

**PALM TRAN ATU LOCAL 1577 PENSION PLAN
MINUTES OF QUARTERLY MEETING HELD March 2, 2023**

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/83071909553?pwd=M1JTMHdUS1cyd1o5dDBvWEhPZHRRUT09>

Phone: (309) 205-3325, Meeting ID: 830 7190 9553, Passcode: 138427

Those persons present included:

TRUSTEES

Dwight Mattingly, Chair

Lisa Master

Marcos Rodriguez

Valerie Alleyne

OTHERS PRESENT

Robert Sugarman, Sugarman Susskind Braswell & Herrera

Bonni Jensen, Klausner, Kaufman, Jensen & Levinson

Frank Wan, BurgessChambers & Associates

Chad Little, Freiman Little Actuaries

Mary Shah, Strategic Benefits Advisors

Kimberly Morgan, Strategic Benefits Advisors

Susy Iglesias, Palm Tran HR

Lyne Johnson, Palm Tran Finance, via CMT

Johanna Zephirin, Palm Tran Payroll, via CMT

Lenworth Brown, Retiree

Chairman Mattingly introduced Valerie Alleyne as the County's representative to the Board of Trustees. Mr. Sugarman informed the Board of Trustees that Ms. Alleyne's Form 1 would need to be submitted within 30 days of March 2, 2023. All other Board of Trustees Form 1 would need to be submitted by July 1, 2023. Ms. Jensen informed the Board of Trustees that she had communicated Ms. Alleyne's responsibilities to her prior to the meeting.

APPROVAL OF THE AGENDA

Mr. Rodriguez 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

Mr. Rodriguez made a motion to approve the Minutes from the Quarterly Meeting of December 1, 2022, which were reviewed in advance by Counsel. Ms. Master seconded the motion, and it was approved by the Trustees 4-0.

PUBLIC COMMENT

There were no Public Comments.

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

Mr. Wan reviewed the overall markets with the Board. He emphasized that while emerging market stocks had suffered due to a strong dollar and China's closed economy due to Covid, he believes that

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they look attractive given the low price to cash flow ratio of 7.2. With China reopening in December 2022, local emerging market currencies have increased 5%. In addition, when trade normalizes across Asia, export-based economies which tend to be emerging markets will benefit from the increased prices. Mr. Mattingly asked how much of Emerging Markets is invested in China. Mr. Wan said only about 11%. Overall, the investment landscape is challenging at this time as most of the world's major economies are in or near recession as investors are waiting for stocks to recover as that tends to be a leading indicator of economic recovery.

Mr. Wan shared that overall in 2022, stocks and bonds were both negative while real estate was up in 2022. At the last meeting the Board voted to redeem \$4M from the Barings Core Property Fund. Chairman Mattingly asked what lessons were learned on the real estate investment. Mr. Wan shared that they should have asked to redeem \$8M instead of \$4M given how private real estate is redeemed. Mr. Wan reviewed the total portfolio performance where the Plan earned 4.7% in the 4th quarter but was down 15.8% for 2022. Overall, the investments performed in 2022, but Vulcan Large Cap Value underperformed its benchmark and peers. However, it has rebounded in 2023 and he shared that he expects a healthy first quarter for the Plan.

Chairman Mattingly has asked Mr. Wan about the impact of inflation to the Pension Plan due to the recession. Chairman Mattingly is concerned about the participant's struggling during this recession. Mr. Wan agreed to research this and provide material to the Board at the next meeting.

Chairman Mattingly asked Mr. Wan if Palm Tran can purchase local bonds. Mr. Wan explained they would have the opportunity to purchase local bonds as long as they are taxable bonds. Mr. Mattingly is requesting that Mr. Wan introduce Garcia Hamilton to the appropriate contact at the county to discuss this matter further.

In 2023, the plan is to rebalance the portfolio. With the expected proceeds from the real estate Fund, the Plan can allocate to International Equity given the 4% underweight relative to its target.

