

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD DECEMBER 1, 2022**

Chairman Dwight Mattingly called the meeting to order at 8:30 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/81144492820?pwd=UHBwM0VjOEhqSWFOR241UEZlZFYUT09>

Phone: (309) 205-3325, Meeting ID: 811 4449 2820, Passcode: 796116

Those persons present included:

TRUSTEES

Dwight Mattingly, Chair

Lisa Master

Marcos Rodriguez

OTHERS PRESENT

Ken Harrison, Sugarman Susskind Braswell & Herrera via CMT

Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

Lindsey Garber, Klausner, Kaufman, Jensen & Levinson

Frank Wan, Burgess Chambers & Associates

Chad Little, Freiman Little Actuaries, via CMT

Stephanie Atli, Strategic Benefits Advisors

Susy Iglesias, Palm Tran HR

Terrie James, Palm Tran HR

Betty Garrett, Palm Tran HR

Masimba Mutamba, Assistant Palm Beach County Attorney, via CMT

Brian Casey, Cohen & Steers

Evan Serton, Cohen & Steers

Chairman Mattingly noted that a vacancy remains for the County's representative to the Board of Trustees.

APPROVAL OF THE AGENDA

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

APPROVAL OF THE MINUTES

Mr. Rodriguez made a motion to approve the Minutes from the Quarterly Meeting of September 1, 2022, which were reviewed in advance by Counsel. Ms. Master seconded the motion, and it was approved by the Trustees 3-0.

PUBLIC COMMENT

There were no Public Comments.

INVESTMENT MANAGER: BRIAN CASEY AND EVAN SERTON (COHEN & STEERS)

Mr. Casey informed the Board that Cohen & Steers manages a portfolio of global listed infrastructure seeking out companies that are owners and operators of essential assets—utilities, toll roads, and airports, etc.

Mr. Serton reported that Cohen & Steers has performed well in this inflationary environment while stocks and bonds have both struggled. Cohen & Steers' investments are intended to have stable earnings and cashflows and less volatility than stocks and bonds. While global infrastructure was down (-12.7%) in the third quarter, stocks and bonds were down even more.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD DECEMBER 1, 2022**

Chairman Mattingly asked what Cohen & Steers' response has been to many pension plans emphasizing the importance of ESG (environmental, social, and global) considerations when selecting investments. Mr. Serton explained that ESG considerations are already incorporated into Cohen & Steers' selection process and allow them to pick the assets that will yield the best returns.

Mr. Casey pointed out that while Cohen & Steers' portfolio was down (-12.7%) in the third quarter, the portfolio was already back up (+7%) in November.

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

Mr. Wan informed the Board that while global infrastructure has done well for the Pension Plan's portfolio in this period of inflation, once the market stabilizes BCA will likely begin moving assets from this more stable asset class into more traditional assets (stocks and bonds).

Mr. Wan also responded to a question Chairman Mattingly had at the previous Board meeting when he inquired as to how the Pension Plan's performance compared to other public pension plans' performance over the long-term. Mr. Wan reported that the Pension Plan's recent relatively low performance was due to it not owning a lot of private equity or private real estate and the private real estate it did own not performing well. He also emphasized that the Pension Plan's performance relative to its peers changes rapidly.

Mr. Wan also reported on Vulcan's performance. He informed the Board that the Pension Fund is down more than (-16%) this year and that it is primarily due to Vulcan. Vulcan has trailed the benchmark over the three-year and five-year rolling periods and has now trailed its peers for four consecutive quarters. The Pension Plan has slowly been divesting from Vulcan however more needs to be done to curtail the negative impact Vulcan is having on the Pension Plan's portfolio. Therefore, BCA will potentially be recommending a replacement for Vulcan at the next Board meeting.

Mr. Wan also informed the Board that the bond market could become increasingly attractive over the next ten years. He explained that bonds are generally more attractive in terms of stability and less attractive in terms of returns; however, if bond returns are at 6% and the Assumed Rate of Return of the Pension Plan is at 7%, bonds could provide the returns the Pension Plan needs without the volatility it typically experiences with stocks.

Mr. Wan also made a recommendation to move \$4 million out of Barings Core Property Fund since Barings' performance is down and will not likely rebound anytime soon. Once the \$4 million becomes available, BCA will decide where to divert those funds.

Ms. Master made a motion to follow the recommendation of the Investment Consultant and redeem \$4 million in shares of Barings Core Property Fund. Mr. Rodriguez seconded the motion, and it was approved by the Trustees 3-0.

ACTUARY REPORT: CHAD LITTLE (FREIMAN LITTLE ACTUARIES)

Mr. Little requested that the Board review the service history for active employee John Zanca who is nearing retirement age. Generally, the Plan Administrator provides pay and hours history to the actuary in order for the actuary to calculate benefits; however, sometimes there are gaps in the pay or hours history, and additional research is required. One source of additional data is a database that Mr. Little has assembled through his many years with the Pension Plan; this data has come from the plan administrators over the years and the prior actuarial firms. This additional database has some hours/pay for the gaps in the above-mentioned employee's pay history. Mr. Little asked the Board if he should rely on this data from his database or if the Board would like Palm Tran to search their historical payroll records. The years in question are 1999 through 2002.

