phone number was no longer in service.

Ms. Master made a motion to accept Mr. Mathew's Affidavit of Diligent Search and Inquiry and allow him to elect the Life Only Annuity optional form of payment without spousal consent. Mr. Rodriguez seconded the motion, and it was approved by the Trustees 4-0.

UPDATE ON 2018 IRS ISSUE: BOB TARCZA (TARCZA & ASSOCIATES)

Attorney Bob Tarcza (retained by the Board to assist plan participants affected by the 2018 IRS double-reporting issue) informed the Board that the statute of limitations on the IRS assessing tax for 2018 is coming up on April 15, 2022, so he does not expect any new cases to come up after that. He reported that there are about ten plan participants currently receiving collections notices from the IRS. Eight cases have already been sent to the Taxpayer Advocate Service at the IRS which is an independent organization within the IRS that helps taxpayers whose problems are causing financial difficulty or who have tried to resolve their issue through normal IRS channels and have been unsuccessful. The IRS provided confirmation yesterday that one person's case has been resolved. Mr. Tarcza informed the Board that the participants facing the most ominous threats from the IRS are those who have let IRS deadlines pass and have not responded to the IRS or not done so in a timely manner.

Chairman Mattingly asked how Mr. Tarcza's office was communicating with plan participants. Mr. Tarcza informed the Board that he has had several long phone calls with plan participants and that often times participants are eager for an update and there is just no new information available. It will likely take months for these issues to be resolved and the IRS is unlikely to provide any updates in the meantime.

Mr. Tarcza's office is working to stop IRS proceedings that are currently in progress and to reverse any amounts plan participants have paid to the IRS in error.

SCOUT MID CAP EQUITY: MATTHEW STUART

Matthew Stuart presented to the Board on behalf of Scout Mid Cap Equity. In response to the Board's inquiry about which proxy voting guidelines Scout follows, Mr. Stuart informed the Board that Scout does not currently follow the AFL-CIO Proxy Voting Guidelines and that Scout would require an amendment to

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD MARCH 3, 2022**

the Investment Management Agreement (the "IMA") in order to do that. Chairman Mattingly asked Counsel to draft this amendment to the IMA.

Mr. Stuart reported that Scout currently has \$7.6 billion in assets under management and that Scout does not perform well in a choppy/volatile market. Mr. Stuart noted that Scout went heavy into airlines and energy last fall and that both of those sectors took a dive with the rise of the omicron variant of COVID-19. Mr. Stuart reported that Scout is off to a good start in the 1st quarter of 2022.

Chairman Mattingly asked about trading costs. Mr. Stuart and Mr. Wan reported that they had done a trade cost analysis and determined that despite the high trading costs the result is a net positive.

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

Mr. Wan presented to the Board the Investment Summary for the period ending December 31, 2021. After moving \$2.5 million out of Garcia Hamilton (GHA) in late December, BCA is not recommending any further action against GHA at this time. GHA had a strong 4th quarter finishing in the top 12th percentile. Chairman Mattingly noted that the Pension Fund lost money on bonds when bonds are supposed to insulate the portfolio against losses. Mr. Wan explained that everyone lost money on bonds and that stocks are under pressure as well. Mr. Wan still recommends bonds for downside protection. Mr. Wan reported that the Pension Fund finished at +12.6% (+12.2% net) for 2021. Chairman Mattingly asked if the Pension Fund could potentially divest in Russia. Mr. Wan responded that the Pension Fund's exposure to Russia is primarily through American Funds EuroPacific Growth fund and that the decision to divest would be up to American Funds.

CUSTODIAN REPORT: KAREN RUSSO (SALEM TRUST COMPANY)

Ms. Russo reported to the Board on the class action proceeds paid to the Plan in the 4th Quarter (\$3k) and in all of 2021 (\$4,406.62). Chairman Mattingly asked what the cost of participation was to the Plan. Ms. Russo responded that Salem Trust does not charge the Plan for this service nor does it receive any portion of class action proceeds; Chicago Clearing works on a contingency basis and takes 12% of class action proceeds. Chairman Mattingly asked if the Plan was missing out on any class action settlements. Counsel advised that there is a published list of pending class actions and that all of the securities monitoring firms likely access that same list.

Ms. Russo informed the Board that Chicago Clearing sought out class counsel to represent the stockholders they monitor in the Pacific Gas & Electric bankruptcy proceeding. This firm would take 15% of any payment received in the bankruptcy proceeding. Chicago Clearing would take 12%. Counsel informed the Board that the Board could go in with the other class members and be represented by the firm selected by Chicago Clearing, retain its own counsel for the bankruptcy proceeding, or it could choose not to participate.

Upon approval of Counsel, Mr. Baker made a motion to authorize the Chairman to sign the engagement letter with the firm selected by Chicago Clearing (Rolnick Kramer Sadighi LLP) in the bankruptcy case against Pacific Gas & Electric. Ms. Master seconded the motion, and it was approved by the Trustees 4-0.

Ms. Russo also informed the Board of a new free service that will be offered by Salem Trust which would allow retirees to view pension payment information online and potentially update their banking and address information. Once retirees login to the retiree portal they would no longer receive a paper receipt of deposit each month. Mr. Rodriguez asked if retirees could opt back into receiving paper statements if they wanted to do so. Ms. Russo responded that she would have to research that and get

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD MARCH 3, 2022**

back to the Board. The Board discussed the potential of additional cyber security risks that may come with expanded online access and requested that Ms. Russo provide more information about this new service to the Board via email.

ACTUARY REPORT: CHAD LITTLE AND PAULA FRIEMAN

Ms. Freiman reviewed the current format of the statement of pension benefits that is provided to active employees each year. Ms. Freiman informed the Board that the format of the statements has been the same for many years but that given a recent situation regarding someone inadvertently retiring before meeting Rule of 85, the Board may want to make changes to the statement to provide additional clarification around the 'unreduced' retirement dates listed at the top of the statement.

