

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

Chairman Dwight Mattingly called the meeting to order at 9:00 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/89592412093?pwd=bWorMGZDeXVuejdCVHUrS2ZHNEoyZz09>,
Phone: (312)626-6799, Meeting ID 895 9241 2093, Passcode 442890.

Those persons present included:

TRUSTEES

Dwight Mattingly, Chair
Marcos Rodriguez
Jeremy Baker

OTHERS PRESENT

Ken Harrison, Sugarman Susskind Braswell & Herrera via CMT
Bonni Jensen, 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
Masimba Mutamba, Assistant Palm Beach County Attorney, via CMT
James Kelley, Vulcan Value Partners
Mac Dunbar, Vulcan Value Partners
Laura Stein, Robbins Geller
James Jaconette, Robbins Geller

APPROVAL OF THE AGENDA

Mr. Baker 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 June 2, 2022, which were reviewed in advance by Counsel. Mr. Baker seconded the motion, and it was approved by the Trustees 3-0.

PUBLIC COMMENT

There were no Public Comments.

INVESTMENT MANAGER: JAMES KELLEY AND MAC DUNBAR (VULCAN VALUE PARTNERS)

James Kelley and Mac Dunbar presented to the Board on behalf of Vulcan Value Partners. Vulcan currently holds 3.9% of the Pension Fund's total portfolio. Vulcan finished strong in 2021 but had a difficult start to 2022. They have a very concentrated portfolio of only 22 stocks and the bottom three performers detracted significantly in 2022. Vulcan has since sold off those three bottom performers and is optimistic about the portfolio's returns going forward. Their strategy continues to be to invest in high quality business that are being sold at a significant discount.

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

Mr. Wan explained that the Board needs to give Vulcan time to bounce back from this poor performance since Vulcan has generally performed well over the long-term.

Mr. Wan presented the quarterly investment report and informed the Board that the Pension Fund's portfolio is down 11% overall but that there is healthy diversification right now. The move into TA Realty was rewarded as TA Realty has outperformed Barings by 4% year-to-date. The Pension Fund is currently overweight to real estate so will not be investing anymore in TA Realty at this point in time but may try to add to TA Realty in the future.

Chairman Mattingly and Mr. Baker asked Mr. Wan how the Pension Fund's performance over the long-term compares with other pension funds. If many funds are performing better than the Pension Fund, the Board would like to look closer at those funds' investment strategies. Mr. Wan agreed to research this and update the Board at the next meeting. Mr. Wan will also research Vulcan's performance over the long-term.

Mr. Wan presented an overview of the market citing that treasuries lost, consumer debt shot up, inventories went up, and consumer spending went down. He also pointed out that Vulcan was already rebounding as of July/August.

Mr. Wan also provided a sample snapshot of the Pension Fund as requested by the Board at the June meeting. This snapshot highlights the economic impact of the Pension Fund as well as the growth the Pension Fund has sustained over the last ten years.

ACTUARY REPORT: CHAD LITTLE (FREIMAN LITTLE ACTUARIES)

Mr. Little informed the Board that he did not need to wait on the final Collective Bargaining Agreement to perform an experience study. The last experience study that was done was for the period ending 12/31/2017. The cost would be the same as the cost of the valuation (\$16,000). Mr. Little recommends studying the five-year period ending 12/31/2022 and performing the experience study after the 1/1/2023 valuation report. Chairman Mattingly asked if the Pension Plan has a policy for how often an experience study needs to be done. Mr. Harrison and Ms. Jensen agreed that the Pension Plan has no such policy.

Mr. Rodriguez made a motion for the Plan's actuary to do an experience study that includes 1/1/2018 through 12/31/2022 and to do the experience study after the 1/1/2023 valuation. Mr. Baker seconded the motion, and it was approved by the Trustees 3-0.

Mr. Baker made a motion for the Plan's attorneys to make a recommendation on whether the Pension Plan should adopt a policy to do an experience study every five years and where to codify the policy if one is recommended. Mr. Rodriguez seconded the motion, and it was approved by the Trustees 3-0.

Mr. Little also recommended that the Board consider continuing to lower the Assumed Rate of Return down to 6%. FRS is currently at 6.8% and the Pension Plan is currently using 6.5% for the GASB 68 Supplement. Mr. Little recommends the Pension Plan go down to 6.5% if possible but recognizes that that would increase the annual contribution by about \$1 million. If that is not possible, Mr. Little recommends going down at least 0.25%. Mr. Little informed the Board that the market activity in 2022 will also impact the Annual Required Contribution. Chairman Mattingly

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would prefer to wait until after the experience study to decide the Assumed Rate of Return. Mr. Little agreed that that would be appropriate.