ACTUARY REPORT: CHAD LITTLE (FREIMAN LITTLE ACTUARIES)

Mr. Little informed the Board that he has the service history data required for the calculation for John Zanca.

Mr. Little informed the Board that the JP Morgan 10-15 year expected return outlook has moved significantly during 2002. Expected returns for Domestic Equities went from 4.6% to 7% and Domestic Bonds went from 2.6 % to 4.6%. This is the outlook he uses to support the Assumed Rate of Return Assumption.

Chairman Mattingly asked Mr. Little to look at the high turnover and how it will affect the Pension Plan and present his findings at the next meeting. Chairman Mattingly is concerned with the high turnover and retirees retiring earlier and later than their normal retirement date.

Chairman Mattingly has asked Mr. Little to provide the employer contributions to the Board in May before the June 1, 2023 meeting. Mr. Little is also to provide the full audit draft to Mr. Wan once available.

ATTORNEY REPORT: BONNI JENSEN AND ROBERT SUGARMAN

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Mr. Sugarman reported that all records with the new auditor will be maintained in the U.S and the engagement letter is ready to be signed.

Mr. Sugarman informed the Board the Florida House Bill 3 was filed on February 22, 2023. The bill prohibits ESG (Environmental, Social and Government factors). Mr. Mattingly asked Mr. Sugarman how you balance ESG? Mr. Sugarman's responded that the Pension Plan is already held to the highest fiduciary standard but the new law prohibits ESG considerations in investing. Mr. Mattingly asked Mr. Sugarman and Ms. Jensen to monitor the ESG Bill.

Ms. Jensen talked about the Secure Act 2.0, stating there are many provisions but presented; the Required Minimum Distribution age was increased to 73, the Safe Harbor penalty was reduced from 50% to 25% to 10% and an employer match can be made on the employee student loan payback.

Ms. Jensen brought up internal controls, asking Palm Tran to do a self-evaluation of internal controls. This is why they got a new auditor, to help review the internal controls. Mr. Mattingly would like Ms. Shah to review options for receiving secure documents. Using a Cyber Expert was recommended. Mr. Mattingly is authorizing Ms. Shah and Ms. Master to look into the Cyber Expert with the County and provide the cost to Mr. Sugarman and Ms. Jensen. Mr. Mattingly would like to have SBA, Salem Trust, Auditors and the County provide their internal reviews at the next meeting.

ADMINISTRATOR REPORT: Mary Shah

Ms. Shah presented the benefit elections to the board, Mr. Mattingly asked Ms. Shah to provide a list of the 2022 refund of contributions to Mr. Little. This is included as part of the valuation data.

The Board was asked to sign the audit engagement letter; Mauldin and Jenkins will present the results of the audit to the board at the next meeting.

Statements are mailed out in June, and it was suggested that beneficiary designation forms and the steps to retirement be added to the statement mailing.

Mr. Mattingly suggested that the Retirement Seminar in June be recorded, so it is available for all employees, even if they cannot attend. Mr. Mattingly would like Ms. Shah to see if Channel 20 would record the seminar for Palm Tran.

Ms. Shah provided vendor evaluations to the Trustees. The Custodian and Investment Consultant will be evaluated and the results will be shared at the June 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 4-0.

Ms. Master made a motion to ratify the Warrants dated March 2, 2023, seconded by Mr. Rodriguez, approved by the Trustees 3-0.

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Mr. Rodriguez made a motion to accept the Benefit Approvals dated March 2, 2023, seconded by Ms. Master, approved by the Trustees 4-0.

BOARD COMMENTS


Chairman Mattingly had Mr. Sugarman inform the Board about the settlement that 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, June 1, Ms. Master made a motion to adjourn the Meeting at 12:36 PM, seconded by Mr. Rodriguez, and approved by the Trustees 4-0.



Secretary

6/1/2023

Date