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD DECEMBER 1, 2022**

Ms. Garrett from Palm Tran HR informed the Board that Palm Tran could access records for 2000 through 2002 in their HRIS but would have to search paper files for 1999. There was consensus among the Board to have Palm Tran provide the data for 2000 through 2002 and to rely on the data from Mr. Little's database for 1999 as necessary.

ATTORNEY REPORT: BONNI JENSEN AND KEN HARRISON

As a follow-up to the Board's request at the September meeting, Ms. Jensen presented a draft policy regarding actuarial experience studies and actuarial funding. Mr. Little reviewed the draft policy in advance of the meeting. Ms. Jensen explained that the policy documents all of the things that Mr. Little will consider when doing a valuation. It sets forth guidelines for actuarial cost methods, asset smoothings, amortization policy, contribution timing, etc. Chairman Mattingly asked what the Plan currently uses. Ms. Jensen explained that the Plan has followed what it has done historically. Chairman Mattingly asked if the Plan already does everything stated in the policy and Mr. Little stated that it does. Chairman Mattingly asked about the enterprise risk management process in Section F. Ms. Jensen stated that this is done in practice but has never been documented and that this section could be removed. Chairman Mattingly requested that Ms. Jensen provide a revised draft to the Plan Administrator so that the Plan Administrator can disseminate it to the Trustees a few weeks ahead of the March meeting.

Ms. Jensen presented a memo regarding IRS changes to the Required Minimum Distribution (RMD) rules. The IRS issued a notice regarding the expected final regulations on the revised RMDs. The guidelines raised the age for which retirees are required to start minimum distributions from age 70½ to 72, clarified the definition of "eligible designated beneficiaries," further defined the meaning of "disability" and "chronically ill," and clarified the timing of distributing RMDs.

Ms. Jensen also presented a memo regarding SEC Proxy Voting Disclosure Rules and a recommendation regarding the Plan's proxy voting policy. There is proposed legislation in Delaware that would insulate corporate officers from personal responsibility for up to reckless conduct. Ms. Jensen recommended that the Board direct her firm to send letters to the Pension Plan's investment managers recommending that they vote against this proposal.

Ms. Master made a motion to direct Counsel to send a letter to the Pension Plan's investment managers recommending that they vote against amending company charters to insulate corporate officers from personal responsibility for up to reckless conduct. The letter should also request a response from the investment managers. Mr. Rodriguez seconded the motion, and it was approved by the Trustees 3-0.

Ms. Jensen also addressed a question from the Chairman regarding the 33 years of service provision for Tier 4 plan participants being removed from the SPD in 2022. Ms. Jensen clarified that the provision was removed from the SPD in 2022 because it was in there in error because there is no such provision in the plan.

Ms. Jensen also reported that the scheduling of the hearing for Charles Sterrantino's appeal is still in progress.

ADMINISTRATOR REPORT: STEPHANIE ATLI

Ms. Atli provided the responses to the Auditor RFP to the Board for their review. There were three responses and the Board is also able to consider the proposed engagement letter from the Plan's current auditor Cherry Bekaert (CB).

PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD DECEMBER 1, 2022

Mr. Rodriguez made a motion to engage with BJM. The motion failed.

Ms. Master made a motion to engage with Mauldin & Jenkins. Mr. Rodriguez seconded the motion, and it was approved by the Trustees 3-0.

Chairman Mattingly requested that Mr. Harrison draft an engagement letter to send to Mauldin & Jenkins. Chairman Mattingly also requested that Ms. Atli keep the Trustees informed of the status of the engagement with Mauldin & Jenkins.

Ms. Master made a motion to authorize the Chairman to sign the engagement letter with Mauldin & Jenkins between meetings and have that action ratified by the Board at their next meeting. Mr. Rodriguez seconded the motion, and it was approved by the Trustees 3-0.

Mr. Rodriguez made a motion to renew the FPPTA membership, Ms. Master seconded, approved by the Trustees 3-0.

Ms. Master made a motion to renew the IFEBP membership, Mr. Rodriguez seconded, approved by the Trustees 3-0.

Ms. Atli noted that the NCPERS membership was renewed at the September meeting.

Ms. Atli provided vendor evaluations to the Trustees. The attorneys will be evaluated and the results will be shared at the March meeting. Chairman Mattingly requested that the form be made fillable and emailed to the Trustees.

PLAN FINANCIALS

Ms. Master made a motion to receive and file the Interim Financials, Mr. Rodriguez seconded, approved by the Trustees 3-0.

Ms. Master made a motion to ratify the Warrants dated December 1, 2022, seconded by Mr. Rodriguez, approved by the Trustees 3-0.

Mr. Rodriguez made a motion to accept the Benefit Approvals dated December 1, 2022, seconded by Ms. Master, approved by the Trustees 3-0.

BOARD COMMENTS

Chairman Mattingly informed the Board that he received news that a settlement was reached in the Grupo Televisa securities litigation case.


OTHER BUSINESS


There was no Other Business.

ADJOURNMENT

There being no further business and the next Quarterly Meeting being scheduled for Thursday, March 2nd, Ms. Master made a motion to adjourn the Meeting at 12:16 PM, seconded by Mr. Rodriguez, and approved by the Trustees 3-0.

PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD DECEMBER 1, 2022


Secretary


Date