The Board discussed options for clarifications. There was consensus to continue calculating the dates in the same way but to add a disclaimer statement underneath that would state that the dates were estimates and that no one should terminate before verifying their eligibility for benefits. The Board also requested that the heading of the statement be changed from 'Statement of Plan Benefits' to 'Estimated Benefits'. Ms. Freiman reported that she would make the requested changes and email the Board a mock-up of the revised statement.

Ms. Freiman requested that the Board decide the Assumed Rate of Return (ARR) that should be used for the 1/1/2022 Valuation Report which determines the annual required minimum contribution. Mr. Wan recommended not to deviate too far from the ARR being used by the Florida Retirement System. Ms. Jensen indicated that most of her clients were going down to 7.0% and that most of the actuaries were recommending even lower than that.

Based on the recommendations of the Actuary and the Investment Consultant, Ms. Master made a motion to lower the Assumed Rate of Return for the 1/1/2022 Valuation Report from 7.25% to 7.0%. Mr. Baker seconded the motion, and it was approved by the Trustees 4-0.

Chairman Mattingly asked Ms. Freiman about the cost of allowing plan participants to buy into a higher multiplier. Ms. Freiman informed the Board that it would be possible to calculate the cost and that the cost would depend on the options the Board wanted to give participants. Mr. Sugarman recommended that the Board consider its objectives since there are many options for allowing plan participants to buy service or a higher multiplier.

ATTORNEY REPORT: BONNI JENSEN AND ROBERT SUGARMAN

Ms. Jensen presented the draft Summary Plan Description (SPD) for 2022.

Mr. Baker made a motion to accept the SPD as drafted. Mr. Rodriguez seconded the motion, and it was approved by the Trustees 4-0.

Chairman Mattingly asked when the SPD would be disseminated. Ms. Atli informed the Board that the SPD would be disseminated before the next Board meeting on 6/2/2022.

The Board discussed who the authorized signers were for the Plan. At the 12/2/2021 Board meeting, the Board voted to make Ms. Master an authorized signer in addition to Chairman Mattingly. Ms. Jensen recommended that all of the Trustees be authorized signers so that if an emergency comes up

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD MARCH 3, 2022**

there will not be a problem getting a signature. Ms. Jensen agreed to draft an authorized signers list that includes all of the Trustees and can be disseminated to all of the investment managers.

Mr. Sugarman provided an update on securities litigation. The Grupo Televisa case is currently in the discovery phase and the Defendant will depose our Board's Chairman.

ADMINISTRATOR REPORT: STEPHANIE ATLI

Ms. Atli presented the report on retirements in progress with SBA.

Ms. Atli presented the proposed repayment schedule for Max Masse. Mr. Masse was double paid in July 2021 due to a data entry error by Salem Trust. The error was discovered during SBA's annual internal audit of pension payments and was reported to Mr. Masse on January 31, 2022. Mr. Masse requested to repay the overpayment in the amount of \$1,224.10 over the course of six months.

Mr. Baker made a motion to approve the 6-month repayment schedule for Mr. Masse's overpayment. Ms. Master seconded the motion, and it was approved by the Trustees 4-0.

Ms. Atli informed the Board that SBA is suspending benefits for two participants who have had several pieces of mail returned due to a bad address. As soon as the participants reach out to SBA to update their contact information their payment will be reinstated and paid retroactively.

Ms. Atli reported that the annual audit is underway and that the Actuary plans to be able to provide the 1/1/2022 Valuation Report to the Board two weeks ahead of the June meeting for the purpose of County budgeting.

PLAN FINANCIALS

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

Ms. Master made a motion to ratify the Warrants dated March 3, 2022, seconded by Mr. Rodriguez, approved by the Trustees 4-0.

Mr. Rodriguez made a motion to accept the Benefit Approvals dated March 3, 2022, seconded by Ms. Master, approved by the Trustees 4-0.

BOARD COMMENTS

Chairman Mattingly asked Ms. Atli if Palm Tran provides SBA a list of terminations and, if so, what SBA does with that list. Ms. Atli informed the Board that SBA does receive a list of terminations from Palm Tran each month. Non-vested terminated participants are sent a letter letting them know that they have contributions in the Plan and that the contributions are not earning interest. If the balance is less than \$1,000 and the participant does not respond with distribution instructions within 30 days of the date of the letter, the Plan forces payment by sending a check to the address on file. Vested terminated participants are provided a calculation of their terminated vested benefit.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD MARCH 3, 2022**

Chairman Mattingly asked about the need for updated pension beneficiary designations for active employees. Human Resources representative Ms. James informed the Board that all new hires complete a beneficiary designation form specific to the pension plan and that HR can encourage employees to update their beneficiary designations during annual open enrollment. Ms. Atli informed the Board that if there is no beneficiary designation on file the Plan Document dictates who to pay and in what order (spouse, parents, children, siblings, estate).

The issue of domestic partners was raised since the Plan Document does not address domestic partners. Chairman Mattingly asked Mr. Sugarman how an amendment to the Plan would read to allow for domestic partners to receive the Pre-retirement Joint and Survivor Annuity. Mr. Sugarman stated that he would research the issue and report back to the Board.

Chairman Mattingly stated that he was proud to announce that all of the Plan's Trustees are currently Certified Public Pension Trustees.

OTHER BUSINESS


There was no Other Business.

ADJOURNMENT

There being no further business and the next Quarterly Meeting being scheduled for Thursday, June 2nd, **Mr. Baker made a motion to adjourn the Meeting at 1:45 PM, seconded by Ms. Master, and approved by the Trustees 4-0.**



Secretary



Date