UPDATE ON DXC CASE: LAURA STEIN AND JAMES JACONETTE (ROBBINS GELLER)

Ms. Stein and Mr. Jaconette informed the Board that the judge who was in place when the suit against DXC Technologies was filed has since retired and a new judge has taken over the case. This new judge has requested more information on the case which Robbins Geller will submit in late September.

ATTORNEY REPORT: BONNI JENSEN AND KEN HARRISON

Ms. Jensen informed the Board that Plan retiree Nelson Echeverria has requested to change his form of payment now that he is divorced. The consensus among the Board was to follow the current Plan provisions which would allow him to change to the Normal Form of payment for an unmarried participant (the modified cash refund annuity) and have his benefit recalculated taking into account the payments previously received.

Ms. Jensen informed the Board that Mark Floyd has agreed to the terms of the proposed contract to engage him as independent counsel to represent the Pension Plan in the appeal hearing for Charles Sterrantino.

Mr. Rodriguez made a motion to approve the contract with Mark Floyd as independent counsel to represent the Pension Plan in the appeal hearing for Charles Sterrantino. Mr. Baker seconded the motion, and it was approved by the Trustees 3-0.

Chairman Mattingly requested that the appeal hearing for Charles Sterrantino happen prior to the December meeting of the Board.

ADMINISTRATOR REPORT: STEPHANIE ATLI

Ms. Atli presented the quote for Fiduciary Liability insurance.

Mr. Rodriguez made a motion to renew the Fiduciary Liability policy. Mr. Baker seconded the motion, and it was approved by the Trustees 3-0.

Mr. Rodriguez made a motion to renew membership to NCPERS. Mr. Baker seconded the motion, and it was approved by the Trustees 3-0.

Ms. Atli presented the auditor engagement letter for the renewal of Cherry Bekaert. She informed the Board that the fee increase was about 8% and that Cherry Bekaert explained that the increase was due to inflation. Chairman Mattingly suggested the Board consider doing a Request for Proposals (RFP). Ms. Jensen informed the Board that they could do a Request for Fees or a full RFP. There was consensus among the Board to do a full RFP. Chairman Mattingly asked what legal requirements there may be around advertising the RFP. Mr. Harrison explained that the Board could advertise nationally in various publications or send to a list of auditors that currently work with the Plan's attorneys. There was consensus among the Board to send the RFP to a list of auditors provided

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by the Plan's attorneys. Chairman Mattingly asked that the Plan Administrator notify Cherry Bekaert of the RFP and allow them to respond. There was consensus among the Board to review all proposals in conjunction with Cherry Bekaert's proposed engagement letter and then make a decision about how to move forward.

Chairman Mattingly asked the Plan Administrator to send out vendor evaluations to the Board ahead of the December meeting.

Ms. Atli presented a status update from Bob Tarcza's office regarding all of the cases his office has worked on related to the 2018 IRS Issue.

Ms. Atli presented the quarterly class action report from Salem Trust.

Ms. Atli informed the Board that the retiree portal offered by Salem Trust does show retirees' full bank account number. Based on this information and the Board's decision at the June meeting, the Plan will not be providing retirees access to the online portal offered by Salem Trust. The Board requested that the Plan Administrator inform Salem Trust that if full account numbers are ever removed from the site the Board would reconsider authorizing access for Plan retirees.

Ms. Atli presented the proposed meeting dates for 2023. Mr. Baker stated that there may be conflicts with County budgeting and that Trustee Lisa Master should review the dates before they are presented for approval at the December meeting.

Ms. Atli reminded the Trustees about Fall Trustee School in Orlando in October.

PLAN FINANCIALS

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

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

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

BOARD COMMENTS

Mr. Baker announced his resignation from Palm Tran and the Board of Trustees effective September 9, 2022. Chairman Mattingly thanked Mr. Baker for his service. Ms. Atli informed the Board that the County is in the process of appointing a new trustee.


OTHER BUSINESS

There was no Other Business.


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ADJOURNMENT

There being no further business and the next Quarterly Meeting being scheduled for Thursday, December 1st, Mr. Baker made a motion to adjourn the Meeting at 11:58 AM, seconded by Mr. Rodriguez, and approved by the Trustees 3-0.



Secretary



Date